

## **ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule. 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, 2024.

### **APPLICATION**

1. The Applicant, Enbridge Gas Inc. (referred to in the evidence as Enbridge Gas or the Company), is an Ontario corporation with its registered office in the City of Toronto. It carries on the business of selling, distributing, transmitting and storing natural gas within Ontario.
2. In the August 30, 2018, EB-2017-0306/0307 Decision and Order (the MAADs Decision), the Ontario Energy Board (OEB) approved the amalgamation of Enbridge Gas Distribution Inc. (referred to in the evidence as EGD) and Union Gas Limited (referred to in the evidence as Union) (together the pre-amalgamated Utilities). Effective January 1, 2019, the pre-amalgamated Utilities amalgamated to become Enbridge Gas.
3. In the MAADs Decision, the OEB approved a five-year deferred rebasing term from 2019 to 2023, during which time the OEB annually sets rates using a Price Cap rate adjustment model for rate zones associated with the pre-amalgamated Utilities. The MAADs Decision directed Enbridge Gas to file a rebasing application for 2024 rates.
4. Enbridge Gas hereby applies to the OEB, pursuant to section 36 of the *Ontario Energy Board Act, 1998* as amended (the Act), for an Order or Orders approving

or fixing just and reasonable rates for the sale, distribution, transmission, and storage of gas commencing January 1, 2024.

5. Enbridge Gas requests that the OEB use the cost of service (or revenue requirement) method to approve or fix just and reasonable rates for 2024.
6. Enbridge Gas also applies for approval of an incentive ratemaking mechanism (IRM) for the years from 2025 to 2028. The proposed IRM mechanism is a Price Cap model that is largely consistent with the IRM approved by the OEB and in place over the 2019 to 2023 deferred rebasing term. The main difference is a proposal for a two-factor inflation factor. Enbridge Gas is also proposing an updated X-factor (productivity and stretch factors).
7. The evidence filed in support of this Application describes and sets out the details and support for the specific approvals requested in order to implement rates for 2024 and set the IRM framework for future years. The approvals requested are listed at Exhibit 1, Tab 3, Schedule 1, of Enbridge Gas's evidence (Requested Approvals).
8. Key approvals requested include the following:
  - overall revenue requirement for 2024, including all constituent parts of the cost and revenue forecasts;
  - new harmonized methodologies and policies that will apply to forecasting and ratemaking for Enbridge Gas, including without limitation, a common gas reference price, updated depreciation rates, harmonized cost of capital (including updated equity thickness) and harmonized forecasting methodologies to determine demand;

- harmonized and updated deferral and variance accounts, including the creation of several new accounts and the closing of several existing accounts;
- 2024 rates to recover the 2024 revenue requirement, using existing rate classes and supported by a new cost allocation study;
- updated harmonized rates based on the 2024 cost allocation study, to be implemented starting in 2025 and 2026 (depending on rate class) using straight fixed variable demand charges, meaning that distribution charges will be determined on a fixed basis for each rate class;
- approvals in all other respects to give effect to the proposals described in the evidence filed in support of this Application and such modifications to those proposals as may be brought forward in this proceeding by Enbridge Gas and deemed appropriate by the OEB.

9. Overall, Enbridge Gas is requesting a 4% increase in revenues in 2024. Approval of the 2024 rates requested in this Application will result in the following bill impacts:

- the net annual bill increase for a typical residential customer formerly in the EGD rate zone consuming 2,400 m<sup>3</sup> per year will be approximately \$28 per year for sales service customers;
- the net annual bill increase for a typical residential customer formerly in the Union South rate zone consuming 2,200 m<sup>3</sup> per year will be approximately \$91 per year for sales service customers;

- the net annual bill decrease for a typical residential customer formerly in the Union North West rate zone consuming 2,200 m<sup>3</sup> per year will be approximately \$65 per year for sales service customers; and
  - the net annual bill decrease for a typical residential customer formerly in the Union North East rate zone consuming 2,200 m<sup>3</sup> per year will be approximately \$193 per year for sales service customers.
10. Enbridge Gas requests that the OEB issue an order to enable the rates established as a result of this application to become effective January 1, 2024, in conjunction with the January 1, 2024, QRAM application.
  11. In order to facilitate the approval of 2024 rates as expeditiously as possible, Enbridge Gas requests that the OEB determine this application in two phases. The first phase would consider all issues necessary for the setting of 2024 rates. The second phase would consider all remaining issues, including the approval of new harmonized rates to be effective in 2025 and 2026. Enbridge Gas has included a draft Issues List in its filing, provided at Exhibit 1, Tab 3, Schedule 1, that sets out the issues that would be included in phase 1, and those that would be considered in phase 2.
  12. In the event that the OEB's Decision with Reasons approving or fixing these rates and other charges is not delivered by a date that accommodates implementation on January 1, 2024, Enbridge Gas requests that interim rates be set and implemented as of January 1, 2024, and that final rates be set to be effective January 1, 2024, to allow Enbridge Gas to recover the full year impact of the new rates in 2024.
  13. In addition to the rate approvals described above, Enbridge Gas also requests that the OEB grant a partial exemption under Section 1.5.1 of the Gas Distribution

Access Rule (GDAR) related to certain Service Quality Requirements (SQR) performance measures, corresponding amendments to the Company's performance scorecard and a recommendation that the OEB's Chief Executive Officer review and amend these SQR performance measures in the GDAR.

14. Enbridge Gas also applies to the OEB for such interim order or orders approving interim rates or other charges and accounting orders as may from time to time appear appropriate or necessary.
15. 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.
16. This Application is supported by written evidence that will be filed with the OEB and may be amended from time to time as circumstances may require.
17. The persons affected by this application are the customers resident or located in the municipalities, police villages and First Nations reserves served by the Applicant, together with those to whom the Applicant sells gas, or on whose behalf the Applicant distributes, transmits or stores natural gas. It is impractical to set out in this Application the names and addresses of such persons because they are too numerous.
18. Enbridge Gas requests that a copy of every document filed with the OEB in this proceeding be served on the Applicant and Applicant's counsel, as follows:

The Applicant:

Vanessa Innis  
Manager, Strategic Applications – Rate Rebasing  
Enbridge Gas Inc.

Address for personal service	Enbridge Gas Inc. P. O. Box 2001 50 Keil Drive North Chatham, ON N7M 5M1
Telephone:	416-495-5499 or 1-888-659-0685
Fax:	416-495-6072
Email	<a href="mailto:EGIRegulatoryproceedings@enbridge.com">EGIRegulatoryproceedings@enbridge.com</a>

The Applicant's counsel:

David Stevens  
Dennis M. O'Leary  
Aird & Berlis LLP

Address for personal service and mailing address:	Brookfield Place, P.O. Box 754 Suite 1800, 181 Bay Street Toronto, Ontario M5J 2T9
Telephone:	416-863-1500
Fax:	416-863-1515
Email:	<a href="mailto:dstevens@airdberlis.com">dstevens@airdberlis.com</a> <a href="mailto:doleary@airdberlis.com">doleary@airdberlis.com</a>

DATED: October 31, 2022, at Chatham, Ontario

ENBRIDGE GAS INC.

Vanessa Innis

Manager, Strategic Applications –  
Rate Rebasing