Aiken & Associates
578 McNaughton Ave. West
Chatham, Ontario, N7L 4J6
Phone: (519) 351-8624
E-mail: randy.aiken@sympatico.ca

May 26, 2020

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

Dear Ms. Long,

RE: EB-2019-0247 – Interrogatories of London Property Management Association - Enbridge Gas Inc. 2020 Federal Carbon Pricing Program Application

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

Enbridge Gas Inc.

2020 Federal Carbon Pricing Program Application

INTERROGATORIES OF THE
LONDON PROPERTY MANAGEMENT ASSOCIATION

Interrogatory #1

Ref: Exhibit C, Updated, page 7

a) For each of the EGD and Union rate zones, please show the derivation of the actual IT Billing system costs. For any of the actual costs that are capital related, please show how this amount was calculated, including the associated rate base, cost of capital, depreciation, taxes, etc.

b) The evidence states that the billing system modifications related to the Union billing system have been delayed from 2019 to 2020. However, no explanation of the actual $280,000 cost incurred in 2019 has been provided. Please fully explain the $280,000 IT Billing System cost incurred in 2019.

c) Were any of the costs associated with the cap & trade related billing system include in base rates or in any rate riders or deferral or variance accounts? Please explain fully.

Interrogatory #2

Ref: Exhibit C, Updated, page 8

With respect to Staffing Resources, please confirm that EGI had 6 FTE's for the January through April period and 4 FTE's for the May through December period. If this is incorrect, please provide the number of FTE's by month, along with the cost of these resources by month.

Interrogatory #3

Ref: Exhibit C, Updated, Table C-1

Please provide the interest rate that was used to calculate the interest cost on the 2019 administration costs.

Interrogatory #4

Ref: Exhibit C, Updated, page 11, Footnote 17

Please show the calculation of the $4.03 million in interest costs noted in footnote 17.

Interrogatory #5

Ref: Exhibit C, Updated, page 12-13

Table C-2 shows the variance between the actual and forecast facility-related costs of $0.25 million. However the facility-related variance account has a balance o $1.22 million. As noted on page 12, there is a variance in the amount of revenue billed through the facility carbon charge due to two reasons: the delayed implementation of rates (August 2019 vs. April 2019) and due to a difference in customer volumes realized.

Please provide a table that shows the variance due to each of these two revenue variances.

Interrogatory #6

Ref: Exhibit C, Updated, page 14

Please confirm that the administrative costs in 2020 are expected to be similar to the actual costs incurred in 2019, with the exception of the increase in bad debt costs.

Interrogatory #7

Ref: Exhibit D, Updated, page 10

With respect to the allocation of the GGEADA please provide the following:

a) What is the 2013 OEB approved administrative and general expense for the Union rate zones related to? In other words how was this allocator derived?

b) Please provide a table that shows the allocation of the GGEADA costs to the Union South and North rate zones by rate classes using the proposed methodology and if the methodology proposed (number of customers) for the EGD rate zone was used for the Union rate zones.

c) The evidence states that the unit rates for disposition are derived using actual volumes for the April 1, 2019 to July 31, 2019 time period. For the Union rate zone general service classes, please confirm that the unit rates are also based on the forecast volumes for the October 1, 2020 through March 31, 2021 period. If this cannot be confirmed, please explain fully.

Interrogatory #8

Ref: Exhibit D, Updated, page 9

With respect to the 2019 FCCCVA the evidence states that unit rates for disposition are derived using actual customer-related volumes for the April 1, 2019 to July 31, 2019 period and that the methodology to derive the disposition unit rates is the same for both the EGD rate zone and Union rate zones.

a) Please confirm that the EGD rate zone unit rates of 4.0145 cents per m3 (Exhibit D, Tab 1, Schedule 4, page 1) are the same for all rate classes where there were volumes that attracted the federal carbon charge.

b) Please confirm that the unit rates for the general service customers in the Union rate zones (Exhibit D, Tab 2, Schedule 5, page 1) are all different (M1, M2, 01, 10) than one another and that this difference is driven solely by the forecast volume for the period October 1, 2020 to March 31, 2021. If this cannot be confirmed, please explain any other reasons why the unit rates are different.

c) Given that the unit rate per volume of gas sold in the April 1, 2019 to July 31, 2019 period, but not recovered at the time, was the same for all customers, why it is appropriate to have different unit rates for the Union rate zone general service customers to recover this cost?

