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July 27, 2020

VIA EMAIL and RESS

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

Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (Board) File No.: EB-2020-0094
Harmonized System Expansion Surcharge, Temporary Connection Surcharge and Hourly Allocation Factor

Dear Ms. Long:

In accordance with Procedural Order No. 1, dated June 15, 2020, enclosed please find Interrogatory Responses filed by Enbridge Gas in the above noted proceeding.

In reference to Exhibit I. LPMA.1, Enbridge Gas has also filed the corrected exhibit below.

Exhibit	Correction
A-2-1	Page 2, Paragraph 2 part I and ii (i) Community Expansion Project – system expansion project for which the profitability index ("PI") is less than 1.0 and which provides first-time natural gas service to a minimum of 50 potential ~~small volume general service~~ customers**~~, each of whom consume no more than 50,000 m^3 per year ("small volume customers")~~.** The SES would be set at the same fixed volumetric rate of $0.23/m3 as the current SES approved for the EGD and Union rate zones. It would apply to small volume customers, **each of whom consume no more than 50,000 m^3 per year ("small volume customers")** served by these projects, and **large** volume customers would have the option to pay the SES or negotiate another method of contribution to the capital costs for the project; (ii) Small Main Extension or Customer Attachment Projects – other forms of distribution expansion or extension projects for which the PI is less than 1.0 and which provide natural gas access to fewer than 50 potential ~~**small volume**~~ customers. The TCS

	would be set at the same fixed volumetric rate of $0.23/m3 as the SES. Enbridge Gas may apply the TCS to small volume customers served by these projects. **L<u>arge</u>** volume customers would have the option to pay the TCS or negotiate another method of contribution to the capital costs of the project;
B-1-1	Page 2, Paragraph 4, part i, and ii i. The SES will be applicable to each Community Expansion Project, defined as a natural gas system expansion project for which the profitability index ("PI") is less than 1.0 and which will provide first-time natural gas system access to a minimum of 50 potential ~~**small volume general service**~~ customers. **<u>The SES will be applicable to all small volume customers,</u>** ~~**each of whom consume no more than 50,000 m³ per year ("small volume customers").**~~ Customers who consume more than 50,000 m³ per year will have the option of paying the SES or negotiating another method of contribution to the project; and ii. The TCS may be applicable to each Small Main Extension or Customer Attachment Project, defined as a natural gas system expansion or extension project for which the PI is less than 1.0 and which will provide distribution access to fewer than 50 potential ~~small volume~~ customers. Customers who consume more than 50,000 m³ per year will have the option of paying the TCS or negotiating another method of contribution to the project. These projects include the extension of mains, the related service attachments and any service lines to individual customers connecting to pre-existing mains. Page 9, Paragraph 23 Enbridge Gas is asking the Board to approve a TCS which is similar to the SES but will be used for smaller distribution expansion projects that will provide natural gas system access to fewer than 50 potential ~~**small volume**~~ customers in homes and businesses. This will allow for these customers to gain similar benefits to those being served by larger Community Expansion Projects.

Please contact the undersigned if you have any questions.

Yours truly,

(Original Digitally Signed)

Rakesh Torul
Technical Manager,
Regulatory Applications

cc: Tania Persad, Sr. Legal Counsel
Intervenors (EB-2020-0094)

ENBRIDGE GAS INC.

Answer to Interrogatory from
Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Pages 1-6
EB-2015-0179, Applicant's response to CPA IR# 4 (a-i, l)

Preamble:

Enbridge Gas is requesting OEB approval to apply the System Expansion Surcharge (SES) for future projects in accordance with pre-set criteria consistent across the Enbridge Gas rate zones. The SES will be applicable to each Community Expansion Project, defined as a natural gas system expansion project for which the profitability index (PI) is less than 1.0 and which will provide first-time natural gas system access to a minimum of 50 potential small volume general service customers, each of whom consume no more than 50,000 m^3 per year (SES project or community expansion project). Customers who consume more than 50,000 m^3 per year will have the option of paying the SES or negotiating another method of contribution to the project.

Enbridge Gas states that while Enbridge Gas's approved rates will change over time, the SES will not. The SES will apply for a period of up to 40 years. The term of the SES for each project will be set such that the project will achieve a PI of at least 1.0.

Enbridge Gas notes that there is currently a difference in approach between the EGD and Union rate zones with respect to updating the project's PI and its impact on the duration of the SES. Enbridge Gas is proposing to adopt the SES on the same basis as was approved in the 2015 Community Expansion (EB-2015-0179), as it has for previously approved projects in the Union rate zones. As such, Enbridge Gas is not proposing to periodically update the project's PI for the duration of the SES term.

Enbridge Gas references the OEB's recent North Bay decision (EB-2019-0188) concerning the extension of natural gas service to the Northshore and Peninsula Roads area in the City of North Bay, where the OEB noted that under the same proposal as that outlined above the increased profitability of a project would be captured in the base upon which rates are set, resulting in reduced rates for all customers.

Enbridge Gas states that its proposal for the SES has been set out such that it meets the criteria as defined in the Generic Proceeding (EB-2016-0004). However, in its predecessor Union Gas Limited's (Union) response to an interrogatory in EB-2015-0179, Union stated that it did not believe that it was the intent of the EB-2016-0004 decision for community expansion area ratepayers to subsidize pre-existing ratepayers, and that extending the term of an SES charge beyond that required for an overall PI of 1.0 is inappropriate.

Enbridge Gas states that following the end of each SES project's rate stability period (RSP), the following information will be reported for the most recently ended fiscal year for which actual information is available on a project specific basis:

- Budgeted and actual capital costs, both at a gross level, and net of any contribution in aid of construction (CIAC), as of a project's in-service date;
- Cumulative forecasted customer and actual customer attachments for the duration of a project's 10-year customer addition forecast period; and
- Project's PI updated to reflect the project's actual capital cost and revenues over its RSP

Question:

a) How does Enbridge Gas intend to differentiate between expansion projects that Enbridge Gas would have normally constructed requiring only a PI of 0.8 (even after a CIAC was collected from customer/s) and community expansion projects that Enbridge Gas would apply an SES to and therefore require a PI of 1.0 for the project?

b) Please confirm that in the event that Enbridge Gas does not meet the customer attachment forecast and has significant revenue shortfall related to its SES project, Enbridge Gas will not seek to change the SES rate charged to customers nor extend the SES term for which the $0.23/m3 surcharge will be applied.

c) Please confirm whether Enbridge Gas is proposing to charge the SES for the full SES term set at the beginning of the project, and will not stop charging the SES even if the project PI reaches 1.0 prior to the end of the original SES term. If so, please explain what Enbridge Gas will do with the excess SES revenues and why it believes that treatment is appropriate.

d) Please confirm whether Enbridge Gas will reduce or extend a project SES's term at the end of each project's RSP when it updates the project's PI.

e) Please explain why Enbridge Gas has proposed that it will not periodically update a project's PI for the duration of the SES term for future projects (and reduce the SES

term accordingly) as it is required to do currently for projects within the legacy Enbridge rate zones.

f) Please explain the benefits and the drawbacks of providing periodic updates to the OEB on a project's PI for the duration of the SES term as Enbridge Gas is required to undertake currently for projects in the legacy EGD rate zone.

g) What is Enbridge Gas's understanding of the reasons for the requirement for periodic updates of the project PI for projects in the legacy EGD rate zones?

h) For the purposes of assessing the risks associated with customer attachment forecasts and the setting of an SES term, please provide the following information in a table (similar to that provided in EB-2018-0188 in IRR.ED.13(a)) for all community expansions where an SES charge has been applied. Please note if there are any large volume customers.
   - Project Name
   - In-service Date
   - Ultimate potential attachments
   - Forecasted attachments (#/yr)
   - Actual attachments (#/yr)
   - Forecast volumes (m3/year)
   - Actual volumes (m3/year)
   - Annual Demand (GJ)
   - Forecast revenue ($)
     - Distribution Margin
     - System Expansion Surcharge
   - Actual revenue ($)

Response:

a) Enbridge Gas does not propose to differentiate between expansion projects that Enbridge Gas would have normally constructed requiring only a PI of 0.8 (even after a CIAC was collected from customer/s) and community expansion projects that Enbridge Gas would apply an SES to and therefore require a PI of 1.0 for the project. All expansion projects will be tracked within the Rolling Project Portfolio and Investment Portfolio consistent with the requirements of EBO 188.

b) Confirmed.

c) Confirmed. In the event that a project's PI reached 1.0 prior to the end of the original SES term the increased profitability of that project would be captured in the base upon which rates are set, resulting in reduced rates for all customers. This treatment is the same as that applied to all customer additions where their actual Project PI ends up being greater than 1.0.

d) This is not confirmed. Please see Exhibit B, Tab 1, Schedule 1, paragraph 15 where the Company states "The Company proposes that it would bring forward for approval any potential revenue requirement shortfalls or excesses for the future period in the next rates rebasing application after the 10-year RSP."

e) The primary reason that Enbridge Gas has not proposed to periodically update a project's PI for the duration of the SES term for future projects is that this would be inconsistent with the treatment of non-SES projects. It is also important to note that because Enbridge Gas would not increase an established SES term above 40 years, a practice of reducing an established SES term would be asymmetric and result in higher rates for all customers.

f) The only significant benefit that would be associated with providing periodic updates to the OEB on a project's PI for the duration of the SES term would be that the Board could monitor the economic performance of each individual system expansion project. This concept was rejected with the implementation of the Rolling Project Portfolio and Investment Portfolio introduced in the Board's EBO 188 Guidelines and reinforced in the Board's EB-2016-0004 Decision. The drawbacks associated with such reporting are the time, effort and cost that would be incurred to facilitate such reporting for many projects over long periods of time with few potential benefits for ratepayers.

g) Please see the benefits noted in the Company's response to part (f) of this question.

h) The question refers to the information provided by EGI for the IRR ED.13(a) in the EB-2018-0188 proceeding. There is no IRR ED 13 (a) that was filed in the EB-2018-0188 proceeding. EGI believes that the staff might be referring to the IRR ED 13 (a) in the EB-2019-0188 proceeding.

Please see Attachment 1 for the information requested similar to that provided in EB-2019-0188 in interrogatory response at Exhibit I.ED.13 a) for all community expansions where an SES charge has been applied. Other approved projects in construction this year where the SES has not yet been applied are: Scugog Island Community Expansion, Northshore & Peninsula Road Community Expansion and Saugeen First Nation Community Expansion.

For all of these project, there was only one large volume customer, and that was in Fenelon Falls.

	In Service Date	Ultimate Potential	Year 1	Year 2	Year 3[1]
Lambton Shores, Chippewas of Kettle and Stony Point F.N.	2017	512			
Forecast Customer Attachments (#/yr)			158	68	27
Actual Customer Attachments (#/yr)			213	137	(2)
Forecast Volumes (m3/yr)			234,981	545,748	651,892
Actual Volumes (m3/yr)			118,412	428,207	410,702
Annual Demand (GJ)			4,565	16,507	15,833
Forecast Revenue ($):					
Distribution Margin			26,658	64,036	79,019
System Expansion Surcharge			54,046	125,522	149,935
Total Forecast Revenue ($)			80,703	189,558	228,954
Actual Revenue ($)			40,668	148,732	144,245
Milverton, Wartburg & Rostock	2017	961			
Forecast Customer Attachments (#/yr)			185	163	67
Actual Customer Attachments (#/yr)			374	152	50
Forecast Volumes (m3/yr)			622,102	1,494,711	1,836,945
Actual Volumes (m3/yr)			414,823	1,528,686	771,583
Annual Demand (GJ)			15,991	58,931	29,745
Forecast Revenue ($):					
Distribution Margin			41,089	109,841	148,454
System Expansion Surcharge			143,083	343,784	422,497
Total Forecast Revenue ($)			184,173	453,625	570,951
Actual Revenue ($)			122,808	463,936	239,820
Delaware Nation at Moraviantown	2018	71			
Forecast Customer Attachments (#/yr)			23	5	2
Actual Customer Attachments (#/yr)			2	36	(2)
Forecast Volumes (m3/yr)			25,876	57,292	65,048
Actual Volumes (m3/yr)			83	97,101	79,173
Annual Demand (GJ)			3	3,743	3,052
Forecast Revenue ($):					
Distribution Margin			3,678	8,144	9,246
System Expansion Surcharge			5,951	13,177	14,961
Total Forecast Revenue ($)			9,630	21,321	24,207
Actual Revenue ($)			31	36,136	29,464
Prince Township	2018	395			
Forecast Customer Attachments (#/yr)			76	68	26
Actual Customer Attachments (#/yr)			111	62	16
Forecast Volumes (m3/yr)			94,425	271,498	383,696
Actual Volumes (m3/yr)			40,734	347,373	282,184
Annual Demand (GJ)			1,570	13,391	10,878
Forecast Revenue ($):					
Distribution Margin			18,167	52,432	74,510
System Expansion Surcharge			21,718	62,445	88,250
Total Forecast Revenue ($)			39,885	114,877	162,760
Actual Revenue ($)			17,206	146,981	119,700
Chippewa of the Thames	2019	57			
Forecast Customer Attachments (#/yr)			20	18	1
Actual Customer Attachments (#/yr)			4	13	
Forecast Volumes (m3/yr)			24,959		
Actual Volumes (m3/yr)			7,209		
Annual Demand (GJ)			278		
Forecast Revenue ($):					
Distribution Margin			3,498		
System Expansion Surcharge			5,741		
Total Forecast Revenue ($)			9,239		
Actual Revenue ($)			2,668		
Fenleon Falls	2019	2302			
Forecast Customer Attachments (#/yr)			123	344	383
Actual Customer Attachments (#/yr)			373		
Forecast Volumes (m3/yr)			607,000		
Actual Volumes (m3/yr)			524,454		
Annual Demand (GJ)			20,218		
Forecast Revenue ($):					
Distribution Margin			42,513		
System Expansion Surcharge			139,610		
Total Forecast Revenue ($)			182,123		
Actual Revenue ($)			178,768		

Notes:
1 - Actual year 3 data is as of **July 2020**. Forecast information is for a full year.

2 - Enbridge Gas has created Attachment 1 on a best efforts basis. Enbridge Gas is confident in the accuracy of the Project's customer attachment forecast as it was developed using the same tools and methodology as that applied to the comparator projects. However, due to the availability of data and the timing of available data, Enbridge Gas cautions attempts to draw conclusions based on the detail provided in Attachment 1. For example, forecast and actual customer attachments presented are not cumulative values whereas the volumes cited are. Further, due to late in-service dates of certain projects some volumes expected in Year 1 are being reflected in Year 2. Also, depending on the date of a customer service attachment, some consumption may have been initiated partway through a year and thus did not use the total volume forecast for that year. It should also be noted that as Year 3 values are year to date ("YTD"), actual volumes have not been prorated to include the expected year-end volume total.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Page 4
Exhibit C, Tab 2, Schedule 1, Pages 3 and 4

Preamble:

Enbridge Gas states that the proposed rate of $0.23/m3 is appropriate for small volume customers as it was derived from a study that reviewed small volume customers' energy costs and conversion costs. Larger volume customers typically have different costs and potential savings such that $0.23/m3 would make conversion uneconomic. Feasibility for large volume customers within a Community Expansion Project will be calculated separately in accordance with the Board's E.B.O. 188 Guidelines and any required contribution in aid of construction ("CIAC") will generally be applied directly to those customers or addressed through the applicable large volume rate multi-year contracts. However, the option will be available to these customers to pay the SES in lieu of or in addition to a CIAC.

Refunds of CIAC may be requested by customers when the actual customer count on the system expansion exceeds the original forecast. For Rate 1 and Rate 6 customers, these refunds are processed at the end of five years from the date of construction. The system expansion project is then re-evaluated with the actual customer count to determine a revised contribution that is required to bring the NPV to the original targeted level. The difference between the revised contribution amount and the actual contribution paid by customers is the total amount to be refunded to original customers. Refunds are made based on the proportionate contribution of customers.

However, Enbridge Gas states that these refunds do not apply to the mains where SES and Temporary Connection Surcharge (TCS) rate riders have been applied in lieu of CIAC. The refunds are made only for the specific piece of main put into service; no refunds are payable for customers added downstream of the specific piece of main. No interest is payable, and only customers who made a contribution are eligible for a refund.

Refunds for large volume customers will be determined based on a re-evaluation of the system expansion project, taking into consideration extra investment and additional load brought on within five years to the specific piece of main constructed to serve the initial customer(s). Similar to system expansions, refunds for large volume customers will be evaluated subject to customer request.

Question:

a) Please provide the study referenced in the application that demonstrates how the $0.23/m3 surcharge was derived for small volume customers.

b) Would a small volume customer have the option to pay the CIAC required for the project upfront if the customer did not wish to pay the SES over 40 years?

c) Please provide information demonstrating how an SES charge for a large volume customer will be calculated. Please indicate if the SES would be standard or customer-specific.

d) Will large volume customers be permitted to pay only the SES charge in lieu of a CIAC?

e) Will Enbridge Gas use a ten- or 20-year customer revenue horizon for calculating the feasibility and any required contribution in aid of construction for large volume customers? Would Enbridge Gas extend large volume customers' contracts in place of requiring a CIAC?

f) If a CIAC were paid by either a small or large volume customer served by an SES project (either in combination with the SES or paid in full upfront), and the actual customer attachments and revenue for the system expansion exceeded the original forecast, would Enbridge Gas provide a CIAC refund at the end of five years from the date of construction? If so, how would the refund be paid out? If not, please explain why not.

Response:

a) Please see the Company's letter dated July 2, 2020 that has been submitted to the Board in respect of this proceeding concerning the Company's determination of the SES rate in response to a request made by EPCOR in this proceeding.

b) No.

c) The SES of $0.23 / m3 is the same for all customers.

d) Please see Exhibit I.CCC.1.

e) e) Enbridge Gas use a 20-year customer revenue horizon for calculating the feasibility and any required contribution in aid of construction for large volume customers as required by EBO 188.Please see the response to I.CCC.1 with respect to the potential for extending the term of large volume customer contracts as an alternative to a CIAC.

f) For new customers attachments in the EGD rate zone, it is the Company's policy to review CIACs upon the request of a customer five years after the activation of the gas service for that customer. At this time if it is found that the CIAC should have been a lower amount than that originally paid by the customer the Company would refund the difference to the customer. For the Union rate zones, CIAC reviews and refunds are not part of the connection policy.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Page 6
Exhibit C, Tab 2, Schedule 1, Page 2
Exhibit C, Tab 2, Schedule 2, Page 7

Preamble:

Enbridge Gas states that the initial evaluation of a Community Expansion Project and the SES term are determined based on estimated capital costs and a forecast of customer attachments, revenue rates, and natural gas consumption.

For the Union rate zones, Enbridge Gas states that it will provide at its cost, up to 30 metres of service lateral to connect a residential customer, and charge any lengths in excess of 30 metres an excess charge of $45/metre. For commercial and industrial customers, Enbridge Gas states that it does individual PI calculations based on the site-specific lateral length, pipeline sizing, costs, gas usage and margins.

For the EGD rate zones, Enbridge Gas states that it provides a service connection to new residential customers connecting to existing mains at no cost, up to a maximum of 20 metres. Any service length beyond 20 metres is charged to the customer at $32/metre.

Question:

a) How does Enbridge Gas currently recover the costs for the first 20 to 30 metres of the service lateral that it provides to new customers at no cost?
b) Please confirm that when Enbridge Gas does the feasibility analysis for a community expansion project (and determines the SES term), it includes the total forecast cost of constructing the customer connection lines, and not only the forecast costs of constructing the first 20 or 30 metres (in the EGD and Union rate zones, respectively) of these lines. If not, please explain.
c) If Enbridge Gas uses the full cost of constructing the customer connection lines in its feasibility analysis and in setting the SES term, would Enbridge Gas still charge

$32/metre or $45/metre if a customer in a community expansion project required more than 20 metres or 30 metres of pipeline in the EGD or Union rate zones, respectively? Please explain.

Response:

a) Enbridge Gas currently recovers the cost for the first 20 or 30 metres of the service laterals that it provides to new customers from the revenue these customers generate over time.

b) Not confirmed. When Enbridge Gas does the feasibility analysis for a community expansion project (and determines the SES term), it includes the forecast cost of constructing the customer connection lines assuming an average service length of 20 metre in EGD rate zone and 30 metre in Union rate zones.

c) Estimates of customer connection lines, which are included in feasibility are based on average service lengths as mentioned in response to part b) above. Therefore, Enbridge Gas would charge customers for extra length beyond the standard lengths (i.e. 20 metres and 30 metres for EGD and Union rate zones, respectively) in order to comply with the Board's EB-2018-0305 Decision.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Pages 5, 7-8
EB-2015-0179 Decision, Pages 8 and 15

Preamble:

With respect to capital costs, Enbridge Gas proposes to treat these costs in the same manner as the costs of other capital projects. Enbridge Gas will bring forward its actual capital costs at the next rebasing proceeding following the 10-year RSP. Enbridge Gas states that this treatment of capital costs is the same as other distribution system expansion projects that form part of the common rate base. If the OEB grants leave to construct an Expansion Project, Enbridge Gas will include the forecasted capital costs of a project in rate base as of the in-service date.

In this application, Enbridge Gas is proposing to adopt the SES on the same basis as it has for previously approved projects in the Union rate zones (e.g.,EB-2015-0179). However, in EB-2015-0179, Union proposed to bring forward its actual capital costs in the next rebasing proceeding when the assets are placed in service. Union also proposed to bring forward any variance between actual and forecast capital costs in a future rate application, which would presumably occur before the end of the 10-year forecast period, after the assets are placed into service. If capital expenditures exceed forecast, Union stated that all customers would be liable for the additional costs as the rates are based on a common rate base. However, the prudency of excess capital costs incurred would be subject to an OEB review.

Question:

a) Please confirm that Enbridge Gas will not seek to include in rate base, prior to the end of a ten-year RSP, the costs of all projects implementing the previously approved SES for both EGD and Union rate zones, as well as the SES proposed in this application.

b) Please confirm that at the rebasing following the RSP, Enbridge Gas will seek to include in rate base any cost overruns for an SES project, subject to a prudence review by the OEB.

c) If a) and b) are both not confirmed, please explain the timeline for when Enbridge Gas will seek to include in rate base the costs of an SES project, and when it will seek to include in rate base any cost overruns. Please explain for both SES projects that require leave to construct and for SES projects that do not require leave to construct.

Response:

a) Confirmed. Enbridge Gas will use the original estimated of capital costs and customer attachment and revenue forecasts for all SES projects previously approved by the Board for both EGD and Union rate zones during their respective Rate Stabilization Periods ("RSPs") for rate setting purposes. The actual capital cost of these projects and the actual customer attachment and revenues associated with these projects will be brought forward to be included in the determination of rates as part of the next rate rebasing proceeding following the end of the respective RSPs for these projects. This is consistent with the treatment proposed in this application for future SES projects.

b) Confirmed. At the next rebasing following the RSP expiry, Enbridge Gas will include the actual capital costs and customer attachment and volumetric forecast of a Community Expansion Project for rate setting following the 10-year RSP.

c) Please see the responses to parts a) and b).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Page 7
EB-2019-0188, Decision, Page 13
Exhibit B, Tab 1, Schedule 1, Pages 3, 10-11

Preamble:

During the RSP, Enbridge Gas states that it will include projected revenues as derived from the customer attachment and volumetric forecast inclusive of SES revenue for each particular project in the determination of any revenue sufficiency or deficiency in the process of setting of OEB approved rates.

Following the end of a project's RSP, Enbridge Gas will use the actual project revenues including actual SES revenues for ratemaking purposes subject to OEB review and approval. In other words, Enbridge Gas will not seek to recover from existing or new community expansion customers any shortfall in revenue requirement for the first 10 years of a project's in-service date. Enbridge Gas proposes that it would bring forward for approval any potential revenue requirement shortfalls or excesses for the future period in the next rates rebasing application after the 10-year RSP.

Enbridge Gas will not seek to reflect the actual revenues of a project in the determination of rates until after the RSP has expired. After the RSP has expired, Enbridge Gas proposes to use actual revenues for a particular project will be used for the determination of any revenue sufficiency or deficiency in the process for setting approved rates.

In the North Bay (EB-2019-0188) decision, the OEB required Enbridge Gas to seek no recovery of any shortfall that might occur in the first ten years for the project.

Enbridge Gas also states that the SES proposed in this application will be considered revenue and treated as such for the purpose of the economic feasibility analyses.

Question:

Given the treatment of SES and TCS as revenue, please confirm that at rebasing, Enbridge Gas will use actual Year-10 SES revenue as an offset to its revenue requirement. If not, please explain how Enbridge Gas intends to treat SES revenue, so as not to recover SES revenue from both SES customers and existing customers.

Response:

Not confirmed. At the next rates rebasing application after the 10-year RSP, Enbridge Gas will use actual SES revenue for the test year as an offset to its revenue requirement for rate setting purposes. Actual SES revenue will reflect actual customer attachments and volumetric forecast known at the time the test year forecast is prepared.

The test year forecast may not align with the Year-10 SES revenue of the project as the test year may not occur in Year-10 of the Project. By way of an example, if Enbridge Gas rebases in Year-12 of the Project (following the 10-year RSP), the test year forecast for Year-12 SES revenue will reflect actual customer attachments and volumetric forecast known at the time of preparing the Year-12 forecast.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Page 2
Exhibit C, Tab 1, Schedule 1, Page 1
Exhibit C, Tab 1, Schedule 2, Pages 2, 4, 5, 7
EB-2015-0179, Applicant's response to OEB Staff IR# 3(c)
EB-2017-0147, Decision, Pages 6 and 12

Preamble:

Enbridge Gas states that if the OEB accepts Enbridge Gas's proposal, it would no longer be necessary for Enbridge Gas to seek approval under section 36 of the OEB Act for the SES and TCS on a project specific basis either for projects that meet the criteria for a leave to construct (LTC) application or for smaller distribution projects.

Enbridge Gas appears to propose to publish a list of SES projects and their SES terms in the EGD and Union rate zone Handbooks, and the geographic location, effective date and term of TCS project areas in the EGD rate zone on Enbridge Gas's website.

In its response to OEB staff's IR#3(c) in the 2015 Community Expansion proceeding (EB-2015-0179), Union stated that it would provide ongoing information on forecast achievement levels at the project level for the duration of the customer forecast period at the annual stakeholder meeting.

In the Fenelon Falls proceeding (EB-2017-0147), Enbridge proposed to report on all of its Community Expansion Projects at its annual Shareholder Day meetings. Enbridge stated it would report on the following:

- the budgeted and actual capital costs as of in-service date (gross and net of Capital Contribution)
- the PI for each project
- cumulative and actual customer attachments for the 10-year forecast period

The Scugog application (EB-2017-0261) was approved under the same generic approval granted in the Fenelon Falls case.

Question:

a) Please confirm that Enbridge Gas's list of TCS projects to be published on Enbridge Gas's website will include the TCS projects for both EGD and Union rate zones. If not, please explain.

b) Will Enbridge Gas continue to track and report on EGD rate zone SES projects, as was proposed in EB-2017-0147 and EB-2017-0261? If not, please explain.

c) Will Enbridge Gas continue to provide ongoing information on SES projects in the Union rate zones, as was proposed in EB-2015-0179? If not, please explain.

d) Given that Enbridge Gas will be applying the SES without requiring OEB approval on a project-specific basis, does Enbridge Gas plan on informing the OEB of projects it intends to apply the SES to? If so, how? If not, please explain.

Response:

a) Confirmed. Enbridge Gas will list its TCS projects on its website for each of the EGD and Union rate zones.

b) No, Enbridge Gas does not propose to continue to track and report on EGD rate zone SES projects, as was proposed in EB-2017-0147 and EB-2017-0261. The Company expects that the reporting requirements approved in this proceeding will apply to all existing and future SES projects.

c) No, Enbridge Gas does not propose to continue to track and report on Union rate zones SES projects, as was proposed in EB-2015-0179. The Company expects that the reporting requirements approved in this proceeding will apply to all existing and future SES projects.

d) The OEB will be informed of future SES projects by the process required to make the SES applicable to such projects. Today this accomplished by adding a reference to each SES project in Rider I to the rate schedules pertaining to the EGD rate zone, and in the case of the Union Gas rate zones adding references to each of the SES projects in the rate schedules themselves. It is the Company's proposal to continue this practice as outline in Exhibit B, Tab 1, Schedule 1, page 16.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Page 9 to 12

Preamble:

Enbridge Gas is asking the OEB to approve a TCS which is similar to the SES but will be used for smaller distribution expansion projects that will provide natural gas system access to fewer than 50 potential small volume customers in homes and businesses. This will allow for these customers to gain similar benefits to those being served by larger Community Expansion Projects.

Availability of a TCS for small main extensions or attachments will provide an alternative to CIAC for those customers where attachment to Enbridge Gas's system is not economically feasible based on the use of current approved rates only.

Enbridge Gas's proposal for a TCS would apply to those small volume customers who would otherwise be required to pay a CIAC in order to make gas service to their property economically feasible at a PI of 1.0. In these situations, Enbridge Gas would have the ability to offer the TCS for up to 20 years as an alternative to these potential customers rather than requiring them to pay a lump sum CIAC prior to the in-service date of the facilities.

Enbridge Gas proposes that projects where a TCS rate rider is applied should be included in the Company's Rolling Project Portfolio and Investment Portfolios alongside other system expansion projects. Enbridge Gas states that this will provide an ongoing method of determining the financial feasibility and rate impact of expansion projects as prescribed in E.B.O. 188. As such, separate tracking and reporting on these projects will not be warranted.

Question:

a) Does Enbridge currently make a distinction between expansion projects involving more than 50 customers and projects with less than 50 customers? Please explain.

b) Is the TCS applicable to both new development/system expansion for less than 50 small volume customers and infill areas?

c) Please confirm the TCS is not applicable to customer-owned pipe downstream of the meter set. If this cannot be confirmed, please explain Enbridge Gas's intentions in this regard.

d) How does Enbridge Gas intend to differentiate between infill projects that would have normally been constructed requiring only a PI of 0.8 and TCS projects that require a PI of 1.0?

e) If Enbridge Gas's proposal is approved, will a PI of 1.0 apply to all projects going forward? Or will some projects still be considered feasible at a threshold PI of 0.8?

f) Did Enbridge Gas consider a different or higher rate for the TCS given the 20 year maximum term so that a CIAC would not be required if a project is not considered viable? If so, please explain.

g) Assume five residential customers in the EGD rate zone request to be connected, and connecting these customers requires a 100 metre main extension. In addition to the main extension, Customers A, B and C each require a 20 metre service line, and Customers D and E each require a 50 metre service line.
    i) Please describe how Enbridge Gas would determine the costs for the feasibility calculation to connect these customers. Does Enbridge Gas use the total actual/area-averaged costs of constructing the main extension and all the service lines, or does it only use the costs for the main extension and for constructing pipelines past the first 20 metres (i.e., 100 metre main extension + 30 metres x $32/metre x 2 customers)?
    ii) If Enbridge Gas uses the actual/area-averaged costs to build the lines to calculate the economic feasibility of connecting these customers, and the project PI is less than 1.0, how does Enbridge Gas determine the CIAC to be charged/TCS term for each customer? Does Enbridge Gas divide the cost of the main extension by five, and then add that portioned out cost to the cost to connect an individual customer, for an individual feasibility analysis and a resulting individualized CIAC/TCS term? Or would Enbridge Gas combine all costs to calculate the feasibility for the project, apply a 20-year TCS, and divide any remaining CIAC required equally between the five customers?

iii) If Enbridge Gas conducts an individualized feasibility analysis, would Enbridge Gas charge $32/metre to Customers D and E, as per the EGD rate zone Customer Connection Policy, and thereby reduce their individual CIAC/TCS term?

h) Please answer g) using the Union rate zone customer connection policy.

i) In the scenario of a community expansion/SES project requiring a main extension to service more customers prior to the end of the SES term, would the customers being serviced by the main extension pay only the TCS or the SES or both? If the customer was to only pay the TCS, would it be possible for the TCS to expire prior to the SES from the original Community Expansion project?

j) Please confirm that in the event that Enbridge Gas has significant revenue shortfall related to its TCS project, Enbridge Gas will not change the TCS rate charged to customers or the TCS term for which the $0.23/m3 surcharge will be applied. If not, please explain.

k) Please confirm that Enbridge Gas is proposing to charge the TCS for the full TCS term set at the beginning of the project, and will not stop charging the TCS even if the project PI reaches 1.0 prior to the end of the original TCS term.

l) Please explain the rationale for Enbridge Gas's proposal to not track and report on TCS projects, when they are substantially similar to SES project, barring the length of the SES term.

m) Please explain the benefits and the drawbacks of providing periodic updates on a project's PI for the duration of the TCS term as Enbridge Gas is required to undertake currently for SES projects in the legacy EGD rate zone.

n) If a CIAC were paid by either a small or large volume customer served by a TCS project, and the actual customer attachments and revenue for the system expansion exceeded the original forecast, would Enbridge Gas provide a CIAC refund at the end of five years from the date of construction? If so, how would the refund be paid out? If not, please explain why not.

Response:

a) No, because the distinction between expansion projects involving more than 50 customers and projects with less than 50 customers is only relevant in circumstances where the SES or TCS may need to be applied.

b) Yes, the TCS will apply to both new developments and existing homes and businesses where there are less than fifty potential customers.

c) Confirmed.

d) The TCS option would only be considered and offered in cases where an infill project would require a CIAC.

e) The SES and TCS options would only be considered and offered in cases where a project would require a CIAC. Projects that do not require CIACs would be treated in accordance with the Board's EBO 188 Guidelines which call for a minimum Project PI of 0.8.

f) No, Enbridge Gas did not consider a different or higher rate for the TCS given the 20 year maximum term. It is the Company's view that TCS projects will be relatively small and that most of these projects will be able to avoid needing to pay CIACs with a TCS duration of twenty-years or less. Further, the introduction of multiple levels of the TCS fee would add significant complexity in the billing and administration of these charges.

g)

i. Enbridge Gas will include the costs of 100 metre of main extension and the cost of five services line assuming an average service length (i.e. 20 metres for EGD rate zone and 30 metres for Union rate zones). The cost associated with any extra length beyond 20 meters will not be captured at the time of estimation; it will be recovered as a CIAC from customers that require services longer than 20 metres.

ii. Enbridge Gas will run the feasibility analysis based on the combined cost of 100 metres of main and five services, apply a 20-year TCS, and divide any remaining CIAC required equally between the five customers.
iii) As mention in part g ii) above, Enbridge Gas will not conduct an individualized feasibility analysis.

h) Enbridge responses to part g) applies to the Union rate zones in the same manner except for the fact that the average service length is assumed to be 30 metres for the Union rate zones (instead of 20 metres for the EGD rate zone).

i) In the scenario of a community expansion/SES project requiring a main extension to service more customers prior to the end of the SES term, the customers serviced by the main extension would pay the SES for the remainder of the SES term for that particular community expansion project. In the event that such a main extension project does not achieve a Project PI of 0.8 or greater inclusive of forecast SES charges the Company would have to collect a contribution in aid of construction from the customers to be served by the main extension sufficient to bring the Project PI up to 0.8 in order to be compliant with the Board's EBO 188 Guidelines.

j) Confirmed.

k) Confirmed.

l) In the Company's view, it would be most appropriate to track and report TCS projects by including them in the Company's Rolling Project Portfolio (RPP). The RPP is reported to the Board through two reports: (i) a quarterly report and (ii) an annual report. The quarterly reports are designed to provide the NPV and PI of all projects included in the RPP. The annual reports provide a variance analysis of the actual vs. forecast of customers, cost and revenues based on a random sample. Further, it is expected that there will be numerous TCS projects and to track and report on them individually would add significant complexity, effort and cost to the administration of these projects.

m) The only significant benefit that would be associated with providing periodic updates to the OEB on a TCS project's PI for the duration of the TCS term would be that the Board could monitor the economic performance of each individual system expansion project. This concept was rejected with the introduction of the Rolling Project Portfolio and Investment Portfolio introduced with the implementation of the Board's EBO 188 Guidelines and reinforced in the Board's EB-2016-0004 Decision. The drawbacks associated with such reporting are the time effort and cost that would be incurred to facilitate such reporting for many projects over long periods of time with little potential upside for ratepayers.

n) Please see Exhibit I.STAFF.2 f).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Page 13
EB-2018-0188, Applicant's response to OEB staff IR# 2(a-b)

Preamble:

Enbridge Gas is proposing that the OEB approve the use of the Hourly Allocation Factor (HAF) process as an allocation methodology for capital costs in future Development Projects. Enbridge Gas states that the previous four leave to construct projects approved by the OEB which employed the HAF approach had about 50% of the capacity committed or more prior to being advanced for LTC approval.

The HAF is to be derived by dividing the net forecasted capital cost of a project by the forecasted capacity that the project serves within the Area of Benefit, and is expressed as a capital cost for each cubic metre per hour of incremental capacity.

