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October 28, 2020

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

Dear Ms. Long,

RE: EB-2020-0067 – Submissions of London Property Management Association - Enbridge Gas Inc. DSM Related Deferral & Variance Accounts

Please find attached the submissions of the London Property Management Association in the above noted proceeding.

Yours very truly,

Randy Aiken

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Date: 2020.10.28 09:27:47 -04'00'

Randy Aiken
Aiken & Associates

c.c. EGI Regulatory Proceedings (e-mail only)

EB-2020-0067

Enbridge Gas Inc.

Application to dispose of balances in certain deferral and variance accounts related to the delivery of conservation programs in 2017 and 2018

SUBMISSIONS
OF
LONDON PROPERTY MANAGEMENT ASSOCIATION

A. INTRODUCTION

Enbridge Gas Inc. ("EGI") filed an application with the Ontario Energy Board ("Board") on July 17, 2020 for the clearance of 2017 and 2018 balances in certain Demand Side Management ("DSM") deferral and variance accounts.

Procedural Order No. 1, dated September 3, 2020, required Board staff and intervenors to file any interrogatories by September 17, 2020. EGI filed responses to the interrogatories on October 7, 2020.

These are the submissions of the London Property Management Association ("LPMA") related to this application.

B. SUBMISSIONS

LPMA has reviewed the evidence and the interrogatory responses and has no significant concerns with the balances in the accounts (as updated to reflect the most recent Board prescribed interest rate of 0.57% effective July 1, 2020 and noted in the response to Exhibit I.LPMA.1b) or the allocation of the balances in the accounts to the various rate classes.

LPMA's submissions deal with the disposition of the DSM related balances based on the two proposed methodologies.

<u>Disposition of DSM-Related Account Balances</u>

In the Board's EB-2019-0247 Interim Decision and Order dated February 11, 2020, the Board stated that EGI should propose options or an approach to disposition of the balances that would smooth bill impacts. LPMA submits that the Board approve a disposition method for this application that also takes into account bill impacts on customers.

EGI is proposing a one-time billing adjustment as part of January 2021 bills that customers receive in February 2021 in the EGD rate zone and for in-franchise contract and ex-franchise customers in the Union rate zones (Exhibit I.Staff.1). This approach would apply to all customers except the general service customers in the Union rate zones (rates M1, M2, 01 and 10). For these customers EGI is proposing a disposition period of six months beginning with the January 2021 bills that would be received in February 2021.

<u>a) EGD Rate Zone and Non-General Service Union Rate Zone Rate Classes</u>

LPMA submits that the Board should consider a longer disposition period for the customers in the EGD rate zone and the in-franchise contract and ex-franchise customers in the Union rate zones. Several of the charges/rebates to customers are very large, as shown in the Attachment to Exhibit I.LPMA.1 at pages 1 and 3. As an example, the M4 rate charge is shown as $4,075 for a small M4 customer and $55,884 for a large M4 customer. Similarly, the rebate for Rate 100 ranges from $58,779 for a small customer to $522,480 for a large customer in this rate class.

LPMA submits that EGI should dispose of these balances for these rate classes by moving from the standard one-month disposition period to a three-month disposition period. It is submitted that the proposed one-time adjustment disposed of in three equal installments for all customers other than the general service rate classes in the Union rate zones would smooth the bill impacts for these customers over a longer period than the standard practice of one month. This is especially true given that the disposition is scheduled for January when the bills will reflect larger volumes and costs related to winter consumption. LPMA further notes that in the response to Exhibit I.LPMA.2, EGI indicated that there were no impediments to EGI of disposing of the account balances over a three-month period.

