ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit A1/T5/S1/pg.22

Question:

a) With respect to the Conditions of Service for the EGD Rate Zone please explain why it is a pre-requisite to have an account with a financial institution for an eligible low-income customer to have a security deposit waived. Does this provision also apply to the Union Rate Zone?

b) Is the United Way Greater Simcoe County the LEAP administrator for both the EGD and Union Rate Zones. If not please provide the administrator name(s) for the Union Rate Zones.

Response

a) The question misstates the condition. It is the reverse where the condition is no account with a financial institution. This does not apply for the Union rate zones. The criteria will be reviewed and changed to be consistent with the new Customer Service Rules.

b) Yes, however they have changed their name to United Way Simcoe Muskoka.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit A1/T5/S1/pg.23

Question:

a) Please provide the number (by category) of complaints escalated to the Enbridge Customer Ombudsman's Office for the last calendar year (2018)

b) Does the Union Rate Zone have a similar office? If so, please a similar report as in a) for this Rate Zone.

Response

a-b) Please see tables below for the number of complaints:

EGD Rate Zone

Complaints	2018
Billing	3870
Collections	1382
Operations	1510
Open Bill	1204
Other	181
Total 2018	8147

Union Rate Zone

Complaints	2018
Billing	1697
Collections	1345
Operations	741
Open Bill	0
Other	1221
Total 2018	5004

ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit A1/T5/S3/pg.23

Question:

a) The Security Deposit and Low-Income Customer Policies of EGI for its two different rate zones differ. Please explain why and what plans are being made to harmonize these specific conditions of service provisions.

Response

The exact details on operating policies for the different rate zones differ due to each legacy company's interpretation of guidelines or program parameters.

With the implementation of the OEB's new customer service rules, Enbridge Gas will be harmonizing business practices and policies where differences exist. [1] However, there may still be differences where there are rate implications and Enbridge Gas maintains different rate zones, e.g. fees like new account charge.

[1] EB-2017-0183, Notice of Amendment, March 14, 2019.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit A1/T5/S3/pg.23

Question:

a) With respect reasons for the disconnection of service please explain (provide an example) of what constitutes a "fraudulent use of gas." If this is meant to address service where illegal activity are suspected please explain what evidence of the activity in question is required.

Response

The most obvious example would be altering the gas service to circumvent the gas meter. A disconnection order would be executed if Enbridge Gas personnel encounter a gas service which has been tampered or altered with. Situations where a meter is unlocked, and it is documented that a lock work order was previously completed would also qualify as fraudulent use of gas. In these cases there is no active customer account and required appliance inspections have not been completed.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit A1/T5/S2/pg.7

Question:

The preface to the EGD Conditions of Service state:

> We reserve the right to modify the contents of the Conditions of Service at any time. These Conditions of Service are meant as guidelines and do not supersede any terms and conditions set out in Enbridge's Rate Handbook, or agreed to in our contracts with you.

a) Is it EGI's position that all of the provisions of its Conditions of Service (both Rate Zones) may be changed without prior approval of the Ontario Energy Board?

b) If, it is EGI's position that a subset of the provisions require Board approval whereas other provisions do not, please identify the provisions in question.

Response

a-b) In accordance with the Board's *Gas Distribution Access Rule*, Enbridge Gas must file a copy of its Customer Service Policy (i.e., Enbridge Gas's Conditions of Service) with the Board when revised. Board approval of revisions is not required.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit B1/T1/S1/pg.5 Table 3

Question:

a) Please explain why EGI requires two OEB Cost Assessment Variance Accounts if there is a single Utility being assessed OEB costs upon amalgamation of the former utilities

b) The OEB Cost Assessment Variance accounts were generically established by the Board in order to capture the change in the Board's assessment methodology. Please confirm (or otherwise explain) that this change in methodology is from an assessment based on net revenues to, now, the 3 year average of customer numbers.

c) Please explain how the new variance accounts distinguishes between the normal expected variance (formerly in revenues – now under the revised methodology in number of customers) from the variance due only to the change in assessment methodology.

d) Is it EGI's understanding that the change in methodology affected both the inter and intra assessed OEB regulated payers? That is, did the change in methodology only affect the amount paid as between natural gas utilities or both that and the amounts paid as between gas utilities and other assessed payers (e.g. electricity distributors, transmitters, and other licencees)?

