

VIA RESS, EMAIL and COURIER

December 16, 2019

Christine Long
Registrar & Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Long:

**Re: EB-2019-0273 – Enbridge Gas Inc. (“Enbridge Gas”) – January 1, 2020
Quarterly Rate Adjustment Mechanism (“QRAM”) Application**

On December 10, 2019 Enbridge Gas filed an application and evidence with the Ontario Energy Board (“OEB” or “Board”) in the above noted proceeding. Enbridge Gas received letters of comment from the Industrial Gas Users Association (“IGUA”) and Canadian Manufacturers and Exporters (“CME”). Both IGUA and CME reviewed Enbridge Gas’s January 1, 2020 application and had no objection to approval of the application as filed.

Enbridge Gas also received questions from OEB Staff and the Federation of Rental-housing Providers of Ontario (“FRPO”). Below are Enbridge Gas’s responses to the questions received.

OEB Staff

OEB Staff requested a revised version of Exhibit A, Tab 3, Schedule 1 which separately identifies the typical residential customer bill impacts of implementing interim 2020 rates (EB-2019-0194) and January 1, 2020 QRAM price changes (EB-2019-0273). Attached to this letter is a revised version of the requested Schedule.

OEB Staff also requested an explanation as to why the Sales Commodity Rate in Union North West is increasing by 7.4% while the Sales Commodity Rate in Union North East is increasing by 3.7%.¹

As described in evidence² the Reference Price applicable to Union North West is the Alberta Border Reference Price, while the Reference Price applicable to Union North East is the Dawn Reference. As such these two Sales Commodity Rates are driven by two different supply basins which may be impacted by different variables such as

¹ Exhibit A, Tab 3, Schedule 1, page 2, line 2.6

² Exhibit D, Tab 1, Schedule 1, pages 2-3

weather, demand and available transportation options. Other variables specific to the calculation of the 21-day average of a prospective twelve months can also have an impact. For example, the two reference prices noted are weighted based on forecast purchases by month. Forecast monthly purchases at Dawn are comparatively more uniform than those at Empress, where Unutilized Demand Capacity (“UDC”) is forecast to decrease purchases in the summer months. This weighting places increased emphasis on winter prices at Empress, which results in forecast winter prices impacting the Alberta Border Reference Price more than summer prices, which are generally lower.

FRPO

FRPO requested additional details regarding Enbridge Gas’s Nexus contracts for both the EGD and Union rate zones, specifically requesting the transportation quantity, the unit costs, an explanation of cost increases in the EGD rate zone between late 2017 and present day, a comparable explanation for the Union rate zones, and past evidentiary references addressing these matters.

Enbridge Gas holds Nexus capacity to serve the EGD, Union South and Union North East rate zones as specified in the table below:

Rate Zone	Primary Receipt Point	Primary Delivery Point (4)	Contract Qty	Contract Units	US\$/DTH
EGD (1)	Kensington	Milford Junction	55,000	DTH	0.7975
EGD (1)	Clarington	Milford Junction	55,000	DTH	0.9475
Union (2,3)	Kensington	St Clair	75,000	DTH	0.8652
Union (2,3)	Clarington	St Clair	75,000	DTH	1.0152
Total			260,000	DTH	

(1) EB-2019-0137, 5 Year Gas Supply Plan, Appendix B, lines 31-33

(2) Ibid., Appendix G, lines 12-13

(3) The Union rate zones have contracted for a total of 150,000 DTH/day and allocate 50,000 DTH/day to Union North East

(4) The EGD and Union rate zones’ Nexus contracts have different delivery points and tolls, however landed transportation cost at Dawn is comparable between the contracts

Enbridge Gas does not exercise control over the tolls of upstream transportation providers. The price increase referenced by FRPO can be attributed to a combination of changes in foreign exchange between USD and CAD, Nexus toll increases as a result of the 15% capital cost tracking adjustment contemplated in Enbridge Gas’s contracts³ and acknowledged by the Board in its Decision and Order in EB-2015-0166/0175⁴, and the extension of 50% of the contracted capacity for both EGD and Union from the Kensington receipt point to the Clarington receipt point. The extension to Clarington was discussed in EB-2018-0105⁵ and EB-2018-0305⁶ as it provides

³ EB-2015-0166 Exhibit A, Schedule 1, page 10; EB-2015-0175 Exhibit A, Tab 3, Schedule 1, Appendix E, pages 6-7

⁴ EB-2015-0166/0175 Decision and Order, pages 18-19

⁵ Exhibit B.TCPL.1

⁶ Relevant to the EGD rate zone: Exhibit E1, Tab 2, Schedule 1, page 16 and Exhibit E1, Tab 4, Schedule 7, item 25. Relevant to the Union rate zones: Exhibit E1, Tab 3, Schedule 1, Appendix C, line 12.

