

EB-2022-0222

Phase 1

Oral Hearing

EGI 2024 Rates Rebasing

Panel 9 – Intervenor – IGUA M6 - Cleary

FRPO Compendium

July 25, 2023

EGI UTILITY INCOME
2020 ACTUAL

Line No.	Reference	Col. 1	Col. 2	Col. 3	Col. 4	
		Corporate	Unregulated Storage	Adjustments	Utility Income	
		(a)	(b)	(c)	(d) = (a)-(b)+(c) (\$Millions)	
1.	Gas sales and distributio	(Ex. B, Tab 2, Sch. 2)	4,152.4	-	(33.6) (i)	4,118.8
2.	Transportation	(Ex. B, Tab 2, Sch. 3)	142.4	(0.4)	(0.4) (ii)	142.3
3.	Storage	(Ex. B, Tab 2, Sch. 3)	145.7	139.8	(0.4) (iii)	5.6
4.	Other operating revenue	(Ex. B, Tab 2, Sch. 4)	63.6	0.7	(15.2) (iv)	47.7
5.	Other income	(Ex. B, Tab 2, Sch. 4)	24.2	(0.9)	(20.5) (viii)	4.5
6.	Total operating revenue		4,528.3	139.2	(70.1)	4,318.9
7.	Gas costs		1,816.0	18.7	(15.9) (i)	1,781.3
8.	Operation and mainten	(Ex. B, Tab 3, Sch. 1)	965.7	16.6	(0.8) (v)	948.4
9.	Depreciation and amortization expense		655.5	14.7	(22.6) (vi)	618.2
10.	Fixed financing costs		4.4	-	1.0 (vii)	5.4
11.	Municipal and other taxes		126.2	1.6	-	124.6
12.	Cost of service		3,567.8	51.6	(38.4)	3,477.8
13.	Utility income before income taxes					841.1
14.	Income tax expense	(Ex. B, Tab 1, Sch. 3)				39.2
15.	Utility income					801.9

Notes on Adjustments:

(i)	Reclassification of Union rate zone optimization revenue as a cost of gas reduction	(15.9)
	Elimination of the UGL rate zone unregulated storage cost from EGD rate zone revenues	(17.7)
		(33.6)
(ii)	Elimination of the Union rate zone shareholder portion of net optimization activity (before tax)	(0.4)
(iii)	Elimination of the Union rate zone shareholder portion of net short-term storage revenue (before tax)	(0.4)
(iv)	Adjust EGD rate zone OBA costs to reflect EB-2013-0099 approved unit costs agreed to be used for deter	(4.0)
	Elimination of EGD rate zone Open Bill shareholder incentive	0.3
	Elimination of EGD rate zone shareholder portion of transactional service revenues	(1.8)
	Elimination of demand-side management incentive	(8.7)
	Elimination of EGD rate zone net revenue from ABC T-service, considered to be non-utility	(1.0)
		(15.2)
(v)	Elimination of donations	(0.6)
	Elimination of non-utility costs and expenses relating to support of the EGD rate zone ABC T-service progr	(0.2)
		(0.8)
(vi)	Eliminate amortization of PPD (purchase price discrepancy)	(22.5)
	Eliminate depreciation on disallowed Mississauga Southern Link amounts (EBRO 473 & 479)	(0.1)
		(22.6)
(vii)	Interest on security deposits held during the year and included in elimination of corporate interest exp.	
	Expense incurred to reduce bad debt. The average amount of the security deposit held during the year is	1.0
(viii)	Elimination of interest income from investments not included in utility rate base	0.1
	Eliminate non-utility true-up (loss) on the sale of St. Lawrence Gas	0.2
	Elimination of interest income from affiliates	(14.5)
	Elimination of the revenue indemnification received from Enbridge Inc. related to a non-utility Corporate tax	(6.3)
		(20.5)

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit B, Tab 1 and EB-2019-0105 Exhibit C Tab 2 Appendix C Schedule 1-2 and EB-2020-0134 Exhibit I.FRPO.13 and .14

Preamble:

We would like to understand the significant increase in regulatory overheads associated Since its last rebasing, Union Gas Deferral Disposition Applications included the statement: *“As directed by the Board in EB-2011-0210 Decision and Order, p. 79, Union has provided plant continuity schedules related to Union’s non-utility storage business”*.

