

DR QUINN & ASSOCIATES LTD.

VIA RESS & E-MAIL

July 29, 2024

Ontario Energy Board
Attn: Ms. N. Marconi, OEB Registrar
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto ON M4P 1E4

RE: EB-2024-0111 EGI 2024 Rebasing - Phase 2 FRPO Supporting Information for JT3.39

We are writing on behalf of Federation of Rental-housing Providers of Ontario to respond to a request for our calculation of the allocation of capital between the utility and non-utility storage in support of our request of EGI under JT3.39. In order not to get into Argument, nor mis-characterize EGI's position on this matter, we have provided the section of the transcript where in FRPO was seeking EGI to provide their determination of capital allocation using storage allocators (attached as Attachment 2 for easy of the reader).¹

To allow a verification of FRPO's determination of year-end capital balances for utility and the non-utility storage for 2023, beyond the pdf version (Attachment 1), we are providing the Excel sheet, with working formulae, with references to the evidence provided as a starting point. Given the past application of this approach by the OEB, we believe that the determination ought to be easily understood. However, we are available should EGI, staff or other intervenors have questions to clarify the approach.

We seek EGI to verify or correct the math and the resulting allocations to each of the utility and non-utility. Further, in striving to obtain EGI's determination of these figures, EGI did not believe that it was incumbent upon the company to provide this information. We seek to understand EGI's position on concerns related to providing the Board with data from other allocation methodologies than their proposed approach.

Respectfully submitted on behalf of FRPO,

Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

c. EGIRegulatoryProceedings – EGI, Interested Parties EB-2024-0111

¹ Final Transcript for EB-2024-0111 TC3 July 24, 2024, pg. 183-187

ATTACHMENT 1

TO

FRPO Supporting Information for JT3.39

Calculation of 2023 Capital Balances for Storage

Ontario Energy Board

EB-2024-0111

July 29, 2024

ALLOCATION OF 2023 EGI BALANCES

Calculated Non-Utility Allocation	24.5%		47.0%			
	NON-UTILITY	UTILITY	NON-UTILITY	UTILITY	NON-UTILITY	UTILITY
Sub-totals (\$ millions)	EGD	EGD	UGL	UGL	EGI	EGI
GROSS *	169.9	841.3	484.4	951.1		
ACCUM DEP *	(51.2)	(176.3)	(184.3)	(382.6)		
NET	118.6	665.0	300.1	568.5		
TOTAL NET LEGACY UTILITY		783.6		868.6		
NON-UTILITY NET BALANCE	191.6		408.3		599.9	
UTILITY NET BALANCE		592.0		460.2		1,052.3

* Initial Balances provided in Capital Continuity Reports - Exhibit I.1.13-FRPO.10

DETERMINATION OF SPACE AND DELIVERABILITY NON-UTILITY ALLOCATOR

LEGACY UTILITY STORAGE	Year	Utility (PJ)*	Non- Utility (PJ)*	%Non- Utility	Utility (PJ)*	Non- Utility (PJ)*	%Non- Utility	Non-Utility Allocator (%)
UGL	2023	100	87	46.52%	2.1	1.9	47.50%	47.0%
EGD	2023	99	28	21.98%	1.9	0.7	26.92%	24.5%

* Space and Deliverability values sourced from Exhibit I.1.13-SEC-8, Tables 1-4

EGI UTILITY GROSS PLANT
YEAR END BALANCES AND AVERAGE OF MONTHLY AVERAGES
2023 ACTUAL

Line No.	Particulars (\$ Millions)	Opening Balance Dec.2022 (a)	Additions (b)	Retirements (c)	Closing Balance Dec.2023 (d)	Regulatory Adjustment (e)	Utility Balance Dec.2023 (f)	Average of Monthly Averages (g)
<u>Union Rate Zones Underground Storage Plant</u>								
1.	Land (450)	11.0	0.0	-	11.0	-	11.0	11.0
2.	Land rights (451)	32.0	0.0	-	32.0	-	32.0	32.0
3.	Structures and improvements (452)	70.7	1.2	(0.2)	71.8	-	71.8	70.9
4.	Wells (453)	49.2	0.5	-	49.8	-	49.8	49.3
5.	Field Lines (455)	54.3	5.2	(0.0)	59.5	-	59.5	55.7
6.	Compressor equipment (456)	479.1	2.6	-	481.7	-	481.7	480.1
7.	Measuring and regulating equipment (457)	63.1	95.1	-	158.2	-	158.2	74.0
8.	Base pressure gas (458)	36.2	-	-	36.2	-	36.2	36.2
9.	Regulatory Overheads	27.7	23.2	-	50.9	-	50.9	35.0
10.	Sub-Total	823.4	127.9	(0.2)	951.1	-	951.1	844.2
<u>EGD Rate Zone Underground Storage Plant</u>								
1.	Land and gas storage rights (450/451)	48.9	0.0	(0.0)	48.9	(1.0)	47.9	47.9
2.	Structures and improvements (452)	35.3	0.0	(0.1)	35.2	(0.1)	35.2	35.1
3.	Wells (453)	95.8	(0.5)	(0.4)	94.9	-	94.9	94.3
4.	Well equipment (454)	14.1	2.6	(0.1)	16.6	-	16.6	16.2
5.	Field Lines (455)	134.7	136.2	-	270.9	-	270.9	137.4
6.	Compressor equipment (456)	231.5	41.4	-	272.9	(0.5)	272.4	256.3
7.	Measuring and regulating equipment (457)	11.2	59.7	-	70.9	-	70.9	20.0
8.	Base pressure gas (458)	32.4	-	-	32.4	-	32.4	32.4

