Aiken & Associates
578 McNaughton Ave. West
Chatham, Ontario, N7L 4J6

Phone: (519) 351-8624
E-mail: randy.aiken@sympatico.ca

May 4, 2020

Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Long,

RE: EB-2020-0066 - London Property Management Association Interrogatories for Enbridge Gas Inc. Application for Voluntary Renewable Natural Gas Program

Please find attached the interrogatories of the London Property Management Association in the above noted proceeding.

Yours very truly,

Randy Aiken

Randy Aiken
Aiken & Associates

c.c. EGI Regulatory Proceedings (e-mail only)

Enbridge Gas Inc.

Application for Voluntary Renewable Natural Gas Programming beginning January 1, 2021

INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT ASSOCIATION

Interrogatory #1

Ref: Exhibit A, Tab 2, Schedule 1, page 3, paragraph 9

The evidence states that the incremental cost of RNG above the traditional gas supply will be funded entirely by voluntary RNG program participants, with no direct costs for RNG procured assigned to non-participants. (underlining added)

a) What in-direct costs will assigned to:
- i) non-participants;
- ii) participants;
- iii) non-general service customers;
- iv) general service system gas customers;
- v) general service direct purchase customers, and
- iv) any other relevant category of customers.

b) How will the benefits associated with RNG, being the reduced federal carbon charges, be allocated to the different types of customers noted above?

c) Please provide a table that shows whether the various customer groups will be allocated costs, benefits, both or neither for each of the categories shown in part (a) above or any other such grouping as EGI feels is more appropriate.

Interrogatory #2

Ref: Exhibit B, Tab 1, Schedule 1, page 4, paragraph 10

In paragraph 10, EGI states that it would be required to procure RNG as part of the Company's supply portfolio. Does this RNG have to produced in Ontario, or could EGI purchase ENG purchased elsewhere in Canada or the United States and still satisfy the Clean Fuel Standard?

Interrogatory #3

Ref: Exhibit B, Tab 1, Schedule 1, page 4, paragraph 8

As noted in paragraph 8, the Federal Carbon Charge is imposed on distributors, importers and producers under Part 1 of the GGPPA. Who pays the carbon charge on natural gas produced in Ontario that is:

a) sold to EGI:
b) sold to other local distributors in Ontario; and
c) sold to entities other than EGI and other local distributors in Ontario?

Interrogatory #4

Ref: Exhibit B, Tab 1, Schedule 1, page 5, paragraph 13

In paragraph 13, EGI states that the program would apply to its general service customers.

a) Please explain why contract customers will not be included in the program.

b) Will contract customers benefit from the program through lower federal carbon charges?

c) Does the program apply to all general service customers, including both system gas customers and direct purchase customers?

Interrogatory #5

Ref: Exhibit B, Tab 2, Schedule 1, page 1, paragraph 3

Point iii) in paragraph 3 states that the program will no increase the rates or costs of non-participating customers.

a) Please confirm that this statement is meant in the context of both the current incentive regulatory mechanisms used by EGI and in the expected cost of service rebasing application to be filed for 2024 rates by EGI. If this cannot be confirmed, please explain fully.

b) Please confirm that no increase in rates means that EGI will have no capital investments in or associated with RNG facilities and will not incur any RNG related operating expenses. If this cannot be confirmed, please explain fully.

c) Will the new $2 per month charge for those general service customers that join the program on a voluntary basis require changes to billing systems? If no, please explain why not. If yes, what are the projected costs of these changes and explain fully who will pay for these costs. For example, will the incremental costs associated with changes to the billing system be covered by the revenue generated through the voluntary $2 per month charge?

d) Please confirm that the program is a voluntary opt in program and not a voluntary opt out program.

Interrogatory #6

Ref: Exhibit B, Tab 2, Schedule 1, page 2, paragraph 4

a) Will the incremental cost of gas associated with RNG relative to traditional natural gas be based on forecasted costs at a point in time and then trued up on a monthly basis to reflect the actual different between RNG and traditional natural gas, similar to the true up in the PGVA? Please explain fully.

b) Will EGI be using a request for proposal mechanism to purchase the RNG?

c) Will Ontario produced RNG be given priority over RNG produced elsewhere even if the Ontario produced RNG has a higher price? Please explain fully.

d) With respect to the incremental cost of gas associated with RNG relative to traditional natural gas, how is the traditional natural gas price calculated? For example, is it the average natural gas price for a month, season, year, or is it the lowest priced natural gas included in the supply portfolio or some other price? Please explain fully and provide an example of the calculation.

e) Will the traditional natural gas that is displaced by the RNG be the most expensive natural gas on a landed basis? If not, please explain fully what natural gas will be displaced and why.

