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September 29, 2021

**VIA EMAIL and RESS**

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

Dear Christine Long:

**Re: Enbridge Gas Inc. ("Enbridge Gas")  
2022 Rate Adjustment Application ("Application")  
Ontario Energy Board (OEB) File No.: EB-2021-0147  
Phase 1 Settlement Proposal and Draft Interim Rate Orders**

Attached to this letter is a Settlement Proposal for Phase 1 of the Application, along with draft Interim Rate Orders and a draft Accounting Order reflecting the Settlement Proposal.

The Settlement Proposal includes a complete settlement of all items in Phase 1 of this proceeding. Appendices A and B to the Settlement Proposal provide Draft Interim Rate Orders (and associated materials) reflecting the impact of the Settlement Proposal for the Enbridge Gas Distribution ("EGD") and Union Gas ("Union") Rate Zones. Appendix C provides a Draft Account Order for the Impacts Arising from the COVID-19 Emergency Deferral Account ("COVEICDA").

Intervenors and OEB Staff have not reviewed the Draft Interim Rate Orders, because these could not be prepared until after the OEB issued its the October 2021 QRAM decision (EB-2021-0219). Parties reserve the right to provide comments on the Draft Interim Rate Orders.

Enbridge Gas requests that the OEB review and approve the Settlement Proposal, as well as the Draft Interim Rate Orders and the Draft Accounting Order. Enbridge Gas respectfully requests an OEB Decision on these items by Thursday, December 2, 2021.

Enbridge Gas plans to file its January 1, 2022 QRAM Application by Friday, December 10, 2021. Receiving an OEB Decision on the Settlement Proposal by Thursday December 2, 2021 would permit Enbridge Gas to use the OEB-approved interim 2022 rates (which reflects the impact of the IRM adjustments including updates to the capital pass-through and PDO costs) as base rates for its January 1, 2022 QRAM application.

The Settlement Proposal and associated Draft Interim Rate Orders and Accounting Order have been filed through the OEB's Regulatory Electronic Submission System (RESS).

Please contact the undersigned if you have any questions.

Yours truly,

Rakesh Torul  
Technical Manager, Regulatory Applications

cc: Mr. D. Stevens, Aird & Berlis LLP  
All Interested Parties EB-2021-0147

# **SETTLEMENT PROPOSAL**

**Enbridge Gas Inc.**

**2022 Rates – Phase 1**

**September 29, 2021**

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## **PREAMBLE**

This Settlement Proposal is filed with the Ontario Energy Board (the “OEB”) in connection with the application of Enbridge Gas Inc. (“Enbridge Gas” or the “Company”), for an order or orders approving Enbridge Gas’s 2022 rates for the Rate Zones of the former Enbridge Gas Distribution (EGD) and Union Gas Limited (Union) on an interim basis. This Settlement Proposal addresses “Phase 1” of this proceeding – which is limited to the annual rate escalation, pass-through costs, capital pass-through adjustments and Parkway Delivery Obligation cost adjustments.

On July 16, 2021, the OEB issued its Notice of Application in this proceeding. In Procedural Order No. 1, dated August 9, 2021, the Board established the process to address Phase 1 of the application, up to and including a Settlement Conference.

A Settlement Conference was held on September 10, 2021, and discussions continued after that time. Andrew Pride acted as facilitator for the Settlement Conference. This Settlement Proposal arises from the Settlement Conference.

Enbridge Gas and the following intervenors, as well as Ontario Energy Board technical staff (OEB Staff), participated in the Settlement Conference:

- Building Owners and Manufacturers Association (BOMA)
- City of Kitchener (Kitchener)
- Consumers Council of Canada (CCC)
- Energy Probe Research Foundation (Energy Probe)
- Environmental Defence (ED)
- Federation of Rental-Housing Providers of Ontario (FRPO)
- Industrial Gas User’s Association (IGUA)
- London Property Management Association (LPMA)
- Ontario Association of Physical Plant Administrators (OAPPA)
- Ontario Greenhouse Vegetable Growers (OGVG)
- Pollution Probe (PP)
- School Energy Coalition (SEC)
- Six Nations Natural Gas Company Limited (SNNG)
- TransCanada PipeLines Limited (TCPL)
- Vulnerable Energy Consumers Coalition (VECC)

All intervenors listed above participated in the Settlement Conference and subsequent discussions. In this Settlement Proposal, the above-listed intervenors and Enbridge Gas are referred to as “the parties”. As set out herein, TCPL takes no position on any of the settled issues.

