SCOTT POLLOCK
T 613.787.3541
spollock@blg.com

Borden Ladner Gervais LLP
World Exchange Plaza
100 Queen St, Suite 1300
Ottawa, ON, Canada K1P 1J9
T 613.237.5160
F 613.230.8842
blg.com

Borden Ladner Gervais

Our File # 339583.000276

By electronic filing

October 28, 2020

Christine Long
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Long

Re: Enbridge Gas Inc. ("EGI")
2017/2018 Demand Side Management (DSM) Deferral and Variance Account Disposition Application
Board File #: EB-2020-0067

We are counsel to Canadian Manufacturers & Exporters ("CME") in the above-noted proceeding. Pursuant to Procedural Order No. 1 dated September 3, 2020, please consider this letter as CME's Submissions regarding the applications by EGI regarding the disposition of the 2017/2018 demand side management deferral and variance accounts.

CME does not oppose the bulk of EGI's application, however, CME has two concerns:

1) The recovery of overspent amounts on EGI's upgraded tracking and reporting system for the EGD rate zone; and

2) The potential for significant rate impacts as part of the January 1, 2021 QRAM process which may compound the significant increases from the October 1, 2020 QRAM.

The Board approved a total of $5 million for EGI's new upgraded Tracking and Reporting System.[1] The total cost of this system ended up being $6.087 million, for an overage of $1.087 million, or over 20%. According to EGI, some reasons for the increased (internal) costs of the project included that the vendor experienced unforeseen turnover within its organization,[2] and the cost estimate did not include rate zone specific complexities.[3]

CME submits that ratepayers should not bear the full burden of the cost overages that were largely within EGI's control or knowledge with respect to scoping and project management.

[1] EB-2020-0067, Exhibit B, Tab 3, Schedule 1, page 2 of 9.
[2] EB-2020-0067, Exhibit I, STAFF.3, page 2 of 3.
[3] EB-2020-0067, Exhibit B, Tab 3, Schedule 1, page 3 of 9.

Borden Ladner Gervais

Accordingly, CME agrees with Board Staff that the Board should deny recovery of half of the overage, or approximately $0.54 million.

CME is also concerned about EGI's proposed recovery of balances from certain rate classes. In its application, EGI has indicated its preference for varying recovery periods for different rate classes, including:

- A one-time adjustment for EGD rate zone;
- A six-month adjustment for general service customers (Rates M1, M2, 01 and 10) and through a one-time adjustment for all remaining rate classes.[4]

EGI indicated that it supports one-time billing adjustments, as those align cost incurrence and cost recovery, and eliminate forecast variance.[5] EGI explained that the reason some recovery periods are six months are because of limitations in Union Gas' billing system.[6]

While CME acknowledges that one-time billing adjustments can have salutary effects, it is concerned about the impacts of the one-time adjustments proposed by EGI for certain rate classes. As part of its interrogatory responses, EGI stated that Union south large rate M4 customers would be charged an additional $55,884.00 as a result of this one-time disposition.[7]

Given the impact of COVID-19 on small to medium sized businesses, as well as previous large impacts to the cost of natural gas service, such as the October 1, 2020 QRAM which required rate mitigation measures, CME submits that it would be more appropriate for EGI to recover the amounts in this application over a minimum of three months, rather than in a one-time adjustment.

Yours very truly

Borden Ladner Gervais LLP

Scott Pollock

c. Adam Stiers (EGI)
Dennis M. O'Leary (Aird & Berlis LLP)
Intervenors EB-2020-0067
Alex Greco (CME)

117321519:v1

[4] EB-2020-0067, Exhibit A, Tab 2, Schedule 1, pages 1-2 of 3.
[5] EB-2020-0067, Exhibit I, STAFF.1, page 1-3.
[6] EB-2020-0067, Exhibit I, STAFF.1, page 1-3.
[7] EB-2020-0067, Exhibit I, LPMA 1, Attachment 1.