LPMA submits that the one-month disposition period for the EGD rate zone and in-franchise and ex-franchise customers in the Union rate zone will lead to bill impacts that will not result in smooth bill impacts. Given the large rebates and charges associated with different rate classes, the EGI proposal may result in significant bill impacts from one month to another. Disposing of the rebates/charges over three months will smooth the bill impact.

b) General Service Union Rate Zone Rate Classes

LPMA has concerns with the proposed six-month disposition period proposed for the general service rate classes in the Union rate zones. LPMA does not have any issue with the recovery based on prospective volumes but looks forward to mid-2021 when EGI has indicated that it will be able to adopt a common disposition period as well as a common disposition approach between the EGD and Union rate zones once integrated systems and processes are implemented (Exhibit I.LPMA.2).

As indicated in the response to Exhibit I.LPMA.2 noted above, a three-month disposition period is technically feasible for all customers including the general service rate classes in the Union rate zone. If this is the case, the question arises as to why a six-month disposition period has been proposed for the general service rate classes in the Union rate zones.

LPMA submits that the three-month disposition period provides a balance between acceptable bill impacts and the length of the disposition period. LPMA's concern with the proposed six-month disposition period is the potential for higher bills beginning January, 2021. As the Board is aware, this is the highest consumption quarter for the vast majority of general service customers. There is potential for a significant increase in gas commodity costs as part of a January 1, 2021 QRAM application given the proposal and Board approved partial deferral of increased gas costs in the EB-2020-0195 QRAM (Decision and Rate Order dated September 24, 2020) for October 1, 2020. In addition, 2021 rate increases will be effective January 1, 2021, which will also increase rates for general service customers in the Union rate zones.

As shown on page 2 of the attachment to Exhibit I.LPMA.1 three of the four general service rate classes (Rates 01, 10 & M2) will receive refunds as a result of clearing the DSM related accounts. Rather than spreading these rebates to these customers over six months, LPMA submits it is more appropriate to give these customers these rebates over a three-month period that coincides with the highest consumption and highest cost months of January through March, 2021. These reductions would at least partially offset the increase in costs due to higher consumption volumes, increased distribution rates and the potential of higher gas commodity costs. Reducing the disposition period from six months to three months will help smooth bill impacts over the winter months when the bills are the highest.

Rate M1 is the only general service rate class in the Union rate zones that require customers to pay more as a result of the clearance of the DSM related accounts. As shown on page 2 of the attachment to Exhibit I.LPMA.1, the average additional cost for an M1 rate customer is $26.62. LPMA submits that recovering this amount over three months instead of six may be a hardship on some customers, despite EGI's statement in Exhibit I.EP.6 that a recovery of approximately $10.80 for a typical Rate 1 customer in the EGI rate zone is not significant. Recovering the $26.62 over 3 months is less per month than the $10.80 figure. If the Board agrees with EGI and agrees that the recovery of $26.62 over three months is not a significant impact on the bill of those customers, then LPMA submits that the three-month recovery period is appropriate.

If, however, the Board determines that the average recovery of $26.62 from the M1 rate customers over three months rather than over the six months as proposed by EGI is not acceptable, then LPMA submits that the Board should direct EGI to recover the amount from the M1 rate class **only** over six months, as proposed by EGI, while refunding the amounts owed to the 01, 10 and M2 customers over a three month period that coincides with the highest consumption months.

In the response to Exhibit I.LPMA.4, EGI indicated that it was technically feasible for EGI to have different disposition periods for different general service rate classes in the Union rate zones.

For the reasons noted above, LPMA submits that the Board should direct EGI to dispose of the balances for the Rate 01, 10 and M2 general service customers in the Union rate zones over the same three-month period that is applicable to all other EGI customers while maintaining the six-month period for the Rate M1 general service customers in the Union Rate zone. This approach provides the best outcome in terms of smooth bill impacts to all general service customers in the Union rate zone.

C. COSTS

LPMA requests that it be awarded 100% of its reasonably incurred costs.

ALL OF WHICH IS RESPECTFULLY SUBMITTED
October 28, 2020

Randy Aiken

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Randy Aiken
Consultant to London Property Management Association