



ONTARIO ENERGY BOARD

OEB STAFF REPLY SUBMISSION ON DRAFT ISSUES LIST

**Enbridge Gas Inc. 2019 Rates Application
EB-2018-0305**

March 7, 2019

1. Background

Enbridge Gas Inc. (Enbridge Gas) filed an application with the OEB on December 14, 2018 under section 36(1) of the OEB Act seeking approval for changes to its natural gas rates effective January 1, 2019.

The OEB issued Procedural Order No. 1 on February 22, 2019 inviting submissions on the draft issues list provided in the application. OEB staff filed a submission on February 28, 2019 and proposed the addition of some issues. The Vulnerable Energy Consumers Coalition (VECC) and the Association of Power Producers of Ontario (APPrO) also filed submissions on the draft issues list. The OEB provided an opportunity for parties to file a reply on the submissions of others. OEB staff has reviewed the submissions of APPrO and VECC and its comments are noted below.

2. Submissions of Parties

VECC

VECC proposed the addition of three issues related to the following topics:

- a) Appropriateness of the gas supply plan
- b) Customer engagement process to support the utility rate plan
- c) The Utility System Plan

As OEB staff noted in its submission, the OEB does not specifically approve the gas supply plan. However, Enbridge Gas has sought approval of the cost consequences of the Enbridge Gas Distribution 2019 Gas Supply Plan and associated gas cost forecast for 2019. OEB staff suggested adding this issue.

With respect to the customer engagement process in order to support the utility rate plan (item b), OEB staff submits that the OEB has already approved the rate-setting mechanism and the parameters of the rate plan in the MAADs Decision.¹ The OEB is not approving a rate plan here and this application merely deals with the implementation of the plan. There is no customer engagement required to support the rate plan. The Customer Engagement Research has been filed in support of the Utility System Plan (USP) and the Asset Management Plans (AMPs).

¹ EB-2017-0306/0307 Decision and Order, August 30, 2018

In its first submission dated February 28, 2019, OEB staff suggested adding an issue that describes the factors that the OEB should consider with respect to the Incremental Capital Module (ICM) funding request and for any ICM requests for 2020 rates as well. The proposed list of factors include “customer feedback and preferences” and the “overall USP and AMPs”. The customer feedback and preferences capture the Customer Engagement Research that has been filed in support of the USP.

Item c refers to the USP. OEB staff submits that this item is adequately addressed in the issue suggested by OEB staff in the first submission.

OEB staff submits that the issue proposed in OEB staff’s first submission adequately captures VECC’s concerns and provides the appropriate reference and the factors that should be considered to assess the ICM funding request. OEB staff further reiterates that the OEB does not explicitly approve the Customer Engagement Research or the USP and AMPs.

APPrO

APPrO supported the submission of OEB staff. However, it suggested the addition of one issue:

Is the application in compliance with prior applicable OEB Decisions and Orders (including commitments made in prior settlements)?

APPrO is of the opinion that adding this issue, which is broadly worded and is intended to act as a “catch all”, will ensure that the application is consistent with prior OEB decisions, orders, and settlements including the MAADs Decision.²

OEB staff does not support the addition of this issue as worded. While there is merit in examining whether the application is consistent with the MAADs Decision, which established a rate framework for the amalgamated company, it is not necessary to assess the application against OEB decisions that pre-date the MAADs Decision. Commitments made before the amalgamation were addressed in the MAADs Decision: one of the issues in the MAADs case was how the amalgamated company would address previous commitments.³ The MAADs Decision did not require the amalgamated company to file anything in particular in its application for 2019 rates, though it did

² EB-2017-0306/0307

³ The approved Issues List in that proceeding included: “What commitments to future action have the utilities made during their respective 2013-2018 rate plan terms, what other rate setting issues merit attention now(including cost allocation issues), and when and how are these commitments and issues to be addressed?”

impose certain requirements for subsequent applications (for example, a cost allocation study must be filed with the application for 2020 rates).⁴

For these reasons, OEB staff proposes that APPrO's proposed issue be limited as follows:

Is the application consistent with the OEB's MAADs Decision and Order?

– All of which is respectfully submitted –

⁴ Decision and Order EB-2017-0306/0307, August 30, 2018, p.41