EGI UTILITY PLANT
CONTINUITY OF ACCUMULATED DEPRECIATION
YEAR END BALANCES AND AVERAGE OF MONTHLY AVERAGES
2023 ACTUAL

Line No.	Particulars (\$ Millions)	Opening Balance Dec.2022 (a)	Additions (b)	Retirements (c)	Costs Net of Proceeds (d)	Closing Balance Dec.2023 (e)	Regulatory Adjustment (f)	Utility Balance Dec.2023 (g)	Average of Monthly Averages (h)
<u>Union Rate Zones Underground Storage Plant</u>									
1.	Land rights (451)	(19.4)	(0.7)	-	-	(20.1)	-	(20.1)	(19.8)
2.	Structures and improvements (452)	(45.6)	(1.8)	0.2	-	(47.2)	-	(47.2)	(46.5)
3.	Wells (453)	(35.4)	(1.2)	-	0.0	(36.6)	-	(36.6)	(36.0)
4.	Field Lines (455)	(30.9)	(1.4)	0.0	-	(32.2)	-	(32.2)	(31.6)
5.	Compressor equipment (456)	(180.7)	(12.9)	-	0.0	(193.6)	-	(193.6)	(187.1)
6.	Measuring & regulating equipment (457)	(44.9)	(2.2)	-	-	(47.1)	-	(47.1)	(45.9)
7.	Regulatory Overheads	(4.8)	(1.0)	-	-	(5.7)	-	(5.7)	(5.2)
8.	Sub-Total	(361.8)	(21.1)	0.2	0.0	(382.6)	-	(382.6)	(372.1)
<u>EGD Rate Zone Underground Storage Plant</u>									
1.	Land and gas storage rights (451)	(27.6)	(0.5)	-	-	(28.1)	-	(28.1)	(27.8)
2.	Structures and improvements (452)	(3.4)	(0.6)	-	(0.0)	(4.0)	0.1	(4.0)	(3.7)
3.	Wells (453)	(16.9)	(1.4)	0.4	-	(17.9)	-	(17.9)	(17.7)
4.	Well equipment (454)	(9.3)	(1.1)	0.1	-	(10.4)	-	(10.4)	(9.9)
5.	Field Lines (455)	(35.9)	(2.1)	-	-	(38.0)	-	(38.0)	(36.9)
6.	Compressor equipment (456)	(63.0)	(6.0)	-	-	(69.0)	0.3	(68.7)	(65.7)
7.	Measuring and regulating equipment (457)	(8.6)	(0.7)	-	-	(9.3)	-	(9.3)	(8.8)
8.	Sub-Total	(164.8)	(12.4)	0.5	(0.0)	(176.7)	0.4	(176.3)	(170.5)

EGI UNREGULATED GAS PLANT
CONTINUITY OF PROPERTY, PLANT AND EQUIPMENT
2023 ACTUAL

Line No.	Particulars (\$ millions)	Opening Balance Dec.2022 (a)	Additions (b)	Retirements (c)	Closing Balance Dec.2023 (d)
<u>EGD Rate Zone Underground Storage Plant</u>					
1.	Land	7.0	(0.2)	-	6.9
2.	Land rights	8.3	-	-	8.3
3.	Structures and improvements	1.5	0.6	-	2.1
4.	Wells	22.9	19.9	-	42.8
5.	Field Lines	31.5	12.3	-	43.8
6.	Compressor equipment	24.2	0.6	-	24.9
7.	Measuring and regulating equipment	22.3	-	-	22.3
8.	Base pressure gas	5.4	-	-	5.4
9.	ARO on oil assets	13.3	-	-	13.3
10.	EGD Rate Zone Total	136.6	33.3	-	169.9
<u>Union Rate Zone Underground Storage Plant</u>					
11.	Land	3.0	0.0	-	3.0
12.	Land rights	30.1	0.0	-	30.1
13.	Structures and improvements	26.3	0.1	-	26.4
14.	Wells and lines	178.9	5.2	(0.1)	183.9
15.	Compressor equipment	176.5	1.8	-	178.3
16.	Measuring and regulating equipment	31.3	1.4	-	32.7
17.	Base pressure gas	30.0	-	-	30.0
18.	Other equipment	-	-	-	-
19.	UGL Rate Zone Total	476.1	8.5	(0.1)	484.4

