

ONTARIO ENERGY BOARD STAFF INTERROGATORIES
ON THE EVIDENCE OF VULNERABLE ENERGY CONSUMERS COALITION
Ontario Energy Board Community Expansion Proceeding
EB-2016-0004

Interrogatory # 1

Ref: Vulnerable Energy Consumers Coalition (VECC) Evidence, page 5

Vulnerable Energy Consumers Coalition's (VECC) evidence refers to two programs of the Federal Government in the 1980s that facilitated natural gas expansion to new communities: the Distribution System Expansion Program and the Canada Oil Substitution Program.

Is VECC able to comment on how these two programs are similar to, or different from the Ontario government's Natural Gas Access Loans and Natural Gas Economic Development Grants (referred to at page 37 of VECC's evidence)?

Interrogatory # 2

Ref: VECC evidence, page 12

In its summary of the Board's EBO 188 report, the VECC evidence states: "It is clear from the EBO 188 report that the Ontario Energy Board found that some level of cross-subsidy from existing customers to new system expansion customers over a period of decades was not undue."

EBO 188 requires a PI of 1.1 or greater for a utility's investment portfolio. Although new attachments and facilities may require cross subsidization in early years, over time that subsidy will switch such that the new attachments will be paying more than their actual costs. With a PI of 1.1, over time there should be very little cross subsidization (and in fact whatever cross subsidization there is would be from new customers to the previously existing customers). Does VECC believe that EBO 188 allows for a continuing cross subsidy from existing customers to new customers for the investment portfolio? Alternately, was the reference to a cross subsidy referencing the Rolling Project Portfolio, which does allow for the addition of projects that have a PI of 0.8 or greater?

Interrogatory # 3

Ref: VECC evidence, pages 15-16

VECC in its evidence notes that the telecommunications service provision industry has long been characterized by large subsidies among various services. Historically, these subsidies were implicit, through charging below cost prices for the target services and above cost prices for remaining services. The traditional telephone companies were obliged to provide service that may not be financially viable in high cost serving areas. The subsidy compensated them for this obligation. The compensation is provided through the National Contribution Fund.

- a) Please indicate whether the Canadian Radio-television and Telecommunications Commission (CRTC) is permitted to subsidise high cost serving areas through a specific legislation or section of the *Telecommunications Act* or is it within the broad powers of the CRTC.
- b) Please indicate whether the CRTC has established the National Contribution Fund under a specific section of the *Telecommunications Act* or has it been established within its broad powers. If it has been established within its broad powers, please provide your opinion on whether the Ontario Energy Board has similar powers under the *Act*.

Interrogatory # 4

Ref: VECC evidence, page 39

VECC's evidence states that the benefits of (subsidized) community expansion to existing customers "generally consist of increased economies of scale where a utility's fixed costs are shared among a larger group of ratepayers."

- a) Is VECC aware of any other benefits to existing ratepayers from subsidized community expansion?
- b) In VECC's view, are there significant opportunities for increased economies of scale for large utilities such as Enbridge Gas Distribution and Union Gas Limited?
- c) Is VECC aware of any analysis that could quantify the benefits to existing customers from increased economies of scale? Is it likely to exceed the costs to existing customers (using, for example, Union's proposal in EB-2015-0179)?

Interrogatory # 5

Ref: Evidence of Parkland Fuel Corporation, Sections 4 and 7

Parkland Fuel Corporation (Parkland) in its evidence discusses “positive externalities” and potential concerns regarding the merits of universal access.

At page 39 of its evidence, VECC states: “Unlike telephone service or electricity, there has never been an authoritative policy of even a societal objective to make natural gas service universally available and affordable. The Board will have to determine if such a policy is in its mandate, or in the public interest, to implement within the current system of energy policy and regulation.” Do the conclusions expressed by Parkland in any way influence VECC’s view on the merits of moving towards a universal service model for natural gas?