Aiken & Associates
578 McNaughton Ave. West
Chatham, Ontario, N7L 4J6
Phone: (519) 351-8624
E-mail: randy.aiken@sympatico.ca

Feb. 9, 2021

Christine E. Long
Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Long,

RE: EB-2020-0134 - London Property Management Association Interrogatories for Enbridge Gas Inc. – 2019 Utility Earnings and Disposition of Deferral & Variance Account Balances Supplementary Evidence

Please find attached the interrogatories of the London Property Management Association in the above noted proceeding.

Yours very truly,

Randy Aiken
Digitally signed by Randy Aiken
DN: cn=Randy Aiken, o=Aiken & Associates, ou, email=randy.aiken@sympatico.ca, c=CA
Date: 2021.02.09 10:18:12 -05'00'

Randy Aiken
Aiken & Associates

c.c.	EGI Regulatory Proceedings (e-mail only)

Enbridge Gas Inc.

Application for 2019 Earnings Sharing and Disposition of Deferral & Variance Account Balances Supplementary Evidence

INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT ASSOCIATION

Interrogatory #1

Ref: Exhibit H, page 3

With respect to the accelerated CCA impact related to capital pass-through projects/incremental capital module projects:

a) Please explain how the accelerated CCA was fully reflected in the determination of the variances recorded in the respective project deferral accounts.

b) Please confirm that the accelerated CCA reduces the revenue requirement in the first year in which the expenditure goes into service and increases the revenue requirement in subsequent years as compared to regular CCA. Please explain fully if this cannot be confirmed.

Interrogatory #2

Ref: Exhibit H, paragraph 14

a) Please confirm that with the exception of CCA Class 12 and the equipment noted in paragraph 17, the effect of the changes noted in paragraph 12 is to triple the CCA deduction available under the AII relative to the regular CCA deduction for assets that become available for use by the end of 2023. If not confirmed, please explain fully.

b) Please confirm that with the exception of CCA Class 12 and the equipment noted in paragraph 17, the effect of the changes noted in paragraph 12 is to double the CCA deduction available under the AII relative to the regular CCA deduction for assets that become available for use between the beginning of 2024 and the end of 2027. If not confirmed, please explain fully.

Interrogatory #3

Ref: Exhibit H, paragraph 19 & Exhibit C, Tab 1 Schedule 3

a) Please confirm that as a result of the capital additions that qualified for the AII in 2018 and 2019 EGI will be able to claim less CCA than it otherwise would have been able to under the regular CCA. If not confirmed, please explain fully.

b) Please confirm that in the calculations shown in Exhibit C, Tab 1, Schedule 3, the CCA reflects lower amounts available in 2019 due to the accelerated CCA in 2018. If not confirmed, please explain fully.

Interrogatory #4

Ref: Exhibit H, paragraph 22

Please confirm that the CCA available for 2020 and subsequent years will reflect lower amounts available for the CCA in those years due to the accelerated CCA deductions in 2018 and 2019. If not confirmed, please explain fully.

Interrogatory #5

Ref: Exhibit H, paragraph 23

a) Please provide a breakdown of the range of $80 to $115 million noted in this paragraph by each year for 2019 through 2023.

b) What is the expected impact in 2024 and will this impact be reflected in the tax calculations assuming a rebasing application is filed for 2024?

c) Based on EGI's current forecast of capital additions being placed into service, when does the AII change from increased CCA deductions to decreased CCA deductions compared to the regulator CCA?

Interrogatory #6

Ref: Exhibit H, paragraph 64

Under EGI's secondary proposal of sharing the impacts of the AII between ratepayers and the utility on a 50/50 basis, does this proposal deal only with the impacts of the AII until EGI rebases, or would it also reflect the changes in CCA available beyond the test year as of the result of the AII over the 2018 through 2027 period? Please explain fully.

Interrogatory #7

Ref: Exhibit H, paragraph 50

a) Is EGI requesting approval as part of this application to apply the credits in the TVDA to the four projects listed in paragraph 50? Please explain fully how the Board would determine as part of this application that these four projects were appropriate for ratepayer funding.

b) Would any other projects be eligible for ratepayer funding through the TVDA and how would these projects be approved for funding?

Interrogatory #8

Ref: Exhibit H, paragraph 42

a) Is the $3 per customer refund based only the 2018-2019 TVDA or on the projected balance in the account through 2023?

b) For each rate class in each of the Union South, Union North and EGD rate zones, please provide the estimated refund to a customer based on the 2018 and 2019 TVDA balances assuming 100% allocation to ratepayers.

Interrogatory #9

Ref: Exhibit H, paragraph 45

For the calculations that are requested below, please assume that $10 million from the TVDA is used partially fund an economic development project that has a life of 40 years using current/standard cost of debt and equity and depreciation rates.

a) Please calculate the reduction in the revenue requirement associated with this "contribution in aid to construction" for each of the 40 years of the life of the project.

b) Please calculate the net present value of this stream of revenue requirement reductions back to 2021.

Interrogatory #10

Ref: Exhibit H, paragraph 45

a) Please explain why EGI has not proposed to use the TVDA funds available from the 2018 to 2019 TVDA to reduce the amount of ratepayer funding needed for incremental capital projects, as requested in EB-2020-0181.

b) Would the benefits to ratepayers not be advanced by applying the TVDA funds to projects that have been approved by the Board (London Line and Sarnia Line) rather than to projects that have not been approved and would not be in service as quickly as those already approved by the Board?

Interrogatory #11

Ref: Exhibit H, paragraph 48

Would the proposed allocation of the TVDA funds to the economic development projects be in addition to the funds approved by the government through the "Access to Natural Gas Act, 2018" or would they displace a portion of that funding? Please explain fully.

Interrogatory #12

Ref: Exhibit H

Please show the allocation of 100% of the TVDA balances for 2018 and 2019 of $30.03 million (excluding interest) to each rate class in each of the Union South, Union North and EGD rate zones under each of the following scenarios. For each scenario, please also describe the allocator that would be used in each scenario:

a) The balances are refunded to ratepayers in 2021;

b) The balances are used as a contribution in aid of construction for 1 or more of the development projects noted in paragraph 50;

c) The balances are used as a contribution in aid of construction for IRP-related test pilots.

d) The balances are used to reduce the level of ICM funding related to the three projects highlighted in EB-2020-0181.

e) If the allocation to each rate class and to each rate zone is not the same for the scenarios noted in (b), (c), and (d) above as that in (a), please explain why the deviation is just and reasonable and avoids cross-subsidization.

Interrogatory #13

Ref: OEB Letter "Accounting Direction Regarding Bill C-97 and other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance" dated July 25, 2019

The letter states that utilities should reflect any impacts arising from the CCA rule change in their cost-based applies for 2020 rates and beyond that that *"The OEB recognizes that there may be timing differences that could lead to volatility in tax deductions over the rate-setting term. The OEB may consider a smoothing mechanism to address this."*

Is EGI considering a smoothing mechanism for AII impacts in the 2024 test year filing and subsequent years?