

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 1, p.14; Exhibit 9, Tab 1, Schedule 2, p.2, EB-2020-0091 decision, July 22, 2021, p. 81

Question(s):

The definition of the existing IRP Operating Costs and IRP Capital Costs deferral accounts is described. Enbridge Gas indicates that it is proposing to continue these deferral accounts through the IR term, as they are still required to support IRP.

- a) The IRP Decision approved these accounts only for the 2021 to 2023 period. Please clarify Enbridge Gas's rationale as to the continuing need for these accounts, and why IRP-related costs should not be considered exclusively as part of Enbridge Gas's base revenue requirement.
- b) The IRP Decision indicated that "Whether there will be amendments to these deferral accounts after rebasing will be determined in the rebasing application, taking into consideration what IRP costs have been included in base rates". Did Enbridge Gas give consideration to whether any changes are needed to the purpose of these accounts, to handle the issue of incrementality of IRP Plans that address system needs which are already budgeted for in the AMP and associated capital constraint for the rebasing term?

Response:

- a) At the time that the Application was filed, Enbridge Gas did not have a forecast of the IRP Plans that it would implement in the 2024 Test Year and the 2025 to 2028 IR term and therefore was unable to determine and set suitable budgets for these activities. Enbridge Gas proposes to maintain the two IRP deferral accounts to recover the costs associated with future IRP Plans, as well as to recover any administration costs that Enbridge Gas would incur as a result of changes to the IRP Framework.

- b) Yes, Enbridge Gas did consider whether any changes are required to the IRP deferral account to handle the issue of incrementality. The Company concluded that, although IRP Plans will be implemented to address a system need that has already been budgeted for in the AMP, both deferral accounts should remain open and no changes to the accounts are required.

Enbridge Gas concluded that no changes are required to the O&M deferral account because, as noted in part a), at the time the Application was filed, Enbridge Gas did not have a forecast of the IRP Plans that it would implement in the 2024 Test Year and 2025 to 2028 IR Term. As a result, the Company did not propose any O&M budget for the implementation of IRP Plans with O&M cost-based alternatives. Without the O&M IRP deferral account, Enbridge Gas would not have the ability to recover its O&M IRP Plan-related costs.

Enbridge Gas concluded that no changes are required to the capital deferral account because IRP Plans are meant to be implemented to avoid a future capital project; therefore, most IRP Plans will require the Company to spend funds, including capital dollars when the IRPA is a capital cost-based alternative, in the years prior to when the project's capital has been budgeted for. It is expected that from 2024 to 2028, this misalignment in budgeted capital and required IRP Plan spending will result in the need for Enbridge Gas to recover IRP Plan capital dollars via the IRP Capital deferral account. Forecast costs of IRP Plans will be scrutinized by the OEB in IRP Plan applications.

Finally, maintaining both IRP deferral accounts to capture IRP Plan spend is important, as the nature of each IRP Plan's Capital and O&M costs, as well as its associated depreciation, as applicable, could vary. Using the IRP deferral accounts to recover IRP Plan costs will allow Enbridge Gas to propose the appropriate accounting treatment for IRP Plans.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 1, p.14; Exhibit 4, Tab 4, Schedule 3, p.6; Exhibit 4, Tab 4, Schedule 2, p. 15

Question(s):

The IRP Operating Costs Deferral Account records incremental IRP general administrative costs, as well as incremental operating and maintenance costs and ongoing evaluation costs for approved IRP Plans. Enbridge Gas notes a \$1.8 million increase in salaries and wages in 2024 due to FTE additions for IRP.

- a) How many of the 23 proposed FTE additions in the Business Development & Regulatory Group are associated with IRP? Please describe their responsibilities, and how this work differs from that done by the Integrity and Asset Management group.
- b) Please confirm that the incremental nature of IRP general administrative costs would be assessed against the base O&M costs of \$1.8 million for the integrated resource planning FTEs described in part (a).

Response:

- a) There are 15 FTE additions associated with IRP, all of which were previously accounted for in the IRP Operating Costs Deferral Account. This is in addition to the 3.5 FTE IRP roles that are provided in response at Exhibit I.1.6-CCC-22 that are currently captured in O&M. The roles and responsibilities of the 15 FTEs are outlined in Table 1. These 15 FTE roles perform IRP work that is incremental to what was performed by the organization prior to the IRP Decision¹, including that of the Integrity and Asset Management group who previously only supported facilities projects. The Asset Management group now has one IRP role within their department, see role overview in Table 1.

¹ EB-2020-0091.

The incremental work that has arisen for the organization as a result of implementing the OEB's IRP Decision², at a high level, includes:

- Binary screening and technical evaluations of facility projects in the Asset Management Plan;
- Economic analysis of those projects with a technically feasible IRPA(s);
- Design and, once approved, the delivery and ongoing evaluation of IRP Plans, including Pilot Projects;
- Development and implementation of regional, geo-targeted and pilot specific IRP stakeholder engagement activities, as well as an increased level of direct engagement with a number of key IRP stakeholders; and
- Regulatory support for IRP Plans, and for traditional Leave-to-Construct (LTC) proceedings.

To ensure that IRP is considered and supported within each of the below noted departments, IRP resources have been hired directly into their teams. This ensures a strong, ongoing, focus remains on the coordination and implementation of integrated resource planning across the organization.

Table 1
Description of FTE Additions - IRP

Role	Number of FTEs	DEPT	Responsibilities
Senior Advisor / Advisor	2	Community Engagement	Manage, support and execute on the overall development and implementation of the stakeholder engagement components for IRP regional, geotargeted, and pilot specific engagements, including (1) planning and implementation of engagements, (2) gathering and incorporating stakeholder feedback from and into regional stakeholder plans, including for pilots projects, (3) Supporting the creation of IRP stakeholder specific communications materials, including website, webinars, invites, etc., and (4) assisting with the response to incoming stakeholder inquiries.
Senior Advisor / Advisor	1.5	Community Engagement	<i>These roles are still to be hired.</i> These roles will support increased engagement with Municipalities and local distribution companies in the regions with geo-targeted engagement in support of IRP Plans.

² EB-2020-0091.

Role	Number of FTEs	DEPT	Responsibilities
Senior Advisor / Engineer	2	Distribution Optimization Engineering (DOE)	Perform technical evaluations on projects that pass binary screening in the AMP, including: (1) support the development of IRP Plans, including pilot projects, by completing the system modeling required to understand the projects' needs and design, (2) model how each IRPA option, or combination of options, impacts the project needs and design to support IRP technical feasibility evaluations. Lead the analysis of hourly data gathered from control groups and IRPA participants (where AMI is available) to support Enbridge Gas's ongoing development of design hour reduction assumptions for IRPAs.
Supervisor	1	Distribution Optimization Engineering (DOE)	Provide leadership and support for the DOE technical leads' work noted above. Provide technical expertise to the broader group of internal IRP resources as well as in external engagements.
Advisor	2	IRP	Support the development and filing of the annual IRP Report. Support the IRP Technical Working Group. Support IRP stakeholder and Indigenous engagement activities, including the IRP web/digital plans. Support the technical evaluations of facilities projects / IRP alternatives. Develop evidence for regulatory filings/proceedings related to IRP projects. Support the implementation of IRP Plans, including two pilot projects. Project manage internal activities associated with IRP Plans and LTC applications.
Specialist II	1	Asset Management	Liaison between Asset Class Managers and Integrated Resource Planning to complete binary screening of facility projects in the Asset Management Plan. Ensure adherence to stipulated timelines to support the consideration of IRPAs as part of the AMP process. Liaise with Asset Management Governance, Regulatory, and Public Affairs and Communications to ensure regulatory and stakeholder expectations around IRP are met during annual optimization/decision reporting activities. Support IRP Plan and traditional infrastructure proceedings to ensure compliance with the criteria set out in the IRP Decision ³ . Support Asset Management team in ongoing alignment of Asset Investment Strategies and Integrated Resource Planning strategies.
Senior Advisor	1	DSM	Responsible and accountable for the analysis, design and implementation of Enhanced Targeted Energy Efficiency and Demand response programming as IRP alternatives.
Senior Advisor	2	Regulatory	Provides guidance specific to interpretation of the IRP Framework ⁴ for various departments within Enbridge Gas. Participate in project-specific discussions regarding Integrated Resource Planning considerations. For each Project where Enbridge Gas is required to apply to the OEB for LTC approval, review various aspects of integrated resource planning (including the conclusions drawn from the Binary Screening Criteria assessment, IRP alternatives assessment, etc.,) throughout the OEB proceeding including during evidence development, the development of responses to interrogatories, in oral or written argument, etc. Participate in discussions regarding preparations for IRP Technical Working Group meetings and responses to requests from the IRP Technical Working Group. Review and provide input to the development of the IRP Annual

³ EB-2020-0091.

⁴ Ibid.

Role	Number of FTEs	DEPT	Responsibilities
			Report. Manage Applications to the OEB for IRP Pilot Projects and all future IRP Plan approvals (including management of all aspects of the regulatory proceeding). Support Conditions of Approval reporting to the OEB as applicable to IRP Pilot Projects and IRP Plan Projects.
Specialist / Senior Advisor	2	Finance	Participate as core Enbridge Gas representatives on the IRP Technical Working Group, specific to the Discounted Cash Flow (DCF+) methodology. Prepare the IRP DCF+ Supplemental Guide and support associated regulatory review activities. Partner with internal business units in managing IRP projects at various stages including identification, due-diligence, assessment, approval, budgeting, and forecasting. Build and maintain comprehensive financial models for new IRP projects including integrated financial statements, standardized evaluation metrics and appropriate tax, financing, accounting, and regulatory considerations. Prepare evidence and interrogatory responses for submission to the Ontario Energy Board OEB for IRP and Rate and Facilities Applications/Hearings. Support Enbridge Gas project approval process through the preparation of standardized materials, detailed review of financial models and response to inquiries by stakeholders. Prepare reports and documentation to satisfy all regulatory reporting requirements and internal decision records. Support the implementation of two IRP alternative pilot projects and future non-pilot IRP Plans.
Director	0.5	IRP	This role is responsible for the integration strategy and implementation of IRP

- b) Confirmed. Enbridge Gas notes that a correction to Exhibit 4, Tab 4, Schedule 2, page 15, paragraph 33, provided in response at Exhibit I.4.4-STAFF-117, is required to clarify that the forecasted \$1.8 million is not solely related to salaries and wages. Approximately \$0.1 million in non-labour costs such as consulting and legal costs, travel and other employee related expenses are included in the total forecasted \$1.8 million to be recovered in 2024 base rates.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 2, p.2

Question(s):

Enbridge Gas indicates that the DSM-related deferral and variance accounts are subject to OEB approval as part of the 2023 to 2027 DSM Plan (EB-2021-0002).

Please confirm that, now that the OEB has issued a decision on the 2023 to 2027 DSM Plan, no OEB approval for the DSM-related deferral and variance accounts is required as part of the current Application.

Response:

Confirmed.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 2, p.25; Exhibit 4, Tab 4, Schedule 2, p.10, 15; Exhibit 4, Tab 4, Schedule 3, p.6.

Question(s):

Enbridge Gas proposes to consolidate the two greenhouse gas emissions administration deferral accounts into a single account and change its purpose from a deferral account to a variance account, and indicates that this account (Greenhouse Gas Emissions Administration Variance Account) would record incremental administration costs associated with new or changing climate policies, while administrative costs associated with current federal and provincial regulations related to greenhouse gas emissions requirements would be recovered through 2024 base rates.

Enbridge Gas also notes (Exhibit 4) that 23 FTE additions are proposed for the Business Development & Regulatory department, related in part to compliance with federal and provincial GHG emission regulations previously accounted for under the GHG Emissions Administration Deferral Account. Enbridge Gas notes a \$1.4 million increase in salaries and wages in 2024 for administrative staff related to compliance with federal and provincial GHG emission regulations.

Enbridge Gas also notes that the energy transition planning group (within the Business Development & Regulatory department) “leads the development of the energy transition plan and oversees the coordination of its associated goals and objectives. This includes leading Enbridge Gas’s emissions reduction strategy, leading and coordinating the implementation of IRP, providing insight on climate policies to other departments in the Company and implements carbon pricing policies.”

- a) Please provide more detail on the nature of the administrative costs and the specific activities “associated with current federal and provincial regulations related to greenhouse gas emissions requirements” that would be recovered through 2024 base rates (i.e. the base activities against which incrementality would be assessed for the purposes of the Greenhouse Gas Emissions Administration Variance Account), and how these would be distinguished from Enbridge Gas’s other energy transition planning activities.

- b) How many of the 23 proposed FTE additions in the Business Development & Regulatory Group are associated with current federal and provincial regulations related to greenhouse gas emissions requirements?
- c) Please confirm that the incremental nature of administrative costs associated with new or changing climate policies would be assessed against the base O&M costs of \$1.4 million for the FTEs described in part (b).
- d) Similar to part (a), how does Enbridge Gas intend to distinguish “incremental administration costs associated with new or changing climate policies” (and thus eligible for recovery in the Greenhouse Gas Emissions Administration Variance Account) from other energy transition planning activities?
- e) Did Enbridge Gas consider eliminating the GHG Emissions Administration Deferral Account, or reducing the scope of this account to only bad debt related to carbon charges?

Response:

- a) The Greenhouse Gas Emissions Administration Deferral Account (GGEADA) is currently used to record FTE costs and administrative costs related to the Carbon and Energy Transition Planning team. A detailed description of the roles and responsibilities of the FTEs that comprise the Carbon and Energy Transition Planning team is provided in response at Exhibit I.1.6-CCC-22. Please note that the Director of the Energy Transition Planning department is allocated as a half FTE and recorded in the GGEADA.

There are two other teams under the Energy Transition Planning department, Integrated Resource Planning and Carbon Strategy. The specific activities that these teams are engaged in are also provided in response at Exhibit I.1.6-CCC-22, and although related to energy transition, are separate and distinct from the administrative costs that are currently captured in the GGEADA. Beginning in 2024, costs associated with the Carbon and Energy Transition Planning team’s activities, previously captured in the GGEADA, will be recorded in a separate O&M account to distinguish the costs from the rest of the Energy Transition Planning department.

- b) There are 7.5 FTE additions associated with federal and provincial regulations related to greenhouse gas emissions requirements previously accounted for in the GGEADA.
- c) Confirmed. Enbridge Gas notes that a correction to Exhibit 4, Tab 4, Schedule 2, page 15, paragraph 33, provided in response to Exhibit I.4.4-STAFF-117, is required to clarify that the forecasted \$1.4 million is not solely related to salaries and wages.

Approximately \$0.5 million in non-labour costs such as consulting and legal costs, travel and other employee related expenses are included in the total forecasted \$1.4 million to be recovered through 2024 base rates. Incremental administrative costs related to new or changing climate policies will be assessed against the total \$1.4 million included in 2024 base rates.

- d) Costs that are additional to what is included in 2024 base rates are considered to be incremental. With the release of new or changing climate policies, Enbridge Gas may require additional administrative resources to remain well-informed of, and in compliance with, these emerging regulations which could lead to incremental administration costs above the \$1.4 million, that would not have been incorporated into 2024 base rates. The dedicated employee costs that are incorporated into the 2024 forecast will not be considered incremental and will, therefore, not be recorded in this account.
- e) Enbridge Gas considered the appropriateness of the continuation and purpose of every deferral and variance account. In this case, given the uncertainty around emerging government climate policies, Enbridge Gas decided not to eliminate the GGEADA in order to record incremental administrative resources related to new or changing climate policies not incorporated into 2024 base rates. Additionally, the bad debt related to federal carbon charges will vary significantly due to rising carbon prices.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 2, pp. 26-27

Question(s):

Enbridge Gas has proposed 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. The proposed Volume Variance Account would be symmetric and revenue neutral for both customers and Enbridge Gas.

Please confirm that the proposed Volume Variance Account would eliminate weather risk over and above the approved revenue requirement. Please explain your response.

Response:

Confirmed. Enbridge Gas's Volumetric Variance Account proposal, if approved by the OEB in this Application, will include the volume variance due to weather in addition to the volume variance due to changes in the actual normalized average use relative to what underpins rates. Volumetric variances resulting from colder or warmer weather than budget normal will be recorded in the Volume Variance Account and disposed of by either collecting the over collected or under collected revenue from the customer. Please see response at Exhibit I.9.1-SEC-225, Table 1, which shows historical average use volumetric impacts, in combination to historical weather-related volumetric impacts, similar to the proposed Volume Variance Account.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 3, pp. 2-3

Question(s):

In its application, Enbridge Gas has proposed to establish the Energy Transition Technology Fund (ETTF) Variance Account as a tracking account to support research, development and commercialization of low carbon technologies. Enbridge Gas has proposed 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.

- a) Please explain why Enbridge Gas needs additional funding for exploring and developing low carbon technologies and why such initiatives cannot be funded through the OM&A and/or capital budget?
- b) How did Enbridge Gas arrive at the \$5 million forecast for this program?

Response:

a-b) The evidence on Energy Transition Technology Fund (ETTF) will be addressed in Phase 2 of the proceeding as noted in Enbridge Gas's February 1, 2023 letter.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 3, p.4

Question(s):

Enbridge Gas is proposing the establishment of 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. It states that the proposed account will record the material differences (in excess of \$1 million in aggregate) to forecast revenue due to the implementation of the rate harmonization plan.

- a) Please confirm that Enbridge Gas will track the annual differences in forecast revenues that are attributable to customers switching rate classes and will only record a balance in the account if it exceeds \$1 million at the end of 2028. If not confirmed, please explain.
- b) Why does Enbridge Gas propose to record in the RHVA the total revenue variance that exceeds the threshold on a cumulative basis versus recording on an annual basis?
- c) Will Enbridge Gas bring forward the annual balance in the RHVA for disposition in Deferral and Variance Account proceedings during the IR period? If no, why not?

Response:

- a-c) This evidence will be addressed in Phase 2 of the proceeding as noted in Enbridge Gas's February 1, 2023 letter.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 3, pp. 6-7

Question(s):

Enbridge Gas has proposed 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/day Dawn Parkway System surplus capacity forecast for the winter 2023/2024. The full cost of the Dawn Parkway system is included in the 2024 Test Year revenue requirement. Enbridge Gas has proposed to refund through the DPSCDA any revenue generated from the sale of the surplus capacity up to 89 TJ/day per year. As part of Union Gas's 2017 Dawn Parkway project, there was forecast surplus capacity of 30,393 GJ/day following construction of the project. Parties to the settlement proposal agreed that the legacy Union Gas would include revenue associated with the sale of the surplus capacity in the associated deferral account (EB-2015-0200).

Please confirm that the 89 TJ/day of surplus capacity is in addition to the 30,393 GJ/day surplus capacity forecasted for the Dawn Parkway project. If not, please explain.

Response:

Not confirmed. The Dawn Parkway System surplus capacity from the 2017 Dawn Parkway Project and the current Application are not additive. The 89 TJ/day Dawn Parkway System surplus capacity forecast for the winter 23/24 in the current Application accounts for all surplus capacity on the Dawn Parkway System, including any of the 30,393 GJ/d of surplus capacity from the 2017 Dawn Parkway Project not contracted.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. p/T1/S2/p. 26

Question(s):

EGL is proposing to consolidate the following existing variance accounts into one account – the EGD Greenhouse Gas Emissions Administration Deferral Account and the Union Greenhouse Gas Emissions Deferral Account. 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:

- a) What is the current level of administrative costs in 2024 base rates?
- b) How does EGL determine “incremental administration costs”?
- c) How does EGL determine “bad debt associated with the impacts of provincial and federal regulations related to greenhouse gas emission requirements”?
- d) What have been the annual balances in these accounts since they were established?
- e) What is the proposed materiality threshold for the new account?
- f) Why is this account required given EGL has employees dedicated to issue related to greenhouse gas emissions requirements?

Response:

- a) Please see response at Exhibit I.4.4-SEC-173 part a).
- b) Please see response at Exhibit I.9.1-STAFF-251 part d).
- c) The methodology used to calculate bad debt related to provincial and federal regulations related to greenhouse gas emission requirements is explained in

Enbridge Gas's 2022 Federal Carbon Pricing Program¹, Exhibit 1.VECC.7, included at Attachment 1

- d) Please see response at Exhibit I.9.1-SEC-220.
- e) The EGD Greenhouse Gas Emissions Administration Deferral Account and the Union Greenhouse Gas Emissions Deferral Account already exist and have been approved by the OEB. Therefore, Enbridge Gas has not defined the materiality on the combining of the two existing accounts. The materiality threshold is set at \$1 million for a utility with a revenue requirement of more than \$200 million, as defined on page 38 in the OEB's Filing Requirements for Natural Gas Rate Applications.²
- f) Please see response at Exhibit I.9.1-STAFF-251 part d).

¹ EB-2021-0209.

² Filing Requirements for Natural Gas Rate Applications, February 16, 2017, [Filing Requirements Natural Gas Rate Applications \(oeb.ca\)](https://www.oeb.ca/filing-requirements-natural-gas-rate-applications)

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit C, pages 6, 12

Questions:

- a) Please explain how the bad debt figures (2020 and 2022 forecast) attributable to the carbon tax is calculated and distinguished from “regular” (i.e., forecasted into rates) bad debt due to circumstances and regulatory requirements related to COVID-19 and winter moratorium bad debt?

Response

- a) During the preparation of this interrogatory response, Enbridge Gas determined that the methodology used to determine the portion of bad debt that is related to the FCPP needed to be corrected in one aspect to ensure accuracy, as detailed below.

The methodology that was used previously calculated a % revenue increase due to the FCPP, based on the total FCPP charges billed divided by the total Company revenue excluding the FCPP charges billed. The corrected methodology is based on the total FCPP charges billed divided by the total Company revenue including the FCPP charges billed. The difference between these methodologies is immaterial when the Federal Carbon Charge rate is low, but as the Federal Carbon Charge rate increases, the difference would become significant.

The previous methodology is shown below and discussed further in EB-2019-0247, Exhibit I.STAFF.7.

2020 FCPP Charges Billed =

2020 Customer Volumes x Federal Carbon Charge Rate

2020 % Revenue Increase =

2020 FCPP Charges Billed ÷ 2020 Forecasted Company Revenue

2020 Federal Carbon Bad Debt =

2020 % Revenue Increase x 2020 Forecasted Company Bad Debt

The updated methodology used to distinguish Federal Carbon bad debt from “regular” bad debt is outlined below.

