

**Ontario Energy
Board**
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

November 18, 2019

Christine E. Long
Registrar & Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc. 2020 Rates Application
OEB File Number: EB-2019-0194**

In accordance with OEB's Procedural Order No. 1, please find attached the written questions of OEB staff with respect to Phase 1 of the above noted proceeding. The attached document has been forwarded to the applicant and to all other registered parties to this proceeding.

Yours truly,

Original Signed By

Khalil Viraney
Project Advisor

Encl.



OEB Staff Written Questions

**Enbridge Gas Inc. 2020 Rates Application
Phase 1**

EB-2019-0194

November 18, 2019

Exhibit B – Rate Setting Mechanism

B.Staff.1

Ref: Exhibit B1/Tab 1/Schedule 1/p. 11, Exhibit D/Tab 1/Rate Order Working Papers Schedule 10 and Exhibit D/Tab 2/Rate Order Working Papers Schedule 13

The Enbridge Gas Distribution (EGD) rate zone average use adjustment reflects the existing OEB-approved methodology to forecast the year over year change in 2020 average use consumption for Rate 1 and Rate 6 customers. The methodology relies on regression equations to estimate the underlying historical trend of average use. Driver variables have remained unchanged and coefficients of existing models are re-estimated to include the most recent year of actual data.

- a) In the EGD deferral and variance accounts proceeding (EB-2017-0102), the utility acknowledged that the average use model was updated with the 2016 actual value and a diagnostic test indicated that a structural break occurred in 2016 for some models. Please provide supporting evidence to validate that the average use forecasting methodology continues to be a reliable predictor for general service average use.
- b) The average use forecasting methodology has resulted in average use declining for Rate 1 (1.2%) and Rate 6 (1.9%) customers in the EGD rate zone. Please explain how the reduction in average use impacts 2020 Rates and the bill impact for Rate 1 and Rate 6 customers.
- c) In the 2019 rates proceeding (EB-2018-0305), the average use increased by 2.3% for Rate 1 customers of EGD and by 1.7% for Rate 6 customers. Has Enbridge Gas explored the reasons for the decline in average use for 2020? If yes, please provide a detailed response.
- d) The increase in the 2020 forecasted Normalized Average Consumption (NAC) for the Union Gas rate zones ranges from 1.4% to 2.8% for the general service rate classes. Please explain the reasons for the decline in average use for the Enbridge Gas Distribution rate zone versus an increase in the NAC for the Union Gas rate zones.
- e) Please explain how the increase in the NAC for the Union Gas rate zone impacts rates and bill impact for 2020.

B.Staff.2

Ref: Exhibit B1/Tab 1/Schedule 1/p. 18

In April 2014, the legacy Union Gas offered Union South direct purchase customers 146 TJ per day of temporarily available excess Dawn to Parkway capacity to shift a portion of their Parkway Delivery Obligation (PDO) volume to Dawn. This temporary capacity was no longer available as of October 31, 2015. However, Union Gas agreed to manage the Parkway shortfall in order to maintain the 146 TJ per day of PDO shift beyond October 31, 2015 until sufficient Dawn to Kirkwall capacity was turned back by other M12 shippers to facilitate a permanent PDO shift. Effective November 1, 2017, Union Gas received sufficient Dawn to Kirkwall M12 turn-back to replace the temporarily available capacity of 146 TJ per day.

- a) Please confirm if the Dawn to Kirkwall M12 turn-back referred to above is a permanent PDO shift.

B.Staff.3

Ref: Report of the Ontario Energy Board on Energy Retailer Service Charges, EB-2015-0304, November 29, 2018, p. 3

In the Ontario Energy Board's (OEB) report on energy retailer service charges (RSCs), the OEB determined that natural gas distributor RSCs will be adjusted annually commencing on January 1, 2020 based on the OEB's inflation factor. However, the OEB will not require any adjustments to the Agent Billing and Collection charges of Enbridge Gas as they are structured as a non-utility service.

- a) Please confirm if Enbridge Gas intends to adjust the RSCs effective January 1, 2020 as directed by the OEB in EB-2015-0304, in Phase 1 of this application. If yes, please provide the updated schedules of RSCs. If not, please provide reasons for not addressing the OEB's direction in EB-2015-0304, in Phase 1 of the application, and also provide a proposed timeline to adjust the RSCs effective January 1, 2020.