



PUBLIC INTEREST ADVOCACY CENTRE
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April 9, 2019

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Toronto, ON

Dear Ms. Walli:

**Re: EB-2018-0336 –EPCOR Natural Gas LP (ENGLP) Five year Customer Incentive Rate Plan
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

Email:

Mr. Bruce Brandell, Director Commercial Services, EPCOR Utilities Inc.
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For interrogatory clarifications please contact Mark Garner at 647-408-4501 or markgarner@rogers.com

REQUESTOR NAME	VECC
TO:	EPCOR Natural Gas Limited Partnership (ENGLP)
DATE:	April 9, 2019
CASE NO:	EB-2018-0336
APPLICATION NAME	2020 Rates

1.0 EXHIBIT 1 – ADMINISTRATION

2.0 EXHIBIT 2 – RATE BASE

2.0-VECC-1

Reference: E2/T1/S1/ pg. 3

- a) Please provide the actual Carryover Work (CWIP) at the end of 2018.

2.0-VECC-2

Reference: E2/T1/S1/

- a) Please provide the Capital Additions by USoA for 2016 through 2019 (forecast) in the format of Table 2.2.2-3

2.0-VECC-3

Reference: Exhibit 2/T2/S1/pgs. 12- E2/T3/S1/pg.23 & E4/T1/S1

- a) Please provide the economic analysis which was undertaken to come to the conclusion that replacement of meters was more cost effective than refurbishment.
- b) Why is it necessary to dispose of \$162,461 in meters. That is, why is ENGLP not migrating over time to the new meters as the existing stock of meters reaches the end of their service life?
- c) Please explain how the proposal to dispose of these meters is congruent with the Meters Annual Program which states:

This program accounts for the purchase and replacement of natural gas meters for new customer connections and the lifecycle replacement of meters on existing services. It also includes the refurbishment and reverification of existing meters to extend the useful service life, when economical. The estimated annual capital spend is estimated based on meter seal expiry dates and historic costs.

d) What is the depreciation rate used by Enbridge (Union) for residential meters? Are the residential meters (AC-250) different from those utilized by Enbridge (Union)?

e) What is the population of AC-250 meters as a proportion of the residential-commercial meters currently in-service?

2.0-VECC-4

Reference: Exhibit 2/T1/S1/Table 2.4.1-1

a) Is Table 2.4.1-1 meant to show thousands of dollars ('000')?

b) Were any amounts capitalized under the former NRG ownership?

c) Did NRG apply any burden rates?

2.0-VECC-5

Reference: Exhibit 2/T1/S1 & T3/S1/pg.11

a) Please update Tables 2.5.3-1; 2.5.3-2; 2.5-1; 2.2.2-2 and 2.2.2-3 for 2018 actual amounts.

b) Please update Table 3.1-1 to include both 2017 and 2018 actuals.

2.0-VECC-6

Reference: Exhibit 2/T3/S1

a) Did Cornerstone Energy Services provide any report other than the System Integrity Study? If so please provide these reports.

2.0-VECC-7

Reference: Exhibit 2/T3/S1/pg.6

a) ENGLP notes throughout its evidence that it is beginning to understand the assets it purchased and that it will begin implementing a more formalized asset management framework in the future. It further states that: "[A] *complete and accurate asset registry, or inventory, is key to the process*"

Please provide detail as to the expected nature of this framework, the steps needed to attain a full understanding of asset condition and the timeline by when this exercise will be completed.

- b) Please confirm (or correct) that ENGLP has not yet completed any asset condition assessment of existing plant and that it currently relies solely on asset age to determine asset health.

2.0-VECC-8

Reference: Exhibit 2/T3/S1/pg.15

- a) Should ENGLP fail to reach an agreement with the third-party that own the natural gas well would the Lakeview Reinforcement project still be implemented?
- b) Please provide an update on the status of the gas supply agreement referred to in the evidence. Please also explain how the gas supply pricing arrangement reflects (or will reflect) ENGLP's requirement to connect the wells. Specifically what transportation fee and administrative charge would apply to these contracts?

