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October 22, 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-2021-0002 – Enbridge Gas Inc. – Multi-Year Demand Side Management Plan (2022 – 2027) – LPMA Interrogatories

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
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Date: 2021.10.22 09:32:01 -04'00'

Randy Aiken
Aiken & Associates

ENBRIDGE GAS INC.

Application for Multi-Year Natural Gas Demand Side Management Plan (2022 to 2027)

INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT ASSOCIATION

4-LPMA-1

Ref: Exhibit D, Tab 1, Schedule 1, page 4

EGI has proposed a 5-year term (2023 – 2027) for the DSM term, including a mid-point assessment near the end of the first two years (i.e. in 2024).

a) If the mid-point assessment takes place before the end of 2024, what 2024 information would be available for review? Would the only information based on the new DSM framework be for 2023?

b) Why has EGI not proposed a 6-year term (2023 – 2028) with a mid-point assessment near the end of the third year (2025) that would include actual information for a minimum of 2 years under the new framework?

5-LPMA-2

Ref: Exhibit C, Tab 1, Schedule 1, page 5

The evidence states that EGI's ratepayer funded DSM plan should consider a number of secondary objectives including "Help lower overall average annual natural gas usage".

a) Does EGI interpret this secondary objective as lowering the overall level of average annual natural gas usage, or as lowering the overall average annual natural gas usage **per customer**?

b) If the response to part (a) is lowering the overall average annual natural gas usage per customer, will EGI be tracking the normalized average use per customer for each rate class? Please explain fully.

6-LPMA-3

Ref: Exhibit D, Tab 1, Schedule 1, page 8

EGI proposes to increase the 2023 base year budget by an inflation factor as part of the annual rates proceeding.

a) Please explain why EGI has proposed to use the consumer price index (CPI) as a proxy for inflation rather than the GDP IPI FDD inflation factor used as part of the annual rates proceeding.

b) There are several versions of the CPI that are published by Statistics Canada. Which specific CPI measure does EGI propose to use?

c) As part of the annual rates proceeding, the inflation factor used to increase rates (GDP IPI FDD) for the test year is based on historical data from two years prior. For example, the increase in the GDPIPIFDD for 2020 has been used as the inflation factor for 2022 rates. What time frame does EGI propose to use for 2023 and subsequent years if a version of the CPI is used?

6-LPMA-4

Ref: Exhibit D, Tab 1, Schedule 1, page 8 & Table 4

The evidence indicates that the inflation rate would be applied to the administrative costs associated with undertaking DSM activities and that the 3% additional increase proposed for program costs would not be applied to the administrative costs.

a) Please break down the portfolio sub-total costs shown in Table 4 for 2023 into wages and salaries, employee benefits, employee incentive costs and third-party costs.

b) Why has EGI not included a productivity offset associated with administrative costs in the calculation of the increase in the overall budget?

6-LPMA-5

Ref: Exhibit D, Tab 1, Schedule 1, page 8

EGI states that the increase of 7.7% over the OEB approved budget for 2020/2021/2022 and the inflation increase used to escalate the entire 2023 budget and the 3% increase in program budgets over and above the inflationary increase takes into account the OEB's and ratepayers concerns about bill impacts.

For each of the three EGI rate zones, please provide the annual DSM related costs (including DSM budgets, shareholder incentives, LRAM adjustments, etc.) for a typical customer in each rate class. Please provide this information for each year from 2022 through 2027 assuming an inflation rate increase of 2% for DSM related costs for each of 2024 through 2027 over and above the proposed 2023 DSM costs. Please also assume no changes in rate classes as part of the expected rebasing application for any of the years.

6-LPMA-6

Ref: Exhibit D, Tab 1, Schedule 1, Table 12 & Table 4

a) Please break down the compensation cost charged to DSM into salaries/wages, benefits, employee incentive payments and any other related components.

b) Do employees that are all or partially related to DSM activities eligible for incentive payments? If yes, are the incentives based on corporate objectives, DSM targets and/or personal objectives?

c) If the answer to part (b) is yes, DSM related employees are eligible for incentive payments, please provide details on the types of incentives available including how the quantum of the payments are determined based on different levels of achievement.

d) What assumption has been made in the compensation costs shown in Table 12 related to the level of forecasted incentive payments relative to the maximum amount that the employees are eligible for? Please provide the maximum eligible amount.

e) Please provide the break down of compensation costs charged to DSM between program and portfolio costs as shown in Table 4.

8a-LPMA-7

Ref: Exhibit D, Tab 1, Schedule 2, page 5

How did EGI determine that two-thirds of the maximum annual incentive should be allocated to achievement related to the annual scorecards?

8a-LPMA-8

Ref: Exhibit D, Tab 1, Schedule 2, page 3

Please confirm that the total maximum shareholder incentive proposed for 2023 is $21.3 million. If this cannot be confirmed, please provide the maximum shareholder inventive proposed for 2023 based on a 2% inflation rate.

8a-LPMA-9

Ref: Exhibit D, Tab 1, Schedule 2

Please provide the amounts of the shareholder incentive that would be payable to EGI if it reached 75% and 125% of its 2023 targets. Please break down the amounts into each of the shareholder incentive proposed by EGI.

8b-LPMA-10

Ref: Exhibit D, Tab 1, Schedule 2, pages 3-4

a) How did EGI determine the amount of $1.4 per year to be allocated to long term shareholder incentives?

b) How did EGI determine the split of the $1.4 million between the low carbon transition scorecard and the long term GHG reduction target?

8c-LPMA-11

Ref: Exhibit D, Tab 1, Schedule 2, page 12

a) How did EGI determine that one-third of the maximum annual incentive should be allocated to the annual net benefits shared savings?

b) Why has EGI proposed the net benefit ranges shown in Table 10 rather than a percentage of the forecasted net benefits actually achieved as is used for the annual scorecards?

9a-LPMA-12

Ref: Exhibit C, Tab 1, Schedule 1, pages 12-13

a) The formula shown on page 12 is not consistent with the numerical example that follows. Specifically, the formula shown on page 12 indicates an adjustment of "x productivity x inflation factor" whereas the example shows a division by the inflation factor. Which is correct?

b) Is the inflation factor used in the formula the same inflation factor used to set the budget (excluding overheads)? If not, please explain fully the difference in the inflation rates used.