In the Chatham-Kent Rural Project (EB-2018-0188), the forecasted capacity of the project that was used to calculate the HAF differed from the total capacity generated by the project (65,000 m3/hr). In the Chatham-Kent Rural Project, Enbridge Gas appeared to have used the original total forecasted demand required by large volume customers (30,045 m3/hr) to calculate the HAF, rather than the total forecasted capacity of the project, or even the updated total demand growth forecast for large volume customers (31,895 m3/hr).

Question:

a) Please explain the difference between an expansion project and a Development Project.

b) Please confirm that Enbridge Gas intends to use the forecasted capital cost of the project (net of grants and other upfront contributions) divided by the total forecasted capacity of the project, rather than the capacity allocated to identified large volume customers. If otherwise, please explain why.

c) Is Enbridge Gas proposing a 50% threshold in terms of how much capacity should be committed prior to a project either being advanced for LTC approval or approved for construction? Please explain why or why not.

d) Will Enbridge Gas report on whether the costs of a Development Project have been completely allocated? If so, how?

e) What if there is insufficient demand to ensure that the costs of the Development Project are completely allocated? Are existing customers expected to carry the cost of a Development Project that remains unallocated at the next rebasing? How does Enbridge Gas intend to prevent cross-subsidization of Development Projects by existing customers?

Response:

a) As per the pre-filed evidence at Exhibit B, Tab 1, Schedule 1, page 3 of 16, a Development Project is defined as a system expansion project that will expand capacity over a certain area to serve increasing demands from existing and/or new customers and that will use the Hourly Allocation Factor process to allocate costs. It may include a mix of large and small volume customers. An Expansion Project is not a defined term.

b) Enbridge Gas intends to use the total project capacity and the ratio of large volume hourly demand (sum of those at or above the threshold of applicability) to total capacity to allocate costs to the large volume HAF customers. Grants or other upfront contributions meant to help the large volume customers would be netted off the costs associated with the large volume customers. Grants or other upfront contributions meant to assist all customers would be netted off the gross costs prior to allocating the costs based on the ratio of hourly demand. Please see Exhibit I.OGVG.6 for more information.

c) Enbridge Gas has not proposed a specific threshold of capacity commitment as the circumstances around each Development Project are unique.

d) Consistent with how Enbridge Gas has managed previously approved projects in which a HAF was employed, the allocation for each Development Project will be tracked internally by Enbridge Gas. There is no specific reporting requirement for these projects.

e) As indicated in an interrogatory response in the CK Rural proceeding in EB-2018-0188, Exhibit B.Staff.2, b) v., should there be a variance to the demands forecasted

(either positive or negative), it will be the subject of a future rates application and the impact of any such variance will be dealt with in that proceeding.

Consistent with the interrogatory response in the same proceeding at Exhibit B.Staff.2 x), if the Development Project has a P.I. of 1.0, there will be no cross subsidization from ratepayers over the life of the Project provided that the total capacity of those customers (requiring more than the established threshold) reaches the total incremental capacity created as forecasted in the project economics. If the Development Project demands do not reach the total incremental capacity created over the life of the Project or the actual costs are higher or lower than forecasted, there is a potential for cross subsidization over time. However, Enbridge Gas considers the risk of the Development Project variances for demand, timing and costs to be low.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Page 14-15
Exhibit C, Tab 2, Schedule 1, Page 3-4

Preamble:

Enbridge Gas is proposing that the threshold of eligibility be scaled with the size of the Development Project. For larger projects, Enbridge Gas would propose that the HAF apply only to large volume customers. For smaller projects, all customers, large and small, would be included.

The previous projects which primarily targeted large volume customers employed the HAF had a “floor” of HAF applicability set at 200 m3/hr. In the future, for smaller projects targeting a mix of larger and mid-sized customers, Enbridge Gas states that a lower threshold may be more appropriate. Enbridge Gas is proposing that the threshold of applicability be set by Enbridge Gas on a case-by-case basis.

Enbridge Gas states that while the HAF will typically be applied in situations where natural gas service is being made available to large volume customers, it can also be used for projects involving small volume customers where one or more of them may be placing a larger peak demand on the system relative to others that are served by that project.

Enbridge Gas states that the HAF is meant to fairly and equitably share and allocate the costs and benefits of a project that benefits multiple customers commensurate with peak hour demand, ensuring that the first customer does not bear the entire economic burden, nor the last customer avoid theirs. Enbridge Gas states that the HAF will remain constant for all customers within an Area of Benefit who meet the threshold of applicability for a particular project. Enbridge Gas will cease to allocate and apply the HAF to the economic feasibility analysis once the total incremental capacity has been fully allocated.

Refunds for large volume customers will be determined based on a re-evaluation of the system expansion project, taking into consideration extra investment and additional load

brought on within five years to the specific piece of main constructed to serve the initial customer(s). Similar to system expansions, refunds for large volume customers will be evaluated subject to customer request. Enbridge Gas states that this policy is not available to large volume customers in Development Projects where an Hourly Allocation Factor process has been used for allocating project cost amongst the prospective customers.

Question:

a) Is Enbridge Gas only able to determine the threshold of a proposed HAF based on the known parameters of a particular project at the time the project is initiated? If so, does this not imply that Enbridge Gas will still need to seek the OEB's approval for the proposed HAF for an individual project? Please explain.

b) Please provide an example of a larger development project and of a smaller development project and the corresponding thresholds of eligibility. What criteria does Enbridge Gas intend to use to differentiate the two?

c) How would Enbridge Gas propose the threshold of eligibility be scaled?

d) How would costs be allocated if a Development Project included small volume customers? How does Enbridge Gas intend to ensure that large volume customers in a Development Project do not end up subsidizing smaller volume customers and vice versa?

e) Would residential customers qualify for the HAF as small volume customers?

f) For Development Projects like the Chatham-Kent Rural Project, where the project was primarily constructed for large volume customers, but also provided incremental capacity for low volume customers, does Enbridge Gas intend to exclude the costs related to the incremental capacity for low volume customers from the HAF calculation?

g) Please explain why Enbridge Gas does not intend to provide refunds to large volume customers in Development Projects where a HAF was used.

Response:

a) Confirmed to first part of the question. Enbridge Gas is seeking approval in this proceeding to have the option to apply the HAF process generically, thereby eliminating the need to seek approval for each future HAF process.

b) An example of a previously approved larger Development Project is CK Rural, EB-2018-0188 which had a threshold of 200m³/hr. An example of a smaller Development Project might be a non-LTC level project for which Enbridge Gas has yet to use the HAF.

c) Generally, larger projects will have higher thresholds and smaller projects lower thresholds however the proposed approach is intended to provide the Company sufficient latitude to set each project's threshold of eligibility low enough to capture the appropriate customers to make the project economically feasible while setting it high enough to avoid undue cross-subsidization between large volume contract customers and small volume general service customers.

d) Costs are allocated based on peak hour demands applied to customers above a threshold. Development Projects are designed to serve the aggregate of large and small volume customers over an Area of Benefit. Both customer groups should see lower costs due to synergies and economies of scale resulting from larger projects. In this way, both customer groups are benefitting from a more holistic approach to serving growth and should not be inappropriately cross subsidizing each other.

e) Enbridge Gas anticipates that residential customers would rarely be subjected to a HAF as the threshold is expected to be set higher than their peak hourly demands. For example, most residentials average 1 to 2 m3/h and the threshold of eligibility for recent HAF projects was set at 200 m3/h.

f) Yes. The costs associated with the capacity for the small volume customers will be managed and dealt with outside of the HAF process. See Exhibit I.OGVG.6 a).

g) A development project is designed to cater to the load of the forecasted customers. It is unlikely that the actual load on the facility underpinning a development project exceeds the original load forecast and thereby triggering a CIAC refund situation.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Board Staff (STAFF)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedule 1, Page 4
Exhibit C, Tab 2, Schedule 2, Page 4

Preamble:

Enbridge Gas manages separate Investment Portfolios and Rolling Project Portfolios for Union North (Rate 01 and 10) and Union South (Rate M1 and M2) rate zones. Excluding Community Expansion Projects, the Rolling Project Portfolio PI for each area must remain above 1.0 and the Net Present Value (NPV) must remain greater than $0 at all times.

Enbridge Gas's Investment Portfolio for the EGD rate zone evaluates all system expansion projects in a test year and ensures they are designed to achieve a portfolio PI of at least 1.1. All new customers attaching to new and existing mains are included in this portfolio. For its Rolling Project Portfolio, Enbridge Gas also maintains a rolling 12-month distribution expansion portfolio including the cumulative result of project-specific Discounted Cash Flow analyses. The Rolling Project Portfolio does not include customer attachments from existing mains constructed in prior years, and is maintained at a PI level greater than 1.0.

Question:

a) Are there plans to harmonize the EGD rate zone economic feasibility procedure and policy with Union rate zone distribution new business guidelines? If so when?

b) In the past year, how many projects has Enbridge Gas constructed where the PI of the project is less than 1.0, and what percentage of its Investment Portfolios and/or Rolling Project Portfolios do these projects make up?

c) Has Enbridge Gas included previous community expansion projects for which an SES has been approved in its Investment and/or Rolling Project Portfolios? Please explain why or why not.

d) Is Enbridge Gas planning to include future SES projects in its Portfolios?

e) Please provide the Net Present Value and PI of the Investment Portfolio for all rate zones.

Response:

a) In accordance with the Decision and Order in EB-2018-0305, the Company will file detailed evidence regarding its customer connection policies with its next rebasing rate application.

b) In the past year, Enbridge Gas did not construct a project where the PI was less than 1.0.

c) Yes, Enbridge Gas has included its previously approved community expansion projects in its Investment and Rolling Project Portfolios.

d) Yes.

e) Please see table below.

Rate Zone	NPV	PI
EGD	$16,733,709	1.1
Union North	$1,731,781	1.08
Union South	$7,552,494	1.16

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. B/T1/S1/p. 2

Question:

The evidence states that customers that consume more than 50,000 m3 per year will have the option of paying the SES or negotiating another method of contribution to the project. Please explain how EGI would "negotiate another method of contribution to the project". What would the other options be? Please provide a list of the options and please provide examples of how these options would work. Please provide examples of how customers would contribute to the project other than paying the TCS.

Response:

Customers that consume over 50,000 m3 per year have several options to make their contribution towards a project and ensure the PI meets the requirement for the project:

1. Make a contribution in aid of construction prior to construction.
2. Elect to pay the SES or TCS as applicable for the required term.
3. Enter into a long term agreement for up to 20 years, for gas distribution service such that the Company is guaranteed sufficient revenue to offset the contribution requirement.

All options are evaluated using the EBO.188 guidelines for feasibility economics.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. B/T1/S1/p. 3-4

Question:

Please indicate when the $.23 per cubic meter surcharge was approved by the OEB. Please explain the basis on which it was derived. Please provide the study referred to in the evidence related to small volume customers' energy costs and conversion costs? Has this study been updated? If not, why has it not been updated? Did EGI consider proposing a different surcharge? If not, why did it not do so? If so, why was a different surcharge rejected by EGI?

Response:

Please see Exhibit.I.STAFF.2 a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. B/T1/S1/pp. 3-4

Question:

Please explain the difference between a Development Project and a Small Main Extension or Customer Attachment Project. Please define “Small Main Extension” and “Customer Attachment Project”.

Response:

Please see Exhibit I.LPMA.1 for the definition of “Small Main Extension”.

Please see Exhibit I.STAFF.8 a) for additional detail on Development Project.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. B/T1/S1/p. 5

Question:

Please provide examples of the information provided to customers for Community Expansion projects related to the SES charge.

Response:

Please see Exhibit I.CPA.3 d).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. B/T1/S1/p. 7

Question:

EGI proposes that any shortfalls or excesses resulting in the first 10 years of a project during the Rate Stabilization Period would be brought forward in future rebasing proceedings for disposition. What is EGI's current thinking as to how the revenue excesses or shortfalls should be treated?

Response:

Enbridge Gas will be at risk for potential revenue sufficiency or deficiency during the 10-year RSP and will not seek recovery for any overages or shortfalls related to the RSP. Following the end of the RSP, Enbridge Gas will seek to include the actual capital costs in rate base and include actual customer attachments and volume forecast inclusive of SES revenue in the revenue forecast to determine the revenue sufficiency or deficiency for Community Expansion projects at the next rebasing following the RSP.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. B/T1/S1/ 6

Question:

Please explain, in detail, how EGI develops estimated capital costs and forecasts of customer attachments for its Community Expansion Projects.

Response:

Customer attachment forecasts are based on market surveys, the study of available demographic and household data, site visits and interviews with larger potential gas consumers, as well as past experience with similar projects. This forecast information is used to inform the design of the facilities required to provide service to the community to be served. Capital costs for system expansion projects are estimated based on the design of the piping requirements (pipe length, pipe size, pressure requirements and pipe material) and construction conditions (extent of difficult terrain; rock etc., in addition to other factors such as the number of district stations, road and river crossings, environmental protection / remediation requirements etc.).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. B/T1/S1/pp. 6-7

Question:

Has EGI ever undertaken any analyses to assess the potential ranges of shortfalls or revenue excesses that could occur during a 10-Year Rate Stabilization Period? If so, please provide those analyses.

Response

The concept and the regulatory framework involving a 10-Year Rate Stabilization Period (RSP) is relatively new and was introduced in the Board's Generic Proceeding on Community Expansion, EB-2016-0004. Enbridge Gas's SES projects, which are subject to an RSP, are either in the process of being built or came into service recently. Enbridge Gas therefore does not have enough historical data to determine potential ranges of revenue shortfalls or excesses for these projects.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. B/T1/S1

Question:

Please provide a list of all potential projects that EGI has identified that would be subject to the SES, TCS and HAF. Please provide the expected in-service date for each of those projects.

Response:

Please see Exhibit.I.PP.1 a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. B/T1/S1/p. 12

Question:

With respect to the TCS the evidence states that the 20-year maximum may not make all projects economically viable, in which case EGI expects that a CIAC will be required in addition to the TCS. Please set out the methodology that EG would use to determine a customer's CIAC. Please provide an example.

Response:

For each TCS project Enbridge Gas will calculate the Project PI using the methodology set-up in EBO 188. The determination of the Project PI will include the net present value of the project's forecast revenues inclusive of forecast TCS revenue. If the resulting Project PI is less than 1.0 Enbridge Gas will calculate the CIAC value required to bring the Project PI to 1.0.

Please see below for a hypothetical example on the methodology for determining CIAC assuming 10 residential customers and the capital investment of attaching the customers.

Forecast customers (all residential)	10	NPV - without CIAC	NPV - with CIAC	Remarks
Capital Investment	A	($157,906)	($157,906)	upfront capital cost
Revenue:				
Distribution Revenue		$73,786	$73,786	NPV of 40 years revenue
TCS Revenue		68,879	68,879	NPV of 20 years TCS
Total Revenue	B	142,665	142,665	
Expenses:				
O&M Expense		(12,299)	(12,299)	NPV of ongoing O&M for 40 years
Municipal Tax		(11,392)	(11,392)	NPV of ongoing municipal tax for 40 years
Income Tax		(7,038)	(15,408)	NPV of income tax for 40 years
Total Expenses	C	(30,729)	(39,099)	
Revenue less expenses	D = B + C	$111,936	$103,566	
CIAC	E	$0	$54,340	
Net Present Value (NPV)	A + D + E	($45,970)	($0)	
Profitabilit Index - PI		0.71	1.00	

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. B/T1/S1

Question:

Please describe the reporting to the OEB that EGI will undertake with respect to the projects that EGI will undertake that would be subject to these new charges.

Response:

At the end of the Rate Stabilization Period (RSP), EGI undertakes to report on the most recently ended fiscal year for which actual information is available on a project specific basis:

- Budgeted and actual capital costs, both at a gross level, and net of any CIAC, as of a project's in-service date;
- Cumulative forecasted customer and actual customer attachments for the duration of a project's 10-year customer addition forecast period; and
- Project's PI updated to reflect the project's actual capital cost and revenues over its RSP.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. C/T2/S1/p. 2

Question:

Please indicate when the rate of $32 per metre was approved by the OEB for a service length beyond 20 metres. Please explain how the $32 was derived.

Response:

The rate of $32 per metre was included in Rider G of the Enbridge Gas Distribution Rate Handbook in 2004. This was approved by the Board in the EB-2003-0288 QRAM proceeding and has not been changed or updated since. A cost study was conducted to establish this rate at that time.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, page 4 of 16

Question:

At Exhibit B, Tab 1, Schedule 1, page 4, EGI states that "The proposed rate of $0.23 per cubic metre is appropriate for small volume customers as it was derived from a study that reviewed small volume customers' energy costs and conversion costs. Larger volume customers typically have different costs and potential savings such that $0.23 per cubic metre would make conversion uneconomic."

a) Please provide the referenced study demonstrating the proposed rate of $0.23 is appropriate.

b) Were any studies or other reports generated with respect to larger volume customers? If so, please provide them.

Response:

a) Please see Exhibit.I.STAFF.2 a).

b) No

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, page 14 of 16

Question:

At Exhibit B, Tab 1, Schedule 1, page 14, EGI states: "Enbridge Gas is proposing that the threshold of eligibility be scaled with the size of the Development Project. For larger projects, Enbridge Gas would propose that the HAF apply only to large volume customers. For smaller projects, all customers, large and small, would be included. In the four previously approved LTC projects, the "floor" of HAF applicability was set at 200 cubic metre per hour."

a) What is the boundary for "larger projects" as opposed to "smaller projects"?

b) Why was 200 cubic metres per hour chosen as the HAF floor?

c) What is the principled reason EGI is proposing that only large volume customers would be charged the HAF for larger projects, instead of all customers in proportion? When answering, please discuss why this is the case when large projects were "primarily" but not entirely targeted at large volume customers.

Response:

a) Based on the evidence reference, Enbridge Gas assumes that "boundary" is referring to the threshold of eligibility. Please see Exhibit.I.EPCOR.4 a) and d) i).

b) In the previously approved CK Rural Project EB-2018-0188, the 200 m^3/hour was selected as the threshold as it is the approximate size that was large enough for the customer to qualify for a contract rate in the Union South rate zone (350,000 m^3/year under rate M4). See EB-2018-0188, Application and evidence, Updated: 2019-03-14, Page 17, It is also 100 to 200 times larger than the average residential customer's peak hour needs and the goal was to set it high enough to exclude small

volume customers, but low enough to capture the large volume and likely contract rate class customers.

c) The HAF process is primarily required to address situations where it is difficult to economically connect multiple larger volume customers. By aggregating demands from multiple customers over a forecast period, larger projects, with inherent economies of scale, can facilitate economic growth. Smaller volume customers are generally easier to forecast and anticipate and would already be included in Enbridge Gas' existing facilities planning process.

When using the HAF process, the designs for the Development Project contemplate growth for all customer types. The share of the capacity and costs associated with the large volume customers (those at or over the threshold of eligibility) are used to derive the HAF. The share of capacity and costs associated with the smaller volume customers (those under the threshold of eligibility) will be treated as a generalized reinforcement. In this way all customer types are served, projects are sized to accommodate all anticipated growth, economies of scale are realized and all customers bear an appropriate share of the costs.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, page 15 of 16

Question:

At Exhibit B, Tab 1, Schedule 1, page 15, EGI stated: “Enbridge Gas is proposing that the threshold of applicability be set by Enbridge Gas on a case by case basis.”

a) How does EGI’s proposed case-by-case threshold analysis for the HAF interact with EGI’s request that the Board approve the HAF in advance?

   For instance, at Exhibit B, Tab 1, Schedule 1, page 2, EGI states that EGI would be able to use the HAF without obtaining Board approval.

   Is the net result of these requests that EGI will be able to apply a previously unidentified threshold of applicability without additional Board approval? Please explain fully.

Response:

a) Enbridge Gas is proposing in this proceeding that the approach to using the HAF be approved on a generic basis. Part of this proposal is that Enbridge Gas will have the discretion to set the threshold of applicability for any future project, on a case by case basis.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedule 1, page 3 of 11

Question:

At Exhibit C, Tab 2, Schedule 1, page 3, EGI stated: “Where the use of a proposed facility is dominated by a single large volume customer, it is considered a dedicated facility for CIAC purposes.”

a) Is “dominated” a defined term? If so, how much use of a facility is required in order for it to be a dedicated facility for CIAC purposes?

Response:

A customer who utilizes more than 75% of the capacity created by a proposed new facility is deemed to be a dominant customer and the facility is considered to be a dedicated facility for CIAC purposes.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, page 5 of 16

Question:

At Exhibit B, Tab 1, Schedule 1, page 5, EGI stated: "In this application, Enbridge Gas is proposing to adopt the SES on the same basis as it has for previously approved projects in the Union rate zones (e.g.,EB-2015-0179). As such, the Company is not proposing to periodically update the project's PI for the duration of the SES term."

b) Please provide a simple example of an SES showing the different impacts of updating the project PI and not updating the project PI during the SES term.

Response:

Please see Exhibit I.STAFF.1 e) and f).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Propane Association (CPA)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1, Page 2 of 4, para. 3(i) and (ii)
Exhibit B, Tab 1, Schedule 1, plus Appendix, Page 4 of 16, para. 7
Exhibit B, Tab 1, Schedule 1, plus Appendix, Page 11 of 16, para. 30
Exhibit C, Tab 2, Schedule 1, Page 2 of 11, para. 8

Union Gas Limited Application in EB-2015-0179, Exhibit A, Tab 1, Page 19 of 46, lines 5-11.

CPA Interrogatories, Exhibit A, Enbridge Presentation, Fenelon Falls/Cameron/Cambray/Community Expansion Project Update dated June 21, 2019

CPA Interrogatories, Exhibit B, Photograph of Enbridge Fenelon Falls Marketing Materials posted in Facebook Group “New Natural Gas Customers in Kawartha Lakes” by Shane Beers on February 19, 2019

Preamble:

Enbridge seeks an order setting the SES and TCS at the rate of $0.23/m3 based on an economic study originally filed in EB-2015-1079. The study estimated the average savings (net of their costs) that customers would achieve by moving to natural gas. It then calculated the amount of SES and TCS that Enbridge would need to charge based on average volumes to get a payment equal to net average savings. The result was $0.23/m3.

One of the costs involved in moving to natural gas is the amount Enbridge charges new customers to connect their meter to the main (“**Customer Connection Costs**”). It does not appear that the study Enbridge relies on in this application assumed that Enbridge would pay for or in any way subsidize Customer Connection Costs.

Since the OEB previously approved the rate of $0.23/m3, it has become clear that Enbridge has in fact been offering at least three different subsidy levels for Customer Connection Costs in Ontario:

- **50 Meter Subsidy:** Enbridge's marketing materials for its Fenelon Falls, Ontario
  expansion project state that Enbridge will pay all of the Customer Connection Costs for the first 50 meters from the main, for those who committed to attach by October 31, 2019;

- **20 Meter Subsidy:** In this application, Enbridge says it will pay all of the Customer
  Connection Costs for the first 20 meters from the main;

- **No Subsidy and Individual PI:** In EB-2018-0305, the OEB concluded that Enbridge had breached its policies by calculating Customer Connection Costs for residential in-fill customers using the Profitability Index ("**PI**") for each in-fill customer.

Question:

a) Please confirm whether the study Enbridge relies on in this application reflects no subsidy, a 20 Meter Subsidy, or the 50 Meter Subsidy.

b) If Enbridge used the costs for Customers receiving a 50 Meter Subsidy, please recalculate
   the appropriate rate for the SES and TCS by using the 20 Meter Subsidy proposed in this application. Please provide detailed background, in the form of a spreadsheet, for the original calculations and the revised calculations.

c) Does Enbridge agree that the OEB should revisit the appropriate rates for the SES and TCS for new projects if Enbridge changes the Customer Connection Costs it charges or changes the amount of subsidy it offers? If not, please explain why.

Response:

a) The term "subsidy" used in this question is incorrect. Enbridge Gas does not offer subsidies in connecting new customers. Enbridge Gas follows EBO 188 Guidelines and OEB approved feasibility procedure and policies in connecting new customers. 20 metres is the "standard" length of a residential infill service in EGD rate zone and is used for project cost estimation. The cost of a standard service (i.e. 20 metres) is sufficiently supported by the revenue of new residential infill customers over a projected time horizon to make the connection feasible. Therefore, residential services up to 20 metres are provided at no additional cost (to the gas rate that the

customer pays) to the residential infill customers as stated in EGD rate zone policies. Similarly, the 50 metre service length threshold was an average established for the specific Fenelon Falls project area and should not be categorized as a subsidy.

b) See response to part a) above.

c) See response to part a) above.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Propane Association (CPA)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedule 1, Page 2 of 11, para. 8

Preamble:

Under Enbridge's 20 Meter Subsidy, Enbridge will pay all of the Customer Connection Costs for the first 20 meters from the main. Any service length beyond 20 meters is charged to the customer at a rate $32 per meter. If installing the first 20 meters also costs $32 per meter, Enbridge's 20 Meter Subsidy costs up to $640 per customer.

Question:

a) How does Enbridge plan to fund or recoup its costs of the 20 Meter Subsidy?

b) If Enbridge plans to include the 20 Meter Subsidy or any other subsidy as system capital costs and recover them at some point through general system-wide rates, please explain how this is not the type of system-wide cross-subsidy that was prohibited by the OEB in EB-2016-0004?

c) If Enbridge plans to include the 20 Meter Subsidy or any other subsidy as community expansion system capital costs and recover its cost over time through the SES and TCS, please explain whether this is the same approach that was taken with the 50 Meter Subsidy in the Fenelon Falls project.

    i) If this was the same approach as Enbridge used in the Fenelon Falls, please provide the specific reference to where Enbridge describes the recovery mechanism in (i) this application; and (ii) its Fenelon Falls application.
    ii) If this was not the same approach as Enbridge used in the Fenelon Falls application, why is it appropriate to recover the 20 Meter Subsidy through the SES and TCS in projects governed by this application but not in other projects, such as Fenelon Falls?

d) If Enbridge does not plan to recover the 20 Meter Subsidy or any other subsidy from customers such that those costs will instead be borne by shareholders through reduced returns, please confirm that those cost amounts will not be treated as capital costs in any future rate rebasing.

Response:

a) to d) Enbridge Gas disagrees with the CPA's miscategorization of the standard service length as defined in the OEB approved feasibility policy and Rate Handbook for the EGD rate zone. Please see Exhibit.I.CPA.1 a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Propane Association (CPA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, plus Appendix, Page 5 of 16, para. 10
Exhibit B, Tab 1, Schedule 1, plus Appendix, Page 10 of 16, para. 28

CPA Interrogatories, Exhibit C, Letter from Carolyn Parker to the OEB dated March 26, 2019

CPA Interrogatories, Exhibit D, "New natural-gas customers in Kawartha Lakes upset with Enbridge monthly expansion-surcharge fee" by Mark Guinta, Global News, February 8, 2019,

CPA Interrogatories, Exhibit E, "Cameron Area Residents Accuse Enbridge Gas of Hiding System Expansion Surcharge" by Mary Riley, My Kawartha, February 18, 2019,

Preamble:

Enbridge says that it will inform potential customers of the details of the SES and TCS charges as each project is developed, as well as at the time that customers apply to Enbridge for service.

However, there have already been customer complaints about Enbridge's failure to inform potential customers about the SES:

- **Fenelon Falls:** Enbridge customer Carolyn Parker submitted a complaint letter dated March 26, 2019 (filed with the Board on April 5, 2019 in EB-2017-0147) stating that she was not advised about the SES by Enbridge's representatives or in the Enbridge literature she received about converting to natural gas. It was not until after she had converted to natural gas and connected to the Enbridge system that she learned of the SES rates.

- **Kawartha Lakes:** Kawartha Lakes residents have also complained that Enbridge failed to disclose the SES until after they connected to the Enbridge system. A Global News article on the complaints reported that Enbridge "confirmed the

initial letter sent out by the company's president to potential customers did not disclose the [SES] fee." In another article on the issue, the Enbridge spokesperson admits that they "should have done a better job" and that they used an all-in cost instead of disclosing the SES.

Question:

a) Please provide any other complaint letters and documents relating to complaints from customers who claim that Enbridge did not adequately inform them about the SES or TCS before they made the decision to convert to natural gas. Customer names and other identifiers may be redacted to protect the customer's privacy, if necessary.

b) What steps, if any, has Enbridge taken to address those complaints?

c) What steps, if any, has Enbridge taken to ensure that any failure to inform potential customers about the SES and TCS will not occur again?

d) Please provide copies of the marketing materials that Enbridge and its partners uses to inform potential customers of the details of the SES and TCS charges.

Response:

a) and b) Please see Attachment 1 for the customer complaints regarding the SES and the steps to address these complaints. Please note that the TCS is currently awaiting board approval and has not yet been implemented.

c) Enbridge Gas has taken steps that all customers must acknowledge SES before a gas service will be installed by implementing an online platform or a paper contract for acknowledging the SES. Please see Attachment 2.

d) Please see Attachment 3 for the marketing materials that Enbridge Gas uses to inform potential customers of the details of the SES.

Fenlon Falls and Kawartha Lakes Customer Complaint's - SES:

1. In the fall / winter season in 2018 Enbridge started to install service lines for the customers where the mainline had been installed, mainly in Cameron and Cambray. In these instances the time lag between the customer requesting gas service and the gas line being installed was often six or more months, which may have contributed to the lack of recall of the system expansion surcharge.
2. Approximately February 2019 there was a social media campaign initiated by a handful of neighbours in Cambray that indicated that they were not aware of the system expansion surcharge and that if enough people complained that Enbridge would need to remove the charge. This led to numerous complaints.
3. In response, Enbridge extended its storefront hours for customers to allow customer to come in and answer questions. EGI implemented a Terms and Conditions form. Customers submitting a new application were required to sign the agreement before the service would be installed. Enbridge updated marketing materials and led/attended events to meet with the local contractors to explain the purpose of the SES and to review the information which was being circulated within the community.
4. Enbridge sponsored and attended the local Country Living Home Show in Fenelon Falls community centre on April 26, 27 & 28, 2019. Enbridge set up a booth to answer questions, explain the SES and hand out literature with further details of the requirement of an SES.
5. In Fall of 2019, EGI ran a telephone blitz to ensure all customers acknowledged the SES requirement had a signed Term and Conditions agreement. Our attachment team reached out to all customers who had applied for a gas service very early in the process, the service was not yet installed and the customer had not signed a Terms and Conditions agreement.
6. In January/February of 2020, the EGI team ran a door to door campaign with the sole purpose of engaging customers at their home to review surcharge and encourage them to ask questions about their gas bill. For customer that were not home, EGI left a letter behind that discussed the surcharge and left contact information. The Enbridge team visited close to 570 customers homes.

CONCERN	ACTION BY EGI	CITY
Enbridge customer Carolyn Parker submitted a complaint letter dated March 26, 2019 (filed with the Board on April 5, 2019 in EB-2017-0147) stating that she was not advised about the SES by Enbridge's representatives or in the Enbridge literature she received about converting to natural gas. It was not until after she had converted to natural gas and connected to the Enbridge system that she learned of the SES rates.	EGI representatives met with customers at their home to complete cost comparison. Customer appeared good with their decision to switch and have since learned, they are now good with the natural gas and are planning to stay on natural gas.	Fenelon Falls
A call received from a customer with a complaint regarding System Expansion Program and being charged. The customer said they were not notified and brought to their attention, it feels like it was very underhandling	The project team reached out via email to explain the SES charge. There was no further follow up required	Fenelon Falls
Kawartha Lakes residents have also complained that Enbridge failed to disclose the SES until after they connected to the Enbridge system. A Global News article on the complaints reported that Enbridge "confirmed the initial letter sent out by the company's president to potential customers did not disclose the [SES] fee." In another article on the issue, the Enbridge spokesperson admits that they "should have done a better job" and that they used an all-in cost instead of disclosing the SES. The customer doesn't want to use gas here because she wasn't aware of the surcharge. There is This application was filled out via door to door canvassing. She was told that she signed a contract and now she wants to see a copy of this? Can you please call her at 705 308-4117 to discuss?	Senior Analyst New Construction met with the customers at their home and completed a cost comparison. The customer appeared, surprised and little impressed, but still disappointed that they were not aware of the SES A second Follow up via email that explained surcharge, referenced marketing material and recommended further support as needed	Cambray

We are residents of Fenelon Falls, Ontario and have recently converted our home heating/energy system to natural gas. This endeavor began in 2018 when it was announced that Natural Gas service by Enbridge was coming to our area. As a result in May of 2018 we confirmed our application (#84651) and were advised that sometime later that year the gas line to our house and a meter would be installed. We based our decision on the promotional material (letters and handbills) distributed to us at the time (attached). Our home heating costs were $4,000 (oil heat, propane water heater and propane range stove). Due to this high cost we had been supplementing with wood to reduce our costs and were spending approximately $2500. Estimates given to us by our heating contractor suggested that we could heat with natural gas for less than this and avoid the work of handling wood. In October 2018 I underwent heart surgery and considering all things we felt it was beneficial to convert to natural gas. In November and December 2018 the gas line was installed and the meter connected. Our heating contractor installed a new hot water tank, furnace and gas range. While this work was being performed a news article in local media emerged in which a neighboring resident had received their first gas bill and was shocked to find out that an additional .23 cents per cubic meter used was charged to her account. It was explained that this was a community expansion surcharge which had not been disclosed in the original promotional material. We immediately called Enbridge and front line staff indicated that they did not know of any surcharge nor were they familiar with the story being portrayed in the public media. I indicated that it appeared to be true as the residents bill had been displayed		

in the press and how could the Enbridge Employee not know of this extra charge which we suspected would apply to our future account as well. Further discussion with Enbridge staff reported that all charges would have been explained in our sales agreement or if not in a sales agreement in our contract. We did not have a sales agreement or contract with Enbridge. I asked for a Supervisor to contact me. Several days later a Supervisor called and I explained our situation. She apologized and admitted that the promotional material we had received did not disclose the community expansion surcharge. She indicated that subsequent material had referenced the surcharge in fine print and directed residents to the website and Enbridge Office in Fenelon Falls. She also indicated that there are no contracts with Enbridge Gas. I advised her that we had made the decision to convert to natural gas based on the current gas rate at the time, the suggested savings and convenience of natural gas. The Enbridge Office in Fenelon Falls had not even been opened yet when we received the first information and made our application to install the line and meter. She agreed it was unfortunate that the surcharge had not been disclosed earlier. She pointed out that she could calculate our future savings and would re-contact me with that information. 2 weeks have went by since and I have received no additional contact from Enbridge. Based on the information above we are seeking relief from the community expansion surcharge. Admittedly it was not disclosed at the time and created an overly optimistic disposition for residents of potential savings to convert to natural gas. As a resident of the community and new customer		

of Enbridge Gas we should be treated fairly, with the utmost consideration for the ability to make a fully informed decision with the appropriate disclosure of fees and services. The fee which currently raises the rate of .13 cents per cubic meter to a total of .36 cents per cubic meter used negates any savings which were anticipated. Our costs for conversion (furnace, water heater and stove) was approx. $9,000 and I am advised that the surcharge will be in place for 40 years. Not only does this negate any savings but seriously impacts our home/property value for resale that this will be an ongoing detractor related to our home energy system. If this information had been fairly disclosed rather than intentionally withheld we would not have considered converting to natural gas or made application to have the gas line and meter installed! Again I would ask you to review our circumstance with a view to grandfathering those residents who did not receive any information on the surcharge from the application of the community expansion surcharge. Follow up/response from Customer: Thank you for your reply. I disagree that information regarding the fee was included on the promotional material provided to us. Enbridge representatives have admitted that in earlier material the fee was not disclosed until later in the sales campaign and only then in fine print which even later customers did not notice. Our issue was that if it had been originally disclosed our decision would have been well informed about the potential costs and detractors to future re-sale.	No further action	

Your advice regarding usage/consumption and the applicable higher cost over the colder months only serves to reinforce that with increased use comes a higher impact of the SES demonstrating that if you choose to use natural gas in our community you had better be prepared to pay a substantial premium! I suggest that now informed of the SES most potential new customers will opt not to convert to natural gas just as we would have done had we been informed. This is a shameful way to encourage new business …. rather than recognizing the error/omission and doing the right thing and waiving the fee for those who you did not notify of the extra cost. The customer, has taken this to the media and has a Facebook page about the system expansion charge. She advised the Ombudsman is aware of the dispute they have about the charge. She advised she did receive a call from customer connections, and they could not provide the answers she wanted in regards to contracts for the community. I advised I would end it through again to see if the charge is valid and if deemed valid the charges will go back into collection January 20th. She advised they switched back to propane as a result of the dispute.		
A call received from a customer commenting on the System expansion fee. The hidden SES expansion fees for Cambray/Fenelon Falls should be removed and Enbridge should be transparent in their dealings with the customer	EGI representatives followed up with the customer and explained the charges - customer was not satisfied EGI representative asked the customer to contact the Fenelon Falls sales office for comparisons. Explained all info has been updated with the fees.	Fenelon Falls

