

EB-2020-0094

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Sch. B) as amended (the “Act”);

AND IN THE MATTER OF an Application by Enbridge Gas Inc. for an Order or Orders under section 36 of the Act approving certain rate mechanisms for expansion projects and a capital factor for project economic feasibility as per E.B.O. 188 Guidelines.

INTERROGATORIES TO ENBRIDGE GAS INC (ENBRIDGE)

FROM

EPCOR NATURAL GAS RESOURCES LIMITED (EPCOR)

July 6, 2020

Question: 1

Reference:

Exhibit C, Tab 2, Schedule 2, page 1 - 2, paras. 1 and 2.

Preamble:

EPCOR would like to confirm the relationship between a Development Project, for which a HAF can be used to allocate capital costs, and a Community Expansion Project, for which a SES can be used to bring the PI to 1.0.

- a) Please confirm whether a Development Project could be providing benefit to the area served by a Community Expansion Project.
- b) If a Development Project did provide benefit to an area serviced by a Community Expansion Project, please confirm whether Enbridge proposes to have the discretion to charge a HAF as well as an SES?

Question: 2

Reference:

Exhibit B, Tab 1, Schedule 1, page 12, paras. 37 - 38

Preamble:

Enbridge has stated in its application that the concept of the Hourly Allocation Factor (HAF) is consistent with the Board's E.B.O. 188 Guidelines and has provided a schedule summarizing board approvals of the HAF in prior proceedings.

- a) Please confirm that the HAF will only be applied in regards to distribution projects and not to (i) transmission projects or (ii) any component of project that is intended for the transmission of natural gas.

Question: 3

Reference:

Exhibit B, Tab 1, Schedule 1, page 12, paras. 37

Preamble:

Enbridge is proposing that the allocation of costs through the use of a HAF be based on a customer's peak hour demand versus a customer's peak day demand as contemplated in E.B.O. 188. EPCOR would like to understand why this proposed change is in the interest of all ratepayers.

- a) Please discuss in detail why the change from the use of peak day demand to peak hourly demand will benefit all ratepayers. In the explanation, please provide examples of previous cost allocations where ratepayers were harmed through the use of peak daily demand.
- b) Please provide a detailed explanation, including an example calculation, as to how Enbridge converts a customer's peak daily demand to peak hourly demand, and vice versa. Please confirm whether this conversion varies with the type of customer. If the conversion does vary with type of customer, please include in the response explanations and examples for each type of customer for which Enbridge uses a different conversion calculation.

Question: 4

Reference:

Exhibit B, Tab 1, Schedule 1, page 14, paras. 41-42
Exhibit C, Tab 2, Schedule 2, para. 1

Preamble:

Enbridge has stated that the concept of the Hourly Allocation Factor (HAF) is to fairly and equitably share and allocate the costs and benefits of a Development Project that benefits multiple customers commensurate with peak hour demand.

For larger projects, Enbridge proposes that the HAF will apply only to large volume customers and that for smaller projects, all customers, large and small, would be included.

- a) Please provide a definition of the following, in regards to the HAF:
 - i. Larger projects
 - ii. Smaller projects
 - iii. Large volume customer
 - iv. Small volume customer
- b) Why is Enbridge requesting the discretion to not apply a HAF to small volume customers with respect to a larger project, should it choose? Please provide a detailed explanation as to how not charging all customers who receive the benefit of a Development Project supports the principal of treating customers fairly and consistently?
- c) If a larger project ultimately serves both large and small volume customers, and Enbridge decides not to charge small volume customers how does Enbridge propose to allocate costs of the project to the customers that are receiving the benefit but not paying a HAF?
- d) Enbridge has proposed that it will set the threshold of applicability for the HAF on a case by case basis.
 - i. Please provide a listing of the principle(s) that Enbridge will apply in setting the threshold of applicability for the HAF on any given Development Project?
 - ii. Is Enbridge requesting OEB approval of those principles, or is Enbridge proposing that it can change those principles at its discretion?
 - iii. Would it not align with Enbridge's stated purpose "to streamline administrative processes and approvals where possible" to seek approval for thresholds of applicability in this application? If not, why not?
 - iv. How will setting the threshold of applicability for the HAF on a case by case basis support the principal of treating customers fairly and consistently? In the response, please explain how deciding on a case by case basis would ensure consistent and fair treatment both within a particular project and between projects over time.

Question: 5

Reference:

Exhibit B, Tab 1, Schedule 1, page 14, paras. 21, 39, 43

Preamble:

EPCOR would like to better understand the allocation process that Enbridge will use in order to determine what customers or rate classes will bear the cost of future Development Projects in which less than 100% of the capacity has been committed.

- a) Please confirm that the capital costs of a Development Project associated with capacity that has not been committed (and where a contribution has not been paid) will be included in rate base at either the subsequent rate case, an ICM application or some other process. If not, please explain why not.
- b) Please confirm that after (i) the capital cost of a Development Project has been included in rate base and (ii) a new customer that meets Enbridge's threshold of applicability requests service in the Area of Benefit, the new customer would be charged a contribution as determined by Enbridge's application of a HAF. If not, please explain why not.
- c) In the scenario as described in (b) above, Enbridge would appear to be charging a HAF for capital it is already collecting revenue for, as the capital cost would already be in rate base. By charging a contribution for that capital cost already in rate base, Enbridge would appear to be over earning on that Development Project until the next rate case. Is Enbridge proposing to provide a refund to the customers from whom it collects both revenue associated with the capital as well as a HAF contribution? If not, why not? If Enbridge is in fact proposing to use some type of offset to eliminate any over collection, please provide a numerical example in order to clarify.
- d) Does Enbridge intend to charge a HAF in instances where it does not require LTC approval for a Development Project?

Question: 6

Reference:

Exhibit C, Tab 2, Schedule 1, page 3, para. 14

Preamble: EPCOR would like to better understand why Enbridge is proposing that it not provide refunds to large volume customers in a Development Project where an HAF process has been used.

- a) Please confirm that if additional load than forecasted has attached to a Development Project and a customer who was charged an HAF applies for a refund, Enbridge is proposing that they not be eligible for a refund.
- b) Please confirm that if additional load than forecast has attached to a Development Project and a customer who has been charged a CIAC (but not as the result of a HAF process) applies for a refund, Enbridge is proposing that they be eligible for a refund.
- c) Please provide an explanation as to why Enbridge is proposing to treat customers who have paid a contribution (either as the result of a HAF process or some other process) and have requested a refund, differently. If this is not what Enbridge is proposing, please provide a detailed explanation as to how it is intending to treat all customers in regards to refunds of contributions.