

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 by Union Gas
Limited for an order or orders clearing certain non-
commodity related deferral accounts and sharing utility
earnings pursuant to a Board-approved earnings
sharing mechanism.**

**Interrogatories of
Energy Probe Research Foundation**

June 15, 2017

EB-2017-0091– Union Gas Limited
Disposition of 2016 Deferral Account Balances and Earnings Sharing Amount
Energy Probe Interrogatories

Exhibit B. Energy Probe 1

References: Exhibit A, Tab 1, Page 19, Table 6: Exhibit A, Tab 1, Appendix A
Schedule 7: EB-2016-0118 Exhibit A, Tab 1, Page 23, Table 6 and
Exhibit B., Energy Probe. 2

Preamble: The 2016 target NAC for each rate class was approved by the Board in Union's 2016 Rates proceeding (EB-2016-0116). The 2014 actual NAC, weather normalized using the 2016 weather normal, was used to determine the 2016 target NAC.

- a) Please provide a Schedule showing *as applicable*, for the Rate Classes in Table 6 the following for 2011-2016
 - Board-approved or Forecast NAC
 - Actual NAC
 - Normalized DD North and South
 - Actual DD North and South
 - Average Normalized DD North and South
 - Average Actual DD North
- b) Please provide a 6 year graphical trend analysis of Normalized NAC for the 4 rate classes in Table 6. (Similar format as last year's EP IRR except separate lines for North and South)
- c) Please show Average DD on same chart.
- d) Please provide analysis and comments on the factors causing significant trends in consumption and NAC for each class.
- e) Please comment on whether there is evidence indicating structural changes may be required to the forecast models

Exhibit B. Energy Probe 2

References: Exhibit A, Tab 1, Page 21, Table 7, Page 23, Table 8

- a) Please provide a more detailed explanation of the variance in Rate M1 Storage costs.
- b) Please provide a version of Table 8 with the historical Storage Adjustments PJ indicating also indicating the Forecast and actual Degree Days.

Exhibit B. Energy Probe 3

Reference: Exhibit A, Tab 2, Appendix A, Schedule 13

- a) Please explain and show the year over year increase of \$21 million in DSM program costs in 2016 relative to 2015.
- b) Show the allocation of this increase to each rate class.

Exhibit B. Energy Probe 4

Reference: Exhibit A, Tab 2, Page 5 -DSM Incentive

Preamble: Other revenue includes the revenue recorded for the DSM Incentive of \$4.237 million. The DSM Incentive amount is an incentive to the company to encourage it to actively pursue DSM activities. To ensure that the full amount of the DSM Incentive accrues to the company and that the incentive is maintained, the DSM Incentive revenue is removed from the earnings sharing calculation.

- a) Is the amount of the DSM Incentive based on Audited Results and for which year?
- b) Has the amount been approved by the DSM Audit Committee?
- c) Please provide the Results and calculation(s) provided to the Audit Committee and/or Auditors

Exhibit B. Energy Probe 5

References: OM&A Expenses Exhibit A, Tab 2, Appendix A, Schedule 13, lines 21 & 22: EB-2016-0118 Exhibit B. Energy Probe 4, Attachment 1, Pages 1 and 2.

- a) Please Update the second Referenced Schedules for Affiliate Revenue and Expenses for 2016.
- b) Please provide the drivers for the changes in Outbound Affiliate services 2015-2016.
- c) Please indicate how the 2016 changes in Affiliate Services affect Utility Income and Earnings Sharing calculations for 2016.
- d) Please provide a specific breakout of affiliate Revenue and costs related to IT showing at a high level costs from 2013-2017 and specifically impact of data centre consolidation.

Exhibit B. Energy Probe 6

References: Exhibit A, Tab 1, page 34; Exhibit A, Tab 2, Page 2; Exhibit A, Tab 2 Appendix B, Schedule 1 column (d), lines 19 and 28

Preamble: Actual ROE is determined using utility earnings calculated in the last reference above, divided by deemed common equity at 36% of actual utility rate base. The allowed 2016 ROE is 9.24%.

- a) What was Union's average long term debt rate for 2016?
- b) What is Union's normalized actual return on equity for 2016?
- c) What is the Normalized ROE *excluding adjustments*?
- d) What is the actual X factor in 2016 compared to forecast?

Exhibit B. Energy Probe 7

Reference: Exhibit A, Tab 6, DATA CENTRE CONSOLIDATION

Preamble: During 2013 Spectra identified an opportunity to consolidate data centres to realize the benefits that a co-location data centre service provider could provide and take advantage of the economies of scale and scope created by a combined entity the size of Spectra. These benefits would not be available to any Spectra business unit acting on their own as they would not be big enough to obtain favourable commercial terms from the best co-location data centre service providers.

- a) Please provide the Business Case Summary for the Consolidation of the Data Centre.
- b) If not provided in the above, please summarize/list the reasons for Union determining that the Spectra Solution was the most optimum and cost effective for Union, including assessment of other options such as consolidation in Chatham/Dawn or other location.
- c) Please provide estimates of the annual Costs and benefit to Union from consolidation.
- d) Please provide estimates of the annual Costs and Benefit to Spectra/Enterprise from consolidation.

- e) With reference to the Table on Page 12 regarding 2016 costs, please explain what services and costs (outbound) Union provided to Spectra and what Services and costs (Inbound) Union received from Spectra. How were the costs from third parties allocated between Union and the Spectra Enterprise? Please provide details.
- f) With reference to Union's 2014 Data Centre costs shown at Page 14, line 12 ff, please provide an estimate of the Annual Revenue Requirement updated to 2016 and compare this with the annual Revenue Requirement for the Consolidated Data Center.
- g) Spectra has sold Union to Enbridge and how will the 2017/2018 arrangements for Data Centre Management be modified/Updated? Specifically, how will Union/Enbridge proceed and what are the cost Implications?