

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B), as amended;

AND IN THE MATTER OF an Application by Enbridge Gas Inc., pursuant to section 36(1) of the Ontario Energy Board Act, 1998, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2024

COMPENDIUM OF THE ASSOCIATION OF POWER PRODUCERS OF ONTARIO

EGI – PANEL 15 – DEPRECIATION EXPENSE / SITE RESTORATION COSTS

August 9, 2023

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APPrO Compendium for Panel 15

	Item	Location of Full Document	Pages
1	Comparison of Utility Operating Cost	Exhibit 4, Tab 1, Schedule 1, Attachment 1, Page 5 of 5	3
2	Summary of Impact of Harmonization of Depreciation Policies at Rebasing	Exhibit 4, Tab 5, Schedule 1, Plus Attachments, Page 16 of 20	4
3	Concentric 2021 Depreciation Study	Exhibit 4, Tab 5, Schedule 1, Attachment 1	5-8
4	2024 Test Year Impact of Proposed Depreciation Rates	Exhibit 4, Tab 5, Schedule 1, Attachment 2, Page 1 of 8	9-16

Comparison of Utility Operating Cost - 2023 Bridge Year & 2024 Test Year

Line No.	Particulars (\$ millions)	<u>2023</u>	<u>2024</u>	2024 Test Over/(Under) 2023 Bridge	
		Bridge Year (a)	Test Year (b)	(c) = (b-a)	
1	Gas Supply, Transportation & Storage Costs	3,047.3	3,228.0	180.8	
2	Operating, Maintenance & Administrative Costs	1,021.7	1,046.0	24.3	/u
3	Depreciation Expense	725.3	892.0	166.7	/u
4	Other Financing	4.0	4.0	0.0	
5	Income Tax	42.1	43.8	1.7	/u
6	Property Tax	122.5	127.2	4.7	
7	Total - Excluding Interest and Return	4,962.9	5,341.0	378.1	/u

unregulated storage. Enbridge Gas engaged Ernst & Young LLP (EY) to assist management in its determination of the Company's harmonized unregulated storage allocation methodology. The aligned methodology for Enbridge Gas adopts the Union methodology of allocating general plant assets to unregulated storage. Further details, including impacts to 2024 Test Year depreciation expense are provided at Exhibit 1, Tab 13, Schedule 2.

3.5. Summary of Impacts of Harmonization of Depreciation Policies at Rebasing

33. Enbridge Gas is proposing a depreciation expense of \$892 million for the 2024 Test Year. A comparison of the proposed depreciation rates and the provision for the 2024 Test Year is provided at Attachment 2. /u

4. Energy Transition Considerations

34. In developing the proposed depreciation rates, Enbridge Gas and Concentric considered the introduction of an Economic Planning Horizon (EPH) or truncation date to reflect the potential impact that energy transition could have on the economic life of Enbridge Gas's system.

35. Enbridge Gas and Concentric concluded that introducing an EPH is not appropriate at this time. As provided at Exhibit 1, Tab 10, Schedule 5, Section 3, there remains significant uncertainty around the impacts that energy transition could potentially have on Enbridge Gas's system. However, future depreciation studies may warrant the introduction of a regional or system wide EPH, as the energy transition unfolds and more information on the future utilization of Enbridge Gas's assets becomes available.



2021 DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUAL RATES
APPLICABLE TO NATURAL GAS PLANT IN SERVICE

Prepared for Enbridge Gas Inc.
October 2022

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SECTION 1

1 STUDY HIGHLIGHTS

Pursuant to Enbridge Gas Inc.'s ("EGI" or the "Company") request, Concentric Advisors, ULC ("Concentric") conducted a depreciation study related to the gas distribution, transmission, storage and general plant accounts, as of December 31, 2021. The purpose of the study is to determine the annual depreciation accrual rates and amounts applicable to the original cost of gas utility plant, as of December 31, 2021. The Curriculum Vitae for Larry Kennedy has been attached as Appendix 3 to this report.

