EB-2022-0200

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Sch. 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.

INTERROGATORIES OF CANADIAN MANUFACTURERS & EXPORTERS ("CME") TO ENBRIDGE GAS INC. ("EGI")

Interrogatory 1.2 CME-1

Ref: Exhibit 1, Tab 2, Schedule 1, p. 3 of 34.

At page 3, EGI stated that "a distinct majority of customers who were engaged during the planning process supported Enbridge Gas's 2024 to 2028 business plan objectives, including those that would introduce higher costs." However, in a number of places within Innovative's reports, it's indicated that price/the cost of EGI's service was an important outcome to participants. For instance, at page 6 of 550 in Innovative's customer engagement report, Innovative noted that "lower rates was the most common comment among those that had a suggestion", and "providing affordable pricing" topped the ranked list of outcomes.

(a) Please describe how EGI understands customer needs and preferences in the context of these results. For instance, does EGI understand customers to support business plan objectives that introduce higher costs despite their stated preference for lower rates, or only those specific investments proposed through the engagement, with other investments being less important than keeping rates low. Please explain fully.

(b) Please provide EGI's position on how the proposed application responds to customer's indication that 'price' was the highest priority area where EGI has "room for improvement" (see page 8 of 550 of Innovative's customer engagement report).

Interrogatory 1.6 CME-2

Ref: Exhibit 1, Tab 6, Schedule 1, Attachment 1, p. 6 of 550.

At page 4, Innovative stated that “Most customers are willing to accept the average 1.9% price increase resulting from Enbridge Gas draft plan.” See also page 275 of 550, page 247 of 550 and page 330 of 550.

(a) Please define all of the cost drivers that were included in the average 1.9% price increase, and which drivers were not included. For instance, the page notes that items such as accounting policies which can drive rate impacts are “too technical” for the workbook.

(b) Were participants ever provided with disaggregated or updated data about rate increases? For instance, the workbook includes at page 247 a chart demonstrating a 1.9, 1.3 and 1.4 percent increases. However, as outlined on Exhibit 1, Tab 3, Schedule 1, p. 5 of 26, some rate zones will see a much more significant increase, such as the 8% increase to Rate M1.

(c) Were participants ever provided with EGI’s proposal for incentive ratemaking for the future years of the term, including its proposal to increase the rates by inflation, a negative productivity factor, no stretch factor, or an ICM mechanism?

(d) Were participants ever provided any information regarding EGI’s proposal to increase its equity thickness?

(e) On page 330 of 550, please explain how the annual forecasted bill impacts for 2025 and onwards were calculated/forecast.

Interrogatory 1.6 CME-3

Ref: Exhibit 1, Tab 6, Schedule 1, pp. 4-5, 13;

At pages 4 and 5, EGI describes the complementary stakeholder engagement that it has conducted.

(a) To the extent that it is not already part of the pre-filed materials, please provide the results of EGI’s monthly surveys with general service customers and the periodic satisfaction studies for contract and transportation customers.

(b) To the extent that it is not already part of the pre-filed materials, please provide the information from the Ombuds Office that is made available to relevant departments at EGI.

Interrogatory 1.6 CME-4

Ref: Exhibit 1, Tab 6, Schedule 1, Attachment 1, p. 250 of 550;

In the section “Making Choices”, Innovative puts forward a description of compression stations, their function, and the replacement decision EGI is contemplating with respect to two compressor stations.

(a) Did EGI ever attempt to quantify the risk of a compressor station failing if not replaced during this plan term?

(b) If the answer to (a) is yes, please explain why that was not provided to respondents.

(c) If the answer to (a) is no, please explain why not.

(d) Did EGI ever attempt to determine the cost of a failure (with respect to having to purchase gas at market rates rather than draw from storage) in the same fashion as the cost of replacement (for example, as a $/year for the average customer) so as to provide an apples to apples comparison with the cost of replacement?

(e) If the answer to (d) is yes, please explain why that was not provided to respondents.

(f) If the answer to (d) is no, please explain why not.

(g) Why was the question designed so as to only provide two substantive answers (complete it as planned or defer it as long as possible) with no other pacing alternatives available?

Interrogatory 1.6 CME-5

Ref: Exhibit 1, Tab 6, Schedule 1, Attachment 1, p. 253 of 550;

In the section “Making Choices” Innovative puts forward a description of vintage steel pipes, the program to replace them, and the possible options for how to approach the program.

