DEFERRAL AND VARIANCE ACCOUNT OVERVIEW

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1. The purpose of this evidence is to support Enbridge Gas's request for deferral and variance account (D&VA) changes, including proposed harmonization and other changes to existing accounts, establishment of new accounts, and account closures. Enbridge Gas is also proposing to adjust the naming conventions of the accounts to distinguish between a deferral and a variance account[1] and chronologically number the D&VAs for ease in referencing. The proposed changes result in a decrease to the total number of D&VAs from 63 existing D&VAs to 36 /u D&VAs for Enbridge Gas.

2. As part of the MAADs Decision[2], the OEB approved the continuation of certain existing D&VAs during the deferred rebasing term from 2019 to 2023. These D&VAs have continued for each of the EGD and Union rate zones, while other accounts have been established for Enbridge Gas or closed since amalgamation. Descriptions of the existing D&VAs are provided at Attachment 1.

3. A summary of proposals for D&VAs is provided at Attachment 2. The summary provides a comparison of existing D&VAs and proposed D&VAs, as well as a reference to the Company's proposals for harmonization, other changes, new accounts, and account closures. The proposed accounting orders reflecting

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[1] Enbridge Gas has termed deferral and variance accounts consistent with the OEB's Handbook for Utility Rate Applications (October 2016) Appendix 2, Glossary of Terms: Variance Accounts track the difference between the forecast cost of a project or program, which has been included in rates, and the actual cost. Deferral Accounts track the cost of a project or program which the utility could not forecast when the rates were set.
[2] EB-2017-0306/EB-2017-0307, OEB Decision and Order, September 17, 2018.

requested harmonization and other changes are provided at Attachment 3 and a listing of proposed Enbridge Gas D&VAs with updated account numbers is provided at Attachment 4.

4. The proposed changes to the D&VAs are effective January 1, 2024[3], and it is Enbridge Gas's expectation that the D&VAs will continue to be in effect throughout the 2025 to 2028 IR term unless otherwise noted in evidence. Existing D&VAs will continue to accumulate balances consistent with current treatment up to and including December 31, 2023. As part of the 2023 Earnings Sharing and D&VA proceeding, Enbridge Gas will propose to dispose of all 2023 D&VA balances in 2024, with exception of the specific D&VAs that are requested for final disposition within this Application[4], as provided at Exhibit 9, Tab 2, Schedule 1. Gas supply D&VAs will transition to the new D&VAs beginning January 1, 2024, as part of the Quarterly Rate Adjustment Mechanism (QRAM) Applications.

5. The proposals to harmonize the D&VAs are appropriate on the basis that Enbridge Gas, as an amalgamated entity, no longer requires separate D&VAs for the EGD and Union rate zones and is no longer tracking separate costs for each rate zone. Further, harmonization of D&VAs aligns with other harmonization efforts proposed as part of this Application, such as various operating, financial, cost allocation, services, and rate design. The harmonization and other proposed changes for D&VAs results in the following benefits:

[3] The following accounts will be effective January 1, 2024; however, no balances will be recorded until after 2024 as described: Earnings Sharing Mechanism Deferral Account will not apply to the year rates are set based on the cost of service; and Rate Harmonization Variance Account will apply with the rate harmonization implementation dates of 2025 for general service customers, and 2026 for contract service customers.

[4] Enbridge Gas is seeking final disposition of the Impacts Arising from the COVID-19 Emergency Deferral Account, Transitional Impact of Accounting Changes Deferral Account, and Transitional Pension Balance. The remaining accounts proposed for disposition as part of this Application are on an interim basis.

a) Ease of administration by reducing the total number of D&VAs and avoidance of inconsistency between accounts, resulting in more efficient utility reporting and regulatory processes.
b) Consistency in tracking and disposing of account balances by implementing common allocation approaches to ensure similar cost responsibility for similar customers and services.
c) Simplification by providing consistent account descriptions, resulting in less time and effort to review and understand the D&VAs for all parties.

6. The DVA (Exhibit 9, Tab 1) evidence is organized as follows:

Exhibit 9, Tab 1, Schedule 1	Deferral and Variance Account Overview
Exhibit 9, Tab 1, Schedule 2	Harmonization and Other Proposed Changes
Exhibit 9, Tab 1, Schedule 3	Establishment of New Deferral and Variance Accounts
Exhibit 9, Tab 1, Schedule 4	Deferral and Variance Account Closures

DESCRIPTION OF EXISTING DEFERRAL AND VARIANCE ACCOUNTS

1. The purpose of this evidence is to provide a description of existing deferral and variance accounts (D&VAs). The existing D&VAs are listed in the same order as the Summary of Proposals for D&VAs provided at Exhibit 9, Tab 1, Schedule 1, Attachment 2 and are organized in this evidence as follows:
    1. EGD Rate Zone – Existing Deferral and Variance Accounts
    2. Union Rate Zones – Existing Deferral and Variance Accounts
    3. Enbridge Gas – Existing Deferral and Variance Accounts

1. EGD Rate Zone – Existing Deferral and Variance Accounts

1.1. Purchase Gas Variance Account (PGVA) (Account No. 179-70_)

2. This account records the effect of price variances between actual gas purchase prices and the forecast prices that underpin the rates to be charged throughout the fiscal year.

1.2. Transactional Services Deferral Account (TSDA) (Account No. 179-80_)

3. This account records the incremental ratepayer share of net revenue from transportation and storage-related transactional services, to be shared 90/10 between EGD rate zone ratepayers and shareholders. If the ratepayer share of transactional services net revenues exceeds $12 million, then such amounts over $12 million will be credited to the TSDA. If the ratepayer share of transactional services net revenues is less than $12 million, the Company will be credited with the difference between the actual ratepayer share of TS net revenues and $12 million, which would be reflected as a debit in the TSDA.

1.3. Unaccounted for Gas Variance Account (Account No. 179-86_)

4. This account records the cost of gas that is associated with volumetric variances between the actual volume of unaccounted for gas and the OEB-approved unaccounted for gas volumetric forecast.

1.4. Storage and Transportation Deferral Account (Account No. 179-88_)

5. This account records the difference between the forecast of Storage and Transportation rates (both cost of service and market-based pricing) included in rates and actual Storage and Transportation costs (both cost of service and market-based pricing) incurred by the Company. The account records variances between the forecast Storage and Transportation rebate programs and the final rebates received. The account records the variance between the forecast Storage and Transportation demand levels and the actual Storage and Transportation demand levels. The account records amounts related to deferral account dispositions received or invoiced from Storage and Transportation suppliers. It also records the variance between the forecasted commodity cost for fuel and the updated QRAM Reference Price.

1.5. Gas Distribution Access Rule (GDAR) Impact Deferral Account (Account No. 179-20_)

6. This account records all incremental unbudgeted capital and operating impacts associated with the development, implementation, and operation of the GDAR and any ongoing amendments to the rule.

1.6. Deferred Rebate Account (Account No. 179-00_)

7. This account records any amounts payable to, or receivable from, customers because of the clearing of deferral and variance accounts authorized by the OEB which remain outstanding due to the Company's inability to locate such customers.

1.7. Pension and Other Post-Employment Benefits (OPEB) Forecast Accrual Versus Actual Cash Payment Differential Variance Account (Account No. 179-36_)

8. This account tracks the variance between the Company's forecast accrual pension and OPEB amounts recovered in rates, and the actual cash payments made during the fiscal year. When the cumulative accrual amount exceeds the cumulative cash payments, carrying charges will accrue to be returned to ratepayers.

1.8. Incremental Capital Module (ICM) Deferral Account (Account No. 179-500)

9. This account records on a project-by-project basis, the difference between the actual revenue requirement for the approved EGD rate zone ICM projects, and the actual revenues collected through ICM rates approved by the OEB for the EGD rate zone.

1.9. Facility Carbon Charge Variance Account (Account No. 179-503)

10. This account records the variance between actual facility carbon costs and actual facility costs recovered in rates as approved by the OEB.

1.10. Customer Carbon Charge Variance Account (Account No. 179-502)

11. This account records the variance between actual customer carbon levy amounts and the actual customer carbon levy amounts recovered in rates as approved by the OEB.

1.11. Greenhouse Gas Emissions Administration Deferral Account (Account No. 179-501)

12. This account records the administration costs associated with the impacts of federal and provincial regulations related to greenhouse gas emission requirements.

1.12. Average Use True-up Variance Account (Account No. 179-66_)

13. This account records (trues-up) the revenue impact, exclusive of gas costs, of the difference between the forecast of average use per customer, for general service rate classes (Rate 1/ Rate 6), embedded in the volume forecast that underpins Rates 1/Rate 6 and the actual weather normalized average use experienced during the year.

1.13. Transition Impact of Accounting Change Deferral Account (Account No. 179-02_)

14. This account tracks the un-cleared balance of the accrual-based OPEB costs which needed to be recognized as part of EGD transitioning to US GAAP for corporate purposes in 2012. An amount of $88.7 million was recorded in the TIACDA in 2012, and as approved by the OEB is being recovered over a 20-year period, between 2013 and 2032. The balance is being drawn down and cleared to ratepayers by $4.4 million annually (1/20 of $88.7 million) until the clearance is complete.

1.14. Ex-Franchise Third Party Billing Services Deferral Account (Account No. 179-08_)

15. This account records and tracks the ratepayer portion of revenues, net of incremental costs, generated from third party billing services provided to ex-franchise parties. The net revenue is shared on a 50/50 basis with ratepayers.

1.15. Renewable Natural Gas (RNG) Injection Service Variance Account (Account No. 179-12_)

16. This account records the annual revenue deficiency/sufficiency related to the provision of RNG Injection Services to RNG producers. The calculation of any annual revenue deficiency/sufficiency will be calculated as the difference between actual revenues generated under Rate 401 (RNG Injection Service) and the actual revenue requirement impact of the costs incurred (on a fully allocated basis) to provide those services.

1.16. Dawn Access Costs Deferral Account (Account No. 179-40_)

17. This account records the revenue requirement impact of the incremental costs incurred to implement the Dawn Transportation Service, including the costs for required system changes. In addition, in accordance with EGD's 2017 Rate Application Settlement Proposal[1], the revenue requirement related to additional costs incurred to accommodate the heat value conversion modification, which was implemented in conjunction with the Dawn Transportation Service system development process, are also recorded within this account.

1.17. Open Bill Revenue Variance Account (Account No. 179-48_)

18. This account tracks and records the ratepayer share of net revenue for Open Bill Services. The account allows for net annual revenue amounts greater than $7.389 million to be shared 50/50 with ratepayers and allows for a credit to Enbridge Gas if net annual revenues are less than $4.889 million, equal to the shortfall between actual net revenues and $4.889 million.

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[1] EB-2016-0215.

1.18. OEB Cost Assessment Variance Account (Account No. 179-94_)

19. This account records any variance between the OEB costs assessed to Enbridge Gas under the prior cost assessment model (prior to April 1, 2016), which are included in rates, and the OEB costs assessed to Enbridge Gas under the new OEB cost assessment model (effective April 1, 2016). The account is subject to a $1 million materiality threshold.

2. Union Rate Zones – Existing Deferral and Variance Accounts

2.1. Union South PGVA (Account No. 179-106)

20. This account records the difference between the unit cost of gas purchased each month for the Union South rate zone and the unit cost of gas included in the gas sales rates as approved by the OEB, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates.

2.2 Union North West PGVA (Account No. 179-147)

21. This account records the difference between the unit cost of gas purchased each month for the Union North West delivery areas and the unit cost of gas included in the gas sales OEB-approved rates, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates.

2.3 Union North East PGVA (Account No. 179-148)

22. This account records the difference between the unit cost of gas purchased each month for the Union North East delivery areas and the unit cost of gas included in the gas sales OEB-approved rates, including the difference between the actual heat

content of the gas purchased and the forecast heat content included in gas sales rates.

2.4 Transportation Tolls and Fuel – Union North West Operations Area (Account No. 179-145)

23. This account records the difference in the costs between the actual cost of the transportation portfolio to service the Union North West delivery areas including associated fuel costs and the forecast cost of the transportation portfolio to serve these areas including associated fuel costs as approved by the OEB. It also includes charges that result from the LBA and revenue from T-Service customers for load balancing services resulting from the LBA.

2.5. Transportation Tolls and Fuel – Union North East Operations Area (Account No. 179-146)

24. This account records the difference in the costs between the actual cost of the transportation portfolio to service the Union North East delivery areas including associated fuel costs and the forecast cost of the transportation portfolio to serve these areas including associated fuel costs as approved by the OEB. It also includes charges that result from the Limited Balancing Agreement (LBA) and revenue from T-Service customers for load balancing services resulting from the LBA.

2.6. Spot Gas Variance Account (Account No. 179-107)

25. This account records the difference between the unit cost of spot gas purchased each month and the unit cost of gas included in the gas sales rates as approved by the OEB on the spot volumes purchased in excess of planned purchases.

2.7. Unabsorbed Demand Cost (UDC) Variance Account (Account No. 179-108)

26. This account records the difference between the actual unabsorbed demand costs incurred and the amount of unabsorbed demand charges included in rates as approved by the OEB. This account also records the benefit from the temporary assignment of unutilized capacity under the Company's transportation contracts to the Union North rate zone.

2.8. Inventory Revaluation Account (Account No. 179-109)

27. This account records changes in the value of gas inventory available for sale to sales service customers resulting from changes in the Union rate zones weighted average cost of gas approved by the OEB for rate making purposes.

2.9. Upstream Transportation Optimization (Account No. 179-131)

28. This account records the variance between the ratepayer's 90% share of actual net revenues from optimization activities, and the amount credited to ratepayers in rates.

2.10. Base Service North T-Service TransCanada Capacity Deferral Account (Account No. 179-153)

29. This account records the differences between revenues and costs for the excess capacity from Parkway to Enbridge Gas's Point of Receipt as part of the Base Service offering of the North T-Service Transportation from Dawn.

2.11. Unaccounted for Gas (UFG) Volume Variance Account (Account No. 179-135)

30. This account records the difference between the UFG recovered in revenue at rates approved by the OEB and the actual cost of UFG expensed, in excess of $5 million.

2.12. UFG Price Variance Account (Account No. 179-141)

31. This account records the variance between the actual price of Enbridge Gas's purchases and the applicable OEB-approved reference price, applied to Enbridge Gas's actual experienced UFG volumes.

2.13. GDAR Costs (Account No. 179-112)

32. This account records the difference between the actual costs required to implement the appropriate process and system changes to achieve compliance with GDAR and the costs included in rates as approved by the OEB.

2.14. Deferral Clearing Variance Account (Account No. 179-132)

33. This account records amounts arising from differences between actual and forecast volumes used for the purposes of clearing non-gas commodity deferral account, earnings sharing, and other balances.

2.15. Parkway Obligation Rate Variance (Account No. 179-138)

34. This account records the rate variances associated with the timing differences between the effective date of the Parkway Delivery Obligation changes and the temporary capacity and the inclusion of the cost impacts in approved rates (January 1 of the following year).

2.16. Unauthorized Overrun Non-Compliance (Account No. 179-143)

35. This account records any unauthorized overrun non-compliance charges incurred by interruptible distribution customers for not complying with a distribution interruption.

2.17. Pension and OPEB Forecast Accrual Versus Actual Cash Payment Differential Variance Account (Account No. 179-157)

36. This account tracks the variance between the Company's forecast accrual pension and OPEB amounts recovered in rates for Union rate zones, and the actual cash payments made during the fiscal year. When the cumulative accrual amount exceeds the cumulative cash payments, carrying charges will accrue to be returned to ratepayers.

2.18. ICM Deferral Account (Account No. 179-159)

37. This account records on a project-by-project basis, the difference between the actual revenue requirement for the Union rate zones approved ICM projects, and the actual revenues collected through ICM rates approved by the OEB for the Union rate zones.

2.19. Facility Carbon Charge Variance Account (Account No. 179-420)

38. This account records the variance between actual facility carbon costs and actual facility costs recovered in rates as approved by the OEB.

2.20. Customer Carbon Charge Variance Account (Account No. 179-421)

39. This account records the variance between the actual customer carbon levy amounts and the actual customer carbon levy amounts recovered in rates as approved by the OEB.

2.21 Greenhouse Gas Emissions Administration Deferral Account (Account No. 179-422)

40. This account records the administration costs associated with the impacts of federal and provincial regulations related to greenhouse gas emission requirements.

2.22. Normalized Average Consumption (NAC) Account (Account No. 179-133)

41. This account records the variance in revenue and costs resulting from the difference between forecast NAC included in rates as approved by the OEB and actual NAC for general service rate classes Rate M1, Rate M2, Rate 01, and Rate 10.

2.23. OEB Cost Assessment Variance Account (Account No. 179-151)

42. This account records any differences between OEB cost assessments currently built into OEB-approved rates, and cost assessments resulting from the application of the cost assessment model effective April 1, 2016. The account is subject to a $1 million materiality threshold.

2.24. Short-term Storage and Other Balancing Services Deferral Account (Account No. 179-70)

43. This account records the utility portion of actual net revenues for Short-term Storage and Other Balancing Services, less a 10% shareholder incentive to provide these services, and less the net revenue forecast for these services as approved by the OEB for rate-making purposes.

2.25. Unbundled Services Unauthorized Storage Overrun Deferral Account (Account No. 179-103)

44. This account records any unauthorized storage overrun charges incurred by customers electing unbundled services.

2.26. Brantford-Kirkwall/Parkway D Project Costs (Account No. 179-137)

45. This account records the difference between the actual revenue requirement related to the costs for the Brantford-Kirkwall Parkway D Project and the revenue requirement included in rates approved by the OEB.

2.27. Burlington-Oakville Project Costs (Account No. 179-149)

46. This account records the difference between the actual revenue requirement related to the costs for the Burlington-Oakville Project and the revenue requirement included in rates approved by the OEB.

2.28. Dawn H/Lobo D/Bright C Compressor Project Costs (Account No. 179-144)

47. This account records the difference between the actual revenue requirement related to the costs for the Dawn H/Lobo D/Bright C Compressor Project and the revenue requirement included in rates approved by the OEB.

2.29. Lobo C Compressor/Hamilton-Milton Pipeline Project Costs (Account No. 179-142)

48. This account records the difference between the actual revenue requirement related to the costs for the Lobo C Compressor/Hamilton-Milton Pipeline Project and the revenue requirement included in rates approved by the OEB.

2.30. Panhandle Reinforcement Project Costs (Account No. 179-156)

49. This account records the difference between the actual revenue requirement related to the costs for the Panhandle Reinforcement Project and the revenue requirement included in rates approved by the OEB.

2.31. Parkway West Project Costs (Account No. 179-136)

50. This account was established to record the difference between the actual revenue requirement related to the costs for the Parkway West Project and the revenue requirement included in rates approved by the OEB.

2.32. Sudbury Replacement Project Costs (Account No. 179-162)

51. This account records the difference between the actual revenue requirement related to the costs for the Sudbury Replacement Project and the revenue requirement included in rates approved by the OEB.

3. Enbridge Gas – Existing Deferral and Variance Accounts

3.1. Earnings Sharing Mechanism Deferral Account (Account No. 179-382)

52. This account records the ratepayer share of actual (not weather normalized) utility earnings that result from the application of the earnings sharing mechanism. If the actual utility return on equity (ROE) exceeds the OEB-approved ROE by more than 150 basis points, the excess earnings will be shared equally (i.e., 50/50) between the Company's ratepayers and shareholders.

3.2. Tax Variance Deferral Account (Account No. 179-383)

53. This account records 50% of the revenue requirement impact of any tax rate changes, versus the tax rates included in rates, that affect Enbridge Gas. This account also records 100% of the revenue requirement impact of any changes in Capital Cost Allowance (CCA) rules that are not reflected in base rates. Tax rate and CCA rule change impacts captured through other deferral account mechanisms are excluded from this account.

3.3. Expansion of Natural Gas Distribution Systems Variance Account (Account No. 179-380)

54. This account records excess amounts collected and remitted to the Independent Electricity Systems Operator (IESO) above the required funding for the Expansion of Natural Gas Distribution Systems, in accordance with Section 4 of Ontario Regulation 24/19.

3.4. Integrated Resource Planning (IRP) Operating Costs Deferral Account (Account No. 179-385)

55. This account records incremental IRP general administrative costs, as well as incremental operating and maintenance costs and ongoing evaluation costs for approved IRP Plans. Operating costs would include enabling payments to service providers, made as part of approved IRP Plans.

3.5. IRP Capital Costs Deferral Account (Account No. 179-386)

56. This account records the actual annual revenue requirement of project costs eligible to be capitalized for inclusion in rate base as part of approved IRP Plans (where Enbridge Gas owns and operates the IRP Alternatives).

3.6. Green Button Initiative Deferral Account (Account No. 179-387)

57. This account records incremental costs directly attributable to the implementation of the Green Button initiative.

3.7. Demand Side Management (DSM) Variance Account (Account No. 179-313)

58. This account records the difference between the actual DSM spend for the fiscal year and the budgeted amount in rates, as well as any amounts over and above the budget included in rates, which occurs as a result of OEB decisions in ongoing or

upcoming DSM proceedings, will be included in this account. The account also tracks forecast commitments for customer incentive payments and program costs for future periods.

3.8. Lost Revenue Adjustment Mechanism Variance Account (Account No. 179-314)

59. This account records the amount of distribution margin gained or lost when Enbridge Gas's DSM programs are less or more successful than budgeted in the fiscal year.

3.9 Conservation Demand Management Deferral Account (Account No. 179-315)

60. This account records the ratepayer share of all net revenues generated by DSM services provided for Conservation Demand Management activities. The ratepayer share is 50% of net revenues, using fully allocated costs.

3.10. DSM Incentive Deferral Account (Account No. 179-316)

61. This account records the actual amount of the shareholder incentive earned by the Company resulting from its DSM programs.

3.11. Natural Gas Reduction Incentive Deferral Account (Account No. 179-327) /u

62. This account records the actual end-of-term shareholder incentive amount earned by Enbridge Gas if its DSM programs result in the achievement of specified targeted natural gas sales reductions over the 2023 through 2025 DSM plan term.

3.12. Accounting Policy Changes Deferral Account (Account No. 179-381) /u

63. This account records the impact of any accounting changes that affect revenue requirement, which are required because of the amalgamation of EGD and Union into Enbridge Gas.

3.13. Impacts Arising from the COVID-19 Emergency Deferral Account (Account No. 179-384) /u

64. This account records incremental costs and lost revenues related to the COVID-19 pandemic.

Deferral and Variance Accounts
Summary of Proposals

Line No.	Enbridge Gas - Proposed Accounts	Proposed Treatment	EGD Rate Zone - Existing Accounts	Union Rate Zones - Existing Accounts	Enbridge Gas - Existing Accounts	Evidence Reference	
	(a)	(b)	(c)	(d)	(e)	(f)	
	Gas Supply (QRAM) Accounts						
1	Purchase Gas Variance Account	Harmonize	Purchase Gas Variance Account	Union South Purchase Gas Variance Account			
2	Third-Party Transportation Variance Account			Union North West Purchase Gas Variance Account			
3	Load Balancing Variance Account			Union North East Purchase Gas Variance Account			
4	Inventory Revaluation Variance Account			Transportation Tolls and Fuel - Union North West Operations Area		Exhibit 9, Tab 1, Schedule 2	
5				Transportation Tolls and Fuel - Union North East Operations Area			
6				Spot Gas Variance Account			
7				Unabsorbed Demand Costs Variance Account			
8				Inventory Revaluation Account			
	Gas Supply (Annual) Accounts						
9	Upstream Transportation Optimization Variance Account	Harmonize	Transactional Services Deferral Account	Upstream Transportation Optimization Deferral Account		Exhibit 9, Tab 1, Schedule 2	
10	Transportation from Dawn Service Deferral Account	Other Changes		Base Service North T-Service TransCanada Capacity Account			
11	Unaccounted for Gas Variance Account	Harmonize	Unaccounted for Gas Variance Account	Unaccounted for Gas Variance Account			
12				Unaccounted for Gas Price Variance Account			
13	Market-Based Storage Variance Account	Other Changes	Storage and Transportation Deferral Account				
	Non-Gas Supply (Annual) Accounts						
14	Gas Distribution Access Rule Deferral Account	Harmonize	Gas Distribution Access Rule Impact Deferral Account	Gas Distribution Access Rule Costs Deferral Account			
15	Deferral Clearing Variance Account	Harmonize	Deferred Rebate Account	Deferral Clearing Variance Account			
16	Parkway Delivery Obligation Variance Account	Other Changes		Parkway Obligation Rate Variance Account			
17	Unauthorized Overrun Non-Compliance Deferral Account	Harmonize	Purchase Gas Variance Account	Unauthorized Overrun Non-Compliance Account		Exhibit 9, Tab 1, Schedule 2	
18	Pension and OPEB Variance Account	Harmonize	Pension and OPEB Forecast Accrual vs. Actual Cash Payments Differential Variance Account	Pension and OPEB Forecast Accrual vs. Actual Cash Payments Differential Variance Account			
19	Incremental Capital Module Deferral Account	Harmonize	Incremental Capital Module Deferral Account	Incremental Capital Module Deferral Account			
20	Facility Carbon Charge Variance Account	Harmonize	Facility Carbon Charge Variance Account	Facility Carbon Charge Variance Account			
21	Customer Carbon Charge Variance Account	Harmonize	Customer Carbon Charge Variance Account	Customer Carbon Charge Variance Account			
22	Greenhouse Gas Emissions Administration Variance Account	Harmonize	Greenhouse Gas Emissions Administration Deferral Account	Greenhouse Gas Emissions Administration Deferral Account			
23	Volume Variance Account	Harmonize	Average Use True-up Variance Account	Normalized Average Consumption Account			
24	Earnings Sharing Mechanism Deferral Account	Other Changes			Earnings Sharing Mechanism Deferral Account		
25	Tax Variance Account	Other Changes			Tax Variance Deferral Account		
26	Expansion of Natural Gas Distribution Systems Variance Account	No Change			Expansion of Natural Gas Distribution Systems Variance Account		
27	Integrated Resource Planning Operating Cost Deferral Account	No Change			Integrated Resource Planning Operating Cost Deferral Account	Exhibit 9, Tab 1, Schedule 2	
28	Integrated Resource Planning Capital Cost Deferral Account	No Change			Integrated Resource Planning Capital Cost Deferral Account		
29	Green Button Initiative Deferral Account	No Change			Green Button Initiative Deferral Account		
30	DSM Deferral and Variance Accounts (Various)	No Change			DSM Deferral and Variance Accounts (Various)		
31	Energy Transition Technology Fund Variance Account	New					
32	Rate Harmonization Variance Account	New					
33	Dawn Parkway Surplus Capacity Deferral Account	New				Exhibit 9, Tab 1, Schedule 3	
34	Locate Delivery Services Variance Account	New					
35	Open Bill Extension Deferral Account	New					
36	Enhanced Distribution Integrity Management Program Deferral Account	New					
37	Post-Retirement True-Up Variance Account	New					/u
38		Close	Transition Impact of Accounting Changes Deferral Account				/u
39		Close	Ex-Franchise Third Party Billing Services Deferral Account				/u
40		Close	Renewable Natural Gas Injection Service Variance Account				/u
41		Close	Dawn Access Cost Deferral Account				/u
42		Close	Open Bill Revenue Variance Account			Exhibit 9, Tab 1, Schedule 4	/u
43		Close	OEB Cost Assessment Variance Account	OEB Cost Assessment Variance Account			/u
44		Close		Short-term Storage and Other Balancing Services Deferral Account			/u
45		Close		Unbundled Services Unauthorized Storage Overrun Deferral Account			/u
46		Close		Capital Pass-through Project Deferral Accounts (Various)			/u
47		Close			Accounting Policy Changes Deferral Account		/u
48		Close			Impacts Arising from the COVID-19 Emergency Deferral Account		/u

ENBRIDGE GAS INC.

Accounting Entries for
Purchase Gas Variance Account
Account No. 179-101

This account records the difference between the actual unit cost of gas purchased and the unit cost of gas included in rates as approved by the OEB, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates. Costs to be recovered include purchase price variances on gas supply purchases, upstream transportation and associated fuel costs attributable to providing sales service.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-101 Purchase Gas Variance Account
Credit	-	Account No. 623 Cost of Gas

To record, as a debit/(credit) in the account, the difference between the unit cost of gas included in rates as approved by the OEB and the actual unit cost of gas purchased.

Debit	-	Account No. 179-101 Purchase Gas Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Third-Party Transportation Variance Account
Variance Account No. 179-102

This account records the difference between the actual cost of upstream transportation and fuel, to provide sales service and bundled direct purchase service, and the forecast cost as approved by the OEB.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-102 Third-Party Transportation Variance Account
Credit	-	Account No. 623 Cost of Gas

To record, as a debit/(credit) in the account, the difference between the actual cost of upstream transportation and fuel to provide sales service and bundled direct purchase service and the forecast cost of upstream transportation and fuel for sales service and bundled direct purchase service as approved by the OEB.

Debit	-	Account No. 179-102 Third-Party Transportation Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Load Balancing Variance Account
Account No. 179-103

This account records the difference between the actual cost of load balancing transactions and the forecast cost of load balancing transactions as approved by the OEB.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-103 Load Balancing Variance Account
Credit	-	Account No. 623 Cost of Gas

To record, as a debit/(credit) in the account, the difference between the actual cost of load balancing transactions and forecasted costs of load balancing transactions as approved by the OEB.

Debit	-	Account No. 179-103 Load Balancing Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Inventory Revaluation Variance Account
Account No. 179-104

This account records the necessary adjustment to value opening gas inventory volumes at a rate equal to the OEB-approved reference price.

Simple interest is to be calculated on the opening monthly balance of this account using the Board-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-104 Inventory Revaluation Variance Account
Credit	-	Account No. 152 Gas in Storage

To record, as a debit/(credit) in the account, the adjustment necessary to value opening gas inventory volumes at a rate equal to the OEB-approved quarterly reference price.

Debit	-	Account No. 179-104 Inventory Revaluation Variance Account
Credit	-	Account No. 323 Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.
Accounting Entries for
Upstream Transportation Optimization Variance Account
Account No. 179-201

This account records the incremental ratepayer share of net revenue from upstream transportation optimization activities, to be shared 90/10 between ratepayers and shareholders.

If the ratepayer share of optimization net revenues exceeds the amount credited through OEB-approved rates for optimization, then such excess will be credited to this account. If the ratepayer share of optimization net revenues is less than the amount credited through OEB-approved rates, the Company will be credited with the difference as a debit in this account.

Simple interest is to be calculated on the opening monthly balanace of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-201 Upstream Transportation Optimization Variance Account
Credit	-	Account No. 623 Cost of Gas

To record, as a debit in the account, a receivable from customers and a reduction in cost of gas for the optimization revenues refunded to in-franchise customers.

Debit	-	Account No. 579 Miscellaneous Operating Revenue
Credit	-	Account No. 179-201 Upstream Transportation Optimization Variance Account

To record, as a (credit) in the account, a payable to customers and a reduction in optimization revenue equal to the 90% ratepayer share of the actual net revenue from gas supply optimization activities.

Debit	-	Account No. 323 Other Interest Expense
Credit	-	Account No. 179-201 Upstream Transportation Optimization Variance Account

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Transportation from Dawn Service Deferral Account
Account No. 179-202

This account records the difference between actual revenues and costs for the excess capacity from Parkway to the Company's Point of Receipt as part of the Base Service offering of the Transportation from Dawn Service.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act

Debit	-	Account No. 179-202 Transportation from Dawn Service Deferral Account
Credit	-	Account No. 623 Cost of Gas

To record, as a debit/(credit) in the account, the difference between revenues and costs for the excess capacity from Parkway to Enbridge Gas' Point of Receipt as part of the Base Service offering of the Transportation from Dawn Service.

Debit	-	Account No. 179-202 Transportation from Dawn Service Deferral Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Unaccounted for Gas (UFG) Variance Account
Account No. 179-203

This account records the cost of gas associated with volumetric and price variances between the actual UFG volumes and the actual UFG price and the forecast UFG volumes and forecast UFG price as approved by the OEB.

The gas costs associated with the UFG Variance Account will be calculated at the end of the fiscal year based on the estimated volumetric variance between the OEB-approved UFG volumes and the estimate of the actual UFG volumes. An adjustment will be made to the variance account in the subsequent year to record any differences between the estimated UFG volume and the actual UFG volume.

The UFG annual volume variance will be allocated monthly in proportion to actual sales volumes and be costed at the monthly approved weighted average reference price.

The UFG price variance will be calculated as the variance between the actual price and the OEB-approved reference price, applied to the actual UFG volumes.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-203 Unaccounted for Gas Variance Account
Credit	-	Account No. 623 Cost of Gas

To record, as a debit/(credit) in the account, the difference between the actual cost of UFG expensed and the UFG recovered in revenue at rates approved by the OEB.

Debit	-	Account No. 179-203 Unaccounted for Gas Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Market-Based Storage Variance Account
Account No. 179-204

This account records the difference between the actual cost of market-based storage and the forecast cost of market-based storage as approved by the OEB.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-204 Market-Based Storage Variance Account
Credit	-	Account No. 623 Cost of Gas

To record, as a debit/(credit) in the account, the difference between the actual cost of market-based storage and the forecast cost of market-based storage as approved by the OEB.

Debit	-	Account No. 179-204 Market-Based Storage Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Gas Distribution Access Rule (GDAR) Deferral Account
Account No. 179-301

This account records all incremental unbudgeted capital and operating impacts associated with the development, implementation, and operation of the GDAR and any ongoing amendments to the rule. Such costs would include, but not be limited to, market restructuring oriented customer education and communication programs, legal or expert advice required, operating cost or revenue changes in relation to the establishment of contractual agreements, and developing revised business processes and related computer hardware and software required to meet the requirements of the GDAR.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-301 Gas Distribution Access Rule Deferral Account
Credit	-	Account No. 728 General Expense

To record, in the account, the difference between the actual costs required to implement the appropriate process and system changes to achieve compliance with GDAR and the costs included in rates as approved by the OEB.

Debit	-	Account No. 179-301 Gas Distribution Access Rule Deferral Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Deferral Clearing Variance Account
Account No. 179-302

This account records amounts receivable from/(payable to) customers which reflects disposition variances in relation to the clearance of deferral and variance account balances authorized by the OEB. Disposition variances result from Enbridge Gas' billing systems' inability to locate and apply deferral clearance unit rates to all intended customers and or volumes. Due to customer moves and other account changes, deferral clearance unit rates derived utilizing historical customers and volumes, are not able to be assessed against all historical customers and or volumes at the time of disposition, resulting in the balances captured in the Deferral Clearance Variance Account.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-302 Deferral Clearing Variance Account
Credit	-	Account No. 179 Other Deferral Accounts Approved for Clearance

To record, as a debit/(credit) in the account, the approved balances for disposition.

Debit	-	Account No. 140 Accounts Receivable
Credit	-	Account No. 179-302 Deferral Clearing Variance Account

To record, as a debit/(credit) in the account, actual amounts refunded to/(recovered from) ratepayers.

Debit	-	Account No. 179-302 Deferral Clearing Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Parkway Delivery Obligation Variance Account
Account No. 179-303

This account records the difference between the actual Dawn Parkway System demand and fuel costs associated with any Parkway Delivery Obligation (PDO) shift, as well as the actual Parkway Delivery Commitment Incentive (PDCI) costs incurred by Enbridge Gas, and the PDO and PDCI costs included in rates as approved by the OEB.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-303 Parkway Delivery Obligation Variance Account
Credit	-	Account No. 300 Operating Revenue

To record as a debit/(credit) in the account, the difference between the actual Dawn Parkway System demand and fuel costs associated with any PDO shift and actual PDCI costs incurred and the costs included in rates as approved by the OEB.

Debit	-	Account No. 179-303 Parkway Delivery Obligation Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Unauthorized Overrun Non-Compliance Deferral Account
Account No. 179-304

This account records any unforecated penalty revenue received from interruptible distribution customers who do not comply with a distribution interruption.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 500 Sales Revenue
Credit	-	Account No. 179-304 Unauthorized Overrun Non-Compliance Deferral Account

To record, as a debit/(credit) in the account, any unforecasted penalty revenue from interruptible distribution customers who do not comply with a distribution interruption.

Debit	-	Account No. 323 Other Interest Expense
Credit	-	Account No. 179-304 Unauthorized Overrun Non-Compliance Account

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Pension and Other Post Employment Benefits (OPEB) Variance Account
Account No. 179-305

The purpose of the Pension and OPEB Variance Account is to track the differences between the Company's forecast accrual pension and OPEB amounts recovered in rates and the actual cash payments made during the fiscal year.

The forecast accrual reference amount that will be used to calculate the entries recorded assumes that the total gross accrual cost as determined by actuarial valuation is what is recorded in the Company's total operating and maintenance expense. The actual cash payments would include all cash payments the utility makes for its pension and OPEB obligations. The approved accrual amount in rates will not change or escalate during the IR term.