Interrogatory #9

Ref: Exhibit D, Updated, pages 9-10

With respect to the 2019 FCCFVA the evidence states that unit rates for disposition are derived using actual customer-related volumes for the April 1, 2019 to July 31, 2019 period and that the methodology to derive the disposition unit rates is the same for both the EGD rate zone and Union rate zones.

a) Please confirm that the EGD rate zone unit rates of 0.0160 cents per m3 (Exhibit D, Tab 1, Schedule 4, page 2) are the same for all rate classes where there were volumes that attracted the federal carbon charge.

b) Please confirm that the unit rates for the general service customers in the Union rate zones are all different (M1, M2, 01, 10) than one another and that this difference is driven solely by the forecast volume for the period October 1, 2020 to March 31, 2021. If this cannot be confirmed, please explain any other reasons why the unit rates are different.

c) Given that the unit rate per volume of gas sold in the April 1, 2019 to July 31, 2019 period, but not recovered at the time, was the same for all customers, why it is appropriate to have different unit rates for the Union rate zone general service customers to recover this cost?

Interrogatory #10

Ref: Exhibit D, Updated, pages 12-13

EGI is proposing a 6-month disposition period for Union zone rates M1, M2, 01 and 10 and a 3-month disposition period for all other Union rate zone rates and EGD rate zone rates. This is despite stating that "This approach smooths the bill impact for all customers over six months, however, the appreciable reduction in the bill impact from adding additional months to disposition is muted/diminished (relative to the impact resulting from one-month compared to three-month disposition)" (Exhibit D, page 12, lines 16-19).

On May 25, 2020, EGI filed a letter with the Ontario Energy Board related to the July 1, 2020 QRAM: Notice of Commodity Cost Increase and Request to Forego QRAM Application. In that letter EGI identified significant increases in gas commodity costs and that these increases are expected to persist through to the October 1, 2020 QRAM.

Given this potential and significant increase in gas commodity costs beginning October 1, 2020, the same time as the proposed disposition of the accounts noted in this proceeding are to begin being recovered, please comment on each of the following, assuming the OEB agrees to forego the July 1, QRAM increase.

a) Does EGI agree that the recovery of the amounts noted in this proceeding effective October 1, 2020, along with the potential for a significant increase in gas commodity costs could cause significant increases in monthly bills over the highest consumption months of the year?

b) Would EGI be able to implement a two-month recovery of the account balances beginning August 1? If so, when would it need a decision from the OEB in order to implement this two-month recovery?

c) Does EGI agree that a shorter two-month recovery period in lower volume months might be more acceptable to ratepayers than waiting to pay the amount in the higher volume months?

d) Would a three-month recovery period, also beginning August 1, 2020 be more acceptable to ratepayers, in the view of EGI?

e) If an August 1, 2020 is not possible, would a two or three month recovery period beginning September 1, 2020 be possible and if so, when would EGI require a decision from the OEB in order to implement this start date?

Interrogatory #11

Ref: Exhibit D, Tab 2, Schedule 5, Updated, page 2

The evidence in Exhibit D implies that the amount to be collected from the non-general service rate customers in the Union rate zone are determined by individual account based on their actual consumption for the period April 1, 2010 to July 31, 2019 (Exhibit D, pages 13-14). However, Exhibit D, Tab 2, Schedule 5, page 2 seems to imply that the unit rate is divided over three months and these rates applied to October, November and December, 2020 volumes. Please reconcile and explain fully which approach is being used for the non-general service rates classes in the Union rate zone.