“access to a diversified set of secure and reliable supply options for Enbridge’s Nexus capacity...”⁷ These contract quantities, including the split between Kensington and Clarington, were further confirmed in Enbridge Gas’s 5 Year Gas Supply Plan.⁸

FRPO asked an additional question regarding the process for the receiving and testing of gas supply plan evidence. Enbridge Gas received pre-approval of the cost consequences of its Nexus contracts in EB-2015-0166/0175. In addition, Enbridge Gas notes that parties are awaiting an OEB Staff Report in the Board’s review of Enbridge Gas’s 5 Year Gas Supply Plan (EB-2019-0137).

Should you have any questions please contact the undersigned at 416-495-7468.

Sincerely,

(Original Signed)

Brandon Ott
Technical Manager, Regulatory Applications

Cc: Tania Persad, Enbridge Gas
All Interested Parties EB-2008-0106, EB-2018-0305 & EB-2019-0194

⁷ EB-2018-0305 Exhibit E1, Tab 2, Schedule 1 page 16

⁸ EB-2019-0137, 5 Year Gas Supply Plan Appendices B and G

Enbridge Gas Inc.
Typical Residential Customer Total Bill Impacts
Proposed Rates Effective January 1, 2020 Compared to Current Approved Rates Effective April 1, 2019

			EGD					
			TOTAL BILL			CHANGE		
			01-Jan-20 (1)	01-Jan-20 (2)	01-Apr-19 (3)	DUE TO JAN 2020 QRAM (EB-2019-0273 vs EB-2019-0194)	DUE TO 2020 INTERIM RATES (EB-2019-0194 vs EB-2018-0305/EB-2019-0193) (2)	TOTAL
			EB-2019-0273	EB-2019-0194	EB-2018-0305/EB-2019-0193			
			(A)	(B)	(C)	(A) - (B)	(B) - (C)	(A) - (C) %
1.0	VOLUME	m³	2,400	2,400	2,400	2,400	2,400	0 0.0%
2.1	CUSTOMER CHG.	\$	257.75	257.75	254.57	0.00	3.18	3.18 1.2%
2.2	DISTRIBUTION CHG.	\$	209.20	209.01	205.00	0.19	4.01	4.20 2.0%
2.3	LOAD BALANCING (EGD)	\$	30.26	29.54	29.43	0.72	0.11	0.83 2.8%
2.4	STORAGE (UNION)	\$						
2.5	TRANSPORTATION	\$	104.07	102.22	102.21	1.85	0.01	1.86 1.8%
2.6	SALES COMMDTY	\$	224.37	215.39	215.37	8.98	0.02	9.00 4.2%
2.7	FEDERAL CARBON CHG.	\$	93.84	93.84	93.84	0.00	0.00	0.00 0.0%
2.0	TOTAL SALES	\$	919.48	907.74	900.41	11.74	7.33	19.07 2.1%
3.0	COST ADJUSTMENT	\$	9.87	20.82	20.82	(10.94)	0.00	(10.94)
3.1	GAS SUPPLY	\$	20.05	15.70	15.70	4.35	0.00	4.35
3.2	TRANSPORTATION	\$	(4.33)	(2.96)	(2.96)	(1.37)	0.00	(1.37)
3.3	DELIVERY	\$	(5.84)	8.08	8.08	(13.92)	0.00	(13.92)
4.0	RATE ADJUSTMENT (4)	\$	0.00	(0.56)	(0.56)	0.56	0.00	0.56
5.0	REVENUE ADJUSTMENT (EGD RIDER E) (5)	\$	0.00	1.68	1.68	(1.68)	0.00	(1.68)
6.0	TOTAL SALES	\$	919.48	907.74	900.41	11.74	7.33	19.07 2.1%
6.1	TOTAL SALES W/ COST ADJ	\$	929.36	928.56	921.23	0.80	7.33	8.12 0.9%
6.2	TOTAL SALES W/ COST ADJ AND RATE ADJ	\$	929.36	929.69	922.36	(0.33)	7.33	7.00 0.8%