A customer followed up regarding the extra gas charge and SES charges	Enbridge representative spoke with customer regarding SES. Customer will be watching to see what cost him less each month.	Fenelon Falls
A customer called regarding the SES charges	Enbridge representative spoke with customer regarding SES. Customer will be watching to see what cost him less each month.	Fenelon Falls
A customer called regarding the SES charges	Enbridge representative spoke with customer discussed the SES surcharge. No further issues	Fenelon Falls
A customer called regarding the SES charges	Enbridge representative spoke with customer explained the SES charge.	Fenelon Falls
Email received from a customer: This charge is beyond belief, all your employees were all class acts and couldn't be of more help. we cannot afford this charge and was not informed of it, what is going on? Please help if you can. Thanks.....	Enbridge responded to customer via email and offered that Enbridge Attachment Lead could be reached by direct phone number or email to discuss further. No further response from the customer	Fenelon Falls
A customer called Enbridge regarding the OEB Issue of signing up with Enbridge Gas. It was in the local newspaper that a is charging you? Is there a billing error? The rate we are being charged over the actual usage of gas. .23 expansion surcharge per cubic metre that is being charged. This wasn't advertised in the early stages of signing up with Enbridge Gas. It was in the local newspaper that a couple received their initial billing with the extra charge on it. This charge was not printed on the material they sent out which Enbridge admitted to. We had already had the meter brought up to the house and a new furnace/water heater installed. We found out about the extra charge by the local media the same week of installation. If we had of known about the extra charge of .23 we wouldn't have installed the meter at the house and kept our old furnace and water heater. This is	EGI representative followed up with the customer and discussed SES with customer. No further action taken	Fenelon Falls

misrepresentation of cost of the services offered. They did not disclose this charge at the very beginning therefore consumers made a poor decision of converting to gas. This charge is ongoing for 40 years. Question: Have you been receiving regular bills ? Yes Additional Info: When did you receive the last bill? Are these bills based on actual readings or are they estimated bills? Please provide details. April billing was the last bill. I believe it is on actual usage. Question: Are you currently on an equal billing plan? No Additional Info: You were not offered Equal/Budget billing. The utility is refusing you Equal/Budget billing? no Question: Is there anything else you want us to know? Yes Additional Info: Please tell us we initially made the complaint to Consumer Protection and they referred us to you. I feel that this was false advertising and misleading to get the public to sign up before finding out about the surcharge which came out later. We found out in February 2019. This project started around the fall of 2018		
A customer called and concerned with the cost of the installation of the service and rates being billed, she can be reached at 705-xxx-xxxx	EGI representative attempted twice to reach customer. Unable to connect with customer. Closing case.	Fenelon Falls

A customer called to discuss the system expansion charge and how expensive it is compared to propane. OEB issue 1. He signed up with Enbridge Gas for installing natural gas. 2. Upon receiving his first bill he was shocked to see that he had been charged a system expansion surcharge. 3. If he had known about the surcharge he would have waited longer to change from propane to natural gas. 4. He would like to know why Enbridge did not advise him of the surcharge prior to signing up. Enbridge call agent explained the complaint process and provided him with his reference number.	Enbridge representative followed up with customer. Explained estimated bill. Provided corrected amount after reading. Suggested that he go to the office in Fenelon Falls and that they will be able to do a comparison of what his costs could be.	Cambray
A customer called in refusing to pay for the system expansion surcharge on the gas bill, customer feels even though it was advised they were never told that it would cost this much , customer wants the meter removed immediately as he will be going back to propane , the EGI agent advised that will send the customer through the meter removal per request , Customer also wanted a copy of the contract. The EGI agent advised will investigate it and see if can get him a copy The EGI agent booked meter lock and removal per customer request	This order was cancelled at the customer's request/ They called to have the gas shut off, this was completed at their request. Gas was shut off / no payments made for the SES charge/ balance remains on the account.	Cambray
Customer called regarding the SES EGI explained the SES and she understood the charge. She did not recall a contract, sent WMC emailer / she also wanted to clarify the amount of the government grant as she thought 23 cents a m3 for 40 years	Enbridge agent contacted customer and explained SES. Recommend budget billing	Cambray

was excessive given all the money that EG received to complete The EGI agent suggested BBP may help manage once she has consumption history	Enbridge representative spoke with customer – still upset with SES – customer is considering converting back to propane. She will wait and monitor and decide. No further contact	
customer claims they should not be paying SES charge. Please confirm customer states he was not made aware of this charge and signed no contract, if he was aware of the cost he would never have agreed	Details were forwarded to the local support team for follow up. We did not track responses. Customers received replies via phone calls or emails.	Fenelon Falls
Customer says they did not sign a contract and is very upset with the surcharge and are considering not switching to gas and want to speak with someone asap before having the furnace installed – please contact today if you can	Details were forwarded to the local support team for follow up. We did not track responses. Customers received replies via phone calls or emails.	Fenelon Falls
should not be paying SES charge. She does not recall any contract and thought that the government grants would be paying. Please confirm that she signed a contract.	Enbridge spoke with the customer and had a cost comparison completed. Customer saw savings but stated not enough to justify the expense of converting.	Fenelon Falls
Customer would like to know all charges and to not have it installed at his property.	Details were forwarded to the local support team for follow up. We did not track responses. Customers received replies via phone calls or emails.	Fenelon Falls
A customer notified Enbridge representative that the customer just returned from his MPP's office and would like to discuss the additional surcharge. He would like to place this on hold until further notice.	Details were forwarded to the local support team for follow up. We did not track responses. Customers received replies via phone calls or emails.	Fenelon Falls
Mary from 435 Cambray Rd has called in this morning she says she has read the local news article regarding the surcharge that she was not advised about and would like to speak to you regarding this issue. She also advises that there	Details were forwarded to the local support team for follow up. We did not track responses. Customers received replies via phone calls or emails.	Fenelon Falls

are multiple other residents that will be calling in as well regarding the surcharge.		
A customer called and she has read the local news article regarding the surcharge that she was not advised about and would like to speak to you regarding this issue. She also advises that there are multiple other residents that will be calling in as well regarding the surcharge.	Details were forwarded to the local support team for follow up. We did not track responses. Customers received replies via phone calls or emails.	Fenelon Falls
A customer called indicating further to previous communications regarding gas hook-up at his two properties, with a question regarding additional fees that he heard are going to be added to the bills of the homeowners along the new route into Fenelon Falls. The customer asked; Is it correct that Enbridge will be charging these customers a New Infrastructure surcharge on top of his usage fees? Please confirm. The customer indicated that he did see someone's bill that included an additional $100 (+/-). If this is the case, he noted that he will have no need to switch over to natural gas, as he will not be saving any money.	Details were forwarded to the local support team for follow up. We did not track responses. Customers received replies via phone calls or emails.	Cambray
A customer in November 25th, 2019 called O.E.B. to advise they were never aware of the S.E.S. after receiving the first bill. Complaint received by ombudsman office.	Customer signed up in the Fenelon falls store. Spoke with personnel and SES was discussed verbally	Fenlon Falls
Customer complained during door to door visit that they were unaware of the SES premium until receiving their first bill.	Enbridge employee discussed the SES at length as to why the SES exists. Customer was offered a cost comparison to help identify savings. Enbridge employee placed a call as a follow up discussion 1 week after visit with no reply or contact since.	Fenelon Falls

Milverton and Prince Township Customer Complaint's - SES:

The following table lists the complaints received from customers regarding the SES and the steps Enbridge taken to address the customer complaint

CONCERN	ACTION BY EGI	CITY
A request was received to contact a customer regarding his concerns with his expansion rate surcharge. He believes he is being charged 72 cents and thought he was supposed to pay a flat rate of 23 cents. EGI agent noted to try and get further info from the customer on how he had this impression on the 23 cents…who? where?, when? ETC and pass along.	Details were forwarded to the local support team for follow up. We did not track responses. Customers received replies via phone calls or emails.	Milverton
A customer not pleased with Community Expansion Surcharge	EGI representative followed up and explained the purpose of the SES to close the economical gap. No further action required.	Prince Township
A customer raised a concern about System Expansion Surcharge	EGI representative followed up and explained the purpose of the SES to close the economical gap. No further action required	Milverton
A customer service issue from OEB	EGI representative followed up and explained the purpose of the SES to close the economical gap. No further action required	Milverton
A called received from a customer regarding her high bill. She's very upset about the system expansion charge and said that she did not approve this call and wants it removed immediately	EGI representative called the customer to explain the SES. The customer requested further information from billing. The billing department called to explain line item on the bill	Milverton

Enbridge Gas – Steps to acknowledge terms and conditions for system expansion surcharge

- All customers must acknowledge SES before a gas service will be installed.
- Legacy Union: Effective 2017 – all customer must create an account (savewithgas.com or by calling the call center) where they will be advised of the SES rate for their community expansion town.
- Legacy EGD: Effective 2019 – all customers must acknowledge SES through savewithgas.com. ***OR*** sign a terms and conditions paper contract

Legacy Union Example: Customer inquiry I.E. call, email, inquiry through savewithgas.com

1. Customer signs up by creating an account through savewithgas.com (see steps below).

    - SES note has been in step 5 of account creation since commencement of community expansion in 2017.

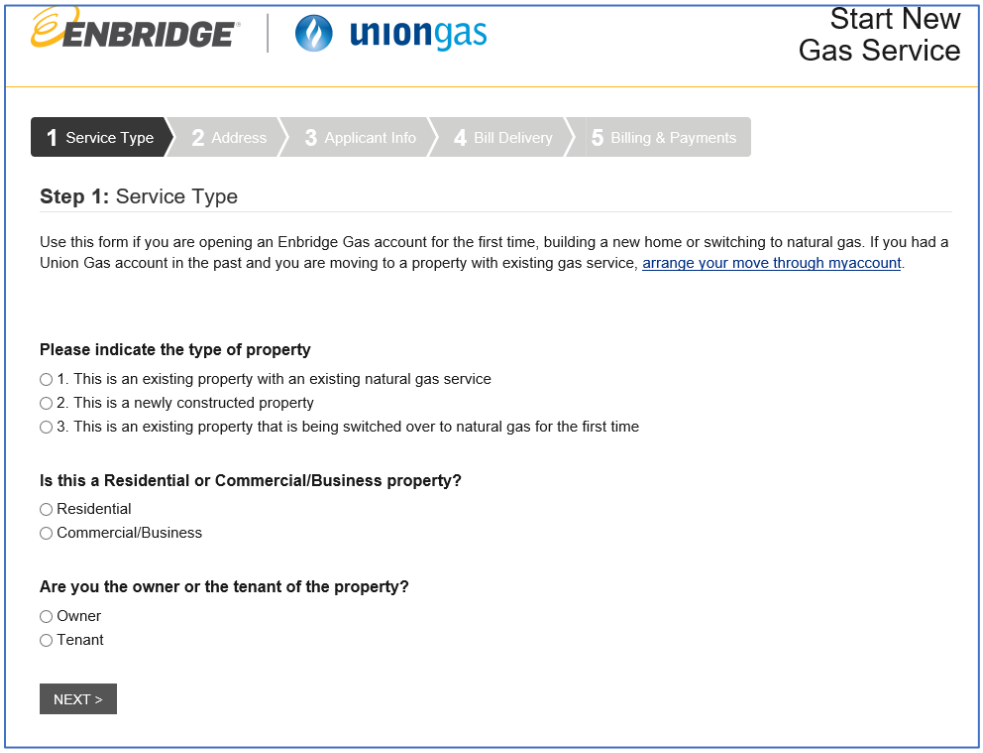
2. Attachment team reaches out to customer if possible, by phone as the first step to discuss process, SES and answer questions. Applicable notes are entered into excel spreadsheet.

3. Email is sent as follow up to the phone conversation (see attached example template) outlining the necessary steps to attach to natural gas.

4. Email attachment includes the 5 steps attachment brochure as reference material along with savings information brochures (see attached).

Legacy Union

Savewithgas.com Page 1:



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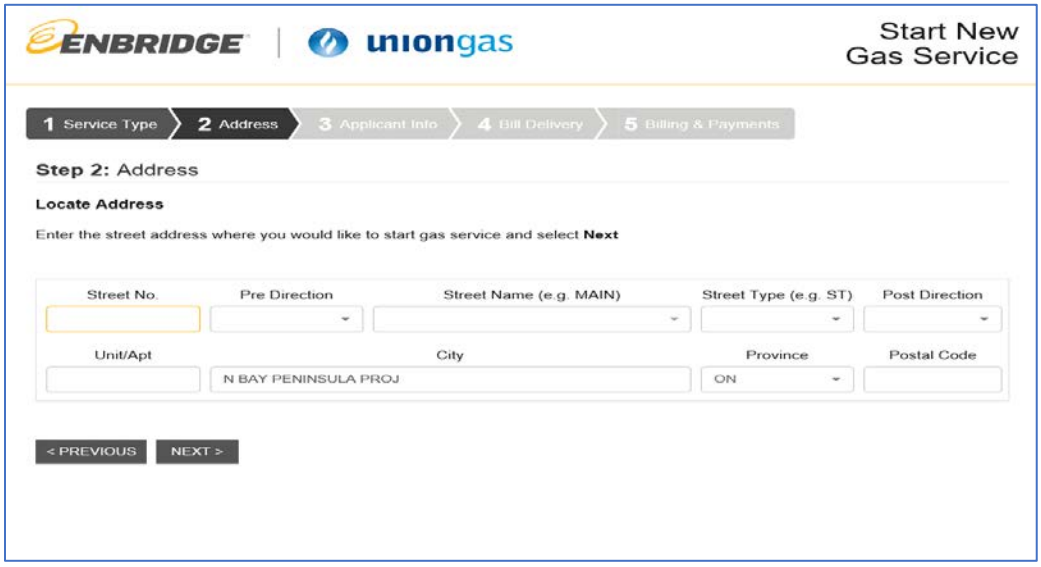
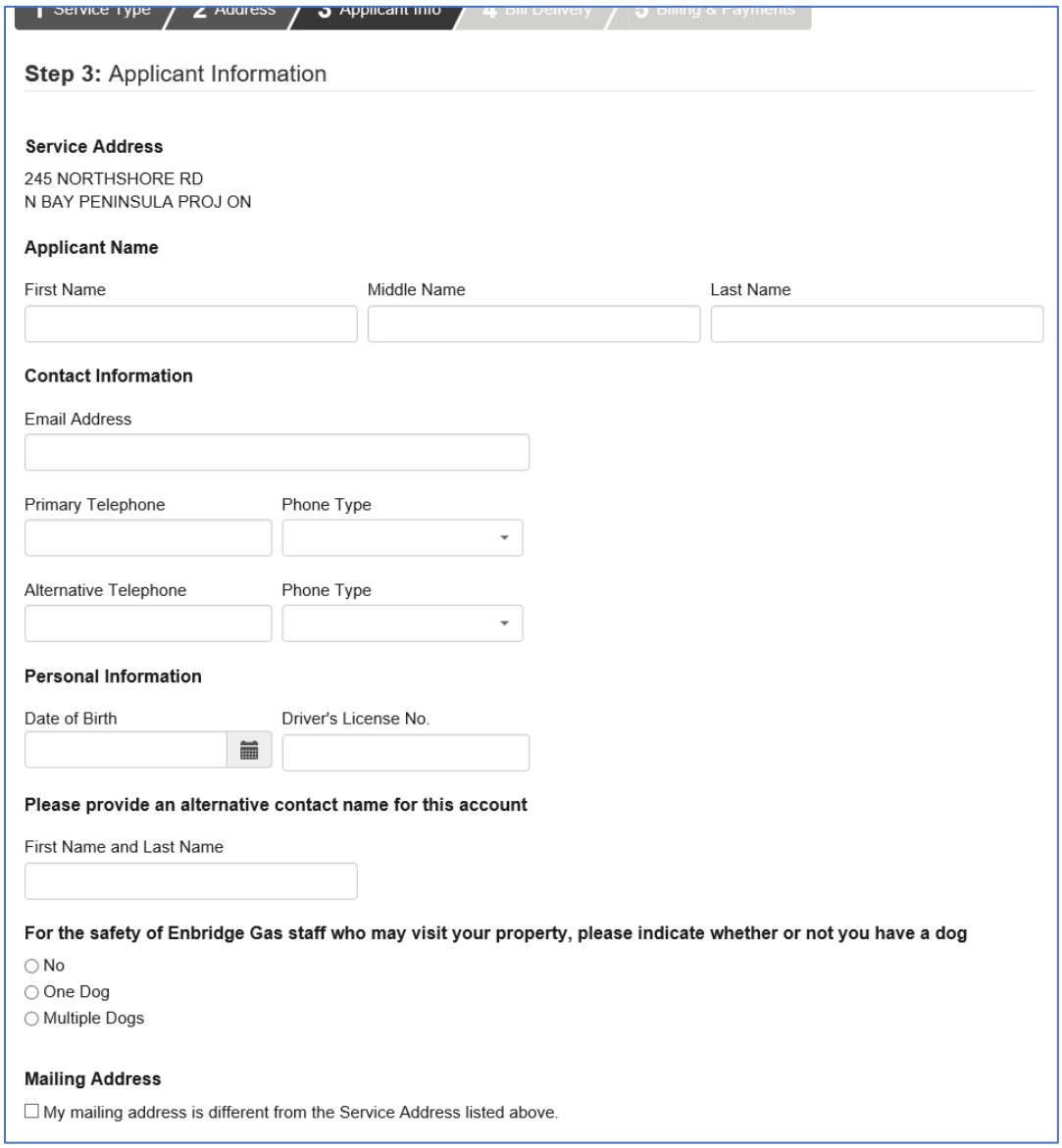
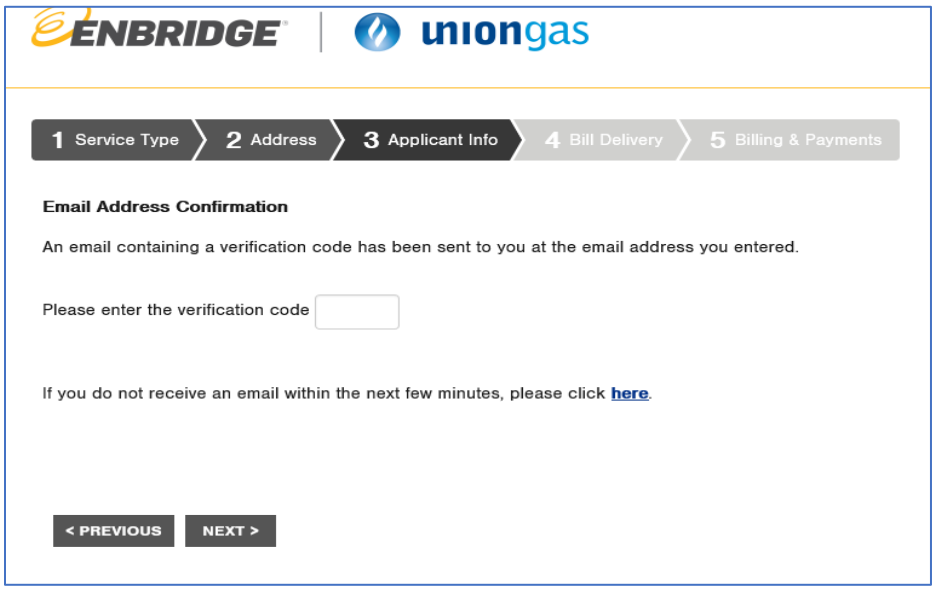


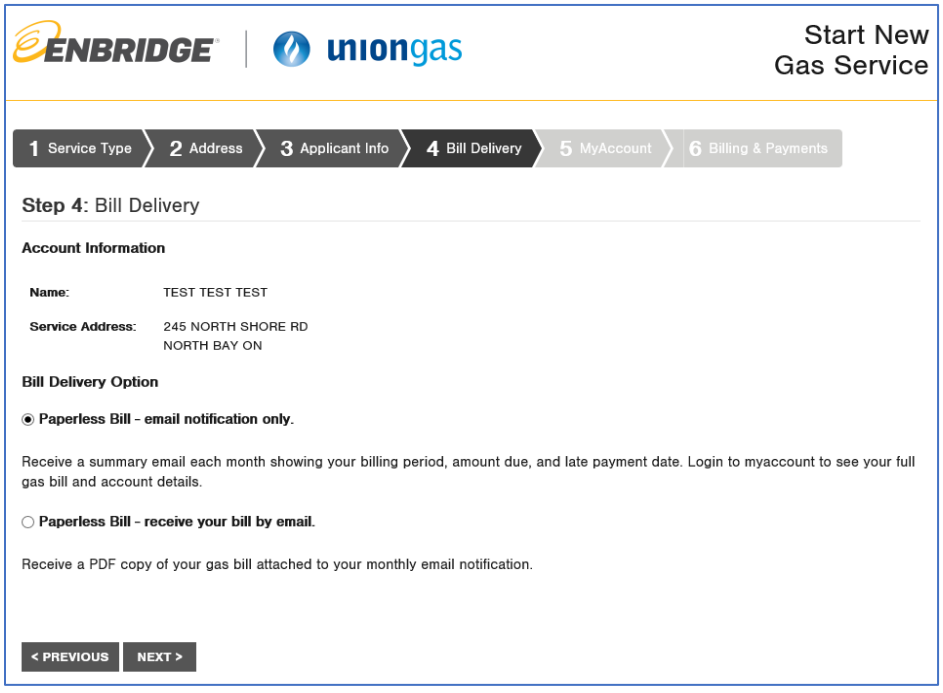
Savewithgas.com Page 3: Legacy UG



Savewithgas.com Page 3 Cont'd: email verification



Savewithgas.com Page 4: Billing options



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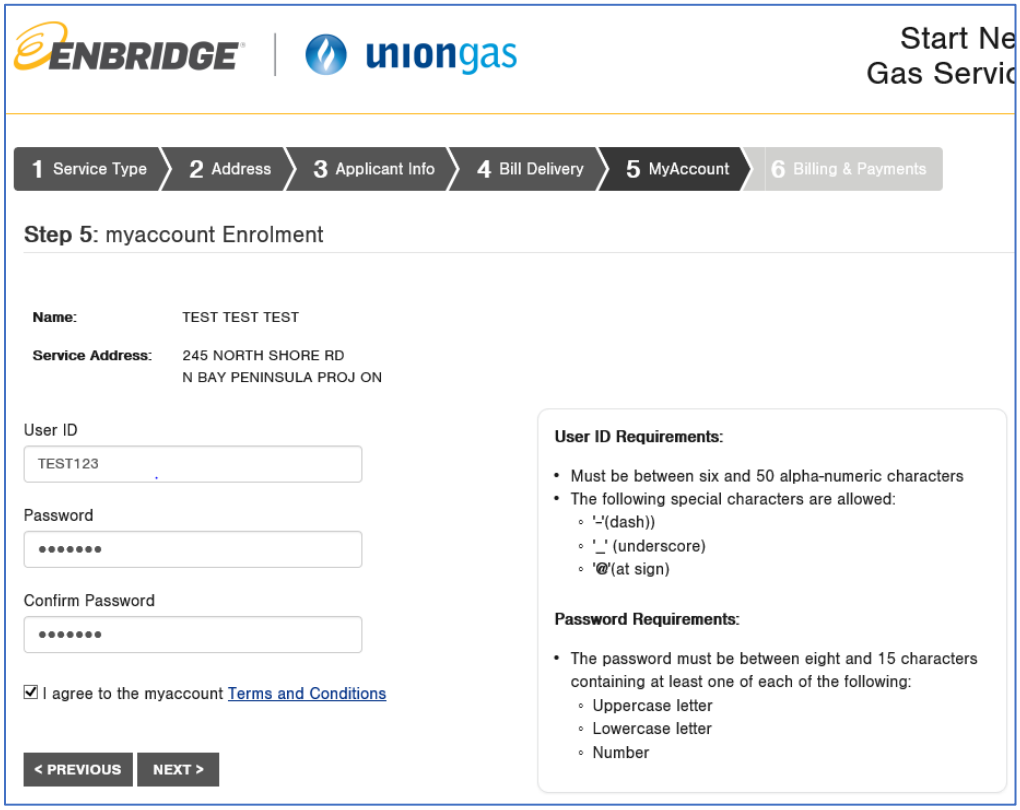
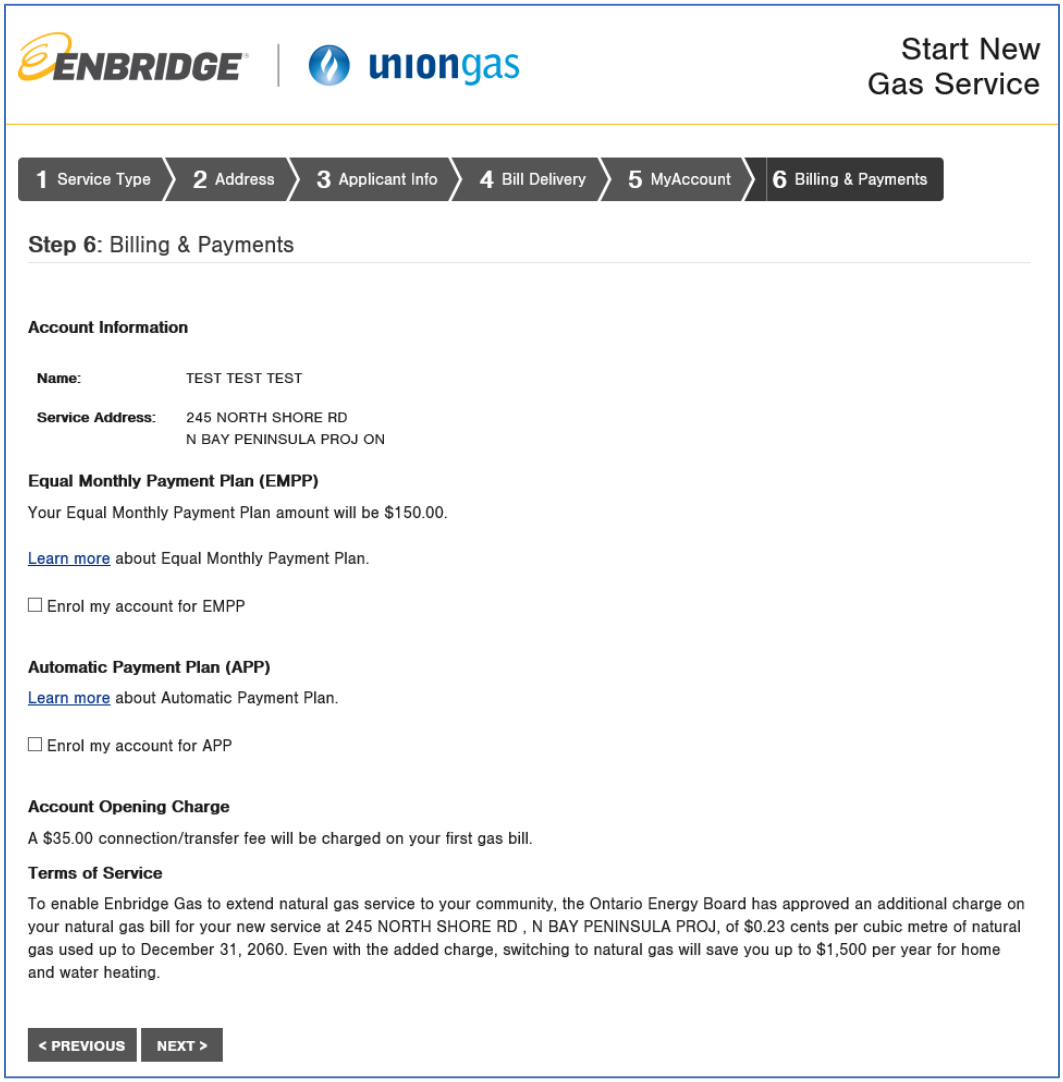
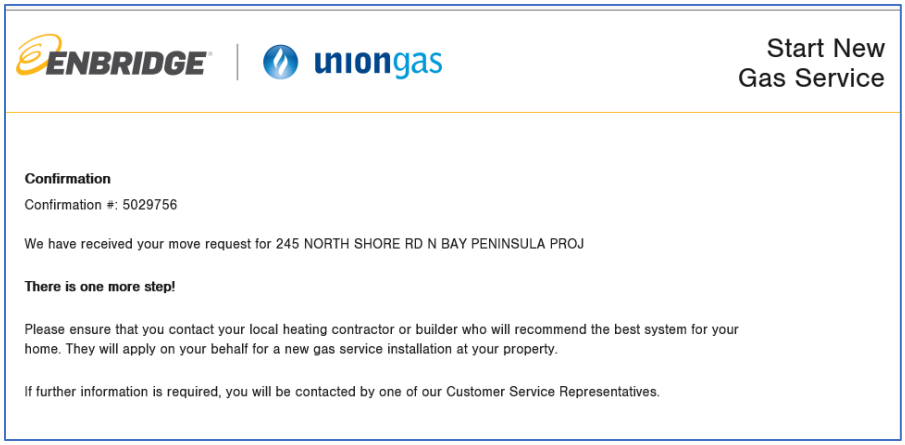


Savewithgas.com Page 6: SES note at bottom

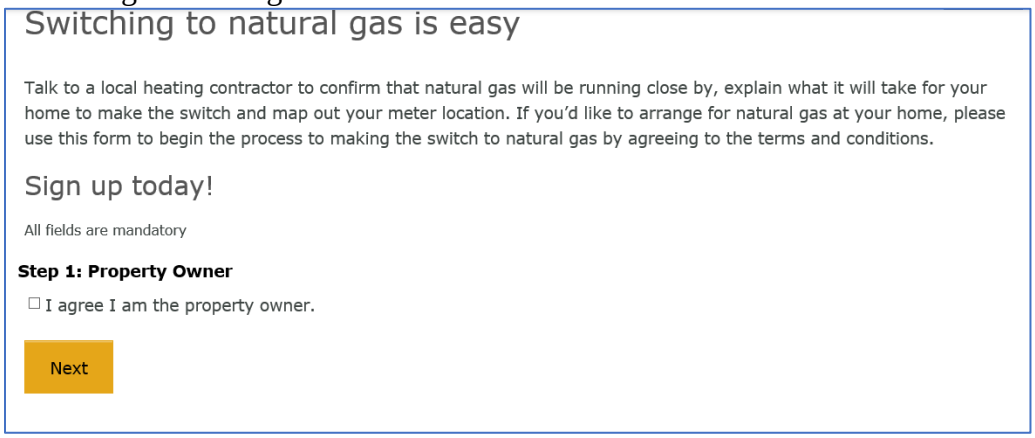


Confirmation:

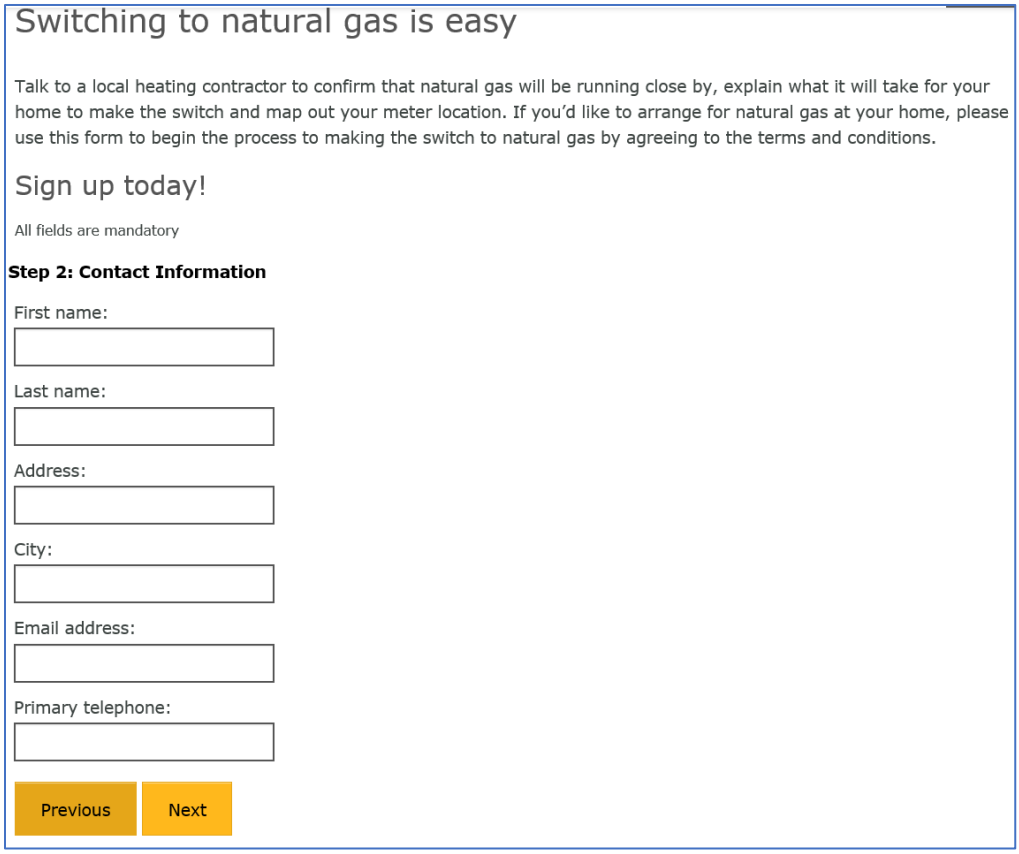


Legacy EGD Example

Savewithgas.com Page 1:



Savewithgas.com Page 2:



Savewithgas.com Page 3:

Sign up today!

All fields are mandatory

Step 3: Terms and Conditions for Natural Gas Service

Natural Gas Service Installation Policy

Enbridge Gas will provide and install at no cost, one service line per civic address to new customers provided that:

1. The distance between the Owner's property line and the front wall of house/building is 20 metres or less; and
2. The distance between the front wall of house/building and the selected meter location is 2 metres or less

Service and meter installation in excess of these distances will result in additional charges of $32 per metre (plus Applicable Taxes).* Call your local heating, ventilation and air conditioning (HVAC) provider first for an assessment and to submit an application for gas service.

Enbridge Gas will assess where your HVAC has requested the meter and determine where the service pipeline can be installed.

System Expansion Surcharge – What to Expect

It takes significant investment to build the infrastructure to bring natural gas to your community. The System Expansion Surcharge provides lower upfront costs to customers by spreading them out over time.

On average, most homes will pay about $550 per year ($0.23 per cubic metre). The surcharge is based on the home's consumption and will fluctuate based on the gas consumed.

Even with the surcharge, you'll save up to $1,175† a year compared to electricity, oil or propane.

The Cancellation Policy

If your natural gas account is not activated after one year following the installation of your new natural gas service, you'll be required to pay Enbridge Gas' installation costs of $2,500.

*There may be additional costs for extreme construction conditions such as a river crossing; full bedrock; private easement; crossing a six-lane highway.
**First Nation communities are exempt from HST.

Savewithgas.com Page 4:

Signature

☐ I agree with the above terms and conditions.

Name

Date

20-07-13

Previous Submit

Confirmation:

Thank You. Your Submission Has Been Received

You're submission has been sent to our team for review. Let your heating contractor know that you've signed the Terms and Conditions form. Advise your contractor to submit the online application form for your natural gas service. Once this is complete, you'll be set to get natural gas as soon as it's available. Our office will be in touch with you to confirm the date.

Your HVAC contractor will contact you to set up a time to install your equipment, natural gas meter and arrange a final safety inspection.

Or Paper Contract

Natural Gas is Now Available in Your Community

Terms and Conditions for Natural Gas Service

Natural Gas Service Installation Policy

Enbridge Gas will provide and install at no cost, one service line per civic address to new customers provided that:

1. The distance between the Owner's property line and the front wall of house/building is 20 metres or less; and
2. The distance between the front wall of house/building and the selected meter location is 2 metres or less.

Service and meter installation in excess of these distances will result in additional charges of $32 per metre (plus applicable taxes)*. Call your local heating, ventilation and air conditioning (HVAC) provider first for an assessment and to submit an application for gas service.

Enbridge Gas will assess where your HVAC provider has requested the meter and determine where the service can be installed.

System Expansion Surcharge – What to Expect

It takes significant investment to build the infrastructure to bring natural gas to your community. The System Expansion Surcharge (Surcharge) provides lower upfront costs to customers by spreading them out over time**.

On average, most homes will pay a Surcharge of about $550 per year ($0.23 per cubic metre). The Surcharge is based on the home's consumption and will fluctuate based on the gas consumed.

Even with the Surcharge, you'll save up to $1,175† a year compared to electricity, oil or propane.

The Cancellation Policy

If your natural gas account is not activated within one year of installation of your new natural gas service, you'll be required to pay Enbridge Gas' installation costs of $2,500.

Name (please print)	Phone number	Email address
Address (please print)	Signature	Date

Questions? We're here for you

Contact our Customer Connections team at 1-888-427-8888
EnbridgeGas.com/Connections

ENBRIDGE
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Please complete this form and email it to **WMCCustomerConnections40@enbridge.com**

*First Nation communities are exempt from HST. **The System Expansion Surcharge will transfer to subsequent owners of your property. †Natural gas price includes the System Expansion Surcharge. Oil, propane and natural gas prices are based on rates effective Nov 1, 2019. Electricity prices are based on Hydro One Distribution rates (mid-density R1) as of May 1, 2018. Prices reflect a typical residential heating and water customer who uses 2,400 cubic metres (m^3) per year and include all service, delivery and energy charges. HST isn't included.

