



Ontario  
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**BY E-MAIL**

May 9, 2019

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, Suite 2700  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Enbridge Gas Inc.  
2016-2018 Cap and Trade-related Deferral and Variance Accounts  
Ontario Energy Board File Number: EB-2018-0331**

In accordance with Procedural Order No. 4, please find attached OEB staff's public interrogatories related to the above noted proceeding.

In addition to the enclosed interrogatories that OEB staff is filing on the public record of this proceeding, OEB staff has also submitted interrogatories to Enbridge Gas Inc. with respect to strictly confidential information seeking further details on information and evidence filed by Enbridge Gas Inc. that has been designated as strictly confidential.

Yours truly,

*Original signed by*

Laurie Klein  
Policy Advisor, Application Policy & Climate Change

## **OEB STAFF PUBLIC INTERROGATORIES**

### **Enbridge Gas Inc. Cap and Trade-related Deferral and Variance Accounts EB-2018-0331**

**May 9, 2019**

#### **Enbridge Gas Distribution (EGD) Rate Zone**

##### **Staff IR-1**

Topic: 2017 Salaries and Wages

Ref: Exhibit B / Tab 1 / pp. 8-9

Preamble:

EGD indicates that its forecast cost for salaries and wages in 2017 was \$1,120,000 for 8 FTEs.

Questions:

- a) EGD's actual costs for salaries and wages in 2017 was \$695,000. Please explain how many FTEs this accounted for.
  - i. Please explain any drivers for the variance in the forecast vs actual costs for salaries and wages in 2017.

##### **Staff IR-2**

Topic: 2017 Cap and Trade Administration Costs – External Legal Counsel

Ref: Exhibit B / Tab 1 / pp. 11-12

Preamble:

EGD states that the variance between the forecast (of \$125,000) and actual (of \$363,000) costs was due to greater than anticipated effort required in the preparation for and in the defence of EGD's 2017 compliance plan.

Questions:

- a) Please explain the greater effort that was required by outside counsel?
- b) Please explain what steps EGD took to mitigate this cost increase (of \$238,000).

**Staff IR-3**

Topic: 2018 Cap and Trade Administration Costs

Ref: Exhibit B / Tab 1 / p. 13, Table 8

Preamble:

In Table 8, EGD outlines its 2018 forecast vs actual administration costs.

Questions:

- a) Please reconcile the actual costs in Table 8, line # 9 (the subtotal) as actual costs are shown in the table to total \$1,890,000 but when adding \$1,544,000 + \$341,000 it totals \$1,885,000.
- b) Please explain why actual costs (of \$231,000) under “OEB Costs” category are more than double the forecast amount (of \$100,000)?

**Staff IR-4**

Topic: 2018 Federal Carbon Pricing Program (FCCP) Administration Costs

Ref: Exhibit B / Tab 1 / pp. 14 and 17-18

Preamble:

EGD states that between July 4, 2018 and December 31, 2018, it incurred administration costs related to the interpretation of the federal government’s *Greenhouse Gas Pollution Pricing Act* (GGPPA) and preparation for implementation of the FCCP in Ontario in 2019.

EGD also states that between October 1 and December 21, 2018, 4 FTEs were working on the FCCP.

Questions:

- a) Please explain the roles and responsibilities of the 4 FTEs working on FCCP in 2018.
- b) Please explain whether EGD and Union leveraged existing FTEs to prepare for the implementation of the FCCP in 2019. Please explain whether this resulted in any efficiencies to its staffing resources in 2018? If not, why not? Please explain.

**Staff IR-5**

Topic: Proposed Disposition of Account Balances

Ref: Exhibit D / Tab 1 / Appendix A, Schedules 1-6

Preamble:

EGD outlines its supporting documentation which lays out the step-by-step derivation of the final clearance unit rates for the remaining balance in each of the accounts: customer-related, facility-related and Greenhouse Gas Emissions Impact Deferral Account (GGEIDA).

Questions:

- a) Please explain the difference in the 2017 actual costs in Schedules 1 and 2 as the 2017 actual costs in Ex D, T1, Appendix A, Schedule 1, col. 5 is \$7,088,555 while in Schedule 2, col 1, the 2017 actual costs is \$7,431,407.
- b) Please explain the difference in the 2017 actual costs in Schedules 3 and 4 as the 2017 actual costs in Ex D, T1, Appendix A, Schedule 3, col. 5 is (\$1,112,061) while in Schedule 4, col 1, the 2017 actual costs is \$(1,129,595).

