

ONTARIO ENERGY BOARD

Enbridge Gas Inc.

Application for leave to construct natural gas transmission pipeline and associated facilities in the Municipality of Chatham-Kent

INTERROGATORIES

of

INDUSTRIAL GAS USERS ASSOCIATION (IGUA)

1. **Reference:** Page 9, paragraph 25. The evidence addresses Enbridge Gas' (EG) forecast total growth in large volume demand (LVD) expected to be served by the project by 2025, indicating as follows:

Total LVD Forecast	31,895 m ³ /hour
Total currently contracted LVD	14,635 m ³ /hour
Incremental anticipated contracted LVD	1,250 m ³ /hour
Specifically identified (2 contracting customers) incremental future LVD	12,950 m ³ /hour
Balance (line 1 – lines 2 to 4) (Table at paragraph 28 refers to this as “Non-specific Large Volume Growth”)	3,060 m ³ /hour

Question:

Please explain the basis for derivation and inclusion of the “Non-specific Large Volume Growth” LVD of 3,060 m³/hour in the total LVD forecast supporting the project. Please address in the response the relationship of this component of the forecast with the other, known components of the forecast listed in the table above.

2. **Reference:** Page 10, paragraph 28.

Question:

Please confirm that the small volume growth forecast in support of the project equates to approximately 9.2% of the total growth forecast.

3. **Reference:** Page 13, paragraph 41. The evidence states: *Due to the cost allocation methodology to service Contract Customers included in this LTC application, DSM on [sic] existing customers would not reduce the scope of the Bear and Base Line Sections that will reinforce the Chatham East System and is thus not applicable as an alternative to this project.*

Questions:

- (a) What “*cost allocation methodology*” does this statement refer to?
- (b) Please elaborate on how this cost allocation methodology renders DSM inapplicable as an alternative, in whole or in part, to the proposed project?
4. **Reference:** Paragraph 45. The evidence indicates that the subsidy payable in relation to this project under the *Expansion of Natural Gas Distribution Systems* regulation will be treated as a contribution in aid of construction (CIAC) payment in accounting for the project.

We understand EG’s proposal to be that the \$8 million subsidy payable under the regulation will be deducted by EG from the total forecast project cost of \$19.1 million resulting in a total forecast project cost for recovery from customers of \$10.6 million.

Questions:

- (a) Please confirm that our understanding is correct.
- (b) Please confirm that, in the result, the subsidy payable under the regulation will be allocated to all customers ultimately bearing costs associated with the proposed project in accord with the methodology ultimately applied to allocate recovery by EG of the \$10.6 million of project costs net of application of the subsidy (i.e. the subsidy will not be directed towards any particular customer group).
5. **Reference:** Page 15, paragraph 49 *et seq.* addressing cost recovery.

Questions:

- (a) Please explain the entry on line 5 of the table at paragraph 50; *Capital to be recovered from future customers -\$2,000,000*. Please include details regarding nature, and the derivation, of this figure.

- (b) Please explain how EG proposes to implement/recover the proposed Hourly Allocation Factor of \$287/m³/hour from contract customers contracting for incremental service provided by the project (i.e. rate rider, lump sum, etc).
- (c) Please explain, in reference to the response to part (a) of this question or otherwise, whether EG's proposal for recovery of an Hourly Allocation Factor from contract customers can be said to entail a cross-subsidy from contract customers to general service customers in relation to the capital costs of the proposed project. If not, please explain why not.

6. **Reference:** Page 5, paragraphs 12 and 13. The evidence references the connection of the proposed reinforcement to the Panhandle System through the Dover Centre.

Question:

Please indicate the basis upon which EG anticipates allocation of project costs (net of CIAC and Hourly Allocation Factor contributions) to rates.

(Please note that the intent of this question is not to delve into rate making details, but rather to establish whether the allocation of project costs to be proposed places this project in the same category as Panhandle Reinforcement and other projects, allocation of the costs of the OEB has determined [EB-2017-0306/0307] is to be reconsidered prior to EG's 2020 rates being set.)

7. **Reference:** Page 18, paragraph 54 and footnote 15. The evidence confirms that EG's economic feasibility analysis for the project proceeded on the basis of E.B.O. 188, but also refers to the project costs as "transmission" costs (which brings to mind E.B.O. 134).

Question:

Please explain the basis upon which this project is appropriately considered an E.B.O. 188 project rather than an E.B.O. 134 project. Please include in the response a discussion of the parameters that EG applied to make this determination.

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