Investing in Indigenous communities

Working together to create meaningful relationships and lasting prosperity

Enbridge adheres to a strong set of corporate values, and has adopted and implemented a number of corporate responsibility policies and practices. Our Indigenous Peoples Policy guides the nature and scope of our relationships with Indigenous peoples wherever we interact together.

- Serving 21 Indigenous communities across Ontario.
- $33M in contracts to Indigenous suppliers, vendors and contractors.
- Support for Skills Canada Ontario First Nations, Métis and Inuit Initiatives since 2012.

Energizing the local business community

Access to a more affordable, reliable and plentiful source of energy is a major competitive advantage for both large and small businesses. Connecting to natural gas will help expand critical infrastructure and drive economic development within the community.

Low-cost natural gas delivers approximately $5 billion in annual savings to Ontario families, businesses and industry—savings that are reinvested into the economy.

Energy conservation for a bright future

Free up money for what matters, with ongoing savings and rebates

As an Enbridge Gas customer, your home will be eligible for rebates and programs that help reduce energy use, improve comfort and lower your carbon footprint.

Each year, our conservation programs eliminate greenhouse gas (GHG) emissions equivalent to removing 2.9 million cars off Ontario roads.

Visit **enbridgesmartsavings.com** to learn more.

We're here for you

Customer care
1-877-362-7434

Monday to Friday,
8 a.m. – 6 p.m.

Call before you dig
1-800-400-2255

24/7 Emergency line
1-866-763-5427

Community expansion contacts

Don Armitage
705-750-7203

Travis James
289-971-0813

ENBRIDGE
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MIX
Paper from responsible sources
FSC® C009968

* Natural gas prices are based on Rate 1 rates in effect as of **April 1, 2020** and includes the $0.23 per m3 system expansion surcharge. Oil and propane prices are based on the latest available retail prices. Electricity rates based Hydro One Distribution rates (Mid-density R1) as of **Jan 1, 2020** and includes the new Ontario Electricity Rebate (OER) and the COVID-19 Emergency pricing for 45 days. Costs have been calculated for the equivalent energy consumed and include all service, delivery and energy charges. Carbon price is included for all energy types as reported. HST is not included.

** Subject to change. Please note that all charges, except the fixed Customer Charge, vary based on how much gas you use.

GEN-CE-LEG

Switch to safe, reliable, affordable natural gas

Energizing your community

Why natural gas is a smart choice

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We understand that these are extraordinary times – around the world and at home here in Ontario. Community Expansion work has been identified as an essential service by the Ontario Government. Enbridge Gas is committed to bringing natural gas to your community and we are following the latest guidance provided by public health officials and government authorities. The safety of our customers, employees and contractors is our top priority. Visit **savewithgas.com** for Community Expansion project updates.

The benefits of natural gas

More affordable

Compared to other fuels and electricity, natural gas is the most cost-effective way to heat your home and water.

Reliable and abundant

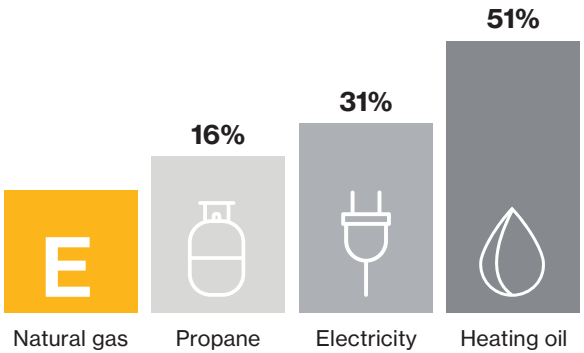
Never worry about running out of fuel or arranging for deliveries again.

Comfort and convenience

From heating your home and hot water, to cooking, natural gas can make your home more comfortable and enjoyable.

Residential annual heating bills

Annual cost comparison: space and water heating*



How to start saving with natural gas

Visit **savewithgas.com** to learn about the benefits of natural gas and the many ways it can help fuel your lifestyle. Follow these five easy steps to get connected. It's always better to submit your application for a natural gas service early in the process since it can take several months to obtain the necessary locates and permits before installing the service itself.

1. **Talk to a local heating contractor**

   Your heating contractor will work with us to confirm that there is natural gas close by and apply for a new gas service on your behalf.

2. **Sign up for your natural gas account**

   If you'd like to arrange for natural gas at your home, go online to **savewithgas.com** and click the "Sign Up" button to agree to the terms and conditions then create your account.

3. **Let your contractor know that you're now ready to make the switch**

   - Advise your heating contractor that you've signed the Terms and Conditions form and created your account.
   - Our office will be in touch with you to confirm timing.
   - Our construction department will contact you to schedule a meeting to locate and mark all existing underground services.

   Please note there may be a delay beyond our control in requesting permits and locates.

4. **After we install the gas service**

   Contact your contractor to arrange for the installation of your natural gas equipment.

5. **The final step**

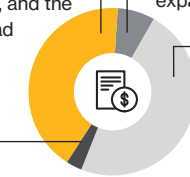
   Contact 1-877-362-7434 to arrange meter turn on and inspection of the natural gas equipment.

Where does your money go?

Here's a helpful explanation of the items on a natural gas bill

System Expansion Surcharge
It takes significant investment to build the infrastructure to bring natural gas to your community. This surcharge is your contribution, and the fairest way to spread the costs out.

Customer Charge
This is a fixed $21.48** amount that pays for meter reading, equipment maintenance and 24/7 emergency response services and community expansion.



Supply, Delivery and Transportation Charges
These cover the costs to buy natural gas, bring it to Ontario and move it to your home, safely and reliably.

Cost Adjustment
You pay what we pay. As the price for natural gas changes, we'll adjust your bill quarterly as a charge or credit.

FAQ

1. **As a new community expansion customer, why do I have to pay an additional charge towards the construction costs of the project?**
2. **Why does the length of time the surcharge is in effect differ by community?**

To enable us to extend natural gas to rural areas where the cost of building the infrastructure is more expensive than the revenue it generates, the province's energy regulator—the Ontario Energy Board—has approved an additional new customer charge of 23 cents for each cubic metre of natural gas used for a limited time period. On average, most homes will pay $550 a year for up to 40 years. The length of time this charge remains in effect varies by community because the overall cost to serve each community differs based on things like the distance of the community from an existing natural gas pipeline. Even with this added charge, you'll still save on home and water heating fuel costs by switching to natural gas.

What it costs to expand gas to your community

We're happy to join your community and to make natural gas connections possible for more Ontario homes

Some customers were surprised at some of the charges on their bill, so we're working to improve the way we communicate important information – like where your money goes.

Here's a helpful explanation of the charges on your bill

System Expansion Surcharge

It takes a significant investment to build the infrastructure to bring natural gas to your community. While there are many who contribute to this cost, this surcharge is your contribution and the fairest way to spread the costs out.

Most homes will pay about $550 a year for this surcharge ($0.23 per m³).

Customer Charge

This is a fixed $20 amount that pays for meter reading, equipment maintenance and 24/7 emergency response services.

Cost Adjustment

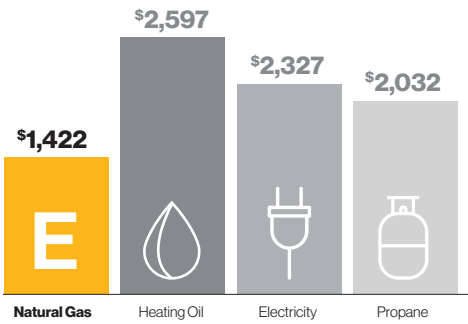
You pay what we pay.
As the price for natural gas changes, we will adjust your bill quarterly as a charge or credit.

Supply, Delivery & Transportation Charges

These cover the costs to
- buy natural gas,
- bring it to Ontario and
- move it to your home, safely and reliably.

All charges, except the fixed Customer Charge, vary based on how much gas you use.

Compared to other fuels and electricity, natural gas is the most affordable, reliable and efficient heating source.



Even with the surcharge, you're still saving as much as **$1,175** a year compared to other sources of energy.

Annual residential heating bills*

*Based on the latest retail prices available and a customer that uses 2,400 m³. HST not included.

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Life Takes Energy

Questions?
www.enbridgegas.com/connect

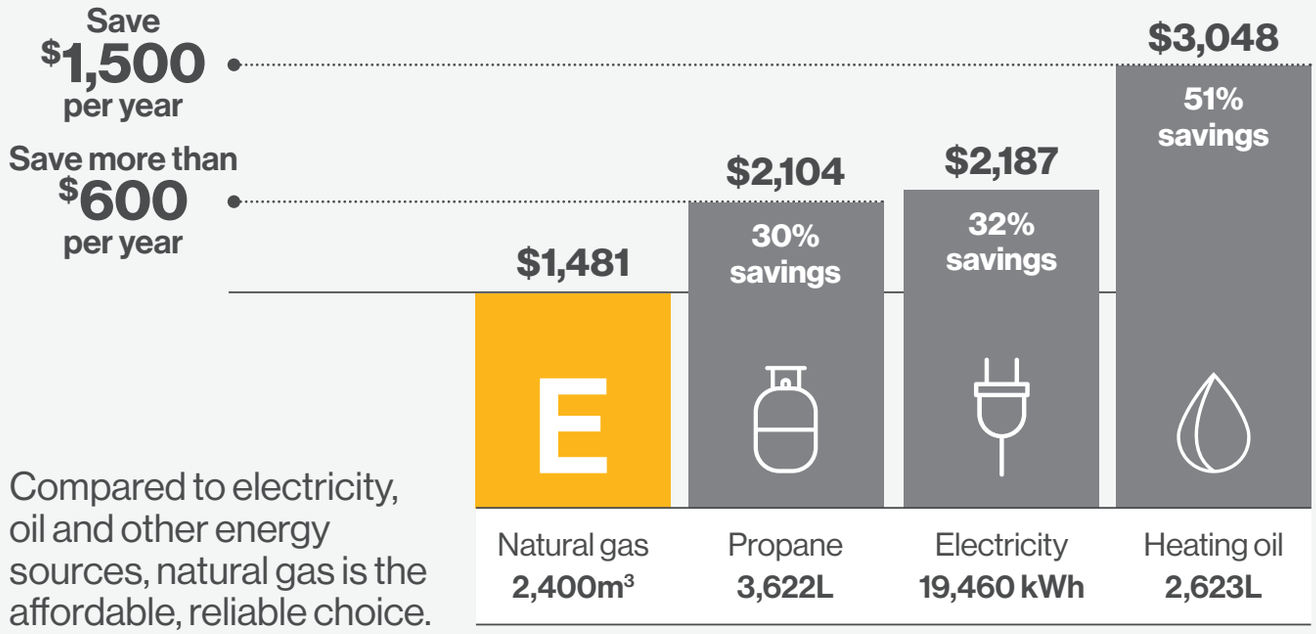
Get the natural gas advantage

How much will you save?

Reduce energy costs by hundreds of dollars every year

Did you know that 75 percent of Ontario households choose natural gas over other energy sources? Savings are just the beginning!

Switch for comfort, savings and convenience



Compared to electricity, oil and other energy sources, natural gas is the affordable, reliable choice.

Annual space and water heating cost*

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Let's take a closer look

If you're new to natural gas, you'll want to know about the charges on your bill. The cost of natural gas is measured in cubic metres (m^3). Due to market supply and demand, prices change four times a year. You pay the same price that we pay.

Your costs, explained

As of January 1, 2020, the cost of natural gas is **$0.2447/m³**. An average customer uses **2,400m³** per year, for an annual natural gas bill of about **$845.04**.

Gas supply
How much gas you use.

Adjust (+/-)
Any adjustments if Enbridge over- or under-charged in previous quarter.

Delivery
The cost of getting gas to you.

Rate types and regulated rates

Gas supply	$0.0935/m³
Adjust (+/-)	$0.0084/m³
Delivery	$0.0994/m³
Transportation	$0.0434/m³
Total	**$0.2447/m³**
Monthly charge	$21.48

Average annual cost

$0.2447/m³ x 2,400m³	$587.28
$21.48/mo x 12	$257.76
Total per year	**$845.04**

Transportation
The cost of getting gas from the gas supplier to Enbridge.

Monthly charge
The cost of meter reading, equipment maintenance and 24/7 emergency response.

System Expansion Surcharge

Bringing natural gas to new service areas, such as **Lambton Shores**, **Milverton** and **Prince Township**, requires a significant investment. Customers in these areas will pay a **$0.23/m³** surcharge for a limited time to recover costs.

Average annual cost in new service areas

$0.23/m³ x 2,400m³	$552.00
Average annual cost	$845.04
Total per year	**$1,397.04**

You save more than $600 per year

Even with the System Expansion Surcharge, you'll save more than $600 per year compared to your next most affordable energy option.

Visit **savewithgas.com/FAQ/** to learn more.

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 * Natural gas prices are based on Rate 1 rates in effect as of **Jan. 1, 2020** and include the $0.23 per m³ system expansion surcharge. Oil and propane prices are based on the latest available retail prices. Electricity rates based on Hydro One Distribution rates (Mid-density R1) as of **Jan. 1, 2020** and include the new Ontario Electricity Rebate (OER). Costs have been calculated for the equivalent energy consumed and include all service, delivery and energy charges. Carbon price is included for all energy types as reported. HST is not included.

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SMELL GAS? 1-866-763-5427

For Inquiries: 1-877-362-7434 **enbridgegas.com**
Make Payments to: PO Box 644 Scarborough, ON M1K 5H1
Enbridge Gas Inc.

Service Address

Account Number

Bill Date
Feb 20, 2020

WHAT DO I OWE?

Billing Period Jan 18, 2020 - Feb 17, 2020

Total Amount
$367.91
(Taxes Included)
Due Date
Mar 11, 2020

Charges for Natural Gas

• See page 2 for details •

HOW MUCH GAS DID I USE?

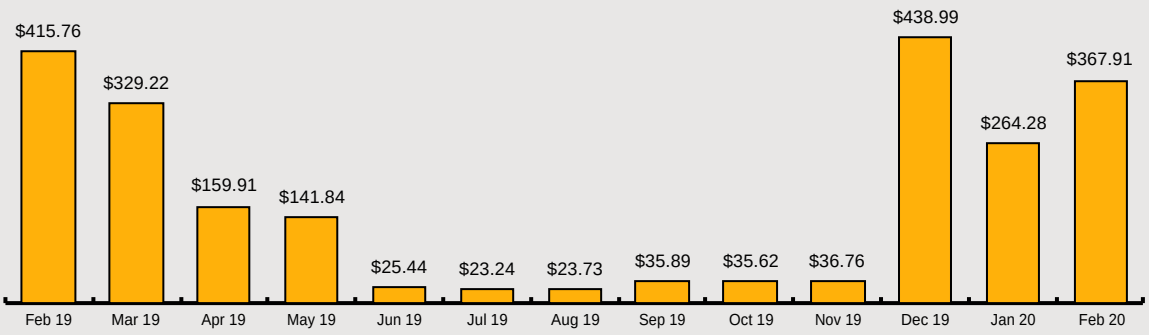
Meter Reading

Instrument Number:	92778629
Actual:	3655
Previous:	3048

You used	This cost you
600m³	**$367.91**
approx. 19.35m³ per day	**approx. $11.87 per day**

MY LAST 13 MONTHS GAS USE

(Taxes Included)



* HST Registration Number: 105205140 RT0001

- Enbridge Gas charges are to be paid by the Due Date, which is considered to be twenty days after the Bill Date, or within such other time period as set out in the Service Contract. A late payment charge will be applied on any amount not received by the Due Date, which is the twentieth (20th) day following the Bill Date. Interest will be charged at the rate of 1.50% per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate) until receipt of all of the unpaid Enbridge Gas charges, including all applicable federal and provincial taxes.
- E. & O. E.
- PEF Value: 0.98870

ENBRIDGE
Life Takes Energy®

SMELL GAS? 1-866-763-5427

For Inquiries: 1-877-362-7434 **enbridgegas.com**
Make Payments to: PO Box 644 Scarborough, ON M1K 5H1
Enbridge Gas Inc.

WHAT AM I PAYING FOR?

Billing Period Jan 18, 2020 - Feb 17, 2020

Balance from Previous Bill	$264.28
Payment Received [Jan 29, 2020]	$264.28 CR
Balance Forward	$0.00
Charges for Natural Gas	$367.91
Total Amount Due	**$367.91**

CHARGES FOR NATURAL GAS

Jan 18, 2020 - Feb 17, 2020

Customer Charge	$21.48
Delivery to You	$58.07
Transportation to Enbridge	$26.02
System Expansion Surcharge	$138.00
Federal Carbon Charge	$23.46
Gas Supply Charge	$56.09
Cost Adjustment	$2.47
Charges for Natural Gas	**$325.59** +HST
HST*	$42.32
Total Charges for Natural Gas	**$367.91**

NATURAL GAS SUPPLY

Your gas supply rate	9.3487¢/m³
Gas cost adjustment *Jan 01/20-Dec 31/20*	0.8354¢/m³
Total effective gas supply rate	10.1841¢/m³

WHAT DO I NEED TO KNOW?

- Enbridge recently made some changes to our policies, for more information visit www.enbridgegas.com/conditionsofservice

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Propane Association (CPA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, plus Appendix, Page 5 of 16, para. 11

Preamble:

Enbridge seeks to apply the SES for a period of up to 40 years with the term of the project set to ensure the project will achieve a PI of at least 1.0.

Question:

a) Will Enbridge include the 20 Meter Subsidy costs when calculating the community expansion system capital costs used to establish the SES term?

Response:

a) Please see Exhibit I.CPA.1 a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Propane Association (CPA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, plus Appendix, Page 6 of 16, para. 14

Preamble:

Enbridge states that the initial evaluation of a Community Expansion Project and the SES term are determined based on estimated capital costs and a forecast of customer attachments, revenue rates, and natural gas consumption.

Question:

a) Will Enbridge use the 20 Meter Subsidy when forecasting customer attachment?

b) Will Enbridge include the costs it incurs as a result of the 20 Meter Subsidy when estimating capital costs?

Response:

a) and b): Please see Exhibit.I.CPA.1 a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Propane Association (CPA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, plus Appendix, Page 7 of 16, para. 17

Preamble:

Enbridge proposes to treat capital costs in the same manner as the costs of other capital projects.

Question:

a) If Enbridge will be applying the 20 Meter Subsidy, does Enbridge intend to include the costs of paying for the first 20 Meters of a customer's service lines in its capital costs?

Response:

a) Please see Exhibit.I.CPA.1 a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Propane Association (CPA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, plus Appendix, Page 9 of 16 at para.

Preamble:

Enbridge' proposal for a TCS would apply to those small volume customers who would otherwise be required to pay a CIAC in order to make gas service to their property economically feasible at a PI of 1.0. In these situations, Enbridge would have the ability to offer the TCS for up to 20 years as an alternative to these potential customers rather than requiring them to pay a lump sum CIAC prior to the in-service date of the facilities.

Question:

a) Will Enbridge include its costs of the 20 Meter Subsidy costs when calculating the community expansion system capital costs used to establish the TCS term?

Response:

a) Please see Exhibit.I.CPA.1 a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Environmental Defence (ED)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1, Page 2

Question:

a) Please provide a detailed description of the differences between a community expansion project, small main extension project, customer attachment project, and development project. Please address for each the regulatory treatment, approval method, criteria, relevant guidelines, and so on.

Response:

a) Please see Exhibit.I.CCC.3.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Environmental Defence (ED)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1, Page 2

Preamble:

The following questions relate, among other things, to the size of the financial risks associated with the various projects that would be impacted by this proposal.

Question:

a) Please complete the following table for all approved community expansion projects that involved a System Expansion Surcharge and all community expansion projects that are currently under consideration that would involve a surcharge (for 2030).

Community Expansion Projects – Volumes and Revenues by 2030				
	Forecast Volumes (m3/yr)	Annual Demand (GJ/yr)	Design Day Demand (GJ/day)	Total Cost / Revenue Requirement
Approved Projects				
Project 1 Name				
Project 2 Name				
…				
Project n Name				
Totals for Approved Projects				
Projects Under Consideration or Development				
Project 1 Name				
Project 2 Name				
…				
Project n Name				
Totals for Projects Under Consideration or Development				
Totals – All Projects				

b) Please complete the following table for all approved community expansion projects that involved a System Expansion Surcharge and all community expansion projects that are currently under consideration or development that would involve a surcharge (up to the end of the economic lives of the projects).

Community Expansion Projects – Volumes and Revenues By the End of the Economic Life of the Projects				
	Forecast Volumes (m3/yr)	Annual Demand (GJ/yr)	Design Day Demand (GJ/day)	Total Cost / Revenue Requirement
Approved Projects				
Project 1 Name				
Project 2 Name				
…				
Project n Name				
Totals for Approved Projects				
Projects Under Consideration or Development				
Project 1 Name				
Project 2 Name				
…				
Project n Name				
Totals for Projects Under Consideration or Development				
Totals – All Projects				

c) Please complete the following table for all small main extension projects, customer attachment projects, and development projects that are currently under consideration or development that would involve a surcharge with data (for 2030). If these projects are too small to itemize or identify individually, please provide estimates of the total volumes, demand, and cost for each type of project for the relevant time period. Please explain Enbridge's assumptions.

Small Main Extension, Customer Attachment, and Development Projects – Volumes and Revenues By 2030				
	Forecast Volumes (m3/yr)	Annual Demand (GJ/yr)	Design Day Demand (GJ/day)	Total Cost / Revenue Requirement
Small Main Extension Projects				
Project 1 Name				
Project 2 Name				
…				
Project n Name				
Totals for Small Main Extensions				
Customer Attachment Projects				
Project 1 Name				
Project 2 Name				
…				
Project n Name				
Totals for Customer Attachment				
Development Projects				
Project 1 Name				
Project 2 Name				
…				
Project n Name				
Totals for Development Projects				
Totals – All Projects				

d) Please complete the following table for all small main extension projects, customer attachment projects, and development projects that are currently under consideration or development that would involve a surcharge (up to the end of economic lives of the projects). If these projects are too small to itemize or identify individually, please provide estimates of the total volumes, demand, and cost for each type of project for the relevant time period. Please explain Enbridge's assumptions.

Small Main Extension, Customer Attachment, and Development Projects – Volumes and Revenues By the End of the Economic Life of the Projects				
	Forecast Volumes (m3/yr)	Annual Demand (GJ/yr)	Design Day Demand (GJ/day)	Total Cost / Revenue Requirement
Small Main Extension Projects				
Project 1 Name				
Project 2 Name				
…				
Project n Name				
Totals for Small Main Extensions				
Customer Attachment Projects				
Project 1 Name				
Project 2 Name				
…				
Project n Name				
Totals for Customer Attachment				
Development Projects				
Project 1 Name				
Project 2 Name				
…				
Project n Name				
Totals for Development Projects				
Totals – All Projects				

e) Please estimate the total volume (m3/yr) of the small main extension projects, customer attachment projects, and development projects (separately and total) that Enbridge forecasts by (i) 2025, (ii) 2030, and (iii) 2035.

f) Please estimate the total design day demand (GJ/day) of the small main extension projects, customer attachment projects, and development projects (separately and total) that Enbridge forecasts by (i) 2025, (ii) 2030, and (iii) 2035.

g) Please estimate the capital costs of the small main extension projects, customer attachment projects, and development projects (separately and total) that Enbridge forecasts by (i) 2025, (ii) 2030, and (iii) 2035.

For the above questions, if forecasting is a challenge, please answer the question on a best-efforts basis and with any caveats as necessary. If the length of the time period is impossible, please explain why and answer the question over as long a time period as possible. If certain parts of the table or answer cannot be estimated, please explain why and complete as much of the table or answer as possible. Please make assumptions as necessary and state all assumptions. Please also provide all underlying calculations.

Response:

a) Please see Exhibit.I.Staff.1 h) and Exhibit.I.PP.5.

   Enbridge Gas is in the process of developing a considerable number of community expansion project proposals to be submitted to the OEB as part of the Ontario government's Natural Gas Expansion Program. At this time, the details of these project proposals remain confidential.

b) Total forecast volume and annual demand for all approved Community Expansion projects are based on a 10-year attachment forecast. The 10-year attachment forecast for the current projects does not extend beyond 2030.

c) through g) Enbridge Gas does not have any approved or in- development small main extension projects.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Environmental Defence (ED)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Plus Appendix, Page 7

Question:

a) Please approach insurers and ask for the cost of insurance to cover the risks faced by current customers from various gas expansion projects, such as the risk of lower-than-forecast revenue or stranded assets.

b) Please discuss the possibility of insuring against the risk of lower-than-forecast revenue from expansion projects.

c) What would Enbridge require as a premium to assume all of the risks from lower-than-forecast revenue from expansion projects? Please provide both a general answer and an example in relation to one specific project that is under consideration.

d) Please list and discuss all the insurance held by Enbridge in relation to its regulated businesses.

e) Does Enbridge hold any insurance premiums that provide a hedge against (i) gas price changes or (ii) carbon price changes? If yes, please describe.

Response:

a) To the best of its knowledge, Enbridge Gas does not believe this type insurance would be available in the commercial insurance market.

b) Please see Enbridge Gas's response to part a) of this question.

c) As a regulated energy distributor operating in the Province of Ontario, Enbridge Gas operates under an incentive rate setting model that is meant to be designed to provide Enbridge Gas with the opportunity to recover its reasonable capital and operating costs in rates. If Enbridge Gas were subjected to an increased amount of

risk not contemplated within its existing incentive rate model, Enbridge Gas would have to assess the magnitude of this risk and determine a proposal to address the increased risk in its rate model, such as by seeking a greater level of equity thickness, higher rate of return on equity or recovery of other increased costs in rates.

d) While this question is far outside of the scope of the current proceeding, Enbridge Gas notes that it participates in the consolidated insurance programs maintained by Enbridge Inc. for its subsidiaries and affiliates with coverage types that are consistent with customary industry practices and limits that it believes are appropriate for its operations. The programs are subject to certain deductibles, terms, exclusions and conditions that are generally consistent with coverage considered customary for our industry and size.

e) No.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Environmental Defence (ED)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1, Page 2

Question:

a) Please complete the following table describing how and to whom responsibility for revenue shortfalls and cost overruns would be allocated as between Enbridge's shareholders, current Enbridge customers, and new customers served by the project in question.

Risk Responsibility Matrix				
	Cost Overrun Arising During Rate Stabilization Period (RSP)	Cost Overrun Arising After RSP	Revenue Shortfall Arising During RSP	Revenue Shortfall Arising After RSP
Community Expansion Project				
Small Main Extension Projects				
Customer Attachment Project				
Development Project				

b) Please complete the following table describing how and to whom the benefit of revenue excesses over forecast and cost underspending versus forecast would be allocated as between Enbridge's shareholders, current Enbridge customers, and new customers served by the project in question:

Benefit Matrix				
	Cost Overrun Arising During Rate Stabilization Period (RSP)	Cost Overrun Arising After RSP	Revenue Shortfall Arising During RSP	Revenue Shortfall Arising After RSP
Community Expansion Project				
Small Main Extension Projects				
Customer Attachment Project				
Development Project				

Response:

a)

Risk Responsibility Matrix

	Cost Overrun Arising During Rate Stabilization Period (RSP)	**Cost Overrun Arising After RSP**	**Revenue Shortfall Arising During RSP**	**Revenue Shortfall Arising After RSP**
Community Expansion Project	Addressed at next Rate Rebasing	Addressed at next Rate Rebasing	Enbridge Gas	Addressed at next Rate Rebasing
Small Main Extension Projects	Addressed at next Rate Rebasing	Addressed at next Rate Rebasing	N/A – No RSP	Addressed at next Rate Rebasing
Customer Attachment Project	Addressed at next Rate Rebasing	Addressed at next Rate Rebasing	N/A – No RSP	Addressed at next Rate Rebasing
Development Project	Addressed at next Rate Rebasing	Addressed at next Rate Rebasing	N/A – No RSP	Addressed at next Rate Rebasing

b)

Benefit Matrix

	Cost Underrun Arising During Rate Stabilization Period (RSP)	**Cost Underrun Arising After RSP**	**Revenue Overage Arising During RSP**	**Revenue Overage Arising After RSP**
Community Expansion Project	Enbridge Gas until Rate Rebasing	All customers after Rate Rebasing	Enbridge Gas until Rate Rebasing	All customers after Rate Rebasing
Small Main Extension Projects	Enbridge Gas until Rate Rebasing	All customers after Rate Rebasing	Enbridge Gas until Rate Rebasing	All customers after Rate Rebasing
Customer Attachment Project	Enbridge Gas until Rate Rebasing	All customers after Rate Rebasing	Enbridge Gas until Rate Rebasing	All customers after Rate Rebasing
Development Project	Enbridge Gas until Rate Rebasing	All customers after Rate Rebasing	Enbridge Gas until Rate Rebasing	All customers after Rate Rebasing

ENBRIDGE GAS INC.

Answer to Interrogatory from
Environmental Defence (ED)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Plus Appendix, Page 7

Preamble:

In EB-2019-0188, Exhibit I.ED.4, Enbridge said:

> A provision for future abandonment costs is included in OEB approved gas distribution rates and is collected in the asset depreciation rate. Future abandonment costs charged to earnings through the depreciation expense are recorded as a liability on the Enbridge Gas financial statements and are collected from all ratepayers. Depending on the circumstances, the costs could be charged to ratepayers in different manners, such as through higher net salvage rates included within depreciation rates and provisions included within rates, for a period of time leading up to and or after the abandonment. While less likely, it is also possible that the pipe retirement and abandonment could be treated as an extraordinary retirement, and a loss could be included within rates.

Question:

a) If a project funded by a surcharge becomes stranded because customers convert away from natural gas, who would be responsible to pay the abandonment costs? All Ontario gas ratepayers?

b) How much would it cost to safely cease operations of the all the approved community expansion projects under consideration or development if they were no longer economic and a decision was made to cease operations and abandon the pipe?

c) Please describe in detail and compare how the Ontario Energy Board and the Canadian Energy Regulator regulate abandonment costs. Please compare the magnitude of abandonment amounts that must be set aside for each.

d) How much abandonment funding would be required according to the formula used by the Canadian Energy Regulator for (a) a sample community expansion project and (b) all community expansion projects under consideration and development.

e) Enbridge has said that “abandonment costs [are] included in OEB approved gas distribution rates and [are] collected in the asset depreciation rate.” Please indicate the amount forecast to be collected for each of the community expansion projects under consideration or development as of 2030.

f) Enbridge has said that “abandonment costs [are[included in OEB approved gas distribution rates and [are] collected in the asset depreciation rate.” Please indicate the amount forecast to be collected for each of the community expansion projects that have been approved today as of 2030.

Response:

a) A provision for future abandonment costs is included in OEB approved gas distribution rates and is collected in the asset depreciation rate. Future abandonment costs charged to earnings through the depreciation expense are recorded as a liability on the Enbridge Gas financial statements and are collected from all ratepayers.

b) The cost to safely cease operations of all the approved community expansion projects under consideration or development if they were no longer economic and a decision was made to cease operations and abandon the pipe is unknown.

c) The treatment on abandonment cost by the OEB is noted in the preamble to this question. The treatment of such costs by the Canadian Energy Regulator is not relevant to the proceeding.

d) to f) The Company believes that these questions are not relevant to the current proceeding.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Environmental Defence (ED)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Plus Appendix, Page 9

Question:

a) Is Enbridge open to using the TCS or proposing a model similar to the TCS to help defray the upfront cost of a heat pump installation or district energy project in lieu of a (i) small main extension project, (ii) customer attachment project, and (iii) development project? Please explain and provide details.

b) Please confirm that in EB-2019-0188, Exhibit I.ED.9(d), Enbridge indicated that the annual cost of heating with a heat pump would be lower than the cost of natural gas heating if the surcharge was considered. Please also provide the cost difference and underlying calculations.

c) Please comment on the proposition that existing Enbridge ratepayers would benefit from Enbridge assisting with the expansion of heat pumps or district energy in lieu of gas expansion because the former option would create fewer risks to existing customers associated with climate change and changing energy use patterns.

d) Please comment on the proposition that existing Enbridge ratepayers would benefit from Enbridge assisting with the expansion of heat pumps or district energy in lieu of gas expansion because the former option would reserve a greater proportion of the renewable natural gas for existing customers seeking to decarbonize.

e) Please discuss the relative financial risks associated with climate change as between (i) a gas expansion project and (ii) an electricity-based heat pump or district energy project. Please address the potential risks to new and existing customers in relation to possible future stranded assets associated with decarbonization.

f) Does Enbridge encourage developers of new buildings to install gas heating and equipment? Please file Enbridge's promotional and marketing material relating to new construction.

g) Does Enbridge encourage developers of new buildings to consider the option of non-gas heating, such as heat pumps or district energy, as a form of demand side management? Please explain why and provide details. If illustrative cost comparisons are provided, please file those.

h) Please explain the timeline and steps whereby the gas grid is expanded to a new residential development.

i) Pursuant to an Order in Council dated September 8, 2009, please confirm that Enbridge is expressly authorized to own and operate assets that "would assist the Government of Ontario in achieving its goals in energy conservation and includes assets related to solar-thermal water and ground-source heat pumps."

j) Pursuant to an Order in Council dated September 8, 2009, please confirm that Enbridge is expressly allowed to carry out business activities that include owning and operating assets that "would assist the Government of Ontario in achieving its goals in energy conservation and includes assets related to solar-thermal water and ground-source heat pumps."

k) Please file the Order in Council and directive discussed above.

Response:

a) Enbridge Gas is of the view that both ground source heat pumps and air source heat pumps may be viable space conditioning options under specific circumstances. However, the Company does not currently have the ability to offer competitive HVAC services or district energy as a regulated business activity. As such, the application of the TCS or a TCS-like model is unlikely to be a viable option to defray the upfront cost of a heat pumps or facilitate district energy projects.

b) The Company confirms that its response in EB-2019-0118 to I.ED.9 d) was, "The cost to operate a heat pump, particularly a geothermal system, is difficult to estimate without knowing the specific control systems in the home or details of the installation. In order to avoid misleading survey respondents, the survey provided prospective customers using a heat pump for home heating with a very high-level estimate of possible cost savings, which was $350 per year without the System Expansion Surcharge ("SES"). With the SES estimated to cost an average home an additional $500-$600/year in the survey, it was made clear that savings could be negative."

c) Please see the Company's response to part a) of this question.

d) Please see the Company's response to part a) of this question.

e) Please see Exhibit.I.ED.3 c).

f) Enbridge does proactively reach out to builders and developers to encourage the efficient use of natural gas and non-gas technologies. This has traditionally been accomplished through participation in our conservation programs with the utilization of building science experts whose job it is to drive energy efficiency, reduced carbon output and the support of climate mitigation strategies that go beyond code requirements. Please see Attachment 1 for the promotional and marketing materials relating to new construction.

g) Please see the Company's response to part a) of this question.

h) The timeline for a typical main extension project for a new residential development will depend on several factors including builder/developer work schedules, municipal requirements, size and complexity of the project.

- Small Main Extension – 4-6 months (Not complex, short main extension on existing system requiring no reinforcement or upstream upgrades)
- Medium Main Extension – 9-12 months (Semi complex, long main extension on a municipal road with no major permitting and environmental requirements)
- Large Main Extension – 18 months or more (Complex, potentially high pressures, stations, major permits and environmental requirements and possible system upgrades)

Process Steps:

i. Need is identified to run gas to a proposed subdivision
ii. Information is requested and received from the customer to proceed with the gas availability and design process
iii. High level pricing, feasibility and customer commitment is received to proceed
iv. System design proceeds
v. Design is sent out for circulation and permitting
vi. Planning runs a feasibility assessment based on estimated loads
vii. Contribution in Aid of Construction (CIAC) is typically calculated and shared with stakeholders if applicable

viii. If CIAC is required, Capital Contribution Form and cheque is collected from the customer
ix. Upon agreement, an engineering work package for the project is constructed and released to the construction department
x. Construction process begins - road occupancy permits, locates and scheduling are coordinated
xi. Individual services are run when the construction requirements are met
xii. Meter turn on takes place with the inspection of gas equipment

i) The Company confirms that the Order in Council dated September 8, 2009 states that Enbridge Gas may partake in business activities that "would assist the Government of Ontario in achieving its goals in energy conservation and includes assets related to solar-thermal water and ground-source heat pumps." However, these business activities may not necessarily be regulated by the OEB and the OEB retains authority over the rate-making aspects of regulated activities. Also, please see part a) to this response.

j) Please see the Company's response to part i) of this question.

k) Please see Attachment 2 for the Order in Council.

