

John A.D. Vellone
T (416) 367-6730
F 416.367.6749
jvellone@blg.com

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada M5H 4E3
T 416.367.6000
F 416.367.6749
blg.com



January 23, 2018

Delivered by Email, RESS & Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2701
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc. ("Enbridge")
Submissions Draft Accounting Order
Board File No.: EB-2017-0086**

We are writing on behalf of the Association of Power Producers of Ontario ("APPrO") to make these written submissions on the amended draft accounting order filed by Enbridge on January 12, 2018 (the "**Amended DAO**").

On November 29, 2017, Enbridge proposed an initial draft account order (the "**Original DAO**") which was filed as part of the original settlement proposal (the "**Original Settlement**"). APPrO supported the Original Settlement and the Original DAO, which included December 31, 2018 end-dates on most deferral and variance accounts.

On December 1, 2017, Board staff filed submissions on the Original Settlement which argued that "*OEB staff is of the view that there is no need for Enbridge to seek approval of new accounting orders each year.*" Rather, OEB Staff proposed an alternative approach that (**emphasis added**):

"would relieve the requirement for new draft accounting orders and new approvals by the OEB each year **but may require a one-time revision to Enbridge's deferral account descriptions**, for its existing accounts that the OEB determines should form part of the ratemaking framework going forward, so that they are not specific to any given year."

On December 4, 2017, the Ontario Energy Board (the "**Board**") held an oral hearing on the Original Settlement during which the Board panel noted that Enbridge's practice had been to get all of its variance accounts approved on an annual basis, with the only change being the time period as opposed to the terms or purpose of the account.¹ Enbridge acknowledged that this annual approval

¹ EB-2017-0086, Oral Hearing Transcript vol. 1 dated December 4, 2017 at p.31 [Transcript].

process added an unnecessary administrative step.² Consequently, the Board Panel stated **(emphasis added)**:

As part of the revised settlement, the Board would also ask that the accounting orders be resubmitted removing, **where appropriate**, the December 31st, 2018, date as an end date, the objective being that these accounting orders could persist over time and do not end with that fiscal year.³

The Amended DAO reflects Enbridge's attempt to implement the Board's request in this regard.

APPrO is supportive of efforts to improve administrative efficiency, including the elimination of a requirement to have all variance accounts approved on an annual basis.

However, APPrO submits that in making the changes to the Amended DAO, Enbridge has failed to make the corresponding and necessary "one-time revision to Enbridge's deferral account descriptions."

Specifically, Enbridge has proposed removing the December 31, 2018 end date from the following account descriptions in the Amended DAO:

Purchased Gas Variance Account, Unaccounted for Gas Variance Account, Storage and Transportation Deferral Account, Deferred Rebate Account, Customer Care CIS Rate Smoothing Deferral Account, Average Use True Up Variance Account, Manufactured Gas Plant Deferral Account, Electric Program Earnings Sharing Deferral Account, Ex-Franchise Third-Party Billing Services Deferral Account, Post-Retirement True-Up Variance Account, Lost Revenue Adjustment Mechanism Variance Account, Demand Side Management Incentive Deferral Account, Transition Impact of Accounting Changes Deferral Account, Open Bill Revenue Variance Account, Gas Distribution Access Rule Impact Deferral Account, Demand Side Management Variance Accounts, Transactional Services Deferral Account, and Earnings Sharing Mechanism Deferral Account (collectively, the "**2014 Approved Accounts**").

Each of the 2014 Approved Accounts were created pursuant to the Board's EB-2012-0459 Decision with Reasons dated July 17, 2014 (the "**Custom IR Decision**") in respect of Enbridge's Custom IR application to set rates from January 1, 2014 to December 31, 2018 (the "**Custom IR Term**").

The Custom IR Decision only approved the creation and use of these accounts for the duration of the Custom IR Term.⁴

By coincidence, the end of the Custom IR Term is also December 31, 2018. By deleting December 31, 2018 in the Amended DAO in respect of the 2014 Approved Accounts without proposing a corresponding change to the deferral account descriptions to ensure that the accounts only continue

² Transcript at p.32.

³ Transcript at 47 - 48

⁴ Custom IR Decision at pgs. 65-68.

for the duration of the Custom IR Term, Enbridge's Amended DAO will now result in the continuation of the 2014 Approved Accounts beyond December 31, 2018 **with no further actions required of Enbridge or the Board.**

APPrO submits that this is not consistent with the approvals obtained in the Custom IR Decision.

The ideal solution, as originally proposed by Board staff, would be to revise the deferral account descriptions to ensure that the accounts only apply for the duration of the Custom IR Term. This is not a practical solution at this stage of the proceeding. As an alternative, APPrO submits that the Amended DAO should be revised to specify that the 2014 Approved Accounts will clearly expire at the end of the Custom IR Term.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Per:

Original signed by John A.D. Vellone

John A.D. Vellone

cc. Applicant and Intervenors of record in EB-2017-0086