PUBLIC INTEREST ADVOCACY CENTRE
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June 19, 2024 **VIA E-MAIL**

Ms. Nancy Marconi
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

Re: EB-2024-0111 Enbridge Gas Inc. (EGI)
2024 Cost of Service Phase 2
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached questions of VECC in the above-noted proceeding. We have also directed a copy of the same to EGI.

Yours truly,

Mark Garner
Consultants for VECC/PIAC

Mark C. Garner

Digitally signed by Mark C. Garner
Date: 2024.06.19 16:41:22 -04'00'

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For interrogatory clarifications please contact Mark Garner at 647-408-4501 or markgarner@rogers.com

REQUESTOR NAME	**VECC**
TO:	**Enbridge Gas Inc. (EGI)**
DATE:	**June 19, 2024**
CASE NO:	**EB-2022-0200**
APPLICATION NAME	**2024 Cost of Service Phase 2**

Phase 2 Exhibit 1

1.7.1 -VECC-1

Reference – P2 Exhibit 1, Tab 7, Schedule 1, page 6, 10

"*Enbridge Gas therefore defines inaccessible meters as those meters to which the Company has not been able to obtain access to read the meter for 4 or more consecutive months because of customer-driven conditions that are beyond Enbridge Gas's control*."

a) Please list all the "customer-driven conditions" considered in the definition of "inaccessible."
b) For each year 2019 through 2023 what percentage of EGI meters are inaccessible due to being located inside a home or other inaccessible building?

1.7.1-VECC-2

Reference – P2 Exhibit 1, Tab 7, Schedule 1, Attachment 1 / EB-2022-0200, pg.130

Table 9
MRPM Actual Performance to Target (2019 to 2022)

Target	Actual	Actual	Actual	Actual
	2022	**2021**	**2020**	**2019**
0.5%	4.1%	5.0%	4.4%	0.7%

a) The above table was extracted from EGI's Phase 1 evidence and reproduced in the Board's decision in EB-2022-0200. Please update Table 5 to include 2023 actual results.

b) Please amend the table to show the results separate for the EGI and Union Rate zones.

c) Do each of the years shown in Table 9 include inaccessible meters?

d) What accounts for the significantly better actual performance in 2019?

e) Attachment 1 shows 2023 meter reading performance as 1.3%. What accounts for this significant improvement?

1.7.1-VECC-3

Reference – P2 Exhibit 1, Tab 7, Attachment 2

a) Attachment 2 shows an average of inaccessible meters in 2023 and 204 (forecast) of approximately 25,000 – 20,000 meters monthly. What percentage of these meters are repeat offenders?

1.7.1-VECC-4

Reference – P2 Exhibit 1, Tab 7, Schedule 1, pg. 15

a) Please clarify how candidates for the Encoder Received Transmitter (ERT) program are chosen.
b) Please provide the annual number of ERTs installed in each year 2020 through 2023.
c) Please provide the actual and forecast budget (capital/OM&A) for ERT installation from 2019 to 2023 and the forecast budget for each year 2024 through 2028.
d) Please provide the annual number of ERT installations in each year 2019 through 2023 and the forecast annual installations for each year 2024 through 2028.

1.7.1 -VECC-5

Reference – P2 Exhibit 1, Tab 7

a) Please provide the billing polies for adjustments made due to the resolution of estimated meter read bills (e.g. penalties, interest charges, etc.)
b) If an adjustment to a previously estimated bill(s) results in a significant bill impact what policies/customer communications are employed? Please provide what EGI considers a “substantial bill adjustment.” Are these bills flagged in EGI’s billing system?

1.10.7- VECC-6

Reference – P2 Exhibit 1, Tab 10, Schedule 7, page 11 /Exhibit 1,Tab 6, Schedule 1, Attachment 1, pages 16 & 17

"*The majority of customers support contributing towards an innovation and technology fund with the goal of advancing low-carbon technologies as shown in the customer engagement in EB-2022-0200 Exhibit 1, Tab 6, Schedule 1, Attachment 1, page 17.*"

