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June 8, 2025

VIA E-MAIL

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

Dear Ms. Marconi:

**Re: EB-2025-0064 Enbridge Gas Inc. (EGI)**  
**2024 Cost of Service Phase 3**  
**Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

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

Yours truly,

Mark Garner  
Consultants for VECC/PIAC

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<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>TO:</b>	<b>Enbridge Gas Inc. (EGI)</b>
<b>DATE:</b>	<b>June 8, 2025</b>
<b>CASE NO:</b>	<b>EB-2025-0064</b>
<b>APPLICATION NAME</b>	<b>2024 Cost of Service Phase 3</b>

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## **1.6-VECC-1**

**Reference – P3 Exhibit 1, Tab 6, Schedule 1, Attachment 1, page 4 and 8**

- a) It is unclear to us why the results to the survey of how to recover “Network Connection” (page 4) are different from the survey results on the “Cost Being Connected to the System (page 8). Please clarify the difference in these two survey questions.

## **1.6 -VECC-2**

**Reference – P3 Exhibit 1, Tab 6, Schedule 1, Attachment 1, page 22**

*“Enbridge Gas is considering the option of offering one rate zone for its different types of customers, regardless of location within Ontario. There are many benefits of one rate zone including similar charges for similar customers, a consistent customer experience, and reduced administrative costs.”*

- a) Please identify and quantify the annual administrative costs estimated to be achieved by adopting a single rate zone.

## **1.6 -VECC-3**

**Reference – P3 Exhibit 1, Tab 6, Schedule 1, Attachment 1, page 6,8,20,23**

- a) Does EGI agree that the results of its customer engagement show that residential and small commercial customers overwhelmingly support a fully variable (proportion to gas use) rate structure?
- b) Given that around 60% of customers hold that they should pay a portion based on the amount of natural gas used (with about 10% having no opinion on the matter of rate design) what is the customer demand rationale for the fixed/variable rate design proposed in this application?

## **2.5-VECC-4**

**Reference – P3 Exhibit 2, Tab 5, Schedule 5 /Decision and Order EB-2022-0200, December 21, 2023, page 57**

*“The implementation of the capital reduction has potential consequences. The underlying requirements of the system that drove the initial capital plan will not go away, and a reduction in capital spend in the near term combined with continued use and potential growth of the system may result in higher capital requirements in the future..”*

*The OEB finds that the 2024 capital budget proposed by Enbridge Gas has not been justified and shall be reduced from the updated \$1,470.3 million to \$1,220.3 million, a reduction of \$250 million or 17.0%. (page 57)*

- a) Please reconcile the reduced approved spending amount of \$1,220.3 with the amounts shown in the table at E2/T5/S5/Attachment 1.
- b) EGI’s actual spending in 2024 is \$1,052.5 (as per Attachment 1). This is \$167.8 million less than allowed for the purpose of rate derivation. Given EGI’s stated concern that the reduction in capital spending in 2024 might result in a future higher need for capital requirements why did it underspend its allowed budget?

## **2.7-VECC-5**

**Reference – P3 Exhibit 2, Tab 7, Schedule 2**

- a) Please describe the difference in technologies between the existing employed (Encoder Receiver Transmitter) ERT meters and the meters being used for the AMI Pilot.
- b) Please provide the cost difference in these two meters and a diaphragm meter.
- c) Please provide the expected depreciated life of current diaphragm, ERT and Gas Smart meters.
- d) Please provide a list of the technology type of metering currently approved by Measurement Canada.

## **2.7-VECC-6**

**Reference – P3 Exhibit 2, Tab 7, Schedule 2**

- a) Please describe the function of the Hend End System.
- b) Are the meters being tested as part of the pilot able to provide hourly meter reading?
- c) Does EGI anticipate metering reads for increments of less than a month, i.e., is there a business case for metering technologies that can be read on a more frequent basis than once a month?

## 2.7-VECC-7

### Reference – P3 Exhibit 2, Tab 7, Schedule 2

*“The ongoing shift from diaphragm metering technology to more advanced metering is also demonstrated by the gradual discontinuation of certain types of existing asset types/technologies. Notably, Enbridge Gas has lost one key supplier of diaphragm meters within recent years.”*

- a) Please provide a list of natural gas utilities which have employed smart meter technologies (not pilots). Please provide the number of meters employed and to which customer classes (e.g. residential, small commercial, large commercial)
- b) Please provide any reports and specifically any cost-benefit reports from other gas utilities on the employment of automated read metering.

