EB-2018-0305

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. and Union Gas Limited (amalgamated as Enbridge Gas Inc. January 1, 2019), pursuant to section 36(1) of the *Ontario Energy Board Act, 1998* ("OEB Act") for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2019**.**

INTERROGATORIES

FROM THE

SCHOOL ENERGY COALITION

1. [Ex. A, Tab 3, Sched. 1, p. 4, and Ex. B1, Tab 1, Sched. 1, p. 31] Please provide a table showing distribution bill impacts for a non-residential customer (such as a school) with 40,000 m3 annual consumption in each of rates Union 01 and M1, and EGD 6. If an expansion of Table 11 would accomplish that, that is acceptable. Please provide all supporting calculations, in Excel format.

2. [A/3/1, p. 6] Please advise which school boards, if any, were included in the strategic account customers with which Union sales representatives met to gather feedback. Please provide the dates of those meetings.

3. [B1/1/1, p. 2] Please:

   a. Confirm that the proposed increase in revenue for EGD Rate Zone is 1.987%.

   b. Confirm that the proposed increase in revenue for Union Rate Zones is 2.178%.

   c. Adjust those two percentages by changes in billing determinants and heat content, and any other appropriate adjustments, to obtain the weighted average rate increase for each of the EGD Rate Zone and the Union Rate Zones, and provide all supporting calculations, in Excel format.

4. [B1/1/1, p. 13] Please confirm that the Applicant is not aware of any events or circumstances that would qualify for positive or negative Z factor adjustment to 2019 rates. Please provide a list of all events or circumstances that meet three of the four Z factor criteria described by the Board in EB-2017-0306/7, Decision with Reasons, p. 37, and explain why each does not meet the fourth criterion.

5. [B1/1/1, p. 19] With respect to the proposal to use the capital pass-through account to adjust for tax timing differences:

   a. Please provide the reference in the EB-2017-0306/7 Decision with Reasons in which the Board authorized a base rate adjustment or alteration of rate calculations to reflect tax timing differences.

   b. Please explain why the impact of tax timing differences is not just one of the puts and takes that the Applicant accepted in seeking a deferred rebasing.

   c. Please provide detailed continuity and CCA schedules for each of the six listed projects from at least 2014 to 2023 so that the details of the timing differences for each project can be identified.

6. [B1/1/1, p. 28] Please provide a detailed calculation showing the amounts that would be recovered from customers in each of 2019 – 2023 for the capital pass-through projects a) using the proposed one-time adjustment approach, and b) continuing to treat the projects as Y factor adjustments.

7. [B1/1/1, p. 33] Please provide a side by side table showing the class allocation of DSM costs based on 2019 DSM Budget, vs. based on 2017 Actual DSM program costs.

8. [B1/1/1, App. H, p. 8] Please file a copy of the AFE manual.

9. [B1/2/1, p. 4] Please explain why it would be appropriate for the Board to fund ICM for any of the deferred rebasing years when:

   a. The forecast 2019-2023 average annual capital spending in the EGD Rate zone is $509.4 million, which is less than the $616.9 million annual average capital spending in the 2014-2018 period, in which EGD over-earned in every year.

   b. The forecast 2019-2023 average annual capital spending in the Union Rate zone is $523.3 million, which is less than the $696.5 million annual average capital spending in the 2014-2018 period, in which Union over-earned in almost every year.

10. [B1/2/1, p. 16] Please explain how there can be 2019 spend in 2014-2018 capital pass-through projects, which by definition should be completed and in-service no later than the end of 2018.

11. [B1/2/1, p. 18] Please confirm that the Sudbury Replacement project does not qualify under the Board-approved ICM for the Applicant. If the Applicant believes it does qualify, please provide a detailed explanation. If the Applicant believes it does not qualify, please explain the precise relief the Applicant is seeking from the Board, e.g. a) inclusion of the project in 2019 opening rate base, and a concomitant base year adjustment, b) deeming of the project to have come into service in 2019 and thus qualify for ICM treatment, c) retroactively deeming the ICM mechanism and the capital pass-through mechanism to both apply during 2018 year, d) exempting the Sudbury Replacement project from the $5 million impact requirement of the capital pass-through mechanism, or e) any other relief the Applicant believes is appropriate. SEC is seeking in this question to more clearly understand the exact exception that the

Applicant is seeking from the Board from the normal rules and principles that would be applied to rate recovery for this project, in order to understand the implications of that exception both for the Applicant and for other utilities seeking exceptions to the rules.

