

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference: Exhibit C1/Tab 1/Schedule 1/pgs.39-40

Question:

Enbridge Gas Distribution's projected spend totals \$2.57 billion and \$5.17 billion over the five (to 2023) and ten year period (to 2028) respectively. Union Gas' projected spend totals \$2.61 billion and \$4.93 billion over the five and ten years respectively.

Did the projected spend change as a result of the feedback from the customer engagement process? If no, please provide reasons. If yes, please provide details of the changes and the impact on the specific investment category.

Response

In the development of Enbridge Gas's business planning, customer views were taken into consideration when designing the AMPs in terms of balancing the pace of capital spend while maintaining safety and reliability levels.

As referenced in Exhibit C1, Tab 3, Schedule 1, page 21 and Exhibit C1, Tab 2, Schedule 1, page 54, from the Customer Engagement consultation conducted by both Ipsos and Innovation Research Group, for legacy EGD and legacy Union respectively, customers identified that the most important outcomes are price, safety and reliability. In general, customers are satisfied with the reliability and the safe delivery of natural gas, and they feel that the utility should invest in maintaining the current levels of reliability. Customers are satisfied with the value they receive for the money they pay for their service and the majority found it acceptable to pay more on their bills to cover the cost associated with aging infrastructure to maintain the current level of reliability and safety.

All capital requirements support the maintenance of existing assets based on the conditions and strategies outlined in the respective asset management plans. Timing is based on risk, asset life cycle strategies, with consideration to ratepayer impact.¹

¹Exhibit C1, Tab 2, Schedule 1, page 382.

Portfolios for Enbridge Gas such as Fleet Purchases, TIS, CRES (REWS), Stations, Measurement (Customer Assets) have a relatively stable level of spend.

Specific to Union, in relation to spending on buildings, equipment and IT, Exhibit D1, Tab 2, Schedule 1, page 71 reveals that customers believe that Union should spend what is needed compared to simply making do with the building, equipment and IT it currently has.

There are cases in which customer feedback for ensuring the long-term health of the system have supported increased spending. An example of this would be the steel mains replacement program for EGD and other specific project examples such as Union's Windsor Line and London Line replacement projects as well as EGD's NPS 30 Don River replacement project.

Although customer knowledge varies on GHG reduction initiatives and on renewable natural gas, there is alignment with customers on the preference to invest in renewable energy sources to reduce the overall network consumption and in conservation programs.² In Union's customer engagement in particular, results from businesses indicate a preference to not go beyond minimum requirements, and residential seem to support an increase in rates to proactively seek opportunities.

Enbridge Gas is committed to providing consumers access to safe, reliable and affordable natural gas services. Enbridge Gas is also committed to its role in offering balanced solutions that support emission reduction targets, including: (i) energy savings information that enables consumers to optimize their energy consumption; (ii) a portfolio of Board-approved energy conservation programs to facilitate transparent and measurable conservation; and, (iii) development and testing of low-carbon technology solutions. See Enbridge Gas' USP for more details.³

The upgrade and obsolescence programs within the measurement portfolio have more flexibility than the Meter Exchange Program and were adjusted to balance the overall portfolio spend for 10 years to a steady pace while satisfying the risk mitigation required for each program.⁴

On the specific topic of automated meter reading in Union's customer engagement survey, the customer feedback indicates a preference to install these meters over time in order to minimize costs. Legacy Union has decided to replace meters with automated meters over time in alignment with customer preferences.

² Exhibit C1, Tab 2, Schedule 1, page 54.

³ Exhibit C1, Tab 1, Schedule 1, pages 30 to 32.

⁴ Exhibit C1, Tab 3, Schedule 1, Table 5.4.3.6.1 page 95.

In addition, EGD has a Customer Experience Transformation project, consisting of initiatives that span multiple asset subclasses within the TIS asset class. This two year project proactively transforms the way we do business with our customers and to improve customer interactions.⁵ More information on Customer Experience can be found at Exhibit C1, Tab 2, Schedule 1, page 354.

For bare and unprotected steel, “Union’s 2017 customer engagement survey found that 50 per cent of those surveyed recommend prioritized replacements” supporting the strategy to replace over the next six years.⁶

“MOP verification was also included in the 2017 customer engagement survey: 40 per cent recommend proactively implementing industry standard. Spreading the verifications over several years will keep costs down and proactively implement an industry standard, which provides additional support for this program. Starting this program as forecast will mitigate the need for higher expenditures in a shorter time frame to meet these expected future mandated requirements.”⁷

Within the Distribution Growth portfolio the customer feedback for a desired steady pace of spend is managed in planning the Distribution and Station Reinforcement projects to a combined annual spend that is consistent over the 10 year forecast.⁸

⁵ Exhibit C1, Tab 2, Schedule 1, page 348.

⁶ Exhibit C1, Tab 3, Schedule 1 page 83.

⁷ Exhibit C1, Tab 3, Schedule 1 page 85.

⁸ Exhibit C1, Tab 3, Schedule 1, Table 5.2.1.1, page 71.