2.0-VECC-9

Reference: Exhibit 2/T3/S1

- a) Please provide the financial/economic analysis/study which demonstrates that continuing CNG vehicle fueling program is more cost efficient than n migrating over time to petrol or electric vehicles.

2.0-VECC-10

Reference: Exhibit 2/T3/S1/pg.21-

- a) Please provide the Main Additions (Table 3.4.10-1) and the Service Additions (Table 3.4.11-1) for 2015 through 2018. Please explain how the 2019 through 2024 forecast for these expenditures were forecast.

2.0-VECC-11

Reference: Exhibit 2/T3/S1/pg.21-

- a) Please provide the Main Additions (Table 3.4.10-1) and the Service Additions (Table 3.4.11-1) for 2015 through 2018. Please explain how the 2019 through 2024 forecast for these expenditures was forecast.

2.0-VECC-12

Reference: Exhibit 2/T3/S1/pg.24

- a) ENGLP states that the forecast spending for regulating stations and regulators was "*estimated based on management judgement and average historical spending.*" Please provide the actual capital expenditures for

these two categories for the years 2016 through 2018 and any other information that was used to inform management's judgement.

2.0-VECC-13

Reference: Exhibit 2/T3/S1/pg.21-

- a) Please update Table 3.4.16-1 to show 2016 through 2018 actual spending.
- b) Please provide the inventory of current vehicles
- c) Please provide the vehicle replacement policy of ENGLP.

2.0-VECC-14

Reference: Exhibit 2/T3/S2/System Integrity Study/pgs. 17-

- a) For clarity - please identify which of the 7 projects identified in the Cornerstone Integrity Study is being implemented; when and at what estimated cost.
- b) With reference to the capital cost estimates for the seven options set out in Appendix E please show what modifications ENGLP is making to any of the projects selected for implementation. Specifically identify any incremental cost/savings are incorporated in the Utility System as compared to the Study's options.

3. EXHIBIT 3 – Operating Revenues

3.0-VECC-15

Reference: 3/T1/S1

- a) Please explain the basis (how) the customer connections for each class was forecast.

3.0-VECC-16

Reference: 3/T1/S1

- a) Please update the following tables for 2018 actual results:
 - i) 3.1.1; 3.1-2 through 3.1-8;
 - ii) 3.2-2; 3.2-3; 3.2-4 through 3.2-6
 - iii) 3.2-8; 3.2-9

3.0-VECC-17

Reference: 3/T1/S1

- a) Please provide a table showing for 2011 through 2020 (forecast) showing the annual average consumption per customer per rate class (based on average year connections).
- b) Please explain why for Rate 1 residential and commercial there is a declining Tier 2 consumption in 2019 and 2020 as compared to 2018.
- c) Please provide a table showing the annual Tier 1 and Tier 2 volume consumption for Rate R1 residential and commercial.

4 EXHIBIT 4 – Operating Expenses

4.0-VECC-18

Reference: E4/T1/S1

- a) Please amend Table 4.3.3.1-1 to show the total amount of compensation capitalized and expensed in each year.

4.0-VECC-19

Reference: E4/T1/S1

- a) Do any of ENGLP's employees belong to a union? If so please identify the bargaining agent and the number of employees covered by collective agreement(s).

4.0-VECC-20

Reference: E4/T1/S1

- a) Please provide the annual total compensation percentage increase for all employees who have been employed with NRG/ENGLP January 1, 2016 and continue to be employed as of January 1, 2019.

4.0-VECC-21

Reference: E4/T1/S1

- a) Please explain the large increase in benefits beginning in 2018. What firm provided benefits to NRG employees and who now is the provider of benefits to ENGLP's employees?

4.0-VECC-22

Reference: E4/T1/S1/pg.23

- a) Please provide the analysis which shows that employees of ENGLP were compensated 19.9% below local market rates.

4.0-VECC-23

Reference: E4/T1/S1

- a) What is the regulatory basis for seeking recovery of regulatory cost incurred in a past proceeding? Why should these costs not be considered “out of period” costs?
- b) Please explain what “Development of Standard Operating Procedures” relates to, when those costs were incurred, and why they are properly recovered from ratepayers.

