

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. and Union Gas Limited, pursuant to section 43(1) of the *Ontario Energy Board Act, 1998*, for an order or orders granting leave to amalgamate as of January 1, 2019.

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. and Union Gas Limited, pursuant to section 36 of the *Ontario Energy Board Act, 1998*, for an order or orders approving a rate setting mechanism and associated parameters during the deferred rebasing period, effective January 1, 2019.

INTERROGATORIES TO OEB STAFF

FROM THE

SCHOOL ENERGY COALITION

1. [Page 23] Does Dr. Lowry have any information on why US power productivity was positive prior to 2000, and negative thereafter? Is there a similar trend in gas distribution, and if so, are the causes similar? If there is not a similar trend, does Dr. Lowry have any information as to why that is the case?
2. [Page 26, 33, 34] Does Table 3 estimate the impact on past US power or gas productivity trends (based on volumes as an output, as NERA proposes) of declining average use? If so, is that estimate the difference between the last and second last lines, e.g. +0.67% for 2001-2016, regardless of which of the other adjustments are made? To what extent, if any, is the order of the adjustments in Table 3 relevant to the quantum of each increment?
3. [Page 33] Why is it not appropriate to use the estimate of +0.85% productivity, i.e. the corrected NERA results, for the Applicants going forward.
4. [Page 35, 36, 49] Please discuss whether the -1.70% capital productivity for Enbridge 1993-2016, or -2.33% capital productivity for Enbridge 2001-2016 reflect past capital spending in excess of the Board's ICM thresholds. Please estimate an adjustment to the ICM threshold formula that would correct for this negative capital productivity, i.e. set the ICM threshold going forward on the basis of past spending levels rather than "zero-productivity" spending levels.
5. [Page 24, 36, 47] Please discuss whether, given the proposal for an ICM and protections against volume declines, it is appropriate to use partial factor productivity for OM&A to

adjust non-capital revenue requirement. In the event that is a viable option, please discuss options for the Board to address capital revenue requirement that would be consistent with an OM&A driven productivity factor, and would avoid double-counting of capex in the formula.

6. [Page 39] What percentage of US customer service and information expenses in gas distribution is utility CDM programs?
7. [Page 40] Both the US and Canadian results show negative capital productivity. Aside from the new US asset integrity rules, what are the reasons why capital spending in gas distribution has negative productivity? To what extent, if any, are those reasons applicable in Ontario. Are those reasons expected to continue in the future?
8. [Page 42] What are the likely implications of future productivity over a ten year rebasing deferral period of high past capital spending (i.e. negative capital productivity)? Is it possible to estimate the quantitative impact on productivity of such a pattern? To what extent, if any, is it reasonable to expect capital productivity to revert to zero over time?

Respectfully submitted on behalf of the School Energy Coalition this April 16, 2018.

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Counsel for the School Energy Coalition