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October 3, 2023

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

Dear Ms. Marconi,

**RE: EB-2023-0092 Enbridge Gas 2022 Earnings Sharing and Deferral and
Variance Accounts Disposition - Energy Probe Interrogatories**

Attached are the interrogatories of Energy Probe Research Foundation (Energy Probe) to the applicant in the EB-2023-0092 Enbridge Gas Inc. 2022 Earnings Sharing and Deferral and Variance Accounts Disposition proceeding.

Respectfully submitted on behalf of Energy Probe.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.

cc. Patricia Adams (Energy Probe)
Petar Prazic (OEB Staff)
James Sidlofsky (OEB Staff)
Parties to the Proceeding

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**EB-2023-0092 Enbridge Gas 2022 Earnings Sharing and Deferral and Variance
Disposition**

Energy Probe Interrogatories

October 3, 2023

EP.1

Reference: Exhibit B, Tab 1, Schedule 1, Page 1,

Question:

Please provide a reconciliation with variance explanations between EB-2023-0092 Exhibit B, Tab 1, Schedule 1, Page 1, Filed 2023-06-14, and EB-2022-0200 Exhibit 5, Tab 2, Schedule 1, Attachment 4, Page 2, Updated 2023-03-06.

EP.2

Reference: Exhibit B, Tab 1, Schedule 6, Page 1, Col.1, Line 6

Questions:

- a) What is Other Income of \$79.2 million?
- b) Please break down \$79.2 million Other Income into Revenues and Expenses.

EP.3

Reference: Exhibit B, Tab 3, Schedule 1, Page 3, Paragraph 5

Preamble: “CSS costs were \$67.1 million higher than the prior year primarily due to: a higher share price and stronger Enbridge Inc. performance that has resulted in higher LTIP and STIP, higher legislative benefit costs resulting from a year over year change in maximum contribution levels, higher TIS costs related to additional mandated cybersecurity costs and incremental sustainment costs related to the addition of 1.6 million customers to the CIS system in 2021. These variances were partially offset by higher overhead capitalization of CSS costs, lower pension costs and a decrease in insurance premium costs.”

Questions:

- a) Please break down the \$67.1 million variance into the components mentioned in the quoted paragraph.
- b) Why should ratepayers pay for higher 2022 LTIP and STIP for Enbridge Gas Inc. management when Enbridge Gas Inc. 2022 earnings are inadequate for earnings sharing?

EP.4

Reference: Exhibit B, Tab 3, Schedule 1, Page 5, Paragraph 10

Preamble: “Compensations and Benefits decreased by \$5.5 million over the prior year primarily due to: lower pension cost and lower STIP (which is based on business unit performance/scorecards) resulting from a decrease in Enbridge Gas performance compared to 2021. These decreases were partially offset by increases in merit, higher FTEs, higher LTIP related to a higher share price and higher legislative benefit costs resulting from a year over year change in maximum contribution levels”.

Question:

Please reconcile the statement in the quoted paragraph regarding lower STIP with the statement in paragraph 5 on Page 3 regarding higher STIP.

EP.5

Reference: Exhibit D, Tab 1, Page 3, Paragraph 6

Preamble: “Enbridge Gas required this annual replacement of third-party storage in order to reliably and cost effectively meet demand on peak winter days as well as retain late season deliverability. The RFP responses were received by Enbridge Gas on December 2, 2021. The RFP manager made the recommendation and Enbridge Gas transacted based on the recommendation. Bids received and those that were selected are outlined in Confidential Exhibit D, Tab 1, Schedule 6.”

Question: Were any of the selected bids from affiliates of Enbridge Gas Inc. or from any entities that are wholly or partially owned by Enbridge Inc.?

EP.6

Reference: Exhibit D, Tab 1, Page 11, Paragraph 11

Preamble: “Figure 2 shows that the EGD and Union Rate Zones’ UFG levels and annual fluctuations are generally consistent with other gas utilities. It also demonstrates that while Enbridge Gas has experienced recent increases in UFG levels in the EGD Rate Zone in 2022 and in the Union Rate Zones in 2021/2022, UFG levels are now trending lower for 2023 YTD.”

Questions:

- a) Has Enbridge identified the main reason for the large increase in UFG in 2022? If the answer is yes, please provide the main reason for the increase. If the answer is no, please explain why not, and provide the date when the main reason will be identified.
- b) What incentive does Enbridge have to minimize UFG?

- c) What is the latest information on UFG levels for 2023?

EP.7

Reference: Exhibit D, Tab 1, Page 18, Paragraph 28

Preamble: “On a monthly basis, the calculation of UAF volumes is recorded based on an annual heat value for natural gas delivered to customers. In the following month, when the actual heat values are available, the difference between the actual and annual heat value is recorded in the UAFVA.”

Questions:

- a) Does Enbridge have equipment at each receipt point that measures heat value? If the answer is yes, please file a table of heat values by receipt point by month for 2022. If the answer is no, please explain why not.
- b) Do heat values vary by receipt point and by date of receipt? Please explain your answer.
- c) How is the annual heat value determined? For example, is it just a simple annual average or is it prorated by receipt point?
- d) Has Enbridge attempted to correlate the differences in heat values with UFG?

EP.8

Reference: Exhibit D, Tab 1, Schedule 1, Page 18, Section 3.4, “Identify and Standardize Best Practices at EGI”

Preamble: “A notable change that occurred in December 2019 was that the LUG delivery areas moved from monthly meter reading to bi-monthly meter reading, to align with the LEGD practice. This change did not impact the methodology for estimating un-billed consumption but rather only increased the amount of billed volumes that were based on estimated consumption. It should be noted that the change from monthly to bi-monthly meter reading does not contribute to incremental UFG; however, it could contribute to increased volatility in the short-term.”

Questions:

- a) Please confirm that UFG has increased since the move from monthly meter reading to bi-monthly meter reading.
- b) The last sentence mentions “increased volatility in the short-term”. Could the short-term last for more than a year?
- c) Please confirm that LEGD estimated the consumption in the month that the meter is not read on the consumption at the same premise in the same month of the previous year adjusted for degree days. Please explain your answer.

EP.9

Reference: Exhibit E, Tab 1, pages 39 and 40

Questions:

- a) How does Enbridge determine the sendout total? Is sendout the sum of units of energy received at all receipt points and converted into units of volume using the heat value at each receipt point as the conversion factor?
- b) Please confirm heat value would have an impact on UFG if sendout volumes are derived using heat values and consumption volumes are not.