## Union Gas Limited (Union) Rate Zones

### Staff IR-6

Topic: Salaries, Wages and FTEs; and Consulting Costs

Ref: Exhibit B / Tab 1 / pp. 6, 9 and 13 and Exhibit / Tab 2 / pp. 6-7, 9 and 14

Preamble:

For 2016, 2017 and 2018, actual costs associated with wages and salaries for Union and EGD are the following:

	<b>Actual Costs – Wages and Salaries</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Union	\$1,682,000 (13.5 FTEs)	\$2,438,000 (12.5 FTEs)	\$1,380,000
EGD	\$533,000 (3 FTEs)	\$695,000	\$519,000

For 2016, 2017 and 2018, actual consulting costs are the following:

	<b>Actual Costs – Consulting Costs</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Union	\$377,000	\$321,000	\$164,000
EGD	\$268,000	\$166,000	\$110,000

Also, OEB staff notes that EGD and Union have been under common ownership since February 27, 2017 when EGD's corporate parent, Enbridge Inc., merged with Union's corporate parent, Spectra Energy Corp.<sup>1</sup>

Questions:

- a) Please explain (including the rationale) why Union's actual costs for salaries and wages are double that of EGD during the 2016-2018 period.
- b) Please explain whether it is reasonable for Union to have salaries and wages that are double that of EGD.
- c) In 2017, OEB staff notes that EGD and Union became affiliates:
  - i. Please explain whether EGD and Union worked together to leverage existing expertise that resulted in any efficiencies in its staffing resources in 2018? If not, why not? Please explain.

<sup>1</sup> EB-2017-0306/EB-2017-0307

- ii. Please explain whether EGD and Union worked together to leverage external consulting work (such as summaries of carbon markets, regulation and program expertise) that resulted in any efficiencies to the 2018 consulting budget? If not, why not? Please explain.
- iii. If yes, please explain whether EGD and Union worked together to prepare for the implementation of the FCPP in 2018? If not, why not? Please explain.

**Staff IR-7**

Topic: Forecast and Actual Administration Costs for 2017 and 2018

Ref: Exhibit B / Tab 2 / pp. 9 and 14

Preamble:

In Table 7, Union outlines its 2017 forecast vs actual administration costs.

In Table 9, Union outlines its 2018 forecast vs actual administration costs.

Questions:

- a) Please explain why 2017 actual costs (of \$116,000) under consulting are much higher than the forecast amount (of \$68,000).

- i. Please complete the table below:

	Forecast 2017 Costs	Actual 2017 Costs
Customer Research		
Outreach and Education		
Travel		
.....		
.....		
Total	\$68,000	\$116,000

**Staff IR-8**

Topic: 2018 Federal Carbon Pricing Program Administration Costs

Ref: Exhibit B / Tab 2 / pp. 16 and 19

Union states that between July 4, 2018 and December 31, 2018, it incurred administration costs related to the interpretation of the federal government's GGPPA and preparation for implementation of the FCPP in Ontario in 2019.

Union also states that during that period 5 FTEs were working on the FCCP.

Questions:

- a) Please explain the roles and responsibilities of the 5 FTEs working on the FCCP in 2018.
- b) Please explain whether Union and EGD leveraged existing FTEs to prepare for the implementation of the FCCP in 2019. Please explain whether this resulted in any efficiencies to its staffing resources in 2018? If not, why not? Please explain.

**Staff IR-9**

Topic: Cost Recovery – Allocation of Account Balances

Ref: Exhibit D / Tab 2 / pp.2-4

Preamble:

Union states that it proposes to allocate its 2016-2018 administration costs, recorded in the Union GGEIDA, to rate classes proportion to the 2013 OEB-approved Administrative and General O&M Expense (EB-2010-0210, Ex G3, T2, S2).

Union also states that it proposes to allocate its 2016-2018 customer-related and facility-related deferral accounts on the total obligation cost allocated in proportion to the actual billed volumes (excluding the amount collected in rates).

Questions:

- a) Please confirm whether the correct file number is EB-2011-0210 instead of EB-2010-0210 (which is footnoted in evidence). If not, please provide the correct file number.
- b) Please provide the following tables as EGD: Ex D, T1, Appendix A, Schedules 1-6, pp. 1-6 (including identify actuals / forecasts used as part of Union's October 2018 QRAM application<sup>2</sup>).

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<sup>2</sup> EB-2018-0253