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.

INTERROGATORIES OF

THE BUILDING OWNERS AND MANAGERS ASSOCIATION ("BOMA")

August 16, 2021

Albert M. Engel
Partner
Fogler, Rubinoff LLP
77 King Street West, Suite 3000
Toronto, ON M5K 1G8

Counsel for BOMA

BOMA-1

Ref: Exhibit A, Tab 3, Page 2 of 4, Paragraph 8

Preamble:

Integration of the legacy billing systems for EGD and Union Gas enables Enbridge Gas to dispose of balances in the 2020 deferral and variance accounts as a one-time adjustment for all customers. Enbridge Gas proposes to dispose of the 2020 deferral and variance accounts as a one-time adjustment for all general service, in-franchise contract and ex-franchise rate classes.

Question(s):

(a) Why is Enbridge Gas seeking to dispose of balances in the 2020 deferral and variance accounts as a one-time adjustment for all customers?

(b) Why would Enbridge Gas not seek to spread out the adjustment over a period of time?

BOMA-2

Ref: Exhibit B, Tab 1, Page 4 of 5, Paragraph 15

Preamble:

The calculation of utility earnings and any earnings sharing requirement starts with financial results contained within the Enbridge Gas corporate trial balance. The Company notes that corporate trial balance includes the elimination of transactions between each of the rate zones. This predominantly relates to the elimination of regulated and unregulated storage and transmission revenues that would have been reflected in the Union rate zones, offset by a corresponding elimination of gas costs that would have been reflected for the EGD rate zone. This reflects the fact that from a corporate perspective, EGD rate zone delivery revenues are contributing to the costs of Union rate zones regulated and unregulated storage and transmission services.

Question(s):

(a) Please explain how EGD rate zone delivery revenues are contributing to the costs of Union rate zones regulated and unregulated storage and transmission services.

(b) Please explain in detail which specific transactions have been eliminated between each of the rate zones, and why the transaction was eliminated.

BOMA-3

Ref: Exhibit B, Tab 1, Page 5 of 5, Paragraph 17

Preamble:

In addition, Enbridge Gas has made the appropriate adjustments in relation to non-standard legacy EGD and Union rate regulated items which the OEB has either decided in the past or are required in order to determine an appropriate utility return on equity. Examples are:

- …
- …
- *elimination of approved shareholder incentives (such as Demand Side Management incentives, amounts related to Transactional Services, short-term storage, and net optimization incentives, and amounts related to Open Bill program incentives).*

Question(s):

(a) What are the appropriate adjustments in relation to non-standard legacy EGD and Union rate regulated items which are required in order to determine an appropriate utility return on equity? Please provide examples as well as explain why these items are required to be adjusted to determine an appropriate utility return on equity.

(b) How is Enbridge Gas defining "an appropriate utility return on equity" in this instance?

(c) Why is Enbridge Gas eliminating the previously approved shareholder incentives listed above?

BOMA-4

Ref: Exhibit B, Tab 3, Page 5 of 10, Paragraph 14

Preamble:

Up-front costs in 2020 and 2021 are expected to deliver the bulk of the savings in 2022 and 2023.

Question(s):

(a) Why are the costs being spent upfront now, instead of spread over the four years?

(b) What are the anticipated savings expected for 2022 and 2023?

BOMA-5

Ref: Exhibit B, Tab 3, Page 6 of 10, Paragraph 16

Preamble:

Following amalgamation, the Company sought to harmonize its overhead capitalisation mythology and enlisted Ernst and Young (EY) to carry out the study. EY's assessment was informed by historical legacy approaches, the amalgamated structure, US GAAP, the OEB's Uniform System of Accounts, and Enbridge's Enterprise Capitalization Policy. Recommendations of the study were implemented in January 2020.

Question(s):

(a) What were the specific recommendations and/or changes implemented, and what were the basis for these recommendations and/or changes?

BOMA-6

Ref: Exhibit C, Tab 1, Page 3 of 18, Paragraph 3

Preamble:

The Company continues to track the annual revenue requirement impact of accounting policy changes made as of the amalgamation date, January 1, 2019, as well as any further accounting policy changes adopted since that time. The cumulative balance of the APCDA as of December 31, 2020 is a receivable of $164.926 million, driven by the revenue requirement impact of five accounting changes arising from (and since) amalgamation, which are detailed in the table below.

Question(s):

(a) While BOMA understands that the APCDA Account is not being deferred until 2023, are there any other policies that the Company is anticipating implementing which would expect to have an impact on the APCDA account? Is the APCDA only limited to the give accounting changes already implemented?

(b) What steps is the Company taking to mitigate the revenue impact of the accounting policy changes?