

VIA RESS, EMAIL and COURIER

December 18, 2019

Christine Long
Registrar & Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Long:

**Re: EB-2019-0273 – Enbridge Gas Inc. (“Enbridge Gas”) – January 1, 2020
Quarterly Rate Adjustment Mechanism (“QRAM”) Application**

On December 10, 2019 Enbridge Gas filed an application and evidence with the Ontario Energy Board (“OEB” or “Board”) in the above noted proceeding. On December 12, 2019 Enbridge Gas received questions from the Federation of Rental-housing Providers of Ontario (“FRPO”) regarding specific transportation cost changes between 2017 and 2019, and Enbridge Gas’s view on “the process for approval and subsequent review” of components of the gas supply plan.¹ On December 16, 2019 Enbridge Gas provided written answers to FRPO’s questions regarding transportation costs, and noted that parties are awaiting an OEB Staff Report in the Board’s review of Enbridge Gas’s 5 Year Gas Supply Plan (EB-2019-0137).

On December 17, 2019 FRPO submitted a letter arguing that Enbridge Gas had not provided as much detail as FRPO expected. FRPO requested the Board approve the rates applied for in this QRAM on an interim basis and include review of these transportation costs in Phase 2 of Enbridge Gas’s 2020 Annual Rate application (EB-2019-0194) in the New Year.

Enbridge Gas submits that its responses to FRPO’s questions are clear and responsive. FRPO requested an explanation for the change in Enbridge Gas’s Nexus transportation costs. As described in Enbridge Gas’s December 16, 2019 response the change to Nexus costs were driven by:

- i) Changes to foreign exchange rates between USD and CAD;
- ii) Nexus’s use of a 15% capital adjustment tracking mechanism, the cost consequences of which were approved by the Board in EB-2015-0166/0175²; and,
- iii) Extension of 50% of Enbridge Gas’s contracted capacity from the Kensington receipt point to the Clarington receipt point, as discussed in

¹ EB-2019-0273 FRPO Interrogatories, December 12, 2019

² EB-2015-0166/0175 Decision and Order, pages 18-19

Union Gas Limited's 2017 Non-Commodity Deferral and Variance Account Application (EB-2018-0105) and the EGD rate zone's portion of the 2019 Annual Rate Application (EB-2018-0305), both in accordance with practices for reviewing gas supply related evidence prior to the implementation of the Board's Framework for the Assessment of Distributor Gas Supply Plans (EB-2017-0129).

The questions raised by FRPO provide no justification to approve this QRAM application only on an interim basis. By design, QRAM applications are intended to be abbreviated, mechanistic applications which pass through updated natural gas commodity and transportation costs to customers. Enbridge Gas's application and evidence support the approvals sought. As supported by both IGUA³ and CME⁴ Enbridge Gas submits that this QRAM application should be approved as filed.

Should FRPO believe that further discussion of the transportation costs in question are warranted Enbridge Gas submits that the appropriate venue is the Board's review of Enbridge Gas's 5 Year Gas Supply Plan and associated Annual Updates, not Phase 2 of Enbridge Gas's 2020 Annual Rate application (EB-2019-0194) as stated by FRPO. The Board clearly ruled in Enbridge Gas's 2019 Annual Rate application that gas supply planning is out of scope for annual rate applications⁵. The Board found that Enbridge Gas's annual rate applications within the deferred rebasing period should be "about making mechanistic adjustments based on a rate-setting framework approved in a prior application."⁶ The Board also pointed to its review of Enbridge Gas's 5 Year Gas Supply Plan as the appropriate venue to consider gas supply planning⁷; a decision which itself was a reinforcement of the same finding made by the Board in the MAADs proceeding.⁸ FRPO has provided no evidence or justification to discard this prior direction from the Board, and Enbridge Gas submits that it would be inappropriate to do so.

All of the above considered Enbridge Gas submits that the Board should reject FRPO's recommendations in its December 17, 2019 letter and approve this application as filed.

Should you have any questions please contact the undersigned at 416-495-7468.

³ EB-2019-0273 IGUA Letter of Comment, December 16, 2019

⁴ EB-2019-0273 CME Letter of Comment, December 16, 2019

⁵ The Board first ruled gas supply planning to be out of scope for Enbridge Gas's 2019 Annual Rate application in EB-2018-0305 Procedural Order 2, April 1, 2019, pages 6-7. Subsequently, Enbridge Gas filed a letter raising concerns with this approach on April 11, 2019. The Board confirmed gas supply planning to be out of scope for annual rate applications in Procedural Order No. 3, April 17, 2019.

⁶ EB-2018-0305 Procedural Order No. 3, April 17, 2019, page 2

⁷ EB-2018-0305 Procedural Order No. 2, April 1, 2019, page 6

⁸ EB-2017-0306/0307 Decision and Procedural Order No. 3, pages 11-12

Sincerely,

(Original Signed)

Brandon Ott
Technical Manager, Regulatory Applications

Cc: Tania Persad, Enbridge Gas
All Interested Parties EB-2008-0106, EB-2018-0305 & EB-2019-0194