(a) Did EGI ever attempt to quantify or forecast the future costs or the increases resulting from the “delayed approach”?

(b) If the answer to (a) is yes, please explain why that was not provided to respondents.

(c) If the answer to (a) is no, please explain why not.

Interrogatory 1.6 CME-6

Ref: Exhibit 1, Tab 6, Schedule 1, Attachment 1, p. 268 of 550;

At page 268, the engagement report states that once all advanced meters are rolled out, rates will initially increase, then decrease to levels lower than today.

(a) Please provide how EGI calculated the rate increases/decreases that it used in making that statement.

(b) Please provide whether that calculation includes the cost to replace advanced meters, or whether the replacement will cause costs to escalate again.

Interrogatory 1.8 CME-7

Ref: Exhibit 1, Tab 8, Schedule 1, Attachment 10;

(a) Please provide EGI's 2022 Annual Report once it becomes available.

Interrogatory 1.9 CME-8

Ref: Exhibit 1, Tab 9, Schedule 1, p. 11 of 25;

At page 11, EGI indicates that it has driven savings by aligning the use of contractors for specific work activities.

(a) Please clarify what EGI means by aligning contractors for specific work activities. For instance, does EGI mean that internal resources no longer complete those work activities, or simply that the processes EGI uses to determine when contractors should be used for those tasks is now common across the company.

Interrogatory 1.9 CME-9

Ref: Exhibit 1, Tab 9, Schedule 1, pp. 20, 24 of 25;

At page 11, EGI indicates that it spent $252.2 million in capital expenditures related to integration efforts, which currently have an undepreciated balance of $178.5 million, and a 2024 revenue requirement impact of $34 million. At page 24, EGI states that the annual synergy savings as a result of integration are $86 million per year.

(a) Does EGI track the synergy savings driven specifically by the investments made during the deferred rebasing period, versus how much of the synergy savings could have been achieved through integration without the capital expenditures?

(b) If the answer to (a) is yes, please provide the amount of integration savings that were attributable to integration without the capital expenditures.

(c) Does EGI track the relative impact of any specific capital expenditure related to integration? For instance, the customer information system had a capital expenditure cost of $X and drove $Y in sustainable synergies for ratepayers?

(d) If the answer to (c) is yes, please provide the cost and benefits (in sustained synergy savings) of each project.

Interrogatory 1.10 CME-10

Ref: Exhibit 1, Tab 10, Schedule 4, p. 7 of 20, Figure 1;

At Figure 1, EGI models its forecast on customer additions through the 2023-2032 period before and after accounting for energy transition assumptions.

(a) The Canadian government has recently indicated a desire to significantly increase immigration to Canada with a target of 500,000 by 2025.[1] According to the Government of Ontario, Ontario often receives between 40% and 50% of all immigrants that come to Canada.[2] Does the announcement of an increase in immigration targets impact EGI's forecasting of customer additions through the plan period? Please explain fully.

Interrogatory 1.10 CME-11

Ref: Exhibit 1, Tab 10, Schedule 6, p. 16 of 40;

At page 16, EGI explains its proposal with respect to the "Low Carbon Voluntary Program" (LCVP). EGI stated that the program would have EGI procure between 1-4% of its planned gas supply commodity purchases as low-carbon energy. This program would then be offered to large volume sales service customers to purchase to be made part of their gas supply. EGI then states any costs not recovered through the program would be included in the general cost of gas supply commodity purchases.

(a) Please confirm that to the extent the costs are not absorbed by the LCVP, the costs will be apportioned to ratepayers on a non-voluntary basis.

(b) Has EGI forecasted the voluntary uptake of low carbon energy amongst large volume sales service customers, and how much of the cost of the procurement of low-carbon energy would therefore be voluntarily borne by those customers?

(c) If the answer to (b) is yes, please provide EGI's forecast of the volume and costs that it forecasts will be absorbed by the LCVP program, and the costs that it expects will be borne by non-participants.

(d) As CME understands it, the uptake for the Voluntary Renewable Natural Gas program was lower than anticipated. However, there are still a number of participants currently.

