



# **ONTARIO ENERGY BOARD**

## **OEB STAFF SUBMISSION**

**Enbridge Gas Distribution Inc.**

**2017 Earnings Sharing and Deferral & Variance  
Account Disposition**

**EB-2018-0131**

**October 10, 2018**

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## Background

Enbridge Gas Distribution Inc. (Enbridge) filed an application dated June 27, 2018 with the Ontario Energy Board (OEB) under section 36 of the *Ontario Energy Board Act, S.O. 1998, c. 15, (Schedule B)* for an order approving the disposition of balances in certain deferral and variance accounts. The application also includes a request for approval to share earnings with ratepayers in accordance with the 2014-2018 Custom Incentive Regulation Plan Framework.<sup>1</sup>

In Procedural Order No. 1, dated August 10, 2018, the OEB scheduled a settlement conference with the objective of reaching a settlement among the parties on all of the issues in the proceeding. The settlement conference was held on September 20 and 21, 2018.

Enbridge filed a settlement proposal on October 3, 2018, which reflects settlement on a limited number of issues in the proceeding. Only those issues for which cost award eligibility was granted in the Notice of Application<sup>2</sup> were addressed at the settlement conference. Enbridge also filed the proposed unit rates associated with the clearance of the deferral and variance account balances (including the earnings sharing mechanism deferral account) and the bill impacts resulting from the settlement proposal.

## OEB Staff Submission

OEB staff's submission is set out in the sections that follow. OEB staff submits that the settlement proposal as filed is reasonable and submits that it has no concerns with the balances in the accounts that were not considered as part of the settlement proposal. OEB staff also submits that the draft rate order accurately reflects the settlement proposal.

### Summary of Proposed Disposition

Enbridge is requesting approval to dispose of 2017 year-end balances in certain deferral and variance accounts, with a few exceptions.<sup>3</sup> In accordance with the

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<sup>1</sup> EB-2012-0459.

<sup>2</sup> EB-2018-0131, Notice of Application, July 25, 2018.

<sup>3</sup> The balances in the Transition Impact of Accounting Changes Deferral Account and the Constant Dollar Net Salvage Adjustment Deferral Account reflect final 2018 balances (in accordance with previous approved settlement proposals on the basis that the final 2018 amounts are known). The Customer Care

settlement proposal, the net balance in the various deferral and variance accounts is a debit of \$4.22 million (including interest to December 31, 2018). The accounts highlighted denote those that are included in the settlement proposal.

	DEFERRAL AND VARIANCE ACCOUNTS		
	NON-COMMODITY RELATED ACCOUNTS		
	Account Acronym	Account Name	Balance (\$000's)
	2017 DRA	Deferred Rebate Account	1,892.2
	2017 GDARIDA	Gas Distribution Access Rule Impact Deferral Account	265.9
	2017 EPESDA	Electric Program Earnings Sharing Deferral Account	(692.9)
	2017 AUTUVA	Average Use True-Up Variance Account	(4,111.0)
	2017 ESMDA	Earnings Sharing Mechanism Deferral Account	(23,990.5)
	CCCISRSA	Customer Care CIS Rate Smoothing Deferral Account (all years – only interest)	85.8
	2018 TIACDA	Transition Impact of Accounting Changes Deferral Account	4,435.8
	2017 PTUVA	Post-Retirement True-Up Variance Account	(4,396.9)
	2018 CDNSADA	Constant Dollar Net Salvage Adjustment Deferral Account	6,468.3
	2017 OEBCAVA	OEB Cost Assessment Variance Account	2,716.3
	2017 DACDA	Dawn Access Costs Deferral Account	(910.7)
		Total Non-Commodity Related Accounts	(18,237.7)
	COMMODITY RELATED ACCOUNTS		
	2017 TSDA	Transactional Services Deferral Account	1,228.1
	2017 S&TDA	Storage and Transportation Deferral Account	22,396.4
	2017 UAFVA	Unaccounted for Gas Variance Account	(1,165.0)
		Total Commodity Related Accounts	22,459.5
		TOTAL DEFERRAL ACCOUNT BALANCES	4,221.8

Enbridge is not seeking disposition of the balances in the following accounts as part of the current proceeding:

- Demand Side Management Variance Account (DSMVA)
- Lost Revenue Adjustment Mechanism Account (LRAM)
- Demand Side Management Incentive Deferral Account (DSMIDA)
- Manufactured Gas Plant Deferral Account (MGPDA)
- Greenhouse Gas Emissions Impact Deferral Account (GGEIDA)

CIS Rate Smoothing Deferral Account reflects interest only related to the principal balances for the years 2013-2017.

