February 10, 2023

Nancy Marconi
Registrar, Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto ON, M4P 1E4

Dear Ms. Marconi,

RE: EB-2022-0200 Enbridge Gas Inc. 2024 Rebasing Application
Interrogatories of Energy Probe to the Applicant in Phase 1 of the Proceeding

Attached are the interrogatories of Energy Probe Research Foundation (Energy Probe) to the applicant, Enbridge Gas Inc., on its evidence dealing with the issues in Phase 1 of the EB-2022-0200 proceeding.

Respectfully submitted on behalf of Energy Probe.

Tom Ladanyi
Digitally signed by Tom Ladanyi
Date: 2023.02.10 11:24:00 -05'00'

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

cc. Patricia Adams (Energy Probe Research Foundation)
Roger Higgin (Sustainable Planning Associates Inc.)
Vanessa Innis (Enbridge Gas Inc.)

EB-2022-0200

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, pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2024.

Enbridge Gas Inc. 2024 Rebasing Application Phase 1

Energy Probe Interrogatories

February 10, 2023

EB-2022-0200 Enbridge Gas Inc. 2024 Rebasing Application Phase I

Energy Probe Interrogatories

1.7-Energy Probe-1
Reference: Exhibit 1, Tab 7, Schedule 1, Attachment 1, EGI OEB Scorecard
Preamble: Call Answering Service is below standard.

Given the explanation in evidence, what specific steps has EGI taken/will take to:
i) correct the problems.
ii) achieve above standard performance in 2023/2024?

1.9-Energy Probe-2
Reference: Exhibit 1, Tab 9, Schedule 1, Table 3, line 6 - *Central Functions*

a) Please confirm that compared to legacy costs, in 2022 EGI is saving $15.8 million as a result of centralized functions. Is this for both Union and EGI?

b) Please provide the legacy costs from 2015-2020 for services now centralized for Union and EGI, including each of utility in house services and centralized functions provided by EI.

c) Please provide explanatory notes and references to filings in prior cases.

d) Please provide the details of the services and costs of EI centralized services for 2015-2022. Reconcile to Intercorporate Services Agreement for 2022.

1.9-Energy Probe-3
Reference: Exhibit 1, Tab 9, Schedule 1, Page 21, Table 6

a) Please explain how Actual Overheads of $7.6 million for 2019 and $11.0 million for 2020 were determined.

b) Why are there no overheads shown after 2020?

1.9-Energy Probe-4
Reference: Exhibit 1, Tab 9, Page 24, Paragraph 50

Please file a table that shows the components of the $86 expected annual synergy savings by year over the 2024 to 2028 period.

1.10-Energy Probe-5
Reference: Exhibit 1, Tab 10, Schedule 4, Page 20, 3.4. Rate Setting, Paragraph 60
Preamble: "Enbridge Gas is proposing a straight fixed variable with demand (SFVD) rate design to be used for the proposed harmonized general service customer classes. SFVD rate design consists of a customer charge and a demand charge which matches the cost to provide delivery service to each customer by reflecting the demand that each customer imposes on the network and the cost of being connected to the network".

Does SFVD significantly reduce EGI volume risk? If so, why is EGI stating volume risk is increasing.

1.10-Energy Probe-6
Reference: Exhibit 1, Tab 10, Schedule 4, Page 20, Paragraphs 60-62

a) How many gas and electric utilities in Canada have straight fixed variable with demand (SFVD) rate design? Please list these.

b) How many US gas and electric utilities have straight fixed variable with demand (SFVD) rate design? Please list these with and indicate the States served.

c) For each of Union and EGI please indicate how much of fixed costs are included in the customer charge and how much in consumption?

d) For each of Union and EGI please indicate how much of fixed costs are included in the customer charge and how much in the proposed demand charge?

e) Does not SFVD reduce the risks of recovery of fixed costs?

f) Comment if this would lead to a lower Equity Ratio - other factors not considered?

1.10-Energy Probe-7
Reference: Exhibit 1, Tab 10, Schedule 2, Page 24, Paragraph 59
Preamble: "To better understand the potential future electricity demand and capacity needs, the IESO is undertaking a Pathways to Decarbonization study and demand scenario. This study will be used to explore the implications of operating Ontario's electricity system under significantly higher demand with a non-emitting supply mix. It is anticipated that the report will be available in November of 2022."

Please file a copy of the *Pathways to Decarbonization Study* report to the Minister of Energy, dated December 15, 2022, so that it is on the record in this proceeding.

2.4-Energy Probe-8
Reference: Exhibits 2, Tab 4, Schedule 1 and Exhibit 2, Tab 5, Schedule 3, and Exhibit 9, Tab 2, Schedule 1, Page 14, *Table 9 OH Capitalization – Annual Revenue Requirement Impact*
Preamble: Energy Probe is concerned that there has been double recovery of indirect overheads through ICM projects.

a) Please file a table that lists all of the EGI ICM projects approved by the OEB, showing the OEB approved cost, actual cost, indirect overheads approved for the OEB, actual indirect overheads incurred, and actual indirect overheads recovered through ICM rate riders.

b) What was the total amount of actual indirect overheads that were capitalized to all projects both ICM and non-ICM during since EGI became eligible for ICM funding of capital projects. Please show amounts for ICM and non-ICM projects separately.

c) What were the total O&M expenditures of EGI departments whose costs were partially recovered through allocation of indirect overheads to capital projects.

d) How can the OEB be assured that there has been no double recovery of indirect overheads through ICM projects that have also been recovered through allocations to non-ICM capital projects?

2.4-Energy Probe-9
Reference: Exhibit 2, Tab 4, Schedule 1, Attachment 1, Page 10, Section *7.5 Overhead Related Costs*
Preamble: "Certain overhead Costs are allowable for Capitalization. Please refer to the *Overhead Capitalization Memorandum* for additional guidance."

Is the Overhead Capitalization Memorandum in evidence. If it is, please provide the reference. If it is not, please file it.

2.4-Energy Probe-10
Reference: Exhibit 2, Tab 4, Schedule 1, Attachment 1, Page 10, Section *7.7 Allowance for Funds Used During Construction (AFUDC) and Capitalized Interest*
Preamble: "AFUDC consists of two components, an equity component and an interest component (AIDC). The equity component is a non-cash item that may be Capitalized under rate regulated accounting when permitted by the regulator."

Please confirm that the OEB does not allow utilities to capitalize the equity component?

2.4-Energy Probe-11
Reference: Exhibit 2, Tab 4, Schedule 2, Paragraph 26, Pages 10 and 11
Preamble: "The Business Costs category includes certain departments/groups within Enbridge Gas that support core operations. Although their work can be linked to capital activity, it cannot be directly associated with any particular asset or asset group. Examples of these support areas include Engineering, Asset Management, System Improvement, and Integrity. Time spent on work was determined to be an appropriate driver given the varied nature of these groups and their activities. Time analysis is necessary to appropriately identify the relationship between the functions of these groups and capital activities."

a) Please explain how the time analysis was performed. Did each employee fill out a time sheet? If time sheets were used, please file a copy of a time sheet that was used for the analysis of time spent by employees in the Engineering group. If time sheets were not used, please explain why not.

b) Does the proportion of time spent on capital projects and maintenance projects remain constant from year to year? For example, in a year with more capital work do employees spend less time on maintenance projects?

2.4-Energy Probe-12
Reference: Exhibit 2, Tab 4, Schedule 2, Paragraph 27, Page 11
Preamble: "To determine overhead capitalization for the Business Costs category, the following time analysis methodology is conducted annually: a) Managers in the groups identified in this cost category identify all the activities carried out by their teams. Each employee's time is allocated among the various activities in an activity template. The activities are classified as Capital or O&M based on US GAAP and OEB guidance."

a) Is the analysis conducted on a forecast basis? If the answer is yes, are actual results compared to forecast? Please explain your answer.

b) Please file a sample copy of a completed activity template for an employee in the Engineering group.

2.4-Energy Probe-13
Reference: Exhibit 2, Tab 4, Schedule 2, Paragraph 28, Page 11
Preamble: "The Shared Services Costs category contains groups that support overall business activities including general functions required to complete capital projects. Examples of these services are Finance, Legal, Real Estate and Workplace Services, TIS, etc. Human Resources employee labour costs and related expenses are included in this category, and Pension and Benefits costs are treated separately. (See Pension and Benefits Costs below)."

Does the proportion of time spent on capital projects by employees in Finance, Legal, Real Estate and Workplace Services, TIS, etc. remain constant from year to year irrespective of the level of work on capital projects?