[1] See the following Bloomberg article for additional information https://www.bloomberg.com/news/articles/2023-01-03/immigration-to-canada-hits-record-as-trudeau-seeks-more-workers?leadSource=uverify%20wall

[2] See the following Demographic Quarterly from the Government of Ontario: https://www.ontario.ca/page/ontario-demographic-quarterly-highlights-fourth-quarter

Has EGI considered whether or not it could offer to apportion any leftover low-carbon energy to voluntary participants who are not large volume sales service customers before apportioning those costs in the general cost of gas supply commodity purchases?

(e) If the answer to (d) is yes, please explain why EGI is not proposing to apportion costs amongst additional voluntary participants first.

(f) If the answer to (d) is no, please provide EGI's position on that type of program structure.

Interrogatory 2.5 CME-12

Ref: Exhibit 2, Tab 5, Schedule 1, p. 4 of 6;

At page 4, EGI stated that "Base capital expenditures represent the ongoing capital requirements to maintain the safe and reliable operations of the Enbridge Gas system and to economically attach new customers." In contrast, EGI stated that "Special Projects include certain significant Leave to Construct (LTC) projects for EGD, investments approved under the Union's CPT mechanism, and projects approved for ICM treatment under Enbridge Gas's ICM mechanism."

(a) How does base capital expenditures relate to unplanned work? For instance, if there was an emergent issue that did not require a leave to construct, CPT or ICM treatment, would that be considered "base capital expenditure" even though it was not previously included in or contemplated with base capital expenditure?

(b) Conversely, if a leave to construct project or project eligible for ICM treatment were known in advance, and represented a capital requirement to maintain safe operations, would that project still be considered a special project rather than base capital expenditure?

Interrogatory 2.5 CME-13

Ref: Exhibit 2, Tab 5, Schedule 2, p. 4 of 12;

At page 4, EGI stated that "The investment identification process identified more requirements than could be accommodated within the optimization target established for 2024."

(a) Please clarify what EGI means by saying it identified more *requirements*. Are the projects in question mandatory projects that are required to be completed, whether as a result of regulation, safety concerns, or other necessity, or does this statement simply signify that there were more potential capital projects than could be accommodate within the target established?

Interrogatory 2.5 CME-14

Ref: Exhibit 2, Tab 5, Schedule 2, p. 8 of 12;

At page 8, EGI stated that “The Distribution Integrity Management Program (DIMP) and Transmission Integrity Management Program (TIMP) identify system integrity and reliability risks with Enbridge Gas’s pipeline assets which are then prioritized based on risk to determine the timing of investments.”

(a) Please clarify what EGI means by saying the risks are prioritized based on risk. Are projects prioritized based on the severity of the consequence, the likelihood of occurrence, or the total overall risk if not addressed?

(b) How does this prioritization work within the budget constraint system? For instance, are projects that have a higher risk mitigated/$ given priority within the budget constraint for inclusion, or is total risk a factor that requires an investment’s inclusion within the budget constraint at a certain point. Please explain fully.

Interrogatory 2.5 CME-15

Ref: Exhibit 2, Tab 5, Schedule 3, p. 7 of 36;

At page 7, EGI provided a description of the GTA Reinforcement Project, the WAMS Project, and the Ottawa Reinforcement Project.

(a) Please file the Post Construction Financial Report for the GTA Project in this proceeding.

(b) With respect to the WAMS project, please confirm whether there is a Post Construction Financial Report, or an equivalent report, that provides details regarding the cost and schedule overruns and/or lessons learned. If such a report exists, please file it in this proceeding.

(c) Please file the Post Construction Financial Report for the Ottawa Reinforcement Project.

Interrogatory 2.6 CME-16

Ref: Exhibit 2, Tab 6, Schedule 1, p. 24 of 55;

At page 24, EGI stated “In addition, productivity and efficiency initiatives are identified to help manage cost increases.”

(a) Please clarify how these identified productivity and efficiency initiatives relate to the $20.7 million in unidentified productivity that EGI is committing to as part of its application. Are these initiatives in addition to the $20.7 million, or are these initiatives simply the identification of initiatives that would roll up into the $20.7 million in currently unidentified productivity savings?

Interrogatory 2.6 CME-17

Ref: Exhibit 2, Tab 6, Schedule 2, p. 44 of 288;

(a) When was the last time EGI had a third party review its asset management processes?

