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March 5, 2019

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli,

RE: EB-2018-0300/0301 – Submissions of London Property Management Association

Please find attached the submissions of the London Property Management Association (“LPMA”) in the above noted proceeding..

Yours very truly,

Randy Aiken

Randy Aiken
Aiken & Associates

c.c. Adam Steirs (Union Gas Limited)
Kevin Culbert (Enbridge Gas Distribution)

Union Gas Limited (now operating as Enbridge Gas Inc.)

**Application to dispose of balances in certain deferral and
variance accounts related to the delivery of conservation
programs in 2016**

- and -

**Enbridge Gas Distribution Inc. (now operating as Enbridge
Gas Inc.)**

**Application to dispose of balances in certain deferral and
variance accounts related to the delivery of conservation
programs in 2016**

**SUBMISSIONS
OF
LONDON PROPERTY MANAGEMENT ASSOCIATION**

A. INTRODUCTION

On November 30, 2018, the Ontario Energy Board (“OEB”) received an application from Union Gas Limited (now operating as Enbridge Gas Inc.) (“Union Gas”) for the clearance of 2016 balances in certain Demand Side Management deferral and variance accounts. The OEB assigned file no. EB-2018-0300 to the application.

On December 10, 2018, the OEB received an application from Enbridge Gas Distribution Inc. (now operating as Enbridge Gas Inc.) (“Enbridge Gas”) for the clearance of 2016 balances in certain Demand Side Management deferral and variance accounts. The OEB assigned file no. EB-2018-0301 to the application.

Pursuant to section 21(5) of the OEB Act, the OEB decided that the applications would be heard together as a combined hearing. A Notice of Combined Hearing was issued on December 21, 2018.

The OEB issued Procedural Order No. 1 on January 21, 2019 in which it set out dates for the filing of interrogatories, interrogatory responses, argument-in-chief, intervenor submissions and reply submissions.

Enbridge Gas Inc. (“Enbridge”) has requested an order or orders of the Ontario Energy Board (“Board”) approving the final audit balances for all of its 2016 DSM deferral accounts, as adjusted by Enbridge.

Evidence references in this submission that are related to Union Gas are from EB-2018-0300, while evidence references to Enbridge Gas are from EB-2018-0301.

Union Gas requests the net rebate to customers of \$1.547 million in adjusted balances for the LRAM, DSMVA and DSMIDA accounts. The 2016 audited results show a total net rebate balance in these three accounts of \$1.782 million (Exhibit A, Tab 1, Table 1), for a difference of \$0.235 million related to the proposed adjustments. All of the difference resides in the DSMIDA account.

Enbridge Gas requests the net recovery of \$5.557294 million in adjusted balances for the LRAM, DSMVA and DSMIDA accounts (Exhibit B, Tab 1, Table 1). The 2016 audited results show a total net recovery balance in these three accounts of \$3.671595 million (Exhibit A, Tab 1, Tables 1 & 2), for a difference of \$1.885699 million related to the proposed adjustments. All of the difference resides in the DSMIDA account.

This is the submission of the London Property Management Association (“LPMA”) regarding this application. While the submissions are focused on the Union Gas evidence, LPMA submits that the principles approved by the OEB should be applied equally between Union Gas and Enbridge Gas.

B. AUDITED VS. AUDIT-ADJUSTED VALUES

LPMA supports the use of the best available information in the calculation of both actual results and targets. LPMA further believes that the Board has confirmed this approach in the 2015-2020 DSM Plans proceeding (EB-2015-0029/0049) and in the 2015 DSM Clearance Applications (EB-2017-0323/0324).

It appears to LPMA that both Union Gas and Enbridge Gas have appropriately adjusted the audited values to reflect the Board’s guidance with respect to the use of the best available information for target setting in 2016, and, as such, LPMA supports the adjustments made by the utilities.

C. UNION GAS TRACKING AND REPORTING SYSTEM UPGRADE COSTS

Union Gas significantly underspent in 2016 on the upgrade costs, spending only \$2.041 million compared to the \$5.0 million that was included in 2016 rates (Exhibit A, Tab 3, pages 9-10).

The development of the DSM tracking and reporting system continued into 2017 and 2018. Rather than returning the 2016 underspend to ratepayers, Union Gas is proposing to roll forward \$2.822 million into 2017 and 2018 to reflect the actual spending in those years.