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- Greenhouse Gas Emissions Compliance Obligation – Customer Related Variance Account (GGECOCRVA)
  - Purchased Gas Variance Account (PGVA)<sup>4</sup>

OEB staff notes that the DSM-related accounts (DSMVA, LRAM, DSMIDA) are to be cleared through separate DSM proceedings. The Greenhouse Gas Emissions related deferral accounts (GGEIDA and GGEOOCRVA) are to be cleared through separate cap-and-trade related proceedings. The balance in the MGPDA will be brought forward in a future deferral account proceeding once the Cityscape Residential legal proceeding has further progressed. The PGVA is cleared through separate Quarterly Rate Adjustment Mechanism (QRAM) proceedings.

Enbridge noted that the following accounts have zero balances for clearance in 2017 and therefore no disposition is requested:

- Customer Care Services Procurement Deferral Account (CCSPDA)
- Open Bill Revenue Variance Account (OBRVA)
- Ex-Franchise Third Party Billing Services Deferral Account (EFTPBSDA)
- Relocation Mains Variance Account (RLMVA)
- Replacement Mains Variance Account (RPMVA)
- Demand Side Management Cost-Efficiency Incentive Deferral Account (DSMCEIDA)
- Greenhouse Gas Emissions Compliance Obligation – Facility Related Variance Account (GGECOFRVA)<sup>5</sup>

OEB staff has no concerns with any of the accounts for which zero balances were recorded for 2017.

#### Issues that are addressed in the Settlement Proposal

The settlement proposal includes acceptance by parties of the balances in the following deferral and variance accounts:

- Deferred Rebate Account (DRA)

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<sup>4</sup> EB-2018-0131, Settlement Proposal, October 3, 2018, Appendix A; and EB-2018-0131, Interrogatory Responses, Staff-1(c).

<sup>5</sup> EB-2018-0131, Interrogatory Responses, Staff-1(c).

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- Electric Program Earnings Sharing Deferral Account (EPESDA)
  - Average Use True-Up Variance Account (AUTUVA)
  - Earnings Sharing Mechanism Deferral Account (ESMDA)
  - Constant Dollar Net Salvage Adjustment Deferral Account (CDNSADA)
  - Dawn Access Costs Deferral Account (DACDA)
  - Transactional Services Deferral Account (TSDA)
  - Storage and Transportation Deferral Account (S&TDA) (updated balance)
  - Unaccounted for Gas Variance Account (UAFVA)

The settlement proposal also includes acceptance by parties of Enbridge's proposed allocation and disposition methodologies.

OEB staff is of the view that the settlement proposal appropriately reflects Enbridge's 2014-2018 Custom Incentive Regulation Framework<sup>6</sup>, other relevant decisions and applicable policies of the OEB. OEB staff submits that the OEB's approval of the settlement proposal is in the public interest. OEB staff is satisfied that the calculations underpinning the balances in the deferral and variances accounts are in accordance with the relevant accounting orders previously approved by the OEB. OEB staff also submits that the accompanying explanation and rationale is adequate to support the settlement proposal.

OEB staff will provide specific comments below on a few of the accounts that are the subject of the settlement proposal.

#### Earnings Sharing Mechanism Deferral Account (ESMDA)

As part of Enbridge's 2014-2018 Custom IR framework<sup>7</sup>, a provision for earnings sharing was established. If the actual return on equity (ROE) from utility operations, calculated on a weather normalized basis, is greater than the OEB-approved ROE (updated annually by the application of the OEB's ROE formula), the excess earnings are shared 50:50 between Enbridge and its ratepayers. Based on Enbridge's actual 2017 utility earnings, the amount to be shared with ratepayers is \$23.99 million (including interest).<sup>8</sup>

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<sup>6</sup> EB-2012-0459.

<sup>7</sup> EB-2012-0459.

<sup>8</sup> The earnings sharing calculation excludes \$0.2 million of transaction costs associated with the Enbridge Gas Distribution Inc. and Union Gas Limited merger. EB-2018-0131, Pre-filed Evidence, Exhibit B / Tab 1 / Schedule 4 / p. 3.

