

VIA E-MAIL and COURIER TO THE BOARD

August 16, 2014

Ontario Energy Board  
Attn: Kirsten Walli, Board Secretary  
P.O. Box 2319  
27<sup>th</sup> Floor, 2300 Yonge Street  
Toronto ON M4P 1E4

## **RE: EB-2012-0459 ENBRIDGE GAS DISTRIBUTION - FERRAL DISPOSITIONS**

### **Introduction**

At the outset, we apologize for the timing of this submission. As identified at the end of the technical conference of August 6<sup>th</sup> <sup>1</sup>, the on-going discovery provided by Enbridge on August 11<sup>th</sup> coupled with personal and professional obligations this week (including to Enbridge in another forum), precluded our ability to invest the time for substantial analysis and argument.

However, we are keenly aware of the costs to system gas customers and Rate 1 and 6 customers, including our members, stemming from this winter's weather and Enbridge's management of the gas supply portfolio<sup>2</sup>. So we believe it is essential that the Board consider total bill implications for these customers in the context of EGD's opportunity to over-earn at ratepayer cost even prior to the final rates being established.

As a result, we have reviewed Board staff and other intervenor submissions and we, appreciatively, adopt the submissions of the School Energy Coalition (SEC) and their substantial investment in analysis and their accompanying submissions in being completely aligned with our position. In support of their positions on Riders E and D, we offer the following non-duplicative submissions:

### **Rate Rider E**

As noted in our concerns above, we believe that we still have not sufficient opportunity to deal with EGD's response to the colder than normal weather of this past winter. While that opportunity may or may not be available as a result of the current QRAM<sup>3</sup> review proceeding or the EGD Deferral Account disposition proceeding<sup>4</sup>, we believe that it would be inherently wrong that, as a result of Enbridge's timing for this current application, the company would be able to over-earn in the early months of 2014 during the first term of their Incentive Ratemaking period when they have not done anything to earn this windfall<sup>5</sup> from the difference in just and reasonable rates applied to consumption in the coldest winter in several decades. Therefore, we support the use of actual volumes versus forecast volumes for at least the first 6 months to recognize actual customer total bill impact in setting this adjustment designed to allow Enbridge to have a reasonable opportunity to earn its determined rate of return for 2014.

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<sup>1</sup> Transcript DRO Technical Conference, August 6, 2014, pages 112-113

<sup>2</sup> EB-2014-0039 and specifically FRPO submissions of April 23, 2014 in that proceeding.

<sup>3</sup> EB-2014-0199

<sup>4</sup> EB-2014-0195

<sup>5</sup> TCU-RO 1.5

Respecting the Board discretion in deciding the use of actual versus forecast rates to determine the level of EGD over-recovery and, as a result of the quantum to be returned, we would urge the Board to expand the EGD proposed time of disposition from October to October to December. Enbridge has offered no compelling evidence for providing several months of actual rate (and, potentially, weather) impacts back to customers in just one month creating the aspect of winners and losers as has been communicated by others. In addition, by including the months of November and December, there is a greater probability that those heat sensitive customers who overpaid more in the early months of 2014 would be reimbursed more effectively by usage in the colder months.

## **Rate Rider D**

In our view, SEC has provided a very compelling argument for returning the SRC in a manner that stabilizes rates and, very importantly, lowers the overall cost to ratepayers for an over-recovery that, from our perspective, provides protection for an unforeseeable circumstance. Avoiding re-arguing the positions for the hearing, we respect that this will likely be an issue for 2019 and, therefore, reject the Enbridge presumption of elimination of rebate impact at that time.

SEC has drawn on its member interest to call for stability in the return of the over-recovery of the SRC. We respect that position as many of our members hold the same view. Very importantly, we know from previous Enbridge surveys submitted during the Natural Gas Forum informed the Board that their customers preferred rate stability even over the overall price of natural gas.

*"When asked to choose among various paired options, the stability of natural gas prices was perceived as more important than the overall price of natural gas..."<sup>6</sup>*

In our respectful submission, the coupling of more stable rates and lower overall total cost over the five year period would be preference of almost all customers and would be in the public interest.

Respectfully Submitted on Behalf of FRPO,



Dwayne R. Quinn  
Principal  
DR QUINN & ASSOCIATES LTD.

- c. A. Mandyam, K. Culbert - EGD  
EGD Regulatory Proceedings  
Interested Parties EB-2012-0459

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<sup>6</sup> System Gas Research 2004 Enbridge Gas Distribution Final Report by Ipsos-Reid, Executive Summary, page 7,  
[http://www.ontarioenergyboard.ca/documents/consultation\\_ontariosgasmarket\\_enbridgegasdist\\_appendix1\\_151104.pdf](http://www.ontarioenergyboard.ca/documents/consultation_ontariosgasmarket_enbridgegasdist_appendix1_151104.pdf)