



# **ONTARIO ENERGY BOARD**

## **OEB STAFF SUBMISSION ON SETTLEMENT PROPOSAL**

**Enbridge Gas Inc.**

**2022 Deferral and Variance Account Disposition and  
Earnings Sharing Application**

**EB-2023-0092**

**January 15, 2024**

## Background

Enbridge Gas Inc. (Enbridge Gas) filed an application with the Ontario Energy Board (OEB) on June 14, 2023, under section 36 of the *Ontario Energy Board Act, 1998*, for an order approving the disposition of amounts recorded in certain deferral and variance accounts (DVAs) and to determine amounts for earnings sharing purposes for the calendar year 2022.

On August 30, 2018, the OEB approved the amalgamation of Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union Gas).<sup>1</sup> The companies amalgamated to form Enbridge Gas on January 1, 2019. Following the amalgamation, Enbridge Gas maintained the existing rates zones of the former EGD and Union Gas (the EGD rate zone, and the Union North West, Union North East and Union South rate zones).<sup>2</sup> Enbridge Gas has maintained most of the existing deferral and variance accounts for each rate zone. As part of the ratemaking framework approved for the newly formed utility (Enbridge Gas), the OEB approved certain new DVAs for Enbridge Gas.

The net balance of all (EGD, Union Gas and Enbridge Gas) 2022 DVA balances requested for disposition was \$73.85 million (recoverable from ratepayers). The net balance excludes interest and represents the amount requested in the pre-filed evidence. Enbridge Gas's actual utility earnings did not exceed the OEB-approved return on equity (ROE) by more than the threshold for earnings sharing (in excess of 150 basis points).<sup>3</sup> Accordingly, Enbridge Gas did not propose to share any earnings with ratepayers for 2022.

Enbridge Gas proposed to dispose of the 2022 DVA balances as a one-time billing adjustment. The billing adjustment will appear as a separate line item on customers' bills.

A settlement conference was convened among Enbridge Gas and intervenors (collectively referred to as the "parties") on November 16 and 17, 2023 with the

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<sup>1</sup> EB-2017-0306 / 0307 Decision and Order August 30, 2018, application by Enbridge Gas Distribution and Union Gas Limited to amalgamate under the OEB's policy on mergers, acquisition, amalgamation and divestiture (MAADs Decision).

<sup>2</sup> Collectively Union North West, Union North East and Union South are referred to as the Union rate zones.

<sup>3</sup> MAADs Decision, EB-2017-0306 / 0307, p. 29

objective of reaching a settlement on the issues. The parties reached a complete settlement on all DVA balances.

Enbridge Gas filed a settlement proposal for the OEB's consideration on November 28, 2023, and a Draft Rate Order on January 8, 2024.

### **OEB Staff Position**

OEB staff reviewed the settlement proposal in the context of applicable OEB policies and the OEB's statutory obligations. OEB staff supports the settlement of the issues and is of the opinion that the settlement is in the public interest. Moreover, in OEB staff's view, and subject to the comments below, the discussion in the settlement proposal is adequate to support the settlement proposal.

In the submission below, OEB staff has provided comments and context to the pertinent issues that have been settled. The settlement did not result in a material change to the DVA balances. The list of all DVAs, including those DVAs that are not being requested for disposition in this proceeding, and the associated settled account balances is provided in Table 1 below.

As set out in the pre-filed evidence, the original total net balance of all DVAs requested for disposition was \$73.853 million (excluding interest). As can be observed from Table 1 below, the settlement proposal has resulted in the overall net balance decreasing from \$73.853 million to \$73.850 million (excluding interest). The minor decrease is a result of the settlement agreement whereby Enbridge Gas will not clear the \$2,860 amount included in the Integrated Resource Planning Operating Costs Deferral Account related to lost revenues. This balance will be carried forward to the 2023 Integrated Resource Planning Operating Costs Deferral Account.

Due to scheduling conflicts in the discovery phase of the current proceeding, the timeline for processing the application was delayed, which resulted in Enbridge Gas proposing April 1, 2024, as the implementation date (as opposed to January 1, 2024).<sup>4</sup> As a result, the total net balance of all DVA balances requested for disposition, inclusive of interest, increased from \$73.92 million (interest to January 1, 2024) to \$74.96 million (interest to April 1, 2024).

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<sup>4</sup> Procedural Order No. 1, August 3, 2023, pp. 2-3.