These schedules were included in previous years’ filings at the above references. We believe it important to continue to have transparency in the allocation of capital costs between the utility and non-utility storage accounts especially covering the time of amalgamation and deferred re-basing

Question(s):

Please provide the Plant Continuity Schedules for the Union Rate zone’s non-utility storage for 2020.

Response:

See Plant Continuity Schedules for the EGD and Union rate zones’ non-utility storage below.

TABLE 1
EGI UNREGULATED GAS PLANT
CONTINUITY OF PROPERTY, PLANT AND EQUIPMENT
2020 ACTUAL

Line No.	Col. 1 Opening Balance Dec.2019	Col. 2 Additions	Col. 3 Retirements	Col. 4 Closing Balance Dec.2020
	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)
EGD Rate Zone				
1. Production assets	8.7	-	-	8.7
2. Land rights intangibles	8.2	-	-	8.2
3. Storage	94.6	1.7	(0.2)	96.1
4. ARO on oil assets	13.3	-	-	13.3
5. EGD Rate Zone Total	124.8	1.7	(0.2)	126.3
Union Rate Zone Underground Storage Plant				
6. Land	2.2	0.8	-	3.0
7. Land rights	29.9	-	-	29.9
8. Structures and improvements	25.9	(0.1)	-	25.8
9. Wells and lines	147.8	4.1	(0.0)	151.8
10. Compressor equipment	162.6	1.6	(1.5)	162.6
11. Measuring and regulating equipment	27.3	0.1	-	27.4
12. Base pressure gas	30.2	-	(0.2)	30.0
13. Other equipment	-	-	-	-
14. Sub-Total	425.9	6.5	(1.8)	430.6
Union Rate Zone General Plant				
15. Land	0.0	-	-	0.0
16. Structures & improvements	2.8	0.0	(0.0)	2.8
17. Office furniture and equipment	0.6	(0.2)	-	0.4
18. Office equipment - computers	4.4	0.5	-	4.9
19. Transportation equipment	2.4	0.2	(0.2)	2.5
20. Heavy work equipment	0.7	0.0	(0.0)	0.7
21. Tools and work equipment	1.4	0.1	-	1.5
22. NGV	0.1	0.0	-	0.1
23. Communication equipment	0.5	0.0	-	0.5
24. Other general equipment	-	-	-	-
25. Sub-total	13.0	0.8	(0.3)	13.5
26. Union Rate Zone Total	438.9	7.2	(2.1)	444.1
27. EGI Total	563.7	8.9	(2.2)	570.4

TABLE 2
EGI UNREGULATED GAS PLANT
CONTINUITY OF ACCUMULATED DEPRECIATION
2020 ACTUAL

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Opening Balance Dec.2019	Additions	Retirements	Costs Net of Proceeds	Closing Balance Dec.2020
	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)
EGD Rate Zone					
1. Production assets	(3.6)	-	-	-	(3.6)
2. Land rights intangibles	(7.5)	-	-	-	(7.5)
3. Storage	(19.4)	(2.7)	0.2	(0.2)	(22.2)
4. ARO Depelction on Oil and Gas	(1.0)	(0.7)	-	-	(1.7)
5. EGD Rate Zone Total	(31.6)	(3.4)	0.2	(0.2)	(35.1)
Union Rate Zone Underground Storage Plant					
6. Land rights	(11.7)	(0.6)	-	-	(12.3)
7. Structures and improvements	(12.7)	(0.7)	-	-	(13.4)
8. Wells and lines	(45.0)	(3.2)	0.0	(0.0)	(48.2)
9. Compressor equipment	(64.5)	(4.0)	1.5	(1.2)	(68.1)
10. Measuring & regulating equipment	(14.1)	(0.5)	-	-	(14.7)
11. Sub-Total	(148.1)	(8.9)	1.6	(1.2)	(156.6)
Union Rate Zone General Plant					
12. Structures & improvements	(0.6)	(0.1)	0.0	0.0	(0.6)
13. Office furniture and equipment	(0.2)	(0.0)	-	-	(0.2)
14. Office equipment - computers	(2.4)	(1.1)	-	-	(3.4)
15. Transportation equipment	(1.7)	(0.3)	0.2	(0.0)	(1.8)
16. Heavy work equipment	(0.2)	(0.1)	0.0	-	(0.2)
17. Tools and work equipment	(0.7)	(0.1)	-	0.0	(0.8)
18. NGV	(0.1)	(0.0)	-	-	(0.1)
19. Communication equipment	(0.3)	(0.0)	-	-	(0.4)
20. Sub-Total	(6.1)	(1.7)	0.3	(0.0)	(7.5)
21. Union Rate Zone Total	(154.2)	(10.6)	1.8	(1.2)	(164.2)
22. EGI Total	(185.8)	(14.0)	2.0	(1.4)	(199.3)

