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June 22, 2017

Reply To: Thomas Brett
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Our File No. 173390

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-2017-0102: Enbridge Gas Distribution Inc., 2016 Earnings Sharing Mechanism
and Other Deferral and Variance Accounts Clearance Review**

Pursuant to Procedural Order No. 1, please find enclosed BOMA's Interrogatories.

Yours truly,

FOGLER, RUBINOFF LLP

A handwritten signature in blue ink, appearing to read "Tom Brett", written over the firm name.

Thomas Brett

TB/dd

Encls.

cc: All Parties (*by email*)

ONTARIO ENERGY BOARD

Enbridge Gas Distribution Inc.

**Application for the disposition of amounts recorded in certain
deferral and variance accounts and approval of the earnings
sharing amount**

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

June 22, 2017

Tom Brett
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Counsel for BOMA

Interrogatories of BOMA

1. ***Ref: Exhibit B, Tab 1, Schedule 3, p3(e)***

Why was the increase in the Company's credit facility in 2014 a matter for forecasting?
It happened in 2014. Please explain.

2. ***Ref: Ibid, (f)***

What "retirements" are being referred to? Please explain.

3. ***Ref: Exhibit B, Tab 1, Schedule 4, p2(c) Consolidated other revenue and income***

Please explain the reference to "Elimination of non-utility dividend income from the Board Approved financing transaction". Please explain fully.

4. ***Ref: Ibid, Normalization adjustment \$44.0 million***

- (i) Please confirm the \$44.0 million is added to the regulated utility revenue.
- (ii) Does this mean that the EGDI revenue does not include any normalization adjustment, or is normalization that differs from that applied under OEB-approved rules? Please explain.
- (iii) What is the relationship between that adjustment (\$44.0 million add to revenue) and the \$13 million after-tax part (increase) on earnings attributed to the common shareholder, on the 2016 corporate financial statement at Exhibit D, Tab 5, Schedule 2, p5 of 30.

- (iv) What accounts for the difference between the \$228 million in corporate earnings at Exhibit D, Tab 5, Schedule 2, p5, and the \$229.8 million in net income at Exhibit B, Tab 1, Schedule 4, p6, line 15?

5. **Ref: Ibid**

Please explain item (14.1) Elimination of allowable interest during construction. Please explain (a) what is being referred to; and (b) why is this item considered a reduction in income?

6. **Ref: Ibid**

Please explain item (5.3) Elimination of revenue indemnification from Enbridge Inc. related to part V1.1 tax transfer.

7. **Ref: Exhibit B, Tab 1, Schedule 4, p3; Exhibit D, Tab 5, Schedule 1, pp6, 31, 32
Cash Flow Hedges**

Has the Board authorized the utility to carry out cash flow hedges related to currency risk for US-denominated revenues and expenditures and some interest rates? Whether they have or not, are hedging losses deemed to be a reduction from regulatory earnings? Were there any EGDI losses from cash flow, currency, or other hedges in 2016? Please specify the type of hedge. Are these losses also losses of the regulated utility? Please explain fully. Are the hedging decisions made by EGDI or by other Enbridge companies?

8. **Ref: Exhibit B, Tab 2, Schedule 2, p3 of 11**

Please explain the significance of the Net Salvage Adjustments.

9. **Ref: *Ibid, p5 of 11***

Please explain how Col. 5 is calculated in the table.

10. **Ref: *Ibid, p7 of 11***

Please confirm that when a depreciable asset is retired, the accumulated depreciation account is decreased by that amount, the revenue requirement is decreased by that amount, and the reported earnings are increased by that amount. If not, please explain.

11. **Ref: *Ibid, p10 of 11***

Please explain the item "Utility Gross Plan Held for Future Use", and the item "Inactive services".

12. **Ref: *Exhibit B, Tab 2, Schedule 4, p1 of 5***

Are the GTA and WAMS projects now completed? What were the reasons for the yearlong delay? Please explain fully.

13. **Ref: *Ibid, p2 of 5***

- (a) Please explain more fully the "permit and construction" challenges in Table 2, Line A, that accounted for the 114.8 variance in Segments A and B.
- (b) Please expand on the reasons for the overspend project actual cost, of \$870.3 million vs. budgeted \$686.5 million.
- (c) Is the \$870.3 million the final cost?

14. **Ref: *Ibid, p3 of 5***

- (a) Please provide more detail on the overspend for each of Items 6 and 7.
- (b) The overall project spend is \$90.1 million, which exceeds the project budget of \$70.1 million. Please provide a detailed explanation.