Table 1

ENBRIDGE GAS DEFERRAL & VARIANCE ACCOUNT ACTUAL & FORECAST BALANCES					Col. 1	Col. 2	Col. 3	Col. 4
					Forecast for clearance at April 1, 2024			
Line No.	Account Description	Account Acronym			Principal (\$000's)	Interest (\$000's)	Total (\$000's)	Reference to Evidence
<u>EGD Rate Zone Commodity Related Accounts</u>								
1.	Storage and Transportation D/A	2022 S&TDA			8,074.4	614.4	8,688.8	D-1, Page 2
2.	Transactional Services D/A	2022 TSDA			(31,234.7)	(2,004.5)	(33,239.2)	D-1, Page 4
3.	Unaccounted for Gas V/A	2022 UAFVA			41,400.4	2,800.6	44,201.0	D-1, Page 6
4.	Total Commodity Related Accounts				18,240.1	1,410.5	19,650.6	
<u>EGD Rate Zone Non Commodity Related Accounts</u>								
5.	Average Use True-Up V/A	2022 AUTUVA			6,904.5	443.1	7,347.6	D-1, Page 10
6.	Gas Distribution Access Rule Impact D/A	2022 GDARIDA			-	-	-	D-1, Page 23
7.	Deferred Rebate Account	2022 DRA			(72.7)	(10.0)	(82.7)	D-1, Page 12
8.	Transition Impact of Accounting Changes D/A	2023 TIACDA			4,435.8	-	4,435.8	D-1, Page 1
9.	Electric Program Earnings Sharing D/A	2022 EPESDA			-	-	-	D-1, Page 23
10.	Open Bill Revenue V/A	2022 OBRVA			-	-	-	D-1, Page 23
11.	Ex-Franchise Third Party Billing Services V/A	2022 EXFTPBSVA			-	-	-	D-1, Page 23
12.	OEB Cost Assessment V/A	2022 OEBCAVA			3,104.8	239.8	3,344.6	D-1, Page 13
13.	Dawn Access Costs D/A	2022 DACDA			1,184.8	76.0	1,260.8	D-1, Page 16
14.	Pension and OPEB Forecast Accrual vs. Actual Cash Payme	2022 P&OPEBFAVACPDVA			-	-	-	D-1, Page 23
15.	Total EGD Rate Zone (for clearance)				33,797.3	2,159.4	35,956.7	
<u>Union Rate Zones Gas Supply Accounts</u>								
16.	Upstream Transportation Optimization	179-131	2022		8,899.7	571.1	9,470.8	E-1, Page 6
17.	Spot Gas Variance Account	179-107	2022		-	-	-	E-1, Page 58
18.	Unabsorbed Demand Costs Variance Account	179-108	2022		(5,623.7)	(429.9)	(6,053.6)	E-1, Page 1
19.	Base Service North T-Service TransCanada Capacity	179-153	2022		83.3	6.4	89.7	E-1, Page 52
20.	Total Gas Supply Accounts				3,359.3	147.6	3,506.9	
<u>Union Rate Zones Storage Accounts</u>								
21.	Short-Term Storage and Other Balancing Services	179-70	2022		4,446.1	282.6	4,728.7	E-1, Page 8
<u>Union Rate Zones Other Accounts</u>								
22.	Normalized Average Consumption	179-133	2022		8,769.8	696.2	9,466.0	E-1, Page 13
23.	Deferral Clearing Variance Account	179-132	2022		1,978.0	164.7	2,142.7	E-1, Page 21
24.	OEB Cost Assessment Variance Account	179-151	2022		1,254.2	96.7	1,350.9	E-1, Page 49
25.	Unbundled Services Unauthorized Storage Overrun	179-103	2022		-	-	-	E-1, Page 58
26.	Gas Distribution Access Rule Costs	179-112	2022		-	-	-	E-1, Page 58
27.	Conservation Demand Management	179-123	2022		-	-	-	E-1, Page 58
28.	Parkway West Project Costs	179-136	2022		(603.7)	(45.6)	(649.3)	E-1, Page 25
29.	Brantford-Kirkwall/Parkway D Project Costs	179-137	2022		(35.0)	(2.5)	(37.5)	E-1, Page 29
30.	Lobo C Compressor/Hamilton-Milton Pipeline Project Costs	179-142	2022		240.0	15.0	255.0	E-1, Page 41
31.	Lobo D/Bright C/Dawn H Compressor Project Costs	179-144	2022		1,315.6	73.6	1,389.2	E-1, Page 44
32.	Burlington-Oakville Project Costs	179-149	2022		(48.0)	(3.6)	(51.6)	E-1, Page 47
33.	Panhandle Reinforcement Project Costs	179-156	2022		(3,149.1)	(235.7)	(3,384.8)	E-1, Page 53
34.	Sudbury Replacement Project	179-162	2022		-	-	-	E-1, Page 58
