Ms. Nancy Marconi
Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Enbridge Application: Reference EB-2022-0200

Dear Ms. Marconi,

I am an Enbridge customer. I have briefly reviewed the large body of material that has been filed at various times by Enbridge to support its application and related proposals, inclusive of those for harmonization, cost-of-capital increases, and rate incentives. I attempted to submit my comments on an OEB on-line form, but despite removing the "special characters, such as brackets" as directed, I was not successful doing so. This letter contains those comments, which may be posted as part of the public record.

My comments relate to specific Enbridge proposals and their rationale, or the evidence presented to support them. They appear in no particular order.

Cost of Capital

As you know, Enbridge would like approval to increase its approved COC by increasing both the cost of equity and its weighting. I am suggesting that the word "actual", as in "actual cost of capital compared to approved cost of capital", only has relevance as it pertains to debt obligations and more specifically, the weighting and term structure of Enbridge debt. For equity, it would be acceptable to refer to "expected" equity returns as determined by a suitable asset pricing model.

I make reference to this aspect of the application language because the applicant is in effect proposing to increase permitted ROE which, all other things being equal, will translate to a rate increase if it is approved. Deterministic terminology such as "actual" as though a recognized, undisputed benchmark exists, should be discouraged.

Incentive Rate-Setting Mechanism Proposal (2025-2028)

The ESM (Earnings Sharing Mechanism) in the proposed PCIP plan is flawed as to its excessive 150 B.P. threshold in the first instance, and its 50/50 split in the second instance. If one follows the calculation logic in the case of an excess earnings scenario, Enbridge is rewarded for overly pessimistic cost-side assumptions-and the rate increases granted it as a result-to the ultimate financial detriment of customers.

Rate Harmonization Plan

As I have suggested earlier, appropriate use of language is important, both as to the arguments advanced to support proposals and as to the discernment of true intent. The plan that is being proposed is a consolidation one, not a harmonizing one. It should be referred to as such. Furthermore, no automatic system of rate adjustment should be approved, which Enbridge's proposed rate harmonization plan proposes to do for a four-year period.

If Enbridge wishes to submit what it could refer to as a self-managed rate proposal that covers the four-year period, it should do so.

Inappropriate Productivity Offset Benchmark

Utilizing US industry TFP trends is irrelevant to the setting of Canadian productivity offsets. I am surprised that Enbridge's consultant would suggest otherwise.

Absence of a Risk Register

There is no reference to the specific risks that Enbridge is trying to manage, and therefore the allocation of capital required to manage them.

The obvious existential risk of course, is the vulnerability of current open-air pumping and storage infrastructure to thermal and blast effects of nuclear warheads. By now, all such locations will have been target-tagged and geocoded by Russia's military. Uncontrolled ignition and venting of contents in non-hardened distribution and storage infrastructure would not only threaten enterprise continuity, but have catastrophic environmental consequences.

Enbridge appears to have disregarded this threat to both its physical assets and the ability (i.e., survival and availability in the face of thermal, blast and radiation effects) of crews to contain even best-case infrastructure damage.

Concluding Comments

Like most customers, I am highly satisfied with Enbridge's service in most respects. I also recognize that supply-on-demand costs money and that costs are increasing. I do believe however, that despite the evidence that has been brought forward, the case for a weighted rate increase has not been made, and that a greater focus on operational sustainability in the face of new imminent dangers should be given.