OEB staff submits that the amount recorded in the account has been calculated correctly and has no concerns with the agreement in the settlement proposal that the balance in the account should be refunded to ratepayers as part of the current proceeding. OEB staff notes that as part of the settlement related to this account, parties agreed that in Enbridge's 2019 rates application, Enbridge would provide details and rationale for its refined approach to determining feasibility for residential infill customers with respect to the requirement for capital contributions.<sup>9</sup> OEB staff has no concerns with Enbridge providing evidence on this topic as part of the 2019 rates proceeding.

#### Constant Dollar Net Salvage Adjustment Deferral Account (CDNSADA)

OEB staff notes that this is the first proceeding in which Enbridge is seeking clearance of the balance in the CDNSADA.

The purpose of the CDNSADA is to record and clear the credit to ratepayers that resulted from the adoption of the Constant Dollar Net Salvage approach to determining the net salvage percentages to be included within Enbridge's depreciation rates.

In Enbridge's 2014-2018 Custom IR framework decision<sup>10</sup>, the OEB ordered Enbridge to refund \$379.8 million to customers over the 2014-2018 period, through Rate Rider D.

In Enbridge's 2018 rates proceeding<sup>11</sup>, the OEB approved the discontinuance of Rate Rider D at the end of 2017 as it was expected that Enbridge would have refunded the entire \$379.8 million amount.

Over the 2014-2017 period, Enbridge refunded a total of \$386.27 million and therefore has requested the recovery from ratepayers of the \$6.47 million over-refund as part of the current proceeding. This will represent the final 2018 disposition of the account.<sup>12</sup>

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<sup>9</sup> EB-2018-0131, Settlement Proposal, October 3, 2018, p. 8.

<sup>10</sup> EB-2012-0459.

<sup>11</sup> EB-2017-0086.

<sup>12</sup> EB-2018-0131, Pre-filed Evidence, Exhibit C / Tab 1 / Schedule 12 / pp. 1-4.

OEB staff submits that the balance in the account has been calculated correctly and has no concerns with the agreement in the settlement proposal that the balance in the account should be recovered from ratepayers as part of the current proceeding.<sup>13</sup>

#### Dawn Access Costs Deferral Account (DACDA)

OEB staff notes that this is the first proceeding in which Enbridge is seeking clearance of the balance in the DACDA.

The purpose of the DACDA is to record the revenue requirement impact of the incremental costs incurred to implement the Dawn Transportation Service. In addition, it records the revenue requirement impact of costs incurred to implement the heat value conversion modification.

The total capital cost incurred related to the noted projects was \$6.5 million. The total revenue requirement impact recorded in the account for 2017 is a \$0.91 million credit due to the timing of the related assets coming into service (November 1, 2017) and tax benefits associated with the capital spend.<sup>14</sup>

OEB staff submits that the balance in the account has been calculated correctly and has no concerns with the agreement in the settlement proposal that the balance in the account should be recovered from ratepayers as part of the current proceeding.<sup>15</sup>

#### Storage and Transportation Deferral Account (S&TDA)

The S&TDA records the difference between the forecast of storage and transportation rates (both cost of service and market based pricing) included in Enbridge's approved rates and the actual storage and transportation rates incurred by Enbridge. The account also records the variance between the forecast storage and transportation demand levels and the actual storage and transportation demand levels.

Enbridge originally proposed to recover a \$23.19 million debit balance (including interest) in the S&TDA. The primary driver for the balance in the account is an increase

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<sup>13</sup> EB-2018-0131, Settlement Proposal, October 3, 2018, p. 9.

<sup>14</sup> EB-2018-0131, Pre-filed Evidence, Exhibit C / Tab 1 / Schedule 13 / pp. 1-2.

<sup>15</sup> EB-2018-0131, Settlement Proposal, October 3, 2018, p. 9.

