

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15
(Sched. B), as amended;

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an
Order or Orders approving or fixing rates for the sale, distribution, transmission and
storage of gas.

Interrogatories

Energy Probe Research Foundation

November 2, 2017

Energy Probe IR #1

- A). When did Enbridge's Executive Management Team review and approve the application for rates commencing January 1, 2018 prior to its filing with the OEB under the EB-2017-0086 docket?
- B). Please file all reports, presentations and supporting documents that were given to the members of the Executive Management Team to explain the application and obtain their approval.

Energy Probe IR #2

Reference: Exhibit A Tab 1 Schedule 1 Appendix B; Exhibit F1 Tab1 Schedule 1 Table 1

Preamble: The deficiency amount calculated in the 2018 updated forecast represents the annual increase in rates that is required relative to existing July 1, 2017 Board-approved rates. Conversely, the deficiency calculated for the EB-2012-0459, 2018 placeholder was determined on a cumulative basis in comparison to April 1, 2013 Board-approved rates, and therefore is not reflective of the final rates which were approved by the Board for each of 2014, 2015, 2016, and 2017.

- A). Starting with Exhibit F1 Tab1 Schedule 1 Table 1 as a template, please provide a schedule in Excel Format that shows the EB-2012-0459 Rates and CIR amounts and placeholders for each year 2014-2018.
- B). Please add columns for each year that show actual approved/forecast rates.
- C). Please provide explanatory notes for deviations from the placeholders, including DSM, CIS and gas costs.
- D). Please provide additional notes on any other deviations from CIR rates.
- E). Please provide a chart using the Excel Spreadsheet data, that shows the 2014-2018 CIR annual revenue requirements based on placeholders and separately Actual 2014-18 revenue requirements with adjustments.

Energy Probe IR #3

Reference: Exhibit C2 Tab 2 Schedule 1 Page 23 para 29

Preamble: The Company has observed progressively higher energy content values over the past few years as a result of gas supplies from Marcellus-Utica taking up a larger share of gas supply. The average use forecast relies on historical average uses that have inherently lower/higher heat values than what would have been in effect in the

test year due to the different mix of supplies. That is, volumes in the test year would, on average, have had a higher/lower effective energy content than what would have been implicit in the forecast, thereby possibly requiring lesser/greater volumes than anticipated to meet normalized energy requirements.

A). Please clarify if the Average Use Models as per the 2017 Settlement Agreement used the updated heat value of 38.42 MJ/m³ cited in the Gas Supply Plan and Exhibit D1 Tab 2 Schedule 11 Page 13 paragraph 39.

B). If not, please provide a table showing the heat values used for each Zone for the 2018 NAC forecast and indicate the basis of the estimates.

Energy Probe IR #4

References: Exhibit C1 Tab 2 Schedule 1 Page 9,
Exhibit C2 Tab 2 Schedule 1 Page 23
Exhibit C2 Tab 1 Schedule 3 Page 7.

Preamble: The rate of actual average use decline in 2016 was an anomaly as it was not consistent with the historical trend, declining from 2015 by -3.2%. No significant development occurred in 2016 that would allow direct causal inference with 2016 results. As a result, the Company is inclined to treat the 2016 experience as an anomaly until additional, similar actual observations constitute an indication of trend. This treatment is confirmed through diagnostic testing of econometric models as further detailed in the Average Use Evidence at Exhibit C2 Tab 1 Schedule 3 on page 7.

A). Please provide for the residential class for each of the 3 heating degree zones, charts showing the forecast and/or actual average use, for 2007 to 2017 and forecast 2018.

B). Please explain the structural change/result in increased average use in 2016 for the residential class.

- In terms of contributing causes (including those discussed at Exhibit C2 Tab 2 Schedule 1 Page 23
- In terms of the Average Use Model and Statistics Exhibit C2 Tab 1 Schedule 3

C). Please provide the actual degree days and Normalized Average Use occurring in winter 2016/17.

D). Compare to prior years 2007-16 and to 2018 forecast.

Energy Probe IR #5

References: Exhibit C1 Tab 2 Schedule 1 Appendix A
Exhibit C2 Tab 1 Schedule 3 Table 5

A). Please discuss why EGD is relying on the Average Use model to predict that the declining use trend of prior years will continue in 2017/18.

B). The NAC Forecast for 2018 is ~100m³ lower than 2017F. Please discuss in more detail why/how dummy variables were introduced (based on the Chow Test) for Class 20 Metro and Eastern Zone Class 73, but not other zones and why a DUM 2016 of - 0.04 was chosen and why resulting 2018 forecast is credible.

C). Please provide an estimate the impact of a 10 m³ change in residential Normalized Average Use on each of: the 2018 volume forecast; revenue forecast and revenue requirement. Provide references to filed schedules.

Energy Probe IR #6

Reference: Exhibit D1Tab 2 Schedule 4 Page 4

Preamble: The company has completed a comparison of the metering data from the TCPL custody transfer meters and Enbridge's own check meters at the 38 Gate Stations where TCPL's system interconnects with the EGD system and determined that for the period of January 1, 2017 to July 31, 2017 there is a difference of 27.8 10⁶m³ or 0.75% of the total TCPL metered volume for that period.