2020 FCPP Charges Billed =

2020 Customer Volumes Subject to FCPP x Federal Carbon Charge Rate

2020 % of Bill Related to FCPP =

2020 FCPP Charges Billed ÷ Total Company Revenue (including FCPP charges)

2020 Federal Carbon Bad Debt =

2020 % of Bill Related to FCPP x 2020 Company Bad Debt

Updating the methodology has an impact on 2020 actual bad debt for the EGD rate zone and forecasted bad debt for both the EGD rate zone and Union rate zones in 2021 and 2022. The previous methodology was not used to calculate 2020 actuals in the Union rate zones and therefore no update is required. The updated Federal Carbon Bad Debt amounts are shown below for each affected year.

Updated Federal Carbon Bad Debt (\$millions)

	2020		2021		2022	
	Actual		Forecasted		Forecasted	
	Previous	Corrected	Previous	Corrected	Previous	Corrected
EGD Rate Zone	0.84	0.74	1.32	1.82	3.47	2.61
Union Rate Zones	N/A	N/A	1.26	0.92	1.49	1.10
Total EGI	N/A	N/A	2.58	2.74 ¹	4.96	3.72

As a result of this update, Enbridge Gas has decreased the 2020 administration costs and interest recorded in the EGD rate zone GGEADA to \$1.59 million (previously \$1.70 million).²

¹ The update to Enbridge Gas’s 2021 forecast bad debt is an increase of \$0.16 million from what was included in EB-2020-0212, Exhibit C, pa 4. Since filing the 2021 FCPP Application in September 2020, the total Company forecast bad debt has increased. The increased forecast has been used in calculating the above updated Federal Carbon bad debt amounts, which caused the forecast bad debt related to the FCPP to increase despite the update to the FCPP allocation methodology. Accordingly, Enbridge Gas has updated the 2021 forecast bad debt to \$2.74 million.

² The \$1.59 million includes \$0.01 million of interest.

As a result of this update, the forecast 2021 administration costs for Enbridge Gas have been updated to \$4.57.

As a result of this update, the forecast 2022 administration costs for Enbridge Gas have been updated to \$5.21 million.³

For 2020, a bad debt amount as a result of COVID-19 was distinguished and excluded from the GGEADA calculation as per the OEB's Decision and Order on Enbridge Gas's 2020 Application.⁴ For 2021 and 2022 forecasts, no amount has been excluded as a result of COVID-19. Enbridge Gas will assess the impacts of COVID-19 on an actual basis when finalizing GGEADA account balances and adjust as needed.

³ The \$5.21 million also includes an update to the 2022 forecasted staffing costs. The updated forecast is \$0.94 million, a reduction of \$0.53 million. See Exhibit I.STAFF.4 for further explanation.

⁴ EB-2019-0247, OEB Decision and Order, August 13, 2020, p. 11.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Ex. 9/T1/S3/p. 9

Question(s):

EGL is proposing to establish the Locate Delivery Services Variance Account in response to Bill 93, the Getting Ontario Connected Act, which was recently passed.

- a) Does EGL intend to record the revenue received from the proposed service charge in that account?
- b) How did EGL determine its forecast of external locate delivery costs of \$45 million which is included in base rates?
- c) How was the \$6.1 million derived?
- d) Where are these costs set out in the O&M schedules?
- e) Why does EGL expect that the external costs for locate services to materially increase from the forecast?

Response:

- a) Yes, the revenue is proposed to be recovered in the Locate Delivery Service Variance Account.
- b-e) Please see response at Exhibit I.4.4-STAFF-122.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 2, p. 14 of 30

Question(s):

At page 14, EGI stated: "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."

- a) Please provide a summary of the impact of the deadband on the Union rate zones UFG volume deferral account for settling balances from the year of its inception until 2022.
- b) Please confirm whether all variations in UFG amounts are due to factors that are 'temporary in nature' and/or factors that are not within the utility's control.
- c) If the answer to (b) is that there are factors aside from those that are outside of the utility's control, please list the factors contributing to UFG variances that are within the utility's control, and if known, provide how much UFG variance are driven by those factors.

Response:

- a) Please see Table 1 for the summary of the impacts of the deadband for the UFG Volume Deferral Account for the Union rate zones since the inception of the deadband in 2014. Positive deadband impacts are UFG costs that were not refunded to customers. Negative deadband impacts are UFG costs that were not collected from customers

2022 UFG Volumes are subject to ongoing analysis. Final balances will be included in Enbridge Gas's 2022 Utility Earnings and Disposition of Deferral and Variance Account Balances Application to be filed in 2023.

Table 1
Union UFG Volume Deferral Account Deadband Impact

Line No.	Year	Actual UFG % (a)	OEB Approved UFG % (b)	UFG Variance Balance With Deadband (\$ millions) (c)	UFG Variance Balance Without Deadband (\$ millions) (d)	Deadband Impact (\$ millions) (e) = (c) - (d)
1	2014	0.318%	0.219%	0.00	4.12	(4.12)
2	2015	0.174%	0.219%	0.00	(3.61)	3.61
3	2016	0.427%	0.219%	5.18	10.18	(5.00)
4	2017	0.342%	0.219%	0.00	2.71	(2.71)
5	2018	0.379%	0.219%	1.73	6.73	(5.00)
6	2019	0.376%	0.219%	1.56	6.56	(5.00)
7	2020	0.208%	0.219%	0.00	(0.41)	0.41
8	2021	0.672%	0.219%	20.48	25.48	(5.00)
9	2022	0.592%	0.219%	40.05	45.05	(5.00)
Total Cumulative Impact						(27.80)

b) Confirmed.

Enbridge Gas has a limited ability to manage and influence some sources of UFG. Please see the 2019 UFG Report¹, pages 20 to 21, included as Attachment 1, which discusses the main sources of UFG at Enbridge Gas, including indicative sources of UFG for the EGD and Union rate zones. Please see the interrogatory response from Enbridge Gas's 2021 Utility Earnings and Disposition of Deferral and Variance Balances Application², included as Attachment 2, for indicative sources of UFG volumes and their relative contribution to the total amount of UFG in 2021 for the Union rate zone. These provide representations of the potential sources of UFG at Enbridge Gas, however the level to which each source contributes to UFG will fluctuate from year-to-year.

Enbridge Gas has implemented numerous initiatives in response to the recommendations provided in the 2019 Report to manage or limit the level of UFG volumes, though the results of the initiatives in many cases are difficult to quantify.

¹ EB 2019-0194, 2019 Report on Unaccounted for Gas prepared by ScottMadden, December 2019.

² EB 2022-0110, Exhibit I.STAFF.11 pages 4 to 5.

Please see Exhibit 4, Tab 3, Schedule 1, Attachment 3 and 4, as well as the response at Exhibit I.4.2-STAFF-108 for a status update on the implementation of various measures to address UFG.

A non-exhaustive illustrative list of UFG sources has been provided below to demonstrate the extent of Enbridge Gas's ability to manage or influence the level of UFG volumes.

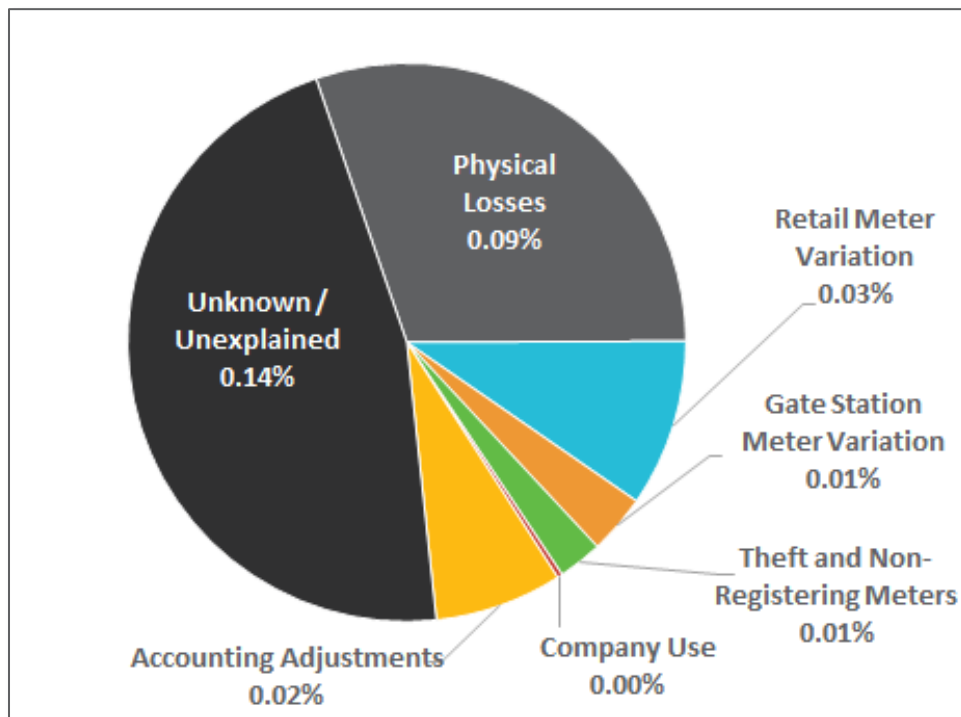
- i. Venting: Enbridge Gas leverage techniques to capture and reinject gas that would otherwise be released into the atmosphere during construction and maintenance activities; however, it may not be possible to capture and reinject 100% of the gas.
 - ii. Leaks and fugitive emissions: Enbridge Gas has a harmonized leak operating standard which includes leak monitoring, to aid in the identification of leaks and prioritization of repairs to reduce leaks and fugitive emissions that contribute to UFG.
 - iii. Retail and gate station meter variations: Measurement Canada permits variations within given tolerance levels between actual and metered gas volumes and these variations could contribute to UFG. The Measurement Canada tolerance for retail meters and gate station meters is +/- 3%. Enbridge Gas utilizes check meters to provide assurance that custody meters are measuring and recording volumes within acceptable tolerance levels to mitigate the variations that could contribute to UFG. Enbridge Gas also adheres to an internal benchmark of +/- 2% tolerance for gate station meters.
 - iv. Estimated Meter Reads and Estimated Unbilled Volumes: Consumption volumes recorded at the end of each reporting period include both billed and unbilled volumes. Billed volumes are based on estimated and actual meter reads. Unbilled volumes are estimated at the end of each reporting period to quantify the amount of gas delivered but not yet billed. The estimate of unbilled volumes is based on regression modelling at the rate class level. Billed and unbilled volumes are incorporated into the formulaic determination of UFG. Estimation error in these processes represent a source of UFG variances in a given reporting period. The variances resulting from estimation are temporary in nature and will be trued up when actual reads and/or actual bills are recorded and are reflected in the calculation of UFG.
- c) Please see response to part b).

Sources of UFG

ScottMadden estimated sources of UFG at the legacy Companies based on available data. Legacy EGD data was supplied primarily from recent regulatory proceedings,³⁵ while legacy Union data was supplied primarily by various subject matter experts.

The estimated sources of UFG at legacy Union are shown in Figure 8 (below). The Figure shows the primary sources of legacy Union UFG include physical losses, retail meter variations, and gate station meter variations, which when applied to the 10-year average of 0.31 percent per year represents, respectively, 0.09 percent, 0.03 percent and 0.01 percent of gas receipts.³⁶

Figure 8: Legacy Union Indicative Sources of UFG³⁷



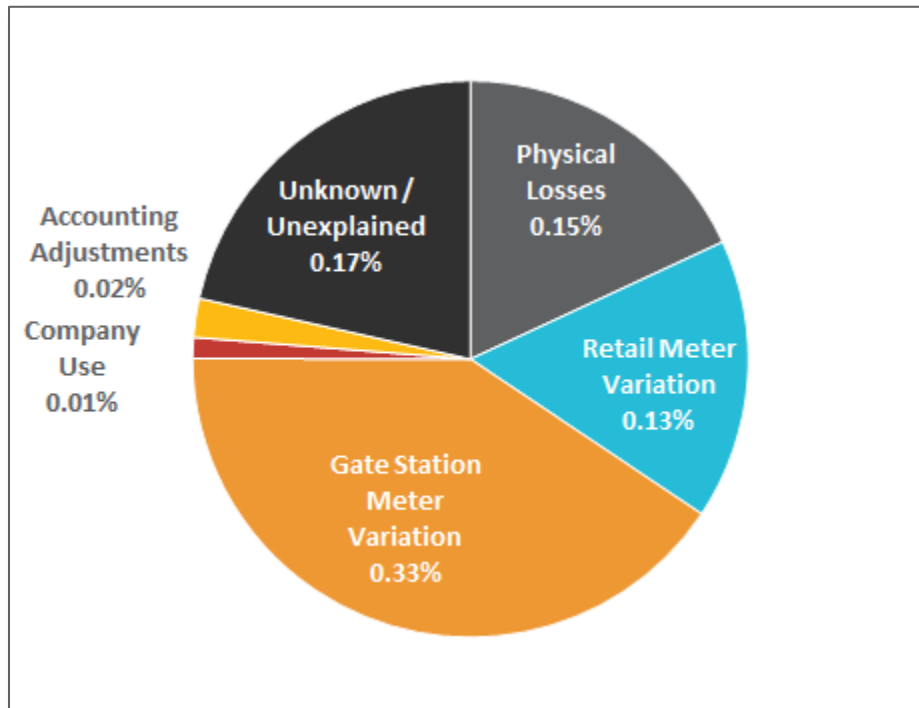
³⁵ As filed in EB-2017-0102, Response to BOMA Interrogatory #21 (Exhibit I.B.EGDI.BOMA.21).

³⁶ Based on data and analyses provided by legacy Union.

³⁷ Historical sources of UFG applied to 10-year UFG average.

The estimated sources of UFG at legacy EGD are shown in Figure 9 (below). The Figure shows the sources of UFG are similar to those listed for legacy Union and include physical losses, retail meter variations, and gate station meter variations, which when applied to the 10-year average of 0.81 percent per year represents, respectively, 0.15 percent, 0.13 percent, and 0.33 percent.³⁸

Figure 9: Legacy EGD Indicative Sources of UFG³⁹



Figures 8 and 9 also show that a portion of UFG is unexplained, which may include other sources of UFG, such as accounting and billing adjustments, non-registering meters and theft – as well as estimation variations associated with UFG.

The sections below describe the sources of UFG in more detail. The sections also describe the industry and legacy Companies experience related to each source of UFG.

³⁸ Based on data and analyses provided by legacy EGD.

³⁹ Historical sources of UFG applied to 10-year UFG average.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Unaccounted for Gas Volume Deferral Account – Union Gas
Exhibit E, Tab 1, pp. 31-37

Question(s):

Union Gas's 2021 approved rates includes \$10.1 in Unaccounted for Gas (UFG) costs. Enbridge Gas's actual UFG costs for 2021 were \$35.9 million of which Enbridge Gas recovered \$10.4 million. After considering the symmetrical dead-band of \$5.0 million, the balance in the UFG Volume Deferral Account is \$20.5 million plus interest. The average UFG percentage has been 0.356% for the years 2013 through 2021. However, the UFG percentage for 2021 was 0.672%. The UFG volume for 2020 was 74,120 103 m³ while for 2021, the UFG volume was 252,582 103 m³. The company has identified that the true-up of estimated consumption based on the calendarization of UFG volumes has contributed to volatility between 2020 and 2021. The true-up between the December 2020 estimate and the actual billed volumes resulted in a decrease to the delivery volumes recorded in January 2021. When billings related to December 2020 were completed over the following month, it was determined that there was an over-estimate of gas deliveries for December 2020.

- a) Please provide the average volume and UFG percentage for the years 2013 through 2020.
- b) Please provide detailed calculations supporting the 2021 actual UFG costs similar to that provided in response to Staff IRR# 20c in EB-2021-0149.
- c) The evidence notes that the primary sources of UFG include physical losses (eg. leaks, third-party damage and venting), metering variations, non-registering meters, theft, line pack and billing/accounting adjustments. Please provide a breakdown (if possible) for the UFG volumes in 2021. If UFG volumes for certain categories cannot be determined, please classify them as "Other".
- d) Enbridge Gas has indicated that the true-up between December 2020 and January 2021 resulted in higher UFG volumes for 2021. Please provide the contribution of this adjustment to the UFG volumes in 2021 and the costs. Please also confirm that there was no double counting as a result of the true-up between the December 2020

estimate and the actual billed volumes. In other words, please confirm that amounts recorded in the UFG Volume Deferral Account were not recovered through billing adjustments.

- e) Please outline the measures that Enbridge Gas has implemented in order to reduce UFG.

Response:

- a) Please refer to Table 1 below. The average volume for the years 2013 through 2020 is 106,778 10³m³. The average UFG percentage for the years 2013 through 2020 is 0.318%.

Table 1
Historical UFG Volumes & Percentage – Union Rate Zones

Calendar Year	UFG Volumes (10 ³ m ³)	UFG %
2013	113,997	0.320%
2014	97,109	0.318%
2015	54,408	0.174%
2016	131,588	0.427%
2017	108,901	0.342%
2018	136,447	0.379%
2019	137,652	0.376%
2020	74,120	0.208%
Average	106,778	0.318%

b) Please refer to Table 2 below.

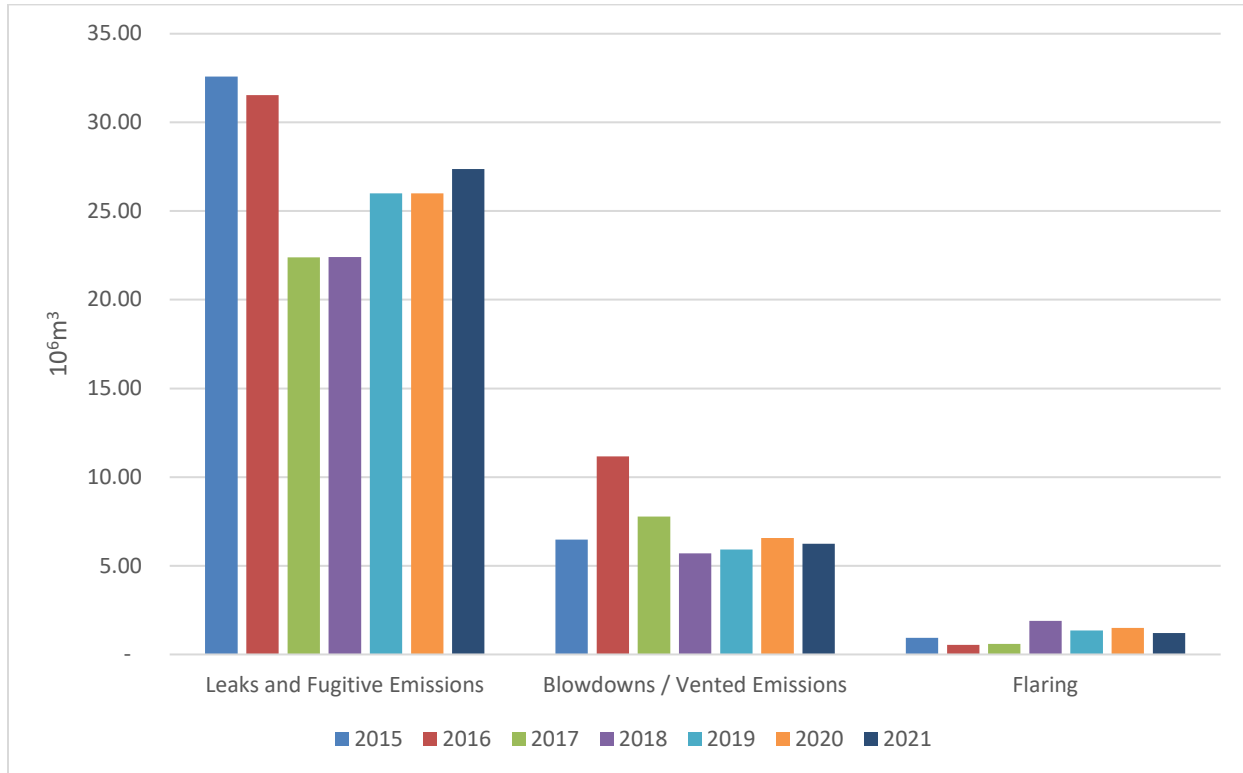
Table 2
Calculation of 2021 UFG Costs – Union Rate Zones

<u>Line No.</u>		<u>2021 Actual</u>	<u>Notes</u>
1	UFG %	0.672%	Line 2 / Line 3
2	Throughput (10 ³ m ³)	37,612,361	
3	UFG Volume (10 ³ m ³)	252,582	
4	Approved Reference Price (WACOG)	\$160.39	2021 weighted average cost
5	2021 UFG Expense	<u>\$40,512,883</u>	Line 3 * Line 4
6	Less: L/T Non-Utility Allocation	\$4,103,955	
7	S/T Excess Utility Allocation	<u>\$538,821</u>	
8	Net 2021 Utility UFG Expense	<u>\$35,870,106</u>	

c) The primary sources of UFG noted in evidence were based on the 2019 Report on UFG (“UFG Report”) filed in EB-2019-0194. Although the root causes of UFG are generally known, it is difficult to quantify or estimate the individual factors due to their nature. The breakdown of the contribution of individual sources provided in the UFG Report leveraged internal reports and analysis completed at specific points in time and this level of detail is not available on an ongoing basis. The specific sources that have been quantified for UFG volumes in 2021 are relating to physical losses and billing/accounting adjustments.

Enbridge Gas reports fugitive, vented and flared emissions annually to Environment and Climate Change Canada and the Ontario Ministry of Environment, Conservation and Parks. Figure 1 below provides data regarding lost gas from leaks and emission in a format consistent with what was provided in the UFG Report.

Figure 1
Lost Gas from Leaks and Emissions



Billing and accounting adjustments include true-ups related to estimates of gas delivered but not yet billed, as described in evidence. This is estimated to be 46,000 10³m³ in 2021 as described in d) below. Billing and accounting adjustments also include prior period adjustments (PPA's), as described in evidence. This is estimated to be 78,000 10³m³ in 2021.

The remaining balance of UFG volumes in 2021 are deemed to be classified as "Other".

- d) UFG is broadly defined as the difference between gas receipts and gas deliveries. Gas deliveries to customers are comprised of both billed and unbilled volumes. Billed volumes are based on both estimated and actual meter reads. Unbilled volumes are recorded at the end of each reporting period to quantify the amount of gas delivered but not yet billed. This ensures that both billed and unbilled volumes are incorporated into the formulaic determination of UFG.

