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July 6, 2020

Christine 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-2020-0094 – Interrogatories of London Property Management Association – Application by Enbridge Gas Inc. – Approval of a System Expansion Surcharge, Temporary Connection Surcharge and an Hourly Allocation Factor

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

Yours very truly,

Randy Aiken Digitally signed by Randy Aiken
DN: cn=Randy Aiken, o=Aiken & Associates, ou, email=randy.aiken@sympatico.ca, c=CA
Date: 2020.07.06 08:16:41 -04'00'

Randy Aiken
Aiken & Associates

c.c. EGI, Regulatory Affairs

Enbridge Gas Inc.

Application for approval of a System Expansion Surcharge, a Temporary Connection Surcharge and an Hourly Allocation Factor

INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT ASSOCIATION

Interrogatory #1

Ref: Exhibit A, Tab 2, Schedule 1

Under the Community Expansion Project heading, small volume customers are defined as "each of whom consume 50,000 m^3 per year". Please confirm that this should read "each of whom consume **no more than** 50,000 m^3 per year", consistent with the wording used in Exhibit B, Tab 1, Schedule 1, page 2. If not confirmed, please explain.

Interrogatory #2

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

The evidence states that if the Board approves the EGI proposal, it would no longer be necessary for EGI to seek approval for the SES and TCS charge of $0.23/$m^3$ on a project specific basis. Will EGI seek approval, on a project specific basis for the term of the SES and TCS charges? If no, please explain how the term of the charges, on a project specific basis, would be determined and by whom.

Interrogatory #3

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

a) Please describe what the other methods that could be used for customers that consume more than 50,000 m^3 per year, including those customers that exceed this volume requirement but are still general service customers, such as those in Rates 10 (Union North) and M2 (Union South).

b) Please confirm that customers that consume more than 50,000 m^3 per year will have the option of paying a Contribution In Aid of Construction ("CIAC"). If not confirmed, who would have the option of pay a CIAC?

c) For those customers that chose a CIAC, is there an option to pay the contribution in installments rather than one payment?

d) For those customers that chose to pay the SES or TCS rather than the CIAC, how is the term of the SES or TCS determined and is it determined for each individual customer that consumes in excess of 50,000 m^3 per year?

Interrogatory #4

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

a) Please explain in more detail how a Development Project differs from a Community Expansion project and a Small Main Extension or Customer Attachment project.

b) What is the definition of a system expansion project and does it include both community expansion projects and small main extension/customer attachment projects?

c) Other than community expansion projects and small main extension/customer attachment projects, what other types of projects could be included in a system expansion project?

Interrogatory #5

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

Please explain how the revenue generated through the SES, TCS, CIAC or any other method of contribution to the project is treated. For example, is a CIAC payment used to reduce the capital cost of the project included in rate base and any revenue generated from a SES or TCS monthly payment included in distribution revenues? Please explain fully.

Interrogatory #6

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

a) Does the method by which a large customer (more than 50,000 m^3) makes its contribution to a project impact on the term of the SES or TCS payments from small volume customers. For example, if a large customer makes a one-time CIAC payment, is there any impact on the term for which the small volume customers make the SES or TCS payment as compared to if the large customer also opts for the SES or TCS payment option? Please explain fully.

b) Please confirm that the term of the SES or TCS payment for small volume customers may be different than that for large volume customers of the same project. If this is not confirmed, please explain how the allocation of costs for the project results in the length of the payments of the SES and TCS being identical between the two groups of customers.

c) Will/can there be different terms of SES or TCS payments for individual large customers based on the allocation of costs to each individual customer and their individual annual volumes? Please explain fully.

Interrogatory #7

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

Do small volume customers (less than 50,000 m^3 per year) have the option to pay a CIAC and avoid the SES or TCS charge? If no, please explain why not? If yes, over what term can such customers make installment payments on the CIAC?

Interrogatory #8

Ref: Exhibit B, Tab 1, Schedule 1, paragraph 6

Please confirm that by treating the SES or TCS as revenue rather than as contributed capital, the overall revenue requirement associated with the community expansion project or small main extension project is higher. If this cannot be confirmed, please explain fully and provide a numerical example that shows that this is not true.

Interrogatory #9

Ref: Exhibit B, Tab 1, Schedule 1, paragraph 7

a) Please provide a copy of the referenced study that reviewed small customers' energy costs and conversion costs or provide a reference to where it was previously filed with the Board.

b) What is the date of the study referenced and has EGI done any updates of the study or the costs used in the study? If yes, please provide the updated study.

Interrogatory #10

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

a) The evidence states that the SES would apply all small volume customers in any Expansion Project that includes 50 or more existing potential customers. This is different than in paragraph 4 of the same schedule where the reference is to a minimum of 50 potential small volume customers. Please reconcile and indicate whether the minimum of 50 customers is all customers or small volume customers.

b) If an expansion project fails to meet the requirement of a minimum of 50 customers (either in total or small volume customers as noted in (a) above), it appears that the SES would not apply under the EGI proposal, but the TCS would.

> i) Please confirm that this is accurate. If not, please explain fully.
>
> ii) Is there any situation in which an expansion project that does not qualify for the SES and would also not qualify for the TCS? Please explain fully.