35.	Parkway Obligation Rate Variance	179-138	2022		(81.0)	(5.2)	(86.2)	E-1, Page 58
36.	Unauthorized Overrun Non-Compliance Account	179-143	2022		(144.9)	(12.0)	(156.9)	E-1, Page 58
37.	Pension and OPEB Forecast Accrual vs. Actual Cash Payme	179-157	2022		-	(3,443.7)	(3,443.7)	E-1, Page 56
38.	Unaccounted for Gas Volume Variance Account	179-135	2022		40,046.6	2,570.0	42,616.6	E-1, Page 31
39.	Unaccounted for Gas Price Variance Account	179-141	2022		9,785.0	655.6	10,440.6	E-1, Page 38
40.	Total Other Accounts				59,327.5	523.5	59,851.0	
41.	Total Union Rate Zones (for clearance)				67,132.9	953.6	68,086.5	
<u>EGI Accounts</u>								
42.	Earnings Sharing D/A	179-382	2022		-	-	-	C-1, Page 1
43.	Tax Variance - Accelerated CCA - EGI	179-383	2022		(29,236.7)	(2,162.4)	(31,399.1)	C-1, Page 12
44.	IRP Operating Costs Deferral Account	179-385	2022		2,156.5	158.5	2,315.0	C-1, Page 15
45.	IRP Capital Costs Deferral Account	179-386	2022		-	-	-	C-1, Page 1
46.	Green Button Initiative Deferral Account	179-387	2022		-	-	-	
47.	Expansion of Natural Gas Distribution Systems V/A	179-380	2022		-	-	-	C-1, Page 1
48.	Total EGI Accounts (for clearance)				(27,080.2)	(2,004.0)	(29,084.2)	
49.	Total Deferral and Variance Accounts (for clearance)				73,850.0	1,109.0	74,959.0	
<u>Not Being Requested for Clearance</u>								
50.	Accounting Policy Changes D/A - Pension - EGI	179-120	2022		160,288.8	-	160,288.8	C-1, Page 2
51.	Accounting Policy Changes D/A - Other - EGI	179-120	2019		(1,749.5)	(180.5)	(1,930.0)	C-1, Page 2
52.	Accounting Policy Changes D/A - Other - EGI	179-120	2020		(14,789.5)	(1,328.8)	(16,118.3)	C-1, Page 2
53.	Accounting Policy Changes D/A - Other - EGI	179-120	2021		(13,864.6)	(1,180.5)	(15,045.1)	C-1, Page 2
54.	Accounting Policy Changes D/A - Other - EGI	179-120	2022		62,752.5	3,733.5	66,486.0	C-1, Page 2
55.	Tax Variance - Integration Capital Additions - EGI	179-383	2020		(3,736.3)	(301.2)	(4,037.5)	C-1, Page 12
56.	Tax Variance - Integration Capital Additions - EGI	179-383	2021		(10,178.9)	(829.1)	(11,008.0)	C-1, Page 12
57.	Tax Variance - Integration Capital Additions - EGI	179-383	2022		6,882.8	484.9	7,367.8	C-1, Page 12
58.	Incremental Capital Module Deferral Account - EGD	2020 ICMDA	2020		(254.0)	(21.8)	(275.8)	C-1, Page 1
59.	Incremental Capital Module Deferral Account - EGD	2021 ICMDA	2021		175.5	14.9	190.4	C-1, Page 1
60.	Incremental Capital Module Deferral Account - EGD	2022 ICMDA	2022		(6,873.6)	(437.8)	(7,311.4)	C-1, Page 1
61.	Incremental Capital Module Deferral Account - UGL	179-159	2019		(6,869.6)	(697.4)	(7,567.0)	C-1, Page 1
62.	Incremental Capital Module Deferral Account - UGL	179-159	2020		(5,615.4)	(501.7)	(6,117.1)	C-1, Page 1
63.	Incremental Capital Module Deferral Account - UGL	179-159	2021		(14,353.4)	(1,194.6)	(15,548.0)	C-1, Page 1
64.	Incremental Capital Module Deferral Account - UGL	179-159	2022		(1,719.3)	(126.0)	(1,845.3)	C-1, Page 1
65.	RNG Injection Service V/A	2022 RNGISVA	2022		(159.2)	(10.0)	(169.2)	D-1, Page 23
66.	Impacts Arising from the COVID-19 Emergency D/A - EGI	2020 ACEDA	2020		1,377.5	120.9	1,498.4	C-1, Page 1
67.	Impacts Arising from the COVID-19 Emergency D/A - EGI	2021 ACEDA	2021		34.3	2.9	37.2	C-1, Page 1
68.	IRP Operating Costs Deferral Account	179-385	2022		2.9	0.0	2.9	C-1, Page 15
69.	Total of Accounts not being requested for clearance				151,351.1	(2,452.3)	148,898.8	