4.0-VECC-24

Reference: E4/S1/pg.37

- a) Please explain why ENGLP pays costs for finance and HR services to two different affiliates (ECSI and EOUI).
- b) Please describe the services that were provided to ENGLP under the auspices of P&GA in 2018.
- d) Whose Board of Directors is being compensated under the EOUI shared service costs allocated?

4.0-VECC-25

Reference: E4/T1/S1

- a) For each Corporate Shared Service listed in Table 4.3.3.3-12 and -13 please list and describe the service being provided to ENGLP.
- b) Please explain why HR and Treasury, Corporate Finance Services are being charged under corporate shared services and affiliate shared services.
- c) Whose Board is being compensated under the Corporate Shared Services shown in Table 4.3.3.3-12?

4.0-VECC-26

Reference: E4/T3/S1

- a) Does ENGLP have a signed service level agreement with any of its affiliates? If yes please provide those agreements. If not please explain when this (these) agreement(s) is/are expected to be finalized.

4.0-VECC-27

Reference: E4/T1/S1/pg. 66

- a) Please update Table 4.5.1-1 to show the 2018 actual property taxes.

5 EXHIBIT 5 – Cost of Capital

5.0-VECC-28

- a) Please provide the realized ROE for 2018.

6 EXHIBIT 6 – Revenue Deficiency/Sufficiency

7 EXHIBIT 7 – Cost Allocation

7.0 -VECC-29

Reference: 7/T1/S1

- a) Please confirm (or correct) that the entire net cost associated with the IGPC pipeline realignment are being directly assigned to IGPC. In responding please explain how the current pipeline is allocated.

8 EXHIBIT 8- Rate Design

8.0-VECC-30

Reference: Exhibit 8/T1/S1

- a) If ENGLP is seeking to reach a \$21 fixed charge for Rate 1 over the period of this rate plan why is it not raising the charge by an equal amount (\$1.10) in each year of the plan?

8.0-VECC-31

Reference: Exhibit 8/T1/S1

- a) If ENGLP is seeking to reach a \$21 fixed charge for Rate 1 over the period of this rate plan why then is it not better to raise the charge by an equal amount (\$1.10) in each year of the plan?

8.0-VECC-32

Reference: Exhibit 1 E3/T1/S1

- a) ENGLP states that is proposing to set the NSF cheque return charge at the highest charge among the banks used by its customers. Which bank in ENGLP's service territory charges \$48 for a NSF cheque? How much is the next highest NSF bank charge?

8.0-VECC-33

Reference: Exhibit 8/T1/S1/pg. 7

- a) How were the proposed miscellaneous service charge calculated (Table 8.0-5).

8.0-VECC-34

Reference: Exhibit 8/T1/S2/pg. 12

- a) Did ENGLP do any customer engagement with respect to its new provision to make paperless billing the default option for new accounts?
- b) What is the billing discount provided to customers who use paperless billing?

9 EXHIBIT 9 – Deferral and Variance Accounts

9.0-VECC-35

Reference: Exhibit 9/T1/S1/

- a) Why is ENGLP seeking disposition of the REDA when the balance (\$31,218) is below the Utility's materiality threshold of 50k?

10 EXHIBIT10 – Incentive Rate-Setting Proposal

10.0-VECC-36

Reference: Exhibit 10/T1/S1/pgs. 19-

- a) Can ENGLP provide an Ontario precedent for the establishment of a deferral/variance account to collect future income tax differences (i.e. the RITDA)?

10.0-VECC-37

Reference: Exhibit 10/T1/S1

- a) What is the basis for seeking pre-approval of an ICM factor? What capital risk factors are being contemplated in making this request?

10.0-VECC-38

Reference: Exhibit 10/T1/S1

- a) What is the basis for believing the stretch factor approved for Enbridge in EB-2017-0306/0307 (0.30%) is equally suitable for ENGLP?
- b) Why has ENGLP adopted the Enbridge stretch factor but not the earning sharing mechanism dead band of 150 basis points?

END OF DOCUMENT