

**VIA RESS and EMAIL**

June 30, 2021

Christine E. Long  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

Dear Christine Long:

**Re: Enbridge Gas Inc. (“Enbridge Gas” or “EGI”)  
Ontario Energy Board (“OEB”) File No.: EB-2021-0147  
2022 Rates (Phase 1) – Application and Evidence**

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Please find attached an Application by Enbridge Gas for interim and final orders of the Ontario Energy Board under section 36(1) of the *Ontario Energy Board Act, 1998* approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of natural gas, commencing January 1, 2022.

**Background**

On August 30, 2018, in the MAADs Decision (EB-2017-0306/0307), the OEB 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 “five year term”). The MAADs Decision confirmed that during the five-year term, distribution rates will be set separately for the Enbridge Gas Distribution (“EGD”) and Union Gas (“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.

This 2022 Rate Application is the fourth annual rate adjustment application under the IRM approved in the MAADs Decision.

Similar to the approach directed by the OEB for the 2021 Rates application, Enbridge Gas is filing each Phase (“Phase 1” and “Phase 2”) of the 2022 Rates application as a separate application.

This application (EB-2021-0147) is for Phase 1 of the 2022 Rate Application, and addresses the IRM related elements, which includes the annual rate escalation, pass through-costs, capital pass-through adjustments and Parkway Delivery Obligation rate

adjustments. Also, as agreed in the settlement agreement in EB-2020-0095, Enbridge Gas is filing evidence on the assessment of alternatives to eliminate or reduce the Parkway Delivery Obligation ("PDO") and/or the Parkway Delivery Commitment Incentive ("PDCI") in this application.

Matters related to ICM funding and other items will be addressed in Phase 2 in of the 2022 Rate application, which will be filed separately in October 2021 under docket EB-2021-0148. Phase 2 will also include a progress report on the implementation of Unaccounted for Gas ("UFG") report's recommendation to address UFG filed in EB-2019-0194.

As detailed below, the relief sought in Phase 1 of the 2022 Rate Application is as follows:

In Phase 1 of the Application Enbridge Gas seeks approval of distribution rates for each rate zone for the year commencing January 1, 2022, including all adjustments resulting from the application of Enbridge Gas's OEB-approved IRM rate adjustment. The items to be reviewed and approved 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-throughs adjustment; and
- PDO rate adjustment

Enbridge Gas is also requesting approval of an updated accounting order for the Impacts Arising from the COVID-19 Emergency Deferral Account, to reflect the OEB's recent guidance for this account.

Enbridge Gas is not seeking any OEB relief in relation to the evidence filed related to the assessment of alternatives to eliminate or reduce the PDO and/or the PDCI.

Enbridge Gas is filing all evidence relevant to these Phase 1 items with the attached Application. The Company is also filing draft Rate Orders reflecting the Phase 1 filing. Enbridge Gas respectfully requests that the OEB establish a process to allow the Phase 1 IRM rate adjustment to be reviewed and approved, including approval received on the Rate Order by November 25, 2021, so that the resulting rates can be implemented on an interim basis in conjunction with the January 1, 2022 QRAM application.

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Please contact the undersigned if you have any questions.

Yours truly,

Rakesh Torul  
Technical Manager,  
Regulatory Applications

cc: David Stevens, Aird and Berlis LLP