

**Enbridge Gas Inc.**

**Application for natural gas distribution rates and other  
charges effective January 1, 2020**

**PROCEDURAL ORDER NO. 1  
November 12, 2019**

On August 30, 2018, the Ontario Energy Board (OEB) approved the amalgamation of Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union Gas) under the OEB's policy on mergers, acquisitions, amalgamations and divestitures (MAADs).<sup>1</sup> In its decision (the MAADs Decision), the OEB also approved a rate-setting framework and associated parameters for the deferred rebasing period of 2019 to 2023. The companies amalgamated to form Enbridge Gas Inc. (Enbridge Gas) on January 1, 2019.

Enbridge Gas filed an incentive rate-setting mechanism (IRM) application with the OEB on October 8, 2019 under section 36 of the *Ontario Energy Board Act, 1998* seeking approval for changes to its natural gas distribution rates to be effective January 1, 2020. This application is Enbridge Gas' second annual rate adjustment application under the IRM framework approved in the MAADs decision.

In the 2019 rates proceeding, the OEB in its determination on the effective date for rates, noted that Enbridge Gas could have filed its 2019 rate application at an earlier date, or could have bifurcated the application such that the more mechanistic base rate adjustment was filed in advance of the more complicated aspects of the application.<sup>2</sup> For the 2020 rate application, Enbridge Gas has requested that the application be processed and adjudicated in a bifurcated manner to allow for updated interim rates to be in place for January 1, 2020. Enbridge Gas has proposed that distribution rates relating to the IRM be processed and adjudicated first. Matters related to the incremental capital module (ICM) funding and the cost allocation study can be addressed in phase 2 of the proceeding.

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<sup>1</sup> EB-2017-0306 / 0307 (the MAADs Decision), August 30, 2018.

<sup>2</sup> EB-2018-0305, Decision and Order on Effective Date, September 23, 2018, p. 5.

The OEB accepts Enbridge Gas' request to process and adjudicate the application in a bifurcated manner. The first phase will consist of adjudicating the IRM related elements and certain deferral and variance accounts. These elements include the annual rate escalation, pass through-costs, capital pass-through adjustments and Parkway Delivery Obligation rate adjustments. The second phase will deal with the remaining items in the application; this includes review of ICM funding and the cost allocation study.

A Notice of Hearing was issued on October 29, 2019. Each of the following applied for intervenor status:

- Association of Power Producers of Ontario (APPrO)
- Building Owners and Managers Association Toronto (BOMA)
- Canadian Manufacturers & Exporters (CME)
- City of Kitchener
- Consumers Council of Canada (CCC)
- Energy Probe Research Foundation (Energy Probe)
- Federation of Rental-housing Providers of Ontario (FRPO)
- Industrial Gas Users Association (IGUA)
- London Property Management Association (LPMA)
- Ontario Association of Physical Plant Administrators (OAPPA)
- Ontario Greenhouse Vegetable Growers (OGVG)
- Pollution Probe
- Quinte Manufacturers Association (QMA)
- School Energy Coalition (SEC)
- Six Nations Natural Gas Company Limited (SNNG)
- TransCanada PipeLines Limited (TCPL)
- Vulnerable Energy Consumers Coalition (VECC)

Each of APPrO, BOMA, CME, CCC, Energy Probe, FRPO, IGUA, LPMA, OAPPA, OGVG, Pollution Probe, QMA, SEC and VECC also applied for cost eligibility.

No objection was received from Enbridge Gas.

APPrO, BOMA, CME, City of Kitchener, CCC, Energy Probe, FRPO, IGUA, LPMA, OAPPA, OGVG, Pollution Probe, QMA, SEC, SNNG, TCPL and VECC are approved as intervenors. The list of parties in this proceeding is attached as Schedule A to this Procedural Order. Further, APPrO, BOMA, CME, CCC, Energy Probe, FRPO, IGUA, LPMA, OAPPA, OGVG, Pollution Probe, QMA, SEC and VECC are eligible to apply for an award of costs under the OEB's *Practice Direction on Cost Awards*.

Cost eligible intervenors should be aware that the OEB will not generally allow the recovery of costs for the attendance of more than one representative of any party, unless a compelling reason is provided when cost claims are filed.

Being eligible to apply for recovery of costs is not a guarantee of recovery of any costs claimed. Cost awards are made by way of OEB order at the end of a hearing.

### **Phase 1 Technical Conference / Written Questions**

The OEB has determined that it will hold a technical conference where parties can ask questions of the applicant. However, parties are requested to provide written questions that may require Enbridge Gas additional time to respond to. Written questions shall be submitted two days prior to the start of the technical conference. The issues to be explored in the technical conference and the advance written questions shall be limited to items included in phase 1 of this application, namely the price cap index adjustment, pass-through costs, capital pass-through adjustments and Parkway Delivery Obligation rate adjustment.

It is necessary to make provision for the following matters related to this proceeding. Further procedural orders may be issued by the OEB.

### **THE ONTARIO ENERGY BOARD ORDERS THAT:**

1. OEB staff and intervenors who wish to provide written questions to Enbridge Gas prior to the technical conference shall file them with the OEB and serve them on Enbridge Gas and all other parties by **November 18, 2019**.
2. A transcribed technical conference on phase 1 of the application will be held on **November 20, 2019** starting at 9:30 a.m. in the OEB's offices at 2300 Yonge Street, 25th floor.
3. A settlement conference among the parties and OEB staff will be convened on **November 21, 2019** starting at 11:00 a.m. with the objective of reaching a settlement among the parties on issues related to phase 1 of this application. The settlement conference will be held in the OEB's hearing room at 2300 Yonge Street, 25th Floor, Toronto. If necessary, the settlement conference will continue on **November 22, 2019**.

4. Any settlement proposal arising from the settlement conference shall be filed with the OEB on or before **November 28, 2019**. In addition to outlining the terms of any settlement, the settlement proposal should contain a list of any unsettled issues and the recommended process to review them.
5. Any submission from OEB staff on a settlement proposal shall be filed with the OEB and served on all parties by **December 2, 2019**.
6. If there is no settlement proposal arising from the settlement conference, Enbridge Gas shall file a statement to that effect with the OEB by **November 27, 2019**. In that event, parties shall file and serve on the other parties by **December 2, 2019** any submissions on how the unsettled issues should be addressed.

All materials filed with the OEB must quote the file number, EB-2019-0194, be made in searchable / unrestricted PDF format electronically through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice>. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.oeb.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Registrar at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Khalil Viraney, at [Khalil.Viraney@oeb.ca](mailto:Khalil.Viraney@oeb.ca) and OEB Counsel, Ian Richler, at [Ian.Richler@oeb.ca](mailto:Ian.Richler@oeb.ca).

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**DATED** at Toronto, **November 12, 2019**

**ONTARIO ENERGY BOARD**

*Original Signed By*

Christine E. Long  
Registrar and Board Secretary

**Schedule A**

**Procedural Order No. 1**

**Enbridge Gas Inc.**

**EB-2019-0194**

**Applicant and List of Intervenors**

**November 12, 2019**

**Enbridge Gas Inc.  
EB-2019-0194**

**APPLICANT & LIST OF INTERVENORS**

November 12, 2019

**APPLICANT**

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EB-2019-0194**

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November 12, 2019

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