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June 5, 2025

Ms. Nancy Marconi
Registrar
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

DELIVERED BY EMAIL

Dear Ms. Marconi,

Re: Enbridge Gas Inc.
2024 Rate Application-Phase 3
Ontario Energy Board (OEB) File Number: EB-2024-0064

Please find enclosed the interrogatories of the Ontario Greenhouse Vegetable Growers in the above noted proceeding.

Yours very truly,

Michael R. Buonaguro
Encl.

EB-2025-0064

Enbridge Gas Rebasing – Phase III

Interrogatories of the Ontario Greenhouse Vegetable Growers

CUSTOMER ENGAGEMENT

1.6-OGVG-1

REFERENCE: **Exhibit 1, Tab 6, Schedule 1, Attachment 2, pages 87-88**

PREAMBLE:

a) Please confirm that with respect to customer engagement with contract customers a common issue raised by customers was the lack of information about the cost consequences of the proposed rate design changes.
b) Please provide a summary of any customer engagement EGI undertook with respect to its greenhouse customers in the Union South rate zone, including what, if anything, they were told about the impacts of EGI's proposals on the cost of natural gas service.

AMI

2.7-OGVG-2

REFERENCE: **Exhibit 2 Tab 7 Schedule 2 Page 8**

PREAMBLE:

Cost-Benefit Analysis: A detailed review of underlying assumptions including the potential capital and operational costs as well as the benefits for Enbridge from the AMI program is underway and will be completed by the end of the POC. This includes an evaluation of the capital and operational costs incurred to deploy and operate AMI at Enbridge, the costs (benefits) that will no longer be incurred with AMI and to assess the qualitative benefits that do not have a monetary value attached but will drive value for Enbridge Gas and our customers.

a) Please provide an updated high-level estimate of the capital cost of implementing AMI for all of EGI's customers. If EGI is considering AMI for only a subset of its customers, please explain what subset it is considering and provide a high-level estimate for just those customers.

b) Please confirm that, currently, AMI remains a proposal that EGI is reviewing, that EGI will not proceed with a roll out of AMI in any form beyond a pilot without OEB pre-approval, that it remains a possibility that EGI will not ultimately proceed with AMI implementation, and that EGI is not seeking OEB approval of AMI implementation in this proceeding.

GAS COST REFERENCE PRICE

3.4-OGVG-3

REFERENCE: **Phase 3 Exhibit 4 Tab 2 Schedule 2 Plus Attachments Page 13**

PREAMBLE:

Enbridge Gas is proposing to implement the WARP on a permanent basis for the purpose of setting gas costs in the calculation of UFG, compressor fuel, own use gas and gas in inventory upon approval of Phase 3. Given there are no proposed changes to how the WARP has been implemented on an interim basis, there are no timing or other implementation considerations to address.

a) Please provide an estimate of the cost impact on Union South M4, M7 and T1 customers of using the proposed WARP for setting gas costs in the calculation of UFG, compressor fuel, own use gas and gas in inventory as opposed to using the legacy Dawn reference price.
b) Please quantify the 2024 cost related to UFG, compressor fuel, own use gas and gas in inventory that is assumed in EGI's evidence of the revenue requirement it has included in its cost allocation scenarios.

COST ALLOCATION AND RATE DESIGN

7.0-OGVG-4

REFERENCE: **Exhibit 7 Tab 0 Schedule 1 Attachment 2 Page 2**

PREAMBLE:

The evidence suggests that despite a total increase in delivery revenue requirement of $11M, the increase in delivery revenue requirement allocated to the Union South rate zone when utilizing EGI's proposed new harmonized cost allocation methodology is $53.6M under a scenario where the Current Rate Zones are maintained.

a) Please explain the drivers behind the $53.6M increase in delivery related revenue requirement to the Union South rate zone under the Current Rate Zones scenario.
b) Please confirm that the total delivery revenue requirement of $2.77B that is being allocated in Exhibit 7 Tab 0 Schedule 1 Attachment 2 Page 2 of 21 does not

include the revenue requirement impact of riders that are collecting revenue outside of base rates until the next rebasing application; by way of example, please confirm that the impact of the approved PREP rider is not incorporated into the $2.77B delivery revenue requirement.