In the subsequent reporting period(s), adjustments to customer accounts once an actual read is received are processed. In addition, the estimate of gas delivered but not yet billed is reversed and the actual billed volumes for the prior reporting period

are recorded. These true-ups relating to both estimated reads as well as unbilled estimates are incorporated into the formulaic determination of UFG.

The true-up noted in evidence between December 2020 and January 2021 is related to the unbilled estimation for December 2020. December 2020 estimated volumes were higher than the December 2020 actual billed volumes by approximately 46,000 10^3m^3 . The true up that occurred in January 2021 resulted in the 2021 UFG volumes being higher by approximately 46,000 10^3m^3 at a cost of approximately \$6.1 million.

Confirmed, there was no double counting of UFG volumes in the UFG Volume Deferral account as a result of the true-up between the December 2020 estimated volumes and the actual December 2020 billed volumes.

- e) Enbridge Gas filed a Report on Unaccounted for Gas (UFG Report) prepared by ScottMadden Management Consultants in 2019, which was considered as part of the 2020 Rate Application Phase 2¹. In that proceeding, Enbridge Gas committed to report upon its progress in implementing the recommendations set out in the UFG Report in its 2022 rates filing. Enbridge Gas also committed in the same application to assess its UFG forecasting methodology in the 2024 rebasing proceeding and to include information about the implementation of the UFG Report recommendations and other activities to address UFG, and the impacts of such activities.

A UFG Progress Report outlining progress in implementing the recommendations from the 2019 UFG Report, including measures taken to reduce UFG, was prepared in 2020. Some of the updates include the following:

1. Implementation of a harmonized leak operating standard
2. Development of a three-year program to eliminate backlog of leaks identified prior to the roll out of the new standard
3. Leverage best practices in the area of controlled releases of gas during maintenance and construction activities
4. Implementation of a more robust leak detection and report (LDAR) program within Storage and Transmission operations
5. Implementation of a measurement and compliance program with respect to compressor venting
6. Implementation of a program to replace continuous high bleed pneumatic devices
7. Utilization of an incinerator during pipeline maintenance activities to combust the gas entering the atmosphere rather than venting methane
8. Development of a Damage Reduction Strategy
9. Standardization of meter shop testing processes

¹ EB-2019-0194

10. Standardization of super compressibility factors
11. Alignment and standardization of best practices for the Gas Measurement function and Gas Measurement Accounting System
12. Creation of a cross-functional measurement working group
13. Completion of the redesign of the Victoria Square Gate Station
14. Refinement of the tracking and recording of company use gas

The UFG progress report was filed as part of the 2022 Rates application², however the OEB determined that issues relating to UFG were out of scope of that proceeding. The UFG Progress report, prepared in 2022, as well as supplemental updates, will be filed as part of the 2024 Rebasing application.

² EB-2021-0148, Exhibit C, Tab, Schedule 1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 2, p. 23 of 30

Question(s):

At page 23, EGI stated: "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."

- a) Please confirm when EGI proposes to review the prudence of any overspend on ICM projects.
- b) To the extent not already in evidence, please provide the underspend and any overspend that in EGI's opinion is prudent with respect to the ICM projects from the deferred rebasing period.

Response:

- a) To the extent there is any ICM project(s) in the coming IR term, and there is over (or under) spend on such future ICM projects, the total project costs, inclusive of any variances, would be subject to prudence review as part of the proceeding where disposition of the deferral account is requested, and/or as part of the proceeding where the project costs were to be reflected in base rates. It is possible that these applications could be combined in the form of the next rebasing application, similar to the current Application.
- b) Please see response at Exhibit I.2.4-EP-8 part a), which identifies the actual versus approved capital expenditures, as of December 31, 2022, for each of the approved deferred rebasing term ICM projects.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

Exhibit 9, Tab 1 Schedule 1 Attachment 1

Question(s):

- a) For each deferral and variance account listed in this Attachment, please provide the date on which the account was created.
- b) Please list all deferral and variance accounts that were in effect in 2012 for Enbridge Gas Distribution and for Union Gas, along with the dates on which each of those accounts were created.

Response:

- a) Please see Attachment 1 for a summary of the deferral and variance account creation dates for the accounts provided at Exhibit 9, Tab 1, Schedule 1, Attachment 1.
- b) Please see Attachment 2 for a listing of deferral and variance accounts that were in effect in 2012 for EGD and UGL, as well as the account creation dates.

Summary of Deferral and Variance Accounts
From Accounts Listed in Exhibit 9, Tab 1, Schedule 1, Attachment 1

Line No.	Rate Zone	Account No.	Account Name	Effective Date
1	EGD	179-70	Purchase Gas Variance Account (PGVA)	1986
2	EGD	179-80	Transactional Services Deferral Account (TSDA)	1997
3	EGD	179-86	Unaccounted for Gas Variance Account	2002
4	EGD	179-88	Storage and Transportation Deferral Account	2008
5	EGD	179-20	Gas Distribution Access Rule (GDAR) Impact Deferral Account	2003
6	EGD	179-00	Deferred Rebate Account	1990
7	EGD	179-36	Pension and Other Post-Employment Benefits (OPEB) Forecast Accrual Versus Actual Cash Payment Differential Variance Account	2018
8	EGD	179-500	Incremental Capital Module (ICM) Deferral Account	2019
9	EGD	179-503	Facility Carbon Charge Variance Account	2019
10	EGD	179-502	Customer Carbon Charge Variance Account	2019
11	EGD	179-501	Greenhouse Gas Emissions Administration Deferral Account	2019
12	EGD	179-66	Average Use True-up Variance Account	2008
13	EGD	179-02	Transition Impact of Accounting Change Deferral Account	2012
14	EGD	179-08	Ex-Franchise Third Party Billing Services Deferral Account	2009
15	EGD	179-12	Renewable Natural Gas (RNG) Injection Service Variance Account	2019
16	EGD	179-40	Dawn Access Costs Deferral Account	2015
17	EGD	179-48	Open Bill Revenue Variance Account	2009
18	EGD	179-94	OEB Cost Assessment Variance Account	2016
19	Union	179-106	Union South PGVA	2004
20	Union	179-147	Union North West PGVA	2016
21	Union	179-148	Union North East PGVA	2016
22	Union	179-145	Transportation Tolls and Fuel – Union North West Operations Area	2016
23	Union	179-146	Transportation Tolls and Fuel – Union North East Operations Area	2015
24	Union	179-107	Spot Gas Variance Account	2004
25	Union	179-108	Unabsorbed Demand Cost (UDC) Variance Account	2004
26	Union	179-109	Inventory Revaluation Account	2004
27	Union	179-131	Upstream Transportation Optimization	2013
28	Union	179-153	Base Service North T-Service TransCanada Capacity Deferral Account	2016
29	Union	179-135	Unaccounted for Gas (UFG) Volume Variance Account	2014
30	Union	179-141	UFG Price Variance Account	2015
31	Union	179-112	GDAR Costs	2004
32	Union	179-132	Deferral Clearing Variance Account	2015
33	Union	179-138	Parkway Obligation Rate Variance	2014
34	Union	179-143	Unauthorized Overrun Non-Compliance	2016
35	Union	179-157	Pension and OPEB Forecast Accrual Versus Actual Cash Payment Differential Variance Account	2018
36	Union	179-159	ICM Deferral Account	2019
37	Union	179-420	Facility Carbon Charge Variance Account	2019
38	Union	179-421	Customer Carbon Charge Variance Account	2019
39	Union	179-422	Greenhouse Gas Emissions Administration Deferral Account	2019
40	Union	179-133	Normalized Average Consumption (NAC) Account	2014
41	Union	179-151	OEB Cost Assessment Variance Account	2016
42	Union	179-70	Short-term Storage and Other Balancing Services Deferral Account	1999
43	Union	179-103	Unbundled Services Unauthorized Storage Overrun Deferral Account	2001
44	Union	179-137	Brantford-Kirkwall/Parkway D Project Costs	2014
45	Union	179-149	Burlington-Oakville Project Costs	2016
46	Union	179-144	Dawn H/Lobo D/Bright C Compressor Project Costs	2016
47	Union	179-142	Lobo C Compressor/Hamilton-Milton Pipeline Project Costs	2015
48	Union	179-156	Panhandle Reinforcement Project Costs	2017
49	Union	179-136	Parkway West Project Costs	2014
50	Union	179-162	Sudbury Replacement Project Costs	2019
51	EGI	179-382	Earnings Sharing Mechanism Deferral Account	2019
52	EGI	179-383	Tax Variance Deferral Account	2019
53	EGI	179-380	Expansion of Natural Gas Distribution Systems Variance Account	2019
54	EGI	179-385	Integrated Resource Planning (IRP) Operating Costs Deferral Account	2021
55	EGI	179-386	IRP Capital Costs Deferral Account	2021
56	EGI	179-387	Green Button Initiative Deferral Account	2021
57	EGI	179-313	Demand Side Management (DSM) Variance Account	2023
58	EGI	179-314	Lost Revenue Adjustment Mechanism Variance Account	2023
59	EGI	179-315	Conservation Demand Management Deferral Account	2023
60	EGI	179-316	DSM Incentive Deferral Account	2023
61	EGI	179-327	Natural Gas Reduction Incentive Deferral Account	2023
62	EGI	179-381	Accounting Policy Changes Deferral Account	2019
63	EGI	179-384	Impacts Arising from the COVID-19 Emergency Deferral Account	2020

Summary of Deferral and Variance Accounts in Effect in 2012

Line No.	Rate Zone	Account No.	Account Name	Effective Date
1	EGD	179-70	Purchase Gas Variance Account (PGVA)	1986
2	EGD	179-80	Transactional Services Deferral Account (TSDA)	1997
3	EGD	179-86	Unaccounted for Gas Variance Account	2002
4	EGD	179-88	Storage and Transportation Deferral Account	2008
5	EGD	179-50	Carbon Dioxide Offset Credits Deferral Account	2006
6	EGD	179-40	Class Action Suit Deferral Account	2005
7	EGD	179-00	Deferred Rebate Account	1990
8	EGD	179-60	Electric Program Earnings Sharing Deferral Account	2006
9	EGD	179-20	Gas Distribution Access Rule Costs Deferral Account	2003
10	EGD	179-30	Manufactured Gas Plant Deferral Account	2005
11	EGD	179-54	Municipal Permit Fees Deferral Account	2008
12	EGD	179-22	Ontario Hearing Costs Variance Account	2003
13	EGD	179-63	Unbundled Rate Implementation Cost Deferral Account	2007
14	EGD	179-67	Unbundled Rates Customer Migration Variance Account	2007
15	EGD	179-66	Average Use True-Up Variance Account	2008
16	EGD	179-44	Tax Rate and Rule Change Variance Account	2008
17	EGD	179-58	Earnings Sharing Mechanism Deferral Account	2008
18	EGD	179-42	Open Bill Service Deferral Account	2009
19	EGD	179-52	Open Bill Access Variance Account	2009
20	EGD	179-48	Open Bill Revenue Variance Account	2009
21	EGD	179-08	Ex-Franchise Third Party Billing Services Deferral Account	2009
22	EGD	179-56	Mean Daily Volume Mechanism Deferral Account	2009
23	EGD	179-02	Transition Impact of Accounting Change Deferral Account	2012
24	EGD	179-06	Demand Side Management Variance Account	2002
25	EGD	179-10	Lost Revenue Adjustment Mechanism	1997
26	EGD	179-26	Demand Side Management Incentive Deferral Account	2012
27	Union	179-100	TCPL Tolls and Fuel - Northern and Eastern Operations Area	2000
28	Union	179-105	North Purchase Gas Variance Account	2004
29	Union	179-106	South Purchase Gas Variance Account	2004
30	Union	179-107	Spot Gas Variance Account	2004
31	Union	179-108	Unabsorbed Demand Cost ("UDC") Variance Account	2004
32	Union	179-109	Inventory Revaluation Account	2004
33	Union	179-70	Short-term Storage and Other Balancing Services	1999
34	Union	179-72	Long-term Peak Storage Services	1999
35	Union	179-75	Lost Revenue Adjustment Mechanism	1999
36	Union	179-103	Unbundled Services Unauthorized Storage Overrun	2001
37	Union	179-111	Demand Side Management Variance Account	2004
38	Union	179-112	Gas Distribution Access Rule ("GDAR") Costs	2004
39	Union	179-113	Late Payment Penalty Litigation	2004
40	Union	179-115	Shared Savings Mechanism	2005
41	Union	179-117	Carbon Dioxide Offset Credits	2007
42	Union	179-118	Average Use Per Customer	2008
43	Union	179-120	CGAAP to IFRS Conversion Cost	2009
44	Union	179-121	Cumulative Under-Recovery – St. Clair Transmission Line	2010
45	Union	179-122	Impact of Removing St. Clair Transmission Line from Rates	2010
46	Union	179-123	Conservation Demand Management ("CDM")	2011
47	Union	179-124	Harmonized Sales Tax ("HST")	2011

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit 9, Tab 1, Sch. 1

Question(s):

The evidence at paragraph 4 states that “*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*”.

Will the existing D&VAs that are specific to the EGD and Union rate zones be cleared to their respective rate zones in 2024 or will the balances be cleared to all customers regardless of rate zone?

Response:

The 2023 Earnings Sharing and Deferral and Variance Account (D&VA) Application will be filed in 2024 when actual 2023 account balances are available. The application will be the final for the Company’s deferred rebasing term from 2019 to 2023. Consistent with the disposition of D&VA balances in accounts cleared through the annual application during the deferred rebasing term, the balances that are specific to the EGD and Union rate zones will be cleared to their respective rate zones.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit 9, Tab 1, Sch. 1, Attachment 3

Question(s):

- a) With respect to the Unaccounted For Gas Variance Account (Account 179-203), please provide examples of the calculation of the volume variance amount and price variance account:
 - i. showing the mathematical formula that would be used for each account; and
 - ii. a simplified numerical example where the actual volume is 100 units at an actual price of \$3 per unit and the forecast volume is 110 units at a price of \$2 per unit.
- b) With respect to the Market-Based Storage Variance Account (Account 179-204), please explain why the variance between the actual and forecast cost is not divided into two components, volume and price, similar to what is proposed for UFG in Account 179-203.
- c) With respect to the Gas Distribution Access Rule Deferral Account (Account 179-301), is EGI proposing any materiality threshold for this account? If not, why not?
- d) Please explain why any changes to the development, implementation, and operation of the GDAR would not qualify as a Z factor under the EGI IRM proposal.
- e) With respect to the Pension and Other Post Employment Benefits Variance Account (Account 179-305) please explain:
 - i. the difference between the “forecast accrual pension and OPEB amounts recovered in rates” and “the approved accrual amounts in rates”;
 - ii. how the approved accrual amounts in rates will not change or escalate during the IR term under the EGI ICM proposal.
- f) With respect to the Facility Carbon Charge Variance Account (Account 179-307), does EGI expect to continue to update these charges on an annual basis based on changes to the federal carbon charge? If no, please explain why not. If yes, does

this mean that variances in this account would be related solely to volume variances and no rate variances? If not explain fully.

- g) With respect to the Customer Carbon Charge Variance Account (Account 179-308), and assuming that EGI will continue to update these charges on an annual basis based on changes to the federal carbon charge, please explain how any amounts that record the difference between actual customer carbon costs and customer carbon costs recovered in rates would be created. Would changes in the amount of RNG and/or hydrogen in the gas supply impact the amounts recorded in the account? If so, please provide an example.
- h) With respect to the Greenhouse Gas Emissions Administration Variance Account (Account 179-309), what amount has EGI included in the 2024 revenue requirement for each of administration costs and bad debt costs?
- i) In calculating the amounts to be added to account 179-309 will the base administration and bad debt amounts included in 2024 be escalated by the I-X factor proposed by EGI in its ICM for 2025 and beyond to reflect that the I-X factor includes these administration and bad debt costs? If not, please explain why not.
- j) With respect to the Volume Variance Deferral Account (Account 179-310), please explain the need for this account taking into consideration the evidence at Exhibit 8, Tab 2, Schedule 3, page 14 that states that the SFVD rate design *“Eliminates the need for deferral and variance accounts to capture delivery revenue variances related to declining consumption.”*
- k) If Account 179-310 is only to be used until the SFVD rate design is implemented as proposed by EGI on April 1, 2025, please confirm that the account would only be used for 2024 and the first three months of 2025. If not confirmed, please explain.
- l) Please confirm that this account removes the weather risk from EGI and customers of revenues being higher or lower than forecast in 2024 and the first three months of 2025 and the SFVD rate design removes the weather risk from EGI and customers of revenues being higher or lower in the remainder of 2025 and future years. If not confirmed, please explain fully.
- m) With respect to the Earnings Sharing Mechanism Deferral Account (Account 179-311), the evidence states that *“the excess earnings will be shared at a rate agreed upon between the Company’s ratepayers and shareholders”*. What if the ratepayers and shareholders cannot agree upon a sharing rate?
- n) With respect to the Lost Revenue Adjustment Mechanism Variance Account (Account 179-314), will this account record amounts for the general service rate classes during 2014 and the first three months of 2015? With the implementation of

SFVD rate design on April 1, 2025, will this account include any amounts for rates E01 and E02? If yes, please explain fully.

- o) With respect to the Expansion of Natural Gas Distribution Systems Variance Account (Account 179-317), please explain how an excess amount would be collected and remitted to the IESO above the required funding for the Expansion of Natural Gas Distribution Systems, in accordance with Section 4 of Ontario Regulation 24/19.
- p) With respect to the Integrated Resource Planning (IRP) Operating Costs Deferral Account (Account 179-318), what is the amount, if any, included in IRP general administrative costs, as well as incremental operating and maintenance costs and ongoing evaluation costs for approved IRP Plans for 2024?
- q) With respect to the Green Button Initiative Deferral Account (Account 179-320), what, if any costs, have been included in the 2024 revenue requirement that are directly attributable to the Green Button Initiative?
- r) With respect to the Rate Harmonization Variance Account (Account 179-322), please explain how the amounts recorded in this account would be calculated, including but not limited to how it would be determined if a customer switched because of rate harmonization or some other factor.
- s) With respect to the Dawn Parkway System Surplus Capacity Deferral Account (Account 179-323), would this account only be applicable in 2024 for the 2023/2024 winter or would it be applicable to subsequent winters? If yes please explain how the amounts would be determined for the winter of 2024/2025 and so on.
- t) With respect to the Locate Delivery Services Variance Account (Account 179-324), what is the cost included in base rates for 2024? Would this amount be increased by the I-X factor for subsequent years and incremental amounts be based on this growing amount in rates?
- u) With respect to the Enhanced Distribution Integrity Management Program Deferral Account (Account 179-326), it appears that there are no general administrative costs, as well as operating and maintenance and ongoing integrity inspection-related costs incurred to implement and execute the Enhanced DIMP included in the 2024 base forecast as this is a deferral account rather than a variance account. Please explain why no costs have been included in the 2024 forecast.

Response:

- a) Please see Table 1 for an example calculation of UFG volume variance amounts and UFG price variance amounts.

Table 1
Example Calculation of UFG Cost Variances

Line No.	Particulars	UFG Volume (m ³)	Price (\$/m ³)	UFG Cost (\$)
		(a)	(b)	(c) = (a x b)
1	Actual	100	3.00	300
2	Forecast	110	2.00	220
3	Variance	(10)	1.00	80
4	UFG Volume Variance (1)			(20)
5	UFG Price Variance (2)			100
6	Total UFG Cost Variance			80

Notes:

- (1) UFG volume variance = volume variance (line 3, column (a)) * forecast price (line 2, column (b))
 (2) UFG price variance = price variance (line 3, column (b)) * actual volume (line 1, column (a))
 Negative amount = refund to customers, positive amount = collection from customers

- b) The cost variance recorded in the Market-Based Storage Variance Account will be divided into the two components of volume and price.
- c) Please see response at Exhibit I.9.1-VECC-71 part a) and b).
- d) Changes to the GDAR do not qualify or need to qualify as a Z-factor as the OEB has previously determined that impacts resulting from GDAR amendments qualify for deferral account treatment. The GDAR deferral accounts are longstanding on-going accounts, which the Company is requesting approval to harmonize into a single account as part of this Application. No changes to the scope or operation of the account are being proposed.
- e)
- i. With respect to the Pension and Other Post Employment Benefits Variance Account, the references to “forecast accrual pension and OPEB amounts recovered in rates” and “approved accrual amounts in rates” refer to the same thing, the forecast of accrual based pension and OPEB expenses that is included in the costs underpinning rates.

- iii. As provided at Exhibit 9, Tab 1, Schedule 2, the proposed Pension and OPEB Variance Account is the harmonization and renaming of the existing Pension and OPEB Forecast Accrual Versus Actual Cash Payments Differential Variance Accounts for the EGD and Union rate zones. The purpose of the proposed harmonized account is not changing. The establishment of the existing deferral accounts was ordered by the OEB as part of its Report of the OEB: Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs¹, dated September 14, 2017. Within Appendix C of that report (on page 21), the OEB provided accounting guidance for the account, in which it articulated “The approved accrual amount embedded in rates is not to change or escalate during an IRM or Custom IR term except in cases where in a Custom IR term, updated forecasts for subsequent years of the term were approved.” In accordance with the OEB’s direction, and consistent with the existing variance accounts, the determination of amounts to be recorded in the proposed harmonized Pension and OPEB variance account will leverage the approved forecast of accrual-based pension and OPEB expenses that is included in the costs underpinning rates for the entire proposed price cap IR term.
- f) Yes, Enbridge Gas expects to update the Facility Carbon Charge rate annually to account for the increase to the government prescribed Federal Carbon Charge rate each year. This update will be completed through the annual Federal Carbon Pricing Program proceeding. Variances captured in the Facility Carbon Charge Variance Account (FCCVA) could result from variances between forecast and actual volumes and GHG emissions, and from the purchase of eligible offsets or emissions credits at a lower price than the Federal Carbon Charge, where the difference between these two costs will be recorded in the FCCVA.
- g) Variances within the Customer Carbon Charge Variance Account (CCCVA) are possible with the inclusion of RNG or hydrogen in the gas supply. An example of this is the variance generated by the implementation of Enbridge Gas’s Voluntary RNG program.² Although RNG is considered exempt from the Federal Carbon Charge under the Greenhouse Gas Pollution Pricing Act, Enbridge Gas applies the Federal Carbon Charge to all volumes of gas delivered to customers, including the RNG volumes delivered through the Voluntary RNG program. The RNG obtained through the Voluntary RNG program reduces Enbridge Gas’s Federal Carbon Charge obligations and corresponding remittance to the CRA, thus creating a variance between the Federal Carbon Charges remitted to the CRA and the amount charged to customers. Balances within the CCCVA are included for disposition within Enbridge Gas’s annual Federal Carbon Pricing Program proceedings.

