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December 21, 2020

VIA E-MAIL

Christine E. Long
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Long:

**Re: Enbridge Gas Inc. (EGI) EB-2020-0181
2021 Rates – Application for Incremental Capital Funding
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark Garner
Consultants for VECC/PIAC

Email copy:
Mark Kitchen, Director, Regulatory Affairs
EGIRegulatoryProceedings@enbridge.com
David Stevens, Air and Berlis LLP
dstevens@airdberlis.com

For interrogatory clarifications please contact Mark Garner at 647-408-4501 or markgarner@rogers.com

REQUESTOR NAME	VECC
TO:	Enbridge Gas Inc. (EGI)
DATE:	December 21, 2020
CASE NO:	EB-2020-0181
APPLICATION NAME	Application and Evidence (Incremental Capital Module) Balances Request

VECC-1

Reference: Exhibit B, Tab 2, Schedule 1

- a) Please reconcile the 2019 distribution revenues shown in Table for the EGD rate zones with the revenues shown for 2019 for EGI used to calculate the earning sharing in EB-2020-0134 (EGI Utility Income Table Exhibit B, Tab 1, Schedule 2, page 1).

VECC-2

Reference: Exhibit B, Tab 2, Schedule 1, page 12, Table 5

- a) Is line 1 of Table 5 which shows EGD's **2013 Board Approved** rate base and depreciation (6,246 and 305 respectively) the 2013 amounts or the **2018** amounts as described in paragraph 27 of the same page?

VECC-3

Reference: Exhibit B, Tab 2, Schedule 1, page 16

The Board's 2014 ACM Report does not preclude disallowance of an ICM if a utility is overearning by an amount less than 300 basis points. The policy does allow distributors "*the option of explaining any overearning.*" (Report of the Board, EB-2014-0219, September 18, 2014, page 16).

- a) Please explain the rationale for seeking further funding from ratepayers when the EGD rate zone are providing earnings above the Board approved cost of capital rate.

VECC-4

Reference: Exhibit B, Tab 2, Schedule 4, page 2 of 15 – St. Laurent

El provided this response in the EB-2020-0134 with respect to financial reporting: *The new reporting format is the result of harmonizing organization structures and the restatement of operating cost categories for the amalgamated utility. This reporting format is utilized by management of Enbridge Gas since operating as a single entity began in 2019. O&M expenses are no longer tracked and analyzed along legacy zone-specific basis but are viewed as a whole for Enbridge Gas.* (EB-2020-0134 Interrogatory Response Exhibit I.EP.3)

- a) Given the consolidated operations does it then follow that all retained earnings and other resources of the merged utility are available to both EGI and Union rate zones for capital and operating purposes. If so, would it then be more appropriate to use consolidated earnings for the purpose of calculating the ICM threshold?
- b) Please provide a table showing the 2019 consolidated (EGD and Union zone) earnings showing the material revenue and cost categories.

VECC-5

Reference: Exhibit B, Tab 2, Schedule 1, page 19 – St. Laurent

- a) Please provide a table showing for each of the four phases of the St. Laurent project showing:
 - i. the capital investments (actual/forecast) for each phase of the St. Laurent pipeline project showing for each phase: materials/ construction/ labour/contingences/interest during construction and indirect overheads)
 - ii. the forecast (or actual) start and in-service date for each phase
 - iii. a (short) description of each phase i.e.: pipeline length/NPS and point-to-point locations.
 - iv. Whether the phase requires leave-to-construct approval and whether that approval has been filed for and granted.
 - v. Please explain the relationship between each of these phases and the amounts shown in Investment Summary Reports Codes 10290, 10288, 10292.
 - vi. Please list all the Summary Report Codes related to this project and as set out in Appendix 7 (PDF 445) EGI Asset Management Plan 2021-2025.

VECC-6

Reference: Exhibit B, Tab 2, Schedule 1, page 19/ Decision and Order EB-2019-0006, September 26, 2019. – St. Laurent

The Board made the following findings and comments in the above noted decision (page 8):

- *The OEB is concerned that the Proposed Project will only be required if the new XHP St. Laurent pipeline is approved.*
- *The OEB has not been able to test all of the typical considerations of a leave to construct project. To be clear the OEB has not assessed the prudence of the costs of the Proposed Project. Enbridge will need to defend the prudence at the rate proceeding where Enbridge Gas seeks inclusion of this investment in their rate base or recovery of costs.*
- *The OEB expects that approvals for the remaining multi-phases of the St. **Laurent Project will be dealt with on a comprehensive basis**, and that the OEB will not be seeing separate applications for leave to construct individual phases of the project in the future. The single application covering the remaining phases should be filed to meet Enbridge Gas' timelines and allow the OEB to complete its review using normal decision metrics.*
- *The OEB expects there will be better opportunities for the potentially impacted Indigenous communities to engage as part of the new XHP St. Laurent pipeline project. (emphasis added)*

- a) Please explain how EGI has fulfilled the requirement or addressed the concerns of the Board in its EB-2019-0006 Decision.
- b) If the Board approves the proposed related ICM is it also providing a ruling on the prudence of the project?
- c) Please address the comments of the Board which imply that need for the project is yet to be determined (bullet point 1).

VECC-7

Reference: Exhibit B, Tab 2, Schedule 1, page 119

- a) The St. Laurent NPS 12 project is for 9 kms of pipe. How many pipelines of a similar or greater size and a similar or greater distance has EGI put into service in the last 5 years in either the EGD or Union rate zones?

