

**Enbridge Gas Inc.**

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

**PROCEDURAL ORDER NO. 2  
January 9, 2020**

Enbridge Gas Inc. (Enbridge Gas) filed an incentive rate-setting mechanism (IRM) application with the Ontario Energy Board (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. On January 1, 2019, Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union Gas) amalgamated to form Enbridge Gas. This application is Enbridge Gas's second annual rate adjustment application under the IRM framework approved in the MAADs decision.<sup>1</sup>

In its application, Enbridge Gas 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 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.

The OEB in Procedural Order No. 1 issued on November 12, 2019 accepted Enbridge Gas's request to process and adjudicate the application in a bifurcated manner. Accordingly, the OEB set an accelerated schedule to review the first phase of the proceeding that addressed the IRM related elements and certain deferral and variance accounts. A settlement conference was held between the applicant and the intervenors (collectively, the parties) on November 21 and 22, 2019. The parties reached a settlement on all issues in Phase 1 of the

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<sup>1</sup> On August 30, 2018, the OEB approved the amalgamation of EGD and Union Gas under the OEB's policy on mergers, acquisitions, amalgamations and divestitures (MAADs). 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.

proceeding. Enbridge Gas filed a settlement proposal for consideration of the OEB on November 28, 2019.

In a decision issued on December 5, 2019, the OEB accepted the settlement proposal which included an interim rate order for rates reflecting the IRM adjustments effective January 1, 2020. The OEB also set procedural timelines for discovery of evidence related to Phase 2 of the proceeding.

In the 2016 Earnings Sharing Mechanism proceeding,<sup>2</sup> Enbridge Gas agreed to review potential metering issues that might be contributing to Unaccounted for Gas (UAF), and to report on that review. In the Enbridge Gas 2018 rates amended settlement proposal, Enbridge Gas agreed to continue this review and report on the progress in the 2019 rate-setting application.<sup>3</sup>

In the MAADs Decision, the OEB noted that it considers the issue of UAF important and directed Enbridge Gas to file a report on this issue for both the Union Gas and EGD rate zones by December 31, 2019.<sup>4</sup> Enbridge Gas filed a report on UAF on December 19, 2019.

Although the report was not filed in the context of the current application for 2020 rates, the OEB is of the view that Phase 2 of this proceeding provides an appropriate opportunity to review the report. The OEB will therefore treat the report as part of the record of this proceeding, and will allow parties to ask questions about the report as part of their written interrogatories, which as per the OEB's December 5, 2019 Decision and Rate Order are due February 4, 2020. The report is available on the OEB's website and can be accessed through the following link, [UFG Report](#).

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

1. OEB staff and intervenors may ask interrogatories about the UAF report filed by Enbridge Gas on December 19, 2019.
2. The procedural timelines established by the OEB in its Decision and Rate Order of December 5, 2019 remain in effect.

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<sup>2</sup> EB-2016-0142

<sup>3</sup> Amended Settlement Proposal, Enbridge Gas Distribution Inc. 2018 Rate Adjustment, EB-2017-0086, December 6, 2017, Schedule 1, page 13.

<sup>4</sup> EB-2017-0306/0307, Decision and Order, August 30, 2018, section 7.2, p. 53.

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 Board Secretary 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, January 9, 2020

**ONTARIO ENERGY BOARD**

*Original signed by*

Christine E. Long  
Registrar and Board Secretary