

ENBRIDGE GAS INC.

First Tracks Consulting Service Inc. Answers to
Interrogatories from Ontario Greenhouse Vegetable Growers (OGVG)

Exhibit I.7.EGI.OGVG.2

Ref: EGI Reply Evidence pages 17-18.
EB-2016-0186 Exhibit B.CCC.3

Preamble:

EGI Reply Evidence pages 17-18: *As mentioned above, large regulatory asset balances create risks for Enbridge's investors should future OEB Panels change their policies supporting DSM programs. These regulatory assets also pose risks should future OEB Panels change their policy supporting the natural gas utility industry in general. For example, the EFG report in this proceeding recommends that Ontario consider "whether future building codes should allow for any fossil fuel heating, water heating, cooking and other gas end uses." If regulatory policies do actually transition away from natural gas in the future, some investors and regulators worry that a mismanaged transition could have negative consequences on customers and investors. For example, some regulators fear that large scale electrification could result in spiraling gas rates, as the fixed costs of the gas system are spread over fewer remaining customers. This is especially worrisome if higher income customers drive early electrification, leaving low income or other disadvantaged groups to shoulder ongoing costs. Investors might also worry that a mismanaged transition would result in largescale asset write offs in attempts to lessen rate impacts. These investors might worry that regulatory assets not backed by physical property would be at higher risk for write-downs. To mitigate these risks, some regulators are already recommending that gas asset lives be lowered to accelerate the draw-down of unamortized asset balances.*

EB-2016-0186 Exhibit B.CCC.3: *In light of the uncertainty caused by Cap and Trade and the Climate Change Action Plan, Union's plan is to review depreciation from a system-wide basis as part of its 2019 rebasing application.*

- a) Please confirm that, while noting the potential impact on rates of lower volumes and declining customer numbers in the future, First Tracks Consulting Services Inc. did not attempt to forecast such impacts in conjunction with the impact of the possible amortization of DSM related spending.
- b) Please confirm that, other than delays associated with the tracking of variances in DSM-related deferral and variance accounts for future disposition, there is no concern about intergenerational equity or cumulative future rate impacts associated with EGI's proposal to continue to expense all DSM related costs.

- c) In EB-2016-0186 Union proposed to shorten the asset life of the Panhandle Reinforcement Project in response to concerns about future declining load and customer numbers and asserted that it would be reviewing depreciation from a system wide-basis because of those same concerns on rebasing in 2019. Now that Union is part of the amalgamated entity EGI and rebasing has been deferred to 2024, please provide EGI's current position on the risks associated with declining load and customer numbers and its plans to address those risks as part of its next rebasing application, including any plans to seek approval of shortened amortization periods.

Response:

- a) Confirmed.
- b) Please see discussion of intergenerational equity provided in response to Exhibit I.7.EGI.SEC.5. and Exhibit I.7.EGI.SEC.6.
- c) Enbridge Gas Response:

Enbridge Gas notes that this interrogatory is out of scope for this proceeding and therefore cannot respond.

Exhibit I.7.EGI.OGVG.3

Ref: EGI Reply Evidence page 31.

Preamble:

While the current OEB Panel clearly supports DSM, investors are aware that legislators and regulators in Ohio, New Hampshire, and other jurisdictions have changed course and greatly reduced DSM funding in recent years.

- a) Please provide a summary of the drivers that have caused legislators and regulators in Ohio, New Hampshire and other jurisdictions to greatly reduce DSM funding in recent years. Please comment on the applicability of those drivers to Ontario.

Response:

- a) I have not analyzed the drivers that caused legislators and regulators to adopt these funding policies.