

## 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, 2023.

### 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 final Orders approving or fixing just and reasonable rates for the sale, distribution, transmission, and storage of gas commencing January 1, 2023.
3. On August 30, 2018, in the MAADs Decision<sup>1</sup>, 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 EGD and Union rate zones. The

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<sup>1</sup> EB-2017-0306/0307.

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 2023 Rate Application is the final annual rate adjustment application under the IRM approved in the MAADs Decision. 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. Enbridge Gas will be filing a rebasing application for rates in 2024 prepared under a cost of service.
5. This 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.
6. With this Application, Enbridge Gas is filing all required 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 a final basis on January 1, 2023 in conjunction with the January 1, 2023 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.

7. 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<sup>2</sup> 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.

### **APPROVAL REQUESTS**

8. Enbridge Gas therefore applies to the OEB for such final or other Orders, as may be necessary in relation to approve:
  - Final rates for the year commencing January 1, 2023, including all adjustments resulting from the application of Enbridge Gas's OEB-approved IRM, to be approved by November 24, 2022 for implementation on January 1, 2023 along with the QRAM Application for the same date; 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, 2023.
9. 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 or other Orders and directions as may be appropriate in relation to the Application and the proper conduct of this proceeding.
10. This Application is supported by written evidence and may be amended from time to time as circumstances require.
11. The persons affected by this application are the customers resident or located in the municipalities, police villages and First Nations reserves served by Enbridge

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<sup>2</sup> To be updated for October 2022 QRAM.

Gas, together with those to whom Enbridge Gas sells gas, or on whose behalf Enbridge Gas distributes, transmits or stores natural gas.

12. 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 m<sup>3</sup> per year will be approximately \$22.61 per year for sales service customers and \$22.54 per year for bundled direct purchase customers;
  - the net annual bill increase for a typical Union South residential customer consuming 2,200 m<sup>3</sup> per year will be approximately \$19.84 per year for sales service customers and \$19.68 per year for bundled direct purchase customers; and
  - the net annual bill increase for a typical Union North residential customer consuming 2,200 m<sup>3</sup> per year will range from approximately \$31.34 to \$36.22 per year for sales service customers and bundled direct purchase customers.
  
13. Enbridge Gas requests that all documents in relation to the Application and its supporting evidence, including the responsive comments of any interested party, be served on Enbridge Gas and its counsel as follows:

(a) The Applicant: Regulatory Affairs  
Enbridge Gas Inc.

Address for personal service: 500 Consumers Road  
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(b) The Applicant's counsel: David Stevens  
Aird & Berlis LLP

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DATED June 30, 2022, at Toronto, Ontario

ENBRIDGE GAS INC.

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Rakesh Torul  
Technical Manager,  
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