A primary sub-account and second contra sub-account enable book-keeping with offsetting entries to be established. When the cumulative accrual amount exceeds the cumulative cash payments, the primary account will hold a credit balance. Carrying charges will be accrued asymmetrically, to be returned to ratepayers, when the cumulative opening monthly balance of the account is in a credit position. Simple interest shall be applied using the CWIP rate prescribed by the OEB. The carrying charges will be disposed of in a manner designated by the OEB in a future rate application

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-305 Contra – Pension and OPEB Variance Account
Credit	-	Account No. 179-305 Pension and OPEB Variance Account

To record, as a debit/(credit) in the account, the difference between the forecast pension and OPEB accrual amounts approved in rates and the actual cash amounts paid.

Debit	-	Account No. 323 Other Interest Expense
Credit	-	Account No. 179-305 Pension and OPEB Variance Account

When applicable, to record, as a (credit) in the account, interest on the cumulative credit balance using the OEB's prescribed CWIP rate.

ENBRIDGE GAS INC.

Accounting Entries for
Incremental Capital Module (ICM) Deferral Account
Account No. 179-306

This account records on a project-by-project basis, the difference between the actual revenue requirement for approved ICM projects, and the revenues collected through ICM rates approved by the OEB. The actual revenue requirement will include costs associated with the capital investment, including return on rate base, depreciation expense, and associated income taxes. The actual revenues will be those collected through the ICM rate riders approved by the OEB for the Company.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-306 ICM Deferral Account
Credit	-	Account No. 579 Miscellaneous Operating Revenue

To record as a debit/(credit) in the account the difference between the actual revenue requirement for approved ICM Projects and the actual revenues collected through ICM rates approved by the OEB.

Debit	-	Account No. 179-306 ICM Deferral Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Facility Carbon Charge Variance Account
Account No. 179-307

This account records the variance between actual facility carbon costs and facility carbon costs recovered in rates as approved by the OEB.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act, 1998.

Debit	-	Account No.179-307 Facility Carbon Charge Variance Account
Credit	-	Account No. 579 Miscellaneous Operating Revenue

To record, as a debit/(credit) in the account, the variance between actual facility carbon costs and facility carbon costs recovered in rates as approved by the OEB.

Debit	-	Account No.179-307 Facility Carbon Charge Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Customer Carbon Charge Variance Account
Account No. 179-308

This account records the variance between actual customer carbon levy and the customer carbon levy recovered in rates as approved by the OEB.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act, 1998.

Debit - Account No.179-308
Customer Carbon Charge

Credit - Account No. 579
Miscellaneous Operating Revenue

To record, as a debit/(credit) in the account, the variance between actual customer carbon levy costs and customer carbon levy costs recovered in rates as approved by the OEB.

Debit - Account No.179-308
Customer Carbon Charge

Credit - Account No. 323
Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance

ENBRIDGE GAS INC.

Accounting Entries for
Greenhouse Gas Emissions Administration Variance Account
Account No. 179-309

The purpose of the account is to record incremental administrative costs associated with new or changing provincial or federal regulations related to greenhouse gas emission requirements, as well as all bad debt related to carbon charges, which are expected to vary significantly throughout the IR term due to anticipated rising carbon prices.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act, 1998.

Debit - Account No.179-309
Greenhouse Gas Emissions Administration Variance Account

Credit - Account No. 728
General Expense

To record, as a debit/(credit) in the account, incremental administrative costs associated with new or changing provincial or federal regulations related to greenhouse gas emission requirements, as well as all bad debt related to carbon charges.

Debit - Account No.179-309
Greenhouse Gas Emissions Administration Variance Account

Credit - Account No. 323
Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Volume Variance Deferral Account
Account No. 179-310

This account records the revenue impact, exclusive of gas costs, of the volumetric variance resulting from average use per customer and weather for general service rate classes.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act, 1998.

Debit	-	Account No.179-310 Volume Variance Deferral Account
Credit	-	Account No. 300 Operating Revenue

To record, as a debit/(credit) in the account, the revenue impact associated with the variance in forecast average use per customer and weather versus actual average use for customer and weather.

Debit	-	Account No.179-310 Volume Variance Deferral Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Earnings Sharing Mechanism Deferral Account
Account No. 179-311

This account records the ratepayer share of utility earnings that results from the application of the earnings sharing mechanism. If the actual utility return on equity (ROE) exceeds the OEB-approved ROE by more than the 150 basis point deadband, the excess earnings will be shared at a rate agreed upon between the Company's ratepayers and shareholders. The calculation of a utility return, for earnings sharing determination purposes, will include all revenue that would otherwise be included in earnings and only those expenses (whether operating or capital) that would otherwise be allowable deductions from earnings as within a cost of service application. This account will not apply to the year rates are set based on cost of service.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 300 Operating Revenue
Credit	-	Account No. 179-311 ESM Deferral Account

To record, as a (credit) in the account, the ratepayers' share of utility earnings when actual utility ROE exceeds the OEB-approved ROE by more than the allowable basis points.

Debit	-	Account No.323 Other Interest Expense
Credit	-	Account No. 179-311 ESM Deferral Account

To record, as a (credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

**Accounting Entries for
Tax Variance Account
Account No. 179-312**

This account records 50% of the revenue requirement impact of any tax rate changes, versus the tax rates included in rates that affect Enbridge Gas Inc.

In accordance with the OEB's July 25, 2019 letter, *Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance*, within a sub-account of the Tax Variance Account, Enbridge Gas will record 100% of the revenue requirement impact of any changes in CCA rules that are not reflected in base rates. This will include impacts related to Bill C-97 CCA rule changes, which became effective November 21, 2018, as well as any future CCA changes instituted by relevant regulatory or taxation bodies.

Tax rate and CCA rule change impacts recorded in the account will however exclude tax rate and rule change impacts that are captured through other deferral account mechanisms (i.e. through the Incremental Capital Module Deferral Account).

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No.179-312 Tax Variance Account
Credit	-	Account No. 300 Operating Revenue

To record, as a debit/(credit) in the account, 50% of the revenue requirement impact resulting from the difference between the actual tax rates and the approved tax rates included in rates as approved by the OEB.

Debit	-	Account No.179-312 Tax Variance Account – CCA Changes
Credit	-	Account No. 300 Operating Revenue

To record, as a debit/(credit) in the sub-account, 100% of the revenue requirement impact resulting from the difference between actual CCA rules and the approved CCA rules included in rates as approved by the OEB.

Debit	-	Account No.179-312 Tax Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest on the opening monthly balance of the primary and sub-account.

ENBRIDGE GAS INC.

Accounting Entries for
Demand Side Management (DSM) Variance Account
Account No. 179-313

This account records the difference between the actual DSM spending for the fiscal year and the budgeted amount included within rates. Amounts determined to be over or under the budget included within Allowed Revenue will be recorded in the DSMVA. In addition, any further variance in DSM spending and results, beyond the budget included within rates, which occur as a result of OEB decisions in ongoing or upcoming DSM proceedings, will be included within this account.

This account also tracks forecast commitments for customer incentive payments and program costs for future periods. Due to the multi-year aspect of several program offerings, incentive and program dollars committed in the current year may not be payable until they become due in future years. This account will track and carry forward the forecasted cumulative customer incentive and program dollar commitments net of payments made (in relation to incentive or program payments made in the current year, or in relation to incentives or program dollars paid that became due in the current year in relation to commitments made in prior years). Any amount not paid out will be returned to ratepayers in the year following its last potential commitment date, or at such other time as directed by the OEB.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-313 DSM Variance Account
Credit	-	Account No. 728 General Expense

To record, as a debit/(credit) in the account, the difference between the actual DSM spending for the fiscal year and the budgeted amount included in rates.

Debit	-	Account No. 179-313 DSM Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Lost Revenue Adjustment Mechanism (LRAM) Variance Account
Account No. 179-314

This account records the amount of distribution margin gained or lost when the Company's DSM programs are less or more successful than budgeted in the fiscal year.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-314 LRAM Variance Account
Credit	-	Account No. 529 Other Sales

To record, as a debit/(credit) in the account, the amount of distribution margin gained or lost when the Company's DSM programs are less or more successful than budgeted in the fiscal year.

Debit	-	Account No. 179-314 LRAM Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Conservation Demand Management (CDM) Deferral Account
Account No. 179-315

This account records the ratepayer share of all net revenues generated by Demand Side Management (DSM) services provided for CDM activities. The ratepayer share is 50% of net revenues, using fully allocated costs.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 312 Non-Gas Operating Revenue
Credit	-	Account No. 179-315 CDM Deferral Account

To record, as a (credit) in the account, 50% of the actual net revenues generated from the CDM program.

Debit	-	Account No. 323 Other Interest Expense
Credit	-	Account No. 179-315 CDM Deferral Account

To record, as a (credit) in the account, interest on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Demand Side Management (DSM) Incentive Deferral Account
Account No. 179-316

This account records the actual amount of shareholder incentive earned by Enbridge Gas resulting from its DSM programs. The criteria and formula used to determine the amount of any shareholder incentive, to be recorded in the account, will be in accordance with the DSM Framework in effect for the fiscal year.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-316 DSM Incentive Deferral Account
Credit	-	Account No. 319 Other Income

To record, as a debit in the account, the shareholder incentive earned by the Company in relation to its DSM programs.

Debit	-	Account No. 179-316 DSM Incentive Deferral Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit in the account, interest on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Expansion of Natural Gas Distribution Systems Variance Account
Account No. 179-317

This account records the excess amounts collected and remitted to the Independent Electricity Systems Operator (IESO) above the required funding for the Expansion of Natural Gas Disribution Systems, in accordance with Section 4 of Ontario Regulation 24/19.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act

Debit	-	Account No.130 Cash
Credit	-	Account No. 179-317 Expansion of Natural Gas Distribution Systems Variance Account

To record, as a (credit) in the account, the excess amounts returned to Enbridge from the IESO.

Debit	-	Account No.323 Other Interest Expense
Credit	-	Account No. 179-317 Expansion of Natural Gas Distribution Systems Variance Account

To record, as a (credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Integrated Resource Planning (IRP) Operating Costs Deferral Account
Account No. 179-318

This account records incremental IRP general administrative costs, as well as incremental operating and maintenance costs and ongoing evaluation costs for approved IRP Plans. Operating costs associated with approved IRP Plans also includes all enabling payments to service providers, made as part of the IRP Plans.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No.179-318 IRP Operating Costs Deferral Account
Credit	-	Account No. 728 General Expense

To record, as a debit/(credit) in the account, incremental IRP general administrative costs, as well as incremental operating and maintenance costs (inclusive of enabling payments to service providers) and ongoing evaluation costs for approved IRP Plans.

Debit	-	Account No.179-318 IRP Operating Costs Deferral Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Integrated Resource Planning (IRP) Capital Costs Deferral Account
Account No. 179-319

This account records the actual annual revenue requirement of project costs eligible to be capitalized for inclusion in rate base as part of approved IRP Plans (where Enbridge Gas owns and operates the IRP alternatives).

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-319 IRP Capital Costs Deferral Account
Credit	-	Account No. 300 Operating Revenue

To record, as a debit/(credit) in the account, the actual annual revenue requirement of project costs eligible to be capitalized for inclusion in rate base as part of approved IRP Plans (where Enbridge Gas owns and operates the IRP alterantives).

Debit	-	Account No. 179-319 IRP Capital Costs Deferral Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Green Button Initiative Deferral Account
Account No. 179-320

This account records the incremental costs directly attributable to the implementation of the Green Button initiative.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-320 Green Button Initiative Deferral Account
Credit	-	Account No. 728 General Expenses

To record, as a debit in the account, the incremental costs attributable to the implementation of the Green Button initiative.

Debit	-	Account No. 179-320 Green Button Initiative Deferral Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Energy Transition Technology Fund (ETTF) Variance Account
Account No. 179-321

This account records the variance between the actual amounts collected to fund energy transition technology initiatives and actual costs incurred for the initiatives.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 579 Miscellaneous Operating Revenue
Credit	-	Account No. 179-321 ETTF Variance Account

To record, as a (credit) in the account, the amount collected to fund energy transition technology initiatives.

Debit	-	Account No. 179-321 ETTF Variance Account
Credit	-	Account No. 728 General Expenses

To record, as a debit in the account, the costs attributable to fund energy transition technology initiatives.

Debit	-	Account No. 179-321 ETTF Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Rate Harmonization Variance Account
Account No. 179-322

This account records the annual revenue variance attributable to customers switching rate classes or service offerings as a result of the implementation of the rate harmonization plan. The total annual revenue variance will be disposed of if the total revenue variance exceeds $1.0 million on a cumulative basis during the IR term.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act, 1998.

Debit - Account No.179-322
Rate Harmonization Variance Account

Credit - Account No. 300
Operating Revenue

To record, as a debit in the account, the variances to forecast revenue as a result of the implementation of the rate harmonization plan.

Debit - Account No.179-322
Rate Harmonization Variance Account

Credit - Account No. 323
Other Interest Expense

To record, as a debit in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Dawn Parkway Surplus Capacity Deferral Account /u
Account No. 179-323

This account records the actual revenue from the sale of all or a portion of the 89 TJ/d Dawn Parkway System surplus capacity forecast for the Winter 2023/2024.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act, 1998.

Debit	-	Account No. 300 Operating Revenue	
Credit	-	Account No.179-323 Dawn Parkway Surplus Capacity Deferral Account	/u

To record, as a credit in the account, the actual revenue from the sale of all or a portion of the surplus capacity.

Debit	-	Account No. 323 Other Interest Expense	
Credit	-	Account No.179-323 Dawn Parkway Surplus Capacity Deferral Account	/u

To record, as a credit in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Locate Delivery Services Variance Account
Account No. 179-324

This account records the variance between the actual cost incurred for locate delivery services and the cost included in base rates, including both the external costs to provide locate delivery services and receive locate delivery services for Enbridge Gas's own operations. The Locate Delivery Services Variance Account will also record the revenue collected through the locate delivery service charge applicable to third-party contractors and other utilities who request locate delivery services from Enbridge Gas that require a field locate.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act, 1998.

Debit - Account No.179-324
Locate Delivery Services Variance Account

Credit - Account No. 728
General Expense

To record, as a debit/(credit) in the account, the variance between the actual cost to provide and/or receive locate delivery services and the costs included in base rates to provide and/or receive locate delivery services.

Debit - Account No. 300
Operating Revenue

Credit - Account No.179-324
Locate Delivery Services Variance Account

To record, as a (credit) in the account, the revenue collected through the locate delivery service charge applicable to third-party contractors and other utlities who request locate delivery services from Enbridge Gas that require a field locate.

Debit - Account No. 323
Other Interest Expense

Credit - Account No.179-324
Locate Delivery Services Variance Account

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Open Bill Extension Deferral Account
Account No. 179-325

This account records all of the net revenues for Open Bill services over a 10-month extension period from January 1, 2024 to October 31, 2024. The net revenue amounts will be determined in accordance with the EB-2009-0043 OEB-approved Open Bill Access Settlement Proposal dated October 15, 2009, with updated Fees and Costs as determined in the EB-2013-0099 proceeding and adjusted each year thereafter.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act, 1998.

Debit	-	Account No. 319 Other Income
Credit	-	Account No.179-325 Open Bill Extension Deferral Account

To record, as a (credit) in the account, the net revenues associated with Open Bill services.

Debit	-	Account No. 323 Other Interest Expense
Credit	-	Account No.179-325 Open Bill Extension Deferral Account

To record, as a (credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Enhanced Distribution Integrity Management Program Deferral Account
Account No. 179-326

This account records the Enhanced Distribution Integrity Management Program (Enhanced DIMP) general administrative costs, as well as operating and maintenance and ongoing integrity inspection-related costs incurred to implement and execute the Enhanced DIMP.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act, 1998.

Debit	-	Account No.179-326 Enhanced Distribution Integrity Management Program Deferral Account
Credit	-	Account No. 728 General Expense

To record, as a debit in the account, the general administrative, operating and maintenance and integrity inspection-related costs incurred to implement and execute the Enhanced DIMP.

Debit	-	Account No.179-326 Enhanced Distribution Integrity Management Program Deferral Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit in the account, interest expense on the opening monthly balance.

/u

ENBRIDGE GAS INC.

Accounting Entries for
Natural Gas Reduction Incentive Deferral Account
Account No. 179-327

This account records the actual end-of-term shareholder incentive amount earned by Enbridge Gas if its DSM programs result in the achievement of specific targeted natural gas sales reductions over the 2023 through 2025 DSM plan term.

If, at the end of the 3-year term, the 2025 total weather normalized volume of natural gas sold to Enbridge Gas's Ontario customers is at least 1.5% less than the total weather normalized volume of natural gas that was sold to Ontario customers in 2022, Enbridge Gas will be eligible for a $30 million incentive (over and above the maximum shareholder incentive related to program scorecards). If however the 2025 total weather normalized volume of natural gas sold to Enbridge Gas's Ontario customers is not at least 1.5% less than the total weather normalized volume of natural gas that was sold to Ontario customers in 2022, but is at least 1.125% (75% of the 1.5% target) less than the total weather normalized volume of natural gas that was sold Ontario customers in 2022, Enbridge Gas will be eligible for a $15 million incentive (over and above the maximum shareholder incentive related to program scorecards).

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit -	Account No. 179-327 Natural Gas Reduction Incentive Deferral Account
Credit -	Account No. 319 Other Income

To record, as a debit in the account, the shareholder incentive earned by the Company in relation to its DSM programs achieving end-of-term gas reduction targets.

Debit -	Account No. 179-327 Natural Gas Reduction Incentive Deferral Account
Credit -	Account No. 323 Other Interest Expense

To record, as a debit in the account, interest on the opening monthly balance.

ENBRIDGE GAS INC.

Accounting Entries for
Post-Retirement True-Up Variance Account
Account No. 179-328

This account records the difference between the revenue requirement impact of actual pension and other post-employment benefits (OPEB) costs (accrual and cash-based amounts) and the revenue requirement impact of pension and OPEB costs (accrual and cash-based amounts) included in rates.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit - Account No. 179-328
Post-Retirement True-Up Variance Account

Credit - Account No. 300
Operating Revenue

To record, as a debit/(credit) in the account, the difference between the revenue requirement impact of pension and OPEB accrual and cash-based amounts included in rates as approved by the OEB, and the revenue requirement impact of actual pension and OPEB accrual and cash-based amounts.

Debit - Account No. 179-328
Post-Retirement True-Up Variance Account

Credit - Account No. 323
Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

Deferral and Variance Accounts
Summary of Proposed Enbridge Gas Accounts as of January 1, 2024

Line No.	Account Description	Account No.	
	Gas Supply (QRAM)		
1	Purchase Gas Variance Account	179-101	
2	Third-Party Transportation Variance Account	179-102	
3	Load Balancing Variance Account	179-103	
4	Inventory Revaluation Variance Account	179-104	
	Gas Supply (Annual)		
5	Upstream Transportation Optimization Variance Account	179-201	
6	Transportation from Dawn Service Deferral Account	179-202	
7	Unaccounted for Gas Variance Account	179-203	
8	Market-Based Storage Variance Account	179-204	
	Non-Gas Supply (Annual)		
9	Gas Distribution Access Rule Deferral Account	179-301	
10	Deferral Clearing Variance Account	179-302	
11	Parkway Delivery Obligation Variance Account	179-303	
12	Unauthorized Overrun Non-Compliance Deferral Account	179-304	
13	Pension and Other Post Employment Benefits Variance Account	179-305	
14	Incremental Capital Module Deferral Account	179-306	
15	Facility Carbon Charge Variance Account	179-307	
16	Customer Carbon Charge Variance Account	179-308	
17	Greenhouse Gas Emissions Administration Variance Account	179-309	
18	Volume Variance Account	179-310	
19	Earnings Sharing Mechanism Deferral Account	179-311	
20	Tax Variance Account	179-312	
21	Demand Side Management Variance Account	179-313	
22	Lost Revenue Adjustment Mechanism Variance Account	179-314	
23	Conservation Demand Management Deferral Account	179-315	
24	Demand Side Management Incentive Deferral Account	179-316	
25	Expansion of Natural Gas Distribution Systems Variance Account	179-317	
26	Integrated Resource Planning Operating Cost Deferral Account	179-318	
27	Integrated Resource Planning Capital Cost Deferral Account	179-319	
28	Green Button Initiative Deferral Account	179-320	
29	Energy Transition Technology Fund Variance Account	179-321	
30	Rate Harmonization Variance Account	179-322	
31	Dawn Parkway Surplus Capacity Deferral Account	179-323	
32	Locate Delivery Services Variance Account	179-324	
33	Open Bill Extension Deferral Account	179-325	
34	Enhanced Distribution Integrity Management Program Deferral Account	179-326	
35	Natural Gas Reduction Incentive Deferral Account	179-327	/u
36	Post-Retirement True-Up Variance Account	179-328	/u

HARMONIZATION AND OTHER PROPOSED CHANGES TO DEFERRAL AND VARIANCE ACCOUNTS

JASON VINAGRE, MANAGER REGULATORY ACCOUNTING
RYAN SMALL, TECHNICAL MANAGER REGULATORY ACCOUNTING

1. The purpose of this evidence is to request OEB approval of the harmonization of, and other proposed changes to deferral and variance accounts (D&VAs). Enbridge Gas is proposing to, harmonize various D&VAs as the accounts are no longer required for the EGD and Union rate zones on a stand-alone basis. As a result of the amalgamation, the 2024 revenue requirement and proposed rates recognize the Company's transition from operating independently as EGD and Union to operating as Enbridge Gas. The D&VA harmonization proposals are consistent with the other harmonization efforts proposed as part of this Application, such as various operating, financial, cost allocation, service, and rate design proposals. Enbridge Gas will propose a disposition methodology for each account at the time of disposition.

2. A summary list of the D&VA harmonization and other proposed changes is provided at Exhibit 9, Tab 1, Schedule 1, Attachment 2, and proposed accounting orders are provided at Exhibit 9, Tab 1, Schedule 1, Attachment 3.

3. Enbridge Gas is not proposing changes, beyond updating the account number in /u
certain instances, to the following Enbridge Gas D&VAs that were introduced during the deferred rebasing term, as these accounts reflect the amalgamation:
   - Demand Side Management (DSM) Variance Account (Account No. 179-313)
   - Lost Revenue Adjustment Mechanism (LRAM) Variance Account (Account No. 179-314)

- Conservation Demand Management (CDM) Deferral Account (Account No. 179-315)
- DSM Incentive Deferral Account (Account No. 179-316)
- Natural Gas Reduction Incentive Deferral Account (Account No. 179-327) /u
- Expansion of Natural Gas Distribution Systems Variance Account (from Account No. 179-380 to 179-317)
- Integrated Resource Planning (IRP) Operating Costs Deferral Account (from Account No. 179-385 to 179-318)
- IRP Capital Costs Deferral Account (from Account No. 179-386 to 179-319)
- Green Button Initiative Deferral Account (from Account No. 179-387 to 179-320)

4. The OEB approved the establishment of the two IRP Costs deferral accounts for the period from 2021 to 2023[1]. Enbridge Gas is proposing to continue the accounts through the IR term, as they're still required to support IRP.

5. The DSM-related D&VAs listed above, including the new Natural Gas Reduction Incentive Deferral Account, were approved effective January 1, 2023 as part of the 2023 to 2027 DSM Plan[2] proceeding and as such, no OEB approval for the DSM-related D&VAs will be required as part of this Application. /u

6. The D&VAs fall into three categories based on the nature of costs being deferred and frequency of disposition. Certain gas supply balances are disposed of quarterly as part of the Quarterly Rate Adjustment Mechanism (QRAM), while other balances are disposed of annually through the earning sharing and D&VA disposition

[1] EB-2020-0091, Decision and Order, July 22, 2021.
[2] EB-2021-0002, Revised Decision and Order, December 16, 2022. /u

proceedings and Federal Carbon Pricing Program proceedings. This evidence is organized into these three categories as follows:

1. QRAM Gas Supply Deferral and Variance Accounts
2. Annual Gas Supply Deferral and Variance Accounts
3. Annual Non-Gas Supply Deferral and Variance Accounts

1. QRAM Gas Supply Deferral and Variance Accounts

7. Enbridge Gas is proposing to harmonize the gas supply variance accounts that are reviewed quarterly as part of QRAM proceedings. If approved by the OEB in this Application, the existing accounts will remain in effect until the 2023 balances are fully disposed of, at which point the accounts will be closed. Variances will begin to be recorded in the new accounts effective January 1, 2024.

8. Enbridge Gas is not proposing a change to the purpose of the gas supply variance accounts. The proposed changes are in response to the amalgamation and the harmonization of the existing gas supply plans into one plan for Enbridge Gas, as provided at Exhibit 4, Tab 2, Schedule 1. The proposed changes to the harmonized reference price are provided at Exhibit 4, Tab 2, Schedule 2.

9. The approach used to track and record gas supply variances was different between the EGD and Union rate zones. In the EGD rate zone, the variances related to gas supply commodity costs, upstream transportation costs, load balancing costs and inventory revaluation are combined in the PGVA for the EGD rate zone. Enbridge Gas uses the OEB-approved cost allocation and rate design to allocate these costs to different types of services and rate classes. In the Union rate zones, the variances related to gas supply commodity and gas supply-related transportation are recorded in the PGVA for each of the Union rate zones. Other gas supply costs,

such as the upstream transportation for the Union North rate zones, are recovered in separate variance accounts.

10. Enbridge Gas is proposing to adopt a similar approach used for the Union rate zones, such that only gas supply commodity and gas supply-related transportation costs are recovered in the PGVA and separate variance accounts will record variances related to upstream transportation, load balancing, and inventory revaluation.

11. A detailed description of each of the proposed QRAM Gas Supply variance accounts is provided in this section of evidence as follows:
    1.1 Purchase Gas Variance Account (PGVA) (Account No. 179-101)
    1.2 Third-Party Transportation Variance Account (Account No. 179-102)
    1.3 Load Balancing Variance Account (Account No. 179-103)
    1.4 Inventory Revaluation Variance Account (Account No. 179-104)

1.1. Purchase Gas Variance Account (Account No. 179-101)

12. Enbridge Gas is proposing to consolidate the following existing PGVA accounts into one Enbridge Gas account:
    - EGD - PGVA (Account No. 179-70_)
    - Union North West - PGVA (Account No. 179-147)
    - Union North East - PGVA (Account No. 179-148)
    - Union South - PGVA (Account No. 179-106)

13. The existing PGVA accounts are designed to recover variances between the approved reference price for each respective rate zone and actual gas supply costs.

14. The PGVA in the EGD rate zone captures the variances between actual gas supply costs and the forecasted costs underpinning the PGVA reference price. The monthly gas purchase variance recorded in the PGVA is derived by multiplying the volumes purchased each month by the difference between the weighted average actual unit cost and the approved forecast reference price. The weighted average actual unit cost is determined by dividing the total commodity and transportation costs by the actual volumes purchased. Changes in approved tolls relating to the transportation costs are also recorded in PGVA for the EGD rate zone. Further detail about the current approved methodology to set the PGVA reference price for the EGD rate zone is provided at Exhibit 4, Tab 2, Schedule 2.

15. In the Union North East and Union South rate zones, Enbridge Gas currently uses a Dawn reference price as the base for setting gas supply commodity rates. The actual cost of supply for the Union North East and Union South rate zones is compared to the approved Dawn reference price. Any variances are recorded in the Union North East PGVA and Union South PGVA, respectively. Further detail about the use of a Dawn reference price for the Union North East and Union South rate zones is provided at Exhibit 4, Tab 2, Schedule 2.

16. In the Union North West rate zone, Enbridge Gas currently uses the Alberta Border reference price as the base for setting gas supply commodity rates. The Union North West PGVA captures the difference between the actual unit cost of gas purchased for the Union North West customers and the approved Alberta Border reference price. Further detail about the use of an Alberta Border reference price for the Union North West rate zone is provided at Exhibit 4, Tab 2, Schedule 2.

17. Enbridge Gas is proposing to implement a common harmonized weighted average reference price, as provided at Exhibit 4, Tab 2, Schedule 2. In alignment with that

proposal, the Company proposes to establish one PGVA for Enbridge Gas that will record the difference between the actual unit cost of gas purchased and the weighted average cost of gas included in rates as approved by the OEB in QRAM proceedings. The weighted average cost of gas includes the components of gas costs, as provided at Exhibit 4, Tab 2, Schedule 2, including gas commodity costs and gas supply related transportation costs upstream of Dawn and Empress, associated with providing sales service, as well as compressor fuel, unaccounted for gas and own use.

1.2. Third-Party Transportation Variance Account (Account No. 179-102)

18. Enbridge Gas is proposing to consolidate the following existing third-party transportation and fuel variance accounts into one Enbridge Gas account:
    - EGD - PGVA (Account No. 179-70_)
    - Union - Unabsorbed Demand Costs Variance Account (Account No. 179-108)
    - Union North West - Transportation Tolls and Fuel (Account No. 179-145)
    - Union North East - Transportation Tolls and Fuel (Account No. 179-146)

19. For the EGD rate zone, the existing PGVA reference price includes all forecast transportation costs associated with approved gas commodity volumes. Changes in approved tolls relating to these transportation costs are also recorded in the PGVA for EGD rate zone, including changes in approved tolls relating to the transport of Western Bundled T-service volumes and Dawn Bundled T-service volumes. The variances for these transportation costs are disposed of through the QRAM process, in accordance with rate design and cost allocation methodologies for the EGD rate zone. A description of the current approved PGVA reference price methodology is provided at Exhibit 4, Tab 2, Schedule 2.

20. The existing Unabsorbed Demand Costs (UDC) Variance Account for the Union rate zones captures the variances between the actual UDC incurred and the amount of UDC included in rates as approved by the OEB. These variances are disposed of through the annual gas D&VA disposition process.

21. The existing Transportation Tolls and Fuel Variance Accounts for the Union North East rate zone and Union North West rate zone capture the variances between the actual cost of the transportation and the associated fuel costs and the forecast cost of the transportation and the associated fuel costs to serve the Union North East and Union North West sales service and bundled DP customers. It also includes charges that result from the Limited Balancing Agreement (LBA) and revenue from T-Service customers for load balancing services resulting from the LBA. The variances are disposed of as part of the QRAM process.

22. Enbridge Gas is proposing to establish a new Third-Party Transportation Variance Account that will record the difference between the actual cost of upstream transportation, including unutilized capacity, and fuel provided to sales service and bundled DP customers and the forecast cost of upstream transportation, including unutilized capacity, and fuel provided to sale service and bundled DP customers as approved by the OEB. The transportation costs for upstream transportation include the costs to transport gas to the delivery area from a gas supply point of receipt or to/from storage for both sales service and bundled DP customers. The transportation costs also include third-party transportation contracts that provide a distribution system benefit to in-franchise customers by serving distribution demands. This account will also include charges that result from the Limited Balancing Agreement (LBA) and revenue from T-Service (unbundled) customers for load balancing services resulting from the LBA, consistent with the existing

accounts for the Union North rate zones. Further details relating to the forecast of third-party transportation and fuel costs is provided at Exhibit 4, Tab 2, Schedule 1.

1.3. Load Balancing Variance Account (Account No. 179-103)

23. Enbridge Gas is proposing to consolidate the following existing peaking, load balancing and spot gas accounts into one load balancing Enbridge Gas account:
    - EGD - PGVA (Account No. 179-70_)
    - Union - Spot Gas Variance Account (Account No. 179-107)

24. The current PGVA reference price for EGD rate zone includes forecasted load balancing costs, including peaking and seasonal supplies. The variance between the actual load balancing costs and forecasted load balancing costs are captured in PGVA for the EGD rate zone and are disposed of through the QRAM process. The methodology to dispose of the load balance cost variance is consistent with the rate design and cost allocation methodologies for the EGD rate zone.

25. The existing Spot Gas Variance Account for the Union rate zones records the difference between the unit cost of spot gas purchased and the unit cost of gas included in the reference price approved by the OEB, on volumes purchased in excess of planned purchases. The Spot Gas Variance Account is disposed of through the QRAM process.

26. Enbridge Gas is proposing to establish a Load Balancing Variance Account for Enbridge Gas that will record the difference between the actual cost of load balancing transactions and the forecast cost of load balancing transactions as approved by the OEB. Load balancing transactions include the incremental costs of

shaping gas supply purchases at Dawn[3], peaking supplies and any incremental purchases made on behalf of bundled DP customers for load balancing. Further details relating to the forecast of load balancing costs are provided at Exhibit 4, Tab 2, Schedule 1.

1.4. Inventory Revaluation Variance Account (Account No. 179-104)

27. Enbridge Gas is proposing to consolidate the following existing inventory revaluation variance accounts into one Enbridge Gas account:
    - EGD - PGVA (Account No. 179-70_)
    - Union - Inventory Revaluation Account (Account No. 179-109)

28. In the EGD rate zone, Enbridge Gas currently records inventory valuation adjustments relating to changes in the approved reference price in the PGVA for the EGD rate zone. In the Union rate zones, inventory valuation adjustments are captured in the Inventory Revaluation Account.

29. Enbridge Gas is proposing to establish an Inventory Revaluation Variance Account for Enbridge Gas that will record the adjustments to the value of the combined gas inventory resulting from changes to the approved reference price.

2. Annual Gas Supply Deferral and Variance Accounts

30. Enbridge Gas is proposing to harmonize the gas supply D&VAs that are reviewed annually as part of the D&VA proceedings. Enbridge Gas is not proposing a change to the purpose of these accounts. The consolidated annual gas supply accounts are organized as follows:

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[3] Enbridge Gas purchases more gas over the winter period at Dawn to meet winter requirements offset by lower purchases throughout the rest of the year.

<u>2.1. Upstream Transportation Optimization Variance Account (Account No. 179-201)</u>

31. Enbridge Gas is proposing to consolidate the following existing transportation optimization accounts into one Enbridge Gas account:
    - EGD – Transactional Services Deferral Account (Account No. 179-80_)
    - Union – Upstream Transportation Optimization Deferral Account (Account No. 179-131)

32. For the EGD rate zone, the existing Transactional Services Deferral Account captures the ratepayer benefit of all optimization margins when circumstances arise where the assets acquired to meet customer demand are not fully required and instead are made available to generate third-party revenue. Both storage and transportation optimization activity are recorded in the deferral account and are subject to 90/10 sharing with ratepayers. The base rates for the EGD rate zone have included an upfront benefit of $12[4] million in Transactional Services revenue that has been applied to reduce the overall costs to be collected from EGD rate zone ratepayers. The Transactional Services Deferral Account captures the difference between the total ratepayer share of Transactional Services net revenue and the amount already reflected in the revenue requirement and included in rates.

33. For the Union rate zones, the existing Upstream Transportation Optimization Deferral Account captures the ratepayer benefit of all optimization margins resulting

[4] 90% of the total OEB-approved optimization margin of $13.3 million.

from the Company engaging in market-based opportunities that extract value from the upstream supply portfolio to serve sales service and bundled DP customers. The optimization margins are subject to 90/10 sharing with ratepayers. The base rates for Union rate zones have included a $13.4[5] million margin that has been applied to reduce the overall costs to be collected from Union rate zones ratepayers. The Upstream Optimization Deferral Account captures the difference between the total ratepayer share of optimization margin not otherwise reflected in the revenue requirement and included in rates.

34. The proposed variance account will capture the incremental ratepayers' share of optimization net revenue from all upstream transportation optimization activities, to be shared 90/10 between ratepayers and shareholders. The Company is proposing a gas optimization margin credit of $15.3 million[6] in base rates. In the event the ratepayers' share of net revenues exceeds $15.3 million, the variance will be credited to the account. In the event the ratepayers' share of net revenues is less than $15.3 million, the variance will be debited to the account. Further details related to upstream transportation optimization is provided at Exhibit 3, Tab 4, Schedule 1.

2.2. Transportation from Dawn Service Deferral Account (Account No. 179-202)

35. Enbridge Gas is proposing to replace the existing account for the Union rate zones with an Enbridge Gas account. There is no comparable account for the EGD rate zone.
    - EGD – Not applicable
    - Union – Base Service North T-Service TransCanada Capacity (Account No. 179-153)

[5] 90% of the total OEB-approved optimization margin of $14.9 million.
[6] 90% of the 2024 Test Year net exchange margin.

36. Enbridge Gas offers a transportation service from Dawn that is available to Union North T-Service (unbundled) customers between Dawn and the TransCanada delivery area[7] where the customer's facilities are located. This service is referred to as the Base Service. The purpose of this transportation service is to provide these customers a method to transport gas they acquire at Dawn to their TransCanada delivery area. In order for the Company to offer this service, it had to make long-term contractual commitments with TransCanada, and customers that chose to contract for this service were required to make the same commitment to the utility. The service allows the customer to reduce their contracted transportation service quantity should there be significant reductions in their contracted distribution service. Enbridge Gas attempts to mitigate the cost of any underlying capacity turned back by customers.

