



Incentive Regulation Customer Engagement Research

**Draft Report
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Prepared for: Enbridge Gas Distribution

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Objectives for Research

Ipsos Public Affairs was commissioned by Enbridge Gas Distribution (EGD) to help Enbridge explore the needs and preferences of customers regarding future initiatives to inform the organization's five-year investment plans. This research is intended to build upon Enbridge's regular customer satisfaction surveys, more specifically, this research investigates:

- Overall customer satisfaction
- Satisfaction with safety, reliability, customer service, and value provided by Enbridge
- Experience with service issues and natural gas outages
- Customer preferences for improved services
- Willingness to pay for maintaining or improving service
- Awareness of Cap and Trade, renewable natural gas, and conservation programs
- Willingness to pay for investments into renewable natural gas
- Preferences for investment in conservation and investment into renewable energy sources
- Willingness to pay for investments included in Enbridge's five-year plan

Furthermore, engaging customers and obtaining feedback is an important prerequisite of any rate application by a utility provider in the Province of Ontario – including natural gas providers such as Enbridge Gas Distribution. As established by the Ontario Energy Board (OEB) under the *Renewed Regulatory Framework for Electricity Distributors* (RRFE), a utility must:

1. Involve customers in an effective, on-going process.
2. Incorporate customer predilections, needs, and expectations into its planning process by engaging customers.
3. Prove that utility services that address customer preferences, expectations, and needs will be provided.

As such, Ipsos has been retained by Enbridge Gas Distribution to design a multifaceted customer survey to collect feedback from a multitude of different groups ranging from residential to large volume customers.

A more detailed overview of the different customer groups surveyed will follow in the Methodology section of this report.

About this Research

Overview of Methodology

Enbridge customers were separated into four customer groups for this research, including:

- Residential customers
- General service business customers
- Rate 6 business customers
- Large volume customers

The table below provides a summary of the various different customer surveys conducted by Ipsos on behalf of Enbridge in 2016-17:

Customer Group	Field Dates	Valid Completes	Margin of Error
Residential Customers	Dec 15, 2016 – Jan 10, 2017	1,000	+/- 3.1%
General Service Customers	Dec 21, 2016 – Jan 20, 2017	500	+/- 4.4%
Rate 6 Business Customers	May 12 – May 29, 2017	250	+/- 6.2%
Large Volume Customers	April 18 – May 9, 2017	50	+/- 12.5%

The table below provides a summary of when the findings from each of the separate surveys were provided to Enbridge by Ipsos:

Customer Group	Report Type	Date Report Provided
Residential Customers	Topline Report	January, 2017
Residential Customers	Detailed Report	June, 2017
General Service Customers	Topline Report	February, 2017
General Service Customers	Detailed Report	June, 2017
Rate 6 Business Customers	Topline Report	June, 2017
Rate 6 Business Customers	Detailed Report	June, 2017
Large Volume Customers	Detailed Report	June, 2017
All Groups	Combined Report	August, 2017

Residential Customers

The survey was conducted by telephone with a random and representative sample of n=1,000 residential customers between December 15th, 2016 and January 10th, 2017. The survey was suspended the week of December 26th for the holidays.

To qualify for the residential survey the customer must receive an Enbridge Natural Gas bill and be responsible or partially responsible for paying the bill directly to Enbridge (those who pay their natural gas costs through a landlord or otherwise were disqualified).

Based on a sample of n=1,000 the data has an associated margin of error of +/- 3.1%, nineteen times out of twenty.

The data for the residential survey was weighted by region and billing type to ensure the sample represents residential customers based on sample lists provided by Enbridge Gas Distribution.

General Service Business Customers

The survey was conducted by telephone with a random and representative sample of n=500 general service business customers between December 21st, 2016 and January 20th, 2017. The survey was suspended the week of December 26th for the holidays.

To qualify for the survey the customer must receive an Enbridge Natural Gas bill and be responsible or partially responsible for paying the bill directly to Enbridge (those who pay their natural gas costs through a property manager or otherwise were disqualified).

Based on a sample of n=500 the data has an associated margin of error of +/- 4.4%, nineteen times out of twenty.

The data for the general service business survey have been weighted by region and billing type to ensure the sample represents general service customers based on sample lists provided by Enbridge Gas Distribution.

Rate 6 Business Customers

The survey was conducted by telephone with a random and representative sample of n=250 Rate Class 6 business customers between May 12th and May 29th, 2017.

To qualify for the survey the customer must receive an Enbridge Natural Gas bill and be responsible or partially responsible for paying the bill directly to Enbridge (those who pay their natural gas costs through a property manager or otherwise were disqualified).

Based on a sample of n=250 the data has an associated margin of error of +/- 6.2%, nineteen times out of twenty.

The data for the rate 6 Business customer survey are unweighted.

The sample was provided by Enbridge Gas Distribution from customer lists.

Large Volume Customers

The survey was conducted online with customers in rate classes 110, 115, 135, 145 and 170. A total of N=260 customers were invited to participate in the survey, of which n=50 customers completed the survey. The survey was conducted between April 18th and May 9th, 2017. Reminder emails were sent on April 24th, April 28th and May 2nd, 2017.

Only one survey was sent to each customer. Customers were instructed that the survey should be completed by the person(s) within their organization that are involved in reviewing or making decisions about the services they receive from Enbridge Gas Distribution. This may be the CFO, VP or Manager of Engineering, Asset Management, Facilities Manager etc.

Prior to entering the survey the individual responding to the survey was required to answer yes to the following question:

Can you please confirm that you are involved in reviewing and making decisions about the services you receive from Enbridge Gas Distribution or that such a person(s) has collaborated in preparing your responses to the survey?" If that is not you, please forward this survey to the correct person. They will be able to re-use the same link.

In advance of sending out the survey, Ipsos and Enbridge Gas Distribution hosted a webinar for customers on March 30th, 2017. The purpose of the webinar was to provide customers with information about the topics covered in the survey and allow customers an opportunity to ask any clarifying questions about the information presented.

During the webinar it was explained that each customer would be emailed a unique URL to use to complete the survey, thus only one survey per customer would be permitted. The survey URL would be emailed to the name/email address that Enbridge has on file for the customer.

Customers were encouraged to contact Enbridge following the webinar to confirm the email address on file for the customer is the most appropriate person to complete the survey on their organization's behalf.

Enbridge Gas Distribution sent Ipsos a list of N=376 email addresses. Ipsos reviewed the list and removed any duplicate records (e.g. duplicate email addresses or more than one email address per customer). Where duplicates were present, Ipsos randomly chose one email address per customer. After removing duplicates, Ipsos sent out the survey to N=260 customers.

Given that for some customers one person may oversee multiple facilities that have varying distribution costs, rate classes and annual amounts, one facility was randomly selected by Ipsos and the customer was asked to consider this facility in answering the survey. Customers were advised of this prior to starting the survey, using the following instruction.

You are listed as the contact for [BUSINES NAME] [SITE/FACILITY NAME OR CITY].

If you are listed as the contact for multiple sites with varying consumption and thus varying distribution costs, rate classes and annual bill amounts, one site has been randomly selected. The rate impacts for this randomly chosen site have been used in the survey.

Based on a sample of n=50 the data has an associated margin of error of +/- 12.5%, nineteen times out of twenty.

The data for the large volume customer survey are not weighted.

Key Findings

The vast majority of customers are satisfied with the various aspects of the services provided to them by Enbridge Gas Distribution. Including at least eight in ten Large Volume customers (88%), Rate 6 Business customers (82%), General Service customers (81%), and Residential customers (79%). Looking specifically at the various aspects of the services provided, the vast majority of customers are satisfied with the reliability of natural gas services provided to them (including 98% of Large Volume, 96% of Rate 6 Business, 96% of Residential, and 96% of General Service customers). Similarly, the vast majority of customers are satisfied with the safe delivery of natural gas to their home or business (including 98% of Large Volume, 92% of Residential, 92% of General Service, and 91% of Rate 6 Business customers). Customer ratings of customer service provided to them by Enbridge are also high as at least two-thirds of customers are satisfied (including 72% of Rate 6 Business, 66% of Large Volume, 66% of Residential, and 65% of General Service customers) with customer service. Value for money is also perceived positively by customers as the vast majority of customers indicate that they are satisfied with the value that they receive for the money that they pay for Enbridge Gas service (including 72% of Rate 6 Business customers, 66% of Large Volume customers, 66% of Residential customers, and 65% of General Service customers).

Across all metrics and customer segments, most customers feel that Enbridge should invest in maintaining current levels of reliability, safety, and customer service. On average, between half and three quarters of customers believe that Enbridge should invest in maintaining existing reliability, safety, and customer service standards, while about one in five customers across the various customer groups believe that the organization should invest in improving these three critical areas. The remainder of customers do not know which option they prefer.

When asked if customers find it acceptable to pay more on their natural gas bill to maintain current levels of reliability and safety over the next five years (increases vary by type of customer) the majority of Residential (62%) and Large Volume (46%) would find such an increase acceptable, while about half (47%) of General Service and four in ten (44%) Rate 6 Business customers would find this acceptable.

The highest proportion of customers in each segment would prefer it if Enbridge Gas Distribution both invested in renewable energy sources that will reduce the overall network's consumption and in conservation programs to help customers reduce their consumption. Opinions vary, however, in terms of the perceived savings based on renewable energy versus energy efficiency. A higher proportion of Large Volume and Rate 6 Business customers feel like they would see more savings from energy efficiency whereas residential and general service customers are more evenly split, with roughly an equal proportion favouring either.

With the exception of Large Volume customers, awareness of the Cap and Trade program and knowledge of renewable natural gas is low, as only about three in ten Rate 6 Business (33%), Residential (30%), or General Service (27%) customers are aware, compared to more than half (56%) of Large

Volume customers. Willingness to pay more for the use of renewable natural gas in the natural gas network is strong, as about seven in ten Residential (73%) and Large Volume (72%) customers would be willing to pay more, while two thirds (64%) of General customers and about six in ten (58%) Rate 6 Business customers would be willing to pay more (amount willing to pay depends on customer segment). In each of the customer segments a majority of customers believe renewable gas costs should be regulated as opposed to market-driven. Additionally, more customers trust Enbridge Gas Distribution to develop alternative forms of renewable energy than distrust the organization.

Awareness of energy conservation programs offered and administered by Enbridge Gas Distribution is mixed among customer segments. The vast majority of Large Volume customers (82%) indicate that they are aware of these programs, compared to half (49%) of Residential customers. Awareness is lower among Rate 6 Business customers (29%) and General Service customers (20%). Large Volume customers are more likely to say they think that Enbridge should continue administering their energy conservation programs at about the same level and cost as they are currently doing (60%), compared to Residential (31%), Rate 6 (27%), and General Service (24%) customers. Only a minority of customers from all segments believe that Enbridge should invest more money or invest less money in these programs to encourage customers to reduce consumption and Cap and Trade costs.

At the end of the survey, customers were asked about their willingness to pay for the various investments included in the survey, including the costs to maintain currently levels of safety and reliability and for the costs associated with investing in renewable natural gas (or willingness to pay for both). Large Volume customers expressed the greatest willingness to pay more (80%), including 40% of customers willing to pay more for both developing renewable natural gas and maintaining current safety and reliability levels, while 26% support paying more for the former and 20% support paying more for the latter. 14% of Large Volume customers would not be willing to pay more for any of these services, while 6% say that they 'don't know'.

Among Residential customers, slightly more than half (56%) support paying more, including 35% who support paying more for both RNG and the maintenance of safety and reliability levels, 14% who support paying more only for the development of RNG, and 9% who only support paying more for only maintaining safety and reliability levels. One in five (22%) Residential customers would not be willing to pay more, while the same proportion (22%) don't know.

A minority of General Service customers (44%) would be willing to pay more, including 20% of customers from this segment who would be willing to pay more for the development of RNG and the maintenance of safety and reliability levels, while 16% would be willing to pay more for the former and 11% the latter. Three in ten (30%) of these customers would not be willing to pay more for any of these services, while one quarter (26%) say that they 'don't know'. Finally, only about one third (36%) of Rate 6 Business customers would be willing to pay more, including 12% who would be willing to pay more for both the development of renewable natural gas and maintaining safety and reliability standards, while 14% would be willing to pay more for the former, and 11% only for the latter. Overall, four in ten (38%) of these customers would not be willing to pay more, while 26% indicate that they 'don't know'.

Detailed Findings

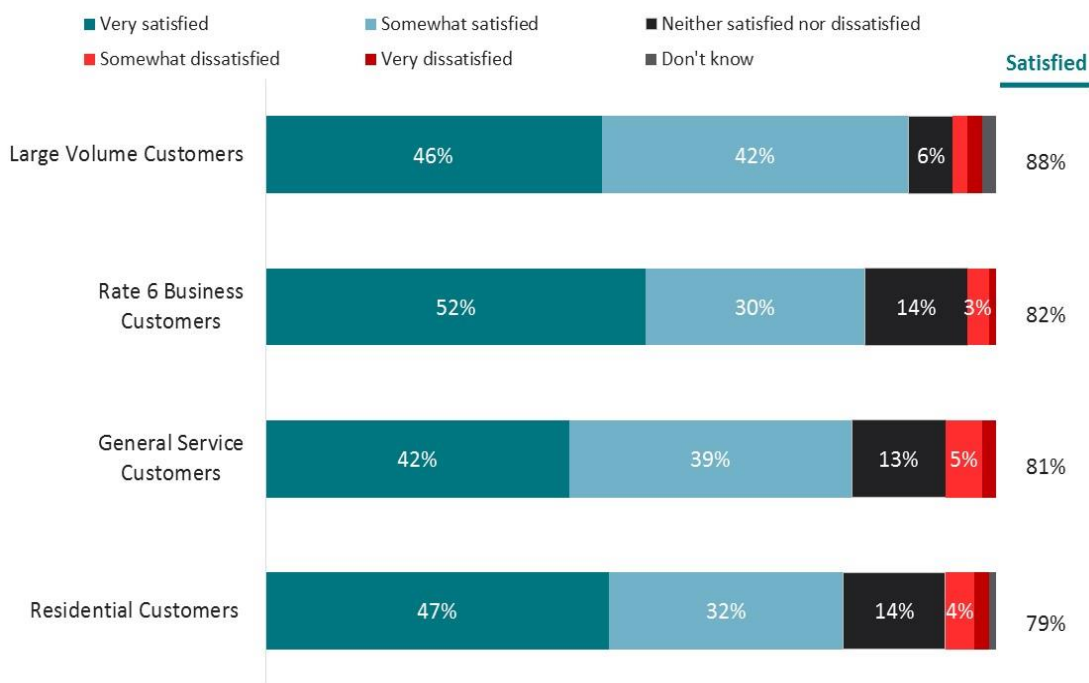
Satisfaction & Preference for Safety, Reliability, and Customer Service Investments

Satisfaction with Enbridge Gas Distribution

At eight in ten or more, the vast majority of customers in each customer group are satisfied with the service provided by Enbridge Gas Distribution. At nearly nine in ten (88%), satisfaction is highest among Large Volume customers, followed by Rate 6 Business customers (82%), General Service customers (81%), and Residential customers (79%).

Rate 6 Business customers are significantly more likely than General Service Business customers to say they are 'very satisfied' with all aspects of their utility service experience (52% versus 42%).

FIGURE 1: Satisfaction with Enbridge Gas Distribution



Values <3% not labelled in chart.
*small base size **very small base size. Interpret with caution.

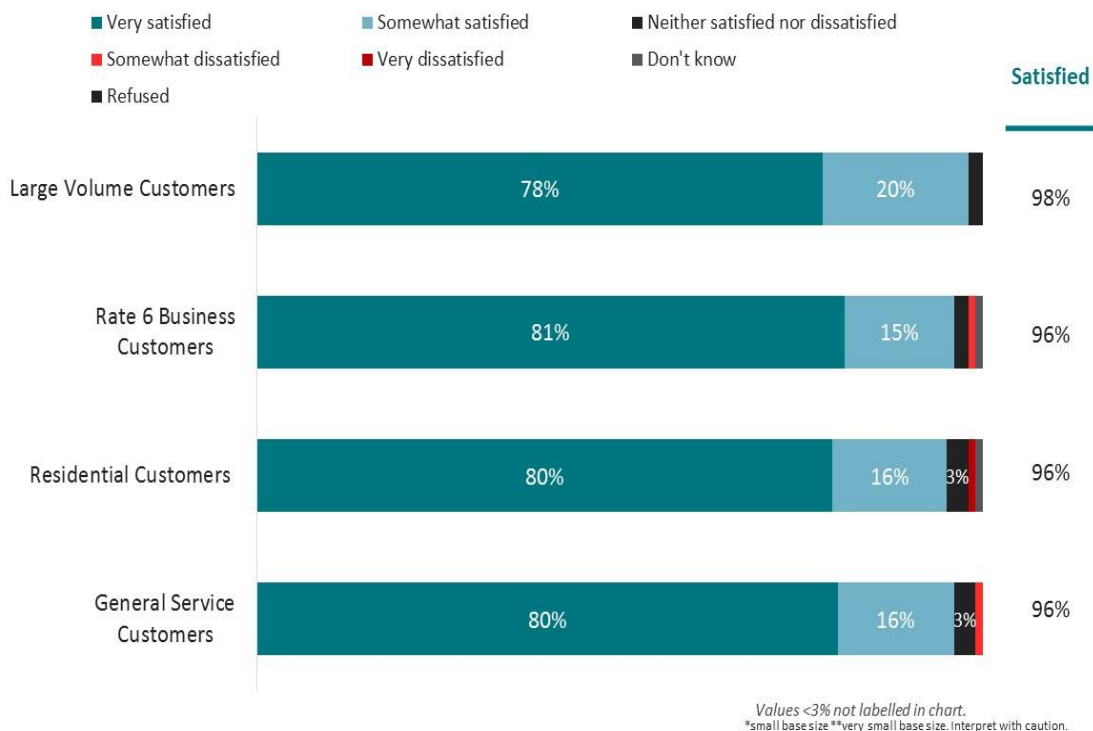
Q1. Taking into consideration all aspects of your utility service experience, how satisfied are you with your Enbridge Gas Distribution service?
Base: All Respondents Rate 6 Business Customers (n=250); Large Volume Customers (n=50**); Residential Customers (n=1000); General Service Customers (n=500)

Satisfaction with Reliability, Safety, Customer Service, and Value

The Reliability of Natural Gas Delivery to Your Home/ Business

Virtually all Large Volume (98%), Residential, General Service Business, and Rate 6 Business customers (96%, respectively) are satisfied with the reliability of natural gas delivery to their home/ business.

FIGURE 2: The Reliability of Natural Gas Delivery to Your Home/ Business

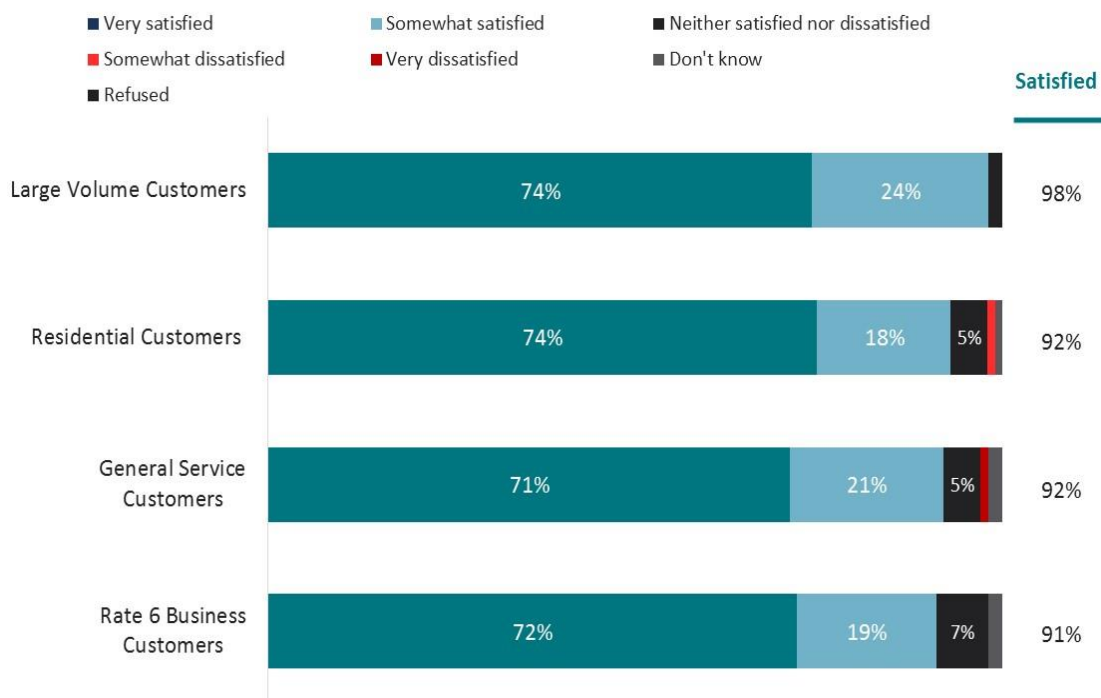


Q2. How would you rate Enbridge Gas Distribution when it comes to each of the following?
Base: All Respondents Rate 6 Business Customers (n=250); Large Volume Customers (n=50*); Residential Customers (n=1000); General Service Customers (n=500)

The Safe Delivery of Natural Gas to Your Home/ Business

At nine in ten or more, the vast majority of Enbridge customers across all customer segments are satisfied with the safe delivery of natural gas to their home/ business. At 98%, virtually all Large Volume customers are satisfied, followed by closer to nine in ten Residential (92%), General Service (92%), and Rate 6 Business customers (91%).

FIGURE 3: The Safe Delivery of Natural Gas to Your Home/ Business



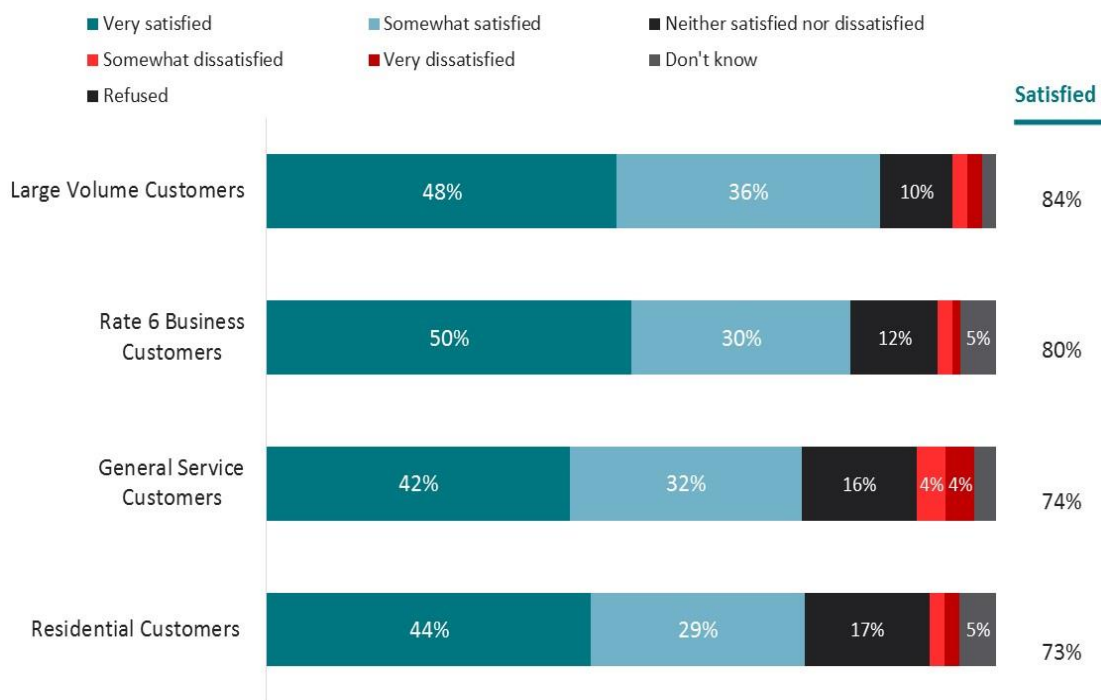
Values <4% not labelled in chart.
*small base size **very small base size. Interpret with caution.

Q2. How would you rate Enbridge Gas Distribution when it comes to each of the following?
Base: All Respondents Rate 6 Business Customers (n=250); Large Volume Customers (n=50*); Residential Customers (n=1000); General Service Customers (n=500)

Satisfaction with Customer Service

At three quarters or more, a strong majority of Enbridge customers express satisfaction with the customer service they receive. At over eight in ten (84%), customer service satisfaction is highest among Large Volume customers, followed by Rate 6 Business customers (80%), General Service Business customers (74%), and Residential customers (73%).

FIGURE 4: The Customer Service You Receive



Q2. How would you rate Enbridge Gas Distribution when it comes to each of the following?
Base: All Respondents Rate 6 Business Customers (n=250); Large Volume Customers (n=50*); Residential Customers (n=1000); General Service Customers (n=500)
Values <4% not labelled in chart.
*small base size **very small base size. Interpret with caution.

Value for Money Received from Enbridge

At two thirds or more, a strong majority of Enbridge customers express satisfaction with the value they receive for their Enbridge Gas Distribution service. At over seven in ten (72%), satisfaction with value for money is highest among Rate 6 Business customers, followed by Residential (66%), Large Volume (66%), and General Service customers (65%).

FIGURE 5: The Value You Receive for the Money You Pay for Your Enbridge Gas Service

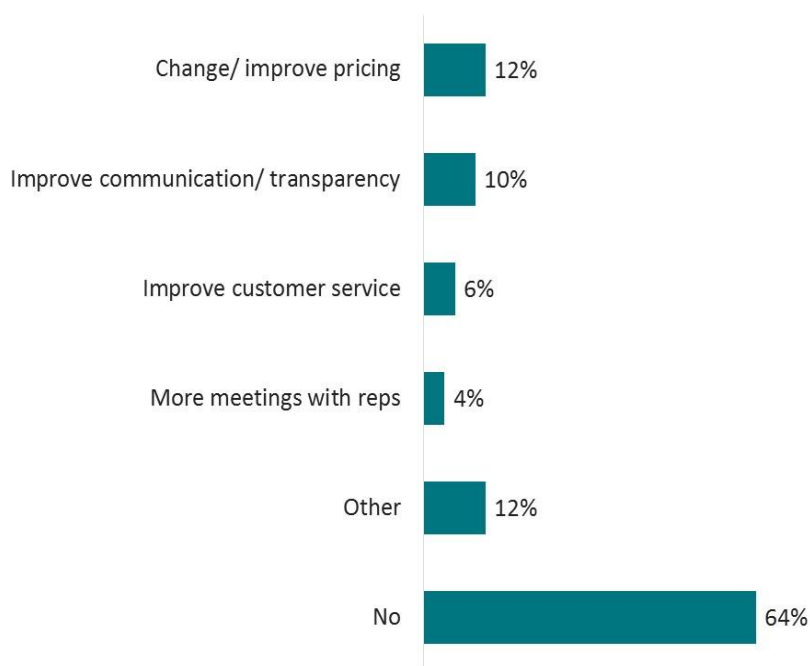


Q2. How would you rate Enbridge Gas Distribution when it comes to each of the following?
Base: All Respondents Rate 6 Business Customers (n=250); Large Volume Customers (n=50*); Residential Customers (n=1000); General Service Customers (n=500)
Values <4% not labelled in chart.
*small base size **very small base size. Interpret with caution.

What Enbridge Can Do to Improve Service (Large Volume Customers Only)

Large Volume customers were asked if there is anything that Enbridge Gas Distribution can do to improve the service that is provided to customers. At nearly two thirds (64%), a large majority did not offer any suggestions for improvement. Of those that did, the most common responses relate to changing/ improving pricing (12%), improving communications/ transparency (10%), improving customer service (6%), and having more meetings with Enbridge Gas Distribution representatives to discuss service (4%).

FIGURE 6: What Enbridge Can Do to Improve Service (Large Volume Customers Only)



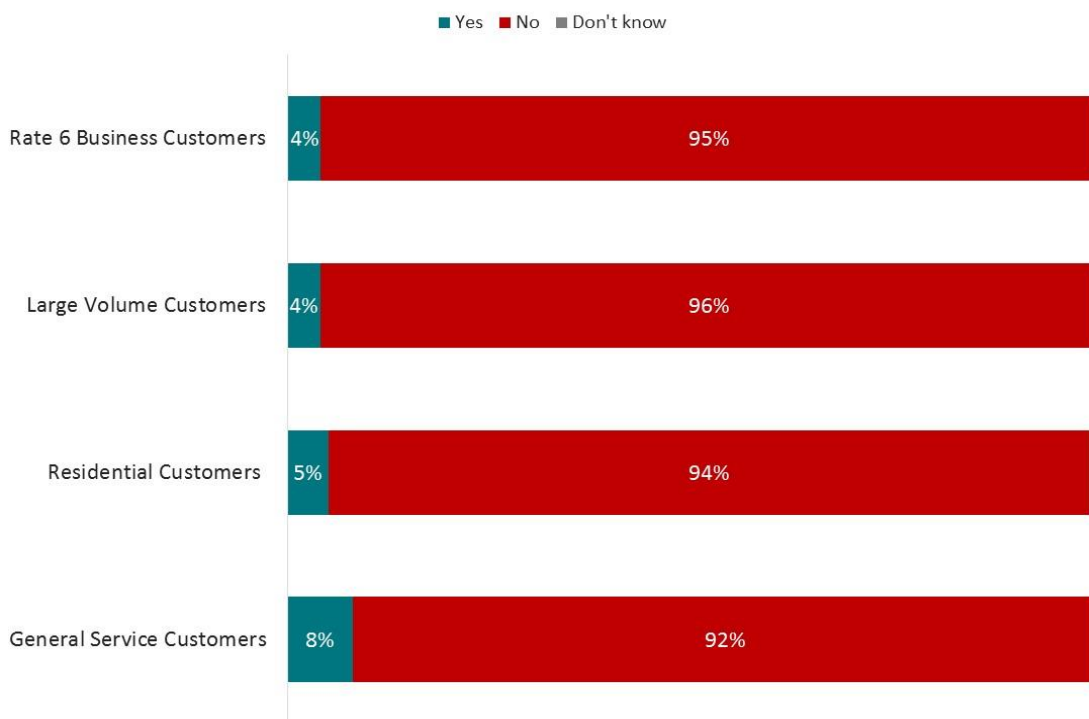
*small base size **very small base size. Interpret with caution.

Q3. Is there anything in particular that Enbridge Gas Distribution can do to improve its service to you?
Base: All Respondents Large volume Customers (n=50*);

Customers Who Experienced a Natural Gas Outage

The vast majority of customers across all segments indicate that they have not experienced a natural gas outage in their home or business. At eight percent (8%), General Service customers are significantly more likely to have experienced a natural gas outage compared to Residential customers (5%).

FIGURE 7: Experienced A Natural Gas Outage

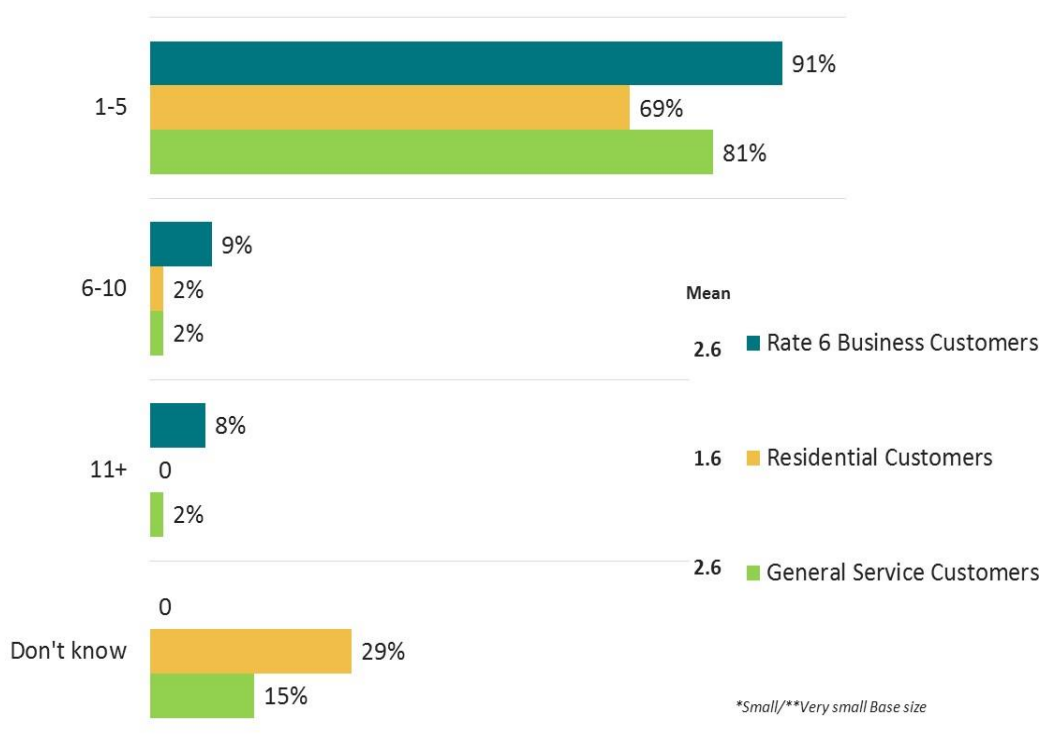


Values <4% not labelled in chart.
*small base size **very small base size. Interpret with caution.
Q3 (Q4 LVC). Have you ever experienced a natural gas outage in your home? This would not include planned outages where your natural gas is turned off intentionally, for example, because of construction work around your home or a meter change. Base: All Respondents Rate 6 Business Customers (n=250); Large Volume Customers (n=50*); Residential Customers (n=1000); General Service Customers (n=500)

Number of Unplanned Outages in Past 5 Years

Among those customers that have experienced an unplanned natural gas outage, most have experienced between 1 and 5 unplanned outages in the past 5 years, with very few having experienced more than 5 outages during this time. On average, both General Service and Rate 6 Business customers indicate experiencing 2.6 outages, with Residential customers experiencing 1.6 unplanned outages on average.

FIGURE 8: Number of Unplanned Outages in Past 5 Years

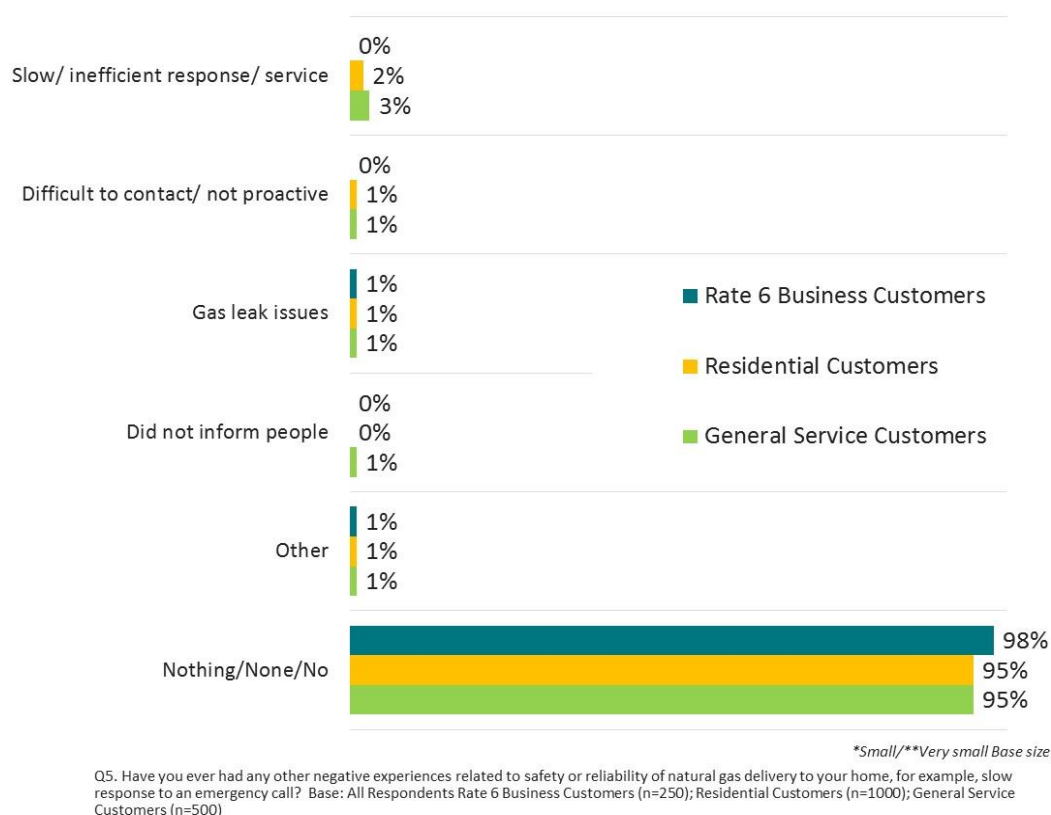


Q4 (Q5 LVC). How many unplanned outages have you experienced in the past 5 years? Base: Experienced Natural Gas Outage Rate 6 Business Customers (n=11**); Residential Customers (n=52*); General Service Customers (n=42*)

Negative Experiences with Natural Gas Delivery

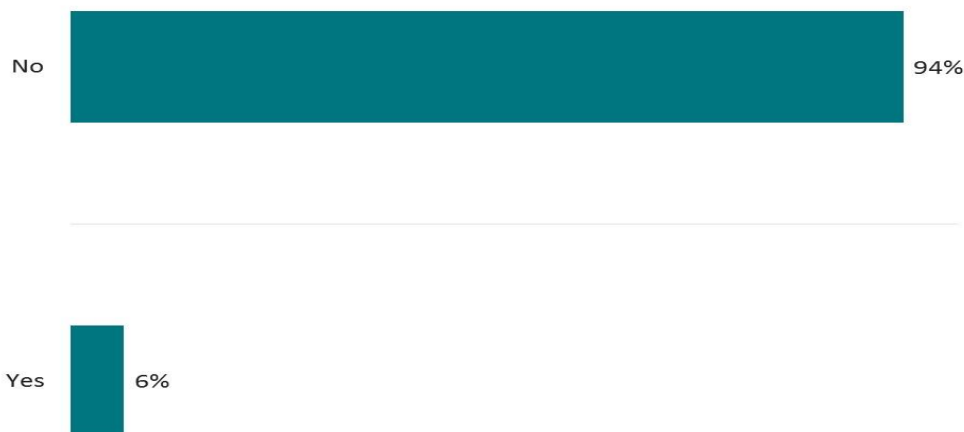
Across all segments, very few customers report having any negative experiences related to natural gas delivery, with Rate 6 Business customers (at 98%) being more likely to say they have not experienced any issues compared to both Residential and General Service customers (at 95% each). Among those who had a negative experience, General Service customers are more likely to cite slow/ inefficient response (3%) as the negative experience they encountered compared to Rate 6 Business customers (1%).

FIGURE 9: Negative Experiences with Natural Gas Delivery (Excluding large volume Customers)



Almost all (94%) Large Volume customers mention having no issues with the delivery of their natural gas.

FIGURE 10: Negative Experiences with Natural Gas Delivery Among Large Volume Customers



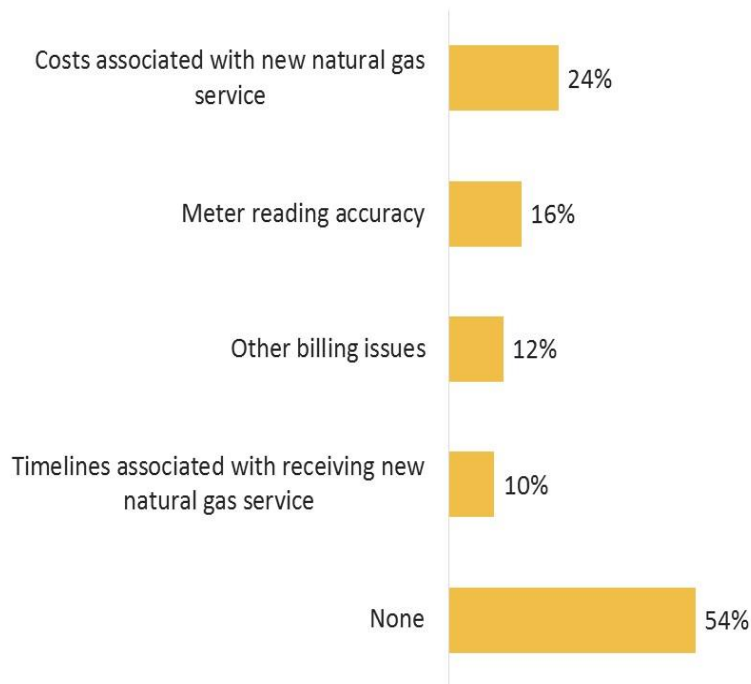
Small/Very small Base size*

Q6. Have you ever had any other negative experiences related to safety or reliability of natural gas delivery to your home, for example, slow response to an emergency call? Base: All Respondents Large Volume Customers (n=50*)

Customer Concerns and Unmet Needs Among Large Volume Customers

A majority (54%) of Large Volume customers do not express any concerns about unmet needs in the past two years. Of those that do the most common mention is costs associated with new natural gas service (24%), followed by meter reading accuracy (16%), other billing issues (12%), and timelines associated with receiving new natural gas services (10%).

FIGURE 11: Customer Concerns and Unmet Needs – Large Volume Customers



*Small/**Very small Base size

Q22. Have you had any concerns about any of the following in the past 2 years? Base: All Respondents (n=50*)

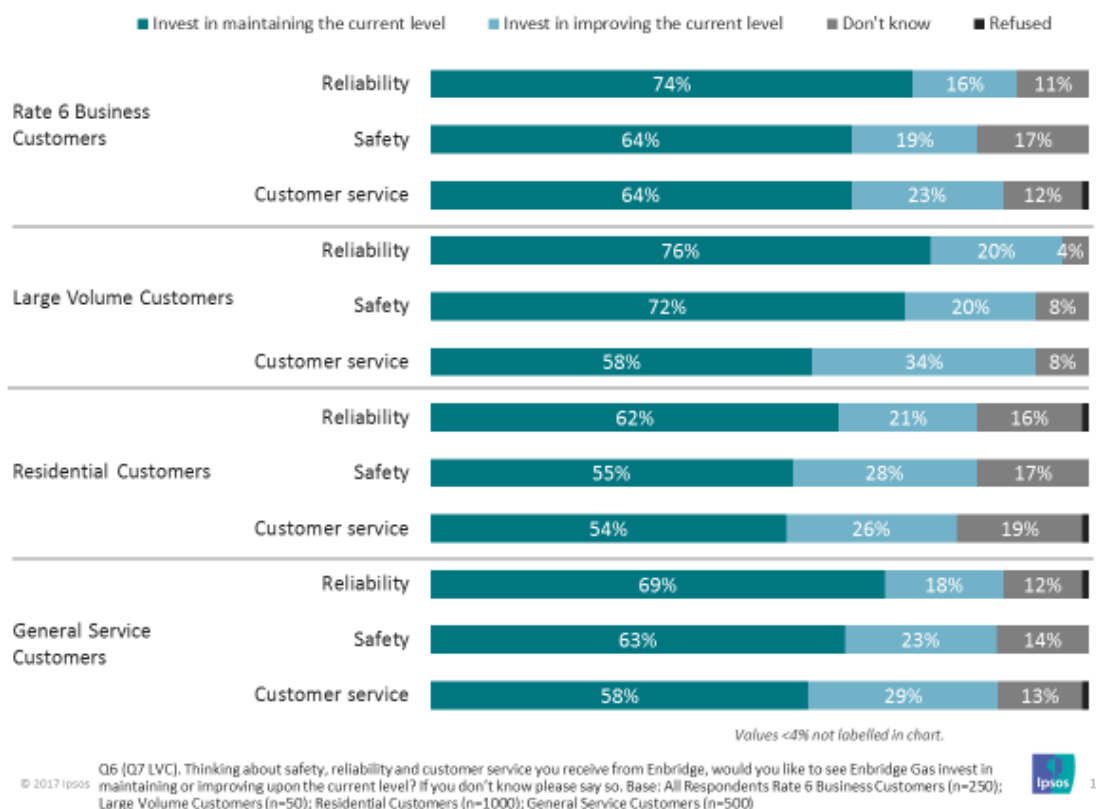
Customer Preferences for Improved Service

Across all metrics and customer segments, a majority of customers feel that Enbridge should invest in maintaining current levels of reliability, followed by investing in safety, or customer service. At just over six in ten (62%), Residential customers are less likely to think that Enbridge should invest in maintaining current levels of reliability compared to Large Volume customers (76%), Rate 6 Business customers (74%), or General Service customers (69%). Residential customers are also less likely to think that Enbridge should invest in maintaining current safety levels (55%), compared to the other customer groups, including Large Volume customers (72%), Rate 6 Business customers (64%), or General Service Business customers (63%). This group is also less likely to think Enbridge should invest in maintaining current levels of customer service (54%), compared to Rate 6 Business customers (64%) specifically. Residential customers are also the most likely to indicate that they 'do not know' if Enbridge should invest in maintaining or improving its reliability (16%) or customer service (19%), compared to each of the other customer groups.

On average, between 16% and 34% of customers from various customer groups think that Enbridge should invest in improving current levels of reliability, safety, or customer service. Customer service investments are most often requested by Large Volume customers (34%), followed by General Service (29%), Residential (26%), and Rate 6 Business customers (23%). Regarding safety, almost three in ten Residential customers (28%) would like to see Enbridge increase investment in this area, while about one in five General Service (23%), Large Volume customers (20%), and Rate 6 customers (19%) indicate the same. Across all customer groups, about one in five (Residential, 21%; Large Volume 20%; General

Service 18%; and Rate 6 Business 16%) customers would like to see Enbridge invest in improving reliability for its customers.

FIGURE 12: Customer Preferences for Improved Service



Acceptability of Rate Increases to Maintain Current Levels of Service

Prior to being asked about the acceptability of increasing rates to maintain the current level of reliability, customers across all segments were read the below statements:

Rate 6 Business Customers:

In considering its five-year investment plan Enbridge Gas Distribution estimates that it will need to increase its capital costs to keep up with aging infrastructure and still maintain the current level of reliability and safety it delivers to its customers. It is estimated that the average business customer bill will need to increase by 3% over the next 5 years to maintain current levels. This increase would start in 2019 and apply until 2023. So, by the end of 2023 business customers will pay 15% more compared to what they pay now, to cover these increased capital investments.

Large Volume Customers:

In considering its five-year investment plan Enbridge Gas Distribution estimates that it will need to increase its capital costs to keep up with aging infrastructure to continue to maintain the current level of reliability and safety it delivers to its customers. It is estimated that the delivery charge portion of your bill will need to increase by 1.5% per year over the next 5 years to

maintain current levels of safety and reliability. For customers in your rate class the delivery charge typically represents [Pipe-in % based on rate class: 110 = 15%, 115 = 0.5%, 135 = 30-35%, 145= 30-35%, 170 = 3-7%] of your total annualized bill costs. This increase would start in 2019 and apply until 2023. So, by the end of 2023 your costs the delivery charge portion of your bill would be [insert based on rate class] more than it is now, to cover these increased capital investments.

Residential Customers:

In considering its five-year investment plan Enbridge Gas Distribution estimates that it will need to increase investments to keep up with aging infrastructure and still maintain the current level of reliability and safety it delivers to its customers. It is estimated that the average residential customer bill will need to increase by 3% or \$2 per month over the next 5 years to maintain current levels of safety and reliability. This increase would start in 2019 and apply until 2023. So, by the end of 2023 residential customers will pay \$10 more per month compared to what they pay now, to cover these increased capital investments.

General Service Customers:

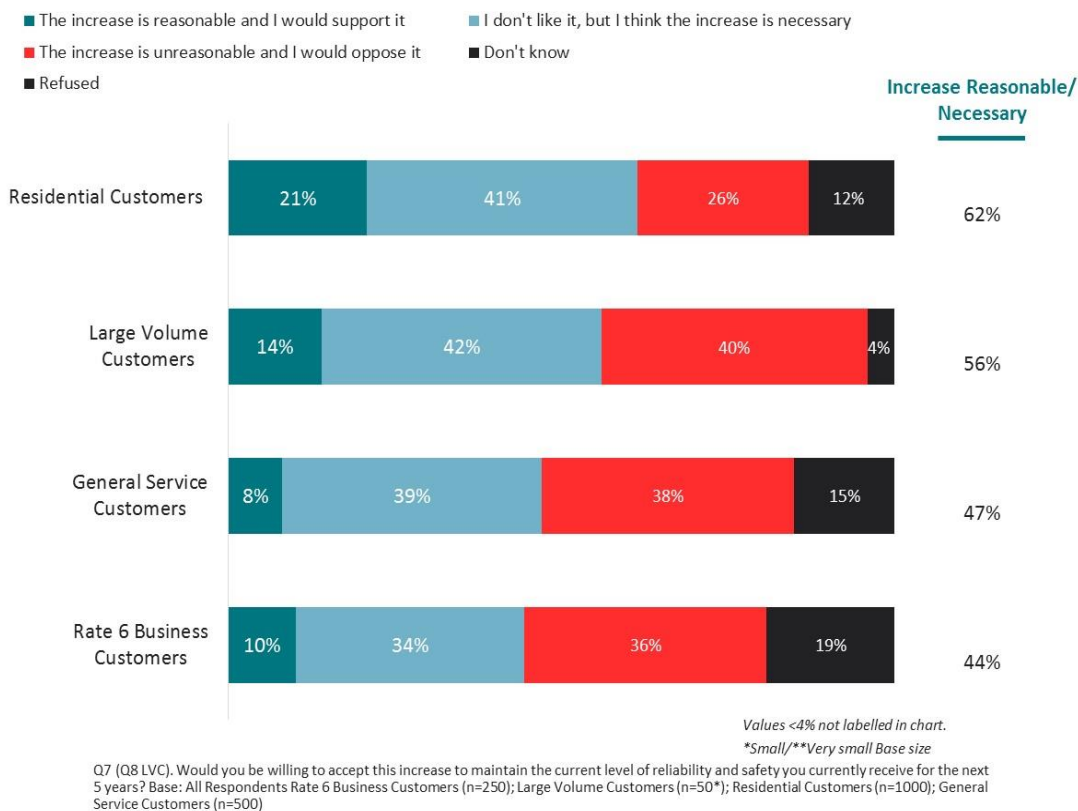
In considering its five-year investment plan Enbridge Gas Distribution estimates that it will need to increase its capital costs to keep up with aging infrastructure and still maintain the current level of reliability and safety it delivers to its customers. It is estimated that the average general service customer bill will need to increase by 3% or \$15 per month over the next 5 years to maintain current levels. This increase would start in 2019 and apply until 2023. So, by the end of 2023 general service customers will pay \$75 more per month compared to what they pay now, to cover these increased capital investments.

A majority (62%) of Residential customers believe that increasing rates by 3% or \$2 per month over the next 5 years to cover the costs associated with aging infrastructure in order to maintain the current level of reliability and safety is reasonable (21%) or necessary (41%). Among these customers, one in five (21%) indicate that such an increase is reasonable and they would support it, compared to two in five (41%) who don't like the increase, but think it is necessary. One quarter (26%) of residential customers indicate that the increase is unreasonable and that they would oppose it, while 12% 'don't know'.

Slightly more than half (56%) of Large Volume customers believe that increasing rates by 1.5% over the next 5 years to keep up with aging infrastructure costs to maintain the current level of reliability and safety is reasonable (14%) or necessary (42%), compared to four in ten (40%) who would oppose it. Slightly fewer than half (47%) of General Service customers believe that increasing rates by 3% over the next five years is reasonable (8%) or necessary (39%), compared to four in ten (38%) who would oppose such an increase. Finally, slightly more than four in ten (44%) Rate 6 Business customers indicate that an increase of 3% a year for 5 years is reasonable (10%) or necessary (34%), compared to about one third (36%) of customers who would oppose such an increase. One in five (19%) rate 6 customers indicate that they 'don't know' enough to provide an opinion.

At two in ten (21%), Residential customers are statistically more likely to think that the increase is reasonable and they would support it compared to General Service (8%) and Rate 6 Business customers (10%) and less likely to think that the increase is unreasonable and they would oppose it compared to all other customer segments (26% vs. 40%, 38%, and 36%, for Large Volume, General Service, and Rate 6 Business customers respectively). Moreover, Residential and Large Volume customers are less likely to say that they don't know compared to Rate 6 Business and General Service customers (12% and 4% vs. 19% and 15% respectively).

FIGURE 13: Acceptability of Increase to Maintain Current Levels



Renewable Natural Gas Investments

Awareness of Cap and Trade Cost

Prior to being asked about their awareness of the Cap and Trade program in Ontario, customers across all segments were read the below statements:

Rate 6 Business Customers:

As you may know, on January 1, 2017 the Ontario government introduced a Cap and Trade system to help reduce greenhouse gas emissions in Ontario. Customers will pay a cost related to the amount of greenhouse gases (GHG's) they emit, such as from the combustion of natural gas. The government plans to invest these Cap and Trade proceeds into various initiatives intended to reduce greenhouse gases such as renewable sources of energy, public transportation, electric vehicle incentives, and energy conservation programs. Based on your rate class and EGD's Ontario Energy Board approved cap and trade interim rate, your bill is estimated to increase by approximately 15%.

Large Volume Customers:

As you may know, on January 1, 2017 the Ontario government introduced a Cap and Trade system to help reduce greenhouse gas emissions in Ontario. Customers will pay a cost related to the amount of greenhouse gases (GHG's) they emit, such as from the use (combustion) of natural gas. The government plans to invest these Cap and Trade proceeds into various initiatives that reduce greenhouse gases such as renewable sources of energy, public transportation, electric vehicle incentives, and energy conservation programs. Based on your rate class and Enbridge Gas Distribution's Ontario Energy Board approved cap and trade interim rate [PIPE-IN BASED ON SAMPLE FLAG] you are being charged a 'facility related charge' (large final emitter rate) only. As a mandatory or voluntary cap and trade participant, you are required to register with the

Government and manage your own cap and trade allowances related to your GHG emissions from combustion, including natural gas, as well as any other process emissions.

Starting January 1, Enbridge Gas Distribution is charging you a 'facility-related charge' (large final emitter rate) of 0.0337 cents/m³ (as per the Ontario Energy Board approved interim rate order) associated with Enbridge Gas Distribution's GHG emissions resulting from the delivery of natural gas to your site.

...you are being charged a 'facility and customer related charge.' For businesses that cannot or are not interested in managing their own cap and trade obligations, you are being charged 3.3518 cents per m³ (as per the approved interim rate). This charge accounts for the emissions generated by your natural gas combustion as well as the emissions generated in delivering the gas to your site.

Residential Customers:

As you may know, on January 1, 2017 the Ontario government is planning to introduce a Cap and Trade system to help reduce greenhouse gas emissions in Ontario. Customers will pay a cost related to the amount of greenhouse gases they emit, such as from the use of fossil fuels.

The government plans to invest these cap and trade proceeds into various initiatives that reduce greenhouse gases such as renewable sources of energy, public transportation, electric vehicle incentives, and energy conservation programs. Initially, the government expects costs to be about \$7 per month for each natural gas customer for home heating, but the exact amounts next year and in future years is not yet known. Some estimates have indicated that the cost could increase by roughly 50 percent by 2023.

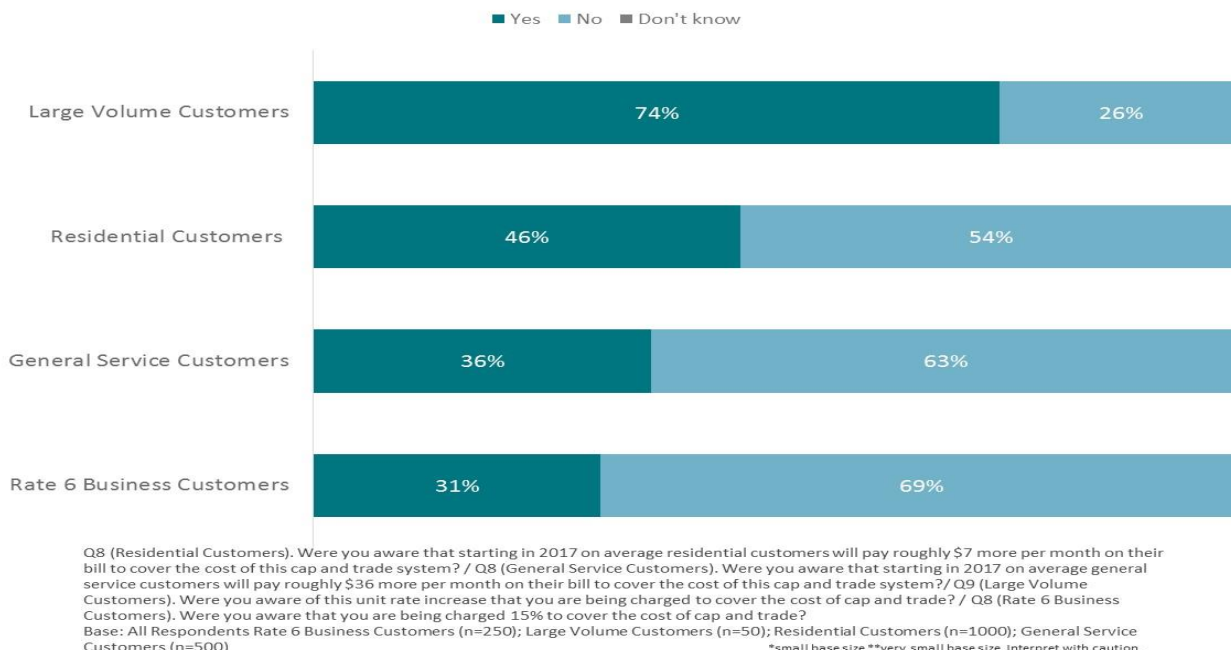
General Service Customers:

As you may know, on January 1, 2017 the Ontario government is planning to introduce a Cap and Trade system to help reduce greenhouse gas emissions in Ontario. Customers will pay a cost related to the amount of greenhouse gases (GHG's) they emit, such as from the use (combustion) of fossil fuels.

The government plans to invest these cap and trade proceeds into various initiatives that reduce greenhouse gases such as renewable sources of energy, public transportation, electric vehicle incentives, and energy conservation programs. Initially, the government expects costs to be about \$36 per month for each general service natural gas customer for heating, but the exact amounts next year and in future years is not yet known. Some estimates have indicated that the cost could increase to about \$52.50 per month by 2023.

With the exception of Large Volume customers, less than half, and for some groups, much less than half, are aware of the unit rate increase they are being charged to cover the cost of the Cap and Trade program. In fact, at three quarters (74%), Large Volume customers are statistically more likely to be aware of this compared to all other customer groups (46% for Residential customers, 36% for General Service customers, and 31% for Rate 6 Business customers).

FIGURE 14: Awareness of Cap and Trade Cost



Conservation vs. Renewable Energy Investments

Prior to being asked about their views of conservation versus renewable energy investments, customers across all segments were read the below statements:

Rate 6 Business Customers:

There are a couple of ways in which Enbridge Gas can help to lower customer costs to offset this cap and trade cost. One way is to offer conservation programs (such as rebates and incentives) to encourage customers to make changes to their business to reduce their natural gas consumption. Another way is for Enbridge to invest in renewable energy sources that will reduce greenhouse gas emissions across the network and offset the amount of cap and trade costs to customers overall.

Large Volume Customers:

There are a couple of ways in which Enbridge Gas Distribution can help to lower customer costs to offset this Cap and Trade cost. One way is to offer conservation programs (such rebates and incentives) to encourage customers to make changes to their organization to reduce their natural gas consumption. Another way is for Enbridge Gas Distribution to invest in renewable energy sources that will reduce greenhouse gas emissions across the network and offset the amount of Cap and Trade costs to customers overall.

Residential Customers:

There are a couple of ways in which Enbridge Gas can help to lower customer costs to offset this cap and trade cost. One way is to offer conservation programs (such rebates and incentives) to encourage customers to make changes to their home to reduce their household natural gas consumption. Another way is for Enbridge to invest in renewable energy sources that will reduce greenhouse gas emissions across the network and offset the amount of cap and trade costs to customers overall.

General Service Customers:

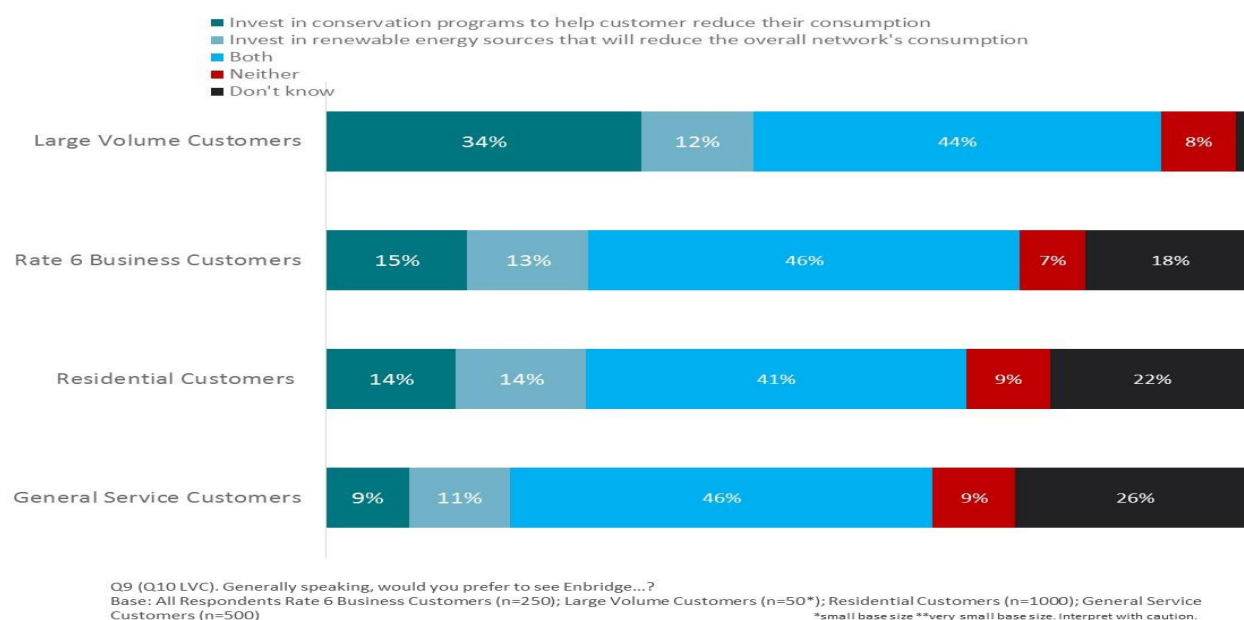
There are a couple of ways in which Enbridge Gas can help to lower customer costs to offset this cap and trade cost. One way is to offer conservation programs (such rebates and incentives) to encourage customers to make changes to their business to

reduce their natural gas consumption. Another way is for Enbridge to invest in renewable energy sources that will reduce greenhouse gas emissions across the network and offset the amount of cap and trade costs to customers overall.

Across all segments, the highest proportion of customers would prefer it if Enbridge Gas Distribution both invested in conservation programs to help customers reduce their consumption and in renewable energy sources that will reduce the overall network's consumption of fossil fuels. In terms of choosing one or the other, Large Volume customers indicate a greater preference for investing in conservation programs (34% vs. 12% for investing in renewable energy sources), though across all other customer segments there is no clear preference in terms of one or the other.

It follows that Large Volume customers are more likely to indicate a preference for investing in conservation programs compared to all other customer segments (34% vs. 15% for Rate 6 Business, 14% for Residential, and 9% among General Service customers). This group is also the most set in their opinions as they are less likely to say they 'don't know' which option they prefer (2% vs. 26%, 22%, and 18%, for General Service, Residential, and Rate 6 Business customers, respectively).

FIGURE 15: Conservation vs. Renewable Energy Investments



Energy Efficiency vs. Renewable Energy

Prior to being asked about whether customers believe they are more likely to experience cost savings on their natural gas bill based on using more renewable energy to off-set Cap and Trade costs, versus making their home/ business more energy efficient, customers across all segments were read the below statements that were rotated randomly:

Rate 6 Business Customers:

SOME PEOPLE SAY there is not much more they can do to make their business more energy efficient and therefore they may not be able to lower the cap and trade cost they pay. They are more likely to see savings based on investments Enbridge Gas could make in renewable energy that will reduce the cap and trade costs to customers across the network.

OTHER PEOPLE SAY there is more they can do to make their business more energy efficient and they would prefer to have access to rebates and incentives to help them do that to lower the cap and trade cost they pay rather than rely on investments in renewable energy by Enbridge Gas to lower cap and trade cost across the network.

Large Volume Customers:

SOME CUSTOMERS SAY there is not much more they can do to make their organization more energy efficient and therefore they may not be able to lower the Cap and Trade cost they pay. They are more likely to see savings based on investments Enbridge Gas Distribution could make in renewable energy that will reduce the Cap and Trade costs to customers across the network.

OTHER CUSTOMERS SAY there is more they can do to make their organization more energy efficient and they would prefer to have access to rebates and incentives to help them do that to lower the Cap and Trade cost they pay rather than rely on investments in renewable energy by Enbridge Gas Distribution to lower cap and trade cost across the network.

Residential Customers:

SOME PEOPLE SAY there is not much more they can do to make their home more energy efficient and therefore they may not be able to lower the cap and trade cost they pay. They are more likely to see savings based on investments Enbridge Gas could make in renewable energy that will reduce the cap and trade costs to customers across the network.

OTHER PEOPLE SAY there is more they can do to make their home more energy efficient and they would prefer to have access to rebates and incentives to help them do that to lower the cap and trade cost they pay rather than rely on investments in renewable energy by Enbridge Gas to lower cap and trade cost across the network.

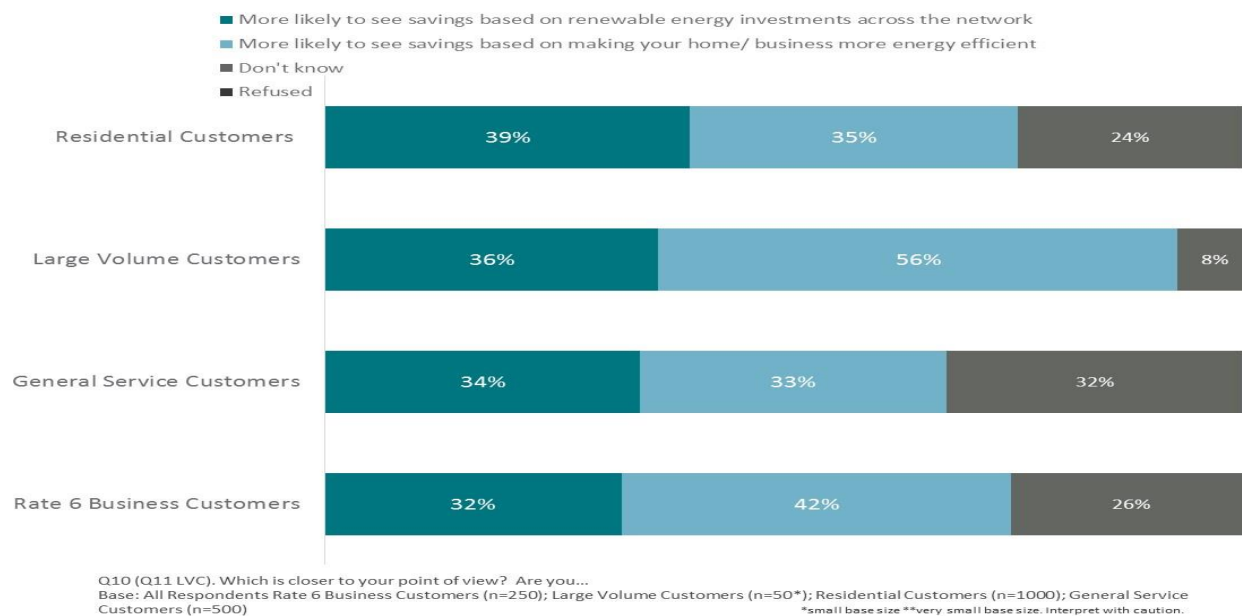
General Service Customers:

SOME PEOPLE SAY there is not much more they can do to make their business more energy efficient and therefore they may not be able to lower the cap and trade cost they pay. They are more likely to see savings based on investments Enbridge Gas could make in renewable energy that will reduce the cap and trade costs to customers across the network.

OTHER PEOPLE SAY there is more they can do to make their business more energy efficient and they would prefer to have access to rebates and incentives to help them do that to lower the cap and trade cost they pay rather than rely on investments in renewable energy by Enbridge Gas Distribution to lower cap and trade cost across the network.

Perceived savings from energy efficiency versus renewable energy investments varies somewhat across the key customer groups. A higher proportion of Large Volume (56%) and Rate 6 Business customers (42%) feel like they would see more savings from energy efficiency as opposed to renewable energy (36% and 32%, respectively). On the other hand, Residential and General Service customers are more evenly split as there is no clear preference for one or the other among customers in those segments.

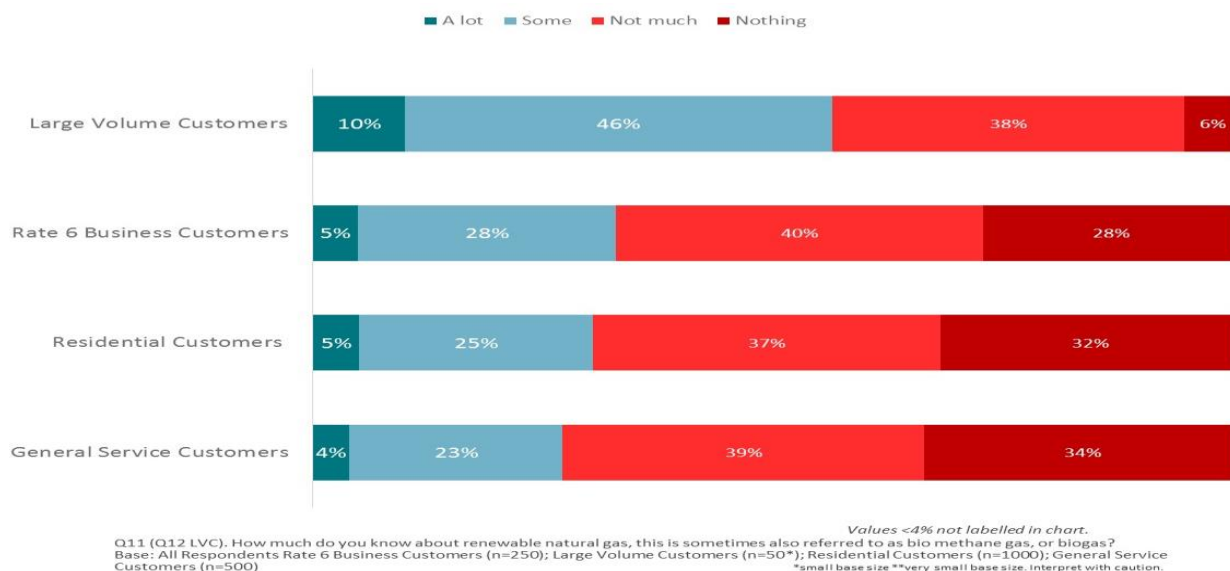
FIGURE 16: Energy Efficiency vs. Renewable Energy



Knowledge About Renewable Natural Gas

When asked to self-assess their knowledge about renewable natural gas, most customers report low levels of knowledge, with the exception of Large Volume customers, where a majority (56%) claim to have at least some knowledge of this topic compared to significantly less Rate 6 Business customers (33%), Residential customers (30%), or General Service customers (27%). It follows that Large Volume customers are less likely to say they know 'nothing' compared to all other customer groups (at 6% vs. 28%, 32%, and, 34% for Rate 6 Business, Residential, and General Service customers respectively).

FIGURE 17: Knowledge About Renewable Natural Gas



Support for Renewable Natural Gas Investments

Prior to being asked about whether customers support or oppose paying increased rates for renewable natural gas investments, customers across all segments were read the below statements:

Rate 6 Business Customers:

As you may know, Renewable natural gas (RNG), or bio methane gas or biogas, is a type of renewable gas that is carbon neutral, thus it is better for the environment than conventional natural gas. It is a sustainable fuel that is created by converting organic material such as municipal green bin collection waste (ie. vegetable peelings), farm crop residue, gas from water treatment plants and even landfill gas that is captured and cleaned to the same quality level as natural gas. Renewable natural gas could be produced in Ontario and put into the existing natural gas distribution system. It would be compatible with all your natural gas appliances so there would be no lifestyle change for business. Renewable natural gas helps reduce greenhouse gas emissions by displacing conventional natural gas. Investing in renewable natural gas can start with modest levels of blending renewable energy with conventional energy. Think of this like the 2% blending of ethanol in gasoline. This level of renewable blending is estimated to cost customers approximately 4% per month. Over time, it is expected the cost of renewable natural gas will decline, making renewable natural gas less expensive than conventional natural gas in the long-term for customers.

Large Volume Customers:

As you may know, Renewable Natural Gas (RNG), or bio methane gas or biogas, is a type of renewable gas that is carbon neutral, thus it is better for the environment than conventional natural gas. It is a sustainable fuel that is created by converting organic material such as municipal green bin collection waste (ie. vegetable peelings), farm crop residue, gas from water treatment plants and even landfill gas that is captured and cleaned to the same quality level as natural gas. Renewable natural gas could be produced in Ontario and put into the existing natural gas distribution system. It would be compatible with all your natural gas appliances so there would be no lifestyle change for business. Renewable natural gas helps reduce greenhouse gas emissions by displacing conventional natural gas. Investing in renewable natural gas can start with modest levels of blending renewable energy with conventional energy. Think of this like the 2% blending of ethanol in gasoline. This level of renewable blending is estimated to cost your organization approximately [rate class 110=0.4%, 115= 0.8%, 135 = 0.4%, 145=0.4%, 170=1.1%] per year on the delivery charge portion of your bill. Over time, it is expected the cost of renewable natural gas will decline, making renewable natural gas less expensive than conventional natural gas in the long-term for customers.

Residential Customers:

As you may know, Renewable natural gas (RNG), or bio methane gas or biogas, is a type of renewable gas that is carbon neutral, thus it is better for the environment than conventional natural gas. It is a sustainable fuel that is created by converting organic material such as municipal green bin collection waste (ie. vegetable peelings), farm crop residue, gas from water treatment plants and even landfill gas that is captured and cleaned to the same quality level as natural gas. Renewable natural gas could be produced in Ontario and put into the existing natural gas distribution system. It would be compatible with all your natural gas appliances so there would be no lifestyle change for households. Renewable natural gas helps reduce greenhouse gas emissions by displacing conventional natural gas. Investing in renewable natural gas can start with modest levels of blending renewable energy with conventional energy. Think of this like the 2% blending of ethanol in gasoline. This level of renewable blending is estimated to cost customers approximately \$1.60 per month. Over time, it is expected the cost of renewable natural gas will decline, making renewable natural gas less expensive than conventional natural gas in the long-term for customers.

General Service Customers:

As you may know, Renewable natural gas (RNG), or bio methane gas or biogas, is a type of renewable gas that is carbon neutral, thus it is better for the environment than conventional natural gas. It is a sustainable fuel that is created by converting organic material such as municipal green bin collection waste (ie. vegetable peelings), farm crop residue, gas from

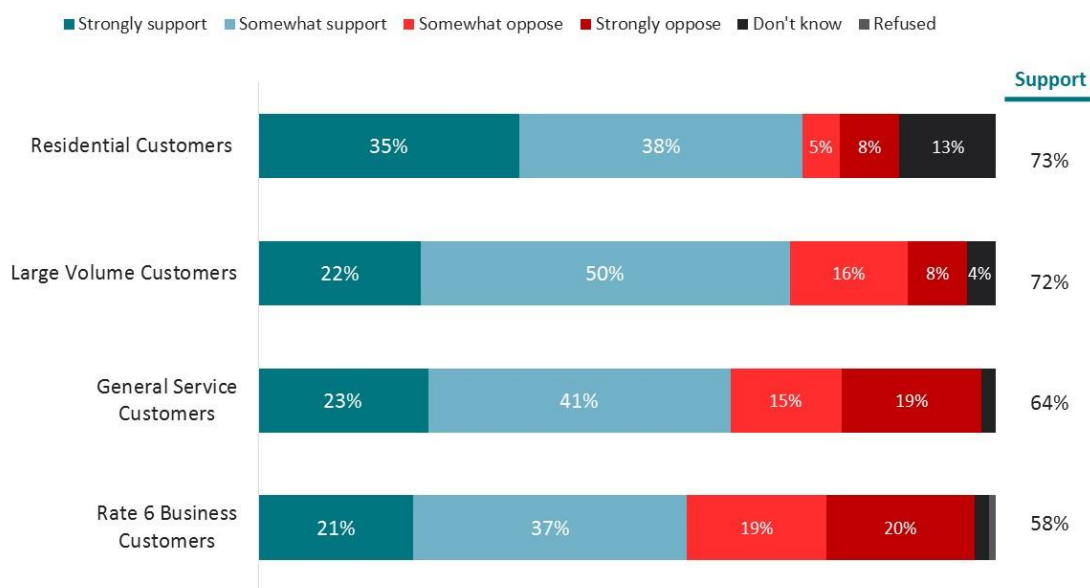
water treatment plants and even landfill gas that is captured and cleaned to the same quality level as natural gas. Renewable natural gas could be produced in Ontario and put into the existing natural gas distribution system. It would be compatible with all your natural gas appliances so there would be no lifestyle change for business. Renewable natural gas helps reduce greenhouse gas emissions by displacing conventional natural gas.

Investing in renewable natural gas can start with modest levels of blending renewable energy with conventional energy. Think of this like the 2% blending of ethanol in gasoline. This level of renewable blending is estimated to cost customers approximately \$19 per month. Over time, it is expected the cost of renewable natural gas will decline, making renewable natural gas less expensive than conventional natural gas in the long-term for customers.

At over seven in ten (73%), support for renewable natural gas investments is highest among Residential customers (35% 'strongly' or 38% 'somewhat support') and Large Volume Customers (72%), while closer to six in ten General Service (64%) and Rate 6 Business customers (58%) support paying more for such investments.

Residential customers are less likely to say they oppose (strongly/ somewhat oppose) paying more for renewable natural gas investments (13%), compared to Large Volume (24%), General Service (34%), or Rate 6 Business customers (39%).

FIGURE 18: Support for Renewable Natural Gas Investments



Values <4% not labelled in chart.

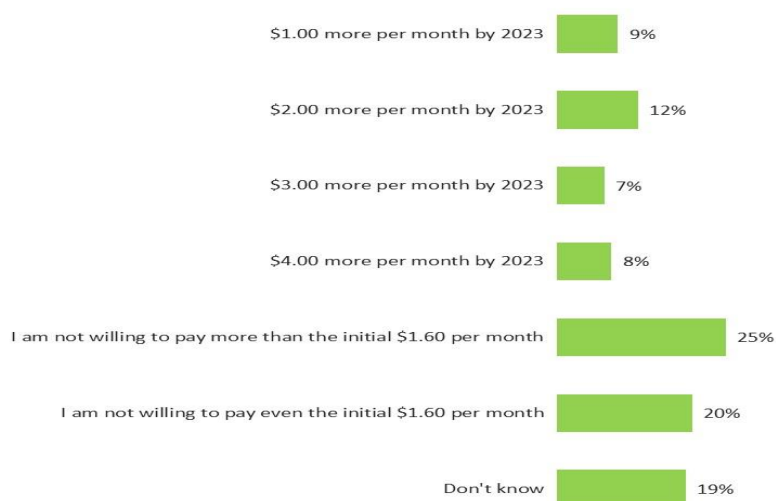
*Small/**Very small Base size

Q12 (Residential Customers). Knowing this, would you strongly support, somewhat support, somewhat oppose, strongly oppose or Don't know about paying \$1.60 more per month to start to begin building Ontario's renewable natural gas supplies? / Q12 (General Service Customers). Knowing this, would you support or oppose paying about \$19 more per month to start to begin building Ontario's renewable natural gas supplies? / Q13 (Large Volume Customers). Knowing this, would you support or oppose paying about [rate class 110=0.4%, 115=0.8%, 135 = 0.4%, 145=0.4%, 170=1.1%] ... more per year on the delivery charge portion of your bill to start to begin building Ontario's renewable natural gas supplies through biogas? / Q12 (Rate 6 Business Customers). Knowing this, would you support or oppose paying about 4% more per month to start to begin building Ontario's renewable natural gas supplies?
Base: All Respondents Rate 6 Business Customers (n=250); Large Volume Customers (n=50*); Residential Customers (n=1000); General Service Customers (n=500)

Willingness to Pay Even More For Blending of Renewable Natural Gas Network

In each of the customer groups, willingness to pay even more for the additional blending of renewable natural gas into the existing natural gas network is low. In terms of residential customers, only about one third (36%) would be willing to pay more (above the base increase detailed in the previous question), including 9% who would be willing to pay an additional \$1 per month by 2023, 12% who would be willing to pay \$2 more per month by 2023, 7% who would be willing to pay \$3 more per month to 2023, and 8% who would be willing to pay \$4 more per month by 2023. One quarter (25%) of Residential customers indicate that they are unwilling to pay more than the initial cost of \$1.60 per month, while slightly fewer are unwilling to pay even the initial \$1.60 per month to cover the costs associated with blending renewable natural gas into the existing natural gas (20%) or don't know enough to provide an opinion (19%).

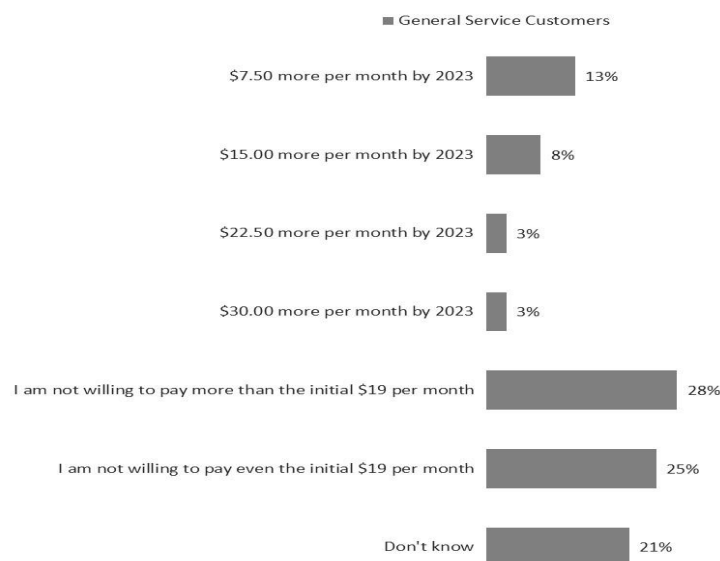
FIGURE 19: Willingness to Pay for Additional Blending of RNG Network, Residential Customers



Q13 (Residential Customers). And how much would you be willing to pay per month, over and above the initial \$1.60 per month, to increase the amount of renewable natural gas that is blended into the system between 2019 and 2023?
Base: All Respondents Residential Customers (n=1000)

Three in ten (28%) General Service customers are unwilling to pay more than the initial cost of \$19.00 per month, while about one quarter (27%) of customers would be willing to pay more per month, including 13% who would be willing to pay an additional \$7.50 per month by 2023, 8% who would be willing to pay \$15.00 more per month by 2023, 3% who would be willing to pay \$22.50 more per month to 2023, and 3% who would be willing to pay \$30.00 more per month by 2023. One quarter (25%) of General Service customers would not be willing to pay the initial \$19.00 per month to cover the costs associated with blending renewable natural gas into the existing natural gas network and one in five (21%) say that they 'don't know' enough to provide an opinion.

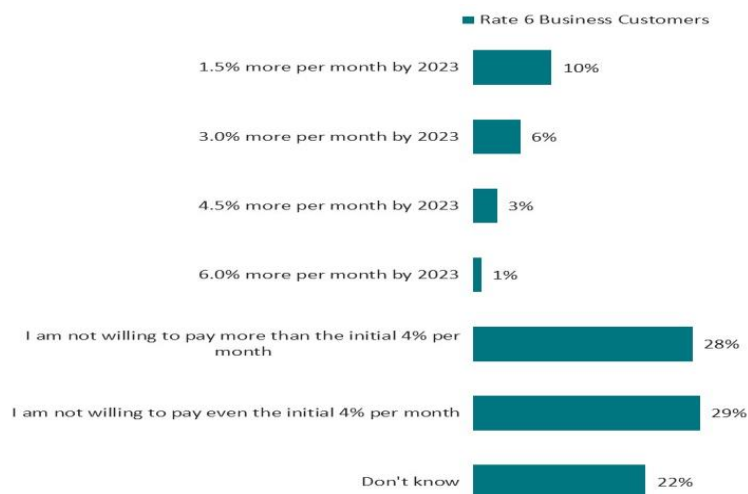
FIGURE 20: Willingness to Pay for Additional Blending of RNG Network, General Service Customers



Q13 (General Service Customers). And how much would you be willing to pay per month, over and above the initial \$19 per month, to increase the amount of renewable natural gas that is blended into the system between 2019 and 2023? Base: All Respondents General Service Customers (n=500)

Three in ten (28%) Rate 6 Business customers are unwilling to pay more than the initial increase of 4% per month, while about one in five (20%) would be willing to pay more per month, including 10% who would be willing to pay an additional 1.5% per month by 2023, 6% who would be willing to pay an additional 3.0% per month by 2023, 3% who would be willing an additional 4.5% per month to 2023, and 1% who would be willing an additional 6.0% per month by 2023. Three in ten (29%) Rate 6 business customers would not be willing to pay the initial increase of 4.0% per month to cover the costs associated with blending renewable natural gas into the existing natural gas network, while one in five (22%) say they 'don't know' enough to provide an opinion.

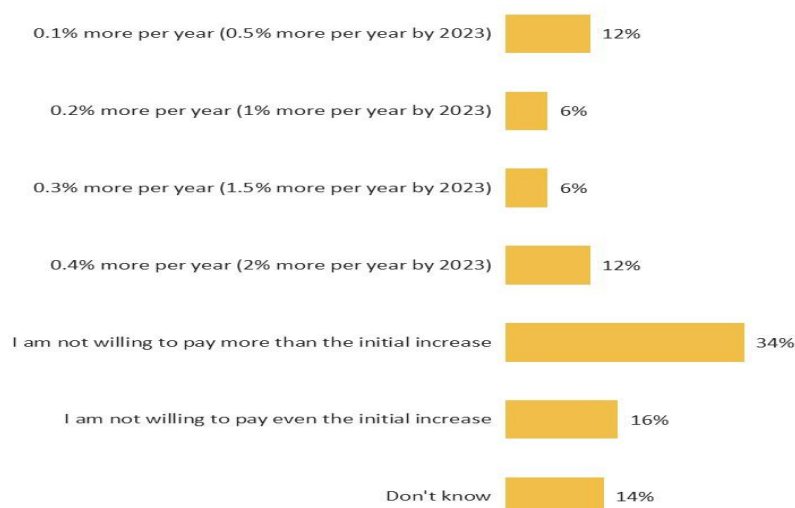
FIGURE 21: Willingness to Pay for Additional Blending of RNG Network: Rate 6 Business Customers



Q13 (Rate 6 Business Customers). And how much would you be willing to pay per month, over and above the initial 4% per month, to increase the amount of renewable natural gas that is blended into the system between 2019 and 2023? Base: All Respondents Rate 6 Business Customers (n=250)

One third (34%) of Large Volume customers are unwilling to pay more than the initial increase (depends on rate class), while around the same proportion (36%) of customers would be willing to pay more per month, including 12% who would be willing to pay an additional 0.1% per month by 2023, 6% who would be willing to pay an additional 0.2% per month by 2023, 6% who would be willing an additional 0.3% per month to 2023, and 12% who would be willing an additional 0.4% per month by 2023. Fewer than one in five (16%) Large Volume customers would not be willing to pay the initial increase (depends on rate class) to cover the costs associated with blending renewable natural gas into the existing natural gas network, while about the same proportion (14%) say that they 'don't know' enough to provide an opinion.

FIGURE 22: Willingness to Pay for Additional Blending of RNG Network, Large Volume Customers



Q14 (Large Volume Customers). And how much would you be willing to pay, over and above the initial [rate class 110=0.4%, 115= 0.8%, 135 = 0.4%, 145=0.4%, 170=1.1%] ... on the delivery charge portion of your bill, to increase the amount of renewable natural gas that is blended into the system between 2019 and 2023? Base: All Respondents Large Volume Customers (n=50*)

*small base size **very small base size. Interpret with caution.

Preferences for Renewable Natural Gas Regulation

Prior to being asked about whether they think renewable natural gas costs should be regulated or market-driven, customers across all segments were read the below statements:

Rate 6 Business Customers:

SOME PEOPLE SAY that the costs that customers pay for renewable natural gas should be regulated by the Ontario Energy Board in the same way conventional gas is, so that the cost charged to customers is regularly reviewed and relatively stable for customers.

OTHER PEOPLE SAY that renewable natural gas should be available to customers through third party marketers who already sell natural gas as a commodity to some Ontarian customers. The marketers would not be regulated by the Ontario Energy Board and thus the cost to customers would be market-driven, meaning it could be lower or higher than the cost provided by Enbridge.

Large Volume Customers:

SOME PEOPLE SAY [rotate] that the costs that customers pay for renewable natural gas should be regulated by the Ontario Energy Board in the same way conventional gas is, so that the cost charged to customers is regularly reviewed and relatively stable for customers. OTHER PEOPLE SAY [rotate] that renewable natural gas should be available to customers through third party marketers who already sell natural gas as a commodity to some Ontario customers. The marketers would not be regulated by Ontario Energy Board and thus the cost to customers would be market-driven, meaning it could be lower or higher than the cost provided by Enbridge Gas Distribution.

Residential Customers:

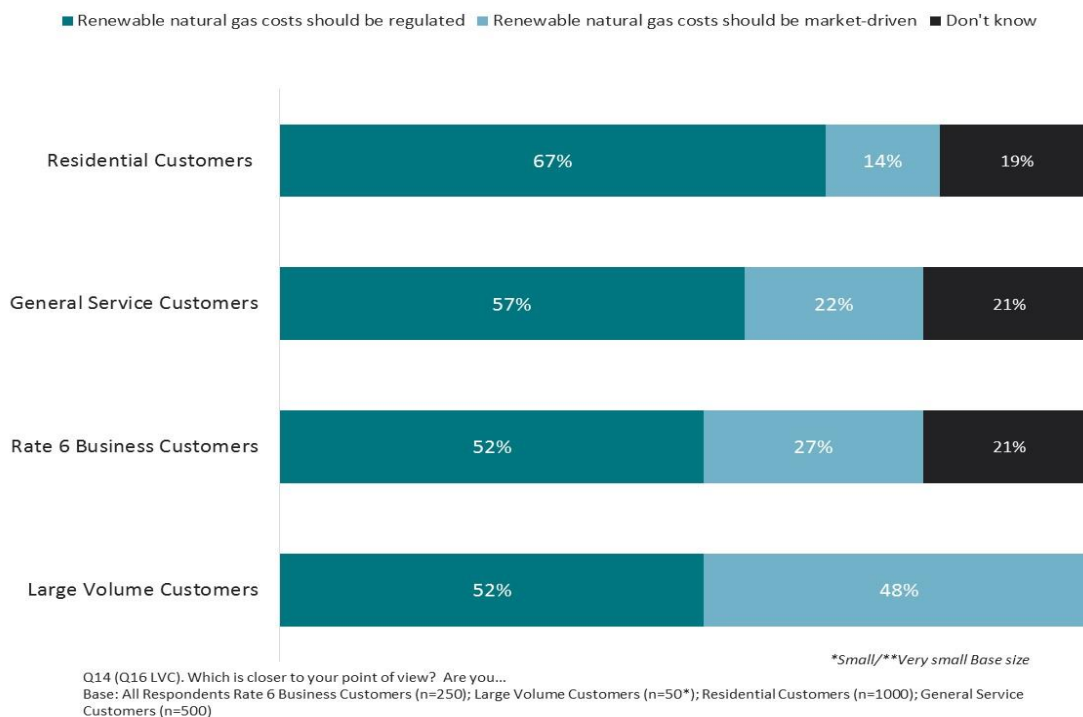
SOME PEOPLE SAY [rotate] that the costs that customers pay for renewable natural gas should be regulated by the Ontario Energy Board in the same way conventional gas is, so that the cost charged to customers is regularly reviewed and relatively stable for customers. OTHER PEOPLE SAY [rotate] that renewable natural gas should be available to customers through third party marketers who already sell natural gas as commodity to some Ontarian customers. The marketers would not be regulated by Ontario Energy Board and thus the cost to customers would be market-driven, meaning it could be lower or higher than the cost provided by Enbridge.

General Service Customers:

SOME PEOPLE SAY [rotate] that the costs that customers pay for renewable natural gas should be regulated by the Ontario Energy Board in the same way conventional gas is, so that the cost charged to customers is regularly reviewed and relatively stable for customers. OTHER PEOPLE SAY [rotate] that renewable natural gas should be available to customers through third party marketers who already sell natural gas as commodity to some Ontario customers. The marketers would not be regulated by Ontario Energy Board and thus the cost to customers would be market-driven, meaning it could be lower or higher than the cost provided by Enbridge.

Most customers believe that renewable natural gas costs should be regulated. At two thirds (67%), Residential customers are more likely to believe this compared to General Service (57%), Large Volume (52%), and Rate 6 (52%) Business customers. This group is also less likely to believe that renewable gas costs should be market-driven (at 14%), compared to Large Volume (48%), Rate 6 Business (27%), and General Service customers (22%). Conversely, Large Volume customers are more likely to think that renewable natural gas costs should be market-driven and are less likely to say they don't know enough to provide an opinion (at 0% compared to 19%, 21%, and, 21%, for residential, general service, and rate 6 business customers).

FIGURE 23: Preferences On Renewable Natural Gas Regulation



Level of Trust in Enbridge Gas Distribution to Develop Renewable Energy Alternatives

Prior to being asked about whether they trust Enbridge Gas Distribution to develop alternative forms of renewable energy, customers across all segments were read the below statements:

Rate 6 Business Customers:

Another way to reduce greenhouse gas emissions and reduce the costs of cap and trade is for Enbridge to invest in other forms of renewable energy outside of its natural gas business. This would include solar energy, wind energy or geo-thermal (from the ground). Investments in these other energy sources would reduce Enbridge Gas' cap and trade costs, savings that would be passed on to customers.

Large Volume Customers:

Another way to reduce greenhouse gas emissions and reduce the costs of cap and trade is for Enbridge Gas Distribution to invest in other forms of renewable energy outside of its natural gas business. This would include solar energy, wind energy or geo-thermal (from the ground). Investments in these other energy sources would reduce Enbridge Gas Distribution's cap and trade costs, savings that would be passed on to customers.

Residential Customers:

Another way to reduce greenhouse gas emissions and reduce the costs of cap and trade is for Enbridge to invest in other forms of renewable energy outside of its natural gas business. This would include solar energy, wind energy or geo-thermal (from the ground). Investments in these other energy sources would reduce Enbridge Gas' cap and trade costs, savings that would be passed on to customers.

General Service Customers:

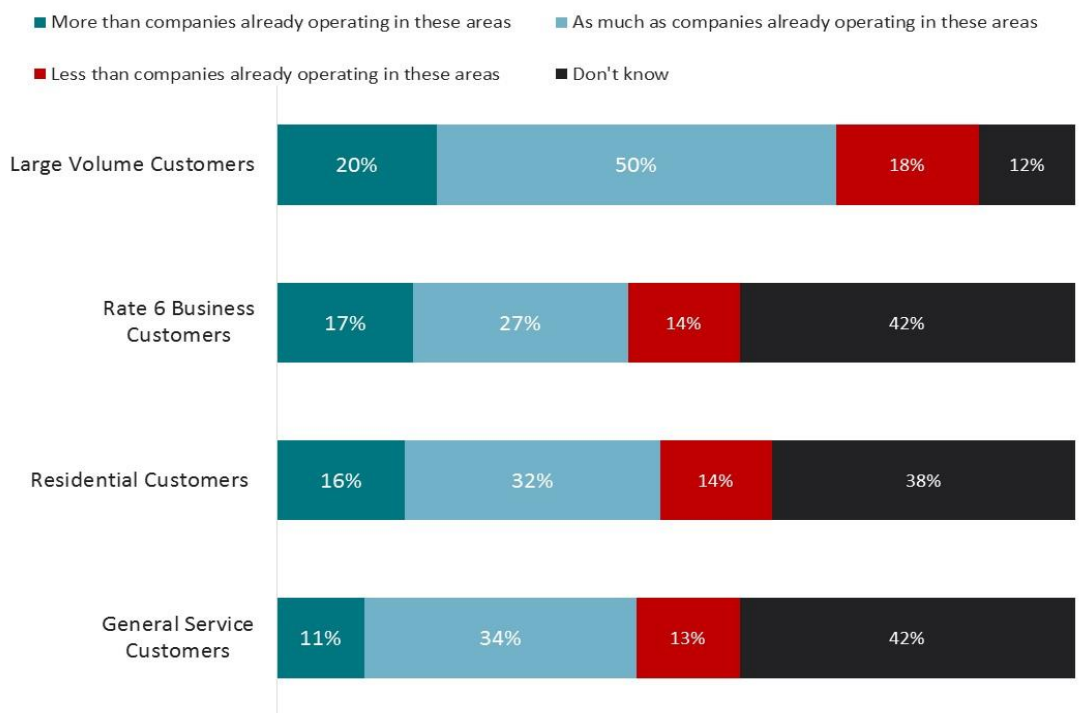
Another way to reduce greenhouse gas emissions and reduce the costs of cap and trade is for Enbridge to invest in other forms of renewable energy outside of its natural gas business. This would include solar energy, wind energy or geo-thermal (from the ground). Investments in these other energy sources would reduce Enbridge Gas' cap and trade costs, savings that would be passed on to customers.

Across all customer groups, customers are more likely to trust than distrust Enbridge Gas Distribution in developing alternative forms of renewable energy. Seven in ten (70%) Large Volume customers trust Enbridge Gas Distribution more or the same as other organizations compared to only one in five (18%) who distrust Enbridge. Nearly half (48%) of Residential customers trust Enbridge compared to only 14% who distrust the organization, while slightly fewer General Service and Rate 6 Business customers trust Enbridge (at 45% and 44% respectively), compared to a small minority of these customers who distrust the organization (13% for the former, 14% the latter).

A significant proportion of Rate 6 (42%), general service (42%), and residential (38%) customers say that they 'don't know' if they trust Enbridge Gas Distribution more, the same, or less than other organizations to develop alternative forms of renewable energy.

Half (50%) of Large Volume customers say they trust Enbridge Gas Distribution to develop alternative forms of renewable energy about as much as other companies, more than in any other customer segment (34% of General Service customers, 32% of Residential customers, and 27% of Rate 6 Business customers say this). At 12%, Large Volume customers are also the least likely to say they don't know enough to provide an opinion (compared to 42% of rate 6 Business Customers, 42% of General Service customers, and 38% of Residential customers).

FIGURE 24: Level of Trust in Enbridge Gas Distribution to Develop Renewable Energy Alternatives



Q15 (Q17 LVC). Would you trust Enbridge to develop these renewable energy alternatives...?
Base: All Respondents Rate 6 Business Customers (n=250); Large Volume Customers (n=50*); Residential Customers (n=1000); General Service Customers (n=500)

*Small/**Very small Base size

Energy Efficiency Initiative Investments

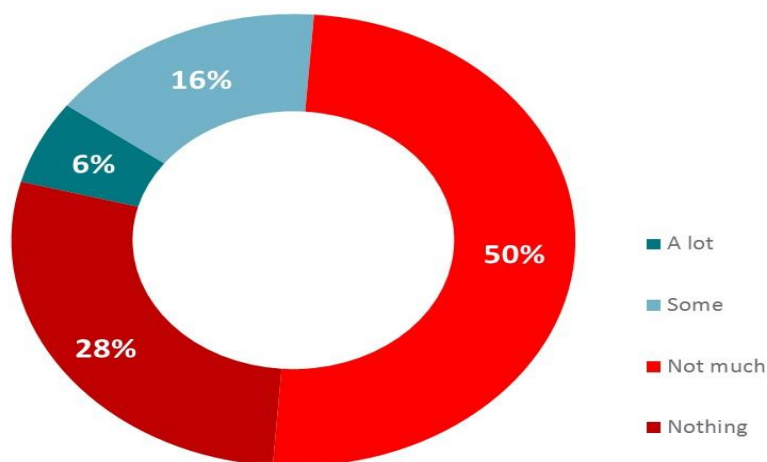
Awareness of Power-to-Gas (Large Volume Customers Only)

Prior to being asked about their awareness of Power-to-Gas, Large Volume customers were read the below statement:

Power-to-Gas is a new energy storage technology that supports the electricity grid's ability to integrate more renewable generation by converting off-peak, and surplus, renewable power into hydrogen that can be injected into the natural gas distribution system to complement RNG.

Only one in five (22%) Large Volume customers say they have at least some knowledge of the 'Power-to-Gas'. Half (50%) say they don't know much while nearly three in ten (28%) claim to know nothing. None of the other customer segments were asked about Power-to-Gas.