7.0-OGVG-5

REFERENCE: Exhibit 7 Tab 0 Schedule 1 Attachment 1 Page 1

a) Please confirm that the allocation of costs to individual customers does not change from one scenario to another, and that the total amount allocated to a particular rate class changes from scenario to scenario based on the composition of customers included in that rate class, not because of changes in the amount of costs allocated to each customer; if not confirmed, please explain how allocation of costs to individual customers changes from scenario to scenario.
b) Please explain how, if at all, different rate zone configurations changes EGI's stranded asset related risk in terms of recovering costs from customers.

7.0-OGVG-6

REFERENCE: Exhibit 7 Tab 0 Schedule 1

PREAMBLE:

It appears to OGVG that in all the scenarios set out in the evidence proposed "zones" are applied identically to all proposed general service classes and contract classes within a proposed scenario.

a) Please confirm that, in every scenario that EGI has provided evidence for, all customers within the scenario are grouped into the same proposed zones; if not confirmed please explain where that is not the case.
b) Please confirm that one feasible option would be to establish rates based on one zone for general service customers and multiple zones for contract class customers.
c) Please summarize, at a high level, the impact on Central and Eastern zone customers within the Four Zone One Distribution Zone scenario if those two zones were kept together as a single zone, i.e. maintaining the existing EGD zone as part of a Three Zone One Distribution Zone scenario.

OTHER COST ALLOCATION PROPOSALS AND DIRECTIVES

7.1-OGVG-7

REFERENCE: Exhibit 7 Tab 1 Schedule 4 Page 6

PREAMBLE:

The Panhandle System and St. Clair System are westerly peaking systems serving in-franchise demands on design day. To the extent ex-franchise Rate E70 and Rate E72 (previously Rate C1 and Rate M16) customers use contracted capacity on design day, the demands would flow easterly to Dawn (counter flow).11 Accordingly, the proposed cost allocation methodology does not allocate costs to ex-franchise rate classes but will instead recognize the use of the Panhandle System and St. Clair System to provide ex-franchise transportation under Rate E70 and Rate E72 through the rate design process. Enbridge Gas is proposing to calculate a cost- based demand and commodity rate for these rate classes to provide a contribution towards the recovery of the Panhandle System and St. Clair System related transmission costs. Please see Phase 3 Exhibit 8, Tab 2, Schedule 5 for the proposed rate design for Rate E70 on the Panhandle System and St. Clair System.

a) Please confirm that the net impact to in-franchise customers of EGI's proposed change in how the Panhandle and St. Clair system costs are allocated to ex-franchise customers is an increase in the costs borne by in-franchise customers, even after considering the recognition of revenue from ex-franchise customers. If confirmed please quantify the net impact on in-franchise customers of the proposal; if not confirmed please explain why there is no net impact.

COST ALLOCATION STUDIES

7.3-OGVG-8

REFERENCE: Exhibit 7 Tab 3 Schedule 1 Attachment 6 Page 1

PREAMBLE:

OGVG would like to understand the impact of the spending associated with the Panhandle Regional Expansion Project and any other spending on the Panhandle St. Clair System on the total costs to be allocate to customers when those project costs are ultimately included in rate base.

a) Please provide an updated column K in Exhibit 7 Tab 3 Schedule 1 Attachment 6 Page 1 that adds costs related to capital projects that have not been included in the calculation of the 2024 revenue requirement for the Panhandle St. Clair System (for example, OGVG expects that the addition of the PREP revenue requirement, which is currently being collected through a rider, will increase the total revenue requirement currently calculated as $53,148M). Please explain any assumptions that are made in the event components of the incremental costs need to be estimated; please use a full year of impact for any additions so that the impact of the spending on the revenue requirement is not understated. Please identify each discrete project being added and the net addition to rate base associated with each project.