	Residential [online] (n=2,400)	Residential [telephone]	Small Business (n=400)	Med-Large Business (n=118)*
RES: $1.00/month or $12.00 extra per year BUS: 2% added to the delivery portion of your bill	23%	n/a	22%	26%
RES: $2.00/month or $24.00 extra per year BUS: 4% added to the delivery portion of your bill	14%		12%	5%
RES: $4.00/month or $48.00 extra per year BUS: 8% added to the delivery portion of your bill	11%		1%	0%
RES: $10.00/month or $120.00 extra per year BUS: 10% added to the delivery portion of your bill	6%		3%	3%
Some other amount	1%		1%	3%
I would not be willing to pay anything extra	35%		47%	48%
Don't know	11%		14%	16%

	Residential [online] (n=2,400)	Residential [telephone]	Small Business (n=400)	Med-Large Business (n=118)*
RES: $1.00/month or $12.00 extra per year BUS: 2% added to the delivery portion of your bill	23%	n/a	20%	23%
RES: $2.00/month or $24.00 extra per year BUS: 4% added to the delivery portion of your bill	13%		10%	5%
RES: $4.00/month or $48.00 extra per year BUS: 8% added to the delivery portion of your bill	10%		2%	0%
RES: $10.00/month or $120.00 extra per year BUS: 10% added to the delivery portion of your bill	4%		3%	1%
Some other amount	1%		1%	4%
I would not be willing to pay anything extra	37%		48%	52%
Don't know	12%		15%	14%

a) The referenced evidence appears to show a majority of small and medium to large business either do not support or do not know if they support innovation funding. It also appears to show that between 46% and 49% of residential customers either do not support or do not know if they support innovation funding. Are these two tables the entire body of evidence showing that "*a majority of customers support an innovation fund*"?
b) EGI is proposing an $0.11 monthly customer charge for the innovation fund however we are unable to find any customer engagement other than that shown above which tested for fee acceptability. How was the proposed figure of an annual $5 million amount decided upon?

1.10.7-VECC-7

Reference – P2 Exhibit 1, Tab 10, Schedule 7

a) Is it anticipated that any of the innovation funded projects will be recorded as capital programs and subsequently booked into regulated rate base?

b) If so please explain how the returns attracted by innovation funded capital programs are to be treated.

1.10.7-VECC-8

Reference – P2 Exhibit 1, Tab 10, Schedule 7

a) How are the results of innovation program reported and disseminated to interested parties?

b) How is EGI coordinating its innovation fund with other natural gas utilities in Ontario (i.e. Utilities Kingston, Kitchener Utilities and EPCOR Natural Gas)?

c) Who owns (ratepayers or EGI shareholders or a combination of both) the intellectual property that arising out of innovation funded projects? Please provide a description of how any such intellectual property is treated?

1.10.7-VECC-9

Reference – P2 Exhibit 1, Tab 10, Schedule 7

a) Please provide a description of the innovation fund's project selection committee and governance. Specifically, explain how the selection process incorporates representation and views from various EGI ratepayer classes.

1.13.2 -VECC-10

Reference: P2 Exhibit 1, Tab 13, Schedule 2, pg. 10

"*Enbridge Gas will allocate a portion of actual administrative and general (A&G) O&M support costs (excluding the variable O&M storage support costs provided in Section 2.8) using an allocation rate based on the proportion of prior years unregulated storage O&M expenses relative to total net O&M expenses, both exclusive of A&G costs for the determination of the allocator*".

a) How is the "*proportion of prior year's unregulated storage O&M expenses*" determined?.

1.13.2-VECC-11

Reference: P2 Exhibit 1, Tab 13, Schedule 2, pg. 15 of 16 Table 2 / Attachment 2, pg. 1 of 12

a) It is unclear why lines 7 through 13 (though not line 11) are different in Table 2 shown at page 15 of the main body of evidence and the similar table at Attachment 2, page 1 (P2.1.13.2_Attachment2). Please clarify.

