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December 20, 2020

Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto ON
M4P 1E4

Dear Ms. Long,

**RE: EB-2020-0181 Enbridge Gas Inc. 2021 Rates Phase 2
Interrogatories of Energy Probe**

Attached are the interrogatories of Energy Probe Research Foundation (Energy Probe) to Enbridge Gas in the EB-2020-0181 proceeding, the application by Enbridge Gas Inc. to the Ontario Energy Board for the approval of Phase 2 of the 2021 Rates application.

Respectfully submitted on behalf of Energy Probe.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.
Consultant representing Energy Probe

cc. Enbridge Gas Inc. (Regulatory Proceedings)
Patricia Adams (Energy Probe Research Foundation)
Roger Higgin (Sustainable Planning Associates Inc.)

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.

Enbridge Gas Inc. Application for 2021 Rates, Phase 2

Energy Probe Interrogatories

December 20, 2020

EGI 2021 Rates Application, Phase 2

Energy Probe Interrogatories

EP-1

References: Exhibit B, Tab 2, Schedule 1, Page 2, and Exhibit C, Tab 1, Schedule 1, pages 24 and 59

- a) Considering that the current 2019-2023 multi-year incentive rate mechanism extends to the end of 2023 is Enbridge proposing to maintain separate rate zones for EGD and Union rate zones for 2024 and subsequent years? Please explain your answer.
- b) Considering that distributors with a custom IR such as Toronto Hydro and Hydro Ottawa are not eligible for ICM is Enbridge expecting that it would continue to be eligible for ICM for 2024 and subsequent years? Please explain your answer.

EP-2

Reference: Exhibit B, Tab 2, Sch. 1, Pages 4 and 5, Tables 1 and 2

Please refile Tables 1 and 2 that provide overheads for 2021 to 2025 on the same basis as they are provided for 2016-2020.

EP-3

References: Exhibit B, Tab 2, Schedule 1, Pages 4 and 5, Tables 1 and 2; Exhibit B, Tab 2 Schedule 1, Page 9, Table 3.

- a) For each Capital Expenditures RZ Table please provide the annual averages and standard deviation for each category.
 - Pre-merger years
 - Post-merger years
 - Total 2015-2025
- b) Please compare the computed averages to the Thresholds calculated for each RZ in Table 3 and to the maximum Eligible Incremental Capital in Table 6.
- c) Please discuss the significance of the Standard Deviation of Capital Expenditures to the Thresholds and the Maximum Eligible Incremental capital

EP-4

References.: Exhibit B, Tab 2, Schedule 1, Page 4, Table 1; Exhibit C Tab 1Schedule 1 Page 47
Figure 7, EGD Rate Zone Capital Expenditures

Preamble: The Total Capital Expenditures are shown as \$515.8 million in 2020 and 2021 as 580.3 million. In Reference 2, System Plan, the Total 2020 Capital Expenditures are shown as \$432 million and 2021 Capital Expenditures are shown as \$632 million. The ICM Threshold is \$567.3 million

Please reconcile these amounts.

EP-5

Reference: Exhibit B, Tab 2, Schedule 1, pages 13 and 14, Tables 6 and 7

- a) Please confirm that the Projects in the Union RZ exceed the Maximum Eligible Incremental capital amount of \$152.8 million.
- b) Please explain why the Sarnia Industrial Line ISA been reduced by only \$2.7 million, rather than \$15.7 million to remain within the max eligible incremental amount.
- a) In order to comply with the ICM rules why cannot EGI phase one or both of the Union RZ projects. Please discuss.
- b) Why was the \$2.7 million reduction taken from Sarnia Industrial Line Reinforcement instead of London Lines?
- c) Please confirm that if the forecast of in-service capital expenditures for the Union Rate Zone was higher by \$2.7 million the \$2.7 million reduction would not be necessary?
- d) Please confirm that under the current regulatory framework Enbridge has an incentive to maximize in-service capital expenditures. If the answer is no, please explain why not.

EP-6

References: Exhibit B, Tab 2, Schedule 1, Pages 16-17; Exhibit C, Tab 1 Schedule 1, Page 57
Table 4, Potential ICM Projects: EGD Rate Zone

Preamble: St Laurent project is identified as a four phase project with Phase 3 and Phase 4 in service 2021 and 2022.

- a) Please provide a breakdown of costs, timing and technical information for each of the 4 Phases of the St Laurent Project.
- b) Please provide a map showing each of the phases of the St Laurent Project
- c) Was either Phase 1 or Phase 2 an ICM project?
- d) Why is Phase 3 a discrete ICM project, as opposed to a part of the overall multi-year project? Please discuss.
- e) If the capital needed for Phase 3 did not fit within the Maximum Eligible Incremental amount for the EGD RZ, would EGI have included the Project in Base Capital or postponed the Project?