7.3-OGVG-9

REFERENCE: Exhibit 7 Tab 3 Schedule 7 Attachment 12 Page 19

PREAMBLE:

Line 42 of the reference shows how the St. Clair/Panhandle Costs are allocated across existing Union South customers on a percentage basis within the Four Zone One Distribution Zone scenario.

a) Please provide a version of Exhibit 7, Tab 3, Schedule 7, Attachment 12 that shows the split of the St. Clair and Panhandle system costs as summarized in Exhibit 7 Tab 0 Schedule 1 Attachment 5. (OGVG expects that it is only necessary to provide an updated allocator for the Panhandle system and a new allocator for the St. Clair system, but if there are other changes please explain where the other changes are and why changes flow through to other allocators).
b) Please provide a high-level summary of the proposed investment in the Panhandle and St. Clair systems over the next 20 years, including both growth driven projects and renewal driven projects.

CUSTOMER RELATED COSTS

8.1-OGVG-10

REFERENCE: Exhibit 8 Tab 1 Schedule 4 Plus Attachments Page 5

PREAMBLE:

The monthly customer charges for the harmonized rate classes are set at a level that balances the allocation of customer-related costs per customer and customer bill impacts. The monthly customer charge level for each harmonized rate class is a component of the Rate Mitigation Plan provided at Phase 3 Exhibit 8, Tab 2, Schedule 6.

a) Please confirm that, within the E10 rate class in particular, the monthly customer charge has been set at a level that minimizes the bill impact on smaller customers migrating to the E10 rate class, with the result that larger customer migrating to the E10 rate class are experiencing higher impacts then they would otherwise as a result of higher demand related rates.

b) Please confirm that although referenced as a rate mitigation measure, EGI is not proposing to, after year 1 of the implementation of new rate classes and rate design, phase out the initial customer charge levels by increasing those customer charge amounts over time in the same way it is, for example, proposing to phase out proposed Rider R.

GAS COMMODITY AND TRANSPORTATION RATES

8.2-OGVG-11

REFERENCE: **Exhibit 8 Tab 2 Schedule 2 page 9**
Exhibit 8 Tab 2 Schedule 2 page 13

PREAMBLE:

Gas Supply Transportation Charges

Enbridge Gas is proposing a harmonized methodology for the development of two proposed gas supply transportation charges. The first gas supply transportation charge is for sales service and bundled DP customers with a Dawn, Parkway, or Enbridge CDA obligated point of receipt. The second gas supply western transportation charge is for bundled DP customers with an Empress obligated point of receipt.

The Western transportation charge includes an incremental charge for bundled DP customers with an Empress point of receipt to recognize the incremental cost of transporting deliveries received at Empress compared to deliveries received at Dawn. This rate design approach is meant to recognize the pricing difference between Empress and Dawn supplies and creates a common gas supply and transportation price component between receipt points.

a) Please provide the Attachment 3 calculation of the Gas Supply Transportation Charge that underpins the Four Zone with One Distribution Zone scenario set out at Exhibit 8, Tab 2, Schedule 14. Please explain what costs are being recovered through the Gas Supply Transportation Charge within that scenario. (OGVG understands which cost categories are being allocated to the charge; we would like a narrative that explains what services are represented by the charge specific to each separate Rate Zone).
b) Please confirm that in some scenarios EGI includes Load Balancing, Storage and Transmission Commodity costs within the Gas Supply Transportation Charge (i.e. the Four Zone with One Distribution Zone scenario) and in others it does not. Please explain why EGI has used two different approaches to the construction of the Gas Supply Transportation Charge.
c) Please confirm that the purpose of the Western Transportation Charge is to protect customers without an Empress point of receipt from having to contribute to the incremental cost to move gas from Empress; if not confirmed please provide further rationale and explanation for the Western Transportation Charge.

d) Please confirm the accuracy of the attached table, which purports to show the elements of the Gas Supply Transportation Charge recovered from Union South customers included in the E10 Rate Class within each rate zone scenario; if not accurate, please correct the table as necessary. Please provide a confirmed or corrected version of the table as an attachment to the interrogatory response.

