

**April 5, 2019**  **VIA E-MAIL**

Ms. Kirsten Walli

Board Secretary

Ontario Energy Board

Toronto, ON

Dear Ms. Walli:

**Re: EB-2018-0305 Enbridge Gas Distribution Inc. and Union Gas Limited –2019 Rates**

**Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,



Mark Garner

Consultants for VECC/PIAC

Kevin Culbert, Manager Regulatory Policy and Strategy , Enbridge Gas Distribution Inc.

EGDRegulatoryProceedings@enbridge.com

Vanessa Innis, Manager, Regulatory Applications , Union Gas Limited

vinnis@uniongas.com

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| **REQUESTOR NAME** | **VECC** |
| **TO:** | **Enbridge Gas Inc. (EGI)** |
| **DATE:**  | **April 5, 2019** |
| **CASE NO:**  | **EB-2018-0305** |
| **APPLICATION NAME** | **2019 Rates** |

**1.0 EXHIBIT A1 – ADMINISTRATION / CONDITIONS OF SERVICE**

 1.0-VECC-1 (Issue 8.0)

 Reference: Exhibit A1/T5/S1/pg.22

1. With respect to the Conditions of Service for the EGD Rate Zone please explain why it is a pre-requisite to have an account with a financial institution for an eligible low-income customer to have a security deposit waived. Does this provision also apply to the Union Rate Zone?
2. Is the United Way Greater Simcoe County the LEAP administrator for both the EGD and Union Rate Zones. If not please provide the administrator name(s) for the Union Rate Zones.

 1.0-VECC-2

 Reference: Exhibit A1/T5/S1/pg.23

 a) Please provide the number (by category) of complaints escalated to the Enbridge Customer Ombudsman’s Office for the last calendar year (2018)

 b) Does the Union Rate Zone have a similar office? If so, please a similar report as in a) for this Rate Zone.

 1.0-VECC-3

 Reference: Exhibit A1/T5/S3/pg.23

 a) The Security Deposit and Low-Income Customer Policies of EGI for its two different rate zones differ. Please explain why and what plans are being made to harmonize these specific conditions of service provisions.

 1.0-VECC-4

 Reference: Exhibit A1/T5/S3/pg.23

 a) With respect reasons for the disconnection of service please explain (provide an example) of what constitutes a “fraudulent use of gas.” If this is meant to address service where illegal activity are suspected please explain what evidence of the activity in question is required.

 1.0-VECC-5

 Reference: Exhibit A1/T5/S2/pg.7

 The preface to the EGD Conditions of Service state:

We reserve the right to modify the contents of the Conditions of Service at any time. These Conditions of Service are meant as guidelines and do not supersede any terms and conditions set out in Enbridge’s Rate Handbook, or agreed to in our contracts with you.

 a) Is it EGI’s position that all of the provisions of its Conditions of Service (both Rate Zones) may be changed without prior approval of the Ontario Energy Board?

 b) If, it is EGI’s position that a subset of the provisions require Board approval whereas other provisions do not, please identify the provisions in question.

**2.0 EXHIBIT B1 – RATE SETTING MECHANISM**

2.0-VECC-6

Reference: Exhibit B1/T1/S1/pg.5 Table 3

a) Please explain why EGI requires two OEB Cost Assessment Variance Accounts if there is a single Utility being assessed OEB costs upon amalgamation of the former utilities

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b) The OEB Cost Assessment Variance accounts were generically established by the Board in order to capture the change in the Board’s assessment methodology. Please confirm (or otherwise explain) that this change in methodology is from an assessment based on net revenues to, now, the 3 year average of customer numbers.

 c) Please explain how the new variance accounts distinguishes between the normal expected variance (formerly in revenues – now under the revised methodology in number of customers) from the variance due only to the change in assessment methodology.

d) Is it EGI’s understanding that the change in methodology affected both the inter and intra assessed OEB regulated payers? That is, did the change in methodology only affect the amount paid as between natural gas utilities or both that and the amounts paid as between gas utilities and other assessed payers (e.g. electricity distributors, transmitters, and other licencees)?

