

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 Phase 2 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 ON BEHALF OF THE
HEATING REFRIGERATION AND
AIR CONDITIONING INSTITUTE (“HRAI”)**

HRAI-1

[General] Attached to these interrogatories are four documents, labelled A through D. With respect to those documents:

- a. Please confirm that Document A is the Applicant’s Annual Financial Statements for 2023 as filed on SEDAR. If not confirmed, please explain and provide the correct document.
- b. Please confirm that Document B is the Applicant’s Management Discussion and Analysis for 2023 as filed on SEDAR. If not confirmed, please explain and provide the correct document.
- c. Please confirm that Document C is the Applicant’s Quarterly Financial Statements for Q1 2024 as filed on SEDAR. If not confirmed, please explain and provide the correct document.
- d. Please confirm that Document D is the Applicant’s Management Discussion and Analysis for Q1 2024 as filed on SEDAR. If not confirmed, please explain and provide the correct document.

HRAI-2

[General] Attached to these interrogatories is a document labelled Document E, and a document labelled Document F. With respect to those documents:

- a. Please confirm that Document E is an announcement by Canada Infrastructure Bank (CIB), the Applicant, and Blackstone Energy of an initiative in which CIB will provide \$200 million of debt financing to the Applicant for projects of Enbridge Sustain.
- b. Please confirm that Document F is the CIB’s Unsolicited Proposals Framework (the “Framework”), under which the Applicant sought the CIB credit facility.
- c. For each of Documents A through D, please identify where the \$200 million credit facility with CIB is disclosed. If it is not disclosed, please explain the failure to disclose.

- d. Please provide a true copy of the agreement between the Applicant and CIB relating to this credit facility.
- e. Please provide a true copy of the Application to CIB for this credit facility, together with all amendments thereto. Please include all relevant attachments, such as the Business Plan included in the Application. The term “Application” should be interpreted as including both the Initial Submission, step 1 of the Framework, and the Concept Submission and Proposal Evaluation, step 2 of the Framework.
- f. Please provide true copies of any risk or feasibility analyses prepared for or by CIB as part of their normal investment process.
- g. Please provide a true copy of the Memorandum of Understanding and term sheet for this credit facility, in the form approved by the CIB Board.
- h. Please provide copies of any agreements, including any amendments to such agreements (including, without limitation, agreements or amendments set out in correspondence or emails) between the Applicant and the Project Sponsor of this credit facility.
- i. Please provide a summary of the funding status of this credit facility, including a list of projects funded, amounts, and any material conditions of funding.
- j. Document E notes that the \$200 million of CIB funding is part of \$300 million in total project investments. Please provide details of the source of the other \$100 million of funding.
- k. Please describe in detail all steps the Applicant has taken to ensure that the assets funded by ratepayers, and the regulated revenues from ratepayers, are not subject to any claim by CIB for repayment of their credit facility. If this protection is contained in any agreements, please provide copies of those agreements.
- l. Please describe in detail how the Applicant will ensure that, when Enbridge Sustain is transferred to an affiliate, the assets of the Applicant funded by ratepayers, and the regulated revenues from ratepayers, will not be subject to any claim by CIB for repayment of their credit facility.

HRAI-3

[General] Attached to these interrogatories are Documents G and H. With respect to these documents:

- a. Please confirm that Document G is the initial announcement by the Applicant of the Enbridge Sustain initiative. Please confirm that the description in the announcement of the business and activities of Enbridge Sustain continues to be correct. If not, please provide updated information.
- b. Please confirm that Document H is an advertisement by the Applicant of its Enbridge Sustain business. Please provide the date and context of this Ad.
- c. For each of the three individuals the Applicant has highlighted in the Ad, please provide a detailed explanation of both the regulated and unregulated responsibilities of the individual at the

time of the Ad, and the methodology used at that time to allocate direct and indirect compensation costs, and HR and non-HR overheads, between regulated and unregulated activities. If time sheets were kept, please provide them.

- d. For each of the three positions those individuals had at that time, please provide details of i) how their regulated and unregulated responsibilities have changed from then until now, and ii) the methodology being used now to allocate those costs of the individuals now holding those positions, and highlight any changes to the cost allocation methodology.
- e. For each of those same three positions, please provide details of i) how their regulated and unregulated responsibilities are expected to change between now and the time Enbridge Sustain is being operated within an affiliate, and ii) the methodology that will be used in the affiliate to allocate the costs of those individuals then holding these positions, and highlight any changes to the cost allocation methodology.

