



THE BOARD OF DIRECTORS

PATRICIA ADAMS
Chair and President
ANN CAVOUKIAN
Executive Director, PBDF, Ryerson University
GLENN FOX
Economist, University of Guelph
BRUCE PARDY
Professor of Law, Queen's University
ANDREW ROMAN
Lawyer

MAX ALLEN
Producer, CBC Radio
DAVID CAYLEY
Writer and Broadcaster
IAN GRAY
President, St. Lawrence Starch Co. Ltd.
GAIL REGAN
President, Cara Holdings Inc.
GEORGE TOMKO
Expert-in-Residence in IPSI, University of Toronto

August 15, 2021

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

Dear Ms. Long,

**RE: EB-2021-0149 Enbridge Gas Inc. 2020 ESM and DVA Disposition
Interrogatories of Energy Probe**

Attached are the interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2021-0199 proceeding, the application by Enbridge Gas Inc. to the Ontario Energy Board for the approval of its request for disposition of its 2020 ESM and DVA accounts.

Yours truly,

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

cc. Joel Denomy (EGI Regulatory Proceedings)
Roger Higgin (Sustainable Planning Associates Inc.)
Michael Millar (OEB Staff)
Khalil Viraney (OEB Staff)
Intervenors of Record

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

EB-2021-0149

ONTARIO ENERGY BOARD

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

**AND IN THE MATTER OF an Application by Enbridge
Gas Inc. for an order or orders clearing certain
commodity and non-commodity related deferral or
variance accounts.**

**Enbridge Gas Inc. 2020 ESM and DVA Disposition
Interrogatories to the Applicant
Energy Probe Research Foundation**

August 15, 2021

EB-2021-0149
Enbridge Gas Inc. 2020 ESM and DVA Disposition
Interrogatories to the Applicant
Energy Probe Research Foundation

B-EP-1

Reference: Exhibit B, Tab 3, Schedule 1, Page 2; Page 4, Schedule 1, and Table 1

Preamble: The Utility O&M schedule (Table 1, page 4) has been modified from the previous application (EB-2020-0134 Exhibit B, Tab 3 Schedule 1, page 1) to provide transparency to Corporate Shared Services (CSS), Demand Side Management (“DSM”), and Integration-related costs which were previously embedded in other expense categories (i.e., other O&M line items).

- a) The 2019 Settlement Agreement [EB-2020-0134 Exhibit N1 Tab 1 Schedule 1 Page 2] states EGI will provide:
 3. A year-over-year comparison of utility O&M expenditures from the prior year, in the format found at *Exhibit I.EP.3, Attachment 1, Table 3*. The presentation of Internal Allocations and Recoveries amounts (line 13 in the referenced exhibit) will also include two sub-lines – one showing the total amount, and a second line showing the portion of the total amount that is capitalized (and not included in net utility O&M expenditures).

Please provide Exhibit B, Tab 3, Table 1, in the same format as EB-2020-0134, Exhibit I.EP.3, Attachment 1 Table 3.

- b) Please provide the amounts and discuss the changes in RCAM and Union Rate Zone Corporate Service amounts from 2018-2020.
- c) Please reconcile these amounts to those provided in Table 1

B-EP-2

Reference: Exhibit B, Tab 3, Schedule 1, Page 3, Tables 1 and 2

Preamble: “The Company experienced a \$40M reduction in Compensation and Benefits which includes STIP & Pension (Line 1). This is the single largest cost decrease resulting from the combination of

- (1) the claw back of a 3% merit increase slated for April 1,2020,
- (2) a hiring freeze which suspended recruitment for vacancies in the year, and
- (3) a voluntary workforce departure program which saw a reduction of close to 250 FTEs and expedited synergy savings that were anticipated in future years as integration benefits were realized.”

- a) Please provide the Total FTE for 2018, 2019 and 2020.
- b) Please provide the breakdown of the 2020 \$40 million reduction in Compensation and Benefits into its components and sub-components.

- c) Did the reduction in Compensation and Benefits lead to an increase/decrease in Corporate Costs? If so please describe and discuss this in more detail.
- d) Please confirm that the severance cost related the 250 FTE reduction is \$77.7million? Is this cost a component of the ~\$34 million net increase in OM&A? Is it shown in line 15 of Table 1?
- e) Was the severance all expensed in 2020 or are there deferred future payments such as share buy back? If the latter, show the estimated severance costs by year.
- f) Will EGI reduce FTE in 2021 or increase FTE? If latter indicate number of FTEs.
- g) Please provide the 2020 reduction/increase in STIP and executive LTIP performance pay.

B-EP-3

Reference: Exhibit B, Tab 3, Schedule 1, Page 2; B.3.1. Page 10, Appendix B

Preamble: Appendix B provides a reconciliation of the ADR response to the total CSS category (Line 13) in Table 1. Between 2020 and 2019, CSS costs remained relatively flat.

- a) Confirm that before Capitalization, the net change in Corporate Support Services from 2019-2020 was a \$30 million increase.
- b) Provide more detail of the material change in CSS.
- c) If the CSS had not increased, what would have been 2020 Net Income and Earnings for 2020 compared to that in Exhibit B Tab 1 Schedule 1 (Summary of ESM)?