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Ontario
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Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit:

WHEREAS Enbridge Gas Distribution Inc. and related parties ("Enbridge") gave undertakings to the Lieutenant Governor in Council that were approved by Order in Council on December 9, 1998 and that took effect on March 31, 1999 ("the Enbridge Undertakings"), and Union Gas Limited and related parties ("Union") gave undertakings to the Lieutenant Governor in Council that were approved by Order in Council on December 9, 1998 and that took effect on March 31, 1999 ("the Union Undertakings");

AND WHEREAS the Minister of Energy and Infrastructure has the authority under section 27.1 of the *Ontario Energy Board Act, 1998* to issue directives, approved by the Lieutenant Governor in Council, that require the Ontario Energy Board to take steps specified in the directives to promote energy conservation, energy efficiency, load management and the use of cleaner energy sources including alternative and renewable energy sources;

AND WHEREAS The Government of Ontario has, with the passage of the *Green Energy and Green Economy Act, 2009,* embarked upon a historic series of initiatives related to promoting the use of renewable energy sources and enhancing conservation throughout Ontario;

AND WHEREAS certain amendments to the *Ontario Energy Board Act, 1998* provided for by the above-noted statute authorize electricity distribution companies to directly own and operate renewable energy electricity generation facilities with a capacity of ten (10) megawatts or less, facilities that generate heat and electricity from a single source, or facilities that store energy, subject to criteria to be prescribed by regulation;

AND WHEREAS it is desirable that both Enbridge and Union are accorded authority similar to those of electricity distributors to own and operate the kinds of generation and storage facilities referenced above, while clarifying that the latter two activities, namely the ownership and operation of facilities that generate heat and electricity from a single source, or facilities that store energy, are to be interpreted to include stationary fuel-cell facilities each of which does not exceed 10 Megawatts in capacity, as well as to allow Enbridge and Union the authority to own and operate assets required in respect of the provision of services by Enbridge and Union that would assist the Government of Ontario in achieving its goals in energy conservation including where such assets relate to solar-thermal water and ground-source heat pumps;

AND WHEREAS the Minister of Energy has previously issued a directive pursuant to section 27.1 in respect of the Enbridge Undertakings and the Union Undertakings, under Order-in-Council No. 1537/2006, dated August 10, 2006.

NOW THEREFORE the directive attached hereto is approved and is effective as of the date hereof.

Recommended: _____
Minister of Energy and Infrastructure

Concurred: _____
Chair of Cabinet

Approved and Ordered: SEP 0 8 2009
Date

_____
Lieutenant Governor

O.C./Décret 1540/2009

MINISTER'S DIRECTIVE

Re: Gas Utility Undertakings Relating to the Ownership and Operation of Renewable Energy Electricity Generation Facilities, Facilities Which Generate Both Heat and Electricity From a Single Source and Energy Storage Facilities and the Ownership and Operation of Assets Required to Provide Conservation Services.

Enbridge Gas Distribution Inc. and related parties gave undertakings to the Lieutenant Governor in Council that were approved by Order in Council on December 9, 1998 and that took effect on March 31, 1999 ("the Enbridge Undertakings"); and Union Gas Limited and related parties gave undertakings to the Lieutenant Governor in Council that were approved by Order in Council on December 9, 1998 and that took effect on March 31, 1999 ("the Union Undertakings").

The Government of Ontario has, with the passage of the *Green Energy and Green Economy Act, 2009,* embarked upon a historic series of initiatives related to promoting the use of renewable energy sources and enhancing conservation throughout Ontario.

One of those initiatives is to allow electric distribution companies to directly own and operate renewable energy electricity generation facilities of a capacity of not more than 10 megawatts or such other capacity as is prescribed by regulation, facilities which generate both heat and electricity from a single source and facilities for the storage of energy, subject to such further criteria as may be prescribed by regulation.

The Government also wants to encourage initiatives that will reduce the use of natural gas and electricity.

Pursuant to section 27.1 of the *Ontario Energy Board Act, 1998*, and in addition to a previous directive issued thereunder on August 10, 2006 by Order in Council No. 1537/2006, in respect of the Enbridge Undertakings and the Union Undertakings, I hereby direct the Ontario Energy Board to dispense,

- under section 6.1 of the Enbridge Undertakings, with future compliance by Enbridge Gas Distribution Inc. with section 2.1 ("Restriction on Business Activities") of the Enbridge Undertakings, and

- under section 6.1 of the Union Undertakings, with future compliance by Union Gas Limited with section 2.1 ("Restriction on Business Activities") of the Union Undertakings,

in respect of the ownership and operation by Enbridge Gas Distribution, Inc. and Union Gas Limited, of:

(a) renewable energy electricity generation facilities each of which does not exceed 10 megawatts or such other capacity as may be prescribed, from time to time, by

regulation made under clause 71(3)(a) of the *Ontario Energy Board Act, 1998* and which meet the criteria prescribed by such regulation;

(b) generation facilities that use technology that produces power and thermal energy from a single source which meet the criteria prescribed, from time to time, by regulation made under clause 71(3)(b) of the *Ontario Energy Board Act, 1998*;

(c) energy storage facilities which meet the criteria prescribed, from time to time, by regulation made under clause 71(3)(c) of the *Ontario Energy Board Act, 1998*; or

(d) assets required in respect of the provision of services by Enbridge Gas Distribution Inc. and Union Gas Limited that would assist the Government of Ontario in achieving its goals in energy conservation and includes assets related to solar-thermal water and ground-source heat pumps;

(e) for greater certainty, the use of the word "facilities" in paragraphs (b) and (c) above shall be interpreted to include stationary fuel-cell facilities each of which does not exceed 10 Megawatts in capacity.

This directive is not in any way intended to direct the manner in which the Ontario Energy Board determines, under the *Ontario Energy Board Act, 1998,* rates for the sale, transmission, distribution and storage of natural gas by Enbridge Gas Distribution Inc. and Union Gas Limited.

George Smitherman
Deputy Premier, Minister of Energy and Infrastructure

ENBRIDGE GAS INC.

Answer to Interrogatory from
Environmental Defence (ED)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Plus Appendix, Page 9

Question:

a) Enbridge states that the TCS will "attach to the property (not the owner of the property)." Please explain the legal mechanism involved. Is the TCS attached to the property or the gas utility bill?
b) If a business goes bankrupt and its property remains vacant (e.g. an old industrial site), what recourse would Enbridge have to collect a TCS? Please discuss the likelihood and timing for recovery.
c) If a property owner converts away from natural gas, please explain the legal mechanisms available to Enbridge to collect the remaining sum owed on the TCS.
d) If a property subject to a TCS is sold and the new owner converts away from natural gas, please explain the legal mechanisms available to Enbridge to collect the remaining sum owed on the TCS.

Response:

a) The TCS will apply to the Terminal Location (the property) as set out in the proposed Rider I applicable to the EGD rate zone and (see Exhibit C, Tab 1, Schedule 1) and for the Union Gas rate zones, as set out in the applicable rate schedules and Distribution New Business Guidelines (see Exhibit C, Tab 1, Schedule 2).

b) In the event that a property (residential or small commercial) becomes vacant and gas service is terminated, no further charges would apply against that premises until a new customer begins to take gas service at that Terminal Location.

c) In the unlikely event that a property owner ceases to take gas service at a Terminal Location to which a TCS applies, the Company does not propose any collection mechanism to advance payment of any remaining charges for the balance of the term. If any customer were to take gas service at that Terminal Location at a later date, the TCS would be applied to that service.

d) Please see the Company's response to part c) of this question.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, page 4, paragraph 9

Preamble:

The harmonized System Expansion Surcharge ("SES"), Temporary Connection Surcharge ("TCS") and Hourly Allocation Factor ("HAF") that are the subjects of this application are required to provide consistency between the EGD and Union rate zones.

Question:

a) Please provide the following as related to the approved rate schedules for each of the rate zones:
   i. Minimum and maximum volume per small volume residential customer
   ii. Minimum and Maximum volume consumed for a commercial rate customer
   iii. Minimum and maximum volume consumed per industrial customer

b) For the existing Fenelon Falls and Scugog Island Community Expansion ("CEP") projects, please provide the forecast average consumption for each rate class for each project and compare to the overall average annual volumes for EGD as a whole.

c) For the existing Prince Township, Milverton, Rostock and Wartburg, and Kettle and Stony Point First Nation, CEP projects please provide the average forecast consumption for each rate class for each project and compare to the overall average annual volumes for Union Gas as a whole.

Response:

a) There is no defined volume range on approved general service rate schedules. The volumes for residential, commercial and industrial general service customers can range from a minimum volume of zero to no maximum volume amount.

b) The table below provides the requested information. Average volumes for the EGD rate zone as a whole are calculated based on the last 5 years (2015-2019) of unnormalized data. Average volumes for each rate class and total average volumes are calculated as average volumes over the entire 40 year feasibility analysis period for each project.

Average Annual Volumes (10^3m^3)	Fenelon Falls	Scugog Island	Total
Rate 1	3,871	1,721	5,592
Rate 6	4,026	779	4,805
Rate 135	375	0	375
Total Average	8,272	2,501	10,773
% of Average Annual Volumes – EGD Rate Zone	0.070%	0.021%	0.091%
Average Annual Volumes – EGD Rate Zone (2015-2020)			11,863,819

c) The table below provides the requested information. Average volumes for the Union Gas rate zone as a whole are calculated based on the last 5 years (2015-2020) of unnormalized data. Average volumes for each rate class and total average volumes are calculated as average volumes over the entire 40 year feasibility analysis period for each project.

Average Annual Volumes (10^3m^3)	Chippewas of Kettle and Stoney Point First Nation and Lambton Shores	Milverton, Rostock and Wartburg	Prince Township	Delaware Nation of Moraviantown First Nation	Total
M1	730	1,562	613	61	2,966
M2	49	407	0	0	456
Total	779	1,969	613	61	3,422
% of Total Average Annual Volumes –	0.006%	0.015%	0.005%	0.000%	0.025%

Union Gas Rate Zone					
Average Annual Volumes – Union Gas Rate Zone (2015-2019)					13,567,633

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit B, Tab 1, Sch. 1, Page 5

Preamble:

"The SES will apply for a period of up to 40 years. The term of the SES for each project will be set such that the project will achieve a PI of at least 1.0. Enbridge Gas notes that there is a difference in approach between the EGD and Union rate zones with respect to updating the project's PI and its impact on the duration of the SES. In this application, Enbridge Gas is proposing to adopt the SES on the same basis as it has for previously approved projects in the Union rate zones (e.g., EB-2015-0179). As such, the Company is not proposing to periodically update the project's PI for the duration of the SES term."

Question:

If more customers are added during the Rate Stabilization Period than originally expected, would the length of the SES period be reduced? Please explain the reason for your answer.

Response:

Please see Exhibit.I.STAFF.1 c) and e).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, page 5, paragraph 11

Preamble:

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

Question:

a) Will EGI provide the Board and interested parties with periodic updates related to the project's PI during the RSP, as compared to the forecast?

b) 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?

Response:

a) No, please see Exhibit.I.EP.2.

b) Please see Exhibit.I.EP.2.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit B, Tab 1, Sch. 1, page 7

Preamble:

"During the RSP, Enbridge Gas will include projected revenues as derived from the customer attachment and volumetric forecast inclusive of SES revenue for each particular project in the determination of any revenue sufficiency or deficiency in the process of setting of OEB approved rates. Enbridge Gas will not seek to reflect the actual revenues of a project in the determination of rates until after the RSP has expired. After the RSP has expired, actual revenues for a particular project will be used for the determination of any revenue sufficiency or deficiency in the process for setting approved rates."

With respect to capital costs, Enbridge Gas proposes to treat these costs in the same manner as the costs of other capital projects.

Question:

a) Why is Enbridge is proposing to freeze the projected volume and revenue forecasts of SES projects for up to 40 years for the purpose of setting rates. Please explain your answer.

b) Is there a possibility the Enbridge's proposal will result in cross-subsidies between SES project customers and other Enbridge customers.

c) Does Enbridge believe that SES projects would be eligible for ICM funding? Please explain your answer.

Response:

a) Enbridge Gas is not proposing to freeze the projected volume and revenue forecasts of SES projects for up to 40 years for the purpose of setting rates. What the Company's evidence states is that Enbridge Gas will include projected revenues as

derived from the customer attachment and volumetric forecast inclusive of SES revenue for each particular project in the determination of any revenue sufficiency or deficiency in the process of setting of OEB approved rates up until the end of the Rate Stability Period (the "RSP") for each SES project. At the next rate rebasing opportunity after the end of an SES project's RSP, the Company proposes to bring forward any revenue sufficiency or deficiency for inclusion in the determination of rates going forward.

b) Yes, given the concepts that underpin the E.B.O. 188 Rolling Project Portfolio there has always been the potential for subsidies to flow between customers. However, the E.B.O.188 requirement for the Company's Investment Portfolio to maintain a Profitability Index ("PI") of at least 1.0 means that on average, new customers are not being subsidized by existing customers.

c) No. Enbridge Gas excludes Community Expansion capital from the in-service capital forecast used to determine the maximum eligible incremental capital for ICM funding.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, page 8, paragraph 20; Exhibit C, Tab 1, Schedule 1, Page 2

Question:

a) Please provide a copy/extract of the DCF/PI analysis for the Fenelon Falls and Scugog Island Project, including all assumptions re government support and tax considerations.

b) Provide an update on in-service dates.

c) Please explain how project with a PI of less than 1 could be approved.

Response:

a) Please refer to the following filing reference for DCF/ PI analysis as requested. Fenelon Falls: EB-2017-0147, Application and Evidence, Exhibit F, Tab 1, Schedule 1, filed 2017-07-26.

   Scugog Island: EB-2017-0261, Application and Evidence, Exhibit F, Tab 1, Schedule 1, filed 2017-12-15

b) The distribution pipeline to Fenelon Falls segment of the Fenelon Falls project went into service on February 26, 2019. The Sunderland Reinforcement segment of the Fenelon Falls is expected to be in-service by late Q3 or early Q4 of 2020. The Scugog Island project went into service on May 12, 2020.

c) The DCF/PI analysis provided in response to part a) above explain how these projects achieved a PI of before they got approved by the Board.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit B, Tab 1, Sch. 1, page 8, paragraph 21

Preamble:

"Capital costs included in rate base would be those costs outlined in the economic feasibility assessment of the project net of any third-party funding (such as government administered grants pursuant to O.Reg. 24/19, municipal contributions and any contribution in aid of construction from customers)."

Question:

Is Enbridge proposing to treat funds collected through SES as contributions in aid of construction from customers? Please explain your answer.

Response:

No, Enbridge Gas is proposing that the funds collected through SES charges be treated as revenue. This is consistent with the findings of the Board in its EB-2016-0004 generic community expansion decision where the Board found that surcharges additive to existing utility rates or project specific standalone rates would be appropriate means of increasing project revenue in order to improve the economic performance of community expansion projects. Further, all previous OEB approvals of the SES for community expansion projects call for funds collected by way of the SES to be treated as revenue.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit B, Tab 1, Sch. 1, page 9 and Exhibit C, Tab 2, Sch. 1, page 2 and Exhibit C, Tab 2, Schedule 2, page 7

Preamble:

"*Enbridge Gas's proposal for a TCS would apply to those small volume customers who would otherwise be required to pay a CIAC in order to make gas service to their property economically feasible at a PI of 1.0. In these situations, Enbridge Gas would have the ability to offer the TCS for up to 20 years as an alternative to these potential customers, rather than requiring them to pay a lump sum CIAC prior to the in-service date of the facilities."*

Question:

a) Will EGD Rate Zone customers still be required to pay an up-front CIAC for a service line longer than 20 meters or will the cost of the service line be recovered through a TCS?

b) Will Union Rate Zones customers still be required to pay an up-front CIAC for a service line longer than 30 meters or will the cost of the service line be recovered through a TCS?

c) Why are the service line Rate Zone length criteria different? Please explain why EGI is not harmonizing service laterals for all rate zones.

d) Please explain why the RSP for SES is up to 40 years but the RSP for TCS is up to 20 years.

Response:

a) Yes, customers located in the EGD rate zone will still be required to pay an up-front CIAC for a service line longer than 20 meters.

b) Yes, customers located in the Union rate zones will be required to pay an up-front CIAC for a service line longer than 30 meters.

c) The service line criteria are different between the EGD and Union Gas rate zones because they were each derived at different times, by different companies with different underlying costs at the times these criteria were set. There are a number of factors that need to be considered in terms of the full harmonization of Enbridge Gas's customer attachment policies that are beyond the scope of this application. Please see Exhibit I.LPMA.25.

d) The Rate Stabilization Period only comes into play with respect to the SES. The maximum 40-year duration of SES is consistent with the maximum 40-year period for the discounted cash flow analysis prescribed by the Board in the EBO 188 Guideline.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit B, Tab 1, Sch. 1, page 12, Footnote 10

Preamble:

"*The Area of Benefit is defined as the geographic area, drawn as a polygon on a map, that includes all customers who will be served by, and benefit from, the infrastructure build or pressure increase from the Development Project."*

Question:

a) Will How will Enbridge determine the Area of Benefit ("AOB")? Please provide a numerical and graphical example.

b) How long will a particular AOB remain in effect?

c) Can an AOB change over time?

Response:

a) As defined in the pre-filed evidence at Exhibit B, Tab 1, Schedule 1, page 12 of 16, footnote 10, the Area of Benefit is the geographic area, drawn as a polygon on a map, that includes all customers who will be served by, and benefit from, the infrastructure build or pressure increase from the Development Project.

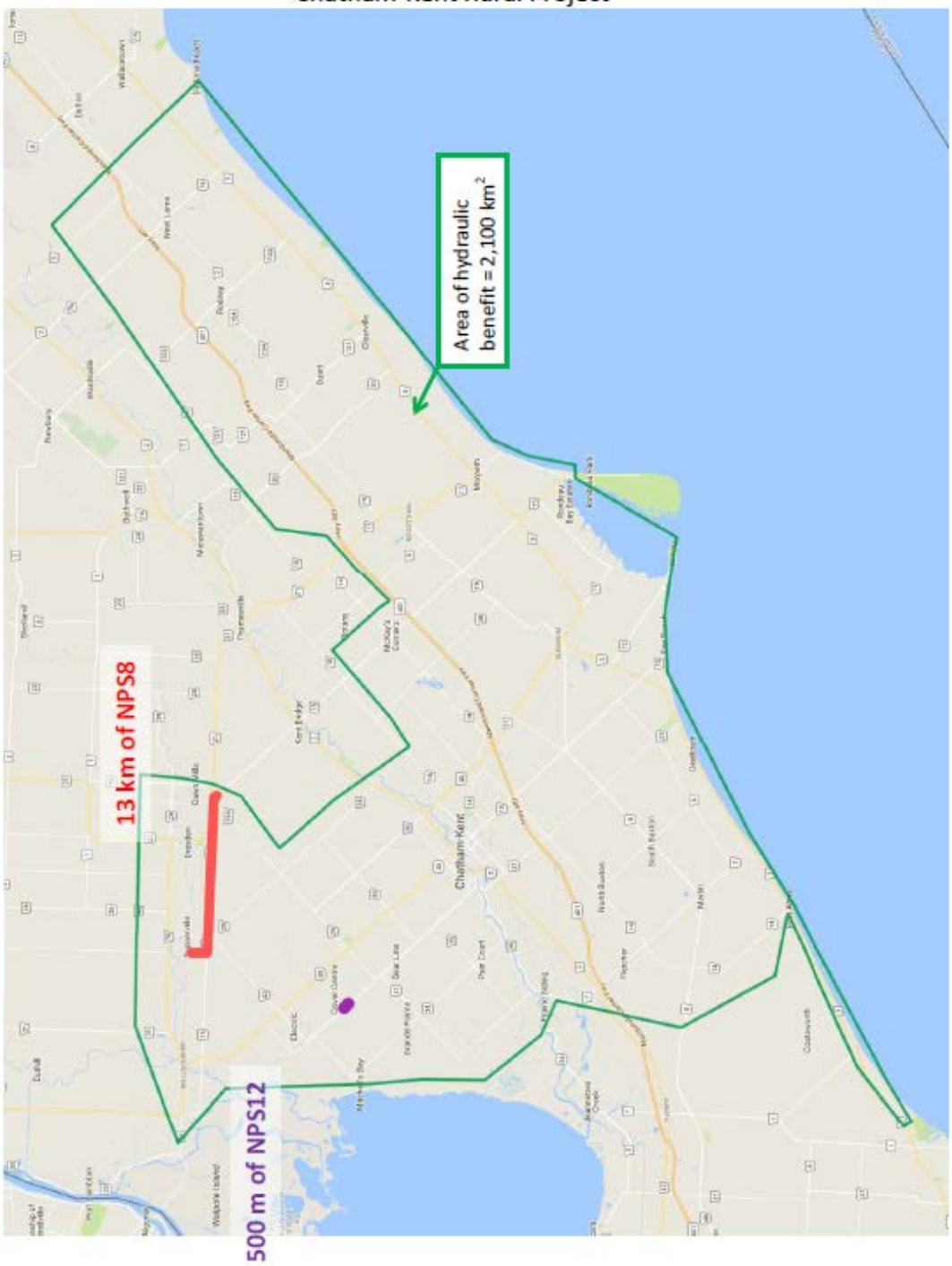
   The Area of Benefit is determined by hydraulically modeling the pipeline network in the region around the proposed Development Project to determine the geographic extent of the area of the system that will benefit from the incremental capacity created by the project. The shape of the polygon is influenced by the extent and configuration of the pipeline network.

   An example of the Area of Benefit is provided for the previously Board Approved Chatham-Kent Rural Project below.

Filed: 2018-06-05
EB-2018-0188
Schedule 4b

Final Scope of Project

Chatham-Kent Rural Project



b) Once the capacity and costs associated with the HAF have been fully allocated, the Area of Benefit is no longer applicable or required.

c) No. Enbridge Gas is proposing that the Area of Benefit remains fixed for the duration of the time required to fully allocate the costs associated with the HAF.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit B, Tab 2, Schedule 1, Page 14

Preamble:

"The concept of the Hourly Allocation Factor 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. When a Development Project is proposed, it can be modelled to determine an Area of Benefit. The Area of Benefit is the geographic area that will see a noticeable increase in firm natural gas capacity as a result of the Development Project."

Question:

a) Please confirm that rates of some customers located in the AOB could increase while the rates of others could decrease. Please explain your answer.

b) Would the proposed HAF result in a movement away from the principle of postage stamp rates? Please discuss.

Response:

a) Not confirmed. Postage stamp rate making principals apply within all rate zones.

b) No. Please see the response to part a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedule 1, Page 3

Preamble:

"Refunds of CIAC may be requested by customers when the actual customer count on the system expansion exceeds the original forecast. For Rate 1 and Rate 6 customers, these refunds are processed at the end of five years from the date of construction. The system expansion project is then re-evaluated with the actual customer count to determine a revised contribution that is required to bring the NPV to the original targeted level. The difference between the revised contribution amount and the actual contribution paid by customers is the total amount to be refunded to original customers. Refunds are made based on the proportionate contribution of customers."

Question:

a) Why are refunds only available for CIAC but not for SES and TCS? Please explain your answer.

b) Would all customers who paid a CIAC get a refund or only those customers that request it? Please explain your answer.

c) Please explain the procedure that a customer requesting a refund of CIAC would have to follow when requesting it.

Response:

a) CIAC refunds are allowed for those projects where initial feasibility is calculated based on prospective customers seeking gas connections at that time. If more customers are connected to the same gas main within five years from the date of payment of the CIAC, the customer who paid the CIAC would qualify for a refund. In contrast, feasibility assessment and calculation of SES & TCS terms are based on the forecast customers for that area, including confirmed customers and those

expected to connect in the future. Customers requesting service as part of an expansion project are therefore expected to pay the SES and TCS surcharge for the full duration of the SES and TCS term and no refunds are contemplated

b) It is the responsibility of the customer to make a refund application. Only those customers who request a refund and meet the criteria are paid.

c) The customers who paid CIAC for a system expansion project, contact the Company's local Customer Connection Field Rep (CCFR) and inform them that the actual customer count on the project has exceeded the count when feasibility was originally run. The customer would then express their intention to seek a refund based on reevaluation of the original feasibility. Upon receipt of such a request, the CCFR re-evaluates the project with the actual customer count to determine a revised contribution amount (CIAC) that is required to bring the PI to the targeted level. Enbridge Gas would then refund the difference between the revised contribution amount and the actual contribution paid by customers to the original customers who paid CIAC and have requested a refund. In case there are more than one applicant, refunds are made based on their proportionate contribution amounts. No interest is payable on such refunds, and only customers who made the original contribution are eligible for a refund. These refunds are processed at the end of five years from the date of construction.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedule 1, Page 4 and Exhibit C, Tab 2, Schedule 2, Page 4

Preamble:

In the EGD Rate Zone, although the section heading is *"System Expansion Portfolios – Accountability"* there is no explanation of how accountability would be achieved

In the Union Rate Zones *"the Director, Distribution In-Franchise Sales is accountable for ensuring that the corporate Rolling Project Portfolio PI, excluding Community Expansion Projects, exceeds 1.0 on an ongoing basis."*

Question:

a) Why are there differences in accountabilities between the rate zones?

b) Will Enbridge Gas shareholder be accountable if the Rolling Project Portfolio ("RPP") is below 1.0?

c) What action should the OEB take if the RPP is below 1.0?

Response:

a) Enbridge Gas has undertaken several initiatives to harmonize process and policies between legacy EGD and legacy Union. System Expansion policies is one of those areas which is still in progress and will be harmonized in due course. As far as portfolio accountabilities are concerned, Enbridge Gas confirms that the Director, Distribution In-Franchise Sales is accountable for portfolio performance for all rate zones.

b) In accordance with EBO 188, Appendix B, section 3.3, the accountability of non-performance will be decided by the Board on a case by case basis. If such a situation arises, the Company will provide a complete variance explanation to the

Board and the implications of a negative NPV and PI less than 1.0 will be determined by the Board.

c) Please see response to part b) above.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedule 1. Pages 6 and Exhibit C, Tab 2, Schedule 2

Preamble:

"*An incremental overhead allowance is added to the cost of mains and services and is incorporated in the feasibility analysis of all projects.*"

Question:

a) Please explain what is "an incremental overhead allowance" and how it is calculated.

b) Why is there no mention of the incremental overhead allowance for the Union Rate Zones?

Response:

a) Incremental Overhead Allowance (IOA), reflects the indirect cost of the support functions who assist in connecting new customers in EGD rate zone. The dollar value of the support functions is determined for a budget year and is divided by the total budget of new customer connections to establish a percentage which is termed as "IOA". The IOA is applied to new connection capital estimates and is used for assessing project feasibility.

b) In Union rate zones, the term used for indirect cost is called loading and is applied in assessing feasibility of new connections in the same manner as the IOA is applied in the EGD rate zone.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedules 1 and 2

Question:

a) Please file a copy of the EGI latest updated Natural Gas System Expansion materials (non-regulatory version) provided to potential customers, municipalities and other organizations.

b) Please provide the link(s) to the Company's website(s)

Response:

a) Please see Exhibit.I.CPA.3 d).

b) Please refer to Enbridge Gas's Community Expansion website: https://www.savewithgas.com/

ENBRIDGE GAS INC.

Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Interrogatory

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.

Question:

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?

Response:

a) Confirmed.

b) A Development Project may utilize the HAF to allocate costs to customers including a Community Expansion project within the Area of Benefit. The Community Expansion Project may require a SES to pay for their share of the cost allocation. The HAF is not a charge but rather the method by which costs of a Development Project are allocated commensurate with peak hour demands.

ENBRIDGE GAS INC.

Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Interrogatory

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.

Question:

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.

Response:

a) Not confirmed. Enbridge Gas intends to use the HAF process on Development Projects that may involve a mix of distribution and transmission facilities. In the case of Chatham-Kent Rural project (EB-2018-0188), the facilities proposed and built were a combination of both distribution and transmission facilities. As per EB-2018-0188, Application and Evidence, Page 18 of 26, Paragraph 55, footnote 15, Updated: 2019-03-14, *"Each customer's capital costs include distribution mains if applicable along with services, measurement equipment and the allocated transmission cost of $287 m3/hour."*

ENBRIDGE GAS INC.

Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Interrogatory

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.

Question:

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.

Response:

a) Enbridge Gas's pipeline distribution network is designed and modelled on a peak hour basis. Using peak hour allocation is more appropriate, especially for larger Development Projects involving distribution facilities.

b) Enbridge Gas does not have a blanket methodology for converting a customer's peak daily demand to peak hourly demand. Enbridge Gas determines peak

requirements on a case by case basis through discussions with its customers on their individual operations.

ENBRIDGE GAS INC.

Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Interrogatory

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.

Question:

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) ii. Is Enbridge requesting OEB approval of those principles, or is Enbridge proposing that it can change those principles at its discretion?
   iii) 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) 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.

Response:

a) Enbridge Gas has not proposed a definition or a specific delineation between "Larger" and "Smaller" projects or customers for the purposes of the HAF. The Proposed Revisions to the New Business Guidelines do cite "no more than 50,000 m3/year" as the threshold to delineate a small volume customer for the purposes of TCS or SES, however the HAF is focused on a peak hour capacity not an annual consumption level. The four HAF projects mentioned in Exhibit B, Tab 1, Schedule 1, Appendix A would all be considered larger projects targeting larger volume customers. The EBO188 Guidelines use the terms "larger and smaller customers" without a specific definition.

b) and c) Please see Exhibit I.CME 2 c).

d)

i. & ii. Please see Exhibit I.STAFF.9 c)

iii. All HAF approvals to date have been on larger projects that were subject to a Leave to Construct (LTC) application. Enbridge Gas feels there is opportunity to leverage this cost allocation methodology for smaller projects, and therefore is seeking approval of the approach. Pre-approval of the

approach will “streamline” the administrative process associated with implementing it on smaller projects.

iv. Please see Exhibit I.STAFF 9 c) and Exhibit I.CME 2 c).

ENBRIDGE GAS INC.

Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Interrogatory

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.

Question:

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 revenues 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?

Response:

a) Please see Exhibit I.STAFF.8 e).

b) Not Confirmed. It is incorrect that all eligible customers in the area of benefit would be charged a contribution in aid of construction (CIAC). The HAF is a method of allocating cost to the customers in the area of benefit for conducting the economic feasibility assessment. An economic assessment may not require a CIAC if a project achieves a PI 1.0 or above. The CIAC may be required from customers only if there is a shortfall in revenue against the project costs resulting in a project PI below 1.0.

c) This is incorrect that the HAF proposal would allow Enbridge Gas to over earn until next rate case. As explained in part (b) above, the HAF is a method of allocating cost of new infrastructure between the customers for assessing economic feasibility. A project feasibility assessment is conducted under the Board's guidelines in EBO 188 and utilities are obligated to calculate and collect CIAC if warranted.

   Please see Exhibit I.LPMA.18.

   In light of the clarifications above, note that approved rate setting and feasibility methodologies, including feasibility methodology proposed in this proceeding, do not result in over-collections or over-earnings. Customer contributions (CIAC) towards a project are determined in accordance with Board-approved guidelines, Therefore, Enbridge Gas is not proposing to refund any CIACs collected for a Development Project to customers.

d) The HAF is not a charge but a method of allocating the cost of project capacity to customers for feasibility purposes. Enbridge Gas is applying to use the HAF in Development Projects that do not require LTC approval. See Exhibit.I.VECC.6.

ENBRIDGE GAS INC.

Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Interrogatory

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.

Question:

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.

Response:

a) The HAF is not a charge but rather an allocation of capital for economic analysis which gets factored in the determination of CIAC. Consistent with previously Board approved Chatham Kent Rural proceeding in EB-2020-0094, a true up was considered but rejected. Customers prefer certainty when they execute a long term

contract. A true up would introduce uncertainty from the customer's perspective and Enbridge Gas is prepared to manage the demand forecast risk.

b) Please see Exhibit I.EPCOR.5 c).

c) Please see the Company's response to parts a) and b).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Ex. B, Tab 1, Schedule 1, p. 5

Preamble:

"*Enbridge Gas notes that there is a difference in approach between the EGD and Union rate zones with respect to updating the project's PI and its impact on the duration of the SES. In this application, Enbridge Gas is proposing to adopt the SES on the same basis as it has for previously approved projects in the Union rate zones (e.g., EB-2015-0179). As such, the Company is not proposing to periodically update the project's PI for the duration of the SES term."*

Question:

What barriers, if any, would there be to adopt the approach approved by the Board for Enbridge Gas Distribution in the Union Gas rate zone. Please explain fully.

Response:

The barrier to the annual review of a project's PI is the administrative burden in evaluating a large number of Community Expansion projects on an annual basis to determine if and when the project's PI exceeds 1.0. The maximum term of the SES is 40 years and continuing with the approved approach for the EGD rate zone requires evaluating each project for a time period of up to 40 years.

Enbridge Gas proposes to adopt on a harmonized basis the approved approach for the Union Gas rate zones which does not require continuous evaluation of each project's PI.

Enbridge Gas maintains annual review of the PI for each Community Expansion project on a harmonized basis is not necessary and better aligns Community Expansion projects with the treatment of all other customer additions, as follows:

1) The PI for Community Expansion projects will be treated consistently with the PI for other expansion projects. All expansion projects will be tracked and reviewed within the Rolling Project Portfolio and Investment Portfolio consistent with the requirements of EBO 188; and

2) If a Community Expansion project's PI reaches 1.0 prior to the end of the SES term, the increased profitability of that project will be captured in the base upon which rates are set at rebasing, resulting in reduced rates for all customers. This treatment is the same as that applied to all customer additions where their actual Project PI ends up being greater than 1.0.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Ex. B, Tab 1, Schedule 1, p. 6

Preamble:

"*In the OEB's recent EB-2019-0188 Decision concerning the extension of gas service to the Northshore and Peninsula Roads area in the City of North Bay the Board noted that under the same proposal as that outlined above the increased profitability of a project would be captured in the Company's base rates resulting in reduced rates for all customers.*"

Question:

Is EGI presenting the above statement as a Board finding? Please explain fully.

Response:

Yes. In the EB-2019-0188 Decision and Order on page 13 in the Findings section, the Board stated

> Enbridge Gas stated that after the ten-year rate stability period it expects to provide a revised DCF calculation and PI based on actual project costs and revenues to be included in rate base at the next rebasing rate application. The OEB will consider any questions about the treatment of any surplus or shortfall for the 11-40 period at the time of rebasing.

The Company is of the view that Board found that the increased profitability of a project would be captured in the Company's base rates resulting in reduced rates for all customers.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

EB-2019-0188 Decision and Order, Issued May 7, p. 19

Preamble:

The Decision reads: "*Enbridge Gas indicated that the different treatments would be maintained until rate harmonization occurs. The OEB typically prefers a common approach to the treatment of PI; however, it accepts that it is appropriate to wait for the next rebasing proceeding to determine which approach should be uniformly applied. A comprehensive examination of the alternatives and impact on customers can be undertaken at that time."*

Question:

Please explain why EGI is proposing to harmonize the approach to SES duration prior to the rebasing proceeding?

Response:

In the EB-2019-0188 proceeding, Enbridge Gas stated in its Reply Argument at paragraph 49, "When Enbridge Gas applies to harmonize the treatment of SES amongst the rate zones, it will seek to apply a single approach to projects on a go-forward basis."

The Company has chosen to bring forward its proposal to harmonize the SES across all three rate zones and introduce the TCS now in response to the demands of the marketplace, rather than wait to incorporate these proposals in a rebasing application.

The Company is currently in the process of submitting a large number of community expansion proposals to the OEB pursuant to the provincial government's Natural Gas Expansion Program which span across all three rate zones. The TCS is in part a response to demand expressed by potential customers for an alternative to one-time contributions in aid of construction (CIAC). These surcharges can be addressed

separately from other rate harmonization proposals as they are existing mechanisms for which no separate cost studies or rate design changes are required. Additionally, having the SES and TCS put in place now will remove one item from the many items to be addressed at rebasing.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Ex. B, Tab 1, Schedule 1, p. 9

Preamble:

"*The RSP is proposed to function as follows: If leave of the Board is granted to construct an Expansion Project, Enbridge Gas will include the forecasted capital costs of a project in rate base as of the in-service date.* "

Question:

Under this proposal, are the forecasted capital costs contributing to the utility revenue requirement for the purposes of ratemaking if a rebasing year occurs during the RSP?

a) If so, how is the utility at risk for its forecast?

Response:

Yes. If a rebasing year occurs during the 10-year RSP, Enbridge Gas will include the estimate of capital costs and customer attachment and volumetric forecast used in the initial evaluation of a Project for rate setting purposes. By using the estimate of capital costs and revenue forecast and not actual capital costs and revenue forecast for rebasing purposes, Enbridge Gas will be at risk for any variances from the initial estimate during the RSP. Please see Exhibit I.CCC.5.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Ex. B, Tab 1, Schedule 1, p. 14

Preamble:

"*The concept of the Hourly Allocation Factor 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. When a Development Project is proposed, it can be modelled to determine an Area of Benefit. The Area of Benefit is the geographic area that will see a noticeable increase in firm natural gas capacity as a result of the Development Project."*

We would like to understand better how EGI is proposing to allocate the costs of the incremental capacity provided by the project to the Area of Benefit.