HRAI-4

[General] Attached to these interrogatories is Document I. With respect to this document:

- a. Please confirm that Document I correctly sets out all of the posts on the Enbridge Sustain LinkedIn page as of June 22, 2024. If not correct, please provide a copy of the page with the correct posts.
- b. Please confirm that Enbridge Gas Inc. has purported to grant to each of Laird & Son Heating and Air Conditioning, Shipton's Heating & Cooling Ltd., Delta Air Systems, and Team Harding (collectively the "Prime Contractors") exclusive rights to leads and marketing assistance for hybrid systems and natural gas furnaces in defined territories in Ontario. If not confirmed, please explain.
- c. For each of the Prime Contractors, please define the territory in which that contractor is entitled to be the exclusive recipient of leads from the Applicant for home heating and cooling solutions.
- d. For each of the Prime Contractors, please provide a copy of the agreement under which the Applicant grants territorial rights to the contractor.
- e. Please describe in detail how Enbridge Sustain currently receives leads for home heating and cooling solutions, and how that lead generation process will change, if at all, when Enbridge Sustain is transferred to an affiliate.

HRAI-5

[General] Please provide a copy of the initial and current business plans and forecasts for Enbridge Sustain, including without limitation any business plan or forecast approved by the Executive Leadership Team or the Applicant's Board of Directors, whether or not initial or current.

HRAI-6

[General] Please provide a copy of all materials provided to the Applicant's and Enbridge Inc.'s Boards of Directors in seeking approval for the Enbridge Sustain business and/or the underlying budgets.

HRAI-7

[Ex. 1/18/1, p. 2] Please identify the specific wording in the two cited Ministerial Directives that permits the Applicant to undertake each of the planned activities of Enbridge Sustain.

HRAI-8

[Ex. 1/18/1, p. 2] Please provide the most recent internal financial statements (balance sheet, income statement, and statement of cash) showing how the assets and expenses referred to are “recorded separately in the accounts of Enbridge Sustain”.

HRAI-9

[Ex. 1/18/1, p. 2] Please confirm that the Applicant is offering “industry participants and HVAC contractors” exclusive territories in return for agreeing to work for Enbridge Sustain. Please provide details. Please provide details of the legislative and regulatory authority for this by the Applicant.

HRAI-10

[Ex. 1/18/1, p. 2] Please provide samples of the “long term agreements” with end users of the Enbridge Sustain energy solutions relating to the supply, installation, ownership, and/or servicing of the “assets and equipment” to be provided by Enbridge Sustain.

HRAI-11

[Ex. 1/18/1, p. 3] Please provide the addresses of the facilities out of which Enbridge Sustain is operating, and plans to operate in the future. If any of those locations are locations owned by the Applicant, please provide complete details of the methodology for allocating the premises, equipment, furniture and other capital costs being used to Enbridge Sustain, and for allocating the operating costs associated with those locations to Enbridge Sustain. Please provide the amounts of all such costs, including a breakdown by type, for each of 2022, 2023, 2024 to date, 2024 forecast, and each of 2025 to 2028 budget.

HRAI-52

[Ex. 1/18/1, p. 3] Please identify the amounts of costs relating to Enbridge Sustain that were backed out of the 2024 Utility Test Year O&M Forecast, broken down by the expense categories listed in EB-2022-0200 Written Evidence Tables 4.4.2 - 1 to 12 inclusive. Please provide forecasts of all Enbridge Sustain cost allocations from the Applicant forecast in 2025 through 2028, broken down into the same expense categories.

HRAI-63

[Ex. 1/18/1, p. 3 and EB-2022-0200, Ex. 4.4.3, para 50] For each of the services described in this paragraph, please:

- a. Advise whether Enbridge Sustain used the service in 2023 or 2024, and whether Enbridge Sustain expects to use the service between now and the end of 2028.
- b. If there was any past or expected use of the service, please advise the amount allocated or to be allocated to Enbridge Sustain in that regard for each of those years.
- c. Please provide details of the methodology used or to be used to determine the amount or amounts to be allocated to Enbridge Sustain.

- d. Please describe how the Applicant ensures, or will ensure, that amounts allocated to Enbridge Sustain will reduce the amounts allocated to regulated activities, if any such reduction is expected to occur. If not, please explain why not.

HRAI-74

[Ex. 1/18/1, p. 3] Please reconcile the statements in paragraphs 14 and 16. Were any amounts related to Enbridge Sustain including in the 2024 O&M Budget, or not?

HRAI-85

[Ex. 1/18/1, p. 3] Please provide full details of the “amounts to be paid directly or indirectly by Enbridge Sustain for receipt of services” in 2024.