The following items from Enbridge Gas’s Application and pre-filed evidence were addressed by the parties during the Settlement Conference and subsequent discussions:

1. The proposed price cap rate adjustment for 2022 rates in the EGD and Union Rate Zones.
2. The proposed pass-through costs included in 2022 rates in the EGD and Union Rate Zones (including the Enbridge Gas request for an accounting order for the COVID-19 Emergency Deferral Account).
3. The proposed capital pass-through cost adjustments for 2022 rates in the Union Rate Zones.
4. The proposed Parkway Delivery Obligation (PDO) cost adjustment for 2022 in the Union Rate Zones, including Enbridge Gas's current and future obligations in relation to the review of the PDO.
5. The timing for implementation of the proposed Phase 1 changes to 2022 rates.

The parties have reached complete agreement on all these items.

Collectively, the items discussed during the Settlement Conference are referred to as the "Settled Items" in this Settlement Proposal.

No other issues or proposals were addressed by the parties during the Settlement Conference nor are any other issues addressed in this Settlement Proposal.

All intervenors listed above participated in the Settlement Conference and subsequent discussions. OEB Staff are not a party to the Settlement Proposal. Although not a party to the Settlement Proposal, once the Settlement Proposal is filed, OEB Staff will file a submission commenting on two aspects of the settlement: whether the settlement represents an acceptable outcome from a public interest perspective, and whether the accompanying explanation and rationale is adequate to support the settlement. Also, as noted in the Practice Direction on Settlement Conferences, OEB Staff who participated in the Settlement Conference are bound by the same confidentiality and privilege rules that apply to the parties to the proceeding.

This document is called a "Settlement Proposal" because it is a proposal by the parties to the OEB to settle the issues in this proceeding. It is termed a proposal as between the parties and the OEB. However, as between the parties, and subject only to the OEB's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and is binding and enforceable in accordance with its terms. As set forth below, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the parties it is null and void and of no further effect. In entering into this agreement, the parties understand

and agree that, pursuant to the *Ontario Energy Board Act, 1998*, the OEB has exclusive jurisdiction with respect to the interpretation or enforcement of the terms hereof.

Enbridge Gas and all intervenors listed above have agreed to the settlement of the Settled Items as described on the following pages. Any reference to “parties” in this Settlement Proposal is intended to refer to Enbridge Gas and the intervenors listed above. The description of each Settled Item assumes that all parties participated in the negotiation of the item, unless specifically noted otherwise.

Best efforts have been made to identify all of the evidence that relates to each Settled Item. The supporting evidence for each settled issue is identified individually by reference to its exhibit number in an abbreviated format; for example, Exhibit B, Tab 1, Schedule 1 is referred to as B-1-1. The identification and listing of the evidence that relates to each Settled Item is provided to assist the OEB.

The Settlement Proposal describes the agreements reached on the Settled Items. The Settlement Proposal provides a direct link between each Settled Item and the supporting evidence in the record to date and/or the additional evidence attached to hereto. In this regard, the parties are of the view that the evidence provided is sufficient to support the Settlement Proposal in relation to the Settled Items and, moreover, that the quality and detail of the supporting evidence, together with the corresponding rationale, will allow the OEB to make findings agreeing with the proposed resolution of the Settled Items.