Response

a) Enbridge Gas's application includes the continuation of two OEB Cost Assessment Variance Accounts, one for the EGD rate zone, and one for the Union rate zones as it aligns with the Board's EB-2017-0306 / EB-2017-0307 Decision and Order which approved the continuation of the two accounts.

b) Having reviewed the OEB's February 9, 2016 letter regarding Revisions to the Ontario Energy Board Cost Assessment Model, as well as the supporting MNP Final Executive Report, titled Cost Assessment Model Review, dated December 11, 2015, Enbridge Gas's understanding is that multiple revisions were made to the Board's Cost Assessment Model. One of the revisions made was to update the electricity distribution and gas distribution intra class cost allocations from a revenue based allocation to a 3 year rolling average customer based allocation methodology. However, one of the other revisions to the model was an update of the OEB's direct cost allocations, which impacted the inter payor class allocations, resulting in more costs allocated to the gas utilities.

c) Since the Board's establishment of the account in 2016, both legacy EGD and legacy Union, when calculating amounts to be recorded in their respective accounts compared their current quarterly assessed costs under the new methodology against an amount that was included in rates and reflective of the Board's costs under the old cost allocation methodology.

d) Further to the response in part b), Enbridge Gas's understanding is that the revisions to the Board's Cost Assessment Model impacted both inter and intra regulated payor class allocations, with the larger impact to gas utilities resulting from inter payor class changes (i.e. more costs assessed to gas utilities, with less going to most of the other payor classes as a result of revisions to direct cost allocations).

ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit B1, Tab 2, Schedule 1

Question:

a) Why did EGI not calculate two materiality thresholds – one for distribution function and another for transmissions (e.g. Dawn-Parkway) capital expenditures?

b) For the purpose of calculating and ICM/ACM threshold value why should EGI's transmission business not be considered analogous to Hydro One Inc. where the threshold values for the transmission business would be calculated separately from those of the distribution operations?

c) Is it possible to amend Table 3 to show the ICM threshold Capital Expenditure Calculation by Rate Zone and for the Union Rate Zone by transmission and distribution functions? If yes, please provide that calculation. If not, please explain the impediments to making this calculation.

Response

a-c) The availability of ICM to Enbridge Gas was litigated in the MAADs and Rate Setting Mechanism proceeding, and approved by the Board in its Decision and Order, dated August 30, 2018.[1]

[1] EB-2017-0306/EB-2017-0307, OEB Decision dated August 30, 2018.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit B/T2/S1/pgs. 12-

Question:

a) EGI explains that it has used a weather-normalized revenue for the calculation of the growth factor. Is the weather normalization methodology used for the EGD and Union Rate Zones the same?

b) For the both rate zones please calculate the growth rate if only revenues derived from the fixed charge were used in the calculation (i.e. showing the growth in fixed charge revenues only).

Response

a) No, the weather normalization methodology for the EGD and Union rate zones are not the same, however, Board approved weather methodologies were used for both. Weather-normalized revenues are derived by using the Board approved degree days methodologies for Union rate zones which is the 50:50 (average of 20 year trend and 30 year moving average), for EGD rate zone are the 50:50 Hybrid (average of 20 year trend and 10 year moving average) for the Central region, the De Bever with trend for the Eastern region and the 10 year moving average for the Niagara region.

b) Assuming that the general service fixed charges are the only component of the growth factor, that is, it does not include the variable revenue, the contract market revenue and the ex-franchise market revenue, the estimated results are as follows:

Union rate zones average growth factor from 2013 to 2017	: 1.42%
EGD rate zone growth factor from 2017 to 2018	: 1.14%

ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit B1/T2/S1/pg.19

Question:

At the above reference the evidence states:

Given the magnitude of the $95.3 million investment in the Sudbury Replacement project, incremental funding of the project is required. The cumulative revenue requirement of the project from 2018 through 2023 is over $47 million. Union was not able to reprioritize 2018 Capital investment in order to fund this investment using existing rates.

a) Please provide the list of projects that were considered (and subsequently rejected as per the evidence above) in considering the need for the Sudbury Replacement Project.

b) Please provide the minutes/presentation or other evidence that is demonstrative of the exercise EGI went through to consider what projects might be deferred in order to complete the Sudbury Replacement Project without the need for an ICM.