¹ EB-2015-0040.

² EB-2020-0066, Voluntary Renewable Natural Gas Program Application, March 5, 2020.

- h) With respect to the Greenhouse Gas Emissions Administration Variance Account (GGEAVA) (Account 179-309), Enbridge Gas has included \$1.4M in the 2024 revenue requirement for ongoing administration costs and \$0M for bad debt costs. The Company would like to reiterate, or clarify, its proposal for the Greenhouse Gas Emissions Administration Variance Account, as was articulated in the proposed accounting order provided at Exhibit 9, Tab 1, Schedule 1, Attachment 3, page 17, and the evidence provided at Exhibit 9, Tab 1, Schedule 2, paragraphs 79 to 82. The Company is proposing that the ongoing administrative costs of complying with current greenhouse gas emissions regulations (excluding bad debt), of \$1.4M, not be subject to annual variance account true-up. The Company is proposing that the GGEAVA only capture incremental administrative impacts related to new or changing climate regulations, which continue to evolve. With regards to bad debt, the Company's proposal is to capture all bad debt related to carbon charges in the GGEAVA, as the significant increase in carbon prices anticipated to occur over the 2024 to 2028 IRM term cannot be factored into the base 2024 Test Year Forecast.
- i) As noted in part h) above, the Company is proposing that the ongoing administrative costs of complying with current greenhouse gas emissions regulations (excluding bad debt), of \$1.4M included in the 2024 forecast revenue requirement, not be subject to annual variance account true-up, and that the GGEAVA only capture incremental administrative impacts related to new or changing climate regulations, which continue to evolve. As also noted in part h) above, with respect to carbon charge related bad debt, the Company has not included any amounts in the forecast of 2024 costs as the significant increase in carbon prices that is anticipated to occur over the 2025 to 2028 IR term cannot be factored into the base 2024 Test Year forecast. Given the Company's proposal, there are no 2024 costs to be escalated by the I-X factor over the 2025 to 2028 IR term, in order to calculate amounts to be recorded in the GGEAVA.
- j) The need for the proposed Volume Variance Account is twofold:
- i. It protects the customer and the Company from volumetric and weather-related variances.
 - ii. It supports transition to Straight Fixed Variable and Demand (SFVD) proposal. Enbridge Gas requires a mechanism that provides similar de-risking of fixed cost recovery to that resulting from the SFVD rate design for general service customers until fully implemented.

The Volume Variance Account would remain in effect until the implementation of 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.

- k) Confirmed, the Volume Variance account will only remain in effect until the implementation of SFVD rate design.
- l) Confirmed.
- m) The Earnings Sharing Mechanism Deferral Account will be addressed in Phase 2 of the proceeding as noted in Enbridge Gas's February 1, 2023 letter.
- n) Enbridge Gas is not proposing an LRAM mechanism that includes general service in this Application. Please see Exhibit 3, Tab 2, Schedule 5, pages 28 to 29.
- o) With respect to the Expansion of Natural Gas Distribution Systems Variance Account, in accordance with Ontario Regulation 24/19, Enbridge Gas bills every customer \$1 per month, and remits all amounts billed to the IESO. The IESO aggregates and holds amounts received from Enbridge Gas and other gas distributors. For each expansion project identified in Ontario Regulation 24/19, the IESO will then distribute the approved project funding, to the individual distributor executing the project, once all necessary approvals from the OEB are acquired. If the eventual total amount billed by distributors and remitted to the IESO, exceeds the total funding distributed by the IESO for approved projects, the residual amounts are to be returned to the gas distributors, as per Ontario Regulation 24/19. Amounts returned to Enbridge Gas, will be recorded in the Expansion of Natural Gas Distribution Systems Variance Account for refund to ratepayers.
- p) With respect to the Integrated Resource Planning (IRP) Operating Costs Deferral Account, within the 2024 forecast of costs, Enbridge Gas has included \$1.8 million in administrative costs related to incorporating IRP requirements into its business processes and requirements. No costs have been included in relation to approved IRP plans, as no plans have been approved to date. The Company would like to clarify that it is not seeking variance account treatment related to these ongoing administrative costs. The Company has proposed the continuation of the IRPOCDA in order to capture incremental operating, administrative, and evaluation costs that result from approved IRP plans, which were not able to be forecast, or incremental operating and administrative impacts that result from IRP rules/requirements/guidelines that may continue to change or evolve.
- q) Operating and administrative costs of \$0.4 million directly attributable to the Green Button initiative are included in the 2024 revenue requirement. Additionally, the forecasted unamortized portion of capital costs associated with the Green Button Initiative are included in the 2024 rate base forecast filed in this Application. The Company would like to clarify that it is not seeking variance account treatment related to these ongoing costs. As the Green Button initiative has yet to be

implemented, the Company has proposed the continuation of the Green Button Initiative Deferral Account in order to capture unforeseen incremental impacts related to its implementation.

- r) The Rate Harmonization Variance Account will be addressed in Phase 2 of the proceeding as noted in Enbridge Gas's February 1, 2023 letter.
- s) The Dawn Parkway Surplus Capacity Deferral Account will be applicable for 2024 as well as 2025 to 2028 of the IR term. Enbridge Gas proposes the actual revenue generated from the sale of all or a portion of the 89 TJ/d Dawn Parkway System surplus capacity from the forecast used to set rates in this Application be used for 2024 to 2028.
- t) Please see response at Exhibit I.4.4-STAFF-122 and Exhibit I.9.1-OGVG-12.
- u) Please see response at Exhibit I.1.13-STAFF-41 a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers (OGVG)

Interrogatory

Reference:

Exhibit 9 Tab 1 Schedule 3 Page 10

Question(s):

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 \$45 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.

- a) Please explain any objections that EGI may have with a proposal that would escalate the proposed \$45 million annual threshold in accordance with any escalator applied to EGI's rates during any approved IRM term before EGI's next rebasing application?

Response:

- a) Enbridge Gas would not object to a proposal that would escalate the proposed \$51 million annual threshold (updated March 8, 2023) in accordance with any price cap escalator applied to Enbridge Gas's rates during the IRM term.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Question(s):

- a) Please provide the current total and details of any amounts in the *ICM Deferral Account* (Account No. 179-159). When does Enbridge intend to clear amounts in this account?
- b) Please provide the current total and details of any amounts in the *Panhandle Reinforcement Project Costs* (Account No. 179-156). *If the account is empty, please explain why it is needed?*
- c) Please provide the current total and details of any amounts in the *Expansion of Natural Gas Distribution Systems Variance Account* (Account No. 179-380).
- d) Please provide the current total and details of any amounts in the *Integrated Resource Planning (IRP) Operating Costs Deferral Account* (Account No. 179-385)
- e) Please provide the current total and details of any amounts in the *IRP Capital Costs Deferral Account* (Account No. 179-386).

Response:

- a) As of December 31, 2022, there is a cumulative credit balance of \$28.6 million in the Union rate zones ICM Deferral Account (Account No. 179-159). As indicated in Exhibit 9, Tab 2, Schedule 2, page 1, Enbridge Gas is proposing interim disposition January 1, 2024, based on the forecast balance on December 31, 2023. The final account balance will be requested for clearance as part of Enbridge Gas's 2023 annual earnings sharing and deferral disposition proceeding. The final balance will be calculated as the difference between the actual account balance and the forecast balance proposed for disposition as part of this proceeding.

Please see response at Exhibit I.9.2-STAFF-262 for the updated ICM Deferral Account balances, up to and including the 2023 Bridge Year.

- b) As of December 31, 2022, there is a credit balance of \$3.1 million in the Union rate zones Panhandle Reinforcement Project Deferral Account (Account No. 179-156). This balance represents the 2022 balance that Enbridge Gas will propose

disposition of in the 2022 annual earnings sharing and deferral disposition proceeding.

- c) As of December 31, 2022, there is no balance in the Enbridge Gas Expansion of Natural Gas Distribution System Variance Account (Account No. 179-380).
- d) As of December 31, 2022, there is a debit balance of \$2.2 million in the Enbridge Gas IRP Operating Cost Deferral Account (Account No. 179-385). The balance in this account relates primarily to salaries and wages of incremental Enbridge Gas staff engaged in IRP related work during 2022 and other expenses related to professional consulting and general administration.
- e) As of December 31, 2022, there is no balance in the Enbridge Gas IRP Capital Cost Deferral Account (Account No. 179-386).

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-2, p.2

Question(s):

Please explain why Enbridge believes it is appropriate to continue the two IRP Cost deferral accounts and not include any IRP related costs in base rates.

Response:

Please see response at Exhibit I.9.1-STAFF-248.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-2, p.3-4

Question(s):

Are there any components that will be recorded in any of the new QRAM DVAs that were previously included in DVAs that were cleared on an annual basis? If so, please provide details and the rationale for the change.

Response:

As provided at Exhibit 9, Tab 1, Schedule 2, page 7, the Unabsorbed Demand Costs (UDC) Variance Account (179-108) for the Union rate zones is currently disposed of through the annual gas deferral and variance account disposition process. Enbridge Gas is proposing that these costs will be included in the Third-Party Transportation Variance Account (179-102), which would be reviewed quarterly as part of the QRAM proceedings.

Please see further details and rationale for this proposed change at Exhibit 4, Tab 2, Schedule 1, pages 27 to 28.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-1, Attach 2; 9-1-2, p.7-9

Question(s):

For all existing non-QRAM related accounts that Enbridge plans to continue or harmonize, please provide the annual balance since each of EGD and Union last rebased.

Response:

Please see Attachment 1 for the annual balances from 2013 to 2021 for all existing non-QRAM related accounts that Enbridge Gas plans to continue or harmonize since EGD and Union last rebased. The 2022 balances will be filed as part of the annual Earnings Sharing and Deferral and Variance Account proceeding, Federal Carbon Pricing Program proceeding and DSM Deferral and Variance proceeding.

As part of the Settlement Proposal, updated July 12, 2023, parties agreed that certain harmonized gas supply accounts will not be established before harmonized rates are considered and determined in Phase 3 of this proceeding. Enbridge Gas provided a list of gas supply accounts that would continue on an interim basis until such time as a different approach is approved¹. Enbridge Gas inadvertently failed to include the need to continue with the Short-term Storage and Other Balancing Services (Account No. 179-70) for the Union rate zones. /u

In Exhibit 9, Tab 1, Schedule 4, Enbridge Gas proposed to close the Short-term Storage and Other Balancing Services (Account No. 179-70). This account is required to capture variances from the short-term storage revenues included in rates and actual short-term storage revenues from the sale of excess utility storage space in the Union rate zones. Enbridge Gas explained that upon implementation of the 2024 Gas Supply Plan, any excess utility storage space 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 operation in 2024.

¹ Exhibit O1, Tab 1, Schedule 1, pp. 53-54.

The Settlement Proposal indicates that matters related to gas storage will be determined in Phase 2 of this proceeding, and that Enbridge Gas will maintain its current levels of market-based storage.² The Settlement Proposal also indicates that matters related to cost allocation and rate harmonization will be determined in Phase 3 of this proceeding.³ Finally, the Settlement Proposal indicates that parties agree with Enbridge Gas' proposal to implement the 2024 Gas Supply Plan after the OEB's decision on relevant matters is issued.⁴ For these reasons, Enbridge Gas will not be implementing the 2024 Gas Supply Plan for the 2023/2024 gas year and therefore expects that there will continue to be excess utility storage space in the Union rate zones until at least the implementation of outcomes of the OEB's decision on Phase 2 of this proceeding. Maintaining the Short-term Storage and Other Balancing Services (Account No. 179-70) on an interim basis allows for tracking and sharing of revenues from the sale of the Union rate zones excess utility storage space for the benefit of ratepayers.

For these reasons, Enbridge Gas will need to maintain the Short-term Storage and Other Balancing Services Account on an interim basis until such time that the outcomes of the OEB's decision in Phase 2 and/or Phase 3 related to storage are known and the Gas Supply Plan is implemented.

² Exhibit O1, Tab 1, Schedule 1, p. 35.

³ *ibid*, pp. 12-13.

⁴ *ibid*, p. 12.

ENBRIDGE GAS INC.
SUMMARY OF NON-QRAM DEFERRAL ACCOUNTS

Line No.	Account No.	Particulars (\$ millions)	2013 (a)	2014 (b)	2015 (c)	2016 (d)	2017 (e)	2018 (f)	2019 (g)	2020 (h)	2021 (i)
		<u>EGD Rate Zone Non Commodity Related Accounts</u>									
1	179-00	Deferred Rebate Account	(2.1)	(3.2)	0.4	7.8	1.9	1.0	1.0	2.6	4.5
2	179-20	Gas Distribution Access Rules Costs Deferral Account	(0.1)	0.2	0.3	0.3	0.3	0.1	-	-	-
3	179-66	Average Use True Up Variance Account	5.7	(4.9)	(2.3)	13.3	(4.1)	(19.3)	(8.9)	(7.9)	15.2
4	179-58	Earnings Sharing Mechanism Deferral Account	-	(12.8)	(6.5)	(3.4)	(24.0)	(29.8)	-	-	-
5	179-36	Pension and OPEB Forecast Accrual Versus Actual Cash Payment Differential Variance Account	-	-	-	-	-	(0.0)	-	-	-
6	179-383	Tax Change Variance Account	-	-	-	-	-	-	-	-	-
7	179-501	Greenhouse Gas Emissions Administration Deferral Account	-	-	-	-	-	-	1.0	1.6	2.6
8	179-502	Customer Carbon Charge Variance Account	-	-	-	-	-	-	90.1	-	-
9	179-503	Facility Carbon Charge Variance Account	-	-	-	-	-	-	0.2	(0.0)	(0.3)
10	179-385	IRP Integrated Resource Planning Deferral Account	-	-	-	-	-	-	-	-	-
11		Total Non Commodity Related Accounts	3.5	(20.7)	(8.1)	17.9	(25.9)	(48.0)	83.4	(3.8)	22.0
		<u>EGD Rate Zone Commodity Related Accounts</u>									
12	179-80	Transactional Services Deferral Account	(24.6)	(1.3)	(9.1)	(4.1)	1.2	(1.3)	0.1	(3.9)	(4.0)
13	179-86	Unaccounted for Gas Deferral Account	2.0	12.0	1.3	8.0	(1.2)	5.8	5.0	0.2	0.8
14	179-88	Storage and Transportation Deferral Account	(2.2)	(1.2)	4.8	9.8	22.4	1.9	2.5	(0.3)	8.1
15	179-108	Unabsorbed Demand Cost Deferral Account	-	13.7	65.8	0.3	-	-	-	-	-
16		Total Commodity Related Accounts	(24.8)	23.3	62.8	14.0	22.5	6.3	7.6	(3.9)	4.9
17		Total EGD Rate Zone	(21.2)	2.6	54.8	31.9	(3.5)	(41.7)	91.0	(7.8)	26.9
		<u>Union Rate Zone Gas Supply Accounts:</u>									
18	179-107	Spot Gas Variance Account	6.6	(1.3)	-	-	-	-	-	-	-
19	179-108	Unabsorbed Demand Costs (UDC) Variance Account	(10.1)	(5.7)	0.4	3.0	(4.2)	(10.1)	(12.3)	(1.8)	(1.7)
20	179-131	Upstream Transportation Optimization	(5.8)	10.0	8.7	11.7	11.3	10.6	12.3	12.2	8.8
21	179-132	Deferral Clearing Variance Account	-	-	1.9	0.3	0.8	(0.7)	(1.1)	(0.2)	-
22	179-153	Base Service North T-Service TransCanada Capacity	-	-	-	-	-	-	-	0.0	0.1
23		Total Gas Supply Accounts	(9.2)	3.0	10.9	15.1	7.9	(0.2)	(1.0)	10.2	7.2
		<u>Union Rate Zone Other Accounts:</u>									
24	179-70	Short-Term Storage and Other Balancing Services	1.7	3.3	0.5	(2.2)	1.2	1.5	2.9	1.3	3.6
25	179-112	Gas Distribution Access Rule (GDAR) Costs	0.5	0.8	0.8	0.4	0.1	-	-	-	-
26	179-132	Deferral Clearing Variance Account	-	-	1.3	(0.1)	1.8	(1.1)	(0.7)	4.5	(3.2)
27	179-133	Normalized Average Consumption	-	(2.1)	10.6	23.8	(3.0)	(21.1)	(4.8)	7.3	19.4
28	179-134	Tax Variance Deferral Account	-	-	(0.1)	(0.2)	(0.3)	(0.4)	-	-	-
29	179-135	Unaccounted for Gas Volume Variance Account	-	-	-	5.2	-	1.8	1.6	-	20.9
30	179-138	Parkway Obligation Rate Variance	-	4.7	-	2.8	(0.1)	0.3	-	-	-
31	179-141	Unaccounted for Gas Price Variance Account	-	-	(0.6)	(1.2)	0.1	2.1	0.5	0.0	8.3
32	179-143	Unauthorized Overrun Non-Compliance account	-	-	-	(0.1)	(0.0)	(0.0)	(0.4)	-	-
33	179-152	Greenhouse Gas Emission Impact Deferral Account	-	-	-	-	-	-	-	-	-
34	179-157	Pension and OPEB Forecast Accrual Versus Actual Cash Payment Differential Variance Account	-	-	-	-	-	(0.3)	(1.0)	(1.0)	(1.3)
35	179-385	IRP Operating Costs Deferral Account	-	-	-	-	-	-	-	-	-
36	N/A	2014 Earnings Sharing Adjustment	-	-	(0.2)	-	-	-	-	-	-
37	179-422	Greenhouse Gas Emissions Administration Deferral Account	-	-	-	-	-	-	0.6	0.9	1.2
38	179-420	Facility Carbon Charge Variance Account	-	-	-	-	-	-	0.8	(0.8)	(0.8)
39	179-421	Customer Carbon Charge Variance Account	-	-	-	-	-	-	55.6	-	-
40		Total Other Accounts	2.2	6.7	12.4	28.5	(0.3)	(17.3)	54.9	12.2	48.1
41		Total Union Rate Zone	(7.0)	9.7	23.3	43.6	7.6	(17.5)	53.9	22.4	55.3
		<u>EGI</u>									
42	179-383	Tax Variance Deferral Account	-	-	-	-	-	-	(30.8)	(17.0)	(19.6)
43	179-385	IRP Operating Costs Deferral Account	-	-	-	-	-	-	-	-	0.1
44		Total EGI Accounts	-	-	-	-	-	-	-	-	(19.5)
45		Total Annual Deferral and Variance Accounts for Clearance	(28.3)	12.2	78.0	75.5	4.1	(59.2)	144.9	14.6	62.7
		<u>Balances Being Requested For Clearance in 2024 Proceeding</u>									
46	179-159	Incremental Capital Module Deferral Account - EGD	-	-	-	-	-	-	-	(0.3)	0.2
47	179-159	Incremental Capital Module Deferral Account - UGL	-	-	-	-	-	-	(7.3)	(5.9)	(14.9)
48	179-383	Tax Variance Deferral Account - EGI	-	-	-	-	-	-	(3.9)	(10.8)	3.5

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-2

Question(s):

With respect to the QRAM process:

- a) As a result of the application, please explain all the changes that Enbridge expects to make to the PGVA reference price, clearing process, and rate adjustments, as part of the QRAM process beginning for rates effective January 1, 2024.
- b) Assuming the OEB does not issue a decision in Phase 1 before Enbridge files its QRAM application for January 1, 2024, please explain what Enbridge proposes do it as it rates to that QRAM.

Response:

- a) As part of the Application, Enbridge Gas is requesting approval effective January 1, 2024 of a common reference price methodology to set gas costs, an updated rate design to set gas supply charges and harmonization of QRAM gas supply deferral and variance accounts. Please see Exhibit 4, Tab 2, Schedule 1, Section 3 for a description of the harmonized QRAM. Specific proposals impacting the QRAM in this Application are provided at:
 - Exhibit 4, Tab 2, Schedule 2 for a description of the Company's request for approval of a common reference price methodology to set gas costs.
 - Exhibit 8, Tab 2, Schedule 2 for a description of the Company's rate design proposals for the derivation of the gas supply commodity charge and gas supply transportation charges.
 - Exhibit 9, Tab 1, Schedule 2, pages 3 to 9 for a description of the Company's request for approval to harmonize QRAM gas supply deferral and variance accounts.

Enbridge Gas will incorporate any OEB-approved changes from this Application in the QRAM process in accordance with the OEB decision.

- b) Enbridge Gas is requesting that the OEB issue a decision on Phase 1 of this Application in time for rates to be implemented on January 1, 2024. This would require the decision and order on the Application by October 30, 2023 (one year after filing), and a decision and order on a Rate Order by November 30, 2023. If a decision is not issued in time for rates to be implemented on January 1, 2024, Enbridge Gas will file the January 2024 QRAM using existing methodologies for the EGD and Union rate zones.

Once approved, Enbridge Gas will file the Rate Order for this Application incorporating the approved reference price, upstream transportation tolls and gas cost adjustments (Rider C) for the respective rate zones, from the January 2024 QRAM (or the current approved QRAM at the time).

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-2, p.14

Question(s):

For each year since 2014, please provide a table that shows the actual UFG Volume DA balance with and without the deadband.

Response:

Please see response at Exhibit I.9.1-CME-47 part a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-2, p.18

Question(s):

With respect to the proposed GDAR DA:

- a) Please provide a reference to the decisions for each of EGD and Union, where their respective GDAR impact/cost accounts were first established.
- b) Please provide the 2024 capital and OM&A budget amounts related to impacts associated with development, implementation, and operation of GDAR. Please explain the basis of those budgeted amounts.
- c) Please confirm that if Enbridge spends less than the amount included in its budget related to impacts associated with development, implementation, and operation of GDAR, the variance is not credited to the account.
- d) Please explain why the continuation of this account is appropriate.

