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## **VIA RESS and EMAIL**

March 18, 2022

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario M4P 1E4

Dear Nancy Marconi:

**Re: EB-2022-0089 – Enbridge Gas Inc. (Enbridge Gas or the Company)  
April 1, 2022 Quarterly Rate Adjustment Mechanism (QRAM) Application**

On March 11, 2022, Enbridge Gas filed the April 1, 2022, QRAM application with the Ontario Energy Board (OEB). Enbridge Gas has received letters from OEB staff, Canadian Manufacturers & Exporters (CME), Industrial Gas Users Association (IGUA) and the Federation of Rental-housing Providers of Ontario (FRPO).

OEB staff submit the OEB should approve the application as filed. They support the Company's application as well as the proposed mitigation plan reducing total bill impacts for typical residential customers to 10% or less and recovery of the deferred amount in the PGVA balances over a 24 month period. Additionally, the OEB staff are fully supportive of the Company's suggestion to review and change the 24-month disposition to a shorter period in future QRAMs if market prices at that time provides such an opportunity.

CME did not object to Enbridge Gas's application but raised concerns, as outlined by other intervenors in past proceedings, that the Company's continued use of smoothing mechanisms is straining the connection between the market price of natural gas and the commodity cost determined through the QRAM process and paid by ratepayers.

IGUA did not object to the rate treatment proposed by Enbridge Gas in this application but did note, amongst other things, that mitigating bill impacts to 10% is a guidepost which the OEB has deemed appropriate to consider exercising its rate making discretion in favour of mitigating customer impacts. IGUA also recommended that Enbridge Gas address certain items in its reply submissions.

Likewise, Enbridge Gas has received questions from FRPO. Enclosed please find the responses of Enbridge Gas to the items raised by IGUA and the FRPO questions, set out as interrogatory responses.

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Enbridge Gas respectfully requests the OEB to approve the application as filed and to issue its decision and order by March 25, 2022 for implementation effective April 1, 2022.

Should you have any questions on this matter please contact the undersigned.

Sincerely,

*Alison Evans*

Alison Evans  
Advisor, Regulatory Applications

cc: All Interested Parties EB-2008-0106, EB-2021-0147 &  
EB-2021-0148

ENBRIDGE GAS INC.

Answer to Interrogatory from  
Industrial Gas Users Association (IGUA)

Interrogatory

Question:

Accordingly, and to ensure both transparency and an informed consideration by the OEB of whether to exercise its discretion in favour of rate mitigation, IGUA recommends that EGI include in its reply submissions;

1. a clear breakdown of the distinct impacts of each of the rate mitigation proposal components, being; i) the proposed extension to 24 months from 12 months of the PGVA balance recovery period; and ii) the proposed PGVA credit now/debit later mechanism for the Union rate zones;

Response:

Please see Table 1 for a breakdown of the bill impacts resulting from each component of the rate mitigation plan. That is, columns (c) and (d) show the impact of implementing a 24-month recovery period for the PGVA balances and columns (e) and (f) show the additional PGVA credits required to obtain total bill impacts of less than 10%.

Table 1  
Results of Mitigation Plan - Total Bill Impacts

Line No.	Rate Zone	12-month Recovery Period (Typical QRAM, before mitigation)		Impact of 24-month Recovery Period		Impact of PGVA credits (1)		Total Bill After Mitigation Proposals (2)		
		Total Bill (\$)	Total Bill Impact (%)	Bill Impact (\$)	Bill Impact (%)	Bill Impact (\$)	Bill Impact (%)	Change	Total	%
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i) = (b) + (d) + (f)
<u>Commodity Bill</u>										
1	EGD	154.01	13%	(41.45)	-4%	-	-	112.56	1,157.24	10%
2	Union South	191.10	19%	(59.11)	-6%	(34.00)	-3%	97.99	993.92	10%
3	Union North West (3)	161.13	15%	(54.54)	-5%	(28.52)	-3%	78.07	1,103.01	7%
4	Union North East	199.75	16%	(30.67)	-3%	(48.98)	-4%	120.09	1,211.05	10%

Notes

- (1) Union rate zones PGVA credits totalling \$119 million to be recovered in a future QRAM (Exhibit A, Tab 2, Schedule 2, Table 2).
- (2) Exhibit A, Tab 3, Schedule 1, pp. 1 - 2, line 5.2.
- (3) Enbridge Gas mitigated the Union North West beyond the 24-month mitigation due to the commodity bill impact being greater than 25%.

