

**ONTARIO ENERGY BOARD**

**Application by Enbridge Gas Inc. (EG) for approval to charge  
gas distribution rates and other charges effective January 1, 2020**

**INTERROGATORIES**

**of**

**INDUSTRIAL GAS USERS ASSOCIATION (IGUA)**

**1. References & Preamble:**

- (a) *ExB/T1/S1/p3*. EG is not proposing to change rates to adopt its cost allocation proposal until rebasing of rates for January 1, 2024 (i.e. 4 years from now).
- (b) *ExB/T1/S1/AppC/p10/paragraph 19*.

*EB-2016-0186; Panhandle Reinforcement Project Application.*

In 2016 (then) Union Gas proposed to change cost allocation for the Panhandle and St. Clair systems to better reflect costs to serve customers on their respective parts of these Systems once the Panhandle Reinforcement Project was put into service. These changes would have been implemented for the period prior to Union's next anticipated rebasing for January 1, 2019 (approximately 14 months - see February 23, 2017 *Decision and Order*, page 11, first full paragraph).

**Questions:**

- (a) Please confirm that at the time of the EB-2016-0186 Panhandle Reinforcement Project Application Union anticipated that a full cost allocation study would be prepared in support of an application in 2018 to rebase rates for January 1, 2019.
- (b) Please confirm that a full cost allocation study for rebasing of rates would have been expected to result in cost allocation changes beyond those proposed in EB-2016-0186.
- (c) Please confirm that Union's proposal in 2016 was to update rates to reflect a revised Panhandle and St. Clair systems cost allocation, in advance of the full cost allocation study then anticipated to be completed for rebasing effective January 1, 2019 and despite the expectation that the future full cost allocation study would have resulted in additional changes.

- (d) Please explain what has changed between the time that Union proposed in 2016 to immediately implement rate changes to better reflect costs to serve customers on the reinforced Panhandle system and customers on the St. Clair system, and now, that has led EG to conclude that it is appropriate to retain the current, less cost reflective, cost allocation in rates for another 4 years. Please explain specifically how EG's current situation is different from Union's situation in 2016 such that Union's proposal to change rates immediately to better reflect costs to serve Panhandle and St. Clair System dependant customers is not appropriate today.

**2. Reference & Preamble:**

*ExB/T1/S1/AppC/p.9/Table 2.* The evidence summarizes the aggregate dollar impact, by rate class, of the Cost Study Proposals.

**Questions:**

- (a) Please provide the annual distribution rate impact, by rate class, if 2020 rates were to be updated to reflect the impact of the Cost Study Proposals evidenced.
- (b) Please provide the annual distribution cost impact for a typical customer in each of EG's rate classes if 2020 rates were to be updated to reflect the impact of the Cost Study Proposals evidenced.
- (c) Please provide the volume assumptions used for each "typical customer" in deriving the cost impacts provided in response to part (b).

**3. Reference & Preamble:**

*ExB/T1/S1/AppC/p10/paragraph 20.* The evidence describes the way that the St. Clair and Panhandle Systems are used.

**Question:**

Please file a map which illustrates the use of the St. Clair and Panhandle Systems as described in the evidence.

**4. Reference & Preamble:**

*ExB/T1/S1/AppC/p12/para. 23.* The evidence explains that with the inclusion of significant costs to the Panhandle System only as a result of the Panhandle Reinforcement Project, the use of the Ojibway/St. Clair demand allocation methodology no longer reflects the costs to serve customers on each of the respective systems.

**Question:**

Please provide the costs (as of 2019) for each of the Panhandle and St. Clair systems.

5. **References & Preamble:**

*ExB/T1/S1/AppC/pp.12-15; EB-2017-0087, Exhibit B.IGUA.4, page 3, Table 1.* The evidence in this proceeding discusses the demand functional classification used in Cost Study Proposal. The evidence referenced from EB-2017-0087 presents information on design day demands on each of the Panhandle and St. Clair systems.

**Question:**

Please provide a table that compares the St. Clair and Panhandle System Design Day Demand percentages allocated to each rate class in;

- (a) the Cost Study Proposal prepared for this proceeding; and
- (b) the OEB approved cost allocation methodology.

Please use the following column headings in the table:

- (i) Rate Class;
- (ii) Cost Study Proposal Design Day Demands – St. Clair System;
- (iii) Cost Study Proposal Design Day Demands – Panhandle System;
- (iv) OEB Approved Cost Allocation Design Day Demands; and
- (v) Difference (column (iii) – column (iv)).

6. **Reference & Preamble:**

*ExB/T1/S1/AppC/p30/paragraph 66.* EG has suggested that implementing any cost allocation changes directed could be done as part of setting 2021 rates, which would “allow time for all appropriate adjustments to be calculated and explained and approved.

**Questions:**

- (a) Please detail the adjustments, calculations and explanations that in EG’s view would be required to implement cost allocation changes directed, including the time required for each of these activities.
- (b) Could changes directed be implemented with EG’s July or October 2020 QRAMs? If not, why not?