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**BY EMAIL**

August 5, 2011

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Board Staff Interrogatories  
Enbridge 2013 Template - CIS/Customer Care  
Board File No. EB-2011-0226**

Dear Ms. Walli:

Please find attached the Board Staff Interrogatories for the above proceeding. Please forward these interrogatories to Enbridge and all intervenors in this proceeding.

Yours truly,

*Original signed by*

Colin Schuch  
Case Manager

/ attach.

**Enbridge Customer Care & Customer Information System Costs  
Board Staff Interrogatories  
EB-2011-0226**

**BOARD STAFF INTERROGATORIES**

**1. Ref: "2013 Template" A/2/2 Descriptions**

Please provide a "plain language" description of what is included in each line item of the 2013 Template.

**2. Ref: "2013 Template" A/2/2 Variance Analysis 2012-2013**

Please provide a comprehensive variance analysis for each of the line items in the 2013 Template together with an explanation of all the cost drivers behind the cost changes taking place between 2012 and 2013.

**3. Ref: "2013 Template" A/2/2 and B/5/2 Variance Analysis 2007-2012 Actual vs. Forecast**

Please explain the differences between the schedules at B/5/2 and A/2/2/ relating to the line item numbers for the 2007 to 2012 period. Please provide a financial variance analysis with explanations for the differences (actual vs. forecast) in each year.

**4. Ref: B/2/1/p.3 CIS**

Preamble

The new CIS asset has a proposed opening 2013 rate base balance of \$76.9 million. The 2007 Settlement Agreement at page 13 indicates the parties agreed to an opening balance of \$71.4 million. The proposed CIS opening balance is therefore \$5.5 million higher than the 2007 Board-approved agreement.

Question

Please provide a financial variance analysis for the increase, including a detailed explanation of the reasons underpinning the new CIS asset rate base amount.

**5. Ref: "2013 Template" A/2/2 and B/2/1/page 2 para. 5 Inflation Factor**

Preamble

Enbridge noted that an inflation factor of 1.77580% has been built into the 2013 template. This is the same inflation factor that was approved as part of the 2007 Settlement Agreement.

Question

Please provide the rationale for using the cited inflation factor.

**4. Ref: "2013 Template" A/2/2 Inflation Factor**

Please provide the inflation factor approved in each year of the current IR Plan. Please also provide the productivity (or "X" or "stretch") factor approved for each year of the IR Plan.

**5. Ref: "2013 Template" A/2/2 Inflation Factor**

Please provide a table comparing the annual escalator for each year of the current IR Plan (the "Escalation Factor") with the annual inflation factor currently in use and proposed for the CIS and CC costs (i.e., 1.77580%).

**6. Ref: "2013 Template" A/2/2 Smoothing**

Please explain the operation of, and rationale behind, the smoothing mechanisms built into the 2013 Template.

**7. Ref: "2013 Template" A/2/2 6-year Span**

Please explain how the 2013 Template costs relating to Accenture are determined under the 6-year Template span given that the Accenture contracts (both existing and proposed) have terms of only 5 years. How are the "stub year" or residual amounts calculated for periods that are apparently not within the term of the contract?

**8. Ref: "2013 Template" A/2/2 6-year Span**

Enbridge noted that the economic life of the CIS asset is 10 years. However, Enbridge has requested recovery of the CIS-related costs over a period of 12-years (i.e. two 6-year fiscal periods: 2007 – 2012 and 2013 – 2018). Please explain the rationale for recovering the CIS-related costs over a total of 12-years. Please provide detailed calculations.

**9. Ref: "2013 Template" A/2/2 6-year Span**

Please explain in detail how the 2013 Template costs relating to contracts other than Accenture are determined under the 6-year Template span given that they may have terms of something other than 6 years. How are any "stub year" or residual amounts calculated?

**10. Ref: Accenture contract**

Please file the proposed Accenture contract.

**11. Ref: Accenture contract**

Please describe the nature of any tendering process undertaken for the renewed contract and if there was no tendering undertaken, state the reasons why.

**12. Ref: Accenture contract**

Please list and compare the cost efficiency and incentive measures built into the new Accenture contract with those in the existing Accenture contract. Please include an explanation of how cost savings will be realized through such measures and how the efficiencies and incentives will benefit ratepayers and other stakeholders going forward.

**13. Ref: Accenture contract**

Please list and discuss the individual cost drivers built into the new Accenture contract and explain how the contract revenue is derived. Please contrast the key features of the new Accenture contract with the existing contract, explain the differences and, where appropriate, quantify the differences.

**14. Ref: Accenture contract**

Please explain how greater use of customer self-service features like on-line billing and payment, and greater use of the internet in general to enable customer self-service will impact the proposed costs? What amount of cost savings can be expected to result from these developments? Are these types of savings built into the 2013 Template? If so, please quantify the savings and describe, in detail, where they are built into the 2013 Template.

**15. Ref: B/4/2 Five Point Partners**

Please provide the terms of reference for the Five Point Partners engagement in the stakeholder steering committee and consultative exercise.

**16. Ref: B/4/2 slide no. 5 Five Point Partners**

Preamble

In the Five Point Partners slide deck, there are four options mentioned for investigation and consideration:

- Contract extension with ABSU
- Conduct a full-blown RFP process
- Repatriate all or part of its customer care functionalities in-house
- Or a combination of the above three options

Questions

i) Please address the four options referenced by Five Point Partners and indicate how Enbridge has responded to each. Please include a discussion of the benefits and disadvantages of each option, including a reference to any existing Company analysis or other documentation created to address the options.

ii) Please address all of the recommendations made by Five Point Partners and indicate how Enbridge has responded to each recommendation. If any of the recommendations were rejected, please explain why Enbridge rejected them.

