

December 14, 2022

VIA RESS

Ms. Nancy Marconi
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Dear Ms. Marconi:

Re: EB-2022-0286: Enbridge Gas Inc. (EGI) January 1, 2023 QRAM Application.

Industrial Gas Users Association (IGUA) Comments.

We write as legal counsel to IGUA.

IGUA's Position on Proposed Rate Adjustments

IGUA's advisors, Utilis Consulting (Utilis), have reviewed EGI's Application for quarterly adjustment of rates (QRAM) for all of the legacy rate zones of Enbridge Gas Distribution and Union Gas Limited, such adjustment to be effective January 1, 2023. Utilis has confirmed that in deriving base commodity rates EGI has properly followed the QRAM methodology approved by the OEB's EB-2008-0106 Decision.

We note, however, that in respect of previous exceptional (extended to 24 months from the prescribed 12 months) deferrals of gas cost recoveries in order to mitigate gas rate impacts on system supply customers, EGI has concluded that¹:

While natural gas prices are decreasing a shortening of the 24-month period of the PGVA riders from the April and July 2022 QRAMS would cause bill increases for some customers resulting in a disconnect between market prices and bill impacts. [Our emphasis.]

Of course, there is already a "disconnect" between market prices and bill impacts, resulting from successive rate mitigation measures which have blunted market price signals for system gas customers, though directional indication (i.e. increasing or decreasing) has been preserved.

¹ EGI Transmittal Letter dated December 9, 2022, page 2.

In the case of the current QRAM, there are three other dynamics influencing customer bills as of January, 2023:

1. Implementation of EGI's 2023 rates (placing upward pressure on bills).
2. Implementation of EGI's Deferral and Variance Account unit rates (placing upward pressure on bills for the majority of customers, and for all small volume system gas rate classes).
3. Reflection of TC Energy toll decreases (placing downward pressure on bills).

In this context, one could reasonably conclude that it would be more in line with the spirit and intent of the QRAM methodology, recognizing the price signal presented by increases in delivery rates (including deferral dispositions), to take advantage of the softening forward commodity price and allow for recovery of a greater portion of recently deferred gas costs sooner to the period in which these gas costs were incurred.

All things considered, there are both upward pressures and downward pressures on customer bills in January, 2023. In this context, EGI's determination that bills should go down to reflect gas cost decreases, rather than going up or remaining "flat" in reflection of delivery rate increases, merits further explanation.

Costs

Pursuant to the Board's *Practice Direction on Cost Awards*, IGUA is eligible to apply for a cost award as a party primarily representing the direct interests of ratepayers in relation to regulated gas services.

IGUA has, in the past, been consistently awarded modest costs for review of QRAM applications. IGUA respectfully submits that the Board, in making such awards, has recognized some value (commensurate with modest costs) in the independent and informed review of such applications.

IGUA continues to be mindful of the need for efficiency in its regulatory interventions, in particular in respect of non-contentious matters such as is normally the case with QRAM applications. For QRAM reviews IGUA has retained Utilis, whose professionals are expert in Ontario gas regulatory matters, including rate matters in particular. Utilis conducted a review of the application as filed, and provided a report to IGUA.

IGUA submits that it has acted responsibly with a view to informing both its members and the Board's review and decision on this Application, while maintaining due attention to cost efficiency. On this basis, IGUA is requesting recovery of its costs for participation in this process.

Yours truly,



Ian A. Mondrow

- c. Dr. Shahrzad Rahbar (IGUA)
Richard Wathy (EGI)
Tania Persad (EGI)
Brandon Ott (Utilis Consulting Inc.)
All Interested Parties (EB-2008-0106, EB-2019-0137, EB-2022-0072, EB-2022-0133)

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