VECC-8

Reference: Exhibit B, Tab 2, Schedule 1, page 20-23 - London

- a) Please provide an update to EB-2020-0192 Exhibit F, Tab 1, Schedule 1 page 1 showing the London Line Replacement Project Total Estimated Project Capital Costs.
- b) Please describe the incremental activities and their costs which are incurred and being allocated to overheads to this project.
- c) Please show the original (EB-2020-0192) and current detailed derivation of overhead costs.

VECC-9

Reference: Exhibit B, Tab 2, Schedule 1, page 25 / EB-2019-0218 - Sarnia

Enbridge Gas stated that the total estimated cost of the Project is \$30.8M, which includes \$2.9M in indirect overhead costs. This comprises \$23.4M in pipeline costs and \$7.3M for station costs. (Decision and Order, EB-2019-0218, March 12, 2020 page 6)

- a) The project is listed in the evidence as having a budget of \$32.9 million. Please explain the \$2.1 million variance.
- b) Please explain how overheads are considered an incremental cost for this ICM project. Specifically, please provide the budget showing the incremental activities incurred which are being included in this budget as overheads.

VECC-10

Reference: Exhibit B, Tab 2, Schedule 1, pages 4-5

- a) Please explain why Tables 1 and 2 showing 2016-2025 capital expenditures by category for each rate zone do not include overhead forecasts for the period 20121-2025.

VECC-11

Reference: Exhibit C, Tab 1, Schedule 1, pages 38-39

EGI explains that the IRP Framework being considered in EB-2020-0091 will “*enable consideration of IRPAs as part of the utility asset management planning process going forward.*” This proceeding is scheduled for a hearing in early March 2021 (EB-2020-0091 Procedural Order No. 7).

- a) Has EGI's IRP proposal been integrated into the Utility System Plan filed in this proceeding? If yes, please explain what impacts this proposal had on the plan.
- b) If it has not been integrated as part of the Plan, please explain what impacts are expected to the Plan upon acceptance and integration of an IRP component. Specifically, please comment on the precision of the estimates with and without IRP consideration.

VECC- 12

Reference: Exhibit B, Tab 2, Schedule 1, pages 4-5

- a) EGI has used the standard electric distribution cost categories of /General Plan/System Service/System Access/System Renewal. Within which of those categories does those categories does EGI include Transportation and Storage capital costs?
- b) Please explain why it is not more transparent (better) to segregate Storage and Transportation costs from those other categories which address strictly distribution services, but also include ex-franchise costs.

VECC-13

Reference: Exhibit C, Tab 1, Schedule 1, pages 55-61 Asset Management Plan 2021-2025 Table 6.1-1 page 253

- a) Please provide the criteria EGI applied to derive the list of Potential ICM projects shown in Table 4.
- b) Figures 11-13 show no ICM projects post 2023. Please explain why?
- c) Does EGI only consider projects with a capital cost above \$10 million to be eligible for ICM treatment?
- d) Table 6.1-1 also states “*ICM eligibility does not confirm that EGI will seek ICM recovery for these projects.*” Under what circumstances will EGI not seek ICM recovery for projects it considers ICM eligible?

VECC-14

Reference: Exhibit C, Tab 1, Schedule 1, pages 65-66

- a) Figure 14 shows the 2012-2019 **Investment Portfolio** results for the Union and EGD investments. Those results show the PI being approximately between 1.5 and 1.00. Figure 15 shows the **Rolling Project Portfolio** PIs for the period 2008 to 2019. During the similar period as Figure 14 (2012-2019) the Rolling Portfolio PI is significantly higher than that of the Investment Portfolio (closer to 1.5). Please explain why. Specifically, please explain why the PIs for both types of portfolios are not (roughly) the same over time. That is, why does the investment portfolio based on attachments for a test year and with a targeted PI of 1.0 not equal over time the 12-month rolling portfolio which has the same threshold of 1.0? Do these portfolios (over time) measure the same projects?

VECC-15

Reference: Exhibit C, Tab 1, Schedule 1

- a) In considering an ICM proposal the Board generally considers the pacing of other capital programs over the period of the utility's 5-year capital plan. Please explain how EGI considered pacing of projects in its Utility System Plan in order to mitigate the need for ICM projects.

VECC-16

Reference: Exhibit C, EGI Asset Management Plan 2021-2025, page 235

- a) Please amend Tables 5.7-6 and 5.7-7 (Fleet and Equipment) to show the amounts for 2016 through 2020.

VECC-17

Reference: Exhibit C, EGI Asset Management Plan 2021-2025, page 251

- a) Please amend Tables 5.8-6 and 5.8-7 (TIS Capital Summary) to show the amounts for 2016 through 2020.

VECC-18

Reference: Exhibit C, EGI Asset Management Plan Appendix (PDF pgs. 446-), page 251

- a) Please create a table for years 2021 to 2025 by categories System Access/System Service/System Renewal/General Plant (i.e., in the format shown in Tables 1 and 2 at B/T2/S1/pgs. 4-5) which includes all the projects in the Investment Summary Report and shows: Investment Code, Investment Name and Base Capex, NPV and Net Base Capex.
- b) Please reconcile any variances as between that table and the amounts shown in Table 1 & 2 at Exhibit B, Tab 2, Schedule 1, pages 4-5
- c) Please provide an explanation and numerical example showing how the NPV and Net Base Capex of an Investment Project is calculated.

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