2.4-Energy Probe-14
Reference: Exhibit 2, Tab 4, Schedule 2, Paragraph 29, Page 12
Preamble: "For Shared Services Costs, a single overhead capitalization rate was calculated by taking a weighted average of Operations Costs and Business Costs rates and noncapitalizable costs (groups that do not support capital activity). A single rate was determined to be most appropriate for overhead capitalization as the groups in this cost category support all of the business activities of Enbridge Gas."

Please file a spreadsheet showing the calculation of the single overhead capitalization rate for 2024 capital projects showing all sources of data inputs.

2.4-Energy Probe-15
Reference: Exhibit 2, Tab 4, Schedule 2, Paragraph 31, Page 13
Preamble: "Enbridge Gas's harmonized overhead capitalization methodology calculates a weighted average burden rate of 41.7% for the 2024 Test Year budget. The weighted average burden rate more appropriately capitalizes pension and benefits costs because it is applied to the capitalized labour."

Please explain how the capitalization policy differentiates between capital projects that are constructed by Enbridge employee labour and capital projects that are constructed by contractor labour particularly as it relates to capitalization of Enbridge indirect costs. In your answer, please provide replies to the following questions.

a) Is the 41.7% burden rate applied to the compensation costs of permanent Enbridge Gas employees who are working on capital projects?

b) What burden rate is applied to the compensation costs of short-term contract Enbridge Gas employees who are working on capital projects?

c) What burden rate is applied to the labour costs of employees of construction contractors who are working on capital projects for Enbridge Gas?

2.4-Energy Probe-16
Reference: Exhibit 2, Tab 4, Schedule 2, Paragraph 32, Page 14
Preamble: "To ensure that the overhead capitalization rates closely reflect the underlying capital activity, the inputs to harmonized methodology are updated annually. Calculations are carried out on the latest actuals and applied to the prospective year."

Please explain how ICM projects are treated and how they impact overhead capitalization rates of non-ICM projects in the same year. Are some of the indirect overhead costs that would have been allocated to non-ICM projects be allocated to a project that is incremental to the budget and may obtain ICM approval? Please discuss.

2.4-Energy Probe-17
Reference: Exhibit 2, Tab 4, Schedule 2, Paragraph 31, Page 16
Preamble: "By aligning cost categories and assigning appropriate drivers, the harmonized methodology better accounts for the geographical diversity of Enbridge Gas's operations and provides a consistent approach in determining how each department or function supports capital activity."

a) Please explain what is meant by the term "geographical diversity" as it applies to overhead capitalization.

b) Please explain how the harmonized methodology better accounts for geographical diversity.

2.4-Energy Probe-18
Reference: Exhibit 2, Tab 4, Schedule 2, Paragraph 39 and Table 3, Page 17

Please provide more detail behind the quantities shown for Operations Costs in Line 1 of Table 3 by showing the amounts for Regional Operations, OSG and VP Admin discussed in Paragraph 39 including the number of FTE's whose costs are included in each of these categories.

2.4-Energy Probe-19
Reference: Exhibit 2, Tab 4, Schedule 2, Table 3, Page 17 and Paragraph 41, Page 18

Please provide more detail behind the quantities shown for Shared Services Costs in Line 3 of Table 3 by showing the amounts for each of the departments or groups included in Shared Services Costs including the number of FTE's whose costs are included in each of these departments or groups.

2.4-Energy Probe-20
Reference: Exhibit 2, Tab 4, Schedule 2, Table 3, Page 17 and Paragraph 46, Page 20
Preamble: "As such, the Union approach of allocating capitalized overheads based on forecasted capital additions by asset class was adopted for both the EGD and Union rate zones."

a) How would an un-forecasted capital addition be treated? Would no capitalized overheads be allocated to an un-forecasted capital addition, or would the capitalized overheads be

reduced on forecasted capital additions in order to allocate some capitalized overheads to the un-forecasted addition?

b) How would a cancelled forecasted project be treated? Would the capitalized overheads that would have been allocated to the cancelled project be allocated to the remaining projects so that each of the remaining projects would be allocated more capitalized overheads?

2.4-Energy Probe-21
Reference: Exhibit 2, Tab 4, Schedule 2, Attachment 1, *E&Y Report*, page 4

Please confirm that E&Y was not engaged by Enbridge Gas to present independent Expert Evidence as specified by Rule 13A of the OEB Rules of Practice and Procedure. Please explain you answer.

2.4-Energy Probe-22
Reference: Exhibit 2, Tab 4, Schedule 2, Attachment 1, *E&Y Report*, pages 8 and 10
Preamble: "Corporate allocations are comprised of charges that reflect EGI's net share of the costs incurred by other subsidiaries or corporate to support EGI".

a) Did E&Y review the total costs of other subsidiaries and corporate to determine if the amount allocated to EGI is appropriate?

b) Is the Shared Services amount of $21,656,247 shown on in the table on Page 10 the EGI's net share of the costs incurred by other subsidiaries or corporate to support EGI. If the answer is no, what is the net amount?

2.4-Energy Probe-23
Reference: Exhibit 2, Tab 4, Schedule 2, Attachment 1, *E&Y Report*, pages 11and 21-25
Preamble: "2. Documented all cost centres and calculated the overhead percentage for each one based on raw data provided by the Company. EY further segmented the cost centres into the various departments within the organization;"

a) Are the percentages shown on pages 21 to 25 the overhead percentages calculated by E&Y?

b) Did EGI provide E&Y the overhead percentages calculated by EGI staff? If the answer is yes, are the percentages calculated by E&Y the same as the percentages overhead percentages calculated by EGI?

2.4-Energy Probe-24
Reference: Exhibit 2, Tab 4, Schedule 2, Attachment 1, *E&Y Report*, page 11
Preamble: "4. Assisted management by providing alternative and best practices within industry;"

Please file any documents or memoranda that E&Y provided to management regarding best practices within industry.

2.4-Energy Probe-25
Reference: Exhibit 2, Tab 4, Schedule 2 Attachment 1, *E&Y Report*, pages 19 and 20
Preamble: "Based on our observations, the application of this harmonized model considers the applicable accounting framework and the enterprise-wide capitalization policy. In addition, interviews conducted with managers and staff provide management with an understanding of capital activity, to allow for an allocation based on an expected time analysis."

a) Please confirm that E&Y has found that EGI is complying with the enterprise-wide capitalization policy.

b) Please confirm that E&Y was not engaged to review the enterprise-wide capitalization policy.

c) Is the "enterprise-wide capitalization policy" the document shown as a PDF attachment "EGI Enterprise Wide Capitalization Policy" on page 20?

2.4-Energy Probe-26
Reference: Exhibit 2, Tab 4, Schedule 3, Page 7, Table 1
Preamble: "Note (2) 2022 rates are used to determine the 2023 Bridge Year burden rate and the 2024 Test Year burden rate provided at Exhibit 2, Tab 4, Schedule 2, Table 1"

a) Please explain why and how the 2022 burden rates were used to determine the 2024 burden rates.

b) What are the drivers that cause the burden rates to vary from year to year?

2.5-Energy Probe-27
Reference: Exhibit 2, Tab 5, Schedule 3, Table 3, Page 5, and Paragraph 12, Pages 6 and 7
Preamble: "However, the forecasted reduction of gas supply costs and overall benefits delivered by the execution of the project outweigh the cost overruns. Additional details regarding project costs were filed in the Post Construction Financial Report for the GTA Project."

a) Please file the document *GTA Project Post Construction Financial Report, June 30, 2017,* that was filed under docket EB-2012-0451 so that it is on the record in this proceeding.

b) Please reconcile the GTA Project costs shown in Lines 4,5, and 6 of Table 3 with the Major Cost Variances table on page 5 of the *GTA Project Post Construction Financial Report, June 30, 2017.*

c) For the GTA Project, what was the dollar amount of indirect overheads in the OEB approved total project cost estimate and what was the total dollar amount of indirect overheads allocated to the project in the actual total project costs?

d) What were the forecasted gas supply costs and what are the actual gas supply costs as the direct result of the GTA Project? Please provide dollar amounts with backup information.