All parties accepted the proposed methodology for the allocation and disposition of the account balances, and the implementation of the resulting rate adjustments on April 1, 2024. OEB staff supports the proposed approach.

The settlement proposal results in the following bill impacts for a system sales residential customer. The bill impact below in Table 2 reflects a one-time adjustment that will be implemented April 1, 2024. OEB staff is satisfied that the rate adjustments have been appropriately calculated.

**Table 2**

<b>Residential Customer</b>	<b>One-time Adjustment</b>
<b>EGD Rate Zone</b>	<b>\$2.76</b>
<b>Union South</b>	<b>\$7.68</b>
<b>Union North West</b>	<b>-\$33.90</b>
<b>Union North East</b>	<b>\$2.43</b>

## **Deferral and Variance Accounts**

### Integrated Resource Planning Operating Costs Deferral Account

In the OEB's Decision and Order in Enbridge Gas's Integrated Resource Planning (IRP) proceeding, the OEB approved the establishment of an IRP Operating Costs Deferral Account for all IRP operations, maintenance and administration costs, and a separate IRP Capital Costs Deferral Account for IRP project plan costs.<sup>5</sup>

The balance in the 2022 IRP Operating Costs Deferral Account that was requested for disposition in this proceeding was a debit of approximately \$2.286 million, including interest. The amount is attributable to incremental Enbridge Gas staff salaries for IRP-related work completed in 2022, the implementation of IRP alternatives to defer a project in Kingston,<sup>6</sup> and non-labour costs such as consulting and legal costs. Enbridge

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<sup>5</sup> EB-2020-0091

<sup>6</sup> More specifically, a debit balance of \$0.085 million, inclusive of interest, for IRP project-related costs to defer a pipeline reinforcement project in Kingston, Ontario.

Gas directly assigned \$0.085 million to the Union rate zones related to the IRP costs for the project in Kingston. Enbridge Gas split the remaining debit balance of \$2.201 million, excluding IRP project costs, between the EGD and Union rate zones in proportion to the 2018 actual rate base for each rate zone. This approach is consistent with the OEB-approved methodology used in previous years.

Parties agreed to dispose of the balance in the IRP Operating Costs Deferral Account, with the exception that Enbridge Gas will not clear the \$2,860 amount related to lost revenue from a customer who turned back capacity as part of the above noted IRP project in Kingston. This amount is to be carried forward to the 2023 IRP Operating Costs Deferral Account. In the 2023 Deferral and Variance Account application, Enbridge Gas will file evidence about the appropriateness of recovering lost revenue resulting from IRP Plans and the conditions under which Enbridge Gas would seek recovery of such amounts.

OEB staff has no concerns with the agreement to dispose of the balance in the IRP Operating Costs Deferral Account, minus the amount related to lost revenue.

With respect to the agreement that Enbridge Gas will file evidence about the appropriateness of recovering lost revenue resulting from IRP Plans in the 2023 Deferral and Variance Account application, OEB staff has no concerns. However, OEB staff suggests that if there is an IRP Plan application filed prior to Enbridge Gas's 2023 Deferral and Variance Account application, it would be better to determine the appropriateness of recovering lost revenue resulting from IRP Plans and the conditions under which Enbridge Gas would seek recovery of such amounts in that proceeding instead.