37. This account captures the difference between revenues and costs for the excess capacity from Parkway to the TransCanada Delivery Area as part of the Base Service offering of the Transportation from Dawn Service. Enbridge Gas's service harmonization proposals do not change the need or purpose of this account as this transportation service will continue to be contracted by unbundled customers in the North service area under the same terms and conditions.

2.3. Unaccounted for Gas (UFG) Variance Account (Account No. 179-203)

38. Enbridge Gas is proposing to consolidate the following existing variance accounts into one Enbridge Gas account.
    - EGD – UAF Variance Account (Account No. 179-86_)
    - Union – UFG Price Variance Account (Account No. 179-141)

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[7] This service is currently offered to the Union NDA, Union NCDA and Union EDA based on the contracted capacity with TransCanada.

- Union – UFG Volume Variance Account (Account No. 179-135)

39. In the EGD rate zone, Enbridge Gas currently recovers UFG volumes and costs relating to distribution operations volumetrically in delivery rates. The approved UFG volumes built into rates for the EGD rate zone relating to distribution operations are based on a forecast derived from a single equation regression model, which is provided at Exhibit 4, Tab 3, Schedule 1. Variances relating to UFG volumes are recovered through the UAF Variance Account for the EGD rate zone. Variances relating to UFG Price are recovered through the PGVA for the EGD rate zone.

40. In the EGD rate zone, Enbridge Gas also currently recovers UFG volumes and costs relating to storage operations volumetrically in delivery rates. The approved UFG volumes built into rates for the EGD rate zone relating to storage are based on an OEB-approved provision, which is provided at Exhibit 4, Tab 3, Schedule 1. Actual UFG volumes associated with storage operations in the EGD rate zone are recorded based on OEB-approved volumes and, as such, no variances are recorded in a variance account for the EGD rate zone.

41. In the Union rate zones, Enbridge Gas currently recovers UFG volumes and costs associated with storage, transmission and distribution operations volumetrically in delivery, storage, and transportation rates, respectively. The approved UFG volumes built into rates for the Union rate zones are based on a weighted average volume forecast, which is provided at Exhibit 4, Tab 3, Schedule 1. Variances relating to volumes and price for the Union rate zones are recovered through the UFG Volume Deferral Account and UFG Price Deferral Account, respectively.

42. Enbridge Gas is proposing a harmonized UFG volume forecast relating to storage, transmission and distribution operations. The UFG costs for storage, transmission

and distribution are proposed to be recovered from all customers volumetrically in delivery, storage, and transportation rates, respectively. The component of UFG to be recovered through rates is proposed to be priced at the proposed weighted average reference price, as provided at Exhibit 4, Tab 2, Schedule 2.

43. Enbridge Gas is proposing to establish a new harmonized UFG variance account that will record the difference between the forecast UFG volumes and cost, as approved by the OEB as part of this Application, and actual UFG volumes and cost.

44. The existing UFG Volume Deferral Account for the Union rate zones is subject to a $5 million symmetrical deadband when settling balances in the account. The deadband was not part of the original parameters proposed in Union's 2014 to 2018 IRM Application[8]. However, the deadband was agreed to by all parties as part of the Settlement Agreement in that proceeding.

45. Enbridge Gas is proposing that the UFG Variance Account for Enbridge Gas not be subject to a deadband. This proposal is in alignment with the treatment of the existing UAFVA account for the EGD rate zone. The proposal to eliminate the deadband also recognizes the inherent unpredictable nature of UFG, the volatility of UFG, and the other factors that sufficiently incent the Company to prudently monitor and manage UFG, as it relates to the elements of UFG that are within the Company's ability to manage or influence.

44. Certain factors that contribute to UFG variances are related to the timing of recognition and result in year-to-year fluctuations. This observation was validated in the Report on Unaccounted for Gas prepared by ScottMadden Inc, which was filed as part of Enbridge Gas's 2020 Rates Application[9]. The report noted that both the

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[8] EB-2013-0202.
[9] EB-2019-0194.

EGD and Union rate zones experienced year-to-year fluctuations in UFG levels that were consistent with those of their peers. Those fluctuations were noted to be a result of a number of factors including weather, estimation variation, measurement variation, and billing and accounting adjustments. These types of fluctuations were also recognized to be an inherent element of UFG by regulatory bodies in other jurisdictions. The application of a deadband to a UFG Variance Account to incent the Company to manage UFG levels does not recognize the temporary nature of some of the factors that contribute to variances that are sought to be disposed of from a UFG Variance Account. A deadband may result in an asymmetrical recovery by either the Company or the ratepayer relating to UFG variances that are temporary in nature, depending on the level of UFG costs relative to the deadband in a given year.

46. To the extent that a deadband is presumed to financially incent the Company to appropriately manage levels of UFG within its operations, it does not recognize that UFG by its nature has an element which is unknown and as such is non-controllable. Although the root causes of UFG are generally known, it continues to be difficult to forecast and predict the individual factors due to their unquantifiable nature. It is not appropriate for Enbridge Gas to be at risk for recovery of costs associated with UFG, as a result of the application of a deadband, when there are elements of UFG that are not within the control of the Company.

47. Furthermore, there are non-financial drivers that sufficiently incentivize the Company to monitor and manage UFG. Enbridge Gas is motivated to prudently monitor and manage UFG to address any elements that have the potential to compromise its ability to provide safe and reliable operations. Enbridge Gas also strives to provide excellent customer service, which includes the provision of

accurate measurement and billing of customers' consumption, which inherently supports the prudent management of UFG.

48. Enbridge Gas's management of UFG is also guided by external regulations and public commitments. In response to the Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector) introduced by the federal government in 2020 (Methane Regulation), Enbridge Gas has implemented programs and initiatives targeted at reducing fugitive and vented gas. Enbridge Gas has also communicated voluntary commitments relating to Environmental, Social and Governance (ESG) targets, which were announced in 2020. A Facility Greenhouse Gas (GHG) Emissions Reduction project was launched in 2021, to identify and evaluate potential GHG reduction opportunities and strategies. Compliance with the Methane Regulation and the voluntary ESG targets indirectly support the goal of reducing overall UFG levels. Both the ESG targets and the Facility GHG Emissions Reduction project are provided at Exhibit 1, Tab 10, Schedule 3.

2.4. Market-Based Storage Variance Account (Account No. 179-204)

49. Enbridge Gas is proposing to replace the existing EGD rate zone account with an Enbridge Gas account. There is no comparable account in the Union rate zones, as the Union rate zones had sufficient utility storage capacity to meet utility in-franchise demands and did not require market-based storage services.
    - EGD – Storage and Transportation Deferral Account (Account No. 179-88_)
    - Union – Not applicable

50. The current Storage and Transportation Deferral Account for the EGD rate zone includes costs associated with transportation capacity on the Dawn Parkway System that was contracted by EGD from Union prior to amalgamation. Since the

amalgamation, these costs are now part of Enbridge Gas's Dawn Parkway System and are no longer third-party transportation and will no longer be recorded in the proposed variance account.

51. Enbridge Gas is proposing to establish one variance account for Enbridge Gas that will capture the difference between the forecast cost of market-based storage as approved by the OEB and the actual cost of market-based storage. This proposal recognizes that Enbridge Gas will operate utility storage space as an integrated storage operation and any additional market-based storage contracted is for all Enbridge Gas in-franchise customers that use utility storage. Further details relating to the forecast of market-based storage costs are provided at Exhibit 4, Tab 2, Schedule 1.

<u>3. Annual Non-Gas Supply Deferral and Variance Accounts</u>

52. Enbridge Gas is proposing to harmonize or make changes to the non-gas supply deferral accounts that are reviewed annually as part of the D&VA proceedings. The consolidated annual non-gas supply accounts described further below are organized as follows:

    3.1 Gas Distribution Access Rule Deferral Account (GDAR) (Account No. 179-301)
    3.2 Deferral Clearing Variance Account (Account No. 179-302)
    3.3 Parkway Delivery Obligation Variance Account (Account No. 179-303)
    3.4 Unauthorized Overrun Non-Compliance Deferral Account (Account No. 179-304)
    3.5 Pension and Other Post Employment Benefits (OPEB) Variance Account (Account No. 179-305)
    3.6 Incremental Capital Module Deferral Account (Account No. 179-306)
    3.7 Facility Carbon Charge Variance Account (Account No. 179-307)

3.8 Customer Carbon Charge Variance Account (Account No. 179-308)

3.9 Greenhouse Gas Emissions Administration Variance Account (Account No. 179-309)

3.10 Volume Variance Deferral Account (Account No. 179-310)

3.11 Earnings Sharing Mechanism Deferral Account (Account No. 179-311)

3.12 Tax Variance Account (Account No. 179-312)

<u>3.1. Gas Distribution Access Rule (GDAR) Deferral Account (Account No. 179-301)</u>

53. Enbridge Gas is proposing to consolidate the following existing deferral accounts into one Enbridge Gas account:
    - EGD – GDAR Impact Deferral Account (Account No. 179-20_)
    - Union – GDAR Costs Deferral Account (Account No. 179-132)

54. Enbridge Gas is not proposing a change to the purpose of these accounts. The harmonized deferral account will record all incremental unbudgeted capital and operating impacts associated with the development, implementation, and operation of the GDAR and any future amendments to the rule, consistent with the existing EGD and Union deferral accounts.

<u>3.2. Deferral Clearing Variance Account (Account No. 179-302)</u>

55. Enbridge Gas is proposing to consolidate the following existing variance accounts into one Enbridge Gas account:
    - EGD – Deferred Rebate Account (Account No. 179-00_)
    - Union – Deferral Clearing Variance Account (Account No. 179-132)

56. Enbridge Gas is not proposing a change to the purpose of these accounts. Consistent with the existing EGD and Union variance accounts, the harmonized Deferral Clearing Variance Account will record any amounts receivable from (or

payable to) customers for disposition variances in relation to the clearance of D&VA balances approved by the OEB. Disposition variances result from Enbridge Gas's billing system's inability to locate and apply deferral clearance unit rates to all intended customers and or volumes due to customer moves and other account changes. Deferral clearance unit rates derived utilizing historical customers and volumes are not able to be assessed against all historical customers and or volumes at the time of disposition, resulting in the balances captured in the Deferral Clearance Variance Account.

3.3. Parkway Delivery Obligation Variance Account (Account No. 179-303)

57. Enbridge Gas is proposing to update the purpose of the variance account and replace the existing account for the Union rate zone with an Enbridge Gas account. There is no comparable EGD account, as EGD did not have a similar mechanism for the Parkway Delivery Obligation (PDO). Enbridge Gas is proposing to include the EGD rate zone Ontario T-service customers delivering at the Enbridge CDA in the PDO forecast and in the total PDCI cost, as provided at Exhibit 4, Tab 7, Schedule 1.
    - EGD – Not applicable
    - Union – Parkway Obligation Rate Variance Account (Account No. 179-138)

58. The Parkway Obligation Rate Variance Account was established as part of Union's 2014 Rates[10] proceeding through the approved Settlement Framework for Reduction of PDO (PDO Settlement Framework). The PDO Settlement Framework provided a mechanism to recover costs associated with the Dawn Parkway System capacity and fuel used to facilitate the PDO shift to Dawn and forecast of costs for the Parkway Delivery Commitment Incentive (PDCI). Throughout Union's IR term

[10] EB-2013-0365.

from 2014 to 2018, and the deferred rebasing term from 2019 to 2023, the Company updated for changes in PDO and PDCI costs through its annual rate application.

59. The purpose of the existing account is to record rate variances associated with the timing difference between the effective date of PDO changes and the temporary capacity and the inclusion of the cost impact in approved rates. As only timing differences are reflected in the account, actual cost differences are not reflected in the account balance. As a result of having a forecast of PDCI costs in rates, any shift of obligation from Parkway to Dawn results in a decrease in the PDCI payment costs and an increase in the PDO reduction costs. Since the PDCI costs are updated annually, these amounts mostly offset each other.

60. Enbridge Gas is proposing to discontinue the annual true-up of PDO costs and PDCI costs through its annual rates application. This proposal is consistent with the price cap rate-setting mechanism, where cost adjustments are not typically part of a price cap rate adjustment. To ensure the Company and ratepayers are held whole on cost changes from the PDO/PDCI costs, Enbridge Gas is proposing to update the purpose of the account to reflect changes between the PDO and PDCI costs in rates and actual costs incurred. This approach will simplify the annual price cap rate adjustment while ensuring the Company and ratepayers are kept whole with respect to costs associated with the PDO. Please see Exhibit 4, Tab 7, Schedule 1 for a description of the proposed PDO Framework.

3.4. Unauthorized Overrun Non-Compliance Deferral Account (Account No. 179-304)

61. Enbridge Gas is proposing to replace the following accounts with one Enbridge Gas account.

- EGD – PGVA (Account No. 179-70_)

- Union – Unauthorized Overrun Non-Compliance Account (Account No. 179-143)

62. Distribution service interruptions (also referred to as curtailments) are called when demands on the distribution system exceed the capacity available for Enbridge Gas to meet both firm and interruptible services. In the EGD rate zone, the revenue from penalty charges received from interruptible customers who do not comply with the curtailment requirements are currently recorded in the PGVA for the EGD rate zone. In the Union rate zones, the revenue from comparable penalty charges for unauthorized non-compliance for interruptible distribution customers who do not comply with a distribution interruption are recorded in the Unauthorized Overrun Non-Compliance Account.

63. The penalty charges are set at a level intended to stop customers from electing to pay an unauthorized overrun rate that is cheaper than the cost of using alternate fuel.[11] Since the penalty is meant to incent compliance, and not to generate revenue for the Company, the penalty charges collected are recorded as a credit in the respective variance accounts and are disposed of to ratepayers.

64. Enbridge Gas is proposing that all revenue from penalty charges received from interruptible customers who do not comply with a distribution interruption are recorded in the Unauthorized Overrun Non-Compliance Deferral Account.

65. Enbridge Gas is proposing to harmonize the penalty charges for the EGD and Union rate zones during the IR term as part of the proposed service harmonization, as provided at Exhibit 8, Tab 4, Schedule 2. If approved by the OEB in this Application, all interruptible distribution customers will be subject to the

[11] EB-2015-0116, Exhibit A, Tab 1, pp.15-16.

Unauthorized Overrun Non-Compliance charge upon implementation of the service harmonization proposals.

3.5. Pension and OPEB Variance Account (Account No. 179-305)

66. Enbridge Gas is proposing to consolidate the following existing variance accounts into one Enbridge Gas account:
    - EGD – Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Variance Account (Account No. 179-36_)
    - Union – Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Variance Account (Account No. 179-157)

67. Enbridge Gas is not proposing a change to the purpose of these accounts. The proposed Enbridge Gas variance account will continue to track the difference between the Company's forecast accrual pension and OPEB amounts recovered in rates, and the actual cash payments made for all pension and OPEB plans during the fiscal year. Effective January 1, 2024, Enbridge Gas's rates will be updated to include pension and OPEB cost forecasts for the amalgamated utility based on actuarial reports, subject to OEB approval as part of this Application.

68. Enbridge Gas is proposing to combine the ending December 31, 2023, cumulative primary balances for the EGD and Union rate zones, along with the associated contra balances, as a starting point for Enbridge Gas as of January 1, 2024. Interest will continue to be calculated monthly on the balance when the cumulative forecasted accrual amount recovered in rates exceeds the cumulative actual cash payments, as a payable to ratepayers.

3.6. Incremental Capital Module (ICM) Deferral Account (Account No. 179-306)

69. Enbridge Gas is proposing to consolidate the following existing deferral accounts into one Enbridge Gas account:
    - EGD – ICM Deferral Account (Account No. 179-500)
    - Union – ICM Deferral Account (Account No. 179-159)

70. Enbridge Gas is not proposing a change to the purpose of these accounts. Consistent with the existing accounts, the proposed deferral account will record, on a project-by-project basis, the difference between the actual revenue requirement for any ICM projects approved for Enbridge Gas during the IR term, and the actual revenues collected through ICM rates approved by the OEB for the Company.

71. On a prospective basis, the Company is proposing to capture all ICM project capital expenditure variances on a symmetrical basis, underspend or overspend, in the determination each project's actual revenue requirement. The intent of the ICM is to provide a funding mechanism for incremental capital not funded through base rates, and as such, that funding should account for any achieved underspend or prudent overspend.

3.7. Facility Carbon Charge Variance Account (Account No. 179-307)

72. Enbridge Gas is proposing to consolidate the following existing variance accounts into one Enbridge Gas account:
    - EGD – Facility Carbon Charge Variance Account (Account No. 179-503)
    - Union – Facility Carbon Charge Variance Account (Account No. 179-420)

73. In its 2019 Federal Carbon Pricing Program Decision[12], the OEB approved on a final basis rate zone-specific federal carbon charge accounts to record the variance between actual facility carbon costs and facility carbon costs recovered through rates.

74. Enbridge Gas is not proposing a change to the purpose of these accounts. Consistent with the existing variance accounts, the proposed Enbridge Gas variance account will continue to record the difference between actual facility carbon costs and facility carbon costs recovered in rates.

75. Effective January 1, 2024, there's no longer a need for separate facility carbon charge variance accounts for the EGD and Union rate zones. In the 2023 Federal Carbon Pricing Program Application, Enbridge Gas proposed a common facility charge for all in-franchise customers[13] that, if approved, eliminates the requirement to track the facility-related impacts separately by rate zones.

3.8. Customer Carbon Charge Variance Account (Account No. 179-308)

76. Enbridge Gas is proposing to consolidate the following existing variance accounts into one Enbridge Gas account:
    - EGD – Customer Carbon Charge Variance Account (Account No. 179-502)
    - Union – Customer Carbon Charge Variance Account (Account No. 179-421)

77. Enbridge Gas is not proposing a change to the purpose of these accounts. Consistent with the existing variance accounts, the proposed Enbridge Gas variance account will continue to record the difference between actual customer carbon costs and customer carbon costs recovered in rates.

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[12] EB-2018-0205, Decision and Order, July 4, 2019.
[13] EB-2022-0194, Exhibit D, Tab 1, Schedule 1, p.4.

78. Effective January 1, 2024, there’s no longer a need for separate customer carbon charge variance accounts for the EGD and Union rate zones. There will be no need to track the customer-related impacts separately by rate zone as there’s already a common customer charge.

3.9. Greenhouse Gas Emissions Administration Variance Account (GGEAVA) (Account No.179- 309)

79. Enbridge Gas is proposing to consolidate the following existing variance accounts into one Enbridge Gas account:
    - EGD – Greenhouse Gas Emissions Administration Deferral Account (GGEADA) (Account No. 179-501)
    - Union - GGEADA (Account No. 179-422)

80. The purpose of these accounts is to record the incremental administrative costs and all bad debt associated with the impacts of provincial and federal regulations related to greenhouse gas emission requirements.

81. Administrative costs associated with current federal and provincial regulations related to greenhouse gas emissions requirements are included within the forecast costs to be recovered through 2024 base rates except for bad debt, which is proposed to be recorded in total in the GGEAVA.

82. Enbridge Gas is proposing that incremental administration costs associated with new or changing climate policies be recorded in the GGEAVA, as well as all bad debt related to carbon charges, which are expected to vary significantly throughout the IR term due to anticipated rising carbon prices. The anticipated rising prices in subsequent years of the IR term are not able to be factored into the 2024 Test Year

Forecast. The account name is also changing from a deferral to a variance account to reflect the inclusion of the administrative costs associated with current federal and provincial regulations related to greenhouse gas emissions requirements in 2024 base rates.

3.10. Volume Variance Account (Account No. 179-310)

83. Enbridge Gas is proposing to update the purpose of the following existing variance accounts and replace the existing accounts with one Enbridge Gas account.
    - EGD – Average Use True-up Variance Account (AUTUVA) (Account No. 179-66_)
    - Union – Normalized Average Consumption (NAC) Account (Account No. 179-133)

84. For the EGD rate zone, the AUTUVA was established to record the revenue impact, exclusive of gas costs, of the difference between the forecast of average use per customer, for general service rate classes, embedded in the volume forecast that underpins the general service rate classes and the actual weather normalized average use experienced during the year.

85. For the Union rate zones, the NAC Account was established to record the impact to delivery and storage revenue and costs resulting from the difference between the target NAC included in OEB-approved rates and the actual NAC experienced during the year for general service rate classes.

86. Enbridge Gas is proposing to establish one variance account for Enbridge Gas to record the revenue impact, exclusive of gas costs, of the volumetric forecast variance resulting from actual average use per customer and weather experienced during the year for the general service rate classes.

87. Neither the AUTUVA nor the NAC Account included the revenue variance due to weather. Including this revenue variance in the proposed Volume Variance Account reduces volumetric risk in a symmetric and revenue-neutral manner for both customers and Enbridge Gas. In a year where actual weather occurs colder than the OEB-approved normal, customers receive the benefit of being refunded higher delivery charges paid during the winter months in the proposed account. In a year where actual weather is reported warmer than the OEB-approved normal, the Company is able to recover the majority of its delivery costs, including recovery of fixed costs that do not vary with the level of customers' volumetric consumption.

88. The revenue impact of forecast variances related to changes in the customer forecast are not included in the proposed account.

89. The proposed Volume Variance Account provides a similar de-risking of fixed cost recovery to that resulting from the proposed Straight Fixed Variable and Demand (SFVD) rate design for general service customers. Please see Exhibit 8, Tab 2, Schedule 3 for the rate design proposal for general service customers.

90. The Volume Variance Account will remain in effect until the implementation of the SFVD rate design, if approved by the OEB in this Application. If, alternatively, the OEB approves another rate design approach, the proposed Volume Variance Account will continue to be required to capture average use and weather variances.

3.11. Earnings Sharing Mechanism Deferral Account (ESMDA) (Account No. 179-311)

91. Enbridge Gas is proposing to update the ESMDA account description but is not proposing a change to the purpose of the account. The Company is proposing to remove wording from the existing accounting order that references the MAADs Decision. Additionally, the Company proposes to add that the ESMDA will not apply

to the year rates are set based on the cost of service, consistent with current practice.

3.12. Tax Variance Account (TVA) (Account No. 179-312)

92. Enbridge Gas is proposing to update the name of the account from the Tax Variance Deferral Account (TVDA) to the Tax Variance Account (TVA), and to update the description of the account. Enbridge Gas is not proposing a change to the purpose of the account.

93. In the MAADs Decision[14], the OEB determined the TVDA should be used to record 50% of the impact of any tax rate changes which vary from the tax rates included in base rates for Enbridge Gas. This Decision extended the TVDA applicability from the Union rate zones to include both the EGD and Union rate zones. In Enbridge Gas's 2019 Rates Decision[15], the OEB further determined it appropriate for Enbridge Gas to follow directions from the OEB's letter dated July 25, 2019[16], which directed that 100% of the impact of changes in capital cost allowance (CCA) rules be recorded in the TVDA. Impacts of tax rate and rule changes were to be recorded in the TVDA until the updated rates and rules could be reflected in cost-based rates (i.e., as part of a cost of service).

94. During Enbridge Gas's deferred rebasing term, the impacts of Bill C-97's Accelerated Investment Incentive (or Accelerated CCA) were recorded in the TVDA. The Bill C-97 Accelerated CCA was comprised of two elements:

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[14] EB-2017-0306/EB-2017-0307, OEB Decision and Order, August 30, 2018.
[15] EB-2018-0305.
[16] Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance

- A 50% increase in the available CCA deduction in respect to property acquired after November 20, 2018, and available for use before 2024; and,
- The suspension of the existing CCA half-year rule (half-year rule suspension) in respect to property acquired after November 20, 2018, that becomes available for use before 2028.[17]

95. Enbridge Gas's income taxes included in its 2024 Test Year Forecast have been calculated to reflect the impact of the Accelerated Investment Incentive, and other known tax rate and rules, that are expected in 2024. As such, CCA has been calculated to reflect the ongoing suspension of the half-year rule afforded by the Bill C-97 Accelerated Investment Incentive, but also reflects the termination of the 50% increase in the first year CCA deduction that the Bill C-97 Accelerated Investment Incentive provided on CCA pool additions between November 21, 2018, and December 31, 2023. As a result, assuming there are no further changes to tax rules during the 2024 to 2028 IR term, no variances are expected to be captured in the TVA between 2024 and 2027, as base rates will reflect existing and ongoing tax rates and rules. In 2028, when the Bill C-97 suspension of the CCA half-year rule terminates, Enbridge Gas will record the revenue requirement variance between CCA calculated on 2018 CCA pool additions reflecting the half-year rule, and CCA calculated assuming the suspension of the half-year rule (as reflected in base rates), in the TVA.[18]

96. As noted above, the intent and parameters of the account are not proposed to change. Enbridge Gas is proposing to update the wording of the accounting order to remove references to the MAADs Decision and the account's expanded

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[17] Bill C-97, Budget Implementation Act, 2019, No.1.
[18] Tax rate and CCA rule change impacts recorded in the TVA will exclude tax rate and rule change impacts that are captured through other deferral account mechanisms.

applicability to include both the EGD and Union rate zones, as the wording is no longer relevant or necessary for the proposed TVA.

ESTABLISHMENT OF NEW DEFERRAL AND VARIANCE ACCOUNTS

JASON VINAGRE, MANAGER REGULATORY ACCOUNTING
RYAN SMALL, TECHNICAL MANAGER REGULATORY ACCOUNTING

1. The purpose of this evidence is to request OEB approval to establish new deferral and variance accounts (D&VAs). The request for each account is supported by how the Company has met the OEB eligibility requirements for new D&VA requests.

2. Enbridge Gas proposes to establish the following new variance accounts, effective January 1, 2024.
    1. Energy Transition Technology Fund Variance Account (Account No. 179-321)
    2. Rate Harmonization Variance Account (Account No. 179-322)
    3. Dawn Parkway Surplus Capacity Deferral Account (Account No. 179-323)
    4. Locate Delivery Services Variance Account (Account No. 179-324)
    5. Open Bill Extension Deferral Account (Account No. 179-325)
    6. Enhanced Distribution Integrity Management Program Deferral Account (Account No. 179-326)
    7. Post-Retirement True-Up Variance Account (Account No. 179-328) /u

3. The Filing Requirements for Natural Gas Rate Applications (Filing Requirements) require a new D&VA request be accompanied by evidence on how the following eligibility criteria will be met[1]:
    a) Causation – the forecasted expense must be clearly outside the base upon which rates were derived;

[1] Filing Requirements for Natural Gas Rate Applications, February 16, 2017, p.38.

b) Materiality – the forecasted amounts must exceed the OEB-defined materiality threshold[2] and have a significant influence on the operation of the distributor, otherwise they must be expensed in the normal course and addressed through organizational productivity improvements; and,

c) Prudence – the nature of the costs and forecasted quantum must be reasonably incurred although the final determination of prudence will be made at the time of disposition. In terms of the quantum, this means that the applicant must provide evidence demonstrating as to why the option selected represents a cost-effective option (not necessarily least initial cost) for ratepayers.

4. The proposed Accounting Orders for the new D&VAs are provided at Exhibit 9, Tab 1, Schedule 1, Attachment 3.

<u>1. Energy Transition Technology Fund Variance Account (Account No. 179-321)</u>

5. Enbridge Gas proposes to establish the Energy Transition Technology Fund (ETTF) Variance Account as a tracking account over the IR term. In order to achieve provincial and federal greenhouse gas (GHG) reduction targets, Enbridge Gas is exploring and pursuing multiple energy transition-related initiatives that will reduce GHG emissions from Enbridge Gas's own operations as well as from buildings, industry, and transportation. A description of these initiatives is provided at Exhibit 1, Tab 10, Schedule 1. As part of its proposed initiatives, Enbridge Gas is requesting approval of the ETTF, which is intended to support research, development, and commercialization of low carbon technologies. A description of the proposed ETTF is provided at Exhibit 1, Tab 10, Schedule 7.

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[2] The materiality threshold is set at $1 million for a utility with a revenue requirement of more than $200 million, as defined in the Filing Requirements for Natural Gas Rate Applications, February 16, 2017, p.38.

6. Enbridge Gas is proposing to collect $5 million forecasted annually over the IR term, which will accumulate in the proposed ETTF Variance Account. As ETTF expenses are incurred, the accumulated balance in the variance account will be drawn down. Enbridge Gas proposes to review the balance in the variance account at the next rebasing application.

7. Enbridge Gas proposes to collect the ETTF through a rate rider, as provided at Exhibit 8, Tab 1, Schedule 1. Collecting the ETTF through a rate rider, as opposed to base rates, provides transparency, as the actual amount collected for the ETTF will be earmarked for the ETTF, underscoring the importance of having a dedicated, continuous, reliable funding stream for technology research and innovation, and giving ratepayers confidence that this is an on-going priority for Enbridge Gas. It also removes the amounts collected for the ETTF from escalation[3] during the IR term. There are no associated costs in the budget underpinning the forecast revenue requirement. As a result, the $5 million forecasted to be collected for the ETTF is incremental to the proposed 2024 revenue deficiency.

8. Enbridge Gas has assessed the causation, materiality, and prudence of the ETTF Variance Account:
    a) Causation – All costs that Enbridge Gas intends to record in the proposed ETTF Variance Account are outside of the base upon which rates are derived. The Company is proposing a rate rider to collect the required funding for GHG reduction initiatives.
    b) Materiality – Enbridge Gas's forecasted spend exceeds the $1 million materiality threshold for the establishment of new accounts. The Company is

[3] Enbridge Gas is proposing annual rate adjustments using a Price Cap Index during the 2025 to 2028 IR term.

proposing $5 million annually in ETTF funding, for a total of $25 million forecasted to be collected over the IR term, which will be tracked in the variance account. These funds are intended to support customers and the Company through a period of significant Energy Transition over time.

c) Prudence – Enbridge Gas's proposed fund for energy transition technology development is critical to address the challenge of climate change and energy transition policies in Ontario and Canada, to satisfy customers' feedback on energy transition, and to deliver the Company's overall energy transition plan. Please see Exhibit 1, Tab 10, Schedule 7 for greater detail on the purpose and scope of the proposed ETTF.

2. Rate Harmonization Variance Account (Account No. 179-322)

9. Enbridge Gas proposes to establish the Rate Harmonization Variance Account (RHVA) to record material differences to forecast revenues that are attributable to customers switching rate classes as a result of the implementation of the rate harmonization plan. Implementation of the rate harmonization plan is currently planned for 2025 for general service customers and for 2026 for contract service customers. Please see Exhibit 7, Tab 1 for the harmonized cost allocation and Exhibit 8, Tab 2 for the rate harmonization plan.

10. The cost allocation and rate design process to support the rate harmonization plan is underpinned by a harmonized customer forecast. Enbridge Gas prepared the harmonized customer forecast by placing customers into harmonized rate classes based on the customer's current parameters and service option. For example, a firm bundled contract rate customer is placed in the corresponding firm bundled contract rate class for purposes of deriving the harmonized customer forecast. The mapping of current rate classes to proposed rate classes is provided at Exhibit 8, Tab 2, Schedule 1, Attachment 1. This approach ensured that there was no

judgment by the Company on what service option a customer may elect upon rate harmonization.

11. Enbridge Gas recognizes that customers have options to switch rate classes and/or change their service options upon implementation of the rate harmonization plan. The rate harmonization plan offers customers choice, which increases the potential for rate class switching. As such, Enbridge Gas is proposing to establish the RHVA to be utilized from 2025 to 2028 to mitigate the uncertainty of customer choice on the forecast revenue upon the implementation of the rate harmonization plan. The proposed RHVA will record the material differences (in excess of $1 million in aggregate) to forecast revenue due to the implementation of the rate harmonization plan.

12. Rate harmonization is proposed to be implemented during the IR term, during which time Enbridge Gas's rates will be set through the proposed Price Cap mechanism. The Company is unable to adjust the volume forecast through the IR term to account for rate class switching until the Company's next rebasing in 2029. Enbridge Gas considered reflecting potential customer switching in the harmonized customer forecast but decided against this approach due to its subjective nature. Any changes to the customer forecast would require judgement, without prior customer experience or customer feedback on which to base the forecast. The Company recognized that if customer switching was reflected in the harmonized customer forecast and the customer switching did not materialize, the Company could earn more revenue or less revenue than the forecast used to set 2024 base rates. In lieu of adjusting the customer forecast, the Company is requesting the RHVA.

13. Enbridge Gas will record differences in forecast revenue in the RHVA based on customers that switch rate classes or change service options during the IR term.

The forecast revenue difference will be calculated based on the difference in the applicable monthly rates and charges applied to the customer parameters included in the 2024 Test Year Forecast. Differences in forecast revenue resulting from the addition or loss of customers during the IR term will not be recorded in the RHVA.

14. Enbridge Gas has assessed the causation, materiality, and prudence of the RHVA:
    a) Causation – The revenue variances in the proposed variance account are due to customers electing a different service option upon implementation of the rate harmonization plan than the assumption used to prepare the harmonized customer forecast. As such, the revenue variance is outside the base upon which the harmonized rates were derived.
    b) Materiality – The materiality of the revenue variance is unknown at this time but could materialize to an amount that would have a significant influence on the operation of the Company. Enbridge Gas recognizes the $1 million materiality threshold for the establishment of new accounts and proposes to record in the RHVA the total revenue variance that exceeds the materiality threshold on a cumulative basis during the IR term.
    c) Prudence – Any balance arising in the RHVA will be because of customer choice and outside the control of the Company. Enbridge Gas will provide detailed support for any amounts requested for clearance from the RHVA as part of the annual D&VA disposition proceedings.

3. Dawn Parkway Surplus Capacity Deferral Account (Account No. 179-323)

15. Enbridge Gas proposes to establish the Dawn Parkway Surplus Capacity Deferral Account (DPSCDA) to record actual revenue generated from the sale of all or a portion of the 89 TJ/d Dawn Parkway System surplus capacity forecast for the Winter 2023/2024. The Dawn Parkway System continuity, including the forecast surplus capacity, is provided at Exhibit 2, Tab 7, Schedule 1.

16. The full cost of the Dawn Parkway System is included in the 2024 Test Year revenue requirement. The Dawn Parkway System costs are recovered through the proposed rates for 2024 which are derived based on demands that are less than the full Dawn Parkway System capacity by 89 TJ/d. Enbridge Gas recognizes the surplus Dawn Parkway System capacity can have value if contracted for during the IR term. As a result, Enbridge Gas proposes to refund through the DPSCDA any revenue generated from the sale of the surplus capacity up to the 89 TJ/d per year. Based on the 2023 Rate M12 Dawn to Parkway demand rate, the maximum annual revenue that could be realized from the sale of the long-term firm surplus capacity is approximately $4 million[4] per year.

17. As part of Union's 2017 Dawn Parkway project[5], there was forecast surplus capacity of 30,393 GJ/d following construction of the project. Parties to the Settlement Agreement agreed that Union would include revenue associated with the sale of the surplus capacity in the associated deferral account.[6] Enbridge Gas proposes similar treatment for the Dawn Parkway System surplus capacity that is forecast as part of this Application.

18. The Dawn Parkway System surplus capacity of 89 TJ/d will be deemed to be sold long-term, in part or in whole, in any year if the Dawn Parkway System position for the forecast winter is in a surplus position of less 89 TJ/d. The new Dawn Parkway System contracted amounts will first be allocated to replace any turnback received during the year before it is allocated as a sale of the 89 TJ/d excess capacity from this Application. If any of the 89 TJ/d Dawn Parkway System surplus capacity is not sold on a long-term basis, Enbridge Gas will allocate a proportionate share of the

[4] Calculated at the 2023 Rate M12 Dawn to Parkway rate of $3.760/GJ/m x 89,000 GJ x 12 months.
[5] EB-2015-0200.
[6] EB-2015-0200, 2017 Dawn Parkway Project Settlement Proposal, November 13, 2015, p.8.

short-term transportation revenue generated through the sale of any remaining amount of the 89 TJ/d not deemed to be sold long-term to the DPSCDA.[7] Long-term and short-term revenue generated from the Dawn Parkway System capacity included in the DPSCDA cannot exceed 89 TJ/d on average for the year.

19. Enbridge Gas has assessed the causation, materiality, and prudence of the DPSCDA:
    a) Causation – The revenue that Enbridge Gas intends to record as a credit balance in the proposed DPSCDA is outside of the revenue forecast for the 2024 Test Year while the full costs of the Dawn Parkway System are in base rates.
    b) Materiality – The forecast revenue from the sale of the total amount of long-term firm surplus capacity can be up to $4 million per year which exceeds the $1 million materiality threshold for the establishment of new accounts.
    c) Prudence – The DPSCDA is designed to record as a credit balance revenue from the sale of up to 89 TJ/d forecast surplus capacity on the Dawn Parkway System. Any credit balance in the DPSCDA will result in a refund to the benefit of customers. Enbridge Gas will provide detailed support for the DPSCDA balance as part of the annual D&VA disposition proceedings.