1.13.2-VECC-12

Reference: P2 Exhibit 1, Tab 13, Schedule 4, pages 5-6 of 34

Table 1
Cost Variances by
Category

Reference	Category ($ millions)	Estimate	Actuals + Forecast to end of 2024	Variance
1	Project Management	5.7	6.5	0.8
2	Engineering	3.5	6.9	3.4
3	Land	15.3	15.2	(0.1)
4	Materials	48.4	76.9	28.5
5	Pipeline Construction	49.1	74.8	25.7
6	Facilities Construction	22.0	84.0	62.0
7	Construction Support	22.8	23.6	0.8
8	Commissioning and Start Up	0.4	1.1	0.7
9	Retirement	13.1	9.3	(3.8)
10	Interest During Construction (IDC)	2.1	4.3	2.2
11	Contingency	24.0	-	(24.0)
12	Indirect & Overhead	44.4	74.3	29.9
13	TOTAL	250.8	376.9	126.1

"*The Project direct capital cost is $302.6 million. This represents a variance of $96.2 million from the Project direct capital cost estimate filed in the LTC application. The indirect overhead allocation has increased with the increase of the direct capital cost and is now $74.3 million which equates to a total Project cost of $376.9 million. As set out in Phase 2 Exhibit 1, Tab 13, Schedule 4, these Project costs result in a proposed rate base value of $338.8 million*."

a) We are unable to locate the referenced table which shows the continuity from project costs to proposed rate base additions of $338.8 million. Please reproduce this schedule.

1.13.4-VECC-13

Reference: P2 Exhibit 1, Tab 13, Schedule 4, Attachment 2, page 17

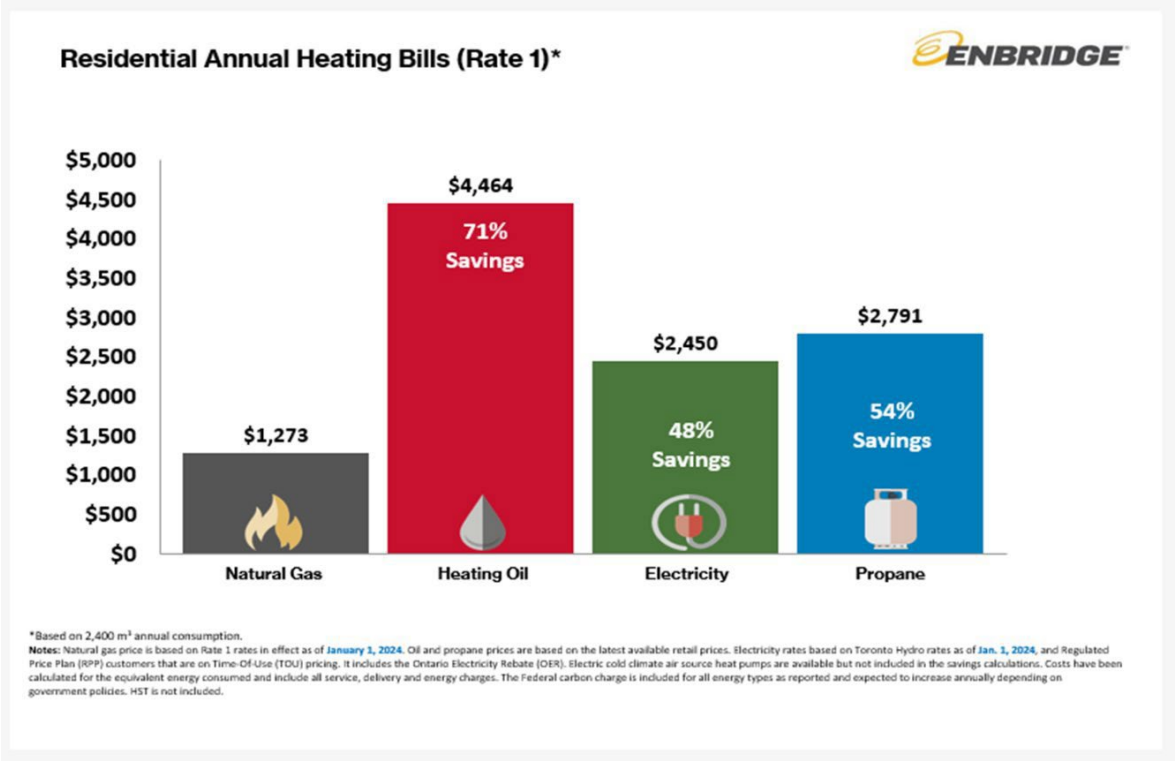
The three shortlisted proponents on average had bids for the facilities scope that were 204% higher than the estimated contract price with an average bid value of $63.6 million, which was significantly higher than anticipated. Upon comparison of the preliminary and detailed design for the Facilities scope, it was noted that the contractors' estimated labour-hours, diameter inch welding, electrical cable length, and cut/fill were substantially higher from what was considered in the initial estimate. The final station design was more extensive, complex, and larger in scope than the estimate at the preliminary design stage. These differences can be attributed to scope refinement from preliminary design to detailed design.