EP-7

Reference: Exhibit B, Tab 2, Sched 1, Pages 19 to 27

Please file a table that presents the cost estimates for each of the three ICM projects showing the following items:

- Costs paid to external parties including contractors and consultants
- Costs paid for materials
- Incremental costs of Enbridge Gas employees and vehicle use fuel charged to the project
- Costs expended to date
- All other costs, please specify
- Contingency including explanation of its calculation
- Costs expended to date

EP-8

Reference: Exhibit B, Tab 2, Sched 1, page 20

- a) Please provide separate cost estimate for the new 8.4km NPS6 line from Strathroy Gate Station and the cost of the Strathroy Gate Station.
- b) Please explain why the new 8.4 km line and the station are not separate projects from London Lines replacement. How does Enbridge determine what constitutes a project for its project management perspective and what constitutes an ICM project?

EP-9

References: Exhibit B, Tab 2, Schedule 1 Page 28; Exhibit C Tab 3 Schedule 1 Customer Engagement Survey

- a) How much did the Customer Engagement Survey cost?
- b) Please provide a Summary Table with the key lessons/preferences learned from EGI residential customers and then specifically relate these to the priorities in the Asset Management Plan.
- c) Please identify any differences from the last survey and discuss in some detail how customer preferences have influenced the current AMP.

EP-10

References: Exhibit B, Tab 2, Schedule 1, page 29; Exhibit C, Tab 1, Schedule 1, Page 57, Table 5 Potential ICM Projects: Union Rate Zones

Preamble: The Sarnia Industrial Line Reinforcement Project is not identified as a potential ICM Project in the EGI System Plan.

- a) Please confirm the incremental revenue requirement over the 2021 to 2023 period for the Sarnia Industrial Line Reinforcement is forecast to be \$3,992,000.
- b) Please confirm the Project and will generate in excess of \$5,821,000 of incremental revenue over that same period.
- c) Given the incremental revenue generated, please explain why the project qualifies as an ICM Project and it is appropriate to seek to recover the Sarnia incremental revenue requirement in the amount of \$3,992,000 through ICM relief over the 2021 to 2023.

EP-11

Reference: Exhibit B, Tab 2, Schedule 1, Appendix E, pages 1, 2, and 3

What are the total revenues that Enbridge expects to collect from ratepayers for 2021, 2022, and 2023 with the ICM riders for each of the three projects? If they are different than the sum of amounts shown in Line 16 on pages 1, 2, and 3, please explain the reasons.

EP-12

Reference: Exhibit C, Tab 1, Schedule 1, page 39

- a) Does the eligibility for ICM funding during the IR term affect the trade-offs between capital and O&M? Please discuss.
- b) Please provide a numerical comparison of the impact on earnings of spending \$10 million in capital instead of \$10 million in O&M including all assumptions.

EP-13

Reference: Exhibit C, Tab 1, Schedule 1, Page 44

Preamble: “Enbridge Gas’s projected spend totals \$6.3 billion over the next five years; the projected annual spend ranges between \$1.1 billion to \$1.4 billion within the five year profile. System Renewal and System Access are Enbridge Gas’s highest asset investment categories at \$2.8 billion and \$1.5 billion over the five years, respectively.”

Please provide the estimate of the impact on rates for a typical residential customer of the \$6.3 billion projected spend. Please list all assumptions.

EP-14

Reference: Exhibit C, Tab 1, Schedule 1, Page 46, Figures 6,7 and 8

Preamble: Historical capital expenditure profiles for 2016-2019 and 2020 budget do not include associated overheads in the project costs. The associated overheads are identified as a separate category.

- a) Please explain the changes in the allocation of overhead costs for 2021-2025.
- b) Specifically how are overhead costs calculated and added to project costs in each Capex category?
- c) Please provide an illustrative example for the St. Laurent Project.

EP-15

References: Exhibit C, Tab 1, Schedule 1, Pages 55-57, Tables 4 and 5

- a) Please list the criteria and weightings used to produce the lists of Potential ICM Projects in Tables 4 and 5.

- b) Please confirm the listed projects have an in-service horizon of 3 years. Is this the planning horizon?
- c) Are ICM projects incremental and discretionary, as opposed to part of base capital?
- d) How are priorities between ICM projects determined? Please discuss.
- e) Please provide the annual ICM project plan budgets based on Figures 12 and 13 and compare to the current ICM thresholds

EP-16

Reference: Exhibit C, Tab 1, Schedule 1, Asset Management Plan, Page 38

Is Enbridge seeking OEB approval of its Asset Management Plan (AMP)? If the answer is yes, please explain if Enbridge considers OEB approval of the AMP as pre-approval of the capital expenditures included in the plan.

EP-17

Reference: Exhibit C, Tab 1, Schedule 1, Asset Management Plan, Page 185

Does the AMP include capital expenditures for unregulated storage? If the answer is yes, please explain and provide amount.

Respectfully submitted on Behalf of Energy Probe Research Foundation

Roger Higgin
SPA Inc.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.