

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

Reference: AMP – Exhibit C1/Tab 2/Schedule 1/Pgs.364-374

Question:

Enbridge Gas has provided information about its Natural Gas for Transportation (NGT) program. Enbridge Gas promotes the use of natural gas to these customers as an alternate fuel source to provide a lower cost and lower emission fueling solution for vehicles such as garbage trucks, light duty vehicles, and transit buses. Enbridge Gas Distribution has two general categories for NGT station types: Large, Mobile and Utility NGT stations and Small NGT stations (also referred to as VRAs).

Enbridge Gas is continually working to promote and grow its NGT business. Business Development's Marketing Solutions team promotes the economic and environmental benefits of using natural gas as a vehicle fueling source through marketing opportunities such as trade shows, industry networking events, and approaching potential customers. Enbridge Gas' NGT station rental rate is based on a regulated rate of return with a Profitability Index of 1.0, with maintenance costs on a fully recoverable basis from the customer. Enbridge Gas currently services 201 external customers and 19 internal Enbridge Gas Distribution sites with NGT stations for fueling fleet.

- a) Does Enbridge Gas consider NGT as a core natural gas distribution activity? What is the benefit to distribution ratepayers of the NGT business?
- b) Has Enbridge Gas considered separating the NGT business as a non-utility business?
- c) Please provide the total costs and revenues of the NGT business for 2017 and 2018.
- d) Has Enbridge Gas lost business from external customers within the past three years due to the switch to electric and hybrid vehicles? If yes, please provide details.
- e) Have any existing customers informed Enbridge Gas that they will be switching to electric or hybrid vehicles in the near future? If yes, please provide details.
- f) How many full-time equivalents are dedicated to the operation and maintenance of the NGT business?
- g) Please confirm that the total capital spend on the NGT program for the ten year forecast period is \$43 million. What value will distribution ratepayers derive as a result of this capital spend?

Response

- a) Enbridge Gas treats NGT as an ancillary service. This service is subject to imputed revenues in the event the program does not achieve the utility's allowed level of return on equity, subject to being attributed fully allocated cost.
- b) Enbridge Gas is not proposing any change to the treatment of its NGT business at this time.
- c) Please see the requested figures in the table below.

Year	2017	2018
NGT Revenues	\$ 2,284,196	\$ 2,624,418
NGT Costs	\$ 1,097,599	\$ 1,276,967

- d) No, Enbridge Gas is not aware of losing NGT external customer business within the past three years as a result of customers switching from natural gas powered vehicles to electric or hybrid vehicles.
- e) No, there have been no existing NGT customers that have notified the Company that they will be switching to electric or hybrid vehicles in the near future.
- f) There were three full time equivalent employees supporting the operation and maintenance of the Enbridge Gas Distribution NGT program in 2018.
- g) Confirmed, the Asset Management Plan includes total estimated capital spend for NGT Maintenance, Rental VRAs, and NGT Rental Compressors (Non-Transit) of approximately \$43 million over the ten year forecast period from 2019 to 2028.¹

Ratepayers benefit from having the potential to participate in the sharing of NGT program earnings above the utility's regulated rate of return by way of earnings sharing. Ratepayers also benefit from having access to lower cost, lower CO2 emitting vehicle fuel and reduced CO2 emissions originating in Ontario. Further, these initiatives are consistent with and supported by the provincial governments "A Made-in-Ontario Environment Plan" (pages 33 and 34).

¹ Exhibit C1, Tab 2, Schedule 1, page 374.