FIGURE 25: Awareness of Power-to-Gas



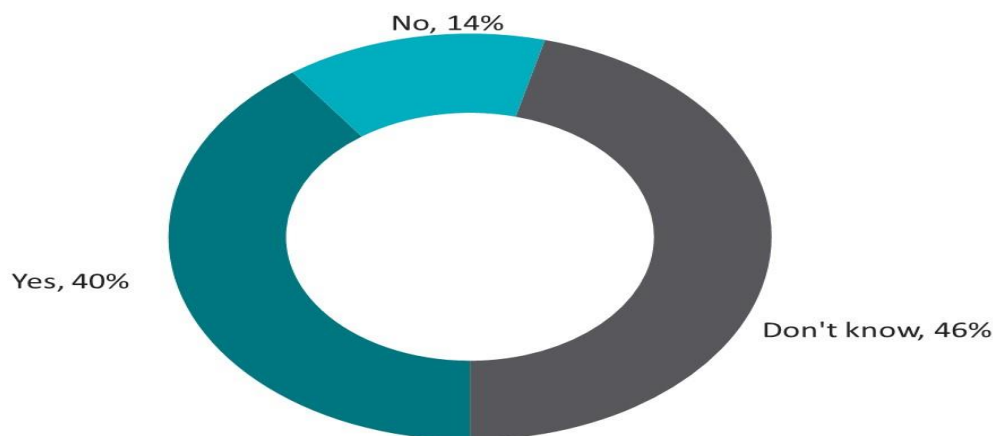
Q15. How much do you know about Power-to-Gas?
Base: All Respondents Large Volume Customers (n=50*);

*small base size **very small base size. Interpret with caution.

Opinions on Whether Enbridge Should Consider Investing in Power-to-Gas (Large Volume Customers Only)

Four in ten (40%) Large Volume customers believe that Enbridge Gas Distribution should consider investing in Power-to-Gas, though at nearly half (46%), the highest proportion say that they don't know enough to provide an opinion. Fourteen percent (14%) indicate that Enbridge should not consider such an investment. None of the other customer segments were asked about Power-to-Gas.

FIGURE 26: Opinions on Whether Enbridge Should Consider Investing in Power-to-Gas



Q15a. The potential cost to customers for Enbridge Gas Distribution to invest in Power-to-Gas is not yet known. Contingent upon knowing the cost impact to customers, do you think Enbridge Gas should consider investing in Power-to-Gas?
Base: All Respondents Large Volume Customers (n=50*);

*small base size **very small base size. Interpret with caution.

Awareness of Enbridge's Conservation Programs

Prior to being asked about their awareness of Enbridge Gas Distribution's conservation programs, customers across all segments were read the below statements:

Rate 6 Business Customers:

Enbridge Gas currently offers a number of energy efficiency programs to encourage small business customers to conserve energy. For example, the Direct Install program for small commercial and industrial customers that offers a full service installation of air doors.

Large Volume Customers:

Enbridge Gas Distribution current offers programs that range from prescriptive, customer and / or comprehensive energy management programs depending on your organization's needs.

Residential Customers:

Enbridge Gas currently offers a number of energy efficiency programs to encourage customers to conserve energy. For residential customers, these include:

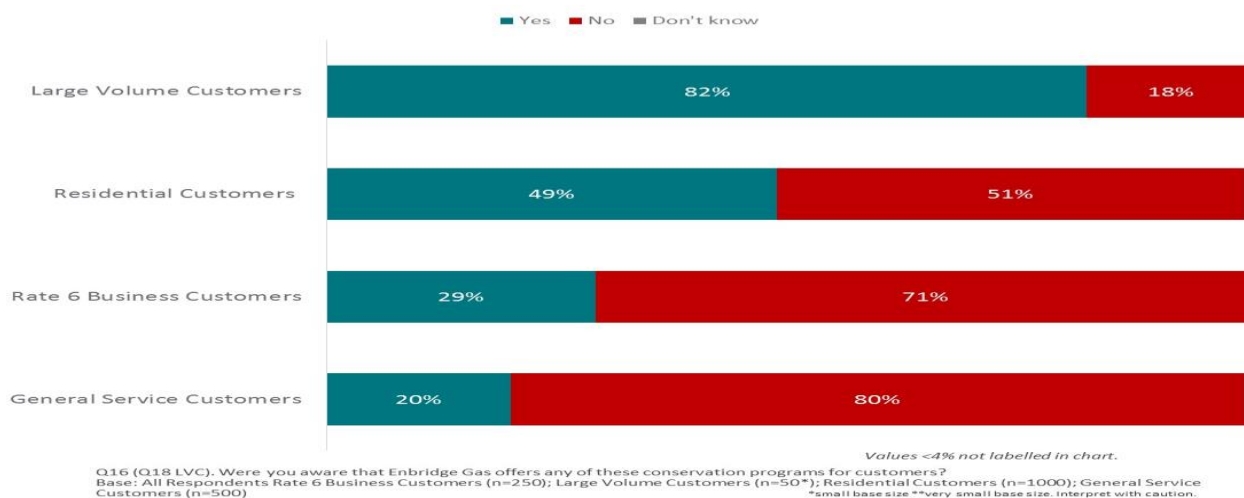
- *The Home Energy Conservation Program that provides incentive for making energy efficient upgrades and reducing energy consumption by 25%*
- *The Smart Thermostats Program, that offers \$100 off of a smart thermostat*
- *The Home Winter Proofing Program, where for qualifying low and fixed income customers Enbridge pays for the cost of the energy efficiency improvements such as insulation and draft proofing measures*

General Service Customers:

Enbridge Gas currently offers a number of energy efficiency programs to encourage general service customers to conserve energy. For example, the Direct Install program for small commercial and industrial customers that offers a full service installation of air doors.

At over eight in ten (82%), Large Volume customers are more likely to indicate awareness of Enbridge's conservation programs than their Residential (49%), Rate 6 (29%), and General Service (20%) counterparts. In contrast, about the same proportion (80%) of General Service customers say they are unaware of Enbridge's conservation programs, statistically more than Rate 6 (71%), Residential (51%), or Large Volume (18%) customers.

FIGURE 27: Awareness of Enbridge's Conservation Programs



Views of the Future of Enbridge Gas Distribution's Energy Conservation Programs

Prior to being asked about their views of the future of Enbridge Gas Distribution's energy conservation programs, customers across all segments were read the below statements:

Rate 6 Business Customers:

Each dollar Enbridge Gas spends on energy efficiency yields approximately to \$2.67 in benefits (mostly from savings on gas costs). Approximately 2% of the average business customer's bill currently goes toward the cost of these programs.

Large Volume Customers:

Each dollar Enbridge Gas Distribution spends on conservation programs to help customers improve their energy efficiency yields approximately to \$2.67 in benefits (mostly from savings on gas costs). Approximately [RATE CLASS: 110=10%, 115=27%, 135=24%, 145=125%, 170 =101%] of the delivery charge for large volume customers in your rate class pay per year currently goes toward the cost of these programs.

Residential Customers:

In 2014, 5,000 residential customers took advantage of the Home Energy Conservation Program incentive to retrofit their home, making it more energy efficient. Each dollar Enbridge Gas spends on energy efficiency yields approximately to \$2.67 in benefits (mostly from savings on gas costs). Approximately 2% of the average residential customer's bill or \$16 per year currently goes toward the cost of these programs.

General Service Customers:

Each dollar Enbridge Gas spends on energy efficiency yields approximately to \$2.67 in benefits (mostly from savings on gas costs). Approximately 2% of the average general service customer's bill or \$10 per month currently goes toward the cost of these programs.

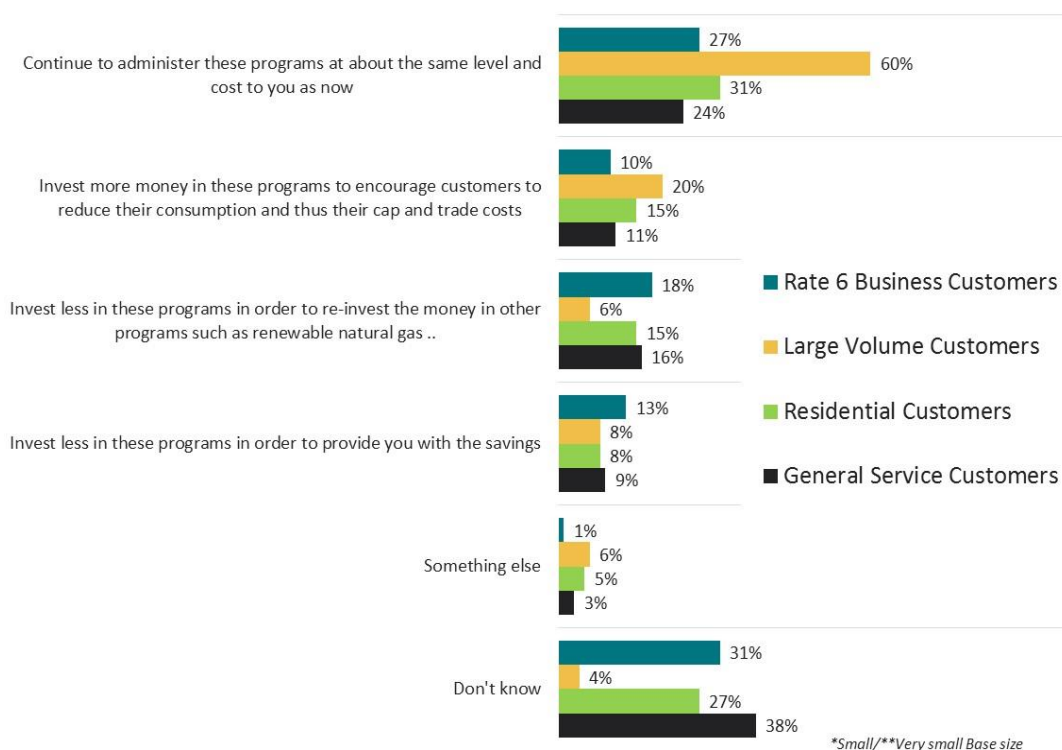
Large Volume customers are more likely to say they think that Enbridge should continue administering their energy conservation programs at about the same level and cost as they are currently doing (60%), compared to Residential (31%), Rate 6 (27%), and General Service customers (24%). This group is also

less likely to say they don't know enough to provide an opinion (at 4%) compared to Residential (27%), General Service (38%), and Rate 6 Business customers (31%).

One in five (20%) Large Volume customers believe that Enbridge should invest more money into conservation programs to encourage customers to reduce their consumption and Cap and Trade costs, compared to around one in ten of Residential (15%), General Service (11%), and Rate 6 (10%) business customers.

Conversely, just under one in five Rate 6 (18%), General Service (16%), and Residential customers (15%) and considerably fewer Large Volume customers (6%) believe that Enbridge should invest less in conservation programs in order to re-invest money in other programs such as renewable natural gas. Furthermore, in each of the customer groups, about one in ten customer believe that Enbridge should invest less in these programs in order to provide savings to customers, including 13% of Rate 6, 9% of General Service, and 8% of Residential and Large Volume customers (respectively).

FIGURE 28: Views of the Future of Enbridge's Energy Conservation Programs



Q17 (Q19 LVC). There are a few ways Enbridge can look at future planning for these programs. Do you think Enbridge Gas should....?
Base: All Respondents Rate 6 Business Customers (n=250); Large Volume Customers (n=50*); Residential Customers (n=1000); General Service Customers (n=500)

Willingness to Pay

Willingness to Pay for Various Investments

Prior to being asked about their willingness to pay for various investments, customers across all segments were read the below statements:

Rate 6 Business Customers:

To this point in the survey we have asked your opinion about several different ideas Enbridge Gas is considering in its future planning. A couple of these ideas have an associated impact on the cost that customers pay. Please indicate below which of these ideas you would be willing to pay for? If you see sufficient benefit in each of these ideas and are willing to pay for all of them your total monthly bill would increase by approximately 7%.

Large Volume Customers:

To this point in the survey we have asked your opinion about several different ideas Enbridge Gas Distribution is considering in its future planning. Some of these ideas have an associated impact on the cost that customers pay that is known at this stage. Please indicate below which of these ideas you would be willing to pay for? If you see sufficient benefit in each of these ideas and are willing to pay for all of them, your delivery charge would increase by an estimated [RATE CLASS: 110=1.9%, 115=2.3%, 135=1.9%, 145=1.9%, 170 = 2.6%]

Residential Customers:

To this point in the survey we have asked your opinion about several different ideas Enbridge Gas is considering in its future planning. Two of these ideas have an associated impact on the cost that customers pay. Please indicate below which of these ideas you would be willing to pay for? If you see sufficient benefit in each of these ideas and are willing to pay for all of them your total monthly bill would increase by an estimated \$3.60.

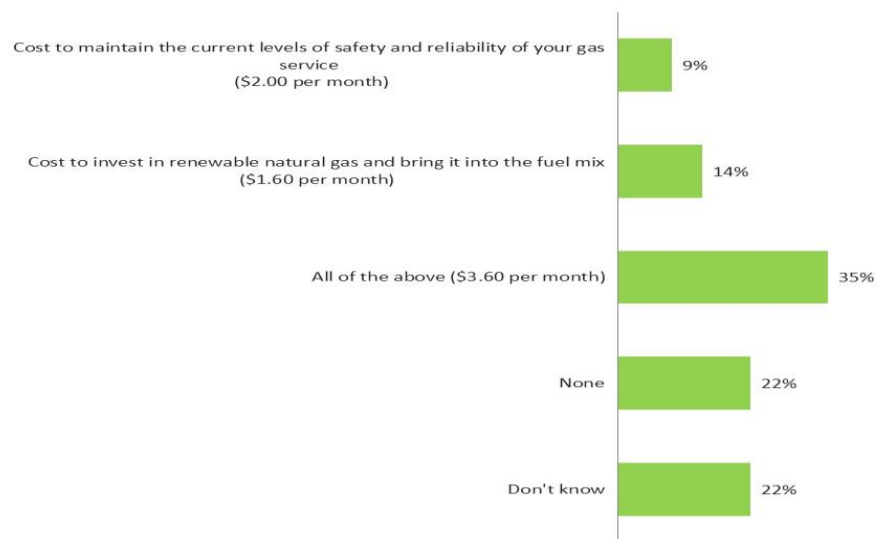
General Service Customers:

To this point in the survey we have asked your opinion about several different ideas Enbridge Gas is considering in its future planning. Four of these ideas have an associated impact on the cost that customers pay. Please indicate below which of these ideas you would be willing to pay for? If you see sufficient benefit in each of these ideas and are willing to pay for all of them your total monthly bill would increase by an estimated \$34.

In terms of their willingness to pay for various investments, there is considerable variation across customer segments. Among Residential customers, more than half (58%) are willing to pay an increase in their bill to fund an investment. About one third (35%) of Residential customers would be willing to pay approximately \$3.60 more per month for both maintaining current levels of safety and reliability and to invest in renewable natural gas. Slightly more than one in ten (14%) Residential customers would be willing to pay approximately \$1.60 more per month to invest in renewable natural gas exclusively, while one in ten (9%) would be willing to pay approximately \$2.00 more per month to maintain existing levels of safety and reliability.

Only about one in five (22%) customers would not be willing to pay more for any of these investments, while the same proportion (22%) feel that they 'don't know' enough to provide an opinion.

FIGURE 29: Willingness to Pay, Residential Customers



Q18. Please indicate below which of these ideas you would be willing to pay for?
Base: All Respondents Residential Customers (n=1000)

Among General Service customers, just under half (47%) are willing to pay an increase to fund an investment. One in five (20%) would be willing to pay approximately \$34.00 more per month for both maintaining current levels of safety and reliability and to invest in renewable natural gas. Slightly fewer (16%) would be willing to pay approximately \$19.00 more per month to invest in renewable natural gas exclusively, while one in ten (11%) would be willing to pay approximately \$15.00 more per month to maintain existing levels of safety and reliability.

Three in ten (30%) General Service customers would not be willing to pay more for any of these investments, while slightly fewer (26%) indicate that they 'don't know' enough to offer an opinion.

FIGURE 30: Willingness to Pay, General Service Customers

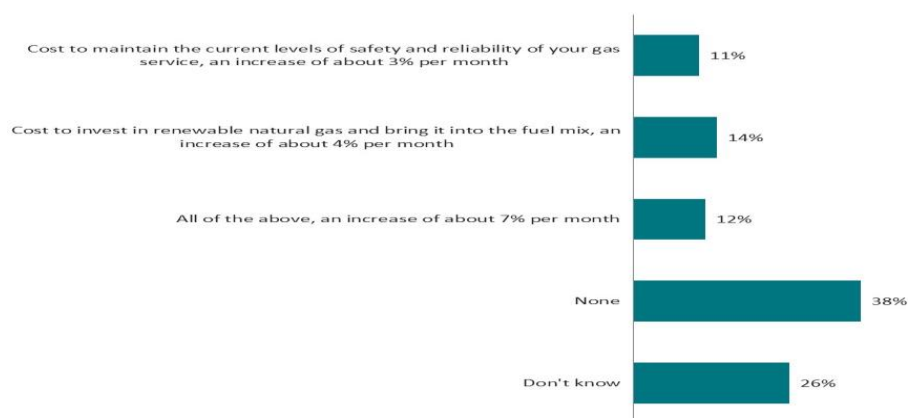


Q18. Please indicate below which of these ideas you would be willing to pay for?
Base: All Respondents General Service Customers (n=500)

Among Rate 6 Business customers, nearly four in ten (37%) are willing to pay an increase to fund an investment, of which around one in ten (12%) Rate 6 Business customers would be willing to pay approximately 7% more per month for both maintaining current levels of safety and reliability and to invest in renewable natural gas. Fourteen percent (14%) would be willing to pay approximately 4% more per month to invest in renewable natural gas exclusively, while slightly fewer (11%) would be willing to pay approximately 3% more per month to maintain existing levels of safety and reliability.

About four in ten (38%) Rate 6 Business customers would not be willing to pay more for any of these investments and one quarter (26%) 'don't know' enough to provide an opinion.

FIGURE 31: Willingness to Pay, Rate 6 Business Customers

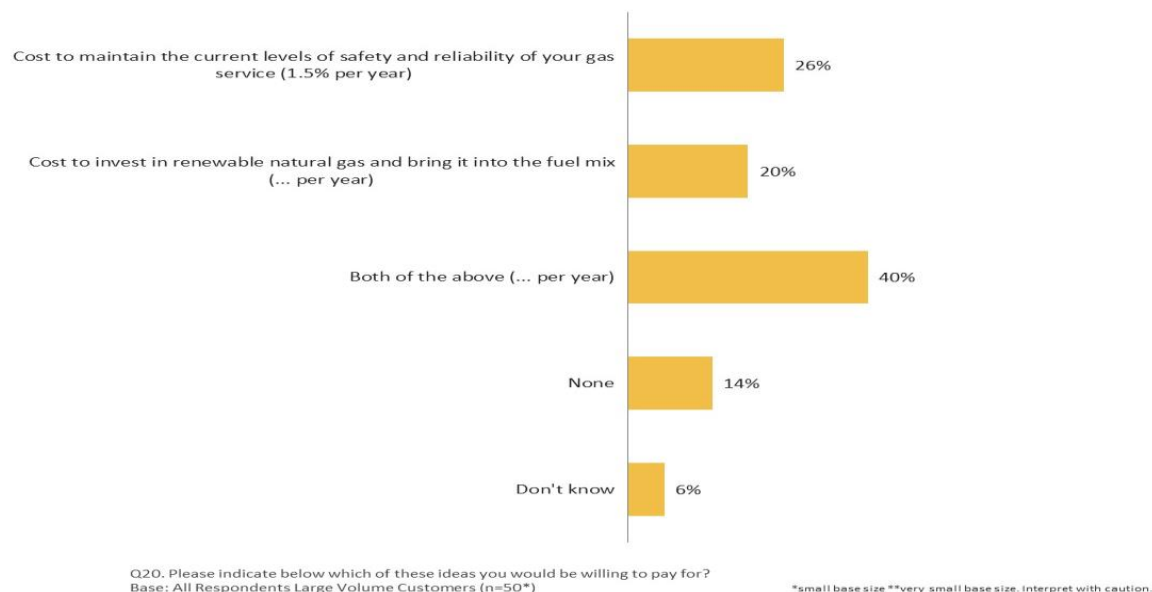


Q18. Please indicate below which of these ideas you would be willing to pay for?
Base: All Respondents Rate 6 Business Customers (n=250)

Among Large Volume customers, the vast majority (86%) are willing to pay an increase to fund an investment. Four in ten (40%) would be willing to pay more (% depends on actual consumption as read to respondents) per month for both maintaining current levels of safety and reliability and to invest in renewable natural gas. One in five (20%) would be willing to pay more per month to invest in renewable natural gas exclusively (% depends on actual consumption as read to respondents), while one quarter (26%) would be willing to pay approximately 1.5% more per month to maintain existing levels of safety and reliability.

Only fourteen percent (14%) of Large Volume customers would not be willing to pay more for any of these investments, while very few (6%) customers in this segment feel they 'don't know' enough to provide an opinion.

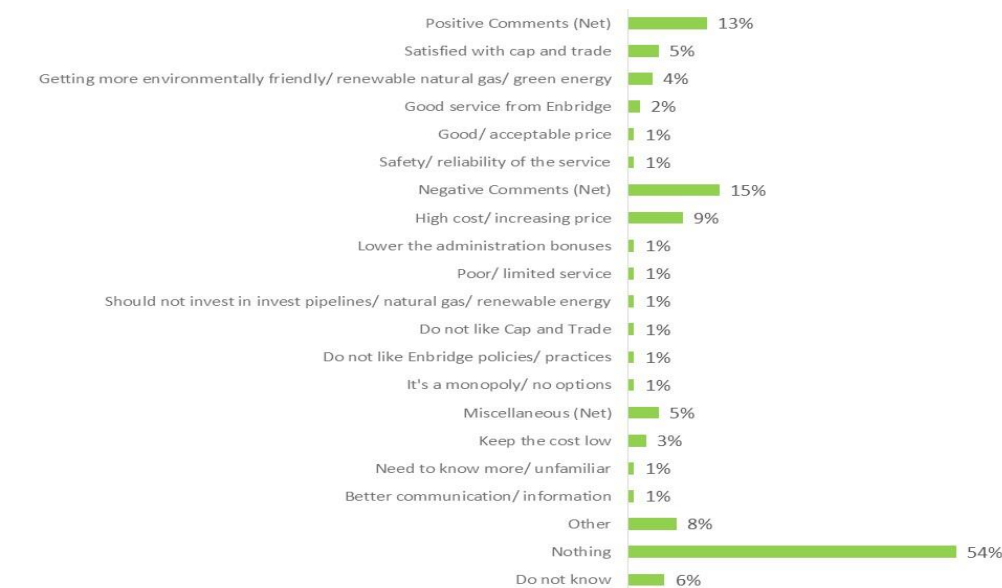
FIGURE 32: Willingness to Pay, Large Volume Business Customers



Appendix 1.0: Additional Comments

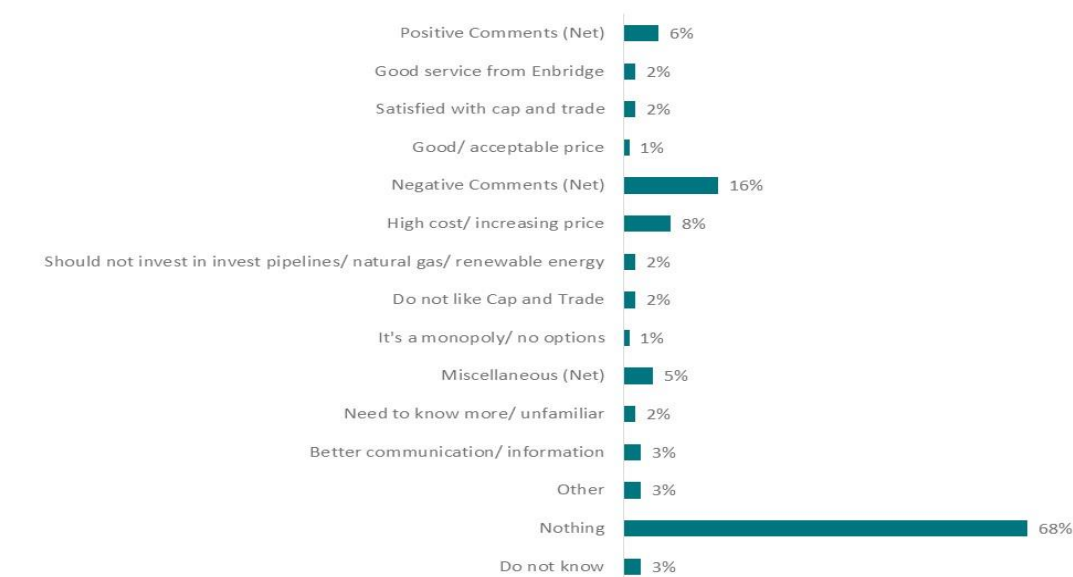
At the end of each survey customers were asked to provide any additional comments about Enbridge Gas Distribution. Across all groups, most customers provide no additional comments. Among those customers that did provide a comment, the most common mentions include issues associated with the cost of natural gas or increasing prices, satisfaction with Cap and Trade, or receiving good service from Enbridge.

FIGURE 33: Additional Comments – Residential Customers



Q19. Do you have any comments you would like to share with Enbridge Gas? Base: All Respondents (n=944)

FIGURE 34: Additional Comments – Rate 6 Business Customers



Q19. Do you have any comments you would like to share with Enbridge Gas? Base: All Respondents (n=250)

FIGURE 35: Additional Comments – General Service Customers

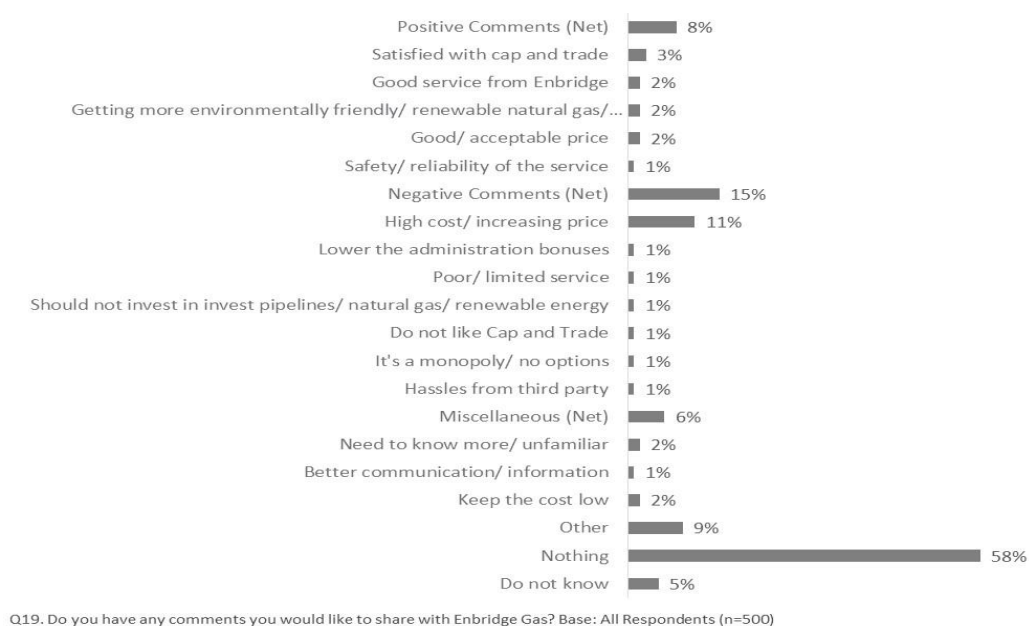
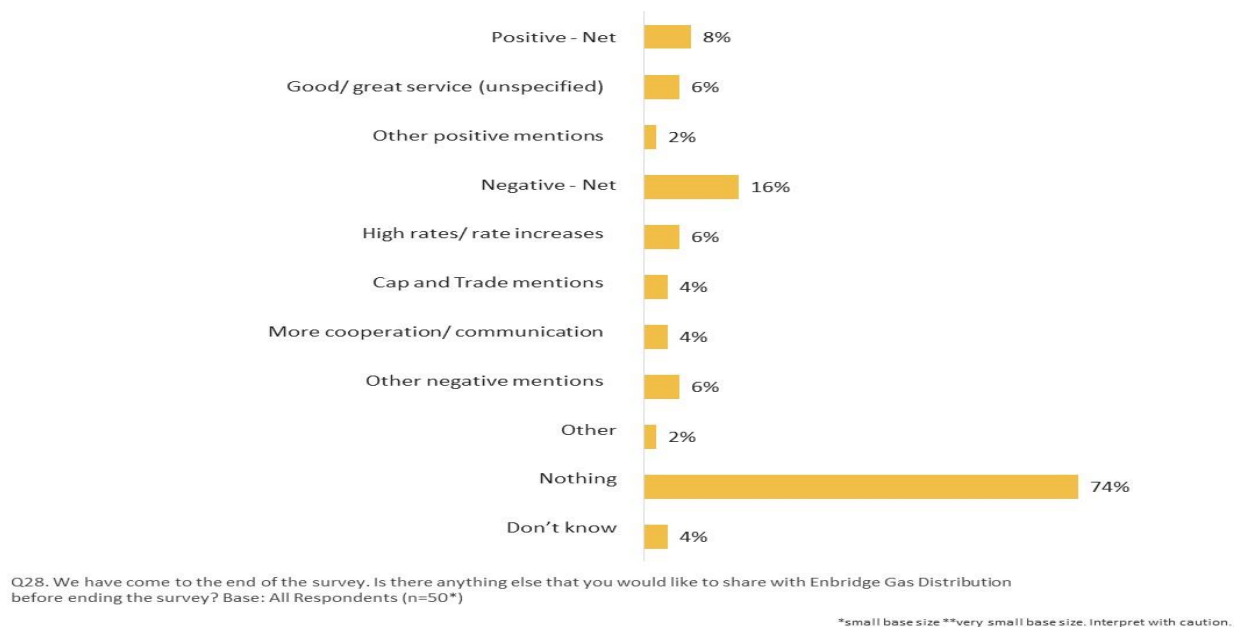
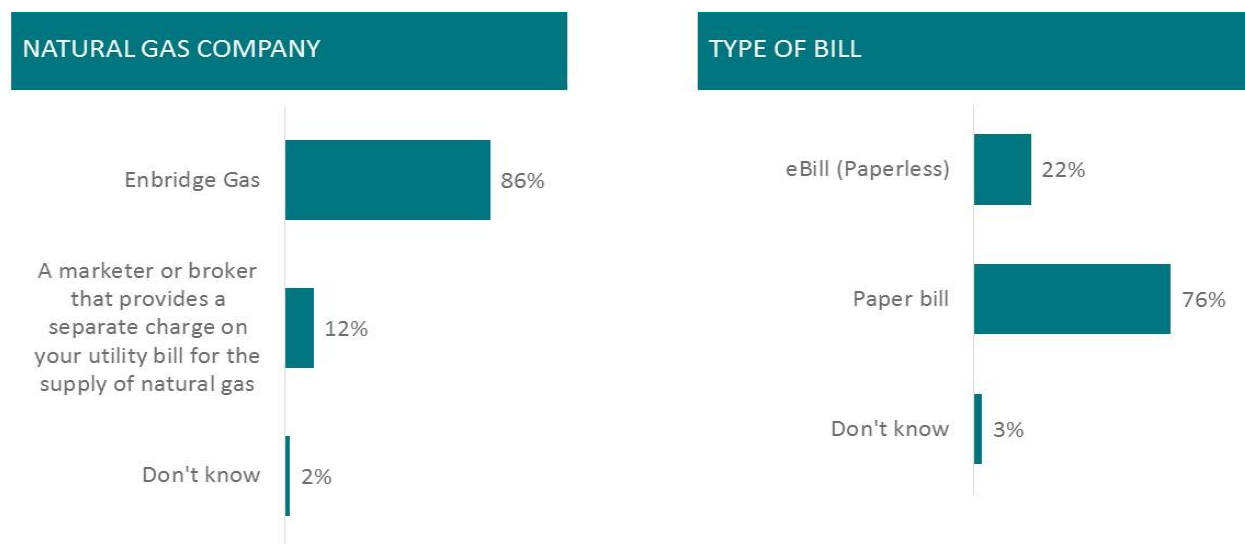


FIGURE 36: Additional Comments – Large Volume Customers

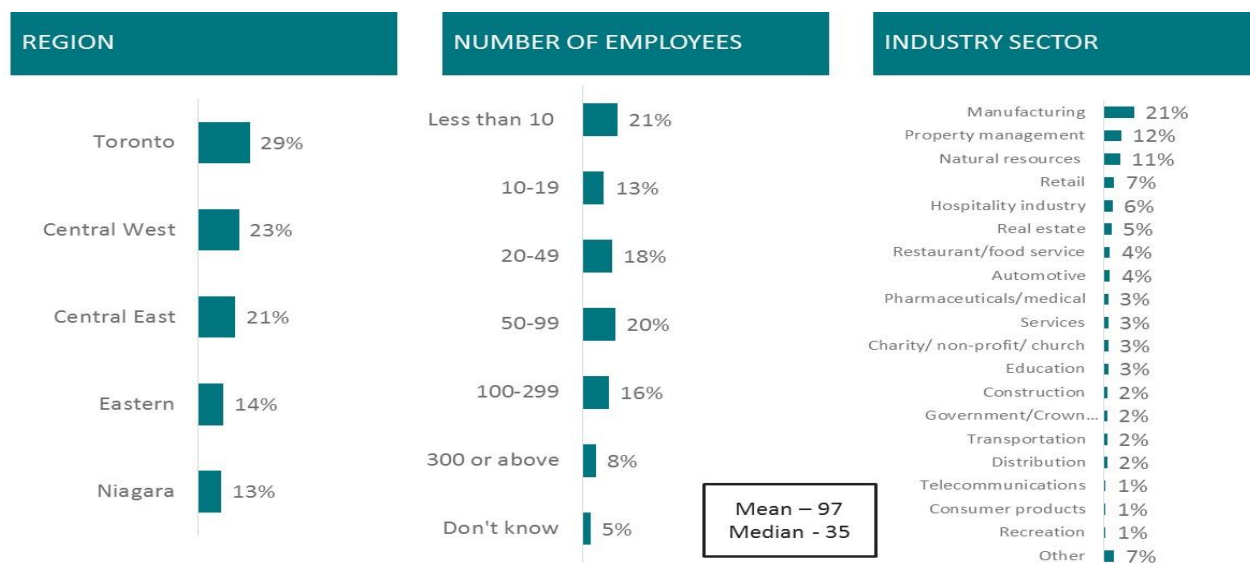


Appendix 2.0: Profile of Customer Segments

FIGURE 37: Rate 6 Business Customers

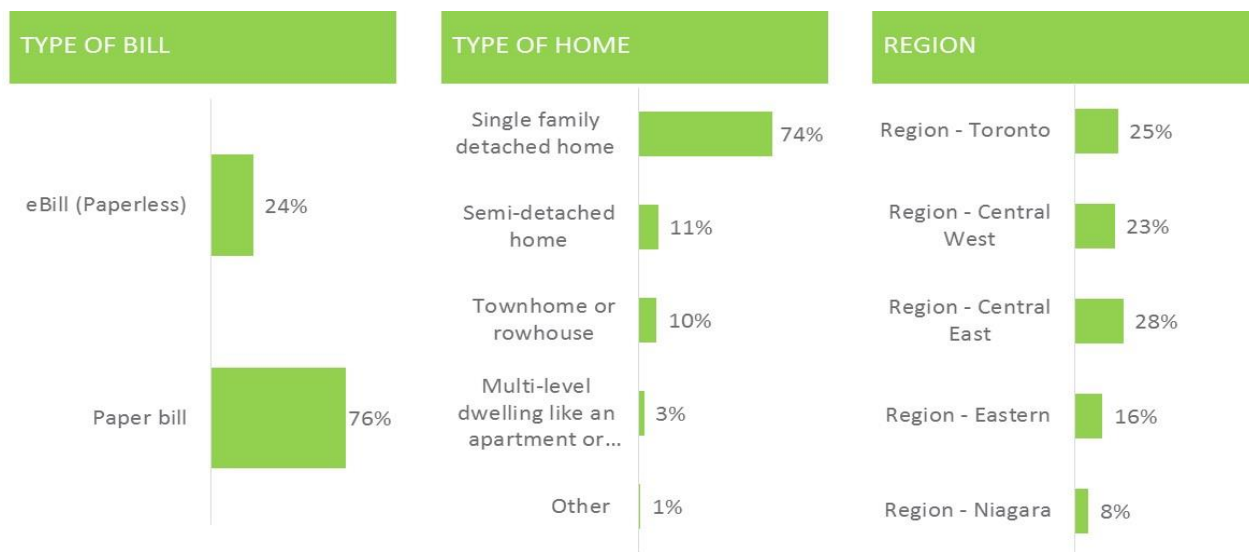


Q19b. Which company do you purchase your natural gas supply from? / Q20. When you receive your monthly natural gas bill, do you receive a paperless eBill (online) or a paper bill from Enbridge Gas Distribution? Base: All Respondents (n=250)



Q20b. Approximately how many employees, including yourself, does your company presently employ at this location? Q21b. What sector or industry does your company operate in? Base: All Respondents (n=250)

FIGURE 38: Residential Customers



Q20. When you receive your monthly natural gas bill, do you receive a paperless eBill (online) or a paper bill from Enbridge Gas Distribution? Base: All Respondents (n=1000)

Q21. What type of home you live in. Do you currently live in a...? Base: All Respondents (n=1000)

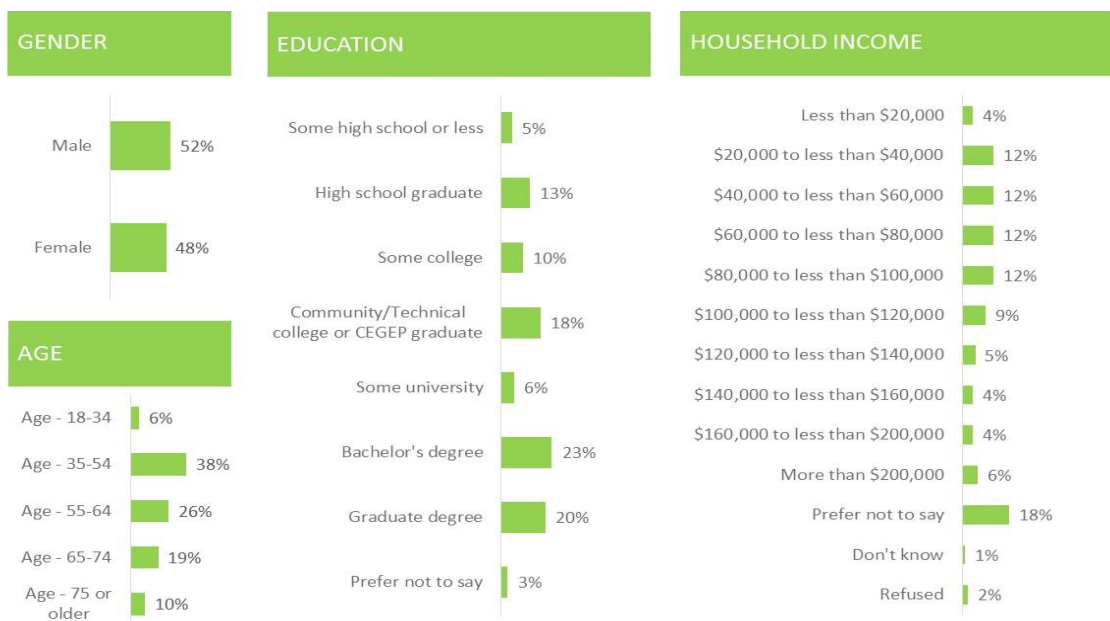
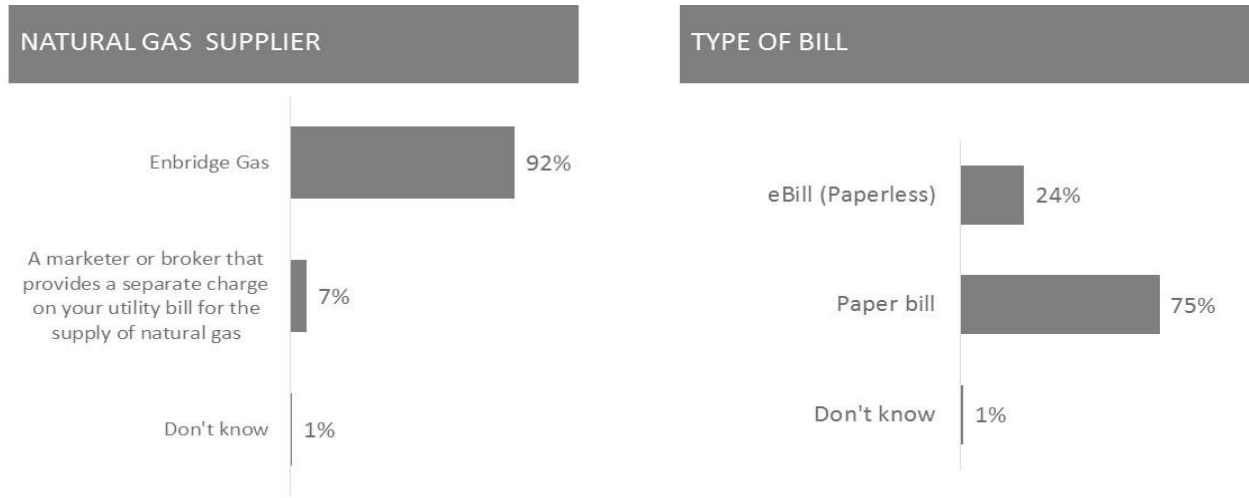
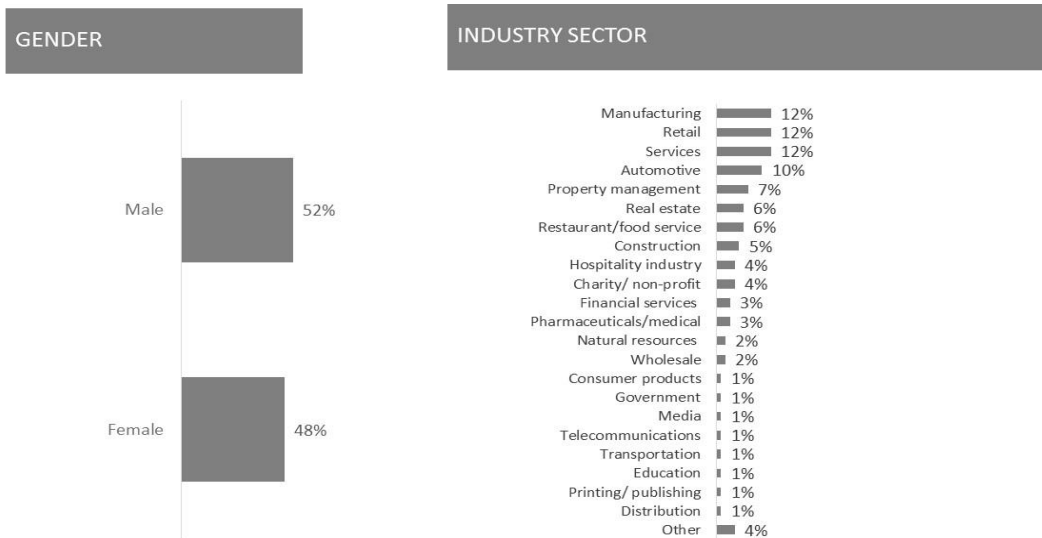


FIGURE 39: General Service Customers



Q19b. Which company do you purchase your natural gas supply from? / Q20. When you receive your monthly natural gas bill, do you receive a paperless eBill (online) or a paper bill from Enbridge Gas Distribution? Base: All Respondents (n=500)



Q20b. Approximately how many employees, including yourself, does your company presently employ at this location? Q21b. What sector or industry does your company operate in? Base: All Respondents (n=500)

Appendix 3.0: Questionnaires

Appendix 3.1: Residential Customers Questionnaire

EGD INCENTIVE REGULATION QUESTIONNAIRE RESIDENTIAL CUSTOMERS

Hello, my name is _____ from Ipsos a professional public opinion research company. I assure you we are not selling anything; we are only interested in your opinions. Today, we are conducting a customer survey for Enbridge Gas Distribution about your natural gas. This call may be monitored or recorded for quality assurance purposes.

Can I speak with the person in your household who is responsible or jointly responsible for decisions regarding natural gas such as viewing and paying your Enbridge bill?

Yes – Continue

No – Ask to speak with person

Unavailable – Schedule call back

DK or REFUSE then Thank and Terminate

Thank you. I have some questions to see if you qualify for this study.

A. Are you responsible or partially responsible for paying your natural gas bill from Enbridge?

Yes

No

Do not receive a natural gas bill from Enbridge

[If No, Do not receive a bill, DK, or REF THANK & TERMINATE “Thank you for your interest, but this survey is for customers who receive and pay their natural gas bill directly to Enbridge”.]

B. And, do you currently own or rent?

Own

Rent

[If own, skip to QD. If rent, ask QC]

C. Do you receive a natural gas bill?

Yes

No

[If No, DK, or REF THANK & TERMINATE “Thank you for your interest, but this survey is for customers who receive and pay their natural gas bill directly to Enbridge”.]

D. What are the first 3 digits of your postal code?

[Enter X#X]

- E. What broad age group do you fall into? Are you... (READ LIST – stop once respondent age group is reached)

Under 18
18-34 years old
35-54 years old
55-64 years old
65-74 years old
75 and older

[If under 18 THANK & TERMINATE “Thank you for your interest, but this survey is for customers who are 18 years of age or older”.]

- F. Do you, or does anyone else in your immediate family work in any of the following areas? (Read list)

[MULTIPUNCH]
Marketing research
Advertising or public relations
The media, such as TV, radio or newspaper
Energy providers, such as natural gas, oil, electricity, propane
A gas equipment or appliance contractor or retailer
Energy sector regulator or intervener
(DO NOT READ) None [MUTUALLY EXCLUSIVE]

[If None continue, else Thank and Terminate]

Section 1. Safety, Reliability, Customer Service (Maintain vs Invest)

1. Taking into consideration all aspects of your utility service experience, how satisfied are you with your Enbridge Gas Distribution service? (Read list)

Very satisfied
Somewhat satisfied
Neither satisfied nor dissatisfied
Somewhat dissatisfied
Very dissatisfied

2. How would you rate Enbridge Gas Distribution when it comes to each of the following? (Read list first time and then as needed)

[RANDOMIZE]
The customer service you receive
The value you receive for the money you pay for your Enbridge natural gas service
The reliability of natural gas delivery to your home

The safe delivery of natural gas to your home

Very satisfied
Somewhat satisfied
Neither satisfied nor dissatisfied
Somewhat dissatisfied
Very dissatisfied

3. Have you ever experienced a natural gas outage in your home? This would not include planned outages where your natural gas is turned off intentionally, for example, because of construction work around your home or a meter change.

Yes
No

[IF YES ASK Q4 OTHERWISE SKIP TO Q5]

4. How many unplanned outages have you experienced in the past 5 years?

[Range 1-99]

5. Have you ever had any other negative experiences related to safety or reliability of natural gas delivery to your home, for example, slow response to an emergency call? Please explain. (Probe once)

Record Response [Open end]
Nothing / None / No

6. Thinking about safety, reliability and customer service you receive from Enbridge, would you like to see Enbridge Gas invest in maintaining or improving upon the current level? If you don't know please say so. How about... [insert safety, reliability, customer service], should Enbridge [insert response options]?

[Randomize]
Safety
Reliability
Customer service

[response options]
Invest in maintaining the current level
Invest in improving the current level
Don't know **[Anchor]**

In considering its five-year investment plan Enbridge Gas estimates that it will need to increase investments to keep up with aging infrastructure and still maintain the current level of reliability and safety it delivers to its customers.

It is estimated that the average residential customer bill will need to increase by 3% or \$2 per month over the next 5 years to maintain current levels of safety and reliability. This increase would start in 2019 and apply until 2023. So by the end of 2023 residential customers will pay \$10 more per month compared to what they pay now, to cover these increased capital investments.

7. Would you be willing to accept this increase to maintain the current level of reliability and safety you currently receive for the next 5 years? [Single punch] (Read list)

The increase is reasonable and I would support it
I don't like it, but I think the increase is necessary
The increase is unreasonable and I would oppose it
Don't know (Read) **[Anchor]**

[Rotate Sections 2 and 3]

Section 2. Renewable Natural Gas

As you may know, on January 1, 2017 the Ontario government is planning to introduce a Cap and Trade system to help reduce greenhouse gas emissions in Ontario. Customers will pay a cost related to the amount of greenhouse gases they emit, such as from the use of fossil fuels.

The government plans to invest these cap and trade proceeds into various initiatives that reduce greenhouse gases such as renewable sources of energy, public transportation, electric vehicle incentives, and energy conservation programs. Initially, the government expects costs to be about \$7 per month for each natural gas customer for home heating, but the exact amounts next year and in future years is not yet known. Some estimates have indicated that the cost could increase by roughly 50 percent by 2023.

8. Were you aware that starting in 2017 on average residential customers will pay roughly \$7 more per month on their bill to cover the cost of this cap and trade system?

Yes
No

There are a couple of ways in which Enbridge Gas can help to lower customer costs to offset this cap and trade cost. One way is to offer conservation programs (such rebates and incentives) to encourage customers to make changes to their home to reduce their household natural gas consumption. Another way is for Enbridge to invest in renewable energy sources that will reduce greenhouse gas emissions across the network and offset the amount of cap and trade costs to customers overall.

9. Generally speaking, would you prefer to see Enbridge...? (Read list)

Invest in conservation programs to help customer reduce their consumption
Invest in renewable energy sources that will reduce the overall network's consumption
Both
Neither
Don't know (Read) **[Anchor]**

10. SOME PEOPLE SAY [ROTATE STATEMENT 1 AND 2] [STATEMENT 1] there is not much more they can do to make their home more energy efficient and therefore they may not be able to lower the cap and trade cost they pay. They are more likely to see savings based on investments Enbridge Gas could make in renewable energy that will reduce the cap and trade costs to customers across the network. OTHER PEOPLE SAY [STATEMENT 2] there is more they can do to make their home more energy efficient and they would prefer to have access to rebates and incentives to help them do that to lower the cap and trade cost they pay rather than rely on investments in renewable energy by Enbridge Gas to lower cap and trade cost across the network. Which is closer to your point of view? Are you... (Read list)

More likely to see savings based on renewable energy investments across the network

More likely to see savings based on making your home more energy efficient

Don't know (Read) **[Anchor]**

11. How much do you know about **renewable natural gas**, this is sometimes also referred to as bio methane gas, or biogas? (Read list)

A lot

Some

Not much

Nothing

Please bear with me as I tell you about renewable natural gas...

As you may know, Renewable natural gas (RNG), or bio methane gas or biogas, is a type of renewable gas that is carbon neutral, thus it is better for the environment than conventional natural gas. It is a sustainable fuel that is created by converting organic material such as municipal green bin collection waste (vegetable peelings), farm crop residue, gas from water treatment plants and even landfill gas that is captured and cleaned to the same quality level as natural gas.

Renewable natural gas could be produced in Ontario and put into the existing natural gas distribution system. It would be compatible with all your natural gas appliances so there would be no lifestyle change for households. Renewable natural gas helps reduce greenhouse gas emissions by displacing conventional natural gas.

Investing in renewable natural gas can start with modest levels of blending renewable energy with conventional energy. Think of this like the 2% blending of ethanol in gasoline. This level of renewable blending is estimated to cost customers approximately \$1.60 per month. Over time, it is expected the cost of renewable natural gas will decline, making renewable natural gas less expensive than conventional natural gas in the long-term for customers.

12. Knowing this, would you strongly support, somewhat support, somewhat oppose, strongly oppose or Don't know about paying \$1.60 more per month to start to begin building Ontario's renewable natural gas supplies?
- Strongly support
- Somewhat support
- Somewhat oppose
- Strongly oppose

Don't know **[Anchor]**

13. And how much would you be willing to pay per month, over and above the initial \$1.60 per month, to increase the amount of renewable natural gas that is blended into the system between 2019 and 2023? (Read list)

[SPLIT SAMPLE – HALF RESPONDENTS SEE LIST THE FIRST 4 LEVELS IN ASCENDING ORDER AND OTHER HALF IN DESCENDING ORDER]

\$1.00 more per month by 2023
\$2.00 more per month by 2023
\$3.00 more per month by 2023
\$4.00 more per month by 2023

[SHOW SECOND LAST] I am not willing to pay more than the initial \$1.60 per month

[SHOW LAST] I am not willing to pay even the initial \$1.60 per month

Don't know (Read) **[Anchor]**

14. SOME PEOPLE SAY [ROTATE STATEMENTS 1 AND 2] [STATEMENT 1 that the costs that customers pay for renewable natural gas should be regulated by the Ontario Energy Board in the same way conventional gas is, so that the cost charged to customers is regularly reviewed and relatively stable for customers. OTHER PEOPLE SAY [STATEMENT 2] that renewable natural gas should be available to customers through third party marketers who already sell natural gas as commodity to some Ontarian customers. The marketers would not be regulated by Ontario Energy Board and thus the cost to customers would be market-driven, meaning it could be lower or higher than the cost provided by Enbridge. Which is closest to your point of view...? (Read list)

Renewable natural gas costs should be regulated
Renewable natural gas costs should be market-driven
Don't know (Read)

15. Another way to reduce greenhouse gas emissions and reduce the costs of cap and trade is for Enbridge to invest in other forms of renewable energy outside of its natural gas business. This would include solar energy, wind energy or geo-thermal (from the ground). Investments in these other energy sources would reduce Enbridge Gas' cap and trade costs, savings that would be passed on to customers. Would you trust Enbridge to develop these renewable energy alternatives...? (Read list)

More than companies already operating in these areas
As much as companies already operating in these areas
Less than companies already operating in these areas
Don't know (Read)

Section 3. Energy Efficiency Initiatives

Enbridge Gas currently offers a number of energy efficiency programs to encourage customers to conserve energy. For residential customers, these include:

The Home Energy Conservation Program that provides incentive for making energy efficient upgrades and reducing energy consumption by 25%

The Smart Thermostats Program, that offers \$100 off of a smart thermostat

The Home Winter Proofing Program, where for qualifying low and fixed income customers

Enbridge pays for the cost of the energy efficiency improvements such as insulation and draft proofing measures

16. Were you aware that Enbridge Gas offers any of these conservation programs for customers?

Yes

No

In 2014, 5,000 residential customers took advantage of the Home Energy Conservation Program incentive to retrofit their home, making it more energy efficient. Each dollar Enbridge Gas spends on energy efficiency yields approximately to \$2.67 in benefits (mostly from savings on gas costs). Approximately 2% of the average residential customer's bill or \$16 per year currently goes toward the cost of these programs.

17. There are a few ways Enbridge can look at future planning for these programs. Do you think Enbridge Gas should....? (Read list)

Invest more money in these programs to encourage customers to reduce their consumption and thus their cap and trade costs, even if the monthly bill increases.

Continue to administer these programs at about the same level and cost to you as now.

Invest less in these programs in order to provide you with the savings.

Invest less in these programs in order to re-invest the money in other programs such as renewable natural gas or other forms of renewable energy to lower costs across the network and making cap and trade costs lower.

something else (specify)

Don't know (Read) **[Anchor]**

Section 4: Rank each section above in terms of priority & cost impact

18. To this point in the survey we have asked your opinion about several different ideas Enbridge Gas is considering in its future planning. Two of these ideas have an associated impact on the cost that customers pay.

Please indicate below which of these ideas you would be willing to pay for? If you see sufficient benefit in each of these ideas and are willing to pay for all of them your total monthly bill would increase by an estimated \$3.60. Would you be willing to pay... (read list)

(select all that apply)

Cost to maintain the current levels of safety and reliability of your gas service (\$2.00 per month)

Cost to invest in renewable natural gas and bring it into the fuel mix (\$1.60 per month)

All of the above (\$3.60 per month)

None

Don't know**[Anchor]**

Section 5: Other Comments

19. Do you have any comments you would like to share with Enbridge Gas? (ACCEPT FIRST RESPONSE, CLARIFY IF NEEDED)

[open-end]

Section 6: Demographics

20. When you receive your monthly natural gas bill, do you receive a paperless eBill (online) or a paper bill from Enbridge Gas Distribution?

eBill (Paperless)

Paper bill

21. What type of home you live in. Do you currently live in a...? (READ LIST)

Single family detached home

Semi-detached home

Townhome or rowhouse

Multi-level dwelling like an apartment or condo

Other (Specify)

22. Which of the following income groups would best represent your annual HOUSEHOLD income before taxes? (READ LIST UNTIL INTERRUPTED)

Less than \$20,000

\$20,000 to less than \$40,000

\$40,000 to less than \$60,000

\$60,000 to less than \$80,000

\$80,000 to less than \$100,000

\$100,000 to less than \$120,000

\$120,000 to less than \$140,000

\$140,000 to less than \$160,000

\$160,000 to less than \$200,000

More than \$200,000

Prefer not to say

23. What is the highest level of schooling that you have completed? (READ LIST UNTIL INTERRUPTED)

Some high school or less

High school graduate

Some college

Community/Technical college or CEGEP graduate

Some university

Bachelor's degree

Graduate degree

Prefer not to say

24. Are you?

Male

Female

25. Finally, we appreciate your participation in this survey. Your opinions are important. Would you be willing to participate in ongoing customer engagement research about Enbridge?

Yes

No

[If yes continue, else go to end of survey]

26. Which of the following ways would you be interested in participating in future research? (select all that apply)

Telephone surveys

Online surveys

Focus groups

None

[If none then skip to end. If mention online ask Q27]

27. May I please enter your email address [allow to move forward if blank/incomplete]

[Record email]

Those are all of the questions. It is greatly appreciated and very helpful that you took the time to help us serve you better. On behalf of Enbridge, thank you.

Appendix 3.2: General Service Customers Questionnaire

EGD INCENTIVE REGULATION QUESTIONNAIRE SMALL BUSINESS CUSTOMERS

Hello, my name is _____ from Ipsos a professional public opinion research company. I assure you we are not selling anything; we are only interested in your opinions. Today, we are conducting survey of business customers for Enbridge Gas Distribution about your businesses natural gas service. This call may be monitored or recorded for quality assurance purposes.

Can I speak with the person in your business who is responsible or jointly responsible for decisions regarding your natural gas service?

Yes – Continue

No – Ask to speak with person
Unavailable – Schedule call back
DK or REFUSE then Thank and Terminate

Thank you. I have some questions to see if you qualify for this study.

A. Does your business receive a natural gas bill from Enbridge?

Yes
No

[If Yes continue, if No, DK, or REF Thank and Terminate]

B. Are you responsible or partially responsible for paying your natural gas bill?

Yes
No

[If No, DK, or REF THANK & TERMINATE “Thank you for your interest, but this survey is for customers who receive and pay their natural gas bill directly to Enbridge”.]

C. What are the first 3 digits of your postal code?

[Enter X#X]

Section 1. Safety, Reliability, Customer Service (Maintain vs Invest)

1. Taking into consideration all aspects of your utility service experience, how satisfied are you with your Enbridge Gas Distribution service? (Read list)

Very satisfied
Somewhat satisfied
Neither satisfied nor dissatisfied
Somewhat dissatisfied
Very dissatisfied

2. How would you rate Enbridge Gas Distribution when it comes to each of the following? (Read list first time and then as needed)

[RANDOMIZE]

The customer service you receive
The value you receive for the money you pay for your Enbridge natural gas service
The reliability of natural gas delivery to your business
The safety of the delivery of natural gas to your business

Very satisfied
Somewhat satisfied

Neither satisfied nor dissatisfied
Somewhat dissatisfied
Very dissatisfied

3. Have you ever experienced an unplanned natural gas outage in your business? This would not include planned outages where your natural gas is turned off intentionally, for example, because of construction work around your home or a meter change.

Yes
No

[IF YES ASK Q4 OTHERWISE SKIP TO Q5]

4. How many unplanned outages have you experienced in the past 5 years?

[Range 1-99]

5. Have you ever had any other negative experiences related to safety or reliability of natural gas delivery to your business, for example, slow response to an emergency call? Please explain.
(Probe once)

Record Response [Open end]
Nothing / None / No

6. Thinking about safety, reliability and customer service you receive from Enbridge, would you like to see Enbridge Gas invest in maintaining or improving upon the current level? If you don't know please say so. How about... [insert safety, reliability, customer service], should Enbridge [insert response options]?

[Randomize]
Safety
Reliability
Customer service
[response options]
Invest in maintaining the current level
Invest in improving the current level
Don't know[Anchor]

In considering its five-year investment plan Enbridge Gas estimates that it will need to increase its capital costs to keep up with aging infrastructure and still maintain the current level of reliability and safety it delivers to its customers.

It is estimated that the average residential customer bill will need to increase by 3% or \$15 per month over the next 5 years to maintain current levels. This increase would start in 2019 and apply until 2023. So by the end of 2023 residential customers will pay \$75 more per month compared to what they pay now, to cover these increased capital investments.

7. Would you be willing to accept this increase to maintain the current level reliability and safety you currently receive for the next 5 years? [Single punch]

The increase is reasonable and I would support it
I don't like it, but I think the increase is necessary
The increase is unreasonable and I would oppose it
Don't know (Read) **[Anchor]**

[Rotate Sections 2 and 3]

Section 2. Renewable Natural Gas

As you may know, on January 1, 2017 the Ontario government is planning to introduce a Cap and Trade system to help reduce greenhouse gas emissions in Ontario. Customers will pay a cost related to the amount of greenhouse gases (GHG's) they emit, such as from the use (combustion) of fossil fuels.

The government plans to invest these cap and trade proceeds into various initiatives that reduce greenhouse gases such as renewable sources of energy, public transportation, electric vehicle incentives, and energy conservation programs. Initially, the government expects costs to be about \$36 per month for each small business natural gas customer for heating, but the exact amounts next year and in future years is not yet known. Some estimates have indicated that the cost could increase to about \$52.50 per month by 2023.

8. Were you aware that starting in 2017 on average small business customers will pay roughly \$36 more per month on their bill to cover the cost of this cap and trade system?

Yes
No

There are a couple of ways in which Enbridge Gas can help to lower customer costs to offset this cap and trade cost. One way is to offer conservation programs (such rebates and incentives) to encourage customers to make changes to their business to reduce their natural gas consumption. Another way is for Enbridge to invest in renewable energy sources that will reduce greenhouse gas emissions across the network and offset the amount of cap and trade costs to customers overall.

9. Generally speaking, would you prefer to see Enbridge...? (Read list)

Invest in conservation programs to help customer reduce their consumption
Invest in renewable energy sources that will reduce the overall network's consumption
Both
Neither
Don't know (Read) **[Anchor]**

10. SOME PEOPLE SAY [ROTATE STATEMENT 1 AND 2] [STATEMENT 1] there is not much more they can do to make their business more energy efficient and therefore they may not be able to lower the cap and trade cost they pay. They are more likely to see savings based on investments Enbridge Gas could make in renewable energy that will reduce the cap and trade costs to customers across the network. OTHER PEOPLE SAY [STATEMENT 2] there is more they can do to make their business more energy efficient and they would prefer to have access to rebates and incentives to help them do that to lower the cap and trade cost they pay rather than rely on

investments in renewable energy by Enbridge Gas to lower cap and trade cost across the network. Which is closer to your point of view? Are you... (Read list)

More likely to see savings based on renewable energy investments across the network
More likely to see savings based on making your business more energy efficient

Don't know (Read) **[Anchor]**

11. How much do you know about **renewable natural gas**, this is sometimes also referred to as bio methane gas, or biogas? (Read list)

A lot
Some
Not much
Nothing

As you may know, Renewable natural gas (RNG), or bio methane gas or biogas, is a type of renewable gas that is carbon neutral, thus it is better for the environment than conventional natural gas. It is a sustainable fuel that is created by converting organic material such as municipal green bin collection waste (vegetable peelings), farm crop residue, gas from water treatment plants and even landfill gas that is captured and cleaned to the same quality level as natural gas.

Renewable natural gas could be produced in Ontario and put into the existing natural gas distribution system. It would be compatible with all your natural gas appliances so there would be no lifestyle change for business. Renewable natural gas helps reduce greenhouse gas emissions by displacing conventional natural gas.

Investing in renewable natural gas can start with modest levels of blending renewable energy with conventional energy. Think of this like the 2% blending of ethanol in gasoline. This level of renewable blending is estimated to cost customers approximately \$19 per month. Over time, it is expected the cost of renewable natural gas will decline, making renewable natural gas less expensive than conventional natural gas in the long-term for customers.

12. Knowing this, would you support or oppose paying about \$19 more per month to start to begin building Ontario's renewable natural gas supplies? (Clarify if needed)

Strongly support
Somewhat support
Somewhat oppose
Strongly oppose
Don't know **[Anchor]**

13. And how much would you be willing to pay per month, over and above the initial \$19 per month, to increase the amount of renewable natural gas that is blended into the system between 2019 and 2023? (Read list)

[SPLIT SAMPLE – HALF RESPONDENTS SEE LIST THE FIRST 4 LEVELS IN ASCENDING ORDER AND OTHER HALF IN DESCENDING ORDER]

\$7.50 more per month by 2023
\$15.00 more per month by 2023

\$22.50 more per month by 2023

\$30.00 more per month by 2023

[SHOW SECOND LAST] I am not willing to pay more than the initial \$19 per month

[SHOW LAST] I am not willing to pay even the initial \$19 per month

Don't know (Read) **[Anchor]**

14. SOME PEOPLE SAY [ROTATE STATEMENTS 1 AND 2] [STATEMENT 1 that the costs that customers pay for renewable natural gas should be regulated by the Ontario Energy Board in the same way conventional gas is, so that the cost charged to customers is regularly reviewed and relatively stable for customers. OTHER PEOPLE SAY [STATEMENT 2] that renewable natural gas should be available to customers through third party marketers who already sell natural gas as commodity to some Ontarian customers. The marketers would not be regulated by Ontario Energy Board and thus the cost to customers would be market-driven, meaning it could be lower or higher than the cost provided by Enbridge. Which is closest to your point of view...? (Read list)

Renewable natural gas costs should be regulated

Renewable natural gas costs should be market-driven

Don't know (Read)

15. Another way to reduce greenhouse gas emissions and reduce the costs of cap and trade is for Enbridge to invest in other forms of renewable energy outside of its natural gas business. This would include solar energy, wind energy or geo-thermal (from the ground). Investments in these other energy sources would reduce Enbridge Gas' cap and trade costs, savings that would be passed on to customers. Would you trust Enbridge to develop these renewable energy alternatives...? (Read list)

More than companies already operating in these areas

As much as companies already operating in these areas

Less than companies already operating in these areas

Don't know (Read)

Section 3. Energy Efficiency Initiatives

Enbridge Gas currently offers a number of energy efficiency programs to encourage small business customers to conserve energy. For example, the Direct Install program for small commercial and industrial customers that offers a full service installation of air doors.

16. Were you aware that Enbridge Gas offers any of these conservation programs for customers?

Yes

No

Each dollar Enbridge Gas spends on energy efficiency yields approximately to \$2.67 in benefits (mostly from savings on gas costs). Approximately 2% of the average small business customer's bill or \$10 per month currently goes toward the cost of these programs.

17. There are a few ways Enbridge can look at future planning for these programs. Do you think Enbridge Gas should....? (Read list)

Invest in these programs more to encourage customers to use them more to reduce their consumption and thus their cap and trade costs, even if the monthly bill increases.

Continue to administer these programs at about the same level and cost to you as now.

Invest in these programs less in order to provide you with the savings.

Invest in these programs less in order to re-invest the money in other programs such as renewable natural gas or other forms of renewable energy to lower costs across the network and making cap and trade costs lower.

something else (specify)

Don't know (Read) [Anchor]

Section 4: Rank each section above in terms of priority & cost impact

18. To this point in the survey we have asked your opinion about several different ideas Enbridge Gas is considering in its future planning. Four of these ideas have an associated impact on the cost that customers pay.

Please indicate below which of these ideas you would be willing to pay for? If you see sufficient benefit in each of these ideas and are willing to pay for all of them your total monthly bill would increase by an estimated \$34.00.

(select all that apply)

Cost to maintain the current levels of safety and reliability of your gas service (\$15 per month)

Cost to invest in renewable natural gas and bring it into the fuel mix (\$19 per month)

All of the above (\$34.00 per month)

None

Don't know[Anchor]

Section 5: Other Comments

19. Do you have any comments you would like to share with Enbridge Gas? (ACCEPT FIRST RESPONSE, CLARIFY IF NEEDED)
[open-end]

Section 6: Firmographics

- 19B. Which company do you purchase your natural gas **supply** from?

Enbridge Gas

A marketer or broker that provides a separate charge on your utility bill for the supply of natural gas

20. When you receive your monthly natural gas bill, do you receive a paperless eBill (online) or a paper bill from Enbridge Gas Distribution?

eBill (Paperless)
Paper bill

20B. Approximately how many employees, including yourself, does your company presently employ at this location? [RANGE 1-999999]

21B. What sector or industry does your company operate in? (UNAIDED, DO NOT READ LIST, ACCEPT ONE RESPONSE)

Aerospace
Automotive
Consumer products
Engineering
Financial services / insurance / banking
Government/Crown Corporation
Hospitality industry
Manufacturing
Media
Natural resources (i.e. Mining, oil and gas, lumber, forestry, agriculture)
Pharmaceuticals/medical
Property management
Real estate
Restaurant/food service
Retail
Services
Telecommunications/information/technology
Transportation
Other (specify)

24. Finally, we appreciate your participation in this survey. Your opinions are important. Would you be willing to participate in ongoing customer engagement research about Enbridge?

Yes
No

[If yes continue, else go to end of survey]

25. Which of the following ways would you be interested in participating in future research? (select all that apply)

Telephone surveys
Online surveys
Focus groups
None

[If none then skip to end. If mention online ask Q27]

26. May I please enter your email address [allow to move forward if blank/incomplete]

[Record email]

Those are all of the questions. It is greatly appreciated and very helpful that you took the time to help us serve you better. On behalf of Enbridge, thank you.

Appendix 3.3: Rate 6 Business Customers Questionnaire

EGD INCENTIVE REGULATION QUESTIONNAIRE BUSINESS CUSTOMERS

Hello, my name is _____ from Ipsos a professional public opinion research company. I assure you we are not selling anything; we are only interested in your opinions.

Can I speak with the owner of the business or a senior person in your business who is familiar with the quality of natural gas service you receive and how much your business pays for the service?

(IF NECESSARY) We are not looking to speak with an accounts payable representative. Since this survey is about the needs and preferences of customers, we need to speak with someone who can speak on behalf of the business's interests.

Yes – Continue

No – Ask to speak with person

Unavailable – Schedule call back

DK or REFUSE then Thank and Terminate

{once on the phone with person}

Hello, my name is _____ from Ipsos a professional public opinion research company. We are conducting an important survey on behalf of Enbridge Gas Distribution about your business' natural gas service. This survey is an opportunity for customers to provide input and inform Enbridge Gas's five-year operations and investment plans for 2019 to 2023.

Every utility in Ontario is required to submit a rate application to the Ontario Energy Board to approve what it charges customers. Enbridge Gas' next rate application will outline its plans and the costs needed to achieve particular outcomes. It will be reviewed by the Ontario Energy Board and they will decide whether the plans are reasonable and cost effective for customers.

This call may be monitored or recorded for quality assurance purposes.

Thank you. I have some questions to see if you qualify for this study.

A. Does your business receive a natural gas bill from Enbridge?

Yes

No

[If Yes continue, if No, DK, or REF Thank and Terminate]

- B. Does the business pay its natural gas bill directly to Enbridge or are the natural gas costs paid by a property manager or landlord?

Pays directly to enbridge

Paid by property manager or landlord

[If Paid by property manager, DK, or REF THANK & TERMINATE "Thank you for your interest, but this survey is for customers who receive and pay their natural gas bill directly to Enbridge".]

- C. What are the first 3 digits of your postal code?

[Enter X#X]

Section 1. Safety, Reliability, Customer Service (Maintain vs Invest)

1. Taking into consideration all aspects of your utility service experience, how satisfied are you with your Enbridge Gas Distribution service? (Read list)

Very satisfied

Somewhat satisfied

Neither satisfied nor dissatisfied

Somewhat dissatisfied

Very dissatisfied

2. How would you rate Enbridge Gas Distribution when it comes to each of the following? (Read list first time and then as needed)

[RANDOMIZE]

The customer service you receive

The value you receive for the money you pay for your Enbridge natural gas service

The reliability of natural gas delivery to your business

The safety of the delivery of natural gas to your business

Very satisfied

Somewhat satisfied

Neither satisfied nor dissatisfied

Somewhat dissatisfied

Very dissatisfied

3. Have you ever experienced an unplanned natural gas outage in your business? This would not include planned outages where your natural gas is turned off intentionally, for example, because of construction work around your home or a meter change.

Yes

No

[IF YES ASK Q4 OTHERWISE SKIP TO Q5]

4. How many unplanned outages have you experienced in the past 5 years?

[Range 1-99]

5. Have you ever had any other negative experiences related to safety or reliability of natural gas delivery to your business, for example, slow response to an emergency call? Please explain.
(Probe once)

Record Response [Open end]

Nothing / None / No

6. Thinking about safety, reliability and customer service you receive from Enbridge, would you like to see Enbridge Gas invest in maintaining or improving upon the current level? If you don't know please say so. How about... [insert safety, reliability, customer service], should Enbridge [insert response options]?

[Randomize]

Safety

Reliability

Customer service

[response options]

Invest in maintaining the current level

Invest in improving the current level

Don't know[Anchor]

In considering its five-year investment plan Enbridge Gas estimates that it will need to increase its capital costs to keep up with aging infrastructure and still maintain the current level of reliability and safety it delivers to its customers.

It is estimated that the average residential customer bill will need to increase by 3% over the next 5 years to maintain current levels. This increase would start in 2019 and apply until 2023. So by the end of 2023 residential customers will pay 15% more compared to what they pay now, to cover these increased capital investments.

7. Would you be willing to accept this increase to maintain the current level reliability and safety you currently receive for the next 5 years? [Single punch]

The increase is reasonable and I would support it

I don't like it, but I think the increase is necessary

The increase is unreasonable and I would oppose it

Don't know (Read) [Anchor]

[Rotate Sections 2 and 3]

Section 2. Renewable Natural Gas

As you may know, on January 1, 2017 the Ontario government introduced a Cap and Trade system to help reduce greenhouse gas emissions in Ontario. Customers will pay a cost related to the amount of greenhouse gases (GHG's) they emit, such as from the combustion of natural gas.

The government plans to invest these Cap and Trade proceeds into various initiatives intended to reduce greenhouse gases such as renewable sources of energy, public transportation, electric vehicle incentives, and energy conservation programs.

Based on your rate class and EGD's Ontario Energy Board approved cap and trade interim rate, your bill is estimated to increase by approximately 15%.

8. Were you aware that you are being charged 15% to cover the cost of cap and trade?

Yes

No

There are a couple of ways in which Enbridge Gas can help to lower customer costs to offset this cap and trade cost. One way is to offer conservation programs (such rebates and incentives) to encourage customers to make changes to their business to reduce their natural gas consumption. Another way is for Enbridge to invest in renewable energy sources that will reduce greenhouse gas emissions across the network and offset the amount of cap and trade costs to customers overall.

9. Generally speaking, would you prefer to see Enbridge...? (Read list)

Invest in conservation programs to help customer reduce their consumption

Invest in renewable energy sources that will reduce the overall network's consumption

Both

Neither

Don't know (Read) **[Anchor]**

10. SOME PEOPLE SAY [ROTATE STATEMENT 1 AND 2] [STATEMENT 1] there is not much more they can do to make their business more energy efficient and therefore they may not be able to lower the cap and trade cost they pay. They are more likely to see savings based on investments Enbridge Gas could make in renewable energy that will reduce the cap and trade costs to customers across the network. OTHER PEOPLE SAY [STATEMENT 2] there is more they can do to make their business more energy efficient and they would prefer to have access to rebates and incentives to help them do that to lower the cap and trade cost they pay rather than rely on investments in renewable energy by Enbridge Gas to lower cap and trade cost across the network. Which is closer to your point of view? Are you... (Read list)

More likely to see savings based on renewable energy investments across the network

More likely to see savings based on making your business more energy efficient

Don't know (Read) **[Anchor]**

11. How much do you know about **renewable natural gas**, this is sometimes also referred to as bio methane gas, or biogas? (Read list)

A lot
Some
Not much
Nothing

As you may know, Renewable natural gas (RNG), or bio methane gas or biogas, is a type of renewable gas that is carbon neutral, thus it is better for the environment than conventional natural gas. It is a sustainable fuel that is created by converting organic material such as municipal green bin collection waste (vegetable peelings), farm crop residue, gas from water treatment plants and even landfill gas that is captured and cleaned to the same quality level as natural gas.

Renewable natural gas could be produced in Ontario and put into the existing natural gas distribution system. It would be compatible with all your natural gas appliances so there would be no lifestyle change for business. Renewable natural gas helps reduce greenhouse gas emissions by displacing conventional natural gas.

Investing in renewable natural gas can start with modest levels of blending renewable energy with conventional energy. Think of this like the 2% blending of ethanol in gasoline. This level of renewable blending is estimated to cost customers approximately 4% per month. Over time, it is expected the cost of renewable natural gas will decline, making renewable natural gas less expensive than conventional natural gas in the long-term for customers.

12. Knowing this, would you support or oppose paying about 4% more per month to start to begin building Ontario's renewable natural gas supplies? (Clarify if needed)

Strongly support
Somewhat support
Somewhat oppose
Strongly oppose
Don't know **[Anchor]**

13. And how much would you be willing to pay per month, over and above the initial 4% per month, to increase the amount of renewable natural gas that is blended into the system between 2019 and 2023? (Read list)

[SPLIT SAMPLE – HALF RESPONDENTS SEE LIST THE FIRST 4 LEVELS IN ASCENDING ORDER AND OTHER HALF IN DESCENDING ORDER]

1.5% more per month by 2023
3.0% more per month by 2023
4.5% more per month by 2023
6.0% more per month by 2023
[SHOW SECOND LAST] I am not willing to pay more than the initial 4% per month
[SHOW LAST] I am not willing to pay even the initial 4% per month
Don't know (Read) **[Anchor]**

14. SOME PEOPLE SAY [ROTATE STATEMENTS 1 AND 2] [STATEMENT 1 that the costs that customers pay for renewable natural gas should be regulated by the Ontario Energy Board in the same way conventional gas is, so that the cost charged to customers is regularly reviewed and relatively stable for customers. OTHER PEOPLE SAY [STATEMENT 2] that renewable natural gas should be available to customers through third party marketers who already sell natural gas as commodity to some Ontarian customers. The marketers would not be regulated by Ontario Energy Board and thus the cost to customers would be market-driven, meaning it could be lower or higher than the cost provided by Enbridge. Which is closest to your point of view...? (Read list)

Renewable natural gas costs should be regulated
Renewable natural gas costs should be market-driven
Don't know (Read)

15. Another way to reduce greenhouse gas emissions and reduce the costs of cap and trade is for Enbridge to invest in other forms of renewable energy outside of its natural gas business. This would include solar energy, wind energy or geo-thermal (from the ground). Investments in these other energy sources would reduce Enbridge Gas' cap and trade costs, savings that would be passed on to customers. Would you trust Enbridge to develop these renewable energy alternatives...? (Read list)

More than companies already operating in these areas
As much as companies already operating in these areas
Less than companies already operating in these areas
Don't know (Read)

Section 3. Energy Efficiency Initiatives

Enbridge Gas currently offers a number of energy efficiency programs to encourage small business customers to conserve energy. For example, the Direct Install program for small commercial and industrial customers that offers a full service installation of air doors.

16. Were you aware that Enbridge Gas offers any of these conservation programs for customers?

Yes
No

Each dollar Enbridge Gas spends on energy efficiency yields approximately to \$2.67 in benefits (mostly from savings on gas costs). Approximately 2% of the average business customer's bill currently goes toward the cost of these programs.

17. There are a few ways Enbridge can look at future planning for these programs. Do you think Enbridge Gas should....? (Read list)

Invest in these programs more to encourage customers to use them more to reduce their consumption and thus their cap and trade costs, even if the monthly bill increases.
Continue to administer these programs at about the same level and cost to you as now.
Invest in these programs less in order to provide you with the savings.

Invest in these programs less in order to re-invest the money in other programs such as renewable natural gas or other forms of renewable energy to lower costs across the network and making cap and trade costs lower.

Something else (specify)

Don't know (Read) [Anchor]

Section 4: Rank each section above in terms of priority & cost impact

18. To this point in the survey we have asked your opinion about several different ideas Enbridge Gas is considering in its future planning. A couple of these ideas have an associated impact on the cost that customers pay.

Please indicate below which of these ideas you would be willing to pay for? If you see sufficient benefit in each of these ideas and are willing to pay for all of them your total monthly bill would increase by approximately 7%.

(select all that apply)

Cost to maintain the current levels of safety and reliability of your gas service, an increase of about 3% per month

Cost to invest in renewable natural gas and bring it into the fuel mix, an increase of about 4% per month

All of the above, an increase of about 7% per month

None

Don't know[Anchor]

Section 5: Other Comments

19. Do you have any comments you would like to share with Enbridge Gas? (ACCEPT FIRST RESPONSE, CLARIFY IF NEEDED)

[open-end]

Section 6: Firmographics

- 19B. Which company do you purchase your natural gas **supply** from?

Enbridge Gas

A marketer or broker that provides a separate charge on your utility bill for the supply of natural gas

20. When you receive your monthly natural gas bill, do you receive a paperless eBill (online) or a paper bill from Enbridge Gas Distribution?

eBill (Paperless)

Paper bill

20B. Approximately how many employees, including yourself, does your company presently employ at this location? [RANGE 1-999999]

21B. What sector or industry does your company operate in? (UNAIDED, DO NOT READ LIST, ACCEPT ONE RESPONSE)

Aerospace
Automotive
Consumer products
Engineering
Financial services / insurance / banking
Government/Crown Corporation
Hospitality industry
Manufacturing
Media
Natural resources (i.e. Mining, oil and gas, lumber, forestry, agriculture)
Pharmaceuticals/medical
Property management
Real estate
Restaurant/food service
Retail
Services
Telecommunications/information/technology
Transportation
Other (specify)

24. Finally, we appreciate your participation in this survey. Your opinions are important. Would you be willing to participate in ongoing customer engagement research about Enbridge?

Yes
No

[If yes continue, else go to end of survey]

25. Which of the following ways would you be interested in participating in future research? (select all that apply)

Telephone surveys
Online surveys
Focus groups
None

[If none then skip to end. If mention online ask Q27]

26. May I please enter your email address [allow to move forward if blank/incomplete]

[Record email]

Those are all of the questions. It is greatly appreciated and very helpful that you took the time to help us serve you better. On behalf of Enbridge, thank you.

Appendix 3.4: Large Volume Customers Questionnaire

EGD INCENTIVE REGULATION QUESTIONNAIRE

large volume / Key Account Customers

(FINAL DRAFT FOR REVIEW MARCH 28 2017)

[LANDING PAGE]

[Screen 1]

Enbridge Gas Distribution would like to better understand your needs and preferences as a customer. Between now and mid-2017 Enbridge Gas Distribution will be reaching out to its customers to gather feedback on customer preferences that will inform Enbridge Gas Distribution's future planning and ultimately its rate application to the Ontario Energy Board.

Every utility in Ontario is required to submit a rate application to the Ontario Energy Board to approve what it charges customers. Enbridge Gas Distribution's next rate application will outline its plans and the costs needed to achieve particular outcomes. It will be reviewed by the Ontario Energy Board and they will decide whether the plans are reasonable and cost effective for customers.

[Screen 2]

This is an opportunity for customers to provide input and inform Enbridge Gas Distribution's five-year operations and investment plans for 2019 to 2023. Enbridge Gas Distribution has committed to regularly asking customers for their input to ensure it understands your needs and preferences.

Thank you in advance of your interest and participation!

Please complete the survey by May 5, 2017.

[Screen 3]

This survey is intended for large volume customers such as yourself. You are receiving this survey because you are the customer contact that Enbridge Gas Distribution has on file for your organization.

You are listed as the contact for [ACCOUNT_cl][CITY_cl] [scriptwriter: make piped in information bold]

If you are listed as the contact for multiple sites with varying consumption and thus varying distribution costs, rate classes and annual bill amounts, one site has been randomly selected. **The rate impacts for this randomly chosen site have been used in the survey.**

Only one survey has been sent to each large volume customer. You may collaborate internally on your responses to the survey, but only one completed survey will be permitted per customer.

This survey should be completed by the person(s) within your organization that are involved in reviewing or making decisions about the services you receive from Enbridge Gas Distribution. This may be the CFO, VP or Manager of Engineering, Asset Management, Facilities Manager etc.

If that is not you, please forward this survey to the correct person. They will be able to re-use the same link.

[Screen 4]

- A. Can you please confirm that you are involved in reviewing and making decisions about the services you receive from Enbridge Gas Distribution or that such a person(s) has collaborated in preparing your responses to the survey?

Yes

No

[IF NO SHOW] Please forward the survey link you received to someone within your organization involved in reviewing and making decisions about the services you receive from Enbridge Gas Distribution. Please do so promptly as the deadline for completing the survey is **May 5, 2017**.

[SCRIPTWRITER – A NO RESPONSE SHOULD ALWAYS LOOP BACK TO INTRODUCTION, YES IS NEEDED TO CONTINUE TO NEXT SCREEN]

[NEXT SCREEN]

The survey should take you about 10-15 minutes to complete from start to finish. Please try to reserve some time to do the survey as soon as possible. We'd appreciate it if you could do it from the beginning to the end at one time, rather than stop and restart.

If you need to stop at any point along the way, you are able to close the survey and your answers to that point will be saved. When you are ready to come back to the survey, you will be brought directly to the survey question that you left off at.

Some browsers time out after a certain amount of time if you are inactive (not touching your computer). If the survey times out before you have completed the survey you will have to start from the beginning.

[NEXT SCREEN]

Please read and consider each question carefully as you will not be permitted to go back to change your responses. **Please do not use the back button of your browser as this will take you out of the survey.**

If you have any difficulties with completing the survey please refer to the email address for technical support provided at the top right corner of the screen.

[NOTE TO SCRIPTWRITER: we will want to show a progress bar if possible in device agnostic and AODA compliant mode, if not, device agnostic and AODA are priority]

[do not show heading] Section 1. Safety, Reliability, Customer Service

Let's begin.

1. Taking into consideration all aspects of your utility service experience, how satisfied are you with your Enbridge Gas Distribution service?

Very satisfied
Somewhat satisfied
Neither satisfied nor dissatisfied
Somewhat dissatisfied
Very dissatisfied
Don't know

2. How would you rate Enbridge Gas Distribution when it comes to each of the following?

[RANDOMIZE ORDER] [Progressive grid]

The customer service you receive

The value you receive for the money you pay for your Enbridge natural gas service

The reliability of natural gas delivery to your business

The safety of the delivery of natural gas to your business

Very satisfied
Somewhat satisfied
Neither satisfied nor dissatisfied
Somewhat dissatisfied
Very dissatisfied
Don't know

3. Is there anything in particular that Enbridge Gas Distribution can do to improve its service to you?

Yes (please specify with as much detail as possible)

No

4. Have you ever experienced an unplanned natural gas outage in your organization? This would not include planned outages where your natural gas is turned off intentionally, for example, construction work or a meter change.

Yes

No

[IF YES ASK Q5 OTHERWISE SKIP TO Q6]

5. How many unplanned natural gas outages have you experienced in the past 5 years?

1

2

3
4
5 or more

6. Have you ever had any other negative experiences related to safety or reliability of natural gas delivery to your organization, for example, slow response to an emergency call?

Yes (please specify with as much detail as possible)

No

7. Thinking about the safety, reliability and customer service you receive from Enbridge Gas Distribution, would you like to see Enbridge Gas Distribution invest in maintaining or improving upon the current level? [Progressive grid]

[RANDOMIZE GRID ROWS]

Of Safety

Of Reliability

Of Customer service

[GRID COLUMN]

Invest in maintaining the current level

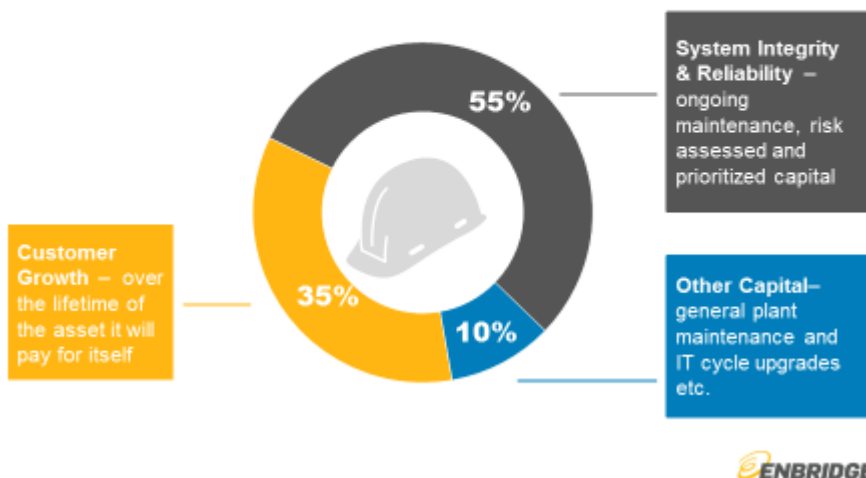
Invest in improving the current level

Don't know

[Info screen] Enbridge Gas Distribution takes a risk based approach in understanding safety and reliability. In order to maintain the current level of safety and reliability you receive, Enbridge Gas Distribution will need to increase its investment in the natural gas distribution system. In general, as infrastructure ages it is more likely to fail, resulting in higher risk over time. As infrastructure ages, there are additional costs required to maintain the current levels of safety and reliability.

The additional costs that Enbridge Gas Distribution expects to spend in order to maintain current safety and reliability levels over the next 5-years breakout as follows:

Where Investments Are Needed to Maintain Safety & Reliability



[SCRIPTWRITER TO CONFIRM IT IS POSSIBLE IN DEVICE AGNOSTIC MODE TO CLICK ON THE PIE SLICE FOR MORE DETAILED INFORMATION]

Customer Growth:

- Provide new or upgraded natural gas services to residential and commercial/ industrial customers
- Ensure Enbridge Gas Distribution is able to obtain a return on its investment equal to a profitability index (PI) greater than or equal to that outlined in the Customer Attachment Policy; for instances where the PI is insufficient, ensure a Contribution in Aid of Construction is collected from the customer(s) in order to balance the return on investment.
- Ensure gas main extensions and reinforcements required for new/upgraded services are identified and accounted for in the profitability index (PI)

System Integrity & Reliability

- Maintain the pressurized natural gas distribution system at or above adopted codes and standards for safety and operational effectiveness
- Ensure the dependable delivery of natural gas to Enbridge Gas Distribution's customers
- Continuously improve on the understanding of the history, condition and risk associated with pipe assets

Other Capital investments:

- Provide the business with appropriate facilities, IT, fleet & equipment (and other infrastructure) to allow for effective and safe business function
- Sustain the integrity of all facilities, IT, fleet & equipment (and other infrastructure) for safe and reliable use
- Use cost, risk and performance to inform decisions and asset investments

[Info and question on separate screens]

[Info screen]

In considering its 5-year investment plan Enbridge Gas Distribution estimates that it will need to increase its capital costs to keep up with aging infrastructure to continue to maintain the current level of reliability and safety it delivers to its customers.

It is estimated that the **delivery charge** portion of your bill will need to increase by **1.5%** per year over the next 5 years to maintain current levels of safety and reliability. **For customers in your rate class the delivery charge typically represents [Pipein_Q8_cl] of your total annualized bill costs.** [scriptwriter: make ALL pipe in bold]

[Show in one screen, question and below info in one screen]

This increase would start in 2019 and apply until 2023. So by the end of 2023 the delivery charge portion of your bill would be **7.5%** more than it is now, to cover these increased capital investments.

8. Would you be willing to accept this increase to maintain the current level of reliability and safety you currently receive for the next 5 years? [Single punch]

The increase is reasonable and I would support it
I don't like it, but I think the increase is necessary
The increase is unreasonable and I would oppose it
Don't know

[ROTATE SECTIONS 2 AND 3] Section 2. Renewable Natural Gas

[Info and question on separate screens]

As you may know, on January 1, 2017 the Ontario government introduced a Cap and Trade system to help reduce greenhouse gas emissions in Ontario. Customers will pay a cost related to the amount of greenhouse gases (GHG's) they emit, such as from the use (combustion) of fossil fuels.

The government plans to invest these Cap and Trade proceeds into various initiatives that reduce greenhouse gases such as renewable sources of energy, public transportation, electric vehicle incentives, and energy conservation programs.

[scriptwriter: make piped in numbers bold see below]

Based on your rate class and Enbridge Gas Distribution's Ontario Energy Board approved cap and trade interim rate,

[SCRIPTWRITER if yes in Cap_Trade_cl insert the following: you are being charged a 'facility related charge' (large final emitter rate) only. As a mandatory or voluntary cap and trade participant, you are required to register with the Government and manage your own cap and trade allowances related to your GHG emissions from combustion, including natural gas, as well as any other process emissions. Starting January 1, Enbridge Gas Distribution is charging you a 'facility-related charge' (large final emitter rate) of **0.0337 cents/m³** (as per the Ontario Energy Board approved interim rate order)

associated with Enbridge Gas Distribution's GHG emissions resulting from the delivery of natural gas to your site.]

[SCRIPTWRITER: if #NA in Cap_Trade_cl insert the following: you are being charged a 'facility and customer related charge.' For businesses that cannot or are not interested in managing their own cap and trade obligations, you are being charged **3.3518 cents per m³** (as per the approved interim rate). This charge accounts for the emissions generated by your natural gas combustion as well as the emissions generated in delivering the gas to your site.]

9. Were you aware of this unit rate increase that you are being charged to cover the cost of cap and trade?

Yes

No

[Info and question on separate screens]

There are a couple of ways in which Enbridge Gas Distribution can help to lower customer costs to offset this Cap and Trade cost. One way is to offer conservation programs (such rebates and incentives) to encourage customers to make changes to their organization to reduce their natural gas consumption. Another way is for Enbridge Gas Distribution to invest in renewable energy sources that will reduce greenhouse gas emissions across the network and offset the amount of Cap and Trade costs to customers overall.

10. Generally speaking, would you prefer to see Enbridge Gas Distribution...? (select one response only)

Invest in conservation programs to help customer reduce their consumption

Invest in renewable energy sources that will reduce the overall network's consumption

Both

Neither

Don't know

11. SOME CUSTOMERS SAY [ROTATE STATEMENT/screen 1 AND 2] [STATEMENT 1/ show screen 1] there is not much more they can do to make their organization more energy efficient and therefore they may not be able to lower the Cap and Trade cost they pay. They are more likely to see savings based on investments Enbridge Gas Distribution could make in renewable energy that will reduce the Cap and Trade costs to customers across the network. OTHER CUSTOMERS SAY [STATEMENT 2/ show screen 2] there is more they can do to make their organization more energy efficient and they would prefer to have access to rebates and incentives to help them do that to lower the Cap and Trade cost they pay rather than rely on investments in renewable energy by Enbridge Gas Distribution to lower cap and trade cost across the network.

Which is closer to your point of view? Are you... (select one response only)

More likely to see savings based on renewable energy investments across the network

More likely to see savings based on making your organization more energy efficient

Don't know

12. How much do you know about **renewable natural gas**, this is sometimes also referred to as bio methane gas, or biogas?

A lot
Some
Not much
Nothing

[Info and question on separate screens]

[Screen 1]

As you may know, Renewable Natural Gas (RNG), or bio methane gas or biogas, is a type of renewable gas that is carbon neutral, thus it is better for the environment than conventional natural gas. It is a sustainable fuel that is created by converting organic material such as municipal green bin collection waste (vegetable peelings), farm crop residue, gas from water treatment plants and even landfill gas that is captured and cleaned to the same quality level as natural gas.

Renewable natural gas could be produced in Ontario and put into the existing natural gas distribution system. It would be compatible with all your natural gas appliances so there would be no lifestyle change for business. Renewable natural gas helps reduce greenhouse gas emissions by displacing conventional natural gas.

[Screen 2]

scriptwriter: make ALL pipe in numbers bold]

Investing in renewable natural gas can start with modest levels of blending renewable energy with conventional energy. Think of this like the 2% blending of ethanol in gasoline. This level of renewable blending is estimated to cost your organization approximately [Pipein_Q13_cl] per year on the **delivery charge** portion of your bill. Over time, it is expected the cost of renewable natural gas will decline, making renewable natural gas less expensive than conventional natural gas in the long-term for customers.

13. Knowing this, would you support or oppose paying about [[Pipein_Q13_cl]] **more per year** on the **delivery charge** portion of your bill to start to begin building Ontario's renewable natural gas supplies through biogas?

Strongly support
Somewhat support
Somewhat oppose
Strongly oppose
Don't know

14. And how much would you be willing to pay, over and above the initial [[Pipein_Q13_cl]] on the **delivery charge** portion of your bill, to increase the amount of renewable natural gas that is blended into the system **between 2019 and 2023?**

[SPLIT SAMPLE – HALF RESPONDENTS SEE LIST THE FIRST 4 LEVELS IN ASCENDING ORDER AND OTHER HALF IN DESCENDING ORDER]

0.1% more per year (0.5% more per year by 2023)

0.2% more per year (1% more per year by 2023)

0.3% more per year (1.5% more per year by 2023)

0.4% more per year (2% more per year by 2023)

[SHOW SECOND LAST] I am not willing to pay more than the initial increase

[SHOW LAST] I am not willing to pay even the initial increase

Don't know

[Info screen] Another investment option is referred to as Power-to-Gas (P2G). Power-to-Gas is a new energy storage technology that supports the electricity grid's ability to integrate more renewable generation by converting off-peak, and surplus, renewable power into hydrogen that can be injected into the natural gas distribution system to complement RNG.

15. How much do you know about **Power-to-Gas**?

A lot

Some

Not much

Nothing

15a. The potential cost to customers for Enbridge Gas Distribution to invest in Power-to-Gas is not yet known. Contingent upon knowing the cost impact to customers, do you think Enbridge Gas should consider investing in Power-to-Gas?

Yes

No

Don't know

[Question 16, show each statement in separate screen and rotate screen 1 and 2, like q11]

16. SOME PEOPLE SAY [ROTATE STATEMENTS 1 AND 2] [STATEMENT 1 that the costs that customers pay for renewable natural gas should be regulated by the Ontario Energy Board in the same way conventional gas is, so that the cost charged to customers is regularly reviewed and relatively stable for customers. OTHER PEOPLE SAY [STATEMENT 2] that renewable natural gas should be available to customers through third party marketers who already sell natural gas as a commodity to some Ontario customers. The marketers would not be regulated by Ontario Energy Board and thus the cost to customers would be market-driven, meaning it could be lower or higher than the cost provided by Enbridge Gas Distribution.

Which is closest to your point of view...?

Renewable natural gas costs should be regulated

Renewable natural gas costs should be market-driven

[Info screen] Another way to reduce greenhouse gas emissions and reduce the costs of Cap and Trade is for Enbridge Gas Distribution to invest in other forms of renewable energy outside of its natural gas business. This would include solar energy, wind energy or geo-thermal (from the

ground). Investments in these other energy sources would reduce Enbridge Gas Distribution's Cap and Trade costs, savings that would be passed on to customers.

17. Would you trust Enbridge Gas Distribution to develop these renewable energy alternatives...?

More than companies already operating in these areas
As much as companies already operating in these areas
Less than companies already operating in these areas
Don't know

Section 3. Conservation Initiatives

18. Enbridge Gas Distribution currently offers programs that range from prescriptive, customer and / or comprehensive energy management programs depending on your organization's needs. Were you aware that Enbridge Gas Distribution offers several conservation programs to help customers reduce their consumption?

Yes
No

scriptwriter: make ALL pipe in numbers bold]

Each dollar Enbridge Gas Distribution spends on conservation programs to help customers improve their energy efficiency yields approximately to \$2.67 in benefits (mostly from savings on gas costs). Approximately [Pipein_Q19_cl] of the delivery charge for large volume customers in your rate class pay per year currently goes toward the cost of these programs.

19. There are a few ways Enbridge Gas Distribution can look at future planning for these programs. Do you think Enbridge Gas Distribution should....?

Invest in these programs **more** to encourage customers to reduce their consumption and thus their cap and trade costs, **even if your delivery charges increase.**
Continue to administer these programs at **about the same level** and **at the same cost to you as now.**
Invest in these programs **less** in order to provide you with the **savings on your delivery charges.**
Invest in these programs **less** in order to **re-invest the money you currently contribute to these programs** in other programs [click for more information] such as renewable natural gas or other forms of renewable energy to lower costs across the network and making cap and trade costs lower.
Something else (specify)
Don't know

Section 4: Rank each section above in terms of priority & cost impact

[Info screen] To this point in the survey we have asked your opinion about several different ideas Enbridge Gas Distribution is considering in its future planning. Some of these ideas have an associated impact on the cost that customers pay that is known at this stage.

scriptwriter: make ALL pipe in numbers bold]

20. Please indicate below which of these ideas you would be willing to pay for? If you see sufficient benefit in each of these ideas and are willing to pay for all of them, your deliver charge would increase by an estimated [Pipein_Q20_cl].