(b) Does EGI believe there is any value to an outside review going forward? Please explain fully.

Interrogatory 2.6 CME-18

Ref: Exhibit 2, Tab 6, Schedule 2, p. 47 of 288;

At page 47, EGI stated “The Copperleaf value framework is an analytical framework that complements risk assessments, allows for comparison of dissimilar investments and enables portfolio optimization.”

(a) Please describe how the Copperleaf value framework allows for comparison of dissimilar investments for value measures. Are each of the applicable value measures converted into dollars, or another uniform measurement?

(b) As CME understands it, Copperleaf investments are ranked based on net value. How are GDS Risk Management Investments and Copperleaf investments integrated together within the overall budget restraint?

Interrogatory 2.6 CME-19

Ref: Exhibit 2, Tab 6, Schedule 2, p. 48 of 288;

At page 48, EGI stated “Asset data enables the evaluation of existing assets, determines patterns, supports costing of solution options and identifies meaningful information to inform life cycle management strategies.”

(a) For each major category of assets owned by EGI, please confirm whether or not EGI has complete asset data, or only partial asset data for each category.

(b) To the extent that EGI has incomplete asset data for any class of assets, please outline the scope of how much asset data is missing, the reason for the missing data, and EGI view of how the missing data impacts EGI lifecycle management strategies.

Interrogatory 2.6 CME-20

Ref: Exhibit 2, Tab 6, Schedule 2, p. 54 of 288;

At page 54, EGI stated “Capital investment needs enter the AIPM process via EGI’s asset investment planning tool (Copperleaf). An investment need is either a risk or opportunity to the organization.”

(a) Please describe the difference between investments needs responding to risks, or responding to opportunities. For instance, are opportunities simply process improvements or investments that drive productivity, rather than mitigate risks?

(b) Please describe how EGI’s Copperleaf program and/or its asset investment processes more broadly integrate risk investments and opportunity investments within the budget constraint. For instance, are risk investments preferred over opportunity investments, or are both measured in terms of cost/benefit analysis?

Interrogatory 2.6 CME-21

Ref: Exhibit 2, Tab 6, Schedule 2, p. 54 of 288; Schedule 1, pp. 39-41 of 55.

At Schedule 2, page 54, EGI stated “Depending on the required timing to address the identified investment need with a solution, an investment may be considered for portfolio optimization or may be considered emergent, where it is approved off-cycle from budgeting activities; emergent investments require capital within the current year and are reviewed case-by-case by the asset manager and Asset Management Governance.”

(a) Please describe how EGI’s investment optimization processes account for ICM eligible projects. For example, are ICM eligible projects treated separately from other projects, are they provided with a different weighting or scoring within Copperleaf, or treated differently within the investment optimization process?

(b) At page 39 of 55, EGI provides a list of potential ICM projects, and states that it does not anticipate asking for ICM treatment for those projects based on the 2023-2032 capital expenditure forecast. However, EGI goes on to state that they may be part of an ICM application if changes to the capital expenditure forecast were made. Please describe EGI's process for changing capital expenditure forecasts and how those relate to the ICM projects. For instance, how does EGI determine which investments are moved from being supported by existing rates to not being supported by existing rates. Please explain fully.

Interrogatory 2.6 CME-22

Ref: Exhibit 2, Tab 6, Schedule 2, p. 85 of 288, Figure 5.2-4

At Figure 5.2-4, EGI provides a chart comparing EGD and Union digs for the 2015-2021 period.

(a) Why are digs so much more frequent in the Union Rate Zones than for the EGD Rate Zone?

Interrogatory 2.6 CME-23

Ref: Exhibit 2, Tab 6, Schedule 2, p. 47 of 288;

At page 47, EGI stated: "Value measures are investment attributes that are evaluated objectively based on risk or opportunity to determine how the investment delivers value to Enbridge and the ratepayer. These value measures are placed on an economic scale to assist in optimization. An investment's net value is used to determine both its independent merit and its standing among other investments in a constrained optimization process."

(a) Please provide a list of all projects that were ranked according to their "net value", what their net value score was, and provide an indication of which projects were within the budgetary constraint, and which are not within the budgetary constraint.

