



**Rakesh Torul**  
Technical Manager  
Regulatory Applications  
Regulatory Affairs

tel 416-495-5499  
[EGIRegulatoryProceedings@enbridge.com](mailto:EGIRegulatoryProceedings@enbridge.com)

**Enbridge Gas Inc.**  
500 Consumers Road  
North York, Ontario M2J 1P8  
Canada

## **VIA RESS and EMAIL**

June 30, 2022

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

Dear Nancy Marconi:

### **Re: Enbridge Gas Inc. (Enbridge Gas or EGI) Ontario Energy Board (OEB) File No.: EB-2022-0133 2023 Rates (Phase 1) – Application and Evidence**

---

Please find attached an Application by Enbridge Gas for 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, 2023.

#### **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 2023 Rate Application is the final annual rate adjustment application under the IRM approved in the MAADs Decision. Enbridge Gas will be filing a rebasing application for rates in 2024 prepared under a cost of service.

Enbridge Gas will not be proposing an ICM request for 2023 Rates. As such, there will not be a Phase 2 of the 2023 Rates application.

This application for Phase 1 of the 2023 Rate Application addresses the IRM related elements, which includes the annual rate escalation, pass through-costs, capital pass-through adjustments and Parkway Delivery Obligation rate adjustments.

As detailed below, the relief sought in the 2023 Rate Application is as follows:

Enbridge Gas seeks approval of distribution rates for each rate zone for the year commencing January 1, 2023, 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 filing all evidence relevant to these 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 IRM rate adjustment to be reviewed and approved, including approval received on the Rate Order by November 24, 2022, so that the resulting rates can be implemented on a final basis in conjunction with the January 1, 2023 QRAM application.

Please contact the undersigned if you have any questions.

Yours truly,

Rakesh Torul  
Technical Manager,  
Regulatory Applications

cc: David Stevens, Aird and Berlis LLP