Response:

- a) The OEB first approved the establishment of EGD's Gas Distribution Access Rule Costs Deferral Account as part of the Settlement Proposal in EGD's 2003 Rate Application¹, while Union's Gas Distribution Access Rule Deferral Account was first approved as part of the Decision With Reasons in Union's 2004 Rate Application².
- b) The anticipated 2024 costs of complying with existing GDAR requirements are embedded within the overall capital and operating cost forecasts provided within this Application and are not separately identifiable. They are ongoing business as usual costs. There are no forecast incremental costs included in the 2024 budget in

¹ RP-2002-0133.

² RP-2003-0063\EB-2003-0087\EB-2003-0097.

relation to GDAR amendments that are ongoing (i.e. in the process of being implemented), or in anticipation of potential future GDAR amendments.

- c) As provided at Exhibit 9, Tab 1, Schedule 2, page 18, Enbridge Gas's proposed harmonized GDAR Deferral Account is to 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. The intent of that statement is to articulate that impacts that result from GDAR amendments that are not reflected in rates, will be captured in the GDAR deferral account until such time as they can be incorporated into rates. As noted in part b), Enbridge Gas has not included any incremental costs in its 2024 budget in relation to anticipated future GDAR amendments, and the forecast costs of complying with existing rules are not separately identifiable. As such, to the extent the future GDAR amendments cause costs to increase, all incremental costs would be captured in the GDAR Deferral Account. If GDAR amendments result in cost reductions, the impact would be determined by comparing the cost of performing the impacted function pre and post amendment and would be captured in the GDAR Deferral Account.
- d) Please see response at Exhibit I.9.1-VECC-71, part b).

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-2, p.23

Question(s):

Enbridge states that “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.” Is Enbridge seeking approval for this approach to the ICM in this proceeding or is that a matter for any specific ICM application and/or DVA clearance application?

Response:

Enbridge Gas is requesting approval of the proposed accounting order within this proceeding and therefore requests approval of the symmetrical parameters noted as part of this approval.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-2, p.27

Question(s):

Please provide a table that shows since the rebasing, the actual AUTUVA and NAC account balances each year, and what those amounts would have been, if not weather normalized as Enbridge is proposing with respect to its Volume Variance Account.

Response:

Table 1 shows the actual AUTUVA, and NAC account balances related to average use variance and the annual weather-related revenue variance amount from 2013 to 2021. The average use, in combination with the weather-related impact, accounts for the total volume variance is similar to the proposed Volume Variance Account proposes.

/u

Table 1
Average USE (AUTUVA) / NAC Deferral Account Amounts and Weather-Related Impact Amounts

Line No.	Particulars (\$million) (1)	2013	2014	2015	2016	2017	2018	2019	2020	2021	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	/u
	<u>Union Rate Zone</u>										/u
1	Average Use/NAC Deferral Amount	(11.5)	(1.6)	10.5	23.6	(2.9)	(21.0)	(4.8)	7.3	19.2	
2	Weather Impact	(11.4)	(30.4)	(9.3)	12.4	10.5	(10.8)	(14.3)	15.9	21.5	/u
3	Total Volume Variance Amount	(22.8)	(32.0)	1.3	36.0	7.6	(31.8)	(19.1)	23.2	40.8	/u
	<u>EGD Rate Zone</u>										/u
4	AUTUVA Deferral Amount	5.6	(4.9)	(2.3)	13.2	(4.0)	(18.8)	(8.8)	(7.9)	14.9	
5	Weather Impact	(1.3)	(31.5)	(16.1)	12.2	12.3	(24.2)	(23.7)	9.8	17.4	/u
6	Total Volume Variance Amount	4.3	(36.4)	(18.4)	25.4	8.3	(43.0)	(32.4)	1.9	32.4	/u
7	Enbridge Gas Total Volume Variance Amount	(18.6)	(68.3)	(17.1)	61.4	15.9	(74.8)	(51.6)	25.1	73.1	/u

Note:

- (1) (+) reflects a collection, or below forecast average use, or warmer than normal weather.
(-) reflects a payable, or higher than forecast average use, or colder than normal weather.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-2, p.27

Question(s):

Enbridge is not proposing an ESM for 2024. For each of EGD and Union, please provide a comparison of actual ROE to the deemed ROE included in base rates in each of their last rebasing test years.

Response:

Please see response at Exhibit I.5.1-CCC-100.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-2, p.28

Question(s):

With respect to the Tax Variance Account, please provide the forecast 2028 balance including the input calculations.

Response:

At this time, Enbridge Gas does not have a forecast of 2028 CCA pool additions that is required to calculate a forecast 2028 Tax Variance Account balance.

The Company notes that in Exhibit 9, Tab 1, Schedule 2, paragraph 95, the following sentence misstated the reference as 2018, when it should have referenced 2028.

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 .

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-3, p.8-11

Question(s):

With respect to the proposed Locate Delivery Services Variance Account:

- a) Please explain how the \$45M locate cost budget that included base rates was determined.
- b) Is Enbridge forecasting any revenue through the proposed new locate delivery service charge as part of Other Revenue? If so, how much?

Response:

- a) Please see response at Exhibit I.4.4-STAFF-122.
- b) No, Enbridge Gas has not forecasted any revenue for the proposed new locate delivery service charge as part of Other Revenue. Collected revenue related to this charge will be recorded in the proposed Locate Delivery Services Variance Account effective January 1, 2024. Please see Exhibit 9, Tab 1, Schedule 3, updated March 8, 2023.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-4, p.9

Question(s):

Please confirm that all previous dispositions of the Parkway West Project Costs Deferral Account have been on an interim basis. If confirmed, is Enbridge seeking now to have those dispositions declared final?

Response:

Confirmed. The Parkway West Project Costs Deferral Account's previous dispositions, starting with the 2016 balance, have been approved on an interim basis. In the 2016 Earnings Sharing and Deferral and Variance Account (D&VA) Disposition proceeding, the OEB noted that "all parties agreed that the 2016 balance in the Parkway West Project Costs Account should be disposed of only on an interim basis to allow the OEB to perform a prudence review of the capital overspend prior to final disposition of the balance in the account."¹

Enbridge Gas is not requesting to have those dispositions declared final as part of this Application. Enbridge Gas plans to request to have prior dispositions declared final as part of the 2022 earnings sharing and D&VA disposition proceeding. However, included within the determination of the Company's 2024 Test Year revenue requirement are Parkway West project capital costs, which are part of the 2024 opening rate base value for which Enbridge Gas requests (final) approval as part of this Application in determination of final 2024 rates.

¹ EB-2017-0091, Updated Settlement Proposal and Draft Rate Order, page 12.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-1-4, p.4-16

Question(s):

With respect to the Accounting Policy Change Deferral Account (APCDA):

- a) [p.6] Please expand Table 2 to show revenue requirement impact by year.
- b) [p.14-16] Regarding Amortized Gas Supply Storage and Transportation Costs:
 - i. Please confirm that the impact of the category of costs is that a debit was made to the APCDA in 2022 of \$64.9M, and in 2023 gas costs are \$64.9M less than they would be without the APCDA.
 - ii. If confirmed, please explain where the \$64.9M in gas costs now in the APCDA would have been located and recovered from ratepayers (i.e. base rates, a specific DVA, etc).
 - iii. Based on your response to part (ii), please explain the difference in which customers (including rate class, system vs. direct purchase) will pay for these costs based on the amounts proposed to be included in the APCDA as opposed to the previous method.

Response:

Enbridge Gas assumes the questions are pertaining to reference Exhibit 9, Tab 2, Schedule 1, pages 4-16, and not Exhibit 9, Tab 1, Schedule 4, pages 4-16.

- a) Please see Attachment 1 for Table 2 expanded to show the revenue requirement impact by year. The annual revenue requirement for each policy change impact by year is provided at Exhibit 9, Tab 2, Schedule 1, Attachment 3 and Exhibit 9, Tab 2, Schedule 1, Attachment 4.
- b) Regarding the Amortized Gas Supply Storage and Transportation Costs component:

- i. Not confirmed. A debit was made to the APCDA in 2022 for \$64.9 million. However, the 2023 gas costs are not less by \$64.9 million because these costs were recorded in the APCDA.

Prior to 2023, in the EGD rate zone, Enbridge Gas accrued storage and transportation costs and expensed them over the heating season, whereas in the Union rate zones these costs were expensed in the calendar year that they were incurred. This means that the EGD rate zone would carry a balance at the end of the calendar year (i.e., \$64.9 million at the end of 2022) that would be expensed over January through March of the following year, like a prepaid expense. However, both rate zones would have expensed the equivalent of 12 months worth of costs in the year. In order to align the recognition of these costs, the unamortized balance of \$64.9 million that existed at the end of December 2022 was recorded in the APCDA to avoid recording 15 months of expenses in 2023, which rates are not designed to recover.

- ii. The storage and transportation costs were allocated to in-franchise rate classes for the EGD rate zone in proportion to the allocation of storage deliverability and storage space and recovered from sales service and direct purchase customers in delivery rates.
- iii. As provided at Exhibit 9, Tab 2, Schedule 2, paragraph 11, the Company is proposing to allocate the \$64.9 million storage and transportation component of the APCDA to sales and direct purchase customers based on the storage deliverability factor from the 2024 Cost Allocation Study. The proposed allocation of the storage and transportation component of the APCDA is consistent with the current recovery of the storage and transportation costs in delivery rates, as described in part ii, except the proposed allocation uses the current in-franchise rate class parameters for both the EGD and Union rate zones. This proposal is consistent with the harmonized approach for disposition of all deferral and variance account balances in this Application.

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

Line No.	Particulars (\$ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year	Cumulative Total
1	Capitalization vs. Expense	4.4	(5.2)	(3.6)	(1.9)	(5.4)	(11.7)
2	Interest During Construction	(0.1)	1.0	0.5	0.0	0.2	1.5
3	Depreciation Expense	(6.1)	(4.1)	(5.8)	(4.4)	(10.8)	(31.2)
4	Overhead Capitalization	0.0	(6.4)	(4.9)	(7.8)	(17.4)	(36.5)
5	Amortized Gas Supply Storage and Transportation Costs	0.0	0.0	0.0	64.9	0.0	64.9
6	Pension & OPEB Expense (1)	193.8	181.5	169.4	157.4	155.2	155.2
7	Total Cumulative Revenue Requirement Impact	192.0	164.9	139.0	177.8	142.2	142.2
8	Total Cumulative Interest	(0.1)	(0.7)	(0.6)	1.7	(0.4)	0.0
9	Final Balance with Interest	191.9	164.3	138.5	179.5	141.8	142.2

Notes:

(1) Represents the annual unamortized Pension & OPEB balance.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

9-2-2, p.3

Question(s):

If the OEB determines that it is more appropriate that existing DVA account be disposed of to the Union and EGD rate zone on the basis of attribution of the balances as opposed to Enbridge's proposal, please provide a revised proposal for disposition of each account and provide the bill impacts.

Response:

a) Please see response at Exhibit I.9.2-CME-49 part b).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 2

Question(s):

- a) For each the Enbridge Transactional Service Account 179-80 and the Union Upstream Transportation Optimization Account 179-131, please provide the year-end balance in each account (shown separately) for the years 2019 through 2022. Please include a column showing the amount of benefit or payment to ratepayers for each year.
- b) Has EGI given any consideration to changing the 90/10 sharing mechanism in order to provide greater incentives to seek out optimization revenues?
- c) Please confirm (or correct) that the harmonized proposed account will capture variances on an asymmetrical basis (i.e., only excess revenues are captured not shortfalls from the \$15.3 million credit included in rates).

Response:

- a) Please see Table 1 for a summary of Enbridge Gas's 2019 to 2022 deferral account balances for Enbridge Transactional Service Account (Account No. 179-80) and Upstream Transportation Optimization Account (Account No. 179-131).

Table 1
Deferral Account Balance Receivable from/(Payable to) Ratepayers

Line No.	Particulars (\$000s)	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
		Actual (a)	Actual (b)	Actual (c)	Actual (d)
1	Enbridge Transactional Service Account (Account No. 179-80)	134	(3,885)	(3,904)	(31,235)
2	Upstream Transportation Optimization Account (Account No. 179-131)	12,122	12,124	8,616	8,900

- b) Enbridge Gas has not considered changing the 90/10 sharing mechanism.
- c) The proposed variance account will capture the incremental ratepayers' share of optimization net revenue from all upstream transportation optimization activities. 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.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 2

Question(s):

For the period 2019 through 2022 please provide a table showing the year-end annual EFG balances separately for the Enbridge and Union (prior to application of deadband rate zones). Please also provide the amount ultimately recovered (or paid) for that year's balance.

Response:

Enbridge Gas has assumed the question is referring to UFG. Please see Table 1 for the balance of the UFG Volume Deferral account for the Union rate zone prior to the application of the deadband as well as the amount ultimately recorded in the deferral account.

Enbridge Gas's 2022 UFG Volumes are subject to ongoing analysis underway. Final balances will be filed in Enbridge Gas's 2022 Earnings Sharing and Deferral and Variance Account Balances Application.

Table 1
UFG Volume Deferral Account Deadband Impact – Union Rate Zones

<u>Line No.</u>	<u>Year</u>	<u>Actual UFG %</u>	<u>OEB Approved UFG %</u>	<u>UFG Volume Deferral Account Balance With Deadband (\$ millions)</u>	<u>UFG Volume Deferral Account Balance Without Deadband (\$ millions)</u>	<u>Deadband Impact (\$ millions)</u>
		(a)	(b)	(c)	(d)	(e) = (c) - (d)
1	2019	0.376%	0.219%	1.56	6.56	(5.00)
2	2020	0.208%	0.219%	0.00	(0.41)	0.41
3	2021	0.672%	0.219%	20.48	25.48	(5.00)
4	2022	0.592%	0.219%	40.05	45.05	(5.00)
Total Cumulative Impact						<u>(14.59)</u>

The deadband is not applicable to the Unaccounted for Gas Variance Account (UAFVA) for the EGD rate zone. Please see Table 2 for the balance of the UAFVA for the EGD rate zone.

Table 2
UAF Variance Account Balances – EGD Rate Zone

<u>Line No.</u>	<u>Year</u>	<u>Actual UFG (10³m³)</u>	<u>OEB Approved UFG (10³m³)</u>	<u>UAF Variance Balance (\$ millions)</u>
		(a)	(b)	(c)
1	2019	160,960	127,042	4.88
2	2020	130,599	127,042	0.22
3	2021	135,918	127,042	0.75
4	2022	314,007	127,042	51.87

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 2

Question(s):

- a) Which class of customer are balances in the new proposed Unauthorized Overrun Non-Compliance Account 179-304 disposed to?

Response:

- a) Enbridge Gas will propose to dispose of a balance in the Unauthorized Overrun Non-Compliance deferral account in proportion to the allocation of distribution demand high pressure mains greater than 4" in a future application in which the deferral account clearance is requested.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 2

Question(s):

- a) EGI proposes harmonized accounts for GDAR (179-301) and ICM (179-306). It is unclear to us how the anticipatory establishment of these accounts meets the Board's materiality threshold and for GDAR the requirement to be costs that are beyond management's control. Please elucidate.
- b) What is the disadvantage of seeking to establish these accounts if and when they are required and if EGI can show at that time they meet the Board's requirements for establishment of a variance or deferral account.
- c) If these accounts are established does that, in EGI's view, establish the ability to book amounts in these accounts without explicit prior approval of the Board?

Response:

- a) The present GDAR and ICM deferral accounts for each of the rate zones already exist and have been approved by the OEB. Therefore, Enbridge Gas has not defined the materiality on combining of respective existing accounts.

The GDAR Deferral Account is intended to capture incremental impacts caused by the development, implementation, and operation of GDAR amendments, which typically relate to customer service rules and requirements, not reflected in rates. It is Enbridge Gas's belief that because amendments are directed by the OEB, they are ultimately beyond management control and should be recoverable. While Enbridge Gas may be consulted and have some input into the development of the GDAR amendment and its method of implementation, the enacting of the directive is beyond Enbridge Gas's control. Enbridge Gas also notes that "beyond management control" is not a requirement in order to establish a deferral or variance account, as per the OEB's Filing Requirements¹.

¹ Filing Requirements For Natural Gas Rate Applications, February 16, 2017.

The ICM Deferral Account is a required component of the ICM mechanism for tracking variances between actual revenue requirement and actual revenue collected through an ICM rate on approved projects. The ICM Deferral Account is consistent with the OEB-established policy on ICM² and Enbridge Gas's proposed incentive rate-setting mechanism, as provided at Exhibit 10, Tab 1, Schedule 1.

- b) From a regulatory perspective, it is inefficient to request approval to close existing accounts in this Rebasing Application and then to request re-establishment of the same accounts on a harmonized basis at a future date. It is administratively simple and efficient to simply convert the existing rate zone accounts into harmonized accounts, and then to have these ongoing accounts available for use as appropriate over the IR term.
- c) Yes, Enbridge Gas records amounts in OEB-approved deferral and variances accounts in accordance with the terms established in the corresponding accounting order. Approval to dispose of amounts recorded in the accounts is subject to a review and approval in a subsequent proceeding.

² 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.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 3, page 7 / EB-2015-0200 Decision and Order Settlement Agreement page 23

Question(s):

“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 million⁴ per year.”

“..\$1.34 million is the maximum annual revenue that could be realized from the sale of long-term firm surplus capacity effective November 1, 2017 (30,393 GJ/d x \$0.121/GJ/d x 365 days).” EB-2015-0200

- a) The second reference shows that the original credit was based on a \$0.121/GJ/d figure. Please provide the equivalent figure for the proposed account and explain how it is derived.
- b) Please explain why the reasons for the approximate 30% increase in the surplus capacity from the 2017/2018 projections made in EB-2015-0200.

Response:

- a) The \$0.121/GJ/d unit rate used to calculate the maximum annual revenue in Union’s 2017 Dawn-Parkway Expansion Project¹ was derived based on the Rate M12 Dawn to Parkway daily demand rate forecast in that application.

Enbridge Gas calculated the maximum annual revenue of approximately \$4 million in the current Application based on the approved 2023 Rate M12 Dawn to Parkway rate. The derivation of an equivalent daily unit rate is provided in Table 1.

¹ EB-2015-0200.

Table 1
Dawn to Parkway Daily Rate

Line No.	Particulars	2023 Rates (EB-2022-0133)	
		(\$/GJ) (a)	(\$/GJ/d) (b) = (a) x 12 / 365
1	Rate M12 Dawn to Parkway	3.760	0.124

- b) The Dawn Parkway Transmission System is not static, and the available capacity can vary year-over-year based on, but not limited to, changes and location of customer demands and turnback.

The changes in the surplus capacity of 30 TJ/d from the 2017 Dawn-Parkway Expansion Project² to the 89 TJ/d included in the 2024 Test Year Forecast are summarized in Table 2.

Table 2
Forecast Dawn Parkway Shortfall/Surplus Change

Line No.	Shortfall/Surplus Change	TJ/d (a)
1	EB—2015-0200 Surplus	30
	Changes in Demand:	
2	In-franchise South Rate Zone	(24)
3	In-franchise North Rate Zone	(24)
4	Dawn to Parkway (Including EGD Rate Zone)	46
5	Dawn to Kirkwall	51
6	Kirkwall to Parkway	(25)
7	Parkway Delivery Obligation Reduction	(49)
8	Other:	
9	Heat Value	87
10	Build Capacity	(28)
11	Impact of Harmonization	24
12	Forecast 2023/2024 System Surplus (Nov. 1, 2023)	89

² EB-2015-0200.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition (VECC)

Interrogatory

Reference:

Exhibit 9, Tab 1, Schedule 3, page 15/ Exhibit 2, Tab 6, Schedule 2, pages 87-118 /
Exhibit 1, Tab 13

Question(s):

“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.”

Reliability modelling: One of the major hazards to steel mains is corrosion. A reliability model accounting for pipe attributes has been developed through the Asset Health Review (AHR) operating process under DIMP to forecast the number of corrosion leaks based on statistical analysis of corrosion leak history.

“..Condition-based drivers are monitored through existing activities of the DIMP, as well as the Leak and Corrosion Survey programs.”

- a) The evidence in the AMP in Exhibit 2 is that EGI has recently developed DIMP modeling and other activities related to DIMP. Please explain how these programs differ from the DIMP costs that are anticipated to be captured in the proposed deferral account.
- b) Please provide the budget, business plan and plan horizon which underpins the “approximately \$10 million in DIMP costs that might be captured in this account.
- c) Other than its reference to the Board’s recommendation that EGI consider small main testing what characteristics or elements differentiate this program from any other ongoing capital maintenance program like TIMP and that would require separate accounting treatment.
- d) Is it EGI’s position that the DIMP is only been undertaken at the behest of the suggestion made by the Board in EB-2020-0293?
- e) What are the annual capital and operating costs of the TIMP in 2022?

Response:

- a) DIMP modeling and other activities related to DIMP cover all DIMP asset classes, including distribution pipelines (steel and plastic), service pipes, risers, valves, distribution stations and customer meter sets.

The Enhanced DIMP will focus on a specific segment of a sub-class of assets within the DIMP. Specifically, the Enhanced DIMP will include steel pipelines meeting the preliminary criteria provided at Exhibit 1, Tab 13, Schedule 3. The tasks planned to be executed by the Enhanced DIMP exceed requirements set out in Code, as well as industry best practices, and are not part of the current DIMP scope, including the DIMP modeling and other activities related to DIMP. However, this focused treatment is needed for this sub-class asset group in response to the OEB's direction in the St. Laurent Decision¹. Please see Exhibit 1, Tab 13, Schedule 3, page 1, paragraph 2. Please also see response at Exhibit I.1.13-SEC-95 for more information on Enhanced DIMP.

- b) Please see response at Exhibit I.1.13-SEC-95 part d) for basis for the cost forecast. Enbridge Gas plans to develop a multi-year assessment and inspection plan this year for the Program. There is currently over \$500 million in proposed capital spend over the next 10 years which is expected to be considered for EDIMP.
- c) Please see response at Exhibit I.1.13-STAFF-41 part a) for the main driver to create a new ongoing operating and maintenance program, like TIMP, but on a sub-set of DIMP assets. This reference also provides a description of why Enbridge Gas is proposing separate accounting treatment for the Enhanced DIMP, as compared to other ongoing capital maintenance programs.
- d) Please see response at Exhibit I.1.13-IGUA-3 part c) for the additional benefits and drivers of the Enhanced DIMP.
- e) Annual administrative operating costs of the TIMP in 2022 were \$1.2 million. Program operating costs of the TIMP in 2022 were \$21.4 million. Capital costs of the TIMP in 2022 were \$46.7 million.

