

ONTARIO ENERGY BOARD

NATURAL GAS EXPANSION GENERIC PROCEEDING

**INTERROGATORIES TO
ENBRIDGE GAS DISTRIBUTION INC. (EGD)**

From

INDUSTRIAL GAS USERS ASSOCIATION (IGUA)

1. **Reference:** EGD Evidence, page 17, paragraph 51.

EGD states that the differences in its community expansion proposal from Union's *"are largely necessary due to the differences of distance and terrain between the regions served by the two utilities relative to the level of existing distribution rates"*.

- (a) Please further explain each of the differences of distance and terrain referred to.
- (b) For each such difference please indicate how the difference necessitates differences in EGD's community expansion proposal compared to Union's.
- (c) Please elaborate on the impact of existing distribution rates of each of EGD and Union on the differences in EGD's community expansion proposal compared to Union's.

2. **Reference:** EGD Evidence, page 21, paragraphs 61-62.

EGD has proposed a system expansion surcharge (SES) for customers served through the completion of a community expansion project *"for up to 40 years or until the project achieved a PI of 1.0"*. EGD has indicated that for its current community expansion projects, the SES to be applied would be set at \$0.23/m³.

- (a) Please illustrate with an example what EGD means by *"until the project achieved a PI of 1.0"*.

- (b) Please indicate the SES that would have to be applied to EGD's current community expansion projects to meet the existing E.B.O. 188 expansion criteria (i.e. each project PI not less than 0.8 and a expansion portfolio PI not less than 1.0).

3. **Reference:** EGD Evidence, page 22, paragraph 65.

EGD proposes to implement a "Municipal Tax Equivalent" (ITE) municipal contribution to its community expansion proposal projects, and that the ITE would, in each case, be in place for 10 years.

Please explain how EGD determined that 10 years would be the appropriate length of time to maintain the ITE.

4. **Reference:** EGD Evidence, page 27, Table 5.

IGUA is interested in understanding the impact of the contingency costs included by EGD in its preliminary community expansion project calculations.

Please reproduce the referenced table with one which includes a column (11A) with total investment restated on the basis that contingency costs are set at 0, and provide additional columns (12A, 13A and 14A) the values in which are calculated based on the new column 11A total investment costs.

5. **Reference:** EGD Evidence, page 32, Table 9 and paragraph 95.

- (a) Please provide a table which projects ratepayer impacts for all rate classes assuming all of the potential thirty nine community expansion projects are undertaken.

- (b) In the table produced in response to part (a), please include a column providing the ratepayer impacts for each rate class of;

- (i) The costs of EGD's low income assistance program included in 2016 rates.

- (ii) The costs of EGD's DSM programs included in 2016 rates.

6. **Reference:** Issue 4 (in particular consideration of the value of environmental benefits from gas expansion).

- (a) Has EGD considered how the carbon reduction benefits of gas expansion projects could be monetized to support the economics of the projects?
- (b) Who would “own” the carbon reduction credit arising from community expansion projects?

7. **Reference:** *Expert Evidence of Adonis Yatchew, Charles River Associates Inc.*, March 21, 2016, on behalf of EPCOR Utilities Inc., paragraph 22.

The evidence cited refers to a successful proposal by Summit Natural Gas of Maine (SNG) to extend gas service to previously unserved areas in that state. The evidence indicates that SNG’s business strategy included:

...innovative approaches to pricing including accepting a rate of return that is below industry standards for the initial years of the tariff plan, offering pricing structures that include up-front financial incentives to help defray the costs of converting to natural gas and offering “on bill” loans to help bridge the gap between upfront costs of conversion and eventual savings from switching to a cheaper fuel source.

Please indicate whether EGD has considered any of these mechanisms, or any similar customer incentive mechanisms, to facilitate expansion of its distribution system to unserved communities. If it has, please detail those considerations. If it has not, why not?

8. **Reference:** *Comments on Economic Issues Raised in EB-2016-0004*, filed on behalf of Parkland Fuel, paragraph 1.8.

In their evidence, Mr. Dasgupta and Dr. Nieberding discuss the load forecast risk associated with gas system expansions.

- (a) Is EGD willing to assume the load forecast risk associated with its expansion program?
- (b) If not, how does EGD propose to allocate that risk?

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