2.5-Energy Probe-28
Reference: Exhibit 2, Tab 5, Schedule 3, Table 3, Page 5

a) Please file the document *Ashtonbee Station Post-Construction Financial Report on Costs and Variances, September 13, 2018,* that was filed under docket EB-2016-0034 so that it is on the record in this proceeding.

b) Are the costs for the Ashtonbee Station included in GTA project costs in Table 3? If the answer is no, where are they shown on Table 3? If the answer is yes, please show the costs of Ashtonbee Station separated from other GTA Project costs.

c) For the Ashtonbee Station Project, what was the dollar amount of indirect overheads in the OEB approved total project cost estimate and what was the total dollar amount of indirect overheads allocated to the project in the actual total project costs?

2.5-Energy Probe-29
Reference: Exhibit 2, Tab 5, Schedule 3, Table 3, Page 5, and Paragraph 13, Pages 7 and 8.
Preamble: "However, the benefits delivered by implementing the WAMS tool outweighed the cost overruns".

a) Did Enbridge ever file with the OEB a post-construction financial report on costs and variances of the WAMS project? If the answer is yes, please file it so that it is on the record in this proceeding. If the answer is no, please prepare such a report for the WAMS project, similar in format to the reports for the Ashtonbee Station and the GTA project and file it.

b) For the WAMS Project, what was the dollar amount of indirect overheads in the OEB approved total project cost estimate and what was the total dollar amount of indirect overheads allocated to the project in the actual total project costs?

c) What were the forecasted benefits and what are the actual benefits realized as the direct result of the WAMS Project? Please provide dollar amounts with backup information.

2.5-Energy Probe-30
Reference: Exhibit 2, Tab 5, Schedule 3, Table 3, Page 5, and Paragraph 14, Page 8

a) Please file the document *EB-2012-0099 Ottawa Reinforcement Project Post-Construction Financial Report on Costs and Variances, May 6, 2015,* so that it is on the record in this proceeding.

b) Please reconcile the Ottawa Reinforcement Projects costs shown on lines 10 and 11 of Table 3 with the costs shown in Table 1 of *EB-2012-0099 Ottawa Reinforcement Project Post-Construction Financial Report on Costs and Variances, May 6, 2015.*

2.6-Energy Probe-31
Reference: Exhibit 2, Tab 6, Schedule 1, Pages 44 and 45, Table 5 *2024 Investments Subject to LTC*

a) Please confirm that EGI will not be applying for ICM funding for any of the projects listed in Table 5. Please explain your answer.

b) What is the total amount of 2024 indirect overhead allocations of all of the projects listed in Table 5?

c) If any of the projects listed in Table 5, does not proceed in 2024 will its indirect overhead allocation be expensed, or will it be allocated to other projects? Please explain your answer.

2.6-Energy Probe-32
Reference: Exhibit 2, Tab 6, Schedule 1, Pages 46 to 48, Table 6 *2024 Investments Not Subject to LTC*

Every project listed in Table 6 is estimated to cost more than $2 million, which is one of the conditions for LTC approval requirement. For each project in the table please provide the reason why EGI believes that LTC approval will not be required.

a) Please confirm that EGI will not be applying for ICM funding for any of the projects listed in Table 6. Please explain your answer.

b) What is the total amount of 2024 indirect overhead allocations of all of the projects listed in table 6?

c) If any of the projects listed in Table 6, does not proceed in 2024 will its indirect overhead allocation be expensed, or will it be allocated to other projects? Please explain your answer.

2.6-Energy Probe-33
Reference: Exhibit 2, Tab 6, Schedule 2, *EGI Asset Management Plan*, page 17
Preamble: Through the process of moving the optimization constraint line downwards from $1.4B to $1.1B, EGI examined:

- Implications to asset class strategies
- Implications to in-service capital (as a proxy for impact to ratepayers)
- Implications for the management of identified risk,
- Ability to complete mandatory work,
- Ability to complete work that supports the energy transition,
- Ability to complete work that is in keeping with customers' stated preferences,
- Organizational capacity to complete work"

a) Is the constraint *"Implications to in-service capital (as a proxy for impact to ratepayers)"* the only constraint that considered rate impact?

b) How was this constraint applied? Were some projects rejected or redesigned to keep the impact to ratepayers below a threshold? Please discuss.

c) Were cumulative impacts on ratepayers of ICM projects considered? Please discuss.

2.6-Energy Probe-34
Reference: Exhibit 2, Tab 6, Schedule 2, *EGI Asset Management Plan*, page 17 and Exhibit 2, Tab 6, Schedule 1, Page 44, Table 5

Preamble: "The LTC decision for St. Laurent is not expected to impact the Vintage Steel Replacement Program as this program and the associated selection of pipe replacements are based off of predictive analytics (condition and risk from the DIMP Risk Model as described in Section 5.2.3.6.3.2)."

a) When is EGI planning to re-apply for OEB approval of the St. Laurent replacement?

b) The statement quoted in the preamble suggests that EGI is certain that the St. Laurent replacement will be approved by the OEB. Please explain why?

2.6-Energy Probe-35
Reference: Exhibit 2, Tab 6, Schedule 2, *EGI Asset Management Plan*, page 134
Preamble: "In addition to the risks discussed in Section 5.2.4.3.3, Distribution System Stations feeding low-pressure networks have additional safety consequences, as these networks are

designed without individual regulators at customer meter sets, normally considered a second line of defence against potential piping overpressure inside the customer's premises."

a) How many customers have meter sets without individual pressure regulators?

b) Is EGI planning to install pressure regulators for these customers?

2.6-Energy Probe-36
Reference: Exhibit 2, Tab 6, Schedule 2, *EGI Asset Management Plan*, page 156
Preamble: "Vent shields are legacy components that were in place to protect vents. Debris or ice can build up on the vent shield, causing blockage and compromising pressure control."

a) When did EGD and Union Gas became aware of the problems with vent shields?

b) How many customers have meter regulator sets with vent shields?

c) Is EGI planning to remove all vent shields?

2.6-Energy Probe-37
Reference: Exhibit 2, Tab 6, Schedule 2, *EGI Asset Management Plan*, page 215
Preamble: The facility assessment results for all EGI properties and the summary strategy for each property are shown in Table 5.4.5-1. Based on EGI's standards, FCI scores between 0% and 5% are considered good, 5% to 10% are fair, 10% to 30% are poor and greater than 30% are critical.

a) What are EGI standards and why should the OEB believe that they are appropriate?

b) Is there a document that explains EGI standards? If the answer is yes, please file it. If the answer is no, please explain why not.

2.6-Energy Probe-38
Reference: Exhibit 2, Tab 6, Schedule 2, *EGI Asset Management Plan*, page 236, Table 5.6.3-1: TIS Asset Class Inventory

Please provide ratios of laptops/desktops and mobile phones per employee in 2023 and 2024.

2.7-Energy Probe-39
Reference: Exhibit 2, Tab 7, Schedule 1, Page 1, *Advanced Metering Infrastructure*

Is EGI expecting that AMI can be implemented without an ICM application?

3.2-Energy Probe-40
Reference: Exhibit 3, Tab 2, Schedule 3, *General Service Degree Day and Average Use Forecasts*
Preamble: Energy Probe wishes to understand the new AU models and compare these to the legacy models.

a) Please provide flow charts showing the main steps in development of Degree Day, Average Use and Volume forecast under
   i) the legacy EGD and Union and
   ii) under the new harmonized methodology.

b) Please provide explanatory notes.

3.2-Energy Probe-41
Reference: Exhibit 3, Tab 2, Schedule 3; EB-2022-0133 EP-2 IRR Historic/legacy AU Data

a) Please provide 2021 actual normalized average use for Rate 1 and Rate 6.

b) Please provide a Table with the values and corresponding values in the current filing. Compare to historic and explain any differences.

3.2-Energy Probe-42
Reference: Exhibit 3, Tab 2, Schedule 3; EB-2022-0133 EP-2 IRR Historic AU Data Table 5

a) For Rate 1 please provide the new Model equations for each of the equivalent rate zones

b) Also, please provide the short-run equations.

c) Please comment on the main changes to the models, variables, coefficients etc.

3.2-Energy Probe-43
Reference: Exhibit 3, Tab 2, Schedule 3, Degree Day Forecasts-Table 12; EB- 2022-0133 EP -2 Tables 2 and Table 7 for the Central Weather Zone

a) Please confirm/modify the Table 2 forecast Values.

b) Please provide and compare the current forecasts and explain any differences.

c) Please provide the Table 7 Central Zone HDD Values for 2023.

d) Provide and compare the new HDD actuals and explain any differences.

e) Please provide the 2024 EC and HDD forecasts

3.2-Energy Probe-44
Reference: Exhibit 3, Tab 2, Schedule 3, Table 12, and Page 9. Table 2
Preamble: "The Diagnostic Tests show that for historic years, the 20-year Trend is not the best method."

a) Why is EGI using the 20-year trend, rather than the method with the lowest score?

b) Please confirm the 50:50 trend has the lowest score.

c) Please provide and compare the 20-year trend and 50;50 results in terms of 2024 HDD.

d) Provide the error (DD and %) from using the 20-year trend instead of the 50;50 method.

