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March 8, 2023

VIA RESS AND EMAIL

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Nancy Marconi:

Re: Enbridge Gas Inc. (Enbridge Gas, or the Company)
EB-2022-0200 - 2024 Rebasing - Evidence Update

Enbridge Gas filed its 2024 Rates Application and the majority of its supporting evidence on October 31, 2022 and the balance of its evidence on November 30, 2022. In this Application, Enbridge Gas requests approval of rates for the sale, distribution, transmission, and storage of gas commencing January 1, 2024. Enbridge Gas also applies for approval of an incentive rate-making mechanism (IRM) for the years from 2025 to 2028.

As indicated in its letter of January 27, 2023, Enbridge Gas is filing a limited update to the evidence. Changes to the written evidence and attachments are noted with a “/u”. Enbridge Gas reflected these updates and corrections in its interrogatory responses filed on March 8, 2023. A listing of the evidence being updated is provided in Attachment A. As harmonization of rate classes has been moved to Phase 2 of the proceeding, Enbridge Gas has not made updates to the evidence related to proposed harmonized rate classes at this time. Enbridge Gas will provide updated evidence for the proposed harmonized rate classes in accordance with the OEB’s Phase 2 timelines.

Enbridge Gas’s January 27, 2023 letter provided a high-level description of evidence corrections and updates. A summary of the updated 2024 revenue requirement is provided in Table 1 and a detailed description of the corrections and updates is provided in Table 2.

Table 1

Deficiency	Correction/Update	Impact (\$ millions)
Deficiency as Filed		265.1
	i) Depreciation Expense	(37.7)
	ii) Rate Base & Accumulated Depreciation	6.6
	iii) Capital Expenditures & Revenues	(4.0)
	iv) Pension Costs	37.8
Subtotal		267.8
	v) DSM	26.2
Updated Deficiency		294.1

Table 2

Item	Corrections/Update	2024 Test Year Revenue Requirement Impact of Correction (\$ millions)
i) Depreciation Expense	EGD rate zone service assets were not properly segregated between metallic services and plastic services for the 2024 Test Year forecast of depreciation expense. All EGD rate zone services were forecast as metal services. Since the depreciation rate on metal services is higher than the depreciation rate on plastic services, the 2024 Test Year forecast depreciation expense is overstated by \$28.3 million. This is also reflected in the rate base continuity schedules resulting in the 2024 Test Year forecast rate base being understated.	(37.7)
ii) Rate Base & Accumulated Depreciation	An error in the 2022 Estimate of accumulated depreciation flowed through to the 2023 Bridge Year and 2024 Test Year forecast rate base amounts. As a result the 2024 Test Year forecast accumulated depreciation is overstated by \$103.5 million and the 2024 Test Year forecast of rate base is understated.	6.6

iii)	Capital Expenditures & Revenues	<p>Certain RNG projects were treated incorrectly when developing the 2023 Bridge Year and 2024 Test Year Budgets. One project was budgeted as a capital expenditure when it should have had a contribution in aid of construction. This resulted in an overstatement of capital expenditures in the 2023 Bridge Year and the 2024 Test Year.</p> <p>Station payments for certain RNG projects were calculated incorrectly resulting in an understatement of Transportation Revenues for the 2023 Bridge Year and 2024 Test Year.</p>	(4.0)
iv)	Pension Costs	Relative to pension and OPEB costs included in the pre-filed evidence, the final 2022 year end pension and OPEB valuation is forecasting a change to pension expense as a result of changes in market conditions.	37.8
v)	DSM	The DSM Decision made certain adjustments to the Company's proposed DSM budgets over the term of the multi-year DSM plan resulting in an increase to DSM expenditures in the 2024 Test Year.	26.2

In the January 27, 2023 letter, Enbridge Gas also included a proposal to request a Post-Retirement True Up Variance Account (PTUVA) effective January 1, 2024, which is included in the updated evidence at Exhibit 9, Tab 1, Schedule 3.