¹ EB-2020-0293, Decision and Order, May 3, 2022.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit 9, Tab 2, Schedule 1, pp. 25-26

Question(s):

In the 2022 Rates proceeding (EB-2021-0148), 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. There is a \$2 million debit balance in the ICM deferral account for the EGD rate zone related to this project. Enbridge Gas has indicated that the Cherry to Bathurst Replacement project has not gone into service.

- a) Please confirm if the Cherry to Bathurst Replacement project has gone into service.
- b) Please provide a revised balance in the ICM deferral account related to the Cherry to Bathurst Replacement project.

Response:

- a) Confirmed. The Cherry to Bathurst Replacement Project went into service effective December 8, 2022.
- b) Please see response at Exhibit I.9.2-STAFF-262 for the revised 2022 balance in the ICM deferral account related to the Cherry to Bathurst Replacement Project.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit 9, Tab 2, Schedule 1, pp. 33-35

Question(s):

Enbridge Gas has proposed to clear the outstanding forecast balance in the Transition Impact of Accounting Changes Deferral Account (TIACDA) of \$39.9 million, with no interest applied. All parties to the settlement proposal in EGD's 2013 cost of service proceeding (EB-2011-0354) agreed that EGD could 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. At the end of 2023, \$48.8 million will have been recovered from ratepayers in the EGD rate zone. Enbridge Gas has proposed to clear the remaining \$39.9 million balance in the 2024 calendar year to all ratepayers.

Please confirm if Enbridge Gas proposes to recover the balance from legacy EGD customers or from all ratepayers (including former Union Gas customers). If yes, please explain why legacy Union Gas customers should contribute to the recovery.

Response:

Enbridge Gas confirms it is proposing to dispose of the balance in the TIACDA to all ratepayers consistent with its proposal for all deferral and variance account balances proposed for disposition with this Application. Please see response at Exhibit I.9.2-CME-49 part a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit 9, Tab 2, Schedule 1, p.36-37

Question(s):

Enbridge Gas is proposing to dispose an outstanding credit for the Transitional Pension Balance of \$254.6 million, which represents the life-to-date cash vs. accrual expense up to December 31, 2012. It states that 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 less by \$254.6 million. Furthermore, it states that the credit balance does not represent cash amounts retained by Enbridge Gas. The cash collected was used to fund pension plans, and as such Enbridge Gas was not in receipt of excess cash. Therefore, no carrying charges have been accrued.

- a) Please clarify whether the \$254.6 million is a balance in an established account or an amount that Enbridge Gas has tracked since EGD's 2013 rebasing application.
 - i. If the amount is in an account, please provide the reference to the accounting order.
- b) Please quantify the total carrying charges on the account balance, if carrying charges were to apply at the OEB's prescribed rate.

Response:

- a) The \$254.6 million balance is an amount that Enbridge Gas has recognized as a long-term regulatory liability and tracked within its Annual Audited Financial Statements. At January 1, 2013, the amount crystallized upon the transition to the accrual method of accounting for pension costs for regulatory purposes. The balance is not included in any established accounting order, but is appropriately recognized under US GAAP.
- b) Utilizing the OEB's historical prescribed interest rates for deferral and variance accounts, the carrying charges which would have accrued from January 1, 2013, through December 31, 2022, would have been \$36.7 million. However, as noted in the preamble to this question, which refers to evidence at Exhibit 9, Tab 2, Schedule

1, the Company does not believe carrying charges on the transitional pension balance is appropriate because the amount does not reflect cash amounts which have been retained by Enbridge Gas for its benefit.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Ref 1: Exhibit 9, Tab 2, Schedule 1, Attachment 3

Ref 2: Exhibit 2, Tab 4, Schedule 2, p.19

Question(s):

Reference 1 provides the calculation of the revenue requirement for the impact from the change in overhead capitalization. Reference 2 provides the O&M and capital expenditure impact from the change in overhead capitalization.

- a) OEB staff compared the O&M amounts in Reference 2 to the O&M shown in the revenue requirement calculation in Reference 1 and noted the differences below. Please reconcile the differences.

References (\$Million)	2020	2021	2022	2023	Total
E2/T4/S2/p.19 Table 4	-5.6	-6.2	-8.9	-16.6	-37.3
E9/T2/S1/Att 3 Line 5					
(EGD + Union OH Capitalization Changes)	-5.6	-5.4	-9.2	-18.3	-38.5
	0	-0.8	0.3	1.7	1.2

- b) In the calculation of the revenue requirement impact in Reference 1, please explain how the O&M amounts (line 5) correlate to the rate base amounts (line 1) for the column Capitalization vs. Expense and the column Overhead Capitalization. For example, in the 2023 Overhead Capitalization revenue requirement calculation for Union Gas, O&M decreased by \$26.6 million while the rate base increased by \$41.9 million.
- c) The calculation of the revenue requirement impact in Reference 1 includes “income taxes on earnings” and “taxes on deficiency/sufficiency”. Please explain the tax methodology used.
- i. Please explain what the “taxes on deficiency/sufficiency represents”, why it is needed in the calculation, and how it is calculated.

- ii. The income taxes on earnings are broken down by “excluding tax shield” and “tax shield provided by interest expense”. Please explain what the “tax shield provided by interest expense” represents, why it is needed in the calculation and how it is calculated.
- iii. Please explain whether tax amounts are grossed up. If not, please explain why a gross-up is not necessary.

Response:

- a) The differences noted in the table above are the result of an O&M lag in the EGD rate zone calculations within Exhibit 9, Tab 2, Schedule 1, Attachment 3. The amounts provided at Exhibit 2, Tab 4, Schedule 2, Table 4 are correct.

When calculating the revenue requirement impacts provided at Exhibit 9, Tab 2, Schedule 1, Attachment 3, there was a 1-month lag in when O&M and capital inputs were assumed to go into service. This lag in O&M costs was subsequently corrected within the APCDA in Q4 2022 and a true-up was booked to reflect the proper 2021 O&M amount that matches what was filed in Exhibit 2, Tab 4, Schedule 2, Page 19. The final 2022 actual amount was corrected to remove this O&M lag as well. This true-up to the 2021 APCDA amount will be reflected in the Company’s 2022 ESM and Deferral and Variance application. The difference with regard to the 2023 balances will be corrected in the 2023 ESM and Deferral and Variance Account application.

- b) For Exhibit 9, Tab 2, Schedule 1, Attachment 3, pages 1 to 5, O&M change (line 5) is the discrete annual increase or decrease to O&M as a result of the policy change, in any given year. The rate base impact (line 1) reflects the associated: cumulative impact of current and prior year capitalization changes, the impact of associated depreciation calculated on the capitalization changes, and the average of monthly averages value of those combined impacts.

For example, in 2023, the O&M reduction of \$26.6 million (line 5) reflects the discrete 2023 O&M reduction. However, the rate base of \$41.9 million (line 1), reflects the cumulative impact of 2020 to 2023 capitalization increases, net of cumulative depreciation calculated on those amounts, and calculated on an average of monthly averages basis throughout 2023 (which reflects that depreciation impacts are calculated throughout the year, and that the increase in 2023 capital additions would not be fully effective as they occur throughout the year).

- c) Please see parts i. to iii.

- i. The taxes on deficiency/sufficiency represents the tax gross-up in relation to the sum of all the discreet revenue requirement elements (eg. Exhibit 9, Tab 2, Schedule 1, Attachment 3, lines 3, 8, 11 and 14) that is required to determine the gross amount by which revenues/rates would need to change by in order to recover/refund the net revenue requirement of an item or change.

For example, if we were to calculate the revenue requirement impact of a \$1,000 increase in O&M costs (without any associated capital/rate base impacts), it would appear as follows in Exhibit 9, Tab 2, Schedule 1, Attachment 3, pages 1 to 5. O&M costs of \$1,000 would be shown as O&M (line 5) and then also in the cost of service amount (line 8). The increase in O&M, assumed to be tax deductible, would result in lower income taxes of \$265 ($\$1,000 \times 26.5\%$ tax rate) which would be as Income taxes on earnings excluding tax shield (line 12) and Income taxes on earnings (line 14). Combined, these amounts result in a net deficiency of \$735 which would be shown as Net (deficiency)/sufficiency (line 16). However, to determine the gross deficiency that would need to be included in revenues to recover the \$1,000 O&M increase, the net deficiency needs to be grossed up for taxes to \$1,000 ($\$735 / 73.5\%$ reciprocal of the tax rate) which would appear as Gross (deficiency)/sufficiency (line 15). Therefore, the Taxes on (deficiency)/sufficiency (line 17) would equal \$265 ($\$1,000$ gross deficiency - $\$735$ net deficiency).

- ii. The tax shield provided by interest expense refers to the tax benefit that results from the tax deduction for the interest expense component of the cost of capital (eg. excluding the return on equity component of cost of capital), which results from the debt component required to finance rate base. It is calculated as the current year rate base amount, multiplied by the return component of debt, to arrive at an implied interest expense amount, which is then multiplied by the combined tax rate of 26.5% to arrive at an income tax credit to be applied to total income taxes. The tax shield provided by interest expense is needed in the determination of income taxes, and the overall revenue requirement, in order to reflect the tax deductibility of interest expense.
- iii. Yes, tax amounts are grossed up in determination of the total revenue requirement (or gross sufficiency/deficiency) amounts reported in Exhibit 9, Tab 2, Schedule 1, Attachment 3. The gross up of taxes is captured as part of the Taxes on (deficiency)/sufficiency amount (line 17).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Ref 1: Exhibit 9, Tab 2, Schedule 1, pp. 31-32, Impacts Arising from the COVID-19 Emergency Deferral Account (COVID-19DA) (Account No. 179-384)

Ref 2: EB-2020-0133, Regulatory Treatment of Impacts Arising from the COVID-19 Emergency, p. 20

Question(s):

In Reference 1, Enbridge Gas has requested approval to dispose the cumulative forecast debit balance in the COVID-19DA of \$1.4 million plus interest as at December 31, 2023, of \$0.1 million, for a total of \$1.5 million. It has further noted that “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.”

Reference 2 states that “This Exceptional Pool of costs will be eligible for recoveries up to 100% provided they are prudently incurred and material, and subject to an ROE plus 300 bps limitation, as outlined in the Staff Proposal.”

- a) Please provide evidence to demonstrate how Enbridge Gas meets the means test.
- b) Please discuss how this exceptional pool of costs are prudently incurred.

Response:

- a) As provided at Exhibit 9, Tab 2, Schedule 1, paragraph 89, per the Report of the OEB: Regulatory Treatment of Impacts Arising from the COVID-19 Emergency¹, exceptional pool costs are subject to an ROE plus 300 basis points means test. Enbridge Gas has previously filed its actual utility results for 2020 and 2021, the years in which COVID-19 exceptional pool costs were incurred, as part of the 2020 Utility Earnings and Disposition of Deferral and Variance Account Balances² and

¹ EB-2020-0133, Report of the OEB, Regulatory Treatment of Impacts Arising from the COVID-19 Emergency, July, 2021.

² EB-2021-0149.

2021 Utility Earnings and Disposition of Deferral and Variance Account Balances³ proceedings.

Calculations of the actual 2020 and 2021 achieved utility ROE's from those proceedings are reproduced in Attachment 1, and are also provided as part of the presentation of historical results (in a different format) provided at Exhibit 6, Tab 1, Schedule 2, Attachment 4, pages 6 and 11. As seen in Attachment 1, and as noted evidence, in 2020 Enbridge Gas achieved an actual utility ROE of 8.717% as compared to the 2020 OEB formula ROE of 8.52%, while in 2021 Enbridge Gas achieved an actual utility ROE of 9.168% as compared to the 2021 OEB formula ROE of 8.34%.

In both instances the achieved ROE did not exceed 300 basis points above the allowed OEB Formula ROE. Enbridge Gas also notes that it has provided its actual preliminary 2022 utility ROE of 9.36%, as compared to the 2022 OEB formula ROE of 8.66%, as part of the response at Exhibit I.1.8-SEC-85, which also does not exceed 300 basis points above the allowed OEB formula ROE.

Finally, Enbridge Gas's forecast 2023 ROE of 8.818%, provided at updated Exhibit 6, Tab 1, Schedule 2, Attachment 4, page 19, does not exceed the 2023 OEB formula ROE of 9.36% (included as part of the OEB's 2023 Cost of Capital Parameters, released October 20, 2022) by more than 300 basis points.

- b) Enbridge Gas believes the costs sought for recovery through the impacts arising from the COVID-19 Emergency Deferral Account were prudently incurred because they helped provide relief to customers, and exceptional pool costs were defined as costs necessary to comply with government or OEB actions aimed at providing pandemic relief to customers.

As provided at Exhibit 9, Tab 2, Schedule 1, paragraph 90, of the \$1.4 million principal balance sought for recovery, \$1.3 million related to a one-time increase in Low-Income Emergency Assistance Program (LEAP) Emergency Financial Assistance (EFA) funding, which provided direct relieve for customers, while \$0.1 million related to incremental COVID-19 Emergency Assistance Program (CEAP) and CEAP Small Business (SB) implementation and administration costs, which indirectly helped provide relief to customers.

Enbridge Gas also believes the costs were prudently incurred because, as was provided at Exhibit 9, Tab 2, Schedule 1, paragraph 90, the Company received communications from the OEB which indicated that distributors could make a one-time increase to LEAP EFA funding. The OEB also expressed its expectation that gas utilities would assist with the administration of the government's CEAP and

³ EB-2022-0110.

CEAP SB programs, and that it was permitting such amounts to be recorded in the Impacts Arising from the COVID-19 Emergency Deferral Account.

SUMMARY
RETURN ON RATE BASE & EQUITY & EARNINGS SHARING DETERMINATION
ENBRIDGE GAS INC.

ONTARIO UTILITY
FOR THE YEAR ENDED DECEMBER 31, 2020

Line No.	Col. 1 Description	Col. 2 Reference	Col. 3 Actual
1.	Part A) Return on Rate Base & Revenue (Deficiency) / Sufficiency		
			(\$Millions) & (%'s)
2.	Utility Income before Income Tax	(Ex. B, Tab 1, Sch. 2)	841.1
3.	Less: Income Taxes	(Ex. B, Tab 1, Sch. 3)	39.2
4.	Utility Income		801.9
5.	Utility Rate Base	(Ex. B, Tab 1, Sch. 4)	13,562.0
6.	Indicated Return on Rate Base %	(line 4 / line 5)	5.913%
7.	Less: Required Rate of Return %	(Ex. B, Tab 1, Sch. 5)	6.382%
8.	(Deficiency) / Sufficiency %		-0.469%
9.	Net Earnings (Deficiency) / Sufficiency	(line 5 x line 8)	(63.6)
10.	Provision for Income Taxes		(22.9)
11.	Gross Earnings (Deficiency) / Sufficiency	(line 9 / 73.5%)	(86.5)
12.	50% Earnings sharing to ratepayers	(if line 11 > 1, line 11 x 50%)	-
13.	Part B) Return on Equity & Revenue (Deficiency) / Sufficiency		
14.	Utility Income before Income Tax	(Ex. B, Tab 1, Sch. 2)	841.1
15.	Less: Long Term Debt Costs	(Ex. B, Tab 1, Sch. 5)	375.3
16.	Less: Short Term Debt Costs	(Ex. B, Tab 1, Sch. 5)	1.0
17.	Less: Cost of Preferred Capital	(Ex. B, Tab 1, Sch. 5)	0.0
18.	Net Income before Income Taxes		464.8
19.	Less: Income Taxes	(Ex. B, Tab 1, Sch. 3)	39.2
20.	Net Income Applicable to Common Equity	(line 18 - line 19)	425.6
21.	Common Equity	(Ex. B, Tab 1, Sch. 5)	4,882.3
22.	Approved ROE (including deadband before earning sharing) %	(Board-approved + 150bp)	10.020%
23.	Achieved Rate of Return on Equity %	(line 20 / line 21)	8.717%
24.	Resulting (Deficiency) / Sufficiency in Return on Equity %		-1.303%
25.	Net Earnings (Deficiency) / Sufficiency	(line 21 x line 24)	(63.6)
26.	Provision for Income Taxes		(22.9)
27.	Gross Earnings (Deficiency) / Sufficiency	(line 25 / 73.5%)	(86.5)
28.	50% Earnings sharing to ratepayers	(if line 27 > 1, line 27 x 50%)	-

ENBRIDGE GAS INC.
RETURN ON RATE BASE & EQUITY & EARNINGS SHARING DETERMINATION
FOR THE YEAR ENDED DECEMBER 31, 2021

Line No.	Col. 1 Description	Col. 2 Reference	Col. 3 Actual
1.	Part A) Return on Rate Base & Revenue (Deficiency) / Sufficiency		
			(\$Millions) & (%'s)
2.	Utility Income before Income Tax	(Ex. B, Tab 1, Sch. 2)	884.3
3.	Less: Income Taxes	(Ex. B, Tab 1, Sch. 3)	41.8
4.	Utility Income		842.5
5.	Utility Rate Base	(Ex. B, Tab 1, Sch. 4)	14,221.6
6.	Indicated Return on Rate Base %	(line 4 / line 5)	5.924%
7.	Less: Required Rate of Return %	(Ex. B, Tab 1, Sch. 5)	6.166%
8.	(Deficiency) / Sufficiency %		-0.242%
9.	Net Earnings (Deficiency) / Sufficiency	(line 5 x line 8)	(34.4)
10.	Provision for Income Taxes		(12.4)
11.	Gross Earnings (Deficiency) / Sufficiency	(line 9 / 73.5%)	(46.8)
12.	50% Earnings sharing to ratepayers	(if line 11 > 1, line 11 x 50%)	-
13.	Part B) Return on Equity & Revenue (Deficiency) / Sufficiency		
14.	Utility Income before Income Tax	(Ex. B, Tab 1, Sch. 2)	884.3
15.	Less: Long Term Debt Costs	(Ex. B, Tab 1, Sch. 5)	371.3
16.	Less: Short Term Debt Costs	(Ex. B, Tab 1, Sch. 5)	1.9
17.	Less: Cost of Preferred Capital	(Ex. B, Tab 1, Sch. 5)	0.0
18.	Net Income before Income Taxes		511.1
19.	Less: Income Taxes	(Ex. B, Tab 1, Sch. 3)	41.8
20.	Net Income Applicable to Common Equity	(line 18 - line 19)	469.4
21.	Common Equity	(Ex. B, Tab 1, Sch. 5)	5,119.8
22.	Approved ROE (including deadband before earning sharing) %	(Board-approved + 150bp)	9.840%
23.	Achieved Rate of Return on Equity %	(line 20 / line 21)	9.168%
24.	Resulting (Deficiency) / Sufficiency in Return on Equity %		-0.672%
25.	Net Earnings (Deficiency) / Sufficiency	(line 21 x line 24)	(34.4)
26.	Provision for Income Taxes		(12.4)
27.	Gross Earnings (Deficiency) / Sufficiency	(line 25 / 73.5%)	(46.8)
28.	50% Earnings sharing to ratepayers	(if line 27 > 1, line 27 x 50%)	-

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Ref 1: Exhibit 9, Tab 2, Schedule 1, pp 21-23, Integration-Related Capital Additions – Tax Variance Deferral Account (TVDA) Balances

Ref 2: Exhibit 2, Tab 5, Schedule 3, p 13, Utility Capital Expenditures by Asset Class 2019 Actual -2024 Test Year

Ref 3: Exhibit 9, Tab 2, Schedule 1, Attachment 5, pp 1-4, TVDA- Calculation of the Bill C-97 Accelerated CCA Impact for Integration-Related Capital Additions

Ref 4: EB-2021-0149, Decision and Order, p10

Question(s):

Reference 1 states that “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 credit to ratepayers the 2023 ending TVDA balance as part of the combined balance proposed for disposition in this evidence.”

In Reference 4, the OEB “directs Enbridge Gas to record the \$3.7 million in the 2020 TVDA. The OEB finds it appropriate to record the balance in question in the TVDA pending a full review of integration/amalgamation capital projects in Enbridge Gas’s 2024 rebasing application”.

OEB staff has compiled the following table based on the information provided in References 2 & 3:

Integration Capital - 2019 Actual -2024 Test Year

	\$ Millions	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge Year	2024 Test Year
Ref 2	Integration Capital	21.7	39.8	87.5	41.6	43.6	-
	Integration Capital Additions / (Deductions)	-	18.1	47.7	(45.9)	2.0	(43.6)
Ref 3	Integration Capital Additions	-	18.9	69.9	48.8	52.8	-
	Variance	-	0.1	22.2	94.7	50.8	-

- a) Please reconcile the variances in the above table.
- b) The 2023 ending TVDA balance includes the \$3.7 million noted in Reference 4. Please confirm that a full discussion of integration/amalgamation capital projects is incorporated in EGI's 2024 rebasing application. If not, please provide an explanation.
- c) Please identify the specific projects categorized as amalgamation/integration spending and the accelerated CCA amount associated with each project. Please also provide the reasons for classifying these projects as amalgamation/ Integration-related capital spending.

Response:

- a) The integration capital amounts provided at Exhibit 2, Tab 5, Schedule 3, page 13 and used in Reference 2 of the above table are the Company's capital expenditures during the year whereas the integration capital amounts provided at Exhibit 9, Tab 2, Schedule 1, Attachment 5 and used in Reference 3 of the above table are in-service capital additions for tax purposes each year.

The first line of the table above represents annual capital expenditures. They are not in-service additions, nor do they reflect cumulative balances. Accordingly, the second line of the table above is the change in capital expenditures year-over-year, and is not representative of integration capital additions/deductions. For example, the \$18.1 million for 2020 actual (line 2), is equal to the 2020 capital expenditures of \$39.8 million (line 1) minus the 2019 capital expenditures of \$21.7 million (line 1). As noted above, line 3 represents in-service additions in the indicated year.

The differences between expenditures (line 1) and in-service additions (line 3) of the table above relate to:

- The timing differences between capital expenditures and when those expenditures are capitalized as in-service additions each year;
- The inclusion of non-depreciable assets (land) in line 1 not present in line 3; and
- The difference between overhead capitalized as part of capital in-service additions within PP&E and overhead capitalized for tax purposes.

In addition to the items listed above, line 1 includes 2019 capital expenditures related to the Customer Experience Project that were included in the regular TVDA balances which have been disposed of. This was discussed as part of Enbridge Gas's 2020 Earnings Sharing and Deferral and Variance Account Application¹.