**17. Ref: B/4/3 page 5 InQvis**

Preamble

In the document entitled "Customer Care Service Delivery Strategy" prepared for Enbridge by InQvis Inc. there is a discussion on page 5 of "Challenges and areas of improvement".

Questions

- i) Please indicate Enbridge's reaction to each of the challenges and suggestions for improvement and describe whether and how Enbridge has addressed the challenges and areas for improvement.
- ii) Which of these suggestions did Enbridge decide to implement, which were rejected and why, and how and when will/were any changes be implemented?

**18. Ref: B/4/3 page 5 InQvis**

Preamble

In the document entitled "Customer Care Service Delivery Strategy" prepared for Enbridge by InQvis Inc. there is a discussion on page 5 of "Things going well today".

Questions

Please elaborate on these positive aspects, quantify these aspects where appropriate, and highlight where and how ratepayers and other stakeholders, in Enbridge's opinion, are getting good value today, and where it is anticipated that they will get good value going forward.

#### **19. Ref: Outsourced Contracts**

Please list all of the outsourced contracts associated with this Application, other than Accenture. For each contract, please:

- (i) provide the name of the service provider and the associated annual cost of the contract;
- (ii) indicate whether an RFP process was carried out and if so, describe the nature of that RFP process;
- (ii) indicate whether any benchmarking of costs was performed and if so, provide the results of that benchmarking and describe how the Company used that information;
- (iv) indicate where in the Template all of the contract costs reside;
- (v) indicate whether any of the contracts are new contracts to the 2013 Template, involve a new service provider, a renewal of an existing contract, or a continuation of a contract from the 2007 to 2012 Template.

#### **20. Ref: “2013 Template” A/2/2 Y Factor**

Please confirm that there was no Board-sanctioned variance account for the 2007 to 2012 period CIS and CC Y Factor costs and that there is no true-up mechanism built into the template to account for variances. Please confirm that the proposal for 2013 to 2018 is that there will be no variance accounting for regulated rate-setting purposes. If there is any true-up contemplated, please describe it.

#### **21. Ref: “2013 Template” A/2/2 Y Factor**

Please identify each line item in the 2013 Template that contains Enbridge in-house costs. Please quantify and explain the nature of the in-house costs including a breakdown of their composition into labour and other broad categorizations of costs. Please include an explanation of why each of the in-house costs should be captured in the Y Factor in the next generation of incentive ratemaking, and not be subject to the Board’s incentive ratemaking formula.

#### **22. Ref: Non-Utility Services**

Please list all the services relative to this Application, and their associated costs, where there are Non-Utility services being provided. At a minimum, please address business development functions, green energy related functions, services for third parties, Enbridge non-gas services, unregulated storage, and services for affiliates.

#### **23. Ref: Non-Utility Services**

Please explain the operations of CC and the CIS system in terms of serving Non-Utility stakeholders.

#### **24. Ref: Non-Utility Services**

Please disclose whether any non-utility services and/or customers are supported by the CIS / CC systems. If there are, please provide a discussion of the rationale for any Utility vs. Non-Utility cost allocation for the CIS / CC related costs. If not, please explain how the non-utility customers are served.

#### **25. Ref: Non-Utility Services**

Please explain the open bill access features associated with the Application and how open bill revenue is shared between shareholders and ratepayers.

**26. Ref: B/1/1 para. 7 Bad Debt**

Please explain how the costs associated with bad debt, agent billing and collection, and open bill access are treated in the context of this Application.

**27. Ref: B/4/4 page 2 Benchmarking Equa Terra**

The evidence indicates that the Company's consultant EquaTerra conducted a benchmarking study. Please file this and any other benchmarking analysis carried out either by the Company, Equa Terra or any other consultant, and provide the Company's opinion on the value of such benchmarking and a description of whether and to what extent the study or analysis was used by the Company.

**28. Ref: Consistency B/2/1 page 1 para. 3**

Please describe, in detail, how the Application is consistent with the 2007 Settlement Agreement in all material respects.

**29. Ref: Consistency B/2/1 page 1 para. 3**

Please describe how the Application is consistent with the existing IRM mechanism and how it will be applicable to the future IRM mechanism.

**30. Ref: Cost Allocation, Rate Design and Bill Impacts**

- (i) Please provide the projected rate class cost allocations associated with the 2013 Template, and include a typical customer annual cost for each class.
- (ii) Please provide a description of the relevant rate class cost allocation approach used in the Company's allocation methodology for the subject costs.
- (iii) Please provide the bill impacts associated with the proposal for each rate class.

**31. Ref: Covering letter from Aird & Berlis dated June 20, 2011 page 2, para. 4**

Please file the Customer Care and CIS Settlement Proposal approved by the Board in March 2007.

**32. Ref: Covering letter from Aird & Berlis dated June 20, 2011 page 2, para. 4**

Please file the relevant excerpts from the transcript where the 2007 Customer Care and CIS Settlement Proposal was presented to, and approved by, the Board.

**33. Ref: Witnesses**

Please provide a list of the witnesses that will be addressing the evidence in this proceeding. Please also provide copies of the CVs and the areas of expertise for each witness.

**34. Ref: Glossary of Terms**

Please provide a glossary with definitions of all acronyms and other special terms used in this Application. At a minimum, please include in this glossary KUBRA, Symcor, MET, Lakeside, AECON, LinkLine, Open Bill Clients, WMC, OBA Biller Hotline, CIS Hosting, SAP, ACN, BD Programs, CCSA, ABSU, IVR technology, PAP, PAD, and MTP.