3.2-Energy Probe-45
Reference: Exhibit 3, Tab 2, Schedule 5, plus Attachments Page 7, Figure 1

a) Is Figure 1 a compilation of the AU of all existing Residential rate zones?

b) Please confirm which legacy rates/zones are included in the historical average gas use per customer. (Figure 1).

c) Please provide a version of Figure 1 with the data points shown.

d) Please provide a detailed explanation how Figure 1 was produced.

e) Please provide the Working Papers for Figure 1 in excel format.

f) Please plot on the same graph the legacy residential average use data showing year actuals 2006-2021 with prior AU models for each of
   i) EGD Rate 1
   ii) Union Rate 01
   iii) Rate M1

3.2-Energy Probe-46
Reference: Exhibit 3, Tab 2, Schedule 5, plus Attachments, Pages 14 and 15, Figure 2
Preamble: Energy Probe wishes to understand relation of historic Rate 1 to current Central Weather zone residential forecasts.

a) Please provide the average 2024 degree-day forecast for Central Weather zone.

b) How does this compare to historic forecast?

c) Please confirm the chart shows Central Rate 1 average use data and forecast with new model.

d) Please graph legacy Central weather zone data on same chart.

3.2-Energy Probe-47
Reference: Exhibit 3, Tab 2, Schedule 5, plus Attachments Pages 14 and 15 Figures 3,4
Preamble: Energy Probe wishes to understand relation of historic Rate M1 to current East Weather zone residential forecasts.

a) What is the 2024 average degree day forecast for East Weather zone?

b) How does this compare to historic forecast?

c) Please confirm that:
   i) the chart shows Eastern Rate 1 average use data and forecast with new model, and
   ii) please graph legacy West weather zone data on same chart.

3.2-Energy Probe-48
Reference: Exhibit 3, Tab 2 Schedule 5, Plus Attachments, Pages 14 and 15, Figure 4
Preamble: Energy Probe wishes to understand relation of historic Rate M1 to current West Weather zone residential forecasts.

a) What is the average 2024 degree-day forecast for West Weather zone?

b) Is this the same as historic EGD Niagara zone?

c) Please confirm that:
   i) the chart shows West/Niagara Rate 1 average use data and forecast with new model, and
   ii) please graph legacy West/Niagara weather zone data on same chart.

3.2-Energy Probe-49
Reference: Exhibit 3, Tab 2, Schedule 5 Plus Attachments, Pages 14 and 15, Figure 5
Preamble: Energy Probe wishes to understand relation of historic Rate 01 and M1 to current residential forecasts.

a) What is the average 2024 degree-day forecast for South Weather zone?

b) Is this the same as historic Union South zone?

c) Please confirm the chart for the Southern Weather Zone shows Rate M1 average use data and forecast with new model.

d) Please show legacy data on the chart.

3.2-Energy Probe-50
Reference: Exhibit 3, Tab 2, Schedule 5, Plus Attachments, Pages 14 and 15, Figure 6
Preamble: Energy Probe wishes to understand relation of historic Rate M1 to current residential forecasts.

Please confirm that:

a) the chart shows Northern Weather zone Rate 01 average use data and forecast with the new model, and

b) please show legacy data on the chart.

3.2-Energy Probe-51
Reference: Exhibit 3, Tab 2, Schedule 5 Plus Attachment, Page 18, Figure 7

a) Please clarify which rates and rate zones the chart (Figure 7) represents.

b) Please provide the data sets and working papers for the chart.

c) Why are there no Forecasts for 2022-2024? Please provide these.

3.2-Energy Probe-52
Reference: Exhibit 3, Tab 2, Schedule 5, Attachment 2, Page 3 and Page 4, Table 1

a) Please confirm NAC model simulates EGD rate zone Average use from 2012 to 2021.

b) Please provide Rate 1 and Rate 6 actuals and standard deviation.

c) Please confirm proposed model has the same deviation as existing model.

d) Please confirm the Standard Deviation of existing method is same as of the new model.

3.2-Energy Probe-53
Reference: Exhibit 3, Tab 2, Schedule 5, Attachment 7
Preamble: The AU models appear to forecast the end of declining residential NAC in 2024 for rates M1 and M2 but not for Rate 1.

a) Please discuss this result and underlying causes in more detail.

b) In terms of the model, is this an inflexion point?

c) What has caused this directional change?

3.2-Energy Probe-54
Reference: Exhibit 3, Tab 2, Schedule 5, Attachment 7, Page 2

a) What is the purpose/use of the Sectoral Forecast?

b) How many Rate classes are in the residential demand average use forecast?

c) How was average use determined for each rate class?

d) Will the Sectoral average use be used to allocate costs and set rates?

3.2-Energy Probe-55
Reference: Exhibit 3, Tab 2, Schedule 7, Page 4
Preamble: Energy Probe wishes to understand the tripling of the DSM forecast for 2024

a) Please provide a version of the DSM volumes by rate class for 2020 (actual) 2021 (actual) 2022 (estimate).

b) Please provide the forecast from the approved DSM plan 2024-2027. If 2024 volumes in the as filed DSM plan differs from the referenced exhibit, please provide a separate column.

c) Please explain the large increase in forecast DSM volumes in 2024.

d) If the forecast is not achieved what will be the impact on 2024 base year rates? Assume 10% and 20% lower volumes for Rate 1 and Rate M1.

e) Has EGI used Corrected Volumes for setting residential rates?

f) Please prove a reconciliation to Rate Class Average Use at Ex 3, Tab 2, Schedule 2, Page 1 and by sector at Ex 3 Tab2 Schedule 2, Page 1.

3.3-Energy Probe-56
Reference: Exhibit 3, Tab 3, Schedule 1 Plus Attachments, Page 3, and Tables 1 and 3

a) Please provide the 2022 updated values for volumes and revenues.

b) Please provide the working papers for Table 1 General Service Volumes and Table 3 General Service Revenues, specifically for 2023 and 2024 forecasts.

c) Please discuss why when General service volumes increase by 67,52210^{3}m^3 revenues only increase by $115.4 million.

d) To confirm this please provide historical 2019-2022 revenues per unit volume \$/10^{3}m^3.

e) Please discuss any material differences.

3.5-Energy Probe-57
Reference: Exhibit 3, Tab 5, Schedule 1 Plus Attachments, Page 2, and Table 1

a) What is EGI doing to address the big increase (28.6%) in other revenue from $50 to $64.3 million from 2021-2024?

b) Please provide an explanation why a revenue forecast increase results in a material increase in late payment charges?

c) Does this mean that LPCs will increase in all years? Why was this not the case in historic years? Please discuss.

4.1-Energy Probe-58
Reference: Exhibit 4, Tab1, Schedule 1, *Table 2 Operating Expenses*

a) Please provide a copy of Table 2 that shows for 2019-2024 the year over year percentage increase and the total,
    i. for line 2 OM&A costs,
    ii. the Total Operating Cost.

b) Please provide OEB approved inflation factors for each of historic years.

c) Please provide a schedule that shows OM&A and Total Operating costs to costs based on OEB inflation factors from 2019-2024.

d) Please discuss in detail why OM&A and Total Operating costs exceed inflation in most years, while EGI is supposed to be providing lower costs due to amalgamation.

4.2-Energy Probe-59
Reference: Exhibit 4, Tab 2, Schedule 2, Table 2, Page 11, *Reference Price*
Preamble: "Customers in the Northwest zone will see an increase of $0.691 /GJ or $27 /$10^3 m^3$. Customers in the EGD zone will see a decrease of $0.603/GJ or $33.641/10 3 m3."

What are the impacts for a customer at the average use and high use consumption?