a) This and other evidence in this section appear to indicate that a significant cause of the Dawn-Corunna project cost overrun was due to changes in project scope. Please provide a summary of the significant changes in project scope as compared to the scope provided in the leave-to-construct application EB-2022-0086.

1.16.1-VECC-14

Reference: P2 Exhibit 1, Tab 16, Schedule 1

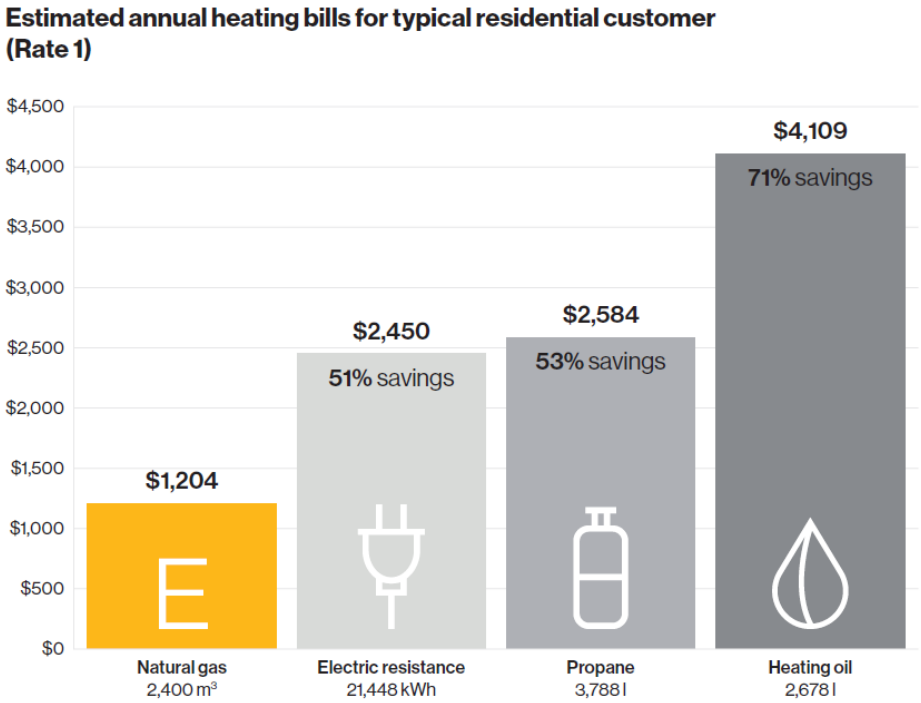
Figure 1: Residential Annual Heating Bill (Rate 1) – January 2024



a) Are the dollar amounts in Figure 1 calculated only based on space heating requirements?
b) Does the fact that natural gas consumers typically use natural gas for water heating and (less often) for other appliances mean that the above chart likely underestimate the savings for a typical natural gas residential consumer?
c) How many complaints per year does EGI receive from customers believing they were misled by the Utility as to the potential for costs savings by switching to natural gas?

1.16.1-VECC-15

Reference: P2 Exhibit 1, Tab 16, Schedule 1, Attachment 2 page 1 of 1



a) Why does EGI not include heat pump sourced space heating in its comparisons?

1.17.1-VECC-16

Reference: P2 Exhibit 1, Tab 17, pgs. 15-16

a) EGI discusses the following ALE capital solutions potentially eligible for ICM treatment: (1) pressure containment sleeves, (2) segment pipe replacement; and, (3) cathodic protection enhancements. Is this an exhaustive list of "ALS capital solutions? If not please provide the list of capital related ALS solution technologies.

b) Of the list of potential capital improvements that would meet the definition of an ALS solution which are currently been employed?

c) For those capital solutions that are currently employed how does EGI propose to distinguish "work as usual" from "ALS bundled" projects?