HRAI-96

[Ex. 1/18/1, p. 4] Please provide a breakdown of the “31 full-time Enbridge Gas employees (FTEs)” by position, with explanations of each role within the Enbridge Sustain business. Please confirm that 31 FTEs also equals 31 headcount. If the two are not the same, please advise the headcount, i.e. the number of employees who work in whole or in part on the Enbridge Sustain business. For each employee working in whole or in part on the Enbridge Sustain business, please advise the breakdown of their cost between regulated and unregulated activities, and the basis of that breakdown.

HRAI-107

[Ex. 1/18/1, p. 4] Please provide a similar breakdown of the forecast number of Enbridge Sustain employees (FTEs and headcount) by position, with explanations of each role within the Enbridge Sustain business, for each of 2025, 2026, 2027, and 2028. For each employee working in whole or in part on the Enbridge Sustain business, please advise the breakdown of their cost between regulated and unregulated activities, and the basis of that breakdown, at the end of each of the forecast years.

HRAI-118

[Ex. 1/18/1, p. 4] Please provide the cost allocation documentation for the “documented processes” referred to.

HRAI-129

[Ex. 1/18/1, p. 5] Please provide a reconciliation of the operating costs in EB-2022-0200 and the operating costs in Document A attached to demonstrate that \$6.4 million of the Applicant’s costs were not included in the OM&A costs of the regulated business for the bridge year.

HRAI-20

[Ex. 1/18/1, p. 6] Please provide a detailed breakdown of the “direct costs for Enbridge Sustain” for each of 2023 Actual, 2024 5+7 Forecast, and 2025, 2026, 2027 and 2028 forecasts. Please provide the costs to the nearest thousand dollars, and with separate breakdowns within at least each of the following categories: marketing, sales, engineering and design, installations, product costs, training, legal, management, accounting, customer care, finance (including cost of capital) and depreciation.

HRAI-21

[Ex. 1/18/1, p. 6] Please provide a detailed breakdown of the “HR burden costs...allocated to Enbridge Sustain” for each of 2023 Actual, 2024 5+7 Forecast, and 2025, 2026, 2027 and 2028 forecasts. Please provide the costs to the nearest thousand dollars, and with separate breakdowns within at least each of the following categories: marketing, sales, engineering and design, installations, product costs, training, legal, management, accounting, customer care, finance (including cost of capital) and depreciation.

HRAI-22

[Ex. 1/18/1, p. 6] Please provide a detailed breakdown of the “indirect costs” allocated to Enbridge Sustain” for each of 2023 Actual, 2024 5+7 Forecast, and 2025, 2026, 2027 and 2028 forecasts. Please provide the costs to the nearest thousand dollars, and with separate breakdowns within at least each of the following categories: marketing, sales, engineering and design, installations, product costs, training, legal, management, accounting, customer care, finance (including cost of capital) and depreciation.

HRAI-23

[Ex. 1/18/1, p. 6] Please provide a detailed breakdown of the “corporate cost allocations” allocated to Enbridge Sustain for each of 2023 Actual, 2024 5+7 Forecast, and 2025, 2026, 2027 and 2028 forecasts. Please provide the costs to the nearest thousand dollars, and with separate breakdowns within at least each of the following categories: marketing, sales, engineering and design, installations, product costs, training, legal, management, accounting, customer care, finance (including cost of capital) and depreciation.

HRAI-24

[Ex. 1/18/1, p. 7] Please provide a detailed breakdown of the “capital costs” incurred by Enbridge Sustain for each of 2023 Actual, 2024 5+7 Forecast, and 2025, 2026, 2027 and 2028 forecasts. Please provide the costs to the nearest thousand dollars, and with separate breakdowns within at least each of the following categories: marketing, sales, engineering and design, installations, product costs, training, legal, management, accounting, customer care, finance (including cost of capital) and depreciation.

HRAI-25

[Ex. 1/18/1, p. 7] Please provide details of the planned transfer of the Enbridge Sustain business to an affiliate by the end of the year, including a description of the transaction, prices at which the assets will be transferred, continuing obligations of the Applicant (if any), service agreements between the Applicant and the affiliate, tax ramifications to the regulated business (including any carryover tax benefits to the new affiliate), and any other aspects of the transaction that could have any impact on the ratepayers.

HRAI-26

[Ex. 1/18/1, p. 7] Please describe how Enbridge Sustain currently, and in the past, has obtained leads for new business opportunities. Please provide details on how that will change, if at all, when Enbridge Sustain is transferred to an affiliate.

HRAI-27

[Ex. 1/18/1, p. 7] Please describe how Enbridge Sustain currently, and in the past, has worked in collaboration with, or in conjunction with, the Enbridge DSM Group. Please provide details on how that will change, if at all, when Enbridge Sustain is transferred to an affiliate.