None of the parties can withdraw from the Settlement Proposal except in accordance with Rule 30 of the *Ontario Energy Board Rules of Practice and Procedure*. Further, unless stated otherwise, a settlement of any particular issue in this proceeding is without prejudice to the positions parties might take with respect to the same issue in future proceedings, whether during the term of Enbridge Gas’s current deferred rebasing term, or thereafter.

The parties acknowledge that all data, documents or information provided and any discussions, including negotiations, admissions, concessions, offers and counter-offers occurring during the course of the Settlement Conference (settlement information), including subsequent related discussions, are privileged and confidential and without prejudice in accordance with (and subject to the exceptions set out in) the OEB’s *Practice Direction on Settlement Conferences* (see pages 4-5 of the OEB’s *Practice Direction on Settlement Conferences*, as revised February 17, 2021).

It is fundamental to the agreement of the parties that none of the provisions of this Settlement Proposal are severable. If the OEB does not accept the provisions of the Settlement Proposal in their entirety, there is no Settlement Proposal (unless the parties agree that any portion of the Settlement Proposal that the OEB does accept may continue as a valid Settlement Proposal).

Where in this Agreement, the parties “accept” the evidence of Enbridge Gas, or the parties or any of them “agree” to a revised term or condition, including a revised budget or forecast, then unless the Settlement Proposal expressly states to the contrary, the words “for the purpose of settlement of the issues herein” shall be deemed to qualify that acceptance or agreement.

## OVERVIEW

This 2022 rate application is the fourth annual rate adjustment application under the IRM approved in the MAADs Decision.<sup>1</sup> Enbridge Gas’s Application is divided into two Phases. Phase 1 (which is the subject of this Settlement Proposal) addresses the IRM related elements of the application, as well as the update on Enbridge Gas’s review of opportunities to reduce the PDO<sup>2</sup>. Phase 2 will address Enbridge Gas’s Incremental Capital Module (ICM) requests, and will be filed as a separate application later this year.

The Phase 1 prefiled evidence sets out and explains the proposed changes to Enbridge Gas’s base rates for regulated transportation, storage and distribution for each of its three Rate Zones (EGD, Union North and Union South) effective January 1, 2022. As explained, adjustments to the base rates for each Rate Zone are determined in accordance with the IRM as follows:

- i. 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 “X factor”).
- ii. Demand side management cost changes, lost revenue adjustment mechanism changes for the contract market and average use/normalized average consumption adjustments.

A summary of the impact of the proposed IRM adjustments for each Rate Zone is set out in Table 1 of Exhibit B, Tab 1, Schedule 1 of the prefiled evidence, which is reproduced below.

In accordance with the MAADs Decision and the 2019 Rates Decision and Order (EB-2018-0305), Enbridge Gas has also included updates to capital pass-through and Parkway Delivery Obligation (“PDO”) costs in the Union rate zones in Phase 1.

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<sup>1</sup> 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 “deferred rebasing term”). The MAADs Decision confirmed that during the deferred rebasing term, distribution rates will be set separately for the EGD and Union Rate Zones.

<sup>2</sup> As agreed in the EB-2020-009 Settlement Proposal (2021 Rates, Phase I).



Through the Settlement Conference process, all parties have agreed that it is appropriate for Enbridge Gas to proceed to implement its as-filed IRM rate adjustments, as well as the proposed updates to the capital pass-through charges and the PDO. In the Draft Rate Orders, Enbridge Gas has updated appropriate items to reflect updated gas costs based on the October 1, 2021 QRAM.

In relation to the PDO, the parties support Enbridge Gas's continuing efforts to identify and implement least cost alternatives to addressing Dawn-Parkway capacity constraints. Parties support the exchange service contracting identified by Enbridge Gas in the current application as a cost effective means to potentially (subject to customer take up) reduce the current PDO by allowing PDO obligated customers to shift, in aggregate, up to an additional 37 TJ/day of Parkway obligated deliveries to Dawn at a cost to EGI below that of the current PDCI paid on those Parkway obligated volumes. Parties agree that Enbridge Gas should proceed to offer to PDO obligated customers further PDO reduction of up to 37 TJ/day (in aggregate) that would be enabled by Enbridge Gas contracting for the offered exchange service, and if customers take up such PDO reduction that Enbridge Gas should contract for the exchange service in support thereof and be permitted by the OEB to recover the fees paid under such contract from all Union South customers, in the same manner as Enbridge Gas currently recovers PDCI costs. Parties also agree that Enbridge Gas will continue to seek and report on cost-effective opportunities to reduce PDO in the future.

