fogler rubinoff

Fogler, Rubinoff LLP
Lawyers

77 King Street West
Suite 3000, PO Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
t: 416.864.9700 | f: 416.941.8852
foglers.com

Reply To: Thomas Brett
Direct Dial: 416.941.8861
E-mail: tbrett@foglers.com
Our File No. 163535

June 10, 2016

VIA RESS, EMAIL AND COURIER

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attention: Kirsten Walli
Board Secretary

Dear Ms. Walli:

Re: EB-2016-0142: Enbridge Gas Distribution Inc., 2015 ESM Deferral and Variance Accounts

Please find enclosed BOMA's Interrogatories with respect to the above captioned proceeding.

If you do not understand any of the questions, please feel free to call me at (416) 941-8861 (direct line).

Yours truly,

FOGLER, RUBINOFF LLP

Tom Brett

Thomas Brett
TB/dd
Encls.
cc: All Parties *(via email)*

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EB-2016-0142

ONTARIO ENERGY BOARD

Enbridge Gas Distribution Inc.

Application for the disposition of amounts recorded in certain deferral or variance accounts and to share earnings with ratepayers

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Interrogatories of Building Owners and Managers Association, Greater Toronto ("BOMA")

June 10, 2016

Tom Brett
Fogler, Rubinoff LLP
77 King Street West, Suite 3000
P.O. Box 95, TD Centre North Tower
Toronto, ON M5K 1G8

Counsel for BOMA

<u>Interrogatories of BOMA</u>

1. ***Ref: Exhibit B, Tab 1, Schedule 1, Page 5***

Please explain what the "EGD corporate trial balance" is. How does it differ from the 2015 corporate financial statements and from the audited consolidated income at Exhibit B, Tab 1, Schedule 4, Page 1.

2. ***Ref: Exhibit B, Tab 1, Schedule 3, Pages 1-2***

(a) What, in EGD's view, accounted for the migration of customers from interruptible to firm service? When did the migration occur, i.e. over what period of time? What was the extent of the migration, in volume terms and numbers of customers? What additional firm capacity in 2016 was caused by this migration?

(b) What amount of 332 revenue had been included in 2015 Board approved rates?

3. ***Ref: Exhibit B, Tab 1, Schedule 4, Page 2***

(a) Please describe the US GAAP adjustment elimination of (444.2).

(b) In c), please explain the reason for the " Elimination of interest on deferral accounts" and " Elimination of allowable interest during construction". Are these interest payments not being charged to ratepayers?

4. ***Ref: Exhibit B, Tab 2, Schedule 2, Page 7***

Why were the "retirements" shown as positive numbers in column 2? Please explain fully, including how asset retirements are dealt with in the depreciation account.

5. ***Ref: Exhibit B, Tab 2, Schedule 4***

(a) Please provide a full explanation for the $191.4 million overrun for the GTA Reinforcement Project.

(b) What amount of the $11.7 million Customer Growth overspend was increased municipal fees, and how much was due to full year construction? Was full year construction not included in Board approved budget?

(c) What is the difference in cost/customer between a replacement (conversion) customer and new construction (subdivision) customer? Please explain the causes for the difference.

6. ***Ref: Exhibit B, Tab 3, Schedule 1, Page 5***

Please explain further the adjustments to EGD's corporate revenue in items 18, 20, and 24.

7. ***Ref: Exhibit B, Tab 4, Schedule 1, Page 3***

Please explain fully the calculation of the income tax credit of $41.4 million in line 26

8. ***Ref: Exhibit B, Tab 4, Schedule 1, Page 4***

Please explain the accounting treatment of amortization in line 4.

9. ***Ref: Exhibit C, Tab 1, Schedule 2, Attachment***

Please explain the difference in the two parts of table entitled "2015 Unabsorbed Demand Cost Report". What is each of the two parts designed to show? Please provide a full response.

10. ***Ref: Exhibit D, Tab 1, Schedule 2, Page 2***

(a) Please confirm that none of the cost overruns, estimated now to be $922 million, less $687 million, or $235 million, has been closed to rate base or otherwise included in 2015 rates or 2014 rates.

(b) Please provide the estimated cost to complete the project in 2016.

(c) Please indicate when intervenors and the Board will have the opportunity to review the prudency of these costs.

11. ***Ref: Exhibit D, Tab 1, Schedule 3, Page 1, Paragraph 4***

The WAMS project will apparently cost about $10 million more than forecast costs, upon completion. Please indicate in what proceeding ratepayers will have an opportunity to review the prudency of these costs.

12. ***Ref: Exhibit D, Tab 1, Schedule 6, Pages 1-2; Exhibit D, Tab 3, Schedule 1, Asset Management Section***

(a) Is the UMS study still on track to be completed this summer? In which month?

(b) When will EGD make the study available to intervenors?

(c) Please explain the function of the RIVA software.