ENBRIDGE GAS INC.

Answer to Interrogatory from  
Industrial Gas Users Association (IGUA)

Interrogatory

Question:

Accordingly, and to ensure both transparency and an informed consideration by the OEB of whether to exercise its discretion in favour of rate mitigation, IGUA recommends that EGI include in its reply submissions;

2. disaggregated presentation of the principal and interest components of each of the items described in 1., above (i.e. reflecting the additional cost to customers of the deferral of gas cost recovery).

Response:

Please see Table 2 for the principal balance of the PGVA and the interest for the 12-month disposition period for the April 2022 QRAM period. Table 3 provides the principal balance of the PGVA and the interest for the 24-month disposition period for the April 2022 QRAM period.

The difference in the interest amounts shown in Table 2 and Table 3 reflects the additional interest costs to customers based on 12-month versus 24-month disposition periods.

Table 2  
PGVA Principal and Interest Amounts - 12-month Recovery Period

Line No	Union Rate Zone				EGD Rate Zone			
	Deferral Amounts (\$000's) <sup>(1)</sup> (a)	Prospective Recovery (\$000's) <sup>(2)</sup> (b)	Principal Balance Ending Each Month (\$000's) (c)	Interest (\$000's) <sup>(3)</sup> (d)	Deferral Amounts (\$000's) <sup>(4)</sup> (e)	Prospective Recovery (\$000's) <sup>(5)</sup> (f)	Principal Balance Ending Each Month (\$000's) (g)	Interest (\$000's) <sup>(3)</sup> (h)
<u>Current QRAM Period</u>								
1 April, 2022	\$ 1,724	\$ (22,305)	\$ 105,318	\$ 88	\$ 4,422	\$ (31,581)	\$ 205,553	\$ 172
2 May	\$ 3,288	\$ (11,917)	\$ 96,689	\$ 84	\$ (3,381)	\$ (18,534)	\$ 183,638	\$ 159
3 June	\$ 3,487	\$ (7,122)	\$ 93,055	\$ 78	\$ (2,767)	\$ (8,056)	\$ 172,815	\$ 145
4 July, 2022	\$ 3,923	\$ (7,179)	\$ 89,799	\$ 78	\$ (3,403)	\$ (6,574)	\$ 162,839	\$ 141
5 August	\$ 3,102	\$ (6,918)	\$ 85,983	\$ 74	\$ (5,137)	\$ (6,756)	\$ 150,945	\$ 131
6 September	\$ (1,688)	\$ (8,201)	\$ 76,094	\$ 64	\$ (8,458)	\$ (6,691)	\$ 135,797	\$ 114
7 October, 2022	\$ (1,800)	\$ (15,294)	\$ 59,000	\$ 51	\$ (5,754)	\$ (10,258)	\$ 119,785	\$ 104
8 November	\$ 6,903	\$ (27,646)	\$ 38,257	\$ 32	\$ 1,555	\$ (22,708)	\$ 98,631	\$ 83
9 December	\$ 13,243	\$ (41,074)	\$ 10,426	\$ 9	\$ 2,519	\$ (35,847)	\$ 65,303	\$ 57
10 January, 2023	\$ 18,446	\$ (47,785)	\$ (18,912)	\$ (16)	\$ 11,008	\$ (47,399)	\$ 28,912	\$ 25
11 February	\$ 14,611	\$ (40,641)	\$ (44,942)	\$ (35)	\$ 8,970	\$ (50,142)	\$ (12,260)	\$ (10)
12 March	\$ 5,633	\$ (36,400)	\$ (75,709)	\$ (66)	\$ 426	\$ (40,388)	\$ (52,221)	\$ (45)
	<u>\$ 70,872</u>	<u>\$ (272,480)</u>		<u>\$ 441</u>	<u>\$ 0</u>	<u>\$ (284,933)</u>		<u>\$ 1,075</u>

Notes

- (1) Refer to EB-2022-0089, Exhibit E, Tab 1, Schedule 2, Page 1, Column (i)
- (2) Refer to EB-2022-0089, Exhibit E, Tab 2, Schedule 4, Page 2, Column 4, Line 14 + Line 15
- (3) OEB prescribed interest rates for Deferral and Variance Accounts for Q2 2022 is 1.02%
- (4) Refer to EB-2022-0089, Exhibit C, Tab 1, Schedule 2, Page 1, Column 7
- (5) Refer to EB-2022-0089, Exhibit C, Tab 4, Schedule 10, Page 12, Column 4