4.2-Energy Probe-60
Reference: Exhibit 4, Tab 2, Schedule 5, Page 7, Tables 1 and 2

Preamble: Enbridge Gas exceeded its regulated utility storage allocation in recent years

a) Please provide Tables 1 and 2 for the EGD rate zones.

b) How much utility storage was used by each of the Union and EGD rate zones from 2016-2022? Please provide annual amounts.

c) Did EGD purchase Union regulated utility storage in any year? If so, provide the amount(s) and average price(s) paid.

d) How much non-utility storage has Union and EGD purchased from 2016-2022 and how much is forecasted for 2023 and 2024? (Apart from the 10 PJ reserve recommended by ICI).

e) What was the historic average price paid for non-utility storage for each rate zone and in total 2016-2022?

f) How much storage was purchased from affiliates and from non-affiliates? Please provide amounts and average prices for each for each year 2016-2022.

4.2-Energy Probe-61
Reference: Exhibit 4, Tab 2, Schedule 5, Page 5, Paragraph 9
Preamble: "Since NGEIR, the Company has made significant capital investment to increase non-utility withdrawal capacity at Dawn by 1.0 PJ/d and injection capacity of 0.6PJ/d with all associated costs allocated to the non-utility business."

a) For ***existing*** storage pools (e.g. Tecumseh) used for the in-franchise storage, how much additional capacity, deliverability and injection capability was added from 2016-2022.for:
    i) the regulated business; and
    ii) the Non-regulated business.

b) What was the average capital cost per PJ for each?

c) Please provide the annual amounts and average costs for
    i) Union utility storage sold to EGD rate zone 2016-2022,
    ii) Non-utility storage sold to EGD rate zone 2016-2022.

4.2-Energy Probe-62
Reference: Exhibit 4, Tab 2, Schedule 6, Page 11, *Hydrogen*
Preamble: EP wishes to understand the timelines and costs of EGI H_2 program during the 2024-2028 rebasing period, as well as technical constraints.

a) Please provide more details on the proposed program including program elements, projects, timelines, and costs.

b) Please indicate partners in the program, including Enbridge Inc.

c) Are there standards related to metallurgical hydrogen embrittlement related to steel components in pipelines and gas appliances? If so, please provide a copy of these.

d) Please provide a summary of these requirements and the associated maximum hydrogen concentration limits.

e) What will EGI do to ensure these limits are not exceeded in the proposed blending program- Detailed response requested.

4.3-Energy Probe-63
Reference: Exhibit 4, Tab 3, Schedule 1, Page 5, Paragraph 12, and Footnote 9; page 7, Table 2 *Unaccounted for Gas (in 103m3) Forecast Accuracy Comparison*
Preamble: "Prior to completing the accuracy comparison of the selected methodologies, the regression used for the EGD rate zone was estimated using Enbridge Gas actual UFG data from 2008 to 2021, using historical UAF volumes from the EGD rate zone and historical UFG volumes for the Union rate zone (footnote 9). Based on the results of the regression analysis, it was determined that the regression methodology was not an appropriate method to use to forecast UFG, when using combined historical UAF and UFG volumes."

Footnote 9: "The current EGD regression equation includes a dummy variable to account for the anomaly in 2004, where UAF volumes were negative. This dummy variable was excluded from the model for the purposes of this analysis, as the combined historical volumes did not include a negative value in any year."

a) If the combined historical volumes in 2004 did not include a negative value, does that indicate that the gain in volume for EGD in 2004 was more than offset by the loss in volume by Union? Please explain your answer.

b) Please file the results of the regression analysis that was used to determine that the regression methodology was not an appropriate method by adding columns to Table 2 for the regression methodology.

c) Was the regression method tried by excluding the dummy variable? Please explain your answer.

4.3-Energy Probe-64
Reference: Exhibit 4, Tab 3, Schedule 1, Page 17, Paragraphs 40 and 41, table 7

a) The Table 7 indicates that there was a gain in volume of 3,994 10 3 m3 in the 2012 to the 2021 period. What would have caused the gain? Please discuss.

b) Does not the data in the table indicate that variances were caused by measurement errors? What is the accuracy of the meters used and does the accuracy vary with flow rate and pressure?

4.3-Energy Probe-65
Reference: Exhibit 4, Tab 3, Schedule 1, Attachment 1, Page 2

a) Please add a line to the UFG Volumes table that shows the average heating value of gas at receipt points in kJ/m3.

b) Please update the UFG Volumes table by showing the 2022 Actual volumes.

4.3-Energy Probe-66
Reference: Exhibit 4, Tab 3, Schedule 1, Attachment 4, page 9, *3.4 Other Sources of UFG*

a) Please confirm that Enbridge Gas is billed in units of energy and not in units of volume by TC Energy and Vector?

b) Would variations in energy per unit volume have any impact on UFG? Please discuss.

4.4-Energy Probe-67
Reference: Exhibit 4, Tab 4, Schedule 2, Plus Attachments. Page 4, Tables 1 and 2

a) Please provide the Central Functions OM&A from 2015 -2024.

b) Please explain the big increase in CF costs over the 10-year period.

c) How much of the Integration and Productivity savings in 2024 relate to centralized. functions and to other categories? Please list the main amounts.

4.4-Energy Probe-68
Reference: Exhibit 4, Tab 4, Schedule 3 Plus Attachments, Page 3 of 44, Table 1
Preamble: (Paragraph 6) "The reduction of EGD and Union FTEs in 2018 was largely the result of centralization brought about by the Enbridge and Spectra Energy Corp (Spectra) merger. FTEs in the areas of Human Resources (HR), Technology Information Systems (TIS), and Finance are examples of the larger functional groups that were transferred to Central Functions (CF)."

a) Please provide the legacy FTE (2015-2017) related to performance of the utility functions that were subsequently transferred to Enbridge Inc.

b) Please provide the number of FTEs transferred from EGD and Union to EI and the dates of the transfers.

c) Please provide the net FTEs in the utilities performing post transfer to EI.

d) Please provide an average O&M cost per FTE.

e) Please provide the legacy costs for the 15 functions now part of Centralized Functions. Separate charges from EI and in-house costs for 2015-2017.

f) Please provide In-house costs and Centralized Functions costs 2018-2022. Reconcile 2022 data to Figure 1 and the 2022 Intercorporate Service Agreement

4.4-Energy Probe-69
Reference: Exhibit 4, Tab 4, Schedule 3, Pages 16-18, Paragraphs 41-48; page 22; Figures 1 and 2
Preamble: "Departmental O&M costs for Finance, Legal, TIS, PAC, HR, Benefits, SCM, S&R and Real Estate and Workplace Services (REWS) were embedded within EGD and Union's departmental O&M in 2017. The majority of departmental O&M in Figure 1 shifted to CF costs in 2018 upon the creation of CFs and implementation of the CFCAM."

a) Please provide by service area the Data for the EGI RCAM and Union Corporate in-house departmental O&M costs 2015-2017 with references to case filings.

b) Please provide the amounts paid to EI for Corporate services 2015-2017.

c) Please provide the legacy 2015-2017 (prior to CFCAM) departmental costs for each of Finance, Legal, TIS, PAC, HR, Benefits, SCM, S&R and Real Estate and Workplace Services (REWS).

d) Please provide the Reductions in annual departmental costs under CFCAM.

e) Please provide the CFCAM amounts for Union and EGI 2018-2024 and total.

f) Has the CFCAM been filed previously? Please provide references.

g) Has the OEB approved the CFCAM costs in any rate case since 2017. If so, please provide the case filings and references.

4.4-Energy Probe-70
Reference: Exhibit 4, Tab 4, Schedule 3 Plus Attachments, Page 26
Preamble: "The CFCAM uses a combination of three types of cost drivers: consumption-based, static and a blended, multifactor driver (three-factor formula or 3FF). The 3FF is underpinned by the concept that the extent of utilization of a CF is driven by the size and contribution by a LOB. The 3FF is used to allocate costs that benefit the entire enterprise and is an appropriate driver to use as it creates a proxy for cost causation through representation of scale by number of people, capital and revenue of an organization and is discussed further in the CFCAM Study provided at Attachment 3 and the ISA provided at Attachment 4 and discussed in Section 2.3. Please see Attachment 5 for a list of CF costs and cost drivers for the 2022 Estimate and 2024 Test Year."

a) For each CF, please provide allocation to each LOB and Total Corporate Cost for 2018 2022 estimated and forecast 2024.

b) Why do the Totals in attachment 4 and Attachment 5 differ? Please reconcile.

