

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B;

**AND IN THE MATTER OF** an Application under the Ontario Energy Board's own motion to consider potential alternative approaches to recover costs of expanding natural gas service to communities that are not currently served

**INTERROGATORIES TO  
ENBRIDGE GAS DISTRIBUTION INC. ("ENBRIDGE")  
ON BEHALF OF THE  
SCHOOL ENERGY COALITION**

1. Please provide details of all other alternative regulatory methodologies/mechanisms for community expansion projects that Enbridge considered and the rationale for why they were not ultimately proposed. Please provide copies of all proposals, analysis, business cases, studies, and all other documents regarding any alternative methodologies/mechanisms considered.
2. With regards to risks and benefits of Enbridge's proposed community expansion methodology:
  - a. provide a list of all benefits and risks borne by each of the following:
    - i. Existing customers
    - ii. New customers
    - iii. New communities (i.e. municipalities)
    - iv. Enbridge
  - b. Please explain why Enbridge believes the allocation of benefits/risk is appropriate.
3. [p.5] Notwithstanding Enbridge's position on issues 2 and 3, please provide its detailed views on the questions it raises in paragraph 15 regarding the operation of any cross-utility subsidy program. Please provide its detailed views on how a cross-utility subsidization program should be implemented if the Board determined such an approach appropriate.
4. Please explain what benefits existing Enbridge customers receive from subsidizing community expansion projects? Please quantify that benefit.
5. Has Enbridge done any consultations with existing customers regarding its proposed community expansion projects? If so, please provide copies of any consultation information and feedback.
6. Has Enbridge conducted any market share or market penetration studies regarding natural gas? If so, please provide copies.
7. Has Enbridge conducted any market surveys related to community expansion? If so, please provide copies.

8. [p.9, p.25] Is it Enbridge's position that the revenue requirement associated with Enbridge's community expansion project cannot be accommodated within the current incentive regulation framework approved in EB-2012-0459, for example, through a z-factor. If so, please explain the legal authority, and the policy rationale, for the Board approving recovery of costs that do not fall within Enbridge's current incentive regulation framework?
9. [p.9] Please provide a list of all the previous community expansion projects undertaken by Enbridge in the past 15 years. Please include the following information for each community expansion project:
  - a. Number of potential customers at the time the Municipal Franchise Agreement was signed
  - b. Number of actual customers within the first 2 years
  - c. Number of actual customers to date
  - d. Forecast capital cost of the community expansion project at the time the Municipal Franchise Agreement was signed
  - e. Actual capital cost of the community expansion project
10. [p.10] Please provide Enbridge's forecast of annual natural gas consumption for each of the next 40 years, on a per customer basis, for the average:
  - a. Residential customer
  - b. Commercial customer
  - c. Industrial customer
11. [New Brunswick Utilities and Energy Board, Matter No. 0306, Response to NBEUB IR-3] In New Brunswick, Enbridge's affiliate, Enbridge Gas New Brunswick is seeking approval from the New Brunswick Energy and Utilities Board for a customer retention program to provide funds to customers so that they do not switch from natural gas to propane because of the low North American propane costs. Considering that Enbridge Gas New Brunswick is having trouble keeping its existing customers, please explain why Enbridge believe its forecasts of potential customers who use propane, and will convert to natural gas, is reasonable.
12. [p.12] In its presentation at the 2016 Natural Gas Market Review Forum (EB-2015-0237), Enbridge stated that natural gas consumption would need to be reduced by 40% by 2030 to meet the targets the province has set (slide 14). Considering such a significant reduction would be required, please explain why it is appropriate to expand natural gas service when consumption is going to need to be reduced dramatically over the next 15 years.
13. [p.14] Please provide copies of all communications between Enbridge and the Government of Ontario regarding community expansion, including the Natural Gas Access Loans and Economic Development grants previously announced.
14. [p.15, Table 1] Please add an additional column to table that shows the payback period if the SES was set at a rate to ensure that each community expansion project met the PI of 0.8 (i.e. there was no subsidy from existing customers).
15. [p.16] Please explain in detail the process Enbridge undertakes to explore community expansion opportunities.

16. [p.21] Regarding the proposed Small Main Extension Project:
  - a. Does it include extension of the natural gas system only to customers and business that already exist, or would it also include new home and business construction?
  - b. What criteria does Enbridge currently use to determine if it will undertake similar natural gas expansion projects?
  - c. How many potential customers does Enbridge propose over the next 8 years to connect through the Small Extension Project?
  - d. What is the forecast capital cost for the expansions listed in part (c)?
17. [p.26] Please explain how Enbridge determined the number of potential customers who will convert to natural gas (forecast customers)? How does the ratio between potential and forecast customers compare to Enbridge's past experience with connecting new communities?
18. [p.26] Please provide a breakdown of the potential and forecast customers for each community into the following categories:
  - a. residential
  - b. commercial
  - c. industrial
19. [p.22] Please explain why Enbridge has limited collecting the ITE for only 10 years.
20. [p.22-23] Please explain why Enbridge proposes System Expansion Surcharge and Incremental Tax Equivalent will go into general revenue and not treated similar to aid to construction.
21. [p.27, Table 5] For each of the listed community expansion project, how many years will the System Expansion Surcharge be in place.
22. [p.27, Table 5] Please provide a table showing for each listed community expansion project:
  - a. total SES forecasted to be collected
  - b. total ITE amount to be collected
  - c. the amount forecasted to be collected from existing customers to make up the shortfall in the PI
23. [p.27, Table 5] Please provide a live excel copy of Table 5. Please also provide all the underlying information that derive the information in columns 12 and 13.
24. [p.32, Table 9] Please provide a similar table showing ratepayer impact, for each of Enbridge's customer classes.
25. Does Enbridge currently, or has it ever, paid a fee or made payment(s) to a municipality which it has a Municipal Franchise Agreement with, for the purposes of providing compensation for or in recognition of, it permitting Enbridge to operate within its municipalities. If so, please provide details.
26. [South Bruce Evidence, Bacon Report] Notwithstanding Enbridge's position regarding issues 2 and 3, please provide its view on using a similar methodology to what is used for Rural Rate Assistance to subsidize community expansion.

27. [EPCOR, Yachew Report, p.12-13] Notwithstanding Enbridge's position regarding Issues 2 and 3, please provide its view regarding the approach to cross-utility subsidization proposed in the evidence of Dr. Yachew on behalf of EPCOR.
28. Please provide the following tables in excel format: 1, 3, 4-7 and 9.
29. For each rate class, please provide the annual bill impact existing customers will pay for the all of the potential projects.

Respectfully submitted on behalf of the School Energy Coalition this 8<sup>th</sup> day of April, 2016

*Original signed by*

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Mark Rubenstein  
Counsel for the School Energy  
Coalition