Table 3  
PGVA Principal and Interest Amounts - 24-month Recovery Period

Line No	Union Rate Zone				EGD Rate Zone			
	Deferral Amounts (\$000's) <sup>(1)</sup>	Prospective Recovery (\$000's) <sup>(2)</sup>	Principal Balance Ending Each Month (\$000's)	Interest (\$000's) <sup>(3)</sup>	Deferral Amounts (\$000's) <sup>(4)</sup>	Prospective Recovery (\$000's) <sup>(5)</sup>	Principal Balance Ending Each Month (\$000's)	Interest (\$000's) <sup>(3)</sup>
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>Current QRAM Period</b>								
1 April, 2022	\$ 1,724	\$ (10,839)	\$ 116,783	\$ 98	\$ 4,422	\$ (15,790)	\$ 221,343	\$ 186
2 May	\$ 3,288	\$ (5,794)	\$ 114,278	\$ 99	\$ (3,381)	\$ (9,267)	\$ 208,695	\$ 181
3 June	\$ 3,487	\$ (3,462)	\$ 114,304	\$ 96	\$ (2,767)	\$ (4,028)	\$ 201,901	\$ 169
4 July, 2022	\$ 3,923	\$ (3,488)	\$ 114,738	\$ 99	\$ (3,403)	\$ (3,287)	\$ 195,211	\$ 169
5 August	\$ 3,102	\$ (3,361)	\$ 114,479	\$ 99	\$ (5,137)	\$ (3,378)	\$ 186,696	\$ 162
6 September	\$ (1,688)	\$ (3,986)	\$ 108,806	\$ 91	\$ (8,458)	\$ (3,345)	\$ 174,892	\$ 147
7 October, 2022	\$ (1,800)	\$ (7,435)	\$ 99,571	\$ 86	\$ (5,754)	\$ (5,129)	\$ 164,009	\$ 142
8 November	\$ 6,903	\$ (13,436)	\$ 93,038	\$ 78	\$ 1,555	\$ (11,354)	\$ 154,210	\$ 129
9 December	\$ 13,243	\$ (19,957)	\$ 86,324	\$ 75	\$ 2,519	\$ (17,923)	\$ 138,805	\$ 120
10 January, 2023	\$ 18,446	\$ (23,221)	\$ 81,550	\$ 71	\$ 11,008	\$ (23,699)	\$ 126,113	\$ 109
11 February	\$ 14,611	\$ (19,749)	\$ 76,412	\$ 60	\$ 8,970	\$ (25,071)	\$ 110,013	\$ 86
12 March	\$ 5,633	\$ (17,687)	\$ 64,359	\$ 56	\$ 426	\$ (20,194)	\$ 90,245	\$ 78
13 April, 2023	\$ -	\$ (11,411)	\$ 52,948	\$ 44	\$ -	\$ (15,790)	\$ 74,455	\$ 62
14 May	\$ -	\$ (6,125)	\$ 46,822	\$ 41	\$ -	\$ (9,267)	\$ 65,188	\$ 56
15 June	\$ -	\$ (3,686)	\$ 43,137	\$ 36	\$ -	\$ (4,028)	\$ 61,160	\$ 51
16 July, 2023	\$ -	\$ (3,710)	\$ 39,427	\$ 34	\$ -	\$ (3,287)	\$ 57,873	\$ 50
17 August	\$ -	\$ (3,577)	\$ 35,849	\$ 31	\$ -	\$ (3,378)	\$ 54,495	\$ 47
18 September	\$ -	\$ (4,226)	\$ 31,623	\$ 27	\$ -	\$ (3,345)	\$ 51,149	\$ 43
19 October, 2023	\$ -	\$ (7,851)	\$ 23,772	\$ 21	\$ -	\$ (5,129)	\$ 46,021	\$ 40
20 November	\$ -	\$ (14,141)	\$ 9,632	\$ 8	\$ -	\$ (11,354)	\$ 34,666	\$ 29
21 December	\$ -	\$ (20,941)	\$ (11,309)	\$ (10)	\$ -	\$ (17,923)	\$ 16,743	\$ 15
22 January, 2024	\$ -	\$ (24,351)	\$ (35,660)	\$ (31)	\$ -	\$ (23,699)	\$ (6,956)	\$ (6)
23 February	\$ -	\$ (21,498)	\$ (57,158)	\$ (46)	\$ -	\$ (25,071)	\$ (32,027)	\$ (26)
24 March	\$ -	\$ (18,554)	\$ (75,712)	\$ (66)	\$ -	\$ (20,194)	\$ (52,221)	\$ (45)
	<u>\$ 70,872</u>	<u>\$ (272,484)</u>		<u>\$ 1,097</u>	<u>\$ 0</u>	<u>\$ (284,933)</u>		<u>\$ 1,995</u>

