

RÉGIE DE L'ÉNERGIE

DOSSIER : R-4156-2021, Phase 2

**EGI – DEMANDE CONJOINTE RELATIVE À LA FIXATION DE TAUX DE RENDEMENT
ET DE STRUCTURES DE CAPITAL**

**DEMANDE DE RENSEIGNEMENTS N° 1
DU DR. BOOTH À GAZIFÈRE**

Montréal, le 25 février 2022

**INFORMATION REQUESTS N° 1
OF DR. BOOTH TO GAZIFÈRE ON BEHALF OF THE INDUSTRIAL GAS USERS
ASSOCIATION (« IGUA »), THE ASSOCIATION DES HÔTELIERS DU QUÉBEC ET
ASSOCIATION RESTAURATION QUÉBEC (« AHQ-ARQ »), THE CANADIAN
FEDERATION OF INDEPENDENT BUSINESS (« CFIB ») AND OPTION
CONSUMMATEURS (« OC ») ON SETTING RATES OF RETURN AND CAPITAL
STRUCTURES**

ORGANIZATIONAL STRUCTURE

Requests:

- 1.1 Please provide an organizational table showing the ownership structure of Gazifère and explain how that structure has changed if at all since 2011.
- 1.2 Please discuss Gazifère's operational links with Enbridge Gas Distribution Inc (EGDI), that is, please provide a distribution map and any interconnections with EGDI.
- 1.3 Please discuss in a substantive way Gazifère's connections with EGDI and whether substantively it is integrated into EGDI's distribution system.
- 1.4 Is it correct to describe Gazifère as totally integrated with Enbridge's distribution network?
- 1.5 Please indicate all payments made by Gazifère for services provided by Enbridge Inc and EGDI since 2000 both in absolute dollars and as a share of distribution revenues.
- 1.6 Please provide EGDI's regulated common equity ratio and allowed ROE for each year since 2000.

ALLOWED RETURNS

- 2 Reference: (i) R-3724-2010, phase 4, [D-2010-147](#), pp. 33-34.

Requests:

- 2.1 Please provide a table of the basic allowed ROE, any incentive ROE from performance-based regulation, the actual ROE, and the long Canada bond yield at the time of rate setting for each year since 2000.
- 2.2 Please provide the basic inputs to the Automatic ROE mechanism set by the Regie for Gazifère's allowed ROE in D-2010-147 for each year starting in 2011 and discuss any

- deviations from the formula ROE versus the actual allowed ROE set by the Regie in 2.1 above.
- 2.3 Please confirm that Gazifère requested an automatic ROE mechanism in 1998 similar to that of the National Energy Board at the time with a simple 75% adjustment to changes in the forecast long Canada bond yield.
- 2.4 For 2022, please indicate the allowed ROE that results from the 1998 ROE formula, the D-2010-147 formula and EGDl's ROE formula.
- 2.5 Please indicate for any year where the basic allowed ROE in a) above has not been achieved the reasons for the under-earning and whether it is likely to re-occur in the future.
- 2.6 Please provide a table of the annual dividend per share, earnings per share and book value per share for each year since 2000 and indicate whether its parent (Enbridge Inc.) has injected any new equity into Gazifère at any time since 2000 or simply adjusted the dividend payment to maintain the deemed common equity ratio.
- 2.7 Please provide the cumulative value of earnings in excess of the allowed ROE from 2000 to 2021, where annual over earnings are cumulated at the allowed ROE.

FINANCING

- 3 **Requests:**
- 3.1 Please discuss how Gazifère raises its debt and provide a table of the embedded cost of debt for each type of debt included in the revenue requirement.
- 3.2 For all debt issues made by or passed on to Gazifère and included in rates since 2000, please provide the amount of the issue, the coupon, the all-in cost, the maturity date of the issue and the yield on both A bonds and benchmark Canada bonds of the same maturity at the time of issue.
- 3.3 Please provide a copy of the extract from any bond rating report that discuss Gazifère in connection to its parent or EGDl since 2000.
- 3.4 Please provide a list of all documents provided by Gazifère to its parent in connection with their discussions with both S&P and DBRS to determine a recent (last three years) bond rating. Please provide copies of any material discussion of Gazifère contained in any rating reports.

BUSINESS RISK

4 **Requests:**

- 4.1 Please provide a full list of the deferral accounts currently available to Gazifère and estimate the percentage of both costs and revenues covered by the deferral accounts.
- 4.2 Please indicate the date when each deferral account was requested and the reason for the request.
- 4.3 Please indicate if Gazifère intends to request any future deferral accounts in the next 2-3 years and the reason for the intended request.
- 4.4 Please provide the balances in the deferral accounts at the end of each fiscal year since 2010, both in absolute terms and as a percentage of the revenue requirement.
- 4.5 Please provide a breakout in terms of both volumes and dollars of the revenue requirement and revenues achieved according to the following classifications: industrial, commercial, residential, other for each year since 2010.

GAS SUPPLY

5 **Requests:**

- 5.1 Please provide a copy of any gas supply studies performed by Gazifère, its consultants or provided to it by either TransCanada, EGD I or Enbridge Inc since 2011 and discuss whether there have been any changes in supply risk since that time.
- 5.2 Please explain the connection points of Gazifère's distribution system with mainline system gas, that is where does it get its system gas?
- 5.3 Please explain how Gazifère manages its peak load.

COMPETITIVENESS OF NATURAL GAS IN QUEBEC

6 **Requests:**

- 6.1 Please provide an analysis of the relative cost of natural gas versus electricity and fuel oil or other energy sources for a typical residential customer using natural gas for space and water heating for each year since 2000.
- 6.2 Please indicate any significant variations between the cost above for a Gazifère

customer and the cost for an EGDI customer in Ottawa.

- 6.3 Please provide an analysis of the competitiveness of natural gas for new residential customers in new developments relative to electricity and whether this materially differs from that for an EGDI customer in Ottawa.
- 6.4 Please indicate the percentage of new residential housing that chooses natural gas, electricity, and other fuels for each year since 2000 in Gazifère's franchise area and whether it differs material from that for EGDI's customers in Ottawa.
- 6.5 Please indicate the typical cost of converting a current residential natural gas user to electricity and break out the cost into:
 - 6.5.1 The cost of removing and repairs of existing furnace and ductwork.
 - 6.5.2 The cost of installing the cheapest electricity "furnace" (heat pump?) to replace a gas furnace.
- 6.6 In the case of a heat pump, please discuss the feasibility of air versus ground heat pumps in Gazifère's franchise area for residential users and provide pictures of any such typical installations that have so far occurred. Is this materially different for a customer of EGDI in Ottawa?