

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board
Act, 1998, S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an Application by
Enbridge Gas Inc., pursuant to section 36(1) of
the *Ontario Energy Board Act, 1998*, for an
order or orders approving or fixing just and
reasonable rates and other charges for the sale,
distribution, transmission and storage of gas as
of January 1, 2021.

APPLICATION

1. The Applicant, Enbridge Gas Inc. (“Enbridge Gas”, or “EGI”) is an Ontario corporation with its head office in the City of Toronto. It carries on the business of selling, distributing, transmitting, and storing natural gas within Ontario. Enbridge Gas was formed effective January 1, 2019, upon the amalgamation of Enbridge Gas Distribution Inc. (“EGD”) and Union Gas Limited (“Union”).
2. Enbridge Gas hereby applies to the Ontario Energy Board (the “Board”), pursuant to section 36 of the *Ontario Energy Board Act, 1998*, as amended (the “Act”) for interim and final Orders approving or fixing just and reasonable rates for the sale, distribution, transmission, and storage of gas commencing January 1, 2021.
3. On August 30, 2018, in the MAADs Decision¹, 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

¹ EB-2017-0306/0307.

“five year term”). The MAADs Decision confirmed that during the five year term, distribution rates will be set separately for the EGD and 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.

4. This 2021 Rate Application is the third annual rate adjustment application under the IRM approved in the MAADs Decision.
5. In the 2020 Rate proceeding, the Board agreed to a bifurcated process, where distribution rates relating to the IRM adjustments were 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 were 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 term². No party objected to this proposal.
6. 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 ICM funding.

² EB-2019-0194, Exhibit A, Tab 3, Schedule 1, filed: 2019-11-27.

7. With this Application, Enbridge Gas is filing all required Phase 1 supporting evidence in connection with the IRM adjustment to distribution rates for the EGD and Union rate zones, including draft Rate Orders. This will allow the Board to consider and approve distribution rates that can be implemented on an interim basis on January 1, 2021 in conjunction with the January 1, 2021 QRAM application. The items to be reviewed and approved in this regard 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-through adjustment; and
 - PDO rate adjustment
8. In its Decision on the Settlement Proposal in the 2020 Rate Application³, the Board indicated that approval of existing Deferral and Variance Accounts is not required on an annual basis. In this 2021 Rate Application, Enbridge Gas is not requesting Board’s approval for the establishment of new Deferral and Variance Accounts or changes to the existing Deferral and Variance Accounts that were approved in the Company’s 2020 Rate proceeding, EB-2019-0194⁴.
9. In Phase 2 of this Application, Enbridge Gas will file evidence in support of ICM funding requests for one or more projects. In accordance with the Board’s

³ EB-2019-0194, Decision on Settlement Proposal and Interim Rate Order, December 5, 2019, p.6.

⁴ EB-2019-0194, Decision on Settlement Proposal and Interim Rate Order, December 5, 2019, p.7.

directive in the MAADs Decision⁵, Enbridge Gas will file a consolidated Utility System Plan (including an Asset Management Plan and a Customer Engagement Study) for the ICM request(s) with this Application. The supporting evidence for the ICM request(s) will be filed no later than October 15, 2020.

10. 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 Order⁶ 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.
11. Enbridge Gas therefore applies to the Board for such final, interim or other Orders, as may be necessary in relation to approve:
 - Interim and final rates for the year commencing January 1, 2021, including all adjustments resulting from the application of Enbridge Gas's Board-approved IRM;
 - The request for ICM funding; and
 - The determination of all other issues that bear upon the Board's approval or fixing of just and reasonable rates for the sale, distribution, transmission, and storage of gas by Enbridge Gas for the year commencing January 1, 2021.

APPROVAL REQUESTS

12. The specific approvals sought in this Application are as follows:

⁵ EB-2017-0306/EB-2017-0307, Decision and Order, August 30, 2018, pp.32-34.

⁶ To be updated for October 2020 QRAM

- Interim rates for the year commencing January 1, 2021, including all adjustments resulting from the application of Enbridge Gas's Board-approved IRM, to be approved by November 27, 2020 for implementation on January 1, 2021 along with the QRAM Application for the same date;
 - The request(s) for ICM funding;
 - Final rates for the year commencing January 1, 2021, including the full-year impact of all items included in the Application (IRM rate adjustment and ICM request(s)); and
 - The determination of all other issues that bear upon the Board's approval or fixing of just and reasonable rates for the sale, distribution, transmission, and storage of gas by Enbridge Gas for the year commencing January 1, 2021.
13. Enbridge Gas further applies to the Board pursuant to the provisions of the Act and the Board's Rules of Practice and Procedure for such final, interim or other Orders and directions as may be appropriate in relation to the Application and the proper conduct of this proceeding.
14. This Application is supported by written evidence and may be amended from time to time as circumstances require.
15. The persons affected by this application are the customers resident or located in the municipalities, police villages and First Nations reserves served by Enbridge Gas, together with those to whom Enbridge Gas sells gas, or on whose behalf Enbridge Gas distributes, transmits or stores natural gas.
16. Approval of the IRM rate adjustment set out in this Application will result in the following bill impacts:

- the net annual bill increase for a typical EGD residential customer consuming 2,400 m³ per year will be approximately \$1.99 per year for sales service customers and \$1.95 per year for bundled direct purchase customers, each excluding any 2021 ICM impacts;
- the net annual bill increase for a typical Union South residential customer consuming 2,200 m³ per year will be approximately \$8.91 per year for sales service customers and \$8.87 per year for bundled direct purchase customers, each excluding any 2021 ICM impacts; and
- the net annual bill increase for a typical Union North residential customer consuming 2,200 m³ per year will range from approximately \$10.33 to \$10.72 per year for sales service customers and bundled direct purchase customers, each excluding any 2021 ICM impacts.

Approval of the ICM request(s) is estimated to have an annual bill impact of less than \$3.00 for a typical residential customer during the deferred rebasing period from 2021 to 2023.

17. The address of service for Enbridge Gas is:

Enbridge Gas Inc.

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Willowdale, Ontario
M2J 1P8

Attention:	Mark Kitchen Director, Regulatory Affairs
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- and -

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DATED June 30, 2020, at Toronto, Ontario

ENBRIDGE GAS INC.

Rakesh Torul
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