2020 Utility Cost of Capital Summary - Actual - EGI

Line No.	Particulars	Principal	Component	Cost Rate	Cost Component	Cost
		(\$ millions)	(%)	(%)	(%)	(\$ millions)
		(a)	(b)	(c)	(d) = (b x c)	(e) = (a x c)
1	Long and Medium Term Debt	8,568.5	63.18	4.38	2.77	375.3
2	Short Term Debt	111.1	0.82	0.94	0.01	1.0
3	Common Equity	4,882.3	36.00	8.52	3.07	416.0
4	Total	13,561.9	100.00		5.84	792.3

2020 Utility (Deficiency)/Sufficiency Calculation and Required Rate of Return - Actual - EGI

Line No.	Particulars	Principal (\$ millions) (a)	Component (%) (b)	Cost Rate (%) (c)	Cost Component (%) (d) = (b x c)
	<u>Debt</u>				
1	Long and Medium Term Debt (1)	8,568.5	63.18	4.38	2.767
2	Short Term Debt	111.1	0.82	0.94	0.008
3	Total Debt	<u>8,679.6</u>	<u>64.00</u>		<u>2.775</u>
4	<u>Common Equity</u>	<u>4,882.3</u>	<u>36.00</u>	8.52	<u>3.067</u>
5	Total	<u>13,561.9</u>	<u>100.00</u>		<u>5.842</u>
6	Rate Base	13,561.9			
7	Utility Income	801.9			
8	Indicated Rate of Return	5.913%			
9	(Deficiency)/Sufficiency in Rate of Return (1)	0.071%			
10	Net (Deficiency)/Sufficiency	9.6			
11	Gross (Deficiency)/Sufficiency	13.1			
12	Revenue at Existing Rates	4,266.7			
13	Revenue Requirement	4,253.6			
14	Gross Revenue (Deficiency)/Sufficiency	13.1			
	<u>Common Equity</u>				
15	Allowed Rate of Return (1)	8.520%			
16	Earnings on Common Equity	8.717%			
17	(Deficiency)/Sufficiency In Common Equity Return (1)	0.197%			

Note:

- (1) As approved in the EB-2017-0306/0307 Decision, for the purposes of determining any applicable earnings sharing amount, a 1.50% (or 150 basis point) ROE deadband was added to the annual OEB formula ROE.