Question:

Is the practical effect of this approach that incremental surplus capacity costs are borne by:

a) small volume customers in the Area of Benefit?

b) only incremental, unforecasted small volume customers during the RSP?

c) all small volume customers of EGI after the next rebasing year at the conclusion of the RSP?

Please explain fully.

Response:

a) The proposed HAF process involves the allocation of forecasted capacity. The concept of "surplus capacity" is not part of the proposed process.

Please see Exhibit I.OGVG.6 a) for a detailed description of the allocation process. All customers deriving benefit from the Development Project are contributing towards the project in a fair and equitable manner. Aggregating the demands of each customer group will usually result in larger more economically efficient projects with synergies resulting from larger economies of scale.

b) and c) There is no RSP in the HAF proposal.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Ex. B, Tab 1, Schedule 1, Appendix A

Question:

For the Sarnia Expansion Project, please provide the hourly capacity figures associated with project.

a) Please breakdown the large volume customers individually (& anonymously) providing their winter demand load and any other significant seasonal load considered.

b) To the extent that there were non-coincident peaking loads, please describe how EGI provided equity between and among customers.

Response:

a) NOVA Chemicals is the only customer that has contracted for capacity as part of the 2021 Sarnia Industrial Line Reinforcement Project. As such, it is impossible to provide the requested information anonymously. As stated in the evidence in EB-2019-0218, Exhibit B, Tab 1, Schedule 3, the project will provide an incremental 73.6 TJ/d of Sarnia Industrial Line system capacity of which 61.4 TJ/d will be contracted by NOVA Chemicals and 12.2 TJ/d (or 13,021 m3/hour) of capacity is available to serve future growth in the Sarnia market.

b) NOVA Chemicals was the only customer included as part of the 2021 Sarnia Industrial Line Reinforcement Project.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Ex. C, Tab 2, Schedule 1, p.9

Preamble:

"*The HAF process is a method of allocating incremental firm capacity to multiple customers forecasted to require additional firm service within an identified Area of Benefit that are forecast to share capacity on a Development Project. The HAF is allocated and applied as a capital cost to the individual economic analysis of customers receiving incremental capacity as they commit or contract for gas service."*

We would like to understand better how the HAF methodology would be applied to expansion scenarios where customers of non-coincident peaks are involved.

Question:

For other projects that include seasonal peaking loads such as grain dryers, asphalt plants, etc., please provide a description of the allocation process contemplate by EGI.

a) Please provide a sample calculation of a hypothetical case.

b) Is EGI seeking approval for the described allocation approach?

Response:

a) Consistent with previous OEB approvals for Development Projects employing an HAF, non-coincident peaks are not factored into the derivation of the firm capacity that will be created.

   A sample calculation can be found in the CK Rural proceeding (EB-2018-0188) wherein the Company explained,

> …costs to serve include both an allocation of the HAF, being $287/ m3/hour multiplied by their Firm Hourly Quantity (Peak Hour) plus the costs of their customer specific costs (customer station and service and any specific distribution costs like stations upgrades etc. that are required to serve them given their load and location). (Exhibit B.Staff.2 Page 7 of 14, Question D).

b) The Company is seeking approval of the approach described in part a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Ex. C, Tab 2, Schedule 1, p.11

Preamble:

"*Refunds of CIAC may be requested by customers when the actual customer count on the system expansion exceeds the original forecast. For Rate 1 and Rate 6 customers, these refunds are processed at the end of five years from the date of construction.*"

We would like to understand how these refund requests are triggered. A plain reading of the first sentence seems to place the onus on the customers to identify when they think a project refund may be warranted.

Question:

Please describe how EGI will track, report and communicate system expansion information.

a) Please describe who will receive the reporting.

b) Is the onus on the customer to initiate a request for a review for the purposes of seeking a refund.

c) How does EGI contemplate Board involvement in the process?

Response:

a) Please see Exhibit.I.EP.10 a) and c) for complete details for the CIAC refund process.

b) Please see Exhibit.I.EP.10 b).

c) Please see Exhibit B, Tab 1, Schedule 1, paragraphs 17 through 22.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

ExA/T2/S1/p2, paragraph 3.(ii).

Preamble:

In referencing Small Main Extension and Customer Attachment Projects for which the Profitability Index is less than 1, the Application states that EGI *"may"* apply a Temporary Connection Surcharge (TCS) to small volume customers served by the project.

Question:

In what circumstances would EGI not apply such a surcharge?

Response:

As noted in Exhibit B, Tab 1, Schedule 1, paragraph 33, the TCS term will be determined on a project specific basis and will extend from one year to a maximum of 20 years from the project's in-service date. In accordance with these term limitations, the Company will not apply the TCS in cases where this surcharge would be applicable for less than one year. Under such circumstances, customers will be required to pay a one-time contribution in aid of construction (CIAC). Also, for projects for which there is only one customer, the Company will offer the customer a choice of whether to pay the TCS or a CIAC.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

ExA/T2/S1/p2, paragraph 3.(iii)

Preamble:

In referencing Development Projects, the Application states that EGI *"may"* apply an Hourly Allocation Factor (HAF) to allocate the capital costs of the project amongst the existing and future customers of those facilities within the project area.

Question:

In what circumstances would EGI not apply such an allocation factor?

Response:

The Company would not apply an allocation to any customers who fall under the HAF threshold of eligibility. Additionally, the Company would cease to apply the HAF once the capacity is fully allocated.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

ExB/T1/S1/p1, paragraph 2.

Preamble:

The evidenced states that the Hourly Allocation Factor is a cost allocation mechanism to be used for economic feasibility calculations and *"note a rate"*.

Question:

a) Please confirm that the HAF would be used to calculate CIACs from customers to be served by the Development Project.

b) Please confirm that a CIAC is a "rate".

c) Please confirm that EGI is seeking approval in this application for a methodology for determination and application of an HAF to determine CIACs from customers to be served by Development Projects.

Response:

a) The HAF will be used to allocate capital costs to customers for the purposes of conducting economic feasibility analyses for those served by the project and gets factored in the determination of the CIAC.

b) The Board views Contributions in Aid of Construction (CIAC) as a "rate". See EB-2012-0396, Decision and Order, February 7, 2013 at page 14 and EB-2016-0013, Decision and Order, June 29, 2016 at page 12.

c) The Company is seeking approval to use the HAF process to allocate costs on a generic basis for Development Projects. This allocation process will not in and of itself be the determining factor in calculating any CIAC. Please see the Company's response to part a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

ExB/T1/S1/p7, paragraphs 17 and 18.

Preamble:

In discussing Community Expansion Projects the evidence states that actual capital costs of a project will be brought forward for inclusion in rate base at the time of the next rebasing following the 10 year rate stability period (RSP) being proposed for application to such projects.

Question:

a) Please confirm that this proposal is not intended to displace the current OEB approach to Community Expansion Project competitions in which proponents are expected to assume the risk of capital costs of the project and to not include any capital costs overruns (relative to the forecasts underpinning approval of the project) in rate base even after the completion of the RSP.

b) If not confirmed, please explain the basis upon which EGI proposes that the Board alter the foregoing approach.

Response:

a) The Company will not confirm and does not agree that it is the OEB's approach to Community Expansion Project competitions, or any other project completions, for the Company to assume the risk of capital costs of the project and to not include any capital costs overruns (relative to the forecasts underpinning approval of the project) in rate base beyond the RSP, subject to OEB approval at that time. This view is consistent with the concept of cost of service rate making and all prior OEB decisions concerning implementation of the SES beginning with EB-2015-0179.

b) Please see the Company's response to part a) of this question.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

ExB/T1/S1/p14, paragraph 42.

Preamble:

EGI proposes that for larger Development Projects the HAF would be applied only to large volume customers.

Question:

a) Would CIACs or similar charges in support of the project (whether up front or over time) be required only of the larger customers to whom the HAF would be applied?

b) If so, would the rate paid by the customers to whom CIAC or similar charges were applied exclude any of the remaining (unrecovered) costs of the Development Project?

c) If not, would the larger customers not be paying for both their own capacity allocation plus a portion of the remaining capacity of the project which will serve other customers?

d) If so, is this a cross-subsidy?

e) If so, please provide EGI's justification for such a cross-subsidy.

Response:

a) CIAC would be applied to customers that request incremental service above the threshold of eligibility as part of the Development Project and have an individual PI less than 1.0.

   The portion of the project attributed to the small volume customer group (all the forecasted growth from customers under the threshold of applicability) would be

dealt with through traditional mechanisms for a stand-alone project of that scale and scope.

b) The HAF for a Development Project would only include the costs required to provide the incremental capacity for customers above the threshold of eligibility. The HAF applied to a customer, and by extension that customer's CIAC, is based on the proportion of incremental capacity the customer is reserving on the system. No small volume or unrecovered costs would be directly attributed to customers through the HAF.

c) to e) Please see answer to b).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

ExC/T2/S1/p5, paragraph 20.

Preamble:

The evidence provides that for the EGD Rate Zone, if a main is oversized to meet future growth potential, it may be re-priced at the size required to meet customers' load requirements for feasibility calculations.

Question:

a) Would the re-pricing be based on a proportion of the forecast project cost for the entire planned capacity, or would it be based on a project at the size required to meet customers' load assuming that this was the project that was to be built?

b) If the latter, please confirm that the re-pricing would not take account of any economies of scale (i.e. a proportionately lower incremental cost to upsize the project).

c) Would the re-pricing be used to derive the HAF to be applied to the project and its customers?

d) If question (b) is confirmed and the answer to question (c) is yes, please also confirm that the CIACs or other contribution charges derived based on the HAF and the re-priced project would result in proportionately higher cost recovery from customers to whom CIACs or other contribution charges are applied than from customers not subject to such charges.

Response:

a) The re-pricing will be based on a proportion of the forecast project cost for the entire planned capacity .

b) Not confirmed. Economies of scale are taken into account.

c) The referenced section of the Enbridge rate zone Economic Feasibility Procedure and Policy is not applicable to a HAF project.

d) No, project re-pricing or right-sizing will not be required when the HAF is used. Therefore, it will not result in any over-recovery of cost from customers.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

ExC/T2/S1/p10, paragraphs 42 and 43.

Preamble:

The evidence says that for the EGD Rate Zone the maximum revenue horizon to be used for feasibility calculations for small volume customers is 40 years and for large volume customers is 20 years.

Question:

(a) Please confirm that the time horizon is an input to the calculation of any required contribution charges, where such charges are applicable.

(b) Please provide the rationale for using a time horizon for large volume customers that is half that for small volume customers.

(c) Please provide any historical data that supports the 20 year time horizon chosen for large volume customers.

Response:

a) The time horizons noted in the preamble to this question are those set out in the Board's EBO 188 Guidelines for small and large volume customers. These are the time periods applicable to the discounted cash flow ("DCF") analysis called for in the EBO 188 Guidelines for the purpose of determining the Profitability Index ("PI") of a system expansion project. If a project's PI is less than 1.0, it can be increased by either increasing project forecast revenues or reducing the net present value of a project's cost through the customer's payment of a contribution in aid of construction.

b) The 20 year time horizon for the DCF analysis called for in the Board's EBO 188 Guidelines was the product of a lengthy Alternate Dispute Resolution ("ADR")

exercise that culminated with the EBO 188 Final Report of the Board, dated January 30, 1998. The ADR Agreement flowing from the ADR process recommended a 20 year DCF time horizon for large volume customers. This recommendation was accepted by the Board in its final report in this matter.

c) Please see the Company's response to part b) of this question.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

ExC/S2/p2, last full paragraph and /p3, first full paragraph.

Preamble:

The evidence regarding the Union Rate Zone Distribution New Business Guidelines in respect of calculation of portfolio Profitability Indices refers to *"normalized"* reinforcement costs.

Question:

What is meant by *"normalized"* in this context?

Response:

The "normalized" reinforcement cost is defined in EBO.188 Section 2.3.7 as follows:

> The Board sought further explanation for the proposed treatment of reinforcement costs in the Investment Portfolio in its letter of July 4, 1997 to the utilities. The utilities responded that "normalized" reinforcement costs were categorized into "special" reinforcement and "normal" reinforcement. The costs of the former are those associated with specific major reinforcements of the system and are amortized over a period of 10-20 years. The normal reinforcement costs are the residual of the total identified reinforcement costs after the special reinforcement costs are deducted. The historical average for the special and normal reinforcement costs will then be used as the normalized amount to be included in the portfolio analysis as a percentage of the total capital expenditure in the year.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

ExC/T2/S2/p8, top.

Preamble:

The evidence states that the length of a customer “Service Lateral” is measured from the property line of the customer’s premises to the customer’s meter.

Question:

How is the length of pipe from the existing main or lateral to the property line treated?

Response:

The pipe length from main to property line would be included as part of the project costs. The company determines service length from the property line to establish consistency for all customers.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

ExC/T3/S1.

Preamble:

The evidence is titled *"Proposed Amendments to Conditions of Service"*.

Question:

a) Please clarify which rate zone the proposed amendments are intended to apply to.

b) Please provide a comparison version of this Schedule highlighting the changes to the current Conditions of Service.

Response:

a) The proposed amendments are intended to apply to each of the EGD and Union rate zones.

b) Please see Attachment 1.

PROPOSED AMENDMENTS TO CONDITIONS OF SERVICE

EGD Rate Zone

4. Initiation of Service
A potential customer that has applied for natural gas service is referred to in this section as the "applicant".

4.1. Main Extensions
Enbridge will extend its gas main within its franchise area to serve new customers when it is feasible to do so, in accordance with Enbridge's feasibility policy and procedures for the EGD Rate Zone. Enbridge will consider the following when determining feasibility:

- the number of potential new customers within the next five years;
- the amount of natural gas to be used; and,
- the cost of extending the gas main.

If the cost of the extension is not economically feasible, the applicant(s) will be required to pay a contribution in aid of construction (or "CIAC") and/or surcharge. Enbridge will determine the contribution amount and communication will be provided to the applicant(s) in writing.

Union rate zones

2. Initiation of Service

2.1 Main Extensions

We will extend our gas main within our franchise area to serve new customers (or potential

customers) when:

- Those requirements will not disturb or impair the service to prior users
- We determine the extension of the gas main is economically feasible

When we determine the extension of our facilities is not economically feasible, the applicant will be required to pay a contribution in aid of construction and/or surcharge. We will determine the contribution amount before the extension of such facilities.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1

Question:

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.

Response:

Small volume customers are defined as "each of whom consume no more than 50,000 m^3 per year".

Enbridge Gas would also like to correct the following exhibits:

- Exhibit A, Tab 2, Schedule 1, page 2 of 4, paragraph 3, part (i) and (ii) (updated: 2020-05-11).
- Exhibit B, Tab 1, Schedule 1, page 2 of 16, paragraph 4, part i and ii
- Exhibit B, Tab 1, Schedule 1, page 9 of 16, paragraph 23

The correction to Exhibit A, Tab 2, Schedule 1, page 2 of 4, paragraph 3, part (i) and (ii) (updated: 2020-05-11) are as follows:

(i) Community Expansion Project – system expansion project for which the profitability index ("PI") is less than 1.0 and which provides first-time natural gas service to a minimum of 50 potential ~~small volume general service~~ customers~~, each of whom consume no more than 50,000 m^3 per year ("small volume customers")~~. The SES would be set at the same fixed volumetric rate of $0.23/m3 as the current SES approved for the EGD and Union rate zones. It would apply to small volume customers, each of whom consume no more

than 50,000 m^3 per year ("small volume customers") served by these projects, and large volume customers would have the option to pay the SES or negotiate another method of contribution to the capital costs for the project;

(ii) Small Main Extension or Customer Attachment Projects – other forms of distribution expansion or extension projects for which the PI is less than 1.0 and which provide natural gas access to fewer than 50 potential ~~small volume~~ customers. The TCS would be set at the same fixed volumetric rate of $0.23/m3 as the SES. Enbridge Gas may apply the TCS to small volume customers served by these projects. Large volume customers would have the option to pay the TCS or negotiate another method of contribution to the capital costs of the project;

The correction to Exhibit B, Tab 1, Schedule 1, page 2 of 16, paragraph 4, part i and ii are as follows:

i. The SES will be applicable to each Community Expansion Project, defined as a natural gas system expansion project for which the profitability index ("PI") is less than 1.0 and which will provide first-time natural gas system access to a minimum of 50 potential ~~small volume general service~~ customers. The SES will be applicable to all small volume customers~~, each of whom consume no more than 50,000 m^3 per year ("small volume customers").~~ Customers who consume more than 50,000 m^3 per year will have the option of paying the SES or negotiating another method of contribution to the project; and

ii. The TCS may be applicable to each Small Main Extension or Customer Attachment Project, defined as a natural gas system expansion or extension project for which the PI is less than 1.0 and which will provide distribution access to fewer than 50 potential ~~small volume~~ customers. Customers who consume more than 50,000 m^3 per year will have the option of paying the TCS or negotiating another method of contribution to the project. These projects include the extension of mains, the related service attachments and any service lines to individual customers connecting to pre-existing mains.

The corrections to Exhibit B, Tab 1, Schedule 1, page 9 of 16, paragraph 23 are as follows:

23. Enbridge Gas is asking the Board to approve a TCS which is similar to the SES but will be used for smaller distribution expansion projects that will provide natural gas system access to fewer than 50 potential ~~small volume~~ customers in

homes and businesses. This will allow for these customers to gain similar benefits to those being served by larger Community Expansion Projects.

The corrected exhibits will be filed with the interrogatory responses.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 3

Question:

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.

Response:

EGI's application contemplates that it will not be necessary for the Company to seek Board approval of the SES and TCS terms on a project specific basis. These terms would be determined by EGI, as noted in the evidence and in the rate schedules and feasibility policies set out in Exhibit C. For instance, EGI's proposed changes to Rider I of the Rate Handbook for the EGD rate zone (at Exhibit C, Tab 1, Schedule 1, page 1) states:

a) The Company may apply the SES for a term of up to 40 years, to be determined in accordance with the Company's feasibility policy;
b) The Company may require payment of a CIAC and/or apply the TCS for a term of 1-20 year, to be determine in accordance with the Company's feasibility policy.

There are equivalent terms set out in Exhibit C for the Union Gas rate zones.

As is the case today for the EGD rate zone, the communities to which the SES would apply and the applicable terms would be published periodically Rider I. For the Union Gas rate zones, the communities and applicable terms would be listed in the applicable rate schedule. For the TCS, Enbridge Gas has proposed it will publish the geographic location, effective date and term of TCS project areas on the Company's website as described in Rider I and the feasibility policies set out in Exhibit C.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 4

Question:

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?

Response:

a) Please see Exhibit.I.CCC.1.

b) Confirmed. Customers that consume more than 50,000 m3 per year will have the option of paying a Contribution In Aid of Construction.

c) No. Contributions in Aid of Construction are to be paid in full prior to the construction of facilities.

d) For customers that pay the SES or TCS rather than the CIAC, the term of the SES or TCS is determined on a project basis. All customers served by the same

Community Expansion or other expansion project will pay the SES or TCS from the time they begin to take service until the expiry of the SES or TCS term for that project.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 5

Question:

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?

Response:

a) Please see Exhibit.I.CCC.3.

b) Please see Exhibit.I.STAFF.8 part a).

c) Any project that adds capacity to the system could be considered a system expansion project.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 4

Question:

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.

Response:

CIAC is designed to off-set the capital cost of the project and impact the rate base accordingly. SES and TCS both are categorized as revenues are treated the same manner as distribution revenue. Please see the pre-filed evidence at Exhibit B, Tab 1, Schedule 1, pages 3 and 7 for the revenue treatment of the SES and pages 10 to11 for the revenue treatment of the TCS.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 4

Question:

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.

Response:

a) No, the CIAC that the large volume customer would pay would be equivalent to the net present value of the stream of SES revenue over the duration of the SES term for that project.

b) Not confirmed. The term of the SES or TCS is determined on a project basis. All customers served by the project will pay the SES or TCS for the same period of time. Also, please see Exhibit I.LPMA.3 part d).

c) No. Please see the Company's responses to part c) above and to I.LPMA.3 part d) .

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 4

Question:

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?

Response:

Small volume customers will not have the option of paying a CIAC in lieu of either the SES or the TCS if they derive service from an SES or TCS project. In its EB-2016-0004 Decision (Generic Proceeding on Community Expansion), the Board determined that either standalone rates or surcharges to existing utility rates were to be used to raise revenues to improve the economic performance of community expansion projects.

Providing small volume customers with the option of either paying one of the surcharges or a one-time CIAC would significantly add to the complexity of administering the SES and TCS. The impact on customers will be the same from the perspective that the net present value of the SES or TCS charges over their term would equate to the CIAC these customers would have been required to pay otherwise.

Also, please see Exhibit I.LPMA.1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 6

Question:

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.

Response:

Confirmed. The revenue requirement, as well as revenue, of the Project would be higher by treating SES/TCS as revenue. From an economic feasibility perspective, the treatment of SES/TCS as revenue as compared to CIAC results in the same objective of an economically feasible project. As noted, a project can be made feasible in two ways: by either reducing the cost of the project or by increasing the revenue associated with the project. Whereas CIAC reduces the capital cost of the project, the SES and TCS increase revenue related to the project.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 7

Question:

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.

Response:

a) and b) – Please see Exhibit I.STAFF.2 a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 10

Question:

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.

Response:

a) To clarify, the SES would apply to all small volume customers in any Community Expansion Project that includes 50 or more potential customers.

    The definition of a Community Expansion Project is a natural gas system expansion project undertaken by the Company for which the PI is less than 1.0 and which will provide first-time natural gas system access to a minimum of 50 potential customers. It may be a mix of large and small volume customers.

    Please see Exhibit I.LPMA.1.

b) (i) Confirmed in principle, except that Enbridge Gas defines these projects as “Small Main Extension or Customer Attachment Projects”, as set out in Exhibit C, Tab 1,

Schedule 1 (Rider I) and any application of the TCS is subject to the terms and conditions set out in that reference.

(ii) Please see the response to part b) (i) and Exhibit I.IGUA.1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 11

Question:

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?

Response:

a) Please see Exhibit I.STAFF.6 b)

b) Please see Exhibit I.STAFF.1 c)

c) This risk is no different from another system expansion project which is subject to the Board's EBO 188 guideline and mitigated by the guideline's requirement to maintain the Rolling Project Portfolio and Investment Portfolio PIs at a level of 1.0 or greater.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 15

Question:

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?

Response:

a) Enbridge Gas is requesting that the Board approve a 10-year RSP for all Expansion Projects where a SES is charged.

b) Enbridge Gas will reflect the actual capital cost of a project and actual customer attachment and volumetric consumption in utility results following the expiry of the 10-year RSP. Should the expiry of the 10-year RSP occur during an IRM and not coincident with a rebasing year, any excess revenue (or shortfall revenue) in rates associated with the project would form part of utility revenue that is subject to earnings sharing until the next rebasing, depending on the approved IRM framework at the time. For further information, please see Exhibit I.FRPO.1 and Exhibit I.FRPO.4.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 16

Question:

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.

Response:

Yes, the projected revenues referenced in the first sentence of Exhibit B, Tab 1, Schedule 1, paragraph 16 refers to the original forecast used in the initial evaluation of a Community Expansion Project. After the RSP has expired, actual revenues for a project will be used for the determination of any revenue sufficiency or deficiency in the process for setting approved rates.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 19

Question:

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.

Response:

Yes, as indicated in the Company's evidence at Exhibit B, Tab 1, Schedule 1, page 9, the Company will provide an updated PI based on a DCF analysis following the end of each project's 10-year RSP. For further information, please see Exhibit I.FRPO.1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 21

Question:

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

Response:

Yes, the discounted cash flow analysis would includes any reductions in non-capital costs from governments, including but not limited to property tax reductions/deferrals, and tax incentives if applicable.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, paragraph 22

Question:

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?

Response:

The actual capital cost mentioned in paragraph 22 means the actual capital investment for building infrastructure. Other parameters as mentioned in this question will not be updated and will remain fixed at the values in place at the time of original feasibility assessment of the project.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

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

Question:

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.

Response:

a) Yes, the only differences between the SES and the TCS is the potential number of customers in a project area and the maximum term of the SES or TCS charge.

b) Please see Exhibit.I.LPMA.7.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

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

Question:

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.

Response:

The capacity of any system expansion project (e.g. new build subdivisions and system reinforcement projects), is designed to meet the future load requirements of the forecast customers. The forecast customers connect to the project over time; therefore, it takes time for new infrastructure capacity to be fully utilized. As long as a system expansion project is feasible per EBO 188 guidelines, its revenue requirement (RR) is fully recoverable from customers in consideration of the regulatory mechanism in place. A development project is no different from any other system expansion projects and so the recovery of its RR should be consistent with them. Regardless of how much capacity of a development project is utilized (or allocated) on the in-service date, the entire RR under the two scenarios will be recovered from customers as follows.

i) During the IRM period, existing rates would be assessed to determine whether they are sufficient to cover the costs of the project. If a development project meets the Incremental Capital Module (ICM) criteria, EGI would request approval for ICM treatment for that project.

ii) At cost-of-service rebasing, the project's entire revenue requirement would be allocated to customers based on the approved cost allocation methodology and recovered from customers in rates accordingly.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit C, Tab 1, Schedule 1, page 2

Question:

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.

Response:

The correct reference is 50 potential customers. Please see Exhibit I.LPMA.1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedule 1, paragraph 5

Question:

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

Response:

Please see Exhibit.I.SEC.5.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

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

Question:

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.

Response:

This means 50 potential customers in total. Please see Exhibit I.LPMA.1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedule 1, paragraph 36

Question:

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

Response:

Enbridge Gas confirms that the second reference to SES (in the second line) should be to TCS.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedule 2, section 2

Question:

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.

Response:

a) Yes.

b) 50 potential customers. Please see Exhibit I.LPMA.1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedule 2, section 4

Question:

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.

Response:

Please see Exhibit I.SEC 5.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedules 1 & 2

Question:

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.

Response:

In accordance with the Decision and Order in EB-2018-0305, the Company will file detailed evidence regarding its customer connection policies with its next rebasing rate application.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers (OGVG)

Interrogatory

Reference:

Exhibit B Tab 1 Schedule 1 page 13

Preamble:

Further, the E.B.O. 188 Guidelines also contemplated that capital costs will be allocated based on the customer's peak day demand (E.B.O. 188, Final Report of the Board, January 30, 1998, Sec. 4.3.3, part (ii), page 19). The HAF refines this by making this allocation based on each customer's peak hour demand.

Question:

a) Please explain the impact, if any, of allocating capital costs based on a customer's peak hour demand rather than the customer's peak day demand.

Response:

a) Please see Exhibit.I.EPCOR.3 a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers (OGVG)

Interrogatory

Reference:

Exhibit B Tab 1 Schedule 1 page 13

Preamble:

Fundamentally, the HAF is derived by dividing the net forecasted capital cost of a project by the forecasted capacity that the project serves within the Area of Benefit. The HAF is expressed as a capital cost for each cubic metre per hour of incremental capacity.

Question:

a) Please explain what is included in the gross capital costs of a project and what is deducted from the gross capital cost to arrive at the net forecasted capital cost of a project.

Response:

a) The gross capital costs include the capital costs associated with the facilities that provide the incremental capacity that serves multiple customers in a Development Project. It would exclude customer specific costs like a customer station or a customer service. If 3rd party funding, like grants were to be applied towards a project then that funding would be used to reduce the capital for that portion of the project targeted by those funds. For example, a grant targeting large volume business as part of an Economic Development type project would be applied against that portion of the gross capital associated with that customer segment. A grant meant to support expansion for all customer types would be used to reduce the total project cost.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers (OGVG)

Interrogatory

Reference:

Exhibit B Tab 1 Schedule 1 page 13

Preamble:

The HAF can then be used to allocate the capital cost of a project to the customers the project serves as each customer contracts for or initiates service, based on each customer's incremental capacity requirement, in addition to the costs of any customer specific facilities that may be required (e.g., upgrades to a customer station, service line, or distribution main).

Question:

b) Please confirm that the use of the HAF ensures that individual customers are never held responsible for anything more than the capital costs originally allocated to them, regardless of EGI's ability to allocate the remainder of the forecast net capital costs to other customers. In other words, please confirm that to the extent that EGI fails to fully allocate the net capital costs of a particular project EGI bears the risk of a shortfall in recovery unless and until EGI is successful in having the costs of the project included in rate base for the purposes of setting rates (or alternatively the costs of the project are recovered through an approved incremental capital module or similar rate rider).

Response:

b) Confirmed.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers (OGVG)

Interrogatory

Reference:

Exhibit B Tab 1 Schedule 1 page 14
EB-2012-0431, schedules 12 and 13

Preamble:

The Area of Benefit is the geographic area that will see a noticeable increase in firm natural gas capacity as a result of the Development Project.

In EB-2012-0431 Union Gas Inc. accounted for increased capacity and demand for Interruptible service in its open season in support of the proposed Leamington Project and in the evidence provided to the OEB in support of the economic viability for the Leamington Project.

Question:

a) Are there potential benefits to parts of EGI's distribution system outside the Area of Benefit as a result of a Development Project not directly related to increases in firm natural gas capacity? If so please discuss those benefits and why it would not be appropriate to consider those benefits when determining the net capital costs to be allocated through the HAF.

b) Please confirm that one of the benefits of a project that increases firm natural gas capacity in an Area of Benefit is an increase in the availability of interruptible service. If so confirmed, please confirm that under EGI's proposal the impact of any incremental revenue generated through the increased availability of interruptible natural gas capacity is not considered when determining the net capital costs to be allocated through the HAF; if not considered please explain why not, and if considered please explain how.

c) Please discuss EGI's recent experience in terms of the materiality of increased interruptible service revenue created by projects that added incremental firm capacity.

Response:

a) No. The definition of an Area of Benefit implies that there are no material benefits of incremental firm capacity from the Development Project outside the boundary of the Area of Benefit.

Confirmed. When deriving the forecast of capacity and revenues for a Development Project the Company considers all requests for capacity (both firm and any incremental interruptible). To date there have been no requests for incremental interruptible capacity. Since interruptible capacity is only available when a firm customer is not using their entire amount, the interruptible capacity that might ultimately be contracted is not included in the incremental firm capacity being created by the Development Project (otherwise the capacity would be "double counted"). If there were incremental interruptible revenue forecasted at the time of designing the project the incremental revenue could be used to reduce the overall project revenue requirement from the other customers in the Development Project. To date, when incremental firm capacity was available, there was no customer interest in incremental interruptible capacity and therefore there has not yet been a need to account for incremental interruptible revenue for a Development Project.

In all four previously approved projects which contained the HAF methodology for cost allocation, Enbridge Gas did not contract nor forecast any incremental interruptible volumes or revenues. This was primarily due to the fact that no customers expressed interest in or asked for interruptible service.

In the case of Chatham Kent Rural project (EB-2018-0188), as indicated in interrogatory response, Exhibit B.Staff.2 d), page 8 of 14, *"most of the new large demands are related to the greenhouse market and this market in general prefers to contract for firm capacity when it is available."*

b) There has been no material interest in incremental interruptible capacity where the Company has used the HAF approach in the past. In the case of Chatham Kent Rural project (EB-2018-0188), to-date no customers have contracted for or have expressed interest in incremental interruptible capacity as part of the Project. As indicated in EB-2018-0188, Exhibit B.Staff.2 v), page, if a new customer contracted

for interruptible capacity in an Area of Benefit and there were customer-specific costs associated with that request, , the minimum annual volume (MAV) under that contract would be used to support that customer’s economics.,

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers (OGVG)

Interrogatory

Reference:

Exhibit B Tab 1 Schedule 1 page 14

Preamble:

Enbridge Gas is proposing that the threshold of eligibility be scaled with the size of the Development Project. For larger projects, Enbridge Gas would propose that the HAF apply only to large volume customers. For smaller projects, all customers, large and small, would be included. In the four previously approved LTC projects, the "floor" of HAF applicability was set at 200 cubic metre per hour. Enbridge Gas determined the proposed HAFs based on the known parameters at that time, by dividing the net forecasted capital by the total forecasted capacity in cubic metres per hour made available by the project for customers who required in excess of 200 cubic metre per hour. These projects primarily targeted large volume customers, and as a result, a threshold was set that would target and capture those customers. In the future, with a smaller Development Project, that targets a mix of larger and mid-sized customers a lower threshold may be more appropriate.

Question:

a) For projects where the HAF is only applied to large volume customers, please describe how the capacity not allocated to any large volume customer through the use of the HAF is accounted for in the economic evaluation of the project as a whole (i.e. does EGI simply forecast the customer attachments and related revenues for the non-large customers it expects to access the increased firm capacity?).

Response:

a) Please see Exhibit I.EPCOR.4 b).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers (OGVG)

Interrogatory

Reference:

Exhibit B Tab 1 Schedule 1 page 15
EB-2018-0188 Exhibit B.Staff.2

Preamble:

Enbridge Gas will cease to allocate and apply the HAF to the economic feasibility analysis of new customers requesting service in the Area of Benefit once the total incremental capacity has been fully allocated. This approach will help reduce the situations where a single customer underpins a large project with a long- term contract or CIAC and then a neighbouring customer gains access to the incremental capacity without being allocated a fair share of the capital costs that generated that capacity. It also allows the Company to factor in anticipated growth to optimize the design of the facilities up front.

In EB-2018-0188 Exhibit B.Staff.2 EGI answered a number of questions related to the use of an HAF to allocated costs to large customers and the various implications of doing so in connection with the contracts entered into by those customers.

Question:

a) Please review the answers provided by EGI in EB-2018-0188 Exhibit B.Staff.2 and identify any answers that do not reflect EGI's generic approach to the negotiation of contracts with large volume customers based on the application of an HAF to allocate cost responsibility to customers, including the amendment of such contracts under various scenarios.

b) In situations where, after the total incremental capacity for a project has been fully allocated, one or more customers that have had capital costs allocated to them through the use of an HAF reduce their overall consumption and need for firm capacity as a result DSM activity initiated either by the customer or through EGI's DSM efforts, Integrated Resource Planning initiated by EGI, or for any other reason, please confirm that EGI has the ability to take back the firm capacity allocated to those customers (assuming those customers no longer want that capacity) and offer

it to new customers requiring incremental firm capacity. Assuming EGI can confirm that it can offer recovered firm capacity to new customers, please confirm that EGI can and will modify the contractual/CIAC related obligations entered into by the original customers to reflect the transfer of firm capacity to new customers; if not confirmed please explain why EGI would not account for the transfer of capacity in this way, particularly in situations where the reduction in required firm capacity is caused by EGI's DSM or Integrated Resource Planning activity?

Response:

a) The answers provided in the Board approved CK Rural proceeding in EB-2018-0188, Exhibit B.Staff.2 regarding the negotiation and potential amendment of contracts are consistent with the approach proposed in this proceeding.

b) As indicated in the interrogatory response in the same proceeding at Exhibit B.STAFF.2 p),

> …should the customer's operations change significantly during a multiyear obligation, the customer and Enbridge Gas can negotiate updated contract parameters that reflect the expected gas needs over the remaining term of the contract. This would include contract parameters that reflect the impact of DSM activity. However, there is still a requirement to ensure that the PI remains at 1.0 for the individual customer.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers (OGVG)

Interrogatory

Reference:

Exhibit B Tab 1 Schedule 1 page 15

Preamble:

For the purposes of the economic feasibility analysis for customers allocated costs using the HAF, Enbridge Gas would continue to apply the E.B.O.188 Guidelines. Large volume customers would have flexibility through longer term contracts and/or a CIAC payment to achieve a PI of 1.0. Small volume customers would have the option of a CIAC payment and/or the TCS, as applicable over a defined term to achieve a PI of 1.0.

Question:

a) When performing the economic feasibility analysis for customers, to what extent, if any, does EGI account for the impact of the proposed project on the rates to be paid for by customers, whether it is the rate impact in EGI's next rebasing application or through the recovery of an ICM rate rider or other incremental charge similar in nature to an ICM rate rider?

Response:

a) Enbridge Gas follows EBO 188 guidelines in assessing economic feasibility of individual customers and projects, which does not require the Company to test the rate impact. Individual projects are tested to achieve a PI of at least 1.0 or the customer(s) would be required to pay CIAC to achieve the required PI.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. A, T2, Sch. 1

"… the SES, TCS and HAF will allow Enbridge Gas to accommodate the anticipated demand for Community Expansion Projects and Development Projects or other distribution extension projects or attachments without having to seek Ontario Energy Board ("OEB" or the "Board") approval for the surcharge or allocation methodology on a project specific basis".

Question:

a) Please provide a summary of the expected "Community Expansion Projects and Development Projects or other distribution extension projects or attachments" referenced.

b) Please describe the current approach that has been used for all Community Expansion Projects and Development Projects or other distribution extension projects or attachments and why a change to that approach is prudent at this time.

c) Does Enbridge have OEB capital approval to meet the anticipated demand for Community Expansion Projects and Development Projects or other distribution extension projects or attachments? If not, please explain what approvals are still required for those projects.

d) If Enbridge's request is approved by the OEB, what mechanism is in place to report details of the portfolio for all Community Expansion Projects and Development Projects or other distribution extension projects or attachments?

e) Please confirm that Enbridge did not mean that it is seeking approval related to "all Community Expansion Projects and Development Projects **and** other distribution extension projects **and** attachments".

f) Given the portfolio policy changes since EBO 188 and the large number of projects that Enbridge anticipates, please explain why it wouldn't be better for the OEB to update the entire EBO 188 Guideline and include these elements in that consolidated document.

