

March 15, 2023

VIA RESS

Ms. Nancy Marconi
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Dear Ms. Marconi:

Re: EB-2023-0073: Enbridge Gas Inc. (EGI) April 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 April 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, and that EGI has also properly incorporated into its requested April, 2023 rates implementation of the OEB's EB-2022-0194 approval for updated units rates and clearance of deferral account balances for recovery of federal carbon charges.

EGI has also proposed to take advantage of the significant decrease in forecast gas costs to accelerate (by 3 months; from a remaining 15 months down to 12 months) recovery of previous gas cost mitigation deferrals. This proposal is directionally consistent with IGUA's oft expressed view that, in principal, QRAM changes should be mechanical and continue to send representative gas cost price signals to customers and the market.

In support of its proposed accelerated deferral recovery EGI states as follows¹:

¹ EA/T2/S2/p5/para. 15.

The advancement of the July 2022 rate mitigation realigns the rate rider to the OEB approved QRAM methodology of a rolling 12-month basis while also maintaining a clear and consistency [sic] message to customers with regards to price trends and bill impacts.

IGUA supports the principal reflected in the foregoing statement and its application by EGI in this QRAM application. We further note that reducing the recovery period for previously deferred gas costs will reduce interest costs otherwise borne by customers.

EGI goes on to state²:

It is not practical in this QRAM or in future QRAMs for Enbridge Gas to dispose of rate riders over a period less than 12-months, due to the impact a shorter time frame would have on unit rates and customers bills, making customer communications very challenging.

We request clarification from EGI in its responding submissions of this assertion. It is not clear why EGI could not pick any multiple of 3 month periods for recovery of gas cost changes in tandem with QRAM driven rate adjustments.

Even with the currently proposed accelerated (from 15 months to 12 months) recovery of previously deferred gas costs, average system supply customer bill reductions resulting from approval of the instant application will still exceed 10%, after incorporation of updated federal carbon charge recoveries. An indication of the impact on customers of more aggressive acceleration of recovery of previously deferred (over 2 years) gas costs might assist the OEB in its review of EGI's current, relatively modest acceleration proposal.

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.

² *Ibid*

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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