In addition to the changes provided above, Enbridge Gas has also made corrections and updates to the 2024 Cost Allocation Study for the current rate classes, the combined rate handbook, and deferral and variance accounts as follows:

- A correction to the classification of Dawn Station and Dawn-Parkway transmission O&M and depreciation expense in the 2024 Cost Allocation Study;
- A correction to gross plant and accumulated depreciation line items in the 2024 Cost Allocation Study to align with the evidence provided at Exhibit 2, Tab 2, Schedule 1, Attachment 8, page 1 and page 6;
- A correction to combined rate handbook to include the proposed Rate 20 gas supply demand charge;
- Minor wording changes to the combined rate handbook for the definitions, Rider A, and Rate 25 rate schedule;
- A correction to the stated amount of external locate delivery costs included in the 2024 Test Year Forecast; and

- An update to include the new Natural Gas Reduction Incentive Deferral Account, as approved by the OEB in the 2023 to 2027 DSM Plan Decision (EB-2021-0002).

Enbridge Gas will post the updated evidence on its website at www.enbridgegas.com/about-enbridge-gas/regulatory. Enbridge Gas will send a copy of this letter, and a link to the website page, to all parties to the proceeding.

Should you have any questions, please let us know.

Sincerely,

Vanessa Innis
Manager, Strategic Applications – Rate Rebasing

Attachment A – Listing of Updated Evidence

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
1	2	1	Executive Summary
1	3	1	Administration
1	5	1	Application Summary
1	8	1	Attachment 9 - Enbridge Gas Inc. Pro-Forma Statements (2023 to 2024)
1	8	2	Accounting Standards
1	8	2	Attachment 1 - US GAAP Exemption
1	10	4	Integrating Energy Transition into the Business
1	13	2	Unregulated Storage Cost Allocations and Eliminations
2	1	1	Rate Base Evidence and Summaries Overview
2	1	1	Attachment 1 - Rate Base Variances (2019 to 2024)
2	2	1	Net Assets Property, Plant, and Equipment
2	2	1	Attachment 1 – Gross Property, Plant and Equipment (PPE) and Accumulated Depreciation Summary - Average of Monthly Averages (2019 to 2024)
2	2	1	Attachment 2 – Net Assets PPE (2019 to 2024)
2	2	1	Attachment 6 - 2022 PPE and Accumulated Continuity
2	2	1	Attachment 7 - 2023 PPE and Accumulated Continuity
2	2	1	Attachment 8 - 2024 PPE and Accumulated Continuity
2	3	1	Allowance for Working Capital
2	3	1	Attachment 1 – Allowance for Working Capital Summaries

2	3	1	Attachment 2 – Working Cash Allowance - 2024 Test Year
2	3	1	Attachment 3 – Average of Monthly Averages 2024 Test Year
2	3	2	Working Cash Allowance - Lead-Lag Study
2	5	1	Capital Expenditures Overview
2	5	2	Capital Expenditures
2	5	3	Capital Expenditures History
2	6	1	Utility System Plan
3	1	1	Operating Revenue Overview
3	1	1	Attachment 1 – Operating Revenue Variances (2019 to 2024)
3	4	1	Storage Transportation Revenue / Upstream Transportation Optimization
3	4	1	Attachment 1 – Utility Revenue From Regulated Storage & Transportation
3	4	1	Attachment 2 –Utility Revenue from Regulated Storage & Transportation (Variances)
4	1	1	Operating Expenses Overview
4	1	1	Attachment 1 - Comparison of Utility Operating Costs
4	4	1	Operating, Maintenance and Administrative Costs Overview
4	4	2	Summary and Cost Drivers
4	4	2	Attachment 1 – Enbridge Gas Pension and Benefit Plans - Estimated 2022-2024 Net Periodic Benefit Costs - May 2022 (Mercer Canada Limited)
4	4	2	Attachment 2 – Summary of Utility O&M Cost Drivers and Savings

