

**Ontario Energy Board**  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie de l'Ontario**  
C.P. 2319  
27e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416- 481-1967  
Télécopieur: 416- 440-7656  
Numéro sans frais: 1-888-632-6273



**BY E-MAIL**

February 10, 2020

Christine E. Long  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc. 2019 Utility Earnings and Disposition of Deferral and Variance Account Balances Supplementary Evidence  
OEB File Number: EB-2020-0134**

In accordance with the direction provided in the OEB's Decision on Settlement Proposal, please find attached interrogatories of OEB staff with respect to Enbridge Gas's supplementary evidence dated February 4, 2021.

Yours truly,

*K. Viraney*

Khalil Viraney  
Project Advisor

Encl.



## **OEB Staff Interrogatories**

**Enbridge Gas Inc. 2019 Utility Earnings and Disposition  
of Deferral and Variance Account Balances**

**Supplementary Evidence**

**EB-2020-0134**

**February 10, 2021**

## H.Staff.1

### Ref: Supplementary Evidence, pp. 2 and 10.

The balance in the Tax Variance Deferral Account (TVDA) as of December 31, 2019 is a credit of \$30.03 million not including interest. The account balance is related to Bill C-97 CCA rule changes which became effective November 21, 2018. The OEB in its July 25, 2019 letter noted that the OEB's long standing practice of sharing the impact of changes in taxes due to regulatory or legislated tax changes during an incentive rate-setting period between utility shareholders and ratepayers on a 50/50 basis should not be expected to necessarily apply in respect of CCA rule changes, and determinations as to the appropriate disposition methodology will be made at the time of each utility's cost-based application.

- a) Please reference and summarize any OEB decisions or settlement proposal approvals that Enbridge Gas is aware of where the OEB has made a determination on the disposition methodology related to account balances resulting from Bill C-97 CCA rule changes.

## H.Staff.2

### Ref: Supplementary Evidence, pp. 6 - 16

Enbridge Gas estimates that the total cumulative balance in the TVDA account for the 2019 to 2023 period will be a credit balance in the range of \$80 to \$115 million. In its evidence Enbridge Gas has proposed to use 100% of the cumulative balance in the TVDA over the 2019 to 2023 period as a source of funding for two initiatives: the Economic Development Project and the Integrated Resource Planning (IRP) pilot projects. Enbridge Gas has proposed to use a portion of the TVDA balance up to \$115 million towards funding the capital investment of the combined Hamilton-Nanticoke-Dunnville (HND) project that has been filed under the OEB's Natural Gas Expansion Program (EB-2019-0255). Enbridge Gas has further proposed to access up to \$20 million of the TVDA balance to use towards the IRP pilot projects.

- a) Is any portion of the investment for the HND project and the IRP pilot projects likely to be funded through direct government contribution or contribution from industry group/customers?

- b) How many customers are expected to be connected if the HND project is approved and constructed? Please provide a breakdown on the basis of residential, commercial and industrial customers.
- c) If ratepayers were to fund the HND project and the IRP pilot projects through a rate increase/rate rider, will the cost allocation amongst the rate classes for the funding mechanism be different from the disposition methodology of the TVDA balances (if the TVDA balance is credited to ratepayers). Please explain your response.
- d) If the costs of the HND and IRP pilot projects are funded through a rate increase/rate rider, will the capital costs related to the projects be added to rate base upon rebasing?
- e) Enbridge Gas expects to accumulate up to \$115 million in the TVDA over the 2019 to 2023 period. As part of this evidence, Enbridge Gas has proposed to direct up to \$115 million towards the HND project and up to \$20 million towards the IRP pilot projects. Assuming the balance in the TVDA is \$115 million at the end of 2023, how does Enbridge Gas propose to allocate the amounts between the HND and IRP pilot projects?
- f) If a portion of the HND and IRP pilot projects are funded through the TVDA balance, how will the costs of the projects be treated from a rate base perspective?

### **H.Staff.3**

#### **Ref: Supplementary Evidence, p. 17**

Enbridge Gas has proposed that 100% of the TVDA balance be used as a source of funding for Economic Development projects and IRP pilot projects. If the OEB does not accept Enbridge Gas's proposal, then the alternate proposal in the evidence is that the TVDA balance should be cleared in accordance with the OEB's longstanding practice that impact of tax changes during the term of an IR plan are shared between utility ratepayers and shareholders on a 50/50 basis.

- a) Would Enbridge Gas support disposing 50% of the TVDA balance in favour of ratepayers and the remaining 50% used to fund the Economic Development (HND) and IRP pilot projects? If not, please explain your response.