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).