IN-FRANCHISE CONTRACT RATE DESIGN

8.2-OGVG-12

REFERENCE: Exhibit 8 Tab 2 Schedule 4 Plus Attachment Page 7

PREAMBLE:

The Rate E10 proposed applicability level allows for access to contract service for more customers because it is lower than the minimum level for the Union South and Union North rate zones.

a) How many customers, by their current rate class, that are currently not included in the proposed E10 rate class are eligible to move to the proposed E10 rate class as a result of the proposed applicability level?
b) Please provide an estimate of the impact if all those customers elected to move to the new E10 rate class in terms of:

    I. the impact on the migrating customers,
    II. the impact on the rate class they would be migrating from, and
    III. the impact on the proposed E10 rate class,

    assuming that the migration was accounted for in the calculation of the proposed One Rate Zone scenario.
c) Please confirm that by including, essentially, all bundled contract rate customers in a single rate class, the smallest customers in the class will benefit from a subsidy from the largest customers in the class because of the overall proposed rate design applied to the class; if not confirmed please explain why that is not the case.
d) Please explain why a customer currently taking service in a general rate class that is eligible to move to the new E10 class would, nevertheless, stay in the general rate class?

8.2-OGVG-13

REFERENCE: Exhibit 8 Tab 2 Schedule 4 Plus Attachment Page 10

PREAMBLE:

Enbridge Gas proposes to set the applicability for Rate E20 to customers located in the South or Central service area with a minimum combined firm and interruptible CD of 13,000 m^3 per day. The minimum CD was set so that all current semi-unbundled contract service customers are eligible for the same service option under the rate harmonization proposal. Currently, the applicability for a semi-unbundled service option begins at a minimum of 2,500,000 m3 annual consumption in the Union South rate zone. Enbridge Gas chose to base the applicability for all rate classes on a minimum CD level rather than annual consumption for consistency and continuity between rate classes. There are no semi-unbundled customers in the Union South rate zone who have a combined firm and interruptible CD of less than 13,000 m3 per day in the 2024 Test Year Forecast.

a) Please quantify how many of the proposed 765 E10 customers would qualify to move to the E20 rate class in the event they elected to move to unbundled service; please break out that analysis by their current rate class.
b) Please describe any barriers that may prevent existing customers from moving from the E10 class to the E20 class despite meeting the criteria for the E20 class.
c) Please describe the experience of any customers moving from E10 to E20 (without changing their underlying consumption) in terms of rate impact (i.e. would it be cost effective for qualifying E10 customers to take steps to move to E20, and if so how material would any savings be?).
d) Please provide a total bill impact and a distribution bill impact for a typical qualifying E10 customer on moving to the E20 rate class relative to remaining in the E10 rate class including any required assumptions around costs incurred by the customers outside of rates; please run the scenario twice, first for a customer moving from E10 to E20 under EGI's One Zone proposal, and then again for an E10 South customer moving to E20 South under the Four Zone with one Distribution Zone scenario.
e) What steps, if any, has EGI taken to inform its bundled customers of the benefits, if any, of moving to semi-unbundled service, particularly in light of the proposed changes in rate classes both in terms of the customer's ability to qualify for different rate treatment as a result of new proposed minimum qualifications and in terms of the different total cost of natural gas service between E10 and E20 service?

BILL IMPACTS AND RATE MITIGATION PLAN

<u>8.2-OGVG-14</u>

REFERENCE: **Exhibit 8 Tab 2 Schedule 6**
Phase 1-Exhibit I.3.2-OGVG-4 Attachment 1 Page 1 of 1

PREAMBLE:

OGVG is seeking updated information with respect to greenhouse customers within EGI's customer base in terms of rate class, consumption and bill impacts.

a) Please provide an updated version of the I.3.2-OGVG-4 Attachment from Phase 1, including in excel form, showing the number of greenhouse customers per rate class and the total consumption in each rate class from greenhouse, using the most recent actual information for EGI. OGVG would prefer that the period covered by the answer capture as best as can be done under the circumstances new customers and load associated with recent changes, for example the addition of customers in relation to the Panhandle Regional Reinforcement Project, recognizing that that may require, for example, a forecast 2026 version of the table. When preparing the updated information please further break out the analysis to show volumes and numbers of customers by zone, i.e. (EGD)East, (EGD)Central, (Union)North, (Union)East and (Union)South.

b) When preparing the updated attachment in part a) please provide the following additional information, either within the attachment or as part of the response to this interrogatory:

   I. For each rate class, how may greenhouse operators are sales service customers and how many are direct purchase customers?
   II. Please separately identify greenhouse customers that only have interruptible contracts and greenhouse customers that have separate firm and interruptible contracts.
   III. Please identify the number of greenhouse customers within each rate class that, based on their current gas use characteristics, qualify for semi-unbundled service under the proposed Rate E20 (OGVG recognizes that all existing T1 greenhouse customers will, based on EGI's evidence, already be moving to the proposed E20 class if approved, however it is OGVG's understanding that some greenhouse customers from other rate classes, i.e. M4 and M7, may meet the requirements for the proposed E20 rate class if they were interested in taking semi-unbundled service).

c) For each rate class that includes greenhouse customers please provide a bill impact analysis for the proposed "one rate zone" scenario that shows the total bill and distribution only bill impacts for the smallest, largest and median greenhouse customer in the class. Please provide the firm contract demand and annual firm consumption underpinning the impact calculations.

d) Please compare the typical load profile for EGI's contract greenhouse customers relative to the load profile that is represented by the rest of the contract customers proposed to move to the E10 rate class (OGVG is interested in whether there is a material difference between the typical load profile exhibited by greenhouse operations and the typical load profile for the rest of the customers to be included in the E10 rate class).

8.2-OGVG-15

REFERENCE: Exhibit 8 Tab 2 Schedule 6 Attachments 1 and 2

a) Please confirm that Exhibit 8 Tab 2 Schedule 6 Attachments 1 and 2 shows impacts before the implementation of "rate mitigation" related fixed monthly charges in the "without rate mitigation" tables, and that it is only attachments 3-8 that include "rate mitigation" related fixed monthly charges.

8.2-OGVG-16

REFERENCE: Exhibit 8 Tab 2 Schedule 6 Pages 15 and 16

PREAMBLE:

The operation of Rider R includes increasing the Year 1 impact on smaller customers and decreasing the Year 1 impact on larger customers.

a) Is it possible in Year One that through the implementation of Rider R, there will be customers within a rate class whose distribution bill impact will go up to a level higher than the impact experienced by customers whose impacts are being temporarily lowered? If so, please explain why EGI believes that would be appropriate.

8.2-OGVG-17

REFERENCE: Exhibit 8 Tab 2 Schedule 9 Attachment 10 Page 7

PREAMBLE:

Within EGI's proposed One Zone scenario a large M7 customer can expect an annual increase in distribution cost of $701,007, a distribution rate impact of 20.6%, subject only to incremental, temporary mitigation from proposed Rider R.

a) Please provide a calculation of the rate impact for the large M7 customer moving to the proposed E10 class as set out in Exhibit 8 Tab 2 Schedule 9 Attachment 10 Page 7 of 8, except:

   I. please provide the calculation in excel format;

II. please show each proposed rate element separately per the rate schedule at attachment 2 as applicable to an M7 customer,
III. please assume no carbon tax in either existing rates or the proposed rates, and
IV. please include the proposed Rider R in the calculation of the impact, showing the mitigation the customer would receive in each year the rider persists.

8.2-OGVG-18

REFERENCE: **Exhibit 8 Tab 2 Schedule 9 Attachment 10 Page 2**
Exhibit 8 Tab 2 Schedule 6 Attachment 2 Page 1

PREAMBLE:

The calculation of the Direct Purchase Bill Impact for at least some of the sample customers appear to be incorrect. For example, the evidence indicates a Direct Purchase Impact for a small Rate 110 customer to E10 of 27.1%, whereas OGVG calculates the same Direct Purchase impact as (change in delivery charges + change in gas transportation charges)/(current delivery charge + current transportation charge) for a percentage impact of (46.4%), a formula that produces the correct result in the evidence for other rate classes, i.e. M4 and M7. Similarly, the Direct Purchase Bill Impact graphic at Exhibit 8 Tab 2 Schedule 6 Attachment 2 Page 1 of 5 show almost all direct purchase bill increases for rate 110 customers when they should mostly, OGVG believes, be decreases.

a) Please confirm that when EGI refers to the direct purchase bill impact, it means the combined change in delivery charges and gas transportation charges relative to the existing combined delivery charge and gas transportation charge; if not confirmed please explain what is meant by direct purchase bill impact.
b) Please confirm the accuracy of the bill impacts in the Attachment 10 documents for the Exhibit 8, Tab 2, Schedules 9-15 scenarios and in Exhibit 8 Tab 2 Schedule 6 Attachments 1-5.