Notes

- (1) Refer to EB-2022-0089, Exhibit E, Tab 1, Schedule 2, Page 1, Column (i)
- (2) Refer to EB-2022-0089, Exhibit E, Tab 2, Schedule 4, Page 2, Column 4, Line 14 + Line 15
- (3) OEB prescribed interest rates for Deferral and Variance Accounts for Q2 2022 is 1.02%
- (4) Refer to EB-2022-0089, Exhibit C, Tab 1, Schedule 2, Page 1, Column 7
- (5) Refer to EB-2022-0089, Exhibit C, Tab 4, Schedule 10, Page 12, Column 4

ENBRIDGE GAS INC.

Answer to Interrogatory from  
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit E, Tab 1, Schedule 2, pg. 5 and  
 EB-2021-0281 Exhibit E, Tab 1, Schedule 2, pg. 5 and  
 EB-2022-0072 pg. 14

Preamble:

EGI Annual Gas Supply Update evidence provides:

*As an example, in January 2022 the weather forecast became increasingly colder than normal throughout the month, finishing at 15% colder than normal. EGI entered the month with executed supply deliveries at Dawn for the EGD rate zone of 566 TJ/d of Dawn supply, however as cold weather materialized EGI continued to layer in supply purchases with varying delivery terms to reach a peak of over 1PJ/d of Dawn supply to the EGD rate zone for some days in January as shown in Figure 5.*

Further we have integrated the forecasted energy and purchase costs for the Union South Rate Zone from this application in the first reference with that of the previous application with the same reference:

	EB-2022-0089				EB-2021-0281		
	Purchase Cost	Energy (GJ)	Weighted Avg. / GJ		Purchase Cost	Energy (GJ)	Weighted Avg. / GJ
January	\$ 67,739	12,502,055	\$ 5.42		\$ 86,604	12,539,268	\$ 6.91
February	\$ 91,092	11,325,790	\$ 8.04		\$ 77,751	11,325,790	\$ 6.86
March	\$ 76,227	12,539,268	\$ 6.08		\$ 78,510	12,539,268	\$ 6.26

We understand that the numbers are forecasted but we note a considerable change in the forecast cost of winter purchases in this application from the previous. We would like to understand these cost changes and their effect on the rates and balances in this application.

Question:

Please confirm that the above table is correct and, if not, please provide a corrected table.

- a) Please provide the amount of energy and purchase cost for incremental purchases made by EGI for the Union South rate zone by month (up to time of application).
- b) Please describe how load balancing costs were removed for the Union South rate zone.
  - i.) Please show the numeric calculations for the removal of load balancing costs by month for the winter period.
  - ii.) To what account were the incremental load balancing costs transferred?  
(1) When would EGI be seeking recovery of these costs?
- c) Please describe how load balancing costs are removed by EGI for the EGD rate zone.
  - i.) Please show the numeric calculations for the removal of load balancing costs by month for the winter period.
  - ii.) To what account were the incremental load balancing costs transferred?  
(1) When would EGI be seeking recovery of these costs?
- d) Please highlight the differences between the two approaches?
  - i.) Please provide a determination of the impact the impact on the PGVA balance for Union South if the EGD Rate Zone approach was implemented.

Response:

Confirmed.

- a) There are no volumes or costs associated with incremental purchases for the Union South rate zone included in this QRAM application. The variances in purchase costs for January are driven by a slight decline in local production volumes to plan and the price variance in average cost per GJ. The variances in purchase costs for February and March are not volume variances and are instead driven by the variance in the average cost per GJ change since the January QRAM.

During the month of February, Enbridge Gas did purchase spot gas for the Union Rate Zones, however due to timing the costs and volumes of these purchases will not be included for cost recovery until the July 2022 QRAM. In the July QRAM, Enbridge Gas will provide a reconciliation of the drivers of those purchases and allocate costs to the appropriate accounts.