(select all that apply)

Cost to maintain the current levels of safety and reliability of your gas service (1.5% per year)
Cost to invest in renewable natural gas and bring it into the fuel mix (pipe in #FROM [Pipein_Q13_cl] per year)
Both of the above (Pipein_Q20_cl per year)
None [Exclusive]
Don't know [Exclusive]

21. Switching topics away from future investments, do you have any concerns or unmet needs related to the natural gas service you currently receive from Enbridge Gas Distribution? **(Please type in a response to continue)**
[open-end]

22. Have you had any concerns about any of the following in the past 2 years? (select all that apply)

[RANDOMIZE – always show other billing after meter reading]
Meter reading accuracy
Other billing issues
Costs associated with new natural gas service
Timelines associated with receiving new natural gas service
Timing of Account finalization when there is a station rebuild
None **[Anchor and Exclusive]**

[If answer none or costs associated with new natural gas service **ONLY** skip Q27]

[IF SELECTED METER READING IN Q22 ASK Q23 OTHERWISE SKIP]

23. What do you think is a reasonable amount of time to resolve meter reading accuracy issues?

Within in 10 days
30 days
60 days
90 days

[IF SELECTED BILLING ISSUE IN Q22 ASK Q24 OTHERWISE SKIP]

24. What do you think is a reasonable amount of time to resolve billing issues?

Within in 10 days

30 days

60 days

90 days

[IF SELECTED "Timelines associated with receiving new natural gas service" IN Q22 ASK Q25 OTHERWISE SKIP]

25. What do you think is a reasonable amount of time to wait for new natural gas service?

Within in 10 days

30 days

60 days

90 days

[IF SELECTED "Timing of Account finalization when there is a station rebuild" ISSUE IN Q22 ASK Q26 OTHERWISE SKIP]

26. What do you think is a reasonable amount of time to finalize account when there is a station rebuild?

Less than 30 days

30 days

60 days

90 days

[IF SELECTED METER READING IN Q22 ASK Q27 OTHERWISE SKIP]

27. You indicated that you have experienced an inaccurate meter reading issue in the past 2 years. What specifically was the issue? **(Please type in a response to continue)** [open-end]

28. We have come to the end of the survey. Is there anything else that you would like to share with Enbridge Gas Distribution before ending the survey? **(Please type in a response to continue)**

[open-end]

[STANDARD THANK YOU MESSAGE]



CUSTOMER ENGAGEMENT

2019 Rate Application

August 2017

Union Gas Limited
50 Keil Drive North
Chatham, ON
N7M 5J5



Customer Engagement: 2019 Rate Application

August 2017

Confidentiality

This Report and all of the information and data contained within it may not be released, shared or otherwise disclosed to any other party, without the prior, written consent of Union Gas Ltd.

Acknowledgement

This report has been prepared by Innovative Research Group Inc. (INNOVATIVE) for Union Gas. The conclusions drawn and opinions expressed are those of the authors.

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APPENDICES:

Appendix A: Workbook (Residential Version)

Appendix B: Telephone Survey (Residential Version)

Appendix C: Additional Consultation Focus Group Workbook Question Responses

1. Executive Summary

Overview

Innovative Research Group Inc. (INNOVATIVE) was engaged by Union Gas to assist in the design and implementation of an extensive customer consultation program in support of their 2019 Rate Application to the Ontario Energy Board (OEB).

The objective of the consultation was to identify customer needs, to identify and assess the priorities among specific customer outcomes, and to explore customer preferences on some significant and illustrative choices before Union Gas planners, including the pace of investment.

The consultation involved four stages:

Think:

INNOVATIVE and Union Gas worked together to identify potential questions to be included in a workbook that would allow customers to share their needs and preferences.

Test:

The workbook was then reviewed by intervenors and tested with customers to assess whether the workbook was comprehensible and whether challenges, solutions and options presented were unambiguous and complete.

Identify:

A broad range of activities using voluntary input, discussion groups and Union Gas-led engagements were used to help determine the range of customer views or the key topics in the consultation.

Quantify:

The final step was a randomly recruited telephone survey of low-volume customers to allow generalizable conclusions that can be applied to the broader population of Union Gas customers.

Key Findings

What is immediately striking about the results of this consultation is the consistency across methodologies and customer rate classes. There are examples where low-volume business customers may not share the same preference as residential customers, but these differences are the rare exception rather than the rule.

Where we do see fairly consistent differences is when we look at Low-Income Energy Assistance Program (LEAP) qualified customers compared to others. As one would expect, generally speaking, these customers are less likely to choose a planning option that results in a rate increase.

Note: in the tables contained in this section, “RES” indicates residential customers and “BUS” indicates business customers. Percentages are shown for the telephone survey and online workbook (due to the large number of participants), whereas counts (numbers) are shown for the qualitative phases of the customer engagement.

Most of this summary is drawn from the scientific telephone survey, but there are references to the qualitative phases as well for topics that were not pursued in the survey.

Satisfaction is high in all rate classes

Across all rate classes and all methodologies, customers consistently report high levels of satisfaction with Union Gas. In fact, in all rate classes at least a plurality say they are *very satisfied* with the service provided by Union Gas.

Q: How satisfied are you with the overall performance of Union Gas in providing [you/your business] with natural gas service?

Methodology:	Telephone Survey		Focus Groups		Online Workbook		Online	One-on-One
Rate class:	RES	BUS	RES	BUS	RES	BUS	Contract	Strategic
Very satisfied	61%	57%	20	16	62%	48%	26	10
Somewhat satisfied	35%	37%	18	16	34%	42%	26	8
Somewhat dissatisfied	2%	2%	1	0	2%	9%	5	0
Very dissatisfied	1%	1%	0	0	1%	0%	2	0
Don't know	2%	1%	0	0	1%	1%	0	0
Missing value	n/a	n/a	1	0	n/a	n/a	n/a	1

What customers need

So, what do customers need? For the most part, what customers need is exactly what Union Gas is currently providing – safe, reliable natural gas delivery at a reasonable price. There are some, though, who would like to see reduced rates.

We hear about price when we ask customers if there is anything Union Gas can do better. In the online workbook, price is the only outcome that received a significant number of mentions, but it is important to note that even more customers told us they were already satisfied or that there was nothing Union Gas could improve upon.

What outcomes matter most to customers?

The first effort at understanding outcomes is when customers were asked how they know if Union Gas is doing a good job for them? Reliability, price, and just having “things work” top the list of mentions. Reliability includes things like a lack of interruptions or outages, having consistent and reliable gas service that is always available. For some customers, it’s the rates they pay that reflect the performance of Union Gas. For others, it comes down to having a warm house and hot water.

Before asking customers to rank the importance of customer outcomes, we asked them about their perceptions of the current performance (or, in the case of price, reasonableness) of Union Gas when it comes to price, reliability and safety. On these three key outcomes, Union Gas is performing strongly.

While some customers would disagree, most consider the price of distributing gas at least *somewhat reasonable*.

Q: Overall, how reasonable do you find the price for distributing gas?

<i>Methodology:</i>	Focus Groups		Online Workbook		Online	One-on-One
<i>Rate class:</i>	RES	BUS	RES	BUS	Contract	Strategic
Very reasonable	4	1	21%	18%	7	4
Somewhat reasonable	22	21	53%	47%	28	9
Somewhat unreasonable	9	4	17%	21%	14	5
Very unreasonable	1	1	6%	9%	3	0
Don't know	4	3	4%	5%	5	1
Missing value	0	1	n/a	n/a	n/a	0

In all of the qualitative research, we got a clear message from customers on reliability: they are satisfied – very satisfied, in fact.

Q: How satisfied are you with the reliability of Union Gas when it comes to delivering natural gas?

<i>Methodology:</i>	Focus Groups		Online Workbook		Online	One-on-One
<i>Rate class:</i>	RES	BUS	RES	BUS	Contract	Strategic
Very satisfied	34	27	81%	72%	41	16
Somewhat satisfied	5	4	17%	21%	13	2
Somewhat dissatisfied	1	0	1%	3%	2	1
Very dissatisfied	0	0	0%	1%	1	0
Don't know	0	0	1%	3%	0	0
Missing value	0	0	n/a	n/a	n/a	0

Customers are only slightly less satisfied when it comes to safety, with a number responding 'Don't know'.

Q: When it comes to safety, how satisfied are you with Union Gas' performance?

<i>Methodology:</i>	Focus Groups		Online Workbook		Online	One-on-One
<i>Rate class:</i>	RES	BUS	RES	BUS	Contract	Strategic
Very satisfied	27	24	72%	70%	38	14
Somewhat satisfied	8	5	19%	21%	12	3
Somewhat dissatisfied	0	1	1%	2%	0	0
Very dissatisfied	1	0	0%	2%	1	0
Don't know	3	2	7%	5%	6	1
Missing value	0	0	n/a	n/a	n/a	1

Customers were then asked to rank the outcomes that matter most to them. In both the qualitative and quantitative research, and across all rate classes, the top three most important outcomes are consistently price, safety and reliability – and usually in that order. Some business customers prioritize reliability over safety, but for most it's safety that follows price. Minimizing environmental impact, customer service, making good use of rate monies, and transparency are also important, but significantly less so. However, as we learned when asking customers to make business planning choices, there are times when they will choose system health, the environment or customer service over price.

Number/proportion ranking each outcome MOST important

<i>Methodology:</i>	Telephone Survey		Focus Groups		Online Workbook		Online	One-on-One
<i>Rate class:</i>	RES	BUS	RES	BUS	RES	BUS	Contract	Strategic
Stable, predictable, and affordable pricing	35%	46%	14	24	62%	59%	23	4
Safety	22%	14%	10	8	36%	38%	13	4
Reliability	12%	21%	7	6	25%	27%	26	11
Minimizing impact on environment	10%	3%	2	5	15%	19%	3	0
Providing dependable and responsive customer service	6%	5%	4	2	17%	21%	4	1
Making good use of the money customers pay	4%	4%	1	1	13%	13%	4	0
Treating customers fairly and openly	4%	4%	4	0	15%	17%	6	1
Being community minded and socially responsible	2%	1%	2	0	10%	10%	3	0
Helping you become a more informed customer	2%	1%	n/a	n/a	n/a	n/a	n/a	n/a

Customer Preferences

Customers want a plan that focuses on price, reliability and safety, but not to the detriment of the environment and customer service. They want a plan that will keep the system healthy and reliable, but they want Union Gas to demonstrate prudence in its spending decisions. They do not want to subsidize the needs of other customers – but, at the same time, they don't want to overburden low-income customers.

Pace of Investment

Even if it means higher prices, customers want Union Gas to spend what is needed to keep the system healthy in the long run. The desire for a steady pace of investment applies even when Union Gas goes through a cost review which may result in larger than normal bill increases.

Safety

In the trade-off between higher standards at a higher cost and sticking to regulated standards, customers (particularly low-volume business) choose the lower priced option. In the online workbook, participants told us they would rather keep costs down than move ahead with Maximum Operating Pressure Verification, but they are willing to pay more to proactively replace bare and unprotected pipes.

Customer Service

While customers are willing to pay a minimal amount to continue the current practice of exceeding benchmark standards for answering routine customer service calls, they are not prepared to pay more for enhanced online services. When it comes to paper vs. online billing, customers want to have the choice – without penalty or incentive. Customers who participated in the online workbook choose lower costs over consulting with neighbours on dealing with vaulted stations and the installation of automated meter readers.

User Fees

Customers are sympathetic to those who struggle to pay their bills and they don't want to see an increase in reconnection fees. On other user fees, customers are divided between increasing the fees to cover actual costs and leaving them where they are. In the online workbook, participants made it clear that they do not want to see their rates increase in order for Union Gas to cover credit card fees.

The Environment

Customers are willing to pay a little bit more in order for Union Gas to reduce GHG emissions beyond the regulated standard.

How Well Did the Process Work for Customers

At various points in the detailed results, readers will find "safety valve" questions where participants are given the opportunity to "colour outside the lines" and raise issues not covered by survey questions. There were also "diagnostic" questions designed to identify ways to improve future consultations.

Generally, the work done to prepare and test the workbook appears to have paid off. Participants provided positive responses to the diagnostic questions and raised relatively few unanticipated issues in the "safety valve" questions.

The first of the "diagnostic" questions provides a good example. Customers in all qualitative research activities were provided with a brief introduction to the consultation, which outlined why the consultation was being conducted. Following this, almost all participants reported that they understood why Union Gas is seeking their input.

Q: I understand why Union Gas is seeking my input

<i>Methodology:</i>	Focus Groups		Online Workbook		Online	One-on-One
<i>Rate class:</i>	RES	BUS	RES	BUS	Contract	Strategic
Strongly agree	25	23	45%	47%	26	10
Somewhat agree	12	6	46%	42%	32	8
Somewhat disagree	1	1	2%	2%	0	0
Strongly disagree	0	0	0%	1%	1	0
Don't know	0	0	6%	8%	0	0
Missing value	1	3	n/a	n/a	n/a	1

What does it all mean for planners?

Based on the results of this consultation, making investment decisions for Union Gas is like a juggling act. Imagine a juggler standing on a three-legged stool. The three legs represent price, reliability and safety. Price may be the *most* important outcome to customers, but without reliability and safety, the stool won't stand. With the stool balanced, the juggler can then address the remaining customer outcomes – everything from the mid-tier importance of environmental impact, customer service, making good use of rate monies, and transparency to the less important outcomes of being a good corporate citizen and consumer education.

While they may be highly satisfied with the performance of Union Gas – both overall and on specific customer outcomes – they are not prepared to hand over a blank cheque. They want Union Gas to

spend where it is needed, but to be prudent and try to avoid rate spikes. They prefer a steady rate at a higher level, over a more reactive and less predictable pace of investment.

For the most part, customers are not in search of bells and whistles in the service they receive from Union Gas. They don't want to spend on enhanced online services, but they want to know that someone will be there if they have to pick up the phone and call. Nor do they want to pay for the services of others: things like credit card fees, landlord and seasonal turn-offs, paper bills, or an increased investment in supporting low-income Ontarians.

There are places where customers *are* prepared to pay more: keeping the system healthy in the long run, maintaining good customer service, further reducing GHG emissions, and replacing bare and unprotected pipes (residential customers only). But, for the most part, change is not what customers are looking for. Slow and steady wins the race with them.

2.Approach and Methodology

Background

Innovative Research Group (INNOVATIVE) was commissioned by Union Gas in the fall of 2016 to design and execute an extensive customer consultation program in support of their 2019 Rate Application to the Ontario Energy Board (OEB).

In a letter to natural gas distributors dated March 7th 2016, the OEB announced it would be updating the filing requirements for natural gas rate applications. This updated filing requirement will incorporate the key principles as described in the Renewed Regulatory Framework for Electricity distributors (RRFE) which shifts the focus from utility cost to value for customers. Subsequently, on October 13th 2016, the OEB issued its Handbook for Utility Rate Applications which described how the RRFE will now be referred to as the Renewed Regulatory Framework (RRF) and will be applied to all rate regulated utilities – including natural gas – moving forward.

On February 16, 2017, the Handbook was supplemented with amended filing requirements for natural gas rate applications, which make the following stipulations regarding customer engagement:

- *“...utilities are expected to demonstrate value for money by delivering genuine benefits to customers and providing services in a manner which is responsive to customer preferences. Customer engagement is expected to inform the development of utility plans, and utilities are expected to demonstrate in their proposals how customer expectations have been integrated into their plans, including the trade-offs between outcomes and costs.*
- *The OEB expects natural gas utilities to provide an overview of customer engagement activities undertaken and how their customer's needs, preferences and expectations have been reflected in the elements of the application.”¹*

¹ OEB Filing Requirements for Natural Gas Rate Applications, Section 2.1.6.

Consultation Participants

The customer engagement included participants from various rate classes. The following table summarizes which customers participated in particular phases of the engagement, along with a definition of each customer group. Throughout this report, customers are referred to by their rate class type (residential, contract, etc.).

Engagement Activity	Participants (Rate Class)	Definition of Rate Class
Focus groups, online workbook, telephone survey	Residential (M1,R1)	Customers who use less than 50,000 m3 of natural gas per year
Focus groups, online workbook, telephone survey	Low Volume Business (M1,M2, R1,R10)	Business customers who use less than 50,000 m3 of natural gas per year, as well business customers who use more than 50,000 m3 of natural gas per year
Online Contract workbook	Contract (M4,M5,M7,T1,R20,R25)	Commercial and industrial customers who have signed a contract for firm or interruptible gas delivery with Union Gas
Strategic Account validation interviews	Strategic Contract (M9,T2,T3,R100)	Largest users of natural gas in the wholesale (distributors of natural gas), chemical, refinery, steel, and power generation segments.
Transport validation interviews	Transportation (M12, M12-X, Large C1)	Ex-Franchise Customers who contract for firm services to transport gas between any two interconnects on the Union Gas system which includes: Dawn, Parkway, Kirkwall, Ojibway, Dawn(TCPL), Dawn(Vector) and Bluewater.

Consultation Phases

When a customer engagement is complex, additional phases are sometimes included in the process. When a customer engagement is straight forward, fewer phases are needed to effectively engage the audience of interest. However, regardless of the complexity of the engagement, INNOVATIVE generally follows a four step process: *Think*, *Test*, *Identify*, and *Quantify*.

Think

This is the first step in developing the core background material and key questions for the workbook. INNOVATIVE and Union Gas worked together to review its distribution system (and other elements of Union Gas' plan) to identify potential questions that would allow customers to share their needs and preferences. We then developed a workbook that provided the information needed to allow customers with different levels of initial knowledge to provide answers to those questions. The workbook formed the basis of an online customer consultation as well as the engagement with customers in focus groups and webinars as well as provided the foundation for discussions with strategic and transportation customers.

Test

The second step was to determine the best way in which to present the workbook narrative. INNOVATIVE conducted a series of customer focus groups to understand whether the workbook was comprehensible and whether challenges, solutions and options presented were unambiguous and complete.

In addition to engaging with customers, Union Gas arranged a meeting with intervenors and OEB staff to ensure that this important group had an opportunity to provide feedback on the information being provided and the questions being asked of customers.

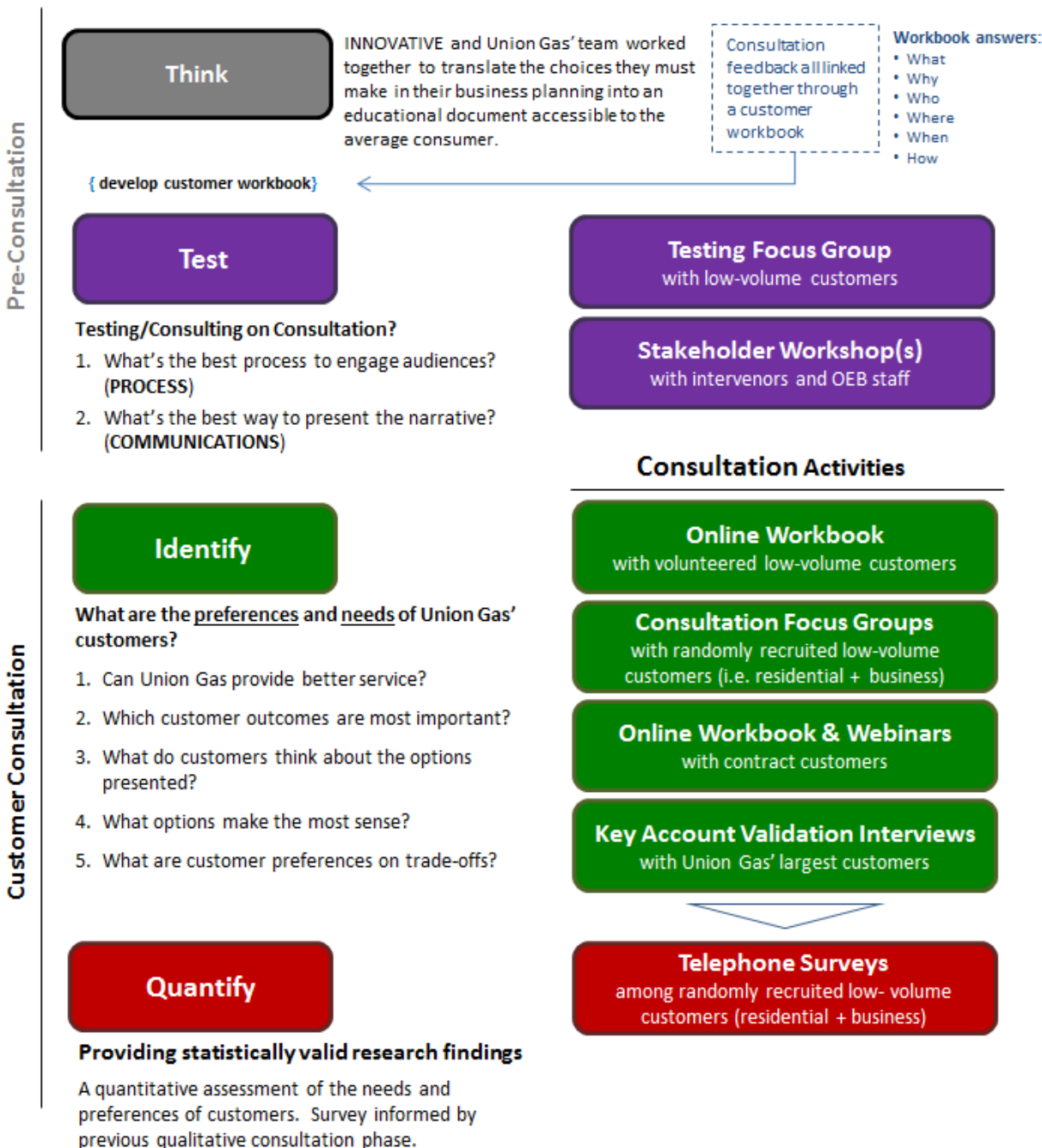
Feedback from *testing* was used to refine to the workbook.

Identify

The third step was to find out the range of views held by Union Gas' customers regarding their needs and preferences through qualitative elements of the process. This included an online workbook open to all customers who wished to participate, a series of customer discussion focus groups among low-volume customers, and an online workbook with optional webinars for contract customers. In addition, a specific workbook was developed for each of the large strategic and transport customers to understand their needs and preferences as well.

Quantify

The final step was quantitative - randomly recruited telephone surveys of low-volume customers. Randomly recruited surveys allow us to draw generalizable conclusions that can be applied to the broader population of Union Gas' customers. The surveys were developed based on the feedback from the qualitative research.



1. **Pre-Consultation.** In this phase we worked with Union Gas to turn business planning decisions that makes sense to accountants and engineers into a narrative with challenges and the principles and priorities driving choices. We then supplemented that narrative with questions customers feel they are equipped to answer about their needs and their preferences.
2. **Customer Consultation.** We utilized integrated research-based consultation tools with traditional voluntary-based tools so that at the end of the process all customers had an opportunity to have their say, and Union Gas has a clear understanding of the needs and preferences of the broader community.

About the Consultation

When it comes to consultations in support of rate applications, INNOVATIVE's typical customer engagement process is built on five key principles:

1. Create an opportunity for customers to learn the basics of the natural gas distribution system so they can provide a more informed point of view.
2. Ensure all customers have an opportunity to be heard. Create open voluntary processes that allow anyone who wants to be heard an opportunity to express themselves.
3. Use random-sampling research elements to ensure a representative sample of customers are engaged.
4. Focus on fundamental value choices. Look for questions that ask customers to choose between key outcomes rather than focus on the technical questions of how to reach those outcomes.
5. Since this was the first time Union Gas explicitly engaged customers under the new framework in the development of their natural gas system planning, a specific effort was made to collect participant comments on the consultation process itself.

Preparing for the Consultation

A look to other jurisdictions is often helpful in identifying best practices and lessons learned. In this instance, we looked to the Office of Gas and Electricity Markets (Ofgem), the government regulator for gas and electricity markets in the United Kingdom. Under Ofgem, utilities in the UK have been consulting with customers with the same primary objective as the OEB's RRF – that is, putting an emphasis on outcomes as well as customer needs and preferences. In preparing for the Union Gas customer consultation program, we reviewed the results of several recent applications to Ofgem in order to distill learnings to be applied to the Union Gas engagement.

Further, we looked to see what we could learn from the existing customer research that Union Gas has been conducting for many years. From this review, we identified customer outcomes that should be brought forward to the current consultation, and we identified gaps where previous research has not addressed the requirements of the new RRF.

Finally, in order to identify which customer outcomes should be included in the consultation, we conducted one-on-one interviews with customer-facing Union Gas staff in order to hear directly from them. They were able to tell us what specific outcomes customers are seeking from their natural gas utility.

This document contains summaries of each of these three preparatory exercises.

Workbook Development

The key challenge in developing the workbook was to translate complicated business decisions into more accessible language for the average customer. Further, we had to ensure that we covered key issues and developed meaningful questions to determine customer needs and preferences. The three preparatory activities noted above provided the foundation for the workbook development. See next section for details on the development of the workbook.

The final workbook for the general service rate class included seven sections:

1. **Why are we here?** The purpose of the consultation including how the information will be used and why it matters.
2. **What is this about?** What are distribution charges? Where does the money go?
3. **The Customer Journey:** There are many ways Union Gas serves customers. Can Union Gas do better?
4. **Customer Outcomes:** Union Gas must submit a business plan that focuses on the cost effective delivery of outcomes that matter to customers. What are the outcomes customers care about?
5. **Making Choices:** As Union Gas builds its business plan, it has to make choices that balance competing outcomes. What are customers' views on some of those choices?
6. **How did we do?** This is a new process. How did it work for customers? How can Union Gas make it better next time?
7. **More about you:** In order to segment and group similar people together when the survey results are analyzed, we asked customers a few questions about themselves.

Although the knowledge base of customers likely varied, the same basic workbook was used in all qualitative customer engagements – the online workbook, the residential and business customer discussion groups, the contract customer online workbook, and the transport and strategic customer key account in person meetings.

The key change in the workbook material between audiences was any reference to bill impacts as a result of specific scenarios presented in the planning options as well as the addition/deletion of questions that were more/less applicable to the specific customer rate class.

Developing the Workbook: The Details

The first section of the workbook aimed to explain the basics of the natural gas system, the OEB process and how rates work. In INNOVATIVE's experience, this is vital in ensuring participants feel they understand the consultation and in setting some base knowledge for later questions about system choices. This section was drafted based in part on existing Union Gas educational material as well as by drafting new content that summarizes the OEB process.

The next sections of the work were the customer journey and customer outcomes sections, which were based on the feedback from the customer facing staff interviews. These sections were drafted with the aim of both assessing Union Gas' overall performance on the outcomes identified, as well as soliciting the relative importance of different outcomes. Participants were reminded that sometimes Union Gas staff must make difficult choices, and that the purpose of the workbook was to help those staff understand what customers would like them to prioritize when making their choices.

The next section was "Making Choices" which presented customers with a series of different options potentially available to Union Gas as it constructs its next multi-year business plan. This section was developed through a series of meetings between INNOVATIVE and Union Gas staff and departments. These meetings included a review of the OEB requirements for understanding customer needs, preferences and outcomes – and how those requirements must inform the business plan. It also underscored the importance of consulting customers on substantive issues that might affect them.

The bulk of the meetings focused on a discussion of the various issues and choices Union Gas is facing and which need to be consulted on. In addition to INNOVATIVE staff, the key Union Gas staff who were overseeing the customer engagement process participated and facilitated the meetings, which included multiple conversations with both the asset management team and the operations team. INNOVATIVE was briefed on the current thinking behind their planning, and probed for areas of specific choices that could engage customers and which could also present important value choices that could guide Union Gas in the future.

Ultimately, the criteria for including an item in the workbook were:

- Is Union Gas genuinely considering the choice?
- Will the choice Union Gas makes materially impact customers?
- Can the choice be explained in a way that solicits meaningful responses in a reasonable amount of time?
- Does this choice provide meaningful insight into the outcomes customers value that can be applied to future potential choices?

Additionally, questions had to be selected in a way that ensured the overall length of the workbook was kept to a reasonable length, in order to ensure customer participation. The materials and questions for the workbook were then drafted in an iterative process, with INNOVATIVE proposing content and Union Gas ensuring the accuracy of the information presented and making suggestions for clarity.

Testing the Workbook

Stakeholder Workshop

Given the new OEB handbook and the fact that this was Union Gas' first time implementing those guidelines, intervenors were invited to give feedback on the draft workbook. This ensured that Union Gas had as much information as possible about the things intervenors felt were important to them, and allowed Union Gas to proactively adjust the workbook to include their recommendations.

Union Gas held a preliminary workshop or "technical conference" to which they invited intervenors and OEB staff. The purpose of this workshop was to present Union Gas' proposed customer consultation process, share the draft workbook, solicit stakeholder feedback and answer questions. Intervenors were taken through the general outline of the customer engagement process and asked for feedback. They were also provided a draft version of the workbook, and encouraged to provide specific feedback on how it could be strengthened.

A senior management representative from INNOVATIVE was on hand to answer any questions pertaining to the design and implementation of the consultation.

Testing Focus Groups

Because the workbook plays such a crucial role in this consultation, a series of six focus groups were held over the course of three evenings in order to give low-volume residential and business customers a chance to review the workbook and provide feedback on both the informative content and the questions contained throughout.

These groups took place over three nights – one in Sudbury, one in Simcoe, and one in London. Each night consisted of two groups, the first made up of low-volume business customers and the second made up of residential customers. In addition to completing the workbook, the focus groups

centered on ensuring the content was presented clearly and that the questions were effective in capturing participants' views. After each evening of focus groups, the workbook was revised based on the feedback provided by the participants. Input gathered during these sessions was used to refine the workbook from a comprehensive draft to the final product that was used in subsequent phases of the consultation. The detailed results of these focus groups are available in a separate report.

The Consultation Process

Based on the principles outlined above, INNOVATIVE worked with Union Gas staff to design a multifaceted customer engagement program which included a combination of traditional consultation services as well as qualitative and quantitative research elements. This comprehensive consultation was designed to engage various rate classes and collect feedback on preferences and needs as they relate to the multiyear business plan being developed by Union Gas, which will be implemented as of 2019.

The consultation process involved the specific activities that are briefly described below. Each of these activities, and the results of the research are covered in greater detail in subsequent sections of this document.

Qualitative Consultation Activities

Qualitative consultation activities refers to a broad range of activities that help us determine the range of customer views but do not allow those results to be generalized. These activities either have self-selected voluntary participants or use randomly recruited participants who represent a particular rate class and/or region but where the feedback is collected through a focus group. This stage also included Union Gas-led engagement supported by INNOVATIVE validation surveys or workbooks. The qualitative processes occurred first to allow the findings to be incorporated in the quantitative survey.

Low-Volume Customer Online Workbook

An online workbook was developed to provide customers with background information to enable them to give a more informed opinion in response to questions embedded throughout the online document that were designed to identify participants' needs and preferences.

Low-Volume Customer Consultation Focus Groups

These workbook-led focus groups were conducted among randomly recruited low-volume residential and business customers. This qualitative consultation activity was used as an engagement tool to educate customers, assess preferences and need, and gauge customer feedback on the planning options that were presented to them.

Like the online workbook, information collected in the focus groups was used to help inform subsequent telephone surveys.

Online Workbook and Optional Webinar for Contract Customers

A tailored version of the online workbook was developed for Union Gas' contract customers. All customers in this rate class were invited to complete the online workbook and to attend an optional webinar to provide them with additional insight in advance of completing the online workbook. The webinar provided an overview of the workbook presented by relevant Union Gas representatives, as well as allowing customers to ask questions. A representative of INNOVATIVE

was on hand to provide background regarding the consultation and to answer questions pertaining to the consultation process.

Transport and Strategic Account Validation Interviews

To include Transport and Strategic account customers in the consultation, Union Gas arranged in-person meetings with them (while most meetings took place in person, there were a few that were conducted by telephone). These are sophisticated customers with individualized needs and preferences, so it was agreed that individual meetings would be more suitable than focus groups, workshops or an online workbook.

During the meetings between the key account and Union Gas, staff reviewed a specifically tailored version of the workbook with customers and asked them to answer questions embedded therein in order to ascertain their particular needs and preferences. INNOVATIVE then followed up by telephone with these customers after their meetings to validate the process and to verify that Union Gas provided these customers with the information they needed to provide informed feedback.

Quantitative Consultation Activities

In this case, the quantitative consultation element involved a large scale survey of low-volume residential and business customers. These surveys were conducted using a stratified, randomized sample which allows the findings to be generalized to the broader population of customers while applying specific margins of sampling error.

Random Telephone Surveys

In the final step in the customer consultation, INNOVATIVE conducted a telephone survey with low-volume residential and business customers (i.e. customers who represent the bulk of Union Gas' customer-base) to provide a quantitative assessment of key aspects of the business plan options. Customer lists for both respondent groups were provided by Union Gas and the sample was randomly-selected by INNOVATIVE with quotas set by natural gas consumption levels and geographic considerations from throughout the vast service territory.

3. Ofgem RIIO-GD1 Overview

Summary

The United Kingdom's energy regulator – Ofgem – has already undertaken a similar process to the one the OEB has initiated via the RRF. Their process (called RIIO) mandates increased customer engagement and the integration of outcomes, in a way that could provide meaningful insight for Ontario utilities. As such, a review of Ofgem's process and responses provides Union Gas with a view on how a similarly structured energy regulator categorized and stated target outcomes (or outputs, as Ofgem refers to them) for utilities. This review can inspire and inform Union Gas' customer engagement efforts and highlight key areas that may require attention in the final business plan.

Gas distributors in the UK were charged with achieving outcomes across eight categories, which provide a useful frame of the breadth Ofgem requires.

- Broad environmental measure (relating to national targets, eg. Innovation in biomethane)
- Narrow environmental measure (relating to company specific targets, eg. Specific CO2 emissions levels)
- Social objectives
- Customer satisfaction
- Connections
- Ensuring a safe network
- Ensuring a reliable network
- Innovation strategy

Similarly, the criticism that Ofgem leveled against some of the plans submitted highlight some areas that Union Gas may want to consider when drafting its submission to the OEB. In particular, these include:

- Ensuring plans identify how customer feedback was integrated into the decisions, and where it was not, explaining why that choice was made.
- The inclusion of the cost benefit analysis behind specific choices.
- The integration of an assessment of uncertainty and risk within the plans.
- An explanation of how the companies had worked to minimize costs and find efficiencies.
- Where Ofgem instructions were disregarded, providing an adequate explanation for why that choice was made.

Regarding stakeholder engagement, Ofgem particularly praised multi-stage consultations and an example of real dialogue rather than pro-forma communication.

General findings

- Ofgem has implemented a new process called RIIO, which stands for Revenue = Incentives + Innovation + Outputs. The specifics of this summary are taken from the RIIO-GD1 process. GD1 refers to the first cost control period for Gas Distributors (GD)
- The system is based around the idea of two potential tracks. Companies submit an initial plan. Plans that are of exceptionally high quality are fast-tracked, while others continue through a more thorough series of revisions and inquiries. In this round, no electricity or gas distributor was fast-tracked. The majority of this document is gleaned from Ofgem's response to the initial plans – which can be read here:
https://www.ofgem.gov.uk/sites/default/files/docs/2012/02/120217_gdn_initial_assessment_annex.pdf
- The categories Ofgem used in assessing the plans were:
 - Process: has the company followed a robust process?
 - Outputs: does the plan deliver the required outputs?
 - Resources (efficient expenditure): are the costs of delivering the outputs efficient?
 - Resources (efficient financing): are the proposed financing arrangements efficient?
 - Uncertainty and risk: how well does the plan deal with uncertainty and risk?
- Specific issues Ofgem had with all the submitted plans was the omission of a cost-benefit analysis supporting their asset investment plans and a reflection on uncertainty and how it may impact the plans going forward.
- Companies were found to have put in higher requested prices than expected, and to have poorly communicated how they have minimized cost inputs through competitive tendering, efficiencies, etc. Further, as the companies have found real efficiencies until now, there is a poor communication of why those efficiencies could not continue to be found.
- Where companies departed from standards provided by Ofgem, they need to adequately explain why they have made this choice. For example, faster depreciation of capital needed to be explained.
- Companies were asked to outline the uncertainty and risks associated with their business plans; the expected impact on delivery, costs and expenses; and a risk management strategy.

4. Review of Union Gas' Existing Research

Introduction

INNOVATIVE conducted a review of pre-existing Union Gas research as a step in the creation of an initial list of potential customer needs to focus our efforts in the customer engagement, to create an initial map of the customer journey, to develop prompts for aided customer identification of needs, and to create an initial list of potential customer outcomes.

With those objectives in mind, INNOVATIVE reviewed 13 years of research reports, from 2003 to 2016. The summary below highlights findings from previous research that are relevant to Union Gas' rate application customer engagement.

Summary

The research conducted to date has covered a variety of topics. An aggregate approach to summarizing key themes of earlier research was undertaken in order to identify potential inputs for the customer engagement. Specifically, highly ranked brand attributes, value drivers with high importance, and drivers of service satisfaction were the directional focus of this approach. These research topics created the base for which outcomes were identified. Some of the recurring themes the research suggests include:

1. **Participants want and expect price fairness from their natural gas utility.** Research infers that past instances of retroactivity charges have reinforced the need for stable rates. Participants feel that random price surges are not fair and display a lack of fiscal responsibility.
2. **Reliability and safety of service are table stakes.** Research suggests that these attributes are core expectations.
3. **Participants want timely and clear bill explanations as well as updates that are thoroughly communicated with respect and empathy.** Research suggests that participants want their bills to be clearly communicated to ensure ease of understanding. Research suggests that although some segments prefer self-service billing, others prefer speaking to a customer representative that addresses them with respect and empathy of their inquiries.
4. **Participants want numerous contact options.** Research suggests that while some segments prefer self-service, others still prefer to speak to a customer representative to address their inquiries. In any case, the research suggests that participants want the method of contacting Union Gas to be intuitive and hassle-free.
5. **Participants want to be able to save money where possible.** For example, research suggests that business owners are looking for win-win energy saving programs/incentives.

5. Customer Facing Staff Interviews

In order to best leverage the pre-existing expertise on customer outcomes, needs and preferences, and to generate a potential list of outcomes that customers may value, INNOVATIVE conducted a series of interviews with Union Gas customer facing staff. The interviews were designed to:

- catalogue the various customer touchpoints with Union Gas
- identify different customer types
- leverage staff interactions with customers to identify outcomes that may be important to customers, as well as perceived customer needs and preferences
- solicit growing concerns or new concerns based on staff engagement with customers
- identify the ways in which Union Gas currently incorporates customer feedback into their decisions

Under the Renewed Regulatory Framework (RRF), the Ontario Energy Board (OEB) has stated that “a utility is accountable for identifying specific outcomes valued by its customers and explaining how the utility’s plans and proposed expenditures deliver those outcomes.”

The ultimate goal of this exercise is to help identify potential outcomes valued by Union Gas’ customers, so that they can then be tested with customers and ultimately inform Union Gas’ business plan and submission to the OEB.

Interview Methodology

A cross section of customer facing staff were selected by Union Gas, in consultation with INNOVATIVE, to represent as many different customer touchpoints and experiences across various markets and rate classes, in order to solicit a broad range of input across the organization. Some interviews were conducted with groups that share similar interactions or responsibilities, while others were conducted with individuals whose schedules or responsibilities did not lend themselves to being grouped with others.

Interview Schedule

Date	Customer Group
Dec. 21, 2016	Strategic Accounts
	General Service Market – Senior Management
	General Service Market – Customer Care
	General Service Market – Meter Reading
	Operations – General Field Employees
Jan. 5, 2017	Commercial & Industrial Sales – Senior Management

	Transportation Customers
	Operations- Planning, Emergency Response, Customer Attachments
	Industrial Sales
Jan. 9, 2017	Demand Side Management
Jan. 11, 2017	Strategic Accounts
Jan. 12, 2017	Industrial Sales

Interviews included a brief overview of the RRF's directive to identify customer needs and preferences. The Union Gas employees were prompted to think about their answers from the perspective of the customers they engage with, in order to help us effectively structure our engagement with customers.

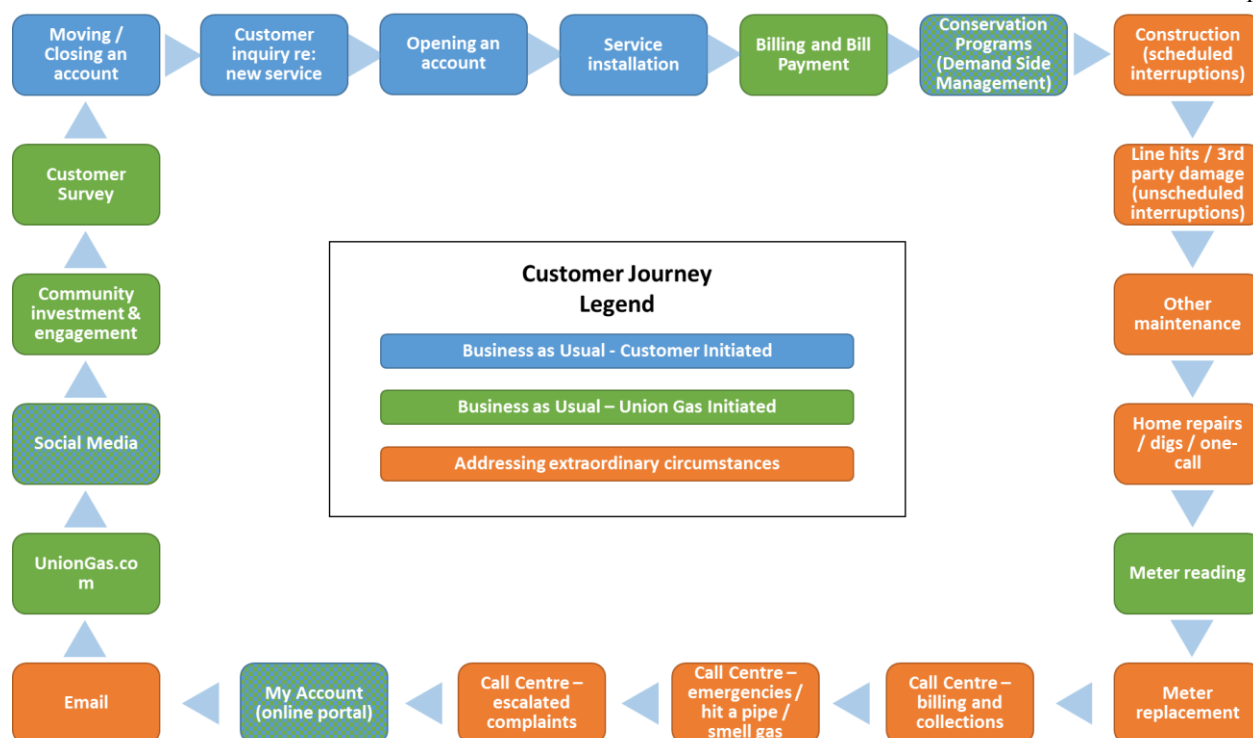
The interviews were structured around three sections:

1. **Customer Journey:** Participants were asked to evaluate a draft diagram of customer journey touchpoints, to ensure that all important touchpoints were identified. They also outlined which elements of the customer journey they participated in.
2. **Customer Needs and Preferences:** Participants were asked about customer satisfaction with the services provided by Union Gas, including probes for whether there are different groups of customers with different perspectives and new or growing concerns that might need to be brought to Union Gas' attention.
3. **Generating and Evaluating Outcomes:** Participants were asked to brainstorm potential outcomes that customers may value, and were then presented with a list of potential outcomes (generated based on previous research conducted by Union Gas and publicly available examples from other utilities and jurisdictions). The participants were asked whether the list was missing anything and whether there were things that should be merged or reworded. Finally, participants were asked how they believed customers would rank the outcomes provided.

Findings

Customer Journey

As a part of our work, INNOVATIVE catalogued the significant touchpoints along the customer journey for Union Gas. Below is a diagram outlining the various potential touchpoints for smaller customers, as well as a chart indicating the departments engaged at each touchpoint.



Customer Touchpoint	Departments Engaged
Customer Inquiry re: New Service	<ul style="list-style-type: none"> Customer Care Home builder acting as an intermediary through our Customer Attachment Center
Opening an account	<ul style="list-style-type: none"> Customer Contact Centre to open account
Service Installation	<ul style="list-style-type: none"> Operations Customer Attachment Centre for service installation May be contracted to home builder
Billing and Bill Payment	<ul style="list-style-type: none"> Billing Customer Care to field questions / issues
Conservation Programs (Demand Side Management)	<ul style="list-style-type: none"> DSM Group Customer Care to communicate programs
Construction (scheduled interruption)	<ul style="list-style-type: none"> Operations
Line hits / 3rd party damage (unscheduled interruptions)	<ul style="list-style-type: none"> Operations Customer Care to notify
Other maintenance	<ul style="list-style-type: none"> Operations
Home repairs / digs / one-call	<ul style="list-style-type: none"> Operations Ontario One-Call centre (external)
Meter Reading	<ul style="list-style-type: none"> Predominantly contracted Customer Care - Meter Reading Customer Care Customer Care - Billing
Meter replacement	<ul style="list-style-type: none"> Operations

	<ul style="list-style-type: none"> • Meter Reading
Call Centre – billing and collections	<ul style="list-style-type: none"> • Customer Care • Customer Care - Billing
Call Centre – emergencies / hit a pipe / smell gas	<ul style="list-style-type: none"> • Customer Care • Operations –
Call Centre – escalated complaints	<ul style="list-style-type: none"> • Customer Care
My Account (online portal)	<ul style="list-style-type: none"> • Customer Care
Email	<ul style="list-style-type: none"> • Customer Care
Website	<ul style="list-style-type: none"> • Public Affairs
Social media	<ul style="list-style-type: none"> • Public Affairs
Community investment and engagement	<ul style="list-style-type: none"> • Public Affairs • Government Relations • Operations
Customer Surveys	<ul style="list-style-type: none"> • Market Research
Moving / Closing an account	<ul style="list-style-type: none"> • Customer Care • Operations if need to shut off gas.
<p>Regarding strategic and larger accounts, many of these activities are spearheaded by the account lead, who serves as the primary point of contact. Additionally, larger customers may also be engaged during customer meetings and proactive outreach; advocacy and industry association involvement; and sampling at larger facilities.</p>	

Existing Customer Engagement Overview

Union Gas has an ongoing record of engaging with their customers through both formal and informal channels. Customer facing staff include:

- Customer Care Staff (contract centres, meter reading, billing)
- Operations Staff (Field Workers, attachment centres, dispatch and emergency response centres)
- Strategic Account Leads
- Public Affairs Staff
- Contractors

In addition to these staff, senior managers receive indirect customer feedback, which is relayed back both anecdotally and statistically.

Customer feedback is collected through a number of channels including:

- Call centre
- Email
- Mail
- Social media – Facebook, Twitter
- Community events
- Worker interactions (meter readings, repairs, connections, etc.)
- Proactive research

On a monthly basis, the Customer Care department releases a report called “The Voice of the Customer” which summarizes the main reasons why customers have contacted Union Gas that month. This report is posted and made available electronically each month to all Union Gas employees. In addition to this reporting of customer initiated communication, Union Gas measures a variety of Service Quality Indicators around performance, as well as regularly measuring customer satisfaction and participating in industry benchmarking studies.

Historically, Union Gas has integrated this feedback into its processes in a variety of ways. Generally these can be separated into two groups: Low-Volume Residential and Business customers, and Large Volume / Ex-Franchise / Strategic Accounts.

Low-Volume Residential and Business Customers

For Low-Volume Residential and Business customers, the input is compiled through:

- Post-transactional satisfaction surveys for all of the major transactions/touchpoints, including the Contact Centres, uniongas.com, MyAccount, and meter work
- Contact Centre agents, customer complaints, and Quality Assurance evaluations.
- Ad hoc customer research projects.

Monthly Customer “Call Monitoring” survey: One of the functions of this survey is to define interactions that have failed to be resolved on the first call – in other words, identifying areas where Union Gas is currently not set up to address a customer grievance. Based on the findings of these surveys, new processes are established. Some examples provided included revising the credit balance refund program, additional training for agents around issues of privacy and account access, and a new welcome package for new customers.

MyAccount research: This research is specifically designed to explore ways in which Union Gas can improve customer service through MyAccount. In the past the creation of a mobile application version of the MyAccount platform (Union Gas’ portal for residential and low-volume business customers) was driven by feedback from this research. Similarly, the password reset functions were changed based on this research.

Contact centre: The experience and feedback of the contact centre agents generates important insights for Union Gas that identify key pain points that need to be addressed. The policies regarding deceased customers was amended based on feedback from this channel.

Ad hoc: Union Gas uses targeted research to help them better understand customer segments and specific challenges that different initiatives and programs face. For example, it was through research with customers who refused to move to online billing that new services were recently developed to help address their concerns – including reminder emails when it is time to pay a bill.

Large Volume / Ex-Franchise / Strategic Accounts

Union seeks input and feedback from its large contract customers through several sources, starting with the customers’ account representatives who gather customers’ concerns and feedback and identify opportunities. Where a problem or opportunity cannot be resolved within the existing programs, and/or appears to apply to more than one customer, the account representative raises the matter with their colleagues. Follow-up work includes identifying the nature of the issue, what additional information is needed, what could be done to address the issue, and which elements of

the company would need to be involved. If it is determined that Union should pursue a new service or remedy, an appropriate task team is assembled accordingly.

In addition to the work done by account representatives, Union proactively reaches out to customers to seek feedback and learn of service opportunities by holding annual customer meetings and conducting research to monitor and/or gather customer feedback.

In assessing what products or services may be developed, Union considers the possible impact on customer satisfaction, market efficiency, operational efficiency, compliance, Union's facilities, and revenue generation. Union works iteratively with customers and stakeholders to ensure it is building effective responses to any issues or ideas identified.

One example of how this process has been responsive to customers includes the creation of a new service in the wake of the winter polar vortex several years ago which caused extremely cold temperatures. Some customers were required to make obligated deliveries during the polar vortex winter, even though they were not consuming gas. In response to these customers' concerns, a new service was developed in cooperation with the customers and other affected customers.

Key Interview Findings Regarding Customer Outcomes

As a part of the interview process, Customer Facing Staff were asked to rank a potential list of outcomes based on how they felt their customers would rank the outcomes. The initial list was generated based on Union Gas' past customer research and research from the OEB and other sources. It included the following:

- Price
- Operational efficiency
- Reliability
- Environmental considerations
- Safety
- Customer service
- Conservation
- Social impact (low-income, export sector, etc)
- Direct personal impacts
- Community partnership
- Literacy & Understanding / Knowledge / Awareness

The chart below outlines how each outcome was ranked.

RANK	Price	Operational Efficiency	Reliability	Environmental considerations	Safety	Customer Service	Conservation	Social impact	Direct personal impacts	Community partnerships	Literacy & Understanding
1st	12	2	3	0	8	3	0	0	0	0	0
2nd	10	0	8	0	4	3	0	0	1	0	0
3rd	2	1	11	1	5	4	0	1	1	0	1
4th	0	8	1	0	3	10	0	0	1	2	3
5th	2	4	1	5	1	1	4	0	5	0	4
6th	0	4	1	3	0	3	7	0	3	0	4
7th	0	5	0	4	1	2	7	4	2	2	0
8th	0	1	0	4	1	0	5	6	3	3	4
9th	0	0	1	4	0	0	2	3	4	5	2
10th	0	1	0	2	1	0	0	3	2	8	3
11th	0	0	0	1	0	0	0	6	3	4	3

Based on the ranking exercise and the full interviews, below are the key takeaways about the outcomes that staff believe are most important to customers:

Price is Paramount:

In virtually all the interviews, the price of natural gas was cited as either the most important thing for customers, or the second most important thing to customers after safety. Natural gas' relatively lower price was also often cited as the main reason why customers choose natural gas over the alternatives, including electricity and propane (though the environmental by-products of propane was raised as a reason for choosing natural gas as well).

Furthermore, while unprompted, the price impacts of cap and trade were often raised as a concern by staff, as they thought about the issues and feedback they hear from customers. This was especially true for larger accounts.

Safety and Reliability are "Table Stakes"

The phrase "table stakes" was often used to describe safety and reliability. The staff put forward the position that customers often don't consider the safety and reliability of natural gas due to strong performance.

Contract customers with interruptible service were reported to have struggled in complying with interruption orders, because of the historical reliability of the system. Because these customers are so rarely expected to cope with an interruption, they have come to expect uninterrupted service, despite the terms of their contract.

Some staff suggested that customers may not fully appreciate the nature of the demands that safety and reliability put on the natural gas system.

Customer Service as a Complex Area

The initial prompts on outcomes included a single line for "Customer Service". Throughout the interview process, staff discussed customer service as a very large and comprehensive area, with many sub-outcomes which should be explored. This is demonstrated by the 16 sub-outcomes listed in the table *Expanded and Refined List of Outcomes* section below. Additionally, staff cited customer service as being the area most important to customers following price, safety and reliability.

Other Outcomes

In conversations with staff, a repeated theme was the belief that the outcomes could be separated into three categories – table stakes, priorities, and others. As discussed before, safety and reliability were considered table stakes, while price and customer service were considered priorities. It was the opinion of many customer facing staff that based on their interaction, the other areas – while important – would not be key priorities for customers.

Expanded and Refined List of Outcomes

Based on the feedback from the interviews, the list of potential specific outcomes expanded substantially and is listed below. Given the ultimate goal of consulting with customers on these outcomes, they have been reviewed and consolidated into eight comprehensive outcome areas that can be discussed and tested with customer.

Outcome area	Outcome
Stable, predictable, and affordable pricing	<ul style="list-style-type: none"> • Price: Level • Price: Stability • Price: Predictability
Providing dependable and responsive customer service	<ul style="list-style-type: none"> • Conservation: Support for reductions in end-user emissions • Ease of doing business (eg. “One and done”, cut down on paper-work) • Reachable - Connected the way the customer wants (personal touch and interaction, online, sms, etc) • Empathy – feeling listened to • Flexibility – helping find solutions for customers • Privacy protection • Access to usage data • Good proactive communication (No surprises, helpfulness – ie. remind people of appointments) • Responsiveness and promptness – treat customer’s time with respect • Union Gas acting as subject matter expert to help the customer • Billing accuracy • Billing timeliness • Clear understandable invoices • Expansion – work to reach new customers and provide capacity to existing customers with new demand • Innovation in customer programs and offerings • Sharing business risks with their customers
Making good use of the money customers pay	<ul style="list-style-type: none"> • Value for money • Operational efficiency
Reliability	<ul style="list-style-type: none"> • Reliability
Safety	<ul style="list-style-type: none"> • System Safety • Operational Safety • Safety of customers, employees and the general public
Treating customers fairly and openly	<ul style="list-style-type: none"> • Consistency / fairness in application of rules • Transparency about how processes are made, and decisions being taken
Minimizing impact on the environment	<ul style="list-style-type: none"> • Protection and minimizing impact on of land • Protection and minimizing impact on of water • Protection and minimizing impact on of air • Reduced Union Gas GHG emissions beyond regulatory requirements • Reduced end user GHG emissions
Being a good neighbour	<ul style="list-style-type: none"> • Prioritizing Canadian purchases in supply chain • Support for low income customers

	<ul style="list-style-type: none"> • Support for economic development (incl. export sector & partnerships) • Community partnership • Minimizing intrusiveness • Respect for private and public property
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Customer Distinctions

Interviews were conducted based on pre-existing customer groupings within Union Gas' operations teams including: Strategic Accounts, Commercial & Industrial, General Service, and Ex-Franchise.

Through interviews with staff serving each of these markets, important differences emerged between the General Service Rate Class and larger businesses and industries:

- While customers value lower prices, businesses – especially larger ones – are especially sensitive to price and service predictability.
- Particularly for Strategic Accounts, the longer-term nature of their planning cycle means that large fluctuations in either of these areas make it harder for them to do business. Union Gas has developed new offerings to address some of these concerns. (This is not to say that all clients don't value lower prices, which was often cited as a prime concern for customers as well as the main reason they choose natural gas).
- Furthermore, larger accounts were reported as placing a large importance on proactive engagement by Union Gas employees and on partnerships in advocacy initiatives.
- Residential customers are particularly sensitive to service timing. General Field Employees reported regularly hearing from customers that they would prefer smaller service windows, an expectation that Union Gas employees or contractors will "come when [they] say [they] will", and inform them as soon as possible if they will miss a service deadline.

Additional Issues for Consideration:

In addition to exploring customer outcomes, needs and preferences, a number of additional issues were raised, some of which were included in the consultation process:

- **Structure of the Equal Billing Plan:** Currently, the Equal Billing Plan resets rates very frequently, raising some concerns among customers. One employee noted that other utilities set a threshold for price changes (20% higher or lower than predicted rate), which is assessed at fixed intervals. By doing this, customer becomes aware of when they expect price changes and can be warned about orders of magnitude of the change in advance, while still protecting Union Gas' revenue.
- **Credit Card Fees and Financing Programs:** Some staff raised the question of whether customers would want Union Gas to offer payment by credit card, without incurring a service fee. Additionally, some staff raised the question of whether customers would like Union Gas to begin offering financing once again.
- **Privacy Rules:** Some staff raised the challenges that are faced by having one account holder, but potentially a variety of people who actually deal with Union Gas. Customers have expressed dissatisfaction over the privacy rules which make it more difficult for those who

are dealing with Union Gas to do so, though these are generally due to compliance with PIPEDA rules.

- **Reduce Customer Service in Exchange for Price Savings:** A few employees noted that Union Gas regularly performs well above the industry average on customer satisfaction. One noted that achieving this high level of customer satisfaction comes with a cost, and suggested that Union Gas explore the option of providing lower quality customer service as a way to reduce costs – which he believes is customers’ primary concern.
- **Deliver Stronger Online Customer Service:** Currently most basic customer requirements can be met through MyAccount, however, customers tell us that the current offering has not kept pace with their typical expectations of internet services (eg online chat). Some of the Customer Care staff debated whether there is value in providing a more robust online customer care experience, or whether this is a costly endeavour that customers would rather avoid, given the high scores of the Call Centre in customer satisfaction and customer responses.
- **First Nations Engagement:** Given the unique position of First Nations in Canadian society and laws, some concern was raised about ensuring that there is sufficient engagement with these communities in order to ensure smooth operations.

6. Residential and Low-Volume Business Online Workbook Consultation

This section of the report details the findings of the online workbook consultation with residential and low-volume business customers. The workbook content provided customer education, and the questions embedded in the workbook gathered information on customer needs and preferences, as well as response to various planning options.

Summary

Understanding of the System and General Satisfaction

Overall, participants felt they understood the Union Gas system well and understood their role in the consultation process. Additionally, Union Gas has a very high satisfaction rate with 96% of residential respondents and 90% of business respondents reporting that they are satisfied (very satisfied = 62% residential and 48% business).

Room for Improvement

The key feedback from survey participants on room for improvement was to focus on lowering prices and enhancing communication. At the same time, later in the “Making Choices” section of the survey, respondents often supported specific investments which would increase prices but ensure reliability or improved performance.

The Customer Journey

Participants generally felt that the customer journey presented was accurate and complete as is. Those who suggested additions tended to recommend additional communication from Union Gas. Nearly all (95% residential, 94% business) are satisfied with their Union Gas customer contact, with 68% of residential participants saying they are “very satisfied”.

Performance on Customer Outcomes

When asked about the outcome most important to them and how they would know if Union Gas was doing a good job, pricing, safety, and reliability came to the fore as key outcomes.

Generally, Union Gas performed very well on each of the outcomes with residential and business participants generally quite satisfied. On a few of the outcomes (making good use of the money customers pay; minimizing impact on environment; and being community minded and socially responsible), a substantial number of participants selected “don’t know” and provided comments around the need for additional communication in these areas.

Ranking Customer Outcomes

When ranking which customer outcomes were most important to them, both business and residential customers tended to rank “stable, predictable affordable pricing” substantially higher than the rest of the outcomes, followed by “safety” and “reliability”.

Middle-of-the-pack outcomes included “providing dependable and responsive customer service”, “making good use of the money customers pay”, “minimizing impact on environment”, and “treating customers fairly and openly.”

“Being community minded and socially responsible” was, by far, the lowest ranked outcome.

Making Choices

- A theme throughout the “Making Choices” section was an acceptance of the need for investment and a desire for prudence. This displayed itself in a number of the questions, as well as in some of the comments which either stressed the need for sound business plans or the desire to strike a balance between competing outcomes.
- In general, LEAP-qualified participants were a bit more sensitive to price increases, regardless of the potential trade-off. That said, these differences were not overwhelming and participants generally share relatively the same perspectives across issues.
- Residential participants generally supported long-term planning and investment for issues of system maintenance and Union Gas tools & buildings. They also supported spending as needed over time rather than attempting to keep costs low in the short term and risking large price-spikes.
- Business participants appear more skeptical than residential participants on capital spending, and are more likely than residential participants to support putting off investments.
- Overwhelmingly, participants supported the current compensation strategy for employees.
- Participants were more mixed in their feedback about going beyond regulations and replacing the bare and unprotected pipes.
- Participants generally endorsed keeping costs down rather than focusing on consulting neighbours when replacing vaulted stations.
- Participants supported a slow rollout of the automated meter reading program.
- Participant responses were mixed around continuing to exceed OEB service benchmarks.
- Expanded online services were generally considered not worth the investment given the costs.
- Generally, participants supported leaving service charges where they are – especially with regards to credit cards, though participants supported providing an incentive to stop receiving paper bills.
- On emission reductions, reaction was split on whether to further reduce emissions given the rate impacts.
- The Innovation and Technology Fund was generally supported, though the plurality of participants felt that \$10 million was too much to spend.
- The overwhelming majority of participants believe Union Gas should limit its support for low-income Ontarians to the provincial mandates.

Methodology

Beginning in October 2016, Union Gas and INNOVATIVE worked collaboratively to create an informational workbook for residential and low-volume business customers. The purpose of the workbook was to solicit meaningful input from customers on the outcomes, needs and preferences they felt Union Gas should consider when building their business plan. The workbook that was created was used both in the customer consultation focus groups (next section) and served as the basis of the customer engagement online workbook survey.

In addition to general questions which could be used to identify customer needs and preferences, Union Gas identified a number of specific areas and questions where customer input could help shape their business planning process, in accordance with the Renewed Regulatory Framework.

Workbook Design:

The online workbooks were based heavily on the workbooks used in the customer consultation focus groups, but were adapted to an online format. This allowed participants who may have been unfamiliar with the issues discussed to read more, while allowing participants who were familiar with the issues under consideration to progress more swiftly. Every effort was made to provide the most streamlined and user friendly experience possible.

Differences between the residential and business workbooks: While residential and business customers received very similar workbooks, the content was tweaked to reflect estimated cost impacts for each of the two customer classes. Additionally, the residential workbook asked demographic questions while the business workbook asked questions about the business that the respondent was representing.

Workbook Outline:

(Note that the order presented below is based on the residential version of the online workbook. In places where the business version differs from the order presented, it is noted in italics).

- **Why are we here?** reviewed the purpose of this consultation including how the information would be used and why it matters.
- **How are Rates Set?** explained distribution charges and provided a brief overview of how Union Gas allocates its budget between operational and infrastructure expenses.
- **The Customer Journey** reviewed the ways in which customers interact with Union Gas and solicited their feedback about how Union Gas can do a better job of meeting customer needs.
- **Customer Outcomes** solicited feedback on which outcomes are most important to Union Gas customers and how satisfied customers are with Union Gas' performance on those outcomes.
- **Making Choices** asked customers for their input into the choices and trade-offs that Union Gas faces as it builds its business plan, so that customer preferences can be taken into account.
- **How did we do?** asked customers how they felt about the engagement process and for suggestions on how it could be improved in the future.
- **More about you** solicited information about the customer and their natural gas use in order to segment and group similar people together when the survey results were analyzed. Survey participants were also given the opportunity to sign-up for future updates on Union Gas' business plan and how customer feedback was integrated. *(Note that for business customers, this section was towards the front of the workbook, before "How are Rates Set?").*
- **Contest entry form** allowed survey participants to be entered into a draw for one of four \$500 prizes.

Publishing the workbooks:

The online workbooks were published at <https://uniongasplans.ca> between February 7, 2017 and March 15, 2017. Participants who requested an offline option were provided a copy of the paper workbook used in the customer consultation focus groups, along with an addressed and stamped envelope to return it to INNOVATIVE.

Quality control on the workbook:

Ensuring participants' validity: The online workbook used 'cookies' to ensure that returning participants were taken to the last page they had not completed. If a user had already completed

the entire survey they would be unable to complete it again, unless they blocked or deleted their cookies.

Additionally, FSAs (first three digits of the postal code) were used to ensure that participants were completing the workbook from within the Union Gas service area, while timestamps were used to check for responses that may have been generated by automated programs (any respondent who completed the workbook within less than 5 minutes was deemed to have either been automated or insufficiently engaged in the material to provide valid feedback). Finally, the workbook asked participants to identify:

- whether or not they were a customer
- whether they or any member of their immediate family currently worked for a natural gas company, an agency that deals with natural gas issues or a company that does significant business with the natural gas sector
- whether they or an immediate family member worked for Union Gas.

(Note - Participants who indicated that they were not Union Gas customers were removed from the analysis, as were those who completed the workbook too quickly to have realistically read and participated in the process. Because the number of participants that worked in the Natural Gas field and/or were employees was very small, these numbers were not excluded from the survey.)

Ensuring question and survey effectiveness: In order to ensure the workbook was effective, participants were regularly provided with comment boxes where they could elaborate on their perspective or any concerns they might have. Additionally, the “How did we do” section at the end of the survey was designed to provide information about how clear the information presented was and whether the workbook missed any important issues.

Ensuring participant data security: The website and database were hosted on Canadian servers and were protected by an SSL certificate, while access to the response database was password protected. INNOVATIVE only provides raw data to Union Gas once it has been separated from personal information in order to protect the anonymity of the participants. Participant information is only provided to Union Gas with the explicit consent of the participant for the purpose of entering the contest or requesting additional information in the future.

Promotion:

The online workbook was promoted by Union Gas via notifications on both printed and electronic billing, as well as with pop-ups on the Union Gas website, and posts to social media.

Additionally, participants were incentivized to complete the workbook via a draw for one of four \$500 prizes which could be entered at the end of the workbook.

Coding methodology:

Given the quantity of open-ended responses, it was decided to process them as follows:

Residential responses:

The two most important open-ended questions for identifying needs and preferences were Question 4 (“How do you know if Union Gas is doing a good job for you?”) and Question 5 (“Is there anything in particular you feel Union Gas can do better?”). For these two questions 100% of the responses were coded. The work of the coders was overseen by experienced researchers, who sampled 10% of the coding for review to ensure the quality of the work done.

For the other questions, a random selection of 10% of the open-ended comments was selected and coded in order to provide an accurate picture of the feedback provided. All of this coding was reviewed by experienced researchers to ensure the quality of the coding.

The full text of all open-ended responses was provided to Union Gas for review.

Business responses:

Given smaller number of responses from this customer group, 100% of open-ended business responses were coded and reviewed by experienced researchers to ensure quality.

The full text of all open-ended responses was provided to Union Gas for review.

Analysis methodology:

In the interest of including the greatest possible number of views, all responses were considered, whether or not the participant continued to complete the entire workbook. The result of this is that questions have varying N-sizes, however given that this is a qualitative exercise this should not affect the analysis.

Note that where the charts indicate “Survey participants who say Agree”, these figures are the total of those who strongly or somewhat agree with the statement presented to them.

Sample Characteristics: Residential

20,043 residential participants began the online workbook, with 10,052 of them completing the entire workbook.

Sample Characteristics: Business

333 business participants began the online workbook, with 141 of them completing the entire workbook.

Demographics

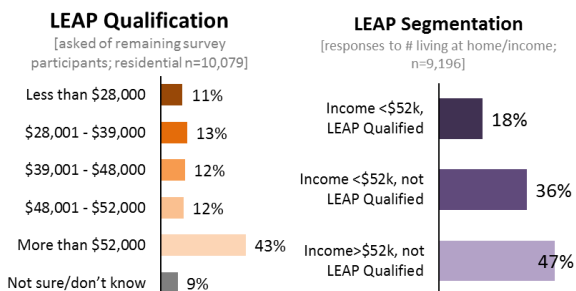
Residential

Throughout the survey, participants were asked questions which would help group similar segments of the population together and facilitate the analysis of various groups of interest. In particular, rate-class/region, income (and LEAP-qualification*), and bill size were considered vital to understanding Union Gas' customers. Additionally, participants were asked about whether they or a family member work for the natural gas industry / Union Gas, whether they rent or own their home, and how they use natural gas at home.

* LEAP-qualification is based on the OEB definition which depends on how many people live in the house, and combined household income. For example, a household of four with a combined annual after tax income of \$37,000 would qualify for a LEAP grant.

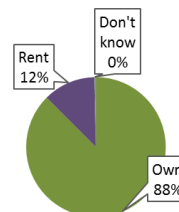
Residential Demographics: Respondent Profile

Household Income



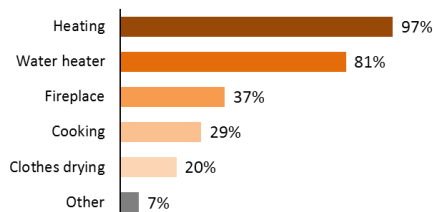
Home Ownership

[asked of remaining survey participants; residential n=9,918]



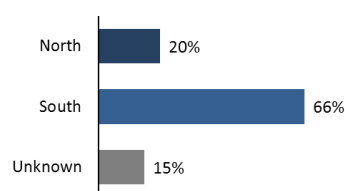
Natural Gas Usage

[asked of remaining survey participants; residential n=9,788]



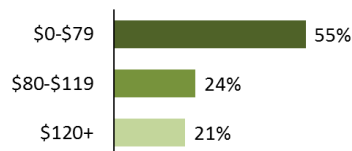
Regional Breakdown

[asked of remaining survey participants; residential n=9,788]



Bill size

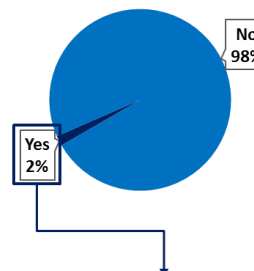
[asked of all survey participants; residential n=20,043]



Note: "Refused" (<1%) not shown.

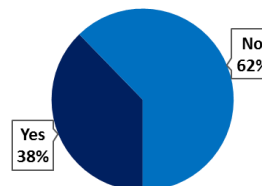
Family member in natural gas sector

[asked of all survey participants; residential n=20,043]



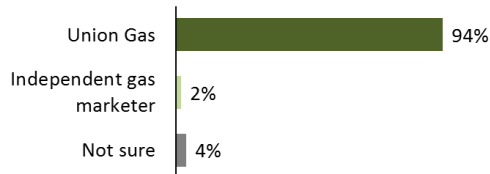
Family member working for Union Gas

[asked of all survey participants who have family member working in natural gas sector; residential n=424]



Source of Natural Gas

[asked of remaining survey participants; residential n=14,776]



In examining the demographics of the respondents, we are confident that a good cross-section of Union Gas customers participated in the online workbook. While this is not a random sample, and therefore results cannot be extrapolated to the general customer population, given the very large number of participants, this means that we are able to provide more detailed breakdowns of participant views according to rate class, income level/LEAP Qualification and monthly bill size.

System Familiarity, Overall Satisfaction, and Suggested Improvements

Before delving into more complex policy details, the workbook first needed to inform and educate the customer on the overall system. Participants were shown a brief explanation of the consultation, including explanations of Union Gas' revenue and expenses as well as distribution rates and what they do and do not cover. Then the workbook asked a series of questions on customer understanding of the system, their overall satisfaction with Union Gas and, using open-ended questions, suggestions on areas where Union Gas could improve.

Workbook Comprehension, System Familiarity and Overall Satisfaction

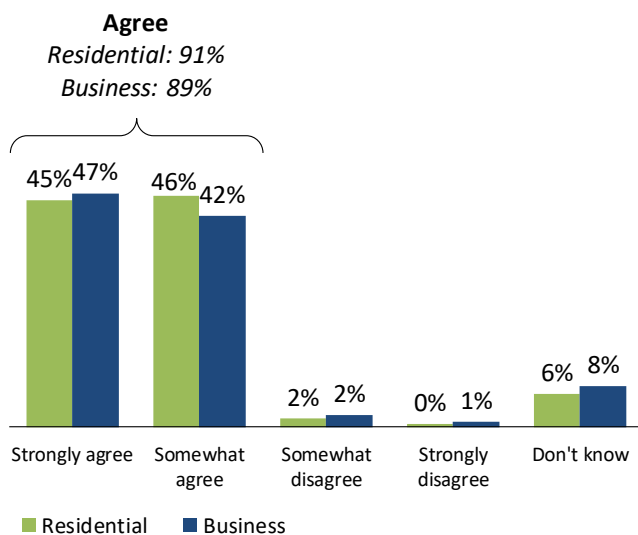
- A strong majority of both residential and business participants report that they understand the goals of the workbook exercise and, when the system is explained, they feel they understand the system well.
- Almost all of the customers surveyed, both residential (96%) and business (90%), are satisfied with Union Gas.

Open-ended Responses on Union Gas Performance

- There is a great deal of ambivalence or uncertainty when customers were asked to assess Union Gas in their own words: a majority didn't know how to respond.
- On the question "how do you know if Union Gas is doing a good job for you", the top categories of specific mentions related to Union Gas' service reliability with more than 3,300 residential participants (41%) who mentioned "no interruptions or outages".
 - A second group of residential mentions state the "low" and "reasonable" prices for delivery (22%) as reasons that they know Union Gas is doing a good job for them.
 - A third group of mentions identify positive customer service experience (17%), from "polite, respectful and friendly employees" to "accommodating the customers' needs".
 - Over half (n=51) of business participants comment about reliable service as the reason they "know Union Gas is doing a good job".
- In response to the question "what Union Gas could be doing better", lower prices jumps to the top of mentions (45%), including specific negative mentions of delivery charges and lower prices for certain disadvantaged groups.
 - Other key groups of responses focus on better communication overall and customer response (9%) and improvements to billing (7%) such as increased clarity and to make them easier for customers to read.
 - For the 85 business participants who responded, price (n=35) was also the dominant subject on "what Union Gas could be doing better" with seven participants who mention lowering the delivery charge.

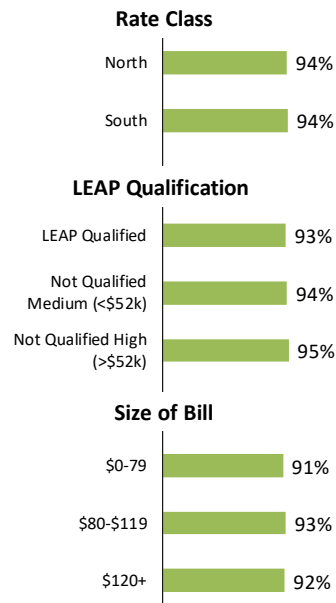
Figure 2: Understanding of Workbook Exercise

Q I understand why Union Gas is seeking my input.
[asked of all survey participants; residential n=20,043; business n=333]



Residential Segmentation >>

Survey participants who say "Agree":

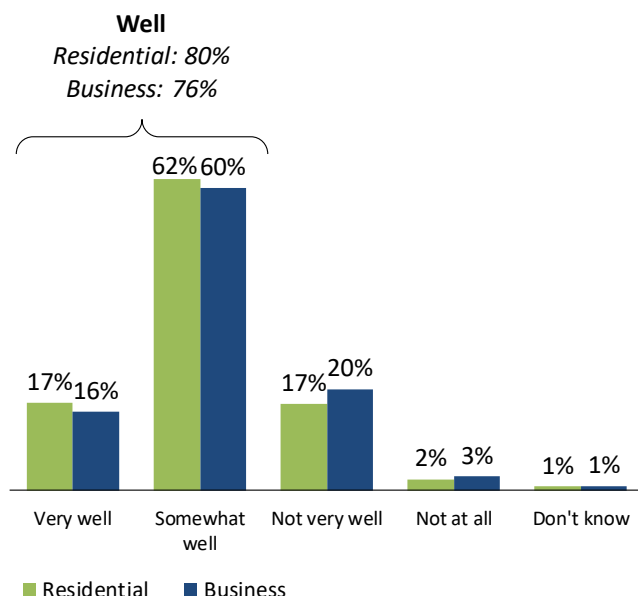


Nearly all participants (91% residential; 89% business) report they understand why Union Gas is seeking their input, with no differences across key segments.

Figure 3: Understanding the System

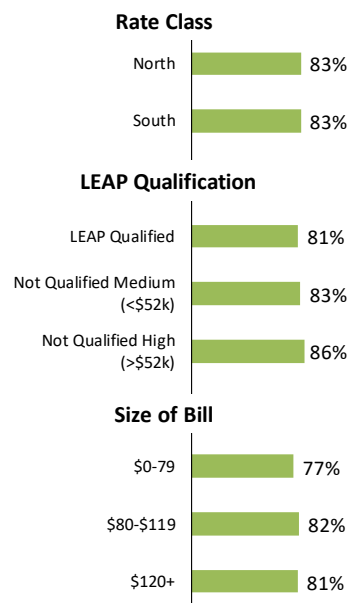


How well do you feel you understand the important parts of the Union Gas system and how they work together?
[asked of remaining survey participants; residential n=14,476, business n=217]



Residential Segmentation ►►

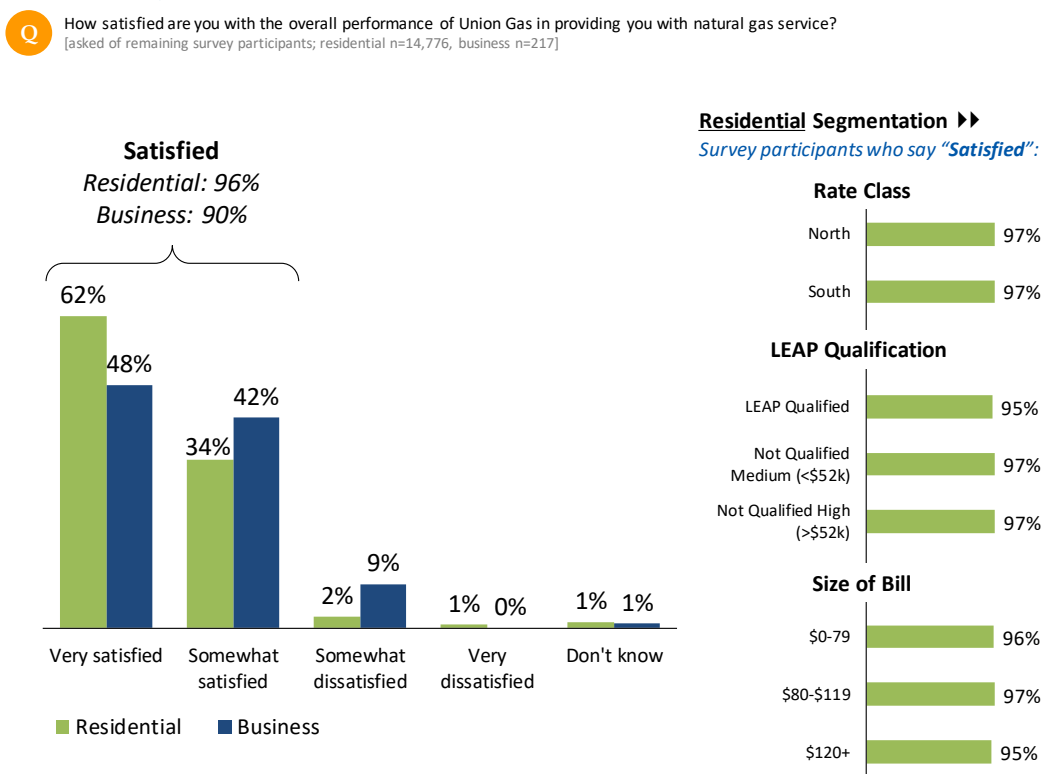
Survey participants who say "Well":



After reading the workbook's explanation of the system, eight-in-ten (80%) residential and three-in-four (76%) business participants feel they understand the important parts of the Union Gas system well and how they work together. Fewer than one-in-five (17%) residential participants say they understand it "very well"; more than six-in-ten (62%) say they understand it "somewhat well". Only one-in-five residential participants feel they understand the system "not very well" (17%) or "not at all" (2%) well.

- Among residential participants, LEAP qualified (81%) customers are slightly less likely to feel they understand the system well than high-income customers (86%).

Figure 4: Overall Satisfaction with Union Gas



Among both residential (96%) and business (90%) survey participants, satisfaction with Union Gas is overwhelmingly high. Residential participants show more intensity than business, with 62% of residential participants who feel "very satisfied" and 48% of business participants who feel the same.

- Residential satisfaction does not vary across rate class, income level or the size of customers' bills.

Figure 5: [OPEN] How do you know if Union Gas is doing a good job for you?



How do you know if Union Gas is doing a good job for you?
[asked of remaining survey participants; residential n=8,091, business n=101]

Coded Responses (100% residential, 100% business)	Residential	Business
No interruptions/outages/consistent/reliable/always available	41%, n=3,332	30%, n=30
Price reasonable/low		
General/rates	22%, n=1,746	9%, n=9
Bill and cost are predictable/stable	3%, n=225	5%, n=5
Things work		
House is warm/I am warm/there is heat	8%, n=687	8%, n=8
Furnace	2%, n=144	*
Water is hot	3%, n=244	3%, n=3
Appliances misc.	3%, n=246	5%, n=5
Operations		
Employees are polite/respectful/friendly	2%, n=129	2%, n=2
Customer service is good - general	6%, n=521	11%, n=11
Customer service is prompt	6%, n=455	5%, n=5
Billing		
Equal billing payment plan	2%, n=132	*
Easy to understand	2%, n=129	5%, n=5
Bill is informative/detailed/broken down	2%, n=127	*
Bill is on time	1%, n=119	*
Accurate/no issues	3%, n=238	5%, n=5
Safety		
General	2%, n=174	*
Infrastructure	1%, n=112	*
Safe delivery	1%, n=86	*
Good service/delivery – general	7%, n=570	10%, n=10
Issue response is prompt	5%, n=442	*
Not satisfied with cost/billing – general	3%, n=208	5%, n=5
Not satisfied with service – general	1%, n=85	4%, n=4
Not like other companies (ex. Hydro) – better service, quality, price	4%, n=330	4%, n=4
Information		
Frequently updated on changes	2%, n=162	4%, n=4
Positive	1%, n=85	*
Know what they are doing/professional/knowledgeable/helpful	1%, n=91	*
Meter reading/checking service – satisfied	1%, n=91	*
Other	2%, n=155	2%, n=2
None/Satisfied	17%, n=1,337	2%, n=2
Don't know	5%, n=366	7%, n=7

Note: *Residential responses with n-sizes less than 1% are not shown. *Business responses with n-sizes equal to or less than 1% are not shown. 'Refused' and 'Bad Respondent' not shown. Out of total sample including noncoded responses, 37% residential and 36% business respondents selected the box "don't know/unsure how to respond" instead of a written response

Of the 8,091 residential participants who responded to the question “How do you know if Union Gas is doing a good job for you?”, the top mentions were related to reliable service. More than 3,300 customers (41%) mentioned “no interruptions, outages” and that it was always consistent; another 570 (7%) mentioned “good service/delivery”; 91 were satisfied with the meter reading service

(1%) and 1,321 (16%) mentioned that they know Union Gas does a good job because, simply put, it works: their house is warm, their furnace or appliances work, or their water is hot when they need it.

The second key group of mentions among residential respondents focused on the reasonable rates provided by Union Gas. 1,746 residential participants mentioned the “low” and “reasonable” prices (22%) for gas as the reason they know Union Gas is doing a good job for them, with another 338 (4%) who mention specific aspects of price such as “cost for service”, “predictable bills”, and that their gas is “cost-effective”.

A third key group of mentions for residential participants is related to customer service (17%). These 1,364² responses include mentions that Union Gas “considers the consumer” or “cares about the consumer” (n=76), that “employees are polite, respectful or friendly” (n=129), that customer service is “good” (n=521), that it is “prompt” (n=455), that they are “accommodating to customers’ needs” (n=80) and that Union Gas service “knows what they are doing”, they are “professional, knowledgeable and helpful” (n=103).

Among the 101 coded business participants, we see similar patterns. More than half (n=51) mentioned reliable service – most them in a broader reference to “no interruptions or outages” (n=30) or “good delivery” (n=10). About one-in-six (n=16) business participants mentioned “low and reasonable rates”, including a general code (n=9), “cost for service” (n=2) and a request for more predictable and stable pricing on their bills (n=5). And about one-in-five (n=20) business participants mentioned customer service, with most of the comments regarding “good” (n=11) or “prompt” (n=5) customer service.

Of the total number of residential participants who reached this question (n=15,421), nearly half (48%, n=7,330) checked the box “I’m not sure/don’t have a strong opinion about this” instead of writing a response. An even higher proportion checked “I’m not sure/no strong opinion” among business participants (54%, n=119/220).

² Due to space limitations, responses given by fewer than 1% of residential respondents are not included in the table on the previous page, but have been included in the calculation of this figure.

Figure 6: [OPEN] Is there anything in particular you feel Union Gas can do better?



Is there anything in particular you feel Union Gas can do better?
[asked of remaining survey participants; residential n=5,983, business n=85]

Coded Responses (100% residential, 100% business)	Residential	Business
Lower prices		
General	23%, n=1,360	26%, n=22
Delivery charge	7%, n=409	8%, n=7
Seniors	2%, n=97	*
Less misc. charges	2%, n=149	2%, n=2
Low income families	1%, n=73	*
Satisfied with service/They are doing a good job	11%, n=664	9%, n=8
Bill – cap and trade/carbon tax (separate, negative – general)	3%, n=182	4%, n=3
Bill – make it clearer/ it's hard to understand	1%, n=79	2%, n=2
Corporate Operations		
Better customer service	3%, n=181	4%, n=3
Lower operating expenses	2%, n=134	*
Other	1%, n=84	5%, n=5
More communication	1%, n=88	4%, n=3
Keep rates/prices reasonable	3%, n=164	*
Offer more options re: payment/charges	3%, n=154	*
Infrastructure issues/repairs	*	4%, n=3
Meter reading – general	1%, n=66	*
Meter reading – more accurate/better	1%, n=33	*
Meter reading – more	*	4%, n=3
Meter reading- automated/smart meters	1%, n=50	*
Meter reading – other	1%, n=60	2%, n=2
Stand up to Wynne/Liberals/OEB	*	2%, n=2
Offer incentives/rebates	2%, n=114	2%, n=2
Clearer information – better explanations	*	2%, n=2
Other	7%, n=445	6%, n=5
None	22%, n=1,321	15%, n=13
Don't know	2%, n=98	*

Note: *Residential responses with n-sizes less than 1% are not shown. *Business responses with n-sizes equal to or less than 1% are not shown. 'Refused' and 'Bad Respondent' not shown. Out of total sample including noncoded responses, 46% residential and 40% business respondents selected the box "don't know/unsure how to respond" instead of a written response

When asked what Union Gas could be doing better, 13% residential participants wrote that they had no suggestions and/or that they were satisfied with Union Gas.

Of those with specific suggestions, price tops the list. Nearly 2,700 residential participants (45%) mentioned lower prices in some way: in general (23%), through a change in delivery charges (7%), lower prices for seniors (2%) or low income families (1%), additional options for payment plans (3%), a request for “additional incentives or rebates” (2%), “less miscellaneous charges” (2%), lower storage charges (1%) and lower monthly charges (1%) and lower prices based on usage (1%).

The second key category of open-ended responses related to better communication and customer response (9%, n=530): better explanations in general, clearer information about price changes or

information related to seniors or hard-to-access or missing information on how to save energy, better customer service, better outreach, more communication in general and fewer fliers.

The other major category of open-ended responses suggested improvements on billing (7%, n=428), either generally, or in a more clear easy-to-read way, a separation or itemization of charges, negative comments about the cap and trade charge on their bill, or a request to show taxes.

Among the 85 coded business participants, price (n=35) was also the top mention, mostly either as a general “lower prices” comment (n=22) or specifically regarding the delivery charge (n=7). About a quarter (n=21) of business participants couldn’t find anything in particular and/or said they were satisfied with the status quo. Codes related to communications and customer response (n=12) as well as billing (n=8) were also mentioned, albeit much less often than price.

Out of the total sample of residential participants (n=15,421), six-in-ten (60%, n=9,237) did not answer, instead checking the box “I’m not sure/don’t have a strong opinion about this”. Again, a similar proportion checked “I’m not sure/no strong opinion” among business participants (55%, n=133/220).

Customer Journey

A reminder about coding of open ended comments:

Given the high response rate, a random selection of 10% of residential responses to open-ended questions and comments in this section were coded for analysis. However, given the smaller number of responses from business customers, 100% of business responses were coded.

In addition to this analysis, all verbatim responses were provided to Union Gas in a separate database.

In the next section of the workbook entitled “Customer Journey”, participants were shown a diagram of the ways in which customers and Union Gas interact based on previous research and feedback. Participants were then asked three questions relating to customer service: an open-ended question to probe if anything was missing in the “Customer Journey” diagram, a measure of satisfaction with customer service and an additional open-ended question asking what Union Gas could do better vis-à-vis customer contact.

Missing Items from Diagram

- Eight-in-ten (80%) residential participants and about three-in-four (51/67) business participants felt the diagram was fine as is and did not need any additional items.
- Of the few that suggested something, a plurality of residential participants focused on “access to information and customer service” as well as “advice” and “check-in and follow-up”.

Customer Journey Satisfaction

- Nearly all participants, both residential (95%) and business (94%) are satisfied with their Union Gas customer contact.
- Almost seven-in-ten (68%) residential participants rate their contact as “very satisfied”.

Suggestions for Better Customer Contact

- In terms of improving customer contact, a majority of residential and business participants think Union Gas is doing well. Two-thirds (66%) of residential participants and more than half (36/67) of business participants are satisfied and think the process works well, don’t have a suggestion and/or have never needed to contact Union Gas.
- Specific suggestions among residential participants include improved customer service (14%) through “clearer communications”, “better technicians”, service representatives who “understood their situation” better and “more friendly” representatives.
- Other key topics to improve customer contact include a more “reasonable price” for service (8%), “better meter reading” (5%) and “improved billing and statements” (5%), all of which are broken down into additional subtopics on the following page.

Figure 7: [OPEN] Missing items from Diagram



After looking at this diagram, please indicate if, from your perspective, any type of customer contact or service is missing.
[asked of remaining survey participants; residential n=606, business n=67]

Coded Responses (10% residential, 100% business)	Residential	Business
Nothing missing, Satisfied	28%, n=172	31%, n=21
Equipment changes/upgrades	*	4%, n=4
I am satisfied with Union Gas	2%, n=13	3%, n=2
Access to information/customer service - other	3%, n=17	*
Advice - other	*	3%, n=2
I am satisfied with Union Gas	2%, n=13	3%, n=2
Other	2%, n=14	6%, n=4
None	49%, n=299	*
Don't know	5%, n=32	*

Note: *Residential responses with n-sizes less than n=10 are not shown. *Business responses with n-sizes equal to or less than 1% are not shown. 'Refused' and 'Bad Respondent' not shown. Out of total sample including noncoded responses, 40% residential and 38% business respondents selected the box "don't know/unsure how to respond" instead of a written response

When asked if anything was missing from the diagram, 80% (n=484) of the sampled residential comments said it was complete as is.

The few additional suggestions for the diagram focused largely on “access to information and customer service” (7%, n=40) including “online chat” (n=3), an “additional place to express issues and concerns” (n=4), an “FAQ or additional online info” (n=4), “referrals” (n=2), and codes related to meter readings (n=5).

A handful of residential participants suggested adding “advice” (3%, n=17) to the diagram including “making homes more efficient” (n=5), “savings plans” (n=5), and “safety steps in case of emergency” (n=4).

A third set of residential codes focused on “check-in/follow-up” (2%, n=13) including mentions of equipment inspection in general or of meters (n=5) and follow-up after customers have started the service.

Of the 67 coded business participants, most (n=51) state they have no additional information to add – the diagram is fine as is. Additional mentions include “access to information/customer service” (n=4), “advising” (n=3), “check-in and follow-up”, and “equipment changes and upgrades (n=3).

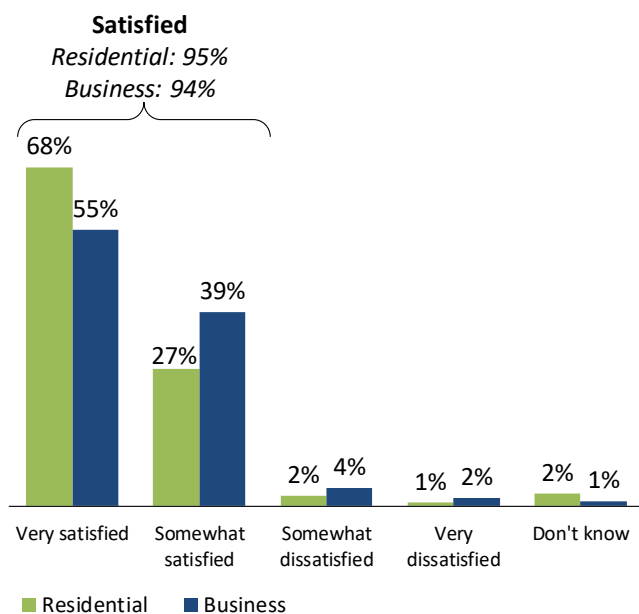
Among all residential participants (n=13,612), instead of writing in a response nearly six-in-ten (58%, N=7,938) checked the box “I’m not sure/don’t have a strong opinion about this”. And out of the total number of business participants (n=194), about 65% (n=127) did the same.

Figure 8: Customer Satisfaction, Contact with Union Gas



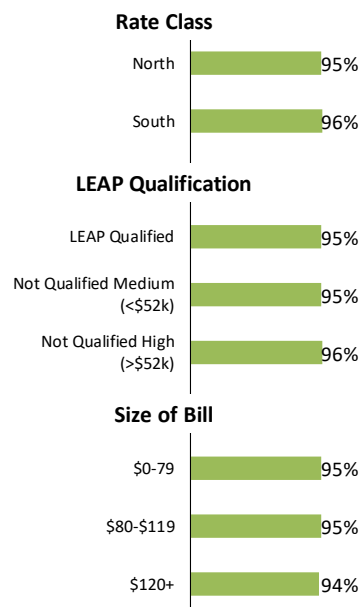
Thinking about all the contacts you have had with Union Gas since becoming a customer, how satisfied are you with the customer service you have received from Union Gas?

[asked of remaining survey participants; residential n=13,612, business n=194]



Residential Segmentation ►►

Survey participants who say "Satisfied":



When it comes to recent contact satisfaction, 95% of residential and 94% of business participants are satisfied with their contact with Union Gas since becoming a customer. Residential participants seem to feel more intensely on this measure, with 68% of residential participants "very satisfied" compared with 55% of business participants. Just 3% of residential participants and 6% of business participants are "somewhat" or "very" dissatisfied with their Union Gas customer service.

There are no differences in customer contact satisfaction across rate class, income level or bill size for residential customers.

Figure 9: [OPEN] Specific Suggestions for Better Job in Customer Contact



Thinking about all the contacts you have had with Union Gas, do you have any specific suggestions about how Union Gas could do a better job of meeting your needs?

[asked of remaining survey participants; residential n=606, business n=69]

Coded Responses (10% residential, 100% business)

	Residential	Business
None, satisfied	59%, n=359	17%, n=12
Never needed to contact/not in long time	7%, n=42	7%, n=5
Lower prices		
General	6%, n=34	6%, n=4
Set-up/installation	*	3%, n=2
Customer service		
Clearer communications	4%, n=22	10%, n=7
General	3%, n=20	6%, n=4
Technicians	3%, n=17	*
More understanding of situation	*	3%, n=2
Payment and billing		
General	3%, n=18	*
Other	*	12%, n=8
Meter reading		
Accurate/more reading	3%, n=16	3%, n=2
Other	2%, n=11	3%, n=2
Online services - other	*	3%, n=2
Other	2%, n=12	7%, n=5
None	5%, n=33	28%, n=19
Don't know	*	0%, n=0

Note: *Residential responses with n-sizes less than n=10 are not shown. *Business responses with n-sizes equal to or less than 1% are not shown. 'Refused' and 'Bad Respondent' not shown. Out of total sample including noncoded responses, 40% residential and 38% business respondents selected the box "don't know/unsure how to respond" instead of a written response

The final question in this section asked both residential and business participants for written feedback on the customer contact process: "Thinking about all the contacts you have had with Union Gas since becoming a customer, do you have any specific suggestions about how Union Gas could do a better job of meeting your needs?".

Two-thirds (66%) of residential participants are satisfied and think the process works well, don't have a suggestion and/or have never needed to contact Union Gas.

About one-in-six (14%, n=84) suggested customer service needed to improve including a more general suggestion (3%, n=20), "clearer communication" (4%, n=22), "better technicians" (3%, n=17), service representatives with a "better understanding" of their personal situation (1%, n=7) and "more friendly representatives" (n=3).

Another frequent suggestion is more reasonable price for service (8%, n=48%) which includes general suggestions of lower prices (6%, n=34) as well as lower-priced set-up and installation (n=3), delivery charges (n=4), and lower prices for seniors (n=3).

Two other key topic mentions are "better meter reading" (5%, n=31) which includes the subtopics "more accurate reading" (3%, n=16) and "automated/smart meters" (n=4); and the last major topic, "improved billing and statements" (5%, n=29) which covers the specific suggestions "more options for pay periods and dates" (n=3) and "show the cost of cap and trade" (n=2).

Turning to business participants, more than half (n=36) of the 67 coded participants had no suggestions, reported they were satisfied and/or never needed to contact customer service. About one-in-four (n=16) business participants mentioned customer service improvements as a way of Union Gas doing a better job, with a plurality of those who cited “clearer communications” (n=7). Other improvements suggested include lowering prices (n=10), improving payment and billing (n=10), better meter reading (n=4), and better online services (n=3).

Among all residential participants (n=13,612), instead of writing in a response nearly six-in-ten (58%, N=7942) checked the box “I’m not sure/don’t have a strong opinion about this”. And out of the total number of business participants (n=194), about 65% (n=127) did the same.

Customer Outcomes

A reminder about coding of open ended comments:

Given the high response rate, a random selection of 10% of residential responses to open-ended questions and comments in this section were coded for analysis. However, given the smaller number of responses from business customers, 100% of business responses were coded.

In addition to this analysis, all verbatim responses were provided to Union Gas in a separate database.

The next section on “Customer Outcomes” examines feedback on Union Gas vis-à-vis the eight outcomes that, in its research to date, appear to matter most to customers:

- 1) Stable, predictable, and affordable pricing;
- 2) Providing dependable and responsive customer service;
- 3) Making good use of the money customers pay ;
- 4) Reliability;
- 5) Safety;
- 6) Treating customers fairly and openly;
- 7) Minimizing impact on environment; and
- 8) Being community minded and socially responsible.

Customers were asked to rate Union Gas on each of these measures, rank them on a scale of 1 to 8 and then offer written feedback on how Union Gas can improve its performance on these measures.

Top 3 Outcomes: Pricing, Safety and Reliability

- The three most important outcomes for residential participants are “pricing” (88% top 3 issue), “safety” (67% top 3 issue) and “reliability” (65% top 3 issue). For business participants it was the exact same order (“pricing”, 85% top 3 issue; “safety”, 62% top 3 issue; “reliability”, 60% top 3 issue).
- Roughly three-in-four (74%) residential and two-thirds (65%) of business participants find the price of distributing gas “reasonable”. Those residential participants with large bills are less likely to find it reasonable (\$120+: 65% vs. \$0-79: 79% reasonable).
- Nearly all participants are satisfied with Union Gas’ performance on safety (residential: 92%; business: 91%) and reliability (residential: 98%; business: 93%).

Mid-tier Outcomes: Service, Making Good Use of Money and Environmental Impact

- The mid-tier (about 1-in-6 in each category consider it the most important) for residential participants consists of “providing dependable and responsive customer service” (Top three: 45%; Mean: 3.6; Median: 3rd); “making good use of the money customers pay” (Top three: 35%; Mean: 4.1; Median: 4th); and “minimizing the impact on the environment” (Top three: 33%; Mean: 4.4; Median: 5th).
- Business participants ranked their mid-tier similarly, including “customer service” (Top three: 50%; Mean: 3.4; Median: 3rd), “making good use of customer money” (Top three: 38%; Mean: 4.1; Median: 4th), and “minimizing impact on environment” (Top three: 34%; Mean: 4.4; Median: 5th).
- Nearly all participants are satisfied on customer service (residential: 92%; business: 89%).
- Roughly three-in-four participants (residential: 74%; business: 72%) are satisfied with Union Gas' performance on "minimizing impact on the environment".
- And about seven-in-ten (71%) residential participants and two-thirds (66%) of business participants are satisfied with how Union Gas is using customer money.

Least Important Outcomes: Treating Fairly and Community-Mindedness

- The least important outcomes for residential participants were “treating customers fairly and openly” (Top three: 29%; Mean: 4.3; Median: 5th) and “being community minded and socially responsible” (Top three: 19%; Mean: 5.9; Median: 7th).
- The least important outcomes for business participants were “treating customers fairly” (Top three: 31%; Mean: 4.1; Median: 4th) and “being community minded” (Top three: 21%; Mean: 5.7; Median: 7th). Just five business participants picked “community minded” as their top issue.