4. Locate Delivery Services Variance Account (Account No. 179-324)

20. Enbridge Gas proposes to establish the Locate Delivery Services Variance Account (LDSVA) in response to Bill 93, the Getting Ontario Connected Act, which was recently passed into law on April 14, 2022[8]. The new regulations are expected to

[7] The inclusion of a proportionate share of short-term transportation revenue is consistent with the OEB Findings for the 2017 Dawn Parkway project deferral account at EB-2018-0105, Decision and Order, page 9.
[8] Bill 93, Getting Ontario Connected Act, 2022, amends Bill 8, the Ontario Underground Infrastructure Notification System Act, 2012 and Bill 257, the Building Broadband Faster Act, 2021.

cause significant changes to locate delivery services in Ontario. These changes are currently in development and as such, the locate delivery services costs included in the 2024 Test Year Forecast may not reflect the actual costs that will be incurred.

21. Enbridge Gas incurs costs to provide locate delivery services to its customers, as requested from customers, third-party contractors and other utilities. Enbridge Gas encourages customers to request locates prior to starting any ground disturbance activity in support of regulations[9] designed to preserve the safety of people, property, and the environment. Enbridge Gas has a duty to respond to locate requests that may affect underground infrastructure owned or operated by Enbridge Gas.

22. Enbridge Gas also anticipates it will incur costs from other utilities for locate delivery services provided to Enbridge Gas. The Company is required by law[10] to request locate services prior to starting any ground disturbance activity for its own operations. In response to Bill 93, other utilities are expected to start charging for locate delivery services and as a result, Enbridge Gas is expecting to incur incremental costs to request locate services from other third-party providers and other utilities for its own operations.

23. The 2024 Test Year Forecast includes $51 million of operating and maintenance /u
costs for external services to be incurred by Enbridge Gas to provide locate delivery services to customers and for receiving locate delivery services from other third-party providers and other utilities required for Enbridge Gas's own operations. These costs exclude $7.5 million of internal company resources that provide /u

[9] Ontario Underground Infrastructure Notification System Act, 2012 and the Canadian Energy Regulator Pipeline Damage Prevention Regulations – Obligations of Pipeline Companies.
[10] Ibid.

administrative support for the field locate process to respond to locate requests. Enbridge Gas expects the external costs for locate delivery services, including both the provision and receipt of required locate delivery services, to materially increase from the amounts included in the 2024 Test Year Forecast.

24. To help manage the incremental costs of locate delivery services, Enbridge Gas is proposing to introduce a new locate delivery service charge per locate request from third-party contractors and other utilities that require a field locate. The charge will not apply if Enbridge Gas receives a locate delivery request and there is no Enbridge Gas underground infrastructure within the area of the ground disturbance activity. A description of the proposed service charge is provided at Exhibit 8, Tab 3, Schedule 1.

25. To protect ratepayers and the Company from the cost uncertainty resulting from changes to locate service delivery and receipt requirements, Enbridge Gas is proposing to establish the LDSVA. The LDSVA will ensure that ratepayers only pay for, and Enbridge Gas only recovers, its actual incurred external costs for locates required to be delivered and received.

26. Enbridge Gas proposes that the LDSVA record the variance between the actual external costs for locate delivery services, and the external locate delivery costs included in base rates of $51 million. External locate delivery costs includes both the external costs to provide locate delivery services and receive locate delivery services for Enbridge Gas's own operations. The cost variance in the LDSVA will be offset by the revenue collected through the new locate delivery service charge applicable to third-party contractors and other utilities who request locate services from Enbridge Gas.

27. Enbridge Gas has assessed the causation, materiality, and prudence of the LDSVA:

a) Causation – Enbridge Gas has included a total of $51 million in the 2024 Test Year Forecast for external costs charged to Enbridge Gas for locate delivery services upon request from customers[11], third-party contractors and other utilities. Any amounts recorded in the LDSVA will reflect the actual costs incurred for the locate delivery services compared to the amounts included in rates, and as such, are outside the base 2024 Test Year Forecast. Enbridge Gas has also not included forecast revenue associated with the proposed new locate delivery service charge for third-party contractors. Any amounts collected from this charge will offset the cost variance in the LDSVA.

b) Materiality – Given the recent developing changes to the locate delivery services in Ontario, it's anticipated that the variance between the actual costs for locate delivery services, net of revenues, and the amount included in rates will exceed the $1 million materiality threshold for the establishment of new D&VAs.

c) Prudence – The costs to provide delivery locate services are reasonably incurred, as Enbridge Gas is required by law[12] to provide locate delivery services and request locate delivery services for its own operations to support preserving the safety of people, property, and the environment. Enbridge Gas will provide detailed support for the LDSVA balance as part of the annual D&VA disposition proceedings.

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[11] Occupants of residential and/or private property.
[12] Ontario Underground Infrastructure Notification System Act, 2012 and the Canadian Energy Regulator Pipeline Damage Prevention Regulations – Obligations of Pipeline Companies.

5. Open Bill Extension Deferral Account (Account No. 179-325) /u

28. Enbridge Gas proposes to establish the Open Bill Extension Deferral Account to record 100 percent of the net revenues for Open Bill services over a 10-month extension period from January 1, 2024, to October 31, 2024. A description of the Open Bill Access (OBA) Program is provided at Exhibit 1, Tab 14, Schedule 4. The Open Bill Extension Deferral Account is proposed to be in place for 2024, as the Open Bill Program will be wound down as of October 31, 2024.

29. The OBA Program provides other companies that sell energy-related products and services the ability to include their charges on Enbridge Gas's bill. Enbridge Gas made the decision to wind down the OBA Program effective October 31, 2024. The end date determination resulted from a consultation process with third-party billers (Billers) who use the OBA Program. Based on input and feedback from Billers, Enbridge Gas created a Transition Plan allowing for an optional 10-month extension to the original conclusion date of the program from December 31, 2023, to October 31, 2024.

30. As part of this Application, Enbridge Gas is proposing to extend the existing financial terms of the OBA Program for the extension period, with the only exception being that all of net revenues will be credited to ratepayers. If approved, the net revenue amounts applicable to the proposed account will be determined in accordance with the OEB-approved OBA Settlement Proposal[13] dated October 15, 2009, with updated Fees and Costs as determined in the 2014 OBA proceeding and adjusted each subsequent year[14].

[13] EB-2009-0043, OEB Decision, December 2, 2009.
[14] EB-2013-0099.

31. The existing Enbridge Gas OEB-approved Open Bill Revenue Variance Account (Account No. 179-48_) tracks the variance in the ratepayer share of Open Bill service net revenues, determined in accordance with OBA Program parameters, as compared to the amount included in rates. The new account will apply to the extension period, during which all net revenues will be credited to ratepayers. The Company is requesting the discontinuance of the existing Open Bill Revenue Variance Account effective January 1, 2024, in Exhibit 9, Tab 1, Schedule 4.

32. Enbridge Gas has assessed the causation, materiality, and prudence of the Open Bill Extension Deferral Account:
    a) Causation – There are no net revenues related to Open Bill services built into the 2024 Test Year Forecast. Any amounts recorded in the Open Bill Extension Deferral Account will reflect 100 percent of the net revenues earned for the Open Bill services, determined in accordance with the current OEB-approved approach. The account will not record any costs associated with winding down the OBA Program.
    b) Materiality – It's anticipated that net revenue for the extension period will result in an estimated ratepayer benefit that exceeds the $1 million materiality threshold for the establishment of new D&VA.
    c) Prudence – The OBA Program has been offered in its current form since the OEB's OBA[15] Decision, whereby revenues, net of costs, have been reviewed and approved by the OEB as part of annual D&VA disposition proceedings. The costs for the 10-month extension in this Account are consistent with the current OBA Program and will not include any expenses resulting from winding down the program. Enbridge Gas will provide detailed support for

[15] EB-2009-0043, OEB Decision, December 2, 2009.

the Open Bill Extension Deferral Account balance as part of the 2024 D&VA disposition proceeding.

6. Enhanced Distribution Integrity Management Program Deferral Account (Account No. 179-326) /u

33. Enbridge Gas proposes to establish the Enhanced Distribution Integrity Management Program (Enhanced DIMP) Deferral Account to record general administrative costs, as well as operating and maintenance and ongoing integrity inspection-related costs incurred to implement and execute the Enhanced DIMP. The Enhanced DIMP proposed by Enbridge Gas is in response to the OEB's St. Laurent Ottawa North Replacement Project Decision.[16] Further details on the Enhanced DIMP are provided at Exhibit 1, Tab 13, Schedule 3. The program will apply to a subset of distribution assets that are approaching end of life[17], and will ensure Enbridge Gas can thoroughly assess the condition of distribution pipeline assets to allow appropriate action to be taken, whether that is maintenance work or replacement of the pipe.

34. The costs included in the proposed deferral account will be amounts incurred to assess the primary risk for pipeline assets within the distribution system and to identify and prioritize assets that are approaching end of life to determine whether they need to be replaced. The program is intended to provide a substantive rigorous review of the condition of the assets to identify specific areas that could be subject to proactive mitigation to extend the life of the asset. Such solutions may be implemented to delay or avoid costly and time-consuming pipeline replacement projects. Should the review validate that the pipeline is approaching end of life, the

[16] EB-2020-0293, St. Laurent Ottawa North Replacement Project Decision, Section 3.1, page 16.
[17] The program will be limited to pipeline assets that are operating at pressures above 700 kPa, Nominal Pipe Size (NPS) of 6 or greater, over 1 kilometer in length, and greater than 50 years old.

Enhanced DIMP will allow the Company to further substantiate the necessity of its proposed leave-to-construct applications for reinforcement and integrity projects.

35. Enbridge Gas has assessed the causation, materiality, and prudence of the Enhanced DIMP Deferral Account:
    a) Causation – There are no expenses related to the program included in the 2024 Test Year Forecast. Any amounts recorded in the Enhanced DIMP Deferral Account will reflect the costs incurred to administer, implement, and execute the program.
    b) Materiality – It's anticipated that costs incurred will result in an estimated ratepayer expense of approximately $10 million annually, which includes the costs for inspections of Enhanced DIMP pipelines and additional resources to support the program. As such, the anticipated costs exceed the $1 million materiality threshold for the establishment of new D&VA.
    c) Prudence – The costs to execute the program are reasonably incurred, and will only contain the approved general administration, operations and maintenance, and inspection costs from the program. Enbridge Gas will provide detailed support for the Enhanced DIMP Deferral Account balance as part of the annual D&VA disposition proceedings.

<u>7. Post-Retirement True-Up Variance Account (Account No. 179-328)</u> /u

36. Enbridge Gas proposes to establish the Post-Retirement True-Up Variance Account (PTUVA) to record the difference between the revenue requirement impact of actual pension and other post-employment benefits (OPEB) costs and the revenue requirement impact of pension and OPEB costs included in rates.

37. The economic volatility experienced throughout 2022 resulted in significant fluctuations in projected pension costs. Volatility and uncertainty in elements that /u

ultimately impact pension costs, such as inflation and interest rates, could persist through 2023 (and possibly beyond). To mitigate the risk of material changes in pension costs, Enbridge Gas is proposing to establish the PTUVA to protect both ratepayers and Enbridge Gas from revenue requirement variances between actual and forecast pension and OPEB accrual and cash-based amounts. The variance account would ensure Enbridge Gas recovers no more or less than the revenue requirement impact of actual pension and OPEB related amounts during each year.

38. Enbridge Gas has assessed the causation, materiality, and prudence of the proposed PTUVA: /u

a) Causation – Any variances recorded in the proposed variance account will reflect the difference between the actual and 2024 Test Year Forecast pension and OPEB related revenue requirement. As such, this revenue requirement variance is outside the base upon which rates are derived.
b) Materiality – Given the volatility and uncertainty in economic and market conditions, it is anticipated that the difference between the actual pension and OPEB revenue requirement and the 2024 Test Year forecast amount included in rates will exceed the $1 million materiality threshold for establishment of new D&VAs.
c) Prudence – The proposed variance account ensures Enbridge Gas recovers no more and no less than the revenue requirement impact of actual pension and OPEB related amounts during the year.

PROPOSED DEFERRAL AND VARIANCE ACCOUNT CLOSURES
JASON VINAGRE, MANAGER REGULATORY ACCOUNTING
RYAN SMALL, TECHNICAL MANAGER REGULATORY ACCOUNTING

1. The purpose of this evidence is to request OEB approval to close certain deferral and variance accounts (D&VAs). Enbridge Gas is proposing to discontinue activity in these existing accounts, effective January 1, 2024, with the effective closure of the accounts once the final balances are cleared.[1] Many existing D&VAs are being proposed to be amended and/or combined Enbridge Gas accounts and in some instances, accounts are no longer required. A summary of the proposed D&VA closures is provided at Exhibit 9, Tab 1, Schedule 1, Attachment 2.

2. This evidence is organized as follows:
    1. EGD Rate Zone Account Closures
    2. Union Rate Zones Account Closures
    3. Enbridge Gas Account Closures

1. EGD Rate Zone Account Closures

3. Enbridge Gas proposes to close the following D&VAs for the EGD rate zone effective January 1, 2024. This section of evidence is organized as follows:
    - 1.1 Transition Impact of Accounting Changes Deferral Account (Account No. 179-02_)
    - 1.2 Ex-Franchise Third Party Billing Services Deferral Account (Account No. 179-08_)

[1] Some account balances are proposed for final disposition as part of this Application, while the remaining accounts will be requested for final disposal as part of the 2023 earnings sharing and deferral and variance account disposition proceeding.

1.3 Renewable Natural Gas Injection Service Deferral Account (Account No. 179-12_)

1.4 Dawn Access Cost Deferral Account (Account No. 179-40_)

1.5 Open Bill Revenue Variance Account (Account No. 179-48_)

1.6 OEB Cost Assessment Variance Account (Account No. 179-94_)

1.1. Transition Impact of Accounting Changes Deferral Account (Account No. 179-02_)

4. The Transition Impact of Accounting Changes Deferral Account (TIACDA) is used to track uncleared OPEB costs which needed to be recognized as part of the EGD transition to the United States Generally Accepted Accounting Principles (US GAAP). The balance was to account for post-employment expenses on an accrual basis as required under US GAAP. In EGD's 2013 Cost of Service Decision[2], the OEB approved the recovery of OPEB costs evenly over a 20-year period, between 2013 and 2032. The final amount to be disposed of at the end of 2012 was $88.7 million, resulting in $4.4 million in annual recoveries over the 20-year period.

5. By December 31, 2023, it is expected that $48.8 million of the $88.7 million balance will have been recovered. Enbridge Gas is proposing to clear the outstanding balance as at December 31, 2023, $39.9 million, within this Application. If approved, Enbridge Gas is proposing to close the TIACDA as it will no longer be required to dispose of the remaining OPEB balance associated with the EGD transition to US GAAP. Disposition of the cumulative deferral account balance to December 31, 2023, is provided at Exhibit 9, Tab 2, Schedule 1.

[2] EB-2011-0354, OEB Decision and Order, November 2, 2012.

1.2. Ex-Franchise Third Party Billing Services Deferral Account (Account No. 179-08_)

6. The Ex-Franchise Third Party Billing Services Deferral Account was created in conjunction with the establishment of EGD's Open Bill Program. The purpose of the account was to separately track revenue of ex-franchise third-party billing services from the Open Bill services and allow for the net revenues to be shared 50/50 with ratepayers.[3]

7. There have been no ex-franchise third-party billing services since 2013 and as such, Enbridge Gas is proposing to close this account effective January 1, 2024.

1.3. Renewable Natural Gas Injection Service Deferral Account (Account No. 179-12_)

8. In its Renewable Natural Gas Enabling Program Decision[4], the OEB approved the establishment of the Renewable Natural Gas Injection Service Deferral Account (RNGISDA) to record the annual revenue deficiency/sufficiency related to the provision of the RNG Injection Services to RNG producers as a result of the Rate 401 fixed rate design for the service. The OEB determined in that proceeding that the RNG Injection Service was a distribution activity and the OEB found it appropriate to have such an account to be cleared to distribution customers, not RNG producers.

9. Enbridge Gas is proposing to include the cost to provide the RNG Injection Service in the 2024 Test Year revenue requirement and the fixed revenue of the service in the 2024 revenue forecast. As a result, any variances between fixed rate charged to customers and the costs to provide the service will be recovered through the cost of service process. This approach is consistent with OEB Staff's comments from the RNG Enabling Program proceeding[5], which were that an RNG facility project is no

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[3] EB-2009-0043.
[4] EB-2017-0319, Decision and Order, October 18, 2018.
[5] EB-2017-0319.

different from any other natural gas expansion project where Enbridge Gas would recover the costs over the lifespan of the project and where annual true-ups are not performed.

10. As part of this Application, Enbridge Gas is proposing a harmonized producer injection service which will include a common rate design that sets rates for producer services to recover the forecast costs in the test year. If approved, the new service will be implemented with the other service harmonization proposals in 2026 and the Rate 401 fixed rate design will be limited to those customers that contracted for the RNG Injection Service prior to the harmonized service offering. A description of the new service proposal is provided at Exhibit 8, Tab 4, Schedule 6.

11. Under the proposed process, the RNGISDA is no longer required. Enbridge Gas is proposing to close the RNGISDA effective January 1, 2024 as part of this Application. Disposition of cumulative deferral account balances to December 31, 2023, will be requested for disposal with the Company's 2023 Earnings Sharing and Deferrals Disposition Application as provided at Exhibit 9, Tab 2, Schedule 1.

1.4. Dawn Access Cost Deferral Account (Account No. 179-40_)

12. The Dawn Access Cost Deferral Account (DACDA), as established in the Dawn Access[6] Settlement Agreement, is to record for recovery the revenue requirement impact of the incremental costs incurred to implement the Dawn Transportation Service (DTS) in the EGD rate zone, including the costs for required system changes. This account also records the revenue requirement related to additional costs incurred to accommodate the heat value conversion modification,

[6] EB-2014-0323, Settlement Agreement, November 20, 2014.

implemented in conjunction with the DTS system development process in accordance with EGD's 2017 Rates Application Settlement Agreement[7].

13. There have been no capital expenditures associated with DTS since 2018, and the project will be fully depreciated in 2022. Therefore, 2022 is the last year the DACDA will hold a balance related to revenue requirement or heat value conversion impacts. Enbridge Gas will file an application for the final disposition of 2022 year-end deferral account balances in early 2023, as part of the annual earning sharing and D&VA proceeding. If approved for disposition, Enbridge Gas proposes to close the DACDA as part of this Application as the DACDA will no longer be required beyond 2022.

1.5. Open Bill Revenue Variance Account (Account No. 179-48_)

14. The Open Bill Access (OBA) Program provides other companies that sell energy-related products and services the ability to include their charges on Enbridge Gas's bill. The OBA Program was offered in the EGD rate zone since 2007 and in the Union rate zones since 2020 on a limited basis for energy-efficient products.

15. The Open Bill Revenue Variance Account tracks the variance in the ratepayer share of Open Bill service net revenues, determined in accordance with OBA Program parameters, as compared to amounts included in rates. Enbridge Gas is proposing to close the existing variance account as Enbridge Gas plans to wind down the OBA Program. The Company initially intended to discontinue the program effective December 31, 2023 but following consultation with third-party billers who use the OBA Program, Enbridge Gas implemented a Transition Plan allowing for an

[7] EB-2016-0215, Settlement Proposal, November 28, 2016.

optional 10-month extension to October 31, 2024. A description of the OBA Program is provided at Exhibit 1, Tab 14, Schedule 4.

16. Enbridge Gas is proposing to establish a new Open Bill Extension Deferral Account for the 10-month extension period that will capture 100 percent of the 2024 net revenues on Open Bill services from January 1, 2024 to October 31, 2024. A description of the new deferral account is provided at Exhibit 9, Tab 1, Schedule 3. Therefore, the existing Open Bill Revenue Variance Account is no longer required and the Company is proposing to close the account as part of this Application.

1.6. OEB Cost Assessment Variance Account (Account No. 179-94_)

17. The OEB directed the Company to establish the OEB Cost Assessment Variance Account (OEBCAVA) for the purpose of recording any material variances between the OEB costs assessed to Enbridge Gas for the EGD rate zone through the application of the revised OEB cost assessment model, and the OEB costs included in rates for the EGD rate zone, which were determined through application of the prior model.[8] The revised OEB cost assessment model became effective April 1, 2016.

18. The OEB directed regulated entities to cease recording amounts in these accounts when their rates are rebased, incorporating any updated forecast of cost assessments. Enbridge Gas is resetting rates to incorporate the updated forecast of cost assessments as part of this Application and therefore, is proposing to close the OEBCAVA for the EGD rate zone as the account is no longer required.

[8] OEB Letter of Notice, Revisions to the Ontario Energy Board Cost Assessment Model, February 9, 2016.

2. Union Rate Zones Account Closures

19. Enbridge Gas proposes to close the following D&VAs for the Union rate zones effective January 1, 2024. This section of evidence is organized as follows:
    - 2.1 OEB Cost Assessment Variance Account (Account No. 179-151)
    - 2.2 Short-term Storage and Other Balancing Services (Account No. 179-70)
    - 2.3 Unbundled Services Unauthorized Storage Overrun (Account No. 179-103)
    - 2.4 Capital Pass-through Project Deferral Accounts (Various)

2.1. OEB Cost Assessment Variance Account (Account No. 179-151)

20. Consistent with OEBCAVA (Account No. 179-94) for the EGD rate zone described at Section 1.6, this account records any material variances between the OEB costs assessed to Enbridge Gas for the Union rate zones through the application of the revised OEB cost assessment model, and the OEB costs included in rates for the Union rate zones.

21. Enbridge Gas is resetting rates to incorporate the updated forecast of cost assessments as part of this Application and therefore, is proposing to close the OEBCAVA for the Union rate zones as the account is no longer required.

2.2. Short-term Storage and Other Balancing Services (Account No. 179-70)

22. In the Natural Gas Electricity Interface Review Decision[9] and subsequently, confirmed in the MAADs Decision,[10] the OEB approved the sale of excess utility storage space for the Union rate zones as short-term storage at market-based rates to ex-franchise customers in the case where space is temporarily surplus to in-franchise needs. Since in-franchise customers pay for the costs of this utility storage in rates, any revenue from short-term sales of storage services that is

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[9] EB-2005-0551.
[10] EB-2017-0306/EB-2017-0307, OEB Decision and Order, August 30, 2018.

beyond the direct marginal cost to provide the service is a benefit to in-franchise customers. Therefore, the OEB concluded that the Company share revenues in any year from short-term storage transactions, less any incremental costs incurred to earn those revenues, on a 90/10 basis in favour of the ratepayer. Any variance from the short-term storage revenue included in rates and actual short-term storage revenue is recorded in the Short-Term Storage and Other Balancing Services Deferral Account.

23. The excess utility storage space that was sold short term at market-based rates in the Union rate zones will be used to serve all Enbridge Gas in-franchise customers, as Enbridge Gas will operate the utility storage space as an integrated storage operation in 2024. Please see Exhibit 4, Tab 2, Schedule 1 for a description of the storage portfolio for Enbridge Gas. Therefore, Enbridge Gas is proposing to close the Short-term Storage and Other Balancing Services Deferral Account as part of this Application as the account is no longer required.

2.3. Unbundled Services Unauthorized Storage Overrun (Account No. 179-103)

24. This account was created in accordance with the OEB's Decision in Union's 2000 Rates[11] proceeding to record any unauthorized storage overrun charges incurred by customers electing unbundled storage service.

25. Enbridge Gas is proposing to eliminate the Rate U2 Unbundled Storage Service effective January 1, 2024, as provided at Exhibit 8, Tab 2, Schedule 1. Therefore, Enbridge Gas is proposing to close the Unbundled Services Unauthorized Storage Overrun Deferral Account as part of this Application as the account is no longer required.

[11] RP-1999-0017.

2.4. Capital Pass-through Project Deferral Accounts (Various)

26. Enbridge Gas proposes to close the following deferral accounts that were established during Union's 2014 to 2018 IR term, as the costs and incremental revenues associated with these Projects will be built into rates beginning January 1, 2024, and the deferral accounts will no longer be required:
    - Parkway West Project Costs (Account No. 179-136)
    - Brantford-Kirkwall/Parkway D Project Costs (Account No. 179-137)
    - Lobo C Compressor/Hamilton-Milton Pipeline Project Costs (Account No. 179-142)
    - Dawn H/Lobo D/Bright C Compressor Project Costs (Account No. 179-144)
    - Burlington-Oakville Project Costs (Account No. 149)
    - Panhandle Reinforcement Project Costs (Account No. 179-156)
    - Sudbury Replacement Project (Account No. 179-162)

27. Funding for incremental capital investments during Union's 2014 to 2018 IR term were addressed through the capital pass-through mechanism, whereby the forecast revenue requirement for approved projects were included in rates. The purpose of the capital pass-through deferral accounts was to capture the variance between the actual revenue requirement and the forecast revenue requirement included in rates.

28. As part of this Application, Enbridge Gas has built the costs of these Projects into rates (rate base, depreciation, utility tax timing differences, and other revenue requirement impacts). Enbridge Gas has also updated rates to include the Dawn-Parkway forecast, such that the surplus capacity of 30,393 GJ/d resulting from the 2017 Dawn-Parkway Expansion Project[12] (Dawn H/Lobo D/Bright C Compressor Project deferral account) is no longer required to be tracked separately.

[12] EB-2015-0200.

29. If approved as part of this Application, all costs and incremental revenues associated with these Projects will be built into rates beginning January 1, 2024. Therefore, Enbridge Gas is proposing to close all the capital pass-through deferral accounts as part of this Application as the accounts are no longer required.

3. Enbridge Gas Account Closures

30. Enbridge Gas proposes to close the following Enbridge Gas D&VAs effective January 1, 2024. This section of evidence is organized as follows:
    - 3.1 Accounting Policy Changes Deferral Account (Account No. 179-120)
    - 3.2 Impacts Arising from the COVID-19 Emergency Deferral Account (Account No. 179-384)

3.1. Accounting Policy Changes Deferral Account (Account No. 179-120)

31. In the MAADs Decision[13], the OEB established a deferral account to record the impact of any accounting changes required because of amalgamation that affect the revenue requirement effective January 1, 2019. In the Enbridge Gas 2019 Earnings Sharing and Deferrals Disposition[14] proceeding, parties agreed to defer the review, allocation, and disposition of all balances in the APCDA until the end of Enbridge Gas's deferred rebasing term.

32. Enbridge Gas has recorded the revenue requirement impacts of the accounting policy changes resulting from amalgamation in the Accounting Policy Changes Deferral Account (APCDA). Effective January 1, 2024, the accounting policy changes have been reflected in the forecast of 2024 costs that underpin the requested revenue requirement to be recovered in rates. As the accounting policies

[13] EB-2017-0306/EB-2017-0307, OEB Decision and Order, August 30, 2018.
[14] EB-2020-0134.

underpinning rates will now match those utilized by the Company following amalgamation, there will be no further need to record accounting policy change impacts in 2024 and beyond.

33. Enbridge Gas is requesting the disposal of the cumulative APCDA balances to December 31, 2023, as part of this Application. If approved, Enbridge Gas proposes to close the APCDA as part of this Application as the account will no longer be required. A discussion of the disposition of cumulative APCDA balances is provided at Exhibit 9, Tab 2, Schedule 1.

3.2. Impacts Arising from the COVID-19 Emergency Deferral Account (Account No. 179-384)

34. Shortly after the Ontario Government declared a state of emergency in March 2020 in response to the spread of COVID-19 in the province, the OEB established a deferral account in which rate-regulated utilities could record incremental costs related to the pandemic, the severity and duration of which was uncertain at the time.[15]

35. Enbridge Gas followed the rules set out by the OEB on cost eligibility[16] and, as previously communicated[17], the Company has offered incremental Low-Income Energy Assistance Program (LEAP) – Emergency Financial Assistance funding and the COVID-19 Emergency Assistance Program (CEAP) – Small Business and has recorded the associated administration costs in the Impacts Arising from the COVID-19 Emergency (COVID-19) Deferral Account.

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[15] EB-2020-0133.
[16] IBID, Report of the OEB – Regulatory Treatment of Impacts Arising from the COVID-19 Emergency, June 17, 2021.
[17] Enbridge Gas Letter dated July 30, 2022, *"Enhanced Funding for LEAP Emergency Financial Assistance 2020",* and Enbridge Gas Letter dated August 24, 2022, "*Covid-19 Energy Assistance Program – Small Business"*.

36. Enbridge Gas is requesting the disposal of cumulative COVID-19 Deferral Account balances to December 31, 2023, as part of this Application. If approved, Enbridge Gas proposes to close this account as the account is no longer required. Closure of the account also aligns with the Report of the OEB – Regulatory Treatment of Impacts Arising from the COVID-19 Emergency[18] which indicated that the account would remain in effect until a rebasing proceeding. Any ongoing impacts from COVID are now considered business as usual and are implicitly captured in the forecast of 2024 costs sought for recovery as part of this Application. In addition, no further government or OEB initiated customer relief programs in relation to COVID-19 are expected. Disposition of the cumulative COVID-19 Deferral Account balance is provided at Exhibit 9, Tab 2, Schedule 1.

[18] EB-2020-0133, Report of the OEB – Regulatory Treatment of Impacts Arising from the COVID-19 Emergency, June 17, 2021.

DEFERRAL AND VARIANCE ACCOUNT BALANCES

JASON VINAGRE, MANAGER REGULATORY ACCOUNTING

RYAN SMALL, TECHNICAL MANAGER REGULATORY ACCOUNTING

1. The purpose of this evidence is to request OEB approval to dispose of the forecast balances for the deferral and variance accounts (D&VAs) described in this evidence. Enbridge Gas proposes to dispose of the balances forecast to be recorded in certain D&VAs as at December 31, 2023. All other D&VAs will be disposed of as part of D&VA proceedings[1], consistent with current practice. The proposed allocation and disposition of the D&VA balances is provided at Exhibit 9, Tab 2, Schedule 2.

2. In accordance with prior OEB guidance and OEB-approved Settlement Agreements, the review and disposition of several D&VAs is to occur as part of rebasing. As part of this Application, Enbridge Gas is seeking OEB approval of the disposition of these D&VA balances. Enbridge Gas is also proposing to dispose of a transitional pension credit amount that originated from EGD.

3. As the final balances are not known at this time for all the accounts, Enbridge Gas is proposing disposition on an interim basis[2]. Enbridge Gas will seek final disposition of the D&VA balances, calculated as the difference between actual balances as of December 31, 2023, and balances approved for disposition as part of this

[1] Certain gas supply deferrals are disposed of quarterly as part of the quarterly rate adjustment mechanism (QRAM), while other balances are disposed of annually through the earnings sharing and D&VA and Federal Carbon Pricing Program proceedings.
[2] Enbridge Gas is seeking final disposition of the Impacts Arising from the COVID-19 Emergency Deferral Account, Transitional Impact of Accounting Changes Deferral Account, and Transitional Pension Balance. The remaining accounts proposed for disposition as part of this Application are on an interim basis.

Application, within the Company's 2023 annual earnings sharing and D&VA disposition proceeding.

4. This evidence is organized as follows:
    1. Summary of Deferral and Variance Accounts Requested for Clearance
    2. Accounting Policy Changes Deferral Account (APCDA)
    3. Tax Variance Deferral Account (TVDA)
    4. Incremental Capital Module Deferral Accounts (ICMDA)
    5. Renewable Natural Gas Injection Service Variance Account (RNGISVA)
    6. Impacts Arising from the COVID-19 Emergency Deferral Account (COVID-19DA)
    7. Transition Impact of Accounting Changes Deferral Account (TIACDA)
    8. Transitional Pension Balance - EGD Rate Zone

<u>1. Summary of Deferral and Variance Accounts Requested for Clearance</u>

5. Enbridge Gas is seeking disposition of the D&VA balances listed in Table 1 as part of this Application. Enbridge Gas is seeking interim disposition of the APCDA, TVDA, ICMDA, and RNGISVA, as the final balances for disposition are not known at this time. The balances in the COVID-19DA and TIACDA, as well as the Transitional Pension Balance are being requested for final disposition, as the final amounts are known and not expected to change by the end of 2023. The TIACDA balance has already been approved for clearance by the OEB over a predetermined disposition period, however, the Company is proposing to instead dispose of the total remaining balance as part of this Application. Please see Attachment 1 for a detailed list of the D&VA balances.

Table 1
Total Deferral and Variance Account Balances Proposed for Clearance

Line No.	Particulars ($ millions)	Forecast to December 31, 2023 Total (1)
1	APCDA	142.2
2	TVDA	(5.0)
3	ICMDA	(25.6)
4	RNGISVA	-
5	COVID-19DA	1.5
6	TIACDA	39.9
7	Transitional Pension Balance	(254.6)
8	Total Balance Proposed for Clearance (2)	(101.6)

Note:
(1) Where applicable, balances include forecast interest calculated using the OEB-prescribed Q3 2022 interest rate.

(2) Balances proposed for disposition are consistent with the account balances reported in the reporting and record-keeping requirements (RRR) and the relevant year's audited financial statements unless otherwise noted.

6. Enbridge Gas acknowledges that the above balances on their own are material and in various instances are attributable to existing rate zones but not necessarily both. In light of that consideration, Enbridge Gas proposes to dispose of the combined balance as a net credit to all ratepayers in 2024 as a mitigation effort that can offset other impacts of rate proposals made as part of this Application. If approved, the combined balance, a net payable of $101.6 million, will be disposed of to ratepayers effective January 1, 2024, over a period of 12 months. Please see Exhibit 9, Tab 2, Schedule 2 for further details pertaining to the allocation and disposition of the D&VA balances.

7. The account balances of the APCDA, ICMDA, TVDA, and RNGISVA comprise of actual amounts as calculated and recognized through December 31, 2021, plus amounts forecast to be recognized in 2022 and 2023. The account balances will be trued-up for actual amounts accrued for 2022 and 2023.

8. Enbridge Gas used interest rates established by the OEB to calculate the carrying charges for each D&VA where carrying charges apply. Forecast interest was calculated using the OEB-prescribed Q3 2022 interest rate. The Company will update for approved interest rates as part of its final rate order.

9. Enbridge Gas has provided a detailed description and continuity schedule for each of the D&VAs proposed for clearance in the following sections of evidence.

2. Accounting Policy Changes Deferral Account (APCDA) (Account No. 179-381)

10. Enbridge Gas is proposing to clear the cumulative forecast debit balance in the APCDA deferral account of $142.2 million, plus interest[3] to December 31, 2023, for a total of $142.2 million. Please see Attachment 2 for the cumulative summary of the forecast balance, Attachment 3 for the annual itemized revenue requirement calculation for all accounting policy changes for each year from 2019 actual through 2023 forecast, and Attachment 4 for the revenue requirement calculations including years 2019 actual through 2023 forecast for each accounting policy change.

11. Enbridge Gas has recorded the revenue requirement impacts of accounting policy changes resulting from amalgamation for EGD and Union in the APCDA. If approved, balances up to December 31, 2023, will be disposed of starting January 1, 2024. Beyond 2023, the revenue requirement impact of the accounting policy

[3] Interest is not calculated on unamortized pre-2017 pension actuarial losses.

changes have been included in the 2024 forecast cost of service filed as part of this Application. Accordingly, the APCDA will no longer be required to capture impacts beyond 2023, and Enbridge Gas is requesting closure following disposition of the final APCDA balance. A description of the proposed D&VA closures is provided at Exhibit 9, Tab 1, Schedule 4.

12. As part of the MAADs Decision, the OEB established the APCDA to record the impact of any accounting changes required as a result of amalgamation that affect the revenue requirement.[4] The OEB approved the wording of the accounting order for the APCDA effective January 1, 2019, in its Decision and Order on Enbridge Gas's 2019 Rates Application.[5]

13. As per the 2019 Disposition of Deferral and Variance Account Balances[6] Decision on Settlement Proposal, parties agreed to defer the review, allocation and disposition of all balances in the APCDA until the end of Enbridge Gas's deferred rebasing term (December 31, 2023). Parties noted that they required more information regarding the treatment of the balances and the extent of rate harmonization post-rebasing before approval of the balances and the disposition methodology could be considered.[7]

14. Enbridge Gas has continued to track the annual revenue requirement impact of accounting policy changes made as of the amalgamation date of January 1, 2019, as well as any further accounting policy changes adopted since that time. The cumulative balance in the APCDA is driven by the revenue requirement impact of six

[4] EB-2017-0306 and EB 2017-0307, OEB Decision and Order, August 30, 2018, p.47.
[5] EB-2018-0305, 2019 Rates Final Rate Order, October 24, 2019, Appendix I, p.7.
[6] EB-2020-0134.
[7] Ibid, Decision on Settlement Proposal, January 25, 2021, pp. 4-5.

accounting policy changes arising from (and since) amalgamation, which are detailed in Table 2. The table categorizes the cumulative account balances by policy change. The details of each accounting policy change are described further in this section of evidence.