Parties have also agreed that it is appropriate for Enbridge Gas to receive approval of the proposed Accounting Order for the Impacts Arising from the COVID-19 Emergency Deferral Account (COVEICDA) attached to this Settlement Proposal as Appendix C.

All parties agree that it is appropriate for Enbridge Gas to implement the 2022 rates as proposed on an interim basis, to be effective January 1, 2022. The implementation will be effected in conjunction with the January 1, 2022 QRAM Application.

Details of the settlement on the Settled Items are set out in the Issues section that follows.

## **THE ISSUES**

### **1. Is the proposed price cap rate adjustment for 2022 calculated properly?**

As set out in the prefiled evidence, Enbridge Gas has applied the Price Cap incentive rate-setting ("IR") mechanism using a PCI to adjust rates for each of the EGD and Union Rate Zones for 2022.

All parties agree that the inflation factor of 1.7% is appropriate and will not be revised further for calculating 2022 IRM rates. All parties agree that it is appropriate to apply a PCI of 1.4%, based on an inflation factor of 1.7% and the X factor of 0.3%.

The impact of the agreed change can be seen in the table below, which is a reproduction of Exhibit B, Tab 1, Schedule 1, page 3 (Table 1):

Table 1  
Proposed Changes in Revenue by Rate Zone  
Effective January 1, 2022

Line No.	Particulars	EGD Rate Zone (\$000's)	Union Rate Zones (\$000's)
	<u>Summary Change in Revenue:</u>		
1	2022 Proposed in EB-2021-0147	1,293,067	1,346,489
2	2021 Approved in EB-2019-0095 (1)	<u>1,276,136</u>	<u>1,329,977</u>
3	Net Change (line 1 - line 2)	<u>16,931</u>	<u>16,512</u>
	<u>Detailed Change in Revenue:</u>		
4	2022 Price Cap Index (1.4%)	16,931	13,673
5	2022 DSM Budget Change	-	-
6	2022 Capital Pass-through Change	-	1,434
7	2022 Parkway Delivery Obligation Change	<u>-</u>	<u>1,405</u>
8	Total Excluding Incremental Capital Module ("ICM") Funding (lines 4 through 7)	<u>16,931</u>	<u>16,512</u>
9	2022 ICM Funding	<u>Note (2)</u>	<u>Note (2)</u>
10	Total (line 8 + line 9)	<u>16,931</u>	<u>16,512</u>

Notes:

- (1) EGD rate zone per Exhibit D, Tab 1, Rate Order, Working Papers, Schedule 7.  
Union rate zones per Exhibit D, Tab 2, Rate Order, Working Papers, Schedule 9.
- (2) 2022 ICM funding request(s) and supporting evidence will be filed as a separate application in EB-2021-0148.

**Evidence:** The evidence in relation to this issue includes the following:

A-2-1	Application
B-1-1	Rate Setting Mechanism
D-1	Draft Rate Order – EGD Rate Zone
D-2	Draft Rate Order – Union Rate Zones
I.BOMA.1	BOMA Interrogatory #1
I.EP.3	EP Interrogatory #3
I.LPMA.5 and 6	LPMA Interrogatories #5 and 6
I.PP.3	PP Interrogatory #3

## 2. Are the proposed pass-through costs included in 2022 rates appropriate?

The MAADs Decision approved the following costs as Y factors:

- Demand Side Management (“DSM”) costs as determined in EB-2015-0029/EB-2015-0049 /EB-2021-0002<sup>3</sup> and any subsequent proceeding;
- Lost Revenue Adjustment Mechanism (“LRAM”) for the contract market; and
- Average Use and Normalized Average Consumption.