Enbridge Gas Distribution Inc. ("EGD") amalgamated with Union Gas Limited ("Union") to form EGI since the last depreciation studies for each company were completed. In this study the assets have been combined and depreciation parameters have been developed and depreciation rates calculated on the combined asset groups. As such, depreciation parameters, methodologies, and procedures from both the Union and EGD systems have been reviewed. The recommendations within this report are viewed by Concentric to be the most appropriate recommendations to be applied to the combined asset groups. This report recommends conversion to the use of the Equal Life Group ("ELG") procedure. The ELG procedure is similar to the Generation Arrangement procedure used in the previous Union study and represents a change from the Average Life Group for the EGD assets. Additionally Concentric recommends the use

of amortization accounting for a small number of general plant asset groups, which represents a change in method for the EGD general plant assets. Concentric also recommends the use of the Constant Dollar Net Salvage ("CDNS") methodology of calculating net salvage accruals, as was used in the previous EGD study, and represents a change in salvage method for the Union assets.

The depreciation rates were applied on a Remaining Life basis, based on attained ages and estimated average service life and forecasted net salvage characteristics for each depreciable group of assets. Variances between the calculated accrued depreciation and the book accumulated depreciation, as at December 31, 2021, are amortized over the composite remaining life of assets.

Concentric recommends the calculated annual depreciation accrual rates set forth herein apply specifically to gas plant in service, as of December 31, 2021, summarized in Table 1 in Section 5 of this report by account detail. Supporting data and calculations are provided as well.

Finally, this study results in an annual depreciation expense accrual related to the recovery of original cost and net salvage requirement of \$786.5 million, when applied to depreciable plant study balances, as of December 31, 2021, of \$21.7 billion. The study results are summarized at an aggregate functional group level as follows:

ENBRIDGE GAS INC.

TABLE 1. ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND

CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO PLANT IN SERVICE AT DECEMBER 31, 2021