- b) No load balancing costs were removed for Union South Rate Zone.
- c) Please see Exhibit C, Tab 1, Schedule 2, page 2 for a monthly breakdown of PGVA balance between commodity, transportation, and load balancing.
- d) In the EGD rate zone load balancing supplies are part of the gas supply plan. The forecast cost of load balancing is recovered through rates from system gas and direct purchase customers in the EGD rate zone. The principles used in the disposition of the PGVA balance follow the same principles used in the design of rates for customers in the EGD rate zone. No costs are removed from the PGVA balance. The load balancing component of the PGVA balance is recovered from system gas and direct purchase customers.

Load balancing costs related to incremental commodity purchases in the UG South Rate Zone are allocated to system customers unless driven by the need to balance for DP outside of checkpoint.

It is not practical to apply the EGD Rate Zone methodology for capturing variance in purchase costs related to load balancing to the UG South Rate Zone as the portfolio of assets used to meet load balancing requirements is different.

ENBRIDGE GAS INC.

Answer to Interrogatory from  
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

SEE ATTACHMENT #1 EGI COMMUNITION TO DP CUSTOMERS

Preamble:

We would like to understand the impact that EGI's billing challenges had on incremental purchases.

Question(s):

Please describe how uncertainty in customer Direct Purchase Banked Gas Accounts balances were handled in regard to the need for incremental gas purchases to meet end of February targets.

- a) Did EGI make additional incremental purchases to manage this uncertainty?
  - i) Please explain why or why not.
  - ii) If incremental purchases were made, where was the incremental cost allocated?
- b) Did EGI choose to rely on the 6PJ of Union south system integrity storage space?
  - i) Please explain why or why not.

Response:

- a) The impact to Direct Purchase Banked Gas Account balances resulting from issues surrounding the integration of Enbridge Gas's customer account system for general service was not considered in the determination of gas purchases required to meet end of February targets.
  - i. Direct Purchase accounts were assumed to meet any required February 28th checkpoint requirements.
  - ii. Please see Exhibit I.FRPO.1.
- b) Enbridge Gas did not rely on the 6 PJ of Union system integrity storage because there was enough inventory in the ground that this was not necessary.

ENBRIDGE GAS INC.

Answer to Interrogatory from  
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 2, Page 5

Preamble:

EGL evidence provides: *The volatility in natural gas markets creates uncertainty in the timeframe for recovery of the remaining \$330 million of PGVA credits that would be necessary if Enbridge Gas continued with the mitigation approach from previous QRAM applications. In order to mitigate bill impacts and provide more certainty regarding the recovery timeline of PGVA credits, the Company proposes a mitigation plan that includes a 24-month disposition period for commodity balances within each rate zone's respective PGVA account balance.*

Question(s):

Please describe the main drivers behind EGL's decision to propose to recover the PGVA over 24-months in this application versus the thinking underpinning a 12-month recovery in the previous application.

Response:

The Company's main objective of its rate mitigation proposal was to achieve bill impacts to commodity-related increases of less than 25% and total bill increases to less than 10%.

The 24-month recovery proposal achieves these bill impact mitigation objectives while reducing the deferred outstanding January PGVA balance from \$455 million to \$119 million as seen in Table 2 of Exhibit A, Tab 2, Schedule 2, page 5. The 24-month disposition also provides a smoothing of bill impacts (increases) for customers over a longer period while providing certainty on recovery of most of the deferred balance. Note that the OEB previously approved a 24-month disposition in Enbridge Gas's April 1, 2014 QRAM for the EGD Rate Zone (EB-2014-0039).

The 12-month recovery option also achieves the bill impact mitigation objectives however, the deferred outstanding January PGVA balance would be \$330 million of the outstanding \$455 million as discussed in Exhibit A, Tab 2, Schedule 2, page 4, paragraph 14.

Given the increased volatility in natural gas markets, the 24-month recovery provides a higher degree of certainty on the timing of the recovery of the amounts deferred from previous QRAM's and reduces the potential for (large) future balances to accumulate in the PGVA on top of the deferred amounts, which would make future dispositions of PGVA balances challenging.

As discussed at Exhibit A, Tab 2, Schedule 2, page 6, Enbridge Gas will explore whether it's able to expediate the recovery of the 24-month disposition in future QRAMs.