Interrogatory #7

Ref: Exhibit B, Tab 2, Schedule 1, page 2, paragraphs 6&7

How will the marketing, administration and communication costs related to RNG be funded, given that they will not be included in the rates of customers?

Interrogatory #8

Ref: Exhibit B, Tab 2, Schedule 1, page 3, paragraph 11, Corrected

Please explain why any reduction in the federal carbon charge will be tracked in the existing federal carbon charge pricing program customer-related variance accounts and not also in the facility-related variance accounts.

Interrogatory #9

Ref: Exhibit B, Tab 2, Schedule 1, page 4, paragraph 13

The evidence states that measures will be included that do not result in increased gas supply costs for non-participating customers.

Will there be any increase in distribution related costs for either participating or non-participating customers under the current incentive regulation mechanism or the a cost of service re-basing application?

Interrogatory #10

Ref: Exhibit B, Tab 2, Schedule 4, page 1, paragraph 4

The evidence states that the company will manage the operating costs within its existing budgets until rebasing in 2024.

a) Do these operating costs include capital related costs such as depreciation, interest expense, return on equity and income taxes? If not, how are the capital related costs proposed to be managed?

b) What is the EGI proposal with respect to the capital and operating costs in the 2024 rebasing application?

c) How does EGI propose to treat the costs (both operating and capital related) in the period through 2023 with respect to the earnings sharing calculation to ensure that there is no impact on any earnings sharing for customers?

d) What capital expenditures are included in the initial capital cost of $600,000 shown Exhibit C, Tab 2, Schedule 2?

e) Please explain why EGI has determined that a 10% depreciation rate is applicable.

Interrogatory #11

Ref: Exhibit B, Tab 2, Schedule 4, page 2, paragraph 6, Corrected

Please explain why only general service system gas customers have the option to pay the voluntary $2 per month fixed charge and not also general service direct purchase customers.

Interrogatory #12

Ref: Exhibit C, Tab 1, Schedule 1

Please add a bar to the chart for the cost of traditional natural gas.

Interrogatory #13

Ref: Exhibit C, Tab 2, Schedule 2

a) Will EGI provide all stakeholders with an annual report that shows the actual costs incurred in each year of the program in a level of detail similar to that shown in Schedule 2? If not, why not?

b) What are the interest rates and return on equity used in Schedule 2?

c) How will the total revenue requirement be allocated between the EGD, Union North and Union South rate zones?

d) Which rate classes will be allocated these costs upon rebasing?

e) Has EGI used the Accelerated Investment Incentive (AII) program from Bill C-97 in the calculation of the capital cost allowance? If not why not and please provide an updated Schedule 2 that includes the accelerated capital cost allowance.

Interrogatory #14

Ref: Exhibit C, Tab 2, Schedule 2

a) Please explain why none of the costs shown in the table are not considered system gas purchase administration costs. In particular, please explain why costs related to program administration, program marketing and legal should not be considered gas supply purchase costs.

b) For each of the operating costs shown in the table, please explain why these costs are different from those similar costs incurred in the purchase of traditional system gas, such activities such as contracting, legal, credit checks, administration, etc.

Interrogatory #15

Ref: Exhibit C, Tab 2, Schedule 3, Corrected

For each year shown in the table, please add lines that shown the RNG volumes as percentages of:
i) total gas throughput;
ii) total gas purchases;
iii) total general service gas consumption; and
iv) total general service system gas consumption.

Interrogatory #16

Ref: Exhibit C, Tab 2, Schedule 2 & Exhibit C, Tab 2, Schedule 3, Corrected

The total revenue requirement shown in Schedule 2 for the 10 year period is about $2.7 million and the funds collected over the same period shown in Schedule 3, Corrected are about $6.8 million. This means that the revenue requirement of the proposal is about 40% of the funds collected.

a) Assuming that the incremental revenue requirement shown in Schedule 2 was to be funded through the $2 per month voluntary payment, please provide a revised Schedule 3 that shows the funds collected, the revenue requirement, the resulting funds collected to be use for RNG purchases, and the RNG volumes that could be purchased with these remaining funds (in both GJ and m^3).

b) Assuming that the $2 per month voluntary payment was only used to purchase RNG, as shown in Schedule 3, but that the incremental revenue requirement shown in Schedule 2 was to be recovered from the voluntary participants through a monthly charge that was in excess of the $2 per month, please provide an estimate of the monthly fixed charge from voluntary participants that would be required to dedicate $2 per month to the purchase of RNG and cover the incremental revenue requirement shown in Schedule 2.

c) Under the assumption in part (b), please provide and updated forecast of the participants as shown in Exhibit C, Tab 2, Schedule 1, if EGI believes that participants forecast would be materially affected by the monthly fixed charge calculated in part (b) above.