Response:

a) The Company is not prepared to provide the requested information. Enbridge Gas is currently in the process of completing a number of applications for grant funding under the province's Natural Gas Expansion Program (NGEP) this program is competitive as is the OEB's process for the granting of Certificates of Convenience and Necessity. As such, the information requested is commercially sensitive and shall not be provided.

b) The current approach that has been used for all Community Expansion Projects and Development Projects or other distribution extension projects or attachments is described at Exhibit B, Tab 1, Schedule 1 paragraphs 8 and 9 with respect to the SES and at Exhibit B, Tab 1, Schedule 1 paragraphs 24 through 26 with respect to the TCS.

c) The capital required to meet the anticipated demand for Community Expansion Projects will be provided by the Company and potentially funded under the NGEP until rate rebasing. The capital cost of these projects will be brought forward for inclusion in the Company's rate base as part of the next rebasing proceeding.

d) Any system expansion projects that meet any of the criteria for a leave to construct application will be the subject of review and approval by the OEB. With respect to future reporting on SES and TCS projects, the Company will continue to report on its Rolling Project Portfolio and Investment Portfolio as contemplated in the Board's EBO 188 Guidelines. And, further reporting on SES projects will be provided as described in Exhibit B, Tab 1, Schedule 1 paragraph 22.

e) Enbridge Gas is seeking the approval of the Board to be able to apply the SES and the TCS as described in its application now before the Board in this proceeding, without having to seek approval of these rates on a project by project basis. In cases where a Community Expansion Project meets the OEB's EBO 188 economic feasibility requirements with SES or TCS revenues, approval of these charges would no longer be required. Facility approval would be required if a project meets the leave to construct criteria.

f) There have been no changes to the policy surrounding the EBO 188 Rolling Project Portfolio or Investment Portfolio, nor does Enbridge Gas propose or anticipate any. The Company is of the view that the current form of the EBO 188 Guidelines properly serves its purpose and that this sentiment has been confirmed by the Board in its EB-2016-0004 Decision (Ref. EB-2016-0004, Decision with Reasons, November 17, 2016, page 18).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. A, T2, Sch. 1, Page 2 of 4

Question:

a) Please confirm that only projects with the characteristics outlined in Exhibit A, Tab 2, Schedule 1, Page 2 of 4 would receive the treatment for SES, TCS and/or HAF. If not correct, please explain.

b) Please explain how Enbridge selected "50 potential small volume general service customers" as the limit before having to go back to the OEB for additional SES, TCS or HEF approval.

c) Please confirm that if Enbridge negotiates an SES with a customer different than $0.23/m3, the negotiated SES would require OEB approval. If not, please explain.

d) Please file the proposed amendments to the Company's feasibility policies required to implement the HAF, SES and TCS.

Response:

a) Confirmed. Please see Exhibit I.LPMA.1.

b) The reference provided in the question has been corrected at Exhibit I.LPMA.1. The 50 potential customers was originally identified as the definition of a Community Expansion Project by Enbridge Gas Distribution in its EB-2017-0147 Fenelon Falls Leave to Construct OEB application. As part of that application the Company proposed and the Board approved the Application of the SES for projects meeting this definition without further approvals under Section 36 of the OEB Act. The Company's determination of this definition referencing 50 potential customers is intended as a means to have the SES apply to projects that will serve existing communities.

c) Confirmed. Enbridge will use an SES rate of $0.23/m3 for all qualifying projects or will seek OEB approved of a different rate if required.

d) Enbridge Gas has filed the amendments to the feasibility policies required to implement the HAF, SES and TCS as proposed at Exhibit C, Tab 2, Schedule 1 for EGD rate zone and Exhibit C, Tab 2, Schedule 2 for Union rate zones.

The comparison versions to the current feasibility policies are provided in Attachment 1 and Attachment 2 for the EGD and Union rate zones respectively.

PROPOSED REVISIONS TO EGD RATE ZONE~~–~~ ECONOMIC FEASIBILITY PROCEDURE AND POLICY

Introduction

1. The purpose of this evidence is to present the proposed revisions to the Company's current procedures and policies for determining the feasibility of the Company's system expansion and community expansion projects~~.~~ in the EGD rate zone. These procedures and policies are adopted to comply with the ~~Ontario Energy Board's (the "Board") "~~*Guidelines for Assessing and Reporting on Natural Gas System Expansion in Ontario*~~",~~ of the Ontario Energy Board ("Board"), reported under EBO 188 dated January 30, 1998.

2. This evidence includes an overview of the Company's Customer Connection Policy, Customer Contribution and Refund Policy, Method for Economic Feasibility Assessment, and Procedure for Capital Expenditure Approval. It has been expanded to include key elements of the Company policy under the Community Expansion framework as approved by the Board in EB-2016-0004 dated November 17, 2016~~.~~ and refined for this Application. The new framework applies to all qualifying Community Expansion ("CE") Projects and Small Main Extension ("SME") ~~projects~~and Customer Attachment Projects, as defined in the EGD rate zone Rate Handbook, Rider I.

~~3. The evidence also provides more detail on the cost estimation refinement utilized for residential infill customers to address observed variability in costs. The refined approach improves the accuracy of economic feasibility assessment and fulfills the commitment made~~

~~as part of the Settlement for the disposition of 2017 deferral and variance accounts (ESM Application, EB-2018-0131, page 8).~~

Customer Connection Policy

~~4.~~3. The Company uses a portfolio approach to manage its system expansion activities and ensures that the required profitability standards are achieved at both the individual project and the portfolio level. Investment Portfolio and Rolling Project Portfolio are two Board-prescribed portfolio approaches and are discussed ~~on page 4~~in paragraph 15 and 16 of this evidence.

~~5.~~4. The Company manages both of its portfolio approaches to achieve a Profitability Index ("PI") of greater than 1.0 as required by the Board under EBO 188.

~~The minimum PI~~

~~6.~~5. Individual projects are required ~~for individual projects is 0.80. For projects with~~to achieve a PI ~~less than 0.80,~~of 1.0 or the customer shall be required to pay a Contribution-in-Aid-of-Construction ("CIAC") to bring the project up to the required PI level. In exceptional circumstances, a project may be authorized at a lower PI levels (i.e. between 1.0 and greater than 0.8) as long the Company maintains its overall portfolio PI above 1.0.

~~7.~~6. During construction and operation of each project, the Company will comply with the ~~"*OEB Environment*~~OEB's *Environmental Guidelines for HydroCarbon Pipelines and Facilities in Ontario*~~".~~.

Customer Contribution and Refund Policy

~~8.~~7. CIAC may be obtained for projects having a negative Net Present Value ("NPV") or a PI less than 1.0. The contribution should be sufficient to bring the project PI up to a required level. Harmonized Sales Tax ("HST") is added to contribution payments.

8. ~~The feasibility of residential customers connecting to existing mains is based on customers' "Revenue Allowance[1]" and "Service costs[2]", which are individually estimated for these services. The amount of Service Cost in excess of the Revenue Allowance is the CIAC amount which is recovered from customers before service installation. This approach has replaced the previous 20 metre rule, whereby standard residential services were deemed feasible to a certain threshold of length (i.e., 20 metres) or customers would pay a CIAC amount at a rate of $32 for each additional metre beyond this threshold. The previous approach relied on the assumption of consistent or like circumstances for standard residential service connections, which is no longer appropriate.~~ New residential customers connecting to the existing mains are provided, at no cost, with a service connection up to a maximum of 20 meters. Any service length beyond 20 meters is charged to the customer at a rate $32 per metre as prescribed in Rider G of the Rate Handbook.

9. The length of service for feasibility assessment is measured from the customer

~~[1] "Revenue Allowance" is driven by customers' consumption and represents the amount of capital Enbridge can invest to achieve the required feasibility threshold (i.e. PI of 1.0). The revenue allowance is determined by taking the present value of a customer's future revenue over 40 years.~~

~~[2] "Service Cost" is the estimated capital cost for each infill service connection. Methods of estimation are described at paragraph 18.~~

property line to the location on the front wall of the building where the meter will be installed.

10. Where the use of a proposed facility is dominated by a single large volume customer, it is considered a dedicated facility for CIAC purposes. The dominant customer may be required to pay a ~~contribution~~CIAC to result in a project NPV of zero or a PI of 1.0. ~~Contribution~~CIAC amounts are subject to added HST.

11. Refunds of CIAC may be requested by customers when the actual customer count on the system expansion exceeds the original forecast. For ~~general service~~Rate 1 and Rate 6 customers, these refunds are processed at the end of five years from the date of construction. The system expansion project is then re-evaluated with the actual customer count to determine a revised contribution that is required to bring the NPV to the original targeted level. The difference between the revised contribution amount and the actual contribution paid by customers is the total amount to be refunded to original customers. Refunds are made based on the proportionate contribution of customers.

12. ~~Furthermore, these~~These refunds do not apply to the mains wheres SES and TCS rate riders have been applied in lieu of CIAC. The refunds are made only for the specific piece of main put into service; no refunds are payable for customers added downstream of the specific piece of main. No interest is payable, and only customers who made a contribution are eligible for a refund.

~~12.~~13. In order to be eligible for a refund, the customer must be

consuming natural gas at the address for which refund is being claimed. If the customer moves, he or she is responsible for notifying the Company of the new address.

~~13.~~14. Refunds for large volume customers will be determined based on a re-evaluation of the system expansion project, taking into consideration extra investment and additional load brought on within five years to the specific piece of main constructed to serve the initial customer(s). Similar to system expansions, refunds for large volume customers will be evaluated subject to customer request. This policy is not available to large volume customers in Development Projects where an Hourly Allocation Factor process has been used for allocating project cost amongst the prospective customers.

System Expansion Portfolios – Accountability

~~14.~~15. Investment Portfolio: The Company evaluates all system expansion projects in a test year and ensures they are designed to achieve a portfolio PI of at least 1.1. All new customers attaching to new and existing mains are included in this portfolio.

~~15.~~16. Rolling Project Portfolio (“RPP”): The Company also maintains a rolling 12-month distribution expansion portfolio including the cumulative result of project-specific Discounted Cash Flow (“DCF”) analyses. The RPP does not include customer attachments from existing mains constructed in prior years. The Company maintains RPP at a PI level greater than 1.0.

Estimating Inputs for Economic Feasibility Assessment

~~16.~~17. This section provides the method used to determine the parameters that make up the economic feasibility assessment. It includes capital cost, O&M expenses, and distribution revenues associated with a system expansion project. These inputs are discounted at the Utility's Weighted Average Cost of Capital ("WACC") to carry out the DCF analysis which measures Economic Feasibility of a project based on NPV and PI.

Capital Cost Estimation

~~17.~~18. The Company uses various approaches for estimating capital cost for different types of projects. The objective is to derive estimates that are closely aligned to costs that are reflective of the unique parameters of each project, and those cost differences are typically delineated by geographic area.

~~18.~~19. The following is a summary of various estimation techniques and the project types to which they are applied:

- For new subdivisions where Joint Utility Trenching ("JUT") is often used to construct natural gas infrastructure, unit rates prescribed in the underlying contracts are used for estimating capital cost for mains and services.
- For subdivisions where JUT is not an option, or for commercial and industrial connections, field estimates are used for capital costing.
- For residential infill services, capital cost is based on a regionally-specific estimate that relies on historical actual data of similar services installed. It can also be a specific field estimate where no historical data are available that is

representative of the geographic area. In instances where known geographical/geological factors (e.g. rock, depth of main) have influenced capital costs, Enbridge Gas will utilize pricing for those factors to inform the estimate.

- For large volume connections (i.e., above 340 000 m^3 annual consumption), field estimates are used to estimate mains and service cost.

~~19.~~20. If a main is oversized to meet future growth potential, it may be re-priced at the size required to meet customers' load requirements for feasibility calculations. The actual cost of the main must be shown on the Authorization for Expenditure ("AFE").

~~20.~~21. An incremental overhead allowance is added to the cost of mains and services and is incorporated in the feasibility analysis of all projects.

Consumption and Revenue

~~21.~~22. For subdivision and residential connections, consumption is estimated based on building type (single, semi-detached, townhouse) and configuration (bungalow, split or two-story). The Capital Project Feasibility ("CAPF") program calculates customer revenue based on consumption levels input by the Customer Connections Representative ("CCR").

~~22.~~23. A load sheet is used to estimate consumption of commercial and industrial connections. The load sheet information is provided by the customer and contains consumption of various appliances installed at the premises.

~~23.~~24. For large volume connections, consumption information should include monthly volumes and the customer's contract daily demand.

~~24.~~25. The Investment Review group calculates revenue, based on the input consumption profiles and the most recent Board ~~Approved revenue~~-approved rates.

~~In its Community~~System Expansion ~~framework,~~ Surcharge ("SES") and Temporary Connection Surcharge ("TCS")

~~25.~~26. As set out in Rider I of the ~~Board accepted~~Company's Rate Handbook, the ~~following new definitions which would enable projects~~Company may apply an SES or TCS to ~~qualify for additional~~ Rate 1 and Rate 6 customers receiving gas distribution ~~revenue:~~services as part of a CE project, SME or Customer Attachment Project. The Company may apply the SES or TCS if the project PI is less than 1.0. The terms and conditions applicable to the SES and TCS are set out in Rider I.

~~Community Expansion Project: A natural gas system expansion project which will provide first time natural gas system access where a minimum of~~

(a) SES

27. The SES is used for CE Projects, having 50 or more potential customers ~~already exist,~~. Unlike approved distribution rates, the SES will not change over time and will appear as a separate line item on a customer's monthly gas bill.

~~26.~~28. The SES will be treated as a revenue for ~~which~~the purpose of the Company's economic feasibility ~~guidelines derive a Profitability Index ("PI") of less than 1.0~~analysis of the project. The SES will be charged to all Rate 1 and 6 customers who consume an estimated volume of gas less than 50,000 m^3 in the project area for a period of up to 40 years. The term of the SES for each project will be set at the minimum term required for the project to achieve a PI of at least 1.0 or 40 years, whichever is less.

- ~~Short Main Extension Projects: All other forms of distribution system expansion which provide first time natural gas system access to customers where fewer than 50 potential customers in homes and business already exist and where the PI for the project is less than 1.0.~~

~~27. Qualifying Community Expansion ("CE") projects are assessed for feasibility by including a System Expansion Surcharge ("SES") of $0.23 per m^3 in addition to the distribution revenue and an Incremental Tax Equivalent[3] ("ITE").~~

~~The SES would be paid by all customers located in areas served by designated CE projects for up to 40 years or until the projects achieves a PI of~~

29. Customers attaching after the start of the initial SES term will also be required to pay the SES for the remainder of the initial SES term for that project. The ongoing payment obligation of the SES will attach to the property for the balance of its term should the property change ownership or occupancy during this time.

30. Municipal contributions may be collected by way of up front lump sum or annual

~~[3] Incremental Tax Equivalent ("ITE") is a mechanism to collect municipal contributions to assist with project feasibility.~~

payments for up to 10 years subject to municipal commitment for such contributions to qualifying projects.

31. Large volume customers within the CE Project area, who consume more than 50,000 m3 per year may pay either the SES and/or the CIAC. This will be addressed separately or as part of the customer contracts.

(b) TCS

32. The TCS is used for SME and Customer Attachment Projects, having less than 50 potential customers. The TCS is used as an alternative to CIAC to achieve a PI of 1.0, or in addition to CIAC for a project to achieve a minimum PI of 1.0.

33. These projects include the extension of mains, the related service attachments, as well as any service lines to individual customers connecting to pre-existing mains.

34. Similar to the SES, the TCS is charged at the same rate, is in addition to approved distribution rates and is treated as revenue for the Company's economic feasibility analysis of the project. TCS appears on a customer's gas bill as a separate line item.

35. The TCS term will be determined on a project specific basis and will be restricted to a minimum of one year to a maximum of 20 years from the project's in-service date. The term will be based on the number of years it takes for the project to achieve a

PI of 1.0.

36. Similar to SES, customers attaching after the start of the initial TCS term will also be required to pay the SES for the remainder of the initial TCS term for that project. The ongoing payment of the TCS will attach to the property for the balance of its term should the property change ownership or occupancy during this time.

37. If a project is not economically viable after applying 20 years of TCS, CIAC may be used in addition to the TCS to achieve a PI of 1.0.

38. For the purpose of governance and reporting, all projects where TCS is applied will be included in the Company's Rolling Project Portfolio and Investment Portfolio alongside other system expansion projects.

Hourly Allocation Factor ("HAF")

39. The HAF process is a method of allocating incremental firm capacity to multiple customers forecasted to require additional firm service within an identified Area of Benefit[4] that are forecast to share capacity on a Development Project[5]. The HAF is allocated and applied as a capital cost to the individual economic analysis of customers receiving incremental capacity as they commit or contract for gas service. This allocated capital cost is in addition to any customer specific facilities

[4] The Area of Benefit is defined as the geographic area, drawn as a polygon on a map, that includes all customers who will be served by and benefit from the infrastructure build or pressure increase.
[5] Development Projects –a system expansion project that will expand capacity over a certain area to serve increasing demands from existing and/or new customers. It may include a mix of large and small volume customers.

including distribution main, service line, customer station and meter.

40. The HAF is calculated by dividing the net capital cost of a Development Project by the capacity that the project adds to the Area of Benefit and is expressed in dollars per m3/hour.

41. The threshold of applicability of the HAF is set on a case by case basis in consideration of the size of the Development Project. For larger projects, the HAF applies only to large volume customers and for smaller development projects, all customers, large and small are included.

~~28. 1.0. The ITE mechanism will remain applicable for 10 years.~~

Customer Attachment and Revenue Horizon

~~29.~~42. The maximum customer attachment horizon for small volume customers (including residential, commercial and industrial connections with annual consumption ~~below 340~~of no more than 50 000 m^3) is 10 years. The revenue horizon is 40 years from the in-service date of the initial mainline.

~~30.~~43. For large volume customers, the maximum customer attachment horizon is 10 years. The maximum revenue horizon is 20 years from the customers' initial service date.

~~31.~~44. A project specific revenue horizon is used when the project life cycle is deemed shorter than 20 years.

Marginal Operating and Maintenance ("O&M") Expenses

~~32.~~45. The Company's incremental operating and maintenance ("O&M") cost is based on an annual study that is aligned with cost allocation principles and is included in assessing project feasibility.

Procedure for Capital Expenditure Approval

~~33.~~46. Enbridge's procedure for obtaining management approval to make a capital expenditure for distribution system expansion is known as the Authorization for Expenditure ("AFE"), and is outlined in the AFE manual. A system expansion project is typically initiated by a Customer Connections Representative ("CCR"), who identifies potential new customers. The CCR will assess the required amount of plant additions to provide service and will initiate an AFE for approval.

~~34.~~47. A feasibility assessment is required to be attached to an AFE as part of the approval process. Feasibility assessment is done based on the estimated revenue and benefits of connecting new customers against the total cost of attaching and serving them. The Capital Project Feasibility ("CAPF") program is an online IT tool used for evaluating all projects except for residential infills connections and Large Volume projects. ~~Residential infill services are assessed using a Non-Gas Payment ("NGP") tool by the customer connection group.~~ All Large-volume projects are separately evaluated by the Investment Review group using Excel based feasibility tools.

~~35.~~48. CCRs provide inputs for the CAPF tool, which include estimates of capital cost, customer additions and timing, and annual consumptions of new customers. The Investment Review group uses Excel based feasibility tools for assessing large-volume and more complex projects with inputs from the Special Projects and Key Accounts groups.

~~36.~~49. All AFEs are approved by the appropriate level of authority including managers, directors, VPs and President as set out in the workflows based on capital approval authority. ~~The Capital Management group in Finance provides overall governance over the AFE approval process. This group also ensures compliance with the Company's Connection Policies.~~

~~Filed: 2015-07-23~~
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~~Exhibit A~~
~~Tab 1~~

~~**Union's Revised Distribution New Business Guidelines**~~

PROPOSED REVISIONS TO UNION RATE ZONES' DISTRIBUTION NEW BUSINESS GUIDELINES

1. Purpose

- To ensure that customers are treated fairly and consistently.
- To manage growth of the natural gas distribution business by providing guidelines for capital investment to ensure no undue rate impact for existing customers.
- To provide business principles and guidelines for distribution new business investments.
- To streamline administrative processes and approvals where possible.
- To delegate authority where appropriate to field operations staff.

a) Definitions

~~**Aid to Construction ("Aid"):** A financial contribution to the capital costs of a natural gas system extension, also called Aid~~

- Area of Benefit - The Area of Benefit is defined as the geographic area, drawn as a polygon on a map, that includes all customers who will be served by, and benefit from, the infrastructure build or pressure increase from a Development Project where an Hourly Allocation Factor process is used to allocate capital costs based on peak hour capacity.
- Community Expansion Project~~:~~ - A natural gas system expansion project ~~which will~~

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~~Exhibit A~~
~~Tab 1~~

- undertaken by the Company for which the PI is less than 1.0 and which will provide first-time natural gas system access ~~where~~to a minimum of 50 potential Please file the proposed amendments to the Company's feasibility policies required to implement the HAF, SES and TCS.

~~in homes and businesses already exist, for which minimum economic feasibility guidelines permit a Profitability Index ("PI") of less than 1.0.~~

- Contribution in Aid of Construction (CIAC) - The Company's calculation in accordance with its feasibility policy of the amount of customer financial contributions required to reduce the capital cost of a project to serve one or more customers so that the project becomes economically feasible.

- Development Project - a system expansion project that will expand capacity over a certain area to serve increasing demands from existing and/or new customers. It may include a mix of large and small volume customers.

~~Distribution New Business: -~~ Providing gas service to new customers in all market segments (i.e. new and existing housing, commercial and industrial). It also includes

- providing incremental gas supply capacity to existing customers.

- Hourly Allocation Factor (HAF) – An allocation of upfront capital costs of a Development Project to customers requiring additional firm service within an identified Area of Benefit. It is derived by dividing the net forecasted capital cost of the project by the forecasted capacity that the project services in the Area of Benefit. The HAF is expressed as a capital cost per m^3/hour of incremental capacity.

- Investment Portfolio - The costs and revenues associated with all new distribution customers who are forecast to attach in a particular test year (including new customers

attaching on existing mains). The Investment Portfolio includes a forecast of normalized reinforcement costs.

- Profitability Index (PI) – The Company's calculation in accordance with its feasibility policy of the ratio of the net present value (NPV) of the net cash inflows to the NPV of the net cash outflows for a natural gas system expansion or extension project undertaken by the Company.[1]

~~4~~ Rolling Project Portfolio~~:~~ - An accumulation of the new business capital requisitions that

~~5~~ are issued and approved for a 12 month period. The rolling ~~Profitability Index (~~"PI"~~)~~ is

~~6~~ the cumulative PI data from the Rolling Project ~~portfolio~~Portfolio. The ~~rolling project portfolio~~

~~7~~ Rolling Project Portfolio includes all future customer attachments, revenues and costs on the basis of the life cycle

[1] https://www.oeb.ca/oeb/_Documents/Regulatory/EBO%20188%20Decision_AppB_Guidelines.pdf

of each project. It also includes a forecast of normalized reinforcement costs. It excludes

- those customers requiring only a ~~service lateral~~Service Lateral from an existing main.

~~**Investment Portfolio:** The costs and revenues associated with all new distribution customers who are forecast to attach in a particular test year (including new customers attaching on existing mains). The Investment Portfolio includes a forecast of normalized reinforcement costs.~~

Service Lateral~~:~~ - A gas pipeline connecting the company gas main to the customer's gas

- meter as measured from property line to meter.

- ~~**Temporary Connection**~~Small Main Extension and Customer Attachment Projects – Natural gas system extension or expansion projects undertaken by the Company for which the PI is less than 1.0 and which will provide natural gas system access to less than 50 potential customers.

- Small volume – Gas consumption of no more than 50,000 m^3 per year.

- System Expansion Surcharge (~~**TCS):**~~SES) - An economic contribution to financial feasibility of community expansion projects by all small volume customers who attach to the system as part of a Community Expansion Project during the period in which it is in place through a temporary volumetric rate as set out in the applicable rate schedules.

- Temporary Connection Surcharge (TCS) - An economic contribution to financial

feasibility of main extension projects made by ~~customers who attach to the project through a temporary volumetric rate.~~

~~**Temporary Expansion Surcharge (TES):** An economic contribution to financial feasibility of community expansion projects by all the~~small volume customers who attach to ~~the~~a Small Main Extension or Customer Attachment Project through a temporary volumetric rate as set out in applicable rate schedules. The TCS is used as an

alternative to CIAC to achieve a PI of 1.0, or in addition to CIAC for a project to achieve a minimum PI of 1.0.

system during the period in which it is in place through a temporary volumetric rate.

Minimum Size: The minimum pipeline design size required to supply gas to the affected customers without consideration of potential customer demand downstream from these customers.

Profitability Index ("PI"): A ratio of the net present value of cash inflows over the net present value of cash outflows resulting from a discounted cash flow analysis of a distribution new business project, or an accumulation of projects in the case of a portfolio.

2. Accountability

Union Enbridge Gas manages separate Investment Portfolios and Rolling Project Portfolios for Union North

(Rate 01 and 10) and Union South (Rate M1 and M2) areas rate zones. Excluding Community Expansion

Projects, the Rolling Project Portfolio PI for each area must remain above 1.0 and the Net Present Value ("NPV") must remain greater than $0 at all times.

The Director, Distribution Marketing In-Franchise Sales is accountable for ensuring that the corporate Rolling Project Portfolio PI, excluding Community Expansion Projects, exceeds 1.0 on an ongoing basis.

Each district is accountable for ensuring that they maintain a district Rolling Project PI at or greater than a specified threshold. As a general rule the threshold is a PI of 1.0. However, at the discretion of the company, a district threshold may be set higher or lower for specified periods to balance the needs of customers and maintain the rolling PI for each operations area in excess of 1.0.

3. Project Acceptance Levels

A The Company manages its portfolio approach to achieve a Profitability Index ("PI") of greater than 1.0 from a stage one economic feasibility analysis (discounted cash flow) is as required in situations where there is no further growth anticipated in by the surrounding area and /or a dedicated Board under EBO 188.

line is required (i.e. a large industrial customer or a customer requiring only a service).

Where the cost of proposed projects exceeds the capital available in a particular year or would result in failure to meet minimum portfolio performance (PI) targets, Union will proceed with the most profitable projects.

For single residential services being attached on existing main, an economic feasibility analysis

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~~Tab 1~~

~~is not required.~~

Individual projects are required to achieve a PI of 1.0 or the customer shall be required to pay a Contribution in Aid of Construction ("CIAC") to bring the project up to the required PI level. In exceptional circumstances, a project may be authorized at a lower PI levels (i.e. between 1.0 and greater than 0.8) as long the Company maintains its overall portfolio PI above 1.0.

4. Acceptance Level Exceptions~~:~~

~~Subject to ability to manage minimum portfolio PI's~~PIs as indicated above, projects can proceed

~~with~~ with reduced PI levels. All requests for exceptions to the minimum project PI of 1.0 must be

authorized by the Director, Distribution Marketing In-Franchise Sales, and the Director, Distribution Operations Operational Services & Governance prior to construction. Generally the following types of exceptions will be considered:

a) For Community Expansions projects that will provide first time natural gas access to a minimum of 50 potential customers in pre-existing homes and businesses, the minimum qualifying project PI shall be 0.4 including any customer and municipal contributions, provided that:

i. Customer contributions include a minimum 4 year commitment to a Temporary Expansion Surcharge ("TES"), and

ii. The municipality has agreed to make a contribution equivalent to the value of any incremental property taxes that would be generated from the project for a period of time that matches the term of the TES referenced above at minimum.

b) For Community Expansions projects that will provide first time natural gas system access to a minimum of 50 potential customers in pre-existing homes and businesses, a minimum qualifying project PI of 0.8 can be considered where conditions specified in section a above are not in place

c) For any other projects, if an alternative system design reduces investment required for the project, a reduced PI can be accepted. By example, a short main extension may be less costly for the Company than a high pressure road crossing service.

20

5. Hourly Allocation Factor

The HAF process is a method of allocating incremental firm capacity to multiple customers forecasted to require additional firm service within an identified Area of Benefit that are forecast to share capacity on a Development Project. The HAF is allocated and applied as a capital cost to the individual economic analysis of customers receiving incremental capacity as they commit or contract for gas service. This allocated capital cost is in addition to any

customer specific facilities including distribution main, service line, customer station and meter.

The HAF is calculated by dividing the net capital cost of a Development Project by the capacity that the project adds to the Area of Benefit and is expressed in dollars per m3/hour.

The threshold of applicability of the HAF is set on a case by case basis in consideration of the size of the Development Project. For larger projects, the HAF applies only to large volume customers and for smaller development projects, all customers, large and small are included.

For the purposes of the economic feasibility analysis for customers allocated costs using the HAF, the Company would continue to apply the EBO 188 Guidelines. Large volume customers would have flexibility through longer term contracts and/or a CIAC payment to achieve a PI of 1.0. Small volume customers would have the option of a CIAC payment and/or the TCS, as applicable over a defined term to achieve a PI of 1.0.

~~24.~~6. Collecting a Contribution

~~20~~ Projects that do not meet the minimum stage 1 economic criteria, after factoring in SES, TCS or long-term service agreements, where applicable, shall ~~require that a contribution~~

~~20~~ be ~~collected from the customer(s).~~

~~24~~

~~The Company uses an Aid~~required to ~~Construction method to collect these contributions. This can~~pay a CIAC.

~~24~~ CIAC may be

~~24~~ ~~defined as a charge~~ collected in advance of construction from new customers or other parties who have agreed to fund the shortfall in the economics.

0 a) The amount of Aid to Construction charged to the customer(s) will be based on
0 the minimum size facilities to service that customer(s).
0 b) The customer(s) will have the option of paying the Aid to Construction up front as
0 a lump sum or have the amount financed at the company's finance rate.

5

For Small Main Extensions and Customer Attachment Projects, the Company may allow eligible customers to reduce their CIAC through the use of the TCS, and/or negotiate other contribution arrangements.

The TCS term will be determined on a project specific basis and will be restricted to a minimum of one year and to a maximum of 20 years from the project's in-service date. The term will be based on the number of years it takes for the project to achieve a PI of 1.0.

5 For Community Expansion Projects, contributions will be collected from all small volume customers serviced served by the project through use of a Temporary Expansion Surcharge (TES), and municipalSES. Larger volume customers may elect to pay the required CIAC through an SES and/or negotiate other contribution arrangements.

5 contributions can be collected by way of annual payments for the same term as the TES.

9

9 For other projects involving main extensions or commercial/industrial general service customer
9 attachments requiring Aid to Construction in excess of $1,000 per customer, customers can elect
9 to make a contribution by use of a Temporary Connection Surcharge (TCS)

13

The SES will be treated as a revenue for the purpose of the Company's economic feasibility analysis of the project. The term of the SES for each project will be set at the minimum term required for the project to achieve a PI of at least 1.0 or 40 years, whichever is less.

Both the TCS and SES will apply to the property for the full term, notwithstanding any change of ownership or occupancy.

~~25.~~7. Project Costs

~~13 a)~~ When available, economic feasibility analysis shall use project specific data ~~13~~ (costs, volumes, customer attachments) based on survey data, historical practice, ~~d)~~a) weather and local conditions to determine the costs, load and forecast.

~~13 b)~~ When no specific data is available or the project is a minor project, ~~district f)~~b)regional averages shall be used.

~~26.~~8. Service Laterals

~~13 a)~~ The ~~company~~Company shall provide, at its cost, up to 30 metres of ~~service line~~Service Lateral to connect ~~c)~~a) a residential customer.

~~13 b)~~ ~~Services~~Service Laterals over the length specified above shall require the prior agreement of the ~~13~~ customer to pay an "excess charge" of $45.00 per metre. ~~This charge reflects a~~ ~~13~~ ~~company-wide average of summer versus winter pricing, open versus built up~~

0 conditions and company versus contractor crew pricing. In all cases the
0 customer/builder shall be advised in advance of this charge.
0 c) The PI analysis for commercial and industrial services shall be individually
0 calculated reflecting the site-specific lateral length, pipeline sizing, costs, gas
m)b) usage and margins. Commercial and Industrial customers shall be required to
0 contribute Aid to Construction or the TCS if necessary to achieve a minimum
0 PI of 1.0, unless part of a Community Expansion Project. For services in
0 Community Expansion projects, the minimum PI for commercial and industrial
0 attachments will match that approved for the project until such time as the TES
0 has been in place for 24 months.
s)c) d) The service lateralService Lateral is measured from property line to meter.
0 e) The minimum requirement to qualify for residential service shall be attachment
0 of a water heater or a primary heat source. Requests for service where this
0 condition is not satisfied shall be considered but will require a discounted cash
0 flow analysis to be completed and any required customer contribution to be
x)d) made in advance.

e) Full or partial abandonments of Service Laterals are completed at no charge to the customer. When the customer wishes to reconnect to our system, the Excess Footage Charge referenced in (b) above does not apply, however, the applicable service replacement costs that would apply can be found on the Enbridge Gas website.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. A, T2, Sch. 1

Question:

a) Please confirm that Enbridge already has the ability to charge customers a contribution in aid of construction ("CIAC") to make a project feasible. If correct, please provide the OEB decision reference which enabled that ability. If not correct, please explain why.

b) Please explain what factors need to be considered when developing an SES rate.

c) Please provide the calculation and rationale behind selecting $0.23/m3 as the SES value.

d) Please explain the difference if an SES of less than $0.23/m3 (e.g. $0.20/m3) was applied to a project as long as the term enables the project to achieve a PI=1.0.

e) Please confirm that the OEB has not previously approved an SES of $0.23/m3 for generic use. If this assumption is incorrect, please provide the reference to the OEB's generic approval.

f) Has Enbridge and Union Gas constructed expansion projects with a PI<1.0? If yes, please provide a list and the project PI (used for regulatory approval purposes).

g) Since EBO 188 allows project with a PI≥0.8, please explain why Enbridge is requesting an SES that would bring projects to a PI=1.

h) Please explain the difference in profitability to Enbridge between the following scenarios:

- Enbridge builds a project with a PI=1.0
- Enbridge builds a project with a PI<1.0, but the portfolio PI is 1.0 or greater.

i) Please provide details on the Company's current Rolling Portfolio PI.

j) Please explain how Enbridge intends to determine the term of the SES for projects.

Response:

a) Confirmed. Enbridge Gas can charge CIAC to make a project feasible as per the Final Report of the Board in EBO 188, dated January 30, 1998.

b) The main factors to be considered in the determination of the level of the SES rate are the impact on the economic feasibility of a project and the payback period required for the average customer to recoup the cost of converting their heating and water heating equipment from their current fuel to natural gas.

c) Please see the Company's letter dated July 2, 2020 that has been submitted to the Board in respect of this proceeding concerning the Company's determination of the SES rate in response to a request made by EPCOR in this proceeding.

d) If an SES of less than $0.23/m3 (e.g. $0.20/m3) was applied to a project and the project were to achieve a Project PI of at least 1.0 within the maximum period of time that the SES could be applied for there would be little or no difference in the economic feasibility of the project. The only difference would be that the gas charges paid by the customers served by that project would be somewhat less over the period of time the that the SES was applicable to the project. In terms of the net present value of the project there would be no difference compared to charging an SES of $0.23 / m3 over a shorter period of time.

e) In its EB-2017-0147 Fenelon Falls Leave to Construct Application Enbridge Gas proposed and the Board approved under Section 36 of the OEB Act an SES, at a fixed volumetric rate, of $0.23 per m3 to be applicable to: 1) all new customers in the community of Fenelon Falls that take service from the proposed facilities, and 2) all new customers of similar future Community Expansion Projects, subject other conditions stated in that Decision. Enbridge Gas has taken this approval to mean that the SES can be applied to other Community Expansion Projects and other customer attachment projects located in the EGD rate zone without further OEB approvals under Section 36 of the OEB Act.

f) In the recent past Enbridge Gas has constructed system reinforcement projects, where a PI of less than 1.0 was used and approved by the Board.
Angus Reinforcement project (EB-2012-0013) PI = 0.8

Bathurst Reinforcement (EB-2018-0097) PI = 0.8
Oxford Reinforcement Project (EB-2018-0003) PI = 0.85.

g) SES is an additional tool to help project feasibility, SES allows the project customers to contribute to project cost over time thereby reducing the need for ratepayer subsidy (PI < 1.0) or any other source of public funding.

h) (i) Enbridge Gas builds a project with a PI=1.0: This means project revenue (net of ongoing costs) are equal to capital investment required to build the project. This project did not require any subsidy.
(ii) Enbridge Gas builds a project with a PI<1.0, but the portfolio PI is 1.0 or greater: This would mean the project caused a revenue shortfall which was subsidized by other new customers of the portfolio.

i) The current level of the Company's Rolling Project Portfolio PI is 1.54. This includes all Enbridge Gas rate zones (i.e. EGD, Union North and Union South).

j) For establishing the SES period, Enbridge Gas will use the Discounted Cashflow Analysis (DCF) models as prescribed in EBO 188. Initially, SES will be included as an additional source of revenue for full 40-year term. If the PI = 1.0, the SES term will be 40 exactly years. In the event that the project PI turns out to be greater than 1.0, then the SES term will be adjusted (reduced) so that a PI =1.0 is achieved. This reduced term will then become the SES term for the project. SES term will not exceed 40 years.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Question:

a) It appears that there have been similar System Expansion Surcharges (SESs) used by Enbridge and Union Gas, but that variations may have been applied for specific expansion projects. Please provide a table comparing all the different System Expansion Surcharges that have been used by Enbridge or Union Gas to-date from 2015 to present. For each SES type, please detail all elements approved by the OEB, including (but not limited to) the following information:

   - SES Rate ($/m3) for each customer type (i.e. residential, commercial, industrial)
   - Term of the SES
   - Calculation or rate used for any customer classes not covered by the SES rate mentioned above
   - A list of community expansion projects (name and case reference number) where that specific SES was applied
   - Payback period applied (e.g. 20 years, 40 years or until project achieved a PI=1.0).

