

VIA RESS and EMAIL

August 15, 2024

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Nancy Marconi:

**Re: Enbridge Gas Inc. (Enbridge Gas)
2023 Utility Earnings and Deferral and Variance Account Disposition
Consumers Council of Canada (CCC) Interrogatories
OEB File No. EB-2024-0125**

In accordance with Procedural Order No. 1, dated July 22, 2024, please find attached CCC's interrogatories with respect to the above noted proceeding.

Yours truly,

Lawrie Gluck

Lawrie Gluck
Consultant for the Consumers Council of Canada

cc: All parties in EB-2024-0125

Enbridge Gas Inc. (Enbridge Gas)
2023 Utility Earnings and Deferral and Variance Account Disposition
Consumers Council of Canada Interrogatories
August 15, 2024

CCC-1

Ref: Ex.B/T3/S2/p. 9

EB-2024-0111/Ex. I.1.13-SEC-10

EB-2024-0111/Ex. I.1.13-FRPO-10

- a) Please explain why the Dawn to Corunna project is considered a compressor station asset. As part of this response, please advise whether the “Compression Station” asset class described at Exhibit B, Tab 3, Schedule 2, page 9 is the same as the “Compressor Equipment (456)” asset class shown at EB-2024-0111, Exhibit I.1.13-FRPO-10.
- b) For each regulated project (both EGD and Union rate zones) with a cost greater than \$2 million that is described at Exhibit B, Tab 3, Schedule 2, pages 9-11, please advise at which line in EB-2024-0111, Exhibit I.1.13-SEC-10 (Tables 2 and 3) the project is shown. As part of this response, please explain any variances in projects costs provided between the two applications.
- c) For each project (both regulated and unregulated and both EGD and Union rate zones) described at Exhibit B, Tab 3, Schedule 2, pages 9-11, please provide the allocation between regulated and unregulated storage. As part of the response, please explain the allocation methodology applied. As an example, for the “Dawn:5985 CV Piping & Improvements” project, please explain how much of the project cost was allocated to each of the regulated and unregulated businesses and explain how it was allocated.

CCC-2

Ref: Ex.C/T1/p. 15

EB-2023-0093/Ex.C/T1/pp.16-19

- a) Please explain the increase in incremental FTE costs from \$1.77M (2022) to \$2.68M (2023). As part of the response, please provide a breakdown of the cost increase due to FTE count increases and due to salary/benefit escalation.

CCC-3

Ref: Ex.C/T1/pp. 24-28

- a) Prior to the 2022 renewal of unionized labour contracts, please advise when those contracts were most recently renewed.
- b) Please discuss why Enbridge Gas is of the view that the entirety of the unionized wage increase resulting from the renewed labour contracts is directly attributable to Bill 93.
- c) With respect to the establishment of base 2023 locate and VMS costs, please explain why Enbridge Gas is escalating 2021 actual costs using the PCI instead of unadjusted inflation percentages (with no reduction for the stretch factor).
- d) Please provide the actual locate volumes for: (i) January-March 2023; and (ii) April-December 2023.
- e) Please provide the actual VMS hours for: (i) January-March 2023; and (ii) April-December 2023.

CCC-4

**Ref: Ex.D/T1/pp. 33-34, 40, 43-44, 61-66
Ex.D/T1/Schedule 3**

- a) In the context of a vacant premise whereby a new customer eventually does establish a customer account (but gas was consumed prior to the new account being established), is that new customer responsible for paying for all unbilled gas that was consumed? If not, please explain. If yes, please explain how that billed gas is treated in the UAFVA.
- b) Please advise whether Enbridge Gas currently applies pressure elevation factors to customers' bills. If so, is the initiative described at Exhibit D, Tab 1, page 40 seeking to recalibrate those elevation factors for greater accuracy?
- c) Please advise whether Line 12 (Damage Adjustment) of Exhibit D, Tab 1, Schedule 3 reflects recoveries from third-parties who damaged Enbridge Gas's facilities in the EGD Rate Zone.

- d) Enbridge Gas stated that, “while the measurement facilities originally designed and installed by Enbridge Gas for these customers continue to measure accurately under their original high load factor conditions, they do not measure Consumption accurately under low-flow conditions (i.e., when turbines are not running).”

Please confirm that this means that gas consumption used for space heating, water heating, etc., at these facilities may be unbilled to these customers.

- e) Please further explain the basis of the leak volume estimate of 18,118 10^3m^3 . As part of this response, please provide the relative contribution to the leak volume estimate between DO and STO.
- f) Based on the uncertainty ranges related to fugitive emissions (i.e., <10% for STO and >115% for DO), please provide a range of minimum and maximum leak volumes.
- g) Assuming the leak volume estimate (i.e., 18,118 10^3m^3) is accurate, please confirm, or otherwise correct, that the value in terms of reduced UFG costs of eliminating all leaks would be approximately \$3 million (using the July 2024 EGD PGVA reference price of approximately \$168/ 10^3m^3). Would there also be reductions in carbon charges borne by customers? If so, please quantify the value of those savings.
- h) Enbridge Gas forecast incremental costs related to its fugitive emissions measurement plan project for 2025 of \$2.6 million (including the piloting of a mobile ground emissions measurement technology).