4.4-Energy Probe-71
Reference: Exhibit 4, Tab 4, Schedule 3, Attachment 3, *Guidehouse Report*, Page 8

a) Did Guidehouse review historic Corporate Central services starting pre-merger in 2017? And then post-merger 2019-2021? Please Indicate which years and utilities.

b) How much of the Budgets for 2022, 2023 and 2024 did Guidehouse review? Provide details by service areas.

c) Please provide the working papers for Prong 1 tests for each service for each year. Please provide budget amount, the amount reviewed and percentage.

d) Please provide Working Papers for Prong Two tests.

e) How did Guidehouse determine that Prong Two tests were appropriate and the proposed CF cost allocations are allocated appropriately to the affiliates based on the application of Cost Drivers, supported by principles of cost causality? Please provide details at LOB level and below.

f) With regard to Prong/Test 3, please provide Working Papers for the Guidehouse Prong 3 cost/ benefit analysis for each CF, including the peer group benchmarking.

4.4-Energy Probe-72
Reference: Exhibit 4, Tab 4, Schedule 3, Attachment 3, *Guidehouse Report*, Page17

a) Please explain how net revenue is defined with reference to EGI financial statements. Specifically, does it exclude gas costs (commodity) and include distribution revenue?

b) Why is gross book value rather than net book value appropriate?

c) For each service that uses the 3FF allocation factor, please indicate the amounts and percentages allocated by the factor.

d) Please compare EGI to comparable Canadian utilities in terms of the modified 3FF allocation factor.

4.4-Energy Probe-73
Reference: Exhibit 4, Tab 4, Schedule 3, Attachment 3, *Guidehouse Report*, Table 4.1

a) Does Guidehouse agree Time Forecasting is the most transparent allocator?

b) Was Time forecasting applied at the Segment level or LOB? Please discuss.

c) With regard to High Level Time Forecasting, how many services use HLTF? Please list, and if HLTF is partial indicate approximate percentage of costs with HLTF.

4.4-Energy Probe-74
Reference: Exhibit 4, Tab 4, Schedule 3, Attachment 3, *Guidehouse Report*, Page 24, and Table 6-2
Preamble: *5.3 Limitations of the Review*
Guidehouse's review consisted of inquiry and analytical procedures related to information provided by Enbridge. Guidehouse relied on the representation of the staff, management, and executives of the Enbridge companies, and therefore EGI retains responsibility for the accuracy and completeness of the data provided. Guidehouse did not independently audit or verify the data received. Guidehouse reviewed the CFCAM model itself and did not perform a detailed examination of underlying transactions, or validate source records, except as specifically noted in our approach."

a) Did Guidehouse run the CFCAM model to verify the 2022, 2023 and 2024 results?

b) Why are the 2022 Budgets before adjustments, different than filed in evidence by EGI?

4.4-Energy Probe-75
Reference: Exhibit 4, Tab 4, Schedule 3, Attachment 3, *Guidehouse Report,* Page 27, and Table 6-3
Preamble; *Review Summary*
"Guidehouse's assessment resulted in adjustments to Indirect Costs in three CFs and Depreciation, totaling $4,929,037 which represents 1.5% of total allocated costs. Prong One adjustments totalled $2,517,733 and Prong Two adjustments totalled $2,411,305. All CFs passed the Prong Three Test post adjustments. Table 6-3 summarizes the result of Guidehouse's CFCAM review."

a) Has EGD or Union paid for aviation services in 2018-2021? If so, what were the amounts?

b) Please indicate which allocated costs that passed the Prong One Test ($321,198,894) were carried forward into the Prong Two Test.

4.4-Energy Probe-76
Reference: Exhibit 4, Tab 4, Schedule 3, Attachment 3, *Guidehouse Report,* Page 30, *6.2.3 Prong Three Test Results: Cost Benefit*
Preamble: "Guidehouse did not perform comparative analysis for all CF allocations due to lack of publicly available information. Guidehouse selected twelve utilities that would most likely have publicly available data for comparison with EGI. Additional consideration was given to ensure some Canadian and Ontario based utilities would be represented. Due to the limited number of comparable gas distribution utilities in Ontario, Guidehouse also considered and included Ontario electric utilities such as Hydro One and Toronto Hydro based on comparability of scale, complexity, and similar regulatory oversight."

a) Which services were reviewed in the Prong 3 comparative analysis? Please list with 2024 Budget for each.

b) With regard to the Comparator group, please provide the Working Papers that compared the group to EGI. Include all of the data and scale factors. Use numbers to designate each of the ten comparators:
    1. Number of customers
    2. Annual revenue
    3, Gross Book Value
    4. Total operating cost
    5. Total annual gas volume distributed (for gas distributors) kWh distributed (for electricity distributors)
    6. Customer base (percent that are residential).

c) Why is annual revenue an appropriate factor for both gas and electric utilities?

d) Was distribution revenue or total sales (including commodity) used? Please clarify.

e) Was volume of electricity distributed used?

f) Why is percentage residential customers appropriate?

g) Please provide a table showing the base data and all scale factors for the comparator group and EGI that was calculated by Guidehouse.

h) Why was gross assets or PPE not used?

i) Why were other factors such as number of employees not used?

4.4-Energy Probe-77
Reference: Exhibit 4, Tab 4, Schedule 3, Attachment 3, *Guidehouse Report*, Section and Observations -2022 Budget
Preamble: Some allocation factors were found to be developed and calculated exogenously from the rest of the CFCAM model and applied as inputs. Exogenously calculated and recorded factors create opportunity for transcription and human error. Further implementation of automated and embedded allocation factors will enhance the CFCAM and deliver greater integrity."

a) Please list the allocation factors referred to and the associated budgets.

b) Did Guidehouse determine which prongs were affected? Please provide details.

c) What is meant by "deliver greater integrity"? Please clarify/discuss.

4.4-Energy Probe-78
Reference: Exhibit 4, Tab 4, Schedule 3 Plus Attachments, Attachment 3, *Guidehouse Report*, Page 37, Table 9-1; Attachment 5, Page 1

Preamble: *Guidehouse 2022 Budget Conclusion:*
"The CFCAM delivers reasonable cost allocation that observes the tenets and principles of the OEB's ARC and aligns to common industry practice. Overall, total CF costs of $318,787,589 pass the Three-Prong Test. This represents approximately 98.5% of total CF costs, comprised of Direct Charge, Directly Attributable and Indirect costs."

a) What about the remainder of 2022 costs- $17,923,009? Please list and discuss why these do/do not pass the "Three Prong Test".

b) With regard to the Total Budget for 2024. Did Gudehouse review the 2024 Intercorportate Service Agreement (ISA)?

c) If so, please provide the 2024 ISA at the date reviewed. If this differs from Table 9-1 corresponding to the 2024 CF costs of $372,446.357 please reconcile. If not, how did Guidehouse judge that the 2024 costs for the 15 CF services were appropriate?

d) The budgets for 2022 and 2024 are shown in Table 9-1. Please provide the increase year to year and the percentages for each service area.

e) Please reconcile the 2022 Allocations of $326.6 M (ISA) to Table 9-1.

4.4-Energy Probe-79
Reference: Exhibit 4, Tab 4, Schedule 3, Attachment 3, *Guidehouse Report*, Tables 9-2 and 9-2

a) Does Guidehouse agree that Cost/benefit analysis should compare like to like costs?

b) Please provide the Working Papers used to Produce Tables 9-1 and 9-2. Include data on normalizing factors for EGI and for all comparator companies.

c) What specific Normalizing Factors were applied to costs in Table 9-1 to arrive at the EGI costs in Table 9-2? Provide these for each CF service.

d) Were scale/normalizing factors applied to the comparator sample to arrive at the minimum, average and maximum? If so, provide these for each of the sample and the composite (min. average and max) for each service.

e) Please explain why the normalized factors should be used? Provide references.

f) Where does the ARC state that applying normalizing factors is an appropriate methodology?

g) Please provide a version of Table 9-2 with the un-normalized costs for EGI and the ranges.

4.4-Energy Probe-80
Reference: Exhibit 4, Tab 4, Schedule 3, Attachment 3, *Guidehouse Report*, Page 38, Table 9-2
Preamble: Table 9-2 shows EGI benchmark costs for 6 of 15 CF areas as: Finance $23.95 M, Legal $7.1 M, HR $7.64 M, TIS $61.32 M, REWS $181, and Insurance $5.79 M.

a) Does Guidehouse agree that the Comparator Group of 10 companies is, or is not, too small to properly benchmark EGI CF costs?

b) Why were the 5 CF areas chosen? What about the other 10 CF areas? (Aviation, Corporate Development Office, EAWM, Executive Corporate Benefits etc.)? Why did

Guidehouse not benchmark these? Please discuss in detail why the other CF areas were not benchmarked.

c) For the referenced 3 CFs (Finance, Legal and TIS) that are above the Comparator Group Average, please provide the annual amounts (2022 and 2024) corresponding to the difference between comparator average and the EGI cost for these CFs.

d) Please comment whether the criteria the OEB and other regulators applied to Total compensation benchmarks (i.e., a reasonable range is within 5% of the norm) should not apply to CF services.