Response:

- Please see Exhibit I.SEC.1 for:
  - SES Rate ($/m3) for each customer type (i.e. residential, commercial, industrial)
  - Term of the SES

- In addition to SES rates, Enbridge Gas used the most updated distribution rates approved by the OEB at the time of filing. These distribution rates were used for calculating distribution margin.

- The table below outlines the list of community expansion projects (name and case reference number) where that specific SES was applied and demonstrates the payback period applied.

Name of project	OEB case reference number	SES rate approved by OEB	Term of the SES (payback period)
Lambton Shores, Chippewas of Kettle and Stony Point F.N.	EB-2015-0179	$0.23	12
Milverton, Wartburg & Rostock	EB-2015-0179	$0.23	15
Delaware Nation at Moraviantown	EB-2015-0179	$0.23	40
Prince Township	EB-2015-0179	$0.23	40
Chippewa of the Thames	EB-2019-0139	$0.23	40
Fenleon Falls	EB-2017-0147	$0.23	40

ENBRIDGE GAS INC

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. C, T1, Sch. 1

Question:

Pleas provide a table including all Enbridge and Union Gas expansion projects where an SES was applied and include the following information for each:

- Name of project
- OEB case reference number
- SES rate approved by OEB, if applicable
- Term of the SES
- Rate Stabilization Period, if applicable
- Revenue deficiency (to reach a PI=1.0) filled by SES revenue or other equivalent contributions.
- Actual Total Revenue collected from customers through the SES or other equivalent contributions.
- Forecasted PI (based on OEB application)
- Actual PI
- Number of customers in the community that could be served by the project by residential, commercial and industrial
- Number of customers proposed to be attached in the OEB application (per the PI calculation) by residential, commercial and industrial
- 10 Year customer forecast (based on OEB application) by residential, commercial and industrial
- Actual 10 Year number of customers attached by residential, commercial and industrial

Response:

Please see Attachment 1 for the information requested and Exhibit.I.STAFF.1 h) for all community expansions where an SES charge has been applied. Other approved and in construction projects where SES has not been applied yet are: Scugog Island

Community Expansion project, Northshore & Peninsula Road Community Expansion project and Saugeen First Nation Community Expansion project.

Please note that actual customer counts provided in Attachment 1 are the number of accounts being charged the SES. The numbers will be impacted if a customer moves or the account becomes inactive. When a new customer moves into that SES premise, they will be added into the current year.

Please also note that actual PI cannot be calculated until the end of the 10-year attachment period for all Community Expansions projects where an SES charge has been applied.

Name of project	OEB case reference number	SES rate approved by OEB, if applicable ($ per m3)	Term of the SES (years)	Rate Stabilization Period, if applicable (years)	Revenue deficiency (to reach a PI=1.0) filled by SES revenue or other equivalent contributions. (NPV over Term of SES)	Actual Total Revenue collected from customers through the SES or other equivalent contributions. ($ collected since In Service Date)	Forecasted PI (based on OEB application)	Actual PI	Number of customers proposed to be attached in the OEB application (per the PI calculation) by residential, commercial and industrial	10 Year customer forecast (based on OEB application) by residential, commercial and industrial	Actual 10 Year number of customers attached by residential, commercial and industrial
Lambton Shores, Chippewas of Kettle and Stony Point F.N.	EB-2015-0179	$0.23	12	10	$ 1,105,188.00	$ 329,502.83	1.0	Cannot calculate until 10 year of actuals	see project specific tab	see project specific tab	see project specific tab
Milverton, Wartburg & Rostock	EB-2015-0179	$0.23	15	10	$ 3,910,897.00	$ 909,364.23	1.0	n/a	see project specific tab	see project specific tab	see project specific tab
Delaware Nation at Moraviantown	EB-2015-0179	$0.23	40	10	$ 194,074.00	$ 34,089.68	1.0	n/a	see project specific tab	see project specific tab	see project specific tab
Prince Township	EB-2015-0179	$0.23	40	10	$ 1,226,344.00	$ 172,412.26	1.0	n/a	see project specific tab	see project specific tab	see project specific tab
Chippewa of the Thames	EB-2019-0139	$0.23	40	10	$ 276,520.00	$ 5,740.57	1.0	n/a	see project specific tab	see project specific tab	see project specific tab
Fenleon Falls	EB-2017-0147	$0.23	40	10	$ 28,596,953.00	$ 120,551.00	1.0	n/a	see project specific tab	see project specific tab	see project specific tab

Forecasted Customers Per Year - Prince Township

Customers	In-Service Year	2018	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**Total**
Residential													
Conversion			71	64	24	17	13	17	14	17	15	14	266
New			2	2	2	2	2	2	2	2	2	2	20
Multi			-	-	-	-	-	-	-	-	-	-	-
Total Residential			73	66	26	19	15	19	16	19	17	16	286
Commercial													
Small			3	2	-	-	-	-	-	-	-	-	5
Medium			-	-	-	-	-	-	-	-	-	-	-
Large			-	-	-	-	-	-	-	-	-	-	-
Total Commercial			3	2	-	-	-	-	-	-	-	-	5
Customers per year	Total		76	68	26	19	15	19	16	19	17	16	291

Actuals

Residential total accounts			110	171	187								
Commercial total accounts			1	2	2								

Forecasted Customers Per Year - Milverton

Customers	In-Service Year	2017*	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Residential													
Conversion			141	126	47	34	27	33	28	33	29	27	525
New			10	10	10	10	10	10	10	10	10	10	100
Multi			10	10	4	3	2	3	2	3	2	2	41
Total Residential			161	146	61	47	39	46	40	46	41	39	666
Commercial													
Small			13	12	4	3	2	3	3	3	3	2	48
Medium			5	4	2	1	1	1	1	1	1	1	18
Large			3	1	-	-	-	-	-	-	-	-	4
Total Commercial			21	17	6	4	3	4	4	4	4	3	70
Industrial													
Industrial			2	-	-	-	-	-	-	-	-	-	2
Seasonal			1	-	-	-	-	-	-	-	-	-	1
Total Industrial			3	-	-	-	-	-	-	-	-	-	3
Customers per year		Total	185	163	67	51	42	50	44	50	45	42	739

Actuals

Residential total accounts	335	455	497
Commercial total accounts	39	71	79

***Note:** construction of the distribution main was completed in 2017. Customer attachments began in 2018.*

Forecasted Customers Per Year - Lambton Shores - Kettle Point

Customers	In-Service Year	2017*	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Residential													
Conversion			140	67	26	18	14	17	15	17	16	14	344
New			-	-	-	-	-	-	-	-	-	-	-
Multi			-	-	-	-	-	-	-	-	-	-	-
Total Residential			140	67	26	18	14	17	15	17	16	14	344
Commercial													
Small			6	1	1	-	-	-	-	-	-	-	8
Medium			11	-	-	-	-	-	-	-	-	-	11
Large			1	-	-	-	-	-	-	-	-	-	1
Total Commercial			18	1	1	-	-	-	-	-	-	-	20
Customers per year		Total	158	68	27	18	14	17	15	17	16	14	364

Actuals

Residential total accounts			198	316	313								
Commercial total accounts			15	34	35								

***Note:** construction of the distribution main was completed in 2017. Customer attachments began in 2018.*

Forecasted Customers Per Year - Moraviantown

Customers	In-Service Year	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**Total**
Residential													
Conversion			5	5	2	2	1	1	1	1	1	1	20
New			-	-	-	-	-	-	-	-	-	-	-
Multi			-	-	-	-	-	-	-	-	-	-	-
Total Residential			5	5	2	2	1	1	1	1	1	1	20
Commercial													
Small			17	-	-	-	-	-	-	-	-	-	17
Medium			1	-	-	-	-	-	-	-	-	-	1
Large			-	-	-	-	-	-	-	-	-	-	-
Total Commercial			18	-	-	-	-	-	-	-	-	-	18
Customers per year	Total		23	5	2	2	1	1	1	1	1	1	38

Actuals

Residential total accounts	20	17	
Commercial total accounts	18	19	

***Note:** construction of the distribution main was completed in 2017. Customer attachments began in 2018.*

Forecasted Customers Per Year - Chippewa

Customer	In-Service Year	**2019**	**2019**	**2019**	**2019**	**2019**	**2019**	**2019**	**2019**	**2019**	**2019**	**Total**
Residential												
Conversion – Privately Owned			2	2	1	1	1	1	1	1	1	-	11
Conversion – Band Owned			16	16	-	-	-	-	-	-	-	-	32
Total Residential			18	18	1	1	1	1	1	1	1	-	43
Commerical													
Commercial – Band Owned			1	-	-	-	-	-	-	-	-	-	1
Total Commercial			1	-	-	-	-	-	-	-	-	-	1
Customers per year			19	18	1	1	1	1	1	1	1	0	44

Actuals		
Residential total accounts	4	17
Commercial total accounts	0	-

Forecasted Customers Per Year - Fenelon falls

Customer	In Service Year	2018*	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Residential													
Conversion Units (Singles, Semis, Towns)			110	274	274	137	55	41	41	41	27	27	1,027
New Buildl Units (Singles, Semis, Towns)			0	38	79	152	152	114	114	38	38	38	760
Apartment Unites (Mid-rise, High Density)			0	1	2	3	3	2	2	1	1	1	16
Total Residential			110	313	355	292	210	157	157	80	66	66	1803
Commercial													
Conversionl Units			12	31	31	15	6	5	5	5	3	3	116
Total Commercial / Industrial			12	31	31	15	6	5	5	5	3	3	116
Industrial													
Industrial			1	0	0	0	0	0	0	0	0	0	1
Total Industrial			1	0	0	0	0	0	0	0	0	0	1
Customers per year		Total	123	344	386	307	216	162	162	85	69	69	1,920

Actuals

Residential total accounts	361
Commercial total accounts	12
Industrial total accounts	

***Note** : construction of the distribution main was completed in 2018. Customer attachments began in 2019.*

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. C, T2, Sch. 1

"The Company manages both of its portfolio approaches to achieve a Profitability Index ("PI") of greater than 1.0 as required by the Board under EBO 188."

"Individual projects are required to achieve a PI of 1.0 or the customer shall be required to pay a Contribution-in-Aid-of-Construction ("CIAC") to bring the project up to the required PI level. In exceptional circumstances, a project may be authorized at a lower PI levels (i.e. between 1.0 and greater than 0.8) as long the Company maintains its overall portfolio PI above 1.0."

'The Company evaluates all system expansion projects in a test year and ensures they are designed to achieve a portfolio PI of at least 1.1"

Question:

a) If Enbridge has a Company policy requiring a CIAC to bring individual projects up to a PI=1, what is the purpose of a portfolio approaches to achieve a Profitability Index ("PI") of greater than 1.0 as required by the Board under EBO 188?

b) Please provide a definition of 'exceptional circumstances".

c) Please provide a list of all projects with a PI<1.0 since EBO 188.

d) If all projects had a PI=1.0, how can the system expansion portfolio achieve a portfolio PI of at least 1.1?

Response:

a) and b) Please see Exhibit I.SEC.5.

c) Please see Exhibit I.PP.3 f) for the recent past system reinforcement projects where a PI of less than 1.0 was used and approved by the Board. It is a huge undertaking to provide a list of all projects approved with a PI less than 1.0 since EBO 188 was introduced and it is not clear what relevance this information would have to the current proceeding.

d) In order to manage its portfolio, the Company requires individual projects to achieve a PI of 1.0 or better. This does not mean that all projects in the portfolio will have a PI precisely equal to 1.0. Some projects will have a PI greater than 1.0 and this results in a portfolio PI above 1.0.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. C, T2, Sch. 1

"A project specific revenue horizon is used when the project life cycle is deemed shorter than 20 years".

Question:

a) Please provide details explaining when the Company would use a project life less than 40 years.

b) Please provide a list of projects where a life of less than 40 years was used and explain why.

c) Is OEB approval for the project life required or can Enbridge decide that number at its own discretion?

Response:

a) Please refer to EBO 188 guidelines, Appendix B section 2.2 where the OEB has allowed utilities to use a revenue horizon of less than 40 years for large volume customers.

b) Please see Exhibit I.PP.1 a) with respect to project listings.

c) As mentioned in response to part a) above, EBO 188 prescribes revenue time horizons to be 40 years or 20 years depending upon the type of project. However, this does not preclude the utility from using a project specific time horizon if it is shorter.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. B, T1, Sch. 1

Question:

a) Please provide a summary list and file a copy of all studies relied on (directly or indirectly) for this application related to the System Expansion Surcharge, Temporary Connection Surcharge and Hourly Allocation Factor.

b) Please provide all material (not already filed in this proceeding) from past proceedings that Enbridge is relying to support its application.

Response:

a) Please see Exhibit I.STAFF.2 a).

b) All materials that Enbridge Gas is relying upon to support this application are referenced in the evidence and can be obtained from the Board's records for those proceedings if required.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. B, T1, Sch. 1

Question:

a) OEB approval of an SES in expansion project proceedings has included conditions (e.g. term of SES, total revenue to be collected, treatment for customers that move, etc.) beyond just the rate of the SES. Is Enbridge requesting generic approval of any of those other conditions? If yes, please provide a full list.

b) Enbridge is proposing that it could bring forward for approval any potential revenue requirement shortfalls or excesses for the future period in the next rates rebasing application after the 10-year RSP. Why is a term of 10 years appropriate, especially if the SES term is greater than 10 years?

c) What method does Enbridge plan to use to communicate the terms of the SES, TCS or HEF to a consumer before they commit to become a customer?

d) Consumers have complained previously (e.g. EB-2017-0147) that they were not notified of the SES or its details prior to being converted to natural gas. Please provide a copy of all information provided to a consumer before they are signed up and/or converted to natural gas.

e) If a consumer purchases a house where an SES was applied, how will they know if an SES has been applied to that premise?

f) Enbridge is typically contacted prior to a house sale closing to confirm that there are no arrears or outstanding fees owing. Will Enbridge include information on any SES commitments during that process?

Response:

a) In this application Enbridge Gas is asking the Board to approve the SES and the TCS as described in Exhibit B, Tab 1, Schedule 1. For details please see Exhibit B, Tab 1, Schedule 1, paragraphs 6 through 35. Enbridge Gas is also seeking approval of the SES and TCS terms directly applicable to customers as set out in Exhibit C.

b) Enbridge Gas is of the view that reporting on SES projects after the end of the ten-year Rate Stability Period and consideration of the actual rate making implications of such projects at such time is appropriate because:
    i. a ten-year period corresponds with the ten-year customer growth forecast timeframe prescribed in EBO 188; and
    ii. it is on this basis that the OEB has approved the application of the SES in EB-2019-0188, EB-2015-0178, EB- EB-2017-0198 and EB-2018-0188.

c) Please see Exhibit I.CPA.3 c) and d).

d) Please see Exhibit I.CPA.3 c) and d).

e) The Company is currently working on a system enhancement that will automatically notify all move-in customers of the SES and TCS. The enhanced system would be initiated upon acceptance of this proceeding with a target to implement in 2021 or earlier.

    The mechanisms currently in place to notify move in customers of any applicable surcharge are:

    EGD rate zone

    There is a bill message on customer's first bill advising of the surcharge, but it does not occur at the time of move in. If the customer calls in for the move in, there is an SES indicator in the billing system that alerts Enbridge Gas agents to notify the customer if transacting a move over the phone.

    Union Gas rate zones

    If the customer is a new customer (not moving from an existing gas account), they would be notified of the surcharge through the account creation process. If an

existing Union Gas customer moves into a home in a community expansion area, they will be notified of the SES/TCS through the proposed enhancement.

f) What is described in the first part of the question, is not the process we follow. Regarding amount owing, provided that the Company has been advised of the date that the ownership or occupancy of the property is to change, the customer leaving the property will receive a final bill that includes all charges up to the date the property is changing hands. This person is responsible to pay these charges including the SES, if applicable. The customer moving into the home will have a new account number created and will be responsible to pay all charges billed inclusive of the SES if applicable from that date forward. The enhanced system noted in response (e) will address the improved SES notifications to customers.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. B, T1, Sch. 1, Page 3 of 16

"The SES will allow customers to be served by Community Expansion Projects to contribute a portion of their savings from converting to natural gas"

Question:

a) Please provide any reports, calculations and other information Enbridge is relying on to ensure that the SES will be offset by monthly fuel savings for all customers.

b) Please provide the average net monthly bill savings per customer switching to natural gas and paying an SES of $0.23/m3?

Response:

a) and b) Please see Exhibit I.STAFF.2 a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

"Enbridge Gas is at risk for potential revenue shortfalls during the 10-year RSP and will not seek recovery for any overages or shortfalls related to the RSP" [Ex. B, T1, Sch. 1, Page 7]

Enbridge indicated that in its experience with community expansion projects, projects have met 64-90% of the 10-year forecast earlier than anticipated (within years 1-4). [EB-2019-0188, Enbridge Reply Argument, Page 9 of 13]

Question:

a) Please explain why Enbridge has been conservative in its customer attachment estimates for the first 10 years for community expansion projects.

b) Please explain why Enbridge has not prorated or adjusted its project attachment rates to correct for the underestimation in the first 10 years.

c) Please provide details on the projects and related data used to calculate Enbridge's conclusion that for community expansion projects, projects have met 64-90% of the 10-year forecast earlier than anticipated (within years 1-4).

Response:

a) Enbridge Gas has not necessarily been conservative in its customer attachment forecasts. Such forecasts are based on market surveys and other relevant information available to the Company at the time they are made. It just so happens that overall forecast estimates have been exceeded in the recent past.

b) Please see the Company's response to part a) of this question.

c) Please see Exhibit I.PP.5 for more details for actual and forecasted customer counts for approved community expansion projects where SES has been applied. Enbridge

Gas used the actual customer accounts being charged SES for the following projects in reaching the conclusion provided in its Reply Argument in EB-2019-0188: Lambton Shores, Chippewas of Kettle and Stony Point F.N; Milverton, Rostock and Wartburg; Delaware Nation at Moraviantown; and Prince Township.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. B, T1, Sch. 1

Question:

Please explain how Enbridge will determine the Hourly Allocation Factor (HAF) for customers that do not have gas meters that produce hourly data.

Response:

The HAF uses forecasted capacity for its derivation. When applying the HAF to individual customers Enbridge Gas consults with the customer to determine their actual peak hourly requirements on a case by case basis. The service and customer station are designed to accommodate their peak hour need and the HAF is allocated based on the amount of their peak hour requirement that will be served by the project. In this way the HAF can be applied to all customer sizes and metering types. Since the HAF is primarily designed to accommodate the needs of multiple large volume customers, most uses of HAF are anticipated to have gas measurement that includes hourly data.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. B, T1, Sch. 1

Question:

a) Please explain if the HAF be calculated on a forecast or actual basis.

b) Paragraph 42 refers to “large” and “small” projects. Please provide a definition for each.

Response:

a) The capacity and costs for the HAF are forecasted capacity and forecasted costs. As per the pre-filed evidence, Exhibit B, Tab 1, Schedule 1, page 12 of 16:

> the HAF is a method of allocating the upfront capital investment of a Development Project designed to provide incremental firm capacity to multiple customers forecasted to require additional firm service within an identified Area of Benefit.

b) Please see Exhibit I.EPCOR.4 part a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

Ex. B

Question:

SEC seeks in a single table to understand what specific changes are being proposed from what, may or may not, be currently approved with respect to the SES and TCS. Please provide a single table that shows for each of the SES and TES, broken down by each component (e.g. rate, maximum length, calculation of length, terms and conditions, etc.), as i) what is currently approved for the Enbridge Rate Zone, ii) what is currently approved for the Union Rate Zones, and c) proposed in this application for Enbridge Gas.

Response:

Please see the following table.

Characteristic	**System Expansion Surcharge**			**Temporary Connection Surcharge**
	Approved		**Proposed**	**Proposed**
	EGD Rate Zone	**Union Gas Rate Zone**	**EGD and Union Rate Zones**	**EGD and Union Rate Zones**
Rate	\$0.23 / m^3	\$0.23 / m^3	No change	\$0.23 / m^3
Max. Length	40 Years	40 Years	No change	20 Years
Calculation of Length	Up to 40 years of SES revenue added to feasibility calculation	Up to 40 years of SES revenue added to feasibility calculation	No change	Up to 20 years of TCS revenue added to feasibility calculation

Terms & Conditions	SES charge attached to property for the SES term.	SES charge attached to property for the SES term.	No change	TCS charge attached to property for the TCS term.
	SES projects are subject to a 10-year Rate Stabilization Period	SES projects are subject to a 10-year Rate Stabilization Period	No change	Not applicable
	Any new customers attaching to SES project facilities attracts the SES charge until the expiry of the SES term.	Any new customers attaching to SES project facilities attracts the SES charge until the expiry of the SES term.	No change	Any new customers attaching to TCS project facilities attracts the TCS charge until the expiry of the TCS term.
	Periodic updates of SES project economics reported to the OEB. SES term may be reduced if warranted.	Updated SES economics reported to the OEB ten years after project in service date.	Updated SES economics reported to the OEB ten years after project in service date. SES projects will be reported as part of the Company's Rolling Project Portfolio	Enbridge Gas will list its TCS projects on its website. TCS projects will be reported as part of the Company's Rolling Project Portfolio.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

B-1-1, p.6

Question:

Please confirm that the TCS would attach to the property and not the a given owner/customer.

Response:

Confirmed. The TCS would attach to the property and not the given owner/customer for the duration of the TCS term for each TCS project.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

B-1-1

Question:

With respect to the proposal:

a. Please confirm that under the proposal, while Enbridge will not need the Board's approval to apply the SES and TCS to any specific project, intervenors and the Board still have the ability to review the SES and TCS calculations from time to time (e.g. rebasing or in another rates application) and the Board will have the ability to vary their lengths as may be required if it disagrees with Enbridge's calculation.

b. Please confirm that for an expansion project to proceed, Enbridge must forecast the project achieving a P.I. of 1.0, over a maximum of 40 years (if an SES is applied), and 20 years (if a TCS is applied). If not confirmed, please explain Enbridge's understanding.

c. Please explain what happens if the Board upon a review determines that forecasts used to calculate the SES/TCS term and P.I. for a given project are unreasonable, and based on a revised forecast the appropriate length of the SES/TCS required to achieve a P.I. of 1.0 is greater than the maximum allowed periods (40 and 20 years respectively).

Response:

a) The Company is of the view that the Board would have the authority to review SES and TCS calculations from time to time as part of its rate setting authority under Section 36 of the Ontario Energy Board Act. Further, many SES and to some extent TCS projects will be subject to leave to construct applications which will be brought before the Board for approval.

b) Confirmed.

c) The SES as previously approved by the Board is not to exceed 40 years in duration. It is the Company's proposal in this application that the duration of the SES and TCS do not exceed 40 and 20 year respectively. In its EB-2015-0179 decision the Board ruled that project cost overruns are to be addressed as part of subsequent rate rebasing proceedings and Enbridge Gas has proposed that it shall be at risk for project revenue shortfalls during a ten-year rate stability period for such projects and that if this is expected to occur beyond the rate stability period for a project that such shortfalls would be dealt with in subsequent rate setting proceedings. This treatment has also been previously approved by the Board. It is the Company's expectation that this treatment would continue to apply under the proposed form of SES and TCS.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

B-1-1, p.12

Question:

With respect to the HAF, please provide a numerical example of its application.

Response:

Please see the Board Approved Chatham Kent Rural Proceeding (EB-2018-0188, Decision and Order, dated July 11, 2019) for an example of the application of the HAF. In this example, the HAF of $287 per m^3/hour was approved by the Board.

In terms of its application, each large volume customer as identified in the same proceeding (EB-2018-0188, Application and Evidence, Updated: 2019-03-14 paragraph 28) was forecasted to require their identified amount of incremental firm capacity. For example, when conducting the feasibility analysis for Customer 2 (who had requested an incremental 4,700 m3/h of firm capacity), it included the HAF allocation of $287/m3/h x 4,700 m3/h or $1,348,900 of costs plus their customer specific costs associated with their customer station and service.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

C-2-1, p.2

Question:

Enbridge states: “Individual projects are required to achieve a PI of 1.0 or the customer shall be required to pay a Contribution-in-Aid-of-Construction (“CIAC”) to bring the project up to the required PI level. In exceptional circumstances, a project may be authorized at a lower PI level (i.e. between 1.0 and greater than 0.8) as long as the Company maintains its overall portfolio PI above 1.0.” How does Enbridge decide which projects can have a PI 1.0 (but above 0.8) and which projects will not?

Response:

EBO 188 permits a utility to use a minimum PI of 0.8 for individual projects as long as the utilities manage their Rolling project Portfolio (RPP) and Investment Portfolio (IP) above 1.0. This allowance does not preclude utilities from using a higher PI threshold (i.e. above 0.8) for project assessment. In order to achieve the PIs required for the RPP and IP, Enbridge Gas uses a PI of 1.0 for a vast majority of its system expansion projects and rarely applies a PI below 1.0 for project assessment. Enbridge Gas allows a PI below 0.8 only for projects which are critical for customer growth for e.g., system reinforcement projects. System reinforcement projects are designed to cater to future customer growth and are identified in the Company’s Asset Management Plan.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

EB-2017-0147, Decision and Order

Question:

In the Decision and Order in EB-2017-0147, the Board found with respect to the then Enbridge Gas Distribution proposal for a generic SES proposal (p.15):

> "As a condition of this approval, Enbridge is required to issue a letter to the OEB informing it when a new group of customers is to be charged the SES.
>
> The reporting on the Community Expansions is generally accepted. However, it is necessary for Enbridge to monitor and report on the PI for individual projects to determine when the SES charge is no longer required to reach a PI of 1."

Does Enbridge propose in this application similar reporting requirements and a condition of approval? If not, please explain.

Response:

No, in this application Enbridge Gas seeks to have the same SES project reporting requirements adopted for all three rate zones as have been previously approved by the Board for the Union Gas rate zones in in EB-2015-0179, EB-2018-0188, EB-2019-0188 and EB-2019-0139.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

EB-2016-0004

Question:

If Enbridge is not required to inform the Board before constructing and connecting new customers to a project if no leave to construct is required, how will the Board ensure that competition is facilitated consistent with the Generic Community Expansion Decision (EB-2016-0004). How would potential distributors who may be interested in constructing a distribution system be informed that Enbridge is considering service the specific community, and how would the Board have the necessary information to launch a competitive process.

Response:

Enbridge Gas is of the view that there would be no need to inform other potential distributors of new Community Expansion projects to which an SES will apply at least for the duration of the Ontario government's Natural Gas Expansion Program. The government will choose what projects each proponent may pursue and will publish the names of those projects through regulation.

For projects that are not part of the Natural Gas Expansion Program, Enbridge Gas believes that a competitive process should only be initiated when a gas distributor advises the Board that it intends to submit an application to provide gas distribution services to an unserved area where:

- another gas distributor currently holds a Certificate of Public Convenience and Necessity (CPCN) for the service area being requested, but there is no infrastructure in place; or
- the proposed service area is not currently covered by a CPCN.

Enbridge Gas is opposed to the public disclosure of any other project information to other potential distributors other than in these situations.

From Enbridge Gas' perspective, the competitive process should only be initiated any time that two or more entities (one of them being the gas distributor advising of intent) have distribution facilities in reasonable geographic proximity to the area being made the subject of a service provision application.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1

Question:

a) Please list the rate classes (Enbridge and Union rate zones) which the Community Expansion and Small Extension projects apply to? Would all customers in these classes be eligible for the proposed programs or are some large volume customers in the class excluded?

Response:

a) The SES and TCS are applicable to general service Rate 1 and Rate 6 in the EGD rate zone and Rates M1, M2, 01 and 10 in the Union rate zones. Larger volume customers will have the option of paying an upfront CIAC and/or the SES or TCS, as applicable to the Development Project, or entering into multi-year contracts under large volume rate classes.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit B, Tab 2, Schedule 1, page 3

Question:

a) Is the only difference as between a Community Expansion, Small Main Extension and Customer Attachment Project the forecast number of attachments? Please explain.

b) How does a "Development Project" (defined at C/T2/S2) differ from a Community Expansion or Small Main Extension/Customer Attachment Project?

Response:

a) Please see Exhibit I.CCC.3.

b) Please see Exhibit I.CCC.3.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1

Question:

a) Are all customers, regardless of rate class, estimated volume consumption or Project type eligible to pay an upfront contribution in aid or construction (CIAC) in lieu of the SES or TCS charge?

b) If the CIAC option is only available to customer consuming more than $50,000 m3 please explain the rationale for this limitation.

c) Is it possible for two customers to be in the same rate class but for the CIAC payment option available to only one?

Response:

a) For Community Expansion projects, the SES will be applicable to all customers consuming no more than 50,000 m^3/year (regardless of rate class). For TCS projects, please see Exhibit I.IGUA.1.

b) The rationale behind only offering the CIAC option to customers expected to consume 50,000 m^3 or more annually is based on the Board's EB-2016-0004 Decision. The amount proposed for the SES and TCS surcharge is meant to function as a surrogate for a project specific standalone rate for small volume customers.

c) Yes, it would be possible that a customer expected to consume less than 50,000 m^3 annually could be in the same rate class as a customer expected to consume more than this amount each year.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1

Question:

a) Since the SEC and TCS surcharge are both proposed at $0.23/m3 why is there a need for two separate tariffs?

b) Is the only difference between the charges is that the SES may be applied for a maximum period of 40 years whereas the TCS may be applied for a maximum period of 20 years?

c) Is a CIAC payment available to customers in lieu of an SES? Or is the TCS the only applicable charge in situations where a lump-sum CIAC is available to the customer?

Response:

a) Although the surcharge amount is the same for the SEC and TCS, the terms and conditions associated with each are different.

b) Please see Exhibit I.LPMA.17 a).

c) The CIAC payment option will only be made available to customers expected to consume greater than 50,000 m^3 per year. Please see Exhibit I.CCC.1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, / Exhibit C, Tab 2, page 3

Question:

a) Is the TCS is in effect a monthly payment alternative to a lump-sum CIAC?

b) If so why is it necessary or desirable to restrict by the proposed policy the amount of a monthly payment amount or the period of collection? Why is it not preferable to have the flexibility to adjust the TCS so as to suit the individual circumstances rather than use a fixed TCS in conjunction with an incremental CIAC payment to meet the circumstance?

c) EGI states *"refunds do not apply to the mains wheres* [sic] *SES and TCS rate riders have been applied in lieu of CIAC*" If the TCS charge is made in lieu of a CIAC payment why are TCS payees not also eligible for a refund after the five year reevaluation period?

Response:

a) Yes, the TCS is a monthly payment alternative to the customer paying a lump-sum CIAC. Also, for further information please see Exhibit I.LPMA.7.

b) Please see Exhibit I.LPMA.7.

c) Please see Exhibit I.EP.10.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit B, Tab 1 Schedule 1, pages 3-4

Question:

a) Does the Hourly Allocation Factor (HAF) only apply in leave to construct applications projects?

b) If so, why is the Board's adoption of a generic HAF allocation policy necessary?

Response:

a) and b) To date, the HAF has been applied only in Leave to Construct (LTC) application projects. Enbridge Gas is requesting approval to use the proposed HAF process for both LTC and non-LTC projects. Enbridge Gas is also requesting that subject to such generic approval, it would then not require subsequent "re-approval" of the HAF process as part of any future LTC that included the HAF process.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedule 1, page 3

Question:

a) The evidence states "*Refunds of CIAC may be requested by customers when the actual customer count on the system expansion exceeds the original forecast*" Is a customer required to seek a refund or is the evaluation and refund done by the Utility at the end of the five year period in all cases? If the former please explain what steps are taken to communicate to the customer at the time of connection and at the end of the 5 year period of the possibility for a refund?

b) Please provide the provisions in the conditions of service (both rate zones) which articulates the customers' ability to seek a refund.

c) Why is the refund attached to the customer rather whereas the SES and TCS charges are attached to the service address?

Response:

a) and b) Please see Exhibit I.EP.10 c) for the CIAC refund process in the EGD rate zone which has been approved by the Board as part of the feasibility policy. In the Union rate zones, refunds are not a part of the connection policy. This policy is not stated in the conditions of service. Rather, the conditions of service refer to the respective feasibility policies.

c) CIAC is a one-time contribution by an applicant of a gas connection and therefore the refund should be attached to that applicant. SES and TCS are part of the ongoing bills and are the responsibility of the current occupant of the property. It is important to attach SES and TCS to the property for continuity of billing if the ownership and occupancy of the property changes. Also, please see Exhibit I.ED.7.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit C, Tab 2, Schedule 1, page 6

Question:

a) Please provide the most recent annual study that is used in establishing the incremental overhead allowance added to the cost of mains and services.

b) How often is this study revised?

Response:

a) The most recent update of the Incremental Overhead Allowance (IOA) was completed in 2020 for EGD rate zone. Please see below.

Incremental Overhead Allowance		($000)
Indirect costs (based on 2018 study)[1]	A	$20,833
2020 Customer connections budget (base)[2]	B	$128,261
Incremental Overhead Allowance (%)	A / B	16.24%

Note 1: the last study was completed in 2018

Note 2: Customer Connections budget (base) is updated annually to establish IOA (%)

b) The IOA is updated annually in line with the budget cycle. An indirect cost study is typically done in a cost of service base year or more often if warranted.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit B, Tab 2, Schedule 1, page 5 / Schedule 2

Question:

a) Why does EGI not have a single new business guideline?

b) Please identify, and explain the reasons for, the differences as between the EGD Economic Feasibility Procedure and Policy (T2/S1) and the Union Rate Zone Distribution New Business Guidelines (T2/S2).

Response:

a) and b) Please see Exhibit I.LPMA.25.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, page 5-6

Question:

In its evidence EGI refers to the recent Decision EB-2019-0188 which includes the following statements:

"*Following the ten-year rate stability period, Enbridge Gas expects to bring forward to be included in rate base any cost overruns at the next rebasing rate proceeding. Enbridge Gas also expects that any revenue shortfalls or surpluses associated with this Project will be eligible for recovery or reduction in base rates at the end of the rate stability period. Enbridge Gas clarified that it at risk for potential revenue shortfalls during the ten-year rate stability period and will not seek recovery for any overages or shortfalls related to this period." (page 2)*
…….

"Enbridge Gas reiterated in its reply that it would provide a revised DCF calculation based on actual capital costs and customer attachments in the next rebasing application that follows the rate stability period, and stated that it would seek to include the Project in the base upon which rates are set at that time. Enbridge Gas stated that it expects that the OEB will determine the appropriate revenue recovery methodology at that time, as well as the appropriate treatment of any capital cost overruns for the post-rate stability period. Enbridge Gas submitted that it would be premature to determine rate treatment now for whatever circumstances that may exist more than ten years into the future, when the broader impacts of community expansion and other projects will be better understood." (page 12)

The Board went on to say:

"Enbridge Gas stated that after the ten-year rate stability period it expects to provide a revised DCF calculation and PI based on actual project costs and revenues to be included in rate base at the next rebasing rate application. The OEB will consider any

questions about the treatment of any surplus or shortfall for the 11-40 period at the time of rebasing." (page 13)

a) Please confirm that the policies as set out in the evidence in this proceeding are consistent with EGI's most recent practice and the Board's decision in EB-2019-0188.

Response:

a) The Company's proposal in this application with respect to the treatment of SES project forecast and actual costs, and SES project actual revenues after the end of each project's Rate Stability Period ("RSP"), are consistent with the Board's Decision in the EB-2019-0188 proceeding. It is the Company's intent that it will abide by the process contemplated in that Decision with respect to the rate implications stemming from such projects when they are considered by the Board following the conclusion of the respective RSPs for such projects.