Table 2
Accounting Policy Changes Deferral Account
Summary of Cumulative Revenue Requirement Impact

Line No.	Particulars ($ millions)	Forecast to December 31, 2023 Total
1	Capitalization vs. Expense	(11.7)
2	Interest During Construction	1.5
3	Depreciation Expense	(31.2)
4	Overhead Capitalization	(36.5)
5	Amortized Gas Supply Storage and Transportation Costs	64.9
6	Pension & OPEB Expense	155.2
7	Total Cumulative Revenue Requirement Impact	142.2
8	Total Cumulative Interest	0.0
9	Final Balance with Interest	142.2

2.1. Capitalization vs Expense

15. After the amalgamation, Enbridge Gas identified differences in the historical capitalization treatment for costs related to certain operations, maintenance, and research and development programs. The differences were a result of how EGD and Union applied US GAAP to specific costs. Specifically, US GAAP Accounting Standard Codification (ASC) 360 – Property, Plant and Equipment requires these costs to be expensed as incurred, where ASC 980 – Regulated Operations allows

for these costs to be capitalized if approved by a regulator. The programs and costs listed below were capitalized and depreciated by EGD in accordance with ASC 980 and expensed as incurred by Union in accordance with ASC 360. These accounting treatments were both accepted for rate making purposes through inclusion in each of the Utility's approved forecast capital plan underpinning rates.[8]

16. For alignment and harmonization purposes, Enbridge Gas adopted the guidance of ASC 360 in determining the Enbridge Gas policy, which is consistent with the approach used for Union and Enbridge. Enbridge Gas has included these costs in its 2024 forecast O&M costs, rather than its 2024 forecast capital plan. The harmonization of these accounting treatments is provided at Exhibit 2, Tab 4, Schedule 1.

17. Table 3 provides the EGD, Union and aligned Enbridge Gas policy for each of the accounting treatment changes impacting revenue requirement and recorded in the APCDA.

Table 3
Capitalization vs Expense Policy Alignment

Particulars	EGD Policy	Union Policy	Enbridge Gas Policy
· Verification of Maximum Operating Pressure Program ("MOP") · Distribution Integrity Technology · Distribution Records Management Program	Capitalized	Expensed as incurred	Expense as incurred
· Integrity Digs resulting from integrity Inspections	Capitalized	Expensed as incurred	Capitalize

[8] EGD EB-2012-0459 and Union EB-2011-0210.

18. Table 4 provides the annual revenue requirement impact of the changes implemented. Complete revenue requirement calculations can be found at Attachments 3 and 4.

Table 4
Capitalization vs. Expense - Annual Revenue Requirement Impact

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year	Total Cumulative
		(a)	(b)	(c)	(d)	(e)	(f)
1	Capitalization vs. Expense	4.4	(5.2)	(3.6)	(1.9)	(5.4)	(11.7)

19. The accounting policy alignment took effect in 2019 and has resulted in a total cumulative impact of $11.7 million gross revenue requirement decrease, or sufficiency, for the combined EGD and Union rate zones from 2019 to 2023. For the EGD rate zone, the policy change resulted in higher O&M expense of approximately $10.2 million, offset by lower capitalization, for a gross revenue requirement increase, or deficiency of $7.9 million over the 2019 to 2023 term. For the Union rate zones, the policy change resulted in lower O&M expense of approximately $22.6 million, offset by higher capitalization, for a gross revenue requirement decrease, or sufficiency, of $19.6 million over the 2019 to 2023 term.

2.2. Interest During Construction

20. Interest During Construction (IDC) is the financing cost of an asset while under construction which is included in the cost of property, plant and equipment capitalized.[9] IDC is recovered in rates through depreciation expense, along with the return on rate base over the life of the asset. Both EGD and Union capitalized IDC in accordance with US GAAP ASC 980, however, prior to amalgamation, EGD

[9] ASC 835-20-05-1.

capitalized interest on all projects involving the construction of an asset, and the rate used by EGD was a weighted average cost of debt (WACD). Union capitalized interest only on capital projects involving the construction of an asset that exceeded the spend and duration requirements of $1 million and 12 months. The rate used by Union for capitalization purposes was the OEB's prescribed interest rate for Construction Work in Progress (CWIP).

21. Enbridge Gas has adopted the OEB-prescribed interest rate effective January 1, 2019 and going forward. Additionally, Enbridge Gas has adopted the approach of capitalizing interest for all capital projects that involve the construction of a capital asset effective January 1, 2019. As a result, Enbridge Gas follows a consistent policy and treatment between existing rate zones through the deferred rebasing term and on a go forward basis into the 2024 Test Year and beyond.

22. The Enbridge Gas aligned policy allows for a simplified process to track and apply IDC rates to CWIP, by eliminating thresholds and using applicable OEB-prescribed rates. The harmonization of these accounting treatments is provided at Exhibit 2, Tab 4, Schedule 1.

23. Table 5 provides the EGD, Union and aligned Enbridge Gas policy for each of the items recorded in the APCDA.

Table 5
IDC Policy Alignment

	EGD Policy	Union Policy	Enbridge Gas Policy
Threshold	No Threshold – applied to all capital projects regardless of size and duration	IDC is only calculated on projects with capital spend of $1 million or greater, and that have a duration of greater than 12 months	No Threshold – applies to all capital projects regardless of size and duration
Rate	Weighted average cost of debt (“WACD”)	OEB prescribed interest rate for CWIP	OEB prescribed interest rate for CWIP

24. Table 6 provides the annual revenue requirement impact of the changes. Complete revenue requirement calculations can be found at Attachments 3 and 4.

Table 6
IDC - Annual Revenue Requirement Impact

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year	Total Cumulative
		(a)	(b)	(c)	(d)	(e)	(f)
1	Interest During Construction	(0.1)	1.0	0.5	-	0.2	1.5

25. The policy alignment in 2019 has resulted in a total cumulative impact of $1.5 million revenue requirement increase, or deficiency, for the combined EGD and Union rate zones from 2019 to 2023. For the EGD rate zone, the policy change resulted in lower IDC of approximately $8.3 million, resulting in lower capitalization, for a gross revenue requirement increase, or deficiency, of $2.4 million over the 2019 to 2023 term. For the Union rate zones, the policy change resulted in higher IDC of approximately $5.2 million, resulting in higher capitalization, for a gross revenue requirement decrease, or sufficiency, of $0.8 million over the 2019 to 2023 term.

2.3. Depreciation Expense

26. Depreciation rates for the EGD and Union rate zones were based on depreciation studies that were approved by the OEB in prior proceedings, a discussion on this is provided at Exhibit 4, Tab 5, Schedule 1. To calculate depreciation expense, EGD began depreciation the month after the asset went into service and stopped the month after retirement, while Union applied half-year depreciation in the first and last year of service regardless of the month the asset went into service. Following amalgamation, the respective depreciation rates for each of the EGD and Union rate zones continued to be used by Enbridge Gas through the deferred rebasing term in accordance with approved depreciation studies.

27. Even though depreciation rates remained unchanged during the deferred rebasing term, until a combined depreciation study could be completed and approved, Enbridge Gas was able to align the depreciation expense calculation policies of EGD and Union upon amalgamation such that a common process could be followed throughout the amalgamated entity. As of January 1, 2019, Enbridge Gas adopted the policy of depreciating assets commencing the month after going into service (as opposed to a half-year depreciation practice). This policy was chosen as it aligned with the enterprise-wide practice for Enbridge Inc. (inclusive of EGD) and is reflective of the natural gas industry-wide practice.

28. Table 7 provides the EGD, Union and aligned Enbridge Gas depreciation expense policy.

Table 7
Depreciation Expense Policy Alignment

	EGD Policy	Union Policy	Enbridge Gas Policy
Depreciation Calculation	Begin depreciation the month after the asset goes into service, and stops the month after retirement	Half-year of depreciation in the first and last year of service, regardless of month the asset went into service	Begin depreciation the month after the asset goes into service, and stops the month after retirement

29. Table 8 provides the annual revenue requirement impact of the changes. Complete revenue requirement calculations can be found at Attachments 3 and 4.

Table 8
Depreciation Expense - Annual Revenue Requirement Impact

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year	Total Cumulative
		(a)	(b)	(c)	(d)	(e)	(f)
1	Depreciation Expense	(6.1)	(4.1)	(5.8)	(4.4)	(10.8)	(31.2)

30. Since many projects go into service late in the year[10], the EGD policy would typically result in a lower first year depreciation expense as compared to the half-year policy previously followed by Union. The policy alignment that took effect in 2019 has resulted in a lower cumulative depreciation expense, specific to the Union rate zones, of approximately $26.7 million and a gross revenue requirement decrease, or sufficiency, of $31.2 million over the 2019 to 2023 term.

[10] For major projects, construction season generally starts in April/May with a target completion of November coinciding with the start of the heating season.

2.4. Overhead Capitalization

31. Following amalgamation, Enbridge Gas sought to harmonize its overhead capitalization methodology and enlisted Ernst & Young (EY) to carry out a study, as provided at Exhibit 2, Tab 4, Schedule 2, Attachment 1. EY's assessment was informed by historical EGD and Union approaches, the amalgamated structure, US GAAP, the OEB's Uniform System of Accounts, and Enbridge's Enterprise Capitalization Policy. Recommendations of the study were implemented in January 2020. The study grouped costs into Operations, Business, Human Resources, Shared Services and Cost Allocation Methodology, each with their own capitalization treatment to more directly link with causal determinants of cost.

32. Prior to this harmonization, EGD capitalized overheads were determined by the application of Departmental Labour Costs (DLC) rates and Administrative and General (A&G) rates to support costs for capital work in field operations and business support operations, as well as administrative functions that support the overall business. Union capitalized overheads were determined through annual updates carried out for support groups where capitalization rates were derived from time spent on capital activity.

33. The APCDA isolates the impact of the overhead capitalization policy change. The calculation takes the annual O&M spend at the new harmonized overhead capitalization rates and subtracts annual O&M spend using the former EGD and Union overhead capitalization rates to determine the impact to the revenue requirement.

34. Table 9 provides the annual revenue requirement impact of the changes. The policy alignment took place in 2020.

Table 9
OH Capitalization - Annual Revenue Requirement Impact

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year	Total Cumulative
		(a)	(b)	(c)	(d)	(e)	(f)
1	Overhead Capitalization	-	(6.4)	(4.9)	(7.8)	(17.4)	(36.5)

35. The policy alignment starting in 2020 has resulted in a total cumulative impact of $36.5 million revenue requirement decrease, or sufficiency, for the combined EGD and Union rate zones from 2020 to 2023. For the EGD rate zone, the cumulative impact of the policy change resulted in higher O&M expense of approximately $21.2 million, offset by lower capitalization, for a gross revenue requirement increase, or deficiency, of $22.5 million over the 2020 to 2023 term. For the Union rate zones, the policy change resulted in lower O&M expense of approximately $59.7 million, offset by higher capitalization, for a gross revenue requirement decrease, or sufficiency, of $59.1 million over the 2020 to 2023 term.

2.5. Amortized Gas Supply Storage and Transportation Costs

36. Enbridge Gas contracts with third parties for market-based storage and transportation capacity to transport gas to and from storage. Storage mainly facilitates the load balancing of Enbridge Gas's heat-sensitive customer base, but also allows annual transportation contracts to be utilized more effectively and lowers commodity costs to customers by injecting lower-priced supply during the summer, which is withdrawn to meet demand during the winter, when prices for supply are higher. These services are considered a component of the gas supply portfolio, and costs incurred are recovered through monthly gas supply rates charged to customers.

37. Enbridge Gas has historically expensed these costs in the EGD rate zone over the five-month winter period from November 1 to March 31 (which crosses over Enbridge Gas calendar fiscal years), while similar costs in the Union rate zones are expensed as incurred and accrued monthly over the calendar year. In the EGD rate zone, these monthly invoiced charges are initially accrued monthly and recognized as a prepaid cost when invoiced and accumulated monthly as part of total gas in storage inventory on the balance sheet. The charges are recorded as gas costs on the income statement over the five-month heating season period, beginning in November and ending in March, such that at the end of March, the balance in gas in storage inventory is zero.

38. In 2022, Enbridge Gas implemented financial system harmonization for recognition of gas costs in the general ledger. This system implementation aligned the expense recognition process for the monthly accrued charges based on calendar year recognition in line with the approach for the Union rate zones.

39. In order to allow for the full alignment of the systems and processes used to recognize these costs, Enbridge Gas will recognize 2023 storage and transportation costs as incurred and accrued on a monthly basis starting January 2023. This approach ensures that all costs as accrued and invoiced are recognized as an expense in the income statement in the calendar year. As a result, the accrued balance at the end of 2022 in gas in storage (representing the inventory that would have been amortized from January 1 to March 31 in 2023) will not be amortized and expensed in 2023, since Enbridge Gas will have expensed a calendar 12-months of costs as incurred and accrued in 2023. In 2023 it would not be appropriate to amortize and expense the ending 2022 gas in storage amount along with the 12-

month 2023 costs as this would result in an annualized expensed amount equivalent to 15-months, which rates are not designed to recover.

40. As such, Enbridge Gas will reclassify the unamortized balance noted above to the APCDA account as at December 31, 2022, which is forecast to be $64.9 million. The transfer of the balance from gas in storage to the APCDA at the end of 2022 results in no amounts being required to be amortized to gas cost expense in 2023. The amount transferred to the APCDA represents costs incurred by Enbridge Gas in providing service to customers and does not reflect any material change to the total annual revenue requirement of Enbridge Gas to provide gas supply storage and transportation service. The change in the accounting treatment does recognize a one-time transition to allow for consistent recovery of these gas supply storage and transportation costs for Enbridge Gas. As such, the EGD rate zone (aligned with the Union rate zone) will recognize and expense 12 months of 2023 calendar year gas supply storage and transportation costs in 2023. These costs have been provided at Exhibit 4, Tab 2, Schedule 1, Attachment 1.

2.6. Pension and OPEB Expense – Unamortized Pre-2017 Actuarial Losses and Prior Service Costs

41. Prior to December 31, 2018, Union recorded unamortized actuarial gains/losses and past service costs (“Actuarial Losses”) in Accumulated Other Comprehensive Income (AOCI) and amortized the balance over the expected average remaining service life (EARSL) of employees in accordance with US GAAP Accounting Standards Codification (ASC) 715-30-35-24, Compensation-Retirement Benefits. This amortization expense was part of the pension and OPEB costs that were recognized annually and included in the forecast that underpinned rates. As a result of the Enbridge and Spectra merger, Enbridge recorded the acquisition of Union

through a purchase price allocation (PPA) in accordance with ASC 805, Business Combinations. US GAAP required that upon amalgamation of EGD and Union the PPA was to be pushed down to the combined financial statements of Enbridge Gas.[11] [12] Union's pension and OPEB assets were re-measured on Enbridge's books to fair value and AOCI was adjusted to zero, with the unamortized Actuarial Losses of $250.9 million impacting Goodwill. From 2017 to 2018 Union had amortized $39.7 million of this balance in its own results, resulting in an unamortized balance of $211.2 million as at December 31, 2018.

42. As a result of the amalgamation of EGD and Union on January 1, 2019, US GAAP push down accounting required the amalgamated entity to reclassify the pre-February 2017 unamortized actuarial gains/losses and past service costs to goodwill (which would not be subject to annual amortization), which the Company subsequently transferred $211.2 million to the APCDA.

43. The pension balance in the APCDA reflects the forecast December 31, 2023 balance of unamortized accumulated actuarial gains/losses and past service costs incurred by Union. The amortization of accumulated actuarial gains/losses and past service costs, and corresponding drawdown of the APCDA asset over the deferred

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[11] *Pushdown accounting* refers to establishing a new basis of accounting in the separate financial statements of the acquired entity (or acquiree) after it is acquired. The acquisition adjustments recorded by the acquirer in a business combination under ASC Topic 805 are pushed down to the acquiree's separate financial statements.
[12] In accordance with *ASC 805-50-30-5*: *"When accounting for a transfer of assets or exchange of shares between entities under common control, the entity that receives the net assets or the equity interests shall initially measure the recognized assets and liabilities transferred at their carrying amounts in the accounts of the transferring entity at the date of transfer. If the carrying amounts of the assets and liabilities transferred differ from the historical cost of the parent of the entities under common control, for example, because pushdown accounting had not been applied, then the financial statements of the receiving entity shall reflect the transferred assets and liabilities at the historical cost of the parent of the entities under common control."*

rebasing term, is recognized as a component of accrual-based pension expenses, which are included in operating and maintenance expenses and recovered in rates. Through 2021, Enbridge Gas amortized $41.8 million of the $211.2 million pre-2017 balance originally transferred to the APCDA. Enbridge Gas forecasts additional amortization of $14.2 million over the 2022 Estimate to 2023 Bridge Year, resulting in a residual unamortized balance of $155.2 million as included in this evidence. The annual forecast amortization amounts are derived by Mercer in accordance with U.S. GAAP and are provided at Attachment 8 along with the forecasted ending December 31, 2023, residual balance[13].

44. The balance in the APCDA continues to be drawn down throughout the deferred rebasing term and will result in the recognition of annual pension expenses consistent with amounts that would have been recognized had the accounting change not been required. By recognizing the amortization of the balance through an annual expense and draw down of the APCDA regulatory asset, Enbridge Gas ensures ratepayers are no better or worse off because of the change related to amalgamation (i.e., utility earnings are not impacted).

45. The impacts of the Enbridge merger and subsequent amalgamation of EGD and Union has not altered the fact that Union had previously incurred the actuarial losses and should recover these costs over time, as is currently approved by the OEB. As noted previously, the balances represent the accumulation of actuarial losses incurred in relation to the pension and OPEB assets that Enbridge Gas needs to continue to fund through cash contributions to the pension plans. Enbridge Gas's

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[13] The $158 million balance as forecasted by Mercer at December 31, 2023, reflects a forecast update to the 2022 and 2023 amortization that differs from Enbridge Gas' $155 million original forecast as included in the combined balance in this evidence. As noted, Enbridge Gas' balance was forecast on an interim basis and will be updated with actual balances as of December 31, 2023.

funding requirements do not change simply because the accounting treatment has changed. Therefore, continued recovery in rates through the deferred rebasing term has been appropriate and consistent with the OEB's approved approach for utilities. As noted in the Report of the OEB – Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs[14], accrual-based accounting for pensions under ASC 715 would result in a match to actual cash contributions by the end of the life of the plans.

46. By continuing to follow this approach, Enbridge Gas ensured that its results during the deferred rebasing term reflected the accrual-based pension and OPEB expense that would have otherwise been recognized and assumed recovered through rates had the amalgamation not occurred. Please see Attachment 2 for the continuity of the unamortized pre-2017 actuarial losses and prior service costs over the deferred rebasing term.

<u>3. Tax Variance Deferral Account (TVDA) (Account No. 179-383)</u>

47. Enbridge Gas is proposing to clear the forecast credit balance in the TVDA of $4.6 million plus interest to December 31, 2023, of $0.3 million, for a total of $5 million. The balance represents 100% of the accelerated Capital Cost Allowance (CCA) impacts resulting from integration/amalgamation-related capital additions which occurred from 2020 to 2023. Please see Attachment 5 for the calculation of the accelerated CCA impacts associated with integration capital additions from 2020 to 2023.

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[14] EB-2015-0040, Regulatory Treatment of Pensions and Other Post-Employment Benefit Costs, May 14, 2015.

48. The purpose of this account is to record 50% of the revenue requirement impact of any tax rate changes, versus the tax rates included in rates that affect Enbridge Gas. In accordance with the OEB's July 25, 2019, letter[15], this account also includes 100% of the revenue requirement impact of any changes in CCA that are not reflected in base rates. This includes impacts related to Bill C-97 CCA rule changes, which became effective November 21, 2018, as well as any future CCA changes instituted by relevant regulatory or taxation bodies. Tax rate and CCA rule change impacts recorded in the account do, however, exclude tax rate and rule change impacts that are captured through other deferral account mechanisms (i.e., through the Incremental Capital Module Deferral Accounts and respective Capital Pass-through Project Deferral Accounts).

49. Accelerated CCA has two components that constitute the tax benefits available to a company. The first component is a 50% increase in the available CCA deduction in respect of assets acquired after November 20, 2018, that become available for use before 2024. The second component is a suspension of the existing CCA half-year rule in the first year for assets acquired after November 20, 2018, that become available for use before 2028.

50. The accelerated CCA does not change the total amount that can be deducted over the life of an asset. Claiming a larger CCA deduction in the first-year results in smaller CCA deductions in future years.

51. To calculate the income tax (or earnings) impact of the accelerated CCA, Enbridge Gas determined total capital additions which qualified for accelerated CCA and

[15] Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance

removed additions related to any capital pass-through and/or incremental capital module projects. For the remaining qualifying additions, CCA was calculated using the accelerated rates and compared against CCA calculated at the non-accelerated rates. The income tax (or earnings) impact of the variance between the two methodologies was then grossed-up for taxes to determine the revenue requirement impact. This exercise was completed for all capital additions qualifying for accelerated CCA treatment.

52. Enbridge Gas has been disposing of annual non-integration related accelerated CCA balances in its annual earnings sharing and D&VA disposition proceedings. The inclusion of the accelerated CCA impacts resulting from integration/amalgamation related capital additions during the deferred rebasing term was an issue in the 2020 Earnings Sharing and D&VA Disposition proceeding[16]. As part of that proceeding, the OEB found there to be insufficient evidence to decide on the disposition of the 2020 balances and directed Enbridge Gas to record 2020 accelerated CCA impacts related to integration/amalgamation capital additions, and any impacts that arise similarly in 2021, 2022 and 2023, in the TVDA for a full review as part of 2024 Rebasing. These amounts are discussed further in Section 3.1.

<u>3.1. Integration-Related Capital Additions – TVDA Balances</u>

53. Enbridge Gas's position in the 2020 Earnings Sharing and D&VA Disposition[17] proceeding was to exclude the accelerated CCA impacts of integration-related capital additions from the TVDA. As was discussed in Enbridge Gas's Argument-In-Chief and Reply Argument in that proceeding, the Company is incurring costs on integration/amalgamation projects during the deferred rebasing term, and costs related to those projects are not recovered in rates. Instead, the Company is

[16] EB-2021-0149, Decision and Order, January 27, 2022.
[17] EB-2021-0149, Decision and Order, January 27, 2022.

expected to fund those projects itself through cost savings or other means during the deferred rebasing term. Therefore, Enbridge Gas found it appropriate that all benefits during the deferred rebasing term, including accelerated CCA benefits associated with such projects, should also remain with Enbridge Gas. As a result, the CCA benefit amount associated with amalgamation need not be included in the TVDA. Enbridge Gas further articulated that at rebasing any ongoing costs and savings brought about by those projects should both be incorporated into rates, in conjunction with the benefits follow costs principle. The OEB's Decision[18] in that proceeding however directed the Company to record the accelerated CCA impacts of the costs of integration/amalgamation projects each year into the TVDA, on the expectation that the disposition of the balance would be determined at/or following the rebasing proceeding.

54. Although Enbridge Gas stands by its argument on the matter, the Company now proposes to dispose of the integration/amalgamation related CCA balances as part of the combined balance proposed in this Application. Enbridge Gas acknowledges that the residual TVDA balance forecast at December 31, 2023, in relation to integration/amalgamation project accelerated CCA impacts, is primarily resulting from projects going into service in December 2023. Therefore, although accelerated CCA will be recognized in 2023 during the deferred rebasing term, minimal other associated costs/revenue requirement components (depreciation, carrying charges, other tax implications) will have correspondingly been incurred. They will generally commence being incurred in 2024 when the capital becomes fully effective from a rate base perspective. As Enbridge Gas is proposing to include the revenue requirement of integration/amalgamation capital, as well as any ongoing savings, in the determination of its 2024 revenue requirement, it believes it's appropriate to

[18] Ibid.

credit to ratepayers the 2023 ending TVDA balance as part of the combined balance proposed for disposition in this evidence. The proposed disposition of the TVDA will allow for the credit to be applied as a partial offset (along with other ongoing savings) to the associated rate base and depreciation costs on these assets.

4. Incremental Capital Module Deferral Accounts (ICMDA)

55. Enbridge Gas is proposing to clear the cumulative net forecast credit balance in the EGD and Union rate zones ICMDA of $24.4 million plus interest to December 31, 2023, of $1.3 million, for a total of $25.6 million. The cumulative summary of the noted forecast balance is provided at Attachment 1.

56. In its MAADs Decision[19], the OEB approved the use of the Incremental Capital Module (ICM) and found it appropriate to have a mechanism for the funding of incremental capital for each of the EGD and Union rate zones, to fund significant, incremental, and discrete capital projects for which the utility is granted rate recovery in advance of the next rebasing application. Recovery occurs through rate riders, which allow base rates to continue to be adjusted through the approved price cap index formula. As set out in the OEB's ICM policy[20], the rate riders continue until the next rebasing proceeding, and as part of the subsequent rebasing proceeding, the OEB reviews the spending against the plan to determine if a true-up is warranted.

57. In its 2019 Rates Application[21], Enbridge Gas requested and the OEB approved the opening of two new deferral accounts, one for the EGD rate zone and one for the Union rate zones, to capture on a project-by-project basis any variances between

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[19] EB-2017-0306/EB-2017-0307, OEB Decision and Order, August 30, 2018.
[20] EB-2014-0219, Report of the Board – New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, September 18, 2014, and Report of the OEB – New Policy Options for the Funding of Capital Investments: Supplemental Report, January 22, 2016.
[21] EB-2018-0305.

the actual revenue requirement of the ICM projects or programs and the actual ICM revenue collected through the approved ICM rate. Please see Attachment 6 for the ICMDA balance continuity schedule by rate zone and project, and Attachment 7 for a summary of approved versus actual ICM capital, revenue requirement, and revenue amounts by project.

5.1. *ICMDA – EGD Rate Zone (Account No. 179-500)*

58. There is a $2 million debit balance in the ICMDA related to EGD rate zone projects approved for ICM treatment by the OEB during the 2019 to 2023 IR term. The following sections provide a description and the deferral account balance for each of the approved ICM projects.

NPS 20 Don River Replacement Project

59. There is a $0.1 million credit balance in the ICMDA for the EGD rate zone related to the Don River Replacement Project.

60. The Project replaced 0.25 km of nominal pipe size (NPS) 30 XHP on the Don River crossing with a new NPS 30 XHP under the Don River using trenchless technology. The Project was granted LTC in November 2018.[22]

61. In the 2020 Rates proceeding[23], the OEB approved $30 million in capital ICM funding for the Don River Replacement Project, with an expected in-service date of April 2020, which resulted in a revenue requirement of $8.2 million to be recovered over the deferred rebasing term.

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[22] LTC EB-2018-0108 and Request to Vary EB-2019-0275.
[23] EB-2019-0194.

62. The NPS 20 Don River Replacement Project was placed into service at the expected April 2020 in-service date. Details on any variances of actual to forecast costs can be found in the project's Post Construction Financial Report at Exhibit 1, Tab 12, Schedule 1, Attachment 2.

NPS 20 Replacement Cherry to Bathurst Project

63. There is a $2 million debit balance in the ICMDA for the EGD rate zone related to the Cherry to Bathurst Replacement Project.

64. The project was needed to replace approximately 4.5 km of steel gas distribution main on Lake Shore Boulevard from Cherry Street to Bathurst Street and a 260 m section on Parliament Street from Mill Street to Lake Shore Boulevard East (C2B) in the City of Toronto. The segment replaced is part of the natural gas main known as the Kipling Oshawa Loop (KOL). The project was granted LTC in December 2020.[24]

65. In the 2022 Rates proceeding[25], the OEB approved $126.7 million in capital ICM funding for the Cherry to Bathurst Replacement Project, with an expected in-service date of October 2022, which resulted in a revenue requirement of $6.1 million to be recovered over the deferred rebasing term.

66. The Cherry to Bathurst Replacement Project has not gone into service but has a 2022 expected in-service date. Per the LTC Decision[26], details on variances of actual to forecast costs will be provided in the Final Monitoring and Post Construction Financial reports, no later than 15 months after the in-service date, or,

[24] EB-2020-0136, Decision and Order, December 17, 2020.
[25] EB-2021-0148.
[26] EB-2020-0136, Decision and Order, December 17, 2020.

where the deadline falls between December 1 and May 31, the following June 1, in accordance with the Conditions of Approval for the project.

5.2. ICMDA – Union Rate Zones (Account No. 179-159)

67. There is a $26.4 million credit balance, plus $1.2 million credit of interest, for a total balance of $27.6 million related to Union rate zones projects approved for ICM treatment by the OEB during the 2019 to 2023 IR term. The following sections provide a description and the deferral account balance for each of the approved ICM projects.

68. In addition to the revenue requirement variances described in the following sections, the ICM revenue collected also contributes to the variances. Revenue collected on a project will vary from OEB-approved as the ICM unit rates for collection are based on the annual forecast billing units from the time the project was approved and held constant until the end of the deferred rebasing term. On an actual basis, the collection through rates utilizes actual billing units and variances arise to the extent that actuals are different from the original forecast due to factors such as weather, average use, and customer growth.

Kingsville Transmission Reinforcement Project

69. There is a $14.1 million credit balance in the ICMDA for the Union rate zones related to the Kingsville Transmission Reinforcement Project.

70. The project involved building a 19 km transmission pipeline in the County of Essex and was required to serve the increasing natural gas demand in the Kingsville-

Leamington market as well as increasing demand on the overall Panhandle Transmission System. The Project was granted LTC in September 2018.[27]

71. In the 2019 Rates proceeding[28], the OEB approved ICM funding of $118.2 million in capital for the Kingsville Transmission Reinforcement Project, with an expected in-service of November 2019, which resulted in a revenue requirement of $36.9 million to be recovered over the deferred rebasing term.

72. Actual/forecast revenue requirement is lower than OEB-approved resulting primarily from construction and labour costs being lower due to the negotiation of land costs, expropriation costs not being incurred, and environmental and contractor risk not being realized. In addition, the project forecast contingency was not utilized since risk and other forecast costs came in lower than estimated. The Post Construction Financial Report Update is provided at Exhibit 1, Tab 12, Schedule 1, Attachment 2.[29]

Stratford Reinforcement Project

73. There is no balance in the ICMDA for the Union rate zones related to the Stratford Reinforcement Project.

74. This project involved construction of 10.8 kms of NPS 12 pipeline and ancillary facilities to increase the capacity of the Forest, Hensall and Goderich Transmission System serving the northern portions of the Counties of Middlesex and Lambton, and the Counties of Perth and Huron. The project was granted LTC in March 2019.[30]

[27] EB-2018-0013, Decision and Order, September 20, 2018.
[28] EB-2018-0305.
[29] Updated from originally filed in EB-2018-0013 Kingsville Transmission Reinforcement Project, Final Monitoring Report and Post Construction Financial Report dated January 13, 2021.
[30] EB-2018-0306, Decision and Order, March 28, 2019.

75. In the 2019 Rates proceeding[31], the OEB approved ICM funding of approximately $1.8 million in capital for the Stratford Reinforcement Project based on the available capital funding in that year. The project had an expected in-service of November 2019. The OEB did not require Enbridge Gas to track variances related to the project.

Windsor Line Replacement Project

76. There is a $8.1 million credit balance in the ICMDA for the Union rate zones related to the Windsor Line Replacement Project.

77. The project involved constructing approximately 64 km of NPS 6 natural gas pipeline to replace a section of the existing Windsor NPS 10 pipeline (along with short sections of NPS 8 pipe) in the Union South rate zone. The project was granted LTC in April 2020.[32]

78. In the 2020 Rates proceeding[33], the OEB approved $82.9 million in ICM capital funding for the Windsor Line Replacement Project, with an expected in-service of November 2020, which resulted in a revenue requirement of $22.2 million to be recovered over the deferred rebasing term.

79. Actual/forecast revenue requirement is lower than OEB-approved as a result of the anticipated additional installation depth of the pipeline not being required, as a result, Enbridge Gas incurred lower costs to install the pipeline (this also resulted in the Contingency not being utilized). Removal of the existing NPS 10 from road

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[31] EB-2018-0305, Decision and Order, September 12, 2019.
[32] EB-2019-0172, Decision and Order, April 1, 2020
[33] EB-2019-0194, Decision and Order, May 14, 2020.

allowance was not required, resulting in additional construction and labor savings. Details on variances of actual to forecast costs are provided in the Final Monitoring and Post Construction Financial Report provided at Exhibit 1, Tab 12, Schedule 1, Attachment 2.

London Lines Replacement Project[34]

80. There is a $4.2 million credit balance in the ICMDA for the Union rate zones related to the London Lines Replacement Project.

81. The project replaced the existing London Lines with approximately 90.5 km of NPS 4 and NPS 6 dual-fed pipeline due to integrity concerns. The existing London Lines were comprised of London South Line and London Dominion Line which were two pipelines that parallel each other, approximately 60km and 75km in length, respectively. The project was granted LTC in January 2021.[35]

82. In the 2021 Rates proceeding, the OEB approved $124 million in ICM capital funding for the London Lines Replacement Project, with an expected in-service of December 2021, which resulted in a revenue requirement of $19.4 million to be recovered over the deferred rebasing term.

83. The pipeline portion of the London Lines Replacement Project went into service in December 2021, but the stations portion of the project was postponed until 2022. In addition to the delay in the stations portion of the project, actual total capital spend is forecast to be below the approved ICM forecast. The combined impact of these items results in the forecast revenue requirement being lower than the approved amount. Per the LTC Decision, details on variances of actual to forecast costs will be

[34] Approved in 2021 Rates, EB-2020-0181, Decision and Order, May 6, 2021.
[35] EB-2020-0192, Decision and Order, January 28, 2021.

provided in the Final Monitoring and Post Construction Financial Reports, no later than June 1, 2023, in accordance with the Conditions of Approval for the project.

5. Renewable Natural Gas Injection Service Variance Account (RNGISVA) (Account No. 179-12_)

84. The purpose of the RNGISVA is to record the annual revenue deficiency/sufficiency related to the provision of RNG injection services to RNG producers. The annual revenue deficiency/sufficiency will be calculated as the difference between actual revenues generated under Rate 401 (RNG injection service) and the actual revenue requirement impact of the costs incurred, on a fully allocated basis, to provide those services. To ensure that ratepayers are not harmed by potential default of Rate 401 customers, the annual revenue deficiency/sufficiency calculation will not include any impacts of contract default by RNG injection service customers.

85. As described in the RNG proceeding[36], the balances in the OEB-approved RNGISVA are to be cleared to distribution customers and disposed of with Enbridge Gas's rate rebasing application. Enbridge Gas expects to record balances in the RNGISVA for 2022 and 2023 but does not currently have adequate certainty on the in-service timing of the RNG injection services. Additionally, the preliminary forecast is currently less than $1 million. Given the uncertainty and materiality, Enbridge Gas will refrain from proposing a forecast balance to be disposed of at this time but will bring forth any actual balances as part of the 2023 Earnings Sharing and D&VA Disposition proceeding, where interim balances sought for disposition in this proceeding will be trued-up.

[36] EB-2017-0319.

86. Enbridge Gas is requesting closure of the RNGISVA effective January 1, 2024, and if approved in this Application, the account will no longer be required once any cumulative balances up to December 31, 2023, are cleared. A description of the proposed D&VA closures is provided at Exhibit 9, Tab 1, Schedule 4.

6. Impacts Arising from the COVID-19 Emergency Deferral Account (COVID-19DA) (Account No. 179-384)

87. Enbridge Gas is proposing to clear the cumulative forecast debit balance in the COVID-19DA of $1.4 million, plus interest to December 31, 2023, of $0.1 million, for a total of $1.5 million. The summary of the noted forecast balance is provided at Attachment 1.

88. On March 17, 2020, the Ontario Government declared a state of emergency in response to the spread of COVID-19. On March 25, 2020, in recognition of the impacts the pandemic may have on electricity and natural gas distributors, the OEB issued an accounting order establishing a deferral account in which electricity and natural gas distributors could record the incremental impacts resulting from the COVID-19 pandemic, the severity and duration of which was uncertain.

89. On May 14, 2020, the OEB initiated a consultation with stakeholders intended to address how the account would operate. The consultation concluded with a Report of the OEB: Regulatory Treatment of Impacts Arising from the COVID-19 Emergency (the Report)[37]. The Report provided a set of guidelines for the operation of the deferral account, as well as disposition considerations. The balance in the COVID-19DA is in accordance with the Exceptional Pool costs as outlined in the

[37] EB-2020-0133, Report of the OEB, Regulatory Treatment of Impacts Arising from the COVID-19 Emergency, June 17, 2021.

OEB's guidelines and reflects incremental costs of complying with government/OEB-initiated programs aimed at providing relief to customers. In accordance with the guidelines in the Report, these costs are fully recoverable because Enbridge Gas meets the means test, in that utility earnings have not exceeded 300 basis points above the annual approved ROE in any year.