The prefiled evidence sets out Enbridge Gas’s calculations of the pass-through amounts associated with these Y factors for each of the EGD and Union Rate Zones.

All parties accept the evidence of Enbridge Gas that it has properly calculated the pass-through amounts included in the application.

The parties also agree that it is appropriate for Enbridge Gas to receive approval of the draft Accounting Order for the Impacts Arising from the COVID-19 Emergency Deferral Account (COVEICDA) attached to this Settlement Proposal as Appendix C.

**Evidence:** The evidence in relation to this issue includes the following:

A-2-1	Application
B-1-1	Rate Setting Mechanism
B-1-1, App C	Draft Accounting Order for COVID-19 Emergency Deferral Account
I.STAFF.1	Staff Interrogatory #1
I.BOMA.2	BOMA Interrogatory #2
I.EP.1 to 3	Energy Probe Interrogatories #1 to 3
I.LPMA.3	LPMA Interrogatory #3
I.PP.2, 3 and 5	PP Interrogatories #2, 3 and 5
I.SEC.2	SEC Interrogatory #2

## 3. Are the capital pass-through cost adjustments proposed for 2022 rates appropriate?

In the 2019 Rates Decision and Order (EB-2018-0305), the OEB denied the proposed one-time adjustment to base rates for certain capital pass-through projects for the Union Rate Zones. In the prefiled evidence, Enbridge Gas has updated the capital pass-through projects to reflect the 2022 revenue requirement of each approved project consistent with the rate treatment in past years.

All parties accept the evidence of Enbridge Gas that it has properly calculated the capital pass-through adjustments for 2022 rates.

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<sup>3</sup> EB-2021-0002, Decision and Order on 2022 DSM activities dated August 26, 2021, page 2.

**Evidence:** The evidence in relation to this issue includes the following:

A-2-1	Application
B-1-1	Rate Setting Mechanism
I.EP.3 and 5	Energy Probe Interrogatories #3 and 5

#### **4. Is the Parkway Delivery Obligation cost adjustment for the Union Rate Zones calculated properly?**

As set out in the prefiled evidence and the attached draft Interim Rate Order for the Union Rate Zones, Enbridge Gas has updated the PDO and Parkway Delivery Commitment Incentive (“PDCI”) costs included in 2022 rates for the Union Rate Zones to reflect the 2022 Rate M12 Dawn-Parkway toll and compressor fuel, and has included a further update in the Draft Rate Order based on the October 2021 QRAM (EB-2021-0219).

All parties accept the evidence of Enbridge Gas that it has properly calculated the PDO rate adjustment.

In the 2021 Rate Adjustment (Phase 1) Settlement Proposal, Enbridge Gas agreed that within its 2022 Rate Adjustment Application (Phase 1), the Company would file evidence detailing what pipeline, non-pipeline and market-based alternative approaches Enbridge Gas has considered in order to determine whether it is cost-effective to eliminate or reduce the PDO and/or PDCI for 2022 and future years. The Company’s evidence, including information about a market-based solution that could reduce PDO in 2022 and future years, is filed at Exhibit B, Tab 1, Schedule 2, and in related interrogatory responses.