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in Union Gas Limited (Union) M12 tolls effective January 1, 2017 relative to the 2016 tolls that underpinned Enbridge's 2017 rates.<sup>16</sup>

As part of the settlement proposal, all parties agreed that the principal balance in the S&TDA should be reduced by \$0.8 million. This reflects the removal of costs recorded in the account related to the Dawn Transportation Service that have already been recovered in rates and should not have been included in the account. The effect of this adjustment is to reduce the balance in the account from a \$23.19 million debit (including interest) to \$22.40 million (including interest).<sup>17</sup>

OEB staff submits that the updated balance in the account has been calculated correctly and has no concerns with the agreement in the settlement proposal that the revised balance in the account should be recovered from ratepayers as part of the current proceeding.<sup>18</sup>

The settlement proposal also notes that one of the items recorded in the S&TDA is variances related to market-based storage. During the settlement conference, parties asked a number of questions about Enbridge's market-based storage Request For Proposal (RFP) process to confirm that the decision to contract with Union (which would be an affiliate during the term of the contract) was prudent. Enbridge provided information explaining its process and decision-making. Following review of that information, parties confirmed that the information is sufficient to address their questions about the specified Union storage contract.

Enbridge filed the information that was provided to intervenors at the settlement conference with its settlement proposal to ensure a complete record. Some of the information filed was requested to be held confidential in accordance with the *Practice Direction on Confidential Filings*.<sup>19</sup>

Specifically, at Appendix C to the settlement proposal, Enbridge filed an internal memorandum prepared in November 2016 to evaluate the RFP responses and set out the rationale for selecting the bidders that were eventually awarded the contracts. In the version of the memorandum shared with intervenors, and filed at Appendix C, the names of all counterparties are redacted. Parties agreed that the identities of the

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<sup>16</sup> EB-2018-0131, Pre-filed evidence, Exhibit C / Tab 1 / Schedule 2 / p. 1.

<sup>17</sup> EB-2018-0131, Settlement Proposal, October 3, 2018, p. 10.

<sup>18</sup> EB-2018-0131, Settlement Proposal, October 3, 2018, p. 10.

<sup>19</sup> EB-2018-0131, Settlement Proposal, October 3, 2018, pp. 10-11.



bidders are confidential and commercially sensitive. The disclosure of their identities might make it less likely that bidders would participate in future RFPs. Enbridge is seeking confidential treatment of the identities of the bidders, which are redacted in Appendix C to the settlement proposal.<sup>20</sup>

In addition, Enbridge provided a spreadsheet to intervenors as part of the settlement process that sets out the details of each of the RFP responses (with the bidders identities redacted). This spreadsheet was filed under separate cover on October 9, 2018. The parties to the settlement agreed that, if the information contained in the spreadsheet was made public, it may compromise Enbridge's commercial position in respect of future storage procurements and related negotiations. This would not be in the best interest of Enbridge or its ratepayers. As such, Enbridge is seeking confidential treatment of the entire spreadsheet.<sup>21</sup>

OEB staff agrees with parties that the information shared with respect to the Union storage contract is sufficient to resolve the questions with respect to prudence. OEB staff also agrees that the information filed in confidence with respect to the contract is properly considered confidential in accordance with the *Practice Direction on Confidential Filings* as it is commercially sensitive. OEB staff submits that the OEB should accept the settlement proposal with respect to this account and grant the confidentiality as requested by the parties to the settlement proposal.

#### Allocation and Disposition of Deferral and Variance Account Balances

All parties have agreed to the allocation and disposition methodology proposed by Enbridge.<sup>22</sup>

The allocation of the deferral and variance account balances is consistent with the allocation methodologies approved by the OEB in previous proceedings.<sup>23</sup> However, for the following two accounts there has not been a previous disposition and therefore the allocation methodology proposed has not been specifically approved:

##### a) DACDA

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<sup>20</sup> EB-2018-0131, Settlement Proposal, October 3, 2018, pp. 10-11 and Appendix C.

<sup>21</sup> EB-2018-0131, Settlement Proposal, October 3, 2018, pp. 10-11 and Enbridge Letter on Confidentiality, October 9, 2018.

<sup>22</sup> EB-2018-0131, Settlement Proposal, October 3, 2018, p. 12

<sup>23</sup> EB-2018-0131, Pre-filed Evidence, Exhibit C / Tab 2 / Schedule 1 / pp. 1-2.

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b) CDNSADA

With respect to the DACDA, Enbridge proposed that the costs will be recovered from all bundled customers and allocated to rate classes based on bundled annual delivery volumes of each rate class in accordance with the Dawn Access Settlement Agreement.<sup>24</sup> Enbridge noted that the allocation methodology best matches the costs with the potential volumes customers will be flowing on the service (and relatedly, the potential benefits customers will receive from the service).<sup>25</sup>

With respect to the CDNSADA, Enbridge proposed that the class-specific over-refunded / under-refunded site restoration clearance amounts will be directly allocated to each rate class for recovery / refund.<sup>26</sup>

OEB staff agrees with parties that the allocation methodologies proposed are reasonable.