OEB staff notes that the purpose of the IRP Operating Costs Deferral Account is to record incremental IRP general administrative costs, as well as incremental operating and maintenance costs and ongoing evaluation costs for approved IRP Plans. The IRP Decision stated that:

Costs in this account related to specific projects (e.g. project operating and maintenance costs, enabling payments to competitive service providers)

should not be brought forward for disposition until an IRP Plan has been approved.<sup>7</sup>

Enbridge Gas noted in its application that the project costs for the East Kingston project are not part of an approved IRP plan, as filing an IRP Plan for approval is optional for IRP projects below a \$2 million cost threshold, and Enbridge Gas chose not to seek approval for this project.<sup>8</sup> OEB staff submits that the inclusion of the East Kingston project-related costs in the IRP Operating Costs Deferral Account may not be technically consistent with the defined purpose of this account. However, OEB staff submits that enabling Enbridge Gas to record project costs of this nature in the IRP deferral accounts without an IRP Plan approval would support the OEB's intent for Enbridge Gas to give greater consideration to IRP alternatives. It also promotes administrative efficiency, enabling Enbridge Gas to pursue smaller IRP projects without seeking an IRP Plan approval.

#### Unaccounted for Gas (UFG) Accounts

The Parties agreed that the balances in the 2022 Unaccounted for Gas (UFG)-related accounts, including applicable interest, would be cleared on an interim basis until Enbridge Gas provides further evidence describing its ongoing review and investigation of UFG in the 2023 Deferral and Variance Account application.

OEB staff and intervenors noted the significant increase in overall debit balances within UFG-related accounts between 2021 and 2022.<sup>9</sup> The following discussion applies to the accounts listed below:

- Unaccounted for Gas Variance Account (UAFVA) – EGD
- Unaccounted for Gas Volume Deferral Account (UFGVDA) – Union Gas
- Unaccounted for Gas Price Variance Account – Union Gas

The purpose of the EGD UAFVA is to capture the cost associated with the volumetric variances between the actual UFG and the OEB-approved UFG volumetric forecast. In the EGD rate zone, the 2022 forecast volume was 106,677 10<sup>3</sup>m<sup>3</sup>, while the 2022 actual volume was 256,332 10<sup>3</sup>m<sup>3</sup>. The variance of 149,656 10<sup>3</sup>m<sup>3</sup> resulted in a debit balance of \$41.4 million in the UAFVA, plus interest of \$2.8 million. Actual UFG volumes

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<sup>7</sup> EB-2020-0091 Decision and Order, pp. 86-87

<sup>8</sup> Exhibit C, Tab 1, p. 20

<sup>9</sup> I.STAFF.6, I.EP.6, I.FRPO.15, I.FRPO.16, I.FRPO.17

recorded in the UAFVA are multiplied by the OEB-approved reference price to calculate the balance. Enbridge Gas in its evidence stated that substantial increases in the reference price of natural gas throughout 2022 contributed to the large increase in the 2022 UAFVA balance.<sup>10</sup>

The purpose of the Union Gas UFGVDA is to capture the difference between the unit cost of UFG recovered in rates and actual UFG costs incurred. The balance recorded within the UFGVDA to be cleared to customers is subject to a symmetrical dead-band of \$5.0 million.<sup>11</sup> Based on 2022 actual volumes, Enbridge Gas recovered \$20.7 million in UFG costs for the Union rate zones in 2022. In comparison, Enbridge Gas's actual 2022 UFG costs were \$65.8 million. The resulting difference of approximately \$45 million is above the \$5.0 million threshold established by the OEB for the UFGVDA. As a result, there is a debit balance of approximately \$40 million (\$45 million minus the \$5.0 million threshold) in the UFGVDA, plus interest of \$2.5 million.

Intervenors noted concerns with the impacts of year-end true-ups.<sup>12</sup> The methodology for calculating UFG differs between the EGD and Union Gas rate zones. In the EGD rate zone, the variance between unbilled estimated UFG recorded in December and the associated billed consumption recorded in January is included in the calculation of UAFVA in the fiscal year when the unbilled estimate was recorded. In the 2024 Rebasing Application,<sup>13</sup> Enbridge Gas has proposed to harmonize the UFG Variance and Deferral accounts. This includes the provision in the proposed Accounting Order for the UFG Variance Account to adjust for differences in estimated UFG and actual UFG, similar to the current EGD Rate Zone treatment.

In the settlement proposal in the 2021 Deferral and Variance Account and Earnings Sharing proceeding,<sup>14</sup> Enbridge Gas committed to include detailed evidence on the derivation of UFG balances, including evidence on items such as:

1. the process used to determine forecast and actual UFG at the end of each year and the beginning of the following year
2. the way that UFG is determined on an ongoing basis as forecast (unbilled) volumes are billed

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<sup>10</sup> EB-2023-0092 Application and Evidence, Exhibit D, Tab 1, p. 11

<sup>11</sup> EB-2013-0202

<sup>12</sup> IRR.FRPO.18, IRR.FRPO.19

<sup>13</sup> EB-2022-0200, Exhibit 9, Tab 1, Schedule 1, Attachment 3.