LPMA supports this proposal, as to do otherwise would result in a refund to customers as part of the 2016 DSMVA clearance of nearly \$3.0 million and then recovery of the \$2.822 million in 2017 and 2018. This would add unnecessary variability to rates, while the Union Gas proposal smooths the impact. LPMA's support for the Union Gas proposal is contingent on the accumulated interest credit being returned to ratepayers through this proceeding as indicated in the responses to Exhibits C.LPMA.Union.4 and C.SEC.Union.26.

D. TIMING OF THE ADJUSTMENT TO RATES & RECOVERY PERIOD

Union Gas proposes to dispose of the account balances with the first available Quarterly Rate Adjustment Mechanism ("QRAM") following Board approval. Union Gas assumed implementation with the April 1, QRAM.

Given the current timing of the application, implementation with the April 1 QRAM is no longer possible. Rates are most likely to be implemented as part of the July 1 QRAM application.

Union Gas plans to use a six month period to recover the amounts from general service (non-contract) ratepayers (Exhibit A, Tab 4, page 3 & Exhibit C.LPMA.Union.2) regardless of which QRAM application is used. This is consistent with the past practice of Union Gas.

LPMA is concerned with the impact on general service customers from change from the April QRAM to the July QRAM. A comparison of the general service bill impacts in Exhibit A, Tab 4, Appendix A, Schedule 3, which is based on an April 1 implementation with Attachment 1, page 2 of 2 in Exhibit C.LPMA.Union.2, which is based on a July 1

implementation shows that there are impacts on the four customer classes shown that are different from one another.

In particular, in the Union Gas north rate zone, for a typical Rate 01 customer, the rebate declines from \$7.39 (April) to \$5.54 (July), while for a typical Rate 10 customer, the rebate increases from \$340.28 (April) to \$345.58 (July).

Similarly, in the Union Gas south rate zone, for a typical Rate M1 customer, the charge declines from \$3.58 (April) to \$2.83 (July). For a typical Rate M2 customer, the rebate decreases from \$113.29 (April) to \$103.34 (July).

While the changes in the level of the charge or rebate between an April 1 and a July 1 implementation are not significant for a typical customer, LPMA is concerned with the potential change for larger customers in all of the above rate classes. The reduction in the Rate 01 rebate is 25%; the increase in the rebate for Rate 10 is 1.5%; the decrease in the charge for Rate M1 is 21%; the decrease in the rebate for Rate M2 is 9%. Applied to large volume customers in these rate classes, the dollar impact could be significant.

As the above demonstrates, the length of the recovery period and the timing of the recovery period impacts the amounts to be paid to or recovered from general service customers. LPMA submits that the Board should direct Union Gas to investigate the cost and feasibility of moving to the methodology used by Enbridge Gas of disposing of the deferral and variance account balances as a one-time adjustment for future dispositions of deferral and variance accounts. LPMA believes that it is appropriate for ratepayers of the new company, Enbridge Gas Inc. to be treated equally. Some customers of Union Gas will have to wait and receive their rebate over a six-month period, while a similar customer of Enbridge Gas will receive their rebate up front. Similarly, if a customer owes money, and Enbridge Gas customer has to pay it on one bill, while a Union Gas customer has the cost spread over 6 months. The Board should direct the utility to harmonize its approach across all rate zones in future disposition applications.

E. ALLOCATION OF AMOUNTS

LPMA has reviewed the proposed allocation of the amounts in the three accounts that are being cleared and supports the proposed allocation methodology. These accounts are being cleared in the same manner as they have in the past (Exhibit C.LPMA.Union.1), with the exception of the pooling of Rate M4, Rate M5 and Rate M7 DSMVA balances for disposition. This pooling began for 2016 and was approved by the OEB in the 2015-

2020 DSM Plan Decision (EB-2015-0029, Decision and Order dated January 20, 2016, p. 91). LPMA supports this approved allocation for the pooled rates.

LPMA notes that the allocation methodology used by Union Gas and Enbridge Gas are generally consistent between the Union Gas rate zones and the Enbridge Gas rate zone, with the exception of the above noted pooling for Rates M4, M5 and M7 (Exhibits C.LPMA.Union.3 and C.LPMA.EGD.1). LPMA supports the use of a consistent methodology across all rate zones.

F. COSTS

LPMA requests that it be awarded 100% of its reasonably incurred costs.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED
March 5, 2019**

**Randy Aiken
Consultant to London Property Management Association**