90. Of the cumulative principal balance of $1.4 million, $1.3 million relates to a one-time increase to the Low-Income Emergency Assistance Program (LEAP) Emergency Financial Assistance (EFA) funding for 2020, and $0.1 million relates to incremental COVID-19 Emergency Assistance Program (CEAP) and CEAP Small Business (SB) implementation and administration costs. These amounts are recoverable within the Report's guidelines. This is also supported by the following communications:
    a) LEAP EFA Funding - In a letter dated July 17, 2020[38] the OEB approved the amount a distributor may recover for the purpose of contributing to LEAP EFA funding for 2020. The letter indicated that distributors could make a one-time increase to LEAP EFA funding by a maximum of 50% of their 2020 fiscal year funding amount, and that the additional funding was to be made available to agencies for use in the LEAP EFA for 2020. The letter further indicated that the OEB was permitting the increased funding to be recorded in the Account.
    b) CEAP and CEAP SB Implementation and Administration Costs - In letters dated June 16, 2020[39] and August 7, 2020[40], the OEB expressed its expectation that gas utilities would assist with the administration of the government's CEAP and CEAP SB programs. The letters also articulated that

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[38] OEB Letter, July 17, 2020 - Re: Enhanced Funding for LEAP Emergency Financial Assistance for 2020.
[39] OEB Letter, June 16, 2020 – Re: COVID-19 Emergency Assistance Program, Implementation by Gas Utilities.
[40] OEB Letter, August 7, 2020 – Re: COVID-19 Emergency Assistance Program – Small Business.

the implementation and administration costs of the CEAP and CEAP SB programs may be recorded in the Account.

91. In the 2020 Earnings Sharing and Deferrals Disposition proceeding, Enbridge Gas did not request clearance of the balance in this account as OEB guidance related to this Account was still pending. In the OEB's Decision on the Settlement Proposal in that proceeding[41], the OEB endorsed Enbridge Gas's approach to seek clearance of the Account in its next rebasing proceeding.

92. Table 10 shows the continuity of the balances in the Impacts Arising from the COVID-19 Emergency Deferral Account.

Table 10
Impacts Arising from the COVID-19 Emergency Deferral Account
Continuity of Balances

Line No.	Particulars ($ millions)	2020 Actual	2021 Actual	Total Balance at December 31, 2023
		(a)	(b)	(c)
1	COVID-19DA Balance	1.4	0.0	1.4
2	Interest	0.1	0.0	0.1
3	Total Balance with Interest	1.4	0.0	1.5

7. Transition Impact of Accounting Changes Deferral Account (TIACDA) (Account No. 179-02_)

93. Enbridge Gas is proposing to clear the outstanding forecast balance in the TIACDA of $39.9 million, with no interest applied. The summary of the noted forecast balance is provided at Attachment 1.

[41] EB-2021-0149, Settlement Agreement, Exhibit N1, Tab 1, Schedule 1, October 4, 2021.

94. The TIACDA is used to track the life-to-date variance between OPEB costs which had previously been recognized and recovered on a cash-basis, and the costs that would have been recognized on an accrual-basis of accounting. The existing balance in the account represents uncleared OPEB costs that the OEB approved for recovery as part of the approval to move to US GAAP for regulatory purposes in EGD's 2013 Cost of Service Application[42] (moving from cash to an accrual basis of accounting). In the absence of rate regulation, the regulatory balance would not be recorded, and OPEB expenses would have been charged to earnings based on the accrual method of accounting. Within the Settlement Proposal of that proceeding, dated October 26, 2012, all parties agreed to the recovery of OPEB expenses on an accrual basis commencing January 1, 2013. The OPEB costs were recorded in the TIACDA. The other pension-related impacts associated with the transition to the accrual-basis of accounting are discussed under Transitional Pension Balances in Section 8.

95. All parties to the Settlement Proposal agreed that EGD shall recover OPEB costs evenly over a 20-year period, commencing in 2013.The final amount to be disposed of at the end of 2012 was $88.7 million, resulting in $4.436 million annual recovery over the 20-year period. No interest is applicable to the amount recorded in the account.

96. By 2023, $48.8 million will have been recovered from ratepayers in the EGD rate zone representing 11-years of the 20-year recovery period. Enbridge Gas is proposing to clear the remaining $39.9 million (representing 9 remaining years)

[42] EB-2011-0354.

within the combined balance as noted in this evidence and dispose of this combined balance in the 2024 calendar year to all ratepayers.

97. Clearing the remaining TIACDA balance on a combined one-time basis in 2024 partially offsets the large Transitional Pension Balance discussed in Section 8 and the proposed total net payable to customers, eliminating the requirement to smooth rate impacts overtime. Additionally, combined clearing to all rate zones is consistent with the proposed disposition of other deferral accounts and the proposed harmonized rate design in this Application.

98. If approved, Enbridge Gas requests to close the TIACDA account as of January 1, 2024, as it will no longer be required to dispose of the remaining OPEB balances associated with the EGD transition to US GAAP.

8. Transitional Pension Balance – EGD Rate Zone

99. Enbridge Gas is proposing to clear an outstanding credit Transitional Pension Balance for the EGD rate zone of $254.6 million. The summary of the noted balance is provided at Attachment 1.

100. Beginning January 1, 2013, EGD began recovering pension and OPEB costs on an accrual-basis, as approved by the OEB in EGD's 2013 Cost of Service Application[43]. However, since rates previously included the recovery of pension costs on a cash-basis, a pension regulatory liability was recognized on EGD's balance sheet to account for the difference between life-to-date cash-based pension expense and the life-to-date accrual-based pension expense that would otherwise have been reflected as part of EGD's income. Over the full lifetime of a plan, the cash costs and

[43] EB-2011-0354.

the accrual-based costs would converge, however between the beginning and the end of a pension plan, these will not align. The liability recognized by EGD (or the Transitional Pension Balance) represents this difference.

101. As at December 31, 2012, the cumulative impact of accumulated cash contributions in excess of net periodic benefit costs recorded to the pension regulatory liability was $254.6 million. This balance represents the amount by which the accumulated Defined Benefit (DB) employer contributions exceeded the accumulated DB net periodic benefit costs over the history of the plans to that balance sheet date. From a cost-recovery perspective, if EGD had recovered costs based on an accrual basis, the cumulative costs that would have been reflected in rates from inception would have been $254.6 million less. Please see Attachment 9 for further details on the Transitional Pension Balance.

102. Enbridge Gas recognizes that as a result of converting to recovery of accrual-based pension expenses, the credit, if not refunded to ratepayers, would ultimately result in double recovery from ratepayers, as accrual-based expenses would be expected to be higher than cash-based expenses over the remaining life of the pension plans. EGD's, now Enbridge Gas's, intention has been to bring this balance forward for disposition at the next applicable cost of service application. Enbridge Gas therefore proposes to include this credit to ratepayers within the combined balance noted in this evidence.

103. The Company notes that the credit balance, reflecting the variance between cash-based pension costs recovered in rates and corresponding accrual-based pension costs through to December 31, 2012, does not represent cash amounts retained by the Company. The cash collected was used to fund the pension plans, and as such

the Company was not in receipt of excess cash. Therefore, no carrying charges have been accrued.

Deferral and Variance Accounts
Actual and Forecast Balances Proposed for Disposition

Line No.	Particulars ($ millions)	Account No.	Period	Forecast to December 31, 2023 Principal	Interest	Total
				(a)	(b)	(c)
1	APCDA - Unamortized Pre-17 Pension Actuarial Losses	179-120	2023	155.2	-	155.2
2	APCDA - Other	179-120	2019	(1.7)	(0.1)	(1.9)
3	APCDA - Other	179-120	2020	(14.8)	(0.7)	(15.5)
4	APCDA - Other	179-120	2021	(13.9)	(0.6)	(14.4)
5	APCDA - Other	179-120	2022	50.8	1.7	52.5
6	APCDA - Other	179-120	2023	(33.4)	(0.4)	(33.8)
7	Subtotal			(13.0)	(0.0)	(13.0)
8	APCDA - Total	179-120	2023	142.2	(0.0)	142.2
9	TVDA - Integration Capital Additions	179-383	2020	(3.7)	(0.1)	(3.9)
10	TVDA - Integration Capital Additions	179-383	2021	(10.5)	(0.4)	(10.8)
11	TVDA - Integration Capital Additions	179-383	2022	3.3	0.1	3.5
12	TVDA - Integration Capital Additions	179-383	2023	6.2	0.1	6.3
13	Subtotal			(4.6)	(0.3)	(5.0)
14	ICMDA - EGD Rate Zone	179-500	2020	(0.3)	(0.0)	(0.3)
15	ICMDA - EGD Rate Zone	179-500	2021	0.2	0.0	0.2
16	ICMDA - EGD Rate Zone	179-500	2022	(4.8)	(0.2)	(5.0)
17	ICMDA - EGD Rate Zone	179-500	2023	6.9	0.1	7.0
18	Subtotal			2.0	(0.1)	1.9
19	ICMDA - Union Rate Zones	179-159	2019	(6.9)	(0.4)	(7.3)
20	ICMDA - Union Rate Zones	179-159	2020	(5.6)	(0.2)	(5.9)
21	ICMDA - Union Rate Zones	179-159	2021	(14.4)	(0.5)	(14.9)
22	ICMDA - Union Rate Zones	179-159	2022	(0.7)	(0.0)	(0.8)
23	ICMDA - Union Rate Zones	179-159	2023	1.2	0.0	1.2
24	Subtotal			(26.4)	(1.2)	(27.6)
25	ICMDA - Total	Combined	2023	(24.4)	(1.3)	(25.6)
26	RNGISVA	179-12	2022	-	-	-
27	RNGISVA	179-12	2023	-	-	-
28	Subtotal			-	-	-
29	COVID-19DA	179-384	2020	1.4	0.1	1.4
30	COVID-19DA	179-384	2021	0.0	0.0	0.0
31	Subtotal			1.4	0.1	1.5
32	TIACDA - Unamortized Balance	179-02	2023	39.9	-	39.9
33	Transitional Pension Balance		2023	(254.6)	-	(254.6)
34	Total of Balances Proposed for Clearance			(100.0)	(1.6)	(101.6)

Proposed for Clearance
Accounting Policy Changes Deferral Account
Summary of Cumulative 2023 Revenue Requirement Impact

Line No.	Particulars ($ millions)	Rate Zone	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year	Cumulative Total
			(a)	(b)	(c)	(d)	(e)	(f)
1	Change from Capital to O&M (1)	EGD	5.8	0.6	0.4	0.8	0.3	7.9
2	Change from O&M to Capital (2)	Union	(1.4)	(5.8)	(4.0)	(2.6)	(5.7)	(19.6)
3	Total Capitalization vs. Expense		4.4	(5.2)	(3.6)	(1.9)	(5.4)	(11.7)
4	Change in IDC Rate from WACD to CWIP (3) (4)	EGD	0.5	1.0	0.8	-	0.0	2.4
5	Removal of IDC Threshold (5)	Union	(0.6)	(0.1)	(0.3)	-	0.2	(0.8)
6	Total IDC		(0.1)	1.0	0.5	-	0.2	1.5
7	Depreciation Expense (change from half-year rule) (6)	Union	(6.1)	(4.1)	(5.8)	(4.4)	(10.8)	(31.2)
8	Overhead Capitalization Changes (7)	EGD	-	3.4	5.1	5.6	8.5	22.6
9	Overhead Capitalization Changes (8)	Union	-	(9.9)	(10.0)	(13.4)	(25.9)	(59.1)
10	Total Overhead Capitalization Changes		-	(6.4)	(4.9)	(7.8)	(17.4)	(36.5)
11	Amortized Gas Supply Storage and Transportation Costs	EGD	-	-	-	64.9	-	64.9
12	Total of APCDA - Other (non-pension related balances)		(1.7)	(14.8)	(13.9)	50.8	(33.4)	(13.0)
13	Opening Balance of Pre-17 Pension Actuarial Losses		211.3	193.8	181.5	169.4	157.4	155.2
14	Continued Amortization of Pre-17 Pension Actuarial Losses		(17.5)	(12.3)	(12.0)	(12.0)	(2.2)	-
15	Ending Pension & OPEB (Unamortized Pre-17 Pension Actuarial Losses) (9)	Union	193.8	181.5	169.4	157.4	155.2	155.2
16	Total Cumulative Revenue Requirement Impact		192.0	164.9	139.0	177.8	142.2	142.2
17	Annual Interest (10)		(0.1)	(0.7)	(0.6)	1.7	(0.4)	(0.0)
18	Total Cumulative Interest		(0.1)	(0.8)	(1.3)	0.3	(0.0)	(0.0)
19	Total APCDA Impact with Interest		191.9	164.3	138.5	179.5	141.8	142.2

Notes:
(1) Exhibit 9, Tab 2, Schedule 1, Attachment 4, page 1.
(2) Exhibit 9, Tab 2, Schedule 1, Attachment 4, page 2.
(3) 2020 revenue requirement includes a true-up of $0.249 booked in the 2021 APCDA. There was a change in the weighted average cost of debt (WACD) rate that wasn't captured until after 2020 results had already been filed with the OEB in the 2020 Earnings Sharing and Deferrals Disposition proceeding (EB-2021-0149).
(4) Exhibit 9, Tab 2, Schedule 1, Attachment 4, page 3.
(5) Exhibit 9, Tab 2, Schedule 1, Attachment 4, page 4.
(6) Exhibit 9, Tab 2, Schedule 1, Attachment 4, page 5.
(7) Exhibit 9, Tab 2, Schedule 1, Attachment 4, page 6.
(8) Exhibit 9, Tab 2, Schedule 1, Attachment 4, page 7.
(9) Exhibit 9, Tab 2, Schedule 1, Attachment 4, page 8.
(10) Interest is not calculated on unamortized pre-17 pension actuarial losses.

Proposed for Clearance
Accounting Policy Changes Deferral Account
Itemized Revenue Requirement at December 31, 2019

Line No.	Particulars ($ millions)	Capitalization vs. Expense: EGD - Change from Capital to O&M	Capitalization vs. Expense: Union - Change from O&M to Capital	Interest During Construction: EGD - Change in IDC Rate	Interest During Construction: Union - Removal of IDC Threshold	Depreciation: Union - Change from Half-year Depreciation	Total	Pension & OPEB: Union - Continued Amort. of Pre-17 Actuarial Loss	Final APCDA Total
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Cost of Capital								
1	Rate base	(0.2)	0.1	(0.1)	0.1	3.3	3.1	0.0	3.1
2	Required rate of return	6.20%	7.30%	6.20%	7.30%	7.30%		7.30%	
3	Cost of capital	(0.0)	0.0	(0.0)	0.0	0.2	0.2	0.0	0.2
	Cost of Service								
4	Gas costs	-	-	-	-	-	-	-	-
5	Operation and Maintenance	5.7	(1.4)	-	-	-	4.4	(17.5)	(13.2)
6	Depreciation and amortization	-	-	(0.0)	0.0	(4.7)	(4.7)	-	(4.7)
7	Municipal and other taxes	-	-	-	-	-	-	-	-
8	Cost of service	5.7	(1.4)	(0.0)	0.0	(4.7)	(0.3)	(17.5)	(17.8)
	Misc. & Non-Operating Revenue								
9	Other operating revenue	-	-	-	-	-	-	-	-
10	Other income	-	-	-	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-	-	-	-
	Income Taxes on Earnings								
12	Excluding tax shield	(1.5)	0.4	0.4	(0.5)	-	(1.2)	4.6	3.5
13	Tax shield provided by interest expense	0.0	(0.0)	0.0	(0.0)	(0.0)	(0.0)	-	(0.0)
14	Income taxes on earnings	(1.5)	0.4	0.4	(0.5)	(0.0)	(1.2)	4.6	3.4
	Taxes on (Deficiency) / Sufficiency								
15	Gross (deficiency) / sufficiency	(5.8)	1.4	(0.5)	0.6	6.1	1.7	17.5	19.3
16	Net (deficiency) / sufficiency	(4.3)	1.0	(0.4)	0.4	4.5	1.3	12.9	14.2
17	Taxes on (deficiency) / sufficiency	1.5	(0.4)	0.1	(0.2)	(1.6)	(0.5)	(4.6)	(5.1)
18	Revenue requirement	5.8	(1.4)	0.5	(0.6)	(6.1)	(1.7)	(17.5)	(19.3)
	Revenue at Existing Rates								
19	Gas sales	-	-	-	-	-	-	-	-
20	Transportation service	-	-	-	-	-	-	-	-
21	Transmission, compression and storage	-	-	-	-	-	-	-	-
22	Rounding adjustment	-	-	-	-	-	-	-	-
23	Revenue at existing rates	-	-	-	-	-	-	-	-
24	Gross revenue (deficiency) / sufficiency	(5.8)	1.4	(0.5)	0.6	6.1	1.7	17.5	19.3

Proposed for Clearance
Accounting Policy Changes Deferral Account
Itemized Revenue Requirement at December 31, 2020

		Capitalization vs. Expense		Interest During Construction		Depreciation	Overhead Capitalization			Pension & OPEB	
Line No.	Particulars ($ millions)	EGD - Change from Capital to O&M	Union - Change from O&M to Capital	EGD - Change in IDC Rate	Union - Removal of IDC Threshold	Union - Change from Half-year Depreciation	EGD - OH Capitalization Changes	Union - OH Capitalization Changes	Total	Union - Continued Amort. of Pre-17 Actuarial Loss	Final APCDA Total
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Cost of Capital										
1	Rate base	(5.7)	1.6	(0.2)	1.3	7.5	(2.2)	4.0	6.3	0.0	6.3
2	Required rate of return	6.20%	7.30%	6.20%	7.30%	7.30%	6.20%	7.30%		7.30%	
3	Cost of capital	(0.4)	0.1	(0.0)	0.1	0.5	(0.1)	0.3	0.5	0.0	0.5
	Cost of Service										
4	Gas costs	-	-	-	-	-	-	-	-	-	-
5	Operation and Maintenance	1.1	(5.9)	-	-	-	3.3	(8.9)	(10.4)	(12.3)	(22.6)
6	Depreciation and amortization	(0.1)	0.0	(0.0)	0.1	(3.5)	(0.0)	0.1	(3.5)	-	(3.5)
7	Municipal and other taxes	-	-	-	-	-	-	-	-	-	-
8	Cost of service	1.0	(5.9)	(0.0)	0.1	(3.5)	3.3	(8.8)	(13.8)	(12.3)	(26.1)
	Misc. & Non-Operating Revenue										
9	Other operating revenue	-	-	-	-	-	-	-	-	-	-
10	Other income	-	-	-	-	-	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-	-	-	-	-	-
	Income Taxes on Earnings										
12	Excluding tax shield	(0.2)	1.5	0.8	(0.2)	-	(0.7)	1.3	2.5	3.3	5.7
13	Tax shield provided by interest expense	0.0	(0.0)	0.0	(0.0)	(0.1)	0.0	(0.0)	(0.1)	-	(0.1)
14	Income taxes on earnings	(0.1)	1.5	0.8	(0.2)	(0.1)	(0.6)	1.2	2.4	3.3	5.7
	Taxes on (Deficiency) / Sufficiency										
15	Gross (deficiency) / sufficiency	(0.6)	5.8	(1.0)	0.1	4.1	(3.4)	9.9	14.8	12.3	27.1
16	Net (deficiency) / sufficiency	(0.5)	4.3	(0.8)	0.1	3.0	(2.5)	7.2	10.9	9.0	19.9
17	Taxes on (deficiency) / sufficiency	0.2	(1.5)	0.3	(0.0)	(1.1)	0.9	(2.6)	(3.9)	(3.3)	(7.2)
18	Revenue requirement	0.6	(5.8)	1.0	(0.1)	(4.1)	3.4	(9.9)	(14.8)	(12.3)	(27.1)
	Revenue at Existing Rates										
19	Gas sales	-	-	-	-	-	-	-	-	-	-
20	Transportation service	-	-	-	-	-	-	-	-	-	-
21	Transmission, compression and storage	-	-	-	-	-	-	-	-	-	-
22	Rounding adjustment	-	-	-	-	-	-	-	-	-	-
23	Revenue at existing rates	-	-	-	-	-	-	-	-	-	-
24	Gross revenue (deficiency) / sufficiency	(0.6)	5.8	(1.0)	0.1	4.1	(3.4)	9.9	14.8	12.3	27.1

Proposed for Clearance
Accounting Policy Changes Deferral Account
Itemized Revenue Requirement at December 31, 2021

Line No.	Particulars ($ millions)	Capitalization vs. Expense: EGD - Change from Capital to O&M	Capitalization vs. Expense: Union - Change from O&M to Capital	Interest During Construction: EGD - Change in IDC Rate	Interest During Construction: Union - Removal of IDC Threshold	Depreciation: Union - Change from Half-year Depreciation	Overhead Capitalization: EGD - OH Capitalization Changes	Overhead Capitalization: Union - OH Capitalization Changes	Total	Pension & OPEB: Union - Continued Amort. of Pre-17 Actuarial Loss	Final APCDA Total
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Cost of Capital										
1	Rate base	(6.7)	7.4	(0.3)	1.7	9.4	(5.0)	13.4	20.0	0.0	20.0
2	Required rate of return	6.20%	7.30%	6.20%	7.30%	7.30%	6.20%	7.30%		7.30%	
3	Cost of capital	(0.4)	0.5	(0.0)	0.1	0.7	(0.3)	1.0	1.6	0.0	1.6
	Cost of Service										
4	Gas costs	-	-	-	-	-	-	-	-	-	-
5	Operation and Maintenance	0.9	(4.6)	-	-	-	4.5	(9.9)	(9.1)	(12.0)	(21.1)
6	Depreciation and amortization	(0.2)	0.1	(0.0)	0.1	(4.9)	0.2	0.5	(4.1)	-	(4.1)
7	Municipal and other taxes	-	-	-	-	-	-	-	-	-	-
8	Cost of service	0.8	(4.4)	(0.0)	0.1	(4.9)	4.7	(9.4)	(13.2)	(12.0)	(25.2)
	Misc. & Non-Operating Revenue										
9	Other operating revenue	-	-	-	-	-	-	-	-	-	-
10	Other income	-	-	-	-	-	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-	-	-	-	-	-
	Income Taxes on Earnings										
12	Excluding tax shield	(0.1)	1.0	0.8	(0.4)	-	(0.7)	1.3	1.8	3.2	5.0
13	Tax shield provided by interest expense	0.1	(0.1)	0.0	(0.0)	(0.1)	0.0	(0.1)	(0.2)	-	(0.2)
14	Income taxes on earnings	(0.1)	0.9	0.8	(0.4)	(0.1)	(0.6)	1.1	1.6	3.2	4.8
	Taxes on (Deficiency) / Sufficiency										
15	Gross (deficiency) / sufficiency	(0.4)	4.0	(1.0)	0.3	5.8	(5.1)	10.0	13.6	12.0	25.6
16	Net (deficiency) / sufficiency	(0.3)	2.9	(0.8)	0.2	4.3	(3.7)	7.3	10.0	8.8	18.9
17	Taxes on (deficiency) / sufficiency	0.1	(1.1)	0.3	(0.1)	(1.5)	1.4	(2.6)	(3.6)	(3.2)	(6.8)
18	Revenue requirement	0.4	(4.0)	1.0	(0.3)	(5.8)	5.1	(10.0)	(13.6)	(12.0)	(25.6)
19	True-Up to 2020 WACD Rate	-	-	(0.2)	-	-	-	-	(0.2)	-	(0.2)
	Revenue at Existing Rates										
20	Gas sales	-	-	-	-	-	-	-	-	-	-
21	Transportation service	-	-	-	-	-	-	-	-	-	-
22	Transmission, compression and storage	-	-	-	-	-	-	-	-	-	-
23	Rounding adjustment	-	-	-	-	-	-	-	-	-	-
24	Revenue at existing rates	-	-	-	-	-	-	-	-	-	-
25	Gross revenue (deficiency) / sufficiency	(0.4)	4.0	(0.8)	0.3	5.8	(5.1)	10.0	13.9	12.0	25.9

Proposed for Clearance
Accounting Policy Changes Deferral Account
Itemized Revenue Requirement Forecast at December 31, 2022

Line No.	Particulars ($ millions)	Capitalization vs. Expense: EGD - Change from Capital to O&M	Capitalization vs. Expense: Union - Change from O&M to Capital	Interest During Construction: EGD - Change in IDC Rate	Interest During Construction: Union - Removal of IDC Threshold	Depreciation: Union - Change from Half-year Depreciation	Overhead Capitalization: EGD - OH Capitalization Changes	Overhead Capitalization: Union - OH Capitalization Changes	Total	Pension & OPEB: Union - Continued Amort. of Pre-17 Actuarial Loss	Final APCDA Total (1)
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Cost of Capital										
1	Rate base	(7.4)	11.7	-	-	16.4	(7.2)	25.2	48.5	0.0	48.5
2	Required rate of return	6.20%	7.30%	6.20%	7.30%	7.30%	6.20%	7.30%		7.30%	
3	Cost of capital	(0.5)	0.9	-	-	1.2	(0.4)	1.8	3.0	0.0	3.7
	Cost of Service										
4	Gas costs	-	-	-	-	-	-	-	-	-	-
5	Operation and Maintenance	1.4	(3.6)	-	-	-	5.0	(14.2)	(11.4)	(12.0)	(23.4)
6	Depreciation and amortization	(0.2)	0.2	-	-	(4.2)	0.2	1.0	(3.0)	-	(3.0)
7	Municipal and other taxes	-	-	-	-	-	-	-	-	-	-
8	Cost of service	1.2	(3.4)	-	-	(4.2)	5.2	(13.2)	(14.4)	(12.0)	(26.4)
	Misc. & Non-Operating Revenue										
9	Other operating revenue	-	-	-	-	-	-	-	-	-	-
10	Other income	-	-	-	-	-	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-	-	-	-	-	-
	Income Taxes on Earnings										
12	Excluding tax shield	(0.2)	0.7	-	-	-	(0.7)	1.8	1.5	3.2	4.7
13	Tax shield provided by interest expense	0.1	(0.1)	-	-	(0.2)	0.1	(0.3)	(0.5)	-	(0.5)
14	Income taxes on earnings	(0.2)	0.6	-	-	(0.2)	(0.7)	1.5	1.1	3.2	4.3
	Taxes on (Deficiency) / Sufficiency										
15	Gross (deficiency) / sufficiency	(0.8)	2.6	-	-	4.4	(5.6)	13.4	14.1	12.0	26.1
16	Net (deficiency) / sufficiency	(0.6)	1.9	-	-	3.2	(4.1)	9.9	10.3	8.8	19.2
17	Taxes on (deficiency) / sufficiency	0.2	(0.7)	-	-	(1.2)	1.5	(3.6)	(3.7)	(3.2)	(6.9)
18	Revenue requirement	0.8	(2.6)	-	-	(4.4)	5.6	(13.4)	(14.1)	(12.0)	(25.4)
	Revenue at Existing Rates										
19	Gas sales	-	-	-	-	-	-	-	-	-	-
20	Transportation service	-	-	-	-	-	-	-	-	-	-
21	Transmission, compression and storage	-	-	-	-	-	-	-	-	-	-
22	Rounding adjustment	-	-	-	-	-	-	-	-	-	-
23	Revenue at existing rates	-	-	-	-	-	-	-	-	-	-
24	Gross revenue (deficiency) / sufficiency	(0.8)	2.6	-	-	4.4	(5.6)	13.4	14.1	12.0	25.4

Proposed for Clearance
Accounting Policy Changes Deferral Account
Itemized Revenue Requirement Forecast at December 31, 2023

Line No.	Particulars ($ millions)	Capitalization vs. Expense: EGD - Change from Capital to O&M	Capitalization vs. Expense: Union - Change from O&M to Capital	Interest During Construction: EGD - Change in IDC Rate	Interest During Construction: Union - Removal of IDC Threshold	Depreciation: Union - Change from Half-year Depreciation	Overhead Capitalization: EGD - OH Capitalization Changes	Overhead Capitalization: Union - OH Capitalization Changes	Total	Pension & OPEB: Union - Continued Amort. of Pre-17 Actuarial Loss	Final APCDA Total
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Cost of Capital										
1	Rate base	(8.6)	17.3	(7.0)	4.1	22.7	(11.3)	41.9	59.0	0.0	59.0
2	Required rate of return	6.20%	7.30%	6.20%	7.30%	7.30%	6.20%	7.30%		7.30%	
3	Cost of capital	(0.5)	1.3	(0.4)	0.3	1.7	(0.7)	3.1	4.6	0.0	4.6
	Cost of Service										
4	Gas costs	-	-	-	-	-	-	-	-	-	-
5	Operation and Maintenance	1.0	(7.1)	-	-	-	8.3	(26.6)	(24.4)	(2.2)	(26.6)
6	Depreciation and amortization	(0.2)	0.3	(0.2)	0.2	(9.4)	(0.2)	1.6	(7.8)	-	(7.8)
7	Municipal and other taxes	-	-	-	-	-	-	-	-	-	-
8	Cost of service	0.8	(6.8)	(0.2)	0.2	(9.4)	8.1	(25.0)	(32.2)	(2.2)	(34.4)
	Misc. & Non-Operating Revenue										
9	Other operating revenue	-	-	-	-	-	-	-	-	-	-
10	Other income	-	-	-	-	-	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-	-	-	-	-	-
	Income Taxes on Earnings										
12	Excluding tax shield	(0.1)	1.5	0.6	(0.4)	-	(1.2)	3.4	3.7	0.6	4.3
13	Tax shield provided by interest expense	0.1	(0.2)	0.1	(0.0)	(0.2)	0.1	(0.4)	(0.7)	-	(0.7)
14	Income taxes on earnings	(0.1)	1.3	0.6	(0.4)	(0.2)	(1.1)	3.0	3.0	0.6	3.6
	Taxes on (Deficiency) / Sufficiency										
15	Gross (deficiency) / sufficiency	(0.3)	5.7	(0.0)	(0.2)	10.8	(8.5)	25.9	33.4	2.2	35.6
16	Net (deficiency) / sufficiency	(0.2)	4.2	(0.0)	(0.1)	7.9	(6.2)	19.0	24.5	1.6	26.2
17	Taxes on (deficiency) / sufficiency	0.1	(1.5)	0.0	0.0	(2.9)	2.3	(6.9)	(8.8)	(0.6)	(9.4)
18	Revenue requirement	0.3	(5.7)	0.0	0.2	(10.8)	8.5	(25.9)	(33.4)	(2.2)	(35.6)
	Revenue at Existing Rates										
19	Gas sales	-	-	-	-	-	-	-	-	-	-
20	Transportation service	-	-	-	-	-	-	-	-	-	-
21	Transmission, compression and storage	-	-	-	-	-	-	-	-	-	-
22	Rounding adjustment	-	-	-	-	-	-	-	-	-	-
23	Revenue at existing rates	-	-	-	-	-	-	-	-	-	-
24	Gross revenue (deficiency) / sufficiency	(0.3)	5.7	(0.0)	(0.2)	10.8	(8.5)	25.9	33.4	2.2	35.6

Proposed for Clearance
Accounting Policy Changes Deferral Account
Capitalization versus Expense Policy Alignment - EGD Rate Zone

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year
		(a)	(b)	(c)	(d)	(e)
	Cost of Capital					
1	Rate base	(0.2)	(5.7)	(6.7)	(7.4)	(8.6)
2	Required rate of return	6.20%	6.20%	6.20%	6.20%	6.20%
3	Cost of capital	(0.0)	(0.4)	(0.4)	(0.5)	(0.5)
	Cost of Service					
4	Gas costs	-	-	-	-	-
5	Operation and Maintenance	5.7	1.1	0.9	1.4	1.0
6	Depreciation and amortization	-	(0.1)	(0.2)	(0.2)	(0.2)
7	Municipal and other taxes	-	-	-	-	-
8	Cost of service	5.7	1.0	0.8	1.2	0.8
	Misc. & Non-Operating Revenue					
9	Other operating revenue	-	-	-	-	-
10	Other income	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-
	Income Taxes on Earnings					
12	Excluding tax shield	(1.5)	(0.2)	(0.1)	(0.2)	(0.1)
13	Tax shield provided by interest expense	0.0	0.0	0.1	0.1	0.1
14	Income taxes on earnings	(1.5)	(0.1)	(0.1)	(0.2)	(0.1)
	Taxes on (Deficiency) / Sufficiency					
15	Gross (deficiency) / sufficiency	(5.8)	(0.6)	(0.4)	(0.8)	(0.3)
16	Net (deficiency) / sufficiency	(4.3)	(0.5)	(0.3)	(0.6)	(0.2)
17	Taxes on (deficiency) / sufficiency	1.5	0.2	0.1	0.2	0.1
18	Revenue requirement	5.8	0.6	0.4	0.8	0.3
	Revenue at Existing Rates					
19	Gas sales	0.0	0.0	0.0	0.0	0.0
20	Transportation service	0.0	0.0	0.0	0.0	0.0
21	Transmission, compression and storage	0.0	0.0	0.0	0.0	0.0
22	Rounding adjustment	0.0	0.0	0.0	0.0	0.0
23	Revenue at existing rates	0.0	0.0	0.0	0.0	0.0
24	Gross revenue (deficiency) / sufficiency	(5.8)	(0.6)	(0.4)	(0.8)	(0.3)
25	Cumulative Gross revenue (deficiency) / sufficiency	(5.8)	(6.4)	(6.8)	(7.6)	(7.9)

Proposed for Clearance
Accounting Policy Changes Deferral Account
Capitalization versus Expense Policy Alignment - Union Rate Zones

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year
		(a)	(b)	(c)	(d)	(e)
	Cost of Capital					
1	Rate base	0.1	1.6	7.4	11.7	17.3
2	Required rate of return	7.30%	7.30%	7.30%	7.30%	7.30%
3	Cost of capital	0.0	0.1	0.5	0.9	1.3
	Cost of Service					
4	Gas costs	-	-	-	-	-
5	Operation and Maintenance	(1.4)	(5.9)	(4.6)	(3.6)	(7.1)
6	Depreciation and amortization	-	0.0	0.1	0.2	0.3
7	Municipal and other taxes	-	-	-	-	-
8	Cost of service	(1.4)	(5.9)	(4.4)	(3.4)	(6.8)
	Misc. & Non-Operating Revenue					
9	Other operating revenue	-	-	-	-	-
10	Other income	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-
	Income Taxes on Earnings					
12	Excluding tax shield	0.4	1.5	1.0	0.7	1.5
13	Tax shield provided by interest expense	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)
14	Income taxes on earnings	0.4	1.5	0.9	0.6	1.3
	Taxes on (Deficiency) / Sufficiency					
15	Gross (deficiency) / sufficiency	1.4	5.8	4.0	2.6	5.7
16	Net (deficiency) / sufficiency	1.0	4.3	2.9	1.9	4.2
17	Taxes on (deficiency) / sufficiency	(0.4)	(1.5)	(1.1)	(0.7)	(1.5)
18	Revenue requirement	(1.4)	(5.8)	(4.0)	(2.6)	(5.7)
	Revenue at Existing Rates					
19	Gas sales	0.0	0.0	0.0	0.0	0.0
20	Transportation service	0.0	0.0	0.0	0.0	0.0
21	Transmission, compression and storage	0.0	0.0	0.0	0.0	0.0
22	Rounding adjustment	0.0	0.0	0.0	0.0	0.0
23	Revenue at existing rates	0.0	0.0	0.0	0.0	0.0
24	Gross revenue (deficiency) / sufficiency	1.4	5.8	4.0	2.6	5.7
25	Cumulative Gross revenue (deficiency) / sufficiency	1.4	7.2	11.2	13.9	19.6

Proposed for Clearance
Accounting Policy Changes Deferral Account
Interest During Construction Policy Alignment - EGD Rate Zone

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year
		(a)	(b)	(c)	(d)	(e)
	Cost of Capital					
1	Rate base	(0.1)	(0.2)	(0.3)	-	(7.0)
2	Required rate of return	6.20%	6.20%	6.20%	6.20%	6.20%
3	Cost of capital	(0.0)	(0.0)	(0.0)	-	(0.4)
	Cost of Service					
4	Gas costs	-	-	-	-	-
5	Operation and Maintenance	-	-	-	-	-
6	Depreciation and amortization	(0.0)	(0.0)	(0.0)	-	(0.2)
7	Municipal and other taxes	-	-	-	-	-
8	Cost of service	(0.0)	(0.0)	(0.0)	-	(0.2)
	Misc. & Non-Operating Revenue					
9	Other operating revenue	-	-	-	-	-
10	Other income	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-
	Income Taxes on Earnings					
12	Excluding tax shield	0.4	0.6	0.8	-	0.6
13	Tax shield provided by interest expense	0.0	0.0	0.0	-	0.1
14	Income taxes on earnings	0.4	0.6	0.8	-	0.6
	Taxes on (Deficiency) / Sufficiency					
15	Gross (deficiency) / sufficiency	(0.5)	(0.8)	(1.0)	-	(0.0)
16	Net (deficiency) / sufficiency	(0.4)	(0.6)	(0.8)	-	(0.0)
17	Taxes on (deficiency) / sufficiency	0.1	0.2	0.3	-	0.0
18	Revenue requirement	0.5	0.8	1.0	-	0.0
19	True-Up to 2020 WACD Rate (1)	-	0.2	(0.2)	-	-
	Revenue at Existing Rates					
20	Gas sales	-	-	-	-	-
21	Transportation service	-	-	-	-	-
22	Transmission, compression and storage	-	-	-	-	-
23	Rounding adjustment	-	-	-	-	-
24	Revenue at existing rates	-	-	-	-	-
25	Gross revenue (deficiency) / sufficiency	(0.5)	(1.0)	(0.8)	0.0	(0.0)
26.	Cumulative Gross revenue (deficiency) / sufficiency	(0.5)	(1.6)	(2.4)	(2.4)	(2.4)

Note:

(1) 2020 revenue requirement includes a true-up of $0.249 booked to the 2021 APCDA. There was a change to the weighted average cost of debt (WACD) rate that wasn't captured until after 2020 results had already been filed with the OEB in the 2020 Earnings Sharing and Deferrals Disposition proceeding (EB-2021-0149).

