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BY E-MAIL

September 2, 2020

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

Dear Ms. Long:

**Re: Enbridge Gas Inc. 2021 Rates Application
OEB File Number: EB-2020-0095**

In accordance with OEB's Procedural Order No. 1, please find attached interrogatories of OEB staff with respect to the above noted proceeding. The attached document has been forwarded to the applicant and to all other registered parties to this proceeding.

Yours truly,

Original Signed By

Khalil Viraney
Project Advisor

Encl.



OEB Staff Interrogatories

Enbridge Gas Inc. 2021 Rates Application

EB-2020-0095

September 2, 2020

Exhibit B – Rate Setting Mechanism

B.Staff.1

Ref: Exhibit B/Tab 1/Schedule 1/pp. 5-6

The MAADs Decision (EB-2017-0306/0307, Amalgamation Decision of the Ontario Energy Board regarding the merger of Enbridge Gas Distribution and Union Gas Limited, August 30, 2018) approved an inflation factor calculated as the year-over-year percentage change in the annualized average of four quarters of Statistics Canada's GDP IPI FDD. The inflation factor is adjusted annually on this basis with no restatement for adjustments by Statistics Canada. For 2021 rates, the inflation factor of 2.0% is based on the average annual change in the GDP IPI FDD for Q1 to Q4 in 2019.

- a) Please confirm that “adjusted annually on this basis with no restatement for adjustments by Statistics Canada” means that the inflation factor to calculate the Enbridge Gas PCI for 2021 rates will not be updated if there are further revisions to the inflation factor by Statistics Canada.
- b) Please indicate if the inflation factor will be revised when the Ontario Energy Board issues the inflation factor to be used for adjusting 2021 IRM rates.

B.Staff.2

Ref: Exhibit B/Tab 1/Schedule 1/p. 10 and Exhibit D/Tab 1/Rate Order Working Papers Schedule 10

The Enbridge Gas Distribution (EGD) rate zone average use adjustment reflects the existing OEB-approved methodology to forecast the year over year change in 2021 average use consumption for Rate 1 and Rate 6 customers. The methodology relies on regression equations to estimate the underlying historical trend of average use. Driver variables have remained unchanged and coefficients of existing models are re-estimated to include the most recent year of actual data.

In the 2019 rates proceeding (EB-2018-0305), average use increased by 2.3% for Rate 1 customers and by 1.7% for Rate 6 customers in the EGD rate zone. In the 2020 rates

proceeding (EB-2019-0194), the average use forecasting methodology resulted in average use declining by 1.2% for Rate 1 and 1.9% for Rate 6 customers. In the current proceeding (2021 rates), average use has increased by 2.9% for Rate 1 customers and by 1.0% for Rate 6 customers.

- a) Please explain if the results of the forecasting methodology are in line with actual use that Enbridge Gas has observed over the stated years (2019, 2020 and 2021).
- b) Please provide reasons for the volatility in the average use consumption over the past three years resulting from the forecasting methodology.
- c) Please provide the regression equations and the regression statistics used in the average use forecasting methodology. Also, provide a statistical opinion on the regression model and the regression results.
- d) Please explain how the increase in average use impacts 2021 rates for Rate 1 and Rate 6 customers.

B.Staff.3

Ref: Exhibit B/Tab 1/Schedule 1/pp. 10-18, Exhibit D/Tab1/Schedule 10 and Exhibit D/Tab 2/Schedule 13

The Union Gas rate zones general service storage and delivery rates have been adjusted to reflect the 2019 actual Normalized Average Consumption (NAC), using the 2021 OEB-approved weather normal methodology as approved in Union Gas's last cost of service proceeding. For 2021, the NAC adjustment is the variance between 2018 actual NAC and 2019 actual NAC. The 2019 actual NAC is lower than the 2018 actual NAC for Rates 01, M1 and M2 by 0.1%, 0.9% and 1.9% respectively.

- a) Please provide the data used to calculate the 20-year declining trend and the regression statistics used in the calculation of 2021 degree days using the 20-year declining trend methodology. Also, provide a statistical opinion on the regression results.
- b) The annual bill impact for a typical M1 residential customer in the Union South rate zone is a net increase of \$8.91 and for a Rate 01 residential customer in the Union North West and Union North East, the annual bill impact is an increase of \$10.40 and \$10.72 respectively. Please provide the contribution of the decrease in NAC to the annual bill impact for Rate 01 and Rate M1 customers.
- c) The rate impact for a typical Rate 1 residential customer in the EGD rate zone with

annual consumption of 2,400 m³ is a net increase of \$1.99 per year. Please explain the reasons for the difference in the rate impact for a residential customer in the EGD vs. Union Gas rate zones despite the lower annual consumption used for the Union Gas rate zones (2,200 m³ vs. 2,400 m³ for EGD). What are the drivers for the net increase in the bill impact for the Union Gas rate zones?

B.Staff.4

Ref: Exhibit B/Tab 1/Schedule 1/pp. 15-17

As per the Parkway Delivery Obligation Settlement Framework, Union South direct purchase (DP) customers east of Dawn that choose to delivery gas to Parkway are paid a Parkway Delivery Commitment Incentive (PDCI). The incentive paid is recovered from all Union South rate classes. The evidence indicated that the PDCI is paid monthly to DP customers.

- a) Please provide the natural gas volumes and the number of DP customers that delivered gas to Parkway and that were eligible for the PDCI in 2019 and 2020.
- b) Please provide the total amounts that have been paid or will be paid as PDCI during 2019 and 2020.