Interrogatory #11

Ref: Exhibit B, Tab 1, Schedule 1, paragraph 11

EGI is not proposing to periodically update the project's PI for the duration of the SES term.

a) Will EGI be tracking the PI for the projects internally? If yes, why could EGI not provide the Board and parties with periodic updates related to the project's PI as compared to the forecast?

b) How will EGI and the Board ensure that customers paying the SES do not end up paying for several years beyond when the project has paid for itself, due to higher than forecast customer additions and/or higher than forecast customer volumes?

c) How will EGI and the Board ensure that other ratepayers do not end up subsidizing the expansion project if the project fails to achieve a PI of 1.0 at the end of the period set for the project?

Interrogatory #12

Ref: Exhibit B, Tab 1, Schedule 1, paragraph 15

a) Is EGI proposing a "Rate Stabilization Period" of 10 years for all new community expansion projects?

b) If EGI rebases every five years and in a rebasing year, a project is 9 years into the RSP, there is a potential for customers of a system expansion project to continue to pay the SES for 4 years beyond the 10 year RSP. If there was a revenue excess over this 4 year period, who would that revenue excess accrue to?

Interrogatory #13

Ref: Exhibit B, Tab 1, Schedule 1, paragraph 16

Are the forecasts referenced in the first sentence the original forecasts for each project, or will EGI update the forecast during a rebasing application to reflect actual results to that point in time and any changes in the forecast going forward? If EGI is not proposing any update to the forecast, please explain fully why updates should not be used.

Interrogatory #14

Ref: Exhibit B, Tab 1, Schedule 1, paragraph 19

Will EGI also be providing a DCF analysis of any project that results in a revenue requirement excess after the end of the 10 year RSP? If not, please explain why not especially in situations where some projects may be in an excess situation and some projects may be in a shortfall position.

Interrogatory #15

Ref: Exhibit B, Tab 1, Schedule 1, paragraph 21

Would the discounted cash flow analysis include any reductions in non-capital costs from governments, such as property tax reductions/deferrals, tax incentives, etc.?

Interrogatory #16

Ref: Exhibit B, Tab 1, Schedule 1, paragraph 22

Will the actual capital costs noted in paragraph 22 include actual capital costs (return on equity, long term debt) and reflect actual income tax rates and credits, or will these items be fixed for the 10 year term at the values in place when the project was placed in service?

Interrogatory #17

Ref: Exhibit B, Tab 1, Schedule 1, paragraphs 23-35

a) Are the only differences between the SES and the TCS the potential number of customers in a project area (i.e. 50 and above vs. less than 50) and the maximum term of the charge (20 years for TCS vs. 40 years for SES)? If there are other differences, please explain fully.

b) Can small volume customers choose to pay a CIAC or the TCS? If a small volume customer pays a CIAC please confirm that this would be reflected in a lower rate base amount and a lower revenue requirement going forward. If not, please explain fully.

Interrogatory #18

Ref: Exhibit B, Tab 1, Schedule 1, paragraphs 39-44

For a development project where less than 100% of the increased capacity is allocated to a customer or customers, please explain how the revenue requirement associated with the unallocated capacity is allocated to and recovered from customers, including which customers, under the following two scenarios:

> i) EGI is under an IRM mechanism for setting rates for a year; and
> ii) EGI is using a cost of service rebasing application for setting rates for the test year.

Interrogatory #19

Ref: Exhibit C, Tab 1, Schedule 1, page 2

Under the headings of Community Expansion Project and Small Main Extension and Customer Attachment Projects there is a reference to 50 potential customers. However, in paragraph 4 of Exhibit B, Tab 1, Schedule 1, the reference is to 50 potential small volume customers. Please indicate which reference is correct: 50 potential customers or 50 potential small volume customers.

Interrogatory #20

Ref: Exhibit C, Tab 2, Schedule 1, paragraph 5

Please explain what "exceptional circumstances" would allow a project to be authorized at a PI of between 0.8 and 1.0.

Interrogatory #21

Ref: Exhibit C, Tab 2, Schedule 1, paragraphs 27 & 32

Reference is made in paragraphs 27 and 32 to 50 potential customers. Please confirm whether this is 50 potential customers in total, or 50 potential small volume customers.

Interrogatory #22

Ref: Exhibit C, Tab 2, Schedule 1, paragraph 36

Please confirm that the second reference to SES (in the second line) should be to TCS.

Interrogatory #23

Ref: Exhibit C, Tab 2, Schedule 2, section 2

a) In the second bullet point under Definitions (Community Expansion Project) should the reference to 50 potential comers be to 50 potential customers?

b) Reference is made to 50 potential customers in two places in the Definitions section. Please confirm whether this is to 50 potential total customers or to 50 potential small volume customers.

Interrogatory #24

Ref: Exhibit C, Tab 2, Schedule 2, section 4

Please explain what "exceptional circumstances" would allow a project to be authorized at a PI of between 0.8 and 1.0. Is there any difference between these "exceptional circumstances" and those applicable to the EGD rate zone? If yes, please explain any such differences.

Interrogatory #25

Ref: Exhibit C, Tab 2, Schedules 1 & 2

Please explain why EGI is not harmonizing the service connection/lateral amounts and costs between the EGD rate zone (20 metres and $32 per metre) and that of the Union rate xones (30 metres and $45 per metre) as part of this application.