Response

a) The alternative projects that were considered for the Sudbury Replacement project can be found on pages 6 and 7 of pre-filed evidence in the EB-2017-0180 proceeding.

b) As per section 4.2, Asset Planning[1], the Sudbury Replacement project was risk assessed using the Union rate zones' Risk Matrix[2] and assigned priority based on the "Priority Ranking Scale" criteria.[3] All projects identified in the planning process

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[1] Exhibit C1, Tab 3, Schedule 1 pages 39 - 58.
[2] Ibid., Figure 4.2.1.1.3.2, page 53.
[3] Ibid., Table 4.2.1.1.4.1, page 57.

are assigned priority based on the “Priority Ranking Scale” without consideration of the funding mechanism.

Please see Exhibit I.STAFF.24 for further information with respect to ICM funding for the Sudbury Replacement project.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit B1/T2/S1/pg.33

Question:

a) With respect to the Sudbury Replacement project please compare/contrast the proposed cost allocation methodology (peak demand and average demand factor) with the method used to allocate the existing Sudbury assets being replaced.

b) Please do the same for the Don River Replacement, and the Kingsville and Stratford Replacement projects, pointing out any differences (if any) between how the existing and replacement assets are allocated.

Response

a) The proposed cost allocation methodology of the Sudbury Replacement project in the Union North rate zone uses the same allocation methodology as the existing Sudbury assets being replaced. Both the project and existing assets are categorized as joint-use distribution mains and are allocated to Union North rate classes in proportion to peak and average day demands. The allocation of the existing Sudbury assets was approved by the Board as part of legacy Union's 2013 cost allocation study (EB-2011-0210). Enbridge Gas has updated the allocation factor in the current application to reflect the 2019 forecast consistent with the use of 2019 forecast billing units to derive the ICM unit rates.

b) The proposed cost allocation methodology of the Don River Replacement project in the EGD rate zone uses the same allocation methodology as the existing Don River crossing assets being replaced. Both the project and existing assets are categorized as extra high pressure mains greater than 4 inches in diameter and are allocated to EGD rate classes in proportion to peak delivery demands on the extra high pressure system greater than 4 inches in diameter. The allocation of the existing Don River crossing assets was approved by the Board as part of legacy EGD's 2018 cost allocation study (EB-2017-0086).

The proposed cost allocation methodology of the Kingsville and Stratford Reinforcement projects in the Union South rate zone uses the same allocation methodology as existing other transmission assets. Both the project and existing other transmission costs are categorized as other transmission mains and are allocated to Union South rate zone rate classes in proportion to in-franchise design day demands. The allocation of the existing other transmission assets was approved by the Board as part of legacy Union's 2013 cost allocation study (EB-2011-0210).

ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit C1/T1/S1 Figures 6 (pg. 39) and 9 (pg.51)

Question:

a) Please clarify the relationship between these two figures. Specifically does Figure 6 show the forecast total EGI capital expenditures net of ICM spending? If yes, please explain why the some annual totals in Figure 6 are less than those in Figure 9 (see, for example, 2020 $1037 vs $1024 ENBRIDGE GAS Total).

Response

a) The difference between these two figures is explained as follows:

- Figure 9-11 represents the total in-service capital and shows the identified ICM projects (excluding overheads).
- Figure 6-8 represents the annual cash flow of capital expenditure which includes required preliminary and post spend for ICM projects).[1]

[1] Exhibit C1, Tab 1, Schedule 1, page 50, footnote 11.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit C1/T2/S1/ pgs. 694 – NPS 20 Don River Relocation & pgs.- pg.854 Service Relay

Preamble: The purpose of this interrogatory is to better understand the calculation and relative use of the Lifetime Risk Return on Investment Analysis

Question:

a) Please provide the actual calculation for the LRROI for these two projects. Specifically show how the variables "*Safety Risk Mit, Fin Risk Mit, CSAT Risk Mit*" are determined for each project.

b) The Don River Relocation project has an LRROI of 119. The Relays project has an LRROI of 24. In terms of the relative need between these two projects please explain how the LRROI informs the selection of the projects to be included (or excluded) in the capital plans of the Utility.

c) Do the capital projects considered in the Union Rate Zone go through the same LRROI process as those in the EGD rate zone?