Interrogatory 2.6 CME-24

Ref: Exhibit 2, Tab 6, Schedule 2, Appendix A. pp. 33-45 of 59

(a) Please provide a description of the consequence of not completing the following projects:

   a. Kelfield Operations Centre – Land Purchase;

   b. Kelfield Operations Centre – New Building;

c. Kennedy Road Expansion;

d. SMOC/Coventry Facility Consolidation;

e. Station B New Building;

f. Thorold Regional Office – Building & Site;

g. VPC Core and Shell;

h. Dawn Administrative Centre;

i. New London Site; and

j. Sudbury Regional Operations Centre.

Interrogatory 2.7 CME-25

Ref: Exhibit 2, Tab 7, Schedule 2, p. 6 of 6

(a) Please confirm whether EGI is seeking any approvals with respect to AMI as part of this proceeding.

Interrogatory 3.2 CME-26

Ref: Exhibit 3, Tab 2, Schedule 2, p. 6 of 33;

At page 6, Guidehouse stated: "Tier 1 filtering was completed based on the climate zones that each utility service territory spanned. EGI spans climate zones 5 to 8, with most of its service territory covering climate zone 6 or higher. Therefore, Guidehouse concluded that any utility whose service territory spanned climate zone 6 or higher would pass Tier 1. The exceptions to this rule were utilities that serviced the cities of Boston and Chicago, because both cities are in climate zone 5, and have similar weather patterns to the city of Toronto".

(a) How much of EGI's service territory is in zone 5?

(b) Are there other zone 5 cities other than Boston or Chicago that have similar weather patterns to Toronto?

(c) Are there utilities that have some zone 5 service territory and some higher zone service territory, if so, did they fail the tier 1 filter?

Interrogatory 3.2 CME-27

Ref: Exhibit 3, Tab 2, Schedule 2, p. 6 of 33;

At page 6, Guidehouse describes the methodology it used to determine the comparator group.

(a) Please elaborate on how Guidehouse determined where it would be appropriate to make the cut-off demarcation for passes and fails of the tier filters.

Interrogatory 4.2 CME-28

Ref: Exhibit 4, Tab 2, Schedule 2, pp. 7-8 of 13;

At page 7, EGI stated: "The proposed weighted average reference price is set based on the forecast gas supply costs. The costs incorporate the gas supply commodity from the various sources of supply in the gas supply portfolio and the transportation contracts for gas supply sourced upstream of Dawn or Empress to provide diversity of supply for sales service customers."

(a) Please confirm whether EGI's proposed weighted average reference price would have dynamic weighting (in that there would be periodic changes to the weighting as the gas supply mix changed throughout the plan period).

Interrogatory 4.10 CME-29

Ref: Exhibit 4, Tab 10, Schedule 6, p. 10 of 20;

At page 10, EGI stated: "In some situations, pipeline systems may be requalified to operate with 100% hydrogen. Full conversion to hydrogen will require substantial testing, validation, and upgrades to the system along with enhanced integrity management programs and significant operational changes to ensure continued safety and reliability. Moreover, because hydrogen has lower volumetric energy density compared to natural gas, existing networks will need additional capacity from pipe reinforcement, station replacements or other upgrades to account for the increased volume of hydrogen that will be required to meet energy demand from customers."

(a) As part of EGI's proposal, will hydrogen capable assets be reviewed as part of EGI's optionality assessments for leave to construct proceedings?

(b) If so, how does EGI propose to capture the benefits of hydrogen capable upgrades against the cost of construction?

Interrogatory 4.2 CME-30

Ref: Exhibit 4, Tab 2, Schedule 7, p. 14 of 24;

At page 14, EGI stated: “Under the GGPPA as of October 2022, hydrogen has not been recognized as a means of lowering the quantity of marketable natural gas that is subject to the FCC, and as such will not currently be considered as part of this low-carbon energy procurement program.”

(a) Please confirm whether EGI is currently actively taking any steps with respect to hydrogen recognition, for instance, lobbying efforts or discussion with relevant government departments/ministries?

Interrogatory 4.2 CME-31

Ref: Exhibit 4, Tab 2, Schedule 7, p. 20 of 24;

At page 20, EGI stated: “Enbridge Gas will reduce the FCC for these customers on their natural gas bills by an amount equal to the total annual amount of low-carbon energy elected by the customer.”

