



ONTARIO ENERGY BOARD

OEB STAFF SUBMISSION ON DRAFT RATE ORDER and DRAFT ACCOUNTING ORDER

Enbridge Gas Distribution Inc.

2015 Rate Adjustment Application

OEB File No. EB-2014-0276

May 7, 2015

Introduction

Enbridge Gas Distribution Inc. (Enbridge) filed an application dated November 28, 2014 with the Ontario Energy Board (OEB) for an order or orders approving rates for 2015 commencing January 1, 2015 under its approved Custom incentive regulation framework (Custom IR).

On December 15, 2014 the OEB declared Enbridge's existing rates interim effective January 1, 2015 pending the final resolution of the matters in the proceeding.

On April 14, 2015 Enbridge presented two settlement proposals in the oral portion of the proceeding. The first Settlement Proposal was dated March 13, 2015 and indicated a complete settlement of all the financial issues, and one unsettled issue. A Supplementary Settlement Proposal was filed on April 9, 2015 and included a complete settlement of the one remaining issue. The OEB accepted both Settlement Proposals in its oral decision on April 14, 2015. The OEB found them acceptable for the purposes of establishing rates and revenues for 2015. The final 2015 rates are effective January 1, 2015. The Draft Rate Order (DRO) was to be filed on April 30, 2015 with May 8, 2015 set as the date for any parties wishing to comment.

Enbridge filed the DRO and the Draft Accounting Order (DAO) on April 28, 2015. Enbridge proposed that the final 2015 rates be implemented in conjunction with the July 1, 2015 QRAM. Given that the final 2015 are effective January 1, 2015 but will be implemented on July 1, 2015, Enbridge derived a rate rider (Rider E) that captures the difference between the base rates from the October 1, 2014 QRAM¹ and the final 2015 rates. The rider was designed to recover approximately \$27.4 million. Enbridge proposed to collect the \$27.4 million revenue deficiency from customers over the 3-month period of July, August and September 2015. The DAO contained written descriptions of the deferral and variance accounts that would be effective during 2015.

These are the submissions of OEB staff in relation to the DRO and DAO.

OEB Staff Submission

OEB staff notes that Enbridge included the final 2015 rates as Attachment D to the Settlement Proposal. This was part of a commitment made by Enbridge to provide final rates and the associated rate impacts stemming out of the Settlement Proposal. Attachment D also included a Rate Handbook with supporting working papers including rate impacts by rate class.

¹ EB-2014-0191

The DRO includes an Appendix "B" which is a Rate Handbook showing the final 2015 rates (per Attachment D to the Settlement Proposal) plus Rider E, the revenue adjustment rate rider.

OEB staff supports Enbridge's approach to the derivation of Rider E because it is consistent with previous calculation methodologies approved by the OEB. For example in the 2013 Cost of Service proceeding² there was a similar situation and the OEB approved a Rider E at that time using the same approach.

OEB staff has reviewed the DAO and finds that the accounts proposed, including their written descriptions, adequately reflect not only the Settlement Proposal but also past OEB decisions approving the establishment or continuation of these accounts. OEB staff's view is that it is appropriate for the OEB to proceed to issue a final Accounting Order on the deferral and variance accounts.

Appendices

OEB staff is of the view that the Final Rate Order and Accounting Order should use the same content and sequencing as was presented in the filed DRO and DAO.

~ All of which is respectfully submitted ~

² EB-2011-0354