Please see response at Exhibit I.4.6-STAFF-181 for further description of the differences between in-service additions and additions for tax purposes.

- b) Confirmed. Enbridge Gas has provided the relevant required information within evidence in order to allow for a full discussion of the TVDA impacts of integration related projects during the deferred rebasing term. This information is provided at Exhibit 9, Tab 2, Schedule 1 and related Attachments, which also contain references to other applicable exhibits in evidence. The integration projects are further described in the response at Exhibit I.1.9.-CCC-25.

The integration related TVDA revenue requirement impact for 2020 (Reference 4)², along with the details of the remaining years of the deferred rebasing period, are found in the summary provided at Exhibit 9, Tab 2, Schedule 1, Attachment 5. Included in this Exhibit are the revenue requirement impacts in each of 2021 through 2023, inclusive of the accelerated versus regular CCA variances in the year related to current year additions, as well as any applicable reversal of the accelerated versus regular CCA related to prior years additions (note: accelerated versus regular CCA differences are timing in nature and will reverse over time, as soon as the following year for some CCA rate classes). The cumulative integration related TVDA impact forecasted as of the end of 2023 is expected to be a payable of \$5.0 million including interest.

- c) A detailed listing of the integration capital expenditures is provided at Exhibit 1, Tab 9, Schedule 1, Attachment 1. Further, the description of these integration capital related projects along with rationale is provided at Exhibit 1, Tab 9, Schedule 1, Section 2.4, pages 20 to 25. Please see Attachment 1 for details of the integration project impacts to the TVDA/Accelerated CCA from 2020 to 2023 Forecast.

¹ EB-2021-0149.

² EB-2021-0149, Decision and Order, page 10.

2020 Actual In-Service Additions												
Line No.	CCA Pool	Capital Addition	CCA Class / Rate	2020		2021		2022		2023		2023 Ending Cumulative Impact (k)
				Accelerated CCA (c)	Ending UCC (d)	Accelerated CCA (e)	Ending UCC (f)	Accelerated CCA (g)	Ending UCC (h)	Accelerated CCA (i)	Ending UCC (j)	
1	Energy Services - Scada and Gas Control Consolidation	711,933	Class 12 100%	711,933	-	-	-	-	-	-	-	-
2	Energy Services - Scada and Gas Control Consolidation	1,114,524	Class 50 55%	919,482	195,042	107,273	87,769	48,273	39,496	21,723	17,773	
3	Customer Care - CIS Integration - HANA	17,020,480	Class 50 55%	14,041,896	2,978,584	1,638,221	1,340,363	737,200	603,163	331,740	271,423	
4	Customer Care - Customer Experience & Connections	44,854	Class 12 100%	44,854	-	-	-	-	-	-	-	-
5	Business Development - Bill Print & Presentment	20,361	Class 12 100%	20,361	-	-	-	-	-	-	-	-
6		<u>18,912,152</u>		<u>15,738,526</u>	<u>3,173,626</u>	<u>1,745,494</u>	<u>1,428,132</u>	<u>785,472</u>	<u>642,659</u>	<u>353,463</u>	<u>289,197</u>	
	Regular CCA											
Line No.	CCA Pool	Capital Addition	CCA Class / Rate	2020		2021		2022		2023		2023 Ending Cumulative Impact (k)
				Regular CCA	Ending UCC	Regular CCA	Ending UCC	Regular CCA	Ending UCC	Regular CCA	Ending UCC	
7	Energy Services - Scada and Gas Control Consolidation	711,933	Class 12 100%	355,967	355,967	355,967	-	-	-	-	-	-
8	Energy Services - Scada and Gas Control Consolidation	1,114,524	Class 50 55%	306,494	808,030	444,416	363,613	199,987	163,626	89,994	73,632	
9	Customer Care - CIS Integration - HANA	17,020,480	Class 50 55%	4,680,632	12,339,848	6,786,916	5,552,932	3,054,112	2,498,819	1,374,351	1,124,469	
10	Customer Care - Customer Experience & Connections	44,854	Class 12 100%	22,427	22,427	22,427	-	-	-	-	-	-
11	Business Development - Bill Print & Presentment	20,361	Class 12 100%	10,180	10,180	10,180	-	-	-	-	-	-
12		<u>18,912,152</u>		<u>5,375,700</u>	<u>13,536,452</u>	<u>7,619,907</u>	<u>5,916,545</u>	<u>3,254,100</u>	<u>2,662,445</u>	<u>1,464,345</u>	<u>1,198,100</u>	
13												
14	CCA Variance			10,362,826		(5,874,413)		(2,468,627)		(1,110,882)		908,904
15	Tax Rate			26.5%		26.5%		26.5%		26.5%		26.5%
16	Earnings Impact of Accelerated CCA			2,746,149		(1,556,719)		(654,186)		(294,384)		240,859
17	Earnings Impact Grossed-up for Taxes			3,736,257		(2,117,986)		(890,049)		(400,522)		327,700
18	TVDA Impact			(3,736,257)		2,117,986		890,049		400,522		(327,700)

2021 Actual In-Service Additions		CCA Pool		2020		2021		2022		2023		2023 Ending
		Capital Addition	CCA Class / Rate	(c)	(d)	Accelerated CCA	Ending UCC	Accelerated CCA	Ending UCC	Accelerated CCA	Ending UCC	Ending UCC
Accelerated CCA		(a)	(b)			(e)	(f)	(g)	(h)	(i)	(j)	(k)
19	Engineering - Meter Shop Consolidation	1,723,054	Class 1b 6%			155,075	1,567,979	94,079	1,473,900	88,434	1,385,466	
20	Engineering - Meter Shop Consolidation	53,290	Class 8 20%			15,987	37,303	7,461	29,843	5,969	23,874	
	Customer Care - CIS Integration / Customer Care - IVR Enhancements and Consolidation, My Account Amalgamation, Unionline Rebranding / Business											
21	Development - Website Integration	53,798,401	Class 12 100%			53,798,401	-	-	-	-	-	
22	Operations - AWS	14,327,569	Class 50 55%			11,820,244	2,507,325	1,379,028	1,128,296	620,563	507,733	
23		<u>69,902,314</u>				<u>65,789,707</u>	<u>4,112,607</u>	<u>1,480,568</u>	<u>2,632,039</u>	<u>714,965</u>	<u>1,917,073</u>	
Regular CCA												
		CCA Pool				2021		2022		2023		
		Capital Addition	CCA Class / Rate			Regular CCA	Ending UCC	Regular CCA	Ending UCC	Regular CCA	Ending UCC	
24	Engineering - Meter Shop Consolidation	1,723,054	Class 1b 6%			51,692	1,671,362	100,282	1,571,080	94,265	1,476,816	
25	Engineering - Meter Shop Consolidation	53,290	Class 8 20%			5,329	47,961	9,592	38,369	7,674	30,695	
	Customer Care - CIS Integration / Customer Care - IVR Enhancements and Consolidation, My Account Amalgamation, Unionline Rebranding / Business											
26	Development - Website Integration	53,798,401	Class 12 100%			26,899,200	26,899,200	26,899,200	-	-	-	
27	Operations - AWS	14,327,569	Class 50 55%			3,940,081	10,387,487	5,713,118	4,674,369	2,570,903	2,103,466	
28		<u>69,902,314</u>				<u>30,896,302</u>	<u>39,006,011</u>	<u>32,722,192</u>	<u>6,283,819</u>	<u>2,672,842</u>	<u>3,610,977</u>	
29	CCA Variance					34,893,404		(31,241,625)		(1,957,876)		1,693,904
30	Tax Rate					26.5%		26.5%		26.5%		26.5%
31	Earnings Impact of Accelerated CCA					9,246,752		(8,279,030)		(518,837)		448,884
32	Earnings Impact Grossed-up for Taxes					12,580,615		(11,263,987)		(705,901)		610,727
33	TVDA Impact					(12,580,615)		11,263,987		705,901		(610,727)
34												
35	CCA Variance - Cumulative					29,018,992		(33,710,252)		(3,068,759)		2,602,807
36	Tax Rate					26.5%		26.5%		26.5%		26.5%
37	Earnings Impact of Accelerated CCA - Cumulative					7,690,033		(8,933,217)		(813,221)		689,744
38	Earnings Impact Grossed-up for Taxes - Cumulative					10,462,630		(12,154,036)		(1,106,423)		938,427
39	TVDA Impact - Cumulative					(10,462,630)		12,154,036		1,106,423		(938,427)

	CCA Pool		2020		2021		2022		2023		2023 Ending
	Capital Addition	CCA Class / Rate	(c)	(d)	(e)	(f)	Accelerated CCA	Ending UCC	Accelerated CCA	Ending UCC	Ending UCC
	(a)	(b)					(g)	(h)	(i)	(j)	(k)
2022 Estimate In-Service Additions											
Accelerated CCA											
Customer Care - AWS											
Energy Services - Cost of Gas Replacement											
Operations - Emergency Solutions											
Operations - Estimating and Forecasting											
Operations - Leak & Corrosion											
Operations - Dispatch Scheduling Harmonization											
Energy Services - PowerSpring LVB Integration											
Energy Services - Weather & Demand Harmonization											
Operations - Locate Tracker Rollout											
40 Operations - Execution of Warning Tags	48,944,785	Class 12 100%					48,944,785	-	-	-	-
41 Customer Care - Customer Connections	(95,632)	Class 50 55%					(78,897)	(16,736)	(9,205)	(7,531)	
42	<u>48,849,153</u>						<u>48,865,888</u>	<u>(16,736)</u>	<u>(9,205)</u>	<u>(7,531)</u>	
Regular CCA											
Customer Care - AWS											
Energy Services - Cost of Gas Replacement											
Operations - Emergency Solutions											
Operations - Estimating and Forecasting											
Operations - Leak & Corrosion											
Operations - Dispatch Scheduling Harmonization											
Energy Services - PowerSpring LVB Integration											
Energy Services - Weather & Demand Harmonization											
Operations - Locate Tracker Rollout											
43 Operations - Execution of Warning Tags	48,944,785	Class 12 100%					24,472,393	24,472,393	24,472,393	-	
44 Customer Care - Customer Connections	(95,632)	Class 50 55%					(26,299)	(69,333)	(38,133)	(31,200)	
45	<u>48,849,153</u>						<u>24,446,094</u>	<u>24,403,059</u>	<u>24,434,259</u>	<u>(31,200)</u>	
46 CCA Variance							24,419,795		(24,443,464)		(23,669)
47 Tax Rate							26.5%		26.5%		26.5%
48 Earnings Impact of Accelerated CCA							6,471,246		(6,477,518)		(6,272)
49 Earnings Impact Grossed-up for Taxes							8,804,416		(8,812,950)		(8,534)
50 TVDA Impact							(8,804,416)		8,812,950		8,534
51 CCA Variance - Cumulative							(9,290,457)		(27,512,222)		2,579,138
52 Tax Rate							26.5%		26.5%		26.5%
53 Earnings Impact of Accelerated CCA - Cumulative							(2,461,971)		(7,290,739)		683,472
54 Earnings Impact Grossed-up for Taxes - Cumulative							(3,349,621)		(9,919,373)		929,893
55 TVDA Impact - Cumulative							3,349,621		9,919,373		(929,893)

2023 Forecast In-Service Additions		CCA Pool		2020		2021		2022		2023		2023 Ending
		Capital Addition	CCA Class / Rate	(c)	(d)	(e)	(f)	(g)	(h)	Accelerated CCA	Ending UCC	Ending UCC
Accelerated CCA		(a)	(b)							(i)	(j)	(k)
56	Shared Services - GTA East & West Buildings	4,286,110	Class 1b 6%							385,750	3,900,360	
57	Shared Services - GTA East & West Buildings Operations: Asset & Work Management Systems (AWS) Tools Lifecycle mngmt Soln Integration ePackaging Harmonize feasibility Tools Locate Tracker Rollout to Union Locate Management Solution Harmonization	35,339	Class 8 20%							10,602	24,737	
58	Harmonized Field User Connectivity	15,588,079	Class 12 100%							15,588,079	-	
59	Shared Services - GTA East & West Buildings	489,697	Class 50 55%							404,000	85,697	
60	Shared Services - GTA East & West Buildings	32,359,487	Class 51 6%							2,912,354	29,447,133	
61		<u>52,758,712</u>								<u>19,300,785</u>	<u>33,457,928</u>	
Regular CCA		Capital Addition	CCA Class / Rate							Regular CCA	Ending UCC	
62	Shared Services - GTA East & West Buildings	4,286,110	Class 1b 6%							128,583	4,157,527	
63	Shared Services - GTA East & West Buildings Operations: Asset & Work Management Systems (AWS) Tools Lifecycle mngmt Soln Integration ePackaging Harmonize feasibility Tools Locate Tracker Rollout to Union Locate Management Solution Harmonization	35,339	Class 8 20%							3,534	31,805	
64	Harmonized Field User Connectivity	15,588,079	Class 12 100%							7,794,040	7,794,040	
65	Shared Services - GTA East & West Buildings	489,697	Class 50 55%							134,667	355,030	
66	Shared Services - GTA East & West Buildings	32,359,487	Class 51 6%							970,785	31,388,702	
67		<u>52,758,712</u>								<u>9,031,608</u>	<u>43,727,104</u>	
68	CCA Variance									10,269,177		10,269,177
69	Tax Rate									26.5%		26.5%
70	Earnings Impact of Accelerated CCA									<u>2,721,332</u>		<u>2,721,332</u>
71	Earnings Impact Grossed-up for Taxes									<u>3,702,492</u>		<u>3,702,492</u>
72	TVDA Impact									<u>(3,702,492)</u>		<u>(3,702,492)</u>
73	CCA Variance - Cumulative									(17,243,045)		12,848,315
74	Tax Rate									26.5%		26.5%
75	Earnings Impact of Accelerated CCA - Cumulative									<u>(4,569,407)</u>		<u>3,404,804</u>
76	Earnings Impact Grossed-up for Taxes - Cumulative									<u>(6,216,880)</u>		<u>4,632,386</u>
77	TVDA Impact - Cumulative									<u>6,216,880</u>		<u>(4,632,386)</u>
78	Annual Impact			(3,736,257)		(10,462,630)		3,349,621		6,216,880		
79	Cumulative Impact	190,422,330				(14,198,887)		(10,849,266)		(4,632,386)		

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit 9, Tab 2, Schedule 1, Attachment 6

Question(s):

Attachment 6 provides the balances in the ICM deferral accounts for the deferred rebasing period (2019 to 2023).

Please provide a revised table with 2022 actual costs.

Response:

Please see Attachment 1 for the revised table with 2022 actual costs.

Proposed for Clearance
Incremental Capital Module Deferral Accounts
Balance Continuity Schedule

Line No.	Particulars (\$ millions)	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	Cumulative
		Actual (a)	Actual (b)	Actual (c)	Actual (d)	Bridge Year (e)	
<u>EGD Rate Zone</u>							
<u>NPS 20 Don River Replacement Project</u>							
1	Revenue Requirement	-	0.5	2.6	2.6	2.6	8.2
2	Revenue Collected	-	-0.7	-2.4	-2.6	-2.6	-8.3
3	ICMDA Impact	-	-0.3	0.2	0	0	-0.1
<u>NPS 20 Replacement Cherry to Bathurst Project</u>							
4	Revenue Requirement	-	-	-	-5.3	11.1	5.8
5	Revenue Collected	-	-	-	-1.6	-4.1	-5.7
6	ICMDA Impact	-	-	-	-6.9	7	0.1
7	Total ICMDA - EGD Rate Zone	-	-0.3	0.2	-6.9	6.9	0
<u>Union Rate Zones</u>							
<u>Kingsville Transmission Reinforcement Project</u>							
8	Revenue Requirement	-4.8	6.8	7.6	7.8	7.9	25.3
9	Revenue Collected	-2.1	-9.2	-9.1	-9.8	-9.7	-39.8
10	ICMDA Impact	-6.9	-2.4	-1.6	-2	-1.7	-14.5
<u>Windsor Line Replacement Project</u>							
11	Revenue Requirement	-	-1.3	1.4	6.7	6.8	13.6
12	Revenue Collected	-	-2	-6.5	-7	-6.8	-22.3
13	ICMDA Impact	-	-3.3	-5	-0.3	-0.1	-8.6
<u>London Lines Replacement Project</u>							
14	Revenue Requirement	-	-	-4.4	8.6	10.9	15.1
15	Revenue Collected	-	-	-3.4	-8	-7.9	-19.3
16	ICMDA Impact	-	-	-7.7	0.5	3	-4.2
17	Total ICMDA - Union Rate Zones	-6.9	-5.6	-14.4	-1.7	1.2	-27.4
18	Total Cumulative ICMDA Impact	-6.9	-5.9	-14.2	-8.6	8.1	-27.4
19	Annual Interest	-0.4	-0.3	-0.5	-0.4	0.1	-1.5
20	Total Cumulative Interest	-0.4	-0.6	-1.2	-1.5	-1.5	-1.5
21	Total Cumulative ICMDA Impact with Interest	-7.3	-6.1	-14.7	-8.6	8.2	-28.5

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit 9, Tab 2, Schedule 1, p. 3 of 37

Question(s):

At page 3, EGI stated: "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."

- a) Please provide EGI's view on the potential inequity of having some rate zones subsidize other rate zones through EGI's proposal to provide them as a net credit to all ratepayers.
- b) To the extent not already in evidence, please provide the impact of allocating each balance not as a single net credit but as individual credits and debits to the appropriate rate classes.

Response:

- a) Enbridge Gas is proposing to dispose of the \$101.6 million net credit balance of certain deferral and variance accounts by way of a prospective rider effective from January to December 2024. Enbridge Gas's proposal to combine the net account balances for disposition was based on the proposal to move to one rate zone for cost allocation beginning in 2024. The one rate zone approach to disposing of the account balances is consistent with postage stamp rate making and provides the Company with a mitigation tool to offset other rate impacts which will result from transitioning to one rate zone for cost allocation in 2024.
- b) Please see Attachments 1 to 3 for the proposed impact of disposing of the EGD account balances to EGD rate zone customers and the Union account balances to Union rate zone customers. The Enbridge Gas account balances (TVDA and

COVID-19) have been allocated to each rate zone in proportion to the allocation factor.

Table 1 provides the account balances by allocation factor and rate zone used to prepare Attachments 1 to 3. The EGD rate zone has a total credit balance of \$116.9 million and the Union rate zones have a total debit balance of \$15.3 million for the total net credit of \$101.6 million.

Table 1
Deferral and Variance Account Balance Summary by Allocation Factor by Rate Zone

Line No	Particulars (\$000s)	Balance by Allocation Factor					Total Balance
		Rate Base	High Pressure >4"	Storage Deliverability	Employee Benefits		
		(a)	(b)	(c)	(d)	(e)	
	<u>EGD Rate Zone</u>						
1	APCDA (1)	32,869	-	64,900	-	97,769	
2	TVDA (2)	(2,773)	-	-	-	(2,773)	
3	ICMDA	-	1,944	-	-	1,944	
4	RNGISVA	-	-	-	-	-	
5	COVID-19 (2)	823	-	-	-	823	
6	TIACDA	-	-	-	39,922	39,922	
7	Transitional Pension Balance	-	-	-	(254,561)	(254,561)	
8	Total EGD Rate Zone	30,920	1,944	64,900	(214,638)	(116,874)	
	<u>Union Rate Zones</u>						
9	APCDA (1)	(110,750)	-	-	155,164	44,414	
10	TVDA (2)	(2,186)	-	-	-	(2,186)	
11	ICMDA	-	(27,592)	-	-	(27,592)	
12	RNGISVA	-	-	-	-	-	
13	COVID-19 (2)	649	-	-	-	649	
14	TIACDA	-	-	-	-	-	
15	Transitional Pension Balance	-	-	-	-	-	
16	Total Union Rate Zones	(112,261)	(27,592)	-	155,164	15,286	
17	Total	(81,367)	(25,648)	64,900	(59,474)	(101,589)	

Notes:

- (1) APCDA rate zone split provided at response Exhibit I.9.2-LPMA-49, Attachment 1.
- (2) TVDA and COVID-19 rate zone split based on the allocation factor.