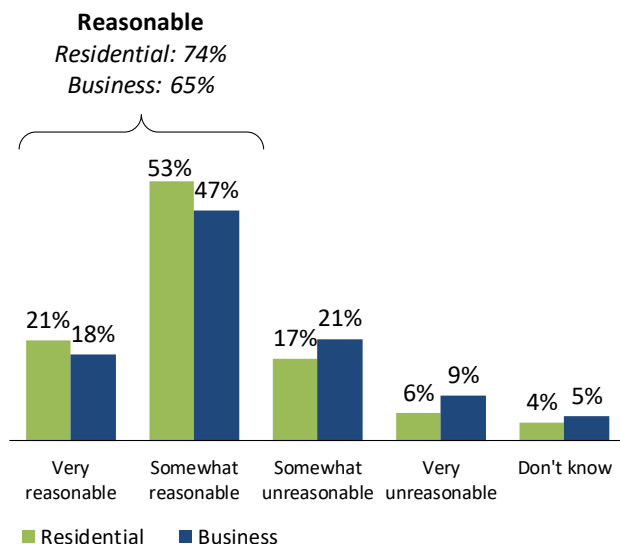
Suggested Improvements

- In addition to the over half of participants who selected the “don’t know / not sure” option, a strong plurality of residential (44%, n=209) and business (n=26 out of 65) participants who provided written comment had no suggestions to improve performance and/or were satisfied with the status quo.
- Broader suggested topics for residential participants included “lower cost” (10%, n=49), “improvements to operations” (9%, n=42), “green/alternative energy” (8%, n=38), “clear communications” (6%, n=28), “community involvement” (6%, n=27) and “honesty/trust” (4%, n=20).

The first outcome, “stable, predictable and affordable pricing”, was prefaced by a brief explanation of the types of topics customer raise, including “the total amount they pay, how stable or volatile the price is and how predictable the price will be looking forward”. Participants were told to “think about distribution charges” before answering the question below.

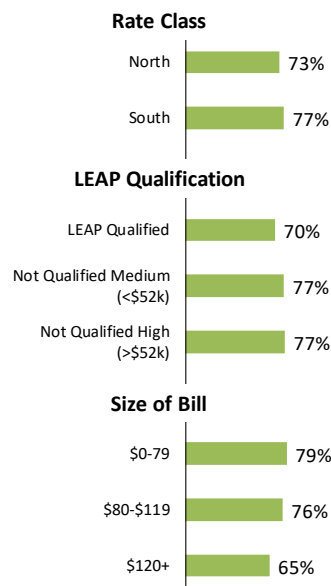
Figure 10: Stable, Predictable and Affordable Pricing

Q Overall, how reasonable do you find the price for distributing gas?
[asked of remaining survey participants; residential n=12,739, business n=182]



Residential Segmentation ►►

Survey participants who say “Reasonable”:

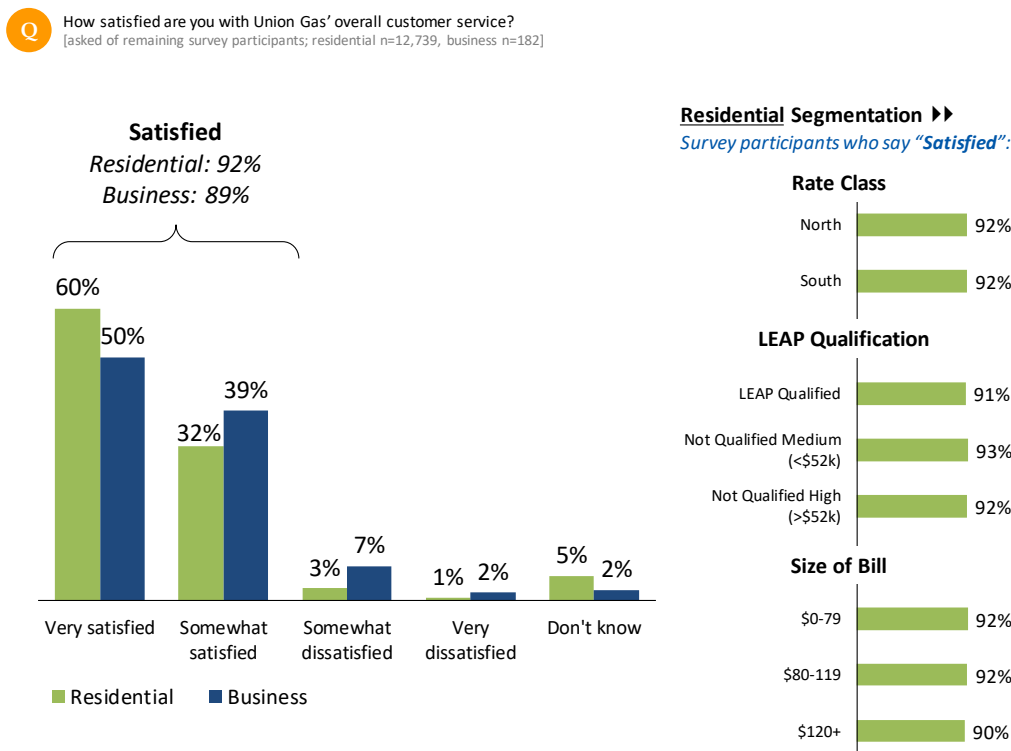


Three-in-four (74%) residential participants find the price for distributing gas “reasonable” with 21% who find it “very reasonable”. Nearly one-in-five (17%) find it “somewhat unreasonable” and just 6% find it “very unreasonable”.

Two-thirds (65%) of business participants find the price “reasonable”, a nine-point gap with residential group. In the segmentation, we see that South customers (77% “reasonable”), those with medium-income or above (77%) and those with bills less than \$80 (79%) are the most likely to find the price for distributing gas “reasonable”.

The second key customer outcome, “providing dependable and responsive customer service” was prefaced by a statement about the importance of customer service and what behaviours the category includes: “whether Union Gas is easy to do business with, how they communicate with customers, and the types of services and programs they offer to help customers find energy savings”.

Figure 11: Providing Dependable and Responsive Customer Service

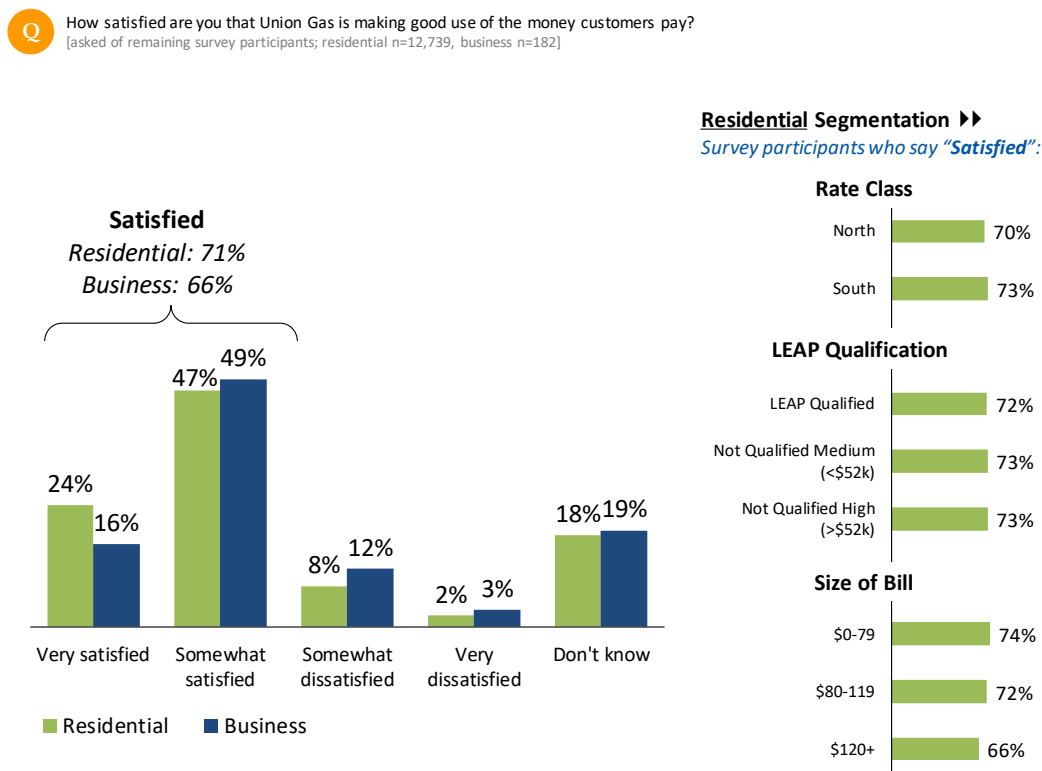


About nine-in-ten (92%) residential and business (89%) participants report they are satisfied with Union Gas’ customer service. Residential participants feel the most intensely positive, with six-in-ten (60%) who say they are “very satisfied” compared with half (50%) of business participants. Just 4% of residential participants say they are dissatisfied and business participants are slightly more negative (9% dissatisfied).

There are no differences across rate class, income level or bill size on this measure for residential customers.

Before they are asked about the third key outcome, “making good use of the money customers pay”, participants were told that ensuring dollars are well-spent is key to Union Gas’ mission and that the OEB review process includes a review of Union Gas’ expenses compared with its competitors.

Figure 12: Making Good Use of the Money Customers Pay

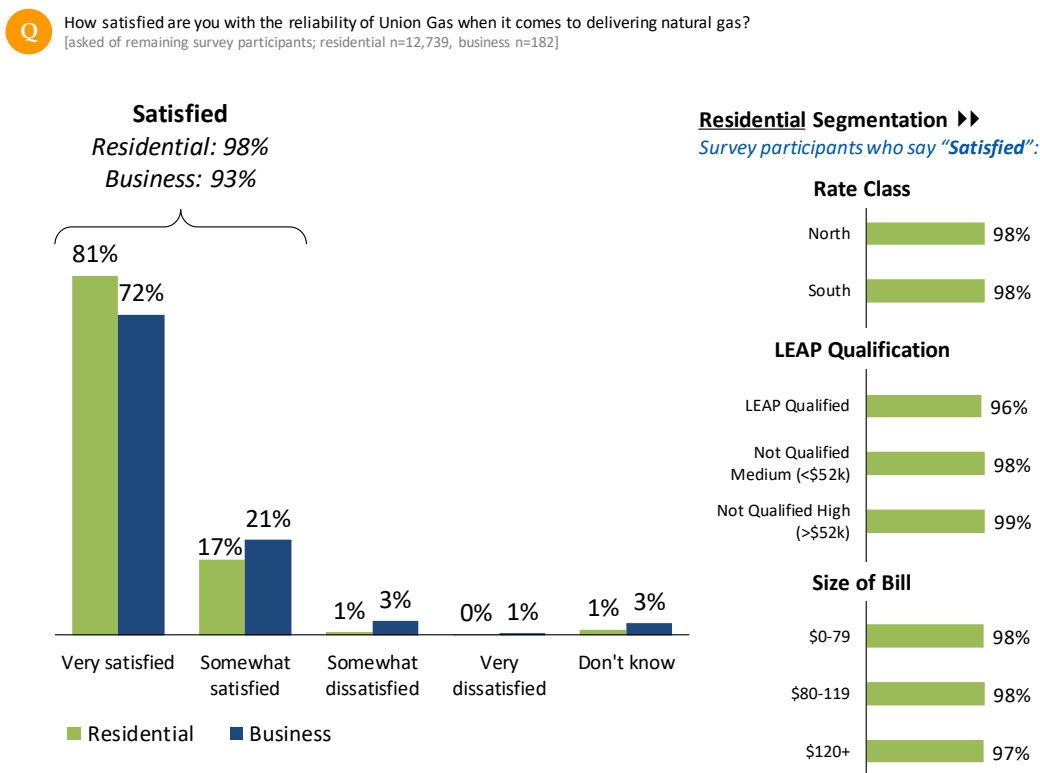


Satisfaction that Union Gas is making good use of customers’ money is lower than the previous two measures, although still quite positive with seven-in-ten (71%) residential and two-in-three (66%) business participants who feel satisfied. Just 10% of residential participants and 15% of business participants report they are dissatisfied with how Union Gas’ uses their rate money. Note that a significant number of customers selected ‘Don’t know’.

There is little difference across rate class and income level for residential participants, but those with the largest bills (\$120+: 66%) are the least satisfied segment.

Before asking about the fourth key outcome, “reliability”, the workbook defined reliability for participants as “knowing that you will have all the natural gas you need when you need it, without having to deal with interruptions”.

Figure 13: Reliability

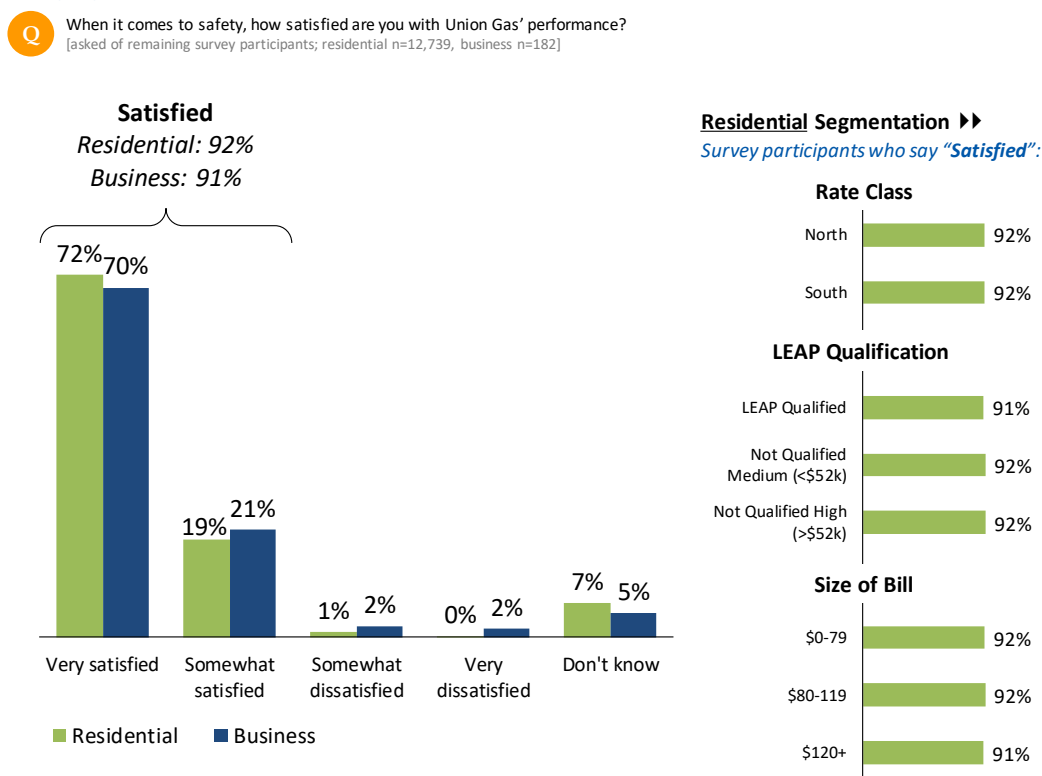


Almost all of the residential participants (98%) and more than nine-in-ten (93%) business participants are satisfied with the “reliability of Union Gas when it comes to delivering natural gas”.

There are no key differences by rate class, income or bill size.

The fifth key outcome, “safety” is prefaced by a brief explanation of customer expectations when it comes to safety precautions, which include “ensuring the physical equipment used to transport gas is built and maintained at a safe level, training for Union Gas staff and public awareness programs such as Ontario One Call”.

Figure 14: Safety

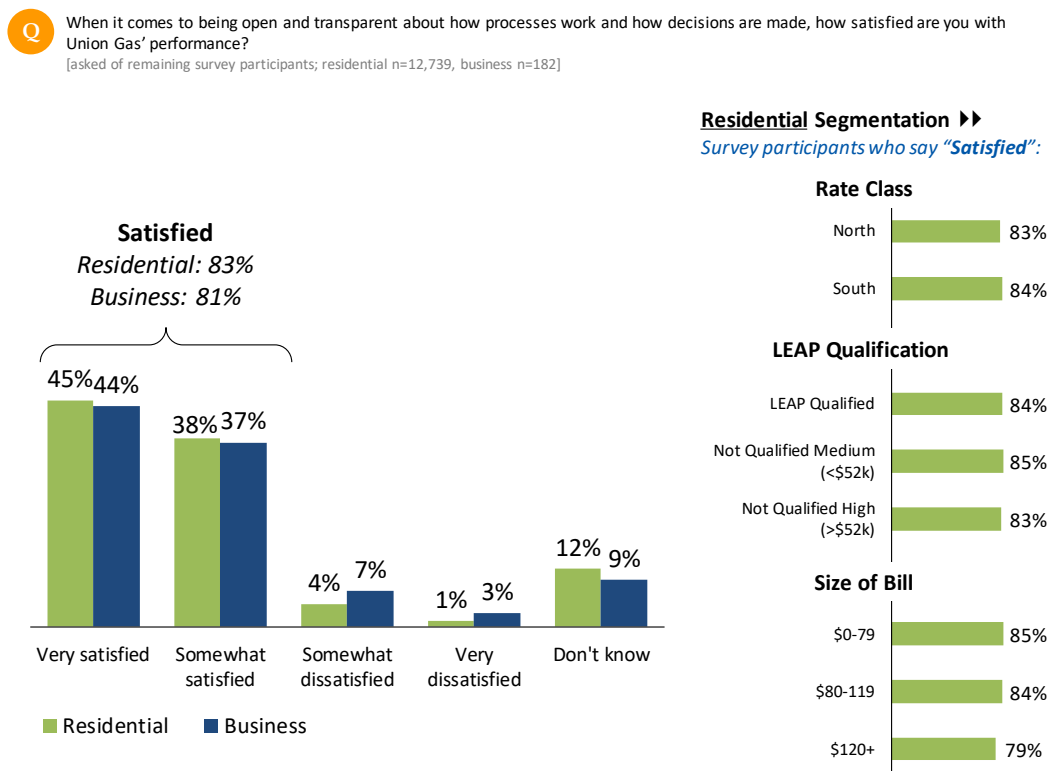


When it comes to safety, more than nine-in-ten residential (92%) and business (91%) participants feel satisfied with Union Gas’ performance. Intensity is high among both customer types, with roughly seven-in-ten residential (72%) and business (70%) participants who feel “very satisfied”. Just 1% of residential and 4% of business participants feel dissatisfied with Union Gas’ performance on safety.

There are no differences on this measure across rate class, income or bill size.

Before asking the sixth of eight outcomes, “treating customers fairly and openly”, the workbook explained that “open and transparent decision-making can be an important factor in how customers feel about a utility.

Figure 15: Treating Customers Fairly and Openly

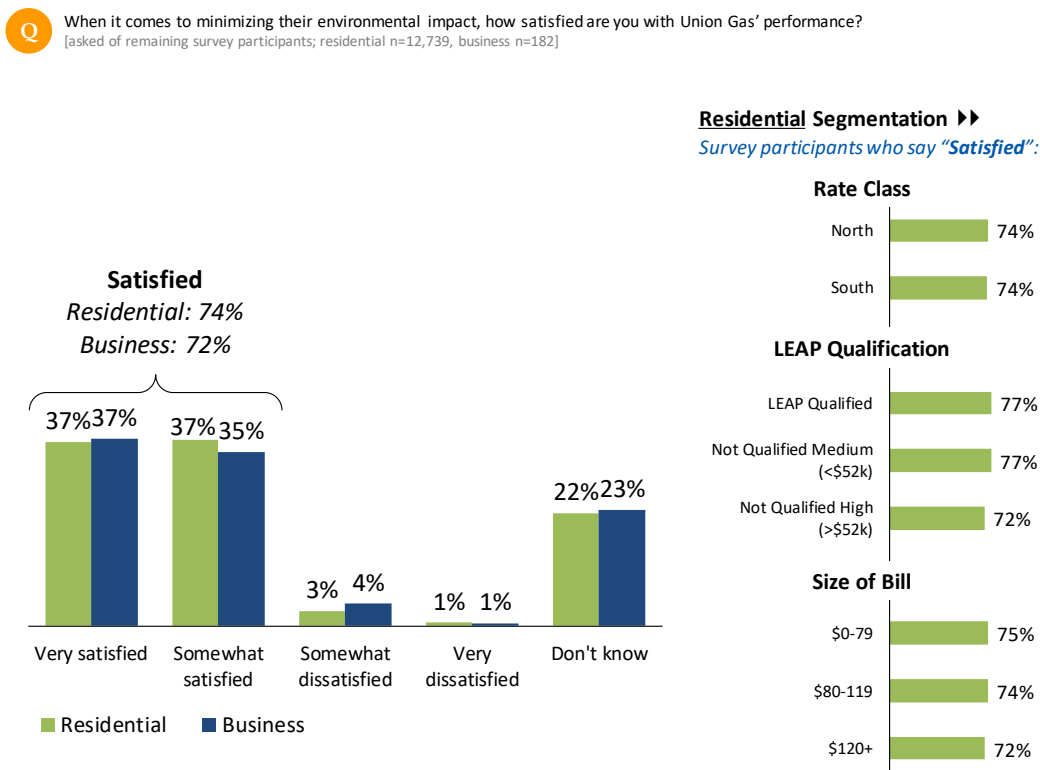


More than eight-in-ten residential (83%) and business (81%) participants feel satisfied with how open and transparent the processes work at Union Gas and how decisions are made. Just 5% of residential participants and 10% of business participants feel dissatisfied with how Union Gas treats its customers vis-à-vis fairness and transparency.

There is no difference across rate class and income level on this measure, but those with larger bills (\$120+: 79%) are a bit less likely to be satisfied with Union Gas’ decision-making process.

The results for the seventh key outcome, “minimizing impact on the environment” are shown below. Before asking participants to rate Union Gas, the workbook explains that environmental impact can be understood in two different ways: “how the natural gas distributed impacts the environment when it is consumed by the end user; and how Union Gas’ own operations impact the environment”.

Figure 16: Minimizing Impact on Environment

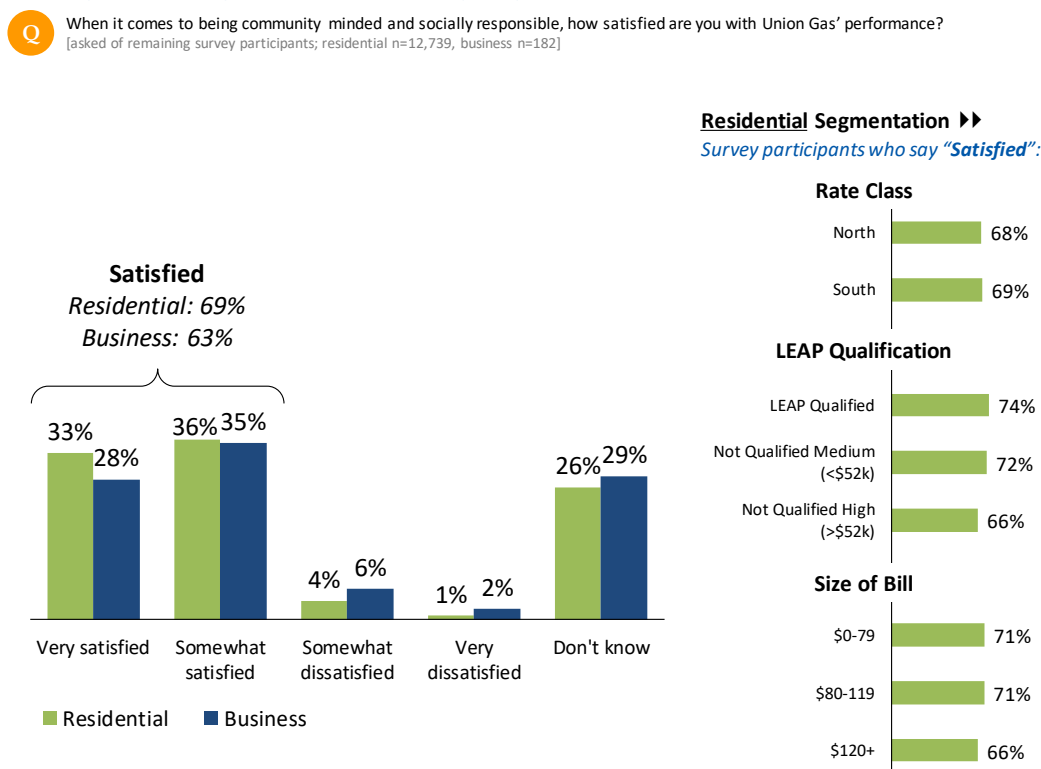


On Union Gas’ environmental impact, three-in-four (74%) residential participants and more than seven-in-ten (72%) business participants feel satisfied. Only 4% of residential and 5% of business participants self-report as “dissatisfied”. A significant number flagged ‘don’t know’.

High-income (72% satisfied) residential participants and those with the largest bills (\$120+: 72%) are a bit less likely to report they are satisfied with Union Gas’ performance on environmental impact, but the difference is quite small.

The eighth and final customer outcome, “being community minded and socially responsible”, is defined to the reader as “involving the actions a company can take to support the communities they operate in and give back to society”. Actions include, according to the debrief, “giving back to the communities Union Gas works in, supporting economic development and respect for customer and public property”.

Figure 17: Being community minded and socially responsible



On social responsibility, nearly seven-in-ten (69%) residential participants feel satisfied with Union Gas’ performance; only 5% feel dissatisfied with the company on this measure. Business participants are slightly less satisfied than their residential counterparts; still, more than six-in-ten (63%) report satisfaction and only 8% are dissatisfied.

On rate class there is little difference in satisfaction on this measure. However, we do start to see slightly more negative reactions among high-income earners (66% satisfied) and those with the largest bills (66%).

Figure 18: [OPEN] Specific Suggestions to Improve Performance on Outcomes

Q Thinking about the 8 topics we just asked about, do you have any specific suggestions for how Union Gas can improve its performance?
[asked of remaining survey participants; residential n=482, business n=65]

Coded Responses (10% residential, 100% business)	Residential	Business
No - satisfied	11%, n=53	15%, n=10
Lower costs		
General	8%, n=40	25%, n=16
Delivery charge	*	2%, n=1
Other	*	5%, n=3
Green/alternative energy		
More information on programs and impact	4%, n=18	2%, n=1
More environmental responsibility	3%, n=15	3%, n=2
General	*	2%, n=1
Other	*	2%, n=1
Safety	3%, n=14	*
Community involvement		
Need more info/educate	2%, n=12	*
General	*	2%, n=1
Better advertising	*	3%, n=2
Do more of it	*	3%, n=2
Honesty/transparency – how prices and costs decided	2%, n=10	2%, n=1
Operations		
Better customer service	2%, n=10	2%, n=1
General	*	2%, n=1
Lower wages (general)	*	2%, n=1
More efficient spending/better use of money	*	5%, n=3
Work more for customers	*	2%, n=1
Other	*	6%, n=4
Clear communications		
About bill	*	6%, n=4
More of it/more information	*	2%, n=1
General	*	3%, n=2
Hard to understand	*	2%, n=1
Give energy saving tips	*	2%, n=1
Expand services	*	2%, n=1
Don't be Hydro	*	2%, n=1
Incentives/rebates	*	2%, n=1
Other	6%, n=31	3%, n=2
None	32%, n=156	25%, n=16
Don't know	*	*

Note: *Residential responses with n-sizes less than n=10 are not shown. *Business responses with n-sizes equal to or less than 1% are not shown. 'Refused' and 'Bad Respondent' not shown. Out of total sample including noncoded responses, 41% residential and 35% business respondents selected the box "don't know/unsure how to respond" instead of a written response

Looking at the 475 coded residential participants, nearly half (44%, n=209) stated they had no suggestions to improve performance or were satisfied with current performance.

Broader suggested topics included “lower cost” (10%, n=49), “improvements to operations” (9%, n=42), “green/alternative energy” (8%, n=38), “clear communications” (6%, n=28), “community involvement” (6%, n=27) and “honesty/trust” (4%, n=20).

Unpacking “lower cost”, most of the codes are general but specific mentions include the delivery charge, showing the carbon tax, and senior discount.

“Improvements to operations” as a topic includes suggestions such as “better customer service” (n=10), “lower wages for executives”, “keep operational costs down”, “work more for customers”, “be more visible and have a more local presence”, “pay attention to staff use of resources” and “be more efficient with spending and use the money collected better”.

And the third key topic “green alternative energy” covers more specific suggestions: “more information on programs and impact” (n=18), “more environmental responsibility taken for Union Gas” (n=15), and “invest in more alternative energy”.

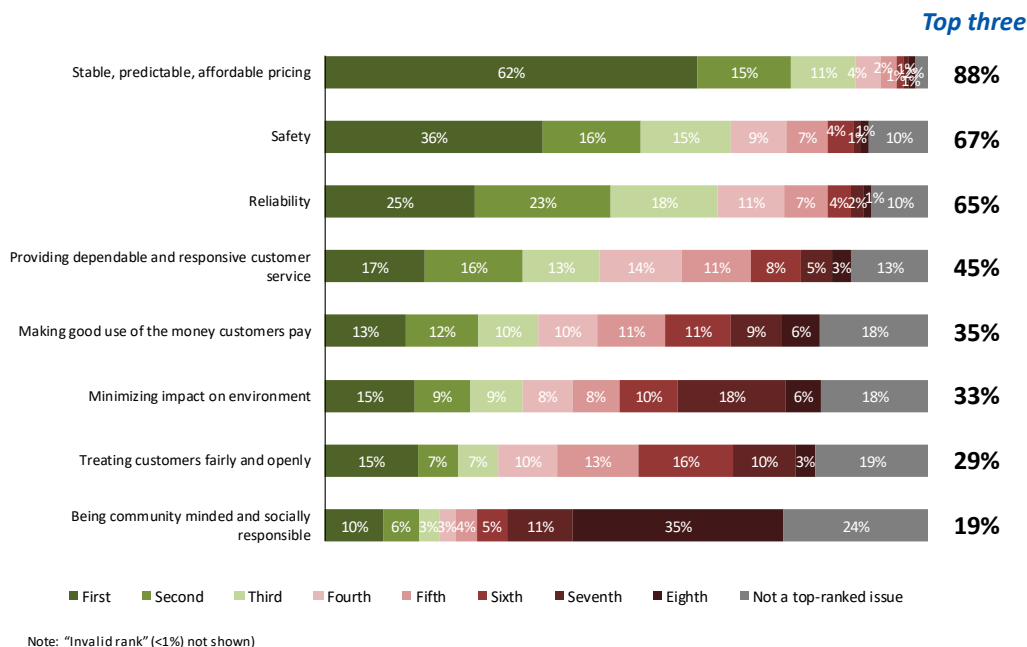
Out of all 12,739 residential participants who reached this question, nearly two-thirds (65%, n=8,221) opted out of the written answer, selecting “not sure/don’t have a strong opinion on this”. About the same proportion of total business participants made the same choice (n=118 out of 182).

Of the 65 business participants who wrote in a response, 26 said they had no issues and/or were satisfied with Union Gas. About a third (n=21) of them suggested “lower costs”, 11 related to the “operations” codes discussed above, 9 mentioned “clearer communication”, and most of the rest were a mix of “community involvement” (n=6), “green/alternative energy” (n=5).

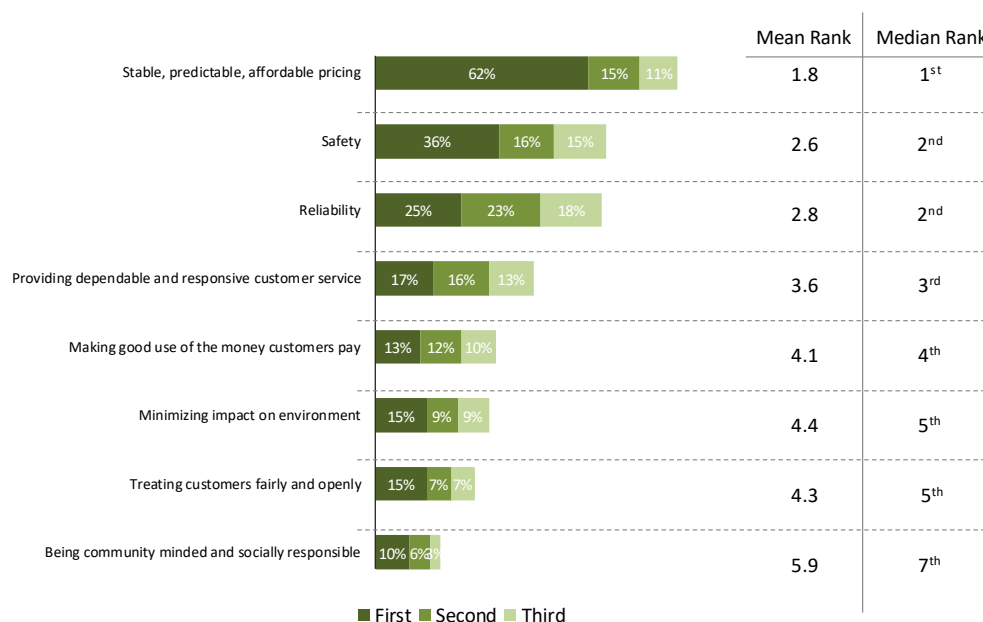
At the end of the “Customer Outcomes” section, participants were provided with a brief explanation of the OEB business plan selection, how the outcomes were developed and the purpose of the section: “to set priorities as Union Gas’ prepares for its 2019 business plan”. Participants were asked to identify any missing outcomes and rank the ones Union Gas developed in order of importance to them personally. While participants were instructed to rank the outcomes uniquely, some provided the same rank to items they considered equally important.

Figure 19: Ranked Outcomes, Residential Rank and Mean

Q Looking at the list below, including any outcomes you may have added, please indicate which outcomes are most important to you. In the column titled Ranking, please place a 1 by the most important outcome, a 2 by the second most and so on. Please try to rank at least three outcomes that are most important to you. If you would like to rank them all, please do so.
[asked of remaining residential survey participants, n=11,272]



Q Looking at the list below, including any outcomes you may have added, please indicate which outcomes are most important to you. In the column titled Ranking, please place a 1 by the most important outcome, a 2 by the second most and so on. Please try to rank at least three outcomes that are most important to you. If you would like to rank them all, please do so.
[asked of remaining residential survey participants, n=11,272]



“Stable, predictable, affordable pricing” is the clear front runner for top customer outcome: 88% of residential participants choose it in their top three with a majority (62%) who feel it is their top priority. It also has the highest mean rank (1.8/8) and median rank (1st).

“Safety” is the second top outcome for participants with two-thirds (67%) who think it is a top three priority. Nearly four-in-ten (36%) choose it as their number one outcome with a mean rank of 2.6/8 and a median rank of 2nd out of 8.

“Reliability” rounds out the top three preferred outcomes. Nearly two-in-three (65%) residential participants consider it a top three choice with one-in-four (25%) who think it is their most important outcome. With a mean rank of 2.8 and median rank of 2nd, it rounds out the top three most important outcomes for residential participants.

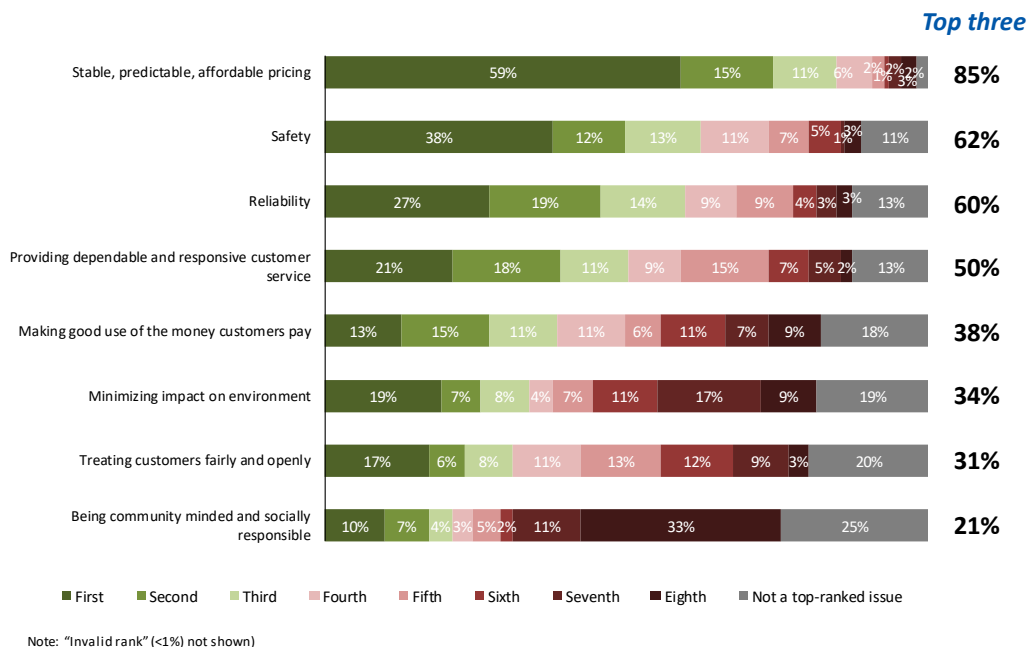
The middle-ranked outcomes, all of which about one-in-six think are most important, are “providing dependable and responsive customer service” (Top three: 45%; Mean: 3.6; Median: 3rd); “making good use of the money customers pay” (Top three: 35%; Mean: 4.1; Median: 4th); “minimizing the impact on the environment” (Top three: 33%; Mean: 4.4; Median: 5th); and “treating customers fairly and openly” (Top three: 29%; Mean: 4.3; Median: 5th).

The least important outcome for residential participants is “being community minded and socially responsible”: just 11% think it’s their most important income (Top three: 19%; Mean: 5.9; Median: 7th).

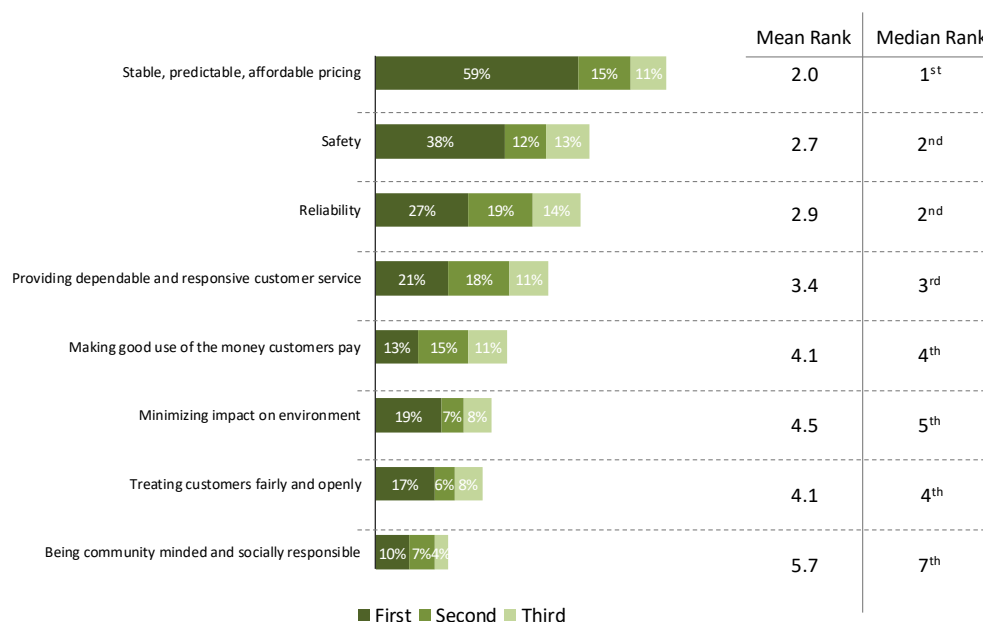
Participants were also given the option of suggesting an additional outcome. Of the 42 coded additional suggestions, 15 of them had a hard time choosing – they were all important or interrelated, four of them mentioned customer service and five reiterated the importance of lower rates, mentioning “seniors”, and “charges for delivery and storage”.

Figure 20: Ranked Outcomes, Business Rank and Mean

Q Looking at the list below, including any outcomes you may have added, please indicate which outcomes are most important to you. In the column titled Ranking, please place a 1 by the most important outcome, a 2 by the second most and so on. Please try to rank at least three outcomes that are most important to you. If you would like to rank them all, please do so.
[asked of remaining business survey participants, n=151]



Q Looking at the list below, including any outcomes you may have added, please indicate which outcomes are most important to you. In the column titled Ranking, please place a 1 by the most important outcome, a 2 by the second most and so on. Please try to rank at least three outcomes that are most important to you. If you would like to rank them all, please do so.
[asked of remaining business survey participants, n=151]



For business participants, the top outcome is far and away “stable, predictable and affordable pricing”: more than eight-in-ten (85%) choose it as a top three priority and nearly six-in-ten (69%) choose it as their number one (Mean: 2.0; Median: 1st).

“Safety” and “reliability” round out the second and third most important outcomes. Six-in-ten consider safety (62%) or reliability (60%) a top three outcome. More than a third (38%) consider “safety” their number one outcome though, compared with 27% who feel the same on “reliability”. This is reflected in the mean rankings (“Safety”, Mean: 2.7 Median: 2nd; “Reliability”, Mean: 2.9; Median: 2nd).

Mid-ranked outcomes include “customer service” (Mean: 3.4; Median: 3rd), “making good use of customer money” (Mean: 4.1; Median: 4th), “minimizing impact on environment” (Mean: 4.5; Median: 5th), and “treating customers fairly” (Mean: 4.1; Median 4th).

The least important outcome for business participants was “being community minded” (Mean: 5.7; Median: 7th). Just five business participants picked it as their top issue.

Five business participants wrote in the comment box, mostly suggestions about lowering or reducing costs.

Making Choices

A reminder about coding of open ended comments:

Given the high response rate, a random selection of 10% of residential responses to open-ended questions and comments in this section were coded for analysis. Additionally, given the smaller number of responses from business customers, 100% of business responses were coded.

In addition to this analysis, all open-ended responses were provided to Union Gas.

The final core section of the workbook, “Making Choices” outlined a series of trade-offs Union Gas needs to make as it finalizes its business plan for the OEB review. The workbook asked for input on fourteen types of trade-offs:

- Spending on the pipes and equipment that deliver gas: spreading out the cost over time even if it means higher rates or one of two other options;
- Spending on the buildings and equipment used to manage the pipeline and serve customers: make do with what it has or prioritize building, equipment and IT system spending
- Employee salaries: pay the industry average or one of two other options;
- Maximum Operating Pressure Verification: wait until regulator directs them which would keep costs down vs. move to higher standards even if it increases costs;
- Bare and unprotected pipelines: prioritize replacement vs. follow existing practices and leave in place;
- Consider views of neighbours: implement most cost-effective vs. consult with neighbours and use their preferred solution, even if it costs more;
- Automated meter reading: replace them all over a 3 year period or one of two other options;
- Continuing to exceed customer service benchmark levels vs. one of two other options;
- Expand online services vs. keeping static and not increase rates;
- Accepting payment by credit card: Union Gas should pay vs. only those who use the service
- Incremental service costs and charges: increase service charges to cover full cost or one of two other options;
- Greenhouse gas reductions: meet reduction targets but not go beyond vs. raising rates to further reduce emissions;
- Innovation and technology fund: invest in new technologies for \$10 million a year vs. one of three other options; and
- Helping low-income Ontarians: increasing support versus maintain current support and rates.

At the start of this section, both residential (79%) and business (81%) respondents indicated that they feel they understand how their feedback fits in with Union Gas’ planning process.

Making Choices: when asked about the fourteen trade-offs...

Replacing Pipes and Equipment

- Participants think that Union Gas should look at the long-term health of the system and spread costs for replacing pipes and equipment over time (residential: 46%; business: 43% vs. 13-24% other options). Residential participants prefer steady investment in capital (59%) over giving priority to low rates (29%). However, for business participants it’s much

closer: 45% would prefer a steady pace of investment compared with 36% who give priority to low rates.

Spending on Buildings, Equipment and IT

- By more than a four-to-one margin, residential participants think Union Gas should spend what is needed (75%) compared to just 17% who think Union Gas should make do with the buildings, equipment and IT it currently has.
- It's much closer with business participants: only a slight majority (55%) think that Union Gas should spend what is needed and 30% think Union Gas should make do with what it already has.
- A slight majority (51%) of residential participants agree that "as a general rule, Union Gas should give priority to maintaining a productive workplace by continuing a steady pace of investment" versus 39% who think Union Gas should prioritize low rates and delay spending.
- The numbers are split for business respondents, with 42% who agree with each statement (prioritize steady investment or prioritize low rates).
- Most residential and business participants agree: it is better to spread the cost evenly over time to avoid unpredictable changes in gas rates (residential: 87%; business: 79%) than to "delay investments until they can no longer be avoided, even if that creates unpredictable changes in capital spending" (residential: 5%; business: 7%).
- A majority of residential (58%) and a slight plurality (45%) of business participants feel that "Union Gas should spend the money needed to ensure that its systems, customer service and internal operations" run smoothly, even with increased cost to the customer.

Employee Compensation

- Overwhelmingly, both residential (76%) and business customers (74%) feel that Union Gas' current strategy of paying the industry average is the appropriate balance. Only 9% of participants (both residential and business) supported reducing salaries to reduce costs. When looking at subgroups, support for the current strategy was lowest among LEAP Qualified participants at 66%.

Maximum Operating Pressure Verification (MOPV)

- When asked about whether Union Gas should prioritize keeping ahead of possible new MOPV regulations or simply adhere to current regulations, residential participants were evenly split on the question, with four-in-ten supporting either side (43% support status quo, while 40% support proactive action). Business participants were about as likely to support the status quo (45%), but less likely to support taking proactive action (34%), with more saying they "don't know". LEAP Qualified participants are about 10% more likely to suggest Union Gas wait for the regulator.

Bare and Unprotected Pipelines

- Half of residential participants believe that Union Gas should prioritize the replacement of bare and unprotected pipes, while 41% feel they should deal with them in accordance with the normal maintenance procedures. Conversely, just over half (53%) of businesses support the current maintenance procedures while only 36% think the removal of bare and unprotected pipes should be a priority.

Considering the Views of Neighbours

- Close to half of residential (47%) and business (46%) participants support Union Gas choosing the most cost effective option for replacing vaulted stations. About a third (35% residential, 33% business) believe Union Gas should prioritize the neighbours' concerns. Approximately one-in-five participants in each group wasn't sure or didn't have a strong opinion.

Automated Meter Reading

- Close to six-in-ten residential (58%) and business (56%) participants support the installation of automated meters over a 20 year period. An additional 14% of residential participants and 10% of business participants believe Union Gas should implement the program as soon as possible, while 21% of residential and 26% of business participants felt Union Gas should not spend money on automated meters. LEAP Qualified participants were most likely to reject spending on meters (24% vs. 17% of high income).

Continuing to Exceed Benchmarks

- A plurality of participants supported continuing to exceed the benchmarks (44% residential, 37% business), while approximately a quarter (27% residential, 25% business) support just meeting the requirements. An additional one-in-five believe that Union Gas should work with the OEB to lower the standards (19% residential, 21% business). LEAP Qualified participants were much more likely to support reducing the benchmarks (LEAP Qualified: 27%; High income: 15%).

Expanded Online Services

- A majority of participants (58% residential, 51% business) say that they would be likely to use enhanced services. Even so, six-in-ten (58% residential, 61% business) believe that Union Gas should put off website enhancements, with only 22% of residential and 18% of businesses believing Union Gas should spend on enhanced online services.

Accepting Payment by Credit Card

- A majority think those who want to use credit cards should pay the cost. More than eight-in-ten residential (82%) and seven-in-ten business (70%) participants agree that "those who want to pay by credit card should continue to pay for the associated costs".

Incremental Service Costs and Changes

- Approximately half of participants (52% residential, 48% business) feel that user-fee charges should be left where they are, while about one-in-four participants (25% residential, 28% business) support increasing the charges to cover the full cost. A further one-in-ten (12% residential, 11% business) support the elimination of charges altogether. High-income earners (31%) were almost twice as likely as LEAP Qualified participants (16%) to support increased fees to cover the true cost.
- On charging for paper bills, 54% of residential participants and 43% of business participants supported providing an incentive to those who abandon paper bills, while 19% of residential participants and 27% of business participants supported charging a fee for paper billing. Only a quarter of participants (24% residential, 26% business) think there should be no incentive and no charge. High-income participants (20%) are least likely to

suggest leaving the choice to customers, (as opposed to 28% of LEAP Qualified participants).

Greenhouse Gas Emissions

- Residential participants are equally divided on whether or not to go beyond required emission reductions: 44% support meeting the requirements while 43% support raising rates to reduce emissions even further. Business participants, on the other hand, slightly favour just meeting the required reductions (46%) over raising rates to reduce by another 25% (36%). LEAP Qualified participants (36%) are much less likely than high-income (48%) to support additional emissions cuts in exchange for higher rates.

Innovation and Technology Fund

- Four-in-ten participants (39% residential, 38% business) support the implementation of a technology and innovation fund but believe that \$10 million is too much to spend. Another 30% of residential participants and 26% of business participants support the fund as proposed. One-in-five (20%) participants (both business and residential) didn't know or didn't have a strong opinion. High-income residential participants (35%) are much more likely to think \$10 million is a good amount and Union Gas should invest than LEAP Qualified participants (23%).

Helping Low-Income Ontarians

- Approximately three-quarters of participants support meeting mandatory requirements rather than increasing funding to low-income Ontarians through rates. LEAP-qualified residential participants (23%) are more likely to want increased support for low-income residents than middle- or high-income (15%) ones.

Before delving into the 14 trade-offs, the online workbook explained the process of consultation and provided specific costs to both residential and business customers:

Residential:

*"Currently, the average residential customer pays **\$390** a year in distribution rates. On average this is **\$32.50** each month but in practice it is higher in the winter and lower in the summer due to the variable deliver charge when people use more gas for heating..."*

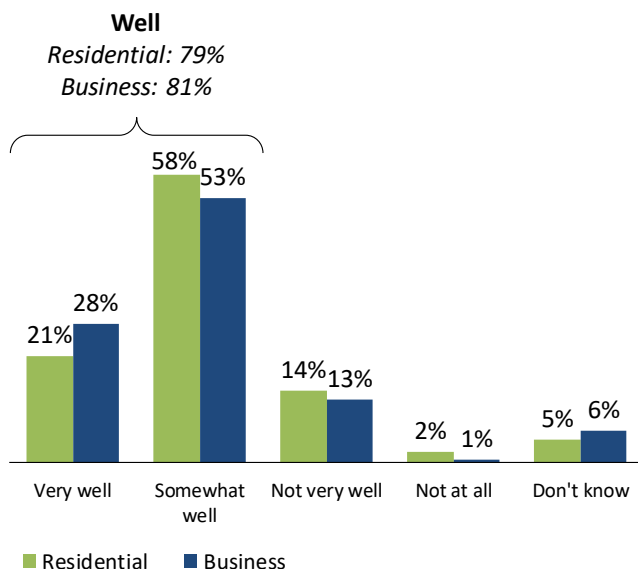
Business:

*"Currently, the average general service business customer pays **\$810** a year in distribution rates. On average this is **\$67.50** each month but in practice it is higher in the winter and lower in the summer due to the variable delivery charge when people use more gas for heating..."*

Figure 21: Understanding of Feedback in Planning Process

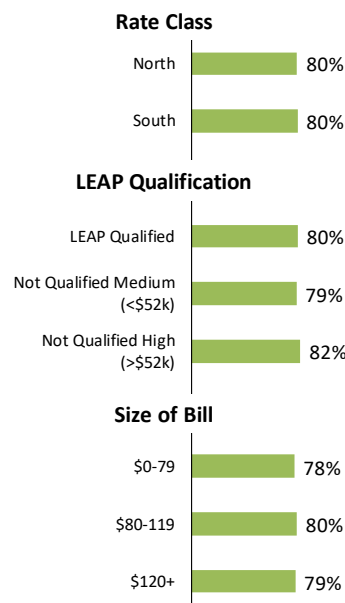


How well do you feel you understand how your feedback fits within the planning process?
[asked of remaining survey participants; residential n=11,502, business n=159]



Residential Segmentation ►►

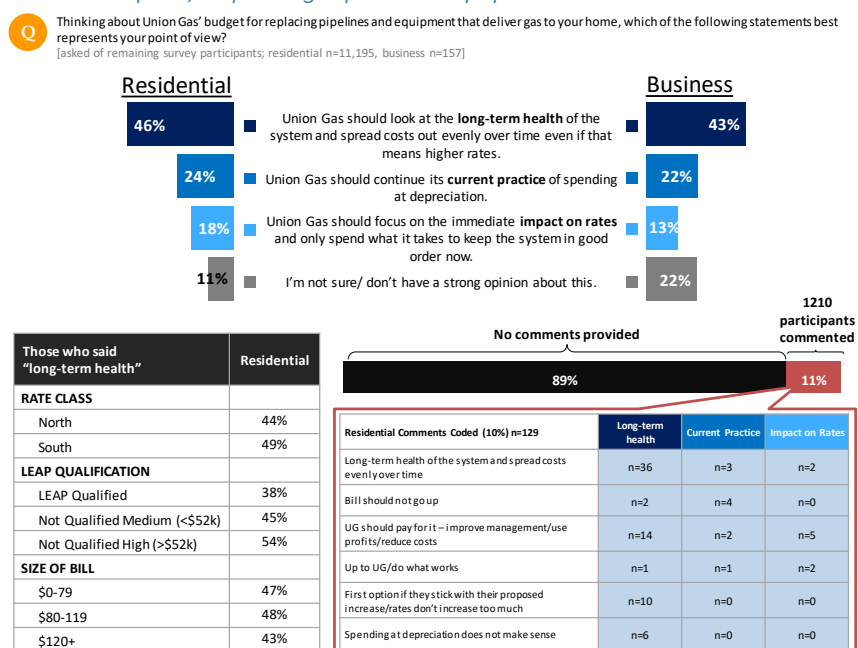
Survey participants who say "Well":



After reading this explanation, eight-in-ten residential (79%) and business participants (81%) feel they understand "well" how their feedback fits into the planning process. Only 16% of residential and 14% of business participants feel they don't understand how their feedback fits into the planning process.

The first trade-off focuses on spending to replace pipelines and equipment in people's homes and businesses. Before asking for feedback, the workbook explains what maintenance capital is and outlines the challenges to finding "the right balance between spending levels and health of the system". The choice given to participants is that Union Gas can spend on maintenance now to "avoid larger potential increases in the future" or it could "delay spending to lower rates now". Participants are provided a number for a 10% capital increase or decrease: for residential customers, it would be ±\$1 per year whereas for business customers it would be ±\$3 a year.

Figure 22: Maintenance Capital, Replacing Pipes and Equipment



When asked how Union Gas should deal with pipeline and equipment replacement, more than four-in-ten residential (46%) and business (43%) respondents agree that "Union Gas should look at the long-term health of the system and spread costs out evenly over time, even if that means higher rates".

The second most popular choice in this trade-off is for Union Gas to continue its current practice of spending at depreciation: about one-in-four residential (24%) and business (22%) participants think this is the best option.

The least popular option is to focus on the immediate impact on rates and "only spend what it takes to keep the system in good order now". There's a five-point gap here between residential (18%) and business (13%) participants.

About one-in-ten (11%) residential and nearly a quarter (22%) of business participants weren't sure how to respond.

Residential responses vary by income:

- High-income residential participants (54%) are much more likely to want to spread the costs out evenly over time, compared to just 45% of mid-income and 38% of LEAP Qualified participants.

- More than one-in-four (27%) LEAP Qualified participants would prefer Union Gas focus on the immediate impact of rates, versus just 19% mid-income and 13% of high-income participants.

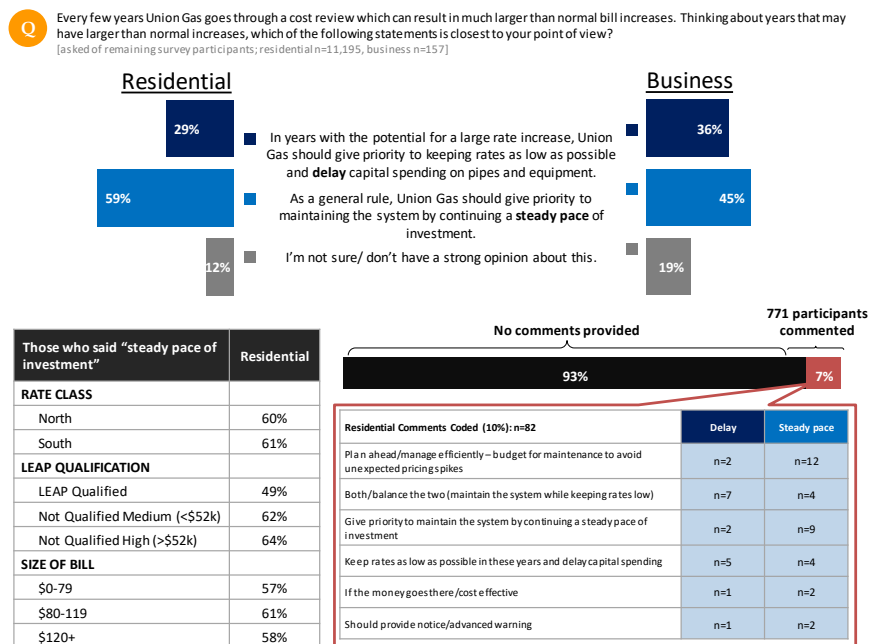
Of the 129 residential comments coded, a plurality of them reiterate the need to focus on the long-term health of the system (46/129). Another suggestion is that Union Gas should pay for it by looking within – focussing on “improving management, investing profits and reducing its costs” (n=21). Other comments include “the bill cost should not go up”, “leave it up to Union Gas” and calls for more data.

There were only 14 comments from business participants, including topics like “Union Gas should pay for it”, “bills should not go up at all”, “need to provide actual data” and reiterating that costs should be spread out over time.

The workbook briefly prefates the next question on maintenance capital:

Every few years Union Gas goes through a cost review which can result in much larger than normal bill increases. Thinking about years that may have larger than normal increases, which of the following statements is closest to your view?

Figure 23: Maintenance Capital, Replacing Pipes and Equipment Effect on Rates



A majority of residential (59%) participants prefer steady investment over giving priority to low rates (29%) with 12% who aren't sure how to respond.

It's a closer call for business participants: 45% would prefer a steady pace of investment while more than one-in-three (36%) would give priority to low rates. One-in-five (19%) of the 157 business participants didn't know how to respond.

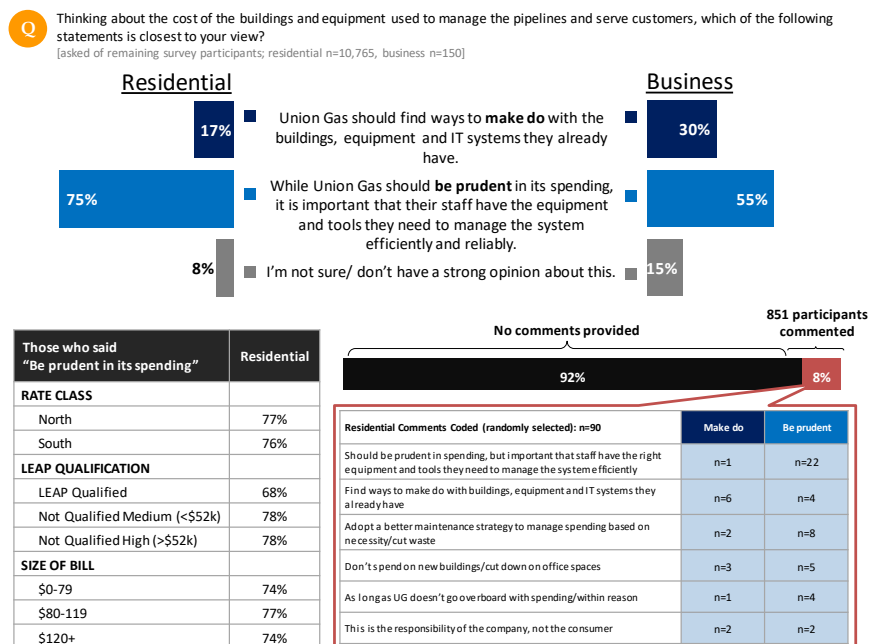
- High- (64%) and Mid-level income residential participants (62%) are much more likely to prefer a steady pace of investment than LEAP Qualified ones (49%).
- There is also a 15-point gap between owners (62%) and renters (47%) on preference for a steady pace of investment.

In the 81 residential comments coded, 18 suggested Union Gas should "plan ahead more efficiently, to budget for maintenance better" while 15 suggest there is a need to keep a balance between the two – to "maintain the system while keeping rates low". Other suggestions include reiterating the arguments of the two responses - keep rates low (n=9) vs. give priority to maintaining the system (n=13)-, and that there is a need to provide advance notice for any price spikes (n=4).

Among the 10 business comments coded, it is a mix of suggestions about keeping rates low, balancing the two options, planning ahead more efficiently, and spreading it out "within reason".

The next set of trade-offs, “spending on the buildings and equipment used to manage the pipeline and serve customers”, also has a short introduction explaining how pipelines are operated and the need to update aging equipment and fund IT.

Figure 24: Maintenance Capital, Replacing Buildings, Equipment and IT



By more than a four-to-one margin, residential participants prefer spending what's needed on equipment and tools versus making do with what they already have. Three-quarters (75%) agree with the statement “while Union Gas should be prudent in its spending, it is important that their staff have the equipment and tools they need to manage the system efficiently and reliably”. Just 17% prefer that Union Gas “make do with the buildings, equipment and IT systems they already have” and 8% aren't sure which one they prefer.

The margin is much closer, less than two-to-one, among the 150 business participants. A slight majority (55%) think Union Gas should spend what it needs to manage the system and three-in-ten (30%) think Union Gas should make do with what it currently has. About one-in-six (15%) aren't sure how to respond.

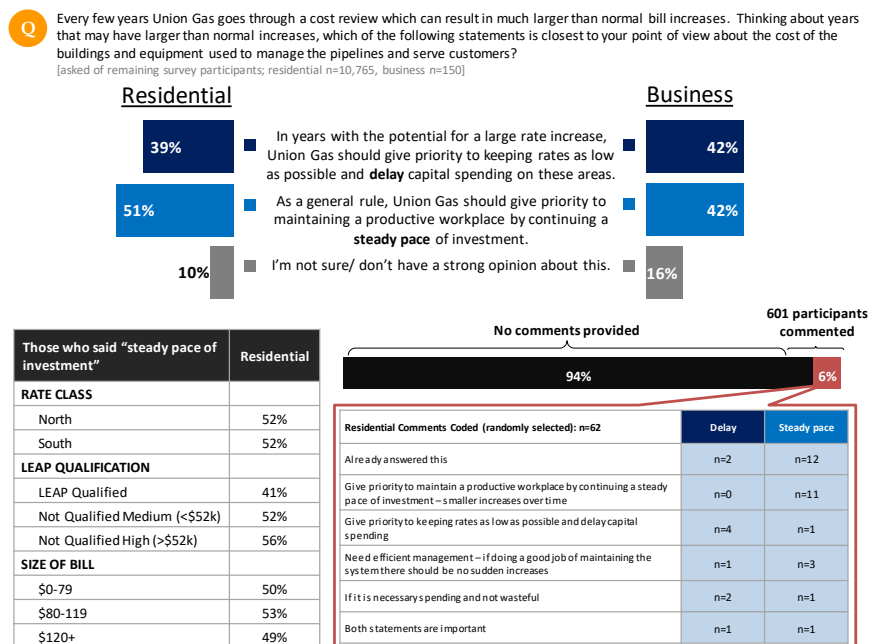
- Looking at income among residential participants, LEAP Qualified participants (68%) are less likely to agree that Union Gas should spend what is needed compared with higher income residential participants (78%).

Among the 88 residential comments coded, most reiterate the main points: that Union Gas should spend what's needed (n=25) or that they should make do with what they have (n=11). More specific comments include “adopt a better maintenance strategy to manage spending based on necessity, cut waste” (n=10); “don't spend on new buildings or cut down on office spaces” (n=8); “as long as Union Gas doesn't go overboard with spending or spends within reason” (n=6); “this is the responsibility of the company, not the consumer” (n=5); and “look for other solutions to cut costs” (n=5).

Of the 12 business comments coded, 4 reiterated the arguments of the question; 3 suggested Union Gas needs to “adopt a better maintenance strategy to manage spending based on necessity”; and 2 suggested “it is the responsibility of the company, not the consumer”.

The next question asks participants about their priority on keeping rates low vs. capital spending, after explaining how cost reviews can result in variable (and higher) bills.

Figure 25: Maintenance Capital, Priority to Rates vs. Steady Pace



Half (51%) of residential participants agree that “as a general rule, Union Gas should give priority to maintaining a productive workplace by continuing a steady pace of investment”. Nearly four-in-ten (39%) prefer the alternate statement, “in years with the potential for a large rate increase, Union Gas should give priority to keeping rates as low as possible and delay capital spending in these areas”. One-in-ten (10%) aren’t sure how to respond.

The 150 business participants are evenly split: 42% agree with each statement and 16% aren’t sure how to respond.

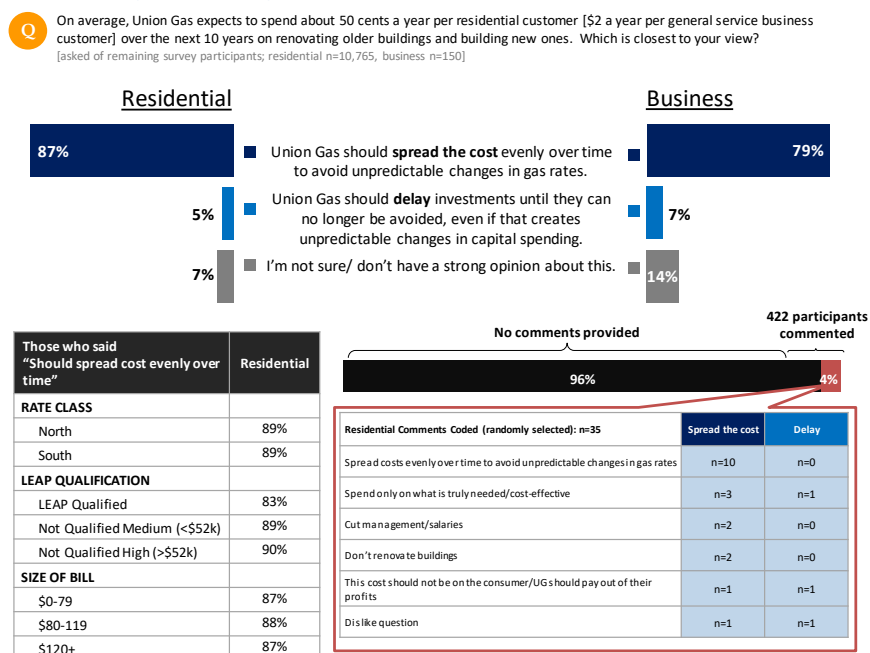
- Among residential participants, LEAP Qualified customers (45%) are the most likely to prefer keeping rates as low as possible compared with less than four-in-ten mid- (39%) and high-income (37%) participants.

Among the 62 residential comments coded, some specific suggestions include “need efficient management, there should be no sudden increases if the system works” (n=5), a request to see the need for increased resourcing (n=4), and that Union Gas should invest its own profits to find solutions (n=2).

The 9 business commenters mostly reiterated the arguments at hand and did not provide any additional specific solutions.

Before asking about “unpredictable changes in gas rates”, Union Gas explains to residential participants that it “expects to spend about 50 cents a year per residential customer over the next 10 years on renovating older buildings and building new ones”. (For business participants, similar language is used, but the cost is \$2 a year over 10 years.)

Figure 26: Maintenance Capital, Change in Gas Rates



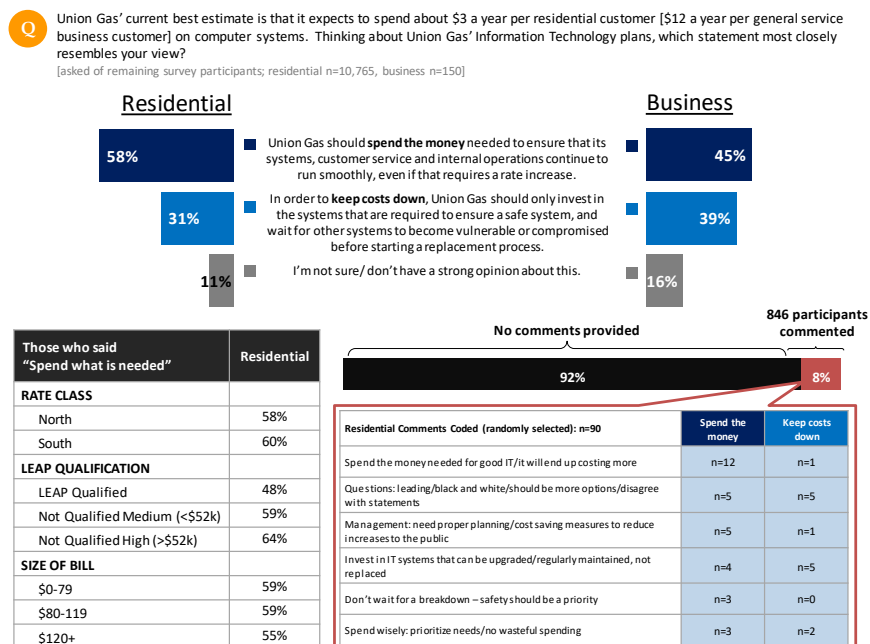
Both residential and business participants overwhelmingly agree: it is better to spread the cost evenly over time to avoid unpredictable changes in gas rates (residential: 87%; business: 79%) than to “delay investments until they can no longer be avoided, even if that creates unpredictable changes in capital spending” (residential: 5%; business: 7%). Just 7% of residential participants and 14% of business participants aren’t sure how to answer the question either way.

Of the 34 residential commenters coded, those that did not summarize the two arguments suggested they “don’t renovate” (n=5), to “spend only what is needed and be more cost-effective” (n=5), to “keep rates reasonable and not increase” (n=3) and to “cut management and salaries first” (n=3).

Of the 3 business participants coded, 2 suggested “not to build new buildings”.

The final question in this set of trade-offs asks about spending on computer systems, prefaced with a statement that Union Gas spends \$3 a year per residential customer or \$12 a year per business customer computer systems.

Figure 27: Maintenance Capital, Spending on Computer Systems



Nearly six-in-ten (58%) residential participants and a slight plurality (45%) of business participants feel that “Union Gas should spend the money needed to ensure that its systems, customer service and internal operations” run smoothly, even including a rate increase. About three-in-ten (31%) residential and four-in-ten (39%) business participants think that “in order to keep costs down, Union Gas should only invest in systems that are required, and wait for other systems to become vulnerable or compromised” before replacing anything. More than one-in-ten residential (11%) and business (16%) participants are unsure how to respond.

- Among residential participants, high-income earners (64%) are much more likely than mid-income (59%) and LEAP Qualified (48%) participants to feel Union Gas’ should spend to ensure systems run smoothly, even including a rate increase.

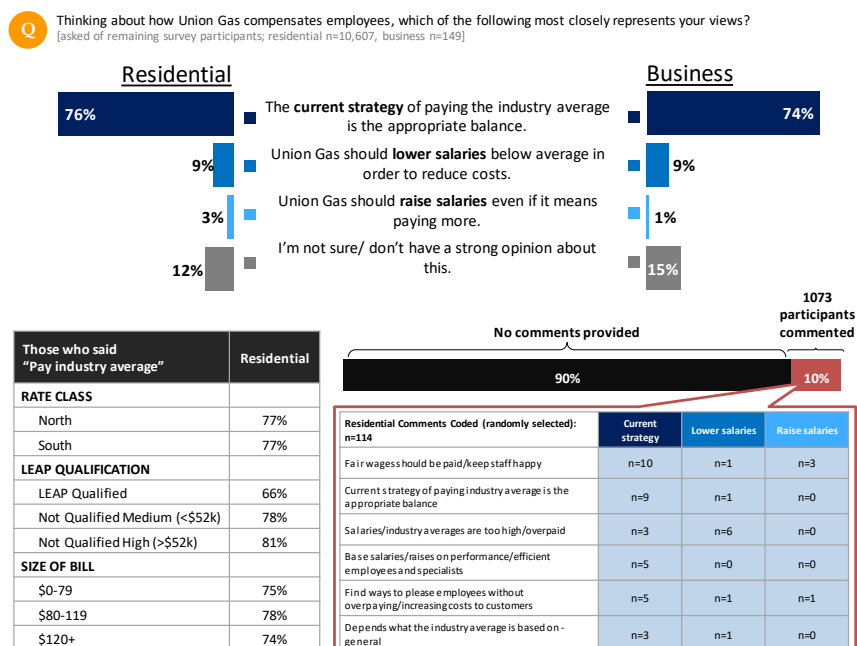
Of the 90 residential coded comments, 16 suggested that there should be more options and that it was “leading” or “black and white”; 14 suggested Union Gas should “spend what is needed or it will end up costing more”; 9 suggested “better management, need to properly plan cost savings measures to reduce increases to the public”; and 7 suggested Union Gas “spend wisely, prioritizing needs and no wasteful spending”.

11 business responses were coded, with a mix of “spend wisely, prioritize needs” (n=4), “question is too black and white/leading/should be more options” (n=2), and “accountability needed to know total capital expenditure” (n=2).

The next trade-off is regarding employee compensation. The workbook explains that salaries, benefits and pensions for Union Gas’ “2300 employees make up just over half of the current

operating budget” and that this compensation is set at the industry average. Union Gas could increase compensation to become more competitive, or lower compensation below the average to keep rates down. According to the workbook, a $\pm 1\%$ change in salaries, benefits and pensions means $\pm \$1$ a year change for the residential customer and $\pm \$4$ a year for the average business customer.

Figure 28: Employee Compensation



When it comes to compensation, about three-in-four residential (76%) and business (74%) participants feel that paying the industry average, Union Gas’ current strategy, is the “appropriate balance”. Just one-in-ten participants (9%) – both business and residential - think the company should “lower salaries below average in order to reduce costs” and even fewer think it should “raise salaries” (residential: 3%; business: 1%). Less than one-in-six don’t know which option to choose (residential: 12%; business: 15%).

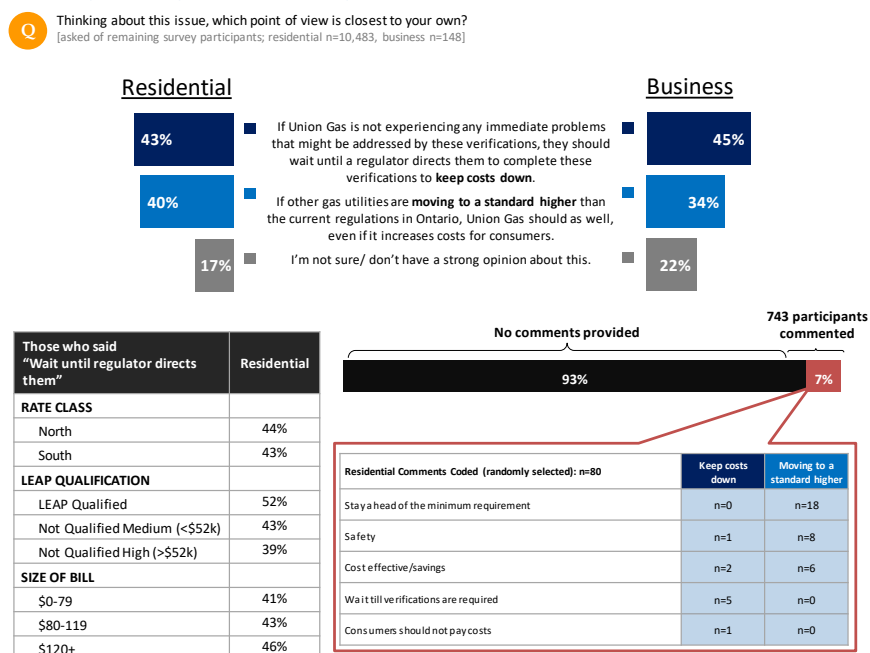
- Looking at residential participants by income, those with the highest are much more likely to support the current strategy of paying the average (high income: 81%; middle-income: 78%; LEAP Qualified: 66%). Lowest income residential participants, those that qualify for LEAP, are the most likely to suggest lowering Union Gas salaries to reduce costs (13% vs. 7-8% among higher income participants).

114 residential responses were coded, and among the top codes are “fair wages should be paid to keep staff happy” (n=18), support for the current strategy (n=11), “need more info, don’t know what they’re being paid or their precise salaries” (n=9) and “find ways to please employees without overpaying and increasing costs to the customer” (n=8).

Of the 17 coded business responses, mentions include support for the current strategy (n=4), to “lower overpaid management salaries” (n=4), and to pay “fair wages” to enhance employee retention (n=2).

In preparation for a question regarding Maximum Operating Pressure Verification (MOPV), the workbook cites the American regulation of MOPV for pipelines. Another gas distributor in Ontario has decided to complete these optional verifications and if Union Gas adopted it, it would cost business customers \$1 and residential customers 25 cents spread over several years.

Figure 29: Maximum Operating Pressure Verification



Residential participants are evenly split: about four-in-ten (43%) think that Union Gas should wait and nearly the same amount think it should move to the higher standard. Business participants are a bit more likely to suggest that Union Gas wait for a regulator (45%) instead of adopting the regulation now (34%). Roughly one-in-five residential (17%) and business (22%) participants don't know how to respond.

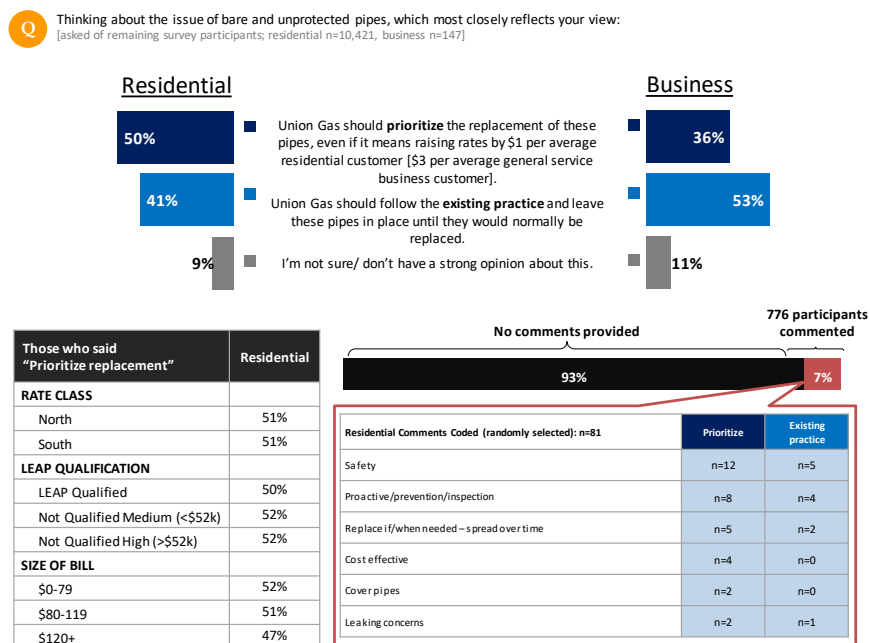
- Looking at residential status by income, LEAP Qualified participants (52%) are much more likely than mid- (43%) and higher income (39%) participants to suggest Union Gas waits for a cue from the regulator.

Among the 80 residential comments coded, some of the top codes include "stay ahead of the minimum requirement" (n=20), stressing the "importance of safety" (n=12), "cost effective/savings" (n=8), "wait till verifications are required" (n=6) and consumers should not pay costs (n=2).

Business comments mentions include "staying ahead of the minimum requirement" (n=4) and "safety".

The fifth set of trade-offs involve how to deal with bare and unprotected pipes: should Union Gas prioritize the replacement of uncoated and not cathodically protected pipes to prevent corrosion and leaks, even if it means raising rates? Or should it follow current practices to deal with them in the course of normal maintenance. For residential participants, the workbook states replacing all of the bare and unprotected pipes in the system would increase rates by \$1 per year for 10 years; for business participants, the workbook suggests it would cost \$3 per year for 10 years.

Figure 30: Replacing Bare and Unprotected Pipes



Half (50%) of residential participants feel Union Gas should prioritize replacement of pipes, despite a potential rate increase, while about four-in-ten (41%) think Union Gas should leave them in place as the normal maintenance replacement schedule dictates.

For business participants, the reverse is true: a majority (53%) think it should leave them in place until regular maintenance suggests replacing bare and unprotected pipes. Just 36% think that Union Gas should prioritize it understanding that it would likely raise rates.

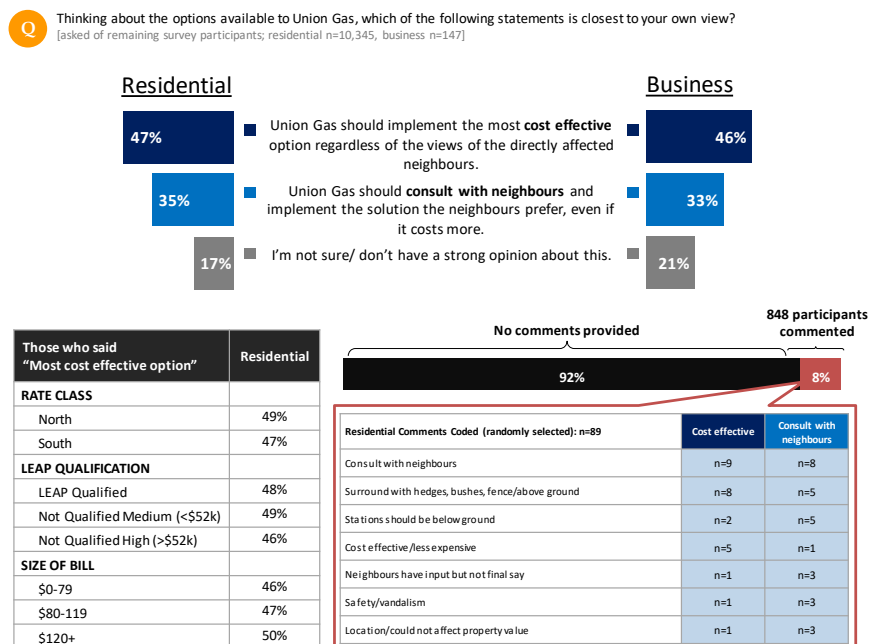
- There are no major differences across rate class, income or monthly bill size.

Of the 81 residential comments coded, a plurality mentioned “safety” as an issue, followed by “proactive prevention and inspection” (n=13), “replace as needed but spread over time” (n=11), “cost-effective” (n=5), concerns about leaks (n=4) and the need to “cover pipes” (n=2).

In the 12 business comments coded, some topics mentioned are “safety”, “leaking concerns”, “replace, “spread over time” and “cost-effective”.

The sixth set of trade-offs focuses on neighbour considerations when it comes to replacement of “vaulted below grade stations”, or those buried in metal below ground. In the workbook, a link is provided that shows visual options for raising stations above ground.

Figure 31: Vaulted Station Replacement, Neighbour Consideration



A strong plurality of both residential (47%) and business (46%) participants think that Union Gas should “implement the most cost effective option” regardless of the views of the directly affected neighbours. More than a third (residential: 35%; business: 33%) feel that Union Gas should consult first with its neighbours and choose a solution that works best for them, even if it costs more. About two-in-ten participants (residential: 17%; business: 21%) aren’t sure how to respond.

- There are no differences across rate class, income or bill size.

The 89 residential comments coded mostly discuss how “consultation is needed with neighbours” (n=20), “to cover the station with foliage such as hedges or bushes” (n=13), that “stations should be below ground” (n=8) concern about how it “could affect property values” (n=7), “cost effective/less expensive” (n=7), and that neighbours should have input but “not the final say” (n=6).

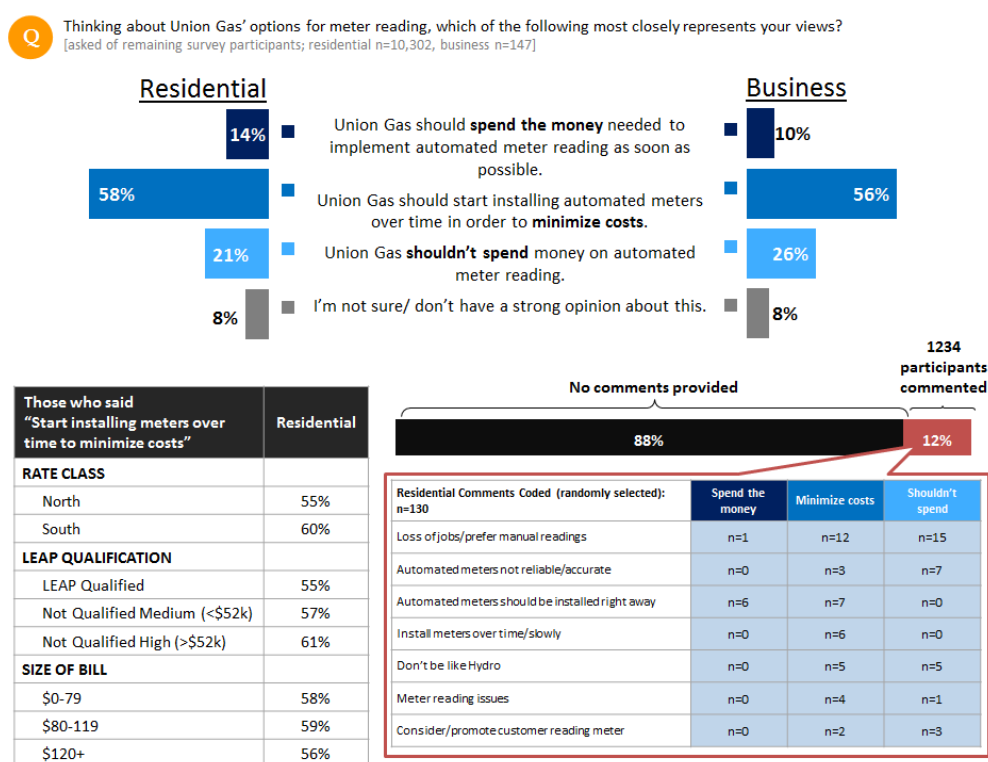
Among the seven coded business comments, four mention that “both should apply- should consult with neighbours and implement most cost-effective solutions”.

The seventh set of trade-offs regard automated meter reading: should Union Gas implement the process as soon as possible; should it upgrade as per their current replacement program i.e. over a 20 year period; or should it avoid those costs and not spend money on automated meter reading?

The workbook explains the two processes as follows:

- 1) **Replace all 1.4 million meters over a 3 year period:** this would cost residential customers \$9/year and save them \$3 per year once fully implemented. For business customers, it would cost them \$36/year and save them \$12/year once fully implemented.
- 2) **Upgrade old meters as per existing program over 20 year period:** this would cost residential customers \$0.20/year for 20 years with savings of \$3/year by the 20th year. It would cost business customers \$1/year over the same period with \$12/year savings by year 20.

Figure 32: Automated Meter Installation



Nearly six-in-ten residential (58%) and business (56%) participants think that Union Gas should start installing the automated meters, and minimize costs by doing so over the 20 year period. Just 14% of residential participants and 10% of business participants think Union Gas should implement the program as soon as possible despite potential cost increases. And one-in-five (21%) residential and one-in-four (26%) business participants don't think Union Gas should spend any money on automated meter reading. Less than one-in-ten (8%) are unsure of how to choose between the three options.

- LEAP Qualified participants are the most likely to say Union Gas shouldn't spend the money on automated meter reading (24% vs. high-income: 17%).

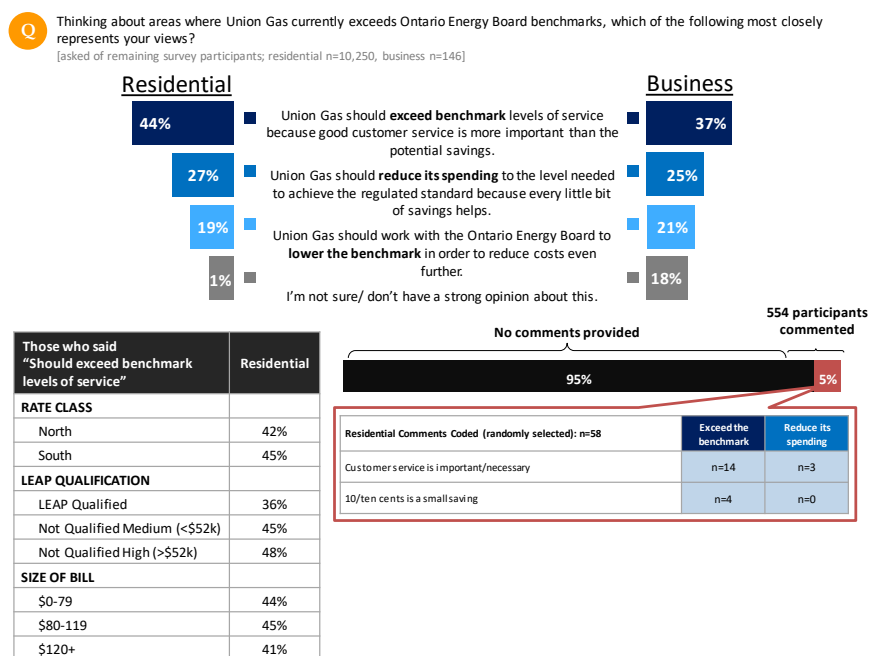
The 130 residential comments coded mention “loss of jobs- they prefer a manual reading” (n=32); “automated meters should be installed right away” (n=14); negative comments about “Hydro” (n=14), complaints that automated meters are “not reliable or accurate” (n=12) and that they should promote the customer reading their own meter (n=6).

The 17 business comments include the following codes: “loss of jobs/prefer manual readings” (n=4), “keep the meters readers/do not upgrade the system” (n=4), “don’t be like Hydro” (n=2), “automated meters should be installed right away” and “savings passed on to customers” (n=2).

The eighth set of trade-offs are about customer service choices: should Union Gas exceed its benchmark levels of service despite the cost; reduce spending to industry standard; or try and work with the OEB to lower the benchmark in order to reduce costs?

The current benchmark, per the workbook, requires a certain number of customer service calls to be answered within 30 seconds and Union Gas currently exceeds that benchmark. The workbook states that to cut back and just meet the requirement would save residential customers 10 cents per year and business customers 50 cents a year; reducing the benchmark would save even more.

Figure 33: Customer Service Choice



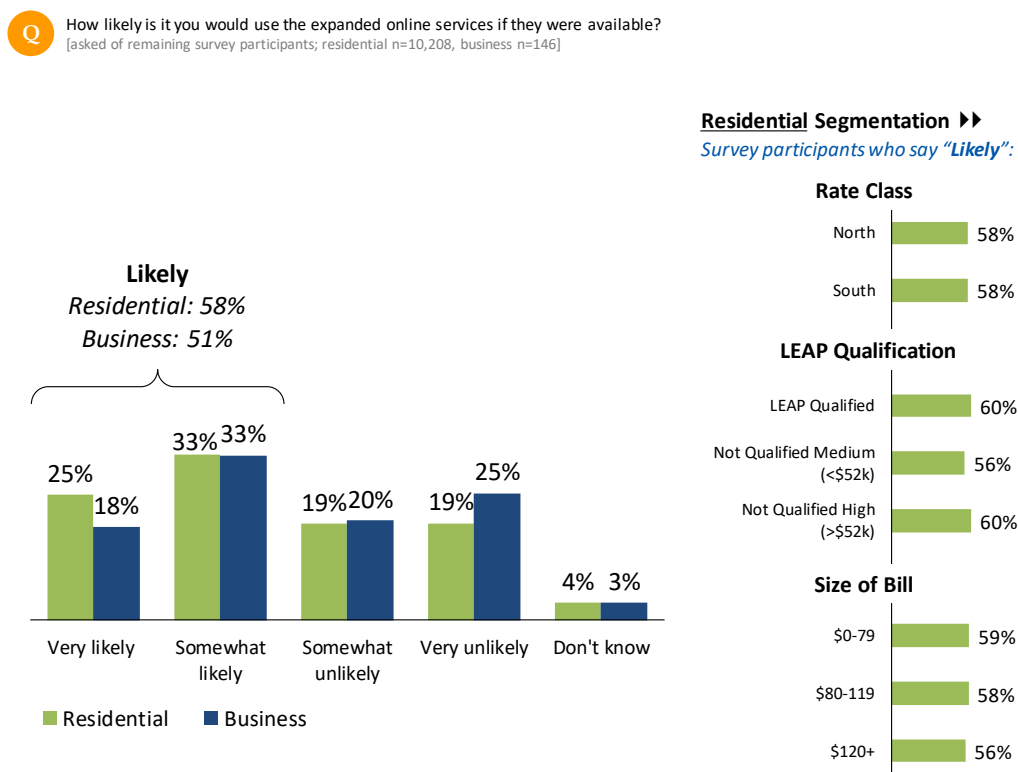
A strong plurality of residential (44%) and business (37%) participants think Union Gas should continue to exceed benchmark levels “because good customer service is more important than the potential savings”. Roughly one-in-four residential (27%) and business (25%) participants think Union Gas should reduce its levels to the regulated standard to save its customers a little money. And about one-in-five residential (19%) and business (21%) participants think Union Gas should work with the OEB to reduce the benchmark to save customers the most. Roughly one-in-ten residential (11%) participants and nearly two-in-ten (18%) business participants aren’t sure how to respond.

- There is a large gap in attitudes when looking at residential participation by income: LEAP Qualified participants are much less likely to suggest Union Gas continue to exceed benchmark levels (LEAP-qualified: 36%; High-income: 48%) and much more likely to suggest Union Gas lower the benchmark to pass on savings to the customer (LEAP Qualified: 27%; High income: 15%).

Among the 57 residential comments coded, nearly half mention the importance and necessity of customer service (n=26) and 5 mention that “10 cents is a small savings”. Business comments coded also mention those codes (“important and necessary: n=3; “10 cents is a small savings, n=1”) as well as three participants who say that “they don’t meet the benchmark”.

The ninth set of trade-offs focuses on “potential enhancements” to the customer experience - in particular, the expansion of services for Union Gas’ current online portal “MyAccount”. Currently, it only allows users to perform basic tasks and they still need to pick up the phone to use customer service. Union Gas is considering adding an email and text response option to MyAccount, as well as other energy-saving and flexibility measures. The workbook estimates it will require spending \$1/year for residential customers and \$3/year for business customers, both over the course of two years.

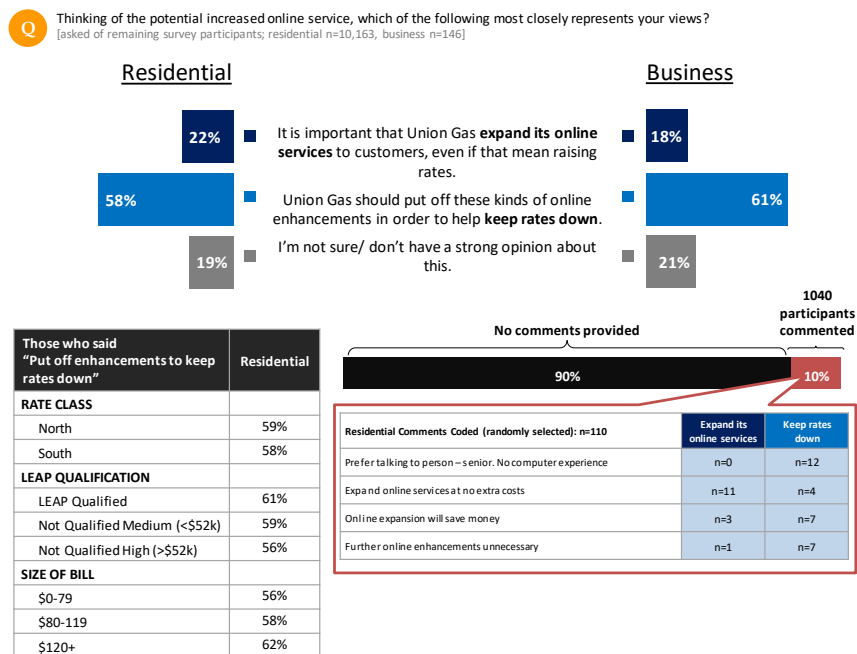
Figure 34: Likelihood to Use Expanded Online Services



A majority of both residential (58%) and business (51%) participants say they are likely to use the expanded services if they are available. One-in-four (25%) residential participants are “very likely” compared to 18% of business participants. Nearly four-in-ten residential (38%) and 45% of business participants report they are unlikely to use the service.

- Looking at the residential segmentation, there are no key differences across rate class, income level or bill size.

Figure 35: Support for Expanded Online Services



Six-in-ten residential (58%) and business (61%) participants agree that Union Gas should put off website enhancements in order to keep rates down. About two-in-ten residential (22%) or business (18%) participants feel that “it’s important that Union Gas expand its online services to customers, even if that means raising rates”. About two-in-ten (residential: 19%; business: 21%) don’t know how to respond.

- Among the residential segmentation, LEAP Qualified participants (61%) are a bit more likely to want to delay enhancements to keep rates down (high-income: 56%).

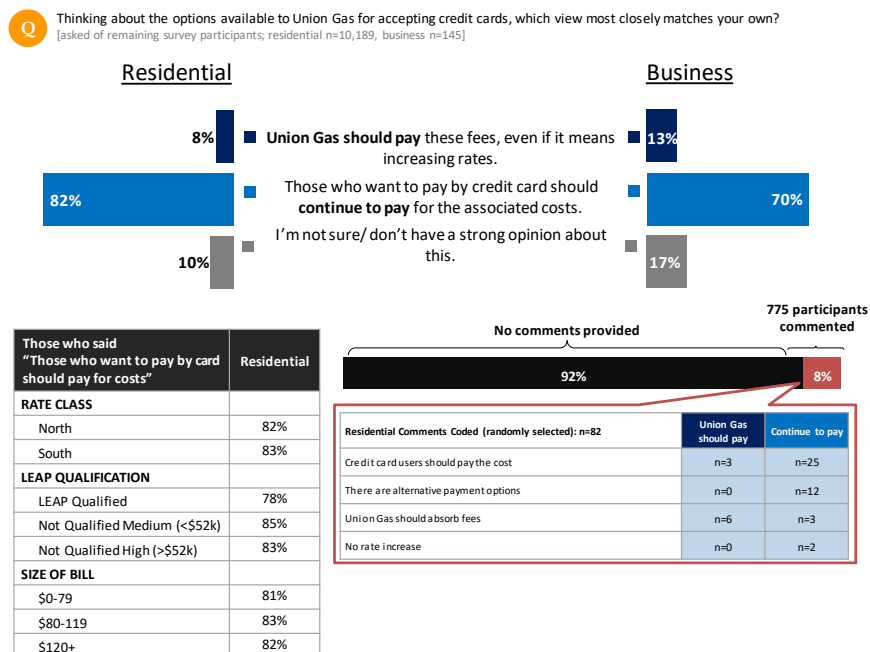
Of the 42 residential coded commenters, most (n=29) think that Union Gas should “expand online service at no extra cost”; others “prefer talking to a senior person” (n=15) or think that the “online expansion will save money”. About a quarter (n=11) of the coded comments think that “further online enhancements are unnecessary”.

The 15 business comments coded include mentions that the expansion is “not important” and it’s adequate as is (n=6), that “keeping online services to customers is important and worth it” (n=3), that they prefer talking to a senior person on the phone (n=2) and that they “dislike current online services” (n=2).

The tenth trade-off discussed in the workbook is how Union Gas should handle credit card payments: should it pay the fees for credit cards by increasing rates or charge those who want to use it for the associated cost?

The estimated cost in the workbook across all customers for spreading the fees out would be \$3 per year for residential customers and \$12 per year for business customers.

Figure 36: Payment for Credit Card



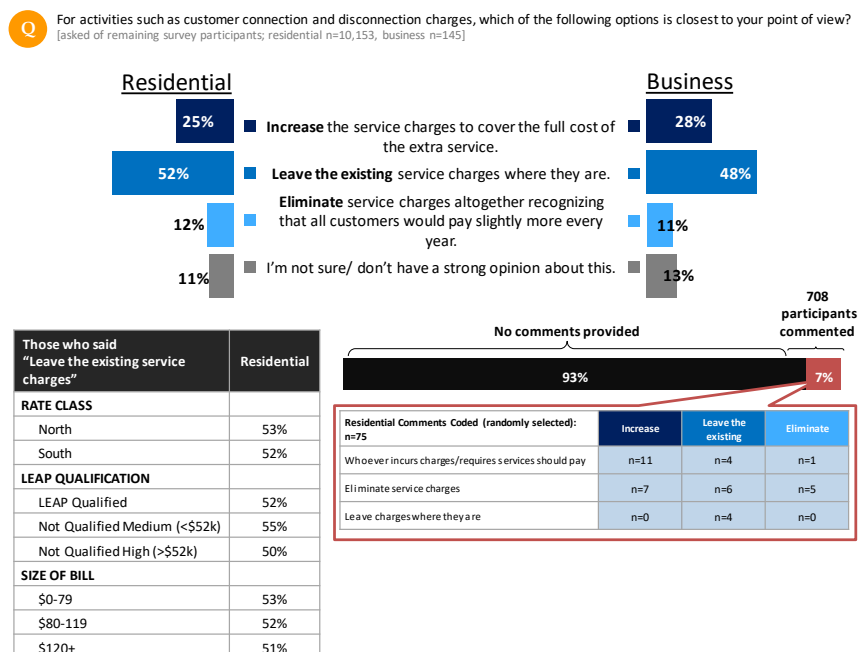
An overwhelming majority think those who want to use credit cards should pay the cost. More than eight-in-ten residential (82%) and seven-in-ten business (70%) participants agree that "those who want to pay by credit card should continue to pay for the associated costs". Only 8% of residential participants and 13% of business participants felt that Union Gas should pay the fees, even if it meant it increased their monthly bill. About one-in-ten (10%) residential and nearly two-in-ten (17%) business participants were not sure how to respond to the question.

- In the residential segmentation, LEAP Qualified participants were the most unsure of how to respond (15% vs. 7-10% for medium- and high-income customers).