Parties support Enbridge Gas’s continuing efforts to identify and implement least cost alternatives to addressing Dawn-Parkway capacity constraints. Those alternatives include; i) the existing Parkway Delivery Obligation (PDO) and associated Parkway Delivery Commitment Incentive (PDCI) paid to PDO obligated customers and recovered in rates from all Union South customers; and ii) the exchange service contracting identified by Enbridge Gas in the current application as a cost effective means to potentially (subject to customer take up) reduce the current PDO by allowing PDO obligated customers to shift, in aggregate, up to an additional 37 TJ/day of Parkway obligated deliveries to Dawn at a cost to EGI below that of the current PDCI paid on those Parkway obligated volumes. Parties agree that Enbridge Gas should proceed to offer to PDO obligated customers further PDO reduction of up to 37 TJ/day (in aggregate) that would be enabled by Enbridge Gas contracting for the offered exchange service, and if customers take up such PDO reduction that Enbridge Gas should seek to contract for the exchange service in support thereof and be permitted by the OEB to recover the fees paid under such contract from all Union South customers, in the same manner as Enbridge Gas currently recovers PDCI costs. Parties acknowledge that the exchange service that has been offered to Enbridge Gas is for 37 TJ/day, and that if the total demand from PDO obligated customers to reduce their PDO is less than 37 TJ/day then Enbridge Gas will

contract instead for exchange service capacity equal to the total demand from PDO obligated customers to reduce their PDO. Enbridge Gas has confirmed that the counterparty for the exchange service will maintain its offered price, even at a volume of less than 37 TJ/day. Enbridge Gas will report on the results of this process at its next rate adjustment case.

Enbridge Gas agrees that it will offer PDO obligated customers the opportunity to move delivered volumes to Dawn, on a voluntary basis and in accord with an RFP mechanism designed to equitably allocate up to 37 TJ/day of PDO relief opportunity that would be afforded by the exchange service identified by Enbridge Gas. Parties further agree that such allocation mechanism shall be designed to preferentially allocate available PDO reduction capacity to customers who are willing to accept a provision that would allow Enbridge Gas, subject to commercially reasonable notice, to recall for Parkway delivery volumes thereby shifted to Dawn delivery in the event that such recall, and PDCI that would be paid on such recalled volumes, constitute all or a part of a least cost alternative to future Dawn-Parkway expansion. Any PDO relief opportunity remaining following initial allocation shall be re-offered, and equitably allocated, to those customers who subscribe through the initial offering.

Parties agree that:

- a. Any cost saving realized as a result of the foregoing initiative in 2022 will be addressed through the Parkway Obligation Rate Variance Account in the application to clear 2022 deferral and variance account balances.
- b. Future (2023 and beyond) rate applications will include net PDO/PDCI/exchange service (associated with PDO relief) costs in proposed rates.

Enbridge Gas confirms that fuel costs associated with the offered exchange service are included in the service fees offered for the service as set out in Enbridge Gas's evidence in this application, and that the costs and benefits of the PDO reduction facilitated by the offered exchange service as set out in the evidence include fuel costs in respect of shifted volumes in the exchange service fees and remove such fuel costs from other PDO costs presented. It is the intent of the parties that fuel costs associated with any currently PDO obligated volumes shifted to Dawn as a result of Enbridge Gas contracting for the evidenced exchange service be accounted for within the service fees for the exchange service and excluded from other PDO costs recovered from customers.

Enbridge Gas agrees that it will continue to consider cost-effective pipeline and non-pipeline (including market-based) alternatives to eliminate or further reduce PDO/PDCI obligations in the future, and that it will include in its annual rates filings evidence detailing such considerations.

Enbridge Gas further agrees that the IRP Framework now applicable to Enbridge Gas requires that before advancing a proposal for building new Dawn-Parkway capacity, Enbridge Gas is obligated under that framework to consider and solicit appropriate supply side options that provide sufficient reliability, including options similar to the current PDO and PDCI, as all or part of a cost-effective alternative to the otherwise required infrastructure project. For further clarity, this would include seeking offers from customers to move their delivery point to Parkway or Kirkwall (as applicable). Enbridge Gas will make best efforts to design a solicitation process that will identify feasible supply side options as all or part of cost-effective alternatives to the otherwise required infrastructure project at the appropriate time(s).

Parties agree that none of the foregoing adds to, derogates from or limits in any way Enbridge Gas's broader obligations relating to integrated resource planning, including with respect to market-based alternatives.

