

VINCENT J. DEROSE
T 613.787.3589
vderose@blg.com

Borden Ladner Gervais LLP
World Exchange Plaza
100 Queen St, Suite 1300
Ottawa, ON, Canada K1P 1J9
T 613.237.5160
F 613.230.8842
blg.com



Our File No. 339583-000241

By electronic filing

February 24, 2017

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli

**Re: Enbridge Gas Distribution Inc. ("EGD")
Cap & Trade Application
Board File No.: EB-2016-0300**

Attached please find the Interrogatories of Canadian Manufacturers & Exporters ("CME") for EGD in the above-noted proceeding.

Yours very truly

A handwritten signature in black ink, appearing to read 'V. DeRose', with a long, sweeping horizontal stroke extending to the right.

Vincent J. DeRose

enclosure

c. Andrew Mandyam (EGD)
EB-2016-0300 Intervenors
Paul Clipsham and Ian Shaw (CME)

OTT01: 8120796: v1

ONTARIO ENERGY BOARD

Enbridge Gas Distribution Inc.

**Application for approval of the cost consequences
of Cap and Trade Compliance Plans**

**INTERROGATORIES OF
CANADIAN MANUFACTURERS & EXPORTERS ("CME")
TO ENBRIDGE GAS DISTRIBUTION INC. ("ENBRIDGE")**

Issue 1 – Cost Consequences

CME 1

Ref: Exhibit C, Tab 3, Schedule 6 – Administrative Costs

Enbridge provided its projected 2017 Compliance Plan Administrative Costs. CME wishes to better understand the compensation costs for Cap and Trade team members, as well as the associated productivity gains associated with the use of existing employees. To this end, please provide the following:

- (a) Please explain why an average total compensation of \$187,500 per annum is appropriate for 2016 Cap and Trade team members, and \$160,000 is appropriate for each new member of the Cap and Trade team members in 2017.
- (b) Please provide the job descriptions for positions which have not yet been filled for 2017, with an explanation for why those positions have not yet been filled.
- (c) How will Enbridge identify the productivity gains associated with cap and trade related activities being performed by existing employees?

Administrative Costs

CME 2

Ref: Exhibit C, Tab 3, Schedule 6 – Administrative Costs

Enbridge has forecast \$516,000 in capital costs relating to upgrades to their IT system in 2016. Please provide a more fulsome description the changes required to the billing system as the result of the cap and trade program. Also, please confirm whether further upgrades or changes will be required in 2017 or beyond.

CME 3

Ref: Exhibit C, Tab 3, Schedule 6 – Administrative Costs

Enbridge states that it forecasts a cost of \$561,000 for implementation market intelligence and consulting support, spread amongst a variety of activities.

- (a) Please provide a detailed breakdown of the costs among the activities listed.
- (b) Does Enbridge forecast a reduction in the services required as the company becomes more familiar with the cap and trade program, and the cap and trade market matures?

CME 4

Ref: Exhibit C, Tab 3, Schedule 6 – Administrative Costs

Enbridge estimates that it will incur approximately \$115,000 in customer outreach and education costs during 2017. Does Enbridge estimate that these costs will decrease over time as customers become acclimatized to the cap and trade program?

CME 5

Ref: Exhibit C, Tab 3, Schedule 6 – Administrative Costs

Enbridge estimates an increase of \$900,000 in bad debts. CME wishes to better understand how the 2017 GGEIDA would operate with this increased debt. To this end, please provide the following:

- (a) If the Board approves the requested increase of \$900,000, and the bad debt does not actually increase, will money be refunded to ratepayers? If not, why not?

Issue 1.3 – Is the carbon price forecast reasonable and appropriate?**CME 6**

Topic: Intercontinental Exchange Estimates

Ref: Exhibit B, Tab 4, Schedule 1 – Annual Carbon Price Forecasts

CME wishes to understand differences between Enbridge's and Union's calculations. Enbridge estimated that the average 21-day strip of Intercontinental Exchange would be \$16.90. Please explain why Enbridge's calculation of the average 21-day strip of Intercontinental Exchange is \$16.90, and Union's estimated the 21-day strip of Intercontinental Exchange is \$17.24 (See EB-2016-0296 Exhibit 2, Schedule 2 p. 1 of 2). Please discuss the rationale and appropriateness of the differing methodologies for calculating the 21 day strip.

Issue5.2 – Are the tariffs just and reasonable and have the customer-related and facility related charges been presented separately in the tariffs?

CME 7

Topic: Cost Impacts

Ref: The Calculation of Bill Impacts

Union's compliance plan includes a calculation of sales service and direct purchase bill impacts for typical small and large customers (see EB-2016-0296, Exhibit 7, Schedule 7). That Calculation shows the estimated bill impact on both the delivery charge and the total bill. CME requests that Enbridge provide a similar calculation which shows the impacts on both the delivery charge and the total bill for each rate class.

OTT01: 8119453: v1