The 81 residential coded commenters mention that "credit card users should pay for the costs" (n=32), that "Union Gas should absorb the fees" (n=14), that there should be alternative options for payment (n=14) and that there should be "no rate increase" (n=2). Similar mentions are seen in the 14 coded business comments: ("Union Gas should absorb the fees": n=4; "credit card users should pay the costs": n=2) along with an additional group of responses that favour payment online and automatic withdrawal as "cost effective" (n=3).

The eleventh trade-off in the workbook is on incremental service costs and charges: should everyone pay for charges that only some of the customers require, or should it be charged only if the customer needs that service? Examples given are customer connection and disconnection charges as well as those who want to receive paper bills. A link was provided in the workbook of examples of current charges and actual costs - in this preface, the estimated rate impact to residential and business customers was not explicitly mentioned.

Figure 37: Incremental Service, Connection and Disconnection Charges



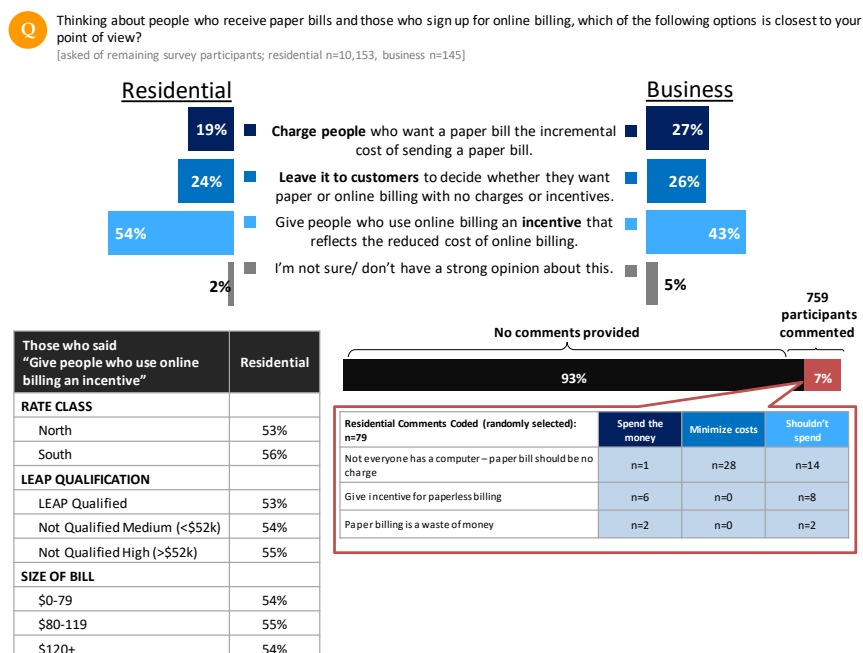
When it comes to extra charges for connection and disconnection, more than half (52%) of residential participants and just under half (48%) of business participants feel that Union Gas should leave the existing charges as they are. About one-in-four residential (25%) and business (28%) participants think that service charges should increase "to cover the full cost of the extra service". Roughly one-in-ten residential (12%) or business (11%) participants think Union Gas should "eliminate service charges altogether" which would result in customers paying slightly more per year and about the same number of participants don't know which response to choose (residential: 11%; business: 13%).

- Looking at residential participation by income, high-earners (31%) are almost twice as likely as LEAP Qualified (16%) participants to think Union Gas should increase the service charges to cover the full cost of the extra service.

Of the 75 residential commenters coded, 26 want to "eliminate service charges", 19 think that "whoever incurs the charges should be required to pay" and four suggest Union Gas "leave the charges as they currently are".

The 16 business comments coded include: "whoever incurs the charge should be required to pay" (n=5), concern about those that can't afford to pay for the services (n=3) and that as long as the fees are "reasonable", connection fees are fine (n=2).

Figure 38: Incremental Service, Paper Bills



As for covering the cost of paper bills, most residential (54%) and a plurality of business (43%) participants think Union Gas should give people an incentive for using online billing. About one-in-four residential (24%) and business (26%) participants think Union Gas should “leave it to customers” to decide whether they want paper or online, not charging for paper or incentivizing for online bill usage. The third option, charging people extra who want a paper bill, was chosen by only 19% residential and 27% business participants.

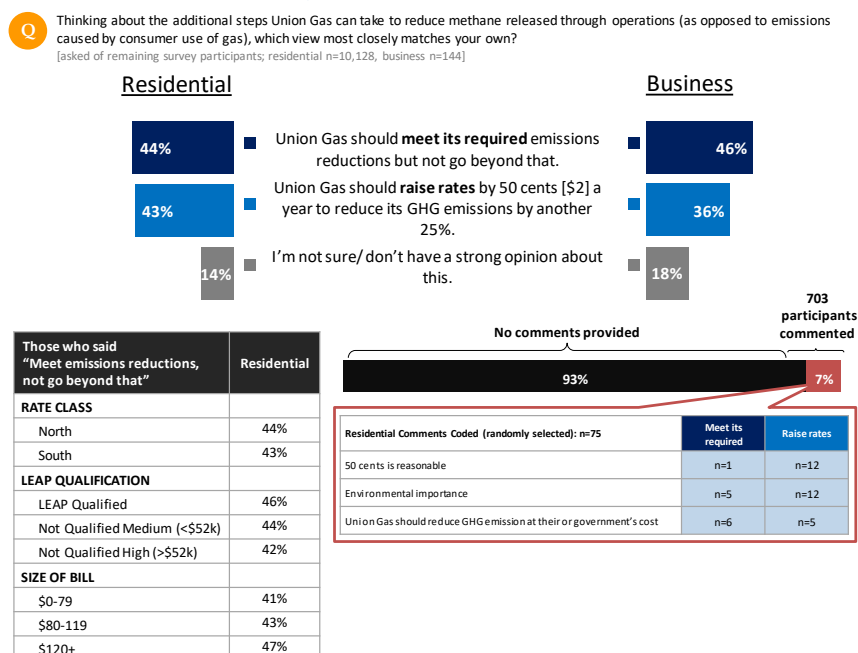
- In the residential segmentation by income, LEAP Qualified participants (28%) are the most likely to suggest Union Gas should “leave it to customers” and not charge or incentivize (Mid-income: 26%; High-income: 20%).

Most of the 78 residential comments coded highlight that “not everyone has a computer” and that the paper bill should not have a charge (n=46). 14 think Union Gas should “give an incentive for paperless billing” and five participants think “paper billing is a waste of money”.

Similarly, four of the eight coded business respondents think that because “not everyone has a computer” it’s not fair, and that paper bills should have no charge. Other mentions include “give incentive for paperless billing” (n=2) and “pay for your desired services” (n=2).

The twelfth trade-off listed in the workbook is about greenhouse gas emissions. Union Gas is considering a reduction of methane emissions on top of those required by regulations, which would result in an estimated increase for residential customers of 50 cents per year; for businesses, the cost would be an estimated \$2 per year.

Figure 39: Greenhouse Gas Emissions Targets



When it comes to emissions reductions, residential participants are equally divided on whether or not to reduce to the required limit (44%) or reduce an additional 25% and raise rates (43%). About one-in-six (14%) are unsure how to respond.

Business participants, on the other hand, slightly favour meeting the requirement (46%) over raising rates to reduce by another 25% (36%). Nearly one-in-five (18%) don't know which option to choose.

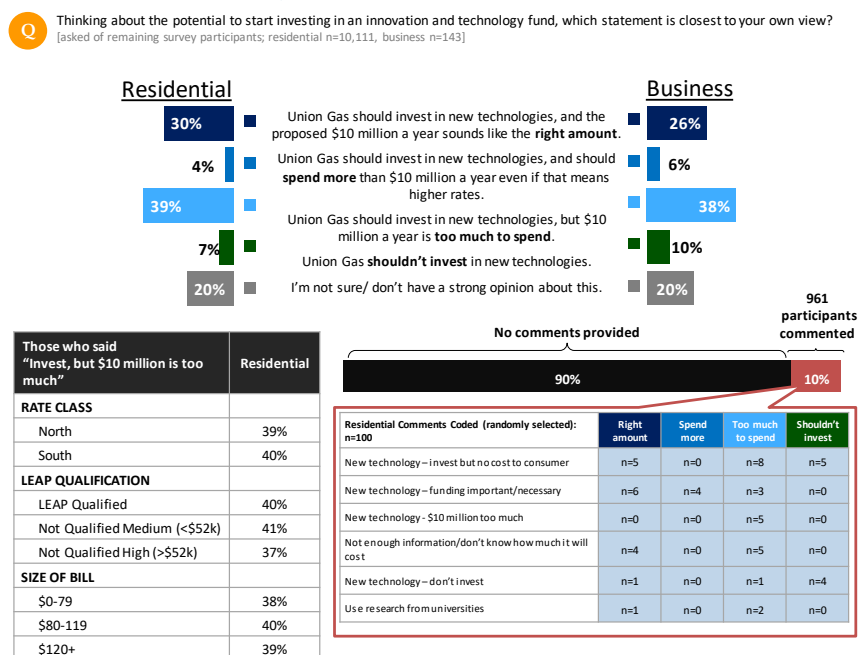
- In the residential segmentation, LEAP Qualified participants (36%) are much less likely than high-income (48%) to pursue additional emissions cuts in exchange for higher rates.

A plurality of the 74 residential comments coded stress the importance of the environment (n=20). Other categories include that "50 cents is a reasonable" amount to pay (n=13) and that Union Gas "should reduce GHG emissions at their own or the government's cost (n=11).

The nine business comments coded include mentions that they "don't support cap and trade" (n=4) and that Union Gas "should reduce GHG emissions at their own or the government's cost (n=3).

The thirteenth trade-off of this section, innovation and technology: Union Gas, according to the workbook, is considering a fund of \$10 million per year for research and development of natural gas technologies, which is estimated to cost residential customers around \$3/year and \$12/year for business customers.

Figure 40: Investment in New Technologies



A plurality of residential (39%) and business (38%) participants think Union Gas should invest in new technologies, but the number quoted - \$10 million - is just too much to spend. Three-in-ten (30%) residential and one-in-four (26%) business participants think Union Gas should invest and "\$10 million a year sounds like the right amount". Around one-in-ten (residential: 7%; business: 10%) think Union Gas shouldn't invest in new technologies. And just 4% of residential and 6% of business participants think not only that Union Gas should invest, but \$10 million isn't enough. Two-in-ten (20%) don't know how to answer.

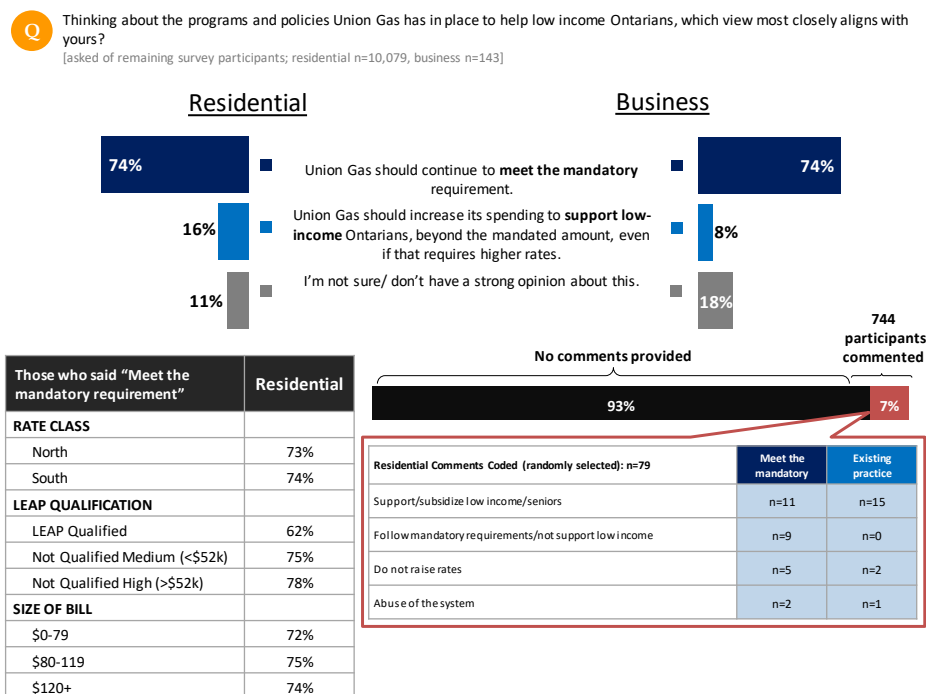
- In the segmentation, residential participants with high earnings (35%) are much more likely to think \$10 million is a good amount and Union Gas should invest than LEAP Qualified participants (23%). LEAP Qualified participants appear much more ambivalent than the rest of the sample, with 1-in-4 (26%) unsure of how to answer (mid-income: 19%; high-income: 17%).

The 99 residential comments coded include the following categories: that Union Gas should invest in new technology, "but at no cost to the consumer" (n=22); that new technology funding is "important and necessary" (n=15); that they "don't have enough information, don't know how much it will cost" (n=12), that Union Gas shouldn't invest in new technology (n=10), and that \$10 million is "too much" (n=6).

Top comments among the 11 coded business participants are "invest, but at no cost to the consumer" (n=5) and "use researchers from universities" (n=2).

The final trade-off of this section is about helping low-income Ontarians. As part of its requirements, Union Gas is part of an “Energy Assistance Program which provides support to lower income Ontarians”. The question is, should Union Gas meet the mandatory requirements, or increase its aid to low-income Ontarians, even if that means higher rates?

Figure 41: Funding for Low-income Ontarians



By more than a four-to-one margin, both residential (74%) and business (74%) participants prefer meeting the mandatory requirement over increased funding to low-income Ontarians at the cost of a rate increase (residential: 16%; business: 8%). About one-in-ten (11%) residential participants and less than two-in-ten (18%) business participants are not sure how to respond to this question.

- LEAP Qualified residential participants (23%) are more likely to want increased support for low-income Ontarians than middle- or high-income (15%) ones.

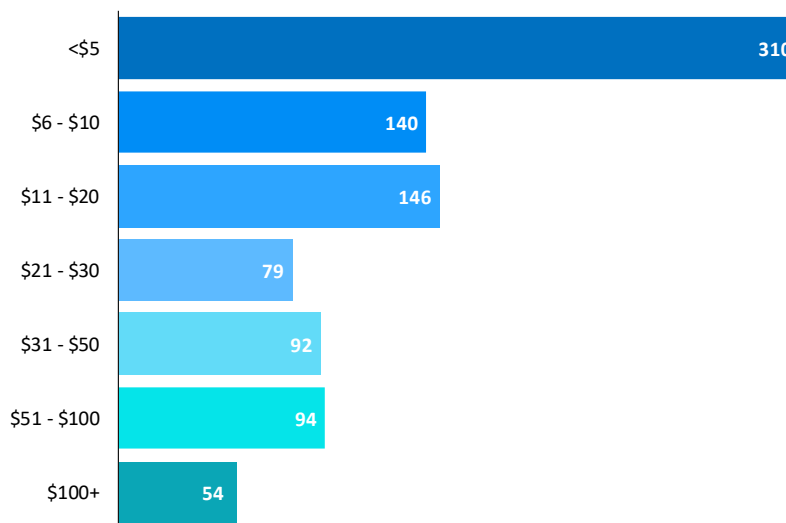
Nearly half of the 79 residential coded comments voice support for low income and seniors subsidies (n=32). Another 11 suggest that Union Gas should “follow the mandatory requirements” (n=11) and eight suggest the company shouldn’t raise its rates. Similarly, the nine coded business responses mention “do not raise rates” (n=4) and “support and subsidize low income and seniors” (n=2).

Participants who indicated support for increased spending on low-income Ontarians, were asked how much more they would be willing to spend.

Figure 42: Funding for Low-income Ontarians

Q How much more would you be willing to pay a year to increase support for low-income Ontarians?
[asked of survey participants who selected "increase payments to low-income Ontarians", residential n=915; only results of residential are shown]

Residential Monthly increase



Of the participants who indicated they'd be willing to spend more in order to increase support for low-income Ontarians, 915 provided feedback on how much more they'd be willing to pay a year. Just over a third (35%) would be willing to pay \$5 or less. The next 31% would be willing to spend between \$6 and \$20 more a year, with the remaining 35% willing to spend more than \$20 per year.

Feedback on the Workbook

A reminder about coding of open ended comments:

Given the high response rate, a random selection of 10% of residential responses to open-ended questions and comments in this section were coded for analysis. However, given the smaller number of responses from business customers, 100% of business responses were coded.

In addition to this analysis, all verbatim responses were provided to Union Gas in a separate database.

The final page of the workbook asked five open-ended questions to the remaining participants: their general impression of the workbook; their attitudes on the volume of information provided; the content covered (was anything missing?); a space for outstanding questions if they have any remaining questions; and finally a suggestion box for future consultations.

Thoughts on the Workbook

- General impression of the workbook appears positive, with the majority of the 678 residential comments using positive adjectives like “informative and educational” (31%, n=210) “good or excellent” (23%, n=156), and “well-presented” (10%, n=66) and “useful, good for customer feedback” (4%, n=29). About 8% of residential respondents that it was “OK” (n=56) and the main negative feedback, only among a minority of coded responses, was that it was “too long” (6%, n=43) or “biased” (12%, n=78). We see a similar breakdown among business respondents, with 21/77 (27%) saying it was “good/excellent”, and 19/77 (25%) who felt it was “informative and educational”.
- In the closed-ended question on volume of information, most participants (residential: 72%; business: 67%) thought the balance was just right on information. Just 14% of residential and 16% of business participants felt it was “too much” information.
- Most coded participants did not feel there was anything missing from the workbook (residential: 65%; business: 29/47). Those that did in part mentioned a further explanation of cost, additional financial help, infrastructure, and operating costs.
- Most coded participants didn’t have any additional questions they need answered (residential: 73%; business: 29/45). Specifically, a very small number of coded responses asked to know more about “rates and costs”, “the government/OEB’s role”, “operating expenses”, “environmental/social issues”, “technology and infrastructure” “cap and trade charges on their bills”, “meters” and “comparisons to other utilities”.
- Most of the coded responses, both for residential and business, suggest that they would prefer the consultation the way it is, through online/email invitation.

Figure 43: [OPEN] General Impression



General Impression – Overall, what did you think about the workbook?
[asked of all survey participants; residential n=678, business n=77]

Coded Responses (10% residential, 100% business)	Residential	Business
Presentation		
Well presented	10%, n=66	6%, n=5
Liked opportunity to give so much feedback	7%, n=47	3%, n=3
Detailed/comprehensive	6%, n=43	8%, n=6
Easy to understand/read	6%, n=42	4%, n=3
Complicated	3%, n=18	*
Well written	*	3%, n=2
Informative/educational	31%, n=210	25%, n=19
Good/excellent	23%, n=156	27%, n=21
Use of workbook		
Good for customer feedback	4%, n=29	5%, n=4
Good, general	2%, n=15	*
Hope it leads to changes	2%, n=15	4%, n=3
Skeptical it will lead to changes	2%, n=11	3%, n=2
Biased		
Focused too much on consumers absorbing cost	3%, n=20	5%, n=4
Union Gas is trying to justify rate increases	3%, n=17	4%, n=3
Not enough options	2%, n=16	3%, n=2
Questions/answers were leading	2%, n=12	3%, n=2
General	*	3%, n=2
Length		
Too long	6%, n=43	14%, n=11
A lot of information	2%, n=15	*
Okay/sufficient/fine	8%, n=56	8%, n=6
Interesting	6%, n=39	6%, n=5
Made me think	4%, n=26	6%, n=5
Not enough information	*	3%, n=2
Other	5%, n=31	*
Don't know	*	*

Note: *Residential responses with n-sizes less than 1% are not shown. *Business responses with n-sizes equal to or less than 1% are not shown. 'Refused' and 'Bad Respondent' not shown. Out of total sample including noncoded responses, 18% residential and 20% business respondents selected the box "don't know/unsure how to respond" instead of a written response

Of the 678 coded residential responses, about three-in-ten (31%, n=210) felt the workbook was “informative and educational” and about 1-in-4 felt it was “good or excellent” (23%, n=156), and another 8% (n=56) thought it was “okay, sufficient, or fine”. 1-in-3 (33%, n=223) responses were about the presentation including that it was “well-presented” (10%, n=66), “detailed/comprehensive” (6%, n=43) or easy to understand (6%, n=42). A few thought it was too complicated (3%, n=18) and about the same number “liked the opportunity to give so much feedback” (7%, n=47).

Nearly one-in-ten (12%) coded responses were about length, mostly that it was too long (6%, n=43) and that there was “a lot of information” (2%, n=15).

More than 1-in-10 (13%) respondents commented on the usefulness of the workbook, including “good, general” (2%, n=15) “good for customer feedback” (4%, n=29), and “hope that it leads to changes” (2%, n=15).

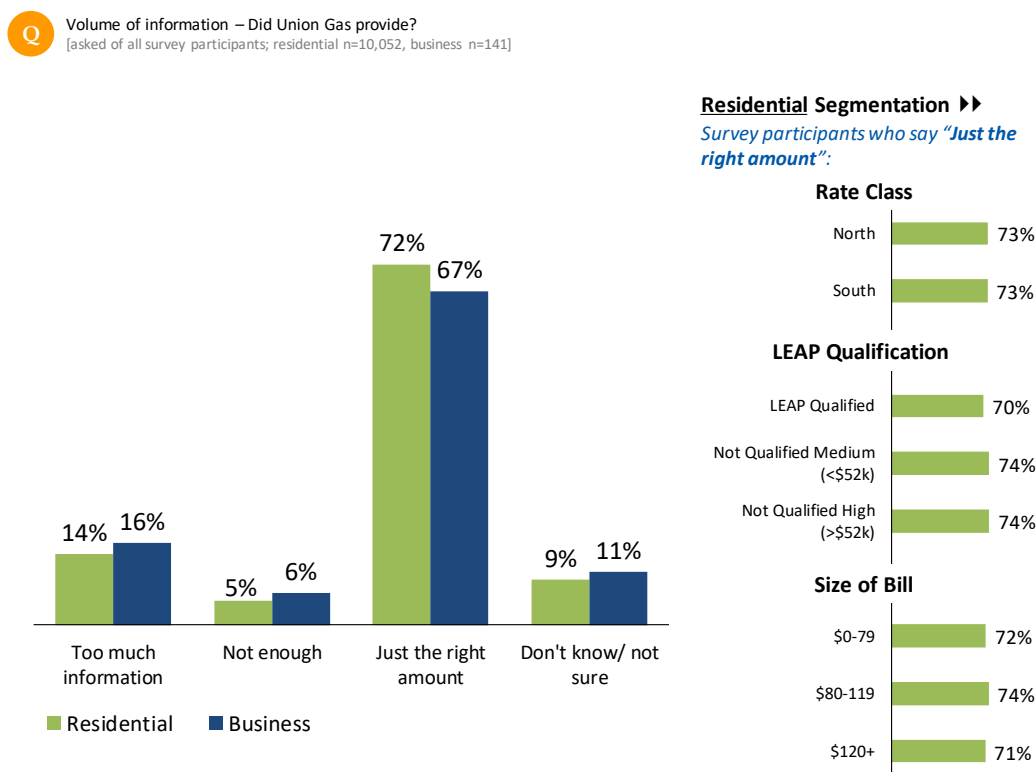
1-in-10 (11%) of the responses coded cited bias, either that there “were not enough options” (2%, n=16), “too much focus on consumers absorbing cost” (3%, n=20) or that the questions and answers were “leading” (2%, n=12).

Looking at the sample of participants who reached these questions, 37% (n=3,694) out of 10,052 total residential participants responded “don’t know” to this question.

Turning to business participants, out of the 77 coded responses, 21 thought it was “good/excellent”, 19 thought it was “informative and educational” and 6 thought it was “okay, sufficient or fine”. Nineteen coded participants had good things to say about the presentation: that it was “well-presented” (n=5), “easy to understand” (n=3), “detailed/comprehensive” (n=6), “well-written” (n=2) and they “liked the opportunity to give so much feedback” (n=3). Fifteen responses were negative comments about the length of the survey, mostly that it was “too long” (n=11). Ten business participants talked about the use of the workbook - 7 were optimistic about it leading to change, while 3 were skeptical or felt it was “pointless”. Thirteen of the 77 coded participants thought the workbook was biased, with some examples as “focused too much on consumers absorbing cost” (n=4) and “Union Gas is trying to justify rate increases” (n=3).

One in five (20%, n=68) of all business participants chose the “don’t know” option for this question.

Figure 44: Volume of Information



Most of the residential (72%) and business participants (67%) felt Union Gas provided “just the right amount” of information. About one-in-six residential (14%) and business (16%) participants thought that the workbook provided “too much” information and less than one-in-ten felt it did not provide enough (residential: 5%; business: 6%). One-in-ten residential (9%) and business (11%) participants were unsure how to respond.

- No differences emerge on the residential segmentation.

Figure 45: [OPEN] Additional Content Required



Content Covered – Was there any content missing that you would have liked to have seen included?
[asked of all survey participants; residential n=410, business n=47]

Coded Responses (10% residential, 100% business)	Residential	Business
Explanation of cost		
General	1%, n=5	2%, n=1
Info on cap & trade	3%, n=12	*
Other	6%, n=25	2%, n=1
No – satisfied, enough content/informative	9%, n=38	11%, n=5
Information		
General	4%, n=15	11%, n=5
More specifics	2%, n=8	*
Too much	1%, n=4	*
Environmental impact/reduction	1%, n=4	2%, n=1
Operating costs		
Salaries	2%, n=9	4%, n=2
Profits	1%, n=6	*
Other	1%, n=6	2%, n=1
General	*	2%, n=1
Help for consumers		
Info on gas appliances	*	2%, n=1
Other	*	2%, n=1
Other	3%, n=14	4%, n=2
None	56%, n=230	51%, n=24
Don't know	4%, n=15	2%, n=1

Note: *Residential responses with n-sizes less than 1% are not shown. *Business responses with n-sizes equal to or less than 1% are not shown. 'Refused' and 'Bad Respondent' not shown. Out of total sample including noncoded responses, 31% residential and 29% business respondents selected the box "don't know/unsure how to respond" instead of a written response

A majority (65%, n=268) of the 410 coded residential responses indicated that no additional content was needed and/or they were satisfied with the workbook. About one-in-ten (11%, n=44) wanted an explanation of cost, for instance on cap and trade (3%, n=12). Eight participants asked for additional information on how consumers can get help; another seven wanted to hear more about infrastructure, either investments or expansion to more homes; 22 (5%) wanted to know more about operating costs such as salaries and company profits; and 29 (7%) asked for more specifics in the information, including “more definitions” and on “environmental impact and reduction”.

Of the residential participants who reached these questions, 62% (n=6,233) out of 10,052 total residential participants responded “don’t know” to this question.

Of the 47 coded business responses, more than half (62%, n=29) indicated no additional content was required and/or they were satisfied with the amount. A handful mentioned explanations of cost, information on how consumers can “get help”, operating costs and generally more information. Almost three in ten (29%, n=98) business participants responded “don’t know” to this question.

Figure 46: [OPEN] Outstanding Questions



Outstanding Questions – Is there anything that you would still like answered?
[asked of all survey participants; residential n=400, business n=45]

Coded Responses (10% residential, 100% business)	Residential	Business
No	73%, n=292	64%, n=29
Rates/costs		
General	1%, n=5	*
Different charges	*	2%, n=1
How rates can be reduced	3%, n=10	*
Other	2%, n=9	4%, n=2
Low income payment plans	1%, n=4	*
Proposed increases from this survey	1%, n=4	2%, n=1
Future of rates	1%, n=5	4%, n=2
Operating expenses		
General	1%, n=4	*
Salaries	2%, n=7	*
Other	*	2%, n=1
Government/OEB – Union Gas effort against gov’t & OEB	*	4%, n=2
Operational info – other	*	4%, n=2
Environmental/social issues – general	2%, n=6	*
Technology/infrastructure		
General	1%, n=4	2%, n=1
Getting gas in area	*	2%, n=1
Cap & trade		
General	2%, n=8	*
Itemized on bill	1%, n=4	*
Survey – want to know results	1%, n=5	*
Meters	2%, n=7	*
Other	3%, n=11	4%, n=2
Don’t know	2%, n=9	*

Note: *Residential responses with n-sizes less than 1% are not shown. *Business responses with n-sizes equal to or less than 1% are not shown. ‘Refused’ and ‘Bad Respondent’ not shown. Out of total sample including noncoded responses, 32% residential and 30% business respondents selected the box “don’t know/unsure how to respond” instead of a written response

Most of the 400 residential and 45 business participants coded, when asked if there is anything left they would like answered, said no (residential: 73%, n=292; business: 64%, n=29). About 11% of residential participants (n=43) would like to know more about rates and costs, including “different charges”, “how rates can be reduced”, “why the increase”, “low income payments plans”, “proposed increases from the survey” and “the future of rates”. A handful of residential participants would like to know more about the “government/OEB’s role” (2%, n=7), “operating expenses” (4%, n=16), “environmental/social issues” (2%, n=6), “technology and infrastructure” (2%, n=9), “cap and

trade” vis-à-vis their bill (3%, n=12), “meters” (2%, n=7) and “comparisons to other utilities and regions” (1%, n=4). Among specific coded business responses, a few participants wanted to know more about “rates/costs”, “operational info”, “technology/infrastructure”, and “government/OEB”.

Of the residential participants who reached these questions, 63% (n=6,315) out of 10,052 total residential participants responded “don’t know” to this question. Three in ten (30%, n=99) business participants did the same.

Figure 47: [OPEN] Suggestions for Future Consultations



Suggestions for Future Consultations – How would you prefer to participate in these consultations in the future?
[asked of all survey participants; residential n=522, business n=65]

Coded Responses (10% residential, 100% business)	Residential	Business
Just like this/same/fine the way it is - general	38%, n=200	23%, n=15
Online		
General	13%, n=68	23%, n=15
Email	9%, n=48	3%, n=2
Online survey	3%, n=16	*
Other	*	2%, n=1
Would participate again	7%, n=36	9%, n=6
Survey - general	4%, n=22	5%, n=3
Fewer questions/shorter	3%, n=18	5%, n=3
Mail - general	*	2%, n=1
Wider demographic	*	2%, n=1
In person		
General	*	2%, n=1
Focus group	*	2%, n=1
Don't want to participate	1%, n=7	2%, n=1
My opinion doesn't matter/ Union Gas does what it wants	*	2%, n=1
Online survey/email – same like this	9%, n=48	2%, n=1
Other	6%, n=29	8%, n=5
None	3%, n=14	11%, n=7
Don't know	1%, n=6	2%, n=1

Note: *Residential responses with n-sizes less than 1% are not shown. *Business responses with n-sizes equal to or less than 1% are not shown. 'Refused' and 'Bad Respondent' not shown. Out of total sample including noncoded responses, 26% residential and 24% business respondents selected the box "don't know/unsure how to respond" instead of a written response

The majority (48%, n=248) of the coded residential participants like the consultation the way it is, through online/email. Other comments included “would participate again” (7%, n=36), “survey-general” (4%, n=22), and “fewer questions/shorter” (3%, n=18). The results are similar among business participants, with more than half (52%, n=34) who like the “online/email” option and/or would do it again, and a handful who say “would participate again” (9%, n=6) or “fewer questions/shorter” (5%, n=3).

Of the residential participants who reached these questions, 51% (n=5,164) out of 10,052 total residential participants responded “don’t know” to this question. A quarter (24%, n=79) of business participants also selected “don’t know”.

7. Consultation Focus Groups

This section describes the findings gleaned from focus groups held with residential and low-volume business customers. The objective of these focus group was to provide some customer education via the workbook, to identify customer needs and preferences, and to gauge reaction to some of the potential planning options that were presented in the workbook.

Summary

Understanding of the System and General Satisfaction

Overall, participants are quite satisfied with the service they receive from Union Gas. Participants seem to think that Union Gas is doing a good job for them if they don't have to deal with or think about their service; participants don't have to call, the heat is on, and gas is delivered. Overall understanding of the Union Gas system is moderate. Most participants reported that they understood the Union Gas system somewhat well, although, round-table discussions at several locations uncovered some confusion among participants.

Room for Improvement

Both business and residential participants are interested in learning about ways to reduce energy consumption and noted the need for more communication and awareness surrounding these methods.

The Customer Journey

When asked to assess the customer journey diagram and identify any missing touchpoints, most participants had nothing to offer. The areas that some participants did identify were mainly surrounding access to information, improved communication, and more transparency in financial reporting.

Performance on Customer Outcomes

Satisfaction was high on most customer outcomes. The number of dissatisfied participants was very low overall. Workbook responses reported a high level of participants who selected 'don't know' on outcome metrics of treating customers fairly and openly, minimizing the impact on the environment, and being community minded and socially responsible.

When asked to rank the importance of eight specific customer outcomes, residential and business customers alike identified "stable, predictable, and affordable pricing" as the most important outcome, followed by safety and reliability.

Making Choices

- Most participants' views are in line with a more long-term approach to investment. This is true for views on managing pipes, equipment, and buildings; most participants prioritize the long-term health of the system.
- Most participants agree that Union Gas should use the current strategy of paying employees the industry average.
- There was a preference for sticking to benchmarks set by the OEB for helping low-income Ontarians and customer service calls

- Participants were divided on their views towards considering the views of neighbours, and GHG reductions.
- When it comes to accepting payment by credit card and methods of billing, most participants make their decisions based on the principle that a customer has the right to determine their method of payment and billing and that the user should pay. Incremental Service Costs and Charges generated interesting dialogue. Participants overall felt that the charges should remain where they are which is contradictory to the user pay scenario mentioned above.

About the Focus Groups

INNOVATIVE was engaged by Union Gas to conduct Low Volume Business and Residential customer consultation sessions designed to identify the needs and preferences of consumers as they relate to the utility's customer outcomes and the choices that Union Gas planners must make. This project is a part of Union Gas' customer engagement program as they prepare for their 2019 rate application.

The consultation sessions ran for two hours each, and were held in the following locations:

1. Thunder Bay, Ontario the evening of February 13, 2017:

Low-volume business customers	7 participants
Residential customers	9 participants
2. Belleville, Ontario the evening of February 16, 2017:

Low-volume business customers	6 participants
Residential customers	8 participants
3. Stratford, Ontario the evening of February 22, 2017:

Low-volume business customers	5 participants
Residential customers	7 participants
4. Hamilton, Ontario the evening of February 23, 2017

Low-volume business customers	5 participants
Residential customers	7 participants
5. Windsor, Ontario the evening of February 28, 2017

Low-volume business customers	8 participants
Residential customers	9 participants

Recruiting Consultation Participants

Potential participants were randomly selected from a customer database provided by Union Gas to INNOVATIVE. Participants were then further randomly selected from that initial list if they work or live within about a one hour drive from the focus group locations.

Individuals qualified for the low-volume business focus groups if they are responsible for making energy-related decisions at their business, and if their company receives a Union Gas bill. The

recruitment was structured to ensure that, while each group was primarily comprised of customers consuming less than 50,000m³ per year (R1/M1 rate classes), it also ensured that each group had representation from the smaller R10/M2 rate classes who consume at least 50,000m³ per year. Depending on location, business participants were paid an incentive of either \$100 or \$150 to compensate them for their time.

Individuals qualified for the residential focus groups if they are over the age of 18, they receive a Union Gas bill, and they have at least shared responsibility for paying it. The recruitment was structured so four individuals with household incomes of less than \$40,000 were recruited for each group in order to ensure representation of low-income households. All residential participants received an incentive of \$75 to compensate them for their time.

All consultation sessions were video recorded to verify participant feedback.

NOTE: Results contained within this section of the report related to the focus groups are based on a limited sample and should be interpreted as directional only.

A note on interpreting focus groups findings:

In focus group research, the value of the findings lies in the *depth* and *range* of information provided by the participants, rather than in the *number* of individuals holding each view. References in this report such as “most” or “some” participants cannot be projected to the full population. Only a large sample, quantitative survey would be accurately projectable to the full population.

Participant Feedback

In this section of the report, we provide documentation of participant feedback pertaining to each section of the workbook.

To start off the consultation, participants were introduced to the format and purpose of the session. The facilitator explained what the consultation is about, why Union Gas is holding this series of focus groups and why consumer feedback is important. Most participants *strongly agree* that they understood why Union Gas was seeking their input (strongly agree: 47, somewhat agree: 18, somewhat disagree: 2, missing values: 4). Participants were then presented with an overview of the different components of the natural gas system. They were also shown how their natural gas bill is broken down and what portion of it is allocated to distribution charges.

Understanding the Union Gas system

A majority of participants felt they understood the Union Gas system at least *somewhat well* (very well: 12, somewhat well: 40, not very well: 15, not at all: 2, don't know: 2). Belleville reported a slightly higher level of understanding than the other locations included in the consultation. There was some confusion among participants in Thunder Bay surrounding the nature of Union Gas' service as well as the role Union Gas plays within the system.

I've never seen a Union Gas station – I've seen TransCanada but not Union Gas.

The gas delivery system is what I don't clearly understand at all.

I have to deal with Union Gas and I also have to call Reliance Home Energy. The relationship between all of these players is what I don't understand at all.

Is Union Gas just in Ontario?

Satisfaction with Union Gas

Satisfaction with the overall performance of Union Gas is relatively high; majority of participants were at least *somewhat satisfied* (very satisfied: 36, somewhat satisfied: 33, somewhat dissatisfied: 1, missing values: 1). Participants seem to think that Union Gas is doing a good job for them if they don't have to deal with or think about their service; participants don't have to call, the heat is on, and gas is delivered. When asked further about what the lack of interaction with Union Gas signifies to participants they provided several top-of-mind criteria including reliability, cost, safety, and customer service.

If I don't have to deal with them...if the heat is on, the water is on. Reliability. If I had a lot of interaction with them there would be a problem.

Not having to think about it. My house is heated. My calls are answered.

If you're not having a lot of interaction with them. If the calls are picked up. Balancing costs throughout the year.

I don't have to think about it. That it's reliable and conveniently there. That they are addressing safety and responding quicker than any other utility.

They continue to supply affordable gas in a safe manner.

Delivery system is safe and the costs remain stable.

Gas is being delivered and there is no interruptions or breakage in delivery.

Gas is always on. Never had an issue. The reliability of it.

Another way participants gauge whether Union Gas is doing a good job for them is by what they (don't) hear in the news or within their community.

No issues in the news or with neighbors.

News isn't telling me there's a leak somewhere. If it's not happening, there's no problem.

Nothing on the news.

It's been a non-issue because we don't hear anything – quiet success – consistently working. Up until recently prices have been good. The price has doubled in the past three or four months.

Haven't heard of interrupted service – if I try to get ahold of people by email I get a response in a reasonable amount of time.

Several participants based their impressions of Union Gas' performance on aspects of cost and billing. Stable and reasonable pricing seems to be an important factor. In regards to billing, participants like to see their consumption match up with their bill amount and that their energy conservation efforts are making an impact on their bills.

If I don't have to call them often for billing or services, they are good. If my bill keeps coming and it's the regular amount and there are no surprises. I am using the same amount as they are billing.

I measure it by the quality of the rates and the extent to which my conservation efforts pay off.

Reasonable pricing.

Number one I look at cost. Number two no houses are blowing up.

Based on observation – if I'm conserving I want to see it on the bill. When I am deliberately conserving, I see it.

Cost of delivery has not gone crazy. You've been consistent and your pricing hasn't gone crazy.

Mainly look at cost for my customers as well as response time when I have issues.

Reducing our carbon footprint. Keeping natural gas at a reasonable price.

Well managed costs per cubic meter, no outages or disruption in supply and great customer service.

As far as I'm concerned, the heat is on so it's obviously reliable. I don't really care about anything other than the cost.

Several participants mentioned that Union Gas' presence is lacking in the community, as an educational resource, and overall in the news.

Never hear anything in the news about their decisions.

If they want to know if we are doing a good job and that's all we know, there's nothing to compare it to.

Their presence – there used to be an office here. They were involved in the community. Used to see Union Gas people at high profile events.

Room for Improvement

For the most part, participants are satisfied with the service they receive from Union Gas and do not have any suggestions as to how it could be improved. Those who did have an opinion on the matter were primarily concerned with energy conservation, and reducing costs through personal management resources. Both business and residential participants are interested in learning about ways to reduce energy consumption and noted the need for more communication and awareness surrounding these methods.

More outreach for potential energy saving programs.

Provide more cost-efficient implementations i.e. promoting ways to better use our gas.

Loyalty program for customer paying bills regularly without delay. Help them save money by giving information about effective use of equipment.

As a business owner, I want to know what these incentives are and work together with Union Gas.

Move toward smart meters – be able to manage my own buildings through the smart reader – it would be beneficial for a property manager to see which buildings are costly.

Smoother, faster process for conversions of buildings to natural gas.

Communication and transparency. Inserts they put in bills I don't read it – where you might want to put that information is right next to the meter reading.

More heads up on rate increases. We don't know what's going to come up next month. It's a struggle to figure out where you guys are going with anything.

My concern is about the meter readings. I understand human mistakes happen but last month it jumped from my average. There is no forum for feedback.

We were told anything after the meter is my problem so they are not going to help explain anything past that.

Some business participants in Thunder Bay expressed concerns that Union Gas could be more responsive to small business owners' needs, either financially or through customer service.

Educate and encourage through financial support the replacement and upgrade of equipment at my level

Friendlier way of working with small businesses. In the first few years I struggled with this.

Commercial zone – their deposit is a little high for some people.

Seasonal rate breaks – I do 80% of my business in 7 months – in January it's dead.

Residential customers were more focused on customer service touchpoint related issues. Specifically, there was a need for a more knowledgeable call center. Several participants aired their grievances regarding third party billing and Reliance repairs service

Better scheduling and communications - when work is going to be done. I came home from work one day and there was a hole in my yard. I would've liked to have been informed.

Customer service couldn't tell me how my bill almost doubled. I'm on equal billing. They could be more knowledgeable.

When you call in a little less on the verification for the call center. They already have our account.

The website could be a little less busy and easier to navigate through.

Ensure equipment is up to date and safe.

Improve Reliance.

A few participants pointed out the need to expand the system into areas lacking natural gas service.

Big problem is getting bigger lines put in and getting an expansion.

More comprehensive distribution networks – there are a lot of areas in Ontario that are not covered.

The topic of Cap and Trade was not included in the workbook consultation, however, when participants were asked how Union Gas could improve, issues were brought up concerning billing and lack of information.

Split out cap and trade costs from delivery costs. Union Gas is participating in the collection of cap and trade and they have a responsibility to their customers to ask that question.

The Customer Journey

When asked to assess the customer journey diagram and identify any missing touchpoints, most participants had nothing to offer. The areas that some participants did identify were mainly surrounding access of information, improved communication, and more transparency in reporting.

Accountability and transparency of their reporting - financial results, more about what they're doing with greenhouse gases – putting in KPIs for CSR making them more clear and forefront – transparency of profitability and distribution of profits.

When the rate application process is made public it should be in layman's terms.

What exactly are they doing to be minimizing the impact on the environment?

Information on technology and new equipment. Technology is always changing and always getting better – more information on what they approve/disapprove.

Relocating meters.

Transparency – big salaries to report.

Transparency, mission, vision values. I expect to feel their vision values.

Gasification process.

After this exercise, participants were asked to reflect on all the contacts they have had with Union Gas since becoming a customer and rate their satisfaction. Most participants were *very satisfied* (very satisfied: 43, somewhat satisfied: 21, somewhat dissatisfied: 3, very dissatisfied: 1, don't know: 1, missing values: 2).

Customer Outcomes

This section of the workbook focuses on determining the outcomes that matter most to customers. Participants were instructed to rate Union Gas' performance on the following outcomes:

- **Stable, predictable, and affordable pricing**
A majority of participants felt that the price for distributing gas was *somewhat reasonable* (very reasonable: 5, somewhat reasonable: 43, somewhat unreasonable: 13, very unreasonable: 2, don't know: 7, missing values: 1).
- **Providing dependable and responsive customer service**
Most participants were at least *somewhat satisfied* with Union Gas' overall customer service (very satisfied: 37, somewhat satisfied: 25, somewhat dissatisfied: 8, very dissatisfied: 1). Belleville reported five *somewhat dissatisfied* participants. There was only one participant throughout the whole consultation who reported that they were *very dissatisfied*.
- **Making good use of the money customers pay**
When it comes to making good use of the money customers pay, most participants were *somewhat satisfied* (very satisfied: 11, somewhat satisfied: 25, somewhat dissatisfied: 7, don't know: 28). No participants reported that they were very dissatisfied.
- **Reliability**
A strong majority of participants were *very satisfied* with the reliability of Union Gas when it comes to delivering natural gas (very satisfied: 61, somewhat satisfied: 9, somewhat dissatisfied: 1).
- **Safety**
In regards to safety, most participants were *very satisfied* with Union Gas' performance (very satisfied: 51, somewhat satisfied: 13, somewhat dissatisfied: 1, very dissatisfied: 1, don't know: 5).
- **Treating customers fairly and openly**
Most participants are at least *somewhat satisfied* when comes to whether or not Union Gas treats customers fairly and openly (very satisfied: 22, somewhat satisfied: 21, somewhat dissatisfied: 9, very dissatisfied: 1, don't know: 18).
- **Minimizing the impact on environment**
When it comes to Union Gas' performance on minimizing impact on the environment, the majority of participants responded *don't know* (very satisfied: 15, somewhat satisfied: 20, somewhat dissatisfied: 5, very dissatisfied: 0, don't know: 30, missing values: 1). They felt they didn't have the information required to make a judgment.

- **Being community minded and socially responsible**

Most participants reported they *don't know* in regards to Union Gas' performance on being community minded and socially responsible (very satisfied: 17, somewhat satisfied: 21, somewhat dissatisfied: 1, don't know: 31, missing values: 1). No participants were very dissatisfied with Union Gas' performance on this topic. Again, participants cited a lack of available information to be able to make a call.

Following the exercise of rating Union Gas' performance on these eight customer outcomes, participants were then asked to rank the outcomes to indicate which were most important to them personally. It was explained that while all the outcomes listed were important to many customers, sometimes decisions require tradeoffs. Participants found it difficult to choose their most important outcomes, and some commented that they considered multiple outcomes to be of equal importance to them. Top ranked outcomes include: stable, predictable, and affordable pricing, followed by safety, and reliability.

I am a customer. I want them both. I don't want to have low prices and terrible customer service.

19. Looking at the list below, including any outcomes you may have added, please indicate which outcomes are most important to you. In the column titled Ranking, please place a 1 by the most important outcome, a 2 by the second most important and so on. Please try to rank at least three outcomes that are most important to you. If you would like to rank them all, please do so.

OUTCOME	Business									
	Rank									
	1	2	3	4	5	6	7	8	9	10
Stable, predictable, and affordable pricing	14	7	8	1	1	1	0	0	0	0
Providing dependable and responsive customer service	4	2	3	2	7	4	3	3	0	0
Making good use of the money customers pay	1	1	6	6	7	4	3	0	0	0
Reliability	7	11	4	1	5	1	1	0	0	0
Safety	10	4	5	5	0	0	2	0	0	0
Treating customers fairly and openly	4	0	2	6	4	7	2	3	0	0
Minimizing impact on environment	2	4	3	3	1	5	7	2	0	0
Being community minded and socially responsible	2	1	0	1	2	2	3	12	2	0

OUTCOME	Residential									
	Rank									
	1	2	3	4	5	6	7	8	9	10
Stable, predictable, and affordable pricing	24	8	3	3	2	0	0	0	0	0
Providing dependable and responsive customer service	2	1	6	6	7	7	3	3	0	0
Making good use of the money customers pay	1	5	4	3	5	4	9	4	0	1
Reliability	6	12	6	5	5	2	1	0	0	0
Safety	8	14	11	3	0	2	0	0	0	0
Treating customers fairly and openly	0	1	4	5	6	6	3	3	0	0
Minimizing impact on environment	5	4	3	5	6	5	3	1	0	0
Being community minded and socially responsible	0	1	2	4	3	1	5	14	2	0

Making Choices

While participants were readily able to choose between the various trade-off scenarios presented to them in this section of the workbook, a few of them were reminded that – as indicated in the workbook – the total impact of all the choices included could add up to a significant increase.

Has anyone done the arithmetic and add up everything that's in here and how much all of that comes to each year. Like really what's the arithmetic? If this question is 50 cents this question is \$3 – monthly? When you break it down question by question it doesn't seem like a whole lot but when you put it together over years you know now were talking about a little more.

Pace of Investment and Health of the System

21. Thinking about Union Gas' budget for replacing pipelines and equipment that deliver gas to your home/business, which of the following statements best represents your point of view?

RESPONSE	BUS	RES	TOTAL
Union Gas should look at the long-term health of the system and spread costs out evenly over time even if that means higher rates	21	26	47
Union Gas should continue its current practice of spending at depreciation	6	9	15
Union Gas should focus on the immediate impact on rates and only spend what it takes to keep the system in good order now	3	5	8
I'm not sure/ don't have a strong opinion about this	1	0	1
TOTAL			71

This section included questions regarding participants' views on spending to maintain the system. Most participants would prioritize the long-term health of the system. These participants agree to a steady pace of investment and are willing to spend more in the short-term to avoid major price hikes in the future. Ensuring stable prices over the long-term and maintaining a safe and reliable system is important.

What I don't want to see later is a big increase. If you replace at depreciation, there will be something like that down the line.

The first option in the last few questions is kind of like the reactive approach – something's gone wrong and having to fix it and the second one is proactive. With reactive you'll have to run the risk of having to replace the equipment anyways but now you'll have to do it in addition to what has been caused by the failure.

It doesn't make sense to cheap out now and then pay down the line – let's pay for a long-term plan.

Look at long-term care – it's better if they spread out the costs. Spreading costs over the long-term instead of huge spike increases is more manageable.

You do it because safety, reliability, and minimizing the impact of any disruptions or damages require you do it and important relative to maintaining stable prices.

I like keeping capital spending steady – because "steady" is your future.

More predictable for the customer and I don't think they should try to squeeze all pipes and equipment to the end – make steady investments.

Better to fix stuff as it needs to be fixed and avoid a large capital expenditure down the road.

Hopefully if you invest in your employees they perform better – not saying do everything you can possible but make sure they have the right tools.

You pay top dollar for these things are they necessary.

You can lower your rates because of improvements.

Save costs by taking care of it with little improvements.

City hasn't done that and we're in a big mess. The example is there if you don't do it.

As long as they are prudent in their spending they have to have proper equipment.

Yes, I am willing to pay more but I also want to know that my money is not being wasted.

It's gas. You gotta do it right and the system works good now so they have to keep it that way.

Have to make sure the system is safe and reliable.

Protecting my kids by paying for some of this stuff up front.

Some participants are focused solely on their capacity to pay for their natural gas service in the short-term. These participants' decisions are heavily motivated by the need to reduce costs. Those who prefer the option of sticking to the current practice of spending at depreciation and focusing on the immediate impact on rates generally have the same rationale; Union Gas already has a plan in place that works well.

If it's not broke don't fix it.

They are doing good on maintaining the system so the only thing is that we can maintain the rates – from what I understand safety and maintaining the system is good.

When they build the pipelines there's a period of time when they should be working – I don't see why they should be done sooner or earlier than that time.

Spend what you need to – this is not urgent.

I'm all about the rates and right now my bill is where I like it to be and I want to keep it that way. As much as I do think it's important to take care of the system I also don't want my prices to go up.

Whenever there is room for lowering the price that is where I would like to see it – it's time to push for lower cost for the customers.

If they do the things they had planned they should do what they have planned to manage the system – supposed to be in their budget.

22. Every few years Union Gas goes through a cost review which can result in much larger than normal bill increases. Thinking about years that may have larger than normal increases, which of the following statements is closest to your point of view?

RESPONSE	BUS	RES	TOTAL
In years with the potential for a large rate increase, Union Gas should give priority to keeping rates as low as possible and delay capital spending on pipes and equipment.	10	10	20
As a general rule, Union Gas should give priority to maintaining the system by continuing a steady pace of investment	20	29	49
I'm not sure/ don't have a strong opinion about this	1	1	2
TOTAL			71

Information Technology Plans

23. Thinking about the cost of the buildings and equipment used to manage the pipelines and serve customers, which of the following statements is closest to your own view?

RESPONSE	BUS	RES	TOTAL
Union Gas should find ways to make do with the buildings, equipment and IT system they already have.	7	1	8
While Union Gas should be prudent in its spending, it is important that their staff have the equipment and tools they need to manage the system efficiently and reliably	22	38	60
I'm not sure/ don't have a strong opinion about this	3	0	3
Missing values	0	0	0
TOTAL			71

Most participants agree that Union Gas should spend the money needed to ensure that its systems, customer service and internal operations continue to run smoothly even if it requires a rate increase. This majority agrees with a proactive approach to maintaining the IT system.

There are systems like safety and reliability that rely on that. You can't have that break.

There were a handful of participants who believed the focus should be on keeping costs down. These participants seem to think that investing in vehicles and computer systems aren't priorities because technology is changing too fast.

Safety and reliability is number one but I think technology is moving way too fast. That's going to add up over time.

It's a waste of money on technology that's not going to last anyways so why not invest in something that will last 25 years.

Computer systems are new every three years or five and they will have to keep changing them and they have to change the system – maintain the original instead of buying new.

24. Every few years Union Gas goes through a cost review which can result in much larger than normal bill increases. Thinking about years that may have larger than normal increases, which of the following statements is closest to your point of view about the cost of the buildings and equipment used to manage the pipelines and serve customers?

RESPONSE	BUS	RES	TOTAL
In years with the potential for a large rate increase, Union Gas should give priority to keeping rates as low as possible and delay capital spending on these areas	20	12	32
As a general rule, Union Gas should give priority to maintaining a productive workplace by continuing a steady pace of investment	10	26	36
I'm not sure/ don't have a strong opinion about this	2	1	3
TOTAL			71

25. On average, Union Gas expects to spend about [50 cents a year per residential customer/\$2 a year per general service business customer] over the next 10 years on renovating older buildings and building new ones. Which is closest to your view?

RESPONSE	BUS	RES	TOTAL
Union Gas should spread the costs evenly over time to avoid unpredictable changes in gas rates	29	39	68
Union Gas should delay investments until they can no longer be avoided, even if that creates unpredictable changes in capital spending	2	0	2
I'm not sure / don't have a strong opinion about this	0	1	1
TOTAL			71

26. Union Gas' current best estimate is that it expects to spend about [\$3 a year per residential customer/\$12 a year per general service business customer] on computer systems. Thinking about Union Gas' Information Technology plans, which statement most closely resembles your view?

RESPONSE	BUS	RES	TOTAL
Union Gas should spend the money needed to ensure that its systems, customer service and internal operations continue to run smoothly, even if that requires a rate increase	18	30	48
In order to keep costs down, Union Gas should only invest in the systems that are required to ensure a safe system, and wait for other systems to become vulnerable or compromised before starting a replacement process.	9	8	17
I'm not sure / don't have a strong opinion about this	4	0	4
Missing values	0	2	2
TOTAL			71

Employee Salaries

Most participants think the current strategy of paying Union gas employees the industry average is the appropriate balance.

27. Thinking about how Union Gas compensates employees, which of the following most closely represents your views?

RESPONSE	BUS	RES	TOTAL
The current strategy of paying the industry average is the appropriate balance	28	32	60
Union Gas should lower salaries below average in order to reduce costs	2	3	5
Union Gas should raise salaries even if it means paying more	1	2	3
I'm not sure/ don't have a strong opinion about this	0	2	2
Missing values	1	0	1
TOTAL			71

Keeping Ahead of Expected New Regulations

Participants were divided on whether Union Gas should implement the maximum operating pressure verification program. Some said they cannot afford the rate increase in the short term, while others see it as an opportunity to avoid large costs in the long-run. As well, residential customers seemed to be more inclined to spend to meet the higher standard than business customers.

Spreading it over time so you won't have a larger cost at the end of 10 years. Pay a little every year. It could end up being an even greater cost at the end of ten years.

I'm not ready to pay a big amount.

For me running a secure system is very important.

28. Thinking about this issue, which point of view is closest to your own?

RESPONSE	BUS	RES	TOTAL
If Union Gas is not experiencing any immediate problems that might be addressed by these verifications, they should wait until a regulator directs them to complete these verifications to keep costs down	14	13	27
If other gas utilities are moving to a standard higher than the current regulations in Ontario, Union Gas should as well, even if it increases costs for consumers	11	22	33
I'm not sure/ don't have a strong opinion about this	7	3	10
Missing values	0	1	1
TOTAL			71

On the issue of bare and unprotected pipes, participants were mixed, clearly business customers felt that existing practices should be maintained, while residential customers felt that Union Gas should prioritize this issue.

29. Thinking about the issue of bare and unprotected pipes, which most closely reflects your view:

RESPONSE	BUS	RES	TOTAL
Union Gas should prioritize the issue of bare and unprotected pipes, even if it means raising rates by [\$1 per average residential customer/\$3 per average general service business customer]	7	25	32
Union Gas should follow the existing practice and leave these pipes in place until they would normally be replaced	23	13	36
I'm not sure / don't have a strong opinion about this	1	1	2
Missing values	0	1	1
TOTAL			71

Considering the View of Neighbours

Participants generally preferred taking the most cost effective approach, but there was a lot of discussion about the final decision depending on how much the various options would cost. There was considerable conversation about how the above grade stations could be disguised by landscaping and murals but the possibility of property values going down was a significant factor.

30. Thinking about the options available to Union Gas, which of the following statements is closest to your own view?

RESPONSE	BUS	RES	TOTAL
Union Gas should implement the most cost effective option regardless of the views of the directly affected neighbours	18	16	34
Union Gas should consult with neighbours and implement the solution the neighbours prefer, even if it costs more	11	15	26
I'm not sure/ don't have a strong opinion about this	3	7	10
Missing values	0	1	1
TOTAL			71

It's easy to save money until it happens to you.

This thing decreases the value of your house overnight because it freaks people out – even though it was already there now it's visible.

Neighbours should be in the loop – at least have their voices heard.

Everyone will have their individual likes and dislikes – catering to that will make things expensive.

Consult everyone. Do what locals want even if it costs more – at least everyone's involved in the decision.

Below ground system is best and should be reworked – if it costs more in my neighbourhood I would be willing to pay more but I would not pay for someone else's community doing it

Engineers know better - every neighbourhood is different.

Make it more utilitarian and put the money to something else – put it toward something we need not just want

These things are god awful ugly.

I feel like above ground there must be a possibility for tampering.

The art community could do murals.

Automated Meter Reading

The majority of participants would like Union Gas to install automated meters over time in order to minimize program costs. While cost is ultimately the deciding factor, several participants were worried about job security of the current meter readers.

Install as the meters need to be replaced anyways but I'm concerned about automation – I'm a bleeding-heart liberal – there are people who are meter readers.

31. Thinking about Union Gas' options for meter reading, which of the following most closely represents your views?

RESPONSE	BUS	RES	TOTAL
Union Gas should spend the money needed to implement automated meter reading as soon as possible	7	4	11
Union Gas should start installing automated meters over time in order to minimize costs	21	26	47
Union Gas shouldn't spend money on automated meter reading	3	7	10
I'm not sure/ don't have a strong opinion about this	0	1	1
Missing values	1	1	2
TOTAL			71

Customer Service Choices

32. Thinking about areas where Union Gas currently exceeds Ontario Energy Board benchmarks, which of the following most closely represents your views?

RESPONSE	BUS	RES	TOTAL
Union Gas should continue to exceed benchmark levels of service because good customer service is more important than the potential savings	15	18	33
Union Gas should reduce its spending to the level needed to achieve the regulated standard because every little bit of savings helps	9	11	20
Union Gas should work with the Ontario Energy Board to lower the benchmark in order to reduce costs even further.	7	4	11
I'm not sure/ don't have a strong opinion about this	2	5	7
TOTAL			71

Participants were divided between exceeding benchmark levels, reducing spending, and lowering the benchmark. For some, reducing costs is the most important. On the other hand, some participants see no reason for the service provided to regress.

Continue. I've never had a problem in 40 years.

If you gotta make a call if you have to cut somewhere. I'll wait for my call to be answered – I'm waiting there anyways.

I would be okay if they were coming closer to the standard – personally my only real interaction with Union Gas is when I call so I like that I can get ahold of someone.

I hate phoning and getting a machine – compared to other costs I don't feel this is one I should cut

I don't see any reason to go backwards

Any saving helps

Are my services going to be affected by having to wait longer?

Potential Enhancements

33. How likely is it you would use the expanded online services if they were available?

RESPONSE	BUS	RES	TOTAL
Very likely	8	11	19
Somewhat likely	8	13	21
Somewhat unlikely	6	5	11
Very unlikely	9	9	18
Don't know	0	2	2
TOTAL			71

During the discussion on potential customer service enhancements participants were asked how likely they would be to use the expanded online services if they were available. Participant sentiments on this issue were divided; they were either *very likely, somewhat likely, or very unlikely*. Participants who were not interested simply do not use the online services or are happy with what is currently available; it is not a priority. Among those who said they are very likely or somewhat likely to use the enhancements, they either already use the service and appreciate the convenience, or they are interested in seeing more information online.

If you have the basics and it's easy to use, I use it now and I'm happy with the way it works it gives me everything I need or want, it's not a high priority.

MyAccount has quite a bit of info I'm sure I would use it more if there were more info to find ways to reduce my costs. The future is going that way.

I do everything online. Most of my bills are paid online. I access my info online – it seems like it is going that way so we will have to change to that eventually.

It's working you don't need to invest – I would still rather talk to a person sometimes

Right now, it's not as important as some things.

When it comes to actually increasing online services, most felt Union Gas should hold off in favour of keeping rates down.

34. Thinking of the potential increased online service, which of the following most closely represents your views?

RESPONSE	BUS	RES	TOTAL
It is important that Union Gas expand its online services to customer, even if that means raising rates	6	9	15
Union Gas should put off these kinds of online enhancements in order to help keep rates down	18	24	42
I'm not sure/ don't have a strong opinion about this	6	7	13
Missing values	1	0	1
TOTAL			71

Accepting Payment by Credit Card

The majority agrees with the view that those who want to pay by credit card should continue to pay for the associated costs. A few participants agreed with the view that Union Gas should pay the fees, even if it means increasing rates because to them credit card use is commonplace and not an unreasonable cost to incur.

35. Thinking about the options available to Union Gas for accepting credit cards, which view mostly closely matches your own?

RESPONSE	BUS	RES	TOTAL
Union Gas should pay these fees, even if it means increasing rates	2	5	7
Those who want to pay by credit card should continue to pay for the associated costs	29	33	62
I'm not sure/ don't have a strong opinion about this	0	2	2
TOTAL			71

I kinda shot myself in the foot by saying those who pay by credit card should be willing to pay. I don't have the right to ask people to pay for my airmiles.

Credit card is such a commonly accepted method of payment.

That's my personal choice to use the credit card for the airmiles so I should have to pay for that, if I use my credit card I gotta pay for it.

With the bill payment they should cover their own bill – if you want a service you have to be willing to foot the bill.

Credit card fee is not that high.

Addressing Rate Design

36. For activities such as customer connection and disconnection charges, which of the following options is closest to your point of view?

RESPONSE	BUS	RES	TOTAL
Increase the service charges to cover the full cost of the extra service	11	14	25
Leave the existing service charges where they are	14	22	36
Eliminate service charges altogether recognizing that all customers should pay slightly more every year	5	1	6
I'm not sure/ don't have a strong opinion about this	1	3	4
TOTAL			71

When it comes to incremental service costs and charges, participants are divided on the issue although more lean toward the option of leaving the existing charges where they are. Several participants who chose this option were motivated by their concerns surrounding the impact that the disconnect/ reconnect for non-payment charge could have on low-income individuals. Those who said increase the charges are willing to “foot the bill” for the services they want.

We'll have to pay something so at least it's not the highest. To go from \$65 to \$116 for those who can't pay that just seems really punitive to me.

It's not full cost but the company can still make money on it. As someone who moves regularly I don't want to be paying all the time but don't eliminate it because I do think it's fair to pay something.

A handful of participants agreed with the option to eliminate service charges altogether because they believe they should already be included in the cost of service.

These services should be included in the costs already.

Eliminate all together – ethically it's the way to go.

37. Thinking about people who receive paper bills and those who sign up for online billing, which of the following options is closest to your point of view?

RESPONSE	BUS	RES	TOTAL
Charge people who want a paper bill the incremental cost of sending a paper bill	6	13	19
Leave it to customers to decide whether they want paper or online billing with no charges or incentives	12	15	27
Give people who use online billing an incentive that reflects the reduced cost of online billing	14	11	25
I'm not sure/ don't have a strong opinion about this	0	0	0
Missing values	0	0	0
TOTAL			71

On the topic of paper versus online billing, some say it should be up to the customer to decide (without a charge or incentive), but most would rather charge for a paper bill or offer an incentive for online billing. Participants who use paper billing are adamant about their preference; they have been using this method since the beginning of service and have come to expect it.

I want my paper bill and I think it's criminal to charge for it, some people don't use online services.

I'm going to be senior and I've been dealing with them. It's part of the customer service to me.

Because I believe customers have the right to choose.

Leave it to customers – not everyone is online.

Not everyone chooses to be online for various reasons.

Some participants prefer to charge people who want a paper bill at the incremental cost of sending a bill and giving people who use online billing an incentive that reflects the reduced cost of online billing. Those in favor of charging people who want a paper bill made their decision on the basis that people should pay for the billing option they choose. Choosing this option was also environmentally motivated; several participants stated that forgoing a paper bill is better for the environment. A few participants who currently use paper billing were open to the idea of online billing if the incentive is there.

I don't currently use it [online billing] but it would sway me.

It's cheaper for everyone.

It would be better to discourage people to use a paper bill.

If you want the more expensive service, you should pay for it.

I get an online bill and I want to save money.

If that's where you want me to go [online] the incentive should be there.

Greenhouse Gas Reduction

Participants were provided with a preamble outlining the degree to which the federal and provincial governments expect GHG emissions to be reduced. It explained that Union Gas could reduce its GHG emissions further than regulations require by investing in additional equipment and changing the way they maintain and operate the system. Most participants were on board with raising rates to reduce its GHG emission by another 25%. Residential participants were more inclined to raise rates than business participants.

38. Thinking about the additional steps Union Gas can take to reduce methane released through operations (as opposed to emissions caused by consumer use of gas), which view most closely matches your own?

RESPONSE	BUS	RES	TOTAL
Union Gas should meet its required emissions reductions but not go beyond that	15	7	22
Union Gas should raise rates by [50 cents (residential)/\$2 (commercial)] a year to reduce its GHG emission by another 25%	14	26	40
I'm not sure/ don't have a strong opinion about this	3	6	9
Missing values	0	0	0
TOTAL			71

I think we take a lot from the environment. We should give some back and it's not a lot of money.

I believe they should do their part. It's a good idea for everyone.

I think it's the right thing to do.

Be the responsible party I bet the good press would help reduce costs.

I would pay \$8 to see it reduced 100%.

Some participants say Union Gas should meet its required emissions reductions but not go beyond. These participants seem to think Union Gas shouldn't ask its customers to pay for exceeding regulations for environmental practices. They were pessimistic about the impact these efforts would make compared to the impact on their bills. The following verbatims are from business participants.

The rest of the industries have to do the same – they can't put it on their customers.

If we have to do it, do the bare minimum.

We can't reduce this much and the guy next door is doing nothing.

Not going to make a difference.

Innovation and Technology Fund

While participants were divided on what the right amount of investment should be, only two participants felt that Union Gas should not invest in new technologies at all. For those in favour of investing in new technologies there was uncertainty surrounding the \$10 million figure; participants felt they could not tell if this number was appropriate and that it lacked context. When one participant was asked why \$10 million seemed like the right amount he responded, “can’t really answer other than I’m assuming there’s logic behind it.”

39. Thinking about the potential to start investing in an innovation and technology fund, which statement is closest to your own view?

RESPONSE	BUS	RES	TOTAL
Union Gas should invest in new technologies, and the proposed \$10 million a year sounds like the right amount	12	11	23
Union Gas should invest in new technologies, and should spend more than \$10 million a year even if that means higher rates	1	11	12
Union Gas should invest in new technologies, but \$10 million a year is too much to spend	10	12	22
Union Gas shouldn't invest in new technologies	2	0	2
I'm not sure/ don't have a strong opinion about this	6	5	11
Missing values	1	0	1
TOTAL			71

Keeping up with different innovative and technologies is important in the long run.

Through technology there could be some unfound savings and you could get it back tenfold – let’s put the money into it. I say yes to the \$10 million but do even more.

In principle, I want them to invest the \$10 million but I don’t know if that’s something I can afford.

I’m not sure because \$10 million sounds like a lot to me.

It just sounds too high but they need to do something.

To me \$10 million doesn’t sound like very much. Probably isn’t enough but it sounds good.

I didn’t have an opinion because I don’t know what \$10 million means. I don’t know if it’s a good number or not.

I’m not sure what \$10 million would buy us but I agree it’s a good start.

Two things. With the \$10 million again I’m just going by \$12 a year for the average business customer which would be a dollar per bill there are other things like pipe renovation that I would put a much higher emphasis on because if we don’t fix the pipes as Union Gas nobody fixes the pipes whereas if Union Gas doesn’t look into too much innovation many private companies are looking into private innovation – that being said there’s no way I would want Union Gas, a major player, to not put any money into technology and innovation but maybe it’s not as high of a priority

Helping Low-Income Ontarians

The majority of both business and residential participants felt that Union Gas should continue to meet the mandatory requirement when it comes to helping low-income Ontarians. These participants seem to feel that there is a limit to how much a utility should be involved in accommodating low-income Ontarians and that it is more so the responsibility of the provincial government. Some participants were in favour of increasing the amount beyond the mandated amount even if it requires higher rates.

Those who felt Union Gas should increase spending in this area even if it requires higher rates were asked how much more they would be willing to pay per year to increase support for low-income Ontarians. Among residential participants, the average was \$8.33, with a range of responses from \$1 to \$20. Among business respondents, the average was higher at \$40, with a range of responses from \$10 to \$60.

40. Thinking about the programs and policies Union Gas has in place to help low income Ontarians, which view most closely aligns with yours?

RESPONSE	BUS	RES	TOTAL
Union Gas should continue to meet the mandatory requirement	24	25	49
Union Gas should increase its spending to support low-income Ontarians, beyond the mandated amount, even if that requires higher rates	5	9	14
I'm not sure/ don't have a strong opinion about this	0	3	3
Missing values	3	2	5
TOTAL			71

For right now it's good where it's at. I think we give lower income people too much for free that we all pay for.

I didn't know this program was existent. I was low income for a while and this could have helped. Increase \$12 a year.

I'm not sure how much to increase it. I think it's a good thing and should be expanded but I'm not sure how much.

I think it should be coming more from the government. It's a matter of source, I think it should be government rather than business.

Has to be a line drawn - where the people making money don't support every low-income person.

Should increase spending – \$1 a year is reasonable

I don't think it's fair to go backwards but I also don't see it going up, I would be for an increase if people were checked thoroughly.

I'm nervous about a private company taking responsibility when the government should be looking into this – government should be pushing harder than any individual company.

How did we do?

At the end of each session participants were asked to assess the consultation process and the workbook method. The overall impression of the workbook was very positive. Participants found the information to be pertinent and informative, with most feeling like it was just the right amount given the allotted time. Several participants in each session made a request for information to read before coming to the focus groups. A few participants pointed out that the information they would receive wouldn't have to be the whole length of the workbook but some information beforehand would be beneficial.

42. Volume of information - Did Union Gas provide...

RESPONSE	BUS	RES	TOTAL
Too much information	1	5	6
Not enough	5	5	10
Just the right amount	23	22	45
Don't know/ not sure	1	5	6
Missing values	1	3	4
TOTAL			71

General Impression:

Thought provoking and on-point.

Informative and enlightening. Opened your eyes.

If you say vulnerable or compromised is too loaded – have too much anxiety imbedded in it.

There is someone to help us learn the uses of the gas and how to use it effectively.

Good. Lots of information there – gave me specific targets, what the costs will be, and the cost for consumers.

Book is excellent and easy to follow

Would like more information before hand – I haven't spent a lot of time on the website so I think I will now.

I've never done this before and I would have wanted to know what I was getting into

I like the open forum with other individuals

Too little info on certain topics i.e. transportation,

For the time allocated I thought it was a bit much – I did not get to read everything and I would have loved to read more.

I think this is great I knew nothing before.

I would have liked to have a little bit of access beforehand. I would feel more comfortable.

I think it was interesting and well organized.

I love the focus group discussion its lively debate to get people together.

Comments on Missing Content:

I'm a stats man! Show me some more #'s.

More information on potential carbon capture research.

This was a broad picture. I was looking for more specifics and how it related to my account.

Well who are the low income Ontarians and how is this determined?

The actual costs versus the amount allocated to the expenses (employee pay, maintenance of lines etc.).

Ownership structure, industry information, vision, mission, values, long term strategic direction.

Size of company re # of employees etc. CEO salary # of employees on sunshine list.

How do you forecast the gas price?

More global initiatives. Maybe more insight on what green plans for future. What to expect on a larger scale? More customer incentives, help with home conversions.

What type of energy saving measures does Union Gas offer? What is Union Gas doing to prepare for a future of renewable energy sources?

What community involvement U.G. does. How environmental initiatives have helped.

More tech innovations. Infrastructure options. Research!! Where are your other ideas?!

I feel there could have been more detail, but I don't know what-- I don't know what I don't know.

Outstanding Questions:

Why did you raise the price of transportation 40% in one month? About 2 years ago, why do you always forecast higher usage and estimate oversized meter readings?

The government seems to want to eliminate nat. gas use-- what is Union Gas doing to combat this

Cost (average), cost/km for infrastructure

Likely avenues of change with carbon initiatives.

Why all cost of business expenses get put directly back to consumer?

Would price drop if gas delivery became more faster and efficient?

My understanding is that Union Gas is 'not for profit'/'minimal profit'. Is this correct?

What other options did you deem not presentable? Could we have improved our infrastructure even more?

Suggestions for Future Consultations:

Computer based is more convenient but the panels offer chances for discussion.

I liked this format but not enough time. You might want to send some advance information.

Distribute/or provide a link to some of this information beforehand so participants can come to the consultations a bit more informed.

This is fine. Two-way mirror may be less stressful than a camera.

Let participants know that the workbook content can be reviewed online ahead of time.

I like to participate. It gives opportunity to know the company.

8.Contract Customers Online Workbook

This section describes the results of an online workbook tailored for contract customers. The content and questions were very similar to those asked in the residential and low-volume business workbook, but where appropriate, edits were made to ensure suitability for these particular rate classes. All of Union Gas' contract customers were invited to participate in this phase of the customer engagement.

Summary

Contract customers who participated in the online survey had a very good understanding of why Union Gas was seeking their input, and most felt they understood how their feedback fits within the utility's planning process. Further, most said they understand the basics of how natural gas distribution rates are set.

Union Gas is effectively meeting the needs of these customers, with most participants saying they are satisfied with the utility's distribution service, overall customer service, and their interactions with Union Gas representatives. Participants are price sensitive, with more than half finding the price for distributing gas to be reasonable, but some disagreeing with that opinion.

More importantly, Union Gas is delivering on the customer outcomes that matter most to these survey participants. Reliability, stable pricing and safety top the list of priority outcomes, and reliability and safety are the two outcomes where participants are most satisfied with Union Gas' performance. In addition, most find the price for distributing gas to be reasonable.

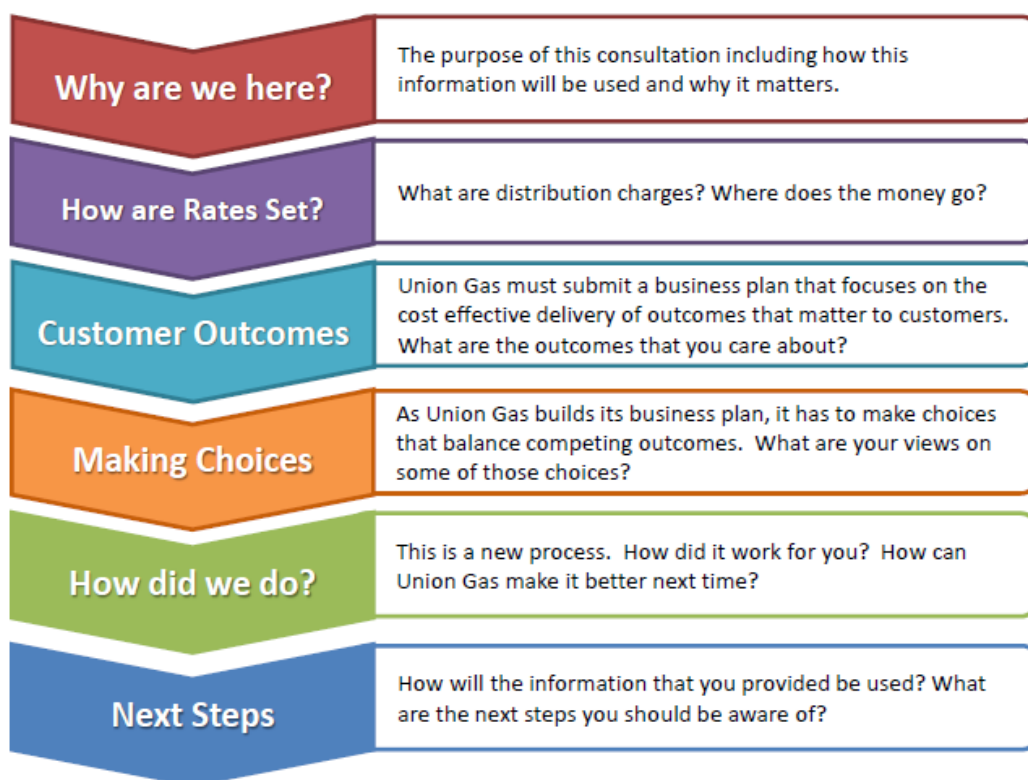
These survey participants value prudence and tend to favour spreading costs out over time. They are not looking to the utility to make big changes, and they are not prepared to write a blank cheque to fund changes. Many of their comments challenge the utility to make do with less, and to find a balance between delayed spending and a steady pace of investment when it comes to asset management.

Feedback on the process itself was generally favourable, though some did feel they were forced to make changes or that questions/response options were biased. (Note: each question included an option for "I'm not sure / don't have a strong opinion about this", and allowed for participants to make their own comments.) Most felt the workbook provided just the right amount of information, and for the most part, issues that some would like to have seen addressed fell outside the scope of this consultation. At the end of the process, those who shared their opinion tended to favour the current approach for future consultations.

Methodology

Union Gas' Contract customers were invited to participate in the consultation via an online workbook survey, similar in style and scope to that used for general service customers. While the questions were very similar to those asked in the business version of the general service workbook, there were some questions tailored specifically to the Contract customer rate classes. Additionally, the introductory content was condensed as it was felt that this customer class had a good understanding of the concepts behind the questions. Union Gas representatives took responsibility for customizing the workbook for this rate class.

The final workbook for this rate class included six sections, set out as follows:



This online workbook was available from March 1st through 16th, 2017. All 464 of Union Gas' Contract customers received an invitation from Innovative Research Group on behalf of Union Gas via email which invited them to participate in the consultation by completing an online workbook survey. The invitation read in part:

Dear [CUSTOMER NAME],

Union Gas is undertaking a Customer Engagement process that is designed to understand customers' needs and preferences as Union Gas develops its business plan for the next multi-year rate application beginning in 2019. The goal of this process is to understand the specific outcomes that are valued by customers like you and to consider these when making key business decisions. Your rates will pay for this plan so please take this opportunity to have a say.

As a Union Gas Contract Customer, you are invited to complete an on-line workbook which has been developed to explain the challenges and opportunities facing the system and potential plans to meet those challenges.

The invitation email contained a link directly to the online workbook. It also included an invitation for Contract customers to attend one of two optional webinars that were hosted by Union Gas on March 9th and March 14th. The purpose of the webinars was to provide an overview of the workbook content and to give Contract customers a chance to ask questions of Union Gas experts prior to completing the workbook.

Union Gas Account Managers were each tasked with reaching out to their clients to ensure they had received the links and to answer any questions the customer may have. Additionally, two reminder emails were sent during the response period.

A total of 59 Contract customers started the workbook, but not all completed the entire workbook. By the end of the workbook, there were 51 participants. The number of participants at each question is shown on each chart of the detailed results.

The Detailed Results

This section provides a detailed summary of the results of the Contract customer online workbook. The section headings relate to the sections of the workbook as outlined above.

Why are we here?

At the start of the workbook, participants were provided with a brief explanation of why Union Gas was undertaking this customer consultation:

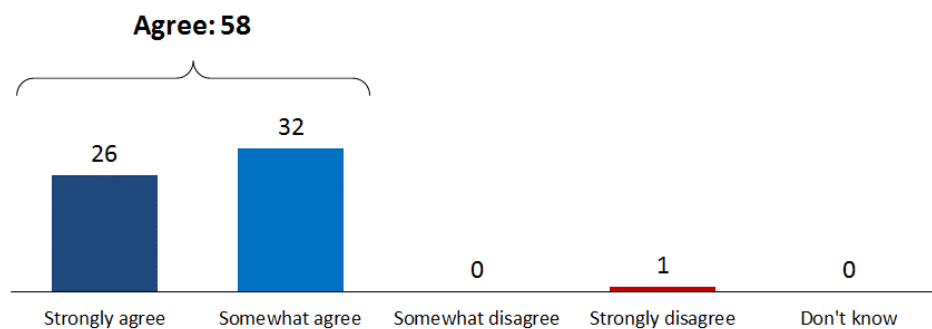
This consultation is a new way to include your views as Union Gas builds its business plan for at least five years, beginning in 2019.

- 1 In Ontario, natural gas utilities are regulated by the Ontario Energy Board, the provincial energy regulator.
- 2 The Ontario Energy Board requires that Union Gas build a business plan for the cost effective delivery of outcomes that matter to customers.
- 3 This plan will determine the investments Union Gas makes in equipment and pipelines, the services it provides you as a customer, and the rates you pay.
- 4 **Your rates pay for this plan** so your views must be considered.
- 5 The Ontario Energy Board must approve the plan and the rate application. In some cases they have denied specific costs in the past.


Of the 59 participants, only one *strongly disagreed* that they understood why Union Gas was seeking their input. Everyone else either *strongly* (26) or *somewhat* (32) *agreed*.

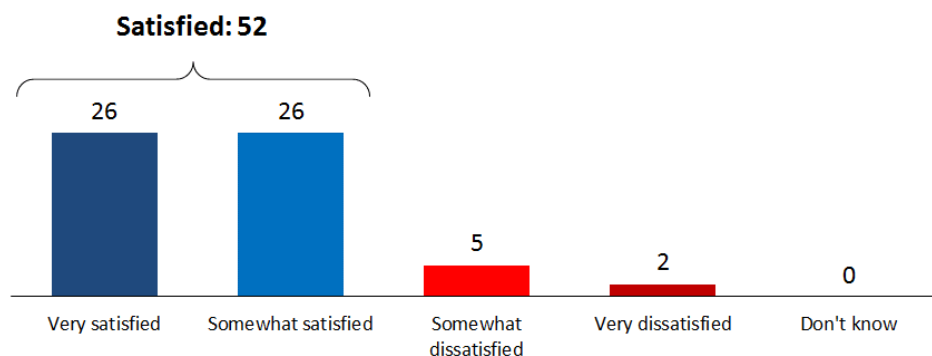


I understand why Union Gas is seeking my input.
[answered by 59 Contract Customers]




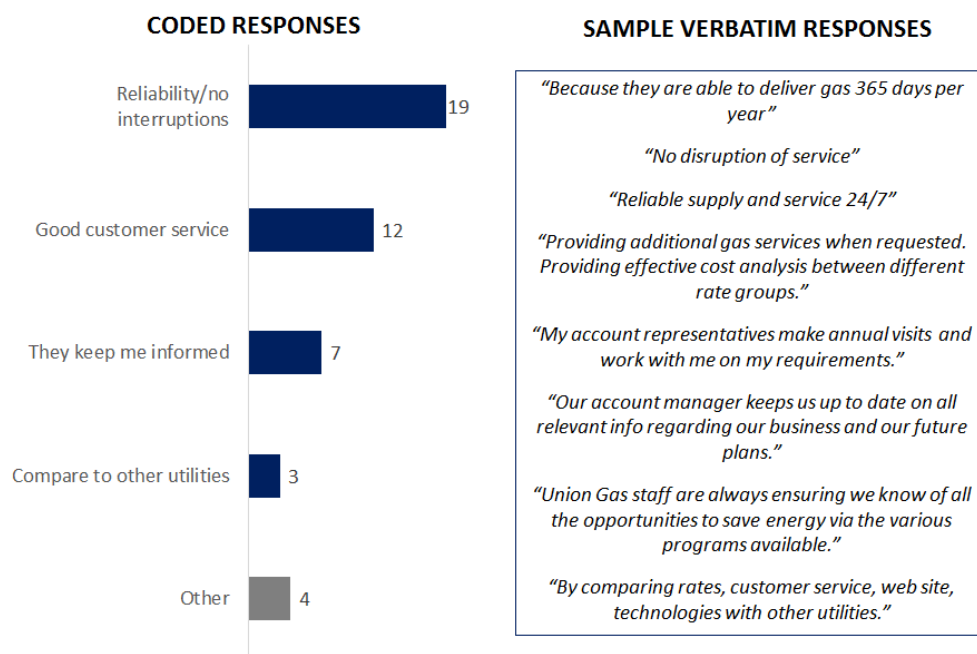
Most (52 of 59) participants are either *very* (26) or *somewhat* (26) *satisfied* with the overall performance of Union Gas in providing their business with natural gas service. Five (5) are *somewhat dissatisfied* and two (2) are *very dissatisfied*.

 How satisfied are you with the overall performance of Union Gas in providing your business with natural gas service?
 [answered by 59 Contract Customers]




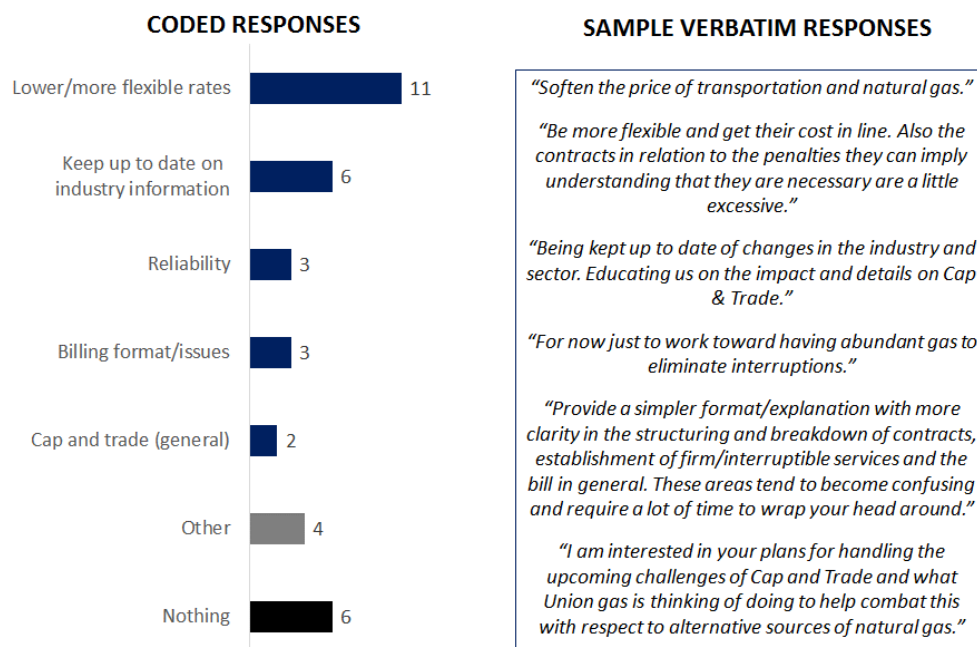
Reliable service with no interruptions is the main (19 out of 45) way in which participants know whether or not Union Gas is doing a good job for their business, followed by customer service (12 mentions). Some say it's a matter of being kept informed (7), while other customers (3) are comparing Union Gas to other utilities.

 How do you know if Union Gas is doing a good job for your business?
 [answered by 45 Contract Customers]




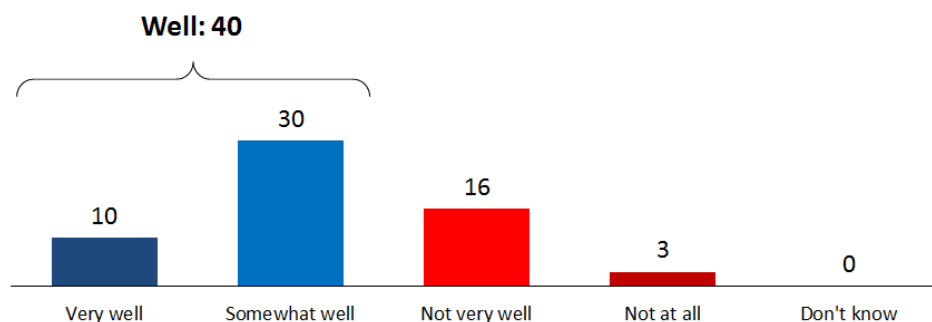
Asked if there is anything Union Gas could do better, 11 out of the 35 participants who provided an answer cited “lower/more flexible rates”. About half as many (6) feel that Union Gas could do a better job of keeping them up to date on industry information. Others cited reliability (3), billing format/issues (3) or cap and trade (2). Six Contract customers specifically noted that there is nothing Union Gas can do better.

 Is there anything in particular you feel Union Gas can do better?
[answered by 35 Contract Customers]




Out of 59 Contract customers, 40 (*very well* = 10, *somewhat well* = 30) feel that they understand how their feedback fits within Union Gas' planning process. Many (16) said they didn't understand it very well, and a few (3) said they didn't understand at all.

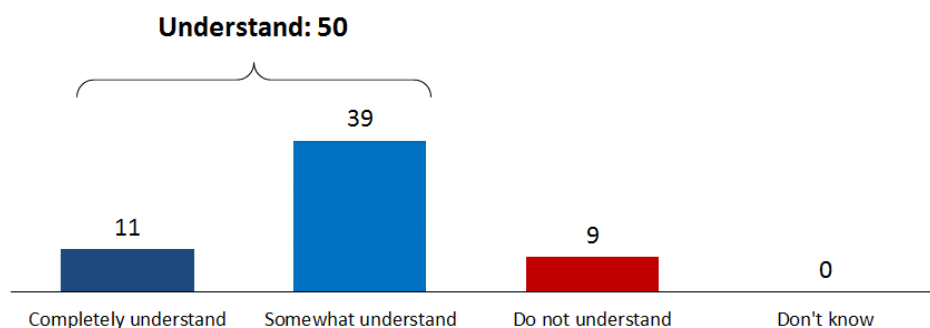

 How well do you feel you understand how your feedback fits within this planning process?
 [answered by 59 Contract Customers]



How are Rates Set?

At this point in the workbook, participants were given a brief overview of how natural gas rates are set, including what the costs are, how these costs are included in rates, and how rates are updated. Most participants feel they have a good understanding of how natural gas distribution rates are set, with 50 out of 59 participants saying they either *completely* (11) or *somewhat* (39) *understand*. The remaining nine report that they do not understand how rates are set.


 How well do you feel you understand the basics of how natural gas distribution rates are set?
 [answered by 59 Contract Customers]



Customer Outcomes

In reviewing its previous customer research and in discussions with its client-facing staff, Union Gas developed a preliminary list of outcomes upon which to seek customer feedback.

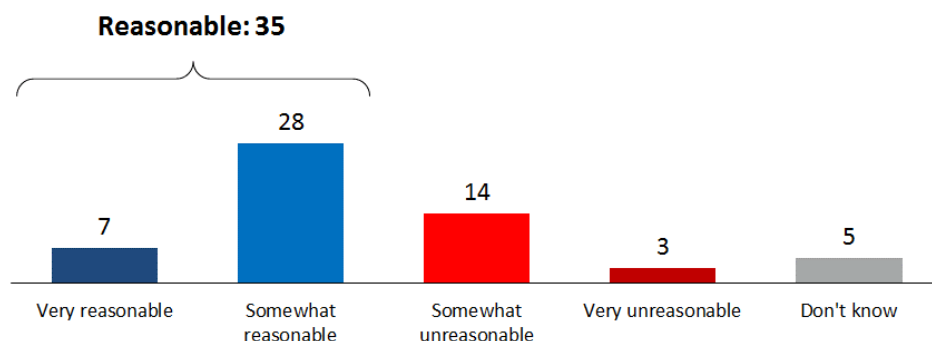
This series of questions asked participants to rate the performance of Union Gas on eight different customer outcomes, and to share their thoughts on how Union Gas could do better.

Stable, predictable, and affordable pricing

Out of the 57 Contract customers who responded to the question, most (35) indicated that they feel the price for distributing natural gas is at least *somewhat reasonable*. Some find the price *somewhat* (14) or even *very* (3) *unreasonable*, and the remaining five don't know.

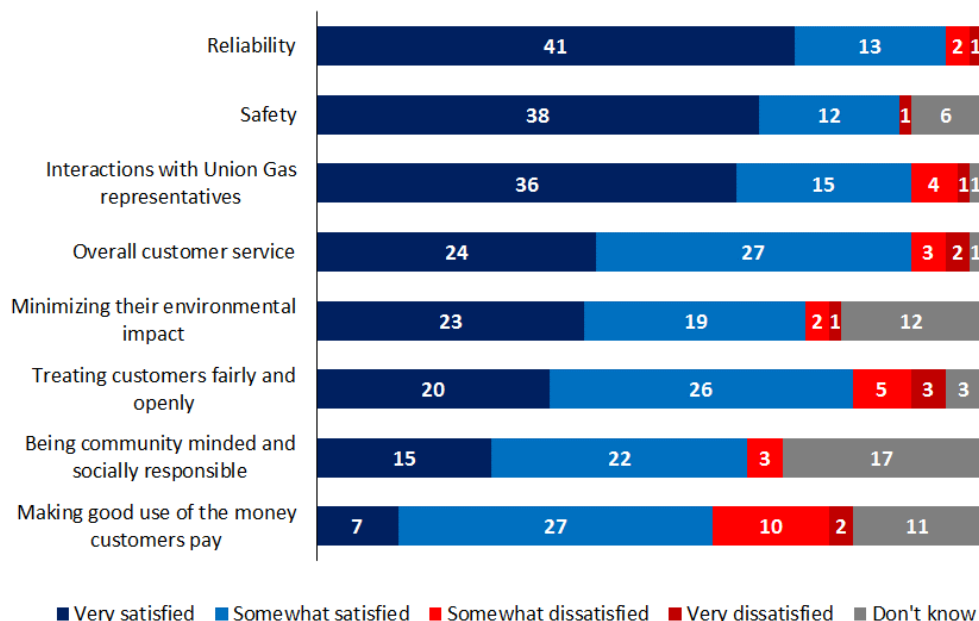


Overall, how reasonable do you find the price for distributing gas?
[answered by 57 Contract Customers]



Remaining Outcomes Ranked According to Highest Number “Very Satisfied”

Reliability, safety and interactions with Union Gas representatives garner highest marks in satisfaction, with at least 35 out of 57 participants saying they are *very satisfied* with Union Gas’ performance on these customer outcomes.



- Contract customer survey respondents are highly satisfied with Union Gas when it comes to **reliability**, with 41 out of 57 saying they are *very satisfied* on this customer outcome. Another 13 are *somewhat satisfied*. Only a few are either *somewhat* (2) or *very* (1) *dissatisfied*.
- More than half (38) of survey participants are *very satisfied* with Union Gas when it comes to **safety**, and another dozen (12) are *somewhat satisfied*. Only one participant is *very dissatisfied*, and the remaining six don’t know how they feel.
- Asked about their **interactions with Union Gas representatives** specifically, most (51 out of 57) are satisfied, but the intensity of satisfaction is higher than for overall customer service (see below) with 36 participants saying they are *very satisfied*.
- Most (51 out of 57) Contract customer survey participants are at least *somewhat satisfied* (27) with Union Gas’ **overall customer service**. Only a handful are either *somewhat* (3) or *very* (2) *dissatisfied*, and the remaining participant doesn’t know.
- Most (46 out of 57) participants are satisfied that Union Gas is **treating customers fairly and openly**, with 20 saying they are *very satisfied* and 26 saying they are *somewhat satisfied*. Only 8 are either *somewhat* (5) or *very* (3) *dissatisfied* and the remaining three don’t know.
- Asked whether they are satisfied that Union Gas is **being community minded and socially responsible**, 15 say they are *very satisfied*, and another 22 say they are *somewhat satisfied*. Seventeen out of 57 don’t know how to rank Union Gas on this outcome.
- Most (34 out of 57) participants are satisfied that Union Gas is **making good use of the money customers pay**, but 27 out of 34 are only *somewhat satisfied* that this is the case. Ten are *somewhat dissatisfied* and another two are *very dissatisfied*.

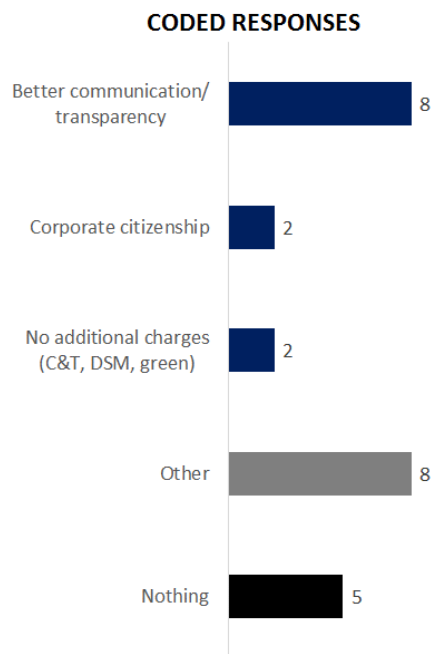
- When it comes to **minimizing their impact on the environment**, 23 of 57 are *very satisfied* with Union Gas and another 19 are *somewhat satisfied*. A sizeable number (12) don't know how they would rank Union Gas on this outcome.

Improving Performance on Customer Outcomes

After rating Union Gas' performance on each of eight customer outcomes, survey participants were asked for suggestions on how Union Gas can improve its performance. Of the 25 who provided comments, eight cited "better communication/transparency", and two cited "corporate citizenship" or "no additional charges (C&T, DSM, green)". Eight other responses were given including suggestions like rural access. Five participants said there is nothing Union Gas can do to improve.



Thinking about the 8 topics we just talked about, do you have any specific suggestions for how Union Gas can improve its performance?
 [answered by 25 Contract Customers]



SAMPLE VERBATIM RESPONSES

"Additional explanations as to what is being done to lower gas and delivery costs. clear annual objectives and progress updates against those defined objectives."

"Union could listen a little more to specific customer need, not just answer with the rate socialization rhetoric."

"you never hear of what they are doing in the community. Letting people know or having more community involvement in our area anyway would help."

"Companies should not pay for DSM programs through rates. Renewable natural gas - should Union Gas choose to include green gas in its supply portfolio large customers not on system gas should not pick up any of these costs."

"Natural Gas is the best and cleanest way to heat our homes and business we need all of Ontario having access to this great resource. The rural areas of Ontario need natural gas supplied to them."

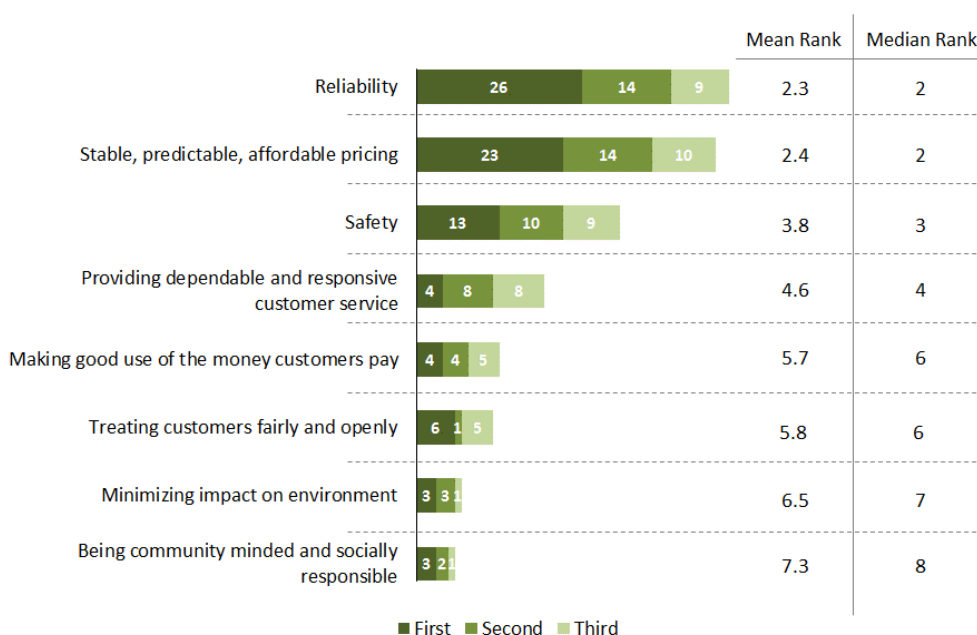
Customer Outcome Priorities

Survey participants were asked to indicate how important eight customer outcomes are to them by ranking them numerically. All were encouraged to rank at least their top three most important customer outcomes.

Topping the list, with 26 of 55 participants ranking it number one, was reliability, followed closely by stable, predictable and affordable pricing, which garnered 23 number one rankings. Safety rounded out the top three, with 13 ranking it number one. The two least important customer outcomes are minimizing impact on the environment and being community minded and socially responsible.