Related to Total Expense

Account	Description	Truncation Date	Estimated Survivor Curve	Net Salvage Percent	Surviving Original Cost as of 12/31/2021	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
LOCAL STORAGE PLANT										
442.00	STRUCTURES AND IMPROVEMENTS	0	40-S5	0%	6,282,181	2,805,060	3,477,121	105,928	24.7	1.69%
443.01	HOLDER - STORAGE TANK	0	45-R4	0%	5,804,412	4,023,544	1,780,869	55,594	19.1	0.96%
443.02	HOLDER EQUIPMENT	0	55-R4	0%	21,554,522	11,363,396	10,191,126	229,183	36.8	1.06%
TOTAL LOCAL STORAGE PLANT					33,641,115	18,192,000	15,449,115	390,705		1.16%
UNDERGROUND STORAGE PLANT										
451.00	LAND RIGHTS INTANGIBLE	0	55-R4	0%	74,762,354	45,841,825	28,920,529	1,102,904	23.0	1.48%
452.00	STRUCTURES AND IMPROVEMENTS	0	40-R3	-10%	104,433,820	47,148,032	67,729,170	4,114,129	19.8	3.94%
453.00	WELLS	0	45-R2.5	-30%	143,144,395	50,040,540	136,047,173	5,515,551	25.9	3.85%
454.00	WELL EQUIPMENT	0	40-R2	0%	13,364,517	8,575,936	4,788,581	175,831	21.4	1.32%
455.00	FIELD LINES	0	55-R3	-8%	201,920,080	53,298,115	164,775,572	5,130,627	33.4	2.54%
456.00	COMPRESSOR EQUIPMENT	0	40-R4	-6%	682,328,757	228,311,196	494,957,286	19,661,453	25.5	2.88%
457.00	REGULATING AND MEASURING EQUIPMENT	0	35-R3	-14%	77,194,133	51,829,828	36,171,484	2,003,634	15.6	2.60%
TOTAL UNDERGROUND STORAGE PLANT					1,297,148,055	485,045,470	933,389,796	37,704,129		2.91%
TRANSMISSION PLANT										
461.00	LAND RIGHTS INTANGIBLE	0	60-R4	0%	88,171,402	20,599,533	67,571,869	1,507,598	44.3	1.71%
462.00	COMPRESSOR STRUCTURES AND IMPROVEMENTS	0	50-S4	-5%	163,351,958	40,353,631	131,165,925	3,377,914	37.7	2.07%
463.00	MEASURING AND REGULATING STRUCTURES AND IMPROVEMENTS	0	55-S4	-6%	11,252,284	7,167,268	4,760,153	157,646	26.2	1.40%
464.00	EQUIPMENT	0	50-S4	-5%	2,920,218	523,642	2,542,587	65,185	39.7	2.23%
465.00	MAINS	0	60-R4	-12%	2,783,251,797	919,330,147	2,197,911,866	49,201,674	42.3	1.77%
466.00	COMPRESSOR EQUIPMENT	0	30-R4	-7%	1,005,060,039	331,530,582	743,883,660	37,417,456	19.6	3.72%
467.00	MEASURING AND REGULATING EQUIPMENT	0	40-R4	-15%	395,646,542	119,798,512	335,195,011	12,112,032	27.7	3.06%
TOTAL TRANSMISSION PLANT					4,449,654,239	1,439,303,314	3,483,031,070	103,839,505		2.33%
DISTRIBUTION PLANT										
471.00	LAND RIGHTS INTANGIBLE	0	60-R4	0%	63,907,560	12,099,619	51,807,941	1,150,753	45.2	1.80%
472.00	* STRUCTURES AND IMPROVEMENTS - OTHER	0	40-S0.5	0%	220,832,605	64,014,227	156,818,378	7,005,487	21.7	3.17%
472.31	STRUCTURES AND IMPROVEMENTS - STONEY CREEK	2046	40-S0.5	0%	29,662,115	5,056,171	24,605,944	1,325,428	18.6	4.47%
472.32	STRUCTURES AND IMPROVEMENTS - WIN-RHODES	2046	40-S0.5	0%	23,216,546	5,549,955	17,666,591	991,735	17.9	4.27%
472.33	STRUCTURES AND IMPROVEMENTS - LONDON ADMIN	2026	40-S0.5	0%	19,789,902	9,778,917	10,010,985	2,365,393	4.2	11.95%
472.34	STRUCTURES AND IMPROVEMENTS - KINGSTON OFFICE	2046	40-S0.5	0%	16,737,576	4,069,504	12,668,072	704,663	18.0	4.21%
472.35	STRUCTURES AND IMPROVEMENTS - MAINWAY	2023	40-S0.5	0%	15,937,297	3,958,252	11,979,045	8,045,939	1.5	50.48%
473.01	SERVICES - METAL	0	45-S1	-32%	549,648,294	268,325,815	457,209,934	19,924,844	23.0	3.63%
473.02	SERVICES - PLASTIC	0	55-S3	-26%	4,458,883,265	1,384,833,504	4,233,359,410	121,567,634	35.7	2.73%
474.00	REGULATORS	0	25-SQ	0%	488,870,931	59,858,893	429,012,038	43,329,780	15.5	8.86%
475.00	MAINS - ENVISION	0	25-SQ	0%	181,264,676	59,887,548	121,377,128	10,469,399	12.2	5.78%
475.21	MAINS - COATED & WRAPPED	0	55-R3	-42%	3,320,418,328	1,051,359,036	3,663,634,991	112,249,761	34.9	3.38%
475.30	MAINS - PLASTIC	0	60-R4	-38%	3,480,106,028	928,431,883	3,874,114,436	94,562,548	42.0	2.72%
476.00	COMPANY NGV COMPRESSOR STATIONS	0	17-S2.5	0%	9,878,703	5,181,735	4,696,968	365,238	9.7	3.70%
477.00	MEASURING AND REGULATING EQUIPMENT	0	40-R2	-9%	950,956,098	367,887,432	668,654,715	27,440,188	23.3	2.89%
477.01	CUSTOMER M&R EQUIPMENT	0	35-R3	0%	143,726,981	52,094,469	91,632,512	4,800,551	19.4	3.34%
478.00	METERS	0	15-S2.5	0%	1,020,910,894	469,525,898	551,384,996	104,686,373	6.4	10.25%
TOTAL DISTRIBUTION PLANT					14,994,747,798	4,751,912,857	14,380,634,082	560,985,714		3.74%
GENERAL PLANT										
482.00	STRUCTURES AND IMPROVEMENTS - OTHER	0	40-R1.5	0%	13,255,572	8,677,610	4,577,962	191,336	23.2	1.44%
482.01	STRUCTURES AND IMPROVEMENTS - VPC	2033	40-R1.5	0%	53,463,354	19,270,729	34,192,626	3,400,629	10.0	6.36%
482.04	STRUCTURES AND IMPROVEMENTS - THOROLD	2022	40-R1.5	0%	15,678,640	6,391,978	9,286,662	9,286,663	0.5	59.23%
482.05	STRUCTURES AND IMPROVEMENTS - MARKHAM	2046	40-R1.5	0%	36,671,818	6,852,980	29,818,839	1,544,848	19.3	4.21%
482.51	STRUCTURES AND IMPROVEMENTS - KEIL HEAD OFFICE	2049	40-R1.5	0%	69,558,675	11,589,939	57,968,736	3,906,954	16.4	5.62%
482.52	STRUCTURES AND IMPROVEMENTS - BLOOMFIELD TRAINING CENTER	2028	40-R1.5	0%	19,237,692	1,664,764	17,572,928	2,814,701	6.2	14.63%