12. [B1/2/1, p. 22] Please provide a side by side table showing, for each of the proposed ICM projects:

    a. The budget for the project provided to the Board in the first filing for the project (e.g. EB-2018-0108 for the Don River Replacement, etc.).

    b. The budget for the project in this Application, for which ICM approval is being sought.

    c. An explanation for any material budget variations.

13. [B1/2/1, p. 29, 31] Please confirm that, excluding the Sudbury project, the 2019 revenue requirement impact of the ICM projects proposed would be $3.23 million credit to customers, and the 2019-2023 revenue requirement impact of the ICM projects proposed would be $52.395 million recovery from customers.

14. [B1/2/1, p. 31] Please confirm that the Applicant is seeking to accelerate $4.9 million of 2020 capital expenditures into 2019 for the purpose of determining rates. Please explain why that is appropriate.

15. [B1/2/1, p. 32] Please confirm that the Applicant is seeking to defer $3.2 million of 2019 credits to customers to 2020 for the purpose of determining rates. Please explain why that is appropriate.

16. [B1/2/1, App. D] SEC is seeking to better understand the Union earnings-sharing calculation for 2017. In EB-2017-0306/7 (Ex. C.SEC.19 on March 23, 2018), Union reported 2017 operating revenue of $2,118,989 (all figures $000s), and that is the same amount showing in the current Application. The total operating expenses, however, was reported in the previous case as $1,769,137, and is now reported as $1,772,606, a decrease in earnings of about $3.5 million. The expected tax provision was reported in the previous case as $1.8 million credit, but is now reported as a $5.0 million credit, an increase in earnings of about $3.2 million. Please provide details of these changes from the previous reported figures to the current reported figures for 2017.

17. [B1/2/1, App. E, p. 2] Please confirm that the $2.6 million of grossed-up tax savings in 2018 are, under the Applicant's proposal, remaining to the benefit of the shareholder. Please confirm that the extra taxes payable in the future of $2.6 million because of that accelerated depreciation will be paid by the customers in rates.

18. [F/1/1/5, p. 4] Please compare the Rate 6 usage forecast of 4,911,864 10^3m^3 in 2019 to the Applicant's most current forecast of actual usage in 2019 from Rate 6 customers.

19. [F1/1/7, p. 2-3] In EB-2017-0086, the EGD Draft Rate Order shows an allocation of $$86.9 million of DSM costs to rate classes (Ex. G2/6/4). Please reconcile that with the allocation of $67.6 million to rate classes in the current reference, at page 2. Please provide a reference for

the same allocation as that found on page 3 of the current reference, but in the EB-2017-0086 case, deriving the DSM unit rate for 2018 rates.

20. [F1/2/10, p. 3-4] Please confirm that the DSM allocation to Rate 01 declined from $9.124 million in 2018 [EB-2017-0087, Working Papers, Schedule 3] to the current $6.345 million, and the allocation to Rate M1 increased from $24,375 million in 2018 [same reference] to the current $27.164 million. Please explain those changes in allocation. Please provide a reference (in EB-2017-0087 or elsewhere) that shows the derivation of the 2018 unit rates for DSM, with similar granularity to the current reference.

21. [F1/2/10, p. 3-4] Please provide a breakdown of the DSM budget allocated to Rate 01 and Rate M1 between residential and non-residential spending. For non-program DSM costs allocated to those classes, please identify them separately and divide them in the same proportion as the program costs. Please calculate, based on the proposed DSM unit rates, the amounts of the allocated costs in each of those classes that are expected to be collected in 2019 from residential vs. non-residential customers.

Respectfully submitted on behalf of the School Energy Coalition this April 5, 2019.

Jay Shepherd
Counsel for the School Energy Coalition