Notes:

- (1) Exhibit C, Tab 4, Schedule 7, Page 2, including cost, rate and revenue adjustments.
- (2) EB-2019-0194, Exhibit D, Tab 1, Draft Rate Order, Working Papers, Schedule 3.2, Page 2, including cost, rate and revenue adjustments.
- (3) EB-2018-0305, Exhibit F1, Tab 1, Rate Order, Appendix A.2, Page 2, including cost, rate and revenue adjustments. Rates effective April 1, 2019 (implemented November 1, 2019) reflect EB-2019-0193 (October QRAM) and EB-2018-0305 (2019 Rates).
- (4) Rate adjustment includes amounts previously approved by the OEB in EB-2018-0331 (2016-2018 Cap-and-Trade Deferral & Variance Account Disposition) effective October 1, 2019 to December 31, 2019 and EB-2018-0305 (2019 Rates Rate Retro) effective November 1, 2019 to December 31, 2019.
- (5) As per EB-2018-0305, revenue adjustment captures the difference between the Interim 2019 Rates and the Final 2019 Rates from April 1, 2019 to October 31, 2019.

Enbridge Gas Inc.
Typical Residential Customer Total Bill Impacts
Proposed Rates Effective January 1, 2020 Compared to Current Approved Rates Effective April 1, 2019

		Union South			CHANGE		
		TOTAL BILL					
		01-Jan-20 (1)	01-Jan-20 (2)	01-Apr-19 (3)	DUE TO JAN 2020 QRAM (EB-2019-0273 vs EB-2019-0194) (1)	DUE TO 2020 INTERIM RATES (EB-2019-0194 vs EB-2018-0305/EB-2019-0193) (2)	TOTAL
		EB-2019-0273	EB-2019-0194	EB-2018-0305/EB-2019-0193			
		(A)	(B)	(C)	(A) - (B)	(B) - (C)	(A) - (C) %
1.0	VOLUME	m ³ 2,200	2,200	2,200	2,200	2,200	0 0.0%
2.1	CUSTOMER CHG.	\$ 270.00	270.00	266.64	0.00	3.36	3.36 1.3%
2.2	DISTRIBUTION CHG.	\$ 111.92	111.75	111.21	0.17	0.54	0.71 0.6%
2.3	LOAD BALANCING (EGD)	\$					
2.4	STORAGE (UNION)	\$ 16.93	16.93	16.81	0.00	0.12	0.12 0.7%
2.5	TRANSPORTATION	\$ 0.00	0.00	0.00	0.00	0.00	0.00
2.6	SALES COMMDTY	\$ 258.09	248.65	248.59	9.44	0.06	9.50 3.8%
2.7	FEDERAL CARBON CHG.	\$ 86.01	86.01	86.01	0.00	0.00	0.00 0.0%
2.0	TOTAL SALES	\$ 742.95	733.34	729.26	9.61	4.08	13.69 1.9%
3.0	COST ADJUSTMENT	\$ 36.80	44.85	44.85	(8.05)	0.00	(8.05)
3.1	GAS SUPPLY	\$ 36.80	44.85	44.85	(8.05)	0.00	(8.05)
3.2	TRANSPORTATION	\$ 0.00	0.00	0.00	0.00	0.00	0.00
3.3	DELIVERY	\$ 0.00	0.00	0.00	0.00	0.00	0.00
4.0	RATE ADJUSTMENT (4)	\$ 0.00	5.37	5.37	(5.37)	0.00	(5.37)
5.0	REVENUE ADJUSTMENT (EGD RIDER E) (5)	\$					
6.0	TOTAL SALES	\$ 742.95	733.34	729.26	9.61	4.08	13.69 1.9%
6.1	TOTAL SALES W/ COST ADJ	\$ 779.75	778.19	774.11	1.56	4.08	5.64 0.7%
6.2	TOTAL SALES W/ COST ADJ AND RATE ADJ	\$ 779.75	783.56	779.48	(3.81)	4.08	0.27 0.0%

Notes:

