

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board
Act, 1998, S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an Application by
Enbridge Gas Inc., pursuant to section 36(1) of
the *Ontario Energy Board Act, 1998*, for an
order or orders approving or fixing just and
reasonable rates and other charges for the sale,
distribution, transmission and storage of gas as
of January 1, 2022.

APPLICATION

1. The Applicant, Enbridge Gas Inc. (“Enbridge Gas”, or “EGI”) is an Ontario corporation with its head office in the City of Toronto. It carries on the business of selling, distributing, transmitting, and storing natural gas within Ontario. Enbridge Gas was formed effective January 1, 2019, upon the amalgamation of Enbridge Gas Distribution Inc. (“EGD”) and Union Gas Limited (“Union”).
2. Enbridge Gas hereby applies to the Ontario Energy Board (“OEB”), pursuant to section 36 of the *Ontario Energy Board Act, 1998*, as amended (the “Act”) for interim and final Orders approving or fixing just and reasonable rates for the sale, distribution, transmission, and storage of gas commencing January 1, 2022.
3. On August 30, 2018, in the MAADs Decision¹, 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

¹ EB-2017-0306/0307.

(the “five year term”). The MAADs Decision confirmed that during the five year term, distribution rates will be set separately for the EGD and 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.

4. This 2022 Rate Application is the forth annual rate adjustment application under the IRM approved in the MAADs Decision.
5. Similar to the approach directed by the OEB for the 2021 Rates application², Enbridge Gas is filing each Phase (“Phase 1” and “Phase 2”) of the 2022 Rates application as a separate application.
6. This application, EB-2021-0147 (Phase 1), 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.
7. 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 recommendation³ to address UFG filed in EB-2019-0194.

² EB-2020-0095, OEB letter, dated July 14, 2020.

³ EB-2019-0194, 2020 Rates, Decision and Order, dated May 14, 2020, pp. 18-20.

8. With this Application, Enbridge Gas is filing all required Phase 1 supporting evidence in connection with the IRM adjustment to distribution rates for the EGD and Union rate zones, including draft Rate Orders. This will allow the OEB to consider and approve distribution rates that can be implemented on an interim basis on January 1, 2022 in conjunction with the January 1, 2022 QRAM application. The items to be reviewed and approved in this regard 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-through adjustment; and
 - PDO rate adjustment.
9. 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.
10. In its Decision on the Settlement Proposal in the 2020 Rate Application⁴, the OEB indicated that approval of existing Deferral and Variance Accounts is not required on an annual basis. In this 2022 Rate Application, Enbridge Gas is not requesting the OEB’s approval for the establishment of new Deferral and Variance Accounts or changes to the existing Deferral and Variance Accounts that were approved in

⁴ EB-2019-0194, Decision on Settlement Proposal and Interim Rate Order, December 5, 2019, p.6.

the Company's 2020 Rate proceeding, EB-2019-0194⁵. Enbridge Gas is 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.

11. 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 Order⁶ 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.

APPROVAL REQUESTS

12. Enbridge Gas therefore applies to the OEB for such final, interim or other Orders, as may be necessary in relation to approve:
 - Interim rates for the year commencing January 1, 2022, including all adjustments resulting from the application of Enbridge Gas's OEB-approved IRM, to be approved by November 26, 2021 for implementation on January 1, 2022 along with the QRAM Application for the same date;
 - The updated accounting order for the Impacts Arising from the COVID-19 Emergency Deferral Account; and
 - The determination of all other issues that bear upon the OEB's approval or fixing of just and reasonable rates for the sale, distribution, transmission, and storage of gas by Enbridge Gas for the year commencing January 1, 2022.

⁵ EB-2019-0194, Decision on Settlement Proposal and Interim Rate Order, December 5, 2019, p.7.

⁶ To be updated for October 2021 QRAM

13. Enbridge Gas further applies to the OEB pursuant to the provisions of the Act and the OEB's Rules of Practice and Procedure for such final, interim or other Orders and directions as may be appropriate in relation to the Application and the proper conduct of this proceeding.
14. This Application is supported by written evidence and may be amended from time to time as circumstances require.
15. The persons affected by this application are the customers resident or located in the municipalities, police villages and First Nations reserves served by Enbridge Gas, together with those to whom Enbridge Gas sells gas, or on whose behalf Enbridge Gas distributes, transmits or stores natural gas.
16. Approval of the IRM rate adjustment set out in this Application will result in the following bill impacts:
 - the net annual bill increase for a typical EGD residential customer consuming 2,400 m³ per year will be approximately \$7.76 per year for sales service customers and \$7.74 per year for bundled direct purchase customers, each excluding any 2022 ICM impacts;
 - the net annual bill increase for a typical Union South residential customer consuming 2,200 m³ per year will be approximately \$8.71 per year for sales service customers and \$8.65 per year for bundled direct purchase customers, each excluding any 2022 ICM impacts; and
 - the net annual bill increase for a typical Union North residential customer consuming 2,200 m³ per year will range from approximately \$10.49 to \$11.42 per year for sales service customers and bundled direct purchase customers, each excluding any 2022 ICM impacts.

17. The address of service for Enbridge Gas is:

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- and -

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DATED June 30, 2021, at Toronto, Ontario

ENBRIDGE GAS INC.

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