<sup>14</sup> EB-2022-0110, Decision on Settlement Proposal and Rate Order, November 8, 2022, p.4.



3. the impact of billing adjustments on UFG
4. a continuity schedule showing forecast and actual UFG on a monthly basis for 2020, 2021 and 2022.

OEB staff is satisfied with Enbridge Gas's provision of this information in its 2022 application in accordance with its commitments in the OEB-approved 2021 Deferral and Variance Account settlement proposal.

As part of the settlement agreement, Enbridge Gas will file detailed evidence on UFG-related items in the 2023 Deferral and Variance Account application. This will include information and future plans resulting from Enbridge Gas's ongoing review and investigation of UFG,<sup>15</sup> including but not limited to:

1. the work completed by Enbridge Gas during 2023 and 2024, and the resulting observations and learnings
2. the impact on UFG from "no bill" customers / volumes that are later billed
3. the role, if any, played by line pack in transmission and other high-pressure systems in the incidence and determination of UFG
4. Enbridge Gas's investigation plan for assessing fugitive emissions.<sup>16</sup>

In its evidence, Enbridge Gas also indicated that it is forming an internal team with the mandate to investigate root causes, make recommendations to reduce and monitor, and to implement a sustainment and governance model for UFG.<sup>17</sup> In response to OEB staff and intervenor interrogatories,<sup>18</sup> Enbridge Gas provided an overview of the progress to date.

OEB staff supports the formation and ongoing efforts of the above-referenced internal team.

OEB staff supports the proposed interim disposition of the UFG-related accounts and Enbridge Gas's commitment to provide additional information in the 2023 Deferral and Variance Account application. Additional information will provide all stakeholders with a better understand of how the UFG balances are derived, the impact of any over or

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<sup>15</sup> IRR.Staff.6

<sup>16</sup> As previously agreed in the EB-2022-0200 Settlement Proposal. See: Exhibit O1, Tab 1, Schedule 1, Issue 18(d), p. 37.

<sup>17</sup> Exhibit D, Tab 1, Schedule 3, p. 21

<sup>18</sup> IRR.STAFF.6, IRR.FRPO.20

under-estimation on future year balances, and how billing adjustments impact the calculation of UFG.

#### Parkway West Project Costs Deferral Account

The Parties agreed that the principal balance in the Parkway West Project Costs Deferral Account of \$0.649 million, including interest, will be cleared on a final basis.

This differs from Enbridge Gas's as-filed request for interim clearance, as this was based on the requirement that there be a final review of project costs before the account is cleared. The rate base amounts for 2022, including the Parkway West project, have since been approved by the OEB in the Enbridge Gas 2024 rebasing proceeding.<sup>19</sup> The Parties therefore agreed that it is appropriate for clearance of the account to be on a final basis. OEB staff has no concern with the clearance of this account on a final basis, as the project costs were approved by the OEB in EB-2022-0200.

#### Short-Term Storage and Other Balancing Services Account

The Short-Term Storage and Other Balancing Services Deferral Account includes revenues from C1 Off-Peak Storage, Gas Loans, Supplemental Balancing Services and C1 Short-Term Firm Peak Storage. It compares the ratepayer share (90%) of net revenue for Short-Term Storage and Other Balancing Services with the amount credited to ratepayers in rates for Short-Term Storage and Other Balancing Services. The net revenue for Short-Term Storage and Other Balancing Services was determined by deducting the costs incurred to provide service from the gross revenue.

As part of the settlement agreement, Enbridge Gas filed an update to its evidence to correct an error in the 2021 balance of this account that was cleared in the 2021 DVA proceeding. The error was identified as a six-fold increase in UFG costs at Exhibit E, Tab 1, Schedule 2, in line 9, related to UFG costs for 2021 and in the corresponding totals.<sup>20</sup> The error resulted in UFG costs for 2021 being understated. Enbridge Gas has not sought approval for an updated clearance of the 2021 balance in the account. Instead, Enbridge Gas provided the update to show that the increase in the balance in this account between 2021 and 2022 is smaller than indicated in the pre-filed evidence.

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<sup>19</sup> EB-2022-0200 Decision on Settlement Proposal, August 17, 2023.

<sup>20</sup> I.Staff.8.b

All parties agree that the balance of \$4.729 million, including interest, in the Short-Term Storage and Other Balancing Services Account will be cleared. OEB staff has no concerns with the clearance of this account.

– All of which is respectfully submitted –