Enbridge proposed to dispose of the net deferral account balance to customers as a one-time adjustment on customer bills in the month of January 2019. OEB staff notes that Enbridge typically disposes its deferral and variance account balances over a two-month billing adjustment. In response to an interrogatory, Enbridge noted that the total amount to be disposed and the resulting bill impacts (updated to approximately \$1.20, based on the draft rate order, for a typical residential customer<sup>27</sup>) are substantially lower than in previous years and therefore its proposal for a 1-month billing adjustment is appropriate.<sup>28</sup> OEB staff notes that the bill impacts are lower than they have been historically and will not oppose the proposed approach since parties have agreed to it.

However, for reasons explained below, OEB staff is of the view that Enbridge should leverage the three month QRAM period when determining the disposition period.

OEB staff notes that the recovery / refund of deferral account balances over a single month or two-month period are not in accordance with the spirit of the QRAM as they result in more frequent rate changes for ratepayers (as the customer's bill will change

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<sup>24</sup> EB-2014-0323.

<sup>25</sup> EB-2018-0131, Interrogatory Responses, Staff-13(b).

<sup>26</sup> EB-2018-0131, Pre-filed Evidence, Exhibit C / Tab 2 / Schedule 1 / pp. 3-4.

<sup>27</sup> EB-2018-0131, Draft Rate Order, October 3, 2018, at p. 6.

<sup>28</sup> EB-2018-0131, Interrogatory Responses, Staff-13(a).

when the one-time charge / refund expires). The intent of the QRAM is that there would be four rate changes per year for gas customers.

Additionally, in some years when the bill impacts may be large, it may not be appropriate to seek approval of the period over which the balances will be recovered in the earnings sharing and deferral account disposition proceeding (or other proceedings). OEB staff notes that, for example, at the time the earnings sharing and deferral account disposition application is filed (and when the decision is issued), the combined bill impact resulting from the deferral account disposition proceeding and the QRAM proceeding is not known. OEB staff submits that it may be more useful to propose a recovery period for the deferral account disposition at the time that the QRAM is filed when a mitigation plan can be properly considered, if necessary.

OEB staff submits that Enbridge should consider, for its next deferral account disposition proceeding, filing an application that includes all of the typical requests (account balances and allocation of balances to rate classes) but seeking approval of the disposition methodology and disposition period as part of the QRAM proceeding.

*Issues that are **not** addressed in the Settlement Proposal*

The settlement proposal does not include acceptance of the balances in the following deferral and variance accounts:

- Gas Distribution Access Rule Impact Deferral Account (GDARIDA)
- Customer Care CIS Rate Smoothing Deferral Account (CCISRSA) (interest clearance only)
- Transition Impact of Accounting Changes Deferral Account (TIACDA)
- Post-Retirement True-Up Variance Account (PTUVA)
- OEB Cost Assessment Variance Account (OEBCAVA)

OEB staff submits that the balances in all of the above noted deferral and variance accounts have been calculated correctly and the proposed disposition should be approved. OEB staff has set out a summary of each account below.

Gas Distribution Access Rule Impact Deferral Account (GDARIDA)

The GDARIDA records the impact associated with Enbridge maintaining compliance with the OEB's Gas Distribution Access Rule (GDAR) directives.

The 2017 debit balance of \$0.267 million in the account reflects the 2017 revenue requirement impact resulting from the Low Income Customer Service Rule changes that came into effect on January 1, 2013 as these costs were not reflected in Enbridge's rates set in 2013 (which serve as the base for rates set during the 2014-2018 IR period).<sup>29</sup>

#### Customer Care CIS Rate Smoothing Deferral Account (CCISRSDA)

For the CCCISRSDA, Enbridge is seeking only the disposition of the interest amount associated with the 2013-2017 principal held in the account in accordance with the CIS / Customer Care Settlement Agreement.<sup>30</sup> The principal balance (if any remains after the IR term) will be cleared after 2018. The total interest proposed for clearance in 2017 is a debit of \$0.086 million.<sup>31</sup>

#### Transition Impact of Accounting Changes Deferral Account (TIACDA)

The purpose of the TIACDA is to track the undisposed portion of the Other Post Employment Benefit (OPEB) costs which the OEB approved for recovery.

