



**Ontario Energy Board
Commission de l'énergie de l'Ontario**

DECISION AND INTERIM ORDER

EB-2017-0181

ENBRIDGE GAS DISTRIBUTION INC.

**Application for quarterly rate adjustment mechanism commencing
July 1, 2017**

By Delegation, before: Pascale Duguay

June 27, 2017

INTRODUCTION AND PROCESS

Enbridge Gas Distribution Inc. (Enbridge) filed an application with the Ontario Energy Board (OEB) dated June 9, 2017 for an order approving or fixing rates for the sale, distribution, transmission, and storage of gas effective July 1, 2017 (the application).

The application was made pursuant to section 36(1) of the *Ontario Energy Board Act, 1998* and in accordance with the Quarterly Rate Adjustment Mechanism (QRAM), established by the OEB in the Generic QRAM proceeding,¹ for dealing with changes in gas costs.

Enbridge provided written evidence in support of the proposed changes outlined in the application and served all intervenors of record in Enbridge's 2017 rates proceeding.²

The OEB received questions and/or comments on the application from the Canadian Manufacturers and Exporters (CME), the Industrial Gas Users Association (IGUA) and the Federation of Rental-housing Providers of Ontario (FRPO).

IGUA submitted that the application was made in accordance with the QRAM methodology established by the OEB. Neither CME nor IGUA raised any concerns.

FRPO asked Enbridge a number of questions regarding the process for making gas supply-related purchasing decisions.

Enbridge filed responses to FRPO's questions.

FRPO filed a letter of comment expressing a concern that the OEB may not have sufficient insight into the activities of the natural gas utilities with respect to their gas supply purchasing decisions prior to the completion of the OEB's policy consultation on the assessment of distributors' gas supply plans³.

CME, FRPO and IGUA applied for recovery of their costs with respect to their examination of the application.

¹ EB-2008-0106

² EB-2016-0215

³ EB-2017-0129

OEB FINDINGS

I approve the application as filed. The rates will be established on an interim basis until such time as the OEB approves Enbridge's cap-and-trade related charges which are the subject of another OEB proceeding⁴.

Enbridge rates will be adjusted effective July 1, 2017 to reflect the new utility price of \$188.611/10³m³ (\$5.004/GJ @ 37.69 MJ/m³). The price is an increase from the current utility price of \$181.547/10³m³ (\$4.817/GJ @ 37.69 MJ/m³). The new utility price is based on a forecast of natural gas market prices over the next 12 months and associated transportation-related costs. The increase in the new utility price primarily reflects higher commodity costs. The new utility price will also be used in determining the amounts to be recorded in Enbridge's 2017 Purchased Gas Variance Account (PGVA) for the third quarter.

I also approve the unit rates contained in the Gas Cost Adjustment Rider to dispose of the PGVA balance as of June 30, 2017. The Gas Cost Adjustment Rider is a charge and reflects the difference between forecast and actual natural gas costs from prior periods.

The resulting bill impact for a typical residential customer who uses 2,400 m³ per year and who purchases gas supply from Enbridge is an increase of about \$36 on an annual basis.

With respect to the letter of comment from FRPO, I note that FRPO acknowledged that the QRAM process was developed to provide an expedited and mechanistic rate-setting process. FRPO asked a number of questions regarding the process for making gas supply-related purchasing decisions. I note that that the analysis of alternative supply or transportation options is not part of the QRAM process. Further the objective of the OEB policy consultation on the assessment of distributors' gas supply plans is to update the regulatory approach to the gas supply planning process to promote greater transparency and accountability. As FRPO is a member of the technical working group established by the OEB to assist in the development of a draft framework on the assessment of distributors' gas supply plan, I expect that FRPO will raise any relevant issues as part of that process.

⁴ EB-2016-0296/0300/0330

IT IS ORDERED THAT:

1. The rates approved for Enbridge as part of the OEB's Decision and Interim Rate Order EB-2017-0092 dated April 23, 2017 shall be superseded by the rates included in Enbridge's Rate Handbook as contained in Schedule A attached to this Decision and Interim Order.
2. The rates shall be effective July 1, 2017 and shall be implemented in Enbridge's first billing cycle commencing in July 2017.
3. The utility price used in determining amounts to be recorded in the third quarter of Test Year 2017 Purchased Gas Variance Account shall be \$188.611/10³m³ (\$5.004/GJ @ 37.69 MJ/m³).
4. The applicable customer notice set out in Schedule B attached to this Decision and Interim Order shall accompany each customer's first bill or invoice following the implementation of this Decision and Interim Order.
5. The parties for service shall be those on the list of interested parties attached as Schedule C to this Decision and Interim Order.
6. A decision regarding cost awards will be issued at a later date. Intervenors shall file with the OEB and forward to Enbridge their respective cost claims by **July 7, 2017**. Cost claims must be prepared in accordance with the OEB's *Practice Direction on Cost Awards*.
7. Enbridge will have until **July 21, 2017** to object to any aspect of the cost claims. A copy of the objection must be filed with the OEB and one copy must be served on the party against whose claim the objection is being made.
8. Any party whose cost claim was objected to will have until **July 28, 2017** to make a reply submission as to why the cost claim should be allowed. One copy of the submission must be filed with the OEB and one copy is to be served on Enbridge.

All filings to the OEB must quote file number **EB-2017-0181** and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format filed through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. Filings must clearly state the sender's name, postal address and telephone number and, if available, a fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found on the "e-Filing Services" webpage of the OEB's website at www.ontarioenergyboard.ca. If the web portal is not available you may email your document to BoardSec@ontarioenergyboard.ca.

ISSUED at Toronto, June 27, 2017

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

**SCHEDULE A TO
DECISION AND INTERIM ORDER
OEB FILE NO. EB-2017-0181
DATED: June 27, 2017**

**SCHEDULE B TO
DECISION AND INTERIM ORDER
OEB FILE NO. EB-2017-0181
DATED: June 27, 2017**

**SCHEDULE C TO
DECISION AND INTERIM ORDER
OEB FILE NO. EB-2017-0181
DATED: June 27, 2017**