Proposed for Clearance
Accounting Policy Changes Deferral Account
Interest During Construction Policy Alignment - Union Rate Zones

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year
		(a)	(b)	(c)	(d)	(e)
	Cost of Capital					
1	Rate base	0.1	1.3	1.7	-	4.1
2	Required rate of return	7.30%	7.30%	7.30%	7.30%	7.30%
3	Cost of capital	0.0	0.1	0.1	-	0.3
	Cost of Service					
4	Gas costs	-	-	-	-	-
5	Operation and Maintenance	-	-	-	-	-
6	Depreciation and amortization	0.0	0.1	0.1	-	0.2
7	Municipal and other taxes	-	-	-	-	-
8	Cost of service	0.0	0.1	0.1	-	0.2
	Misc. & Non-Operating Revenue					
9	Other operating revenue	-	-	-	-	-
10	Other income	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-
	Income Taxes on Earnings					
12	Excluding tax shield	(0.5)	(0.2)	(0.4)	-	(0.4)
13	Tax shield provided by interest expense	(0.0)	(0.0)	(0.0)	-	(0.0)
14	Income taxes on earnings	(0.5)	(0.2)	(0.4)	-	(0.4)
	Taxes on (Deficiency) / Sufficiency					
15	Gross (deficiency) / sufficiency	0.6	0.1	0.3	-	(0.2)
16	Net (deficiency) / sufficiency	0.4	0.1	0.2	-	(0.1)
17	Taxes on (deficiency) / sufficiency	(0.2)	(0.0)	(0.1)	-	0.0
18	Revenue requirement	(0.6)	(0.1)	(0.3)	-	0.2
	Revenue at Existing Rates					
19	Gas sales	0.0	0.0	0.0	-	0.0
20	Transportation service	0.0	0.0	0.0	-	0.0
21	Transmission, compression and storage	0.0	0.0	0.0	-	0.0
22	Rounding adjustment	0.0	0.0	0.0	-	0.0
23	Revenue at existing rates	0.0	0.0	0.0	-	0.0
24	Gross revenue (deficiency) / sufficiency	0.6	0.1	0.3	-	(0.2)
25	Cumulative Gross revenue (deficiency) / sufficiency	0.6	0.7	1.0	1.0	0.8

Proposed for Clearance
Accounting Policy Changes Deferral Account
Depreciation Expense Policy Alignment - Union Rate Zones

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year
		(a)	(b)	(c)	(d)	(e)
	Cost of Capital					
1	Rate base	3.3	7.5	9.4	16.4	22.7
2	Required rate of return	7.30%	7.30%	7.30%	7.30%	7.30%
3	Cost of capital	0.2	0.5	0.7	1.2	1.7
	Cost of Service					
4	Gas costs	-	-	-	-	-
5	Operation and Maintenance	-	-	-	-	-
6	Depreciation and amortization	(4.7)	(3.5)	(4.9)	(4.2)	(9.4)
7	Municipal and other taxes	-	-	-	-	-
8	Cost of service	(4.7)	(3.5)	(4.9)	(4.2)	(9.4)
	Misc. & Non-Operating Revenue					
9	Other operating revenue	-	-	-	-	-
10	Other income	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-
	Income Taxes on Earnings					
12	Excluding tax shield	-	-	-	-	-
13	Tax shield provided by interest expense	(0.0)	(0.1)	(0.1)	(0.2)	(0.2)
14	Income taxes on earnings	(0.0)	(0.1)	(0.1)	(0.2)	(0.2)
	Taxes on (Deficiency) / Sufficiency					
15	Gross (deficiency) / sufficiency	6.1	4.1	5.8	4.4	10.8
16	Net (deficiency) / sufficiency	4.5	3.0	4.3	3.2	7.9
17	Taxes on (deficiency) / sufficiency	(1.6)	(1.1)	(1.5)	(1.2)	(2.9)
18	Revenue requirement	(6.1)	(4.1)	(5.8)	(4.4)	(10.8)
	Revenue at Existing Rates					
19	Gas sales	0.0	0.0	0.0	0.0	0.0
20	Transportation service	0.0	0.0	0.0	0.0	0.0
21	Transmission, compression and storage	0.0	0.0	0.0	0.0	0.0
22	Rounding adjustment	0.0	0.0	0.0	0.1	(0.6)
23	Revenue at existing rates	0.0	0.0	0.0	0.1	(0.6)
24	Gross revenue (deficiency) / sufficiency	6.1	4.1	5.8	4.4	10.8
25	Cumulative Gross revenue (deficiency) / sufficiency	6.1	10.2	16.1	20.4	31.2

Proposed for Clearance
Accounting Policy Changes Deferral Account
Overhead Capitalization - EGD Rate Zone

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year
		(a)	(b)	(c)	(d)	(e)
	Cost of Capital					
1	Rate base	-	(2.2)	(5.0)	(7.2)	(11.3)
2	Required rate of return	6.20%	6.20%	6.20%	6.20%	6.20%
3	Cost of capital	-	(0.1)	(0.3)	(0.4)	(0.7)
	Cost of Service					
4	Gas costs	-	-	-	-	-
5	Operation and Maintenance	-	3.3	4.5	5.0	8.3
6	Depreciation and amortization	-	(0.0)	0.2	0.2	(0.2)
7	Municipal and other taxes	-	-	-	-	-
8	Cost of service	-	3.3	4.7	5.2	8.1
	Misc. & Non-Operating Revenue					
9	Other operating revenue	-	-	-	-	-
10	Other income	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-
	Income Taxes on Earnings					
12	Excluding tax shield	-	(0.7)	(0.7)	(0.7)	(1.2)
13	Tax shield provided by interest expense	-	0.0	0.0	0.1	0.1
14	Income taxes on earnings	-	(0.6)	(0.6)	(0.7)	(1.1)
	Taxes on (Deficiency) / Sufficiency					
15	Gross (deficiency) / sufficiency	-	(3.4)	(5.1)	(5.6)	(8.5)
16	Net (deficiency) / sufficiency	-	(2.5)	(3.7)	(4.1)	(6.2)
17	Taxes on (deficiency) / sufficiency	-	0.9	1.4	1.5	2.3
18	Revenue requirement	-	3.4	5.1	5.6	8.5
	Revenue at Existing Rates					
19	Gas sales	-	-	-	-	-
20	Transportation service	-	-	-	-	-
21	Transmission, compression and storage	-	-	-	-	-
22	Rounding adjustment	-	-	-	-	-
23	Revenue at existing rates	-	-	-	-	-
24	Gross revenue (deficiency) / sufficiency	-	(3.4)	(5.1)	(5.6)	(8.5)
25	Cumulative Gross revenue (deficiency) / sufficiency	-	(3.4)	(8.5)	(14.1)	(22.6)

Proposed for Clearance
Accounting Policy Changes Deferral Account
Overhead Capitalization - Union Rate Zones

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year
		(a)	(b)	(c)	(d)	(e)
	Cost of Capital					
1	Rate base	-	4.0	13.4	25.2	41.9
2	Required rate of return	7.30%	7.30%	7.30%	7.30%	7.30%
3	Cost of capital	-	0.3	1.0	1.8	3.1
	Cost of Service					
4	Gas costs	-	-	-	-	-
5	Operation and Maintenance	-	(8.9)	(9.9)	(14.2)	(26.6)
6	Depreciation and amortization	-	0.1	0.5	1.0	1.6
7	Municipal and other taxes	-	-	-	-	-
8	Cost of service	-	(8.8)	(9.4)	(13.2)	(25.0)
	Misc. & Non-Operating Revenue					
9	Other operating revenue	-	-	-	-	-
10	Other income	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-
	Income Taxes on Earnings					
12	Excluding tax shield	-	1.3	1.3	1.8	3.4
13	Tax shield provided by interest expense	-	(0.0)	(0.1)	(0.3)	(0.4)
14	Income taxes on earnings	-	1.2	1.1	1.5	3.0
	Taxes on (Deficiency) / Sufficiency					
15	Gross (deficiency) / sufficiency	0.0	9.9	10.0	13.4	25.9
16	Net (deficiency) / sufficiency	0.0	7.2	7.3	9.9	19.0
17	Taxes on (deficiency) / sufficiency	0.0	(2.6)	(2.6)	(3.6)	(6.9)
18	Revenue requirement	0.0	(9.9)	(10.0)	(13.4)	(25.9)
	Revenue at Existing Rates					
19	Gas sales	-	-	-	-	-
20	Transportation service	-	-	-	-	-
21	Transmission, compression and storage	-	-	-	-	-
22	Rounding adjustment	-	-	-	-	-
23	Revenue at existing rates	-	-	-	-	-
24	Gross revenue (deficiency) / sufficiency	-	9.9	10.0	13.4	25.9
25	Cumulative Gross revenue (deficiency) / sufficiency	-	9.9	19.8	33.2	59.1

Proposed for Clearance
Accounting Policy Changes Deferral Account
Pension & OPEB (Amortized Pre-17 Actuarial Losses) - Union Rate Zones

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year
		(a)	(b)	(c)	(d)	(e)
	Cost of Capital					
1	Rate base	-	-	-	-	-
2	Required rate of return	7.30%	7.30%	7.30%	7.30%	7.30%
3	Cost of capital	-	-	-	-	-
	Cost of Service					
4	Gas costs	-	-	-	-	-
5	Operation and Maintenance	(17.5)	(12.3)	(12.0)	(12.0)	(2.2)
6	Depreciation and amortization	-	-	-	-	-
7	Municipal and other taxes	-	-	-	-	-
8	Cost of service	(17.5)	(12.3)	(12.0)	(12.0)	(2.2)
	Misc. & Non-Operating Revenue					
9	Other operating revenue	-	-	-	-	-
10	Other income	-	-	-	-	-
11	Misc. & non-operating revenue	-	-	-	-	-
	Income Taxes on Earnings					
12	Excluding tax shield	4.6	3.3	3.2	3.2	0.6
13	Tax shield provided by interest expense	-	-	-	-	-
14	Income taxes on earnings	4.6	3.3	3.2	3.2	0.6
	Taxes on (Deficiency) / Sufficiency					
15	Gross (deficiency) / sufficiency	17.5	12.3	12.0	12.0	2.2
16	Net (deficiency) / sufficiency	12.9	9.0	8.8	8.8	1.6
17	Taxes on (deficiency) / sufficiency	(4.6)	(3.3)	(3.2)	(3.2)	(0.6)
18	Revenue requirement	(17.5)	(12.3)	(12.0)	(12.0)	(2.2)
	Revenue at Existing Rates					
19	Gas sales	-	-	-	-	-
20	Transportation service	-	-	-	-	-
21	Transmission, compression and storage	-	-	-	-	-
22	Rounding adjustment	-	-	-	-	-
23	Revenue at existing rates	-	-	-	-	-
24	Gross revenue (deficiency) / sufficiency (1)	17.5	12.3	12.0	12.0	2.2
25	Cumulative Gross revenue (deficiency) / sufficiency	17.5	29.8	41.8	53.9	56.1

Notes:
(1) This balance represents the revenue requirement impact of the annual amortization of the pre-17 actuarial losses.

Tax Variance Deferral Account
Calculation of the Bill C-97 Accelerated CCA Impact for Integration-Related Capital Additions

Summary 2020-2023 - Integration Capital Additions

Line No.	Particulars ($ millions)	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year	Cumulative
1	CCA Variance (i) - (j)	10.4	29.0	(9.3)	(17.2)	12.8
2	Tax Rate	26.5%	26.5%	26.5%	26.5%	26.5%
3	Earnings Impact of Accelerated CCA	2.7	7.7	(2.5)	(4.6)	3.4
4	Earnings Impact Grossed-up for Taxes Related to Integrated Capital Additions	3.7	10.5	(3.3)	(6.2)	4.6
5	TVDA Impact	(3.7)	(10.5)	3.3	6.2	(4.6)
6	Interest	(0.1)	(0.4)	0.1	0.1	(0.3)
7	Total TVDA Balance	(3.9)	(10.8)	3.5	6.3	(5.0)

2020 Year-End - Integration Capital Additions

Line No.	Particulars ($000s)	Opening UCC Accel. CCA (a)	Opening UCC Regular CCA (b)	CTA Additions (c)	Accel. CCA Depreciable UCC Balance (d)	Regular CCA Depreciable UCC Balance (e)	Rate (%) (f)	Accelerated CCA (g)	Regular CCA (h)	Closing UCC Accel. CCA (i)	Closing UCC Regular CCA (j)
	Class										
8	1 Buildings, structures and improvements, services, meters, mains	-	-	-	-	-	4%	-	-	-	-
9	1 Non-residential building acquired after March 19, 2007	-	-	-	-	-	6%	-	-	-	-
10	2 Mains acquired before 1988	-	-	-	-	-	6%	-	-	-	-
11	3 Buildings acquired before 1988	-	-	-	-	-	5%	-	-	-	-
12	6 Other buildings	-	-	-	-	-	10%	-	-	-	-
13	7 Compression equipment acquired after February 22, 2005	-	-	-	-	-	15%	-	-	-	-
14	8 Compression assets, office furniture, equipment	-	-	-	-	-	20%	-	-	-	-
15	10 Transportation, computer equipment	-	-	-	-	-	30%	-	-	-	-
16	12 Computer software, small tools	-	-	0.8	0.8	0.4	100%	0.8	0.4	-	0.4
17	13 Leasehold improvements	-	-	-	-	-	N/A	-	-	-	-
18	14.1 Intangibles	-	-	-	-	-	5%	-	-	-	-
19	14.1 Intangibles (pre 2017)	-	-	-	-	-	7%	-	-	-	-
20	17 Roads, sidewalk, parking lot or storage areas	-	-	-	-	-	8%	-	-	-	-
21	38 Heavy work equipment	-	-	-	-	-	30%	-	-	-	-
22	41 Storage assets	-	-	-	-	-	25%	-	-	-	-
23	45 Computers - Hardware acquired after March 22, 2004	-	-	-	-	-	45%	-	-	-	-
24	49 Transmission pipeline additions acquired after February 23, 2005	-	-	-	-	-	8%	-	-	-	-
25	50 Computers hardware acquired after March 18, 2007	-	-	18.1	27.2	9.1	55%	15.0	5.0	3.2	13.1
26	51 Distribution pipelines acquired after March 18, 2007	-	-	-	-	-	6%	-	-	-	-
27	Total	-	-	18.9	28.0	9.5		15.7	5.4	3.2	13.5

Tax Variance Deferral Account
2021 Year-End - Integration Capital Additions

Line No.	Particulars ($000s)		Opening UCC Accel. CCA	Opening UCC Regular CCA	CTA Additions	Accel. CCA Depreciable UCC Balance	Regular CCA Depreciable UCC Balance	Rate (%)	Accelerated CCA	Regular CCA	Closing UCC Accel. CCA	Closing UCC Regular CCA
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Class											
1	1	Buildings, structures and improvements, services, meters, mains	-	-	-	-	-	4%	-	-	-	-
2	1	Non-residential building acquired after March 19, 2007	-	-	1.7	2.6	0.9	6%	0.2	0.1	1.6	1.7
3	2	Mains acquired before 1988	-	-	-	-	-	6%	-	-	-	-
4	3	Buildings acquired before 1988	-	-	-	-	-	5%	-	-	-	-
5	6	Other buildings	-	-	-	-	-	10%	-	-	-	-
6	7	Compression equipment acquired after February 22, 2005	-	-	-	-	-	15%	-	-	-	-
7	8	Compression assets, office furniture, equipment	-	-	0.1	0.1	0.0	20%	0.0	0.0	0.0	0.0
8	10	Transportation, computer equipment	-	-	-	-	-	30%	-	-	-	-
9	12	Computer software, small tools	-	0.4	53.8	53.8	27.3	100%	53.8	27.3	-	26.9
10	13	Leasehold improvements	-	-	-	-	-	N/A	-	-	-	-
11	14.1	Intangibles	-	-	-	-	-	5%	-	-	-	-
12	14.1	Intangibles (pre 2017)	-	-	-	-	-	7%	-	-	-	-
13	17	Roads, sidewalk, parking lot or storage areas	-	-	-	-	-	8%	-	-	-	-
14	38	Heavy work equipment	-	-	-	-	-	30%	-	-	-	-
15	41	Storage assets	-	-	-	-	-	25%	-	-	-	-
16	45	Computers - Hardware acquired after March 22, 2004	-	-	-	-	-	45%	-	-	-	-
17	49	Transmission pipeline additions acquired after February 23, 2005	-	-	-	-	-	8%	-	-	-	-
18	50	Computers hardware acquired after March 18, 2007	3.2	13.1	14.3	24.7	20.3	55%	13.6	11.2	3.9	16.3
19	51	Distribution pipelines acquired after March 18, 2007	-	-	-	-	-	6%	-	-	-	-
20	Total		3.2	13.5	69.9	81.1	48.5		67.5	38.5	5.5	44.9

Tax Variance Deferral Account
2022 Estimate - Integration Capital Additions

Line No.	Particulars ($000s)	Opening UCC Accel. CCA	Opening UCC Regular CCA	CTA Additions	Accel. CCA Depreciable UCC Balance	Regular CCA Depreciable UCC Balance	Rate (%)	Accelerated CCA	Regular CCA	Closing UCC Accel. CCA	Closing UCC Regular CCA
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Class										
1	1 Buildings, structures and improvements, services, meters, mains	-	-	-	-	-	4%	-	-	-	-
2	1 Non-residential building acquired after March 19, 2007	1.6	1.7	-	1.6	1.7	6%	0.1	0.1	1.5	1.6
3	2 Mains acquired before 1988	-	-	-	-	-	6%	-	-	-	-
4	3 Buildings acquired before 1988	-	-	-	-	-	5%	-	-	-	-
5	6 Other buildings	-	-	-	-	-	10%	-	-	-	-
6	7 Compression equipment acquired after February 22, 2005	-	-	-	-	-	15%	-	-	-	-
7	8 Compression assets, office furniture, equipment	0.0	0.0	-	0.0	0.0	20%	0.0	0.0	0.0	0.0
8	10 Transportation, computer equipment	-	-	-	-	-	30%	-	-	-	-
9	12 Computer software, small tools	-	26.9	48.9	48.9	51.4	100%	48.9	51.4	-	24.5
10	13 Leasehold improvements	-	-	-	-	-	N/A	-	-	-	-
11	14.1 Intangibles	-	-	-	-	-	5%	-	-	-	-
12	14.1 Intangibles (pre 2017)	-	-	-	-	-	7%	-	-	-	-
13	17 Roads, sidewalk, parking lot or storage areas	-	-	-	-	-	8%	-	-	-	-
14	38 Heavy work equipment	-	-	-	-	-	30%	-	-	-	-
15	41 Storage assets	-	-	-	-	-	25%	-	-	-	-
16	45 Computers - Hardware acquired after March 22, 2004	-	-	-	-	-	45%	-	-	-	-
17	49 Transmission pipeline additions acquired after February 23, 2005	-	-	-	-	-	8%	-	-	-	-
18	50 Computers hardware acquired after March 18, 2007	3.9	16.3	(0.1)	3.8	16.3	55%	2.1	8.9	1.8	7.3
19	51 Distribution pipelines acquired after March 18, 2007	-	-	-	-	-	6%	-	-	-	-
20	Total	5.5	44.9	48.8	54.3	69.3		51.1	60.4	3.3	33.3

Tax Variance Deferral Account

2023 Bridge Year - Integration Capital Additions

Line No.		Particulars ($000s)	Opening UCC Accel. CCA	Opening UCC Regular CCA	CTA Additions	Accel. CCA Depreciable UCC Balance	Regular CCA Depreciable UCC Balance	Rate (%)	Accelerated CCA	Regular CCA	Closing UCC Accel. CCA	Closing UCC Regular CCA
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Class											
1	1	Buildings, structures and improvements, services, meters, mains	-	-	-	-	-	4%	-	-	-	-
2	1	Non-residential building acquired after March 19, 2007	1.5	1.6	4.3	7.9	3.7	6%	0.5	0.2	5.3	5.1
3	2	Mains acquired before 1988	-	-	-	-	-	6%	-	-	-	-
4	3	Buildings acquired before 1988	-	-	-	-	-	5%	-	-	-	-
5	6	Other buildings	-	-	-	-	-	10%	-	-	-	-
6	7	Compression equipment acquired after February 22, 2005	-	-	-	-	-	15%	-	-	-	-
7	8	Compression assets, office furniture, equipment	0.0	0.0	0.0	0.1	0.1	20%	0.0	0.0	0.0	0.1
8	10	Transportation, computer equipment	-	-	-	-	-	30%	-	-	-	-
9	12	Computer software, small tools	-	24.5	15.6	15.6	32.3	100%	15.6	32.3	-	24.5
10	13	Leasehold improvements	-	-	-	-	-	N/A	-	-	-	-
11	14.1	Intangibles	-	-	-	-	-	5%	-	-	-	-
12	14.1	Intangibles (pre 2017)	-	-	-	-	-	7%	-	-	-	-
13	17	Roads, sidewalk, parking lot or storage areas	-	-	-	-	-	8%	-	-	-	-
14	38	Heavy work equipment	-	-	-	-	-	30%	-	-	-	-
15	41	Storage assets	-	-	-	-	-	25%	-	-	-	-
16	45	Computers - Hardware acquired after March 22, 2004	-	-	-	-	-	45%	-	-	-	-
17	49	Transmission pipeline additions acquired after February 23, 2005	-	-	-	-	-	8%	-	-	-	-
18	50	Computers hardware acquired after March 18, 2007	1.8	7.3	0.5	2.5	7.5	55%	1.4	4.1	0.9	10.6
19	51	Distribution pipelines acquired after March 18, 2007	-	-	32.4	48.5	16.2	6%	2.9	1.0	29.4	15.2
20	Total		3.3 -	33.3 -	52.8	74.6	59.7		20.4	37.6	35.7	55.5

Proposed for Clearance
Incremental Capital Module Deferral Accounts
Balance Continuity Schedule

Line No.	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year	Cumulative
		(a)	(b)	(c)	(d)	(e)	(f)
	EGD Rate Zone						
	NPS 20 Don River Replacement Project						
1	Revenue Requirement	-	0.5	2.6	2.6	2.6	8.2
2	Revenue Collected	-	(0.7)	(2.4)	(2.4)	(2.6)	(8.2)
3	ICMDA Impact	-	(0.3)	0.2	0.2	(0.0)	0.1
	NPS 20 Replacement Cherry to Bathurst Project						
4	Revenue Requirement	-	-	-	(5.0)	11.1	6.1
5	Revenue Collected	-	-	-	-	(4.1)	(4.1)
6	ICMDA Impact	-	-	-	(5.0)	7.0	2.0
7	Total ICMDA - EGD Rate Zone	-	(0.3)	0.2	(4.8)	6.9	2.0
	Union Rate Zones						
	Kingsville Transmission Reinforcement Project						
8	Revenue Requirement	(4.8)	6.8	7.6	8.2	7.9	25.7
9	Revenue Collected	(2.1)	(9.2)	(9.1)	(9.7)	(9.7)	(39.8)
10	ICMDA Impact	(6.9)	(2.4)	(1.6)	(1.6)	(1.7)	(14.1)
	Windsor Line Replacement Project						
11	Revenue Requirement	-	(1.3)	1.4	7.3	6.8	14.2
12	Revenue Collected	-	(2.0)	(6.5)	(7.0)	(6.8)	(22.3)
13	ICMDA Impact	-	(3.3)	(5.0)	0.3	(0.1)	(8.1)
	London Lines Replacement Project						
14	Revenue Requirement	-	-	(4.4)	8.5	10.9	15.0
15	Revenue Collected	-	-	(3.4)	(7.9)	(7.9)	(19.2)
16	ICMDA Impact	-	-	(7.7)	0.6	3.0	(4.2)
17	Total ICMDA - Union Rate Zones	(6.9)	(5.6)	(14.4)	(0.7)	1.2	(26.4)
18	Total Cumulative ICMDA Impact	(6.9)	(5.9)	(14.2)	(5.6)	8.1	(24.4)
19	Annual Interest	(0.4)	(0.3)	(0.5)	(0.2)	0.1	(1.3)
20	Total Cumulative Interest	(0.4)	(0.6)	(1.2)	(1.4)	(1.3)	(1.3)
21	Total Cumulative ICMDA Impact with Interest	(7.3)	(6.1)	(14.7)	(5.7)	8.2	(25.6)

Incremental Capital Module Deferral Accounts
OEB-Approved Compared to Actual/Forecast by Project

		OEB-Approved				Actual/Forecast				
Line No.	Particulars ($ millions)	ICM Capital	In-Service Date	Total Revenue Requirement	Revenue Collection	ICM Capital	In-Service Date	Total Revenue Requirement	Total Revenue Collected	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
	ICMDA - EGD Rate Zone									
1	NPS 20 Don River Replacement Project	30.0	April 2020	8.2	(8.2)	29.8	April 2020	8.2	(8.2)	
2	NPS 20 Replacement Cherry to Bathurst Project	126.7	Oct 2022	6.1	(6.1)	126.7	N/A	6.1	(4.1)	
	ICMDA - Union Rate Zones									
3	Kingsville Transmission Reinforcement Project	118.2	Nov 2019	36.9	(36.9)	91.8	Oct 2019	25.7	(39.8)	
4	Stratford Reinforcement Project	1.8	Nov 2019	0.6	(0.6)	1.8	Sep 2019	-	-	
5	Windsor Line Reinforcement Project	82.9	Nov 2020	22.2	(22.2)	74.2	Sep 2021	14.2	(22.3)	
6	London Lines Replacement Project	124.0	Dec 2021	19.4	(19.4)	100.2	Dec 2021	15.0	(19.2)	
7	Total Cumulative OEB-Approved and Actual/Forecast	483.7 (j)		93.4	(93.4)	424.6 (i)		69.2	(93.6)	
8	Variance of Actual/Forecast to OEB-Approved				(i)-(j)	(59.1)		(24.2) (k)	(0.2)	(l)
9	Total Cumulative ICMDA Balance							(k)+(l)	(24.4)	
10	Cumulative Interest to December 31, 2023								(1.3)	
11	Total Balance Proposed for Clearance								(25.6)	

Mercer

welcome to brighter

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29 September 2022

Subject: Enbridge Gas Inc. Estimated AOCI Balances at December 31, 2023 on Local Books Basis

At the request of Enbridge Gas Inc. (the "Company"), we have prepared estimates of the Company's share of:

- the projected balance sheet and accumulated other comprehensive income ("AOCI") on the "local books" basis for the fiscal years ending 2021 to 2023, and
- net periodic benefit costs ("accrual costs") on the "local books" basis for fiscal years 2022 to 2023,

for the pension and benefit plans which the Company participates in. The results in this letter supplement those provided in our report *EGI Pension and Benefit Plans Estimated 2022-2024 Net Periodic Benefit Costs* dated June 3, 2022 (the "Report"). The Report is incorporated by reference into this letter, and is essential to understanding these results.

The 2022-2024 accrual costs provided in the Report are prepared on a "corporate books" basis. Enbridge also prepares financial reporting results on a "local books" basis, which is prepared from the perspective that the Legacy Spectra Plans continued as going concerns, without taking into account the February 27, 2017 merger with Enbridge (and the fresh start approach adopted by Enbridge for its financial reporting purposes on the acquisition of the Legacy Spectra Plans). The fair value of assets and projected benefit obligation are the same between the local books and Enbridge's financial statements, however the amounts in AOCI, and associated amortizations recognized in the accrual costs, are not the same due to differences in the recognition of past costs and ongoing differences in recognition of actuarial gains and losses.

We have projected the results of the December 31, 2021 / January 1, 2022 actuarial valuations of the plans for financial reporting purposes on a local books basis forward to each of the years ending 2022 through 2023. The purpose of these projections is to estimate the difference between the unamortized actual gain (or loss) as at December 31, 2023 determined on the local books basis and the corporate books basis. The projected local books balance sheet and accumulated other comprehensive income for the fiscal years ending 2021 to 2023 are provided in Appendix A, and the corresponding US GAAP local books accrual costs for the plans over 2022 – 2023 are provided in Appendix B.

Important Notices

Mercer has prepared this letter exclusively for the Company to present actuarial estimates of pension and benefit accrual costs in accordance with US GAAP for 2022 to 2024 on a local books basis for the plans in which the Company participates. We understand this letter may be provided to the Ontario Energy Board (the “OEB”) in conjunction with the Company’s application for recovery of pension and benefit costs from ratepayers. This letter may not be used or relied upon by any other party or for any other purpose; Mercer is not responsible for the consequences of any unauthorized use.

The results shown in this letter are derived from valuation results shown in the Report, and are subject to the same Important Notices and qualifications described in the Report except as specifically noted in this letter. The Report is incorporated by reference into this letter, and is essential to understanding these results. If you do not have a copy of the Report, please let us know immediately.

These results are based on the same actuarial assumptions used in the Report. Our extrapolations reflect a single scenario from a range of possibilities. However, the future is uncertain, and the plans’ actual experience will likely differ from the assumptions utilized and the scenarios presented; these differences may be significant or material. This letter is presented at a particular point in time and should not be viewed as a prediction of the plans’ future financial condition or their ability to pay benefits in the future. The actuarial methods used in this letter are the same as the Report.

The results shown in this letter are based on the same membership data used in the Report.

The results shown in this letter are based on plan provisions are the same as those used in the Report.

The results shown in this letter include projections of plan assets, plan liabilities, and financial reporting accrual costs to a date that is after the date of this letter. Such projections are sensitive to many factors that are unknowable at this time, including (but not limited to) the level of market interest rates, investment performance on the pension funds to the projection date, and other demographic and economic experience over the projection period. As a result, actual amounts in future years will be different from those projected and these differences may be significant or material.

We trust that this letter contains all information you require for filing with the OEB. Please call if you have any additional questions or requests.

Sincerely,

Scott Thompson, FSA, FCIA
Principal

Copy:
Robert Rutitis, Elena Chang – Enbridge Gas Inc.
Tyler Brady – Enbridge Inc.
Ben Ukonga, Edith Samuels, Jesse Little, Ken Chin – Mercer (Canada) Limited

Appendix A

The projected local books balance sheet and accumulated other comprehensive income for the fiscal years ending 2021 to 2023 are summarized below.

Company's Share US GAAP ('000s) - Local Books	EI RPP	EGD RPP	Pension Choices	M&S	BU	Salaried	Group 1	Group 3
December 31, 2021								
Fair value of plan assets	161,408	1,187,366	578,449	179,522	169,633	75,041	10,492	10,678
Benefit obligation	211,785	1,097,187	605,735	156,840	139,053	61,785	9,023	8,371
Funded status (plan assets less benefit obligations)	**(50,377)**	**90,179**	**(27,286)**	**22,682**	**30,580**	**13,256**	**1,468**	**2,308**
Prior service credit (cost)	-	-	-	-	-	-	-	-
Net gain (loss)	13,618	(214,077)	(133,498)	(33,782)	(33,120)	(16,603)	(2,415)	(2,505)
Accumulated other comprehensive income (loss)	13,618	(214,077)	(133,498)	(33,782)	(33,120)	(16,603)	(2,415)	(2,505)
Accumulated contributions in excess of net periodic benefit cost	(63,995)	304,256	106,212	56,464	63,700	29,859	3,883	4,813
Net amount [surplus (deficit)] recognized in statement of financial position	(50,377)	90,179	(27,286)	22,682	30,580	13,256	1,468	2,308
December 31, 2022								
Fair value of plan assets	210,464	1,166,110	557,928	164,778	156,141	68,923	9,851	10,034
Benefit obligation	202,964	891,551	468,693	129,297	112,504	50,408	7,248	6,622
Funded status (plan assets less benefit obligations)	**7,500**	**274,560**	**89,235**	**35,481**	**43,638**	**18,515**	**2,603**	**3,412**
Prior service credit (cost)	-	-	-	-	-	-	-	-
Net gain (loss)	83,484	(63,984)	(32,561)	(24,769)	(23,729)	(12,881)	(1,487)	(1,637)
Accumulated other comprehensive income (loss)	83,484	(63,984)	(32,561)	(24,769)	(23,729)	(12,881)	(1,487)	(1,637)
Accumulated contributions in excess of net periodic benefit cost	(75,984)	338,543	121,796	60,250	67,367	31,396	4,090	5,049
Net amount [surplus (deficit)] recognized in statement of financial position	7,500	274,560	89,235	35,481	43,638	18,515	2,603	3,412
December 31, 2023								
Fair value of plan assets	235,224	1,193,870	569,833	162,994	155,019	68,314	9,868	10,092
Benefit obligation	251,965	883,968	465,380	124,399	108,143	48,402	7,072	6,445
Funded status (plan assets less benefit obligations)	**(16,741)**	**309,902**	**104,452**	**38,595**	**46,876**	**19,912**	**2,796**	**3,647**
Prior service credit (cost)	-	-	-	-	-	-	-	-
Net gain (loss)	85,753	(66,594)	(34,476)	(24,543)	(23,644)	(12,712)	(1,491)	(1,633)
Accumulated other comprehensive income (loss)	85,753	(66,594)	(34,476)	(24,543)	(23,644)	(12,712)	(1,491)	(1,633)
Accumulated contributions in excess of net periodic benefit cost	(102,495)	376,495	138,928	63,138	70,520	32,624	4,287	5,280
Net amount [surplus (deficit)] recognized in statement of financial position	(16,741)	309,902	104,452	38,595	46,876	19,912	2,796	3,647
Net gain (loss) on corporate books basis at December 31, 2023	85,753	(66,594)	38,692	4,295	6,432	580	590	321
Local books AOCI (loss) in excess of corporate books	**-**	**-**	**(73,168)**	**(28,838)**	**(30,076)**	**(13,292)**	**(2,081)**	**(1,954)**

Key Assumptions[1]	EI RPP	EGD RPP	Pension Choices	M&S	BU	Salaried	Group 1	Group 3
Effective discount rate on benefit obligations	4.99%	4.91%	4.93%	4.71%	4.78%	4.78%	4.82%	4.81%
Effective rate for interest on benefit obligations	4.67%	4.54%	4.57%	4.37%	4.38%	4.37%	4.44%	4.42%
Effective discount rate for service cost	5.06%	5.08%	5.06%	N/A	N/A	N/A	N/A	N/A
Effective rate for interest on service cost	4.83%	4.92%	4.91%	N/A	N/A	N/A	N/A	N/A
Expected return on assets	7.54%	7.10%	7.00%	5.60%	5.60%	5.60%	5.60%	5.60%
Net expected return on assets	7.54%	7.10%	7.00%	5.60%	5.60%	5.60%	5.60%	5.60%
Increases in pensionable earnings	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age
Average wage index	2.5% per year	2.5% per year	2.5% per year	2.5% per year	2.5% per year	2.5% per year	2.5% per year	2.5% per year
Mortality table	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B

[1] Effective discount rates and interest rates disclosed are only those applicable as at December 31, 2022

Company's Share US GAAP ('000s) - Local Books	EGD SERP	EGD SSERP	EI SPP	LSE SERP	OPEB	Total Pension	Grand Total
December 31, 2021							
Fair value of plan assets	14,927	8,075	19,766	-	-	2,415,357	2,415,357
Benefit obligation	14,815	3,438	22,371	54,968	156,706	2,385,371	2,542,077
Funded status (plan assets less benefit obligations)	**113**	**4,638**	**(2,605)**	**(54,968)**	**(156,706)**	**29,988**	**(126,718)**
Prior service credit (cost)	-	-	-	-	(275)	-	(275)
Net gain (loss)	(4,197)	22	(389)	(26,608)	16,478	(453,554)	(437,076)
Accumulated other comprehensive income (loss)	(4,197)	22	(389)	(26,608)	16,203	(453,554)	(437,351)
Accumulated contributions in excess of net periodic benefit cost	4,309	4,616	(2,215)	(28,360)	(172,909)	483,542	310,633
Net amount [surplus (deficit)] recognized in statement of financial position	113	4,638	(2,605)	(54,968)	(156,706)	29,988	(126,718)
December 31, 2022							
Fair value of plan assets	14,458	7,832	18,698	-	-	2,385,217	2,385,217
Benefit obligation	12,364	2,971	19,060	44,307	124,285	1,947,989	2,072,274
Funded status (plan assets less benefit obligations)	**2,094**	**4,860**	**(362)**	**(44,307)**	**(124,285)**	**437,229**	**312,944**
Prior service credit (cost)	-	-	-	-	(301)	-	(301)
Net gain (loss)	(2,117)	73	2,777	(16,143)	46,790	(92,974)	(46,184)
Accumulated other comprehensive income (loss)	(2,117)	73	2,777	(16,143)	46,489	(92,974)	(46,485)
Accumulated contributions in excess of net periodic benefit cost	4,211	4,788	(3,140)	(28,164)	(170,774)	530,202	359,428
Net amount [surplus (deficit)] recognized in statement of financial position	2,094	4,860	(362)	(44,307)	(124,285)	437,229	312,944
December 31, 2023							
Fair value of plan assets	13,824	7,674	19,714	-	-	2,446,426	2,446,426
Benefit obligation	11,843	2,688	20,159	43,417	124,391	1,973,881	2,098,272
Funded status (plan assets less benefit obligations)	**1,982**	**4,986**	**(446)**	**(43,417)**	**(124,391)**	**472,544**	**348,153**
Prior service credit (cost)	-	-	-	-	(327)	-	(327)
Net gain (loss)	(2,111)	60	2,685	(15,590)	42,886	(94,296)	(51,410)
Accumulated other comprehensive income (loss)	(2,111)	60	2,685	(15,590)	42,559	(94,296)	(51,737)
Accumulated contributions in excess of net periodic benefit cost	4,093	4,927	(3,131)	(27,827)	(166,950)	566,839	399,889
Net amount [surplus (deficit)] recognized in statement of financial position	1,982	4,986	(446)	(43,417)	(124,391)	472,544	348,153
Net gain (loss) on corporate books basis at December 31, 2023	(2,111)	60	2,685	(2,945)	38,890	67,758	106,648
Local books AOCI (loss) in excess of corporate books	**-**	**-**	**-**	**(12,645)**	**3,996**	**(162,054)**	**(158,058)**

Key Assumptions[1]	EGD SERP	EGD SSERP	EI SPP	LSE SERP	OPEB	Total Pension	Grand Total
Effective discount rate on benefit obligations	4.75%	4.43%	4.92%	4.82%	4.92%		
Effective rate for interest on benefit obligations	4.35%	4.08%	4.58%	4.43%	4.56%		
Effective discount rate for service cost	N/A	N/A	5.02%	N/A	5.09%		
Effective rate for interest on service cost	N/A	N/A	4.81%	N/A	5.00%		
Expected return on assets	3.30%	3.30%	5.10%	0.00%	N//A		
Net expected return on assets	3.30%	3.30%	5.10%	0.00%	N//A		
Increases in pensionable earnings	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	N//A		
Average wage index	2.5% per year	2.5% per year	2.5% per year	2.5% per year	N//A		
Mortality table	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B		

[1] Effective discount rates and interest rates disclosed are only those applicable as at December 31, 2022

Appendix B

Based on the projected financial positions, the resulting US GAAP local books accrual costs for the plans over 2022 and 2023 are summarized below.

