

**BY EMAIL**

November 5, 2019

Christine E. Long  
Registrar and Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc. (Enbridge Gas)  
2019 Open Bill Access Application  
Ontario Energy Board (OEB) File No. EB-2018-0319**

Please find attached OEB staff's submission in the above proceeding. Enbridge Gas and all intervenors have been copied on this filing.

Yours truly,

*Original Signed By*

Donald Lau  
Project Advisor – Electricity Distribution: Major Rate Applications & Consolidations

Encl.

# **ONTARIO ENERGY BOARD**

## **STAFF SUBMISSION ON SUPPLEMENTARY PARTIAL SETTLEMENT PROPOSAL**

APPLICATION FOR APPROVAL TO CONTINUE THE  
EXISTING FINANCIAL TERMS ASSOCIATED WITH  
OFFERING OPEN BILL ACCESS SERVICES

Enbridge Gas Inc.

**EB-2018-0319**

**November 5, 2019**

## INTRODUCTION

Enbridge Gas Inc. (Enbridge Gas) filed an application with the Ontario Energy Board (OEB) on December 4, 2018 under section 36 of the *Ontario Energy Board Act, 1998*<sup>1</sup>, seeking approval to continue the existing financial terms associated with offering Open Bill Access (OBA) services for 2019 and 2020.

In Procedural Order No. 2, the OEB scheduled a settlement conference on March 6, 2019. After the settlement conference, Enbridge Gas filed a partial settlement proposal on March 22, 2019.

In Decision and Procedural Order No. 4 (PO4) the OEB accepted the partial settlement proposal (March 22, 2019 approved partial settlement proposal) which expanded the scope of the application to include whether the OBA program should continue and, among other things, allowed for another settlement conference (defined as a facilitated meeting in PO4).<sup>2</sup> The parties requested two additional settlement conference days, which were held on July 26, 2019 and September 4, 2019. Subsequently, Enbridge Gas filed a supplementary partial settlement proposal on October 23, 2019 setting out a partial agreement among all the parties to the proceeding. It is called a supplementary partial settlement proposal to differentiate it from the partial settlement proposal filed on March 22, 2019.

The parties to the supplementary partial settlement proposal are Enbridge Gas and the following approved intervenors in the proceeding: Building Owners and Managers Association Toronto, Canadian Manufacturers and Exporters, Enercare Inc., Energy Probe, Heating Ventilation and Air Conditioning Coalition, Reliance Comfort Limited Partnership, Summitt Home Services LP, Vista Credit Corp, and Vulnerable Energy Consumers Coalition, collectively called the Parties.

There was no issues list for this proceeding but the Parties have listed relevant items related to Enbridge Gas's request to continue the OBA program. These items, separated by settled and unsettled items, are as follows:

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<sup>1</sup> *Ontario Energy Board Act, 1998* S.O. 1998, c. 15, Sched. B

<sup>2</sup> EB-2018-0319, Decision and Procedural Order No. 4, April 4, 2019

## Settled

- 1) Continued operation of the OBA program
- 2) Termination of the Bill Insert Program
- 3) Customer information
- 4) Annual stakeholder meeting and ongoing reporting
- 5) Dialogue with smaller billers
- 6) Expansion of OBA program to the Union Gas service area
- 7) Future review of OBA agreement with billers

## Unsettled

- 8) What control should OBA customers have over the addition, removal and reinstatement of third party charges on their Enbridge Gas bill through the OBA program?
- 9) What restrictions, if any, should be placed on billing OBA customers for penalties, exit or termination fees, or similar charges through the Enbridge Gas bill?

This submission is based on the status of the record as of the filing of Enbridge Gas's supplementary partial settlement proposal and reflects observations which arise from OEB staff's review of the evidence and the supplementary partial settlement proposal. It is intended to assist the OEB in deciding Enbridge Gas's application and the supplementary partial settlement proposal.

## Background

In its application, Enbridge Gas proposed a two-year extension of the existing financial terms of the OBA program as set out in the OEB approved 2014 OBA settlement agreement.<sup>3</sup> The financial terms include the increase to billing fees, the sharing of net revenues outside of the prescribed deadband through the Open Bill Revenue Variance Account (OBRVA), and the yearly billing costs for the purpose of calculating the OBRVA. The net revenues from the OBA program were included as an annual \$5.389 million credit to Enbridge Gas's ratepayers.

## Continued operation of the OBA program

The Parties agreed that it is acceptable for the OBA program to continue under the existing financial terms until the earlier of the end of Enbridge Gas's deferred rebasing period or an OEB decision on an earlier application to expand the OBA program into the Union Gas service area. The existing financial terms are as follows:

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<sup>3</sup> EB-2013-0099, Decision on Settlement Agreement Open Bill, September 23, 2013

- The billing fees will be subject to annual increases equal to the Canadian Consumer Price Index (CPI) but not exceed 2.5%.
- The costs used to determine net revenues for the OBA program will be subject to annual increase equal to Canadian CPI but not exceed 2.5%.
- The sharing of OBA program net revenues between Enbridge Gas and ratepayers is as follows:
  - The OBA program net revenues will provide a credit of \$5.389 million to ratepayers.
  - The OBRVA will record annual revenues in excess of \$7.389 million to be shared 50/50 with ratepayers, and will allow Enbridge Gas to recover from customers net annual revenues that are less than \$4.889 million (the recovery will be equal to the shortfall between actual net annual revenues and \$4.889 million).

