REF: EGI REPLY EVIDENCE, pg. 9

Interrogatory Number: Issue 7.FRPO.1

Preamble: EGI REPLY evidence states: "*Traditional utility ratemaking treats DSM costs as expenses, and so utilities recover them dollar for dollar, without any profit markup. In Ontario, Enbridge recovers DSM costs as expenses through a combination of base rates and variance accounts, with some costs recovered in the year after they are incurred (e.g., some 2020 costs were recovered beginning in 2021). When costs are deferred, these costs accrue carrying charges calculated at the weighted average cost of capital (WACC) Enbridge pays to investors who provide the capital that allows Enbridge to delay recovery.*

1) Using monthly forecasted volumes, what percent of the annual revenue requirement does EGI typically achieve in the first quarter of the year?
   a) If budgeted DSM costs are put into the Revenue Requirement for the year, with that sizeable proportion of revenue in the first part of the year, if the funds and costs for DSM are completely segregated, would it not be likely the DSM programs are in a surplus position throughout most of year?
      i) If the programs are in a surplus capital position, please confirm there would be no need acquire additional capital through debt or equity.
      ii) It is arguable that a small portion of funds are recovered in the new year (along with likely some expenses being paid out at the end of the year). However, if there is a slight deficit in funds until recovery in the first month of the new year, would it not be more appropriate to apply a working capital approach as opposed to WACC? Please explain.

REF: EGI REPLY EVIDENCE, pg. 10

Interrogatory Number: Issue 8.FRPO.2

Preamble: EGI REPLY evidence states: "*In Ontario, the OEB **does** allow Enbridge to charge a profit margin on recovered DSM expenses through a separate DSM Incentive (DSMI) variance account charged to customers, and calculated as a markup from approved expenses.*

2) Using the 2015-2020 period, for each year in the period, please provide:
   a) the amount of incentive earned by the company
   b) markup from approved expenses
   c) the return on equity associated with the annual incentive

REF: EGI REPLY EVIDENCE, pg. 14

Interrogatory Number: Issue 8.FRPO.3

Preamble: EGI REPLY evidence states: *"In other words, the discounted cash flow for both treatments equal zero; because revenue exactly equal costs with expense treatment, and because the utility earns exactly it's authorized cost of capital with amortization treatment.*
☐ Under amortization, a regulatory asset builds up, although the size of the asset depends on levels of spending and the amortization term."

3) Using the 2015-2020 period, if capitalization with return based upon WACC had been allowed, what would the ROE have been for each year if the earned incentive was included in determining the total return on equity?
   a) Is EGI willing to give up Performance metrics in amortization including cost of capital is employed?

REF: EGI REPLY EVIDENCE, pg. 45, 47

Interrogatory Number: Issue 8.FRPO.4

Preamble: EGI REPLY evidence states: *"Enbridge crafted the Net Benefits component, in part, as a good faith response to stakeholder input during Mid-Term Review for the 2015-2020 DSM Plan.*
…..

Enbridge crafted the Long Term GHG component as a good faith response to OEB direction to create longer-term savings targets separate from annual targets, outlined in the OEB's draft letter on a Post-2020 DSM Framework."

We would like to First Tracks perspective in judging the proposals of its client in its role as an independent expert.

4) What information is First Tracks relying upon to characterize the crafting of these proposals as good faith?

REF: EGI REPLY EVIDENCE, pg. 49, Exhibit 3-FRPO-1-OEB Staff.1

Interrogatory Number: Issue 8.FRPO.5

Preamble: EGI REPLY evidence states: "*I agree with EFG that, if the OEB does substantially increase portfolio budgets and savings goals—either in the current case, at the Mid-Point Assessment, or in the next plan cycle—that maximum incentive payments should also increase. In my view, Enbridge's profit incentive should be commensurate with the financial and management resources required to successfully execute the approved portfolio.*"

We would like to understand the necessity for an increased incentive associated with increased budgets.

5) For the jurisdictions that use third-party providers for DSM services provided in OEB Staff's response, what is the average and range of incentives on a percentage basis relating incentive level to program spending level.

REF: EGI REPLY EVIDENCE, pg. 53

Interrogatory Number: Issue 8.FRPO.6

Preamble: EGI REPLY evidence states: "*With Enbridge's mechanism, on the other hand, if floors were raised to 75%, Enbridge would be directly penalized for delivering portfolio savings above 75%, unless it also maintained savings above 75% for every program group; it cannot access the incentive pools allocated to each program group until it meets the threshold floors.*"

We would like to understand First Tracks comment on penalizing.

6) Please provide the amount of penalty that EGI would be exposed to in not meeting a 75% floor for performance.