

June 23, 2021

**BY EMAIL AND FILED VIA RESS**

Christine Long  
Registrar  
Ontario Energy Board  
2300 Yonge Street, Suite 2700  
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc. ("Enbridge Gas")  
EB-2020-0134 – 2019 Disposition of Deferral and Variance Accounts  
Response to OEB Staff Comments on Draft Rate Order**

---

We act as counsel to Enbridge Gas in this matter.

On June 14, 2021, Enbridge Gas filed an updated Draft Rate Order requesting clearance of accounts commencing October 1, 2021. As explained, the updated timing means that certain Union Gas customers will see account clearances over three months rather than the previously requested six month clearance period.

On June 18, 2021, OEB Staff filed the Staff Comments on the Draft Rate Order. In these Comments, OEB Staff indicate that they are satisfied with the calculation of the rate riders for the Enbridge Gas Distribution Rate Zone, and then indicate a question/comment for each of the Union South and Union North Rate Zones. Enbridge Gas's responses are set out below.

Union South Rate Zone

In relation to the Union South Rate Zone, OEB Staff ask why the balances to be recovered from several rate classes for the Upstream Transportation Optimization Deferral Account have changed from what was previously proposed when the accounts were to be cleared over six months. OEB Staff note that the change in the balances is greater than the increase in carrying charges now applied to the account.

The key point here is that although the allocated balance for Upstream Transportation Optimization account by customer class has changed (vs. the previous Draft Rate Order for disposition over six months), the resulting disposition unit rate remains common (i.e. the same) for all customer classes. Also, the recovery of the account balance between general service and contract customers remains appropriate.

The Upstream Transportation Optimization account is disposed of on a prospective basis as part of the Union South commodity-related balances as a common unit rate (derived at Appendix B, Tab 2, Schedule 3, Page 3 – see below). The approved allocation methodology for the Upstream Transportation Optimization account is to allocate the Union South balance to Union South rate classes in proportion to forecast volumes for disposition.

The allocation to rate classes based on forecast volumes for disposition is consistent with the disposition unit rate calculation. Although the Union South allocation to classes may have shifted modestly between rate classes as a result, the total allocated balance to Union South is the same between the July 1 and the October 1 Draft Rate Orders (other than the incremental interest).

As described in the Documentation for Working Papers in the June 14<sup>th</sup> Draft Rate Order (p. 4 of the PDF), the forecast volumes for the three month period beginning October 1, 2021 used to derive the common unit rate for disposition provides a fair allocation of cost responsibility between general service and contract service customers who take the sales service gas supply option.

As shown in the table of the same section (p. 4 of the PDF), the proposed three-month disposition of the Gas Supply related deferrals, which includes the Upstream Transportation Optimization account, more closely matches the forecast consumption and bill impacts of the annual forecast disposition than any other disposition time periods (see column e vs. column a).

The allocation of the Union South Upstream Transportation Optimization deferral balance is in proportion to the same forecast volumes used to derive the common unit rate:

**Appendix B, Tab 2, Schedule 2, Page 1:**

Line No.	Particulars (\$000's)	Acct No.	Union South						
			M1	M2	M4	M5A	M7	M9	M10
			(a)	(g)	(h)	(i)	(j)	(k)	(l)
<u>Gas Supply Related Deferrals:</u>									
1	Upstream Transportation Optimization	179-131	8,222	1,749	139	15	68	73	1
2	Spot Gas Variance Account	179-107	-	-	-	-	-	-	-
3	Unabsorbed Demand Cost (UDC) Variance Account	179-108	-	-	-	-	-	-	-
4	Deferral Clearing Variance Account - Supply	179-132	(816)	(285)	(17)	(4)	(1)	(8)	3
5	Deferral Clearing Variance Account - Transport	179-132							
6	Total Gas Supply Related Deferrals		7,406	1,464	122	11	67	65	4

**Appendix B, Tab 2, Schedule 3, Page 3:**

Line No.	Particulars	Rate Class	2019 Deferral Balances (\$000's) (a)	2019 Earnings Sharing Mechanism (\$000's) (b)	Deferral Balance for Disposition (\$000's) (c) = (a + b)	Forecast Volume (10 <sup>3</sup> m <sup>3</sup> ) (1) (d)	Unit Rate for Prospective Recovery/(Refund) (cents/m <sup>3</sup> ) (2) (e) = (c / d) * 100
1	Small Volume General Service	M1	7,406	-	7,406	889,983	0.7902
2	Large Volume General Service	M2	1,464	-	1,464	224,466	0.7902
3	Firm Com/Ind Contract	M4	122	-	122	20,550	0.7902
4	Interruptible Com/Ind Contract	M5	11	-	11	2,744	0.7902
5	Special Large Volume Contract	M7	67	-	67	7,927	0.7902
6	Large Wholesale	M9	65	-	65	10,631	0.7902
7	Small Wholesale	M10	4	-	4	125	0.7902
8	Total				9,139	1,156,427	0.7902

## Union North Rate Zone

In relation to the Union North Rate Zone, OEB Staff notes that there is a reduction in the total bill impact of the credit to Union North East and Union North West customers in the updated Draft Rate Order. OEB Staff indicates its expectation that this change is driven by using forecast consumption volumes for a different period, and asks Enbridge Gas to confirm and provide substantiating documentation.

Enbridge Gas confirms OEB Staff's assumption about why bill impacts (credits) are modestly lower in the updated Draft Rate Order.

The calculation of the Union North customers' typical bill impact effective October 1, 2021 is less of a refund than it was effective July 1, 2021. This is a function of the prospective recovery disposition where the total volumes for the rate class increased by a greater proportion than the volumes of a typical customer between the two time periods. Please see the table below which summarizes the Rate 01 bill impact information provided in the two draft rate orders.

Also please note that with the Union rate zone customers being migrated to the Enbridge Gas billing system, future deferral dispositions will be able to utilize the one-time billing adjustments for all rate zones (i.e. prospective disposition for legacy Union customer will no longer be needed).

Line No.		at July 1, 2021			at October 1, 2021			Change		
		Delivery	Transportation		Delivery	Transportation		Delivery	Transportation	
			Union North West	Union North East		Union North West	Union North East		Union North West	Union North East
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
<u>Rate 01</u>										
1	Deferral Balance (\$000's)	(3,438)	(7,298)	(1,014)	(3,443)	(7,308)	(1,015)	(4)	(10)	(1)
2	Prospective Volumes (10 <sup>3</sup> m <sup>3</sup> )	63,545	18,015	45,530	321,283	90,838	230,446	257,738	72,823	184,915
3	Deferral Unit Rate (cents/m <sup>3</sup> )	(5.4107)	(40.5123)	(2.2266)	(1.0715)	(8.0456)	(0.4405)			
<u>Typical Customer</u>										
4	Deferral Unit Rate (cents/m <sup>3</sup> )	(5.4107)	(40.5123)	(2.2266)	(1.0715)	(8.0456)	(0.4405)			
5	Consumption Volumes (m <sup>3</sup> )	143	143	143	559	559	559	416	416	416
6	Bill Impact (\$)	(7.74)	(57.93)	(3.18)	(5.99)	(44.96)	(2.46)	1.75	12.97	0.72
7	Change in rate class prospective volumes							406%	404%	406%
8	Change in typical customer consumption volumes							291%	291%	291%

Please let us know if there are questions.

Yours truly,

AIRD & BERLIS LLP

David Stevens

cc: All parties registered in EB-2020-0134

AIRD BERLIS