Q Looking at the list below, including any outcomes you may have added, please indicate which outcomes are most important to you. In the column titled Ranking, please place a 1 by the most important outcome, a 2 by the second most and so on. Please try to rank at least three outcomes that are most important to you. If you would like to rank them all, please do so.

[answered by 55 Contract Customers]

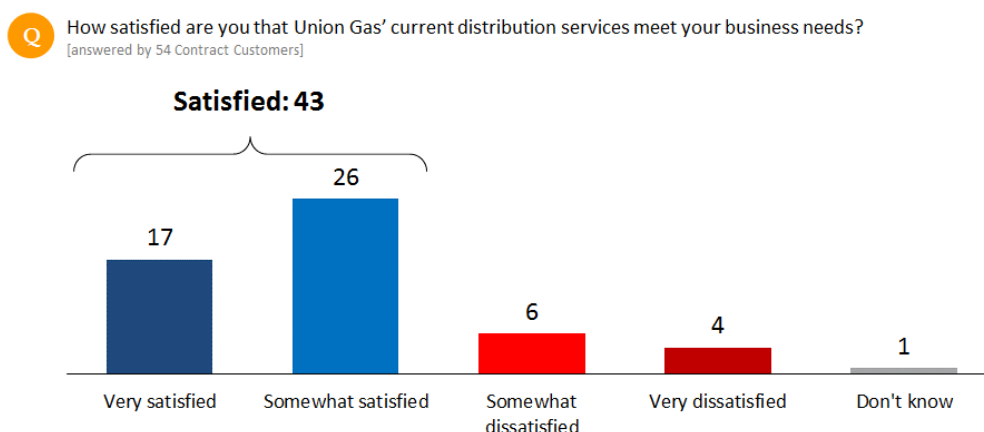


Making Choices

A preface to this section of the online workbook informed Contract customers that Union Gas needs to make choices on various trade-offs as part of finalizing their multi-year business plan, and that the Ontario Energy Board requires utilities to consult with customers to understand their preferences on these trade-offs. The “Making Choices” section of the workbook asked Contract customers to indicate their preferences in a series of trade-offs, and they were given an opportunity to provide additional comments at each question.

Rate Design Considerations

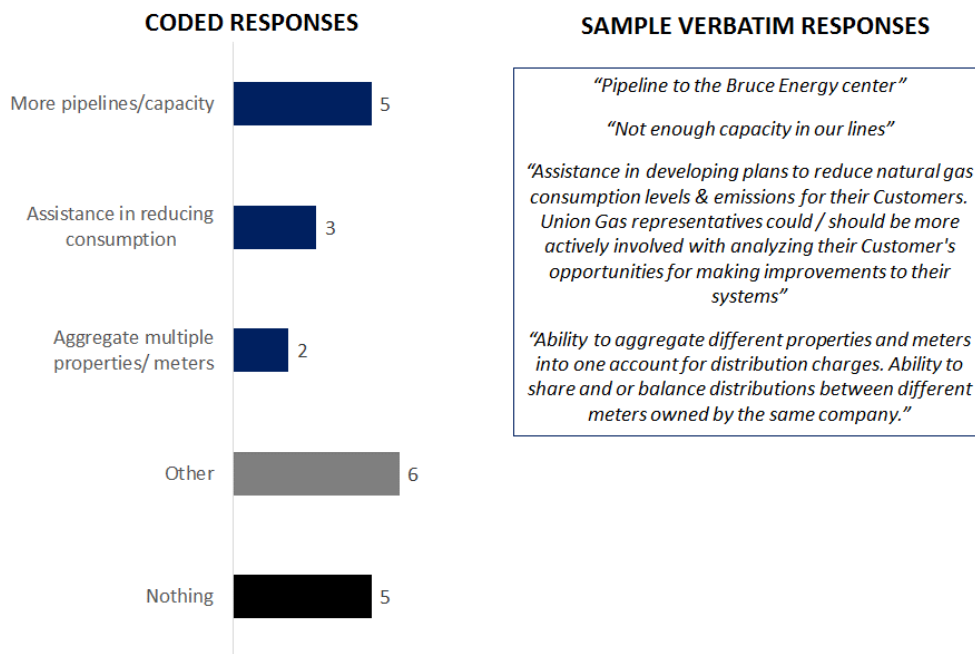
Out of the 54 Contract customer who responded to the question, 43 indicated that they are either *very* (17) or *somewhat* (26) *satisfied* that Union Gas’ current distribution services meet their business needs. Of the remaining 11, six are *somewhat dissatisfied*, four are *very dissatisfied*, and one doesn’t know.



Participants were asked if there are any additional distribution service offerings that Union Gas could offer to meet their needs. Of the 21 who provided a response, five suggested increasing capacity, three suggested assistance in reducing consumption, and two would like to aggregate multiple properties/meters. Six of the 21 gave other suggestions, and five said there was nothing further Union Gas could offer them. The fact that only 21 out of the 54 participants who answered the previous question gave suggestions for additional services suggests that there is no particular area of demand for increased distribution services.



Are there additional distribution service offerings that Union Gas could offer to meet your needs?
[answered by 21 Contract Customers]



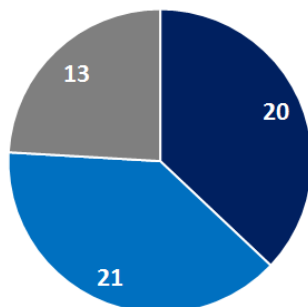
The workbook provided participants with the following description of deferral accounts, and then asked which of two options they would prefer:

Deferral accounts are used to capture the difference between the amount built into current rates and the actual amount of spend on various different items. Union Gas has to apply to the Ontario Energy Board to refund or collect deferral balances. As a result of the nature of deferral accounts, sometimes customers receive a refund or charge in a future period related to the disposition of deferral account balances from a prior period.

Participants were divided on the issue of out-of-period adjustments, with 21 saying Union Gas should mitigate them in favour of truing up the variance, and 20 saying they should continue the current method and dispose of deferral account balances once they are approved by the OEB. The remaining 13 are not sure or don't have a strong opinion.

Only a handful of respondents to this question provided additional comments to support their preference, as shown in the figure on the following page.

Q Thinking about the potential for an out-of-period adjustment, which would you prefer?
[answered by 54 Contract Customers]



- Union Gas should continue the **current method** and dispose of deferral account balances once they are approved by the OEB.
- Union Gas should try to **mitigate out-of-period adjustments** even if this means building an estimate into the current rates and then truing up the variance.
- I'm not sure/don't have a strong opinion about this.

COMMENTS: "CURRENT METHOD"

"Deferrals are ok provided a detailed explanation is provided. This is especially key when receiving an unexpected charge."

"I can not go back to my customers next year and say that they now have to pay me more for last year's product... let's get serious here and be accountable."

COMMENTS: "MITIGATE"

"Deferral balances should not be material amounts if managed properly."

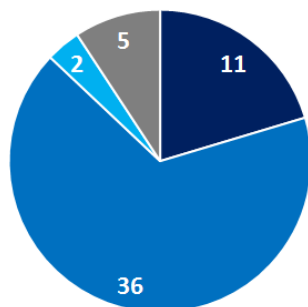
"Regularly like QRAM."

"Union Gas should develop a way to eliminate these adjustments altogether!! Union Gas should provide transparency to their customers related to the root causes for these 'Deferral Accounts'."

If the OEB were to approve a rate increase in 2019, most (36 out of 54) would like to see Union Gas apply a steady annual increase over a five year period, but there are some (11) who would prefer that rates are adjusted to reflect costs as they occur. Only a couple (2) prefer a one-time larger increase in the first rebasing year.

Those who prefer a steady annual increase want transparency and prudence, and may even be opposed to any type of increase, particularly in light of the Enbridge acquisition.

Q If the Ontario Energy Board approved a rate increase in 2019, which of the following statements best describes your view on the implementation of the rate change:
[answered by 54 Contract Customers]



- Adjust rates to **reflect costs as they occur**, which may result in more annual volatility.
- Apply a **steady annual increase** in rates over a 5 year period to minimize annual volatility.
- Apply a **larger one time increase** in the first rebasing year and then leave rates flat for the remaining period.
- I'm not sure/don't have a strong opinion about this.

COMMENTS: "REFLECT AS THEY OCCUR"

"How about a decrease in rates. I know of no business that isn't squeezed to deliver more for less."

"We've been told there is a 100 year supply of gas here in North America. It shouldn't be too hard to keep costs low and close to where they are today. I believe the challenge going forward will be in maintaining infrastructure."

COMMENTS: "STEADY ANNUAL INCREASE"

"And insist on year-end review on prudence, etc."

"None of the above. The rate of increases do not reflect inflation rate."

"Provide customers with clear objectives of how increases will be managed along with minimal annual updates on changes to assumptions due to rate increases."

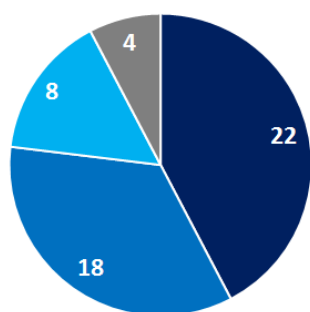
Spending on the pipes and equipment that deliver gas to your business

Prior to asking questions on maintenance capital spending, participants were provided with an overview discussing the challenge of finding a balance between the health of the system and maintenance spending. The current practice is that Union Gas reinvests at the rate of depreciation, providing a steady cost of capital, but replacing less than 1% of the system – leading to the system getting a little older every year. Possible other scenarios would have Union Gas increase maintenance spending now to avoid potential larger increases in the future, or to take a shorter-term approach and spend only what is needed to keep the system in good order now. It was explained that a 10% change in maintenance capital spending would increase or decrease Contract customer rates by 0.2% per year.

Participants show a slight preference for paying higher rates that are spread out evenly over time (22), rather than continuing the current practice of spending at depreciation (18). Only eight would like to see a focus on the immediate impact on rates and spending only what is needed now. The remaining four are not sure or don't have a strong opinion.

The range of comments from those who prefer a focus on the long-term health of the system touch on the impact of a system failure on industry reputation, as well as questioning why this approach would result in higher rates. Comments from those who prefer either of the other two options are focussed on keeping costs down and not them passed on to ratepayers.

Q Thinking about Union Gas' budget for replacing pipelines and equipment that deliver gas to your business, which of the following statements best represents your point of view?
[answered by 52 Contract Customers]



- Union Gas should look at the **long-term health** of the system and spread costs out evenly over time even if that means higher rates.
- Union Gas should continue **its current practice** of spending at depreciation.
- Union Gas should focus on the **immediate impact** on rates and only spend what it takes to keep the system in good order now.
- I'm not sure / don't have a strong opinion about this

COMMENTS: "LONG-TERM HEALTH"

"A failure in the system could be very expensive and depending on severity would be bad politically for the natural gas industry."

"Look at system costs over time and group work/expansions and replacements over time."

"Not sure why it means higher rates."

COMMENTS: "SPEND AT DEPRECIATION"

"Concern that depreciation terms on pipe is too short. Union could provide more infrastructure under current practices."

"Once again, Union Gas should replace pipelines and equipment as required, and not have a financial bearing on users. Remember, Union Gas should be fiscally responsible and pay for gas line replacements through depreciation and not special assessment."

COMMENTS: "IMMEDIATE IMPACT"

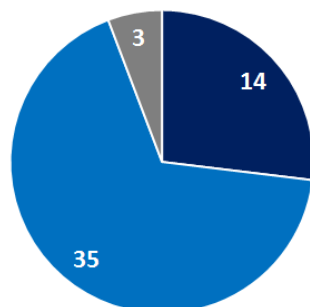
"I don't agree with spending at depreciation. If equipment is in good working order and can be utilized beyond the depreciation period, it should be utilized which will ultimately help reduce costs over time."

Asked whether Union Gas should delay capital spending in years with a potential for a large rate increase, or prioritize maintaining the system with a steady pace of investment, more than half (35 out of 52) chose the latter option. These respondents did not provide any additional comments.

Some (14) would prefer that Union Gas delay capital spending in this scenario. One participant specified that safety should not be compromised, however. Additional comments indicated that a balance of the two options would be the preferred approach for some participants.

Q Every few years Union Gas goes through a cost review which can result in larger than normal bill increases. Thinking about years that may have larger than normal increases, which of the following statements is closest to your point of view?

[answered by 52 Contract Customers]



- In years with the potential for a large rate increase, Union Gas should give priority to keeping rates as low as possible and **delay** capital spending on pipes and equipment.
- As a general rule, Union Gas should give priority to maintaining the system by continuing a **steady pace** of investment.
- I'm not sure / don't have a strong opinion about this

COMMENTS: "DELAY"

"As long as safety and reliability are not compromised."

"Optimize projects over long period of time – eventually reduces costs."

"I think we need a balance."

"Monies should only be spent to replace/repair their natural gas distribution infrastructure as required."

COMMENTS: "STEADY PACE"

[NONE]

COMMENTS: "I'M NOT SURE"

"Balanced approach is just common sense."

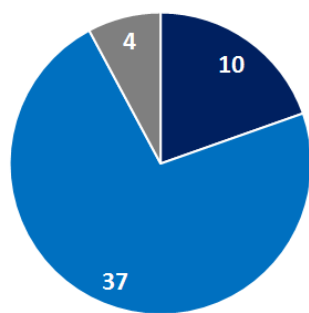
"Requires balance, not one or the other."

Spending on the buildings and equipment used to manage the pipelines and serve customers

Some introductory copy provided participants with an overview of the system's human, vehicular and technological assets. It went on to explain that in instances where, for example vehicle maintenance costs are higher than replacement costs, there is a good business case to replace. However, there are time when it may make sense to invest in new buildings or equipment even when maintenance costs are not the deciding factor.

With that in mind, 37 out of 51 survey participants say Union Gas should be prudent, but ensure their staff have the equipment and tools they need to keep the system running efficiently and reliably. Based on their comments, "prudent" is the key word. Ten participants say Union Gas should make do with the assets they already have – primarily because they feel this is just a reality given the current economic environment.

Q Thinking about the cost of the buildings and equipment used to manage the pipelines and serve customers, which of the following statements is closest to your own view?
[answered by 51 Contract Customers]



- Union Gas should find ways to **make do** with the buildings, equipment and IT systems they already have.
- While Union Gas **should be prudent in its spending**, it is important that their staff have the equipment and tools they need to manage the system efficiently and reliably.
- I'm not sure / don't have a strong opinion about this

COMMENTS: "MAKE DO"

"Customers generally take a similar approach – making go with current Capital especially in today current economic climate of uncertainty."

Just as any other customer in their jurisdiction, Union Gas should be fiscally responsible and continue to do more with less."

COMMENTS: "BE PRUDENT"

"If it can bring efficiency and lower the operating cost I think it is acceptable."

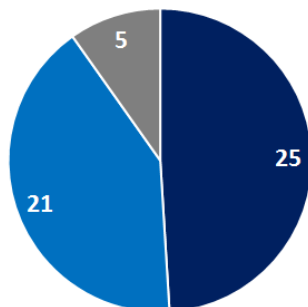
"Just one word here is important 'prudent', it's not because you can put it in the rate base that it's good."

"Still model is wrong/broken. Cost effectiveness includes the two items mentioned. Do what needs to be done without gold plating."

Asked again about the impact of a cost review on the pace of capital spending, this time 25 out of 51 state a preference for keeping rates low and delaying capital spending in these areas (compared to 14 out of 52 choosing to delay capital spending on pipes and equipment). Only slightly fewer (21) prefer a steady pace of investment. Those who would opt for a steady pace want to avoid large surges, but they also want Union Gas to find balance rather than being at the “bleeding edge of technology”.

Q Every few years Union Gas goes through a cost review which can result in much larger than normal bill increases. Thinking about years that may have larger than normal increases, which of the following statements is closest to your point of view about the cost of the buildings and equipment used to manage the pipelines and serve customers?

[answered by 51 Contract Customers]



- In years with the potential for a large rate increase, Union Gas should give priority to keeping rates as low as possible and **delay** capital spending on these areas.
- As a general rule, Union Gas should give priority to maintaining a productive workplace by continuing a **steady pace** of investment.
- I'm not sure / don't have a strong opinion about this

COMMENTS: “DELAY”

“Do what’s needed when needed. Questions are leading – to a bad place.”

“I believe Union is a very inefficient company.”

COMMENTS: “I’M NOT SURE”

“Again, both.”

COMMENTS: “STEADY PACE”

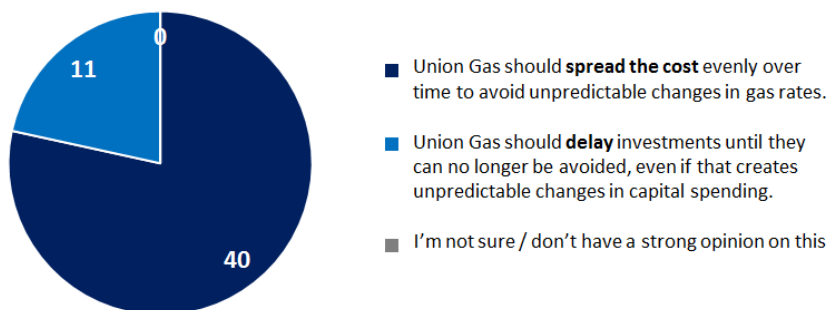
“Avoiding large surges in costs helps.”

“So long as the investment in capital reduces and or stabilizes rates in the long run.”

“Union should compare itself and aim to be above the average. Avoid being at the leading edge. Find balance. Do not fall below average but avoid being at the bleeding edge of technology.”

Upon being informed that Union Gas plans to invest approximately 5% of its maintenance capital in renovating older buildings and building new ones over the next decade, most (40 out of 51) say they should spread the cost evenly over time to avoid unpredictable rate changes. Eleven would prefer Union Gas delay investments until they can no longer be avoided. A review of the comments from both sides of the fence shows that prudence is once again a key factor.

Q Union Gas plans to invest approximately 5% of its maintenance capital in renovating older buildings and building new ones over the next 10 years. Which is closest to your view?
[answered by 51 Contract Customers]



COMMENTS: "SPREAD COST EVENLY"

"Again, prudence is key."

"Building renovations and purchases can be very expensive. I would like to know the strategy for managing real estate needs at Union Gas."

"Do you really need what you think you do? Not everyone can get costs of out marketplace."

"Evenly over time."

COMMENTS: "DELAY INVESTMENTS"

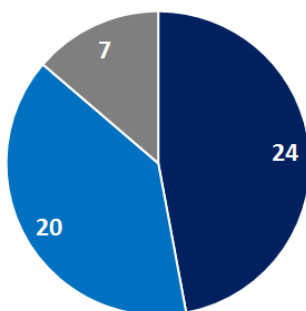
"Answers are not good. Do what needs to be done – there is an optimal time for CAPEX vs OPEX – long term view – figure it out."

"Investing fixed percentages can result in wasteful unnecessary investments. All investments should be legitimized as truly necessary before approving."

Participants were asked about Union Gas' IT plans after being informed that they invest approximately 12% of its maintenance capital on computer systems. In this instance, participants were more evenly divided with 24 of 51 saying Union Gas should spend the money to ensure operations continue to run smoothly, and 20 saying Union Gas should only invest in the systems that are required to keep a safe system. The remaining seven are not sure or don't have a strong opinion.

Based on the comments, it appears that safety was a deciding factor for some who would spend the money needed. Those who prefer to invest only where required may feel the amount being spent is too high, or they may prefer a balance between the two.

Q Union Gas invests approximately 12% of its maintenance capital on computer systems. Thinking about Union Gas' Information Technology plans, which statement most closely resembles your view?
[answered by 51 Contract Customers]



- Union Gas should **spend the money** needed to ensure that its systems, customer service and internal operations continue to run smoothly, even if that requires a rate increase.
- In order to **keep costs down**, Union Gas should only invest in the systems that are required to ensure a safe system, and wait for other systems to become vulnerable or compromised before starting a replacement process.
- I'm not sure /don't have a strong opinion about this

COMMENTS: "SPEND THE MONEY"

"Come on. Who would really choose 'waiting for system to become compromised' before starting replacement."

"How can one system be safe and other vulnerable and compromised...it's either safe and reliable or it's not."

COMMENTS: "KEEP COSTS DOWN"

"As above, should be 5% rather than 12%."

"Balance between the two options is probably a more ideal approach."

"I see no reason why a system should become vulnerable before upgrading, especially to hackers."

COMMENTS: "I'M NOT SURE"

"Why is it that renewing systems needs a rate increase, amortization and depreciation should stabilize cost."

Employee Salaries

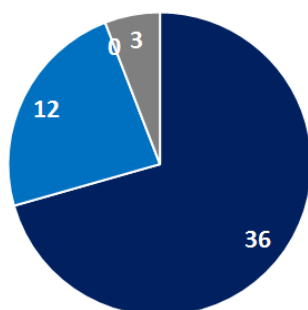
The following information was shared with participants before asking about employee salaries:

The salaries, benefits and pensions of Union Gas' 2,300 employees make up just over half of the operating budget. Currently, Union Gas' policy has been to set its employee compensation at the industry average. To be more competitive in attracting and retaining staff, Union Gas could increase compensation to above average. To keep rates down, they could lower compensation to below the industry average. Every 1% change in salaries, benefits and pensions translates into roughly a 0.2% increase or decrease in rates.

With that information in mind, most (36 out of 51) would prefer that Union Gas keep to their current strategy, while 12 would like to see lower salaries in order to reduce costs. No one felt that Union Gas should raise salaries. Judging by the comments, some would like more information about the reference to "the industry average" – specifically, which companies and/or industries.



Thinking about how Union Gas compensates employees, which of the following most closely represents your views?
[answered by 51 Contract Customers]



- The **current strategy** of paying the industry average is the appropriate balance
- Union Gas should **lower salaries** below average in order to reduce costs.
- Union Gas should **raise salaries** even if it means paying more.
- I'm not sure / don't have a strong opinion about this.

COMMENTS: "CURRENT STRATEGY"

"I would have thought that raising compensation to attract better employees would lead to lower costs for consumers through better employee performance and innovation?"

"Only if this industry average includes a good cross section of employers and not just similar near monopoly regulated organizations."

"The main questions are around what compensation is needed to attract and retain needed talent and who to eliminate waste in the system so they can be more productive."

COMMENTS: "LOWER SALARIES"

"Again - answers are not good. Salaries should be commensurate now with energy sector, but all sectors. Wages / benefits and pensions are generally far too high."

"I feel a bit torn about this one. Everyone deserves a raise eventually but I don't feel it should be at the total cost of the consumer as you give employees raises based on performance. Maybe check how you rate your employees before giving such raises."

"Who is in your industry average? You are the industry. You really do need some staff turnover."

Keeping Ahead of Expected New Regulations

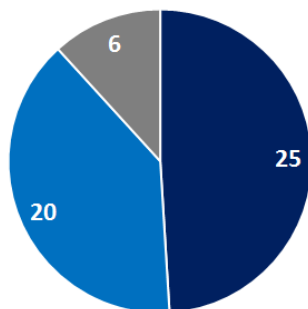
Maximum Operating Pressure Verification

In the United States, regulators require that all pipeline operators review installation records in order to verify the Maximum Operating Pressure (MOP) for each pipe. This is not currently a requirement in Canada, but Ontario's other major gas distributor has proactively decided to make these verifications. Union Gas estimates that reviewing all of its installation records to verify MOP would result in a Contract customer rate increase of approximately 0.2% spread over several years.

Having been informed of this, participants were asked whether or not Union Gas should adopt the MOPV standard. Half (25 out of 51) of participants say Union Gas should hold off until MOP verification is regulated if they are not experiencing any immediate problems, but only slightly fewer (20) feel Union Gas should adopt the higher standard ever if it increases costs. One participant commented that other gas utilities are not Union Gas competitors (and so there is no reason to change), while others – who say Union Gas should undertake MOP verification – say it's a matter of safety.



Maximum Operating Pressure Verification: Thinking about this issue, which point of view is closest to your own?
[answered by 51 Contract Customers]



- If Union Gas is not experiencing any immediate problems that might be addressed by these verifications, they should wait until a regulator directs them to complete these verifications to **keep costs down**.
- If other gas utilities are **moving to a standard higher** than the current regulations in Ontario, Union Gas should as well, even if it increases costs for consumers.
- I'm not sure / don't have a strong opinion about this

COMMENTS: "KEEP COSTS DOWN"

"If the new standard makes sense then do it sooner, if not, challenge. Really, those are the questions."
"Other gas utilities are not your competition. Please. Just stay to current Ont. Regs."

COMMENTS: "HIGHER STANDARD"

"If best practice, you cannot avoid it. As manager of large assets we understand that Union Gas needs to keep its system safe within its budget reality."
"Safety first."

COMMENTS: "I'M NOT SURE"

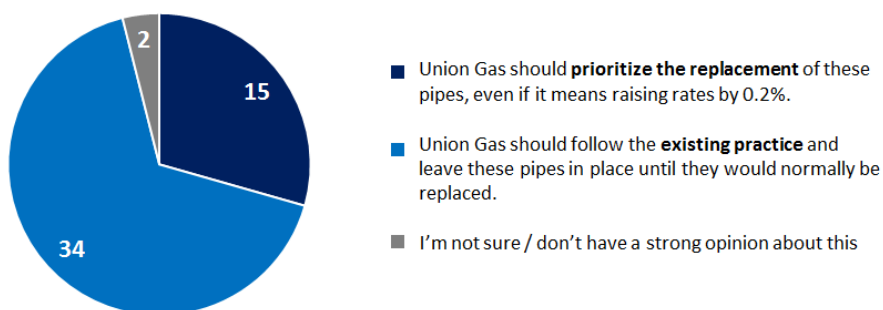
"Looking at potential changes in regulations and predicting what might change allows for a gradual, well thought-out implementation which should be less costly in the long term."

Bare and Unprotected Pipes

At present, 0.5% of the pipe in the Union Gas system is either bare (older and not coated) or unprotected (not cathodically protected). They are under regulation, but they are more vulnerable to corrosion and leaks. The current plan is to replace these pipes in the normal course of maintenance, but the other option would be to replace them sooner – which would increase Contract customer rates by approximately 0.2% for 10 years.

Staying with the current practice of replacing in the normal course of maintenance is the preferred approach for 34 of 51 participants, whereas 15 say Union Gas should prioritize the replacement of these pipes.

Q Bare an Unprotected Pipes: Thinking about the issue of bare and unprotected pipes, which most closely reflects your view:
[answered by 51 Contract Customers]



COMMENTS: "PRIORITIZE REPLACEMENT"

"We look forward to Union to keep its pipe safe within budget."

COMMENTS: "EXISTING PRACTICE"

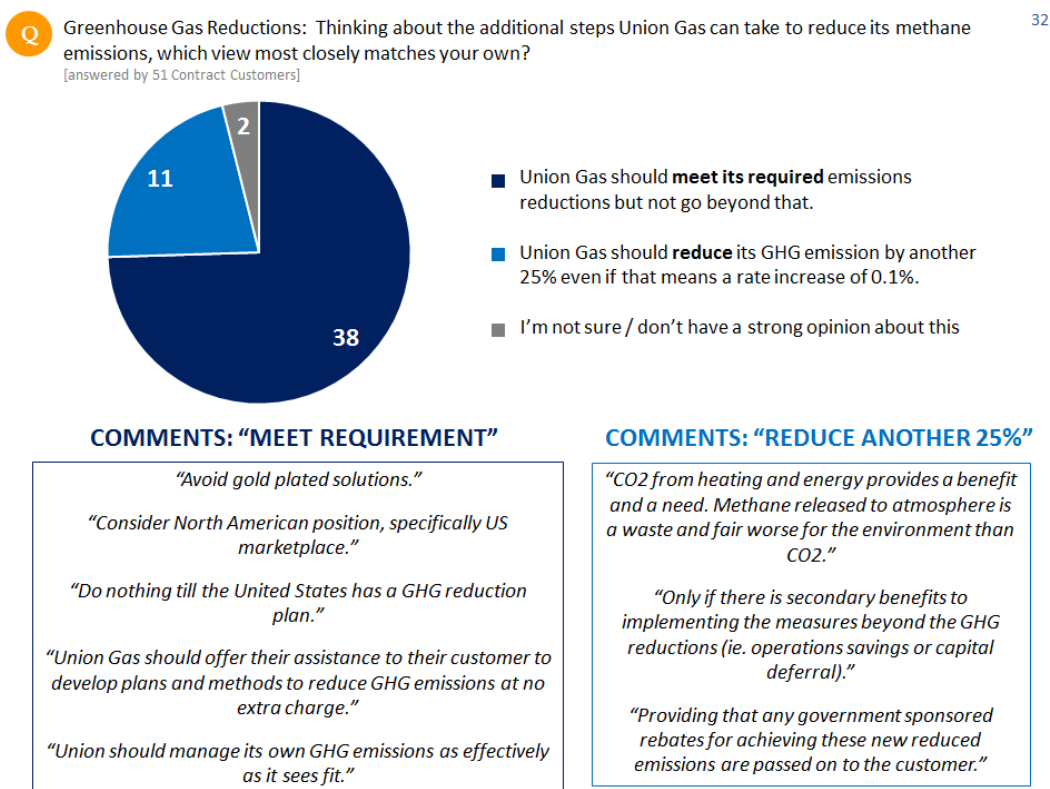
"If rates go up for something like this, they stay up. So, no."

Greenhouse Gas Reductions

Based on Union Gas' planned changes to how it designs and operates their systems, they anticipate a potential 5 to 10% reduction in methane emissions by 2019, which complies with regulations. They could, however, invest in additional equipment and make additional changes that would further reduce emissions by another 25%. This additional effort and investment would result in a rate increase for Contract customers of approximately 0.1%.

Most (38 out of 51) feel Union Gas should meet the requirement but not go beyond that. A couple of these participants suggest looking to the US before taking additional action. One says they should help their customers reduce emission at no additional charge.

Eleven feel that Union Gas should reduce emissions by another 25% and are willing to accept higher rates in return. But two of these participants cite caveats regarding financial benefits.



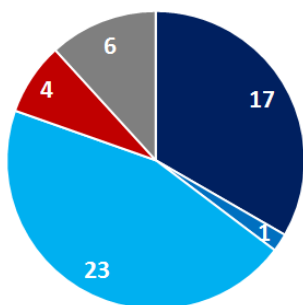
Innovation and Technology Fund

In a lead-up to a question about the possibility of an innovation and technology fund, participants were informed that Union Gas is considering a fund of \$10 million per year to support internal projects and corporate partnerships geared toward the research and development of new natural gas technologies. Potential examples were given, such as using the natural gas pipeline system as energy storage, using biomass and hydrogen programs to provide “greener” natural gas, and technologies to help consumers be more energy efficient.

Of the 51 Contract customers who responded to this question, almost half (23) support the idea of a fund, but think \$10 million is too much. Slightly fewer (17) feel \$10 million is about right, but only one respondent feels Union Gas should invest more in this fund. Four participants say Union Gas should not be investing in new technologies, and the remaining six aren’t sure or don’t have a strong opinion.

Regardless of which option they preferred, the comments provided demonstrate that there are a few who either want more details on the fund or who feel Union Gas should bear this cost, not ratepayers.

Q Innovation and Technology Fund: Thinking about the potential to start investing in an innovation and technology fund, which statement is closest to your own view? 33
[answered by 51 Contract Customers]



- Union Gas should invest in new technologies, and the proposed \$10 million a year (rate increase of approximately 1%) **sounds like the right amount.**
- Union Gas should invest in new technologies, and should spend **more than \$10 million** a year even if that means higher rates.
- Union Gas should invest in new technologies, but \$10 million a year is **too much** to spend.
- Union Gas **shouldn't invest** in new technologies.
- I'm not sure / don't have a strong opinion about this..

COMMENTS: “\$10M SOUNDS RIGHT”

“They should invest in new technologies but I have no idea what the right amount should be.”

COMMENTS: “SHOULDN’T INVEST”

“Research and development should be done by vendor and not union gas.”

“Union should invest as is prudent.”

COMMENTS: “MORE THAN \$10M”

[NONE]

COMMENTS: “\$10M IS TOO MUCH”

“R&D. has tax abatements, which should be used in the innovation plan and not rely upon users to finance the plan!”

“What are other utility companies spending and what other programs exist to help minimize the impact on the consumer.”

“What portion of the \$10M is being funded by Union Gas, not the customers. Why does the funding always have to come from the customers.”

How did we do?

Participants were generally positive in their reviews of the workbook, although some felt the questions were biased or that they were forced to make choices. For most, the amount of information provided was just right. Among those who felt content was missing, for the most part the information they were seeking was beyond the scope of this consultation (cap and trade, pipeline expansion). More than half who provided input for future consultations suggested that the current format be used again.

General Impression

From the 38 Contract customers who provided input to an open-ended question on their general impression of the workbook, feedback was more positive than negative. Ten (10) individuals found the questions to be biased or that they were forced to make choices (although it is worth noting that each question provided an option to say “I’m not sure / don’t have a strong opinion about this”). Almost as many (9) said the workbook was “excellent/good/fine”. Six (6) found the workbook informative and they learned a lot about Union Gas, and four thought it was a good idea to ask for feedback. Five found it either not beneficial (3) or had other general negative comments (2). There were four additional singular comments that were not coded into any of these categories, which were neutral to positive in tone.



General Impression – Overall, what did you think about the workbook?
[answered by 38 Contract Customers]



SAMPLE VERBATIM RESPONSES

“I often did not concur with the selection of options and was compelled to select one of the options afforded in order to complete the survey.”

“Over all the work book was good. Some of the questions were limited in scope and almost leading you to a particular answer, hence I used the comment section to clarify my position.”

“Excellent. Good use of overview and questions.”

“Well thought out and easy to complete.”

“I find it very informative and covered a wide range of topics that I don’t normally think about when I think Union Gas.”

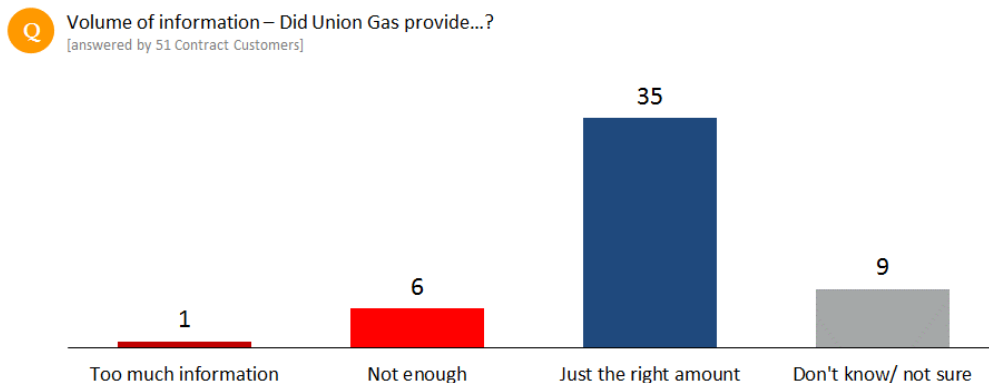
“Useful if the feedback is taken and acted on if it provides direction.”

“I don’t really think this is too beneficial. You are going to get so many varying opinions.”

“Making good decisions on the basis of a survey is a foolish business practice.”

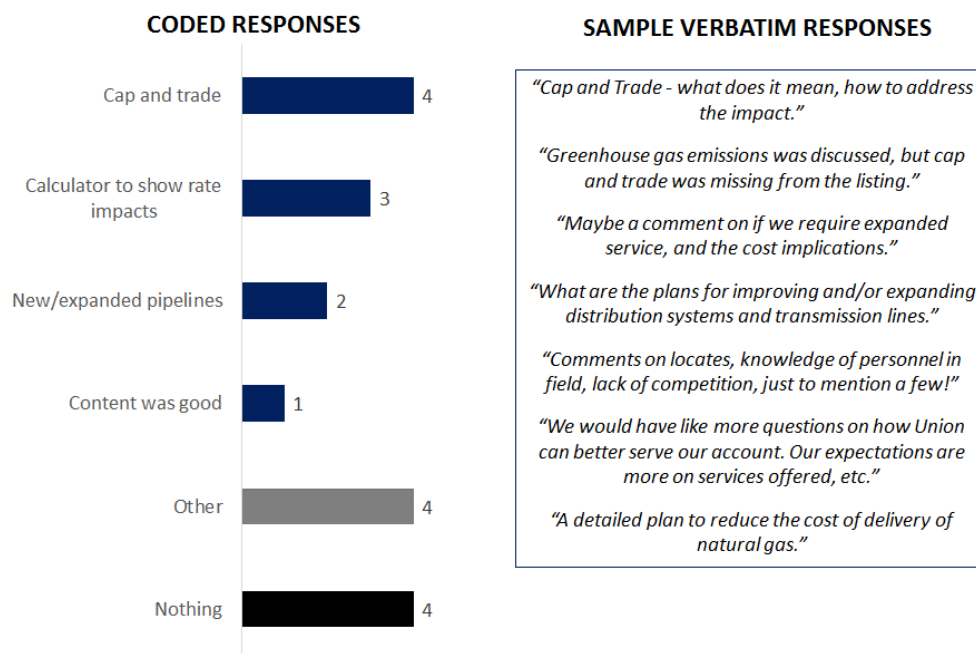
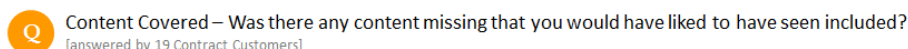
Volume of Information

Out of 51 participants, 35 felt the workbook contained *just the right amount* of information, six felt there was *not enough*, and only one felt there was *too much information*. The remaining nine were not sure how they felt.



Content Covered

The issue of cap and trade came up throughout this consultation, and it's something that four Contract customer survey participants would like to have seen included in the workbook (in response to an open-ended question). Three would have liked a calculator to show the rate impacts, two would have liked to see more on new or expanded pipelines and one felt the content was good. Of the remaining eight, four had other comments and the remainder said there was nothing missing. Of the 51 participants, only 19 provided responses at this question, suggesting that most were fine with the content as is.



Outstanding Questions

Participants were asked (open-ended question) if there was anything else they would still like answered. Most (36) did not provide any response. Of those who did, six said “no/nothing/none”. The remaining comments ranged from wanting to know about previous consultations to how cap and trade is reported.



Outstanding Questions – Is there anything that you would still like answered?
[answered by 15 Contract Customers]

VERBATIM RESPONSES

“Any outcomes from previous consultations?”

“Financial reporting of Union Gas should be attached with details on expenditures, spend on innovation...just to mention a few items.”

“Having limited experience with Union gas as a supplier, I have no frame of reference with respect to the questions where large variations in rate due to increased cost have been used as examples. If you could more clearly quantify the \$ associated with it”

“How will the impact or costs associated with Cap & Trade be addressed or displayed on your customer's monthly billing?”

“I would like to see a change in Cap & Trade reporting ordered by the OEB and have gas bills show this expense on a separate line item not buried in delivery charges.”

“It seems like the new gas powered electricity plants, which consume copious amounts of gas, are getting preferential treatment at the expense of distribution and transmission capacity for the smaller customers. What is being done to provide transparency”

No/Nothing/None (x6)

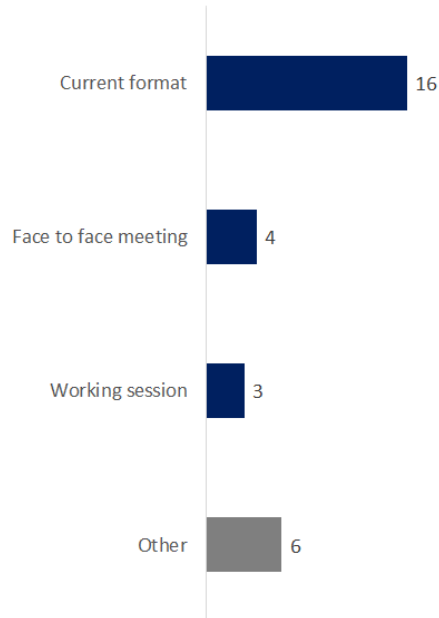
Suggestions for Future Consultations

As a final open-ended question, participants were asked how they would prefer to participate in these consultations in the future. Of the 29 who gave a response, 16 said they like the current format. Four would prefer a face-to-face meeting, and three would like a working session.



Suggestions for Future Consultations – How would you prefer to participate in these consultations in the future?
[answered by 29 Contract Customers]

CODED RESPONSES



SAMPLE VERBATIM RESPONSES

"I like the process keep it up."

"Like this methodology."

"This works. Need to see an outcome for my input."

"In person with my Account Manager. Often the Account Manager has more insight then I do and this will help me make a more informed decision."

"Not a big fan of surveys information should be directed through account managers in a brief conversation."

"For very large industrials like us, we would like to have a working session to discuss options, service flexibility, etc. Limiting ourselves to responding to this questionnaire is not useful in our view."

"This format is ok. I would prefer a discussion at an annual awareness / customer meeting."

"Less showy presentation and straight forward questions."

"YES - propose annually."

9.Strategic Customer Workbook-Based Interviews

Representatives of Union Gas met with their Strategic customers in order to take them through a workbook tailored to this specific rate class. As with the workbook consultations with other rate classes, questions posed throughout the workbook gathered customer input.

Summary

Participants from the Strategic contract customer group entered into the consultation with a working knowledge of the natural gas distribution system as a whole, an understanding of how rates are set, and why Union Gas is seeking their input. Union's Strategic contract customers are its largest users of natural gas in the wholesale (distributors of natural gas), chemical, refinery, steel, and power generation segments.

Overall, participants highly rate their levels of satisfaction with the various aspects of services they receive from Union Gas. The most important measure of how participants know that Union Gas is doing a good job is the safe and reliable delivery of their natural gas; many report that they do not have any issues in this regard. In fact, the only areas where dissatisfaction was significantly expressed was in regards to price and Union Gas being community minded and socially responsible.

Given the opportunity to express themselves in the open-ended questions, many had suggestions for further improvement. The most common theme was in regards to communication.

One of the most important values commonly held among participants is direct and accessible communication and they took this opportunity to stress its importance. Having access to information, resources, and updates on anything that may affect their supply is paramount. Furthermore, this idea was tied together with the desire for a close, and personalized partnership with Union Gas. Customers in this rate class want one representative who is familiar with their individual operations, and available to bridge knowledge gaps and provide personalized information upon request.

Building on the ideal of an individualized relationship with Union Gas, the theme of improved flexibility was often suggested as an area for further improvement. Many participants do not feel that their operations are optimally served by the existing available options. Some feel that they are not adequately represented by current rate class distinctions, and there is a need for further refinement depending on the needs of the individual type of operation. Others feel that their contract design is lacking, particularly in cases where multiple locations are involved, and when changes need to be made throughout the year.

While every participant feels that they are being well served, there is a distinct gap in the price sensitivity of different organizations and industries. This appears to have a significant influence on participants' preference regarding rate design considerations.

For the majority of participants, decision making and priorities are not driven by prices; for the most part, their priorities lie in keeping the system in top form, regardless of potential increases. This support for investing in the system however, comes with a frequently repeated caveat: it is expected that Union Gas will be prudent and do its due diligence in planning, sourcing, and executing its budget. Furthermore, many participants value keeping rates predictable, and consistent over time.

That said, a handful of participants consistently prioritized keeping rates as low as possible, and these tended to be the same participants who feel that the rates they pay are unreasonable. For these participants, immediate savings are paramount, and there is a tendency to be fixated on the present situation, as opposed to the more future oriented perspective afforded to those who are not as concerned with the impact of their bills.

The above mentioned price sensitivity becomes evident in the “Making Choices” comment boxes of the consultation. Those who cannot tolerate an increase, used that opportunity to reinforce their position. For some, keeping rates low is “critical” and increases may “*affect their competitiveness in the market*”. This sentiment was similar to the open-ended question input received earlier in the workbook. Even so, the majority of respondents prioritize prudent spending in order to ensure efficiency and reliability over keeping rates low in the areas of buildings, equipment and IT systems.

When considering the question of staying ahead of regulations, proactively replacing bare and unprotected pipes, and the implementation of an innovation and technology fund, the majority of participants rejected new spending. Instead they preferred the status quo and feel these areas should be addressed only when necessary.

Finally, there is some degree of acknowledgment that Union Gas is part of a larger system, and has to work within its regulations and parameters. However, as a government regulated monopoly, and the only tangible point of contact these organizations have with a system they have no choice but to be a part of, there is an underlying expectation that Union Gas act on their behalf; that Union Gas advocates for policies and regulations that first and foremost serve to benefit their customers, as well as the system as a whole. Themes of trust, transparency, and a close working relationship are prominent throughout the consultation.

Methodology

In-person meetings (and one telephone interview) were held between Union Gas representatives and 19 of their Strategic customers in February and March of 2017. Union Gas Strategic accounts management developed a workbook for this consultation, which was based on the workbook used in the low-volume rate classes, and adding, editing, or removing questions to ensure both relevance and that all the key issues were covered. For the most part, during the in-person meetings, Strategic customers filled in their responses to the questions embedded in the workbook (in some instances, the customer filled in the workbook after being provided an initial overview, or prior to the discussion). Their responses were then shared with INNOVATIVE to compile this report. Additionally, INNOVATIVE conducted validation interviews to ensure key issues were addressed during the meetings and to assess Strategic customers' confidence in the consultation process.

Recruiting Participants

Of Union Gas' 23 Strategic customers, in-person interviews were conducted with representatives from the following 19 organizations.

ArcelorMittal Dofasco
Arlanxeo (Lanxess)
Cardinal Power
CF Industries
Imperial Oil
Invenergy LLC (St. Clair Power)
Kitchener Utilities
Northland Power
Ontario Power Generation
Plains Midstream
Six Nations Natural Gas
Shell Products
Styrolution
Suncor
TransCanada
TransAlta
US Steel Canada
Veresen Inc
West Windsor Power

NOTE: Results contained within this report are based on a very limited population and should be interpreted as directional only.

Participant Feedback

Why are we here?

The first section of the workbook explained the purpose of the consultation. Participants were given an overview of the consultation process as a whole, how the information being collected will be used, and why such a consultation is important.

Following this introduction participants were asked if they understood why Union Gas is seeking their input. All participants agreed to some degree.

Q1. I understand why Union Gas is seeking my input.	
Strongly agree	10
Somewhat agree	8
Somewhat disagree	0
Strongly disagree	0
Don't know	0
Missing value	1
TOTAL	19

Overall Satisfaction and Suggested Improvements

Overall satisfaction with Union Gas' performance is high among this customer group, with most reporting that they are *very satisfied*.

Q2. How satisfied are you with the overall performance of Union Gas in providing your business with natural gas service?	
Very satisfied	10
Somewhat satisfied	8
Somewhat dissatisfied	0
Strongly dissatisfied	0
Don't know	0
Missing value	1
TOTAL	19

Participants were then asked to expand on this, and explain how they know that Union Gas is doing a good job for their business. Several themes emerged, the first underlining the high level of satisfaction that customers of this rate class have with Union Gas.

[We're] very satisfied with Union Gas.

Union Gas sets the bar when it comes to customer service.

The service that is contracted for is available and is reliable. Firm service is firm, and Union tries their best to meet IT services as well. Union has responsive customer service.

The gas is there when I need it, and the price for distribution is in line with what my competitors in the NAFTA region pay.

The service is consistent with the requirements of operating our facility – both for ourselves and our customers' needs.

The most commonly echoed theme is the need for reliable service. An uninterrupted supply, with few unexpected disruptions is the foremost measure of how well Union Gas is providing service. Following reliability, and often hand-in-hand, are themes of safety, fair price, and effective communication and problem solving services from Union Gas representatives. Many participants took this opportunity to note that Union Gas is currently fulfilling their expectations.

Reliable, safe, efficient services and one point of contact with an account representative that is knowledgeable and an excellent source of timely information.

The reliability and safety of the system are top-notch.

Main priority is to ensure safe, reliable and uninterrupted supply of gas to our plant as to not negatively impact our operations. Second, it is critical to have a good relationship with Union and keep an open and constant flow of communication.

Receiving customized notices ahead of time on when certain operational events would happen and how they impact the customer.

Providing reliable, predictable, lowest cost delivery with responsive customer services & support.

Continuity of service is key for us. Union Gas was of great assistance in resolving a threat last year, at reasonable cost. They also support our energy reduction opportunities.

When there is an unexpected pipeline issue, Union Gas responds quickly. Example, ~ 3 years ago there was a pipeline leak near our [location] site and disruption of natural gas supply. At our insistence, Union Gas worked through the weekend to replace the pipe ASAP and provided compensation for costs incurred.

The account management team is great and available when support is requested.

One participant cited a lack of communication as an impactful detriment.

Our business relies on timely information and that wasn't the case for the progress of the Northern T Service. There was a lack of timeliness of communication regarding the start date. This made managing the delay problematic.

Participants were then asked if there is anything in particular that they feel Union Gas could be doing better. The need for responsive, streamlined communication and access to key information is at the forefront of concern. Some participants requested specific types of information while others highlighted the importance of a relationship with Union Gas representatives grounded in trust and transparency. Breakdowns in communication throughout the system can have great impact and are found to be unacceptable.

[Provide] metering and timeliness of data updates.

Provide a user friendly summary on cross subsidization amongst rate classes.

Provide hourly gas burn data for larger commercial & industrial customers using the T1/T2 service.

[We have] some minor issues with meters updating.

Timing of invoicing for abnormal support - delays in invoicing make it more difficult to verify.

Union Gas has a range of support personnel we may be asked to interface with. There should be an effort to streamline to a single 1st point of contact to better understand each other's businesses.

It is important that Union maintains the trust it has built within its entire supply chain by continuing to make prudent economic business decisions and not use long-term rate planning surveys as a justification for increasing rates, etc.

Northern storage service recently increased, this increase was a shock and unexpected. The customer noted they were not aware this was coming and the communication around this change was unacceptable. The customer must justify the cost to IESO, and has been told they need to investigate de-contracting this service.

Many requests for increase pressures have been submitted to no avail.

During times of interruptions, no updates on UG storage levels and estimated duration of interruption.

Expanding on the need for communication, access to information and education on the many different facets of the system is a priority.

Interruptible Commodity Charge is negotiated between us and Union Gas - we need help understanding how our rate is appropriate/competitive.

It is sometimes difficult to remember and/or understand all of the penalties/interruptions we may incur based on the way we flow gas and operate the plant. For example if the light is yellow or red for storage, I need review the tariffs and rate sheet to understand the rules to avoid consequences. It would be helpful to have something such as a decision tree.

Flexibility, specifically regarding contract design, is also a common theme. Some participants feel the current options are not optimized for their unique situations, particularly where multiple locations or rate class determinations are involved.

[We] would appreciate more flexibility on the distribution side of things. [We want] Union to share the risks although [we are] aware that TCPL doesn't take risk either.

Currently, [there are] two options for distribution, R100 or R20, these offerings do not provide enough flexibility for [us].

Allow locations that are located near each other to be under one contract (ex. sites [in one area] but which are separated by streets).

Allow contract parameters to be decreased during the year (currently only an option to increase contract values).

Union is doing a much better job identifying [us] as a utility as opposed to an industrial customer. However, there still seems to be some selectivity in treatment as either a DP customer or a utility when it benefits Union. Eg. Some inflexibility on DCQ setting (treatment for standard DP customers).

In a broader vein, the intersection of participant organizations, Cap and Trade, and DSM programs in the context of the system as whole was found to be an area that would benefit from further co-operation and attention. Seen as a proxy gatekeeper between customers and the rest of the system, it is felt that the onus falls on Union Gas to ensure that policies and regulations from the top and mid sectors of the system adequately represent the needs of those on the bottom. Criticism for the current DSM program was also expressed.

Continue to assist customers resolve Cap and Trade issues. As a large regulated utility delivering a carbon based fuel, Union Gas has a vested interest in Cap and Trade. The success and livelihood of Union Gas customers can be affected by incorrect policy and regulations. As a Cap and Trade administrator, Union Gas has the contacts and influence to help customers manage this challenging regulated environment.

DSM changes - Union Gas does well administrating the program, but the current program is not effective for large industrials. The program does not drive efficiency projects, and is more of an accounting exercise after the fact. In addition to energy costs, cap & trade and sustainability drive efficiency projects, not DSM. The DSM program would be better served by providing services to improve efficiency. Training, seminars, access to consultants, technical support, etc. Sometimes the biggest hurdle is the initial project investigation (proper scoping and approval for seed money).

This is a tough question - Union Gas does many things that are OEB mandated that don't make sense: i.e.: DSM program includes cost of supporting poor residential users - since when is a social program part of a conservation exercise. On the other hand, Union Gas makes the submissions to the OEB in the first place - that process is so murky that it is hard to tell who is really proposing what (who is leading and who is following in the regulatory dance).

Finally, the importance of transparency and affordability in rates received several mentions.

Increased transparency in rates. Provide a user friendly summary indicating what program costs comprise the T2 rates.

Reduce our rates substantially. ([We have] much higher LDC rates per MMBtu compared with our [other] sites in the USA.)

We compete in a competitive marketplace. Union Gas should recognize the impact their costs have on customers.

Customer Journey

Most participants felt they had a clear understanding of how their feedback fits in with the planning process. Some however, remained unsure.

Q5. How well do you feel you understand how your feedback fits within the planning process?	
Very well	6
Somewhat well	8
Not very well	5
Not well at all	0
Don't know	0
TOTAL	19

That said, every participant (save one who did not respond) stated that they understood the basics of how natural gas distribution rates are set.

Q6. How well do you understand the basics of how natural gas distribution of rates are set?	
Completely understand	5
Somewhat understand	13
Do not understand	0
Don't know	0
Missing value	1
TOTAL	19

Customer Outcomes

In this section of the workbook, participants were asked to rate the performance of Union Gas on the outcomes that have been identified as important to customers. The list of outcomes was developed by compiling sentiments expressed in previous customer research and in discussions with Union Gas' client facing staff. After evaluating these outcomes, participants were given the opportunity to elaborate on how Union Gas can improve its performance in these areas, and were asked to rank them in order of importance.

The majority of participants find the price for distributing gas to be reasonable, however almost one-third do not.

Q7. Overall, how reasonable do you find the price for distributing gas?	
Very reasonable	4
Somewhat reasonable	9
Somewhat unreasonable	5
Very unreasonable	0
Don't know	1
TOTAL	19

Given the previously mentioned importance of communication and the need for close a relationship with Union Gas representatives, it is important to note that all participants are satisfied with the overall level of customer service and their interaction with representatives.

Q8. How satisfied are you with Union Gas' overall customer service?	
Very satisfied	12
Somewhat satisfied	7
Somewhat dissatisfied	0
Very dissatisfied	0
Don't know	0
TOTAL	19

Q9. Specifically, how satisfied are you with your interactions with Union Gas representatives?	
Very satisfied	13
Somewhat satisfied	6
Somewhat dissatisfied	0
Very dissatisfied	0
Don't know	0
TOTAL	19

Furthermore, although discussion of rates and their impact on participants' businesses highlight the importance of keeping rates low, more than half are satisfied that Union Gas is making good use of the money that they are paid. Four however feel that this could be improved, while the remaining three are not sure how to respond.

Q10. How satisfied are you that Union Gas is making good use of the money customers pay?	
Very satisfied	2
Somewhat satisfied	10
Somewhat dissatisfied	4
Very dissatisfied	0
Don't know	3
TOTAL	19

Reliability, another previously mentioned key priority, is also rated highly, with sixteen of nineteen participants stating that they are very satisfied.

Q11. How satisfied are you with the reliability of Union Gas when it comes to delivering natural gas?	
Very satisfied	16
Somewhat satisfied	2
Somewhat dissatisfied	1
Very dissatisfied	0
Don't know	0
TOTAL	19

Satisfaction is also high in regards to safety, with the majority stating that they are *very satisfied*.

Q12. When it comes to safety, how satisfied are you with Union Gas' performance?	
Very satisfied	14
Somewhat satisfied	3
Somewhat dissatisfied	0
Very dissatisfied	0
Don't know	1
Missing value	1
TOTAL	19

In line with previous comments, when it comes to being open and transparent about how the processes work and how decisions are made, participants are slightly more varied in opinion. The majority are satisfied, however a small few are not.

Q13. When it comes to being open and transparent about how processes work and how decisions are made, how satisfied are you with Union Gas' performance?	
Very satisfied	6
Somewhat satisfied	9
Somewhat dissatisfied	3
Very dissatisfied	0
Don't know	1
TOTAL	19

While a handful were unable to give a response, most are at least *somewhat satisfied* with Union Gas' performance when it comes to minimizing environmental impact.

Q14. When it comes to minimizing their environmental impact, how satisfied are you with Union Gas' performance?	
Very satisfied	9
Somewhat satisfied	4
Somewhat dissatisfied	1
Very dissatisfied	0
Don't know	5
TOTAL	19

The final outcome involves Union Gas' community mindedness and social responsibility. This along with reasonability of price are the two outcomes that elicit greatest dissatisfaction, albeit this is expressed by only five of nineteen participants.

Q15. When it comes to being community minded and socially responsible, how satisfied are you with Union Gas' performance?	
Very satisfied	9
Somewhat satisfied	5
Somewhat dissatisfied	5
Very dissatisfied	0
Don't know	0
TOTAL	19

Following the evaluation of these outcomes, participants were given the opportunity to offer suggestions as to how Union Gas can improve its performance regarding the eight outcomes discussed. Most commonly, participants expressed uncertainty about their place in their system as a whole. Discussion of fees and flexibility regarding rate class, different fee structures, and managing the pressures from other sectors were top-of-mind topics.

Review rate 20/100. Rate 20 is twice as expensive as T2.

[We] would like more opportunity to discuss Union's with other shippers in their rate class. Specifically on the topics of service optionality and flexibility etc.

Avoid cross subsidization in rates for the projects specific to a cluster or industry.

Carbon fees including the admin fees are a huge burden. Union should not treat this as an additional business and minimize any additional burden.

Continue to simply and ease the impacts on business budgets and reduce impacts on business resources to participate in various programs.

There may be an opportunity to be more open about the likelihood of certain events taking place - for example, while it is the customer's choice to identify which rate plan is the best to balance their budget/risk, it does feel sometimes as though the preference of Union Gas would be to maintain its revenues vs. delivering an accurate and current account of risk to its customer.

Union does a pretty good job; however, they are often constrained by OEB dictates. They work hard to support their large customers and certainly meet all of the things you need to do today to satisfy governments - safety, environment, social responsibility; however, the pricing situation is hard to digest - price increases this year have been all out of proportion to what my competitors face, and Union was not very clear about how high they might be before it happened - I believe that they are mostly due to carbon taxes - again - government and the OEB working hand in hand to bankrupt Ontario industry.

The theme of education arose here once again, with requests for clarity and an in-depth understanding of the larger picture

Providing additional insight into a list of major contributing components in making up the various rate and service options would be very helpful. Having your customers understand the components will allow for a better focus to be placed on things that are important for them to understand and question. It would save Union time in defending certain things that may or may not move the needle as well. A lot of time is focused on questioning things that are not material. Providing more clarity and transparency on what is driving each service's rate structure would minimize this time.

In addition to providing additional transparency on the rate structures, it would be helpful to provide a comparison between any changes that are approved by the OEB - current vs. future.

Almost every participant had something to offer; one-off comments that do not fall under a common theme, are noted below.

Safety moments are excessive at every customer event, however [we] are trending in that direction as well.

As an operating company, with hazardous materials. Union has set the bar for safety.

DSM - Large industrial customers invest in energy efficiencies due to ballooning energy costs - such customers are not necessarily benefitting from this program.

As an industrial large emitter, we compile & submit our GHG emissions directly to the Cap & Trade program, including from combustion of any natural gas provided. Q14 does not apply to us directly. Yet these questions make me realize how limited my knowledge of Union Gas

operation is with regard to Environmental & Community relations. Increased communication may be needed to address, if this is part of Union Gas' objectives.

Treating customers fairly is not as important as meeting each customers individual needs.

Clearly outline how Union performance is measured and the associated payout or incentive

Union could be more selective with spending on community and social programs.

During Red Light days, operations should be less restrictive on limiting system sales based on particular counter parties and limit sales based on the ultimate destination of the gas.

Finally, participants were asked to rank the outcomes in order of importance. In line with sentiments previously expressed, reliability is the most highly ranked outcome. Of nineteen participants, eleven indicated that this is the most important outcome. Following this, stable, predictable, and affordable pricing was ranked second most important with twelve participants giving it a rank of 1 or 2. Eight participants chose safety as either their first or second most important outcome.

Q18. Looking at the list below, including any outcomes you may have added, please indicate which outcomes are most important to you. In the column titled Ranking, please place a 1 by the most important outcome, a 2 by the second most important and so on. Please try to rank at least three outcomes that are most important to you. If you would like to rank them all, please do so.								
OUTCOME	Rank							
	1	2	3	4	5	6	7	8
Stable, predictable, and affordable pricing	4	8	4	-	-	-	1	-
Providing dependable and responsive customer service	1	-	6	4	4	1	1	1
Making good use of the money customers pay	-	-	2	5	2	4	1	-
Reliability	11	4	3	1	-	-	-	-
Safety	4	4	3	2	1	1	-	-
Treating customers fairly and openly	1	2	1	1	4	4	-	1
Minimizing impact on environment	-	1	-	2	-	-	4	4
Being community minded and socially responsible	-	1	-	-	2	-	5	5

Making Choices

This section of the workbook explored the trade-offs that must be taken into account when balancing competing outcomes. Following an explanation that put each question in context, participants were presented with various rate design considerations that Union Gas must take into account, and were asked to indicate their preference. Following each consideration, participants were also given an opportunity to provide any additional comments they might have.

To begin this section participants were asked how satisfied they are that current services meet their needs. While most are satisfied their needs are being met, four of nineteen expressed some dissatisfaction.

Q19. How satisfied are you that Union Gas' current distribution services meet your business' current needs?	
Very satisfied	6
Somewhat satisfied	9
Somewhat dissatisfied	4
Very dissatisfied	0
Don't know	0
TOTAL	19

This was followed by an open-ended opportunity to suggest additional service offerings that Union Gas could provide. In line with previous discussion, the theme of flexibility arose once more; rate class distinction and flexible contract design when managing multiple locations were mentioned.

Optionality between R100 and R20 does not capture the evolving power industry needs, a hybrid solution should be explored.

It is difficult to lump all of Union large industrial customers into one group. Power generators and green houses have fundamentally different needs. Is it feasible for Union to refine the rate classes further based on customer type to meet more specific needs by industry?

Increased flexibility for contract design. We are required to have three different contracts without the ability to consolidate.

One participant simply stated "Customer Managed Services." This was expanded on by another, and tied into the theme of flexibility.

A less cumbersome version of the Customer Managed Service. We value flexibility when it comes to storage. The ability for Union to interrupt injections/withdrawals makes it difficult to fully utilize our storage. We understand we have the option to switch to customer managed service but are hesitant due to the attention it requires and potential significant penalties.

Another participant voiced concern that their needs are not being met, and that they do not have the ability to solve this issue internally.

We have been constrained on the amount of gas that can be delivered to one of our plants for a very long time, and since the cost to increase pipeline capacity to this location is so high, we are stuck. On the other hand, if we try to make natural gas from bio processes, we are infringing on Union's monopoly. How does that make sense?

Following these two introductory questions participants gave their opinions on the rate design considerations. The first was regarding out-of-period adjustments.

Q21. Thinking about the potential for an out-of-period adjustment, which would you prefer?	
Union Gas should continue the current method and dispose of deferral account balances once they are approved by the Ontario Energy Board.	12
Union Gas should try to mitigate out-of-period adjustments even if this means building an estimate into the current rates and then truing up the variance.	6
I'm not sure / don't have a strong opinion about this.	1
TOTAL	19

The majority chose the first option. In the comments section, the need for balance and transparency was mentioned. Despite supporting the current method, one participant questioned the validity of out-of-period adjustments.

There is no right or wrong answer as both can be right under certain circumstances. #1 provides a needed check & balance for Unions costs incurred.

This requires balanced approach and transparency in the rate change.

This is a biased question - you are focusing on symptomology instead of causeology [sic]- why do we have out of period adjustments in the first place (and the answer is not to pad the estimate). Several years ago it was caused by a faulty reward formula for Union (OEB again).

Those six who selected the second option are impacted by the lack of ability to plan for such true ups and feel that the budget should account for this ahead of time.

Large true-ups should be avoided.

Ideally, develop and accurate budget and operate to budget.

We don't like to see surprises such as lump sum payment requests and anything Union can do to mitigate this would be helpful for us.

Participants are divided when it comes to how the rate increase, should it be approved, should be implemented. The majority of participants prefer the consistency of a steady annual increase. However, five of nineteen would accept more potential volatility in order to manage costs as they occur.

Q22. If the Ontario Energy Board approved a rate increase in 2019, which of the following statements best describes your view on the implementation of the rate change?	
Adjust rates to reflect costs as they occur, which may result in more annual volatility.	5
Apply a steady annual increase in rates over a 5 year period to minimize annual volatility.	11
Apply a larger one time increase in the first rebasing year and then leave rates flat for the remaining period.	0
I'm not sure / don't have a strong opinion about this.	3
TOTAL	19

Real time is better in my opinion. The OEB should consider the impact of rate increases on the customer as part of their decision process. The gives the opportunity for all parties to address concerns.

[Our] intent is stable, predictable and affordable rates which is important for power customers.

The merger between Union Gas and Enbridge was commented on by several participants. Both cite the situation as an opportunity to find efficiencies and hope to see rates decrease as a result.

Consider finding efficiencies now that Union and Enbridge are one company. Stop cross-subsidization. Make rate increases transparent highlighting increase/decrease of the lines underlying the rates.

We would be shocked to see a rate increase in 2019 due to the benefits of the merger between Union Gas and Enbridge. By consolidating to a Shared Services model and removing duplicate efforts, we expect significant cost reductions that can be passed on to customers via rate decreases.

When it comes to Union Gas' budget for replacing pipelines and equipment, participants are divided. Eight are willing to accept higher rates in order to spread costs out evenly over time, while six would prioritize the immediate impact of rates and only spend what is needed. Four participants are satisfied with Union Gas' current practice of spending at depreciation.

Q23. Thinking about Union Gas' budget for replacing pipelines and equipment that deliver gas to your business, which of the following statements best represents your point of view?	
Union Gas should look at the long-term health of the system and spread costs out evenly over time even if that means higher rates.	8
Union Gas should continue its current practice of spending at depreciation.	4
Union Gas should focus on the immediate impact on rates and only spend what it takes to keep the system in good order now.	6
I'm not sure / don't have a strong opinion about this.	1
TOTAL	19

Of those who would accept higher rights in order to spread out costs evenly, reliability is cited as top priority. Some feel it is Union Gas' responsibility to manage the system, and plan effectively to maintain the infrastructure, while others feel that the OEB should oversee the budget.

Reliability should be the top priority. Assess and manage risk vs cost, then plan accordingly.

[We] support solid infrastructure to support the long term economic growth of the province, and Union should maintain system to ensure the system is prepared for growth.

Reliability and regulations are a priority. Union knows its business and should do things right and determine what that is itself. Union should consider having a deferral account and if they don't need to spend enough save the remainder for builds, other costs, etc.

[We] feel the OEB is best able to determine what items Union Gas should spend its approved budget on. Depreciation is a major regulatory item and needs to be carefully evaluated by the regulator.

Only one participant who supports the current practice of spending at depreciation expanded on their reasoning. They expressed concern that an increase in rates could impact their competitiveness.

With the implementation of Cap and Trade, cost has become even more so of a concern for us. Any continued increases in costs will make our operations less competitive in the marketplace.

Those who prefer to spend only in reaction to immediate needs of the system shared the belief that, given the evolving nature of the system, it is better to react to present circumstances. Various aspects of the system evolve at their own pace and these participants feel it is best to address issues when they arise in order to make use of the newest technology available.

Given the uncertainty in the market place, the short term rates are critical. With limited predictability in the power generation markets, Union should focus on minimizing immediate rate impacts.

A safe reliable system as demonstrated by Union's performance should be maintained. Current program and spending is adequate given these primary goals.

Do what is needed when it is needed. Typically, costs to repair go down over time, as new and better technologies supplement older ones - the only problem may be lack of grandfathering - again government and OEB are the problem.

In years where there is a cost review, more than half feel Union Gas should strive for a steady pace of investment. Half a dozen would prioritize keeping rate low by delaying capital spending on pipes and equipment.

Q24. Every few years Union Gas goes through a cost review which can result in much larger than normal bill increases. Thinking about years that may have larger than normal increases, which of the following statements is closest to your point of view?	
In years with the potential for a large rate increase, Union Gas should give priority to keeping rates as low as possible and delay capital spending on pipes and equipment.	6
As a general rule, Union Gas should give priority to maintaining the system by continuing a steady pace of investment.	10
I'm not sure / don't have a strong opinion about this.	3
TOTAL	19

Prudent spending and finding efficiencies from the merger are mentioned once more by those who prioritize keeping rates low. One participant felt that current spending is accomplishing their goals, however another felt that some customers may be forced to seek out alternative power options if costs continue to rise. For them, it would be in everyone's best interest to keep rates low.

Consider having balanced approach and prudence. Also, the selection above should not be considered as approval of such spending without prudence. Consider finding efficiencies from the Enbridge acquisition of Union.

Current spending is adequate.

From a power perspective, Union must keep the rates as low as possible, otherwise the demand/customers will no longer exist, if contracts are not renewed. IESO is requesting [us] to show ways to lower gas costs, include distribution services. [We] can support Union in defending the rate base for future renewals and toll stability. If [our] plants close, that removes close to 60,000 GJ/d of demand.

Those who support a steady pace of investment expect Union Gas to plan thoroughly. It was also mentioned that while the OEB should have the final say, it is up to Union Gas to ensure the most beneficial outcomes.

Assess and manage risk vs cost, then prepare a capital plan accordingly. A steady pace is typically ideal from a project management perspective.

The OEB should determine applicable rates based on approved needs. The OEB should evaluate the effectiveness and risks of any deferred investment. It is expected that Union will make prudent economic business decisions and not rely solely on the OEB's approval of how to spend dollars.

In regards to buildings and equipment, the majority expect Union Gas to be prudent in its spending, while acknowledging the importance of Union Gas staff having the tools they need to manage the system safely and reliably. Three participants felt that Union Gas should make do with the tools it already has. The remaining three participants do not have a strong opinion.

Q25. Thinking about the cost of buildings and equipment used to manage the pipelines and serve customers, which of the following statements is closest to your own view?	
Union Gas should find ways to make do with the buildings, equipment and IT systems they already have.	3
While Union Gas should be prudent in its spending, it is important that their staff have the equipment and tools they need to manage the system efficiently and reliably.	13
I'm not sure / don't have a strong opinion about this.	3
TOTAL	19

Those who feel Union Gas should make do with what the tools it already has acknowledge their necessity, but don't feel an increase in rates is necessary to perform adequately.

It's important that Union Gas have required buildings, office space, equipment and systems to serve customers effectively, but it doesn't need to be leading edge or expensive.

As previously noted, minimizing distribution rates is critical for power customers in the near term and Union should avoid incremental costs that will increase the rates.

Of those who value prudent spending to ensure efficient and reliable management of the system, the "prudent spending" was the key focus. Union Gas must do its due diligence and make the best business decisions.

As a utility Union should make financial decisions based on what is prudent. Union provides great service, decrease cost may decrease service which is not preferred.

The OEB will determine the prudence of Union Gas IT applications. It is expected that Union continue make prudent business decisions on how to spend its dollars on IT applications as well.

Prudent, responsible spending was also mentioned by one participant who didn't have a strong opinion about this issue.

The key is prudent spending and financial discipline. As in most situations, wants and needs can easily be confused.

Participants are more evenly divided in regards to larger than normal increases resulting from cost reviews. Seven prioritize keeping rates low over capital spending, while ten feel that a steady pace of investment to maintain a productive workplace is most important. Two participants were not sure or didn't have a strong opinion about this.

Q26. Every few years, Union Gas goes through a cost review which can result in much larger than normal bill increases. Thinking about years that may be larger than normal increases, which of the following statements is closest to your view about the cost of the buildings and equipment used to manage the pipelines and serve customers?	
In years with the potential for a large rate increase, Union Gas should give priority to keeping rates as low as possible and delay capital spending on these areas.	7
As a general rule, Union Gas should give priority to maintaining a productive workplace by continuing a steady pace of investment.	10
I'm not sure / don't have a strong opinion about this.	2
TOTAL	19

It seems that those who prioritize keeping rates low, feel this way because their rates have a direct impact on the success of their operations, and affect their position in their marketplace.

As previously noted, minimizing distribution rates is critical for power customers in the near term and Union should avoid incremental costs that will increase the rates.

We operate in a competitive market environment and Union Gas tolls are extremely important to our operations. We support the provision of necessary services at the lowest possible tolls.

Wise spending and thoroughly considered investments justify the spending necessary to maintain a productive for the ten participants who prefer a steady pace of investment. Again, taking necessary measures with prudence is the key theme. Finding efficiencies in the Enbridge acquisition was also suggested.

Maintain a prudent proactive plan to ensure reliability.

As a utility Union should make financial decisions based on what is prudent.

Consider having balanced approach and prudence. Also, the selection above should not be considered as approval of such spending without prudence. Consider finding efficiencies from the Enbridge acquisition of Union.

In updating existing and building new facilities, consistency and predictability are once again deemed preferable over immediate savings for the majority of participants. Of the twelve who felt this way, prudence and due diligence continue to be the expectation.

Q27. Union Gas plans to invest approximately 5% of its maintenance capital in renovating older buildings and building new ones over the next 10 years. Which is closest to your view?	
Union Gas should spread the cost evenly over time to avoid unpredictable changes in gas rates.	12
Union Gas should delay investments until they can no longer be avoided, even if that creates unpredictable changes in capital spending.	4
I'm not sure / don't have a strong opinion about this.	2
Missing value	1
TOTAL	19

Those who favour predictable rates had little to add; they simply expect Union Gas to make thoroughly thought out decisions.

As a utility Union should make financial decisions based on what is prudent.

Prioritize. Business cases of risk vs cost.

The remaining minority of participants would rather delay investments for immediate savings, and manage the impact of unpredictable changes in capital spending when they arise. They reiterated the importance of keeping rates as low as possible, and support for the run-to-failure approach of investing. There was also some criticism of the phrasing of the question and its focus.

As previously noted, minimizing distribution rates is critical for power customers in the near term and Union should avoid incremental costs that will increase the rates.

Non-production assets value is maximized when used up to their end of life, reducing the overall cost. This question should be rephrased to avoid leaning towards the first option.

Another question focusing on tools instead of results. Spend what needs to be spent, and only what needs to be spent to maximize customer value. Yes - it can be predicted, and the cost to consumers can be managed separately (based on relative incremental costs of capital).

One participant refused to answer the question, but offered suggestion regarding the question and its given options.

Consider having a balanced approach and prudence. Also, the selection above should not be considered as approval of such spending without prudence. Consider finding efficiencies from the Enbridge acquisition of Union.

Regarding investment of maintenance capital on computer system, the majority are willing to accept an increase in order to ensure the system runs smoothly, while five would prefer to wait until an issue arises in order to keep costs down. The remainder either have no opinion or did not answer.

Q28. Union Gas invests approximately 12% of its maintenance capital on computer systems. Thinking about Union Gas' IT plans, which statement most closely resembles your view?	
Union Gas should spend the money needed to ensure that its systems, customer service and internal operations continue to run smoothly, even if that requires a rate increase.	10
In order to keep costs down, Union Gas should only invest in the systems that are required to ensure a safe system, and wait for other systems to become vulnerable or compromised before starting a replacement process.	5
I'm not sure / don't have a strong opinion about this.	3
Missing value	1
TOTAL	19

One participant who would accept a rate increase identified security as a key concern, while another suggested that assets acquired in the merger be utilized before making any investments. Once again, one participant cited prudence as the driving factor for their choice. Another participant, while criticizing the *extreme options*, mentioned the necessity of developing IT and its myriad of uses in a modern business.

Union Gas must operate a safe system, and the risk of systems becoming "vulnerable or compromised" must be managed by Union Gas. It is doubtful that any credible organization would wait until this state is reached.

Utilize the assets from the Union Gas / Enbridge merger prior to new investments.

It is prudent to be proactive. Regulated businesses must demonstrate prudence.

Subjective with 2 extreme options. IT has an infinite degree of application, but central to most modern businesses. Business cases should be developed and critical applications should be maintained appropriately and proactively.

Similarly, those who prefer to keep costs down, feel that minimizing rates is of utmost importance. One participant was expressed skepticism that IT is a valid use of customers' money.

As previously noted, minimizing distribution rates is critical for power customers in the near term and Union should avoid incremental costs that will increase the rates.

Computer systems are a massive racket - what has physically changed that requires new systems - many of the industries that Union distributes to are still on XP (even though it is not supported anymore) and will only buy systems that are supported forever and backwards integratable [sic].

One participant who was unsure/did not have a strong opinion felt that investment in IT could be better spent elsewhere. The one respondent who did not to respond echoed their previous comment verbatim, again preferring a balance approach.

This sounds like a very large amount spent on IT assets. Additional effort should be spent on reducing the overall cost structure.

Consider having balanced approach and prudence. Also, the selection above should not be considered as approval of such spending without prudence. Consider finding efficiencies from the Enbridge acquisition of Union.

In terms of compensation, almost all participants feel that the current strategy of paying the industry average is the appropriate balance.

Q29. Thinking about how Union Gas compensates employees, which of the following most closely represents your views?	
The current strategy of paying the industry average is the appropriate balance	16
Union Gas should lower salaries below average in order to reduce costs.	0
Union Gas should raise salaries even if it means paying more.	0
I'm not sure / don't have a strong opinion about this.	2
Missing value	1
TOTAL	19

The industry average was found to be a fair common practice, and one participant noted that the OEB sets wages as such.

In order to ensure Union is able to maintain customer service levels, Union should compensate their employees fairly to retain them and industry average seems fair.

Industry average is standard across many industries.

Staffing levels and wages are approved by the OEB and generally are in line with industry averages.

The following question was in regards to keeping ahead of expected new regulations. For most participants, this issue is not a priority and they would prefer to wait to take action until necessary.

Q30. Thinking about this issue, which point of view is closest to your own?	
If Union Gas is not experiencing any immediate problems that might be addressed by these verifications, they should wait until a regulator directs them to complete these verifications to keep costs down.	11
If other gas utilities are moving to a standard higher than the current regulations in Ontario, Union Gas should as well, even if it increases costs for consumers.	5
I'm not sure / don't have a strong opinion about this.	3
TOTAL	19

Based on their comments, some feel as though the current system is working and there is a sense of trust in the regulators to set regulations that won't have a detrimental impact on participants' businesses. This is coupled with the expectation that Union Gas will be adequately prepared for any new regulations. For others, cost remains the driving factor.

Current standards are achieving the desired outcomes.

This is near and dear to [our] heart as they consider meeting AB standards in ON which drives higher costs above TSSA requirements. The regulator should dictate the regulations in a jurisdiction.

Investigate to determine scope and scale of exposure. Be prepared if it becomes regulation.

As previously noted, minimizing distribution rates is critical for power customers in the near term and Union should avoid incremental costs that will increase the rates.

We cannot afford to operate in Ontario as it is - why would we spend money on meeting a standard that was not even written for Ontario conditions?

On the contrary, one participant who felt that adhering to higher regulation is worth the extra cost was concerned with maintaining the highest standard of reliability.

The justification should not be "others are doing it", but "this is to ensure we identify reliability threats before impact to operations".

The majority of participants indicated that replacing bare and unprotected pipes is not worth raising rates by 0.2%; eleven of nineteen participants feel that the current practice is adequate.

Q31. Thinking about the issue of bare and unprotected pipes, which most closely reflects your view?	
Union Gas should prioritize the replacement of these pipes, even if it means raising rates by 0.2%.	5
Union Gas should follow the existing practice and leave these pipes in place until they would normally be replaced.	11
I'm not sure / don't have a strong opinion about this.	2
Missing value	1
TOTAL	19

The few who prioritize the replacement of bare and unprotected pipes cite Union Gas' obligation to use a set of approved standards and cost/benefit analyses. Another was concerned with the PR required in the event of an accident.

Union should avoid the negative perception that occurs when pipelines leak or explode. This is especially so when it is due to older, bare and unprotected pipe.

Union Gas should adhere to applicable and approved engineering codes and standards. Any deviation should be justifiable in terms of safety or a cost/benefit analysis.

The majority of those who prefer following existing practices, added in the caveat that safety is of utmost importance and Union Gas must do its due diligence to monitor their infrastructure and identify potential issues before an accident occurs.

Provided Union is prudent in identifying the issues and replacing as required.

Monitoring is critical, but pipelines installed under previous code have demonstrable life expectancy - let's fully use it.

The two participants who indicated that they were unsure offered solutions outside the given options that aligned with those who support the existing practice. The participant who declined to answer commented on the benefits of spending now to reduce costs in the future.

Prioritize safety and reliability, without replacing pipelines before there is a necessity.

I'd expect Union to analyze and understand which pipe sections are at most risk of due to being bare or unprotected and implement a plan to prioritize those rather than all of the pipes that are bare or unprotected.

Consider prudence approach e.g. spending now will result in savings in future.

Reducing methane emissions beyond the regulated requirement is not worth the cost according to the majority of participants. Only two participants would be willing to absorb a 0.1% increase to their bill in order to further reduce emissions. The remaining four participants were either unsure or didn't answer.

Q32. Thinking about additional steps Union Gas can take to reduce its methane emissions, which view most closely matches your own?	
Union Gas should meet its required emissions reductions but not go beyond that.	13
Union Gas should reduce its GHG emission by another 25% even if that means a rate increase of 0.1%.	2
I'm not sure / don't have a strong opinion about this.	2
Missing value	2
TOTAL	19

Reluctance to go beyond the required reductions is largely based on cost. While the sentiment that no increase is acceptable persists, one participant noted the value of doing a cost/benefit analysis of this approach. Another participant expressed concern that exceeding reductions now may not be cost effective, in the event of future changes to regulations.

As previously noted, keeping rates down is critical for power customers in the near term.

Union Gas's Cap and Trade costs are effectively passed on to the customer, so they should be proactive in their approach to managing the financial impact of the Cap and Trade program. Business cases should consider the financial Cap and Trade impact of 'do minimum', and define the opportunity. If the business case makes sense, proceed.

In light of continued regulation down the road, possibly more stringent, I'd be hesitant in reducing emissions above and beyond the regulation. My concern is Union not getting credit for it in the future.

When it comes to an innovation and technology fund, eight are opposed altogether. Three support the notion, but feel that \$10 million is too much to spend. Only one participant supported a \$10 million investment and accompanying rate increase. A handful didn't have a strong opinion, and two did not provide a response.

Q33. Thinking about the potential to start investing in an innovation and technology fund, which statement is closest to your view?	
Union Gas should invest in new technologies, and the proposed \$10 million a year (rate increase of approximately 1%) sounds like the right amount.	1
Union Gas should invest in new technologies, and should spend more than \$10 million a year even if that means higher rates.	0
Union Gas should invest in new technologies, but \$10 million a year is too much to spend.	3
Union Gas shouldn't invest in new technologies.	8
I'm not sure / don't have a strong opinion about this.	5
Missing value	2
TOTAL	19

While there was some acknowledgement that Union Gas should invest in technology, it was agreed upon by several participants that such a fund should be the shareholders' responsibility. Participants don't see the value in such a fund and feel that the money they pay would be better served in other areas.

Union should invest but the money should come from shareholders and not ratepayers.

Asking for consumers to fund new technologies for others does not make fiscal sense. Union Gas is a private company that should fund innovation through shareholders, and let their customers invest where appropriate.

Why isn't one of the options: Union's shareholders should pay for this. It is in collective interest for the industry for this to happen.

As a customer and end-user, we are unsure of what the benefit an innovation and technology fund would be to us.

Without the guaranty of these new technology investments providing a positive return, it is difficult for me to accept even a 1% increase in rates. Even the smallest rate increases have an impact on my invoice.

Union should not invest in innovation and technology. That should be left to others.

Large industry has this covered.

How did we do?

General Impression

The final portion of the workbook asked participants to comment on the consultation process itself. Participants were divided regarding their overall impression of the workbook. Some found it to be a valuable experience, and appreciated the opportunity to learn and offer their opinions. Those with a positive impression found it to be informative and the information accessible. They also found value in the interaction with a knowledgeable Union Gas representative.

This was an excellent form of allowing us to communicate our opinions. It was very informative and simple to complete and makes us feel a part of the process.

Informative, helpful to understand why we're here and the information we are trying to gather.

Pleasantly surprised, but could be intimidating for less sophisticated customers. Union should continue to provide the workbook upfront.

There were some things that I previously had not considered. The information was helpful and will assist in understanding what the dollars are being directed towards in the future.

Face-to-face meeting helped.

The approach is preferred to Mastio, where questions are being asked by non-experts. Having sales reps in the room are knowledgeable.

The group meeting to provide some context around the survey was helpful and did change some ways around thinking with regards to the approach to contributing to the discussion.

Others however expressed skepticism. While acknowledging that this consultation was a valuable exercise, some participants were not satisfied with the options that were presented, stating that they felt them to be biased and leading. One participant was particularly critical of the workbook and of the validity of the consultation process as a whole.

It provokes thought, however, often times it felt like Union is looking for justification for rate increases to be approved by the OEB. It would be interesting to gain insight into the verification of all of the improvements over time, should the rate increase(s) be approved.

The covered topics are well defined and cover important areas. The selection options especially under "Making Choices" section could have been better. There is no consideration given to prudence approach.

Surveys are challenging, but overall a decent survey. The last several questions were subjective and feel as though I was authorizing a blank check. Union should continue to operate like a business and make smart business decisions based on risk/reward.

The form was very political, aiming to get customers to support Union Gas aspirations.

It was designed to solicit pre-determined responses. As a market research tool, I would give it a D-. Too many leading questions testing flawed thesis. If this was designed as a one size fits all for all consumers, then I give its strategic planning an E+. Sophisticated users and residential should be treated appropriately. Let me guess - all responses will now be equally weighed -

sounds like the decisions have already been made (except for a few tweaks), and the purpose of this exercise is to validate existing quasi-governmental mindsets.

Comments on Missing Content

While the majority of participants found the amount of information provided in the workbook to be *just right*, many identified areas of further interest.

Volume of Information	
Too much	2
Not enough	1
Just the right amount	16
TOTAL	19

Content on more outside the box ideas to be explored in the consultations.

Possibly some more coverage on services offered. I understand that may be getting into the details however I feel it is important.

The survey should have taken the opportunity to ask questions about DSM and Unionline.

Demand Side Management - No question asking if we value this program (we would like to see it eliminated and our rates decreased accordingly).

Discussion on expected savings and best practices resulting from the merger.

Lack of context for questions - How does Union compare to its peer group in providing value per dollar spent? Questions that focused on symptoms instead of causes. Question for ranking priorities did not offer ability to show relative weighting. Spacing for comments below questions designed to elicit minimum comments where they were least wanted (once it got to a 4 font, I needed a microscope to see what I wrote). Simplistic assessments (people are all the same, all that counts is how much you pay them), what is the current budgetary breakout for Union etc...

Investment in transmission systems and stations, which would be more relevant to us.

Would like to understand what economies of scale will be realized with the Spectra-Enbridge merger. Will the rate changes end up benefitting profit once these economies are realized?

Also lacking a general comments section, which I will list below: I am typically quite pleased with service from Union Gas and speak highly of the organization. Union representatives are always friendly, professional and customer focused. Union has the most progressive regulated account structures (distribution and storage) that I have seen in North America, which permits a tailored regulated solution at a fair price. Reliability is excellent. The Unionline nomination web platform is a modern user friendly interface. In my opinion, a best in class solution.

Outstanding Questions

Participants posed the following questions:

How does this ultimately impact the rate application, costs, service?

How will the merger of UG and Enbridge be taken into consideration with the new rate mechanism?

What are the expected savings as a result of the merger? Will customers have a voice when it comes to best systems (Unionline vs Entrac)?

Statistics: Comparison of distribution costs in various jurisdictions in NA. Union staffing costs vs. other NG utilities. Safety and environment in comparison to others (with all the emphasis, I assume Union is pretty bad, or why would this be such an issue). Value added to the customer for every proposed additional dollar spent. Why utilities that have a monopoly and low risk are guaranteed returns about 3 times those of its industrial customers that carry full market risk. How does the bureaucracy at Union compare to that in large Ontario industry (doers vs controllers vs planners).

We will need more information as the application is completed and reviewed by the OEB.

Suggestions for Future Consultations

Overall, participants appreciated the one-on-one format of this consultation, with a particular emphasis from some on the importance of understanding participants as individuals.

Face-to-face, coming to the customer's office is appropriate. One meeting for In-Franchise/Ex-Franchise is preferred.

One-on-one white board sessions are preferred as these are critical issues and should be explored in detail.

Either on the phone or in person.

Direct consultation with [us] as a major customer of Union Gas is appropriate.

I would suggest that the best approach with large volume users would be to hold the formal meeting prior to the request for information followed by a request for "letters of support" and direction moving forward with attention being given to aspects that are highlighted by Union.

For future consultations, it is important that Union consider the complexities of each of its rate payer groups. The survey, at times, does seem as though it has been written to address general rate payer concerns vs. high volume customers. More specialization of the question set will provide more direct and useful responses.

10. Strategic Customer Validation Interviews

This section of the report presents the results of validation interviews carried out by INNOVATIVE with Union Gas' Strategic customers. These short telephone interviews occurred immediately following meetings held between Strategic customers and Union Gas representatives.

Summary

The validation interviews confirmed that Union Gas representatives asked their Strategic customers about their performance both overall and on specific customer outcomes, and that they asked which outcomes should be priorities in the development of their business plan. The representatives did a good job of explaining possible rate design changes, but were marginally less effective at explaining some of the choices that Union Gas is facing. A handful felt there were areas that needed additional explanation, but all were given a chance to ask questions – which were answered either on the spot, or the Union Gas representative said they would follow up.

Customers report that they were given options for providing additional feedback after meeting with the Union Gas representative. They felt their meeting covered the key areas they expected, and most felt the Union Gas representative adequately explained the next steps in their customer consultation process. At the end of the interview, all but one were confident that Union Gas is committed to addressing customer needs and preferences in developing their new business plan.

Methodology

Representatives of Union Gas held in-person meetings with their Strategic customers in March of 2017. The purpose of these meetings was to walk these customers through a specifically-tailored version of the workbook used in consultations with other rate classes in order to assess their needs and preferences pertaining to Union Gas' upcoming multiyear business plan. The results of those meetings are available in the following section of this report.

At the completion of each meeting, INNOVATIVE conducted follow-up interviews to confirm that the Union Gas representatives covered the material in the workbook, and that customers were given a chance to ask questions and provide feedback. This was done by conducting short validation interviews by telephone as a follow-up to the in-person meetings. These validation interviews were an average of five minutes in length. The interview script is included at the end of this section of the report.

Recruiting Participants

At the close of each in-person interview, the Union Gas representative notified the customer that someone from INNOVATIVE would be contacting them by telephone to conduct a brief follow-up interview. All contact information was provided to INNOVATIVE by Union Gas.

Union Gas representatives held meetings with 19 of their 23 Strategic customers, and INNOVATIVE was able to conduct follow-up validation interviews with 14 of them (three customers overlapped with the Transport rate class and completed validation interviews for that rate class, one customer cited an internal policy preventing them doing a follow-up interview, and one customer completed the workbook without having an in-person meeting with Union Gas). The company names are listed below, but in order to protect confidentiality the results of the validation interviews are reported herein in aggregate form only.

ArcelorMittal Dofasco
Arlanxo (Lanxess)
Cardinal Power
CF Industries
Imperial Oil
Invenergy LLC (St. Clair Power)
Ontario Power Generation

Plains Midstream
Six Nations Natural Gas
Styrolution
Suncor
TransAlta
US Steel Canada
West Windsor Power

NOTE: Results contained within this report are based on a very limited population and should be interpreted as directional only.

Participant Feedback

The following section highlights the feedback from the Strategic customer rate class.

Note that questions 1a and 1b were used to confirm the correct customer contact had been reached, so there are no tabulations for those questions.

All Strategic customers who were interviewed indicated that the Union Gas representative asked how well they were meeting their needs as a customer.

Q2. Did Union Gas ask you about how well they were meeting your needs as a customer?	
Yes	14
No	0
Don't know	0
TOTAL	14

Eleven of 14 reported the Union Gas representative asked about their level of satisfaction with various customer outcomes. One reported this was not covered in their meeting, and the remaining two didn't know.

Q3. Did the Union Gas representative ask how satisfied you are with various customer outcomes like affordable pricing, reliability, safety and treating customers fairly and openly?	
Yes	11
No	1
Don't know	2
TOTAL	14

Everyone reported that the Union gas representative asked for their feedback on which customer outcomes should take priority.

Q4. Did the Union Gas representative ask for your feedback on the customer outcomes they should focus on in their business plan development?	
Yes	14
No	0
Don't know	0
TOTAL	14

All interviewees reported having discussed rate design changes and how they should be implemented. Six said the Union Gas representative did a *very good job* explaining possible rate design changes, and the remaining eight said they did a *fairly good job*.

Q5. Did the Union Gas representative discuss rate design changes like an out-of-period adjustment and how rate changes should be implemented?	
Yes	14
No	0
Don't know	0
TOTAL	14

Q6. With regard to explaining possible rate design changes, would you say the representative you met with did a very good job, a fairly good job, a fairly poor job, or a very poor job?	
Very good job	6
Fairly good job	8
Fairly poor job	0
Very poor job	0
Don't know	0
TOTAL	14

Only three of the 14 who were interviewed said the Union Gas representative did not ask for their input on some of the choices they need to make as they develop their new business plan. Five reported that these choices were explained *very well*, seven said they were explained *fairly well*, and the remaining two felt they were *not very well* explained.

Q7. Did the Union Gas representative ask for your input on some of the choices Union Gas needs to make as they develop their new multi-year business plan?	
Yes	11
No	3
Don't know	0
TOTAL	14

Q8. In general, how well were these choices explained to you, either by the Union Gas representative or by the workbook they reviewed with you?	
Very well	5
Fairly well	7
Not very well	2
Not well at all	0
Don't know	0
TOTAL	14

While most did not feel there were any areas in particular that needed additional explanation, there were five who did.

Q9. Were there any areas in particular that you felt needed additional explanation?	
Yes	5
No	9
Don't know	0
TOTAL	14

Everyone reported that they were given an opportunity to ask questions, and most (8) said their questions were answered *completely*. Four said their questions were *somewhat* answered, and the remainder indicated that Union Gas was going to follow up with them to answer their specific questions.

Q10. Did you have a chance to ask questions?	
Yes	14
No	0
Don't know	0
TOTAL	14

Q11. Were your questions answered to your satisfaction?	
Yes, completely	8
Yes, somewhat	4
No, but they are following up	2
No	0
Don't know	0
TOTAL	14

Only one Strategic customer said they *didn't know* if the Union Gas representative gave them options for providing additional feedback after their meeting.

Q12. Did the Union Gas representative give you options for providing additional feedback after your meeting with them?	
Yes	13
No	0
Don't know	1
TOTAL	14

Nine customers said their meeting *completely* covered the key areas they expected, while the remaining five said they were *somewhat* covered.

Q13. Did your meeting with the representative of Union Gas cover the key areas you expected?	
Yes, completely	9
Yes, somewhat	5
No	0
Don't know	0
TOTAL	14

Nine interviewees felt their Union Gas representative adequately explained the next steps in their customer consultation process. Of the remaining five, three said this was not explained, and the other two didn't know.

Q14. Did the Union Gas representative adequately explain the next steps in their customer consultation process?	
Yes	9
No	3
Don't know	2
TOTAL	14

Based on what they have experienced so far, four Strategic customers are *very confident* that Union Gas is committed to addressing customer needs and preferences in their upcoming business plan, and another nine are *somewhat confident*. Only one customer was left feeling *not very confident*.

Q15. From what you have experienced so far, how confident are you that Union Gas is committed to addressing customer needs and preferences in their upcoming business plan?	
Very confident	4
Somewhat confident	9
Not very confident	1
Not at all confident	0
Don't know	0
TOTAL	14

Strategic Customer Validation Survey

GET TARGET RESPONDENT ON PHONE:

Hello, I am calling from Innovative Research Group. May I please speak with [NAME]?

1. Yes, speaking **INTRO1**
2. Yes, transfer **INTRO3**
3. No **INTRO2**

INTRO1

I am calling to ask a few questions following-up on a recent meeting you had with a Union Gas representative about their upcoming 2019 business plan. This call will only take a few minutes of your time.

[SCHEDULE CALLBACK IF NECESSARY, BUT TRY TO GET THE COMPLETE ON THE FIRST CALL]

INTRO2

Hello, I am calling from Innovative Research Group to ask [NAME] a few questions following-up on a recent meeting they had with a Union Gas representative about their upcoming 2019 business plan development. This call will only take a few minutes of their time.

1. Yes **Transfer and continue to INTRO3**
2. No **Thank and Terminate**

INTRO3

Hello, I am calling from Innovative Research Group to ask you a few questions following-up on a recent meeting you had with a Union Gas representative about their upcoming 2019 business plan. This call will only take a few minutes of your time.

Q1a. Can you please confirm that you recently spoke with a representative of Union Gas to discuss their business plan for the period of time starting in 2019?

1. Yes **SKIP to Q2**
2. No

Q1b. Can you connect me with someone else in your organization that recently spoke with Union Gas about their business plan?

1. Yes **Transfer and go back to INTRO**
2. No **Thank and Terminate**

I am going to quickly review a couple of areas to make sure they were all dealt with.

Q2. Did Union Gas ask you about how well they were meeting your needs as a customer?

- 1. Yes
- 2. No

Q3. Did the Union Gas representative ask how satisfied you are with various customer outcomes like affordable pricing, reliability, safety and treating customers fairly and openly?

- 1. Yes
- 2. No
- 98. Don't know

Q4. Did the Union Gas representative ask for your feedback on the customer outcomes they should focus on in their business plan development?

- 1. Yes
- 2. No
- 98. Don't know

Q5. Did the Union Gas representative discuss rate design changes like an out-of-period adjustment and how rate changes should be implemented?

- 1. Yes
- 2. No
- 98. Don't know

SKIP TO Q7
SKIP TO Q7

Q6. With regard to explaining possible rate design changes, would you say the representative you met with did a very good job, a fairly good job, a fairly poor job, or a very poor job?

- 1. Very good job
- 2. Fairly good job
- 3. Fairly poor job
- 4. Very poor job
- 98. Don't know

Q7. Did the Union Gas representative ask for your input on some of the choices Union Gas needs to make as they develop their new multi-year business plan?

- 1. Yes
- 2. No
- 98. Don't know

SKIP TO Q10
SKIP TO Q10

Q8. In general, how well were these choices explained to you, either by the Union Gas representative or by the workbook they reviewed with you?

1. Very well
2. Fairly well
3. Not very well
4. Not well at all
98. Don't know

Q9. Were there any areas in particular that you felt needed additional explanation?

1. Yes
2. No
98. Don't know

Q10. Did you have a chance to ask questions?

1. Yes
2. No

SKIP TO Q12

Q11. Were your questions answered to your satisfaction?

1. Yes, completely
2. Yes, somewhat
3. No, but they are following up
4. No
98. Don't know

Q12. Did the Union Gas representative give you options for providing additional feedback after your meeting with them?

1. Yes
2. No
98. Don't know

Q13. Did your meeting with the representative of Union Gas cover the key areas you expected?

1. Yes, completely
2. Yes, somewhat
3. No (IF NO: What topics did you feel they missed?)
98. Don't know

Q14. Did the Union Gas representative adequately explain the next steps in their customer consultation process?

1. Yes
2. No
98. Don't know

Q15. From what you have experienced so far, how confident are you that Union Gas is committed to addressing customer needs and preferences in their upcoming business plan?

1. Very confident
2. Somewhat confident
3. Not very confident
4. Not at all confident
98. Don't know

Those are all the questions I have. Thank you for your time.

11. Transport Customer Validation Interviews

This section of the report features the results of validation interviews that were conducted by INNOVATIVE with Transport customers. While Union Gas representatives held the actual meetings with customers in this rate class, INNOVATIVE conducted brief follow-up telephone validation interviews.

Summary

The validation interviews confirmed that Union Gas representatives reviewed the workbook with Transport customers, and generally did a good job of explaining the key content. Customers were given an opportunity to ask questions, which were either answered on the spot, or the Union Gas representative said they would follow up. For the most part, the meetings covered the topics customers expected, and the Union Gas representatives explained the next steps in the consultation process.

At the end of the validation interviews, almost all were at least somewhat confident that Union Gas is committed to addressing customer needs and preferences in their upcoming business plan.

Methodology

Representatives of Union Gas held in-person meetings with their Transport customers in late February and March of 2017. The purpose of these meetings was to walk these customers through a specifically-tailored version of the workbook used in consultations with other rate classes in order to assess their needs and preferences pertaining to Union Gas' upcoming multiyear business plan. The results of those meetings are available under separate cover, in a report prepared by Union Gas. INNOVATIVE did not have a role in the analysis of the feedback gathered during those interviews.

INNOVATIVE's role in this phase of the customer engagement was to conduct follow-up interviews to confirm that the Union Gas representatives covered the material in the workbook, and that customers were given a chance to ask questions and provide feedback. This was done by conducting short validation interviews by telephone as a follow-up to the in-person meetings. These validation interviews were an average of five minutes in length. The interview script is included at the end of this report.

Recruiting Participants

At the close of each in-person interview, the Union Gas representative notified the customer that someone from INNOVATIVE would be contacting them by telephone to conduct a brief follow-up interview. All contact information was provided to INNOVATIVE by Union Gas.