Company's Share US GAAP ('000s) - Local Books	EI RPP	EGD RPP	Pension Choices	M&S	BU	Salaried	Group 1	Group 3
2022								
DB Current service cost (employer)	52,553	6,245	208	-	-	-	-	-
Interest cost	6,479	29,493	16,708	3,877	3,406	1,515	207	188
Expected return on plan assets	(13,139)	(77,801)	(37,320)	(8,706)	(8,235)	(3,643)	(491)	(500)
Amortization of past service costs	-	-	-	-	-	-	-	-
Amortization of net actuarial loss (gain)	-	7,775	4,854	1,155	1,162	590	78	76
Total DB Net Periodic Benefit Cost	45,893	(34,288)	(15,550)	(3,674)	(3,667)	(1,538)	(206)	(236)
DC Current Service Cost	2,539	69	248	-	-	-	-	-
Total (DB & DC) Net Periodic Benefit Cost	**48,432**	**(34,219)**	**(15,302)**	**(3,674)**	**(3,667)**	**(1,538)**	**(206)**	**(236)**
2023								
DB Current service cost (employer)	33,678	3,740	138	-	-	-	-	-
Interest cost	9,630	39,215	20,866	5,414	4,716	2,110	310	282
Expected return on plan assets	(16,316)	(80,907)	(38,137)	(8,928)	(8,475)	(3,738)	(537)	(548)
Amortization of past service costs	-	-	-	-	-	-	-	-
Amortization of net actuarial loss (gain)	(481)	-	-	626	606	401	30	34
Total DB Net Periodic Benefit Cost	26,511	(37,952)	(17,133)	(2,888)	(3,153)	(1,227)	(197)	(232)
DC Current Service Cost	3,409	72	229	-	-	-	-	-
Total (DB & DC) Net Periodic Benefit Cost	**29,920**	**(37,880)**	**(16,904)**	**(2,888)**	**(3,153)**	**(1,227)**	**(197)**	**(232)**

Key Assumptions[1]	EI RPP	EGD RPP	Pension Choices	M&S	BU	Salaried	Group 1	Group 3
Effective discount rate on benefit obligations	4.99%	4.91%	4.93%	4.71%	4.78%	4.78%	4.82%	4.81%
Effective rate for interest on benefit obligations	4.67%	4.54%	4.57%	4.37%	4.38%	4.37%	4.44%	4.42%
Effective discount rate for service cost	5.06%	5.08%	5.06%	N/A	N/A	N/A	N/A	N/A
Effective rate for interest on service cost	4.83%	4.92%	4.91%	N/A	N/A	N/A	N/A	N/A
Expected return on assets	7.54%	7.10%	7.00%	5.60%	5.60%	5.60%	5.60%	5.60%
Net expected return on assets	7.54%	7.10%	7.00%	5.60%	5.60%	5.60%	5.60%	5.60%
Increases in pensionable earnings	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age
Average wage index	2.5% per year	2.5% per year	2.5% per year	2.5% per year	2.5% per year	2.5% per year	2.5% per year	2.5% per year
Mortality table	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B

[1] Effective discount rates and interest rates disclosed are only those applicable as at December 31, 2022

Company's Share US GAAP ('000s) - Local Books	EGD SERP	EGD SSERP	EI SPP	LSE SERP	OPEB	Total Pension	Grand Total
2022							
DB Current service cost (employer)	-	-	1,212	-	1,833	60,218	62,051
Interest cost	311	56	631	1,440	4,252	64,311	68,563
Expected return on plan assets	(417)	(228)	(932)	-	-	(151,412)	(151,412)
Amortization of past service costs	-	-	-	-	(26)	-	(26)
Amortization of net actuarial loss (gain)	204	-	12	1,384	(1,154)	17,290	16,136
Total DB Net Periodic Benefit Cost	98	(172)	923	2,824	4,905	(9,593)	(4,688)
DC Current Service Cost	-	-	-	-	-	2,856	2,856
Total (DB & DC) Net Periodic Benefit Cost	**98**	**(172)**	**923**	**2,824**	**4,905**	**(6,737)**	**(1,832)**
2023							
DB Current service cost (employer)	-	-	924	-	1,187	38,480	39,667
Interest cost	514	113	864	1,923	5,511	85,957	91,468
Expected return on plan assets	(459)	(252)	(955)	-	-	(159,252)	(159,252)
Amortization of past service costs	-	-	-	-	(26)	-	(26)
Amortization of net actuarial loss (gain)	64	-	-	750	(3,425)	2,030	(1,395)
Total DB Net Periodic Benefit Cost	119	(139)	833	2,673	3,247	(32,785)	(29,538)
DC Current Service Cost	-	-	-	-	-	3,710	3,710
Total (DB & DC) Net Periodic Benefit Cost	**119**	**(139)**	**833**	**2,673**	**3,247**	**(29,075)**	**(25,828)**

Key Assumptions[1]	EGD SERP	EGD SSERP	EI SPP	LSE SERP	OPEB
Effective discount rate on benefit obligations	4.75%	4.43%	4.92%	4.82%	4.92%
Effective rate for interest on benefit obligations	4.35%	4.08%	4.58%	4.43%	4.56%
Effective discount rate for service cost	N/A	N/A	5.02%	N/A	5.09%
Effective rate for interest on service cost	N/A	N/A	4.81%	N/A	5.00%
Expected return on assets	3.30%	3.30%	5.10%	0.00%	N/A
Net expected return on assets	3.30%	3.30%	5.10%	0.00%	N/A
Increases in pensionable earnings	N/A	N/A	Ranges from 2.50% to 5.00% based on age	Ranges from 2.50% to 5.00% based on age	N/A
Average wage index	N/A	N/A	2.5% per year	2.5% per year	N/A
Mortality table	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B	100% CPM Private, with improvements based on scale CPM-B

[1] Effective discount rates and interest rates disclosed are only those applicable as at December 31, 2022

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welcome to brighter

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20 October 2022

Subject: Enbridge Gas Inc. Regulatory Liability Balance from Recovery Transition

At the request of Enbridge Gas Inc. (the “Company”), we have prepared this letter to document the regulatory liability for the pension plans that crystalized when the Company transitioned from recovering pension costs on a cash basis to an accrual basis. The discussion in this letter supplements those provided in our report *EGI Pension and Benefit Plans Estimated 2022-2024 Net Periodic Benefit Costs* dated June 3, 2022 (the “Report”). The Report provides detail on the pension plans that are the subject of this letter.

Starting in 2013, Enbridge Gas Distribution Inc. (“EGDI”), a predecessor entity to Enbridge Gas Inc., received approval from the Ontario Energy Board (“OEB”) to begin recovering pension related costs from ratepayers on an “accrual basis”. Prior to 2013, pension related costs had been recovered on a “cash basis”. For a defined benefit (“DB”) plan in Canada, these two bases are not equal as there are fundamental differences between each approach. The accrual costs are calculated in accordance with applicable accounting standards, whereas cash funding is calculated in accordance with applicable pension legislation. Accounting standards are intended to provide a common framework for public financial reporting of pension plans, whereas a primary concern of pension legislation is to ensure there is adequate funding to provide for members’ benefit security. Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method used to determine cash funding allocates this cost to annual time periods. Similarly, the accounting standards allocate accrual costs to annual time periods – however, as noted above, the measurement and allocation methods and assumption bases differ from those used for cash funding.

Over a full lifetime of a plan, the cash costs and the accounting costs will converge. However, between the beginning and the end of a pension plan, these will be divergent.

As at December 31, 2012, the following is a summary of EGDI’s *accumulated contributions in excess of net periodic benefit costs* as reported under US GAAP:

EGDI's Share ($ Thousands)	EGD RPP	SERP	SSERP	EI RPP	EI SPP	Total
Accumulated contributions in excess of net periodic benefit cost	$238,093	$5,534	$3,543	$1,925	$5,466	$254,561

This balance represents the amount by which the accumulated DB employer contributions exceed the accumulated DB net periodic benefit costs over the history of the plans to the balance sheet date. The accumulated value of net periodic benefit costs for the EGD RPP would also be inclusive of any defined contribution ("DC") provision contributions that had been funded from DB plan surplus assets. It is our understanding that from the EGD RPP's inception until 2011, all DC contributions had been drawn from the DB provision's surplus. This is common practice for plans designed like the EGD RPP, which have both DB and DC provisions. Starting in 2012, the Company started remitting contributions from cash to the DC provision of the plan, rather than using DB plan surplus assets.

From a cost-recovery perspective, this balance reflects the cumulative additional costs that were reflected in rates to be recovered from rate-payers under the cash basis versus the accrual basis. Said differently, if EGDI had recovered costs based on the accrual basis from inception, the cumulative costs that would have been intended to be recovered through rates collected from rate payers would have been $254,561,000 less.

Important Notices

Mercer has prepared this letter exclusively for the Company as evidence for the regulatory liability that existed when the Company transitioned its pension cost recovery basis. We understand this letter may be provided to the OEB in conjunction with the Company's application for recovery of pension and benefit costs from ratepayers. This letter may not be used or relied upon by any other party or for any other purpose; Mercer is not responsible for the consequences of any unauthorized use.

We trust that this letter contains all information you require for filing with the OEB. Please call if you have any additional questions or requests.

Sincerely,

Scott Thompson, FSA, FCIA
Principal

Copy:
Robert Rutitis, Elena Chang – Enbridge Gas Inc.
Tyler Brady – Enbridge Inc.
Ben Ukonga, Edith Samuels, Jesse Little, Ken Chin – Mercer (Canada) Limited

ALLOCATION AND DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

AMY MIKHAILA, MANAGER RATE DESIGN
JACKIE COLLIER, SPECIALIST RATE DESIGN

1. The purpose of this evidence is to request OEB approval of the allocation and disposition methodology to clear certain deferral and variance account balances as part of this Application. Enbridge Gas is proposing to clear the forecast balances by way of a prospective rate rider effective January 1, 2024, for a period of 12 months. A detailed description of the forecast balances of the accounts proposed to be cleared is provided at Exhibit 9, Tab 2, Schedule 1.

2. This evidence is organized as follows:
    1. Disposition of Deferral and Variance Account Balances
    2. Allocation of Deferral and Variance Account Balances
    3. Bill Impacts

1. Disposition of Deferral and Variance Account Balances

3. Enbridge Gas is proposing interim disposition of certain deferral and variance accounts based on forecast balances at December 31, 2023[1]. Enbridge Gas will clear the final account balances as part of Enbridge Gas's 2023 annual earnings sharing and deferral disposition proceeding for these accounts. The final balances will be calculated as the difference between the actual account balance and the forecast balance proposed for disposition as part of this proceeding.

[1] Enbridge Gas is requesting final disposition of the Impacts Arising from the COVID-19 Emergency Deferral Account, Transitional Impact of Accounting Changes Deferral Account, and Transitional Pension Balance. The remaining accounts proposed for disposition as part of this Application are on an interim basis.

4. The total balance to be cleared as part of this proceeding is a credit to customers of approximately $101.6 million inclusive of interest forecast to December 31, 2023. A detailed description of each account and the derivation of the forecast account balance is provided at Exhibit 9, Tab 2, Schedule 1. Table 1 provides a list of the accounts to be cleared with their associated balances.

Table 1
Total Deferral and Variance Account Balances Proposed for Clearance

Line No.	Particulars ($ millions)	Forecast to December 31, 2023 Total (1)
1	APCDA	142.2
2	TVDA	(5.0)
3	ICMDA	(25.6)
4	RNGISVA	-
5	COVID-19DA	1.5
6	TIACDA	39.9
7	Transitional Pension Balance	(254.6)
8	Total Balance Proposed for Clearance	(101.6)

Note:
(1) Where applicable, balances include forecast interest calculated using the OEB-prescribed Q3 2022 interest rate.

2. Allocation of Deferral and Variance Account Balances

5. Enbridge Gas is proposing a harmonized approach to the allocation and disposition of the deferral and variance account balances in this Application, consistent with the proposed 2024 cost allocation study and rate harmonization plan provided at Exhibit 7 and Exhibit 8, Tab 2, Schedule 1. Enbridge Gas is proposing to transition to one rate zone for the purposes of cost allocation and rate design and is proposing to allocate each account balance in accordance with these proposals.

6. While Enbridge Gas acknowledges that the deferral and variance account balances provided in Table 1 on their own are material and in some cases attributable to the current EGD and Union rate zones, Enbridge Gas is proposing to dispose of the balance as a net credit to all ratepayers in 2024. This approach provides a refund to all customers in 2024 as a mitigation effort that will offset other impacts of harmonization proposals made as part of this Application, including the customer bill impacts associated with the one-time transition to one rate zone for cost allocation purposes in 2024.

7. The bill impact of the proposed disposition are discussed in Section 3. The rate mitigation plan is provided at Exhibit 8, Tab 2, Schedule 6.

2.1. Deferral and Variance Account Balances Allocation Methodology

8. This section of evidence describes the proposed allocation to rate classes for each of the deferral and variance accounts proposed to be cleared as part of this Application.

Accounting Policy Changes Deferral Account (APCDA)

9. The impact of the accounting policy changes required as a result of the EGD and Union amalgamation is included in the Accounting Policy Changes Deferral Account (APCDA). The changes include capitalization vs. expense, interest during construction, depreciation expense, overhead capitalization, amortized gas supply storage and transportation costs and pension and other post-employment benefits (OPEB) expense. All accounting policy changes relate to capital and rate base assets, with the exception of the balances related to the accounting change for the amortized gas supply storage and transportation costs and pension and OPEB

expense. Please see Exhibit 9, Tab 2, Schedule 1, Table 2 for the APCDA account balance by accounting policy change.

10. Enbridge Gas proposes to allocate the APCDA balance, excluding the amortized gas supply storage and transportation costs and pension and OPEB expense, to rate classes in proportion to the allocation of rate base from the 2024 cost allocation study. This allocation recognizes the accounting policy changes primarily related to capital and rate base assets.

11. Enbridge Gas proposes to allocate the balance for the amortized gas supply storage and transportation cost component of the APCDA to rate classes in proportion to storage deliverability requirements for each rate class from the 2024 cost allocation study. The storage deliverability is calculated as in-franchise bundled service design day demand less design day deliveries and semi-unbundled and unbundled service contracted design day requirements. The amortized gas supply storage and transportation cost balance resulted from a change in accounting policy relating to the timing of expensing storage and transportation costs from a November to March period to a calendarized period. The proposed allocation approach is consistent with the allocation of similar storage costs in the 2024 cost allocation study.

12. Enbridge Gas proposes to allocate the pension and OPEB expense component of the APCDA to customer rate classes in proportion to the allocation of employee benefits expense from the 2024 cost allocation study. This proposed allocation approach is consistent with the allocation of pension costs in the 2024 cost allocation study.

Tax Variance Deferral Account (TVDA)

13. The Tax Variance Deferral Account (TVDA) records 50% of the revenue requirement impact of any tax rate changes that impact the Company, versus the tax rate included in Enbridge Gas's base rates as well as 100% of the revenue requirement impact of any changes in Capital Cost Allowance (CCA) that are not reflected in base rates. The current balance in the TVDA represents 100% of the accelerated CCA impacts resulting from integration/amalgamated-related capital additions.

14. Enbridge Gas proposes to allocate the TVDA balance to customer rate classes in proportion to the allocation of rate base from the 2024 cost allocation study. The proposed allocation approach is consistent with the allocation of income taxes in the 2024 cost allocation study.

Incremental Capital Module Deferral Accounts (ICMDA)

15. The Incremental Capital Module Deferral Accounts (ICMDA) records the difference between the actual revenue requirement for ICM projects and the actual revenues collected through ICM rates approved by the OEB on a project-by-project basis for the Union and EGD rate zones.

16. Enbridge Gas proposes to allocate the ICMDA balance to rate classes in proportion to the total design day demands utilizing high pressure mains greater than 4 inches in diameter from the 2024 cost allocation study. The proposed allocation approach is consistent with the allocation of the majority of the assets installed with each ICM project in the 2024 cost allocation study.

Renewable Natural Gas Injection Service Variance Account (RNGISVA)

17. Enbridge Gas is not proposing to dispose of the Renewable Natural Gas Injection Service Variance Account (RNGISVA) as part of this Application and as such, is not proposing a disposition allocation methodology at this time.

Impacts Arising from the COVID-19 Emergency Deferral Account (COVID-19DA)

18. The Impacts Arising from the COVID-19 Emergency Deferral Account was established for electricity and natural gas distributors to record the incremental impacts resulting from COVID-19. The Impacts Arising from the COVID-19 Emergency Deferral Account (COVID-19DA) forecast balance primarily relates to a one-time increase to the Low-Income Emergency Assistance Program (LEAP) funding.

19. Enbridge Gas proposes to allocate the COVID-19DA balance to customer rate classes in proportion to the allocation of rate base from the 2024 cost allocation study. The proposed allocation approach is consistent with how the costs of providing gas service to customers is allocated and recovered from rate classes.

Transition Impact of Accounting Changes Deferral Account (TIACDA)

20. The Transition Impact of Accounting Changes Deferral Account (TIACDA) is used to track uncleared Other Post Employment Benefit (OPEB) costs that the OEB approved for recovery as part of the approval to move to US GAAP for regulatory purposes in EGD's 2013 Cost of Service Decision[2].

21. Enbridge Gas proposes to allocate the TIACDA balance to customer rate classes in proportion to the allocation of employee benefits expense from the 2024 cost

[2] EB-2011-0354, OEB Decision and Order.

allocation study. This proposed allocation approach is consistent with the allocation of OPEB costs in the 2024 cost allocation study.

Transitional Pension Balance

22. The Transitional Pension Balance account balance represents the cumulative liability to ratepayers that resulted from recovering pension costs from customers in rates on a cash basis through December 31, 2012, compared to what would have been collected in rates, cumulative to December 31, 2012, had these amounts been recovered under the accrual method used by EGD.

23. Consistent with other pension-related deferral account balances noted above, Enbridge Gas proposes to allocate the balance in this account to rate classes in proportion to the allocation of employee benefits expense from the 2024 cost allocation study. This proposed allocation approach is consistent with the allocation of pension costs in the 2024 cost allocation study.

2.2. Disposition of Deferral and Variance Account Balances

24. A summary of the deferral and variance account balance and allocation factor is provided in Table 2 using the proposed allocators described in Section 2.1.

Table 2
Deferral and Variance Account Balance Summary by Allocation Factor

Line No.	Particulars ($000s)	Balance by Allocation Factor Rate Base	 High Pressure >4"	 Storage Deliverability	 Employee Benefits	Total Balance
		(a)	(b)	(c)	(d)	(e)
1	APCDA	(77,881)	-	64,900	155,164	142,184
2	TVDA	(4,958)	-	-	-	(4,958)
3	ICMDA	-	(25,648)	-	-	(25,648)
4	RNGISVA	-	-	-	-	-
5	COVID-19	1,472	-	-	-	1,472
6	TIACDA	-	-	-	39,922	39,922
7	Transitional Pension Balance	-	-	-	(254,561)	(254,561)
8	Total	(81,367)	(25,648)	64,900	(59,474)	(101,589)

25. The allocation of each of the deferral and variance account balances to in-franchise and ex-franchise rate classes is provided at Attachment 1.

26. The derivation of the rate class unit rates for the clearance of the deferral and variance account balances is provided at Attachment 2. The total allocated balance by rate class from Attachment 1, Column (i) is divided by the 2024 forecast delivery volumes or contract demand, depending on the rate class, to derive the 2024 volumetric or demand unit rates for disposition. For rate classes with volumetric rates, a volumetric unit rate for disposition is consistent with recovery of similar costs in base rates. Likewise, for rate classes with demand rates, a demand unit rate is consistent with the recovery of similar costs in base rates.

27. Enbridge Gas will dispose of the credit balance in the deferral accounts by way of a prospective rate rider (Rider D) over a one-year period in 2024. Rider D will be included in the rate handbook and will be included in the delivery charge component on customers bills. The unit rates derived in Attachment 2 and included in the rate handbook will be applied to customers billed volumes and/or demands in

2024. Please see Exhibit 8, Tab 2, Schedule 7, Attachment 1 for the proposed Rider D in the Company's 2024 combined rate handbook.

28. Enbridge Gas is proposing to dispose of the credit balance in the deferral and variance accounts in 2024 to partly mitigate overall bill impacts arising from rebasing and provide for some smoothing of deficiency-related impacts to customers arising in the first year following an extended period of incentive regulation rate changes.

3. Bill Impacts

29. The annual bill impact for a typical customer in each rate class resulting from the disposition of the credit balance of the deferral accounts is provided at Attachment 3.

30. For a typical residential sales service or bundled direct purchase customer, the annual bill impact is a refund of approximately $19.24 for a Rate 1 customer in the /u
EGD rate zone, $15.78 for a Rate 01 customer and $16.15 for a Rate M1 customer /u
in the Union rate zones in 2024.[3] This bill impact is incremental to the total 2024 Rebasing bill impacts provided at Exhibit 8, Tab 2, Schedule 6.

[33] The bill impact amount was calculated at an annual consumption of 2,400 m³ for a Rate 1 EGD rate zone customer and 2,200 m³ for a Rate M1 and Rate 01 Union rate zones customer.

Allocation of Deferral & Variance Account Balances

		Allocator (1)				Allocation ($000s) (3)					
Line No.	Particulars	Rate Base	High Pressure >4"	Storage Deliverability	Employee Benefits	Rate Base	High Pressure >4"	Storage Deliverability	Employee Benefits	Total	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
	EGD Rate Zone										
1	Rate 1	5,973,078	52,737	1,527	70,148	(29,851)	(6,011)	19,420	(23,656)	(40,098)	/u
2	Rate 6	2,600,252	47,062	1,327	25,379	(12,995)	(5,364)	16,878	(8,559)	(10,039)	/u
3	Rate 100	6,927	166	4	140	(35)	(19)	45	(47)	(56)	/u
4	Rate 110	189,674	5,400	97	3,169	(948)	(615)	1,233	(1,069)	(1,399)	/u
5	Rate 115	26,129	1,135	4	387	(131)	(129)	45	(130)	(345)	/u
6	Rate 125	67,097	9,260	0	596	(335)	(1,055)	0	(201)	(1,592)	/u
7	Rate 135	3,237	19	0	315	(16)	(2)	0	(106)	(125)	/u
8	Rate 145	1,838	0	0	68	(9)	0	0	(23)	(32)	/u
9	Rate 170	4,429	0	0	113	(22)	0	0	(38)	(60)	/u
10	Rate 200	31,702	1,252	29	222	(158)	(143)	366	(75)	(10)	/u
11	Rate 300	0	0	0	0	0	0	0	0	0	/u
12	Total EGD Rate Zone	8,904,363	117,032	2,987	100,538	(44,501)	(13,338)	37,988	(33,904)	(53,755)	/u
	Union North Rate Zone										
13	Rate 01	1,075,879	9,708	274	12,140	(5,377)	(1,106)	3,482	(4,094)	(7,095)	/u
14	Rate 10	151,755	2,896	77	1,373	(758)	(330)	984	(463)	(567)	/u
15	Rate 20	76,027	7,610	23	1,004	(380)	(867)	289	(339)	(1,297)	/u
16	Rate 25	15,946	0	0	156	(80)	0	0	(53)	(132)	/u
17	Rate 100	26,234	3,398	0	340	(131)	(387)	0	(115)	(633)	/u
18	Total Union North Rate Zone	1,345,841	23,612	374	15,014	(6,726)	(2,691)	4,756	(5,063)	(9,725)	/u
	Union South Rate Zone										
19	Rate M1	3,507,836	31,063	866	41,060	(17,531)	(3,540)	11,018	(13,847)	(23,899)	/u
20	Rate M2	622,116	11,510	309	5,772	(3,109)	(1,312)	3,929	(1,946)	(2,438)	/u
21	Rate M4 (F)	151,250	4,097	97	2,674	(756)	(467)	1,230	(902)	(895)	/u
22	Rate M4 (I)	38	0	0	1	(0)	0	0	(0)	(0)	/u
23	Rate M5 (F)	1,731	36	1	43	(9)	(4)	12	(14)	(15)	/u
24	Rate M5 (I)	2,116	0	0	170	(11)	0	0	(57)	(68)	/u
25	Rate M7 (F)	191,432	6,060	161	2,117	(957)	(691)	2,043	(714)	(319)	/u
26	Rate M7 (I)	3,099	0	0	88	(15)	0	0	(30)	(45)	/u
27	Rate M9	11,718	495	10	95	(59)	(56)	124	(32)	(24)	/u
28	Rate T1 (F)	66,715	2,077	34	757	(333)	(237)	430	(255)	(395)	/u
29	Rate T1 (I)	118	0	0	11	(1)	0	0	(4)	(4)	/u
30	Rate T2 (F)	563,547	26,229	211	3,992	(2,816)	(2,989)	2,682	(1,346)	(4,469)	/u
31	Rate T2 (I)	3,282	0	0	30	(16)	0	0	(10)	(27)	/u
32	Rate T3	60,637	2,601	54	434	(303)	(296)	689	(146)	(57)	/u
33	Total Union South Rate Zone	5,185,635	84,168	1,742	57,245	(25,916)	(9,593)	22,157	(19,304)	(32,656)	/u
	Ex-Franchise										
34	Rate 331	60	0	0	0	(0)	0	0	(0)	(0)	/u
35	Rate 332	205,295	0	0	508	(1,026)	0	0	(171)	(1,197)	/u
36	Rate M12	625,724	0	0	2,988	(3,127)	0	0	(1,008)	(4,135)	/u
37	Rate M13	24	0	0	0	(0)	0	0	(0)	(0)	/u
38	Rate M16	54	0	0	0	(0)	0	0	(0)	(0)	/u
39	Rate M17	2,957	227	0	20	(15)	(26)	0	(7)	(47)	/u
40	Rate C1	11,143	0	0	50	(56)	0	0	(17)	(72)	/u
41	Total Ex-Franchise	845,257	227	0	3,565	(4,224)	(26)	0	(1,202)	(5,452)	/u
42	Total (2)	16,281,096	225,038	5,103	176,362	(81,367)	(25,648)	64,900	(59,474)	(101,589)	/u

Notes:

(1) The allocator for rate base and employee benefits is from the cost allocation study provided at Exhibit 7, Tab 2, Schedule 1, Attachment 2. The allocator for distribution high pressure >4" and storage deliverability used in the cost allocation study are provided at Exhibit 7, Tab 2, Schedule 1, Attachment 12.

(2) The total balance in columns (e) to (h) from Exhibit 9, Tab 2, Schedule 2, Table 2.

(3) The allocation by rate class is derived from the total balance at line 42 multiplied by the applicable allocator in columns (a) to (d).

Deferral & Variance Account Balance Disposition Unit Rates

/u

Line No.	Particulars	Account Balance for Disposition (1) ($000s)	2024 Forecast Usage (10^3m^3)	Billing Units	Unit Rate for Disposition
		(a)	(b)	(c)	(d) = (a/b*100)
	EGD Rate Zone				
1	Rate 1	(40,098)	5,001,027	10^3m^3	(0.8018)
2	Rate 6	(10,039)	4,795,693	10^3m^3	(0.2093)
3	Rate 100	(56)	4,503	10^3m^3/d	(1.2354)
4	Rate 110	(1,399)	75,654	10^3m^3/d	(1.8490)
5	Rate 115	(345)	14,481	10^3m^3/d	(2.3817)
6	Rate 125	(1,592)	111,124	10^3m^3/d	(1.4324)
7	Rate 135	(125)	52,646	10^3m^3	(0.2368)
8	Rate 145	(32)	6,138	10^3m^3/d	(0.5233)
9	Rate 170	(60)	30,928	10^3m^3/d	(0.1947)
10	Rate 200	(10)	15,025	10^3m^3/d	(0.0681)
11	Rate 300	0	0	10^3m^3/d	0.0000
12	Total EGD Rate Zone	(53,755)			
	Union North Rate Zone				
13	Rate 01	(7,095)	989,005	10^3m^3	(0.7174)
14	Rate 10	(567)	327,974	10^3m^3	(0.1730)
15	Rate 20	(1,297)	91,732	10^3m^3/d	(1.4136)
16	Rate 25	(132)	126,831	10^3m^3	(0.1043)
17	Rate 100	(633)	42,050	10^3m^3/d	(1.5057)
18	Total Union North Rate Zone	(9,725)			
	Union South Rate Zone				
19	Rate M1	(23,899)	3,255,132	10^3m^3	(0.7342)
20	Rate M2	(2,438)	1,319,376	10^3m^3	(0.1848)
21	Rate M4 (F)	(895)	46,836	10^3m^3/d	(1.9101)
22	Rate M4 (I)	(0)	238	10^3m^3	(0.1519)
23	Rate M5 (F)	(15)	432	10^3m^3/d	(3.5162)
24	Rate M5 (I)	(68)	55,087	10^3m^3	(0.1235)
25	Rate M7 (F)	(319)	71,858	10^3m^3/d	(0.4433)
26	Rate M7 (I)	(45)	75,999	10^3m^3	(0.0596)
27	Rate M9	(24)	6,040	10^3m^3/d	(0.3900)
28	Rate T1 (F)	(395)	26,540	10^3m^3/d	(1.4901)
29	Rate T1 (I)	(4)	37,536	10^3m^3	(0.0116)
30	Rate T2 (F)	(4,469)	308,713	10^3m^3/d	(1.4478)
31	Rate T2 (I)	(27)	41,762	10^3m^3	(0.0636)
32	Rate T3	(57)	28,200	10^3m^3/d	(0.2028)
33	Total Union South Rate Zone	(32,656)			
	Ex-Franchise				
34	Rate 331	(0)			
35	Rate 332	(1,197)			
36	Rate M12	(4,135)			
37	Rate M13	(0)			
38	Rate M16	(0)			
39	Rate M17	(47)			
40	Rate C1	(72)			
41	Total Ex-Franchise	(5,452)			
42	Total	(101,589)			

Notes:
(1) Exhibit 9, Tab 2, Schedule 2, Attachment 1, column (i).

Deferral Account Bill Impacts for Typical Small and Large Customers /u

Line No.	Particulars	Unit Rate for Disposition (cents/m³)	Billing Units		Bill Impact ($)
		(a)	(b)	(c)	(d)
	EGD Rate Zone				
1	Rate 1 - Residential	(0.8018)	2,400	m^3	(19.24)
2	Rate 6 - Heating & Other Uses	(0.2093)	22,606	m^3	(47)
3	Rate 6 - General Use	(0.2093)	43,285	m^3	(91)
4	Rate 100 - Small	(1.2354)	2,993	m^3/d	(444)
5	Rate 100 - Large	(1.2354)	30,000	m^3/d	(4,448)
6	Rate 110 - Small	(1.8490)	3,292	m^3/d	(730)
7	Rate 110 - Large	(1.8490)	53,871	m^3/d	(11,953)
8	Rate 115 - Small	(2.3817)	15,300	m^3/d	(4,373)
9	Rate 115 - Large	(2.3817)	238,928	m^3/d	(68,286)
10	Rate 125 - Average	(1.4324)	2,315,000	m^3/d	(397,930)
11	Rate 135 - Average	(0.2368)	598,567	m^3	(1,417)
12	Rate 145 - Small	(0.5233)	2,993	m^3/d	(188)
13	Rate 145 - Large	(0.5233)	4,489	m^3/d	(282)
14	Rate 170 - Small	(0.1947)	36,413	m^3/d	(851)
15	Rate 170 - Large	(0.1947)	255,089	m^3/d	(5,961)
16	Rate 200 - Average	(0.0681)	1,250,000	m^3/d	(10,211)

Deferral Account Bill Impacts for Typical Small and Large Customers /u

Line No.	Particulars	Unit Rate for Disposition (cents/m³)	Billing Units		Bill Impact ($)
		(a)	(b)	(c)	(d)
	Union North Rate Zone				
1	Rate 01 - Residential	(0.7174)	2,200	m^3	(15.78)
2	Rate 10	(0.1730)	93,000	m^3	(161)
3	Rate 20 - Small	(1.4136)	14,000	m^3/d	(2,375)
4	Rate 20 - Lage	(1.4136)	60,000	m^3/d	(10,178)
5	Rate 25 - Average	(0.1043)	2,275,000	m^3	(2,373)
6	Rate 100 - Small	(1.5057)	100,000	m^3/d	(18,069)
7	Rate 100 - Large	(1.5057)	850,000	m^3/d	(153,586)
	Union South Rate Zone				
8	Rate M1 - Residential	(0.7342)	2,200	m^3	(16.15)
9	Rate M2	(0.1848)	73,000	m^3	(135)
10	Rate M4 - Small	(1.9101)	4,800	m^3/d	(1,100)
11	Rate M4 - Large	(1.9101)	50,000	m^3/d	(11,460)
12	Rate M5 - Small	(0.1235)	825,000	m^3	(1,019)
13	Rate M5 - Large	(0.1235)	6,500,000	m^3	(8,027)
14	Rate M7 - Small	(0.4433)	165,000	m^3/d	(8,778)
15	Rate M7 - Large	(0.4433)	720,000	m^3/d	(38,304)
16	Rate M9 - Small	(0.3900)	56,439	m^3/d	(2,641)
17	Rate M9 - Large	(0.3900)	168,100	m^3/d	(7,867)
18	Rate T1 - Small	(1.4901)	25,750	m^3/d	(4,604)
19	Rate T1 - Average	(1.4901)	48,750	m^3/d	(8,717)
20	Rate T1 - Large	(1.4901)	133,000	m^3/d	(23,782)
21	Rate T2 - Small	(1.4478)	190,000	m^3/d	(33,009)
22	Rate T2 - Average	(1.4478)	669,000	m^3/d	(116,226)
23	Rate T2 - Large	(1.4478)	1,200,000	m^3/d	(208,477)
24	Rate T3	(0.2028)	2,350,000	m^3/d	(57,178)