**Evidence:** The evidence in relation to this issue includes the following:

A-2-1	Application
B-1-1	Rate Setting Mechanism
B-1-1 App. A	Annual PDO Reporting
B-1-2	Assessment of Alternatives to Reduce or Eliminate PDO and/or PDCI
I.STAFF.2 to 4	Staff Interrogatories #2 to 4
I.BOMA.3	BOMA Interrogatory #3
I.ED.1-8	ED Interrogatories #1-8
I.EP. 4	Energy Probe Interrogatory #4
I.FRPO.1 to 11	FRPO Interrogatories #1 to 11
I.LPMA.2 and 4	LPMA Interrogatories #2 and 4
I.PP.6	PP Interrogatory #6
I.SEC.1	SEC Interrogatory #1

## **5. What is the timing for implementation of the proposed Phase 1 changes to 2022 rates?**

Enbridge Gas has prepared draft Interim Rate Orders for the EGD and Union Rate Zones reflecting the implementation of the IRM adjustments and the proposed updates to the capital pass-through and PDO costs. The draft Interim Rate Orders are attached as Appendices "A" and "B" and reflect the impact of updated gas costs based on October 1, 2021 QRAM decision.

Intervenors and OEB Staff have not reviewed the draft Interim Rate Orders, because they could not be prepared until after the OEB issued its the October 2021 QRAM decision (EB-2021-0219). Parties reserve the right to provide comments on the draft Interim Rate Orders.

The draft Interim Rate Orders also include the adjustment of the Retail Service Charges to reflect an inflation factor (1.7%) as required by the OEB's Report on Energy Retailer Service Charges (EB-2015-0304).

All parties agree that it is appropriate to implement the updated rates as of January 1, 2022, in conjunction with the January 1, 2022 QRAM Application for the EGD and Union Rate Zones. All parties agree that the updated rates should be implemented on an interim basis, so that the impacts resulting from Phase 2 of this Application, if any, can be determined and implemented at a later date if the OEB so determines.

**Evidence:** The evidence in relation to this issue includes the following:

A-2-1	Application
B-1-1	Rate Setting Mechanism
D-1	Draft Rate Order – EGD Rate Zone
D-2	Draft Rate Order – Union Rate Zones
I.LPMA.5 and 6	LPMA Interrogatories #5 and 6

**APPENDIX A**

**DRAFT INTERIM RATE ORDER – EGD RATE ZONE**

**FILED SEPARATELY**



**APPENDIX B**

**DRAFT INTERIM RATE ORDER – UNION RATE ZONES**

**FILED SEPARATELY**

**APPENDIX C**

**ENBRIDGE GAS INC.**

Accounting Entries for  
Impacts Arising from the COVID-19 Emergency Deferral Account  
Deferral Account No. 179-384

The purpose of the Impacts Arising from the COVID-19 Emergency Deferral Account, as established in the OEB's March 25, 2020 letter titled "*Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency*", is to record incremental costs and lost revenues related to the COVID-19 pandemic. The letter also identified March 24, 2020 as the effective date of the account.

Subsequent to the March 25<sup>th</sup> letter, the OEB initiated a consultation with the objective to develop guidance for the rules and operation of the account. The consultation culminated with the guidance provided in the June 17, 2021 "*Report of the Ontario Energy Board – Regulatory Treatment of Impacts Arising from the COVID-19 Emergency.*"

Simple interest is to be calculated on the opening monthly balance of this account using the OEB approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate hearing.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit            -        Account No.179-384  
                                 Impacts Arising from the COVID-19 Emergency Deferral Account

Credit           -        Account No. 300 / Account No. 301  
                                 Operating Revenues / Operating Expenses

To record, as a debit (credit) in Deferral Account No. 179-384, the incremental costs or lost revenues as a result of the COVID-19 pandemic.

Debit            -        Account No.179-384  
                                 Impacts Arising from the COVID-19 Emergency Deferral Account

Credit            -        Account No. 323  
                                 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-384, interest on the balance in Deferral Account No. 179-384. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the OEB in EB-2006-0117.