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March 1, 2024

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

Dear Ms. Marconi,

RE: EB-2022-0200 - London Property Management Association Comments on Draft Rate Order

On behalf of the London Property Management Association ("LPMA"), I have reviewed the Draft Rate Order ("DRO") filed by Enbridge Gas Inc. ("EGI") on February 16, 2024. I have also had the opportunity to review the comments on the DRO filed earlier today by the School Energy Coalition ("SEC"), the Industrial Gas Users Association ("IGUA")

LPMA's main concern is that there does not appear to be sufficient information and calculations and explanations provided by EGI to conclude that the DRO appropriately reflects the impact of the Decision and Order on Phase 1 of the 2024 Rates Application ("Decision") issued by the OEB on December 21, 2023.

The main areas of concern to LPMA are:

Depreciation – LPMA has reviewed the comments of IGUA with respect to this issue and agrees that further information should be provided by Enbridge to ensure that the Decision has been accurately and appropriately reflected.

Integration Capital – LPMA agrees with the comments of SEC, IGUA and others that there is insufficient information from EGI to reduce the $119 million noted throughout the hearing from Enbridge and noted in the Decision to the figure of $91 million used in the DRO. LPMA notes that parties have not had the opportunity to examine this proposed reduction and even if it is correct, LPMA submits that it is inappropriate for EGI to update this one figure after the Decision has been rendered.

Capital Expenditures – Similar to the comments of SEC, IGUA and others, LPMA notes that there is some confusion about how the $250 million reduction in capital expenditures is to be allocated. That is, the Decision is not clear whether or not the reduction was to the total capital expenditure envelope (as assumed by EGI), or whether it was to be allocated solely to the system renewal budget envelope. LPMA believes that the Board should clarify its intent with respect to the allocation of the $250 million reduction, and if it is to be limited to the system renewal budget, the Board should direct EGI to re-allocation the reduction appropriately.

LPMA also agrees with the SEC comments that EGI has not provided the supporting calculations and/or any information on how the capital expenditure reduction has been translated into the in-service addition reduction.

O&M Adjustment – EGI has made an adjustment to the post-Settlement Proposal revenue deficiency in Table 1 of the DRO of an increase in O&M of $0.9 million. This adjustment, according to EGI, is to reflect the allocation of the $50 million O&M reduction agreed to in the Settlement Proposal between regulated and unregulated costs. LPMA believes that this adjustment should be denied by the Board. The Settlement Proposal figure of a $50 million reduction was for the regulated utility business and not for the unregulated non-utility business. Nothing in the Settlement Proposal suggested that parties were agreeing to changes in non-utility costs.

Site Restoration Cost Variance Account ("SRCVA") – LPMA supports the comments of SEC with respect to the three issues identified it their comments related to the timing of bringing forward an investment policy for the Board's review, the setting of an appropriate interest rate in the interim, and the need for the Board and parties to review and examine any specific methodology related to the calculations and entries that would be made in the proposed account.

Disposition of Property Deferral Account – LPMA believes that the net proceeds from the sale of depreciable property should be included in the proposed Disposition of Property Deferral Account, rather than as a credit to the SRCVA, as proposed by EGI. The EGI proposal may be appropriate, but parties have not had an opportunity to question the difference, if any, in the approaches at this time.

Yours very truly,

Randy Aiken

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Randy Aiken
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c.c. EGI, Regulatory Affairs