

VIA RESS and EMAIL

June 30, 2020

Ms. Christine Long
Board Secretary
Ontario Energy Board
P.O. Box 2319,
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: EB-2020-0095 Enbridge Gas Inc. ("Enbridge Gas")
2021 Rates – Application and Evidence**

Please find attached an Application by Enbridge Gas Inc. ("Enbridge Gas" or "EGI") for interim and final orders of the Ontario Energy Board ("OEB" or the "Board") under section 36(1) of the *Ontario Energy Board Act, 1998* approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of natural gas, commencing January 1, 2021.

Background

On August 30, 2018, in the MAADs Decision (EB-2017-0306/0307), the Board approved a rate setting mechanism (Price Cap IR) for Enbridge Gas, which sets out a multi-year incentive rate-setting mechanism ("IRM") for the calendar year term of 2019 to 2023 (the "five year term"). The MAADs Decision confirmed that during the five-year term, distribution rates will be set separately for the Enbridge Gas Distribution ("EGD") and Union Gas ("Union") rate zones. The MAADs Decision also approved the specific treatment of various elements in the IRM including the availability of an Incremental Capital Module ("ICM") during the five-year term.

This 2021 Rate Application is the third annual rate adjustment application under the IRM approved in the MAADs Decision.

In the 2020 Rate proceeding, the Board agreed to a bifurcated process, where distribution rates relating to the IRM adjustments are processed and adjudicated first, in order to allow updated interim rates to be in place on January 1, 2020, and matters related to ICM funding and other items to be addressed in Phase 2 of the proceeding. Enbridge Gas proposed that it is appropriate to continue with a bifurcated approach in future years of the deferred rebasing term (2021 to 2023), and proposed a process for the timing and steps for its future rates applications during the deferred rebasing term. No party objected to this proposal.

Enbridge Gas is preparing and filing its 2021 Rate Application in a manner that will allow the Board to process and adjudicate the 2021 Rate Application in a bifurcated manner, similar to the 2020 Rate application. Phase 1 of this Application addresses the IRM related elements, which includes the annual rate escalation, pass through-costs, capital pass-through adjustments and Parkway Delivery Obligation rate adjustments. Phase 2 of this

Application will address matters related to the ICM funding.

As detailed below, the relief sought in this 2021 Rate Application is as follows:

First, in Phase 1 of the Application Enbridge Gas seeks approval of distribution rates for each rate zone for the year commencing January 1, 2021, including all adjustments resulting from the application of Enbridge Gas's Board-approved IRM rate adjustment. The items to be reviewed and approved for each rate zone are largely mechanistic and include:

- the annual rate escalation, as determined by a price cap index ("PCI"), where PCI growth is driven by an inflation factor using GDP IPI FDD, less a productivity factor of zero and a stretch factor of 0.30%;
- the pass-through of routine gas commodity and upstream transportation costs, demand side management cost changes, lost revenue adjustment mechanism changes for the contract market, and average use/normalized average consumption;
- capital pass-throughs adjustment; and
- PDO rate adjustment

Enbridge Gas is filing all evidence relevant to these Phase 1 items with the attached Application. The Company is also filing draft Rate Orders reflecting the Phase 1 filing. Enbridge Gas respectfully requests that the Board establish a process to allow the Phase 1 IRM rate adjustment to be reviewed and approved, including approval received on the Rate Order by November 27, 2020, so that the resulting rates can be implemented on an interim basis in conjunction with the January 1, 2021 QRAM application.

Second, in Phase 2 of the Application Enbridge Gas seeks approval of an Incremental Capital Module (ICM) request for one or more projects. The supporting evidence for the ICM request(s) will be filed no later than October 15, 2020.

Please contact the undersigned if you have any questions.

Yours truly,

Rakesh Torul
Technical Manager,
Regulatory Applications

cc: David Stevens, Aird and Berlis LLP
EB-2019-0194 Intervenors