

INTERROGATORIES FOR ENBRIDGE GAS DISTRIBUTION INC.

FROM THE CONSUMERS COUNCIL OF CANADA

CCC Interrogatory 1

Reference: EGD Evidence

Please specify whether any of the submitted material is intended to be accepted as expert evidence; if so, please specify precisely which assertions within the submitted material are intended to be expert opinions and identify the relevant expert.

CCC Interrogatory 2

Reference: EGD Evidence/p. 3

If EGD was directed to implement a mechanism whereby its customers were required to subsidize the expansion of natural gas undertaken by another distributor how, specifically, should that mechanism be designed?

CCC Interrogatory 3

Reference: EGD Evidence/p. 6

EGD is supportive of changing the EBO 188 Guidelines. Has EGD undertaken any surveys of its existing customers to determine whether there is support for relaxing the EBO 188 Guidelines in order to subsidize new expansions? If so, please provide the results. If not, why not?

CCC Interrogatory 4

Reference: EGD Evidence/p. 7

It is EGD's position that the extension of natural gas service to these communities will benefit all ratepayers. Please set out specifically how existing ratepayers will benefit from it expansion proposals. Has EGD determined whether the benefits will outweigh the costs? If so, please provide that analysis. Please provide evidence to support the statement that, "The incremental revenue generated by these future customer attachments will benefit all customers."

CCC Interrogatory 5

Reference: EGD Evidence/pp. 9, 25) It is EGD's position that it should be able to recover the revenue requirement associated with community expansion costs prior to the end of any current incentive regulation plan. Please point to the provisions in the current IRM Settlement Agreement that allow for these revenue requirement impacts to be recovered.

CCC Interrogatory 6

Reference: EGD Evidence/p. 10

The evidence states that if the Board determines that the addition of regulated natural gas distributors in Ontario is beneficial, then these new entrants should be required to demonstrate their qualifications as a operator of natural gas facilities in a public forum, in addition to demonstrating the economic benefit to the market beyond that provided by incumbent service providers. From EGD's perspective what are the required qualifications? How would "the economic benefit to the market" be assessed?

CCC Interrogatory 7

Reference: EGD Evidence/p. 14

Please provide copies of all correspondence between EGD and the relevant Ministries (Economic Development, Employment and Infrastructure, Energy and Agriculture) regarding the Province's proposed natural gas expansion loan and grant program. When does EGD expect the details of these programs to be defined?

CCC Interrogatory 8

Reference: EGD Evidence/p. 15

Please provide the assumptions used to derive Table 1.

CCC Interrogatory 9

Reference: EGD Evidence/p. 16

Please explain how EGD derived the "potential customers" for each of the communities listed.

CCC Interrogatory 10

Reference: EGD Evidence/p. 20

EGD, under its proposal expects it could provide natural gas service to approximately 16,000 homes and businesses in the first ten years at a total capital cost of approximately \$410 million. Does the \$410 million include all System Expansion Surcharge (“SES”) and Incremental Tax Equivalent (“ITE”) amounts? If so, what is the net amount EGD expects to recover from existing ratepayers? Please explain how the \$410 million was derived.

CCC Interrogatory 11

Reference: EGD Evidence/p. 20

Is it EGD’s position that as long as the impact on customers is limited to \$2 per month, subsidies to fund expansion should go forward? Given there are risks to its customers related to attachment forecasts and costing forecasts, how would EGD ensure that this threshold is not exceeded?

CCC Interrogatory 12

Reference: EGD Evidence/p. 20

On what basis does EGD believe it is prudent to spend \$410 million to connect natural gas service to potentially 16,000 customers? At what point would EGD consider a subsidy too large to proceed?

CCC Interrogatory 13

Reference: EGD Evidence/p. 21

How was the \$0.23/m³ System Expansion Surcharge derived? Would EGD be willing to have different levels of the SES depending upon the economics of the projects? If not, why not?

CCC Interrogatory 14

Reference: EGD Evidence/p. 22

EGD is proposing an Incremental Tax Equivalent (“ITE”) based on the estimated value of incremental property taxes collected from the utility as a result of a community expansion project in that community. Why would EGD not seek to recover more money from the municipalities? Has EGD sought financial contributions from any of the municipalities included on the list of potential expansion projects? If not, why not?

CCC Interrogatory 15

Reference: EGD Evidence/p. 26

If EGD's proposals are approved how will it decide how to prioritize which communities to serve first? Would EGD provide service earlier to communities willing to provide a contribution in aid of construction?

CCC Interrogatory 16

Preamble: At Exhibit A Tab 1 page 8 of Union's evidence Union makes the following assertion:

Even if the Board is unable to accept the concept that a limited level of cross subsidization from existing to new customers is in the public interest, enabling lowered individual project threshold PI's to below 0.8 is appropriate. The rationale for this is that Union's recent Rolling Project Portfolio history has resulted in a positive NPV averaging \$14.6 million per year over the most recent three years, and a similar pattern has existed for an extended number of years. Absent the provision of a minimum project PI threshold of 0.8, this annual \$14.6 million favourable NPV could have been used to support additional projects at PI's lower than 0.8 even without a need for subsidization from existing customers.

- a) Please describe EGD's pattern with respect to its Annual NPV relative to the \$14.6 million cited by Union. Please provide an analysis illustrating how the change proposed by Union above might permit EGD to complete some of its proposed projects, including an assessment as to how many of the 39 listed projects would become feasible by allowing projects to go below an individual PI of .8 without compromising the existing Rolling Project Portfolio PI requirements. In doing the analysis please assume that both TES and ITE revenue is available as proposed by EGD; please also comment on the pace of the completion of the projects that would be result from the use of the "surplus" NPV to offset the cost of projects below a PI of .8.