4	4	3	Program Delivery Costs and Variance Analysis
4	4	3	Attachment 5 – Central Function Costs and Cost Drivers
4	5	1	Depreciation Expense
4	5	1	Attachment 2 – Proposed Depreciation Rates
4	5	1	Attachment 3 – Depreciation Schedules 2019 to 2024
4	6	1	Income Taxes
4	6	1	Attachment 1 – Income Taxes Tables
4	6	1	Attachment 2 - Summary of Capital Cost Allowance (CCA)
4	7	1	Attachment 1 - PDO Framework
5	1	1	Cost of Capital Overview
5	2	1	Cost of Capital
5	2	1	Attachment 4 - 2022 Cost of Capital
5	2	1	Attachment 5 - 2023 Cost of Capital
5	2	1	Attachment 6 - 2014 Cost of Capital
5	3	1	Capital Structure
6	1	1	Revenue Deficiency/Sufficiency Overview
6	1	2	Revenue Deficiency/Sufficiency Details
6	1	2	Attachment 1 - 2024 Test Year
6	1	2	Attachment 2 - 2024 Test Year Delivery
6	1	2	Attachment 4 – 2019 to 2023
7	1	1	Cost Allocation Overview
7	1	1	Attachment 1 – 2024 Adjusted Revenue Requirement and Revenue (Deficiency)/Sufficiency

7	1	4	Other Cost Allocation Proposals and Directives
7	1	4	Attachment 1 – Total Rate Class Impacts from Proposed Cost Allocation Methodology Changes
7	2	1	Attachment 1 – Revenue Requirement Summary – By Functional Classification
7	2	1	Attachment 2 – Revenue Requirement Summary – By Rate Class
7	2	1	Attachment 3 – Cost Allocation Study Detail – Functionalization
7	2	1	Attachment 4 – Cost Allocation Study Detail – Gas Supply Classification
7	2	1	Attachment 5 – Cost Allocation Study Detail – Storage Classification
7	2	1	Attachment 6 – Cost Allocation Study Detail – Transmission Classification
7	2	1	Attachment 7 – Cost Allocation Study Detail – Distribution Classification
7	2	1	Attachment 8 – Cost Allocation Study Detail – Total Allocation
7	2	1	Attachment 9 – Cost Allocation Study Detail – Allocation of Delivery Revenue Requirement
7	2	1	Attachment 10 – Cost Allocation Study Detail – Allocation of Gas Cost Revenue Requirement
7	2	1	Attachment 12 – Cost Allocation Factors
7	3	1	2024 Cost Allocation Study – Harmonized Rate Classes
8	1	1	Rate Design Overview
8	1	1	Attachment 1 – Fixed Variable Recovery of Delivery Revenue – Current Rate Classes
8	1	3	Revenue-to-Cost Ratios

8	1	3	Attachment 1 – Revenue-to-Cost Ratios – Current Rate Classes
8	1	4	Customer-Related Costs
8	1	4	Attachment 1 – Customer-Related Costs – Current Rate Classes
8	1	4	Attachment 3 – Monthly Customer Charge Comparison
8	2	2	Gas Supply Commodity and Transportation Charges
8	2	2	Attachment 1 – Derivation of Gas Supply Transportation Charges – Current Rate Classes
8	2	5	Ex-franchise Rate Design
8	2	6	Bill Impacts and Mitigation Plan
8	2	6	Attachment 1 – In-franchise Contract Rate Class 2024 Bill Impacts
8	2	7	Attachment 1 – Combined Rate Handbook
8	2	8	Attachments 1-17 – Working Papers
9	1	1	Deferral and Variance Account Overview
9	1	1	Attachment 1 - Descriptions of Existing Deferral and Variance Accounts
9	1	1	Attachment 2 - Summary of Proposals for Deferral and Variance Accounts
9	1	1	Attachment 3 - Proposed Accounting Orders
9	1	1	Attachment 4 - Proposed Deferral and Variance Accounts 2024 to 2028
9	1	2	Harmonization and Other Proposed Changes
9	1	3	Establishment of New Deferral and Variance Accounts
9	2	2	Allocation and Disposition of Deferral and Variance Accounts

9	2	2	Attachment 1 - Allocation of Deferral and Variance Account Balances
9	2	2	Attachment 2 - Deferral and Variance Account Balance Disposition Unit Rates
9	2	2	Attachment 3 - Deferral Account Bill Impacts for Typical Small and Large Customers