## 7.0-VECC-8

### Reference – P3 Exhibit 7, Tab 0, Schedule 1, Attachment 1

*“Should the OEB approve more than one rate zone, Enbridge Gas prefers one rate zone for distribution and two rate zones for gas supply, transmission and storage costs. This alternative more fairly represents the cost to serve differences between the geographic areas, recognizes the operations of the amalgamated utility and is consistent with the approach used by Union today where rate classes have a common delivery rate and separate gas supply and transportation rates for the Union North West and North East rate zones.”*

- a) Please confirm (or clarify) that the table shown at attachment 1 is in the same order as Table 3, at page 15 of the exhibit (the rate zone descriptors are different in each table).
- b) Please confirm (or correct) that in order of preference (1<sup>st</sup> being EGI’s proposal) the next favoured rate zone option is the “Two Rate Zones One Rate Zone Distribution Rate” (2Z1DX Option 5 in Table 3).
- c) In EGI’s opinion which of the two options (Proposed and 2Z1DX) which provides the best cost causality results for transportation, storage and load balancing costs to the general service class of customers?
- d) What, if any, incremental administration costs are associated with the 2Z1DX option as compared to EGI’s preferred proposal?

## 8.1-VECC-9

### Reference – P3 Exhibit 8, Tab 1, Schedule 2

*“Enbridge Gas suggests that it is better to consider exit fees and any other regulatory options that may address stranded asset risk at the same time as stranded asset risk is being addressed in the Company’s next rebasing proceeding.”*

- a) Have any general service (residential and small commercial) customers signed contracts with EGI which agree to the payment of exit fees under any conditions? If so please provide the form of those contracts.
- b) In EGI’s opinion, would exit fees require the specific contracting language agreed to by the newly joining customer?

## 8.2-VECC-10

### Reference – P3 Exhibit 8, Tab 2, Schedule 3

*“...the Volume Variance Account (VOLUVAR) that Enbridge Gas proposes if a form of Straight Fixed Variable rate design for general service rates is not approved by the OEB as part of this Application.”*

- a) It is unclear to us whether a VOLUVAR account would, in EGI’s view, be required if the Board approved the SFV (or a variation of) rather than the proposed SFVD rate design. Please explain.

## 8.2-VECC-11

### Reference – P3 Exhibit 8, Tab 2, Schedule 6

The largest % of total bill impact of the proposed rates is to the new E62 rate class. This is the class of distribution utility customers taking either M9 or Rate 200 service.

- a) Please clarify whether Enbridge Gas Quebec is considered an ex-franchise customer and whether this is different than for the four distributors taking service under rate M9.
- b) Is Enbridge Gas Quebec an affiliate of EGI?
- c) Would any of the Rate Zone Alternatives result in significantly different bill impacts to the E62 rate class. Specifically, would the Two Rate Zones with One Rate Zone Distribution (aka 2Z1DX Option 5 in Table 3) result in lower bill impacts?
- d) What would be the bill impact to a typical residential customer in each of the four southern distribution utilities taking service under E62 be?

## **8-2 -VECC-12**

### **Reference – P3 Exhibit 8, Tab 2, Schedule 6**

*“Enbridge Gas is proposing a new Rate Mitigation Rider (Rider R) to smooth the bill impacts of implementing the harmonization proposals over a five-year period from the proposed implementation date in 2027 to 2031.*

*Enbridge Gas is proposing to limit the total bill impact to 2% on average for the current rate classes in the first year that customers transition to the harmonized rate classes and decrease the level of mitigation in equal amounts for each of four years following the first year.”*

- a) What is the annual carrying cost (credit) to each proposed rate class of the rate mitigation plan?

## **9-1 -VECC-13**

### **Reference – P3 Exhibit 9, Tab 1, Schedule 3**

*“Enbridge Gas proposes to establish the Rate Harmonization Variance Account (RHVA) to record differences to forecast revenues that are attributable to customers switching rate classes as a result of the implementation of the Rate Harmonization Plan.”*

- a) Why does the proposed account record variances in revenues rather than variances in the number of customers forecast to switch to a rate class?

**END OF DOCUMENT**