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Enbridge Gas Inc.
P. O. Box 2001
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Chatham, ON N7M 5M1

April 26, 2024

VIA RESS AND EMAIL

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

Dear Nancy Marconi:

**Re: Enbridge Gas Inc. (Enbridge Gas, or the Company)
EB-2024-0111 - 2024 Rebasing and IRM – Phase 2 Evidence**

Enbridge Gas filed its 2024 Rates Application and the majority of its supporting evidence on October 31, 2022 and the balance of its evidence on November 30, 2022 under docket number EB-2022-0200. In this Application, Enbridge Gas requested approval of rates for the sale, distribution, transmission, and storage of gas commencing January 1, 2024. Enbridge Gas also applied for approval of an incentive rate-setting mechanism (IRM) for the years from 2025 to 2028. The proceeding was split into three phases through the OEB's Decision on the Issues List (Procedural Order No. 2 in Phase 1) and the subsequent Settlement Agreement reached amongst the parties.

Phase 1 of the proceeding was completed with a December 21, 2023 Decision and Order, and a May 1, 2024 Interim Rate Order. The OEB subsequently issued EB-2024-0111 as the new docket number for Phase 2 of the proceeding. On April 4, 2024 Enbridge Gas filed a letter stating Phase 2 evidence would be filed April 26, 2024.

Enclosed is the evidence required to address the issues included in Phase 2. Those issues include: (i) the Phase 1 issues that were deferred to Phase 2 as a result of the Settlement Agreement; (ii) the Phase 2 issues identified in Procedural Order No. 2 (other than Issues 54-57, which are for Phase 3); and (iii) the items from the Phase 1 Decision that Enbridge Gas is expected to address and/or report on in Phase 2 of the rebasing proceeding.

The Administration exhibit provided at Phase 2 Exhibit 1, Tab 3, Schedule 1 provides background information and further detail of the evidence provided, with attachments containing the requested approvals and the OEB directives from the Phase 1 Decision and from past proceedings addressed in evidence. The requested approvals are very similar to what had been included in the Phase 1 evidence and reserved for Phase 2.

The new requested approvals (as compared to what was previously requested and reflected in the Issues List approved in Phase 1) are the following: (i) inclusion of Dawn to Corunna project costs in rate base; (ii) approval of two new deferral and variance accounts – an OEB Cost Assessment Variance Account and an OEB Directive Deferral Account; and (iii) a change to the calculation of the Meter Reading Performance Metric.

A list of all Phase 2 exhibits is provided at Phase 2 Exhibit 1, Tab 1, Schedule 1. Attachment 3 to the Administration exhibit (Exhibit 1, Tab 3, Schedule 1) includes a mapping of the Phase 2 issues (as identified in the EB-2022-0200 Issues List) to the evidence filed for Phase 2.

As part of Phase 2, Enbridge Gas is requesting approval of updated 2024 rates effective January 1, 2024. The OEB approved interim 2024 rates in the Phase 1 Interim Rate Order issued on April 11, 2024 for implementation on May 1, 2024. Enbridge Gas is proposing to update the interim 2024 rates to reflect the OEB's Phase 2 findings as part of the Phase 2 draft rate order process.

The 2024 bill impacts for individual customers from the approvals requested in Phase 2 vary by rate zone and rate class. For a typical residential sales service customer, the updated 2024 rates, reflecting the Phase 2 proposals, result in an annual bill increase of:

- \$3.14 (or 0.2% of total bill) for a Rate 1 customer in the EGD rate zone;
- \$3.73 (or 0.3% of total bill) for a Rate 01 customer in the Union North rate zone; and
- \$2.75 (or 0.3% of total bill) for a Rate M1 customer in the Union South rate zone.

Given the timing of this Phase 2 process which will set the rate adjustment mechanism for 2025 to 2028 rates, Enbridge Gas will be requesting, if necessary, that 2025 rates be set on an interim basis as of January 1, 2025 until the updated rates can be reviewed and approved. Enbridge Gas will be requesting that any new 2025 rates, when approved and implemented, be recovered on a full-year basis. To allow for new rates to be set as soon as possible, Enbridge Gas expects that it will propose that the 2025 rates be set during the Phase 2 rate order process (perhaps as a separate step).

Enbridge Gas will post the evidence on its website at www.enbridgegas.com/about-enbridge-gas/regulatory. Enbridge Gas will send a copy of this letter, and a link to the website page, to all parties to the proceeding.

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Should you have any questions, please let us know.

Sincerely,

Vanessa Innis
Program Director, Strategic Regulatory Applications – Rebasing