1.17.1-VECC-17

Reference – P2 Exhibit 1, Tab 17, Schedule 1, page 15

"*With respect to ALE alternatives for which ICM treatment is requested, Enbridge Gas proposes that the need criteria be modified to exclude the requirement that a project be discrete and that a project will have an in-service capital addition of at least $10 million. Rather, for ALE alternatives, Enbridge Gas proposes that it be allowed to "group" ALE alternatives together for the purpose of requesting ICM treatment****. Further, Enbridge Gas proposes that the in-service capital addition threshold does not apply (i.e., it should be zero dollars****) when requesting ICM treatment for ALE alternatives. Other ICM eligibility criteria would remain as is in respect of ALE alternatives*." (emphasis added)

a) For the purpose of grouping would all the projects be required to be started and completed in the same fiscal year? If not please explain how a "group" is formed for the purpose of ICM treatment.

b) With respect to the threshold proposal of zero dollars does this apply to the grouping or individual projects within the group?

1.17.1-VECC-18

Reference: P2 Exhibit 1, Tab 17, Schedule 1, pg. 21

"*Enbridge Gas understands that without statutory and/or regulatory changes or exemptions, the Company can only prune segments of the distribution system where all customers have agreed to disconnect*."

a) Please provide a reference to the statutory requirements which prohibit EGI from disconnecting a customer (in good standing) from an existing distribution pipeline.

PHASE 2 Exhibit 4

4.2.8-VECC-19

Reference – P2 Exhibit 4, Tab 2, Schedule 8, page 17 / Schedule 9, pg.1

"Union reserved 100 PJ of cost-based storage space to provide service to in-franchise customers. Under current OEB-approved methodologies, the actual utilization is still below 100 PJ and is forecasted to be fully utilized by the end of the decade.

"As outlined in Phase 2 Exhibit 4, Tab 2, Schedule 1, Table 2, a total of 227.7 PJ of storage space is required to support in-franchise customer needs in the 2024 Test Year. Of this requirement, 199.7 PJ will be met using Enbridge Gas cost-based storage space as determined in the OEB NGEIR Decision"

a) These two statements appear to be at odds with each other. If it is EGI's proposal to use 100% of the current combined cost-based storage of 199.4PJ (199.7) in the 2024 gas supply plan than how is that the former Union Gas cost based storage of 100 PJ will not be fully utilized until the end of the decade?

4.2.8-VECC-20

Reference – P2 Exhibit 4, Tab 2, Schedule 8

a) Is the 199.4 PJs of cost based storage drawn from specific gas storage pools. If yes, please list each of those sites and provide the current deliverability characteristics (withdrawal and injection) of those sites.

PHASE 2 EXHIBIT 9

9.1.3-VECC-21

Reference– P2 Exhibit 9, Tab 1, Schedule 3, pgs. 6-

"However, since the time of preparing the 2024 budget, Enbridge Gas has been invoiced OEB cost assessments for each of the OEB's fiscal 2022/2023 and 2023/2024 fiscal years, and each year has seen a material increase well above the budgeted annual assessment increases reflected in the OEB's 2021 to 2024 Business Plan. For the OEB's 2022/2023 fiscal year Enbridge Gas's assessments totalled $11.1 million, an increase of 20.7% over the 2021/2022 fiscal amount, while for the 2023/2024 fiscal year Enbridge Gas's assessments totalled $12.3 million, reflecting a further 11.6% increase."

"Subsequent to that, the OEB's 2023 to 2026 Business Plan was released in April 2023, which showed more significant annual increases in budgeted Total Assessment amounts (10.82% in 2023/2024 vs 2022/2023, 8.54% in 2024/2025 vs 2023/2024, and 2.04% in 2025/2026 vs 2024/2025), as compared to those which were shown in the 2021 to 2024 Business Plan."

"The primary driver for the material growth in budgeted Total Assessment amounts is an increase in OEB FTEs, in part attributable to the directives provided in the Minister's Letter of Direction. The OEB's 2023 to 2026 Business Plan indicated that budgeted FTEs increased from 193 in 2021/2022 to 228 in 2023/2024, an increase of 18% over two years"

a) Please provide a table showing for the years 2019 through 2026 the actual or EGI's forecast of:

   i. EGI's total OEB annual assessment (net of section 30 and other OEB costs) assessed to EGI

   ii. Total annual OEB Budget

   iii. Total annual OEB FTEs.

b) Presumably, if EGI's supposition that OEB costs are rising so sharply as to make current forecasts unreliable, the consequences would apply equally to all other assessed utilities. If that is the case why would it not be preferrable to leave to the Board to determine on a holistic (generic) basis the need (or not) for a new cost assessment variance account for all regulated utilities?