(a) Has EGI forecast the potential premium price or a range of prices that the voluntary participants are likely for the use of low-carbon energy sources?

(b) If so, please provide that forecast price, and compare that to the FCC unit reduction that the customer would enjoy as a result of the use of low-carbon energy sources.

Interrogatory 4.4 CME-32

Ref: Exhibit 4, Tab 4, Schedule 2, p. 9 of 62;

At page 20, EGI stated: “At this time, opportunities for additional productivity savings have not been identified. However, productivity savings have been embedded to reflect committed savings which the Company will strive to manage… Gross O&M reductions of $20.7 million ($13.9 million net O&M) and $28.5 million ($18.1 million net O&M) have been included in the 2023 Bridge Year and 2024 Test Year, respectively.”

(a) Please elaborate on how the total figures of $20.7 and $28.5 million in 2023 and 2024 were arrived it if there were currently no opportunities for additional productivity savings?

Interrogatory 4.4 CME-33

Ref: Exhibit 4, Tab 4, Schedule 3, p. 12 of 44;

At page 12, EGI stated: "Designed to align with market median, STIP and LTIP targets are expressed as a percentage of each eligible employee's annual base pay."

(a) Of those employees that are eligible for STIP and LTIP awards, approximately what percentage meet targets and earn those benefits each year?

(b) Of those employees that are eligible for STIP and LTIP awards, approximately what percentage earn the maximum amount available?

Interrogatory 4.4 CME-34

Ref: Exhibit 4, Tab 4, Schedule 3, p. 16 of 44;

At page 16, EGI stated: "Enbridge Gas's dedicated resources continue to perform its internal review of the CFCAM and CF costs to ensure services continue to be received and are required by the utility to ultimately conclude that CF costs are prudent."

(a) To the extent that they are not already part of the record, please file any internal reviews or reports of CFCAM and CF costs that demonstrate or conclude that the costs relevant to this plan term are prudent.

Interrogatory 4.4 CME-35

Ref: Exhibit 4, Tab 4, Schedule 3, p. 34 of 44;

At page 34, EGI stated: "SBO and FSS provide new services to Enbridge Gas and were created to explore and drive out new productivity initiatives to identify potential cost savings, cost avoidance and revenue generation for Enbridge and its affiliates, including Enbridge Gas."

(a) To the extent that they are not already part of the record, please identify any productivity initiatives, potential cost savings, cost avoidance or revenue generation that has been driven by either the SBO or FSS to date.

Interrogatory 4.4 CME-36

Ref: Exhibit 4, Tab 4, Schedule 3, Attachment 2

At page 34, WTW stated: “The peer group selected for this review is consistent with the peer group that Enbridge uses for internal company benchmarking reviews and reporting.”

(a) Please provide the peer group used by Enbridge in its internal review. To the extent there are any differences in peer group, please explain why the included (or excluded) peers are appropriate to include (or exclude) in this benchmarking exercise.

(b) Please list all of the internal company benchmarking reviews and reports that would have a similar peer group that occurred since EB-2017-0306/0307, and provide a brief description of what aspects of EGI they would be reviewing.

Interrogatory 4.4 CME-37

Ref: Exhibit 4, Tab 4, Schedule 3, Attachment 3, p. 22 of 59;

At page 22, Guidehouse stated: “Guidehouse performed a detailed review of over 50% of assets generating depreciation.”

(a) Please list the assets that Guidehouse did not perform a review on, and explain why it was unable or determined not to review the other 50% of assets generating depreciation.

Interrogatory 4.4 CME-38

Ref: Exhibit 4, Tab 4, Schedule 3, Attachment 3, p. 30 of 59;

At page 30, Guidehouse stated: “Guidehouse did not perform comparative analysis for all CF allocations due to lack of publicly available information.”

(a) Please list all CF allocations for which Guidehouse did not perform a comparative analysis.

Interrogatory 4.4 CME-39

Ref: Exhibit 4, Tab 4, Schedule 3, Attachment 4, p. 20 of 48; Exhibit 4, Tab 4, Schedule 3, Attachment 3, page 32 and 38 of 59.

At page 20, Schedule 1, the agreement lists the services provided pursuant to the Intercorporate Services Agreement. For Technology and Information Systems, the agreement lists, *inter alia*, the following services being provided: core infrastructure and operations; enterprise business applications; enterprise architecture and data; cyber security and governance, and the office of the Chief Information Officer.