13. ***Ref:*** ***Exhibit D, Tab 2, Schedule 1, Page 6 – Productivity Improvements***

(a) Please explain how "decentralized workload planning" is the result of reorganization of the company along functional lines of accountability, rather than the traditional Regional structure.

(b) Please explain what Alternative Locate Agreements are, and how they contribute to increased efficiency. Is it a pooling of staff with other utilities or agencies?

14. ***Ref:*** ***Ibid, Page 7***

(a) Please correlate the discussion at paragraph 19, and the savings listed on page 4, Table 3, of $5.7 million for "FTEs".

(b) What are the offsetting severance costs referred to in paragraph 19?

(c) Are the bad debt savings, discussed at paragraph 20, the result of company efforts, and to what extent?

(d) What was the reduction of O&M due to capitalization of back-office type O&M function? Does this not just shift dollars from O&M to capital? Please explain fully. Please explain the relationship, if any, between those savings and the increase in Capitalized Departmental Labour savings ($11.6 million - $3.2 million = $8.4 million), in Table 4 at page 9. Please explain fully.

15. ***Ref:*** ***Ibid, Page 8***

Please explain how longer term construction contracts stabilize and reduce costs. Please provide an example of how this would work.

16. ***Ref: Ibid, Page 11, Paragraph 29***

(a) Please break down the $1.6 million in O&M and $0.6 million in capital into the major components.

(b) Please give an example or two of "hiring of specific skill sets to offset outside services".

17. ***Ref: Ibid, Paragraphs 30 and 32***

(a) EGD estimates savings of $5.7 million in O&M and $2.0 million in capital from process optimization but the examples provided added up to only $2.4 million (O&M or capital?) in 2015. Please provide the other initiatives and savings these other initiatives generated that made up the remainder of the $7.7 million in estimated savings.

(b) What does EGD estimate the 2016 savings from e-bill would be based on experience to date in 2016?

(c) Other than the successful carbon monoxide response initiative, can you provide other examples of initiatives driven by policy changes or improvements, and the savings from these other initiatives?

18. ***Ref: Exhibit D, Tab 2, Schedule 1, Page 12, Paragraph 31***

Please explain in more detail what the "parallel testing environment" is, and how it was able to achieve estimated savings of $2.1 million in O&M and $3.2 million in capital. If the parallel testing environment initiative was only one of several initiatives that accounted for those savings, please provide details of the other IT initiatives and the savings achieved by each.

19. ***Ref: Ibid, Page 17***

Please comment on the variability of a Grade 1(A) Leak in 2013, 2014, and 2015. What are Grade 1(A) Leaks? Please discuss.

20. ***Ref: Exhibit D, Tab 3, Schedule 1, Pages 59-60***

(a) Does EGD have any sort of award or recognition system for employees that suggest new productivity initiatives? If not, why not? Please discuss fully.

(b) Please provide the articles and President's Dispatches highlighting productivity improvement successes.

(c) Please list the "100 reported initiatives".

21. ***Ref: Exhibit D, Tab 4, Schedule 1, Page 7 – Gas Supply Plan Memorandum***

Please explain, in layman's terms, the sentence:

> "These weather conditions are statistically determined using a 1 in 5 recurrence interval based on a log-normal distribution";

and,

> "A more conservative level of risk (i.e. a longer recurrence interval) will result in a gas supply plan…".

22. ***Ref: Ibid, Page 9 – Renewable Gas Supply***

The Ontario government's Climate Change Action Plan (pages 28 and 68), published on June 9, 2016, placed emphasis on "greening the gas supply" through the introduction of renewable content for natural gas commencing in 2017. It allocated $60-$100 million to the task. How will EGD incorporate these requirements into their natural gas supply plan, and what implications will it have for the costs to ratepayers?

23. ***Ref: Ibid, Canadian Gas Supply***

In its 2016 Stakeholder Presentation (at page 26, attached), Union Gas noted that during the winter peaks in gas prices in New York, the amount of Marcellus/Utica gas coming into Ontario declined. Why does EGD think that happened, and what are its implications for EGD's security of supply with its steadily increasing reliance on gas imports from the US?

24. ***Ref: Ibid, Page 19, Figure 12 – Supply Portfolio Diversification/Niagara Gas***

Please explain the increase in GJ per day at Niagara in 2018 relative to 2015. What transportation contracts will be used to bring Niagara gas to EGD's franchise, over and above the 200,000 GJ per day contract on TCPL's Domestic Line to Parkway EGD? What contracts will be acquired on Union Gas or TCPL to move the additional gas from Kirkwall to EGD franchise? Does EGD intend to purchase at Marcellus/Utica field gate, eg. Dominion South, or at the border? What is the timeframe to implement the acquisition of additional supplies at or through Niagara/Chippewa?