Union Gas representatives held meetings with 25 of their 27 Transport customers. One industry organization responded on behalf of the remaining two Transport customers. INNOVATIVE was able to conduct follow-up validation interviews with 24 of the customers. The company names are listed below, but in order to protect confidentiality the results of the validation interviews are reported herein in aggregate form only.

Ag Energy Co-operative Ltd.
Bay State Gas Company
Bluewater Gas Storage, LLC
Connecticut Natural Gas Corp.

DTE Energy Trading, Inc.
Emera Energy LP.
Enbridge Gas Distribution Inc.
Gaz Métro LP.

Greater Toronto Airports Authority
Greenfield Energy Centre LP
Liberty Utilities (EnergyNorth Natural Gas) Corp.
Mercuria Commodities Canada Corp.
National Grid
Northern Utilities, Inc.
Portlands Energy Centre
Seneca Resources Corp.

St. Lawrence Gas
Thorold CoGen LP.
TransCanada Pipelines
TransCanada Energy Ltd.
Utilities Kingston
Vermont Gas Systems, Inc.
Yankee Gas Services Co.
York Energy Centre LP.

NOTE: Results contained within this report are based on a very limited population and should be interpreted as directional only.

Participant Feedback

The following section highlights the feedback from the Transport customer rate class.

Note that questions 1a and 1b were used to confirm the correct customer contact had been reached, so there are no tabulations for those questions.

All customers confirmed that the Union Gas representative asked how well they were meeting their needs as a customer.

Q2. Did Union Gas ask you about how well they were meeting your needs as a customers?	
Yes	24
No	0
Don't know	0
TOTAL	24

All customers confirmed that the Union Gas representative invited feedback on which customer outcomes they should focus on in their business plan.

Q3. Did the Union Gas representative ask for your feedback on the customer outcomes they should focus on in their business plan?	
Yes	24
No	0
Don't know	0
TOTAL	24

In all meetings, cost allocation considerations were discussed, and most felt the Union Gas representative did a *very good job* of explaining them. A handful said they did a *fairly good job*, but a couple felt they did a *fairly poor job*.

Q4. Did the Union Gas representative discuss any cost allocation considerations with you?	
Yes	24
No	0
Don't know	0
TOTAL	24

Q5. With regard to explaining cost allocation considerations, would you say the representative you met with did a very good job, a fairly good job, a fairly poor job, or a very poor job?	
Very good job	17
Fairly good job	5
Fairly poor job	2
Very poor job	0
Don't know	0
TOTAL	24

All customers confirmed that possible rate design changes for the Parkway Station were discussed, and all but two felt the representative did at least a *fairly good job* of explaining them. The remaining two did not know.

Q6. Did the Union Gas representative discuss any possible rate design changes for the Parkway Station with you?	
Yes	24
No	0
Don't know	0
TOTAL	24

Q7. With regard to explaining possible rate design changes, would you say the representative you met with did a very good job, a fairly good job, a fairly poor job, or a very poor job?	
Very good job	14
Fairly good job	8
Fairly poor job	0
Very poor job	0
Don't know	2
TOTAL	24

All customers confirmed that they had a chance to ask questions during their meetings, and half said their questions were answered *completely*. Another handful said their questions were *somewhat* answered, and the remaining customers said the Union Gas representative would be following up with them.

Q8. Did you have a chance to ask questions?	
Yes	24
No	0
Don't know	0
TOTAL	24

Q9. Were your questions answered to your satisfaction?	
Yes, completely	12
Yes, somewhat	5
No, but they are following up	7
No	0
Don't know	0
TOTAL	24

Almost all reported that the Union Gas representative gave them options for providing additional feedback after their meeting. Only one customer said this did not occur, and another customer wasn't sure.

Q10. Did the Union Gas representative give you options for providing additional feedback after your meeting with them?	
Yes	22
No	1
Don't know	1
TOTAL	24

Most said their meeting *completely* covered the key areas they expected, and a further five customers said *somewhat*. Only one customer felt their meeting did not cover what they had expected.

Q11. Did your meeting with the representative of Union Gas cover the key areas you expected?	
Yes, completely	18
Yes, somewhat	5
No	1
Don't know	0
TOTAL	24

All customers reported that the Union Gas representative explained the next steps in their customer consultation process, including when the customer could next expect to hear from Union Gas.

Q12. Did the Union Gas representative adequately explain the next steps in their customer consultation process, including when you can expect to hear from Union Gas next?	
Yes	24
No	0
Don't know	0
TOTAL	24

Based on their experience so far, only one customer reported being *not very confident* that Union Gas is committed to addressing customer needs and preferences in their upcoming business plan. Everyone else was either *very* or *somewhat confident*.

Q13. From what you have experienced so far, how confident are you that Union Gas is committed to addressing customer needs and preferences in their upcoming business plan?	
Very confident	13
Somewhat confident	10
Not very confident	1
Not at all confident	0
Don't know	0
TOTAL	24

Transport Customer Validation Survey

GET TARGET RESPONDENT ON PHONE:

Hello, I am calling from Innovative Research Group. May I please speak with [NAME]?

1. Yes, speaking **INTRO1**
2. Yes, transfer **INTRO3**
3. No **INTRO2**

INTRO1

I am calling to ask a few questions following-up on a recent meeting you had with a Union Gas representative about their upcoming 2019 business plan. This call will only take a few minutes of your time.

[SCHEDULE CALLBACK IF NECESSARY, BUT TRY TO GET THE COMPLETE ON THE FIRST CALL]

INTRO2 Hello, I am calling from Innovative Research Group to ask [NAME] a few questions following-up on a recent meeting they had with a Union Gas representative about their upcoming 2019 business plan. This call will only take a few minutes of their time.

1. Yes **Transfer and continue to INTRO3**
2. No **Thank and Terminate**

INTRO3 Hello, I am calling from Innovative Research Group to ask you a few questions following-up on a recent meeting you had with a Union Gas representative about their upcoming 2019 business plan. This call will only take a few minutes of your time.

Q1a. Can you please confirm that you recently spoke with a representative of Union Gas to discuss their business plan for the period of time starting in 2019?

1. Yes **SKIP to Q2**
2. No

Q1b. Can you connect me with someone else in your organization that recently spoke with Union Gas about their business plan?

1. Yes **Transfer and go back to INTRO**
2. No **Thank and Terminate**

I am going to quickly review a couple of areas to make sure they were all dealt with.

Q2. Did Union Gas ask you about how well they were meeting your needs as a customers?

1. Yes
2. No

Q3. Did the Union Gas representative ask for your feedback on the customer outcomes they should focus on in their business plan??

1. Yes
2. No
98. Don't know

Q4. Did the Union Gas representative discuss any cost allocation considerations with you?

1. Yes
2. No
98. Don't know

SKIP TO Q6

SKIP TO Q6

Q5. With regard to explaining cost allocation considerations, would you say the representative you met with did a very good job, a fairly good job, a fairly poor job, or a very poor job?

1. Very good job
2. Fairly good job
3. Fairly poor job
4. Very poor job
98. Don't know

Q6. Did the Union Gas representative discuss any possible rate design changes for the Parkway Station with you?

1. Yes
2. No
98. Don't know

SKIP TO Q8

SKIP TO Q8

Q7. With regard to explaining possible rate design changes, would you say the representative you met with did a very good job, a fairly good job, a fairly poor job, or a very poor job?

1. Very good job
2. Fairly good job
3. Fairly poor job
4. Very poor job
98. Don't know

Q8. Did you have a chance to ask questions?

1. Yes
2. No

SKIP TO Q10

Q9. Were your questions answered to your satisfaction?

1. Yes, completely
2. Yes, somewhat
3. No, but they are following up
4. No
98. Don't know

Q10. Did the Union Gas representative give you options for providing additional feedback after your meeting with them?

1. Yes
2. No
98. Don't know

Q11. Did your meeting with the representative of Union Gas cover the key areas you expected?

1. Yes, completely
2. Yes, somewhat
3. No (IF NO: What topics did you feel they missed?)
98. Don't know

Q12. Did the Union Gas representative adequately explain the next steps in their customer consultation process, including when you can expect to hear from Union Gas next?

1. Yes
2. No
98. Don't know

Q13. From what you have experienced so far, how confident are you that Union Gas is committed to addressing customer needs and preferences in their upcoming business plan?

1. Very confident
2. Somewhat confident
3. Not very confident
4. Not at all confident
98. Don't know

Those are all the questions I have. Thank you for your time.

12. Telephone Survey: Residential and Low-Volume Business Customers

This section of the report summarizes the results of telephone interviews with residential and low-volume business customers. The objective of this final phase of the customer consultation was to gather quantitative data that is representative of these customer groups.

Summary

On the surface, there is little difference between Union Gas' residential and low-volume business customers when it comes to their needs and preferences as pertains to the utility's business planning.

Both customer groups are highly satisfied with the services they are receiving from Union Gas. A strong majority of residential and business customers say they are in fact *very satisfied*.

In both customer groups, many of the customer outcomes tested are considered *extremely important*, with reliability and safety at the top of the list. However, when asked to indicate which outcomes are *most important*, stable, predictable and affordable pricing comes out on top. So, although we have very satisfied customers, they are also price-conscious, placing a greater importance on price than even safety and reliability. This price-conscious perspective is apparent (particularly among those who are LEAP qualified) when we ask respondents to help Union Gas make choices in several business planning trade-off scenarios:

- Residential and business customers would both choose a steady pace of investment over a short-term approach.
- Although price-conscious, residential and business customer alike choose exceeding benchmarks and forgoing additional savings over lowering service standards to save money. However, neither group wants to spend more for enhanced online services.
- Neither group is entirely opposed to increasing charges for user pay services, but they don't want it showing up on their bills. They also don't want to assign a charge or incentive to the choice between paper and online billing.
- If Union Gas is going to invest rate dollars in an innovation and technology fund, residential and business customers agree that the money should be spent on greening the system as well as energy efficiency.

The two groups aren't identical though: the decision between sticking to regulated safety standards and spending more to achieve higher standards is more cut and dried for business customers – save your money, they say. And, while both groups are willing to pay more to help Union Gas surpass regulated GHG emissions reductions, residential customers feel more strongly in that regard.

Methodology

This report details the results of telephone surveys carried out by INNOVATIVE among residential and low-volume business (R1/M1 and R10/M2 rate classes) customers of Union Gas as the final phase of a comprehensive customer consultation program in preparation for their 2019 Rate Application to the OEB. Interviews with 800 residential customers were conducted between March 21st and March 28th, 2017, while interviews with 405 business customers were conducted between March 22nd and April 3rd 2017. The margin of error on a sample of 800 is $\pm 3.5\%$, 19 times out of 20,

and the margin of error for a sample of 405 is $\pm 4.9\%$, 19 times out of 20. In order to ensure representation of the much more limited R10/M2 rate class, 50 of the 405 business interviews were obtained from this slightly higher-volume rate class. All interviews were conducted using INNOVATIVEs computer assisted telephone interviewing (CATI) system.

The sample for this research was provided by Union Gas. Potential respondent customers were screened to ensure they receive a natural gas bill from Union Gas. Residential customers were further screened to ensure that they have primary or shared responsibility for paying their household's natural gas bill. Business customers were screened to ensure that they make decisions regarding energy use at their organization, and although they may also be residential customers of Union Gas, they were reminded to respond to the survey questions from the perspective of their organization's needs and preferences.

The survey employed a stratified random sampling methodology. This is a method of sampling that involves the division of a population into smaller groups known as strata. In stratified random sampling, the strata are formed based on members' shared attributes or characteristics (in this case, region or natural gas consumption). A random sample from each stratum is taken in a number proportional to the stratum's size when compared to the customer population. These subsets of the strata are then pooled to form a random sample.

In this survey, customers were divided into strata based on regional populations. Within regional populations, customers were then divided into three categories based on monthly natural gas usage to ensure the sample has a proportionate mix of customers from low, medium, and high natural gas usage households and businesses.

The tables below illustrate the strata divisions:

RESIDENTIAL:

REGION (RATE CLASS)	COUNT	% DIST	SAMPLE	LOW	MEDIUM	HIGH
North (R1)	304,161	23%	187	61	62	63
South (M1)	996,773	77%	613	206	204	203
TOTAL	1,300,934	100%	800	267	266	267

M1/R1 COMMERCIAL:

REGION (RATE CLASS)	COUNT	% DIST	SAMPLE	LOW	MEDIUM	HIGH
North (R1)	29,926	26%	93	29	31	32
South (M1)	83,302	74%	257	88	85	84
TOTAL	113,228	100%	350	116	117	117

M2/R10 COMMERCIAL:

REGION (RATE CLASS)	COUNT	% DIST	SAMPLE	LOW	MEDIUM	HIGH
North (R10)	2,159	22%	11	3	4	3
South (M2)	7,538	78%	39	13	13	13
TOTAL	9,697	100%	50	16	17	17

The Survey

The survey (included as an appendix to this report) was about 12 minutes in length and evolved from a general question about satisfaction, through a ranking of customer outcomes, to a series of trade-offs. Throughout the trade-off questions, respondents who weren't sure which option they preferred, or who didn't have a strong opinion were encouraged to just say so. Segmentation questions were asked at the end of the survey to facilitate the grouping of like respondents for analysis purposes.

Throughout the survey, wherever an estimated rate impact was mentioned, the amount specified was tailored to customer type, be it residential or business. In all other aspects, aside from screening questions and demo/firmographics, the residential and business surveys were identical.

The telephone survey evolved out of the earlier (qualitative) phases of the consultation. In transforming the questions embedded in workbook into a telephone survey which would quantify Union Gas' customers' opinion, two key factors need to be taken into account:

- **Length:** In order to ensure enough participation, and to prevent participant fatigue, the survey must be kept relatively short. This meant that questions involving lengthy preambles in the workbook required extensive rewriting, or in some instances were eliminated altogether.
- **Clarity and Comprehension:** Some concepts required graphics or tables to clearly convey them in the workbook. Conveying the same content by phone is more challenging. Questions were tailored to ensure they are clear.

In reviewing the workbook, almost every question was adjusted in order to suit the telephone methodology. Additionally, some questions were removed either because:

- the question could not be asked effectively over the telephone;
- there was a clear direction from the qualitative research;
- to shorten the length of the survey (especially where the same information is generated in other ways); or
- the question was a diagnostic being used to measure the effectiveness of the qualitative research in order to strengthen the final quantitative survey.

The questions "How do you know if Union Gas is doing a good job for you?" and "Is there anything in particular you feel Union Gas can do better?" were removed due to overall survey length. Open-ended questions take up a lot of time in telephone surveys and we were confident that we had robust feedback from the qualitative stage.

The Customer Journey questions were removed based on feedback from the focus groups, where many reported that they simply didn't have any contact with Union Gas. Furthermore, between the focus groups, the online survey and Union Gas' regular customer satisfaction work, Union Gas has substantial data in this area.

Adapting the customer outcomes section for a telephone survey included switching the questions to ask how important customers found each outcome on a scale of 0 to 10. Additionally, a ninth outcome was identified in the qualitative research “Helping you become a more informed customer” which was included in the questions. Finally, rather than asking customers to rank all the outcomes, they were only prompted to rank their first, second and third outcomes, as a way of shortening the survey length.

The workbook goes into a fair amount of detail about spending on buildings, pipes, equipment and IT. Rather than try to replicate that in the telephone survey, respondents were provided with a series of paired statements to approach the issue of pacing from more of a value judgment perspective.

Employee salary questions were removed due to clear direction from the qualitative research and a need to keep the survey brief.

Questions around “Maximum Operating Pressure Verification” and “Bare and Unprotected Pipes” were found to be too challenging to convey over the phone. Instead, they were replaced with a value choice between enhanced safety and cost.

Because questions around vaulted stations and automated meter reading required substantial explanation and we had received clear direction from our qualitative research already, they were removed.

The question about whether or not a customer would use expanded online services was removed for brevity, while the question about whether or not Union Gas should expand those services was retained.

The question around credit card fees generated clear and overwhelming results throughout the qualitative research and as such was removed for the sake of keeping the phone survey as short as possible.

The qualitative research uncovered a split in opinion over incremental service costs and charges. As such, this area of questioning was expanded to include a separate question about non-payment reconnection charges, distinct from other user fee charges.

The technology fund question was adjusted based on feedback from the qualitative research. Participants were reluctant to provide a “blank cheque” for a new fund, so the question was adjusted to include options to specify where the funds should be focused.

Questions about low-income support programs were removed as there was clear direction from the qualitative research and a need to keep the survey as brief as possible.

Questions removed because they were qualitative diagnostic questions:

- “I understand why Union Gas is seeking my input.”
- “How well do you feel you understand the important parts of the Union Gas system and how they work together?”

- “How well do you feel you understand how your feedback fits within the planning process?”
- “Overall, what did you think about the workbook?”
- “Did Union Gas provide a) Too much information b) Not enough c) Just the right amount d) Don’t know / not sure”
- “Was there any content missing that you would have liked to have seen included?”
- “Is there anything that you would still like answered?”
- “How would you prefer to participate in these consultations in the future?”

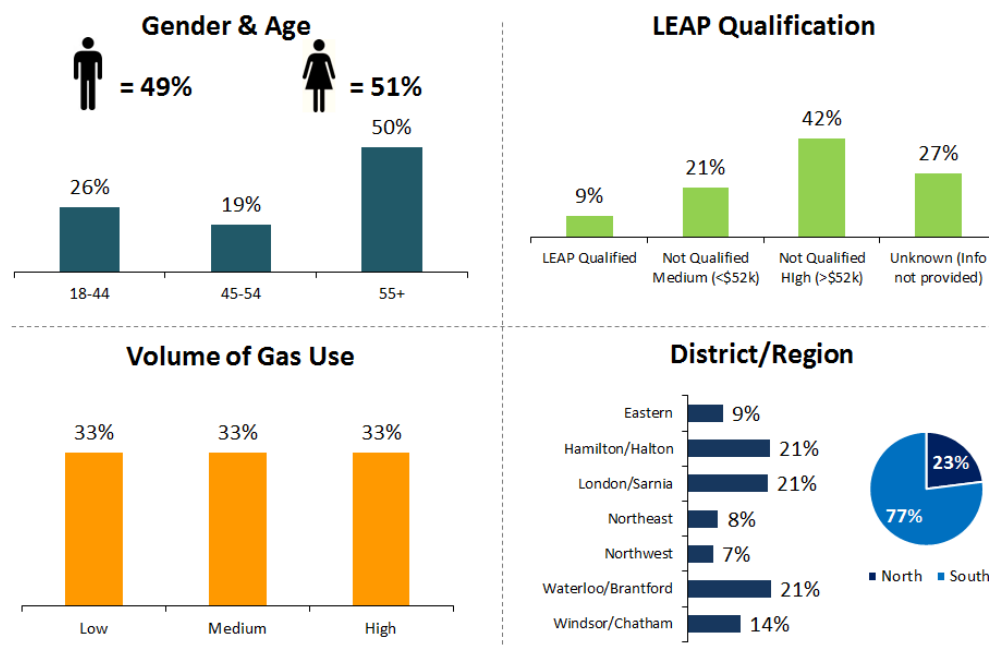
Demographic Profile of Residential Respondents

In keeping with the actual distribution of Union Gas residential customers and the sample stratification, 77% live in the Southern region of the service territory. At the district level, the distribution of survey respondents mirrors the actual distribution across the seven Union Gas districts.

Prior to data collection, all Union Gas customers were classified into three evenly sized groups – Low, Medium or High – based on their volume of natural gas usage, which is reflected in the survey sample.

Half of respondents are 55 years or older, and they are relatively evenly split on gender. Using two segmentation questions (income and household size), we were able to determine that 9% (n=79) of survey respondents are qualified for the Low-income Energy Assistance Program (LEAP). We have classified remaining respondents as being not qualified and at either a medium or high relative income level.

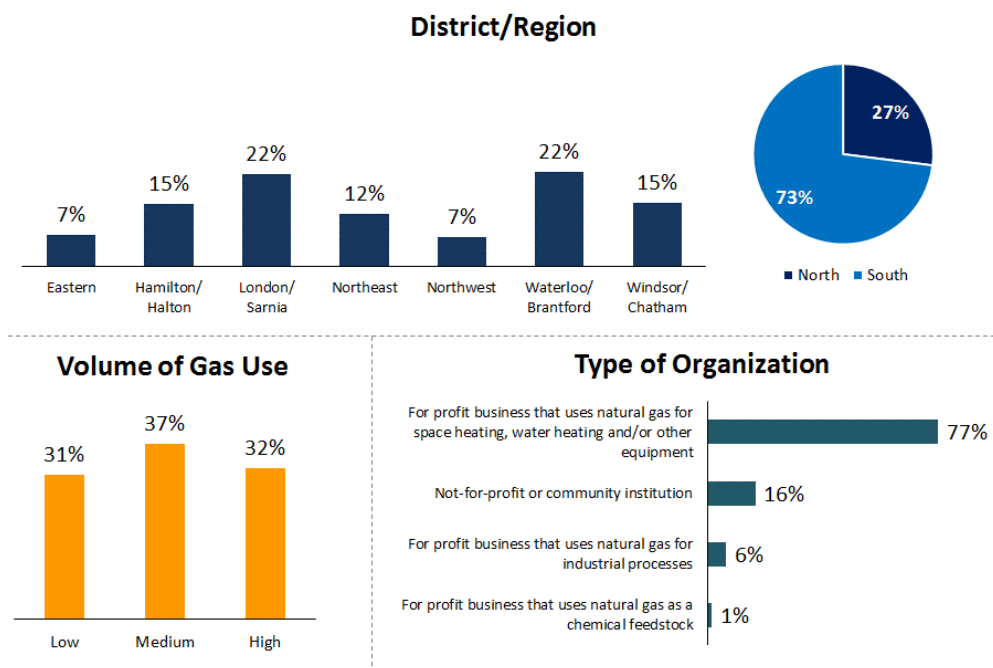
Demographics: Respondent Profile



Firmographic Profile of Business Respondents

The distribution of business survey respondents in terms of district and region reflects that of the actual low-volume business customer population. More than three-quarters (77%) of respondents describe their organization as a for profit business that uses natural gas for space/water heating or other equipment.

Firmographics: Respondent Profile

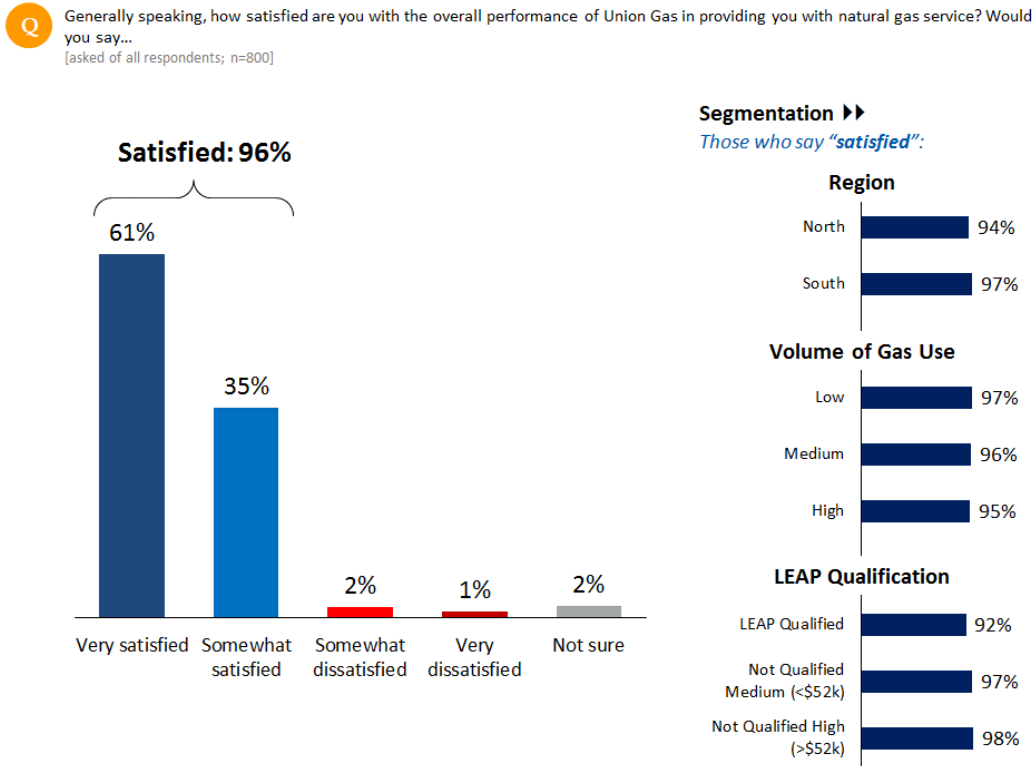


Detailed Results

Overall Satisfaction with Union Gas

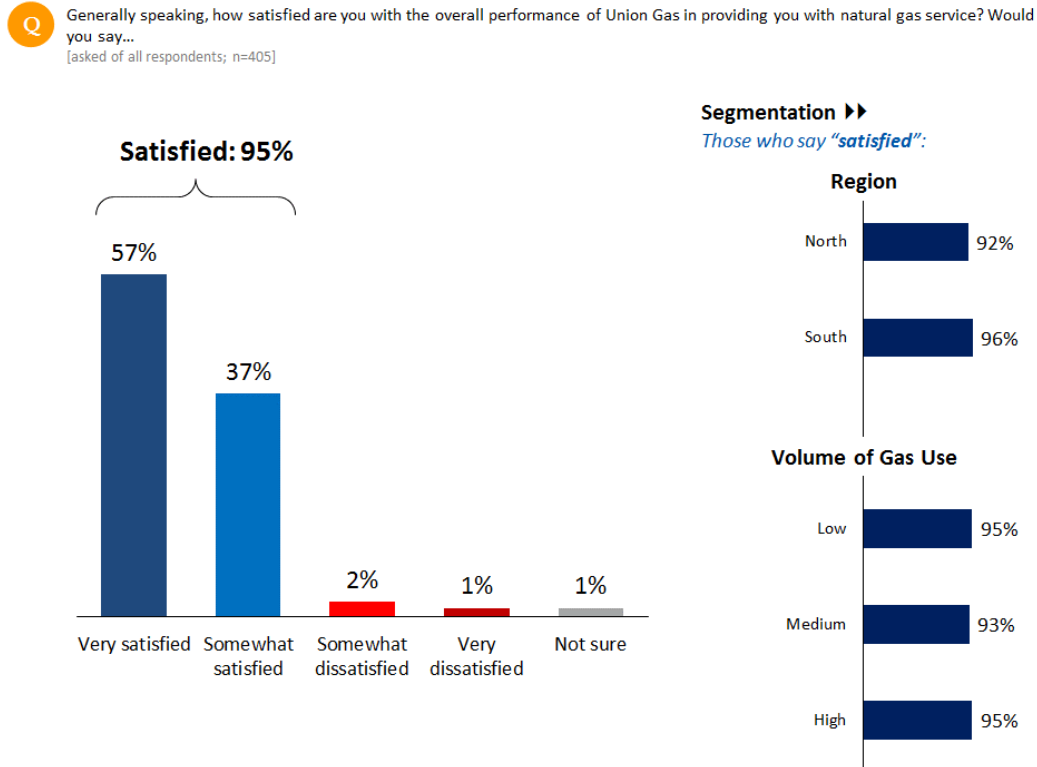
Generally speaking, almost all (96%) residential customers are satisfied with the job Union Gas does in providing them with natural gas service. In fact, 61% are *very satisfied*. The lowest level of satisfaction is among LEAP Qualified customers (92%).

Figure 1a: Overall Satisfaction with Union Gas – Residential



Like residential customers, low-volume business customers are generally very satisfied (95%) with the overall performance of Union Gas in providing them with natural gas. More than half (57%) are *very satisfied* with the utility's performance. Business customers in the southern region are marginally more satisfied than those in the north (96% versus 92%).

Figure 1b: Overall Satisfaction with Union Gas – Business



Customer Outcomes

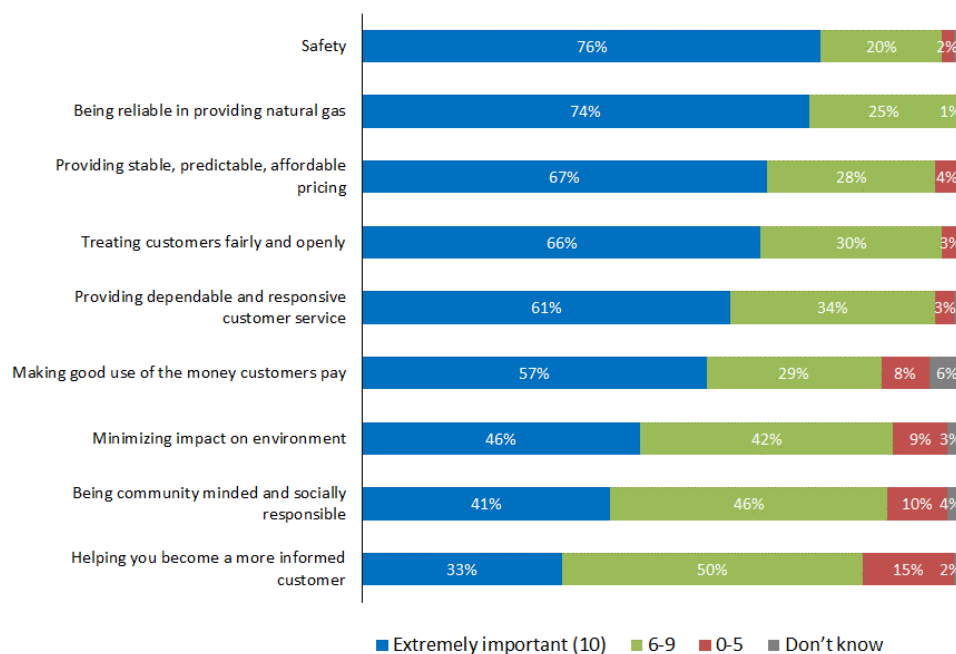
Respondents were read a list of customer outcomes that Union Gas planners need to consider. With the exception of one new outcome (“Helping you become a more informed customer”), this is the same list of outcomes used in all qualitative phases of the customer engagement, including the online workbook. Asked to rank the outcomes from 0 to 10, where 0 means “not at all important” and 10 means “extremely important”, safety and reliability come out on top with 76% and 74% (respectively) rating them as extremely important (10 out of 10) customer outcomes.

An additional four outcomes garnered a rating of 10 from at least half of residential customers: “providing stable, predictable, affordable pricing” (67%), “treating customers fairly and openly” (66%), “providing dependable and responsive customer service” (61%) and “making good use of the money customers pay” (57%).

While at least 88% of residential customers rated them a six or higher, the least important outcomes are “minimizing impact on environment” (46% rated it a 10), “being community minded and socially responsible” (41%), and “helping you become a more informed customer” (33%).


Figure 2a: Importance of Customer Outcomes – Residential

Q I am going to read you a list of customer outcomes that planners need to consider, and I'd like you to tell me how important each of them is to you. Please answer using a scale from 0 to 10, where 0 means “not at all important” and 10 means “extremely important”. I will read the entire list through once, and then we will go through the list one at a time. Be sure to save a rating of 10 for those items that are most important to you.
[asked of all respondents; n=800]



While LEAP Qualified customers agree with others on the top two most important outcomes (safety and reliability) they rate “providing dependable and responsive customer service” ahead of “stable, predictable and affordable pricing” and “treating customers fairly and openly”. Further, there are four customer outcomes that LEAP Qualified customers are more likely to rate a 10 than other respondents: “providing dependable and reliable customer service”, “minimizing impact on environment”, “being community minded and socially responsible”, and “helping you become a more informed customer.”

Figure 2b: Importance of Customer Outcomes – By LEAP Qualification

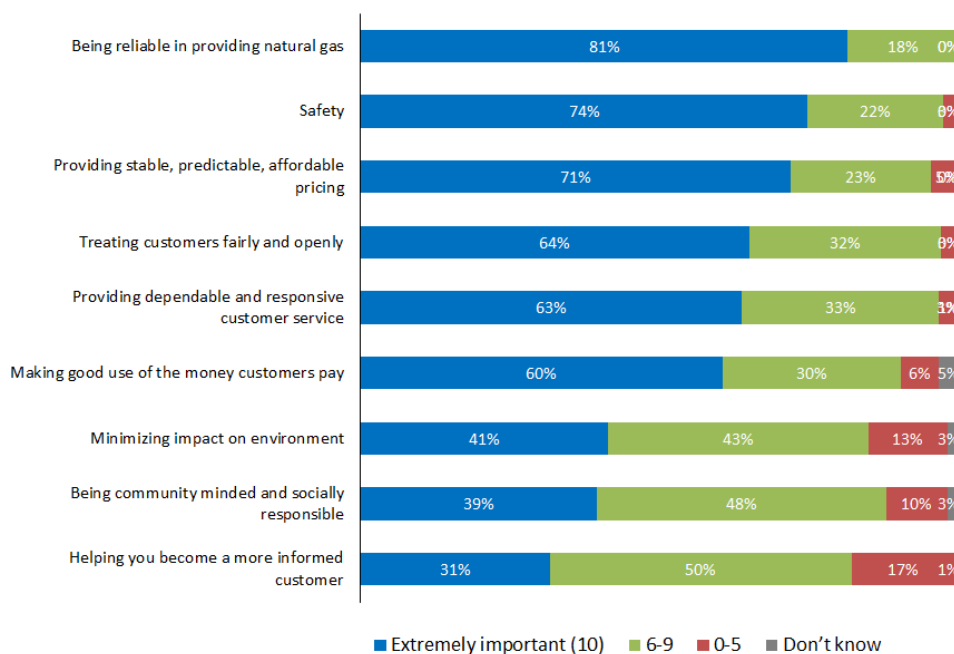
 I am going to read you a list of customer outcomes that planners need to consider, and I'd like you to tell me how important each of them is to you. Please answer using a scale from 0 to 10, where 0 means “not at all important” and 10 means “extremely important”. I will read the entire list through once, and then we will go through the list one at a time. Be sure to save a rating of 10 for those items that are most important to you.
[asked of all respondents; n=800]

(% who rated each outcome 10 on a scale of 0 to 10)	LEAP Qualified	Not Qualified Medium (<\$52k)	Not Qualified High (>\$52k)
Safety	75%	70%	77%
Being reliable in providing natural gas	69%	70%	73%
Providing stable, predictable, affordable pricing	58%	60%	67%
Treating customers fairly and openly	61%	65%	63%
Providing dependable and responsive customer service	68%	57%	56%
Making good use of the money customers pay	55%	55%	54%
Minimizing impact on environment	58%	47%	40%
Being community minded and socially responsible	50%	41%	34%
Helping you become a more informed customer	44%	34%	24%

Among business customers, reliability tops the list when respondents are asked to rate customer outcome importance on a scale of 0 to 10, with 81% rating it *extremely important*. As with residential customers, safety (74% rated 10) and pricing (71% rated 10) round out the top three most important customer outcomes. The remaining six outcomes are rated by business customers in the same order as residential customers, with “being community minded” and “helping you become a more informed customer” rated as least important.

Figure 2c: Importance of Customer Outcomes – Business

Q I am going to read you a list of customer outcomes that planners need to consider, and I'd like you to tell me how important each of them is to your organization. Please answer using a scale from 0 to 10, where 0 means “not at all important” and 10 means “extremely important”. I will read the entire list through once, and then we will go through the list one at a time. Be sure to save a rating of 10 for those items that are most important to your organization.
[asked of all respondents; n=405]

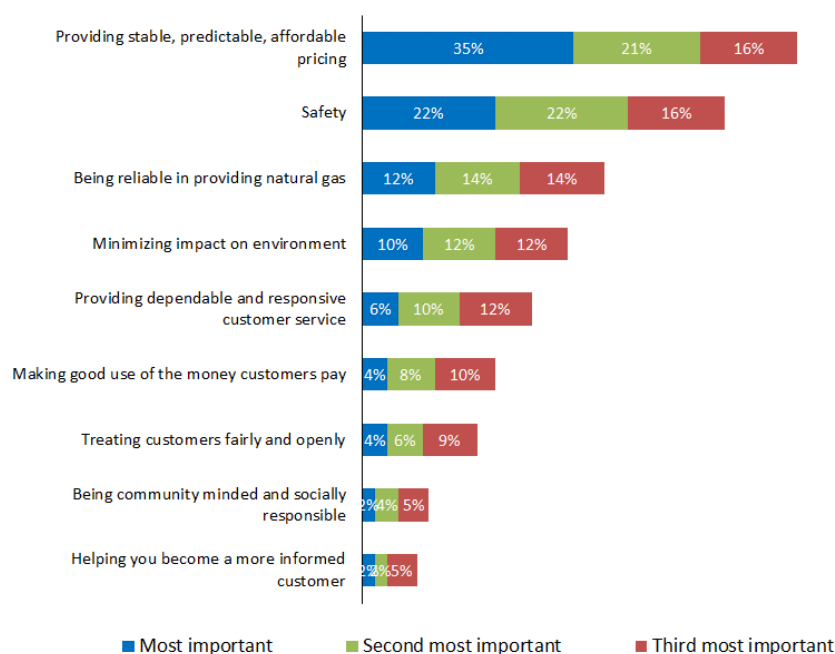


We see a slightly different result when residential customers are asked to rank which customer outcomes are the three most important to them. In this exercise, “providing stable, predictable, affordable pricing” (35% *most important*) takes over top spot, followed by safety (22%) and then reliability (12%).

Whether rated or ranked, “being community minded and socially responsible” and “helping you become a more informed customer” are deemed the least important customer outcomes by residential customers, with each being ranked *most important* by only 2% of respondents.

Figure 3a: Ranking Customer Outcomes – Residential

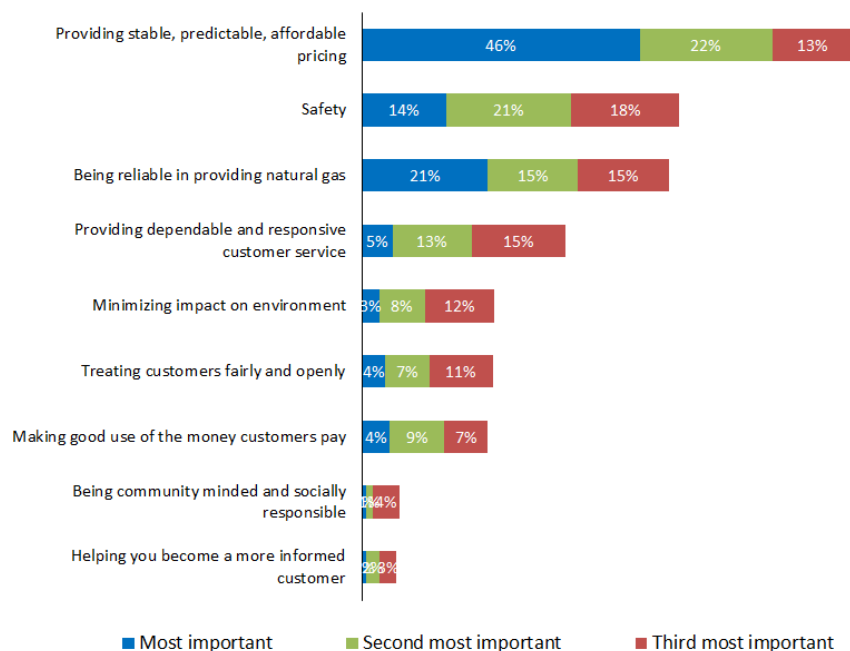
Q Sometimes Union Gas needs to choose between priorities that are all ranked quite highly. I am going to read you that list of customer outcomes again, and this time I'd like you to tell me which one is most important to you as a Union Gas customer. And which one is second most important to you? And, finally, which one is third most important to you?
[asked of all respondents; n=800]



When asked which customer outcome is *most important* to them, business customers – like residential customers – rank pricing, safety and reliability as their top three. Almost half (46%) rank pricing *most important*, while less than half as many accord the same ranking to reliability (21%) or safety (14%). Taking into account the top three outcomes among business customers, safety slightly edges out reliability for second spot after pricing.

Figure 3b: Ranking Customer Outcomes – Business

Q Sometimes Union Gas needs to choose between priorities that are all ranked quite highly. I am going to read you that list of customer outcomes again, and this time I'd like you to tell me which one is most important to you as a Union Gas customer. And which one is second most important to your organization? And, finally, which one is third most important to your organization?
[asked of all respondents; n=405]



Business Planning Trade-offs (“Making Choices”)

The Pace of Investment

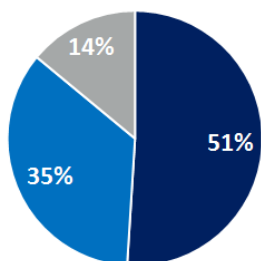
Asked whether Union Gas should take a long-term focus on system investment – even if that means higher rates – or if they should spend only what is needed to keep the system running for now, half (51%) of residential respondents prefer a long-term approach. The only residential segment where fewer than half prefer a long-term approach are those at a medium volume of natural gas usage (48%), and LEAP Qualified customers (38%).

Just over a third (35%) of residential customers feel Union Gas should instead be focussing on keeping rates low and limiting investment to only what is needed to keep the system running for now. The remaining 14% are not sure or don’t have a strong opinion.

Figure 4a: Pace of Investment - Residential



When it comes to making investments in equipment and facilities required to run the natural gas system, which of the following is closest to your point of view? If you aren’t sure, or don’t have a strong opinion, please just say so.
[asked of all respondents; n=800]



- Union Gas should do what’s needed to keep the system healthy in the long run, even if that means higher rates
- Union Gas should focus on keeping rates low and spend only what is needed to keep the system running for now
- Not sure / don’t have a strong opinion

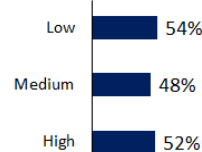
Segmentation ►►

Those who say “...keep system healthy in the long run...”:

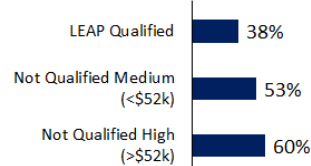
Region



Volume of Gas Use

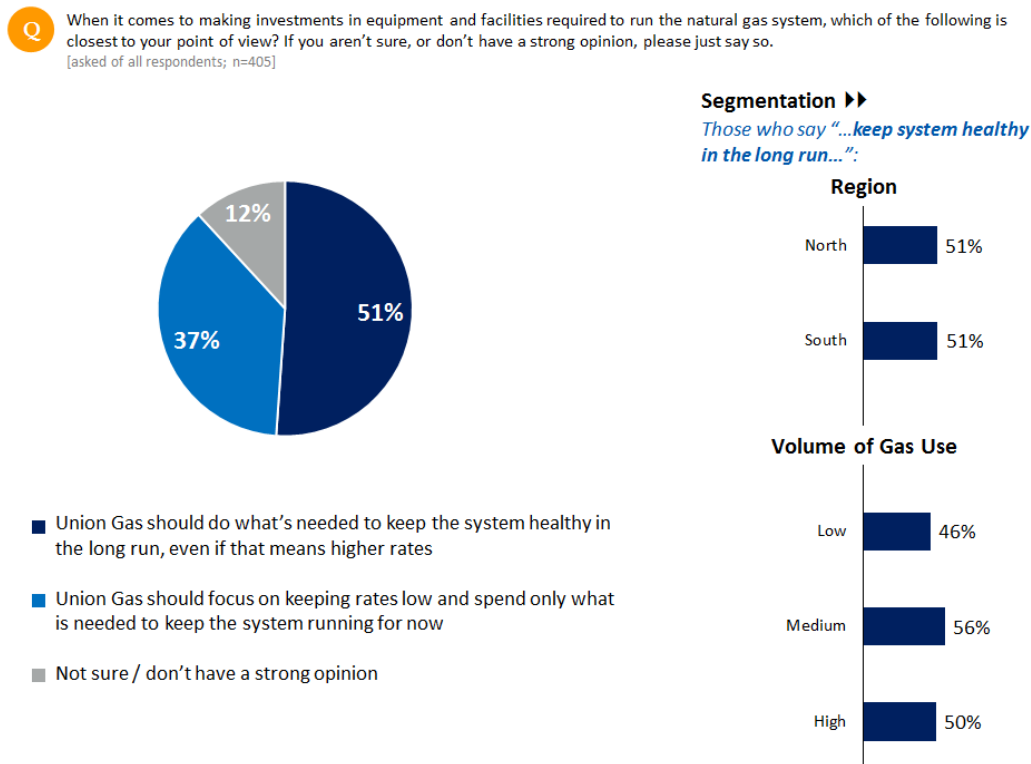


LEAP Qualification



Almost an exact duplication of the residential results, 51% of business customers feel that Union Gas should do what's needed to keep the system healthy in the long run, even if that means higher rates. Fewer than four-in-ten (37%) prefer a short-term approach that focusses on keeping rates low, and the remaining 12% aren't sure or don't have a strong opinion. Lower volume business customers are least likely to prefer a long-term approach (46%), while medium volume customers are most likely to prefer this strategy (56%).

Figure 4b: Pace of Investment - Business



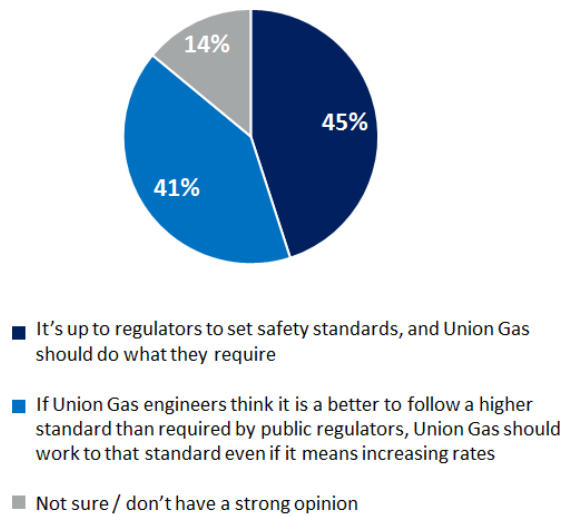
Safety Standards

Residential customers are fairly evenly divided on whether Union Gas should just follow the safety standards set by regulators (45%), or if they should work to a higher standard even if it means increasing rates (41%). The remaining 14% did not state a preference. Among LEAP Qualified respondents, more than half (52%) would rather Union Gas stick to current safety standards than meet a higher standard and risk a rate increase.

Figure 5a: Safety Standards – Residential

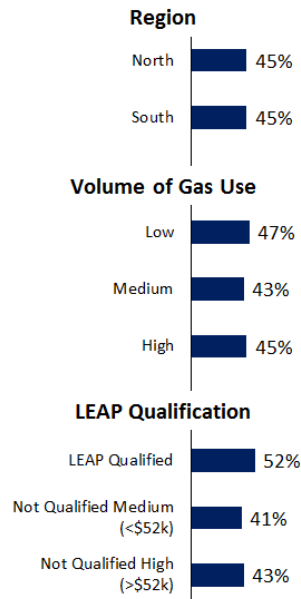


Currently, Union Gas follows safety standards that are set by public regulators. When it comes to safety standards, which of the following is closest to your point of view? If you aren't sure, or don't have a strong opinion, please just say so.
[asked of all respondents; n=800]



Segmentation >>

Those who say "...do what they require":

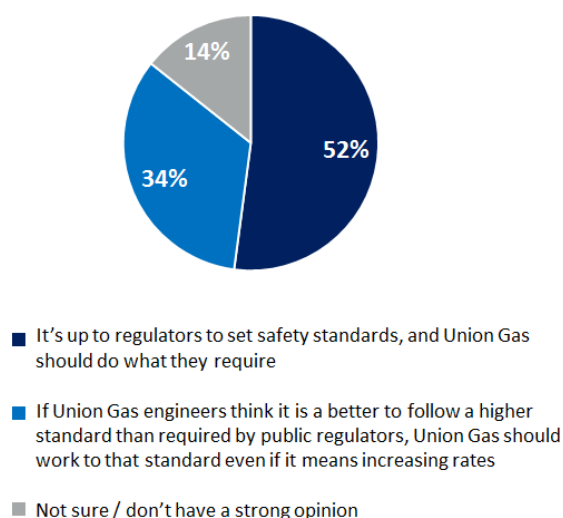


While residential customers are fairly evenly divided on the issue of safety standards, for business customers the choice is clear: 52% say Union Gas should adhere to the safety standards set by regulators. A third (34%) feel a higher standard set by Union Gas engineers is appropriate, even if it means increasing rates. One-in-seven (14%) did not have an opinion.

Lower volume business customers (48%) seem a bit less likely to want to leave it up to regulators than medium (54%) or higher volume (53%) customers.

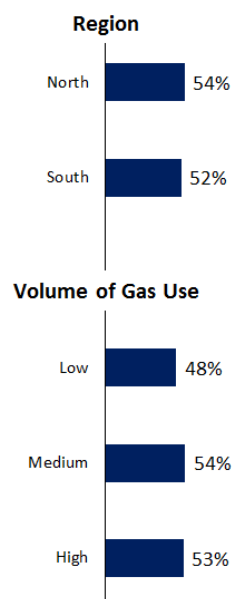
Figure 5b: Safety Standards – Business

Q Currently, Union Gas follows safety standards that are set by public regulators. When it comes to safety standards, which of the following is closest to your point of view? If you aren't sure, or don't have a strong opinion, please just say so.
[asked of all respondents; n=405]



Segmentation >>

Those who say "...do what they require":



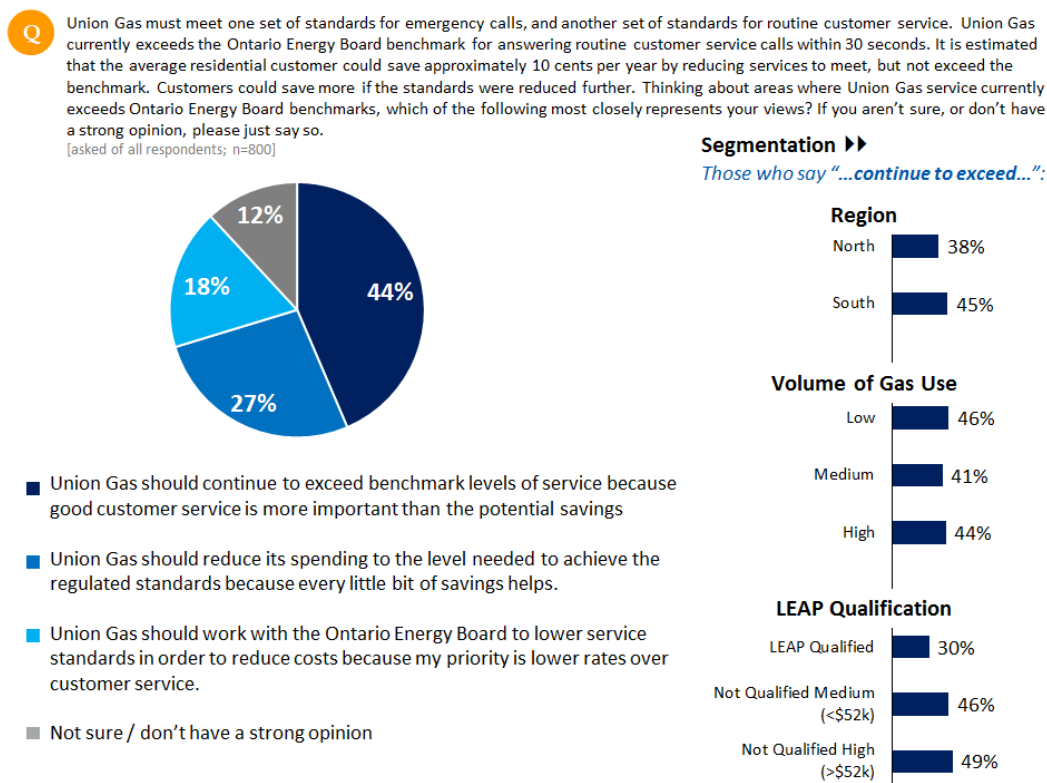
Meeting or Exceeding Service Benchmarks

Interviewing agents described to respondents how Union Gas currently exceeds the OEB benchmark for answering non-emergency, routine service calls within 30 seconds, and how customers could save (10 cents per year for residential customers, 50 cents for business) on their natural gas delivery costs if services were reduced to meet, but not exceed the standard – with even more savings if the standards were reduced further.

Asked how Union Gas should handle scenarios where they currently exceed regulated standards, a plurality (44%) say Union Gas should continue to exceed benchmark levels of service as customer service is more important than potential savings. More than one-in-four (27%) would prefer that Union Gas go no further than meeting the standard in favour of saving money, and almost one-in-five (18%) would like to save even more money, and want to see utility work with the OEB to lower service standards. The remaining 12% did not indicate a preference.

Customers in the Northern region (38%) and those who are LEAP Qualified (30%) are *least* likely to favour Union Gas exceeding the benchmark levels of service.

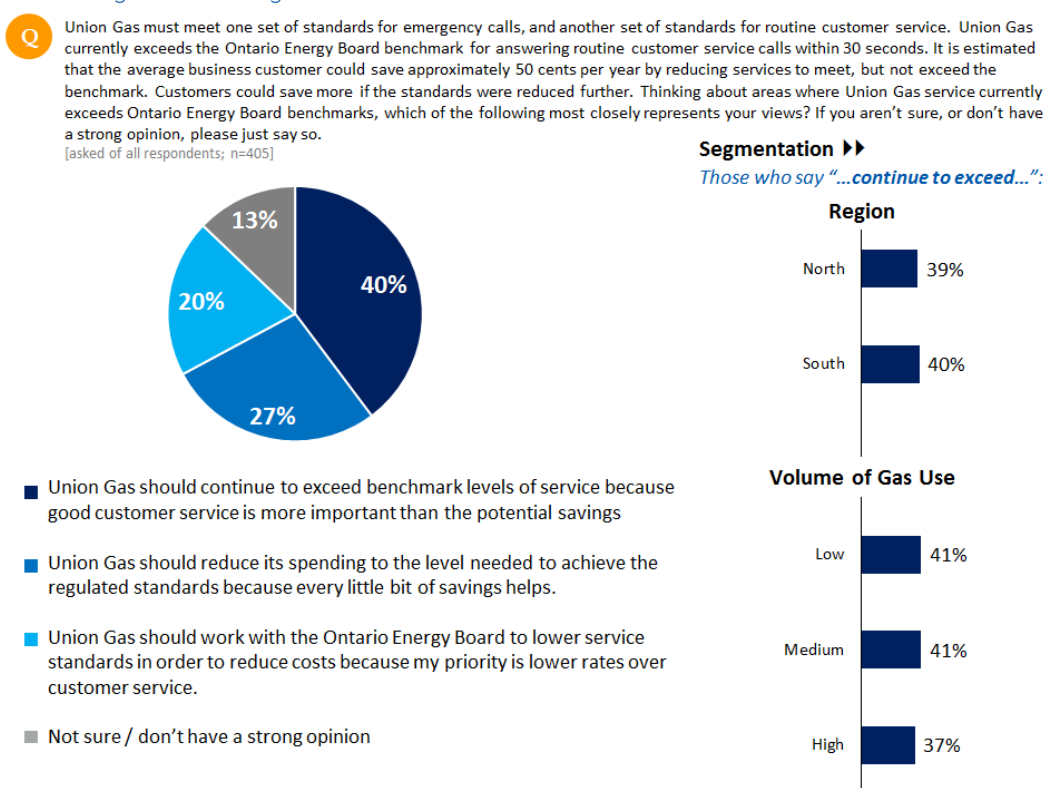
Figure 6a: Meeting or Exceeding Service Benchmarks – Residential



Business customers were quoted a figure of 50 cents per year in savings if Union Gas reduces services to meet but not exceed service benchmarks set by the OEB. Nonetheless, in a result very similar to residential customers, 40% say Union Gas should continue to exceed benchmark levels of service, 27% say the utility should reduce its spending and just meet the benchmark, and 20% would like to reduce the benchmark and, thereby, costs. The remaining 13% are not sure or don't have a strong opinion.

While business customers in the north (39%) and the south (40%) are equally likely to prefer the status quo, customers in the north (31%) are marginally more likely than those in the south (26%) to feel Union Gas should save some money and perform only to the benchmark but not beyond. Business customers whose volume of natural gas falls in the low or medium range are marginally more likely than higher volume customers to prefer the status quo (41% versus 37%).

Figure 6b: Meeting or Exceeding Service Benchmarks – Business



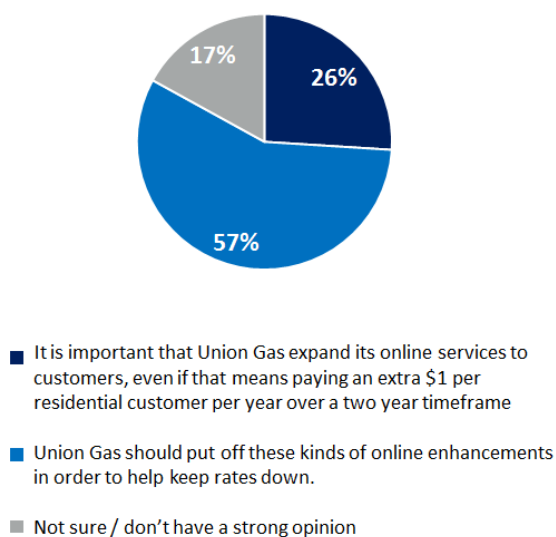
Expanding Online Services

Residential customers are not prepared to pay for enhanced online services: 57% say Union Gas should put these enhancements off in order to keep costs down. One-in-four (26%), however, would be willing to pay an extra dollar per year for expanded online services. One-in-five (17%) did not offer an opinion.

Low volume residential customers (54%) and those in the highest income group (52%) are *least* likely to want Union Gas to hold off on online service enhancements to keep rates down.

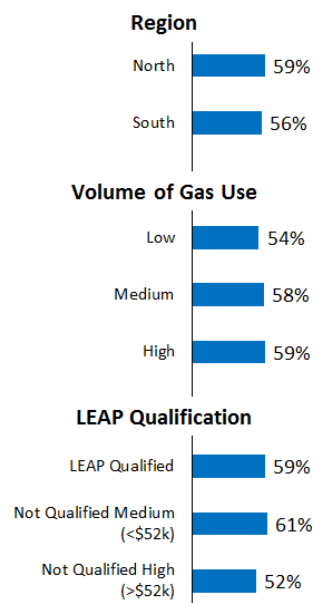
Figure 7a: Expanding Online Services – Residential

Q Union Gas is considering expanding the number of services that customers can access online using their MyAccount portal. They could add services such as calculators and forms to help you decide how you can reduce your energy use and your bill, additional flexibility in requesting services, and increased ability to utilize and respond to email and text inquiries. Thinking of the potential increased online services, which of the following most closely represents your views? If you aren't sure, or don't have a strong opinion, please just say so.
[asked of all respondents; n=800]



Segmentation ▶▶

Those who say "... should put off ...":

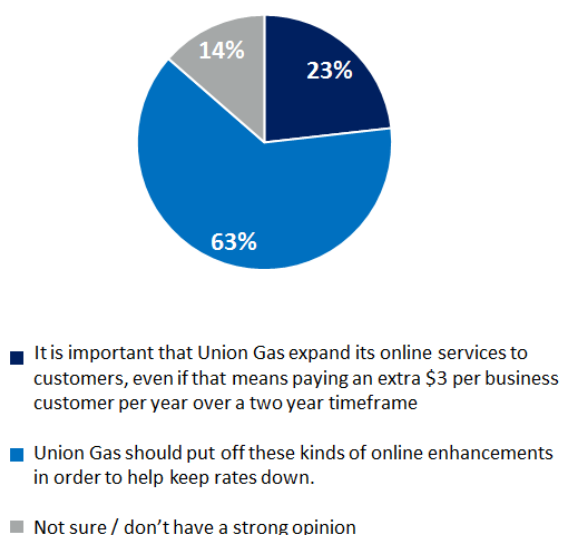


Business customers are even more likely (63%) than residential customers to feel that expanding online services is not a priority. This is particularly true among customers in the northern region (66%). On the other hand, one-in-four (23%) business customers say they would be willing to pay an additional \$3 per year for enhanced online services. The remaining 14% did not offer an opinion.

Lower volume business customers (68%) are more likely to favour putting off online enhancements than medium (62%) or higher volume customers (61%).

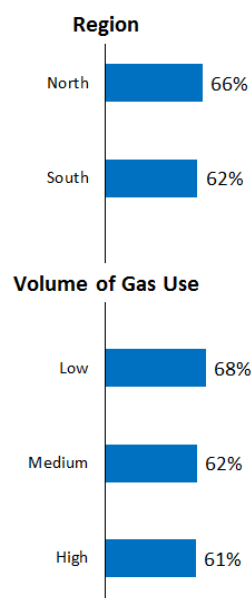
Figure 7b: Expanding Online Services – Business

Q Union Gas is considering expanding the number of services that customers can access online using their MyAccount portal. They could add services such as calculators and forms to help you decide how you can reduce your energy use and your bill, additional flexibility in requesting services, and increased ability to utilize and respond to email and text inquiries. Thinking of the potential increased online services, which of the following most closely represents your views? If you aren't sure, or don't have a strong opinion, please just say so.
[asked of all respondents; n=405]



Segmentation >>

Those who say "...should put off...":



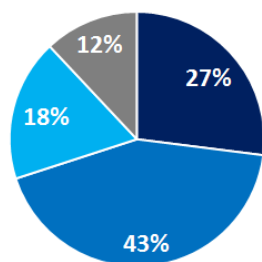
Reconnection Fees

Even after being informed that the current \$65 reconnection charge does not cover the actual cost (\$116), a plurality (43%) of residential customers say Union Gas should leave the charges as is. More than one-in-four (27%) would rather Union Gas increase service charges to cover the full cost, while 18% would like to see services charges eliminated in favour of an increase in rates. The remaining 12% did not offer an opinion.

Those at a medium income level are most likely (53%) to prefer the status quo, whereas fewer than four-in-ten (39%) of those in either the higher income or LEAP Qualified income categories share that view. Higher volume customers (47%) are more likely to want things to stay the way they are than low (41%) or medium (40%) volume customers.

Figure 8a: Reconnection Fees - Residential

Q When customers are disconnected for not paying their bill, and then are reconnected when the bill is paid, Union Gas applies a charge of \$65 for those services. Those charges have not been adjusted for some years and currently do not cover the actual cost which is \$116. With this in mind, which of the following is closest to your point of view. If you aren't sure, or don't have a strong opinion, please just say so.
[asked of all respondents; n=800]



- Union Gas should increase these service charges to cover the full cost of the extra service.
- Union Gas should leave these existing service charges where they are.
- Union Gas should eliminate these service charges altogether and recover the costs in the rates all customers pay.
- Not sure / don't have a strong opinion

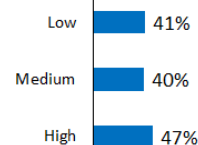
Segmentation ►►

Those who say "...leave existing charges where they are":

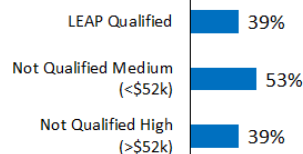
Region



Volume of Gas Use



LEAP Qualification



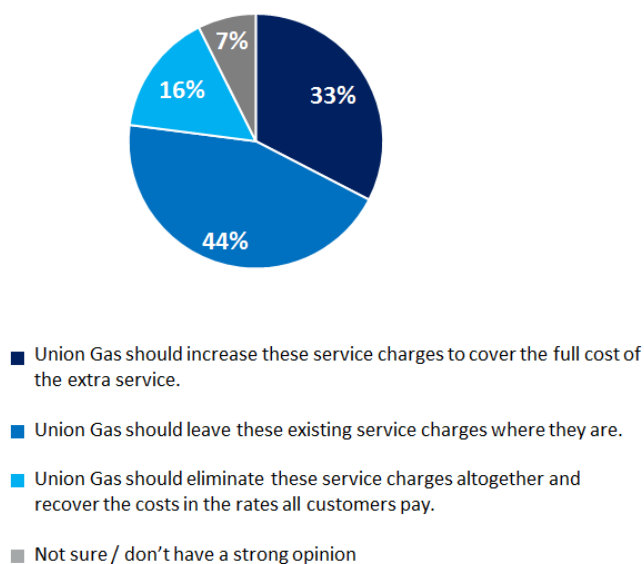
Again, we find business customers responding similarly to residential customers, with 44% saying Union Gas should leave reconnection fees where they are. One-third (33%) say the charges should be increased to cover the full cost, and 16% say they should be eliminated and paid for by all customers in their rates. Only 7% did not have an opinion.

Business customers in the northern region (48%) are more likely than those in the south (43%) to want to leave things as they are, or to increase service charges (38% in the north vs 31% in the south). Customers in the south, on the other hand, while in general agreement with how reconnection charges should be handled, are more likely to want to see them eliminated than their northern counterparts (18% versus 10%).

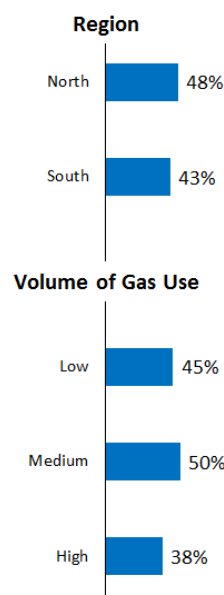
Medium volume business customers show a stronger preference for the status quo (50%) than either lower (45%) or higher (38%) volume customers.

Figure 8b: Reconnection Fees – Business

Q When customers are disconnected for not paying their bill, and then are reconnected when the bill is paid, Union Gas applies a charge of \$65 for those services. Those charges have not been adjusted for some years and currently do not cover the actual cost which is \$116. With this in mind, which of the following is closest to your point of view. If you aren't sure, or don't have a strong opinion, please just say so.
[asked of all respondents; n=405]



Segmentation ►►
Those who say "...leave existing charges where they are":

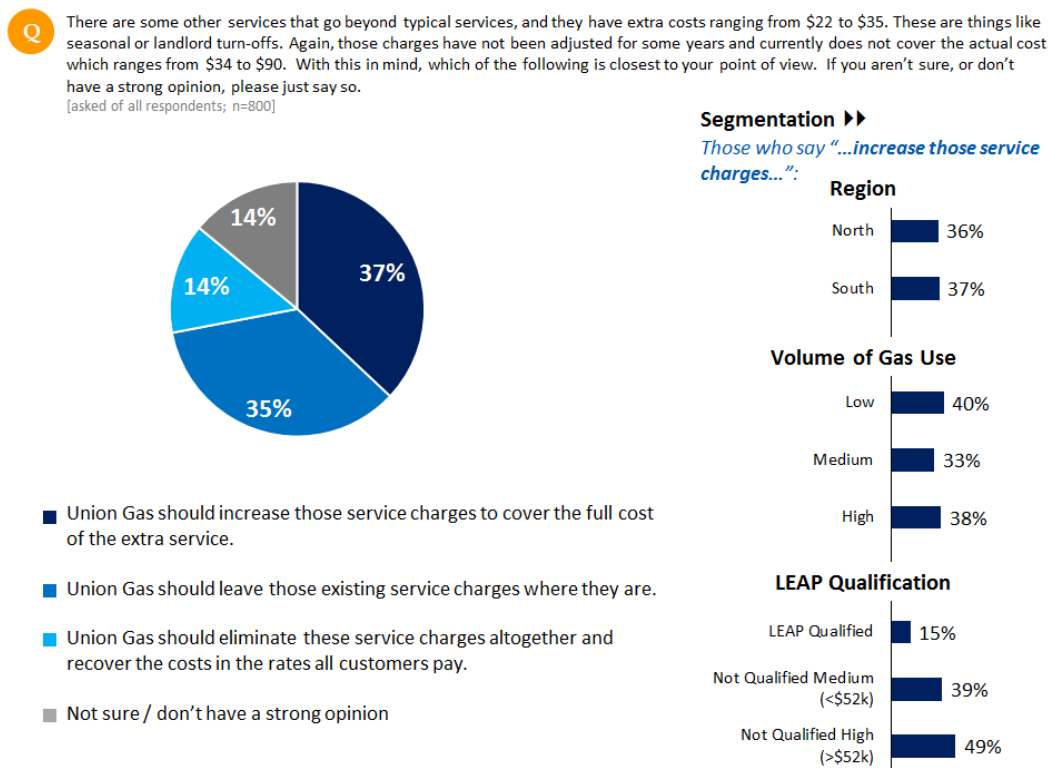


Additional Service Charges

Beyond reconnected fees – for example, seasonal or landlord turn-offs – residential customers are more likely to feel customers should be paying the full amount for those services (37%) – although a very similar proportion would rather the existing charges are left where they are (35%). About one-in-seven (14%) would rather see these charges eliminated in favour of cost recovery from the rates paid by all customers, and the same number (14%) aren't sure.

A preference for raising services charges increases with income, from 15% among LEAP Qualified customers to 49% of those in the highest income group.

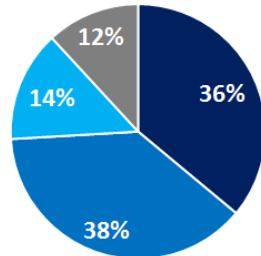
Figure 9a: Additional Service Charges - Residential



Like residential customers, business customers are more evenly divided between the status quo (38%) and increasing charges (36%) for services aside from reconnections. Customers in the north (42% vs 37% in the south) and lower volume customers (43% vs 38% medium and 33% higher) show a stronger preference for leaving the charges where they are. One-in-seven (14%) business customers would like to see the charges eliminated and paid for through all customers' rates, and the remaining 12% don't know how they feel.

Figure 9b: Additional Service Charges – Business

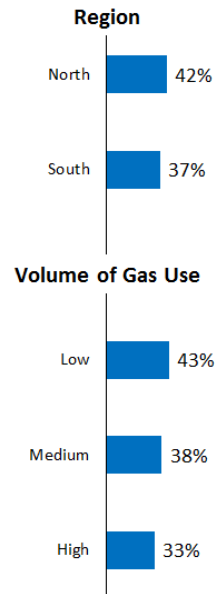
Q There are some other services that go beyond typical services, and they have extra costs ranging from \$22 to \$35. These are things like seasonal or landlord turn-offs. Again, those charges have not been adjusted for some years and currently does not cover the actual cost which ranges from \$34 to \$90. With this in mind, which of the following is closest to your point of view. If you aren't sure, or don't have a strong opinion, please just say so.
 [asked of all respondents; n=405]



- Union Gas should increase those service charges to cover the full cost of the extra service.
- Union Gas should leave those existing service charges where they are.
- Union Gas should eliminate these service charges altogether and recover the costs in the rates all customers pay.
- Not sure / don't have a strong opinion

Segmentation ►►

Those who say "...leave those existing services charges...":

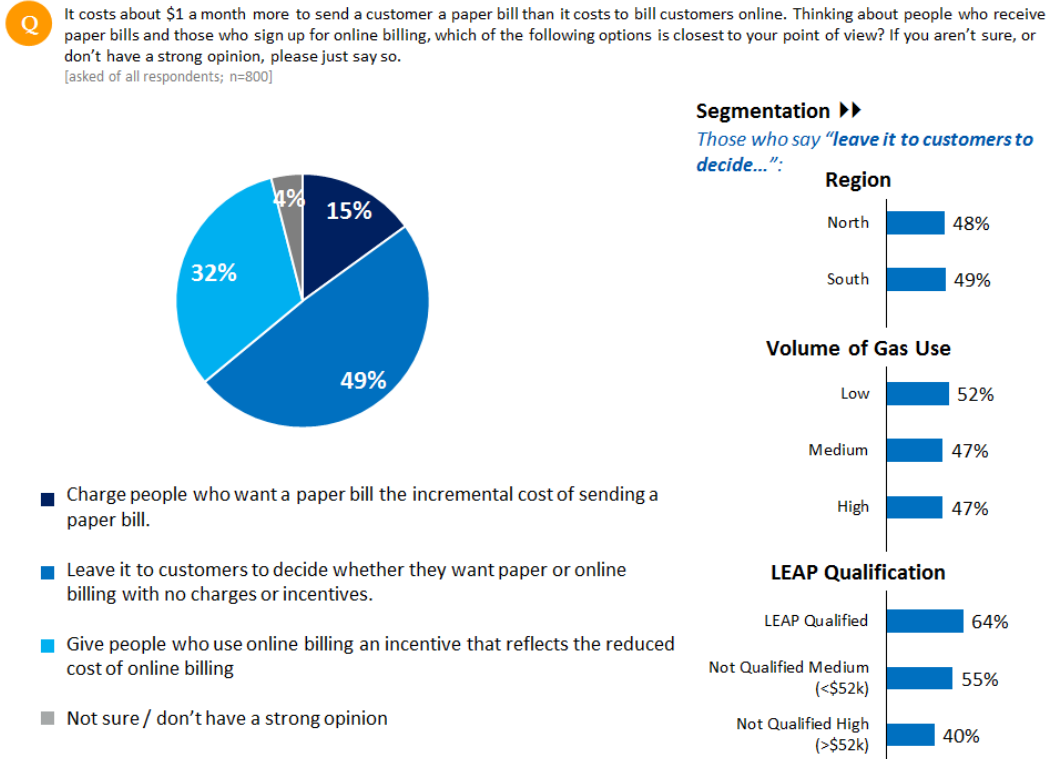


Paper vs Online Bills

Half (49%) of residential customer would prefer customers, not Union Gas decide whether they want online or paper billing – with no charges or incentives. A third (32%) feel that online billing customers should be incentivized to reflect the reduced cost, while only half as many (15%) would prefer to see those who want a paper bill being charged for it. Only 4% did not offer an opinion.

At 64%, LEAP Qualified customers are most likely to prefer letting customers decide, while only 40% of the highest income group feel the same.

Figure 10a: Paper vs Online Bills – Residential

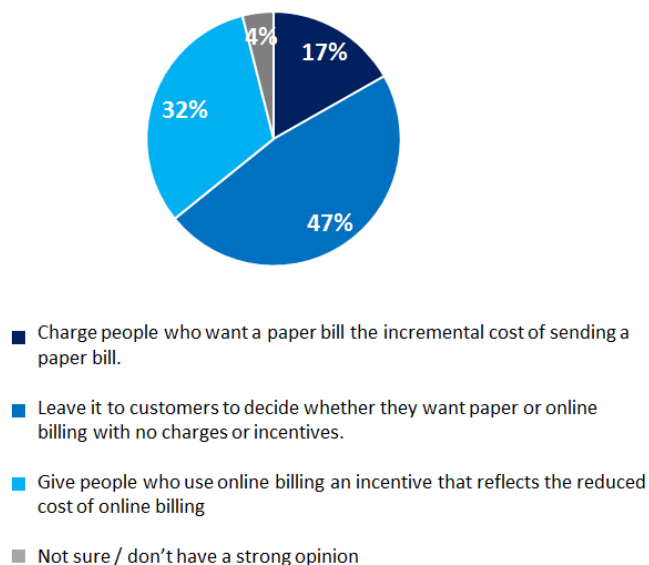


Mirroring the result among residential customers, almost half (47%) of business customers would like to leave it up to customers to decide between paper and online billing, without charges or incentives. A third (32%) would like to see online billing users incentivized, and 17% favour charging customers for the incremental cost if they opt for a paper bill. Only 4% were not sure how they felt on this issue.

A majority of business customers in the south (51%) and lower (51%) or medium (53%) volume customers prefer letting customers decide, compared to 38% in the north and among higher volume customers.

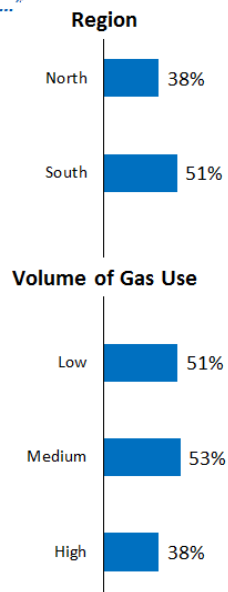
Figure 10b: Paper vs Online Bills – Business

Q It costs about \$1 a month more to send a customer a paper bill than it costs to bill customers online. Thinking about people who receive paper bills and those who sign up for online billing, which of the following options is closest to your point of view? If you aren't sure, or don't have a strong opinion, please just say so.
[asked of all respondents; n=405]



Segmentation ►►

Those who say "leave it to customers to decide..."

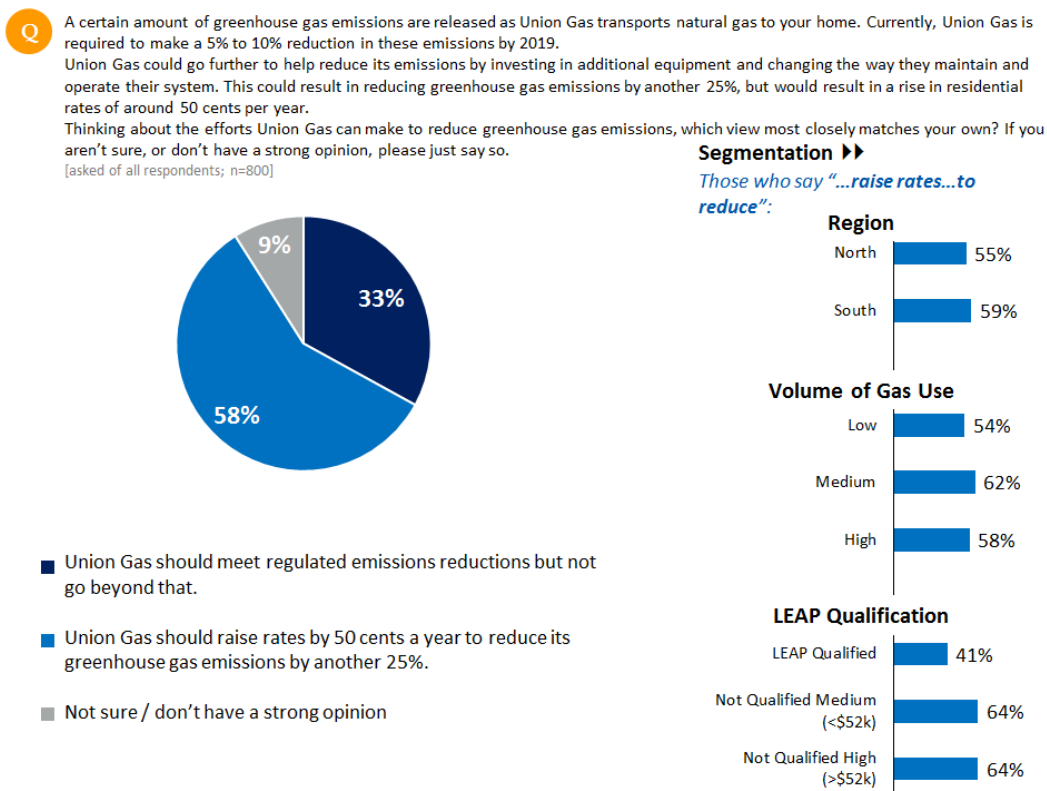


Greenhouse Gas Emissions Reductions

Given the option between the status quo and paying an additional 50 cents per year for Union Gas to reduce its GHG emissions beyond what is regulated, 58% say they'd prefer to pay for the additional reduction. However, a third (33%) say Union Gas should not go beyond the regulated emissions requirement. Nine percent either weren't sure or didn't have a strong opinion.

Among LEAP Qualified customers, 41% would pay higher rates in order to further reduce GHG emissions. This figure grows to 64% in both the medium and high income groups. Customers in the north are marginally less likely to want to pay for additional reductions than their counterparts in the south (55% versus 59%). And, low volume residential customers (54%) are less likely to want to pay more than medium (62%) or high volume (58%) customers.

Figure 11a: GHG Emissions Reductions – Residential

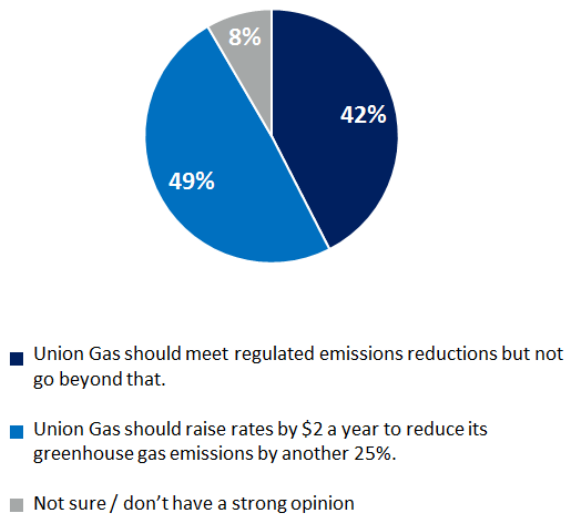


Business customers are not quite as willing as residential customers to pay for additional reductions in GHG emissions: almost half (49%) would agree to a \$2 per year rise in rates for an additional 25% in emissions reductions, but 42% say Union Gas should meet but not exceed the regulated requirement. Fewer than one-in-ten (8%) did not offer an opinion.

Business customers in the north (55%) are more likely to choose to pay more for additional reductions in emissions than those in the south (47%). Medium volume business customers (47%) are marginally less likely to want to pay for additional reductions than higher volume customers (52%).

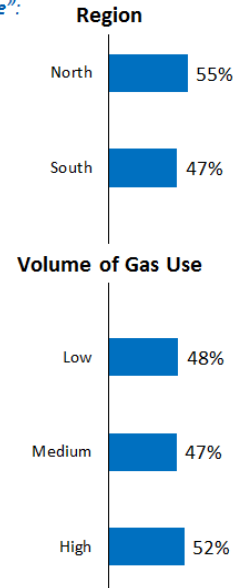
Figure 11b: GHG Emissions Reductions – Business

Q A certain amount of greenhouse gas emissions are released as Union Gas transports natural gas to your home. Currently, Union Gas is required to make a 5% to 10% reduction in these emissions by 2019. Union Gas could go further to help reduce its emissions by investing in additional equipment and changing the way they maintain and operate their system. This could result in reducing greenhouse gas emissions by another 25%, but would result in a rise in business rates of around \$2 per year. Thinking about the efforts Union Gas can make to reduce greenhouse gas emissions, which view most closely matches your own? If you aren't sure, or don't have a strong opinion, please just say so.
[asked of all respondents; n=405]



Segmentation ►►

Those who say "...raise rates...to reduce":



Innovation and Technology Fund

Half (50%) of residential customers would like a Union Gas innovation and technology fund to spend their rate dollars on both new technologies to increase the amount of renewable gas in the system and those that would enable customers to be more energy efficient. More than a quarter (27%) choose enabling customers to be more energy efficient over focussing on new technologies to increase the amount of renewable gas in the system (8%). The remaining one-in-seven (14%) aren't sure how they feel, or they don't have a strong opinion.

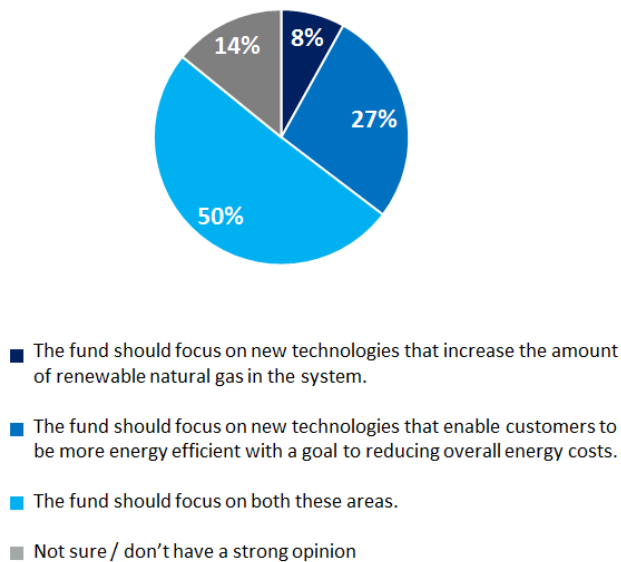
LEAP qualified customers (49%) are a bit less likely to feel Union Gas should focus on both than higher income ones (53%).

Figure 12a: Innovation and Technology Fund – Residential



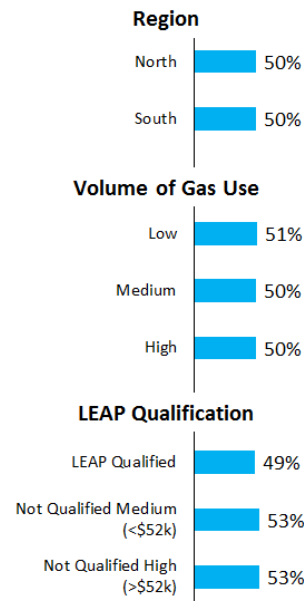
Some people have suggested that Union Gas should invest some of your rate dollars in an innovation and technology fund that focuses on the research and development of viable and useful new technologies. Which of the following views more closely matches your own? If you aren't sure, or don't have a strong opinion, please just say so.

[asked of all respondents; n=800]



Segmentation >>

Those who say "...focus on both...":

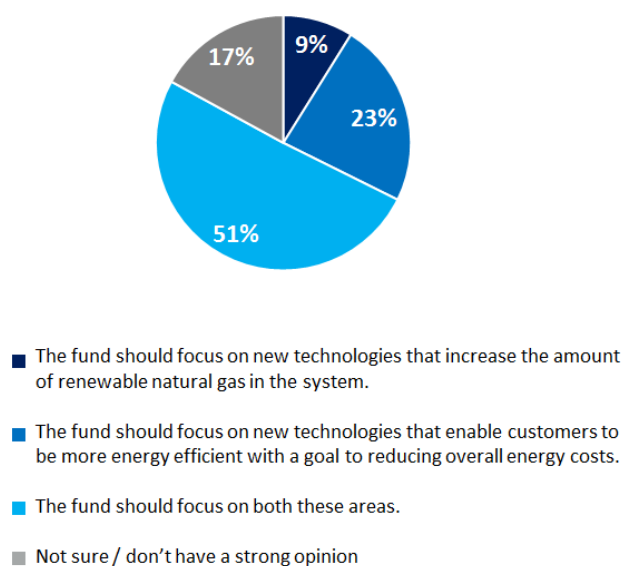


Similar to residential customers, half (51%) of business customers would like a technology and innovation fund to focus on both renewable gas and enabling customers to be more energy efficient. If both were not an option, business customers would opt for a focus on helping customers become more energy efficient (23%) over increasing the amount of renewable natural gas in the system (9%). A sizeable 17% either aren't sure or don't have a strong opinion.

Those in the northern region (54%) are slightly more likely to prefer a focus on both than those in the southern region (49%).

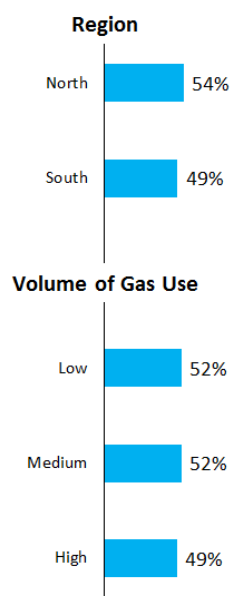
Figure 12b: Innovation and Technology Fund – Business

Q Some people have suggested that Union Gas should invest some of your rate dollars in an innovation and technology fund that focuses on the research and development of viable and useful new technologies. Which of the following views more closely matches your own? If you aren't sure, or don't have a strong opinion, please just say so.
[asked of all respondents; n=405]



Segmentation ►►

Those who say "...focus on both...":





CUSTOMER ENGAGEMENT

2019 Business Plan

January 2017

Table of Contents

Why are we here?	The purpose of this consultation including how this information will be used and why it matters.
What is this about?	What are distribution charges? Where does the money go?
The Customer Journey	There are many ways Union Gas serves customers. Can Union Gas do better?
Customer Outcomes	Union Gas must submit a business plan that focuses on the cost effective delivery of outcomes that matter to customers. What are the outcomes that you care about?
Making Choices	As Union Gas builds its business plan, it has to make choices that balance competing outcomes. What are your views on some of those choices?
How did we do?	This is a new process. How did it work for you? How can Union Gas make it better next time?
More about you	In order to segment and group similar people together when the survey results are analysed, we have a few questions about you.

Union Gas customers who complete the questionnaire are eligible to enter a draw for one of four \$500 prizes.

Why are we here

Filed: 2018-12-14
EB-2018-0305
Exhibit D1
Tab 2
Schedule 1
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This consultation is a new way to include your views as Union Gas builds its business plan for at least five years, beginning in 2019.

- 1** In Ontario, natural gas utilities are regulated by the Ontario Energy Board, the provincial energy regulator.
- 2** The Ontario Energy Board requires that Union Gas build a business plan for the cost effective delivery of outcomes that matter to customers.
- 3** This plan will determine the investments Union Gas makes in equipment and pipelines, the services it provides you as a customer, and the rates you pay.
- 4** **Your rates pay for this plan** so your views must be considered.
- 5** The Ontario Energy Board must approve the plan and the rate application. In some cases they have denied specific costs in the past.

The most important part of this workbook are the survey questions.

Utilities are expected to develop a genuine understanding of their customers' interests and preferences and integrate them into their plans. As such, the goal of this workbook is to understand the general priorities and criteria you would like Union Gas to use when making key business decisions. While your view may not always align exactly with the available options, please select the one that is closest. If you truly aren't sure, select the "don't know" option.

You don't need to be an expert to participate in this consultation.

This workbook will not ask you to be a natural gas engineer or accountant. The goal is to understand your point of view as customer. You will be asked about your needs, the outcomes you care about and your views on some choices between conflicting priorities. The workbook has been tested with other customers to ensure it provides you with the key information you need to participate in this discussion.

1. I understand why Union Gas is seeking my input.

☐ Strongly agree ☐ Somewhat agree ☐ Somewhat disagree ☐ Strongly disagree ☐ Don't know

Your privacy will be protected.

Union Gas has engaged an independent research firm, Innovative Research Group, to document your views. All individual responses will be confidential. Your results will be combined with others in any reports.

Why are we here?

What is this about?

The Customer Journey

Customer Outcomes

Making Choices

How did we do?

More about you

What is this about?

Filed: 2018-12-14
EB-2018-0305
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Tab 2
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This consultation is focused on the cost of natural gas delivery through the Union Gas system.

*Distribution Charges =
Storage + Delivery Charges
+ Monthly Charge*
These charges are the focus of this consultation.

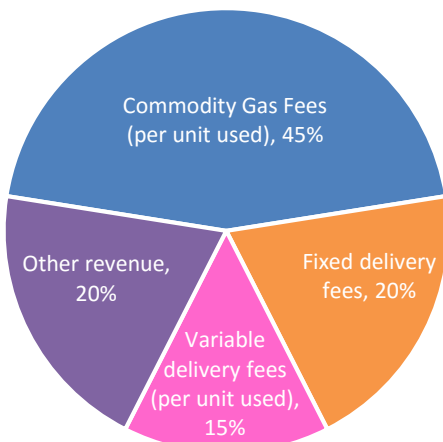
There are two types of charges on your natural gas bill. The set of charges in the green box are the distribution charges - the cost of delivering the gas you use through the Union Gas system to homes and businesses. This is the part of the bill where Union Gas makes its money, and the part that this consultation is focused on. Costs associated with cap and trade also pass through the distribution costs. However, because they have already been set by the government, they are not part of this consultation.

Your Union Gas bill			
August 21, 2016 to September 20, 2016			
JANE CUSTOMER			
New Union Gas charges			
For questions about the charges below, call Union Gas at 1-888-774-3111.			
Charges for the period August 21, 2016 to September 20, 2016			
Gas used	1119.051 cubic metres @	10.1666¢	113.77
Gas price adjustment	1119.051 cubic metres @	-0.4420¢	-4.95
Transportation to Union Gas	1119.051 cubic metres @	4.0983¢	45.86
Storage	1119.051 cubic metres @	0.6161¢	6.89
Delivery	1119.051 cubic metres @	4.0221¢	45.01
Delivery price adjustment	1119.051 cubic metres @	0.6649¢	7.44
Monthly charge			21.00
Total new charges this billing period			\$235.02

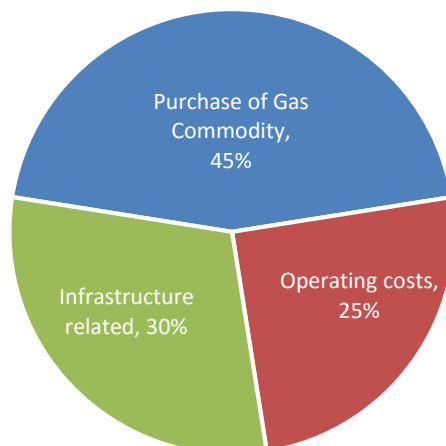
The other set of charges (in the orange box) relates to the cost of the gas you use. Some customers choose to purchase gas from an independent retailer. For others, Union Gas purchases it on their behalf. Since those costs are based on market prices and are passed on to customers at cost, they are not included in this consultation.

The charts below show an overall picture of where Union Gas' revenue comes from and where it goes to. Note that the commodity charges you pay to Union Gas are the exact same amount as the money Union Gas pays out for the cost of that gas, including transportation and taxes. The distribution revenue is what funds the rest of the infrastructure and operations.

REVENUE



EXPENSES



Why are we here?

What is this about?

The Customer Journey

Customer Outcomes

Making Choices

How did we do?

More about you

What is this about?

Filed: 2018-12-14

EB-2018-0305

Exhibit D1

Tab 2

Schedule 1

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Purchase of Gas
(not in distribution rates)

Infrastructure
related
30%

Operating
Costs
25%

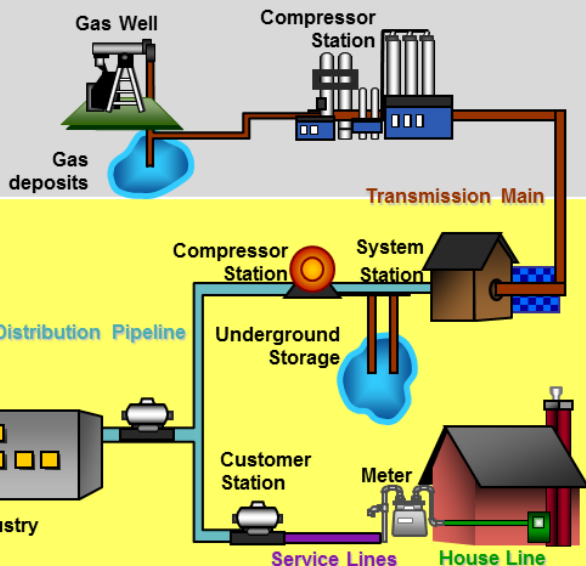
The different parts of what Union Gas does:

Infrastructure & Operations

30% of Union Gas' revenue is spent on infrastructure – that is the pipelines, stations and compressors needed to get the gas from the source to your home. The remaining 25% is spent on operations – including the people who operate the equipment and the people who answer your calls and provide customer service.

Infrastructure

NOT IN DISTRIBUTION RATES



COVERED BY DISTRIBUTION RATES

The costs of buying natural gas and transporting it to Ontario are overseen by the Ontario Energy Board, and are passed on to customers at cost. Once gas reaches the Union Gas system, it is metered and then delivered to customers through a distribution network of local gas mains, small-diameter service lines and, ultimately, customer meters. Natural gas is often stored in large underground reservoirs to help meet spikes in demand, particularly in winter.

Operations

Delivering gas to customers is just one part of Union Gas' activities. Union Gas employees provide a variety of supporting services to customers including:

- ❖ The call centre receives 1.2 million calls per year, 78% of which are answered within 30 seconds. Three quarters of all calls are answered by a live agent.
- ❖ Of the 14,087 potential emergencies reported in 2015, 98.6% were responded to within 60 minutes.
- ❖ Union Gas and its contractors conduct 17 million meter readings each year, with 133,000 being double checked to make sure they are accurate.

Since 1997, Union Gas' programs to help customers conserve their gas usage have helped save an estimated \$2.6 billion in total resource costs and saved 7.5 billion cubic meters of natural gas consumption. This translates to reducing carbon dioxide emissions by 14 million metric tonnes and avoiding CO2 emissions equivalent to removing 2.5 million cars from Ontario's roads for a year. These programs have been approved by the Ontario Energy Board in a separate process and the costs are included in your rates.

Why are we
here?

What is this about?

The
Customer
Journey

Customer
Outcomes

Making
Choices

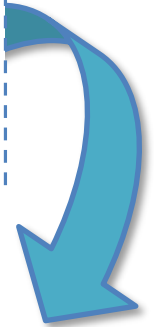
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Throughout this workbook, you will see blue boxes like the one below. These boxes contain questions.

Please make every effort to answer these questions, as they will provide important feedback on your thoughts and priorities.



2. How well do you feel you understand the important parts of the Union Gas system and how they work together?

☐ Very well ☐ Somewhat well ☐ Not very well ☐ Not at all ☐ Don't know

3. How satisfied are you with the overall performance of Union Gas in providing you with natural gas service?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

4. How do you know if Union Gas is doing a good job for you?

5. Is there anything in particular you feel Union Gas can do better?

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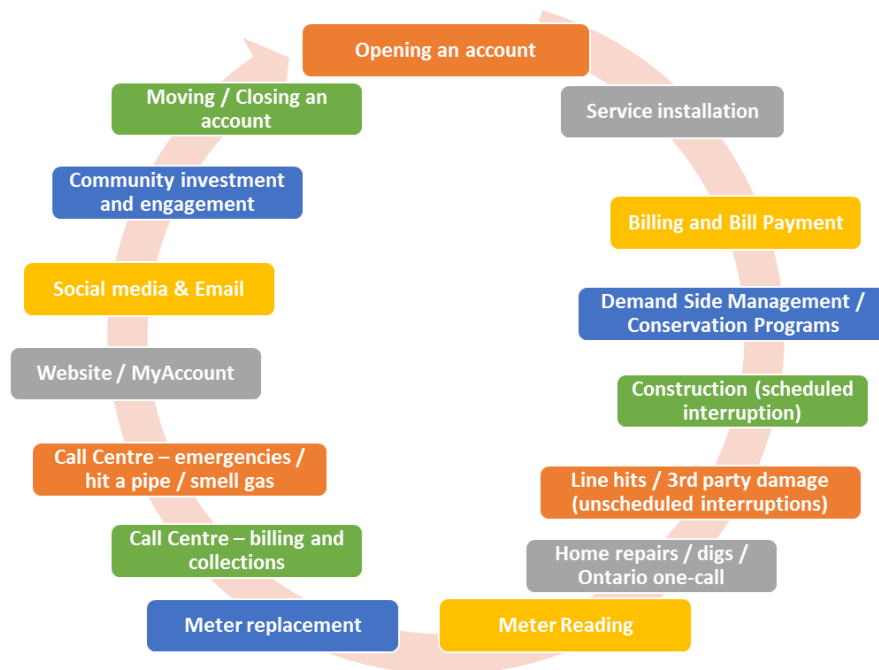
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Although many customers do not think a lot about Union Gas once natural gas service is established, the diagram below shows there are actually many ways customers and Union Gas interact.



This diagram is based on a review of previous customer research and feedback from staff at Union Gas who interact with customers on a daily basis. We need to be sure we have fully captured customer needs.

6. After looking at this diagram, please indicate if, from your perspective, any type of customer contact or service is missing.

7. Thinking about all the contacts you have had with Union Gas since becoming a customer, how satisfied are you with the customer service you have received from Union Gas?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

8. Thinking about all the contacts you have had with Union Gas, do you have any specific suggestions about how Union Gas could do a better job of meeting your needs?

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The 2019 Union Gas business plan will be reviewed by the Ontario Energy Board to ensure that it focuses on the cost effective delivery of outcomes that matter to customers. In reviewing its previous customer research and in discussions with its client-facing staff, Union Gas has developed a tentative list of outcomes for your review.

On these two pages you will be asked to rate the performance of Union Gas on the outcomes from this list and to share your thoughts on how Union gas could do better.

If there are areas that you don't have an opinion on, please select the "don't know" option.

Stable, predictable, and affordable pricing

One topic customers frequently discuss is price. Customers raise topics such as the total amount they pay, how stable or volatile the price is and how predictable the price will be looking forward. For the next question, please think about distribution charges, the part of the bill that is under Union Gas' control.

9. Overall, how reasonable do you find the price for distributing gas?

☐ Very reasonable ☐ Somewhat reasonable ☐ Somewhat unreasonable ☐ Very unreasonable ☐ Don't know

Providing dependable and responsive customer service

Customer service is an important element of Union Gas' business, which includes many different ways that Union Gas interacts with and supports their customers. This includes whether Union Gas is easy to do business with, how they communicate with customers, and the types of services and programs they offer to help customers find energy savings.

10. How satisfied are you with Union Gas' overall customer service?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Making good use of the money customers pay

Ensuring every dollar is spent well and that efficiencies are found to help reduce costs is a fundamental part of Union Gas' mission. The Ontario Energy Board process includes a review of Union Gas' expenses compared to similar utilities by experts at the Ontario Energy Board as well as consumer groups. Your views are also important.

11. How satisfied are you that Union Gas is making good use of the money customers pay?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Reliability

Reliability is about knowing that you will have all the natural gas you need when you need it, without having to deal with interruptions.

12. How satisfied are you with the reliability of Union Gas when it comes to delivering natural gas?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

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Safety

Customers expect Union Gas to take the necessary precautions to protect the safety of customers, employees and the general public. This includes ensuring that the physical equipment used to transport gas is built and maintained at a safe level, training for Union Gas staff, and public awareness programs such as Ontario One Call.

13. When it comes to safety, how satisfied are you with Union Gas' performance?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Treating customers fairly and openly

Open and transparent decision making can be an important factor in how customers feel about a utility.