Please discuss whether this level of annual spending is expected to allow Enbridge Gas to meet its goals of developing a measurement informed inventory, company-specific emission factors for DO over time, etc. If not, please provide a high-level estimate of potential annual costs in future years associated with these activities. As part of this response, please discuss whether Enbridge Gas is of the view that annual costs could reach the levels described at Exhibit D, Tab 1, page 61, Table 11 (i.e., ranging from \$10 million to \$33.1 million USD depending on technology or mix of technologies).

- i) With respect to the incremental staffing costs, please further discuss why the additional work related to this project could not be managed with Enbridge Gas’s

existing resources. As part of the response, please discuss the type of work that the Carbon Strategy team is currently responsible for.

CCC-5

Ref: Ex.F/T1/pp. 4-5

Ex.F/T2/S3/p. 1

Ex.F/T3/S3/p. 1

For the EGD rate zone, Enbridge Gas proposes to allocate the balance in the GOCA variance account related to the EGD rate zone to rate classes in proportion to the allocation of System Operation Distribution Operating Expenses approved by the OEB in EGD's 2018 Cost Allocation Study. For both the Union North and Union South rate zones, Enbridge Gas proposes to allocate the balance in the GOCA variance account related to the Union North and Union South rate zones to rate classes in proportion to the allocation of Mains and Services Distribution Operating O&M expenses by rate zone approved by the OEB in Union's 2013 Cost Allocation Study.

- a) Please provide a reconciliation of the allocations of the GOCA balance to the rate classes shown at Exhibit F, Tab 2, Schedule 3, page 1, Column 11 and Exhibit F, Tab 3, Schedule 3, page 1, Line 30 to the allocations cited at footnotes 8 and 9 at Exhibit F, Tab 1, pages 4-5.
- b) Please provide rationale supporting the EGD rate zone allocation of the GOCA balance to rate classes based on the allocation of "System Operation Distribution Operating Expenses."
- c) Please provide rationale supporting the Union North and South rate zones allocation of the GOCA balance to rate classes based on the allocation of "Mains and Services Distribution Operating O&M expenses by rate zone."

CCC-6

Ref: EB-2024-0125/Cover Letter (May 31, 2024)

Ex. H/T1/S2/p. 6

EB-2022-0200/Settlement Proposal/p. 18

In its original cover letter for the EB-2024-0125 application, Enbridge Gas stated that, "included with the application, Enbridge Gas is providing the OEB Scorecard and the Indigenous Working Group Report. No approval is being sought regarding these items."

The OEB approved EB-2022-0200 settlement proposal states that:

- i. Until the end of 2024, the budget for the IWG is \$640,000.
 - ii. For each subsequent year, the IWG shall establish a budget which will be subject to review, or approval, by the OEB.
 - iii. Enbridge Gas will establish the IWG deferral account to record actual capacity funding costs, which will be subject to review and clearance in the applicable DVA proceeding.
- a) Please confirm that Enbridge Gas intends to seek disposition of the September 2023 to December 31, 2024 balance in the IWG deferral account in its 2024 ESM and DVA proceeding (to be filed in Summer 2025).
 - b) Please advise whether Enbridge Gas is seeking OEB approval, in the current proceeding, for the increase to the budget for IWG capacity funding from \$640,000 (2024) to \$800,000 (2025).

CCC-7

Ref: Ex. H/T1/S2/Appendix A/pp. 10-11, 19

At Exhibit H, Tab 1, Schedule 2, Appendix A, pages 10-11, a summary table of issues to be discussed by the IWG is provided. As part of that table, there is reference to certain topics where third-party experts are to be retained.

At Exhibit H, Tab 1, Schedule 2, Appendix A, page 19, the minutes for the April 30, 2024 meeting state that, “Brattle Group is close to being retained by the Indigenous parties. The main focus of Brattle Group as contemplated by the Indigenous parties will be to review the expert reports from the rebasing application and determine what is important information that may have been missed in those reports that would help mitigate energy-related risks and identify energy-related opportunities of First Nation groups in Ontario. There is also an expectation that other experts will be retained to address other significant issues relevant to the IWG. A potential example of these additional topics is fugitive emissions.”

- a) Please provide a status update regarding the retention of experts to address the following subject areas. As part of the response, please advise whether an expert has already been retained, whether there are still plans to retain an expert, or whether there is no longer a plan to retain an expert.
 - i. RNG
 - ii. Stranded assets
 - iii. Need, benefits and cost of energy transition
 - iv. Fugitive emissions

- b) If Brattle Group has already been retained, please advise for which subject area (as described at Exhibit H, Tab 1, Schedule 2, Appendix A, pages 10-11) it has been retained to provide expert support.
- c) Please explain how any expert reports/presentations that are provided to the IWG will be used with respect to rates, facilities or other applications filed with the OEB.