At page 32 of 59 of Attachment 3, TIS costs were normalized for comparison with the peer group based on “total operating cost”.

At page 38, Guidehouse determined that EGI’s normalized TIS cost per $M in total operating cost was $61,319. Guidehouse determined that the minimum was approximately $26K, average was approximately $44K and the maximum was approximately $73K

(a) Please list (on an anonymized basis) all of the comparators normalized TIS costs;

(b) Please provide an explanation for why, on a normalized basis, EGI was significantly higher than the average TIS costs.

Interrogatory 4.5 CME-40

Ref: Exhibit 4, Tab 5, Schedule 1, Attachment 3, p. 18 of 20;

At page 18, EGI listed what it believes are the benefits and drawbacks of establishing a segregated fund.

(a) Please provide a forecast for what EGI believes the administration costs would be for administering a segregated fund.

(b) Please provide a forecast for what EGI believes the legal and tax involvement costs would be to deal with ‘tax issues associated with establishing the fund’.

(c) Please explain why EGI believes the fact that no utility has voluntarily set up a segregated fund for SRC costs is, in and of itself, a drawback.

(d) Please explain why EGI believes that not having a large-scale retirement is in and of itself, a drawback to setting up a segregated fund.

(e) Has EGI forecast what positive returns it may earn on a segregated fund that was invested. Alternatively, is EGI aware of what other entities have earned from investing segregated funds?

Interrogatory 5.3 CME-41

Ref: Exhibit 5, Tab 3, Schedule 1, Attachment 1, p. 5 of 164;

(a) Please provide all credit ratings agency reports for Enbridge Gas since EB-2017-0306/0307;

(b) To the extent not already provided in the request above, please provide all documents relied on in the creation of this report that are not already linked in the report.

Interrogatory 5.3 CME-42

Ref: Exhibit 5, Tab 3, Schedule 1, Attachment 1, p. 16 of 164;

At page 16, Concentric quoted from the Board's EB-2011-0354 decision. As part of that decision, the Board determined "[t]he evidence does not demonstrate a tangible risk that new environmental policy and laws in relation to gas distribution will be implemented over the near term, or if implemented, will be likely to have a detrimental effect on Enbridge in terms of volume over the near term."

(a) How does Concentric understand the phrase "near term" in relation to EGI and the horizon for risks.

Interrogatory 5.3 CME-43

Ref: Exhibit 5, Tab 3, Schedule 1, Attachment 1, p. 41-44 of 164;

At page 41, Concentric outlined EGI's recent experience regarding leave to construct applications. In some cases, it cited the number of interrogatories received or the number of intervenors to conclude that EGI's experience with regulatory opposition is consistent with the industry wide trend of increasing opposition and increased operational risk.

(a) Please provide a list of all leave to construct applications submitted by either EGD or Union since 2012. For each one, please provide:

a. The number of intervenors;

b. The number of interrogatories received; and

c. The outcome of the application.

Interrogatory 5.3 CME-44

Ref: Exhibit 5, Tab 3, Schedule 1, Attachment 1, p. 56 of 164;

At page 56, Concentric opined that "EB-2016-0004 moderately increases the Company's risk relative to 2012 in two ways: (1) it increases the Company's exposure to forecast risk, as noted by the OEB, and (2) it weakens the Company's growth prospects because it now faces increased competition from other utilities to serve currently unserved areas."

(a) Please provide Concentric's view on the impact of amalgamation on the Company's growth prospects due to the lessening of competition as a result of Union and EGD becoming one company.

Interrogatory 5.3 CME-45

Ref: Exhibit 5, Tab 3, Schedule 1, Attachment 1, p. 71 of 164;

At page 71, Concentric opined that "In summary, the risks associated with changing climate parameters and severe weather events have increased for EGI since 2012, at the asset, industry, distribution system and macroeconomic levels."

(a) Please provide a list of all severe weather related outages to EGI (EGD or Union) since 2012, and the financial impact of those events on the utility.

(b) Please list, to the extent possible, all severe weather related outages to EGD and Union from the period 2002-2012 and the financial impact of those events on the utility.