- (1) Exhibit E, Tab 2, Schedule 5, Page 1, including rate adjustment.
- (2) EB-2019-0194, Exhibit D, Tab 2, Rate Order, Working Papers, Schedule 3, Page 1, including cost and rate adjustment. Cost adjustments per EB-2019-0193.
- (3) EB-2018-0305, Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 3, Page 1, including cost and rate adjustments. Cost adjustments per EB-2019-0193. Rates effective April 1, 2019 (implemented November 1, 2019) reflect EB-2019-0193 (October QRAM) and EB-2018-0305 (2019 Rates).
- (4) Rate adjustment includes amounts previously approved by the OEB in EB-2018-0331 (2016-2018 Cap-and-Trade Deferral & Variance Account Disposition) effective October 1, 2019 to December 31, 2019, EB-2018-0300 (2016 DSM Deferrals) effective July 1, 2019 to December 31, 2019 and EB-2018-0305 (2019 Rates Rate Retro) effective November 1, 2019 to December 31, 2019.
- (5) As per EB-2018-0305, revenue adjustment captures the difference between the Interim 2019 Rates and the Final 2019 Rates from April 1, 2019 to October 31, 2019.

Enbridge Gas Inc.
Typical Residential Customer Total Bill Impacts
Proposed Rates Effective January 1, 2020 Compared to Current Approved Rates Effective April 1, 2019

		Union North West						
		TOTAL BILL			CHANGE			
		01-Jan-20 (1)	01-Jan-20 (2)	01-Apr-19 (3)	DUE TO JAN 2020 QRAM (EB-2019-0273 vs EB-2019-0194) (1)	DUE TO 2020 INTERIM RATES (EB-2019-0194 vs EB-2018-0305/EB-2019-0193) (2)	TOTAL	
		EB-2019-0273	EB-2019-0194	EB-2018-0305/EB-2019-0193				
		(A)	(B)	(C)	(A) - (B)	(B) - (C)	(A) - (C)	%
1.0	VOLUME	m³	2,200	2,200	2,200	2,200	0	0.0%
2.1	CUSTOMER CHG.	\$	270.00	270.00	0.00	3.36	3.36	1.3%
2.2	DISTRIBUTION CHG.	\$	205.70	205.43	0.27	2.10	2.37	1.2%
2.3	LOAD BALANCING (EGD)	\$						
2.4	STORAGE (UNION)	\$	44.56	44.50	0.06	0.00	0.06	0.1%
2.5	TRANSPORTATION	\$	120.90	120.69	0.21	0.03	0.24	0.2%
2.6	SALES COMMDTY	\$	220.12	205.04	15.08	0.07	15.15	7.4%
2.7	<u>FEDERAL CARBON CHG.</u>	\$	<u>86.01</u>	<u>86.01</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
2.0	TOTAL SALES	\$	947.29	931.67	15.62	5.56	21.18	2.3%
3.0	COST ADJUSTMENT	\$	(16.23)	(13.36)	(2.87)	0.00	(2.87)	
3.1	GAS SUPPLY	\$	(14.62)	(10.84)	(3.78)	0.00	(3.78)	
3.2	TRANSPORTATION	\$	(1.61)	(2.52)	0.91	0.00	0.91	
3.3	DELIVERY	\$	0.00	0.00	0.00	0.00	0.00	
4.0	RATE ADJUSTMENT (4)	\$	0.00	(4.80)	4.80	0.00	4.80	
5.0	REVENUE ADJUSTMENT (EGD RIDER E) (5)	\$						
6.0	TOTAL SALES	\$	947.29	931.67	15.62	5.56	21.18	2.3%
6.1	TOTAL SALES W/ COST ADJ	\$	931.06	918.31	12.75	5.56	18.31	2.0%
6.2	TOTAL SALES W/ COST ADJ AND RATE ADJ	\$	931.06	913.51	17.55	5.56	23.11	2.5%

Notes:

- (1) Exhibit E, Tab 2, Schedule 5, Page 2, including rate adjustment.
- (2) EB-2019-0194, Exhibit D, Tab 2, Rate Order, Working Papers, Schedule 3, Page 2, including cost and rate adjustments. Cost adjustments per EB-2019-0193.
- (3) EB-2018-0305, Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 3, Page 2, including cost and rate adjustments. Cost adjustments per EB-2019-0193. Rates effective April 1, 2019 (implemented November 1, 2019) reflect EB-2019-0193 (October QRAM) and EB-2018-0305 (2019 Rates).
- (4) Rate adjustment includes amounts previously approved by the OEB in EB-2018-0331 (2016-2018 Cap-and-Trade Deferral & Variance Account Disposition) effective October 1, 2019 to December 31, 2019, EB-2018-0300 (2016 DSM Deferrals) effective July 1, 2019 to December 31, 2019 and EB-2018-0305 (2019 Rates Rate Retro) effective November 1, 2019 to December 31, 2019.
- (5) As per EB-2018-0305, revenue adjustment captures the difference between the Interim 2019 Rates and the Final 2019 Rates from April 1, 2019 to October 31, 2019.