EGI UNREGULATED GAS PLANT
CONTINUITY OF ACCUMULATED DEPRECIATION
2023 ACTUAL

Line No.	Particulars (\$ millions)	Opening Balance Dec.2022 (a)	Additions (b)	Retirements (c)	Costs Net of Proceeds (d)	Closing Balance Dec.2023 (e)
<u>EGD Rate Zone</u>						
1.	Land rights	(7.5)	(0.6)	-	-	(8.1)
2.	Structures and improvements	(0.3)	(1.0)	-	-	(1.3)
3.	Wells	(5.4)	(3.7)	-	-	(9.1)
4.	Field Lines	(6.5)	(0.8)	-	-	(7.3)
5.	Compressor equipment	(7.9)	(0.7)	-	-	(8.5)
6.	Measuring and regulating equipment	(11.4)	2.8	-	-	(8.5)
7.	ARO Depelction on Oil and Gas	(3.8)	(4.5)	-	-	(8.3)
8.	EGD Rate Zone Total	(42.8)	(8.4)	-	-	(51.2)
<u>Union Rate Zone Underground Storage Plant</u>						
9.	Land rights	(13.5)	(0.6)	-	-	(14.1)
10.	Structures and improvements	(14.8)	(0.7)	-	-	(15.5)
11.	Wells and lines	(54.8)	(3.4)	0.1	(0.1)	(58.2)
12.	Compressor equipment	(76.0)	(4.2)	-	-	(80.2)
13.	Measuring & regulating equipment	(15.7)	(0.6)	-	-	(16.4)
14.	UGL Rate Zone Total	(174.9)	(9.5)	0.1	(0.1)	(184.3)

ATTACHMENT 2

TO

FRPO Supporting Information for JT3.39

Transcript Reference in Support of Undertaking

Ontario Energy Board

EB-2024-0111

July 29, 2024

1 MR. QUINN: Thank you. If we can, move to FRPO-13,
2 please, Angela. I thought there would be an earnest, young
3 rep on the panel, so I am going to make a statement and
4 somebody from Enbridge hopefully can confirm it.

5 Ernst & Young was not asked to recommend or prepare
6 any other allocation methodology to -- in its work in
7 reviewing the Enbridge harmonization methodology. Is that
8 correct?

9 MR. VINAGRE: Jason Vinagre. That is correct.

10 MR. QUINN: Okay. Thank you. That simplifies things.
11 Okay. However, we would like to propose an allocator. And
12 we struggled through the first part of this, and I thought
13 this would be easier, but the Board used a blended
14 allocator in the allocation of assets rate from the Union
15 2005-0520 and then used that as a basis to move forward in
16 NGEIR.

17 We would like that Enbridge provide, using a blended
18 allocator of space and deliverability, updated to the year-
19 end 2023, what is the resulting allocation of capital gross
20 and net for both the utility and the non-utility.

21 MR. STEVENS: Without agreeing to do all that work,
22 Dwayne, I think we need to first understand what it is that
23 you are requesting. You are asking for things to be rerun,
24 using a blended allocator. Can you explain that a little
25 bit more, please?

26 MR. QUINN: Take your year-end capital continuity
27 tables -- those were provided to us, and we appreciate
28 that. We have the continuity tables starting in 2013 in

1 one and to 2014 in the other. But year-end, that is what I
2 am trying do here, David, is to actually simplify this for
3 you. That is: Starting with the end point in 2023, there
4 is capital that both Enbridge legacy as to the non-utility
5 and utility, Union Gas legacy as utility and non-utility,
6 and what -- in those capital continuity tables, it has both
7 the gross amount and the accumulated depreciation.

8 Starting from that point, the year-end 2023, use a
9 blended allocator which reflects the current space and
10 deliverability of the respective legacy utilities and
11 allocate the capital according to those, to that blended
12 allocator, consistent with what the Board did and approved
13 back in 2005-0520.