2020 Summary Statement of Principal and Carrying Cost of Term Debt - Actual - EGI

Line No.	Maturity Date	Principal (Average of Monthly Averages) (\$ millions) (a)	Coupon Rate (%) (b)	Effective Cost Rate (%) (c)	Carrying Cost (\$ millions) (d) = (a x c)
<u>Medium Term Notes</u>					
1	June 2, 2044	250.0	4.20	4.24	10.6
2	June 2, 2044	250.0	4.20	4.27	10.7
3	September 2, 2038	300.0	6.05	6.1	18.3
4	June 21, 2041	300.0	4.88	4.92	14.8
5	July 23, 2040	250.0	5.20	5.27	13.2
6	July 10, 2023	250.0	3.79	3.87	9.7
7	June 1, 2026	250.0	2.81	2.87	7.2
8	June 1, 2046	250.0	3.80	3.84	9.6
9	November 22, 2027	250.0	2.88	2.95	7.4
10	November 22, 2047	250.0	3.59	3.64	9.1
11	September 17, 2025	200.0	3.19	3.26	6.5
12	September 11, 2036	165.0	5.46	5.49	9.1
13	November 10, 2025	125.0	8.65	8.77	11.0
14	April 25, 2022	125.0	4.85	4.91	6.1
15	June 2, 2021	200.0	2.76	2.85	5.7
16	October 1, 2028	189.6	3.65	3.65	6.9
17	October 2, 2025	20.0	8.85	8.97	1.8
18	October 29, 2026	100.0	7.60	8.086	8.1
19	November 3, 2027	100.0	6.65	6.711	6.7
20	May 19, 2028	100.0	6.10	6.161	6.2
21	July 5, 2023	100.0	6.05	6.383	6.4
22	November 15, 2032	150.0	6.90	6.95	10.4
23	December 16, 2033	150.0	6.16	6.18	9.3
24	February 25, 2036	300.0	5.21	5.183	15.5
25	December 17, 2021	175.0	4.77	5.31	9.3
26	November 23, 2020	175.0	4.04	5.209	9.1
27	November 22, 2050	200.0	4.95	4.99	10.0
28	November 22, 2050	100.0	4.95	4.731	4.7
29	November 23, 2020	175.0	4.04	2.801	4.9
30	November 23, 2043	200.0	4.50	4.198	8.4
31	August 22, 2024	215.0	3.15	3.241	7.0
32	August 22, 2044	215.0	4.00	3.889	8.4
33	August 22, 2044	170.0	4.00	4.436	7.5
34	September 11, 2025	400.0	3.31	3.619	14.5
35	August 5, 2026	300.0	2.50	3.423	10.3
36	November 29, 2047	300.0	3.51	3.527	10.6

2020 Summary Statement of Principal and Carrying Cost of Term Debt - Actual - EGI (Continued)

Line No.	Maturity Date	Principal (Average of Monthly Averages) (\$ millions) (a)	Coupon Rate (%) (b)	Effective Cost Rate (%) (c)	Carrying Cost (\$ millions) (d) = (a x c)
37	September 6, 2028	0.0	3.32	3.37	0.0
38	August 9, 2029	400.0	2.37	3.225	12.9
39	August 9, 2049	300.0	3.01	3.027	9.1
40	April 1, 2030	425.0	2.9	3.41	14.5
41	April 1, 2050	425.0	3.65	3.67	15.6
42	Total - Medium Term Notes	<u>8,799.6</u>			<u>376.8</u>
<u>Long Term Debentures</u>					
43	December 2, 2024	85.0	9.85	9.91	8.4
44	Total - Long Term Debentures	<u>85.0</u>			<u>8.4</u>
45	Total	<u>8,884.6</u>			<u>385.2</u>

2020 Unamortized Debt Discount and Expense - Actual - EGI

Line No.	Month / Day	Carrying Cost
		(\$ millions)
1	January 1	76.8
2	January 31	76.1
3	February	75.3
4	March	74.6
5	April	82.0
6	May	81.2
7	June	80.4
8	July	79.6
9	August	78.9
10	September	78.1
11	October	77.3
12	November	76.5
13	December	75.7
14	Average of Monthly Averages	78.0

2020 Calculation of Cost Rates for Capital Structure Components - Actual - EGI

Line No.	Particulars	Average of Monthly Averages (\$ millions) (a)	Carrying Cost (\$ millions) (b)	Calculated Cost Rate (%) (c) = (b / a)
<u>Long and Medium Term Debt</u>				
1	Debt Summary	8,884.6	385.3	
2	Unamortized Finance Costs	(78.0)	-	
3	Percentage Allocation of Debt to Unregulated	(238.1)	(10.4)	
4	Total	8,568.5	374.9	
5	Calculated Cost Rate			4.38
<u>Short Term Debt</u>				
6	Calculated Cost Rate			0.94
<u>Common Equity</u>				
7	OEB-Approved Formula ROE (1)			8.52

Note:

- (1) As approved in the EB-2017-0306/0307 Decision, for the purposes of determining any applicable earnings sharing amount, a 1.50% (or 150 basis point) ROE deadband was added to the annual OEB formula ROE.