



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

DECISION AND ORDER

EB-2019-0142

ENBRIDGE GAS INC.

**Application for an accounting order for a variance account relating
to the Expansion of Natural Gas Distribution Systems**

BY DELEGATION, BEFORE: Theodore Antonopoulos

July 25, 2019

INTRODUCTION AND SUMMARY

On March 28, 2019, Enbridge Gas Inc. (Enbridge) filed an application with the Ontario Energy Board (OEB) for an accounting order for a variance account. More specifically, the application sought the establishment of a variance account related to the Expansion of Natural Gas Distribution Systems as per the implementation of Bill 32 of Ontario Regulation 24/19.

PROCESS

The establishment of the proposed variance account was set out in Ontario Regulation 24/19. The findings in this Decision and Order involve only the implementation of the mechanics of the account by way of an Accounting Order. Therefore, the OEB has considered the application without holding a hearing pursuant to section 6(4) of the OEB Act.

THE APPLICATION

Bill 32, the *Access to Natural Gas Act, 2018* (Bill 32) received Royal Assent on December 6, 2018. Ontario Regulation 24/19 (Regulation) made under the OEB Act was filed on March 8, 2019. Bill 32 and the Regulation address the expansion of natural gas distribution systems. The Regulation came into force on July 1, 2019.

Under Section 4 of the Regulation, "...gas distributors to which section 36 of the Act applies shall establish one or more variance accounts for the purposes of tracking amounts collected, remitted and distributed under this Regulation."

Section 6 of the Regulation addresses the collection of amounts from consumers. Effective July 1, 2019, the natural gas distributors are to collect one dollar per month from each customer as part of the fixed customer charge, and remit the amounts collected to the IESO each month. On a quarterly basis, in accordance with Section 5, the IESO would disburse money back to the distributors in the amounts identified in Schedule 1 (Section 2(a)). Once the IESO has received enough money to fund all of the projects in Schedule 1, it will notify the OEB and the distributors, and as soon as practicable, the distributors will cease collecting the \$1 per month from customers (Section 6(6)).

To the extent the distributors have collected and remitted to the IESO more money than is required to fund the Schedule 1 projects, the IESO shall (after deducting its reasonable costs) return the excess amounts to the gas distributors.

Enbridge has applied to record the excess amounts returned to it by the IESO in a variance account. Enbridge provided a draft Accounting Order and subsequently updated it in response to the OEB staff request for clarification of the various aspects of the Accounting Order.

FINDINGS

The OEB approves the requested variance account as per Ontario Regulation 24/19 effective July 1, 2019.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Enbridge Gas Inc. shall implement the Expansion of Natural Gas Distribution System Variance Account as set out in Schedule A, effective July 1, 2019.

DATED at Toronto, July 25, 2019

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Schedule A

Accounting Order

Enbridge Gas Inc.

OEB Order No: EB-2019-0142

Dated: July 25, 2019

Enbridge Gas Inc.
Accounting Order for
Account 179.380 Expansion of Natural Gas Distribution Systems
Variance Account

(Effective July 1, 2019)

This account is established in accordance with Section 4 of Ontario Regulation 24/19. The purpose of this account is to record the excess amounts returned to Enbridge by the IESO.

Simple interest is to be calculated on the opening monthly principal balance of this account and recorded in a separate Sub-account using the OEB-approved EB-2006-0117 interest rate methodology.

Enbridge Gas would seek OEB approval to return the audited balance in this account, together with accumulated carrying charges to ratepayers at the next QRAM.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Accounting Entries

1. Amounts received from the IESO:

DR Account 130, Cash

CR Account No. 179-380, Expansion of Natural Gas Distribution System
Variance Account

To record, as a credit in Variance Account No. 179-380, the excess amounts returned to Enbridge from the IESO

2. Interest accrual:

DR Account 323.000 Interest expense

CR Account No. 179-380, Expansion of Natural Gas Distribution System
Variance Account, Sub-account – Carrying Charges

To record, as a credit in Deferral Account No. 179-380, interest on the balance in Deferral Account No. 179-380. Simple Interest will be computed monthly on the opening balance in said account in accordance with the methodology approved by the OEB in EB-2006-0117.