Allocation of Deferral & Variance Account Balances by Rate Zone

Line No.	Particulars	Allocator (1)				Allocation (\$000s) (3)				
		Rate Base (a)	High Pressure >4" (b)	Storage Deliverability (c)	Employee Benefits (d)	Rate Base (e)	High Pressure >4" (f)	Storage Deliverability (g)	Employee Benefits (h)	Total (i)
<u>EGD Rate Zone</u>										
1	Rate 1	5,973,078	52,737	1,527	70,148	20,274	876	33,178	(149,005)	(94,677)
2	Rate 6	2,600,252	47,062	1,327	25,379	8,826	782	28,835	(53,910)	(15,467)
3	Rate 100	6,927	166	4	140	24	3	77	(298)	(195)
4	Rate 110	189,674	5,400	97	3,169	644	90	2,107	(6,732)	(3,891)
5	Rate 115	26,129	1,135	4	387	89	19	78	(822)	(636)
6	Rate 125	67,097	9,260	-	596	228	154	-	(1,266)	(885)
7	Rate 135	3,237	19	-	315	11	0	-	(670)	(658)
8	Rate 145	1,838	-	-	68	6	-	-	(144)	(138)
9	Rate 170	4,429	-	-	113	15	-	-	(240)	(225)
10	Rate 200	31,702	1,252	29	222	108	21	625	(472)	281
11	Rate 300	-	-	-	-	-	-	-	-	-
12	Total EGD Rate Zone	8,904,363	117,032	2,987	100,538	30,223	1,944	64,900	(213,559)	(116,492)
<u>EGD Ex Franchise</u>										
13	Rate 331	60	-	-	0	0	-	-	(0)	(0)
14	Rate 332	205,295	-	-	508	697	-	-	(1,079)	(382)
15	Total EGD Ex Franchise	205,355	-	-	508	697	-	-	(1,079)	(382)
16	Total EGD Rate Zone	9,109,719	117,032	2,987	101,046	30,920	1,944	64,900	(214,638)	(116,874)
<u>Union North Rate Zone</u>										
17	Rate 01	1,075,879	9,708	274	12,140	(16,857)	(2,480)	-	25,025	5,688
18	Rate 10	151,755	2,896	77	1,373	(2,378)	(740)	-	2,831	(287)
19	Rate 20	71,132	7,610	23	962	(1,115)	(1,944)	-	1,983	(1,075)
20	Rate 25	15,946	-	-	156	(250)	-	-	322	72
21	Rate 100	26,234	3,398	-	340	(411)	(868)	-	702	(578)
22	Total Union North Rate Zo	1,340,946	23,612	374	14,972	(21,010)	(6,032)	-	30,862	3,820
<u>Union South Rate Zone</u>										
23	Rate M1	3,507,836	31,063	866	41,060	(54,962)	(7,936)	-	84,639	21,741
24	Rate M2	622,116	11,510	309	5,772	(9,748)	(2,940)	-	11,897	(791)
25	Rate M4 (F)	151,250	4,097	97	2,674	(2,370)	(1,047)	-	5,513	2,096
26	Rate M4 (I)	38	-	-	1	(1)	-	-	1	0
27	Rate M5 (F)	1,731	36	1	43	(27)	(9)	-	88	51
28	Rate M5 (I)	2,116	-	-	170	(33)	-	-	351	318
29	Rate M7 (F)	191,432	6,060	161	2,117	(2,999)	(1,548)	-	4,364	(183)
30	Rate M7 (I)	3,099	-	-	88	(49)	-	-	182	134
31	Rate M9	11,718	495	10	95	(184)	(126)	-	197	(113)
32	Rate T1 (F)	66,715	2,077	34	757	(1,045)	(530)	-	1,561	(15)
33	Rate T1 (I)	118	-	-	11	(2)	-	-	23	21
34	Rate T2 (F)	563,547	26,229	211	3,992	(8,830)	(6,701)	-	8,229	(7,302)
35	Rate T2 (I)	3,282	-	-	30	(51)	-	-	62	11
36	Rate T3	60,637	2,601	54	434	(950)	(665)	-	894	(721)
37	Total Union South Rate Zo	5,185,635	84,168	1,742	57,245	(81,250)	(21,502)	-	118,001	15,248
<u>Union Ex-Franchise</u>										
38	Rate M12	625,724	-	-	2,988	(9,804)	-	-	6,159	(3,646)
39	Rate M13	24	-	-	0	(0)	-	-	0	(0)
40	Rate M16	54	-	-	0	(1)	-	-	0	(0)
41	Rate M17	2,957	227	-	20	(46)	(58)	-	40	(64)
42	Rate C1	11,143	-	-	50	(175)	-	-	102	(72)
43	Total Union Ex-Franchise	639,901	227	-	3,057	(10,026)	(58)	-	6,302	(3,782)
44	Total Union Rate Zones	7,166,483	108,006	2,116	75,274	(112,287)	(27,592)	-	155,164	15,286
45	Total (2)	16,276,201	225,038	5,103	175,812	(81,367)	(25,648)	64,900	(59,474)	(101,589)

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, updated March 8, 2023. 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, updated March 8, 2023.
- (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

Line No	Particulars	Account Balance for Disposition (1) (\$000s) (a)	2024 Forecast Usage (10 ³ m ³) (b)	Billing Units (c)	Unit Rate for Disposition (d) = (a/b*100)
<u>EGD Rate Zone</u>					
1	Rate 1	(94,677)	5,001,027	10 ³ m ³	(1.8932)
2	Rate 6	(15,467)	4,795,693	10 ³ m ³	(0.3225)
3	Rate 100	(195)	4,503	10 ³ m ³ /d	(4.3234)
4	Rate 110	(3,891)	75,654	10 ³ m ³ /d	(5.1435)
5	Rate 115	(636)	14,481	10 ³ m ³ /d	(4.3949)
6	Rate 125	(885)	111,124	10 ³ m ³ /d	(0.7962)
7	Rate 135	(658)	52,646	10 ³ m ³	(1.2506)
8	Rate 145	(138)	6,138	10 ³ m ³ /d	(2.2523)
9	Rate 170	(225)	30,928	10 ³ m ³ /d	(0.7272)
10	Rate 200	281	15,025	10 ³ m ³ /d	1.8727
11	Rate 300	-	-	10 ³ m ³ /d	-
12	Total EGD Rate Zone	(116,492)			
<u>EGD Ex Franchise</u>					
13	Rate 331	(0)			
14	Rate 332	(382)			
15	Total EGD Ex Franchise	(382)			
16	Total EGD Rate Zone	(116,874)			
<u>Union North Rate Zone</u>					
17	Rate 01	5,688	989,005	10 ³ m ³	0.5751
18	Rate 10	(287)	327,974	10 ³ m ³	(0.0874)
19	Rate 20	(1,075)	91,732	10 ³ m ³ /d	(1.1724)
20	Rate 25	72	126,831	10 ³ m ³	0.0565
21	Rate 100	(578)	42,050	10 ³ m ³ /d	(1.3735)
22	Total Union North Rate Zone	3,820			
<u>Union South Rate Zone</u>					
23	Rate M1	21,741	3,255,132	10 ³ m ³	0.6679
24	Rate M2	(791)	1,319,376	10 ³ m ³	(0.0599)
25	Rate M4 (F)	2,096	46,836	10 ³ m ³ /d	4.4761
26	Rate M4 (I)	0	238	10 ³ m ³	0.1857
27	Rate M5 (F)	51	432	10 ³ m ³ /d	11.8906
28	Rate M5 (I)	318	55,087	10 ³ m ³	0.5774
29	Rate M7 (F)	(183)	71,858	10 ³ m ³ /d	(0.2551)
30	Rate M7 (I)	134	75,999	10 ³ m ³	0.1757
31	Rate M9	(113)	6,040	10 ³ m ³ /d	(1.8748)
32	Rate T1 (F)	(15)	26,540	10 ³ m ³ /d	(0.0554)
33	Rate T1 (I)	21	37,536	10 ³ m ³	0.0564
34	Rate T2 (F)	(7,302)	308,713	10 ³ m ³ /d	(2.3652)
35	Rate T2 (I)	11	41,762	10 ³ m ³	0.0254
36	Rate T3	(721)	28,200	10 ³ m ³ /d	(2.5568)
37	Total Union South Rate Zone	15,248			
<u>Union Ex-Franchise</u>					
38	Rate M12	(3,646)			
39	Rate M13	(0)			
40	Rate M16	(0)			
41	Rate M17	(64)			
42	Rate C1	(72)			
43	Total Union Ex-Franchise	(3,782)			
44	Total Union Rate Zones	15,286			
45	Total	(101,589)			

Notes:

(1) Exhibit I.9.2-CME-49, Attachment 1, column (i).

Deferral & Variance Account Disposition Bill Impacts for Typical Small and Large Customers

Line No.	Particulars	Unit Rate for Disposition (1)	Billing Units		Bill Impact
		(cents/m ³)	(a)	(b)	(c)
	<u>EGD Rate Zone</u>				
1	Rate 1 - Residential	(1.8932)	2,400	m ³	(45.44)
2	Rate 6 - Heating & Other Uses	(0.3225)	22,606	m ³	(73)
3	Rate 6 - General Use	(0.3225)	43,285	m ³	(140)
4	Rate 100 - Small	(4.3234)	2,993	m ³ /d	(1,553)
5	Rate 100 - Large	(4.3234)	30,000	m ³ /d	(15,564)
6	Rate 110 - Small	(5.1435)	3,292	m ³ /d	(2,032)
7	Rate 110 - Average	(5.1435)	53,871	m ³ /d	(33,250)
8	Rate 115 - Small	(4.3949)	15,300	m ³ /d	(8,069)
9	Rate 115 - Large	(4.3949)	238,928	m ³ /d	(126,009)
10	Rate 125 - Average	(0.7962)	2,315,000	m ³ /d	(221,196)
11	Rate 135 - Average	(1.2506)	598,567	m ³	(7,486)
12	Rate 145 - Small	(2.2523)	2,993	m ³ /d	(809)
13	Rate 145 - Average	(2.2523)	4,489	m ³ /d	(1,213)
14	Rate 170 - Small	(0.7272)	36,413	m ³ /d	(3,178)
15	Rate 170 - Large	(0.7272)	255,089	m ³ /d	(22,261)
16	Rate 200 - Average	1.8727	1,250,000	m ³ /d	280,904

Notes:

(1) Exhibit I.9.2-CME-49, Attachment 2.

Deferral Account Bill Impacts for Typical Small and Large Customers

Line No.	Particulars	Unit Rate for Disposition (1)	Billing Units		Bill Impact
		(cents/m ³)	(b)	(c)	(\$)
		(a)			(d)
<u>Union North Rate Zone</u>					
1	Rate 01 - Residential	0.5751	2,200	m ³	12.65
2	Rate 10	(0.0874)	93,000	m ³	(81)
3	Rate 20 - Small	(1.1724)	14,000	m ³ /d	(1,970)
4	Rate 20 - Large	(1.1724)	60,000	m ³ /d	(8,441)
5	Rate 25 - Average	0.0565	2,275,000	m ³	1,286
6	Rate 100 - Small	(1.3735)	100,000	m ³ /d	(16,482)
7	Rate 100 - Large	(1.3735)	850,000	m ³ /d	(140,097)
<u>Union South Rate Zone</u>					
8	Rate M1 - Residential	0.6679	2,200	m ³	14.69
9	Rate M2	(0.0599)	73,000	m ³	(44)
10	Rate M4 - Small	4.4761	4,800	m ³ /d	2,578
11	Rate M4 - Large	4.4761	50,000	m ³ /d	26,856
12	Rate M5 - Small	0.5774	825,000	m ³	4,764
13	Rate M5 - Large	0.5774	6,500,000	m ³	37,531
14	Rate M7 - Small	(0.2551)	165,000	m ³ /d	(5,050)
15	Rate M7 - Large	(0.2551)	720,000	m ³ /d	(22,037)
16	Rate M9 - Small	(1.8748)	56,439	m ³ /d	(12,698)
17	Rate M9 - Large	(1.8748)	168,100	m ³ /d	(37,819)
18	Rate T1 - Small	(0.0554)	25,750	m ³ /d	(171)
19	Rate T1 - Average	(0.0554)	48,750	m ³ /d	(324)
20	Rate T1 - Large	(0.0554)	133,000	m ³ /d	(885)
21	Rate T2 - Small	(2.3652)	190,000	m ³ /d	(53,926)
22	Rate T2 - Average	(2.3652)	669,000	m ³ /d	(189,876)
23	Rate T2 - Large	(2.3652)	1,200,000	m ³ /d	(340,584)
24	Rate T3	(2.5568)	2,350,000	m ³ /d	(721,018)

Notes:

(1) Exhibit I.9.2-CME-49, Attachment 2.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Canadian Manufacturers & Exporters (CME)

Interrogatory

Reference:

Exhibit 9, Tab 2, Schedule 1, p. 36 of 37

Question(s):

At page 36, EGI stated: "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."

- a) As a result of funding the pension plans with the cash-based amounts recovered from ratepayers, have the funds benefitted from having a greater amount of funding earlier? For instance, have additional amounts been invested in the plan to earn returns in comparison to if the plan had been funded based on accrual amounts from the beginning?
- b) If the answer to (a) is yes, please explain how the returns on additional funding of the plans have been accounted for in EGI's proposal.

Response:

- a) Yes, theoretically the funding of pension plans with the required cash-based amounts that were formerly recovered in rates would have benefitted the pension plans, as compared to a scenario where pension plans would have been funded with accrual-based cost amounts. The "incremental" cash funding would have increased the assets/investments held within the pension plans, which increased the expected return on plan assets (as compared to if lower funding at accrual-based expense levels had been provided to the plan). This in theory reduces subsequent annual accrual-based pension costs, or net periodic benefit costs. The cash funding of the pension plan, and returns on that funding, is also reflected in the funded status of the pension plan, which impacts subsequent cash funding requirements (i.e. reduces them).

However, Enbridge Gas notes that the funding of pension plans with accrual-based expense amounts would not be allowed under applicable pension legislation. The Company has and must continue to fund plans as determined by applicable minimum funding requirements under pension legislation. The cash contributions to fund the pension plans are independent from how pension costs are recovered from ratepayers (cash or accrual).

- b) As noted in part a), the cash funding and returns realized on that funding are reflected as part of the value of pension plan assets. The returns realized from cash funding benefit ratepayers by increasing the assets held within the plans, thereby decreasing the net periodic benefit cost through an increase in expected return on assets and therefore, interest has not been accrued on this balance.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit 9, Tab 2, Schedule 1, Page 14, *Table 9 OH Capitalization – Annual Revenue Requirement Impact*

Question(s):

- a) Please confirm that EGD has been capitalizing a higher percentage of overhead costs than Union Gas.
- b) When and how is EGI proposing to credit the \$36.1 million balance to ratepayers?

Response:

- a) Confirmed. EGD had been capitalizing a higher percentage of overhead costs than Union.
- b) Enbridge Gas assumes this question is referring to the \$36.5 million not \$36.1 million credit balance.

As provided at Exhibit 9, Tab 2, Schedule 2, Enbridge Gas is proposing to dispose of the forecast \$36.5 million credit balance, as part of the combined total balance of all deferral and variance accounts (D&VAs), on an interim basis by way of a prospective rate rider effective January 1, 2024, over a 12-month period. Enbridge Gas will request final disposition of the D&VA balances as part of the Company's 2023 annual earnings sharing and D&VA disposition proceeding. These final balances will be calculated as the difference between actual balances as of December 31, 2023 and balances approved for disposition as part of this Application.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit 9, Tab 2, Schedule 1, Page 25

Question(s):

Has the NPS 20 Cherry to Bathurst been placed into Service in October 2022? If the answer is yes, what was the actual total cost of the project? If the answer is no, when will it go into service?

Response:

Please see response at Exhibit I.9.2-STAFF-256 part a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit 9, Tab 2, Sch. 1, Table 1

Question(s):

Please update Table 1 to reflect the most recent OEB prescribed interest rate.

Response:

Please see Attachment 1 for an updated Table 1 that reflects the most recent OEB-prescribed interest rate.

Table 1
Total Deferral and Variance Account Balances Proposed for Clearance

Line No.	Particulars (\$ millions)	Forecast to December 31, 2023 Total (1)
1	APCDA	142.4
2	TVDA	(5.2)
3	ICMDA	(26.5)
4	RNGISVA	-
5	COVID-19DA	1.5
6	TIACDA	39.9
7	Transitional Pension Balance	(254.6)
8	Total Balance Proposed for Clearance (2)	(102.5)

Note:

- (1) Where applicable, balances include forecast interest calculated using the OEB-prescribed Q1 2023 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.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit 9, Tab 2, Sch. 1, Table 2

Question(s):

Please add two columns to Table 2 to reflect the impact on the EGD and Union rate zones separate from one another.

Response:

Please see Attachment 1 for Table 2 expanded to show the impact by rate zone. Further, the APCDA revenue requirement summarized by year and rate zone can be found in Exhibit 9, Tab 2, Schedule 1, Attachment 2, Page 1.

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

Line No.	Particulars (\$ millions)	Forecast to December 31, 2023		
		EGD	Union	Total
1	Capitalization vs. Expense	7.9	(19.6)	(11.7)
2	Interest During Construction	2.4	(0.8)	1.5
3	Depreciation Expense	0.0	(31.2)	(31.2)
4	Overhead Capitalization	22.6	(59.1)	(36.5)
5	Amortized Gas Supply Storage and Transportation Costs	64.9	0.0	64.9
6	Pension & OPEB Expense	0.0	155.2	155.2
7	Total Cumulative Revenue Requirement Impact	97.8	44.4	142.2
8	Total Cumulative Interest	0.0	0.0	0.0
9	Final Balance with Interest	97.8	44.4	142.2

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit 9, Tab 2, Sch. 1, page 18

Question(s):

- a) Please explain why the amortization of the APCDA is only \$14.2 million over the 2022 to 2023 period when it was \$41.8 million for the 2019 through 2021 period.
- b) What is the actual amount amortized for 2022?

Response:

- a) The amortization of the APCDA amounts related to pre-2017 Union actuarial losses and past service costs is calculated annually by Mercer. The amortization will fluctuate from year to year depending on the impacts associated with the 10% corridor approach for recognizing actuarial gains and losses in the net periodic benefit cost. Please see response at Exhibit I.4.4-STAFF-135 for further details on the corridor approach. The actual and forecast amortization provided by Mercer annually is provided in Table 1.

Table 1
APCDA Amortization

(\$ millions)	2019	2020	2021	2022	2023
	Actual	Actual	Actual	Actual	Forecast (1)
Amortization	17.5	12.3	12.0	9.0	4.3

Note:

(1) Based on Mercer January 2023 update.

- b) As noted above, the actual amortization for 2022 was \$9.0 million based on Mercer's January 2023 update.

ENBRIDGE GAS INC.

Answer to Interrogatory from
London Property Management Association (LPMA)

Interrogatory

Reference:

Exhibit 9, Tab 2, Sch. 2

Question(s):

- a) If the OEB were to determine some of the APCDA, ICMDA and other balances shown in Table 1 should first be allocated to the EGD and Union rate zones for clearance in 2024, how would EGI determine the allocation of the separate EGD and Union balances for these amounts? For example, if the OEB determined that the \$31.2 million credit for depreciation expense should be allocated to the Union rate zone and allocated to rate classes within that rate zone based on rate base, what Union specific rate base is available to EGI to do this?
- b) What rate base figure has EGI used during the IRM period to allocate Union specific deferral and account balances to rate classes within the Union rate zone?

Response:

- a) Please see response at Exhibit I.9.2-CME-49 part b).
- b) The Company has used the rate base allocation from Union's 2013 Cost Allocation Study to allocate certain deferral and variance account balances to rate classes during the incentive regulation term.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers (OGVG)

Interrogatory

Reference:

Exhibit 9 Tab 2 Schedule 1 Plus Attachments Pages 16-19

Question(s):

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 (EARS�) 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.

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 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.

- a) Please provide the most recent reference to any amounts included in Union’s rates relating to the amortization of accumulated actuarial gains/losses and past service costs (OGVG expects that the most recently such amounts would have been specified in Union’s rates would have been in Union’s last rebasing application, EB-2011-0210, as that was the last (and final) time Union filed a cost of service application).
- b) Please explain the basis upon which EGI has been forecasting the amortization amounts that it has been using to drawdown the APCDA asset since 2017, including an explanation as to why the amount fluctuates from year to year.

- c) Please explain the basis upon which Union determined the amortization amount to draw down in the pre-2017 period that resulted in the \$211.2 million pre-2017 balance that was originally transferred to the APCDA as a result of the amalgamation of EGD and Union.
- d) Please confirm that it would be acceptable for both regulatory and accounting purposes to continue to draw down an annual amount against the remaining unamortized actuarial losses amount in the same or a similar manner as has been EGI's practice prior to this application; if not confirmed, please explain why it is necessary to dispose of the entire remaining balance in this proceeding.

Response:

- a) The most recent reference to any amounts included in Union's rates for pension expense (net periodic benefit cost) was in Enbridge Gas's 2018 Deferral and Variance Account Application¹ (excerpt below):

- e) Please see Attachment 1, Page 1, Table 4 of the excerpt from Union Gas 2013 cost of service filing for the 2013 Forecast of pension and OPEB costs totaling \$47.4 million. The supporting actuarial valuations from Towers Watson that underpin the \$47.4 million is provided on page 2 and page 3 of Attachment 1. Please see table below.

<u>\$ Millions</u>	<u>2013</u>	<u>Reference</u>
Defined Benefit Pension	34.2	Page 2 of attachment 1
Post-Retirement Benefit	7.6	Page 2 of attachment 1
Defined Contribution Pension	5.6	Page 3 of attachment 1
<u>Total</u>	<u>47.4</u>	

The excerpt above references the 2013 Approved Forecast for Pension and OPEB costs as provided in Union's 2013 Cost of Service Application².

Embedded in the \$47.4 million of net periodic benefit cost is approximately \$28.0 million of forecast amortization accumulated actuarial gains/losses and past service costs.

- b) The basis upon which Enbridge Gas has been amortizing amounts to drawdown the APCDA asset since 2017 are calculated by Mercer with the amortization amount updated annually by Mercer based on changes to Enbridge Gas's actuarial valuation. Please see Exhibit 9, Tab 2, Schedule 1, Attachment 8 for the letter from

¹ EB-2019-0105, Exhibit I.STAFF.23, part e), page 3 of 3.

² EB-2011-0210.

Mercer that describes how the balance came to be and how they have forecast the balance at December 31, 2023.

The following response was provided by Mercer:

The reason the amortization amount changes each year is that there is no fixed amount of gains and losses being recognized over a fixed term. Rather, in accordance with the accounting standard, cumulative unrecognized gains and losses are charged to the income statement each year through the net periodic benefit cost, based on Enbridge's gain and loss recognition policy. Enbridge's policy is to recognize, for a given fiscal year, the amount of cumulative unrecognized actuarial gains or losses which exceed 10% of the greater of the benefit obligation and market value of assets, over the expected average remaining service lifetime of members. The amount recognized each year changes, since the cumulative unrecognized gains and losses, the amortization period, and the amount that is subject to recognition for that fiscal year, all change each year.

We note that the cumulative unrecognized gains and losses include both the net cumulative pre-2017 actuarial gains and losses from Union Gas along with gains and losses that have occurred since 2017 less any amounts that have been recognized.

- c) As noted above in b), Mercer has and continues to provide the basis for amortization of all actuarial gains/losses in accordance with US GAAP. The \$211.2 million pre-2017 balance that was originally transferred to the APCDA upon amalgamation of EGD and Union represents the cumulative unamortized actuarial gains/losses and past service costs of Union as at December 31, 2018 as determined by Mercer. Please see response at Exhibit I.4.4.STAFF-133, Attachment 1 for further details of the balance transferred as of January 1, 2019 and the continuity of the balance forecast through 2023.
- d) Not confirmed. From a financial and regulatory accounting perspective, it would only be acceptable to continue to draw down an annual amount, against the remaining unamortized actuarial losses, as a result of an OEB decision that approved recovery of the balance in such a manner as part of this Application.

In the absence of an OEB approval, Enbridge Gas would no longer be able to recognize the balance as a regulatory asset upon closure of the APCDA. Further, drawdown of the balance would not be possible as Enbridge Gas's 2024 Test Year Forecast for pension and OPEB costs in O&M (as forecasted by Mercer) represents only the post 2017 view of net periodic benefit cost of Enbridge Gas which does not include amortization of any pre 2017 actuarial gains/losses and past service costs of Union.