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December 15, 2020

Ms. Christine Long  
Registrar  
Ontario Energy Board  
P.O. Box 2319  
26<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON  
M4P 1E4

DELIVERED BY EMAIL

Dear Ms. Long,

**RE: EB-2020-0181 Enbridge Gas Inc. Application for natural gas rate increases  
effective January 1, 2021-Phase 2**

Please find enclosed the interrogatories submitted to Enbridge Gas Inc. on behalf of the Ontario Greenhouse Vegetable Growers.

Yours very truly,



Michael R. Buonaguro  
Encl.

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the Ontario Energy Board Act, 1998, S.O. 1998,  
c.15 (Sched. B);

**AND IN THE MATTER OF** an Application by Enbridge Gas Inc.,  
pursuant to section 36(1) of the Ontario Energy Board Act, 1998, for an  
order or orders approving or fixing just and reasonable rates and other  
charges for the sale, distribution, transmission and storage of gas as of  
January 1, 2021.

**INTERROGATORIES SUBMITTED TO ENBRIDGE GAS INC.  
(EGI) ON BEHALF OF THE ONTARIO GREENHOUSE  
VEGETABLE GROWERS**

**OGVG-1**

**REFERENCES:** Decision and Order EB-2017-0306 And EB-2017-0307 Union Gas  
Limited and Enbridge Gas Distribution Inc., August 30, 2018,  
amended on September 17, 2018, pages 30-34.

EB-2014-0219 Report of the Board: New Policy Options for the  
Funding of Capital Investments: The Advanced Capital Module,  
September 18, 2014, page 18.

Filing Requirements for Electricity Distribution Rate Applications  
– 2020 Edition for 2021 Rate Applications-Chapter 3 Incentive  
Rate-Setting Applications May 14, 2020, pages 27-28.

Exhibit B Tab 2 Schedule 1 page ~~22~~: 29

EB-2019-0218, Exhibit C Tab 4 Schedule 4 page 1.

**PREAMBLE:**

EGI's request for ICM relief is generally governed by the OEB's ICM and ACM policies  
originally intended for use by electricity distributors.<sup>1</sup>

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<sup>1</sup> Decision and Order EB-2017-0306 And EB-2017-0307 Union Gas Limited and Enbridge Gas  
Distribution Inc., August 30, 2018, amended on September 17, 2018, pages 30-34

The OEB's ICM policy generally requires that:

*Distributors must also include a discussion on any offsets associated with each incremental project for which ACM or ICM treatment is proposed due to revenue to be generated through other means (e.g. customer contributions in aid of construction), at the time of the cost of service application, along with an estimate of the revenue requirement impact associated with those offsets. The final offset amounts, if any, would be confirmed at the time of the IR application.<sup>2</sup>*

The OEB's Filing Requirements with respect to ICM requests by distributors require as follows:

### *3.3.2.1 ICM Filing Requirements*

*The OEB requires that a distributor requesting relief for incremental capital during the IRM plan term include comprehensive evidence to support the need, which should include the following:*

*...*

- *Evidence that the incremental revenue requested will not be recovered through other means (e.g., it is not, in full or in part, included in base rates or being funded by the expansion of service to include new customers and other load growth).<sup>3</sup>*

EGI forecasts the incremental revenue requirement over the 2021 to 2023 period for the Sarnia Industrial Line Reinforcement to be \$3,992,000.<sup>4</sup>

EGI forecast the incremental revenue from the Sarnia Industrial Line Reinforcement over the first 3-year period following its in service date of November 1, 2021 to be \$8,423,000.<sup>5</sup> Accordingly, assuming no or only fractional incremental revenue in 2021, the forecast incremental revenue from the Sarnia Industrial Line Reinforcement over the 2021 to 2023 period is forecast to be in excess of \$5,821,000.

- a) Given the Board's policy that distributors seeking ICM relief are required to demonstrate that the incremental revenue requested will not be recovered through other means including funding through the expansion of service to include new customers and new growth, and given that the Sarnia Industrial Line Reinforcement Project is a system expansion project designed specifically to accommodate new load that will generate significant incremental revenue for

<sup>2</sup> EB-2014-0219 Report of the Board: New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, September 18, 2014, page 18.

<sup>3</sup> Filing Requirements for Electricity Distribution Rate Applications – 2020 Edition for 2021 Rate Applications-Chapter 3 Incentive Rate-Setting Applications May 14, 2020, pages 27-28.

<sup>4</sup> Exhibit B Tab 2 Schedule 1 page ~~22~~ 29

<sup>5</sup> EB-2019-0218, Exhibit C Tab 4 Schedule 4 page 1.

EGI, please explain why EGI believes it is appropriate to seek to recover an incremental revenue requirement in the amount of \$3,992,000 through ICM relief over the 2021 to 2023 period for a capital investment that is projected to generate in excess of \$5,821,000 of incremental revenue over that same period as a result of new customers and load?