15. **Ref: *Exhibit B, Tab 3, Schedule 1, p4***

Please breakdown the (139.5) adjustment into its component parts, and explain each of the parts, and why it results in a reduction in the EGDI corporate revenue in arriving at revenue for regulatory purposes.

16. **Ref: *Exhibit B, Tab 3, Schedule 5, Item 1.6 Footnote***

Please provide details for the "Gain on sale of land in 2016", including the circumstances, the amount realized, and the profit realized.

17. **Ref: *Exhibit B, Tab 4, Schedule 1, p3 of 7***

- (a) Please explain the details of line 13, "Site Rest Costs adjustment".
- (b) Please list the items (and amounts) included in line 8, "Items capitalized for regulatory purposes".
- (c) Please explain the origin and rationale of the different treatment of these amounts for regulatory and income tax purposes.

18. **Ref:** *Exhibit B, Tab 4, Schedule 2, p2, lines 20 and 21*

- (a) Please provide more detail on increases in the \$15 million decrease in OM&A due to increased capitalization, and Admin and General capitalization.
- (b) Why are short-term incentive payments not part of compensation, rather than capitalized as part of Admin and General expenditures? What percentage of short-term incentive ("STIP") payments are capitalized and how is the amount capitalized determined?
- (c) Please provide the number of FTEs full- and part-time employees in the new Asset Management Group.
- (d) Are the salaries and benefits capitalized? What is the amount? Please explain why those salaries and benefits should be capitalized.

19. **Ref:** *Exhibit C, Tab 1, Schedule 3, p1*

- (a) Please provide the calculations which EGD used to arrive at \$9.6 million.
- (b) When does EGD use Union's M12 service? Over what route, and at what time during the year?

20. **Ref:** *Ibid; 2016 TSDA*

- (a) Please describe how EGD's gas loans operate to generate revenues for storage optimization. Please give an example, and advise of a typical loan/storage transaction.

- (b) What part of the \$7,277.2 was obtained through gas loans?

21. **Ref:** *Exhibit C, Tab 1, Schedule 4, p1 Unaccounted-for Gas Variance Account*

- (a) Please provide the calculation (with explanation) of the contribution of the GTA project.
- (b) The actual 2016 UAF was more than fifty percent higher than forecast. What accounts for such a large variance?
- (c) Over the last twelve years (2016 vs. 2004), UAF has increased thirteen-fold. What measures is EGD taking, or planning to take, to determine the cause of the escalation, and to correct it?

22. **Ref:** *Exhibit C, Tab 1, Schedule 5 Average Use True-up Variance Account*

- (a) What is the explanation for the usage variances for Rate 1 and Rate 6 customers being much larger than forecast and recent experience?
- (b) Please show the comparable data for Rates 1 and 6 for the last five years.
- (c) In what rate case, or other proceeding, did the Board approve creation of the AUTUVA? How was the variation in usage per customer handled prior to the creation of that account?
- (d) What is the evidence of the degree to which a price reduction results in higher consumption of natural gas by Rates 1 and 6 customers? Please explain fully.

23. **Ref: Exhibit C, Tab 1, Schedule 7, p1 GDARIDA**

- (a) Please explain the nature of the capital expenditures to implement the "LICSR" rule, when that expenditure was made, and over what period it will be depreciated.
- (b) Why was the original adjustment to the 2013 revenue requirement a credit, and a debit in the year thereafter?
- (c) How was the redetermined "value" in 2014 in line 1 determined, and why did it more than triple the cost of the asset, as determined in 2013?

24. **Ref: Exhibit C, Tab 1, Schedule 14 GTAITCRRDA**

- (a) Please confirm that the \$4.281 million and \$53.4 thousand will be cleared to Rate 332 customers only. If not, please state to whom it will be cleared.
- (b) Is the "page 3" reference in paragraph 8 of p3 correct?

25. **Ref: Exhibit C, Tab 2, Schedule 1, p1**

- (a) For each of the deferral/variance accounts for which the Company is seeking clearance, in whole or in part, please provide the proposed allocation criteria to the various rate classes.
- (b) Please show the dollar amount billed in each of October and November to a large size Rate 6 customer, a medium size Rate 6 customer, both sales and T-service, as well as average size Rate 100 and Rate 110 T-service customers, and show the percentage of the bills for those months the clearance payments represent.

26. ***Ref: Exhibit D, Tab 1, Schedule 2, p2***

Please file a copy of the Post-Construction Financial Report.