14 MR. STEVENS: Just to be clear, which capital is it
15 that is being allocated?

16 MR. QUINN: The storage capital. All of this is
17 related to storage.

18 MR. STEVENS: No, I understand, but are you talking
19 about rerunning the one-time split, like starting from
20 scratch? I don't know which capital you are speaking of.

21 MR. QUINN: Well, that is what I am saying, David.
22 I'm ask -- I could ask for starting from scratch, and you
23 can do that if you would prefer.

24 But I am saying start at the end of 2023. Start at
25 the end of the book, and you see how it turns out, but, at
26 that point, you do have both capital and you have
27 accumulated depreciation based upon what you have done in
28 those tables over time. But, instead of doing that, you

1 will know what your gross total capital is and you can
2 apply a blended allocator to the respective legacy
3 utilities based upon their respective capabilities for
4 space and deliverability as a blended allocator.

5 MR. STEVENS: Sorry. So you are asking Enbridge to
6 run a new allocation approach, using end-of-2023 results
7 and using a different allocator, to reallocate all of the
8 various -- every single storage asset on just some sort of
9 blended rate basis?

10 MR. QUINN: On the blended allocator based upon space
11 and deliverability. It is but an hour exercise, David. I
12 did it myself.

13 MR. STEVENS: If you would like to send that to us,
14 then we can undertake to provide our comments on what you
15 send to us. I don't think -- I mean there is no basis, in
16 my respectful view, there is no basis on which the OEB
17 could approve this approach based on an undertaking
18 response, and I think we are just opening the door for
19 discussions that aren't going to go anywhere by providing
20 this work.

21 MR. QUINN: Well, David, respectfully, Enbridge
22 proposed this is the way they would allocate the capital
23 after 10 years of deferred rebasing. I am saying that
24 there is an alternative method, which has been used by the
25 Board in the past, and I am asking you to calculate that.
26 It is fairly simple. If you want me to send a spreadsheet,
27 I can submit it formally, and you can then vet it, change
28 it, whatever you want with it.

1 But we would like a response as to: Are the numbers
2 correct, or what would the numbers be based upon your basis
3 and approach to a blended allocator based upon space and
4 deliverability?

5 MR. STEVENS: I am not comfortable engaging in the
6 notion that there are going to be alternatives before the
7 Board based on an undertaking response, Dwayne. You
8 haven't proposed to put forth any evidence in this case.
9 It is just -- it is a path that is not going to be, in my
10 respectful submission, useful for the OEB in determining an
11 outcome. To come up with an entirely different allocation
12 approach that rewrites history requires a full proposal,
13 not an undertaking response.

14 MR. QUINN: It is not a full proposal. It is a
15 recalculation, David, as I said. If you want me to send
16 it, I will send it, but it doesn't change any history.
17 Your rates have not been based upon the capital and those
18 continuity tables over time. We want them to have
19 continuity so we understand the evolution, and we are just
20 saying at this point: What is the appropriate methodology
21 for the allocation of assets between the utility and non-
22 utility. And space and deliverability has been used
23 before, and we are asking to see what it looks like if it
24 is used again.

25 MR. STEVENS: One moment, please.

26 MR. QUINN: Thank you.

27 [Witness panel confers.]

28 MR. STEVENS: Thank you, Dwayne. If you choose to do

1 so, if you would choose to file your analysis and ask
2 Enbridge Gas to provide comments, then we are certainly
3 prepared to do that, and we will do it as quickly as we
4 can. I can't promise, depending on when it is received and
5 how complicated it is, whether we will hit the August 1st
6 deadline.

7 But we can provide comments and impressions. Whether
8 that extends to confirming or not confirming the math and
9 numbers I think depends on us first having an understanding
10 of the approach that is put forward.

11 But, in terms of Enbridge Gas running the calculations
12 that you are asking for, that is not something that we are
13 prepared to agree to do.

14 MR. QUINN: Okay. Catherine, can we have an
15 undertaking number to capture what David has said as their
16 commitment? And FRPO will file this to the Board. I will
17 have to tidy up how the Excel spreadsheets looks, but I
18 will stick with the same spreadsheet I have got now.

19 MS. NGUYEN: JT3.39.

20 **UNDERTAKING JT3.39: TO PROVIDE A RESPONSE WITH**
21 **COMMENTS TO MR. QUINN'S ANALYSIS**

22 MR. QUINN: Thank you.

23 MS. NGUYEN: Dwayne, can we just get a sense of where
24 you are on time?

25 MR. QUINN: Late, but besides that, Catherine -- I
26 think you already know that -- I have one more area of
27 questions that might be able to be done in 10 minutes.

28 MS. NGUYEN: Okay. Thank you.