4.4-Energy Probe-81
Reference: Exhibit 4, Tab 4, Schedule 3, *Guidehouse Report*, Page 39, and Attachment 5
Preamble: "*Guidehouse 2022 and 2024 Forecasts Conclusion:*
Overall, 2022 CF cost allocation Forecast of $366,710,698 and 2024 CF cost allocation Forecast of $372,442,357 pass the OEB's Three-Prong Test. Adjustments are not recommended. The CFCAM for the 2022 and 2024 Forecasts continues to deliver reasonable cost allocations and observe tenets and principles of the OEB's ARC and align to common industry practice."

a) Why is Insurance shown as $5.7 million when per Attachment 5 it is $15.7 million in 2022? Please reconcile.

b) "The reviewed 2022 allocations were set out in Table 6-3". The adjusted reviewed 2022 CCAM cost was $318,787,589. Please reconcile Attachment 5 to statement above.

4.4-Energy Probe-82
Reference: Exhibit 4, Tab 4, Schedule 3, *Guidehouse Report*, Attachment 5 ISA

a) Please provide the proposed 2024 ISA.

b) Compare/contrast to 2022- material changes by service and total.

4.5-Energy Probe-83
Reference: Exhibit 4, Tab 5, Schedule 1, page 5, *Table 2 Summary of Key Depreciation Parameters*

For each of the proposed parameters please provide the amount of increase or decrease in the 2024 depreciation expense compared to the combined EGD and Union depreciation expense using the current parameters.

4.5-Energy Probe-84
Reference: Exhibit 4, Tab 5, Schedule 1, page 25, *Account 456 Underground Storage Compressor Equipment*
Preamble: "The Tecumseh site consists of eleven slow-speed reciprocating integral compressors."

In the EB-2022-0086 Decision the OEB approved the retirement of seven of the eleven compressors at Tecumseh. Did Concentric use this information in its study? If the answer is no, please explain why not and how this retirement would affect the results of the study. If the answer is yes, please explain how this affected the results of the study.

4.7-Energy Probe-85
Reference: Exhibit 4, Tab 7, Schedule 1, Pages 5 and 6, Paragraphs 14-18, *Parkway Delivery Option, and PDCI*

a) Will System Gas (SG) Customers in former Union Rate zone have gas delivered to Parkway?

b) Will SG customers in EGD rate zone still have gas delivered to Parkway? Please discuss.

c) Provide Winter Volumes arriving at Parkway from Dawn and from TCPL, Separate SG and DP volumes.

4.7-Energy Probe-86
Reference: Exhibit 4, Tab 7. Schedule 1, Attachment 1, Page 2

a) Please provide a Flow chart Showing deliveries at Parkway with and without the PDO. Show winter volumes at Dawn and at Parkway with a breakdown between former Union and former EGD DP customers.

b) Please provide the 2024 forecasted turnback.

c) How will System Gas be addressed? Do SG customers pay to have gas delivered to Parkway? Please provide the current winter SG volumes.

d) Why should SG customers not receive a PDO and PDCI payment as they did historically?

5.3-Energy Probe-87
Reference: Exhibit 5, Tab 3, Schedule 1, Attachment 1, *Concentric Report*, page 43
Preamble: "Energy Probe Research Foundation, Environmental Defence Canada Inc., Federation of Rental Housing Providers of Ontario, Industrial Gas Users Association, Pollution Probe, School Energy Coalition, and the City of Ottawa were granted intervenor status. Many of these intervenors recommended that the OEB reject EGI's application."

Please confirm that Energy Probe Research Foundation recommended that the OEB approve EGI's application.

5.3-Energy Probe-88
Reference: Exhibit 5, Tab 3, Schedule 1, Attachment 1, page 55, Figure 11 *Concentric Report*
Preamble: "Enbridge is participating in OEB Community Expansion. This adds communities and customers at an accelerated pace. Although EGI is required to compete with other service providers e.g., EPCOR, it is successfully expanding its infrastructure and customer base. This offsets declining average use (which it is compensated for by an AU deferral account) and reduced customer additions in existing service areas."

a) Does figure 11 include community expansion customers?

b) Does Concentric agree the CE program mitigates volumetric risk, to a small degree, or to a large degree? Please comment in detail and support your response with numerical analysis.

5.3-Energy Probe-89
Ref. Exhibit 5, Tab 3, Schedule 1, Attachment 1, *Concentric Report*, page 57
Preamble: "We note that the Company is proposing a SFV rate design in this case. If approved, this proposal would further decrease the Company's exposure to volumetric risk. We note that the Company continues to benefit from regulatory mechanisms such as deferral and variance accounts that mitigate the potential financial impact of declining sales volumes (although these accounts may be discontinued if the Company's SFV proposal is approved). For these reasons, we conclude that the Company has regulatory mechanisms that mitigate the Company's volumetric risk in the near-term. However, as discussed in more detail in the following section, we conclude that the Company's long-term volumetric risk has increased."

a) In respect of Volume risk what is "short-term" and "long-term" (years)?

b) Reconcile to Table 21 "Modest Increase in volumetric risk".

c) In Exhibit 4, Tab 2, Schedule 1, Attachment 6, Page 20 of 71 ICI shows natural gas demand increasing from ~2.5 to 2.9 billion cubic feet per day from 2022-2030 mostly for power generation. Does Concentric disagree with this forecast?

d) Given the forecast of increased demand forecast from ICF should not the Concentric assessment on volumetric risk be rejected by the OEB? Please discuss.

5.3-Energy Probe-90
Reference: Exhibit 5, Tab 3, Schedule 1, Attachment 1, *Concentric Report*, pages 77 to 79, EGI's Regulatory Framework

a) Has Concentric considered the impact of the ICM on EGI's capital expenditures?

b) Does the proposed use of ICM by EGI increase or decrease risk? Please discuss.

c) Does SFV rate proposal by EGI increase or decrease risk? Please discuss.

5.3-Energy Probe-91
Reference: Exhibit 5, Tab 3, Schedule 1, Attachment 1, *Concentric Report,* Page 105, Figures 23 and 24

Please provide the working papers supporting Figures 23 and 24.

5.3-Energy Probe-92
Reference: Exhibit 5, Tab 3, Schedule 1, Attachment 1, *Concentric Report*; Regie d'Energie-D-2022-119, R-4156-2022 Phase 2

a) Please confirm that in its Decision R-4156-2022 the Regie found the existing Common Equity ratios of 38-42 % were appropriate for Quebec Gas distributors.

b) Please onfirm that the Regie determined that the impact of the Energy Transition was expected to be longer term.

c) Please confirm that Brattle, appearing for the utilities, used a US and Canadian Comparator Group and recommended a range of 43-45 % for equity thickness.

7.1-Energy Probe-93
Reference: Exhibit 7, Tab 1, Schedule 1 Plus Attachment, Page 8, Section 3.1
Reclassified Revenue and Cost Components, Paragraph 20
Preamble: "Enbridge Gas reclassified revenue and cost components of the revenue requirement to align with the cost allocation and rate design process. These adjustments include:

- Reclassifying $25.3 million of customer supplied fuel (CSF) from cost of gas to distribution and transportation revenue;

- Reclassifying $15.3 million of gas supply optimization revenue from transportation revenue to other revenue; and

- Reclassifying $3.7 million of community expansion system expansion surcharge (SES) and temporary connection surcharge (TCS) revenue and renewable natural gas (RNG) station charge revenue from distribution and transportation revenue to other revenue."

a) Please explain from first principles why each of these costs were reclassified in the 2024 Cost allocation Model. For example, were these costs incorrectly classified in the legacy Union/EGD cost allocation Models or are new costs not previously classified.

b) Specifically, why would gas supply optimization not be a cost of gas commodity supply?

c) Specifically, why would renewable natural gas (RNG) station charge not be a cost of distribution?

7.2-Energy Probe-94
Reference: Exhibit 7, Tab 2, Schedule 1, Attachment 8, *Cost Allocation Existing Rate Zones*

a) Please confirm the following 2024 Cost Allocations to legacy Rate Zones:
   i) Revenue Requirement allocated to EGD Rate 1 $2,305,139
   EGD Rate 6 $1,210,677,
   ii) Revenue Requirement allocated to Union South Rate M1 $1,397,566; Rate M2 $282,434.

b) Please provide the percentage allocations.

c) Please provide a Table with the comparable historic revenue requirement allocations from 2018-2022.

d) Please comment on any shift in allocations over the period 2018-2024.