25. ***Ref: Ibid, Page 19***

Please provide a pie chart, similar to the one provided for 2015 and 2018, for 2016. Please provide the amounts purchased in GJs per day as a percentage of peak day supply, and separately in PJ per year as a percentage of forecast annual consumption.

26. ***Ref: Ibid, Page 20***

Please state the months that are included in the "winter season of the 2016 fiscal year".

27. ***Ref: Ibid, Page 25, Paragraph 6.4***

(a) Please explain why EGD decided to rely on delivered supply or peaking services to meet any forecasted 2019 design day supply deficiency.

(b) Does EGD expect any 2019 design day deficiency? In approximately what amount?

(c) What does EGD consider to be an appropriate level of reliance (percentage of portfolio) on peaking services and delivered supply in a typical year? Will the amount vary from year to year and, if so, why? Please explain fully.

(d) What would be the relative reliance on those services for CDA and EDA, and why?

28. ***Ibid, Page 26***

Please explain Figure 13 and the preceding paragraph in somewhat more detail, in particular the sentence:

"Preliminary analysis indicates that 16 Bcf of incremental storage would be required to maintain a similar level of risk assumed in the peak day demand forecasting".

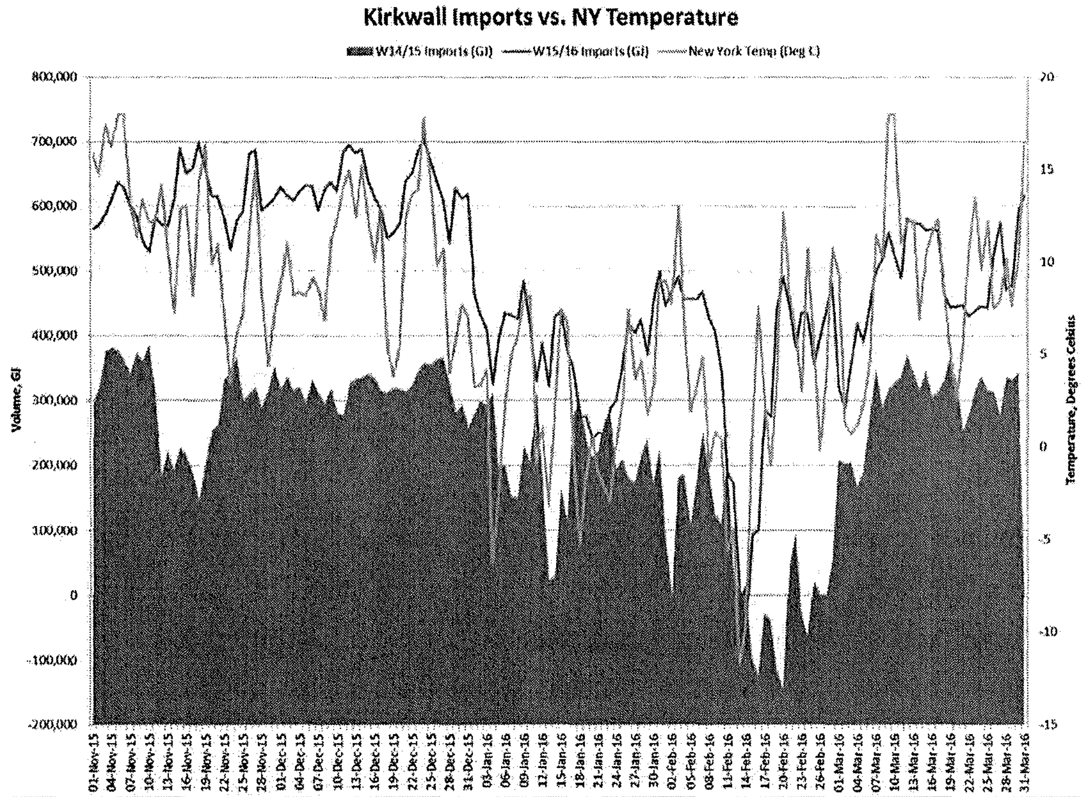
29. ***Ibid, Page 32***

Please provide a landed cost analysis for 2016 which compares the cost of gas delivered to the EGD franchise from the various sources of gas and through various transportation routes (the latter as displayed at Page 32 of 35). The costs should show separately both the commodity costs and the transportation and storage costs. The analysis should be in the format used by Union and EGD in recent cases, and shows all assumptions, eg. currency, NYMEX price or Dawn price, other key prices. Each component of the supply chain should be shown separately and then aggregated. Where gas is purchased in a particular supply basin, eg. Marcellus, Utica, Panhandle field zone, it should be identified as such, and both US and Canadian pipeline tolls separately identified.

ATTACHMENT

Winter Extremes in Northeast

uniongas
A Spectra Energy Company



Temperatures in neighbouring jurisdictions directly impact amount of gas coming into Ontario