<u>**EB-2017-0102**</u>

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 Enbridge Gas Distribution Inc. for an Order or Orders approving the clearance or disposition of amounts recorded in certain deferral or variance accounts and sharing utility earnings pursuant to a Board-approved earnings sharing mechanism.

Enbridge Gas Distribution Inc.

Interrogatories of

Energy Probe Research Foundation

June 22, 2017

EB-2017-0102
EGDI Disposition of 2016 Deferral Account Balances and Earnings Sharing
Energy Probe Interrogatories

Exhibit B. Energy Probe 1

References: Exhibit B, Tab 1, Schedule 1 and Schedule 2; Exhibit B, Tab 5, Schedule 3

Preamble: All revenues that would otherwise be included in revenue in a cost of service application shall be included in revenues in the calculation of the earnings calculation and only those expenses (whether operating or capital) that would be otherwise allowable as deductions from earnings in a cost of service application, shall be included in the earnings calculation. Actual ROE is determined using utility earnings divided by deemed common equity at 36% of actual utility rate base.
The allowed 2016 ROE is 9.19%.

a) What was EGDI’s average long term debt rate for 2016?

b) What is EGDI'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 2

References: Exhibit B, Tab 2, Schedule 4, Page 2: Exhibit C, Tab 1, Schedule 15, Page 4, para 8; Exhibit D, Tab 1, Schedule 2.

Preamble: The GTA Reinforcement project is a multi-year infrastructure project with Segments A and B. Variance is due to delay of Segment A and B into 2016. The project was delayed several months due to permitting issues and construction complexities. The project total is expected to be $870.3 million, versus the project budget of $686.5 million.

a) Please provide the 2016 Revenue Requirement impact of the $143.4 million GTA overspend.

b) Please provide the impact on 2016 Utility earnings and ESM.

c) Please Indicate the updated estimated breakdown for Segment A and Segment B and the approved and updated “as spent” allocations to the Rate 332 transportation and in-franchise customers (compared to the $55 million).

d) Please provide the updated in-service Revenue Requirement calculation for the Rate 332 service (compared to that based on $55 million estimated CAPEX spend) and provide more details of the Rate 332 in service rate for December 2016 and the amounts proposed to be recovered in the 2016 GTAITCRRDA.

Exhibit B. Energy Probe 3

References: Exhibit B, Tab 2, Schedule 4, Page 2; Exhibit D, Tab 1, Schedule 3

Preamble: WAMS is a fundamental business tool, foundational to providing safe and reliable service to Enbridge's utility customers. This is a multi-year initiative which began with planning and design in 2014, design, build and test occurred throughout 2015, 2016 and "go live" was implemented in October 2016. Delayed spend in 2014 and 2015 was due to a delay in starting the implementation phase. The overall project spend is $90.1 million, which exceeds the project budget of $70.1 million.

a) Please provide the 2016 Revenue Requirement impact of the $30.2 million WAMs overspend.

b) Please provide the impact on 2016 Utility earnings and ESM.

Exhibit B. Energy Probe 4

Reference: Exhibit B, Tab 4, Schedule 2, line 21

a) Please explain and show the year over year increase of $21.4 million in DSM program costs to $56.4 million in 2016 from $35 million in 2015.

b) Show the allocation of the DSM base year budget amounts and the 2015 and 2016 increases to each rate class.

c) Please provide the calculation of the actual/estimated DSM Incentive amounts for 2015 and 2016. Indicate if the amounts are based on Audited results and if they have been accepted by the Audit Committee.

d) Confirm the DSM Incentive amount that was removed for the 2016 ESM calculation.

Exhibit B. Energy Probe 5

References: Exhibit B, Tab 4, Schedule 2, Page 1, line 26; EB-2016-0142 Exhibit I.B.EGDI.IGUA.2

Preamble: RCAM costs have increased by $15.3 million due to centralization of IT and HR services to Enbridge Inc.

a) Please provide details of the services involved and changes, with references to the approved Base Year RCAM SLAs.

b) Please provide the Board-approved Base Year amounts for these services and the annual RCAM amounts and the amounts actually charged by Enbridge for 2014-2016.

c) Please provide a Summary of the Business Case for consolidation of IT and HR, including the Cost/Benefit to EGDI and its ratepayers.

d) Please provide extracts of any Board approvals related to the increased $15.3 million in RCAM costs and/or to the specific IT and HR services.

e) Enbridge has acquired Union Gas Limited from Spectra. How will the 2017/2018 arrangements for Corporate IT and HR services be modified/Updated, Specifically how will Union/EGDI proceed and what are the cost implications?

Exhibit B. Energy Probe 6

Reference: Exhibit C, Tab 1, Schedule 4 and Table 2

Preamble: The 2016 level of UAF was determined to be 133,112 10^3m^3. The variance of 48,346 10^3m^3, which is the difference between actual UAF volume and the forecast UAF volume of 84,766 10^3m^3, underpins the $7.9M account balance that is captured in the UAFVA.

a) Please provide a Table and Graph showing annual throughput and Actual and forecast UAF Volumes. List the average heat content for each year as shown in Table 2.

b) Please provide a Chart that relates UAF volumes to throughput volumes using appropriate heat content assumptions.

c) Comment on whether the UAFVA amount should be determined with a heat content adjustment. Please provide a sample calculation of the effect of such a heat content adjustment.

Exhibit B. Energy Probe 7

References: Exhibit B, Tab 3, Schedule 2; Exhibit C, Tab 1, Schedule 5, Plus Appendix A.

Preamble: The volumetric decrease of 164.9 106m3 in Rate 1 was due to a lower average use per customer totalling 154.8 10^6m^3 and unfavourable customer variance of 10.1 10^6m^3; The volumetric decrease of 125.5 10^6m^3 in Rate 6 was primarily due to a lower average use per customer totaling 91.2 10^6m^3;and unfavourable customer variance of 34.9 10^6m^3 .

a) Please provide a Schedule and Chart showing *as applicable,* for the Rate 01 and 6 Classes the following for 2011-2016:
   - Board-approved or Forecast NAC
   - Actual NAC
   - Normalized DD average and by zone
   - Actual DD average and by zone

b) Please provide a 6 year graphical trend analysis of Normalized NAC for Rate 01 and Rate 6 rate classes.

c) Please show Average DD on same chart.

d) With respect to *"The Rate 1 decline experienced in 2016 could not have been predicted by the historical Trend"* 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 given the decreases in average use.

Exhibit B. Energy Probe 8

Reference: Exhibit C, Tab 2, Schedule 2

Please provide the Impact of the DVA clearance on Rate 1 Customers with low, medium (average) and high annual consumption,

Exhibit B. Energy Probe 9

Reference: Exhibit D, Tab 2, Schedule 1, Tables 2 and 6

Preamble: Embedded productivity commitments in the area of Customer Attachment capital were partially met in 2016. Customer Attachment capital was overspent by $6.7 million, reducing its savings to $17.7 million from the embedded target due to varying costs associated with the particular customer segment and the geographical mix of projects.

a) Is EGDI forecasting that the Customer Attachment productivity targets will/will be met in 2017/18? Please discuss.

b) Under the IRM Capital Productivity initiative, how are Minor Capital productivity gains/savings to be weighted relative to Major Capital cost changes such as WAMS and the GTA Reinforcement Project? Please discuss.

c) Please provide the 2016 overall Minor Capital productivity related Revenue Requirement reduction and compare this to the 2016 Revenue Requirement Impact of the WAMs overspend.

d) Please provide a projection of the net revenue requirement related to Capital and O&M savings from implementation of WAMS in the remainder of the IRM term.