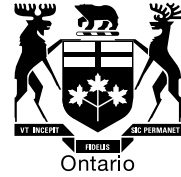


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**BY EMAIL**

April 26, 2019

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

Dear Ms. Walli:

**Re: Draft Rate Order: 2016 Demand Side Management Deferral and Variance Accounts  
OEB Staff Submission  
Union Gas Limited – EB-2018-0300  
Enbridge Gas Distribution Inc. – EB-2018-0301**

In accordance with the Decision and Order dated April 11, 2019, please find attached OEB staff's submission on the draft Rate Order in the above noted proceeding.

Sincerely,

*Original Signed By*

Josh Wasylyk  
Project Advisor, Application Policy & Climate Change

Attachment



## **ONTARIO ENERGY BOARD**

### **OEB STAFF SUBMISSION on DRAFT RATE ORDER**

**April 26, 2019**

**Enbridge Gas Inc. (formerly Union Gas Limited)  
2016 Demand Side Management Deferral and Variance Accounts  
EB-2018-0300**

**Enbridge Gas Inc. (formerly Enbridge Gas Distribution Inc.)  
2016 Demand Side Management Deferral and Variance Accounts  
EB-2018-0301**

## **Background**

On November 30, 2018 and December 10, 2018, Union Gas Limited (“Union”) and Enbridge Gas Distribution Inc. (“EGD”) respectively filed applications for an order or orders of the Ontario Energy Board (“OEB”) seeking approval to dispose of 2016 balances in the Demand Side Management (“DSM”) deferral and variance accounts.

On January 1, 2019, EGD and Union amalgamated to become Enbridge Gas Inc. (“Enbridge Gas”).

On April 11, 2019, the OEB issued its Decision and Order on the applications approving lost revenue, shareholder incentive and DSM program related amounts.

In response to the OEB’s Decision and Order, Enbridge Gas filed a draft Rate Order on April 18, 2019. The draft Rate Order outlines the proposed disposition of approved amounts in the EGD rate zone and Union rate zones.

## **Draft Rate Order**

### Union Rate Zones

Enbridge Gas calculated the unit rates for disposition of the approved account balances in the Union rate zones. Consistent with the OEB’s Decision and Order, the disposition is proposed in the following manner:

- For general service Rate M1, Rate M2, Rate 01 and Rate 10 customers, the disposition is to take place prospectively over a six-month period beginning with the July 2019 QRAM.
- For in-franchise contract rate classes, the disposition is to take place as a one-time adjustment in the July 2019 QRAM.

Enbridge Gas calculated interest on the Union rate zones account balances up to June 30, 2019.

### EGD Rate Zone

Enbridge Gas calculated the unit rates for disposition of the approved account balances in the EGD rate zone. The disposition is to take place as a one-time adjustment in the July 2019 QRAM. Enbridge Gas has calculated interest on the EGD rate zone account balances up to June 30, 2019.

## **OEB Staff Submission**

OEB staff submits that Enbridge Gas' draft Rate Order for the Union rate zones and EGD rate zone is consistent with the OEB's Decision and Order. Enbridge Gas used the amounts approved for disposition including carrying charges up to the time of disposition (i.e. June 30, 2019) and allocated these amounts in accordance to the Decision and Order.

The unit rates were derived based on 2018 actual consumption for the January 1, 2018 to December 31, 2018 period for the EGD rate zone.

The unit rates for the general service rate classes in the Union rate zone are based on forecast volume for the 6-month period of July 1, 2019 to December 31, 2019. The unit rates for the in-franchise contract rate classes in the Union rate zone are based on 2016 actual consumption.

Enbridge Gas did not provide an explanation of why it proposed to use different historical consumption periods to derive the unit rates for the EGD rate zone and for in-franchise contract rate classes in the Union rate zone. OEB staff submits that this difference should not bear any impact on the amounts to be recovered or refunded at the rate class level. While the evidence does not address this point, OEB staff's position is predicated on the assumption that the proposed unit rates for each of the EGD rate zone and the in-franchise contract rate classes in the Union rate zone will be applied to the same historical volumes that were used to derive those respective unit rates. OEB staff invites Enbridge Gas to confirm this in its reply submission or if there is an impact, to explain it and justify why different historical volumes are appropriate to derive the unit rates.

- All of which is respectfully submitted -