ENBRIDGE GAS INC.

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CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO PLANT IN SERVICE AT DECEMBER 31, 2021

Related to Total Expense

Account	Description	Truncation Date	Estimated Survivor Curve	Net Salvage Percent	Surviving Original Cost as of 12/31/2021	Book Reserve	Future Accruals	Annual Accrual Amount	Composite Remaining Life	Annual Accrual Rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
483.00	OFFICE FURNITURE AND EQUIPMENT	0	15-SQ	0%	29,776,062	20,323,396	9,452,666	1,200,881	6.0	4.03%
484.00	TRANSPORTATION EQUIPMENT	0	12-L2.5	0%	134,722,078	89,525,829	45,196,249	6,268,747	5.7	4.65%
485.00	HEAVY WORK EQUIPMENT	0	17-L1.5	0%	44,128,921	12,811,266	31,317,655	3,658,037	8.6	8.29%
486.00	TOOLS AND WORK EQUIPMENT	0	15-SQ	0%	79,966,854	26,128,214	53,838,641	9,529,666	7.6	11.92%
487.70	RENTAL - REFUEL APPL	0	15-SQ	0%	864,755	92,164	772,591	86,895	9.3	10.05%
487.80	RENTAL - NGV STATIONS	0	20-SQ	0%	7,774,175	2,397,143	5,377,032	288,265	18.4	3.71%
488.00	COMMUNICATION STRUCTURES AND EQUIPMENT	0	10-SQ	0%	11,224,609	4,990,530	6,234,079	2,946,627	2.6	26.25%
490.00	COMPUTER EQUIPMENT	0	4-SQ	0%	30,306,679	20,774,567	9,532,112	4,041,429	1.7	13.34%
	COMPUTER EQUIPMENT - POST 2023	0	4-SQ	0%	0	0	0	0	0.0	25.00%
490.30	COMPUTER EQUIPMENT - WAMS	0	10-SQ	0%	4,680,899	2,418,465	2,262,435	502,763	4.5	10.74%
491.01	SOFTWARE ACQUIRED INTANGIBLES	0	4-SQ	0%	155,164,785	107,550,337	47,614,448	13,604,128	2.0	8.77%
	SOFTWARE ACQUIRED INTANGIBLES - POST 2023	0	4-SQ	0%	0	0	0	0	0.0	25.00%
491.02	SOFTWARE DEVELOPED INTANGIBLES	0	4-SQ	0%	38,776,288	25,519,357	13,256,930	3,892,471	2.2	10.04%
	SOFTWARE DEVELOPED INTANGIBLES - POST 2023	0	4-SQ	0%	0	0	0	0	0.0	25.00%
491.03	CIS ACQUIRED SOFTWARE	0	10-SQ	0%	87,626,214	20,250,171	67,376,042	7,217,716	8.4	8.24%
	** SOFTWARE INTANGIBLES - 10 YEAR	0	10-SQ	0%	0	0	0	0	0.0	10.00%
491.04	WAMS	0	10-SQ	0%	85,221,905	44,031,318	41,190,587	9,153,464	4.5	10.74%
TOTAL GENERAL PLANT					918,099,975	431,260,756	486,839,219	83,536,220		9.10%
TOTAL UTILITY PLANT STUDIED					21,693,291,183	7,125,714,397	19,299,343,283	786,456,273		3.63%
PLANT NOT STUDIED										
401.00	Franchises and Consents - Total Comp				1,175,081					
402.04	Other Intangibles - Lakeland Acquisition Adjustment				494,761					
458.00	Base Pressure and Line Pack Gas				76,135,052					
	Land (Including MacLeod Property)				177,293,391					
	Plant Held for Future Use				1,670,861					
	Inventory Adjustment				59,309,971					
	*** Post Study Adjustments				5,005,525					
TOTAL PLANT NOT STUDIED					321,084,642					
TOTAL UTILITY PLANT IN SERVICE					22,014,375,825					