2.0-VECC-7

Reference: Exhibit B1, Tab 2, Schedule 1

a) Why did EGI not calculate two materiality thresholds – one for distribution function and another for transmissions (e.g. Dawn-Parkway) capital expenditures?

b) For the purpose of calculating and ICM/ACM threshold value why should EGI’s transmission business not be considered analogous to Hydro One Inc. where the threshold values for the transmission business would be calculated separately from those of the distribution operations?

c) Is it possible to amend Table 3 to show the ICM threshold Capital Expenditure Calculation by Rate Zone and for the Union Rate Zone by transmission and distribution functions? If yes, please provide that calculation. If not, please explain the impediments to making this calculation.

2.0-VECC-8

Reference: Exhibit B/T2/S1/pgs. 12-

a) EGI explains that it has used a weather-normalized revenue for the calculation of the growth factor. Is the weather normalization methodology used for the EGD and Union Rate Zones the same?

b) For the both rate zones please calculate the growth rate if only revenues derived from the fixed charge were used in the calculation (i.e. showing the growth in fixed charge revenues only).

2.0-VECC-9

Reference: Exhibit B1/T2/S1/pg.19

At the above reference the evidence states:

Given the magnitude of the $95.3 million investment in the Sudbury Replacement project, incremental funding of the project is required. The cumulative revenue requirement of the project from 2018 through 2023 is over $47 million. Union was not able to reprioritize 2018 Capital investment in order to fund this investment using existing rates.

a) Please provide the list of projects that were considered (and subsequently rejected as per the evidence above) in considering the need for the Sudbury Replacement Project.

b) Please provide the minutes/presentation or other evidence that is demonstrative of the exercise EGI went through to consider what projects might be deferred in order to complete the Sudbury Replacement Project without the need for an ICM.

2.0-VECC-10

Reference: Exhibit B1/T2/S1/pg.33

a) With respect to the Sudbury Replacement project please compare/contrast the proposed cost allocation methodology (peak demand and average demand factor) with the method used to allocate the existing Sudbury assets being replaced.

b) Please do the same for the Don River Replacement, and the Kingsville and Stratford Replacement projects, pointing out any differences (if any) between how the existing and replacement assets are allocated.

**3.0 EXHIBIT C – EGI UTILITY SYSTEM PLAN**

3.0-VECC-11

Reference: Exhibit C1/T1/S1 Figures 6 (pg. 39) and 9 (pg.51)

1. Please clarify the relationship between these two figures. Specifically does Figure 6 show the forecast total EGI capital expenditures net of ICM spending? If yes, please explain why the some annual totals in Figure 6 are less than those in Figure 9 (see, for example, 2020 $1037 vs $1024 ENBRIDGE GAS Total).

3.0-VECC-10

Reference: Exhibit C1/T2/S1/ pgs. 694 – NPS 20 Don River Relocation & pgs.-pg.854 Service Relay

Pre-amble: The purpose of this interrogatory is to better understand the calculation and relative use of the Lifetime Risk Return on Investment Analysis

1. Please provide the actual calculation for the LRROI for these two projects. Specifically show how the variables “*Safety Risk Mit, Fin Risk Mit, CSAT Risk Mit*” are determined for each project.
2. The Don River Relocation project has an LRROI of 119. The Relays project has an LRROI of 24. In terms of the relative need between these two projects please explain how the LRROI informs the selection of the projects to be included (or excluded) in the capital plans of the Utility.
3. Do the capital projects considered in the Union Rate Zone go through the same LRROI process as those in the EGD rate zone?

**4.0 EXHIBIT D – Customer Engagement**

4.0-VECC-12

Reference: Exhibit D

a) Please provide the total cost of the customer engagement exercise for this application distinguishing between (1) contractor/consultant costs and (2) internal allocated – or tracked costs).

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