Interrogatory 5.3 CME-46

Ref: Exhibit 5, Tab 3, Schedule 1, Attachment 1, p. 100 of 164;

At page 100, Concentric stated that "The OEB concluded that "size is not a key determinant of, or proxy for, risk… Given the Company's lack of geographic diversity and the OEB's prior findings with regard to size and risk, Concentric finds that Enbridge Gas' larger size relative to the proxy companies does not warrant an adjustment to our recommended equity thickness."

(a) Without respect to the OEB's conclusion regarding utility size, is it Concentric's view that the size of a utility is a determinant of risk?

(b) Given the breadth of EGI's service territory (throughout Northern, Eastern and Southern Ontario) please explain how Concentric views "geographic risk" and diversity. For instance, would a utility that served South Western Ontario and South Eastern Michigan have greater geographic diversity than EGI as it currently exists?

Interrogatory 9.1 CME-47

Ref: Exhibit 9, Tab 1, Schedule 2, p. 14 of 30;

At page 14, EGI stated: "Enbridge Gas is proposing that the UFG Variance Account for Enbridge Gas not be subject to a deadband. This proposal is in alignment with the treatment of the existing UAFVA account for the EGD rate zone. The proposal to eliminate the deadband also recognizes the inherent unpredictable nature of UFG, the volatility of UFG, and the other factors that sufficiently incent the Company to prudently monitor and manage UFG, as it relates to the elements of UFG that are within the Company's ability to manage or influence."

(a) Please provide a summary of the impact of the deadband on the Union rate zones UFG volume deferral account for settling balances from the year of its inception until 2022.

(b) Please confirm whether all variations in UFG amounts are due to factors that are 'temporary in nature" and/or factors that are not within the utility's control.

(c) If the answer to (b) is that there are factors aside from those that are outside of the utility's control, please list the factors contributing to UFG variances that are within the utility's control, and if known, provide how much UFG variance are driven by those factors.

Interrogatory 9.1 CME-48

Ref: Exhibit 9, Tab 1, Schedule 2, p. 23 of 30;

At page 23, EGI stated: "On a prospective basis, the Company is proposing to capture all ICM project capital expenditure variances on a symmetrical basis, underspend or overspend, in the determination each project's actual revenue requirement. The intent of the ICM is to provide a funding mechanism for incremental capital not funded through base rates, and as such, that funding should account for any achieved underspend or prudent overspend."

(a) Please confirm when EGI proposes to review the prudence of any overspend on ICM projects.

(b) To the extent not already in evidence, please provide the underspend and any overspend that in EGI's opinion is prudent with respect to the ICM projects from the deferred rebasing period.

Interrogatory 9.2 CME-49

Ref: Exhibit 9, Tab 2, Schedule 1, p. 3 of 37;

At page 3, EGI stated: "Enbridge Gas acknowledges that the above balances on their own are material and in various instances are attributable to existing rate zones but not necessarily both. In light of that consideration, Enbridge Gas proposes to dispose of the combined balance as a net credit to all ratepayers in 2024 as a mitigation effort that can offset other impacts of rate proposals made as part of this Application. If approved, the combined balance, a net payable of $101.6 million, will be disposed of to ratepayers effective January 1, 2024, over a period of 12 months."

(a) Please provide EGI's view on the potential inequity of having some rate zones subsidize other ratezones through EGI's proposal to provide them as a net credit to all ratepayers.

(b) To the extent not already in evidence, please provide the impact of allocating each balance not as a single net credit but as individual credits and debits to the appropriate rate classes.

Interrogatory 9.2 CME-50

Ref: Exhibit 9, Tab 2, Schedule 1, p. 36 of 37;

At page 36, EGI stated: "The Company notes that the credit balance, reflecting the variance between cash-based pension costs recovered in rates and corresponding accrual-based pension costs through to December 31, 2012, does not represent cash amounts retained by the Company. The cash collected was used to fund the pension plans, and as such the Company was not in receipt of excess cash. Therefore, no carrying charges have been accrued."

(a) As a result of funding the pension plans with the cash-based amounts recovered from ratepayers, have the funds benefitted from having a greater amount of funding earlier? For instance, have additional amounts been invested in the plan to earn returns in comparison to if the plan had been funded based on accrual amounts from the beginning?

(b) If the answer to (a) is yes, please explain how the returns on additional funding of the plans have been accounted for in EGI's proposal.