* Annual Accrual Rates for new major structures in Account 472.00 after 2023 are 4.02%.

** New depreciation rate for major longer term intangible asset additions post 2023

*** Adjustments between regulated and unregulated storage operations to align with updated exhibits in Enbridge Gas's 2021 Utility Earnings and Disposition of Deferral & Variance Account Balances proceeding (EB-2022-0110), as filed on September 2, 2022

2024 Test Year Impact of Proposed Depreciation Rates

Line No.	Particulars (\$ millions)	Utility	Plant (1) Average Balance (a)	Current Rate (b)	Proposed Rate (c)	Provision - Current Rate (2) (d)	Provision - Proposed Rate (e)	Proposed Provision Over / (Under) Current Provision (f) = (e-d)	/u
<u>Intangible Plant</u>									
1	Franchises and consents (401)	EGD	0.0			0.0			
2		Union	1.2			0.0	0.0	0.0	
3	Intangible plant - Other (402)	EGD	0.0			0.0	0.0	0.0	
4		Union	0.5			0.0			
5	Total		1.7			0.0	0.0	0.0	
<u>Local Storage Plant</u>									
6	Structures and Improvements (442)	EGD	0.0						
7		Union	8.5	2.85%	1.69%	0.2	0.1	(0.1)	/u
8	Gas Holders - Storage (443)	EGD	0.0						
9		Union	7.3	2.54%	0.96%	0.2	0.1	(0.1)	/u
10	Gas Holders - Equipment (443)	EGD	0.0						
11		Union	24.8	3.54%	1.06%	0.9	0.3	(0.6)	/u
12	Total		40.5	3.21%	1.17%	1.3	0.5	(0.8)	/u

2024 Test Year Impact of Proposed Depreciation Rates (Continued)

Line No.	Particulars (\$ millions)	Utility	Plant (1) Average Balance (a)	Current Rate (b)	Proposed Rate (c)	Provision - Current Rate (2) (d)	Provision - Proposed Rate (e)	Proposed Provision Over / (Under) Current Provision (f) = (e-d)	/u
<u>Storage Plant</u>									
13	Land rights (451)	EGD	42.8	1.16%	1.48%	0.5	1.1	(0.1)	
14		Union	33.7	2.10%		0.7			/u
15	Structures and improvements (452)	EGD	32.3	1.84%	3.94%	0.6	4.5	1.9	
16		Union	83.5	2.50%		2.1			/u
17	Wells (453)	EGD	111.3	1.52%	3.85%	1.7	7.3	3.7	
18		Union	82.6	2.48%		2.0			/u
19	Well equipment (454)	EGD	17.3	5.56%	1.32%	0.9	0.2	(0.7)	
20		Union	0.0			0.0			/u
21	Field Lines (455)	EGD	211.1	1.49%	2.54%	3.6	6.4	1.8	
22		Union	47.8	2.48%		1.0			/u
23	Compressor equipment (456)	EGD	234.2	2.60%	2.88%	6.0	20.9	1.6	
24		Union	491.6	2.68%		13.2			/u
25	Measuring and regulating equipment (457)	EGD	11.2	2.99%	2.60%	0.3	2.8	(0.5)	
26		Union	97.7	3.11%		2.9			/u
27	Total		1,497.2	2.37%	2.89%	35.5	43.2	7.7	/u