A). Please clarify if the 27.8 10⁶m³ difference is in favour of EGD or TCPL.

B). Is this finding consistent with historic data and with UAF estimates? Please discuss and provide data to support the discussion.

C). Please provide a schedule that positions this finding relative to the delivered TCPL City Gate commodity and transportation costs.

D). Please list the receipt points and volumes at which Enbridge receives gas, other than TCPL.

E). Has EGD reviewed these delivery points for metering inconsistencies? If so please summarize the findings.

Energy Probe IR #7

Reference: Exhibit D1Tab 2 Schedule 11Page 3

A). Please provide updates on the following Projects

- Vaughan Mainline Expansion Project
- Rover Pipeline

B). Please provide the cost and other implications of any delays as related the 2018 Gas Supply Plan and the Dawn Access Agreement.

Energy Probe IR #8

Reference: Exhibit D1Tab 2 Schedule 11 Page 13; Exhibit D1, Tab 2, Schedule 3.

Preamble: At this time, as set out in the gas supply evidence in this proceeding Enbridge is planning to acquire between 2 and 3 PJ of additional storage in April 2018. Furthermore, from time to time, the Company will consider shorter term high deliverability seasonal exchanges that provide operational flexibility to meet winter demand.

Please indicate whether the proposed merger with Union will result in rationalization of Storage. Please discuss if/how this may affect the need for 2-3 PJ of incremental storage.

Energy Probe IR #9

References: Exhibit D1Tab 4, Schedule 1, Page 1;
EB-2017-0102 Exhibit N1 Tab1 Schedule 1 Appendix A Page 16

Preamble: Any variance between the DSM amount included within 2018 Allowed Revenue and the actual DSM amounts incurred in 2018 will be recorded in the Demand Side Management Variance Account ("DSMVA"). Amounts recorded in the DSMVA will include variances in DSM program costs consistent with the Board's Filing Guidelines to the Demand Side Management Framework for Natural Gas Distributors (2015 to 2020). Even though this will be addressed in the ESM/DA EP has these questions.

A). Please indicate if EGD has spent the approved 2016 and 2017 DSM budgets.

B). Please provide an update and indicate in particular, if the residential sector budgets and targets were met in 2016 and based on YTD in 2017.

C). Please provide an estimate for 2018 of the 2017 DSMCEIDA balance funds that represent the difference between Enbridge's approved 2017 DSM budget and the actual amount spent to achieve Enbridge's total 2017 Cumulative Cubic Metres ("CCM") of natural gas targets made up of all 100% CCM targets across all programs.

Energy Probe IR #10

Reference: Exhibit D2 Tab 1 Schedule 1 Page 18

Preamble: The final balance in the 2017 CDNSADA will be transferred to the 2018 CDNSADA account. At present, the forecast 2017 ending balance is an approximate \$35 million debit/receivable, inclusive of an over refund versus the amount which was to be refunded through 2017, of approximately \$4.0 million in excess of the

additional \$31.1 million that was expected to be refunded through Rider D during 2018.

A). Please explain why a refund of \$31.1 million cannot continue during 2018 until there is a zero balance in the CDNSADA account.

B). Please explain why this proposal is appropriate.

With the plan to discontinue Rider D in 2018, there will be no monthly debit to the CDNSADA, with corresponding credit to accounts receivable, for the actual amounts refunded to customers through Rate Rider D. The impact of this will be to reduce the forecast over refund (or debit/receivable) of \$35.1 million

Energy Probe IR #11

Reference: Exhibit E1 Tab 2 Schedule 1

Preamble: In its EB-2012-0459 Decision with Reasons issued July 17, 2014, the Board determined that “the Cost of Capital will be re-set each year using the Board’s established approach” (p.10). The Board further concluded that “the allowed ROE for purposes of calculating the ESM should be the ROE used to determine the allowed revenue requirement” (p.14) and that “[T]he preferred approach is to update the return on equity each year during the annual rate adjustment proceeding using the Board-approved parameters.

A). Please provide a schedule that shows for each year, including the base year and forecast for 2018, the Allowed ROE and Actual ROE under the CIR Plan. For each year show the actual (or forecast) ESM amounts paid to ratepayers.

B). Please show the annual and total net ROE to EGD over CIR period (including 2018F). Monetize this return. Show the Total Allowed Average ROE over the CIR period and monetize this return.

C.) Show the total ESM amounts paid to ratepayers (including 2018F)

Energy Probe IR #12

Reference: Exhibit H1 Tab 1 Schedule 1 Table 1; Exhibit H2 Tab 7 Schedule 1

Preamble: For the typical residential customer, the proposed rate impact translates / results in an increase of approximately \$29 annually excluding Cap and Trade charges.

A). Please provide the annual Rate impacts for the same residential customer since the CIR base year. Provide Total and average.

B). Please monetize the total rate increase and the average per year.