14. When it comes to being open and transparent about how processes work and how decisions are made, how satisfied are you with Union Gas' performance?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Minimizing impact on environment

Union Gas' environmental impact can be looked at in two different ways:

- how the natural gas they distribute impacts the environment when it is consumed by the end user
- how Union Gas' own operations impact the environment

15. When it comes to minimizing their environmental impact, how satisfied are you with Union Gas' performance?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Being community minded and socially responsible

Being community minded and socially responsible involves the actions a company can take to support the communities they operate in and give back to society. This includes how Union Gas gives back to the communities they work in, their support for economy development, and their respect for customer and public property.

16. When it comes to being community minded and socially responsible, how satisfied are you with Union Gas' performance?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

17. Thinking about the 8 topics we just asked about, do you have any specific suggestions for how Union Gas can improve its performance?

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As discussed earlier, the Ontario Energy Board requires that Union Gas develop a business plan that is focused on the outcomes that matter most to customers. In reviewing its previous customer research and in discussions with its client-serving staff, Union Gas has developed a tentative list of outcomes for your review.

While all the outcomes listed below are important to many customers, sometimes decisions require that Union Gas choose between different outcomes. The purpose of this section is to help Union Gas set priorities as it prepares its 2019 business plan.

On this page you will be asked to complete two tasks:

- First, you will be asked to review each list to identify any missing outcomes that matter to you.
- Second, you will be asked to rank the outcomes in order of importance to you.

18. Below you will find a list of possible outcomes based on a review of previous customer research and input from staff at Union Gas who deal with customers on a regular basis. Please indicate if there are any particular outcomes that you think are missing from this list. (You can fill them in using the blank lines at the bottom of the list below)

19. Looking at the list below, including any outcomes you may have added, please indicate which outcomes are most important to you. In the column titled Ranking, please place a 1 by the most important outcome, a 2 by the second most important and so on. Please try to rank at least three outcomes that are most important to you. If you would like to rank them all, please do so.

Outcomes	Ranking
Stable, predictable, and affordable pricing	
Providing dependable and responsive customer service	
Making good use of the money customers pay	
Reliability	
Safety	
Treating customers fairly and openly	
Minimizing impact on environment	
Being community minded and socially responsible	
<i>Additional suggestions:</i>	

☐ I'm not sure / don't have a strong opinion about this.

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As Union Gas finalizes its business plan and as the Ontario Energy Board reviews it, decisions have to be made.

Some of those decisions will depend on detailed knowledge of engineering and industry standards. However, in some cases the choices will involve trade-offs between competing outcomes, such as doing more to meet client needs versus keeping bills down.

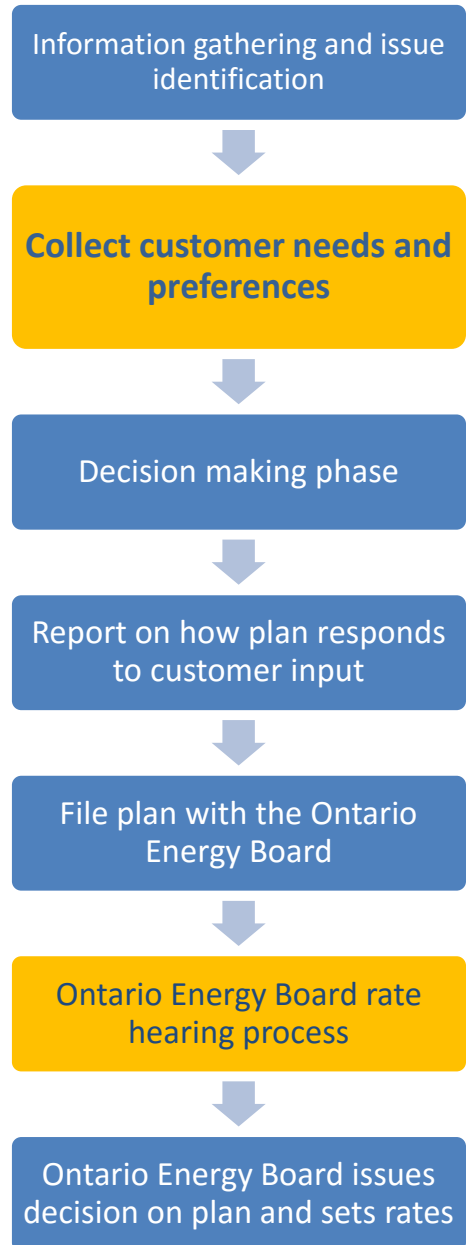
- **Here in Ontario, the Ontario Energy Board requires that utilities consult with customers to understand your views on the trade-offs.**
- **In addition, the utilities must show how they took customer views into account when developing the plan.**
- **Your rates pay for these choices so your views need to be considered.**

This next section will explore some of the types of trade-offs Union Gas planners will have to make and ask for your views on the appropriate pace of investment.

Currently, the average residential customer pays \$390 a year in distribution rates. On average this is \$32.50 each month but in practice it is higher in the winter and lower in the summer due to the variable delivery charge when people use more gas for heating. For each question, the financial impact is expressed as the dollar impact each year on an average residential bill. The actual impact will depend on your own individual usage. While the individual impact of each decision may be small, please keep in mind the total impact of all the choices included in this planning process could add up to a significant increase.

You will see that each time you are asked for your opinion, there is room for comments. Feel free to use these comment sections to explain why you prefer a particular option, or in any other way to expand on your viewpoint. Your comments will help develop a list of criteria Union Gas can use when addressing other issues.

THE BUSINESS PLAN PROCESS



20. How well do you feel you understand how your feedback fits within the planning process?

☐ Very well ☐ Somewhat well ☐ Not very well ☐ Not at all ☐ Don't know

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Spending on the pipes and equipment that deliver gas to your home:

As a general rule, when Union Gas spends money on pipes and equipment to expand capacity for growth, it is expected that the revenue from the new customers will offset the cost of the expanded system over time. So growth capital generally does not impact your rates.

Maintenance capital, the cost to replace existing equipment, can impact your rates. These costs can consist of replacing old equipment, responding to changes in legislation or for moving pipelines as per community/government infrastructure plans. For most parts of the Union Gas system, the cost of new equipment is higher than the older equipment it is replacing. So a new compressor will cost more in depreciation than the one it is replacing. The system is relatively young and performing well so Union Gas has some flexibility in the pace of its maintenance capital spending. The challenge is to find the right balance between spending levels and the health of the system.

Currently, Union Gas reinvests the same amount of money into maintenance capital as it depreciates. This means the cost of capital in your rates is stable year over year. Spending at this rate is replacing less than 1% of the system. That means every year the system is getting a little older which will lead to higher costs sometime in the future. However, over the next five years, it is anticipated that spending at depreciation will be sufficient to deal with the most pressing maintenance needs in the system. Union Gas could increase spending on maintenance now to avoid larger potential increases in the future. Union Gas could also delay some of its spending on maintenance capital to lower rates now. A 10% change in maintenance capital spending would increase or decrease your rate by \$1 per year.

21. Thinking about Union Gas' budget for replacing pipelines and equipment that deliver gas to your home, which of the following statements best represents your point of view?

- ☐ Union Gas should look at the long-term health of the system and spread costs out evenly over time even if that means higher rates.
- ☐ Union Gas should continue its current practice of spending at depreciation.
- ☐ Union Gas should focus on the immediate impact on rates and only spend what it takes to keep the system in good order now.
- ☐ I'm not sure / don't have a strong opinion about this.

Comments:

22. Every few years Union Gas goes through a cost review which can result in much larger than normal bill increases. Thinking about years that may have larger than normal increases, which of the following statements is closest to your point of view?

- ☐ In years with the potential for a large rate increase, Union Gas should give priority to keeping rates as low as possible and delay capital spending on pipes and equipment.
- ☐ As a general rule, Union Gas should give priority to maintaining the system by continuing a steady pace of investment.
- ☐ I'm not sure / don't have a strong opinion about this.

Comments:

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Spending on the buildings and equipment used to manage the pipelines and serve customers.

The people who operate the pipelines, compressors and other parts of the delivery system and the people who answer your calls and manage your account all need buildings and workshops to work in and tools to do their jobs. Increasingly those tools include computers and the software needed to operate them.

- Union Gas employs 2,300 people serving 400 communities from 79 service facilities spread across Ontario ranging in size from small, 100 square feet, to large, greater than 100,000 square feet.
- Union Gas operates 50 Ford Focus or Escapes, 750 trucks of various types and sizes, 300 pieces of equipment and 175 trailers.
- Union Gas' computers run 16 key IT applications that provide critical functionality to Union Gas employees and customers and 117 smaller IT applications that support specific functional business needs.

Some decisions like replacing a vehicle can be made on a simple business case where replacement occurs when the cost of maintaining the aging equipment is higher than the cost to replace that equipment. However, there are times when it may make sense to make an investment in buildings and equipment even when the maintenance savings are not the key reason for doing so.

23. Thinking about the cost of the buildings and equipment used to manage the pipelines and serve customers, which of the following statements is closest to your own view?

- ☐ Union Gas should find ways to make do with the buildings, equipment and IT systems they already have.
- ☐ While Union Gas should be prudent in its spending, it is important that their staff have the equipment and tools they need to manage the system efficiently and reliably.
- ☐ I'm not sure / don't have a strong opinion about this.

Comments:

24. Every few years Union Gas goes through a cost review which can result in much larger than normal bill increases. Thinking about years that may have larger than normal increases, which of the following statements is closest to your point of view about the cost of the buildings and equipment used to manage the pipelines and serve customers?

- ☐ In years with the potential for a large rate increase, Union Gas should give priority to keeping rates as low as possible and delay capital spending on these areas.
- ☐ As a general rule, Union Gas should give priority to maintaining a productive workplace by continuing a steady pace of investment.
- ☐ I'm not sure / don't have a strong opinion about this.

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25. On average, Union Gas expects to spend about 50 cents a year per residential customer over the next 10 years on renovating older buildings and building new ones. Which is closest to your view?

- ☐ Union Gas should spread the cost evenly over time to avoid unpredictable changes in gas rates.
- ☐ Union Gas should delay investments until they can no longer be avoided, even if that creates unpredictable changes in capital spending.
- ☐ I'm not sure / don't have a strong opinion about this.

Comments:

26. Union Gas' current best estimate is that it expects to spend about \$3 a year per residential customer on computer systems. Thinking about Union Gas' Information Technology plans, which statement most closely resembles your view?

- ☐ Union Gas should spend the money needed to ensure that its systems, customer service and internal operations continue to run smoothly, even if that requires a rate increase.
- ☐ In order to keep costs down, Union Gas should only invest in the systems that are required to ensure a safe system, and wait for other systems to become vulnerable or compromised before starting a replacement process.
- ☐ I'm not sure / don't have a strong opinion about this.

Comments:

Employee Salaries:

The salaries, benefits and pensions of Union Gas' 2,300 employees make up just over half of the operating budget. Currently, Union Gas' policy has been to set its employee compensation at the industry average. To be more competitive in attracting and retaining staff, Union Gas could increase compensation to above average. To keep rates down, they could lower compensation to below the industry average. Every 1% change in salaries, benefits and pensions translates into roughly \$1 a year for an average residential customer.

27. Thinking about how Union Gas compensates employees, which of the following most closely represents your views?

- ☐ The current strategy of paying the industry average is the appropriate balance
- ☐ Union Gas should lower salaries below average in order to reduce costs.
- ☐ Union Gas should raise salaries even if it means paying more.
- ☐ I'm not sure / don't have a strong opinion about this.

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Keeping Ahead of Expected New Regulations:

Sometimes natural gas regulators in other provinces or countries implement new regulations before Ontario. Often Ontario eventually follows the initiatives from other jurisdictions. While not required, Union Gas sometimes follows the regulations in other jurisdictions simply as a best practice. Union Gas is considering two such projects and would like to hear your views.

Maximum Operating Pressure Verification: When designing pipelines, professional engineers calculate the maximum pressure the pipeline can safely operate at, based upon factors like the types of materials used, and ensure the pressure of the gas never exceeds this maximum pressure. American regulators have asked their pipeline operators to verify the Maximum Operating Pressure for each pipeline by gathering and reviewing all the installation records. While this is not required for existing pipelines in Canada, Ontario's other major gas distributor has proactively decided to complete these verifications. It is estimated this review would cost Union Gas approximately 25 cents per average residential customer spread over several years.

28. Thinking about this issue, which point of view is closest to your own?

- ☐ If Union Gas is not experiencing any immediate problems that might be addressed by these verifications, they should wait until a regulator directs them to complete these verifications to keep costs down.
- ☐ If other gas utilities are moving to a standard higher than the current regulations in Ontario, Union Gas should as well, even if it increases costs for consumers.
- ☐ I'm not sure / don't have a strong opinion about this.

Comments:

Bare and Unprotected Pipelines: Today's installation procedures require that all new steel pipelines that are installed are coated and have cathodic protection in place to help prevent leaks and avoid corrosion. Union Gas also has some older pipes still in use that are not coated (bare) and not cathodically protected (unprotected). These bare and unprotected pipes follow older installation rules and are allowed under regulation, however they are more susceptible to corrosion and leaks. Union Gas performs ongoing monitoring and inspection, and repairs any leaks found. Currently, the plan is to replace these pipes in the normal course of pipeline maintenance but it is possible to replace them all sooner. These pipelines represent 0.5% of the total pipe. Replacing all the bare and unprotected pipe in the Union Gas system would increase rates for the average residential customer by \$1 per year for 10 years.

29. Thinking about the issue of bare and unprotected pipes, which most closely reflects your view:

- ☐ Union Gas should prioritize the replacement of these pipes, even if it means raising rates by \$1 per average residential consumer.
- ☐ Union Gas should follow the existing practice and leave these pipes in place until they would normally be replaced.
- ☐ I'm not sure / don't have a strong opinion about this.

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Considering the Views of Neighbours:

Replacement of Vaulted Stations:

Union Gas' system includes "stations" which contain important valves and pressure gauges. Currently, Union Gas has a number of "vaulted below grade stations" which means that these stations are buried in metal containers just below the ground. Due to accumulation of water in the ground these stations are more susceptible to corrosion and equipment freeze off and are hard to maintain due to space constraints.

Union Gas is examining a few options for raising these stations above ground. One option is to simply raise the station above ground in the same place it's located and surround it with a fence. This is best from an ongoing maintenance perspective. The second option is to raise it above ground where it is currently located and encase it in an above ground vault. Some customers are concerned about these stations, regardless of whether they are surrounded by an above-ground vault or a fence so a third option is to relocate the station somewhere above ground that will be less visible. This is the most expensive option.

Existing Below Grade Stations



Fenced Station



Above Grade Vaulted Station



30. Thinking about the options available to Union Gas, which of the following statements is closest to your own view?

- ☐ Union Gas should implement the most cost effective option regardless of the views of the directly affected neighbours.
- ☐ Union Gas should consult with neighbours and implement the solution the neighbours prefer, even if it costs more.
- ☐ I'm not sure / don't have a strong opinion about this.

Comments:

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Automated Meter Reading:

Using new technology, it would be possible for Union Gas to fully automate the process of reading your meter, removing the need for someone to physically check your meter and also providing you with hourly information on your gas usage. In the long run, this will reduce staffing costs. In order to achieve these savings, there would be a significant investment required in infrastructure and IT. Union Gas has three options around automated meter readings:

- Replace all 1.4 million meters in the Union Gas system over a 3 year period, which would cost residential customers approx. \$9 a year. This would be followed by annual savings of \$3 per year once fully implemented.
- Upgrade old meters as per our existing replacement program. The upgrade would happen over a 20 year period, which would cost residential customers approx. 20 cents per year for 20 years. Savings would build over time reaching annual savings of \$3 per year by year 20.
- Avoid these costs and continue with the current method of meter reading.

31. Thinking about Union Gas' options for meter reading, which of the following most closely represents your views?

- ☐ Union Gas should spend the money needed to implement automated meter reading as soon as possible.
- ☐ Union Gas should start installing automated meters over time in order to minimize costs.
- ☐ Union Gas shouldn't spend money on automated meter reading.
- ☐ I'm not sure / don't have a strong opinion about this.

Comments:

Customer Service Choices:

Customer service offers both savings opportunities and potential areas for further enhancements. In some cases Union Gas delivers customer service at a higher level than the Ontario Energy Board requires. For instance, employees answer a higher number of customer service calls within 30 seconds than is required by the Ontario Energy Board benchmark. (These are different from emergency calls, which are handled separately). One way to save money would be to cut back on these services and just meet the requirement. Currently it is estimated that the average residential customer could save approximately 10 cents per year by reducing services to meet, but not exceed the benchmark. Even more money could be saved by reducing benchmarks.

32. Thinking about areas where Union Gas currently exceeds Ontario Energy Board benchmarks, which of the following most closely represents your views?

- ☐ Union Gas should continue to exceed benchmark levels of service because good customer service is more important than the potential savings.
- ☐ Union Gas should reduce its spending to the level needed to achieve the regulated standard because every little bit of savings helps.
- ☐ Union Gas should work with the Ontario Energy Board to lower the benchmark in order to reduce costs even further.
- ☐ I'm not sure / don't have a strong opinion about this.

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Potential Enhancements:

There are a number of areas where Union Gas could improve different aspects of customers' experiences. One example is Union Gas' current online portal "MyAccount" which allows users to perform basic tasks, but any questions or specific issues require customers to call into the call centre. Union Gas could add services such as calculators and forms to help you decide how you can reduce your energy use and your bill, additional flexibility in requesting services, and increased ability to utilize and respond to email and text inquiries to MyAccount. This would require spending an extra \$1 per residential customer per year over a two year timeframe. While there may be offsetting operational savings from customers who use the new web services rather than calling the call centre, the exact level of savings is uncertain as it will depend on customer usage of the new services.

33. How likely is it you would use the expanded online services if they were available?

☐ Very likely ☐ Somewhat likely ☐ Somewhat unlikely ☐ Very unlikely ☐ Don't know

34. Thinking of the potential increased online service, which of the following most closely represents your views?

- ☐ It is important that Union Gas expand its online services to customers, even if that means raising rates.
- ☐ Union Gas should put off these kinds of online enhancements in order to help keep rates down.
- ☐ I'm not sure / don't have a strong opinion about this.

Comments:

Accepting Payment by Credit Card:

Currently Union Gas accepts payment from customers through bank deposits and by cheque. It also accepts payment by credit card if the customer covers the fees. Some customers have asked Union Gas to change the way credit card payment is accepted so that Union Gas pays the fees rather than the customer. If Union Gas were to cover these fees, the costs would be spread across all customers regardless of how they pay and the impact on the average residential bill is estimated to be \$3 per year (depending on the number of people who would choose to pay with credit cards).

35. Thinking about the options available to Union Gas for accepting credit cards, which view most closely matches your own?

- ☐ Union Gas should pay these fees, even if it means increasing rates.
- ☐ Those who want to pay by credit card should continue to pay for the associated costs.
- ☐ I'm not sure / don't have a strong opinion about this.

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Incremental Service Costs and Charges:

Sometimes Union Gas has to provide certain services that not all customers require. In some of these cases such as disconnecting or reconnecting for non-payment or seasonal turn-offs, customers receive a specific charge for that activity. In other cases such as landlord turn-offs or paper bills, the costs are absorbed in the average bill.

Union Gas is currently reviewing these activities. The chart to the right provides the existing charge where there is one and the estimated actual costs where an assessment is complete. Where prices exist, they were set some years ago and are now typically half or less of the actual costs.

Example Costs:	Current Charge	Estimated Cost
Temporary Seal - Turn-off (Seasonal)	\$22	\$34
Temporary Seal - Turn-on (Seasonal)	\$35	\$90
Disconnect/Reconnect for Non-Payment	\$65	\$116
Landlord turn-offs	\$0	\$34
Paper bill	\$0	\$1 / month

36. For activities such as customer connection and disconnection charges, which of the following options is closest to your point of view?

- ☐ Increase the service charges to cover the full cost of the extra service.
- ☐ Leave the existing service charges where they are.
- ☐ Eliminate service charges altogether recognizing that all customers would pay slightly more every year.
- ☐ I'm not sure / don't have a strong opinion about this.

Comments:

37. Thinking about people who receive paper bills and those who sign up for online billing, which of the following options is closest to your point of view?

- ☐ Charge people who want a paper bill the incremental cost of sending a paper bill.
- ☐ Leave it to customers to decide whether they want paper or online billing with no charges or incentives.
- ☐ Give people who use online billing an incentive that reflects the reduced cost of online billing.
- ☐ I'm not sure / don't have a strong opinion about this.

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Greenhouse Gas Reductions:

As a fossil fuel, natural gas is primarily made up of methane. Although natural gas is the cleanest burning fossil fuel, when it is burned, carbon dioxide is released into the atmosphere. Both methane and carbon dioxide are “Greenhouse Gases” (or GHGs), which contribute to global warming. Both the federal and provincial governments have indicated that reducing methane emissions is a priority for them. Union Gas is reviewing the way it designs and operates its systems. We anticipate these changes may result in 5-10% methane emissions reduction by 2019.

Beyond its plans to comply with new regulations, Union Gas could go further to help reduce its methane emissions by investing in additional equipment and changing the way they maintain and operate their system. If Union Gas undertook all these measures, it could expect to further reduce its GHG emissions by another 25%. This would result in a rise in residential rates of around 50 cents per year.

38. Thinking about the additional steps Union Gas can take to reduce methane released through operations (as opposed to emissions caused by consumer use of gas), which view most closely matches your own?

- ☐ Union Gas should meet its required emissions reductions but not go beyond that.
- ☐ Union Gas should raise rates by 50 cents a year to reduce its GHG emission by another 25%.
- ☐ I’m not sure / don’t have a strong opinion about this.

Comments:

Innovation and Technology Fund:

As Ontario and the world look for new ways to provide reliable energy while lowering greenhouse gas emissions, natural gas distributors can play an important role in helping develop viable and useful new technologies. To that end, Union Gas is considering a fund of \$10 million per year (about \$3 per year for the average residential customer) in order to support research and development of new natural gas technologies. The funds would be spent on a mix of internal projects and partnerships with other companies and organizations. Some ideas include:

- A pilot project to use natural gas pipeline system as energy storage to shore up the reliability of the electrical system as it integrates more renewable fuels that may face interruptions due to weather.
- Biomass from landfills and hydrogen programs to provide “greener” natural gas.
- Technologies to help consumers be more energy efficient, such as combined heat and power units for residential applications.

39. Thinking about the potential to start investing in an innovation and technology fund, which statement is closest to your own view?

- ☐ Union Gas should invest in new technologies, and the proposed \$10 million a year sounds like the right amount.
- ☐ Union Gas should invest in new technologies, and should spend more than \$10 million a year even if that means higher rates.
- ☐ Union Gas should invest in new technologies, but \$10 million a year is too much to spend.
- ☐ Union Gas shouldn’t invest in new technologies.
- ☐ I’m not sure / don’t have a strong opinion about this.

Comments:

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Helping Low-Income Ontarians:

As a part of the Ontario Energy Board's requirements for natural gas companies, Union Gas participates in the Energy Assistance Program which provides support to lower income Ontarians. In 2017, Union Gas will contribute nearly \$1 million to help support this program. Since 2007, over 15,000 low-income families in communities served by Union Gas have received emergency relief grants totaling about \$6 million dollars. As a part of this program, qualifying customers can receive emergency assistance up to a maximum of \$500 per household.

40. Thinking about the programs and policies Union Gas has in place to help low income Ontarians, which view most closely aligns with yours?

- ☐ Union Gas should continue to meet the mandatory requirement
- ☒ Union Gas should increase its spending to support low-income Ontarians, beyond the mandated amount, even if that requires higher rates.
- ☐ I'm not sure / don't have a strong opinion about this.

If you selected this option: How much more would you be willing to pay a year to increase support for low-income Ontarians? \$_____ / year ☐ Don't know / not sure

Comments:

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Union Gas values your feedback. This customer engagement is part of a new requirement established by the Ontario Energy Board to secure customer input on their needs, preferences, and preferred outcomes. The goal was to provide enough information to allow you to make an informed opinion and give you the opportunity to share what you think Union Gas should prioritize in its business planning.

41. General Impression – Overall, what did you think about the workbook?

42. Volume of Information – Did Union Gas provide...

☐ Too much information ☐ Not enough ☐ Just the right amount ☐ Don't know / not sure

43. Content Covered – Was there any content missing that you would have liked to have seen included?

44. Outstanding Questions – Is there anything that you would still like answered?

45. Suggestions for Future Consultations – How would you prefer to participate in these consultations in the future?

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Please answer the following demographic questions to help us better understand how different customers feel about different issues. The following questions are for statistical purposes only. This information is used to segment and group similar people together when the survey results are analysed. If you have more than one residence that uses natural gas, please enter the information for the residence with the largest gas usage.

46. Please enter the first 3 characters in the postal code for the home that's served by Union Gas. (If there's more than one, please enter the information for the residence with the largest gas usage) ____ _

47. Approximately, how much was your most recent total natural gas bill? \$_____ ☐ Don't know/ not sure

48. As we discussed earlier, while Union Gas owns the pipes that deliver your gas, you can buy the gas itself from an independent energy retailer or from Union Gas. Which company do you buy your gas from?

☐ Union Gas ☐ Independent gas marketer ☐ Don't know/ not sure

49. Do you or does any member of your immediate family currently work for a natural gas company or an agency that deals with natural gas issues or a company that does significant business with the natural gas sector

☐ Yes ☐ No

If yes, do you or a family member work for Union Gas?

☐ Yes ☐ No

50. Some financial assistance programs are targeted based on income and the number of people in the home. To better allow us to understand the needs of customers who may be eligible for different programs, please indicate how many people reside in your home: _____

51. To the best of your ability, please estimate your household's after-tax income:

- ☐ Less than \$28,000
- ☐ \$28,001 - \$39,000
- ☐ \$39,001 - \$48,000
- ☐ \$48,001 - \$52,000
- ☐ More than \$52,000
- ☐ Don't know / Not sure

52. How do you use natural gas? (Select all the that apply)

☐ Heating ☐ Water heater ☐ Cooking ☐ Fireplace ☐ Clothes dryer ☐ Other: _____

53. Do you rent or own your current home?

☐ Rent ☐ Own ☐ Don't know

IF YOU RENT: Do you pay your natural gas bill, or does your landlord?

☐ I pay ☐ Someone else in my household pays ☐ My landlord pays ☐ Don't know

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As Union Gas integrates the feedback from this consultation process, they have committed to keeping those who would like to stay informed about what they have heard in this consultation and how it is being integrated in Union Gas' plans. If you'd like to be kept informed, please provide your name and either an email or home address where you can be reached.

As stated earlier, please be assured that even if you provide your name and contact details, your responses in the workbook will be combined with others in our report. Your personal views will remain confidential.

Yes, by providing my contact information I am authorizing Innovative Research Group Inc. to share my contact information with Union Gas for the purpose of keeping me informed about what they have heard in this consultation and how it is being integrated in Union Gas' plans.

Name:

Email:

Address:

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**Union Gas customers who complete the questionnaire
are eligible to enter a draw for one of four \$500 prizes.**

Please enter your name, as well as your phone or email address if you wish to be entered into the draw. Your email (or phone number where no email is provided) will be used to contact you if you are one of the randomly selected prize winners. The full contest rules and regulations are posted on UnionGasPlans.ca. Your name and contact information will be treated as strictly confidential and will not be shared with any third parties, including Union Gas, other than to provide Union Gas with the necessary details in awarding the prizes.

First name:

Last name:

Email address:

Phone number:

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Term	Definition
Benchmark	The standard by which Union Gas and other utilities are judged
Business Plan	A document setting out a business' future objectives and strategies for achieving them. In Union Gas' case, the business plan includes investments and planning.
Capital spending	Funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.
Carbon dioxide (CO₂)	A gas that occurs naturally, which is also a by-product of burning natural gas. Increases in carbon dioxide are associated with global warming.
Cathodic protection	A technique used to control the corrosion of a metal surface.
Commodity	A raw material. When used in the context of "commodity pricing" this is the price to purchase the raw material – in this case, natural gas.
Compressors	A machine used move gas through a pipeline at increased pressure.
Depreciation	A reduction in the value of an asset with the passage of time, due in particular to wear and tear.
Distribution charges	The fees that you pay to support Union Gas' distribution of natural gas.
Distribution costs	The costs Union Gas incurs to get natural gas to you.
Equal billing plan	A program offered by Union Gas which allows customers to spread their annual natural gas costs evenly throughout the year for easier budgeting and a more predictable monthly bill.
Fixed delivery fees / charges / costs	These are fees, charges and costs that do not change, regardless of the amount of gas used.
General service rates	This is the cost of gas for low-volume users (i.e. those who use less than < 50,000 m ³).
Global warming	A gradual increase in the overall temperature of the earth's atmosphere generally attributed to the greenhouse effect caused by increased levels of carbon dioxide and other pollutants. Sometimes also called "climate change."
Greenhouse gases (GHG)	A gas that contributes to global warming.
Growth capital	Funds that are spent in order to grow the company through investments in assets.
Inflation	A general increase in prices and fall in the purchasing value of money.
IT (information technology)	The computers, software and programs that Union Gas uses in its operations.

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Term	Definition
Low-income	Customers who are defined by the Ontario Energy Board as qualified for financial assistance. This is based on a number of factors like household income, the number of people in the home and whether they have been able to pay their bills.
M³ - cubic meters	The unit of measurement used to measure the amount of natural gas used.
Maintenance capital	The funds used in order to maintain Union Gas' system.
Meter / metering / metered	The amount of gas used is measured by a "meter". Metering refers to the process of measuring the amount of gas used.
Methane	The primary ingredient in natural gas, which is also a greenhouse gas. The burning of methane produces carbon dioxide.
Ontario Energy Board / OEB	The Ontario Energy Board (OEB) oversees the energy sector in Ontario. They make sure electricity and natural gas companies follow the rules. The OEB is an impartial public agency.
Outcomes	A final product or end result. In this context, outcomes refer to the end goals Union Gas should be aiming for.
Rates	The amount of money that Union Gas can charge.
Rate class(es)	Natural Gas customers are divided into different groups based on how much gas they use and the region they are located in. Each rate class has its own "rates" which are reviewed and approved by the Ontario Energy Board.
Rebasing	Establishing a new base level for rates to take into account economic changes and unforeseen, unavoidable costs.
Reliability	Ensuring that the Union Gas system performs well, without interruption. Making sure that natural gas is available to you when you want to use it.
Stations	Stations consist of equipment such as meters, regulators, compressors, and filters, that regulate the flow of natural gas.
Step change	A sudden change. In this case, referring to the price of gas.
True up	Rates are based on estimates of the total amount of gas that will be used in a year and how much it will cost to operate the system. A "true up" is an adjustment to rates in the following period to compensate for either collecting too much or not enough revenue to cover the system costs.
Utility	A business organization (such as an electric or natural gas company) performing a public service and subject to special governmental regulation.
Variable delivery fees / charges/ costs	These are fees, charges and costs that go up or down depending on the amount of gas used.

APPENDIX: The Telephone Survey

A. INTRODUCTION

Introduction

Hello, my name is _____ and I'm calling from **Innovative Research Group** on behalf of **Union Gas**, your natural gas provider.

Innovative Research Group is a national public opinion research firm. We have been commissioned by Union Gas to help them better understand the needs and preferences of their residential customers.

Union Gas – which distributes natural gas to homes and businesses in your community – is preparing its 2019 rate application and multiyear business plan to submit to the Ontario Energy Board for review. Since this plan will impact your bill, Union Gas wants to hear from you, so your views can help shape its plan.

A1. Would you mind if I had about **12 minutes** of your time to ask you some questions? All your responses will be kept strictly confidential.

- | | | |
|-----------------------------|---|--------------------|
| Yes | 1 | [continue] |
| No – NOT PRIMARY BILL PAYER | 2 | [go to TRANSFER-1] |
| No – BAD TIME | 3 | ARRANGE CALLBACK |
| No – HARD REFUSAL | 4 | [Terminate] |

MONIT

This call may be monitored or audio taped for quality control and evaluation purposes.

- | | |
|-------------------|---|
| PRESS TO CONTINUE | 1 |
|-------------------|---|

A2. Have I reached you at your home phone number?

- | | | |
|-------------------------------------|----|------------------|
| Yes – SPEAKING, CONTINUE | 1 | [continue to A3] |
| No – AT OFFICE or WORKPLACE | 2 | [continue to A3] |
| No – on cellular or mobile phone | 3 | [skip to CELL] |
| Refused – LOG (THANK AND TERMINATE) | 99 | [Terminate] |

CELL. Are you currently operating a car, truck or other motor vehicle?

- | | | |
|--------------------------------------|----|------------------|
| YES (INTERVIEWER: SCHEDULE CALLBACK) | 1 | ARRANGE CALLBACK |
| NO | 2 | [continue to A3] |
| Refused – LOG (THANK AND TERMINATE) | 99 | [Terminate] |

A3. Are you the person primarily responsible for paying the natural gas bill in your household?

- | | | |
|-----------------------------|----|--------------------|
| Yes – I pay the bill | 1 | [continue to A4] |
| Yes – shared responsibility | 2 | [continue to A4] |
| No | 3 | [go to TRANSFER-1] |
| Not sure (DO NOT READ) | 98 | [Terminate] |

TRANSFER-1

Can I speak with the person in your household who usually pays the natural gas bill?

Yes 1 **BACK TO INTRO**

No – NOT AVAILABLE/BAD TIME – (ARRANGE CALLBACK) 2 **ARRANGE CALLBACK**

No – HARD REFUSAL 3 **Terminate**

Not sure (DO NOT READ) 98 **Terminate**

A4. And can you confirm that your household receives a natural gas bill from **Union Gas**?

Yes 1 **continue**

No 2 **Terminate**

Not sure (DO NOT READ) 98 **Terminate**

GENDER

Note gender by observation:

Male 1
Female 2

B. GENERAL SATISFACTION

To start, I'd like to ask you a general question about your experience as a Union Gas customer.

B1. Generally speaking, how satisfied are you with the overall performance of Union Gas in providing you with natural gas service? Would you say ... **[READ LIST]**

01	Very satisfied
02	Somewhat satisfied
03	Somewhat dissatisfied
04	Very dissatisfied
98	Not sure [DO NOT READ]

C. CUSTOMER OUTCOMES

READ PREAMBLE:

I am going to read you a list of customer outcomes that planners need to consider, and I'd like you to tell me how important each of them is to you. Please answer using a scale from 0 to 10, where 0 means "not at all important" and 10 means "extremely important". I will read the entire list through once, and then we will go through the list one at a time. Be sure to save a rating of 10 for those items that are most important to you.

00	Not at all important
01-09	
10	Extremely important
98	Don't know [DO NOT READ]

[READ ENTIRE LIST THROUGH AND THEN ASK ONE AT A TIME RANDOMIZE LIST]

- C2. Providing stable, predictable and affordable pricing
- C3. Providing dependable and responsive customer service
- C4. Making good use of the money customers pay
- C5. Being reliable in providing natural gas
- C6. Safety
- C7. Treating customers fairly and openly
- C8. Minimizing their impact on the environment
- C9. Being community minded and socially responsible
- C10. Helping you become a more informed customer

[END BATTERY]

- C11. Sometimes Union Gas needs to choose between priorities that are all ranked quite highly. I am going to read you that list of customer outcomes again, and this time I'd like you to tell me which one is most important to you as a Union Gas customer. **[RANDOMIZE AND READ LIST]**

01	Providing stable, predictable and affordable pricing
02	Providing dependable and responsive customer service
03	Making good use of the money customers pay
04	Being reliable in providing natural gas
05	Safety
06	Treating customers fairly and openly
07	Minimizing their impact on the environment
08	Being community minded and socially responsible
09	Helping you become a more informed customer
98	Not sure [DO NOT READ]

- C12. And which one is second most important to you? **[REMOVE RESPONSE FROM C11, RANDOMIZE AND READ LIST]**

01	Providing stable, predictable and affordable pricing
02	Providing dependable and responsive customer service
03	Making good use of the money customers pay
04	Being reliable in providing natural gas
05	Safety
06	Treating customers fairly and openly
07	Minimizing their impact on the environment
08	Being community minded and socially responsible
09	Helping you become a more informed customer
98	Not sure [DO NOT READ]

- C13. And, finally, which one is third most important to you? **[REMOVE RESPONSES FROM C11 and C12, RANDOMIZE AND READ LIST]**

01	Providing stable, predictable and affordable pricing
----	--

02	Providing dependable and responsive customer service
03	Making good use of the money customers pay
04	Being reliable in providing natural gas
05	Safety
06	Treating customers fairly and openly
07	Minimizing their impact on the environment
08	Being community minded and socially responsible
09	Helping you become a more informed customer
98	Not sure [DO NOT READ]

D. MAKING CHOICES

For this next series of questions, we are going to explore some of the types of trade-offs Union Gas planners will have to make.

[RANDOMIZE ALL QUESTIONS IN SECTION D]

The Pace of Investment

- D14. When it comes to making investments in equipment and facilities required to run the natural gas system, which of the following is closest to your point of view? If you aren't sure, or don't have a strong opinion, please just say so.

[RANDOMIZE 01 AND 02]

01	Union Gas should do what's needed to keep the system healthy in the long run, even if that means higher rates
02	Union Gas should focus on keeping rates low and spend only what is needed to keep the system running for now
98	Not sure / don't have a strong opinion

Safety Standards

- D15. Currently, Union Gas follows safety standards that are set by public regulators. When it comes to safety standards, which of the following is closest to your point of view? If you aren't sure, or don't have a strong opinion, please just say so.

[RANDOMIZE 01 AND 02]

01	It's up to regulators to set safety standards, and Union Gas should do what they require
02	If Union Gas engineers think it is a better to follow a higher standard than required by public regulators, Union Gas should work to that standard even if it means increasing rates
98	Not sure / don't have a strong opinion

Customer Service Choices

- D16. Union Gas must meet one set of standards for emergency calls, and another set of standards for routine customer service. Union Gas currently exceeds the Ontario Energy Board benchmark for answering routine customer service calls within 30 seconds. It is estimated that the average residential customer could save approximately 10 cents per year by

reducing services to meet, but not exceed the benchmark. Customers could save more if the standards were reduced further. Thinking about areas where Union Gas service currently exceeds Ontario Energy Board benchmarks, which of the following most closely represents your views? If you aren't sure, or don't have a strong opinion, please just say so.

[RANDOMIZE 01 THROUGH 03]

01	Union Gas should continue to exceed benchmark levels of service because good customer service is more important than the potential savings
02	Union Gas should reduce its spending to the level needed to achieve the regulated standards because every little bit of savings helps.
03	Union Gas should work with the Ontario Energy Board to lower service standards in order to reduce costs because my priority is lower rates over customer service.
98	Not sure / don't have a strong opinion

Potential Enhancements

- D17. Union Gas is considering expanding the number of services that customers can access online using their MyAccount portal. They could add services such as calculators and forms to help you decide how you can reduce your energy use and your bill, additional flexibility in requesting services, and increased ability to utilize and respond to email and text inquiries.

Thinking of the potential increased online services, which of the following most closely represents your views? If you aren't sure, or don't have a strong opinion, please just say so.

[RANDOMIZE 01 AND 02]

01	It is important that Union Gas expand its online services to customers, even if that means paying an extra \$1 per residential customer per year over a two year timeframe
02	Union Gas should put off these kinds of online enhancements in order to help keep rates down.
98	Not sure / don't have a strong opinion

Incremental Service Costs and Charges

[ALWAYS ASK D18 BEFORE D19 - THEY ARE ALWAYS ASKED TOGETHER]

- D18. When customers are disconnected for not paying their bill, and then are reconnected when the bill is paid, Union Gas applies a charge of \$65 for those services. Those charges have not been adjusted for some years and currently do not cover the actual cost which is \$116. With this in mind, which of the following is closest to your point of view. If you aren't sure, or don't have a strong opinion, please just say so.

[RANDOMIZE 01 THROUGH 03]

01	Union Gas should increase these service charges to cover the full cost of the extra service.
02	Union Gas should leave these existing service charges where they are.
03	Union Gas should eliminate these service charges altogether and recover the costs in the rates all customers pay.
98	Not sure / don't have a strong opinion

- D19. There are some other services that go beyond typical services, and they have extra costs ranging from \$22 to \$35. These are things like seasonal or landlord turn-offs. Again, those charges have not been adjusted for some years and currently does not cover the actual cost

which ranges from \$34 to \$90. With this in mind, which of the following is closest to your point of view. If you aren't sure, or don't have a strong opinion, please just say so.

[RANDOMIZE 01 THROUGH 03]

01	Union Gas should increase those service charges to cover the full cost of the extra service.
02	Union Gas should leave those existing service charges where they are.
03	Union Gas should eliminate these service charges altogether and recover the costs in the rates all customers pay.
98	Not sure / don't have a strong opinion

- D20. It costs about \$1 a month more to send a customer a paper bill than it costs to bill customers online. Thinking about people who receive paper bills and those who sign up for online billing, which of the following options is closest to your point of view? If you aren't sure, or don't have a strong opinion, please just say so.

[RANDOMIZE 01 THROUGH 03]

01	Charge people who want a paper bill the incremental cost of sending a paper bill.
02	Leave it to customers to decide whether they want paper or online billing with no charges or incentives.
03	Give people who use online billing an incentive that reflects the reduced cost of online billing
98	Not sure / don't have a strong opinion

Greenhouse Gas Reductions

- D21. A certain amount of greenhouse gas emissions are released as Union Gas transports natural gas to your home. Currently, Union Gas is required to make a 5% to 10% reduction in these emissions by 2019.

Union Gas could go further to help reduce its emissions by investing in additional equipment and changing the way they maintain and operate their system. This could result in reducing greenhouse gas emissions by another 25%, but would result in a rise in residential rates of around 50 cents per year.

Thinking about the efforts Union Gas can make to reduce greenhouse gas emissions, which view most closely matches your own? If you aren't sure, or don't have a strong opinion, please just say so.

[RANDOMIZE 01 AND 02]

01	Union Gas should meet regulated emissions reductions but not go beyond that.
02	Union Gas should raise rates by 50 cents a year to reduce its greenhouse gas emissions by another 25%.
98	Not sure / don't have a strong opinion

Innovation and Technology Fund

- D22. Some people have suggested that Union Gas should invest some of your rate dollars in an innovation and technology fund that focuses on the research and development of viable and useful new technologies. Which of the following views more closely matches your own? If you aren't sure, or don't have a strong opinion, please just say so.

[RANDOMIZE 01 AND 02 ONLY - 03 MUST BE READ AFTER THOSE TWO]

01	The fund should focus on new technologies that increase the amount of renewable natural gas in the system.
----	--

02	The fund should focus on new technologies that enable customers to be more energy efficient with a goal to reducing overall energy costs.
03	The fund should focus on both these areas.
98	Not sure/ don't have a strong opinion

E. SEGMENTATION

These last few questions are for statistical purposes only and we remind you again that all of your responses are completely confidential.

E23. In what year were you born? **[Enter YEAR]** **INTERVIEWER NOTE: if REFUSE; ask "AGE".**

AGE: Can you tell me what age category do you fall into? **[READ LIST]**

00	Less than 18
01	18-25
02	25-34
03	35-44
04	45-54
05	55-64
06	65 years or older
99	Refused [DO NOT READ]

E24. Do you, or does any member of your immediate family currently work for a natural gas company or an agency that deals with natural gas issues, or a company that does significant business with the natural gas sector?

01	Yes
02	No
98	Don't know [DO NOT READ]

[ASK IF 01 ABOVE]

E25. Do you, or does any member of your immediate family work for Union Gas?

01	Yes
02	No
98	Don't know [DO NOT READ]

E26. Some financial assistance programs are targeted based on income and the number of people in the home. To better allow us to understand the needs of customers who may be eligible for different programs, can you please tell me how many people reside in your home (adults and children)?

	Record NUMERIC response only
98	Don't now [DO NOT READ]

E27. To the best of your ability, please tell me which of the following categories best describes your household's AFTER TAX income. **[READ LIST]**

01	Less than \$28,000
02	Just over \$28,000 to \$39,000
03	Just over \$39,000 to \$48,000
04	Just over \$48,000 to \$52,000

05	More than \$52,000
98	Not sure [DO NOT READ]
99	Refused [DO NOT READ]

THANK and END SURVEY

APPENDIX: Additional Consultation Focus Group Workbook Question Responses

Throughout this section, “BUS” refers to business customers, and “RES” refers to residential customers. The headings correspond to the section headings in the workbook. The tables that were not included in the main report are shown here, as well as the coded results to open-ended questions within the workbook. Note that the coded responses total more than 71 as multiple themes were captured in many response.

Why are we here?

1. I understand why Union Gas is seeking my input.

RESPONSE	BUS	RES	TOTAL
Strongly agree	23	25	48
Somewhat agree	6	12	18
Somewhat disagree	1	1	2
Strongly disagree	0	0	0
Don't know	0	0	0
Missing value	2	1	3
TOTAL			71

What is this about?

2. How well do you feel you understand the important parts of the Union Gas system and how they work together?

RESPONSE	BUS	RES	TOTAL
Very well	4	8	12
Somewhat well	20	20	40
Not very well	7	9	16
Not at all	1	1	2
Don't know	0	1	1
TOTAL			71

3. How satisfied are you with the overall performance of Union Gas in providing you with natural gas service?

RESPONSE	BUS	RES	TOTAL
Very satisfied	16	20	36
Somewhat satisfied	16	18	34
Somewhat dissatisfied	0	1	1
Very dissatisfied	0	0	0
Don't know	0	0	0
TOTAL			71

4. How do you know Union Gas is doing a good job for you?

RESPONSE	BUS	RES	TOTAL
Reliable/dependable/no interruptions	13	12	25
Price reasonable/low - general	4	7	11
No issues/absence of issues	2	2	4
Things work - general	1	2	3
Operations - customer service is good - general	2	1	3
Information/bill - general	1	1	2
Safety - general	1	1	2
They are not doing a good job/complaint	1		1
Don't know	2	5	7

5. Is there anything in particular you feel Union Gas can do better?

RESPONSE	BUS	RES	TOTAL
Lower prices	9	10	19
Operations - better customer service	5	5	10
Clearer information	1	3	4
Advocate for consumers	1		1
Expand delivery	1		1
Meter reading		1	1
Other		4	4
Nothing	5	6	11
Don't know	1	2	3

The Customer Journey

6. After looking at this diagram, please indicate if, from your perspective, any type of customer contact or service is missing.

RESPONSE	BUS	RES	TOTAL
Access to information	2	5	7
Advice	1	1	2
Check-in/follow up	1		1
Equipment changes/upgrades		1	1
Nothing	14	11	25
Don't know		1	1

7. Thinking about all the contacts you have had with Union Gas since becoming a customer, how satisfied are you with the customer service you have received from Union Gas?

RESPONSE	BUS	RES	TOTAL
Very satisfied	17	26	43
Somewhat satisfied	10	12	22
Somewhat dissatisfied	2	1	3
Very dissatisfied	1	0	1
Don't know	1	0	1
Missing values	0	1	1
TOTAL			71

8. Thinking about all the contacts you have had with Union Gas do you have any specific suggestions about how Union Gas could do a better job of meeting your needs?

RESPONSE	BUS	RES	TOTAL
Customer service improvements	4	5	9
Service expansion	3		3
Payment and billing	1	1	2
Online services	1	1	2
Lower prices	1		1
More accurate meter reading		1	1
Other	3	3	6
Nothing	11	10	21
Don't know	1		1

Customer Outcomes

Stable, predictable, and affordable pricing

9. Overall, how reasonable do you find the price for distributing gas?

RESPONSE	BUS	RES	TOTAL
Very reasonable	1	4	5
Somewhat reasonable	21	22	43
Somewhat unreasonable	4	9	13
Very unreasonable	1	1	2
Don't know	3	4	7
Missing values	1	0	1
TOTAL			71

Providing dependable and responsive customer service

10. How satisfied are you with Union Gas' overall customer service?

RESPONSE	BUS	RES	TOTAL
Very satisfied	14	23	37
Somewhat satisfied	12	13	25
Somewhat dissatisfied	5	3	8
Very dissatisfied	0	1	1
Don't know	0	0	0
TOTAL			71

Making good use of the money customers pay

11. How satisfied are you that Union Gas is making good use of the money customers pay?

RESPONSE	BUS	RES	TOTAL
Very satisfied	6	5	11
Somewhat satisfied	11	14	25
Somewhat dissatisfied	2	5	7
Very dissatisfied	0	0	0
Don't know	13	15	28
TOTAL			71

Reliability

12. How satisfied are you with the reliability of Union Gas when it comes to delivering natural gas?

RESPONSE	BUS	RES	TOTAL
Very satisfied	27	34	61
Somewhat satisfied	4	5	9
Somewhat dissatisfied	0	1	1
Very dissatisfied	0	0	0
Don't know	0	0	0
TOTAL			71

Safety

13. When it comes to safety, how satisfied are you with Union Gas' performance?

RESPONSE	BUS	RES	TOTAL
Very satisfied	24	27	51
Somewhat satisfied	5	8	13
Somewhat dissatisfied	1	0	1
Very dissatisfied	0	1	1
Don't know	2	3	5
TOTAL			71

Being open and transparent

14. When it comes to being open and transparent about how processes work and how decisions are made, how satisfied are you with Union Gas' performance?

RESPONSE	BUS	RES	TOTAL
Very satisfied	12	10	22
Somewhat satisfied	7	14	21
Somewhat dissatisfied	5	4	9
Very dissatisfied	0	1	1
Don't know	8	10	18
TOTAL			71

Minimizing impact on the environment

15. When it comes to minimizing their environmental impact, how satisfied are you with Union Gas' performance?

RESPONSE	BUS	RES	TOTAL
Very satisfied	6	9	15
Somewhat satisfied	11	9	20
Somewhat dissatisfied	1	4	5
Very dissatisfied	0	0	0
Don't know	13	17	30
Missing values	0	1	1
TOTAL			71

Being community minded and socially responsible

16. When it comes to being community minded and socially responsible, how satisfied are you with Union Gas' performance?

RESPONSE	BUS	RES	TOTAL
Very satisfied	7	10	17
Somewhat satisfied	10	11	21
Somewhat dissatisfied	1	0	1
Very dissatisfied	0	0	0
Don't know	13	18	31
Missing values	0	1	1
TOTAL			71

19. Thinking about these topics, do you have any specific suggestions for how Union Gas can improve its performance?

RESPONSE	BUS	RES	TOTAL
Operational issues	3	3	6
Honesty/transparency	1	4	5
Clearer communications	2	2	4
Community involvement		3	3
Green/alternative energy	2	1	3
Expand services	2		2
Lower costs		1	1
Safety	1		1
Other		1	1
Nothing	6	2	8

How did we do?

41. General Impression – Overall, what did you think about the workbook?

RESPONSE	BUS	RES	TOTAL
Informative/educational	4	9	13
Good/excellent	5	3	8
Interesting		7	7
Well presented	3	3	6
Easy to understand/read	2	3	5
Enjoyed it	3	1	4
Okay/sufficient/fine	2	2	4
Too much to read	1	3	4
Made me think	1	1	2
Detailed/comprehensive	2		2
Good use of workbook	1	1	2
Not enough information	1		1
Too general	1		1
Questions were leading	1		1
Other	2		2

43. Content Covered – Was there any content missing that you would have liked to have seen included?

RESPONSE	BUS	RES	TOTAL
Information - more specific	4	2	6
Enough content	3	2	5
Infrastructure		4	4
Information on cap and trade	2	1	3
Explanation of cost		2	2
Help for consumers	1	1	1
Operating costs		1	1
Other		1	1
Nothing	12	10	22
Don't know	2	4	6

44. Outstanding Questions – Is there anything that you would still like answered?

RESPONSE	BUS	RES	TOTAL
Rates/costs - why the increase?	4	2	6
Operating expenses - salaries	2	3	5
Cap and trade	2		2
Govt/OEB - future plans		1	1
Environmental, social policies		1	1
Technology/infrastructure		1	1
Other	1		1
Nothing	13	13	26
Don't know		1	1

45. Suggestions for Future Consultations – How would you prefer to participate in these consultations in the future?

RESPONSE	BUS	RES	TOTAL
In person - focus group	8	13	21
Online	2	6	8
Would participate again	5		5
Other	4	4	8
Nothing	1	3	4
Don't know	1		1

Union Gas Limited

Rate M12/C1 Transportation Customer Engagement

Summary of Customer Consultations

July 2017

Union Gas Limited
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uniongas

An Enbridge Company

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

Background

In both its Rate Handbook and Natural Gas Filing Guidelines, the Ontario Energy Board (the “Board”) has defined new expectations for Gas Distributors around customer engagement and the requirement that companies have a *“genuine understanding of customers’ interests and preferences and integrate those interests and preferences into their plans.”*

Union Gas Limited (“Union”) is undertaking a customer engagement process that’s designed to gather feedback from customers on their needs and preferences so that they can be incorporated into the business planning process for consideration in developing its framework to adjust rates beginning January 1, 2019. Ultimately, this consultation will help Union ensure alignment between its operational and capital investment plans and customer needs and preferences.

In February and March of this year, Union met with transportation customers to walk through a workbook Union prepared to obtain feedback on transportation customers’ needs and preferences. The workbook asked customers to rank eight outcomes from most to least important, asked customers about their needs and then explained how rates are set and asked a few specific questions on cost allocation and rate design (specific for Rate M12, M12-X and large C1). The feedback Union received from the customer engagement exercise will be considered in Union’s 2019 rate application.

Methodology

Union conducted customer consultations with all 27 customers from the transportation market segments which include: Canadian Local Distribution Companies (LDCs), Interconnecting Pipelines, Marketers, Power Generators, Producers and US LDCs. All customers interviewed as part of the consultation process were members of Gas Supply, Regulatory, Commercial or Operational departments at their respective companies. A list of the transportation customers consulted as part of this process is outlined below in Table 1.

Table 1: List of M12 & Large C1 Transportation Customers

List of M12 & Large C1 Transportation Customers			
1	Ag Energy Co-operative Ltd.	15	Mercuria Commodities Canada Corp.
2	Bay State Gas Company	16	National Grid
3	Bluewater Gas Storage, LLC	17	Northern Utilities, Inc.
4	Central Hudson Gas & Electric Corp.	18	Portlands Energy Centre
5	Consolidated Edison Company of New York	19	Seneca Resources Corp.
6	Connecticut Natural Gas Corp.	20	St. Lawrence Gas
7	DTE Energy Trading, Inc.	21	Thorold CoGen LP.
8	Emera Energy LP.	22	Transcanada Pipelines
9	Enbridge Gas Distribution Inc.	23	TransCanada Energy Ltd.
10	Gaz Métro LP	24	Utilities Kingston
11	Goreway Station Partnership	25	Vermont Gas Systems, Inc.
12	Greater Toronto Airports Authority	26	Yankee Gas Services Co.
13	Greenfield Energy Centre LP	27	York Energy Centre LP
14	Liberty Utilities (EnergyNorth Natural Gas) Corp.		

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

All customers interviewed as part of the engagement process currently contract for long term transportation services with Union. Rather than sampling a few transportation customers, Union decided it was important to offer all these customers the opportunity to provide input. Customers either contract for service on the Dawn-Parkway system and/or one of Union's C1 transportation paths, specifically, Dawn to Dawn (TCPL); Bluewater to Dawn; Dawn to Dawn (Vector) or Ojibway to Dawn.

Union developed a workbook, included in Appendix A, consisting of 27 questions intended to establish customers' needs and preferences on various topics including reliability, customer service, tolls and operations. Union provided the workbook electronically to customers prior to the consultation and provided hard copies of the workbook at the consultation.

Union conducted consultations and received completed workbooks from all 27 transportation customers that currently contract for transportation services. The 27 consultations were conducted as follows: 24 via face to face interviews; one via teleconference and two via a completed workbook with no formal interview.

Union informed customers that responses to the workbook would be aggregated in a final report summarizing the results from all transportation customers. Union provided all customers additional time to respond to questions or provide comments via email or teleconference. Customers were informed that Union engaged a consultant, Innovative Research Group (IRG), as part of the consultation process and that IRG would complete a follow-up call within three days of the consultation.

Customers were asked questions on general satisfaction and specific rate design and cost allocation methodologies being considered for the 2019 rate application. Customers were encouraged to ask questions throughout the consultation and Union documented and later responded to any questions requiring follow-up, Union committed to circulate all questions and responses to every customer. A summary of questions and Union's responses are included in Appendix B.

Consultation Summary

Union provided an overview to customers of the Board's rate application process and emphasized the Board's expectation that Union's business plan and rate application focus on customer outcomes that are explored as part of this consultation.

The customers were asked questions to establish their understanding of their role in Union's consultation process and their overall satisfaction level in Union's performance in providing transportation services.

Customers were encouraged to provide additional comments to all questions in addition to the survey responses. Customer comments are organized into multiple customer mentions, in which more than one customer provided the same response, and singular customer mention, in which a comment was provided by one customer.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

1. I understand why Union Gas is seeking my input.

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Don't Know	Did not respond
24	2	0	0	0	1

2. How satisfied are you with the overall performance of Union Gas in providing you with transportation services?

Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Don't Know	Did not respond
20	6	0	0	0	1

Multiple customer mentions:

- *Very Satisfied* with Union's performance in providing transportation services and that there has been no issues with the Dawn-Parkway transportation path.
- *Somewhat Satisfied* and noted that recent toll increases present a business challenge.

Singular customer mention:

- During a reverse open season, Union should improve communications by informing customers when their bid is rejected.

3. How do you know if Union Gas is doing a good job for you?

Reliability

Multiple customer mentions:

- Union's ability to meet the service parameters of the firm transportation contract is the key performance indicator. Ultimately, gas arriving at the customer's facility or city gate demonstrates that Union is doing a good job.
- Union has always met firm obligations of transportation contracts.
- Union is operationally flexible and provides highly reliable interruptible services.

Singular customer mention:

- Union's redundancy on the system with a Loss of Critical Unit compressor is important to them because this type of redundancy is uncommon in the US, which is concerning.
- Union always ensures that gas flows to serve the plant and will work outside the standard nomination windows.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

Customer Service

Multiple customer mentions:

- Union provides exceptional customer service and has knowledgeable customer representatives.

Singular customer mention:

- Union is one of the best customer service providers; Union is great at taking feedback and making changes in response to customer needs.

4. Is there anything in particular you feel Union Gas can do better?

Transportation Rates

Multiple customer mentions:

- Recent rate increases have created business challenges as the increase in costs must be justified by regulated LDCs.
- Recent rate increases directly impact profitability for marketers and some generators.
- Union should provide more information on preliminary rate proposals at the time of filing and the business drivers for these changes.
- Rate information is critical for budgeting processes and will impact regulatory filings and business planning.
- Union should provide more opportunities for feedback, adding that this new customer engagement process is a step in the right direction.

Singular customer mention:

- Union should focus on stable and affordable rates.
- Recent rate increases have been challenging.

Implementation of Rate Changes

Singular customer mention:

- Union should not significantly modify rate schedules, such as the addition of a new type of charge (e.g. Cap and Trade) because commercial agreements underpinned by Union's transportation services reference the rate schedule. A new type of charge may not be recoverable by the customer depending on how commercial agreements were negotiated.

Service Offerings

Multiple customer mentions:

- Union should provide more flexibility including new service offerings, contracting, and pricing.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

Singular customer mention:

- Union needs to provide more flexible service offerings to meet the changing needs of the Ontario power market.

Operational Systems

Multiple customer mentions:

- Union should improve the manual transportation capacity assignment process by implementing an electronic bulletin board (EBB) which would allow customers to assign capacity online.
- Union should provide an invoice each month, even when no charges are due. Union does not currently provide zero dollar invoices which are required for audit purposes.

Singular customer mention:

- Union should implement a critical and non-critical notification system to differentiate notices that have rate impacts from general notices. For example, notice of a capacity open season versus a rate schedule change (e.g. Cap and Trade).

New Capacity Open Seasons

Singular customer mention:

- Union should provide a full cost schedule for the new capacity at the time of bidding. A full cost schedule is required for customers to understand the financial liability of a successful bid.
- In recent open seasons, there has been misalignment of the financial backstopping and precedent agreements between Union and interconnecting pipelines making it difficult to contract.

Customer Outcomes

To establish the outcomes that matter most to customers, Union developed a list of proposed outcomes for customers to review. Customers were encouraged to review the list and supplement the list with any additional outcomes they wanted to include.

5. Below you will find an initial list of possible outcomes based on a review of previous customer research and input from staff at Union Gas who deal with customers on a regular basis. Please indicate if there are any particular outcomes that you think are missing from this list. (You can fill them in using the blank lines at the bottom of the list below)

Multiple customer mentions:

- Flexibility

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

Singular customer mention:

- Enhancement of access to supply basins (ie. NEXUS, Rover)

6. Looking at the list below, including any outcomes you may have added, please indicate which outcomes are most important to you. In the column titled Ranking, please place a 1 by the most important outcome, a 2 by the second most important and so on. Please try to rank at least the three outcomes most important to you. If you would like to rank them all, please do so.

Outcomes	Ranking
Stable, predictable, and affordable pricing	
Providing dependable and responsive customer service	
Making good use of the money customers pay	
Reliability	
Safety	
Treating customers fairly and openly	
Minimizing impact on environment	
Community minded and socially responsive	
<i>Additional suggestions</i>	

Customers were then asked to rank the outcomes that were most important to them, including any additional outcomes that may have been added. Customers were encouraged to rank at least the three most important outcomes and were able to rank all of the outcomes if desired.

Of the twenty-seven customers twenty indicated reliability was the most important outcome, ranking it a 1 or 2. Stable, predictable, and affordable pricing was the second most important outcome with eighteen customers ranking it 1 or 2. Safety was the third most important outcome with ten customers ranking it 1 or 2.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

Table 2 – Summary of Transportation Customers’ Preferred Outcomes

Outcome	Rank							
	1	2	3	4	5	6	7	8
Stable, predictable, and affordable pricing	9	8	8	-	-	-	-	-
Providing dependable and responsive customer service	-	2	9	3	3	2	-	-
Making good use of the money customers pay	-	2	-	2	2	1	2	1
Reliability	10	10	4	1	-	-	-	-
Safety	8	2	-	1	1	1	-	-
Treating customers fairly and openly	1	2	4	4	1	1	-	-
Minimizing impact on environment	-	-	-	3	1	2	3	-
Community minded and socially responsive	-	-	-	-	-	-	2	4
Flexibility*	1	-	-	2	-	-	-	-
Enhancement of access to supply basins (ie. Nexus, Rover)*	-	-	-	1	-	-	-	-

*Customer Suggested Outcome

Customer Needs

To develop an understanding of customer needs and preferences Union asked customers nine questions to establish satisfaction levels on Union’s performance in providing transportation services. Customers were asked to rate Union’s performance areas on a scale of *Very Satisfied* to *Very Dissatisfied* and were encouraged to provide additional feedback on each question.

7. How satisfied are you with Union Gas' overall customer service and your interactions with Union Gas' representatives and our systems?

Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Don't Know	Did not respond
24	2	0	0	0	1

Multiple customer mentions:

- *Very Satisfied* with Union's overall customer service, representatives and systems.
- Union’s customer service is exceptional and Union’s representatives are responsive in answering enquiries and resolving issues.
- Union should provide more information on transportation rate applications.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

Singular customer mention:

- Operationally, Union Gas is easy to work with, and has significant flexibility with nominations.
- Union should inform customers of the rates requested at the time of filing and update customers based on the regulator’s decision.

8. How satisfied are you that Union Gas’ transportation services provide your business with ample access to diverse supply?

Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Don’t Know	Did not respond	Not Applicable
14	7	0	0	0	1	5

Multiple customer mentions:

- *Very Satisfied* that Union’s transportation services provide ample access to diverse supply.
- Dawn is a liquid market with many counterparties, when requesting pricing for Dawn supply and proposals for transportation capacity optimization (Asset Management Agreements) at least ten counterparties submit offers.
- *Somewhat Satisfied* indicating that Dawn is not necessarily a diverse supply basin, but because of the high liquidity it is less important.
- *Not Applicable* noting that they do not directly purchase gas supply at Dawn.

Singular customer mention:

- Dawn is one of the most liquid supply basins and provides diversity to their supply portfolio.
- Although multiple sources of supply converge at Dawn, customers still have the ability to access their own diverse supply.
- Union does not provide supply diversity as Dawn-Parkway is one path and does not offer supply diversity upstream of Dawn.

9. How satisfied are you with the reliability of Union Gas’ firm transportation services?

Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Don’t Know	Did not respond
25	1	0	0	0	1

Multiple customer mentions:

- Union’s transportation services are extremely reliable.
- Union has never failed to meet a firm obligation.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

Singular customer mention:

- Union should offer additional flexibility of transportation services, such as access to alternate receipt and delivery points.
- Union should offer firm transportation rights to shippers beyond the timely nomination cycle.

10. How satisfied are you with Union Gas’ systems for nominating, reporting and invoicing?

Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Don’t Know	Did not respond	Not Applicable
19	4	0	0	1	1	2

Multiple customer mentions:

- *Very Satisfied* with Union’s systems for nominating reporting and invoicing.
- Union should provide an invoice each month, even when no charges are due. Union does not currently provide zero dollar invoices which are required for audit purposes.

11. How satisfied are you that Union’s current transportation services meet your business needs?

Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Don’t Know	Did not respond	Not Applicable
18	3	1	0	1	2	2

Multiple customer mentions:

- Union’s current transportation services meet business needs.
- Union should be more flexible in service offerings, contracting and pricing to meet the changing needs of customers.

12. Are there additional transportation service offerings that Union could offer to meet your needs?

Flexibility

Multiple customer mentions:

- Union should offer alternate receipt and delivery points that are in path on an interruptible basis adding that this flexibility would provide incremental value.

Singular customer mention:

- Union should implement a late day nomination window to match interconnecting US pipelines.
- Union should offer firm rights beyond the timely window similar to US pipelines (e.g. Vector)
- Union should implement auto-balancing for nomination imbalances less than 100 GJ.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

13. How satisfied are you that operational information related to Union Gas’ systems is readily available?

Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Don’t Know	Did not respond	Not Applicable
13	9	0	0	4	1	12

Multiple customer mentions:

- Union’s operational postings, specifically the Traffic Light, provide critical information required to effectively use Union’s services.
- Union should provide more historical operational information, adding that operational information demonstrates knowledge of Union’s system to regulators.
- *Don’t Know* or *Not Applicable* stating that they were not familiar with Union’s operational postings because they assign all transportation capacity to an asset manager.

14. How satisfied are you that Union Gas’ transportation rates and discounts are competitive?

Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Don’t Know	Did not respond	Not Applicable
8	11	5	0	1	1	1

Multiple customer mentions:

- Not satisfied with increasing transportation rates.
- Acknowledge that the rate is increasing as a result of capital projects to increase system reliability and expand the system.
- Transportation rate increases are not recoverable under their current commercial framework, which are underpinned by Union’s services.
- Toll increases are passed through to their own customers and must be justified to a regulator.

Singular customer mention:

- Recent rate increases negatively affect the ability to contract for incremental services.
- Dawn-Parkway transportation rate is economical based on the total distance of the path.
- Union should engage customers on future builds and growth profiles to ensure that the rate is stable and affordable.

15. How satisfied are you with the effectiveness of Union Gas’ capacity release systems and procedures?

Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Don’t Know	Did not respond	Not Applicable
5	3	3	2	10	1	3

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

Multiple customer mentions:

- Capacity release system should be improved to allow customers to directly administer how their contracts will be released to the market.
- *Very Dissatisfied*, current process requires manual intervention and poses undue financial and legal risk to the assignor.
- *Very Satisfied*, capacity assignment is process used annually and meets needs.
- *Don't Know or Not Applicable*, have not utilized Union's capacity assignment process before

How Transportation Rates are Set?

Customers were provided an overview on how transportation rates are calculated in Ontario including, how costs are determined, how costs are included in rates and how rates are updated.

16. How well do you understand the basics of how natural gas transportation rates are set?

Completely Understand	Somewhat Understand	Do Not Understand	Don't Know	Did not respond	Not Applicable
17	8	0	0	1	1

Multiple customer mentions:

- *Completely Understand* the basics of how transportation rates are set.
- Not specifically familiar with Ontario's regulatory process.

Cost Allocation

Union provided customers with the following background on Union's cost allocation practice:

"Union's cost allocation practice allocates costs to rate classes based on cost causality principles using specific knowledge of how its system is operated. Although judgment is required in allocating costs, cost allocation results in rate classes that reflect 'user pay'- that is, customers pay in their rate for the cost of the service they use."

17. How familiar are you with the cost allocation objectives?

Very Familiar	Somewhat Familiar	Not Very Familiar	Not Familiar	Did not respond
14	8	2	1	2

Multiple customer mentions:

- *Very Familiar* with the cost allocation objectives.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

Singular customer mention:

- *Not Familiar*, cost causality and user-pay are new concepts.

Parkway Station Methodology

Union provided information on the current cost allocation methodology which includes the Parkway Station costs in the overall costs of the Dawn Parkway system. Union then discussed a proposal that Union is considering for the 2019 rate application to allocate the Parkway Station costs to rates that use the Parkway Station.

Union provided the following background information on the proposed change in cost allocation methodology:

“As a result of significant system growth over the last five years, Union is considering a change to the cost allocation methodology of the Parkway Station costs. As you may be aware, Union has invested substantially in expanding this part of our system and the Parkway Station now represents approximately 20% of the Dawn Parkway transmission costs. The cost allocation change being considered involves allocating the Parkway Station costs to rates that use the Parkway Station rather than including it in the overall costs of the Dawn Parkway system.

The Parkway Station facilities are designed to meet Union’s design day requirement to export gas from the Union Gas system into the TransCanada and Enbridge systems through Parkway. They are not necessary to transport or deliver natural gas to other locations along Dawn to Parkway. Allocating Parkway Station demand costs using this user-pay methodology will result in an increase of M12 rate class costs by 4%.

Early indications are that the cost allocation change of the Parkway Station combined with other potential offsetting adjustments is not expected to increase the overall costs allocated to the M12 rate class beyond the costs of those in 2018.”

Customers were provided an opportunity to ask questions regarding the current cost allocation methodology and Union’s system operations.

Following the discussions, customers were asked questions regarding the proposal.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

18. Thinking about Union Gas’ consideration of the cost allocation change for the Parkway Station, which of the following statements best describes your view?

Union should not change the recovery of the Parkway Station and all M12/C1 paths should pay for it based on the use of the Dawn to Parkway system.	7
Union should change the recovery of the Parkway Station costs and recover the costs from only those M12/C1 paths that use the Parkway Station.	7
I’m not sure / don’t have a strong opinion about this.	4
Did not respond	7
Not Applicable	2

Multiple customer mentions:

- Support cost causality and user-pay acknowledging that these are the fundamental principles of cost of service rate making.
- Union should assign costs based on a user-pay methodology.
- Parkway Station provides indirect benefits to all customers and therefore all customers should be allocated the costs.
- More information and data on Union’s system is required to determine if a change in Parkway Station cost allocation methodology is appropriate.

Singular customer mentions:

- Support the proposal provided it is consistent with Union’s other rate methodologies.
- Support the proposal contingent on the power market contracts accommodating the rate increases.
- Union should consider the indirect benefits Parkway provides all customers as a liquid trading location when allocating costs.
- There is a benefit to customers as a result of gas coming on system at Kirkwall and ultimately filling Dawn storage.

19. Are there other ways that Union should consider allocating Parkway Station costs?

Multiple customer mentions:

- No

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

Singular customer mention:

- Incremental user cost allocation, where customers that request the incremental service pay for costs of new facilities.
- Energy usage methodology which allows for capturing the revenue appropriately when gas is entering a system at a point where the system was not initially designed.
- An alternative cannot be proposed without a thorough review and evaluation.
- Rate increases for some of the paths constitutes rate shock and therefore a full examination of all inputs to the allocation process is necessary.

Rate Design

Union provided information on the current M12/C1 rate design methodology to assign costs to M12/C1 path based on a distance weighted use of the Dawn to Parkway system. Union then discussed with customers a proposed change to the methodology to only assign the Parkway Station costs to those M12/C1 paths that use the Parkway Station similar to the Dawn Station rate design methodology.

Union provided the following background information on the proposed change in M12/C1 rate design methodology:

“Within the M12/C1 rate classes, these questions will examine how costs are allocated by specific paths. In addition to the consideration of possible changes in the cost allocation of the Parkway Station, Union is also considering assigning the costs of the Parkway Station to those M12/C1 paths that use the Parkway Station.

Union’s current rate design recovers the costs of the Dawn Parkway transmission costs (including Parkway Station) from each M12/C1 path based on a distance weighted use of the Dawn to Parkway system. Currently, Dawn Station costs are recovered from M12/C1 paths that use Dawn Station only.

This change would mean that the Parkway Station costs would be recovered in a similar manner as the Dawn Station and assigned to the Dawn to Parkway and Kirkwall to Parkway rates but not to the Kirkwall to Dawn rate.

Assigning Parkway Station costs to the M12/C1 paths that use the Parkway Station will result in an increase to the Kirkwall to Parkway rate of approximately \$0.02 to \$0.03 C/GJ/day, a decrease to the Kirkwall to Dawn rate of approximately \$0.01 to \$0.02 C/GJ/day and have very little impact on the Dawn to Parkway rate.”

Customers were provided an opportunity to ask questions regarding the current M12/C1 rate design methodology and Union’s system operations.

Following the discussions, customers were asked questions regarding the proposal.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

20. Thinking about Union Gas’ consideration of the rate design change for the Parkway Station, which of the following statements best describes your view?

Union should not change the recovery of the Parkway Station and all M12 paths should pay for it based on the use of the Dawn to Parkway system.	7
Union should change the recovery of the Parkway Station costs from those M12 paths that use the Parkway Station.	6
I’m not sure / don’t have a strong opinion about this.	4
Did not respond	8
Not Applicable	2

Multiple customer mentions:

- Support cost causality and user-pay acknowledging that these are the fundamental principles of cost of service rate making.
- Union should assign costs based on a user-pay methodology.
- Parkway Station provides indirect benefits to all customers and therefore all customers should be allocated the costs.
- More information and data on Union’s system is required to determine if a change in Parkway Station cost allocation methodology was appropriate.
- Difficult to consider the rate design questions without fully understanding how the rate design methodology may affect future contracting and market dynamics.

Singular customer mention:

- If Union is going to have point to point rates, they must be calculated fairly with a user-pay methodology.
- Union should consider the rate impacts of potential turn back as a result of toll changes adding that existing customers will bear the costs of incremental costs in the rate to make up for decreased rate base.

21. Are there other rate design methodologies Union should consider?

Multiple customer mentions:

- No.

Singular customer mention:

- Incremental user cost allocation, where customers that request the incremental service pay for costs of new facilities.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

- Union should implement an export surcharge to differentiate customers that are delivering to Parkway on Union’s system from customers that are exporting at Parkway. For example, Union adopt methodology at Parkway similar to the Dawn interconnects [Dawn (Facilities), Dawn (Vector), Dawn (TCPL)].
- Union consider a postage stamp rate methodology
- Postage stamp methodology is not appropriate for the Dawn-Parkway system.

22. If the Ontario Energy Board approved a rate increase in 2019, which of the following statements best describes your view on the implementation of the rate change?

Adjust rates to reflect costs as they occur, which may result in more annual volatility	4
Apply a steady annual increase in rates over a five year period to minimize annual volatility	13
Apply a larger one time increase in the first rebasing year and then leave rates flat for the remaining period	2
I’m not sure / don’t have a strong opinion	5
Did not respond	2
Not Applicable	1

Multiple customer mentions:

- Preferred methodology is dependent on the magnitude of the change and the amount of notice provided.
- Steady annual increase in rates over a five year period indicating this is preferred from a budgeting perspective.
- Union should apply a one-time increase in the first year stating that there is a cost to rate shaping and a one-time rate increase would result in less costs overall.

Singular customer mention:

- There are Pros and Cons to all three options. It is challenging to determine which option is optimal.
- Union should phase in toll increases given the magnitude, adding that a 100% increase in toll year over year is not acceptable in any market.
- Union should implement changes over five years to avoid rate shock, noting this approach is consistent with how rate changes have been applied in other utilities.
- Union should consider a rate mechanism that utilizes a fixed rate with a capped variable component. The variable component is adjusted annually using a pre-approved formula based on capital investment.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

How did we do?

23. General Impression – Overall, what did you think about the consultation?

Multiple customer mentions:

- Consultation process is a good opportunity to provide Union with formalized feedback.
- Customers noted they will be engaging in a consultation process with their own customers.
- Questions were general enough to allow for further discussions.

24. Volume of Information – Did Union Gas provide...

Too Much Information	Not Enough	Just The Right Amount	Did not respond
0	4	22	1

Multiple customer mentions:

- Background information provided a good overview but more information is required to comment on cost allocation and rate design.

25. Content Covered – Was there any content or questions missing that you would have liked to have seen included?

Multiple customer mentions:

- No.

Singular customer mention:

- Union should include more content on the contracting process.
- Union should explore unique service offerings as part of consultations.

26. Outstanding Questions – Is there anything that you would still like to provide input on?

Multiple customer mentions:

- No.

27. Suggestions for Future Consultations – How would you prefer to participate in these consultations in the future?

Multiple customer mentions:

- Face to face meetings are preferred.
- It would be beneficial to be included in discussions with other customers.

Union Gas Limited– Rate M12/C1 Transportation Customer Engagement Summary of Customer Consultations

Singular customer mention:

- Union should hold webinars open to all customers to review the results of customer consultations and regulatory submissions.

Next Steps

At the conclusion of the consultation Union provided customers with the following overview of the next steps in the consultation process:

1. IRG will follow-up on within three days to validate consultation process.
2. Union will develop a Customer Consultation Report summarizing feedback from all customers that will be distributed to customers for review and feedback.
3. Union will develop a 2019 business plan that considers customers' needs and preferences.
4. Union will conduct follow-up meetings with customers to discuss business plan in more detail prior to filing.
5. Customer Consultation Report will be filed with the Ontario Energy Board as part of the 2019 Rate Application.



CUSTOMER ENGAGEMENT

Business Plan to Support the 2019 Rate Application

February 2017

Transportation Services

Table of Contents

Why are we here?

What is the purpose of this consultation? How will this information be used, and why does it matter?

Customer Outcomes

Union Gas must submit a business plan that focuses on the cost effective delivery of outcomes that matter to customers. What are the outcomes that you care about?

Customer Needs

There are many ways Union Gas serves customer needs. How can we do better?

How are Transportation Rates Set?

Who is the Ontario Energy Board? How do they decide what transportation rates should be?

Making Choices

As Union Gas builds its business plan, it has to make choices that balance competing outcomes. What are your views on some of those choices?

How did we do?

This is a new process. How did it work for you? How can we make it better next time?

Next Steps

How will the information that you provided be used? What are the next steps you should be aware of?

Why are we here?

This consultation is a new way to include your views as Union Gas builds its business plan for at least five years, beginning in 2019.

1. In Ontario, natural gas pipelines are regulated by the Ontario Energy Board, the provincial energy regulator.
2. The Ontario Energy Board requires that Union Gas build a business plan for the cost effective delivery of outcomes that matter to customers.
3. This plan will determine the investments Union Gas makes in equipment and pipelines, the services it provides you as a customer and the rates you pay.
4. Your rates pay for this plan so your views must be considered.
5. The Ontario Energy Board must approve the plan and the rate application. In some cases they have denied specific costs in the past.

The most important part of this consultation is the survey questions.

Utilities are expected to develop a genuine understanding of their customers' interests and preferences and integrate those interests and preferences into their plans. Utilities are expected to demonstrate value for money by delivering genuine benefits to customers and providing services in a manner which is responsive to customer preferences.

1. I understand why Union Gas is seeking my input.

☐ Strongly Agree ☐ Somewhat Agree ☐ Somewhat Disagree ☐ Strongly Disagree ☐ Don't Know

2. How satisfied are you with the overall performance of Union Gas in providing you with transportation services?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

3. How do you know if Union Gas is doing a good job for you?

4. Is there anything in particular you feel Union Gas can do better?

Why are we here?

Customer Outcomes

Customer Needs

How are Transportation Rates Set?

Making Choices

How did we do?

Next Steps

Customer Outcomes

As we discussed earlier, the Ontario Energy Board requires that Union Gas develop a business plan that is focused on the outcomes that matter most to customers. Union Gas has developed a proposed list of outcomes for your review; this list has been developed by Union's experienced staff utilizing customer research.

5. Below you will find an initial list of possible outcomes based on a review of previous customer research and input from staff at Union Gas who deal with customers on a regular basis. Please indicate if there are any particular outcomes that you think are missing from this list. (You can fill them in using the blank lines at the bottom of the list below)

6. Looking at the list below, including any outcomes you may have added, please indicate which outcomes are most important to you. In the column titled Ranking, please place a 1 by the most important outcome, a 2 by the second most important and so on. Please try to rank at least the three outcomes most important to you. If you would like to rank them all, please do so.

Outcomes	Ranking
Stable, predictable, and affordable pricing	
Providing dependable and responsive customer service	
Making good use of the money customers pay	
Reliability	
Safety	
Treating customers fairly and openly	
Minimizing impact on environment	
Community minded and socially responsive	
<i>Additional suggestions:</i>	



Customer Needs

The Ontario Energy Board expects Union Gas to develop a plan that will focus on cost effective delivery of outcomes that matter to customers. The following questions will assess your satisfaction level with Union in meeting your needs.

Providing dependable and responsive customer service

Customer service focuses on the many different ways that Union Gas interacts with and supports their customers' business needs.

7. How satisfied are you with Union Gas' overall customer service and your interactions with Union Gas representatives and our systems?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Additional Comments:

Ample access to diverse supply

Diversity in supply refers to transportation paths having access to multiple supply basins with affordable natural gas.

8. How satisfied are you that Union Gas' transportation services provide your business with ample access to diverse supply?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Additional Comments:

Firm gas transportation is highly reliable

Reliability refers to Union's ability to meet all firm transportation services.

9. How satisfied are you with the reliability of Union Gas' firm transportation services?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Additional Comments:



Customer Needs

Effectiveness of the pipeline system for nominating, reporting & invoicing

This refers to the effectiveness of Union Gas' various systems for nominating, reporting and invoicing.

10. How satisfied are you with Union Gas' systems for nominating, reporting and invoicing?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Additional Comments:

Creative and innovative transportation solutions

This refers to the flexibility of Union's transportation services and the variety of services that are offered.

11. How satisfied are you that Union's current transportation services meet your business needs?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Additional Comments:

12. Are there additional transportation service offerings that Union could offer to meet your needs?



Customer Needs

Accurate operational information is readily available

The ability to provide customers with relevant and accurate operational information.

13. How satisfied are you that operational information related to Union Gas' systems is readily available?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Additional Comments:

Competitive rates and discounts

Rates and discounts include the total rates, how stable or volatile the rate is and rate predictability.

14. How satisfied are you that Union Gas' transportation rates and discounts are competitive?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Additional Comments:

Effectiveness of capacity release system & procedures

Effective capacity release system and procedures refers to the ability for customers to assign transportation capacity.

15. How satisfied are you with the effectiveness of Union Gas' capacity release systems and procedures?

☐ Very satisfied ☐ Somewhat satisfied ☐ Somewhat dissatisfied ☐ Very dissatisfied ☐ Don't know

Additional Comments:



How are transportation rates set?

In Ontario, the Ontario Energy Board regulates natural gas transportation rates and considers Union Gas' plans for its regulated transportation system.

How Transportation Rates are Calculated

What are the costs?

Union Gas' transportation rates are largely driven by Union's Dawn Parkway transmission system and Dawn Station costs. Dawn Parkway transmission costs include Union's transmission pipelines, the compressors and metering equipment along the pipeline including facilities at the Parkway Station. Dawn Station demand costs include the facilities and compressors at the Dawn Station used for transmission purposes.

How are costs included in rates?

The transportation costs are allocated between in-franchise and ex-franchise rate classes based on distance weighted design day demands. The Dawn Station costs are allocated between rate classes based on the use of the Dawn station.

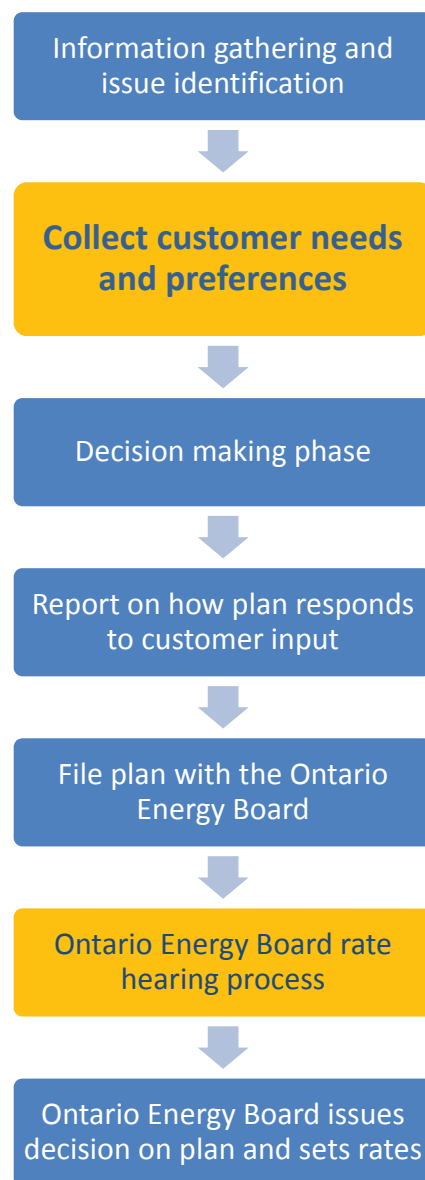
The cost allocated to ex-franchise rate classes are recovered through rates based on the use of the transportation services available to customers on the Dawn to Parkway system.

How are rates updated?

Union Gas' transportation rates are adjusted using a five-year framework which was approved by the Ontario Energy Board for 2014 through 2018. The annual update includes a formula that adjusts rates each year based on inflation less a productivity factor and approved investments in infrastructure.

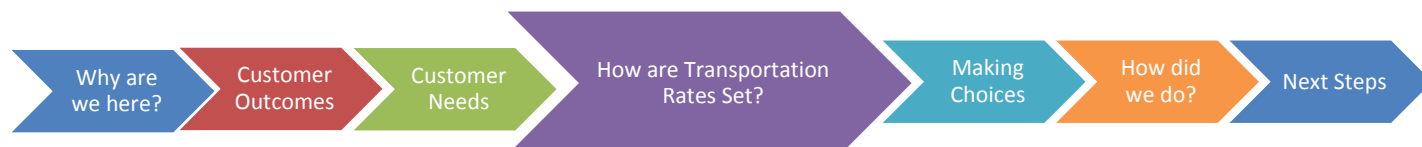
At the end of the five-year period, Union Gas reviews all of its costs and applies to the Ontario Energy Board for new rates and a new framework to adjust rates going forward.

THE RATE APPLICATION PROCESS



16. How well do you understand the basics of how natural gas transportation rates are set?

☐ Completely Understand ☐ Somewhat Understand ☐ Do Not Understand ☐ Don't Know



Making Choices

Cost Allocation Considerations

Union allocates its costs for providing services to the different rate classes for the purpose of designing rates.

Union's cost allocation practice allocates costs to rate classes based on cost causality principles using specific knowledge of how its system is operated. Although judgment is required in allocating costs, cost allocation results in rate classes that reflect 'user pay' - that is, customers pay in their rate for the cost of the service they use.

17. How familiar are you with the cost allocation objectives?

- ☐ Very familiar ☐ Somewhat familiar ☐ Not very familiar ☐ Not familiar

As a result of significant system growth over the last five years, Union is considering a change to the cost allocation methodology of the Parkway Station costs. As you may be aware, Union has invested substantially in expanding this part of our system and the Parkway Station now represents approximately 20% of the Dawn Parkway transmission costs. The cost allocation change being considered involves allocating the Parkway Station costs to rates that use the Parkway Station rather than including it in the overall costs of the Dawn Parkway system.

The Parkway Station facilities are designed to meet Union's design day requirement to export gas from the Union Gas system into the TransCanada and Enbridge systems through Parkway. They are not necessary to transport or deliver natural gas to other locations along Dawn to Parkway. Allocating Parkway Station demand costs using this user-pay methodology will result in an increase of M12 rate class costs by 4%.

Early indications are that the cost allocation change of the Parkway Station combined with other potential offsetting adjustments is not expected to increase the overall costs allocated to the M12 rate class beyond the costs of those in 2018.

18. Thinking about Union Gas' consideration of the cost allocation change for the Parkway Station, which of the following statements best describes your view?

- ☐ Union should not change the recovery of the Parkway Station and all M12/C1 paths should pay for it based on the use of the Dawn to Parkway system.
- ☐ Union should change the recovery of the Parkway Station costs and recover the costs from only those M12/C1 paths that use the Parkway Station.
- ☐ I'm not sure / don't have a strong opinion about this.

19. Are there other ways that Union should consider allocating Parkway Station costs?



Making Choices

Rate Design Considerations

Within the M12/C1 rate classes, these questions will examine how costs are allocated by specific paths. In addition to the consideration of possible changes in the cost allocation of the Parkway Station, Union is also considering assigning the costs of the Parkway Station to those M12/C1 paths that use the Parkway Station.

Union's current rate design recovers the costs of the Dawn Parkway transmission costs (including Parkway Station) from each M12/C1 path based on a distance weighted use of the Dawn to Parkway system. Currently, Dawn Station costs are recovered from M12/C1 paths that use Dawn Station only.

This change would mean that the Parkway Station costs would be recovered in a similar manner as the Dawn Station and assigned to the Dawn to Parkway and Kirkwall to Parkway rates but not to the Kirkwall to Dawn rate.

Assigning Parkway Station costs to the M12/C1 paths that use the Parkway Station will result in an increase to the Kirkwall to Parkway rate of approximately \$0.02 to \$0.03 C/GJ/day, a decrease to the Kirkwall to Dawn rate of approximately \$0.01 to \$0.02 C/GJ/day and have very little impact on the Dawn to Parkway rate.

20. Thinking about Union Gas' consideration of the rate design change for the Parkway Station, which of the following statements best describes your view?

- ☐ Union should not change the recovery of the Parkway Station and all M12 paths should pay for it based on the use of the Dawn to Parkway system.
- ☐ Union should change the recovery of the Parkway Station costs from those M12 paths that use the Parkway Station.
- ☐ I'm not sure / don't have a strong opinion about this.

21. Are there other rate design methodologies that Union should consider?



Making Choices

Rate Design Considerations (Continued)

22. If the Ontario Energy Board approved a rate increase in 2019, which of the following statements best describes your view on the implementation of the rate change:

- ☐ Adjust rates to reflect costs as they occur, which may result in more annual volatility
- ☐ Apply a steady annual increase in rates over a 5 year period to minimize annual volatility
- ☐ Apply a larger one time increase in the first rebasing year and then leave rates flat for the remaining period
- ☐ I'm not sure / don't have a strong opinion

Additional Comments:



How did we do?

Union Gas values your feedback. This customer engagement is part of a new requirement established by the Ontario Energy Board to secure customers' input on their needs, preferences, and preferred outcomes. The goal was to provide enough information to allow you to make an informed opinion and give you the opportunity to share what you think Union Gas should prioritize in its business planning.

23. General Impression – Overall, what did you think about the consultation?

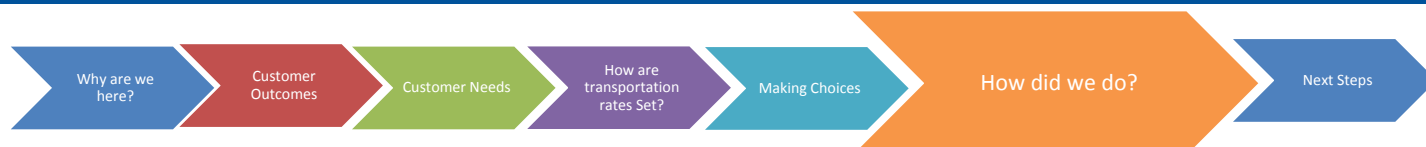
24. Volume of Information – Did Union Gas provide...

☐ Too much information ☐ Not enough ☐ Just the right amount

25. Content Covered – Was there any content or questions missing that you would have liked to have seen included?

26. Outstanding Questions – Is there anything that you would still like to provide input on?

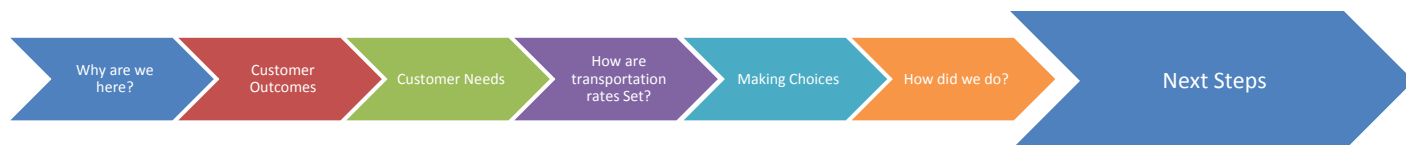
27. Suggestions for Future Consultations – How would you prefer to participate in these consultations in the future?



Next Steps

1. Innovative Research Group will follow-up on within 3 days to validate consultation process.
2. Union Gas will develop a Customer Consultation report summarizing feedback from all customers.
3. Customers will be given an opportunity to review report prior to completion
4. Union Gas will develop our 2019 business plan and ensure customers' needs and preferences are an integral component.
5. Customer Consultation report will be filed with the Ontario Energy board as part of 2019 Rate Application.

Your privacy will be protected. Union gas has engaged an independent research firm, Innovative Research Group, to validate the consultation process. All individual responses will be confidential.



**Union Gas Limited– Rate M12/C1 Transportation Customer Engagement
Appendix B – Summary of Questions and Responses**

1. How are Union’s current rates set and when will they change?

Union’s transportation rates are adjusted annually using a five-year framework which was approved by the Ontario Energy Board (the “Board”) for 2014 through 2018. The annual rates application includes a formula that adjusts rates each year based on inflation less a productivity factor and approved capital investments in infrastructure. The annual rate changes are effective January 1 of every year.

As the five-year framework comes to an end, Union will apply to the Board for new rates and a new framework to adjust rates beginning January 1, 2019.

2. How are capital costs included in Union’s rates during the five-year period from 2014 to 2018?

Union’s five-year framework includes pass-through treatment for major capital projects, subject to the project meeting certain eligibility criteria. Following the Board’s approval of the project for pass-through, Union includes an adjustment to its revenue for the revenue requirement of the project in the annual rates application.

3. How will Union implement rate changes in 2019?

Union will propose changes to rates beginning January 1, 2019 to the Board for approval. Union will also submit a proposal for a framework to adjust rates subsequent to 2019. The implementation of changes to rates will be based upon approval of the proposals submitted.

4. What is the split between operating costs and capital costs in Union’s rates?

Excluding the cost of gas, the split between operating costs and capital costs in Union’s rates is approximately 45% operating and 55% capital.

5. What is Union’s total rate base and demand of the system?

Union’s rate base is estimated to be approximately \$6.5 billion in 2019. The total firm and interruptible design day demands are estimated to be approximately 9.5 PJ in 2019.

6. How is the cost allocation applied between Storage and Transportation, specifically overhead costs (e.g. Employees)?

Operating and maintenance (“O&M”) costs are allocated between the regulated and unregulated business operations.

**Union Gas Limited– Rate M12/C1 Transportation Customer Engagement
Appendix B – Summary of Questions and Responses**

All O&M costs are reviewed and categorized between the two operations based on the nature of the cost. The costs may be allocated 100% to the unregulated operations, 100% to the regulated operations or an allocation to both if the costs support both operations (as a shared cost or a support cost).

Specifically, support costs including Human Resources, Information Technology, Sales and Marketing and Finance costs have an allocation of costs to the unregulated operations.

Cost allocation for the regulated rate design purposes is performed using only the O&M costs of the regulated operations.

7. What are the offsetting adjustments that mitigate the cost allocation change of the Parkway Station to the M12 rate class?

Two of the contributing factors that would mitigate the Parkway Station allocation increase are:

1. A decrease in the allocation of Dawn-Parkway costs to Rate M12 due the increased use of the Dawn-Parkway transmission system by Union South in-franchise customers resulting from the Parkway Delivery Obligation turn back, and
2. A decrease in the average effective rate of Union's long-term debt.

8. Do the cost allocation and rate design proposals only include new Parkway Station costs, or do they include all Parkway Station costs?

The proposal discussed would allocate all Parkway Station costs based on the use of the Parkway Station.

9. What is the volume of in-franchise demand on the Dawn-Parkway transmission system that does not physically flow all the way to Parkway Station?

The Dawn-Parkway transmission system is allocated to rate classes based on design day commodity kilometres (i.e. distance-weighted demands). Union South in-franchise Dawn-Parkway design day demands of 1.8 PJ do not flow to the Parkway Station. Union North in-franchise Dawn-Parkway design day demands of 0.4 PJ all flow to the Parkway Station.

10. Will the proposed Parkway Station allocation methodology be permanent and distribution customers will no longer be responsible for any Parkway Station costs?

**Union Gas Limited– Rate M12/C1 Transportation Customer Engagement
Appendix B – Summary of Questions and Responses**

With Board approval of a change to the Parkway Station allocation methodology, distribution customers that use the Parkway Station on design day will continue to be allocated Parkway Station costs.

11. What is the projected Parkway to Dawn (i.e. westerly flow) rate impact of the cost allocation and rate design methodologies proposed?

Allocating the Parkway Station to the ex-franchise paths that use Parkway is not expected to have a significant impact on the Parkway to Dawn rate.

12. What is the percentage of the new Parkway Station rate base relative to the total Parkway Station rate base?

The Parkway Station rate base added since 2013 is approximately 75% of the total Parkway Station rate base in 2019.

13. What is the total rate base on the Dawn-Parkway transmission system?

The rate base of the Dawn-Parkway transmission system is approximately \$2 billion.

14. What is the percentage of new Dawn-Parkway rate base relative to the total Dawn-Parkway rate base?

The Dawn-Parkway transmission system rate base added since 2013 is approximately 60% of the total Dawn-Parkway transmission system rate base.

15. Do all customers that use Parkway Station (Dawn-Parkway or Kirkwall-Parkway) receive the same costs of the Parkway Station on a volumetric basis?

Yes, the ex-franchise paths that flow easterly and use Parkway Station (Dawn to Parkway and Kirkwall to Parkway) will include a common Parkway Station unit cost.

16. Why do the Dawn to Parkway rate and the Kirkwall to Parkway rate not increase at the same daily toll equivalent?

Union's existing cost allocation methodology allocates the Dawn-Parkway transmission costs based on design day commodity kilometres (i.e. distance weighted demands). The Dawn to Parkway and Kirkwall to Parkway paths are not an equivalent distance therefore the current allocation of Parkway Station costs to these paths is not the same.

17. Is Union still considering the current methodology for the allocation of Parkway Station?

Union is reviewing alternatives including the current methodology.

**Union Gas Limited– Rate M12/C1 Transportation Customer Engagement
Appendix B – Summary of Questions and Responses**

18. Has Union investigated the potential rate impacts of future de-contracting?

Union considers the impact of rate changes to the existing contracts when evaluating proposals.

19. Are there costs for distribution customer services that are included in the M12 rate class?

No, there are no distribution-related costs allocated to Rate M12 customers.

20. Do the OEB and NEB have similar cost allocation methodology?

The objective of a utility's cost allocation process is to allocate the cost of service to customer rate classes as an indication of cost responsibility. The cost allocation methodologies used by Union are chosen based on specific knowledge of how its system is operated and may not be similar to the cost allocation methodologies used by other utilities.

21. What are, if any, indirect benefits those South in-franchise customers receive as a result of the Parkway Station?

On design day, Union South in-franchise customers benefit from the Parkway Station due to the obligated Parkway deliveries made by direct purchase customers.

22. If there are indirect benefits to Union South in-franchise customers, will they be allocated some of the Parkway Station costs?

Any future change to the allocation of Parkway Station costs would be based on the use of the Parkway Station including the use by Union South in-franchise customers.

23. What, if any, are the benefits received by South in-franchise customers as a result of Parkway being a more liquid trading location along the Dawn-Parkway system?

Union does not consider Parkway to be a liquid trading location and therefore does not purchase its in-franchise supply there.

24. What, if any, are the system benefits of gas coming on the system to meet demands at Parkway and assist in filling Dawn storage?

On design day gas does not arrive at Parkway for the purposes of filling storage; rather, it is used to meet consumption demands. Gas that arrives at Parkway on design day provides a benefit to the system and therefore customers who commit to supply there are awarded a rate credit that recognizes that benefit. The cost of the rate credit is allocated to Union South in-franchise rate classes.

**Union Gas Limited– Rate M12/C1 Transportation Customer Engagement
Appendix B – Summary of Questions and Responses**

25. What were the discussions that Union had with existing M12 shippers at the time the Dawn-Parkway expansion projects were being considered?

Union interacts with transportation customers on a regular basis informally in person, at more structured events such as Union's group customer meetings, at regulatory events, and at public forums. At each of these recent interactions Union communicated its intention and progress to expand the Dawn Parkway system. Union always welcomes feedback and questions.

26. Were there established expectations these proposals deviate from?

Union believes that customers expect rate design to remain consistent unless particular events or changes in circumstances warrant a change in design. Union believes the recent expansions and the change in gas flows to be such a change in circumstance.

27. As expansions are considered, reviewed and implemented, is there a process to ensure the build is prudent?

Union reviews all expansion plans and costs with the Board prior to receiving the necessary approval to proceed. Actual costs incurred are again reviewed by the Board prior to being included in rates for recovery. Interested parties are invited to participate in the regulatory process to ensure relevant facts are examined.

28. Are the hearings annually or on a project by project basis?

Union's applications for approval of major capital projects occurred on a project by project basis.