2024 Test Year Impact of Proposed Depreciation Rates (Continued)

Line No.	Particulars (\$ millions)	Utility	Plant (1) Average Balance (a)	Current Rate (b)	Proposed Rate (c)	Provision - Current Rate (2) (d)	Provision - Proposed Rate (e)	Proposed Provision Over / (Under) Current Provision (f) = (e-d)
<u>Transmission</u>								
28	Land rights (461)	EGD	19.9	*	1.71%	0.2	1.6	0.1
29		Union	71.9	1.76%	1.71%	1.3		/u
30	Compressor structures and improvements (462)	EGD	0.0		2.07%	0.0	3.5	(0.0)
31		Union	167.5	2.03%	2.07%	3.5		/u
32	Measuring and regulating structures and improvements (463)	EGD	0.0		1.40%	0.0	0.2	(0.1)
33		Union	11.5	2.03%	1.40%	0.2		/u
34	Equipment (464)	EGD	0.0		2.23%	0.0	0.1	0.0
35		Union	3.0		2.23%	0.1		/u
36	Mains (465)	EGD	414.9	*	1.77%	10.2	54.9	(11.7)
37		Union	2,713.7	1.98%	1.77%	56.4		/u
38	Compressor equipment (466)	EGD	0.0		3.72%	0.0	38.4	5.6
39		Union	1,031.8	3.23%	3.72%	32.8		/u
40	Measuring and regulating equipment (467)	EGD	3.5	*	3.06%	0.1	15.8	2.5
41		Union	522.9	2.60%	3.06%	13.3		/u
42	Total		4,960.5	2.38%	2.31%	118.0	114.4	(3.7)

2024 Test Year Impact of Proposed Depreciation Rates (Continued)

Line No.	Particulars (\$ millions)	Utility	Plant (1) Average Balance (a)	Current Rate (b)	Proposed Rate (c)	Provision - Current Rate (2) (d)	Provision - Proposed Rate (e)	Proposed Provision Over / (Under) Current Provision (f) = (e-d)
<u>Distribution Plant</u>								
43	Renewable Natural Gas(3)	EGD	31.4	various	various	1.3	1.2	(0.1)
44		Union	0.0			0.0		/u
45	Land rights (471)	EGD	45.7	1.18%	1.80%	0.5	1.2	0.3
46		Union	22.2	1.68%		0.4		/u
47	Structures and improvements - Other (472)	EGD	110.1	5.24%	3.17%	6.7	7.0	(3.2)
48		Union	148.7	2.32%		3.5		/u
49	Structures and improvements - Stoney Creek	EGD	0.0		4.47%	0.0	1.5	0.7
50	(472.31)	Union	33.5	2.32%		0.8		/u
51	Structures and improvements - Win-Rhodes	EGD	0.0		4.27%	0.0	1.1	0.5
52	(472.32)	Union	26.2	2.32%		0.6		/u
53	Structures and improvements - London Admin	EGD	0.0		11.95%	0.0	2.7	2.1
54	(472.33)	Union	22.4	2.32%		0.5		/u
55	Structures and improvements - Kingston Office	EGD	0.0		4.21%	0.0	0.8	0.3
56	(472.34)	Union	18.9	2.32%		0.5		/u
57	Structures and improvements - Mainway (472.35)	EGD	0.0		50.48%	0.0	9.1	8.6
58		Union	9.0	2.32%		0.4		/u
59	Services - metallic (473.01)	EGD	320.6	2.27%	3.63%	7.2	22.0	6.1
60		Union	290.8	3.02%		8.7		/u
61	Services - plastic (473.02)	EGD	3,180.6	2.27%	2.73%	71.5	136.3	16.9
62		Union	1,855.6	2.56%		47.8		/u
63	Regulators (474)	EGD	315.9	(**)	8.86%	10.1	44.7	25.7
64		Union	192.5	5.00%		8.9		/u