Response

a) As per Exhibit C1, Tab 2, Schedule 1, page 89, LRROI is calculated using **Equation 1**:

$$\text{LRROI}=\frac{\text{Discounted Lifetime Risk Reduction}}{\text{Total Net Capital Investment}}$$

Equation 1: LRROI Calculation

The Discounted Lifetime Risk Reduction is calculated using **Equation 2**:

$$\text{Discounted Lifetime Risk Reduction}=(\text{Safety Risk Mit}\times\text{Useful Life})+\left(\text{Fin Risk Mit}\times\frac{1-(1+\text{pretax WACC*})^{-\text{useful life}}}{\text{pretax WACC}}\right)+\left(\text{CSAT Risk Mit}\times\frac{1-(1+\text{pretax WACC})^{-\text{useful life}}}{\text{pretax WACC}}\right)$$

**WACC: Weighted Average Cost of Capital*

Equation 2: Discounted Lifetime Risk Reduction

The variables “Safety Risk Mit, Fin Risk Mit, CSAT Risk Mit” in **Equation 2** represent risk reductions for the three risk dimensions as described in Table 4.1.2.[1] Through the Quantitative Risk Assessment (QRA) process, risks were quantified for these dimensions in each project.[2] The consequence ratings that are used to assess the level of risk in each of these dimensions are presented in Table 4.1-3.[3]

Values for variables used **Equation 2** are provided below:

	Project #	
Variables	**10087 – NPS 20 Don River Relocation**	**16907 – Relay Blanket – All Areas**
Safety Risk Mit	36,230	34,216
Fin Risk Mit	2,413,116	299,811
CSAT Risk Mit	226,592	57,824
Useful Life (Years)	70	45
Pretax WACC	0.062147	0.062147

By applying the values in the above table to **Equation 2**, Discounted Lifetime Risk Reduction for both business cases are:

10087, NPS 20 Don River Relocation: 44,387,289
16907, Relay Blanket All Areas: 6,912,692

As Total Net Direct Capitals for NPS 20 Don River Relocation and Relay Blanket All Area are $35,872,742[4] and $28,252,443[5] respectively, according to **Equation 1**, LRROIs for both business cases are:

NPS 20 Don River Relocation (ID No. 10087): 124%
Relay Blanket All Areas (ID No. 16907): 24%

[1] Exhibit C1, Tab 2, Schedule 1, page 72.
[2] Ibid., pages 71, and pages 79 to 82.
[3] Ibid., page 73.
[4] Ibid., page 695.
[5] Ibid., page 855.

For NPS 20 Don River Relocation, the slight discrepancy between the LRROI shown here versus the value published in Exhibit C1, Tab 2, Schedule 1, page 695 is due to a change in the Total Net Direct Capital at the time of the filing.

b) LRROI is a measure indicating the efficiency with which risk is reduced across all asset classes.[6] When the comparison is done solely on the basis of LRROI between the two selected projects, the Don River Relocation project has higher risk reduction efficiency than the Service Relay project. In addition to LRROI, other aspects are considered in the capital plans of the Utility; please refer to Figure 4.1-7: Risk Tolerance Framework and Table 4.1-4 Types of Risk.[7]

c) No, the Union rate zones use a more qualitative risk evaluation approach to facilitate a prioritization of their investments. This process is outlined at Exhibit C1, Tab 3, Schedule 1**,** pages 51 to 58.

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[6] Ibid., page 89.
[7] Ibid., page 74.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Reference: Exhibit D

Question:

a) Please provide the total cost of the customer engagement exercise for this application distinguishing between (1) contractor/consultant costs and (2) internal allocated – or tracked costs).

Response

a) The consultant costs of the customer engagement exercise for legacy EGD and Union are provided in Table 1. Neither company allocated or tracked other costs associated with the customer engagement exercises.

Table 1

Legacy Utility	Consultant Costs
EGD	$201,500 (excluding HST)
Union	$353,000 (excluding HST)