B-EP-4

Reference: Exhibit B, Tab 3, Schedule 1, page 8, Table 3; EB-2020-0181 Decision and Order, May 6, 2021, page 8

- a) Please confirm that Enbridge Gas adopted a new overhead capitalization policy on January 1, 2020, and that the new policy has not been approved by the OEB as noted in the EB-2020-0181 Decision.
- b) Are the amounts shown for 2020 in Table 3, based on the overhead capitalization policy that the OEB has not approved?

B-EP-5

Reference: Exhibit B, Tab 3, Schedule 2, Pages 2&3, Tables 1&2, Line(s) G Real Estate & Workplace Services

- a) Please provide the extract from the Asset Management Plan related to Real Estate and Workplace Services that shows the multi-year investment plan for each of Legacy EGD and Union RZ from 2018-2024.
- b) Please provide a schedule that shows additions and disposals and account balances for each year 2018-2020 and a forecast for forward years.

C-EP-6

Reference: Exhibit C, Tab 1, Page 11, paragraph 21

Preamble: “Accordingly, Enbridge Gas adjusted the opening balance sheet at January 1, 2019, to record the \$211 million balance previously recognized as AOCI in the financial records of Enbridge Gas as a regulatory asset (within the APCDA), instead of Goodwill. Enbridge Gas continues to draw down the regulatory asset by amortizing this balance as part of pension expense resulting in a regulatory asset balance of \$181 million recognized in the APCDA at December 31, 2020.”

- a) How is a regulatory asset different from other assets? Please discuss.
- b) Is Enbridge seeking OEB approval of the accounting entries that resulted in the regulatory asset balance of \$181 million at December 31, 2020? If the answer is yes, please file a schedule showing all 2010 entries into the account, together with supporting calculations and assumptions. If the answer is no, please explain the purpose of this evidence.

C-EP-7

References: Exhibit C, Tab1, Lines 28-33; Exhibit E, Tab 1, Pages 23-28; EB-2020-0134 Exhibit I.EP.7 Plus Attachment

Preamble:

179-136 Parkway West Project Costs

179-137 Brantford-Kirkwall/Parkway D Project Costs

179-142 Lobo C Compressor/Hamilton-Milton Pipeline Project Costs

179-144 Lobo D/Bright C/Dawn H Compressor Project Costs

179-149 Burlington Oakville Project Costs

179-156 Panhandle Reinforcement Project costs

For the listed projects, please update the Summary Table (Excel) in the third reference that provides:

- a) The LTC Approved cost
- b) Changes to approved cost and final cost

- c) Planned and actual In-service dates
- d) Planned and actual In-service costs
- e) Incremental Capacity- Planned and Actual
- f) Comments on material changes

D-EP-8

References: Exhibit D, Tab 1, Page 10, paras 2 and 3; Exhibit D, Tab 1, Schedule 4, Page 1; EB-2020-0134, Exhibit I.EP.9, Pages 2-3

- a) Please update the charts and the table provided in the interrogatory in reference 2.
- b) How much is price a factor producing the 2020 62 m3 increase in NAC in Rate 1?
- c) How is price addressed in the Rate 1 forecast model? Has the coefficient changed?

E-EP-9

References: Exhibit E, Tab 1, Page 10; Exhibit E, Tab 1, Schedule 4.

Preamble: In 2020, Enbridge Gas sold a total of 2.3 PJ of short-term peak storage (legacy Union). The total 2.3 PJ was excess utility space, calculated by deducting 97.7 PJ of in-franchise utility requirement (as per the Gas Supply Plan) from the total 100 PJ of in-franchise utility storage. There was no sale of short-term peak storage from nonutility space. Total revenue from the sale of C1 Short-Term Peak Storage (Utility) in 2020 was \$2.715 million. Details of the above sales are reflected in Exhibit E, Tab 1, Schedule 4.

- a) Please provide a table showing the forecast and actual space and average price since 2014.
- b) Indicate how much was sold to Enbridge Gas Distribution.
- c) How does Union produce the forward year forecast? Please describe in detail.
- d) Please provide the forecast for 2021.

E-EP-10

References: Exhibit E, Tab 1, Page 12; EB-2020-0134 Exhibit I.EP.6 Page 2 of 2 c) and Exhibit I.EP.11 Pages 2-3

- a) Please update the table provided in the interrogatory related to reference 2
- b) Please Update the charts provided in IRR in the third reference

G-EP-11

References: Exhibit G, Tab 1, Page 1, OEB Scorecard

Preamble: Enbridge Gas was unable to meet the Meter Reading Performance Measurement metric due to two main factors: 1) The Covid-19 pandemic resulting in closed businesses and increased customer sensitivity over contact with meter readers, and 2) Extreme weather events such as freezing rain, polar vortex, heavy snowfall, and flooding which limited the ability to travel to properties and access meters safely.

What steps are being taken to meet the target in 2021?

Respectfully filed on behalf of Energy Probe by its consultants,

Roger Higgin
SPA Inc.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.