2024 Test Year Impact of Proposed Depreciation Rates (Continued)

Line No.	Particulars (\$ millions)	Utility	Plant (1) Average Balance (a)	Current Rate (b)	Proposed Rate (c)	Provision - Current Rate (2) (d)	Provision - Proposed Rate (e)	Proposed Provision Over / (Under) Current Provision (f) = (e-d)
<u>Distribution Plant</u>								
65	Mains - Envision (475.00)	EGD	222.2	4.03%	5.78%	8.8	12.6	3.8
66		Union	0.0			0.0		/u
67	Mains - Coated and wrapped (475.21)	EGD	2,163.5	2.44%	3.38%	52.5	134.7	34.3
68		Union	1,845.3	2.93%		47.8		/u
69	Mains - Plastic (475.30)	EGD	2,738.0	1.85%	2.72%	50.5	103.5	22.5
70		Union	1,101.1	2.35%		30.4		/u
71	Company NGV compressor stations (476)	EGD	6.5	5.97%	3.70%	0.4	0.5	(0.2)
72		Union	6.0	4.00%		0.2		/u
73	Measuring & regulating equipment (477)	EGD	802.7	2.05%	2.89%	16.4	32.4	4.4
74		Union	329.9	3.72%		11.6		/u
75	Customer M&R Equipment (477.01)(4)	EGD	0.0		3.34%	0.0	5.7	0.8
76		Union	174.4	2.86%		4.9		/u
77	Meters (478)	EGD	583.8	9.22%	10.25%	53.5	118.5	42.4
78		Union	580.7	3.93%		22.5		/u
79	Total		17,178.0	2.73%	3.70%	469.1	635.3	166.1

2024 Test Year Impact of Proposed Depreciation Rates (Continued)

Line No.	Particulars (\$ millions)	Utility	Plant (1) Average Balance (a)	Current Rate (b)	Proposed Rate (c)	Provision - Current Rate (2) (d)	Provision - Proposed Rate (e)	Proposed Provision Over / (Under) Current Provision (f) = (e-d)
<u>General Plant</u>								
80	Investment in leased assets	EGD	37.7			1.2		
81		Union	0.0			0.0	1.5	0.3 /u
82	Structures and improvements - Other (482.00)	EGD	9.0	2.98%	1.44%	0.3	0.5	(0.5) /u
83		Union	29.0	1.92%		0.7		
84	Structures and improvements - VPC (482.01)	EGD	119.4	9.93%	6.36%	11.8	7.6	(4.3) /u
85		Union	0.0			0.0		
86	Structures and improvements - Thorold (482.04)	EGD	0.0	3.61%	59.23%	0.0	0.0	(0.0) /u
87		Union	0.0			0.0		
88	Structures and improvements - Markham (482.05)	EGD	37.1	2.18%	4.21%	0.8	1.6	0.8 /u
89		Union	0.0			0.0		
90	Structures and improvements - Keil (482.51)	EGD	0.0		5.62%	0.0	4.4	2.1 /u
91		Union	78.2	1.92%		2.3		
92	Structures and improvements - Bloomfield	EGD	0.0		14.63%	0.0	3.2	2.5 /u
93	(482.52)	Union	21.6	1.92%		0.6		
94	Office furniture and equipment (483)	EGD	28.6	10.74%	4.03%	3.2	1.5	(2.3) /u
95		Union	9.4	6.67%		0.6		
96	Transportation equipment (484)	EGD	82.5	10.56%	4.65%	8.5	7.2	(11.0) /u
97		Union	73.6	13.27%		9.7		
98	Heavy work equipment (485)	EGD	29.4	3.58%	8.29%	1.0	4.3	1.7 /u
99		Union	23.0	6.92%		1.6		
100	Tools and other equipment (486)	EGD	53.3	4.08%	11.92%	3.0	10.9	5.3 /u
101		Union	38.6	6.67%		2.6		
102	Rental - refuel appl (487.70)	EGD	0.8	0.74%	10.05%	0.0	0.1	0.1 /u
103		Union	0.0			0.0		