In Enbridge's 2013 Rates proceeding<sup>32</sup>, the OEB approved the recovery of \$88.7 million of OPEB costs evenly, over a 20-year period, commencing in 2013.

The 2018 installment for disposition is a debit of \$4.436 million (reflecting 1/20 of the approved \$88.7 million cost). The 2018 balance is being disposed as the final amount for 2018 is known at the beginning of the year. The same amount was previously disposed of in the same manner for each year 2013-2017.<sup>33</sup>

#### Post-Retirement True-Up Variance Account (PTUVA)

The PTUVA records the differences between the forecast pension and post-employment benefit expenses included in rates and the actual pension and post-employment benefit expenses.

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<sup>29</sup> EB-2018-0131, Pre-filed Evidence, Exhibit C / Tab 1 / Schedule 6.

<sup>30</sup> EB-2011-0226.

<sup>31</sup> EB-2018-0131, Pre-filed Evidence, Exhibit C / Tab 1 / Schedule 9.

<sup>32</sup> EB-2011-0354.

<sup>33</sup> EB-2018-0131, Pre-filed Evidence, Exhibit C / Tab 1 / Schedule 8.

For 2017, the forecast pension and post-employment benefit expenses included in rates were \$24.7 million. The actual 2017 pension and post-employment benefit expenses were \$25.1 million. Therefore, the variance between forecast and actual is a \$0.4 million debit.

As part of Enbridge's 2013 Rates settlement agreement<sup>34</sup>, it was agreed that the maximum disposition for the PTUVA is \$5 million. Any balances in excess of \$5 million are carried forward to the following year. In this way, large variances can be smoothed over time. In 2016, the total balance recorded in the account was a \$9.7 million credit. As such, a \$4.7 million credit was carried over to 2017.

In this proceeding, the amount proposed for clearance is a credit of \$4.39 million (the 2017 debit of \$0.4 million net of the 2016 carryover credit of \$4.7 million plus interest).<sup>35</sup>

#### OEB Cost Assessment Variance Account (OEBCAVA)

The OEBCAVA records any material variances between the OEB cost assessed to Enbridge through the application of the revised Cost Assessment Model, which became effective April 1, 2016, and the OEB costs which were included in rates during the Custom IR term (which were determined through the application of the prior Cost Assessment Model).

Enbridge proposed to recover a \$2.72 million debit balance in the OEB Cost Assessment Variance Account as part of the current proceeding. The amount was calculated by taking the OEB costs invoiced to Enbridge during 2017 using the revised Cost Assessment Model and subtracting the amounts invoiced to Enbridge during 2015-2016 using the prior version of the Cost Assessment Model.<sup>36</sup>

#### Status Updates

As part of the decision on the 2014-2018 Custom Incentive Regulation Framework<sup>37</sup>, the OEB ordered Enbridge to file certain progress reports and other documents as part of its annual deferral account disposition application. The current application includes:

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<sup>34</sup> EB-2011-0354.

<sup>35</sup> EB-2018-0131, Pre-filed Evidence, Exhibit C / Tab 1 / Schedule 5.

<sup>36</sup> EB-2018-0131, Pre-filed Evidence, Exhibit C / Tab 1 / Schedule 11.

<sup>37</sup> EB-2012-0459.

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- a status update for the System Integrity Program
  - the status of the benchmarking study
  - a status update for the Asset Management Planning Process
  - the 2017 Productivity Initiatives Report
  - a copy of the 2018 Stakeholder Day presentation
  - a copy of the 2017 RRR annual filings with respect to the service quality indicators
  - the 2017 Consolidated Financial Statements.

There are no direct approvals requested associated with the status updates and progress reports.

OEB staff submits that no findings of the OEB are required in relation to these reporting requirements as part of the current proceeding.

*Draft Rate Order*

Enbridge filed the proposed unit rates for clearing the deferral and variance account balances and the bill impacts resulting from the settlement proposal (the draft rate order) with the settlement proposal.

OEB staff submits that the unit rates associated with the clearance of the deferral and variance account balances, which are used to determine the bill adjustments for January 2019, have been calculated appropriately.

All of which is respectfully submitted.