Enbridge Gas Inc.
Typical Residential Customer Total Bill Impacts
Proposed Rates Effective January 1, 2020 Compared to Current Approved Rates Effective April 1, 2019

		Union North East					
		TOTAL BILL			CHANGE		
		01-Jan-20 (1)	01-Jan-20 (2)	01-Apr-19 (3)	DUE TO JAN 2020 QRAM (EB-2019-0273 vs EB- 2019-0194) (1)	DUE TO 2020 INTERIM RATES (EB-2019-0194 vs EB-2018-0305/ EB-2019-0193) (2)	TOTAL
		EB-2019-0273	EB-2019-0194	EB-2018-0305/ EB-2019-0193			
		(A)	(B)	(C)	(A) - (B)	(B) - (C)	(A) - (C) %
1.0	VOLUME	m³	2,200	2,200	2,200	2,200	0 0.0%
2.1	CUSTOMER CHG.	\$	270.00	270.00	0.00	3.36	3.36 1.3%
2.2	DISTRIBUTION CHG.	\$	205.70	205.43	0.27	2.10	2.37 1.2%
2.3	LOAD BALANCING (EGD)	\$					
2.4	STORAGE (UNION)	\$	110.39	110.38	0.03	(0.68)	(0.65) -0.6%
2.5	TRANSPORTATION	\$	45.83	45.78	0.05	0.02	0.07 0.2%
2.6	SALES COMMDTY	\$	264.29	254.86	9.43	0.04	9.47 3.7%
2.7	FEDERAL CARBON CHG.	\$	86.01	86.01	0.00	0.00	0.00 0.0%
2.0	TOTAL SALES	\$	982.22	972.46	9.78	4.84	14.62 1.5%
3.0	COST ADJUSTMENT	\$	24.48	19.55	4.93	0.00	4.93
3.1	GAS SUPPLY	\$	42.69	53.21	(10.52)	0.00	(10.52)
3.2	TRANSPORTATION	\$	(18.21)	(33.66)	15.45	0.00	15.45
3.3	DELIVERY	\$	0.00	0.00	0.00	0.00	0.00
4.0	RATE ADJUSTMENT (4)	\$	0.00	(5.10)	5.10	0.00	5.10
5.0	REVENUE ADJUSTMENT (EGD RIDER E) (5)	\$					
6.0	TOTAL SALES	\$	982.22	972.46	9.78	4.84	14.62 1.5%
6.1	TOTAL SALES W/ COST ADJ	\$	1,006.70	992.01	14.71	4.84	19.55 2.0%
6.2	TOTAL SALES W/ COST ADJ AND RATE ADJ	\$	1,006.70	986.91	19.81	4.84	24.65 2.5%

Notes:

- (1) Exhibit E, Tab 2, Schedule 5, Page 2, including rate adjustment.
- (2) EB-2019-0194, Exhibit D, Tab 2, Rate Order, Working Papers, Schedule 3, Page 2, including cost and rate adjustments. Cost adjustments per EB-2019-0193.
- (3) EB-2018-0305, Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 3, Page 2, including cost and rate adjustments. Cost adjustments per EB-2019-0193. Rates effective April 1, 2019 (implemented November 1, 2019) reflect EB-2019-0193 (October QRAM) and EB-2018-0305 (2019 Rates).
- (4) Rate adjustment includes amounts previously approved by the OEB in EB-2018-0331 (2016-2018 Cap-and-Trade Deferral & Variance Account Disposition) effective October 1, 2019 to December 31, 2019, EB-2018-0300 (2016 DSM Deferrals) effective July 1, 2019 to December 31, 2019 and EB-2018-0305 (2019 Rates Rate Retro) effective November 1, 2019 to December 31, 2019.
- (5) As per EB-2018-0305, revenue adjustment captures the difference between the Interim 2019 Rates and the Final 2019 Rates from April 1, 2019 to October 31, 2019.