2024 Test Year Impact of Proposed Depreciation Rates (Continued)

Line No.	Particulars (\$ millions)	Utility	Plant (1) Average Balance (a)	Current Rate (b)	Proposed Rate (c)	Provision - Current Rate (2) (d)	Provision - Proposed Rate (e)	Proposed Provision Over / (Under) Current Provision (f) = (e-d)
<u>General Plant</u>								
104	Rental - NGV Stations (487.80)	EGD	8.1	8.01%	3.71%	0.6	0.3	(0.3)
105		Union	0.0			0.0		/u
106	Communication structures and equipment (488)	EGD	2.0	9.71%	26.25%	0.1	2.6	2.0
107		Union	7.5	6.67%		0.5		/u
108	Computer equipment (490)	EGD	18.9	36.63%	13.34%	15.1	4.2	(16.0)
109		Union	17.1	25.00%		5.0		/u
110	Computer equipment - post 2023	EGD	8.5		25.00%	0.0	3.3	3.3
111		Union	3.6			0.0		/u
112	Software acquired intangibles (491.01)	EGD	84.2	26.32%	8.77%	18.9	15.5	(14.5)
113		Union	66.7	25.00%		11.1		/u
114	Software acquired intangibles - post 2023	EGI	14.3		25.00%	0.0	2.5	2.5
115						0.0		/u
116	Software developed intangibles (491.02)	EGD	60.2	21.24%	10.04%	28.0	6.5	(21.5)
117		Union	0.0	25.00%		0.0		/u
118	Software developed intangibles - post 2023	EGI	14.4		25.00%	0.0	2.7	2.7
119						0.0		/u
120	CIS acquired software (491.03)	EGD	12.2	10.00%	8.24%	1.2	9.1	(2.2)
121		Union	98.9	10.00%		10.1		/u
122	TIS/IT software	EGD	0.0		10.00%	0.0	0.0	0.0
123		Union	0.0			0.0		/u
124	WAMS (491.04)	EGD	89.9	10.00%	10.74%	9.0	9.7	0.7
125		Union	0.0			0.0		/u
126	Total		1,177.6	12.53%	8.41%	147.6	99.1	(48.5)

2024 Test Year Impact of Proposed Depreciation Rates (Continued)

Line No.	Particulars (\$ millions)	Utility	Plant (1) Average Balance (a)	Current Rate (b)	Proposed Rate (c)	Provision - Current Rate (2) (d)	Provision - Proposed Rate (e)	Proposed Provision Over / (Under) Current Provision (f) = (e-d)
127	Plant held for future use	EGD	1.7	2.27%	3.63%	0.0	0.0	(0.0)
128					2.73%			
129	Total	EGI	24,857.3	3.10%	3.59%	771.6	892.4	120.7 /u

Notes:

- (1) A simple average of the opening and closing plant balances was used.
- (2) Provision - Current Rate represents depreciation on 2024 plant balances using previously approved rates and excluding the impacts of all harmonization and depreciation study changes. Depreciation expense has been allocated to approximate the change in plant balances as a result of asset harmonization. /u
- (3) Placeholder to be replaced with actual plant accounts once assets are unitized. Represents forecasted RNG projects in total using a blended rate of assets.
- (4) Previously account 474.01 for Union.
- (*) Depreciation rate for current provision uses equivalent Distribution Plant account.
- (**) Depreciation rate for current provision uses 473 Services.