7.3-Energy Probe-95
Reference: Exhibit 7, Tab 3, Schedule 1, Attachment 1, *Cost Allocation Harmonized Rate Classes*
Preamble: Rate E1 Allocation $2,033,997 Rate E2 $999,234. Energy Probe wishes to understand the Parameters of the harmonized residential Rate Classes relative to legacy classes.

a) Please provide a tabular comparison of the parameters of the legacy and harmonized rate classes in terms of unit volumes, consumption, customer charge and demand charge.

b) Are small business ratepayers now in Rate E01? If so, please indicate how many customers have shifted and the associated change in allocated revenue requirement.

c) Please show how much revenue EGI will be collecting from each of the residential legacy and harmonized rate classes in 2025.

8.1-Energy Probe-96
Reference: Exhibit 8, Tab 1, Schedule 1, Attachment 1

a) Please confirm following data:
- Rate 1 Customer Charges $595,749; Demand charges 0; Volumetric Charges $556,205 Total $1,151,955,
- Rate 01 Customer Charges $101,891; Demand Charges 0; Volumetric Charges $101451; Total $203,342,
- Rate M1 Customer Charges $331,997; Demand charges 0; Volumetric Charges $347,363 Total $679,360,
- TOTAL Legacy Rates Customer Charges $1,029,637; Demand charges 0; Volumetric charges $1,005,019 Total $2,034,656.

b) What is the basis of the customer charges? What specific costs are being collected e.g., connection costs? Please be specific related to cost allocation model.

c) What s the basis of the volumetric charges? What specific costs are being collected e.g., connection costs. Please be specific related to cost allocation model.

8.1-Energy Probe-97
Reference: Exhibit 8, Tab 1, Schedule 3, Attachment 2, *Revenue to Cost Ratios*

a) Please break out delivery revenue and allocated revenue requirement for Rate E01.

b) Please indicate the proportion of costs recovered in the Customer Charge for Rate E01 and Rate E02.

c) Please provide rationale for similar customer charge for Rate E02 as Rate E01.

d) Please indicate number of General Service customers in Legacy rate zones and harmonized rate zones.

8.2-Energy Probe-98
Reference: Exhibit 8, Tab 2, Schedule 1, Page 14, Paragraph 33
Preamble: "For example, the asset detail is based on the historic spend for distribution asset categories for the EGD and Union North rate zones. Without historic asset detail, any separation of costs between the Enbridge EDA from the EGD rate zone and Union EDA from the Union North rate zone would be estimated based on a cost allocation methodology, such as number of customers or design day demands."

a) Please explain what is "historic asset detail" and why is it needed for separation of costs between Enbridge EDA from the EGD rate zone and Union EDA from the Union North rate zone.

b) Please discuss how cost allocation methodology could be used for separation.

9.2-Energy Probe-99
Reference: Exhibit 9, Tab 2, Schedule 1, Page 14, *Table 9 OH Capitalization – Annual Revenue Requirement Impact*

a) Please confirm that EGD has been capitalizing a higher percentage of overhead costs than Union Gas.

b) When and how is EGI proposing to credit the $36.1 million balance to ratepayers?

9.2-Energy Probe-100
Reference: Exhibit 9, Tab 2, Schedule 1, Page 25

Has the NPS 20 Cherry to Bathurst been placed into Service in October 2022? If the answer is yes, what was the actual total cost of the project? If the answer is no, when will it go into service?

10.1-Energy Probe-101
Reference: Exhibit 10, Tab 1, Schedule 1, Page 3, Paragraph 6
Preamble: "A Price Cap IR provides incentives for the utility to implement comprehensive, longer term productivity improvements which are then passed on to customers at the next rebasing and results in more stable and predictable rates."

a) Please list the incentives that the Price Cap IR plan proposed by Enbridge provides for productivity improvements in Operations, Maintenance and Administration, discuss each one and explain how and when the savings from productivity improvements are passed to customers.

b) Please list the incentives that the Price Cap IR plan proposed by Enbridge provides for productivity improvements in Corporate Shared Services allocated to EGI, discuss each one and explain how and when the savings from productivity improvements are passed to customers.

c) Please list the incentives that the Price Cap IR plan proposed by Enbridge provides for productivity improvements in Capital Expenditures, discuss each one and explain how and when the savings from productivity improvements are passed to customers.

10.1-Energy Probe-102
Reference: Exhibit 10, Tab 1, Schedule 1, Page 3, Paragraph 7
Reference: A Price Cap IR also allows for potential recovery of incremental capital investment through the ICM mechanism and the potential to address unforeseen items through a Z factor.

Does the ICM mechanism increase or decrease the incentives for productivity improvements in Capital Expenditures? Please explain your answer.

10.1-Energy Probe-103
Reference: Exhibit 10, Tab 1, Schedule 1, Page 6, Paragraph 14
Preamble: "Enbridge Gas proposes a 25% weighting for labour and 75% weighting for non-labour because these weights are broadly consistent with the share of non-labor and labor costs for Enbridge Gas and other gas distributors."

a) Please explain why the 75% for the non-labour component and the 25% for the labour component are appropriate for the cost pressures experienced by Enbridge Gas, specifically as they relate to operations, maintenance, administration, head office cost allocation, construction labour, and construction materials.

b) Please file the numerical data that supports the Enbridge proposal.

10.1-Energy Probe-104
Reference: Exhibit 10, Tab 1, Schedule 1, Attachment 1, Page 14, *Industry Benchmarking*

a) Please provide the working papers for the benchmarking.

b) Please provide a summary of scale factors for US sample and EGI (select year(s)).

c) Please divide US sample into Southern/Northern distributors by
- km/miles of distribution pipe,

- volume of gas distributed,
- number of customers,
- average volume gas delivered per customer,
- average degree days
- average distribution unit cost
- net book value of assets
- value of assets per customer
- annual depreciation expense
- ratio of depreciation expense to net assets.

d) Please comment on the following:
   i) Southern US companies distribute less gas per customer due to a shorter heating season. Accordingly, distribution unit costs are higher.
   ii) Number of Customers is/is not the most appropriate benchmark.
   -volume of gas distributed per customer
   -Unit Revenue per customer
   Is/is not a better benchmark.

10.1-Energy Probe-105
Reference: Exhibit 10, Tab 1, Schedule 1, Attachment 1, Pages 21 and 23, *6.3 Stretch Factor*
Preamble: "BV believes the electricity distribution experience strongly supports a reduction in EGI's stretch factor. Like the electricity distributors, EGI has been continuously under IRM since 2008. The discipline and enhanced incentives of ongoing, multiple IR plans has almost certainly improved the Company's cost performance, similar to what has been observed for electricity distributors. In addition to the generally strong incentive properties of IRM, EGI's cost efficiencies are currently being augmented by savings achieved through the amalgamation of EGD and Union Gas."

a) Please compare total costs before and after amalgamation and discuss whether amalgamation has/has not improved EGI's total cost score relative to the US Northeast Sample.

b) Why are electricity distributors' costs relevant to EGI? Please explain.

10.1-Energy Probe-106
Reference: Exhibit 10, Tab 1, Schedule 1, Attachment 1, Pages 27 and 28
Preamble: "Dr. Kauffman discusses the methods for asset depreciation and selects the Hyperbolic method Under hyperbolic decay, capital services are computed using the hyperbolic function below:

$$St=\frac{N-t}{N-\beta t}$$

Here, St is the relative efficiency of assets in year t, N is asset service life, and β is a parameter reflecting the rate of decay. In its computation of TFP growth for the U.S. economy, the BLS computes capital services provided by structures using a value of 0.75 for β, and the same value for β is used in this study. Drawing on the most recent National Grid precedent, the service life for assets is 51 years."

a) Why is 51 years appropriate for
    i) Whole US sample,
    ii) Northeast Sample?

b) Why is average asset life of 51 years appropriate for EGI?

c) What is the average life of EGI Assets, based on the latest depreciation study?

d) If it is lower, or greater, what, directionally, would be the effect(s) on the capital component of TFP?

e) Why is β=0.75 appropriate for EGI?

Respectfully submitted on behalf of Energy Probe by its consultants:

Roger Higgin
Sustainable Planning Associates Inc.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.