HRAI-28

[Ex. 1/18/1, p. 7] Please describe how Enbridge Sustain currently, and in the past, has worked in collaboration with, or in conjunction with, the Applicant’s staff charged with responsibility for IRP. Please provide details on how that will change, if at all, when Enbridge Sustain is transferred to an affiliate.

HRAI-29

[Ex. 1/18/1, p. 7] Please provide details of all relationships with suppliers of goods or services to Enbridge Sustain who are also suppliers of goods or services to the regulated utility business, and demonstrate that a) the regulated and unregulated relationships are completely separate, and b) Enbridge

Sustain is not receiving any favourable pricing or terms conditional on the terms of any agreement relating to the regulated business.

HRAI-30

[Ex. 1/18/1, Attachment 1, p. 3] Please identify the Sustain Advisor (by position), and provide details on the role and responsibilities of that person within the regulated business, and within the unregulated business.

HRAI-31

[Ex. 1/18/1, Attachment 1, p. 4] Please provide all of the “Low Carbon Timesheets” for 2024 year to date.

HRAI-32

[Ex. 1/18/1, Attachment 1 & 2] Please confirm that the cost allocation protections described in these attachments were implemented after the OEB launched an investigation into Enbridge Sustain. If not confirmed, please provide evidence, including contemporaneous documents, showing that these cost allocation protections were implemented prior to the filing of a complaint to the OEB by HRAI on May 22, 2023.

HRAI-33

[Ex. 1/17/1] Please describe in detail the relationships, interrelatedness, or other connections, if any, between the Enbridge Sustain business and the Applicant’s Energy Transition Strategy and the Applicant’s Asset Life Extension strategies.

HRAI-34

[Ex. 1/17/1] Please confirm that the Applicant continues to believe that it is appropriate for the Applicant in some circumstances to own assets that displace the need for gas, and to add them to regulated rate base, including for example ground loops for geothermal heating and cooling.

HRAI-35

[Ex. 1/17/1, p. 22] Please describe in detail how the Enbridge Sustain business relates, if at all, to the proposal by the Applicant to supply electrification assets to facilitate system pruning.

HRAI-36

[Ex.1/10/7] Please confirm that, under the Applicant’s proposal, the Energy Transition Technology Fund would be prohibited from funding any affiliate of the Applicant, and prohibited from funding any third party if one of the effects of that funding is to provide any benefit to an affiliate of the Applicant.

HRAI-37

[Ex.1/13/2] Please provide a breakdown of the differences between storage cost allocations and eliminations and the allocation of costs between Enbridge Sustain and regulated activities.

HRAI-38

[Ex.1/16/1] Please confirm that the transfer of Enbridge Sustain to an affiliate will mean that that analysis in this exhibit will not apply to Enbridge Sustain. If not confirmed, please provide details.

HRAI-39

[Ex.10/1/1, Attach. 1] With respect to the Black & Veatch Report:

- a. Please confirm that no information with respect to Enbridge Sustain was provided to Dr. Kaufman or anyone else at B&V prior to the completion of this report.

- b. Please confirm that any forecast of material changes in the composition of the business of the company are a relevant factor in setting the X-factor.
- c. Please confirm that any forecast of expected material changes in the types and amounts of flow-through costs (i.e. costs not subject to the price cap or the revenue cap) are a relevant factor in setting the X-factor.
- d. Please describe how the report's analysis could have been impacted if there had been made available to the experts a forecast of a material increase in electrification solutions (whether by the Applicant or an affiliate) and an offsetting material decrease in gas customer growth, peak demand, and throughput, over the period between now and 2028.

HRAI-40

[Ex.10/1/1, p. 15] Please confirm that none of the actions of the affiliate Enbridge Sustain could, under the Applicant's Z factor proposal, result in a Z factor that would allow the regulated utility to adjust regulated rates. If not confirmed, please give examples of circumstances in which the actions of Enbridge Sustain could result in a Z factor.

HRAI-41

[Ex.10/1/1, p. 22] Please confirm that a decline in actual utility earnings to a level outside of the +/- 300 basis points range would not trigger an off ramp if there was an offsetting increase in earnings in the affiliate Enbridge Sustain. If not confirmed, please explain.

HRAI-42

[Ex.10/1/1, p. 23] How, if at all, does the Applicant propose to reflect any Enbridge Sustain earnings in the ESM calculations?

Respectfully, submitted on behalf of HRAI this 24th day of June, 2024.

Jay Shepherd
Counsel for HRAI