9.1.3-VECC-22

Reference – P2 Exhibit 9, Tab 1, Schedule 3

"*Materiality – Enbridge Gas's forecasted spend exceeds the $1 million materiality threshold for the establishment of new accounts*"

a) With respect to the calculation of the materiality threshold for three accounts (ETTF, OEB Cost Assessment, OEB Directive) is the threshold calculated on an annual basis or is it cumulative. Specifically, if in any given fiscal year, the amounts are below the materiality threshold of $1 million would an amount be recorded in the account(s)?

10.1.1-VECC-23

Reference – P2 Exhibit 10, Tab 1, Schedule 1

"Enbridge Gas is also proposing to use the fixed weighted index of AHE for the labour sub-index as the AHE is a more representative measure of price inflation for labour inputs than the AWE, and because the AHE is a direct measure of input prices and is more compatible with a Price Cap IR than the AWE."

a) For the years 2019 through 2023 please provide the annual actual AHE and AWE inflation factors.

10.1.1-VECC-24

Reference – P2 Exhibit 10, Tab 1, Schedule 1, pg. 12

"The X factor has two components: the productivity factor and the stretch factor. .Enbridge Gas proposes a productivity factor of -1.5% and a stretch factor of zero, based on the recommendations from Black & Veatch, as discussed in Sections 4.0 and 5.0 of the Black & Veatch Study.."

a) Is the implication of EGI's incentive rate proposal that it will become less efficient over the term of the plan?

b) What are the incentives in this rate adjustment for EGI to improve its performance over the term of the plan?

10.1.1-VECC-25

Reference – P2 Exhibit 10, Tab 1, Schedule 1 / EB-2022-0200 Exhibit 2, Tab 6, Schedule 1, Table 5, pgs. 44-

a) Under EGI's proposes "ICM/ACM LTC hybrid" proposal is every project which meets the materiality threshold and approved by the Board incremental to the current revenue requirement?

b) If yes, does this mean that all the projects shown at EB-2022-0200, Exhibit 2, Tab 6, Schedule 1, Table 5 above $10 million will be incremental to the capital budget supported by 2024 rates (and as adjusted annual for remainder of the rate term)?

10.1.1-VECC-26

Reference – P2 Exhibit 10, Tab 1, Schedule 1, Attachment 1 (BV Report) pg. 18

"EGI has now replaced nearly all its aged cast iron or bare steel assets. This is also true of some other U.S. distributors, and every other distributor facing the issue is in the process of doing so. Cast iron and bare steel asset replacement is expensive, particularly since many of these efforts necessarily take place in crowded urban areas and therefore require more time and expense than replacing assets in less densely populated areas. These replacement costs therefore raise the unit cost of gas distribution service in territories with such legacy assets. The concentration of cast iron and bare steel replacements in the Northeast U.S. is an important reason why the region's unit cost of $531 is more than 30% above the unit cost of the entire U.S. industry.

a) Is it correct to conclude that, all other things being equal, a natural gas utility in the midst of replacing a large inventory of cast iron and steel pipe will have a lower productivity than a similar utility which has largely replaced older pipe with PE pipe.

b) If this is correct what, if any, adjustment was made to BV's models to account for the nature of its pipe in-service?

10.1.1-VECC-27

Reference – P2 Exhibit 10, Tab 1, Schedule 1, Attachment 1 (BV Report) pg. 39

Table 4: Gas Distributors Ranked by Density

Company	Customers per mile of main, 2018-2020
1. Consolidated Edison	247.64
2. People's Gas Light and Coke	197.59
3. Southern California Gas	113.26
4. Pacific Gas and Electric	103.99
5. Public Service Electric and Gas	103.08
6. EGI	76.43

a) Please recalculate the customers per mile of main eliminating only Union North West Rate Zone.

END OF DOCUMENT