OEB staff notes that the proposed financial terms are the same as those approved in the interim rate order<sup>4</sup> and the financial terms agreed to, and accepted by the OEB, in the March 22, 2019 approved partial settlement proposal. OEB staff has previously submitted on this item but will reiterate OEB staff's position in this submission.<sup>5</sup>

In the 2014 OBA settlement agreement, the billing fees were to be updated using the 2012 billing fees as the starting point, with annual adjustments equal to the change in the CPI.<sup>6</sup> OEB staff submits that the proposed methodology for updating the billing fees is consistent with the 2014 OBA settlement agreement and is reasonable.

The 2014 OBA settlement agreement approved the costs to be used to determine the net revenues for each year from 2014 to 2018. These yearly increases were all above 2.5% per year, with the exception of the shared billing costs in 2015. In the supplementary partial settlement proposal the Parties agreed that the costs should be adjusted by the CPI, up to an annual maximum of 2.5%. In the absence of a new comprehensive analysis to determine the fully allocated costs of the OBA program, OEB staff submits that applying the CPI to costs for the purpose of calculating net revenue is appropriate as customers

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<sup>4</sup> EB-2018-0319, Interim Rate Order, December 13, 2018

<sup>5</sup> EB-2018-0319, OEB staff submission, March 28, 2019

<sup>6</sup> EB-2013-0099, Enbridge Gas Open Bill Access Settlement Agreement, p.5

would be no worse off than under the previous methodology of calculating the net revenues.

The continuation of sharing OBA program net revenues, outside of the deadband, between Enbridge Gas and ratepayers will incent Enbridge Gas to offer the OBA service, while ensuring ratepayers also receive a portion of the revenues in excess of the \$2 million deadband (\$7.389 million less \$5.389 million). It also continues to protect Enbridge Gas from the situation where its major customer ceases to use the OBA program, while ensuring ratepayers receive a minimum \$500,000 credit (\$5.389 million less \$4.889 million). OEB staff submits that the proposal to continue the sharing of net revenues through the OBRVA is reasonable.

### **Termination of the Bill Insert Program**

In the March 22, 2019 approved partial settlement proposal and PO4, the Bill Insert Program was ended and an opportunity was provided for parties to file with the OEB a proposal for the continuation of the Bill Insert program. No such proposal was received by the OEB. OEB staff submits that the termination of the Bill Insert program is consistent with the March 22, 2019 approved partial settlement proposal.

### **Customer information**

The Parties agreed that existing and new OBA customers will receive information about the OBA program and customers' rights and obligations under the OBA program. OEB staff supports informing customers about all aspects of the OBA program.

### **Annual stakeholder meeting and ongoing reporting**

The Parties agreed that Enbridge Gas will host an annual OBA stakeholder meeting to provide information and updates about the OBA program. The Parties also agreed that the discussions and documents provided at the meeting will not be confidential unless otherwise agreed to by the Parties. The Parties agreed that Enbridge Gas would provide data related to the operation of the OBA program at these meetings. OEB staff supports the annual stakeholder meeting and ongoing reporting.

### **Dialogue with smaller billers**

Enbridge Gas agreed that it would discuss with current and potential small billers possible improvements to the OBA program to make it more attractive to them. OEB staff supports increased discussions with small billers.

**Expansion of OBA program to the Union Gas service area**

Enbridge Gas agreed that it would not seek to expand the full OBA program into the Union Gas service area without first making an application to, and receiving approval from, the OEB. Enbridge Gas also committed that as part of its next OBA application, it will either apply to expand the OBA program or explain why it has not. OEB staff has no concerns with this approach.

**Future review of OBA agreement with billers**

In the March 22, 2019 approved partial settlement proposal, Enbridge Gas agreed that it would reopen the OBA agreement for discussion and negotiation. OEB staff has no further comments on this matter.

**Unsettled Items**

The Parties have two unsettled items that they would like the OEB to determine. Enbridge Gas has agreed to provide supplementary evidence on its current approach to the unsettled items and proposed that other Parties may also submit relevant evidence as well prior the OEB hearing. The Parties suggest that the OEB hear these unsettled items by way of oral hearing and to allow for the supplementary evidence to be tested. Although OEB staff understands that these are process suggestions as opposed to a component of the settlement agreement that cannot be severed from the rest of the agreement, OEB staff supports the filing of additional supplementary evidence by the Parties and an oral hearing process.

All of which is respectfully submitted