



PUBLIC INTEREST ADVOCACY CENTRE
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March 1, 2024

VIA E-MAIL

Ms. Nancy Marconi
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

**Re: EB-2022-0200 Enbridge Gas Inc. (EGI or Enbridge Gas)
2024 Cost of Service Rates
Draft Rate Order Submissions of Vulnerable Energy Consumer Coalition**

In accordance with Procedural Order No. 7 in the above noted proceeding these are the submissions of VECC with respect to the Draft Rate Order (DRO) submitted by EGI.

VECC disagrees with the proposed adjustment of the disallowed integration capital. The Board's Decision reads:

"Enbridge Gas spent \$189 million on integration capital projects during the deferred rebasing term, of which \$70 million has already been depreciated. Enbridge Gas requested that the undepreciated net book value of \$119 million be included in the opening 2024 rate base.

.....

The OEB disallows the addition of the undepreciated integration capital in the amount of \$119 million to rate base. This amount shall not be recoverable from ratepayers. The OEB finds this to be consistent with the intent of the OEB's decision in the MAADs proceeding."

In the DRO EGI proposes to reduce the \$119 million to an amount of \$91 million based on its proposition that the *"... \$119.0 million was an estimate of the undepreciated value of the integration assets calculated by applying OEB-approved depreciation rates to the cost of integration assets."*

To our knowledge this is the first time such a claim has been made in this proceeding. In its argument-in-chief EGI made the following statement: *"Enbridge Gas submits that it is appropriate to include integration capital amounts in 2024 rate base. The total undepreciated integration capital amounts that Enbridge Gas proposes to include in 2024 rate base is \$119 million."* This argument statement was

footnoted to a particular examination at the hearing on August 3, 2023¹. One can find at that reference the following exchange:

MR. RUBENSTEIN: *So let me just be clear: Are you actually putting in or proposing to add to opening rate base, \$119 million? Or is this just a simplified calculation; it is actually a different number?*

MS. DREVENY: *It would be the \$119 million.*

A detailed examination of the transcript of that day shows that after prolonged testing of the evidence on this matter the Applicant did not modify its request to recovery \$119 million.

EGI concluded its case with the following statement in Reply argument:

"Enbridge Gas submits that it is appropriate to include integration capital amounts in 2024 rate base. The total undepreciated integration capital amounts that Enbridge Gas proposes to include in 2024 rate base is \$119 million."

In our view the proposed adjustment of the disallowance of \$119 million in integration capital is selective and made in light of the Board's Decision. It is also lacking in evidentiary support and is entirely untested as to its accuracy or factual basis. As such it is inappropriate to be introduced as part of the DRO process.

Should the Applicant wish to pursue this matter, we submit their appropriate course would be to file a motion to vary the Board's final rate order. If such a motion were granted allowance could then be made for the necessary evidence, discovery, hearing and arguments upon which a reasoned and reasonable decision could be made. To be clear we would most likely oppose such a motion.

We submit the Board should reject the proposed adjustment to the disallowance of integration capital of \$119 million.

These are our respectful submissions.

Yours truly,



Mark Garner
Consultants for VECC/PIAC

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¹ EGI references footnote 243: 14 Tr.155. That is, Transcript August 3, 2023, Volume 14, page 155