

To: bbrooks@stonemills.com; info@sdgcounties.ca; tdafoe@stratford.ca;
ftranquilli@strathroy-caradoc.ca; clerk@strongtownship.com; naustin@sundridge.ca;
cbonneville@tay.ca; clerk@tayvalleytwp.ca; lmoy@tecumseh.ca; clerk@temagami.ca;
lbelanger@temiskamingshores.ca; tmichiels@thamescentre.on.ca;
townclerk@thebluemountains.ca; jbrizard@nationmun.ca; robert@thessalon.ca;
clerk@thorold.com; kpower@thunderbay.ca; clerks@tillsonburg.ca; clerks@timmins.ca;
swalton@tiny.ca; clerk@toronto.ca; doug.irwin@trenthills.ca; clerk@tweed.ca;
clerk@tyendinagatownship.com; dleroux@uxbridge.ca; eric.bizier@valharty.ca;
todd.coles@vaughan.ca; mciuffetelli@wainfleet.ca; agubbels@warwicktownship.ca;
clerk@wasagabeach.com; julie.scott@waterloo.ca; regionalclerk@regionofwaterloo.ca;
clerk@welland.ca; gkosch@wellesley.ca; donnab@wellington.ca; township@wellington-
north.com; jnethercott@westelgin.net; mturner@westgrey.com; jscime@westlincoln.ca;
mducharme@westnipissing.ca; clerk@westperth.com; harrisc@whitby.ca; gillian.angus-
traill@townofws.ca; cmiller@whitewaterregion.ca; dawn.mittelholtz@wilmot.ca;
clerks@city.windsor.on.ca; ahumphries@cityofwoodstock.ca; jsmith@woolwich.ca;
christopher.raynor@york.ca; clerk@zorra.ca; mike.mazzetti@ontario.ca;
mike.mazzetti@ontario.ca; brian.kilgour@ontario.ca; kirk.ellis@ontario.ca;
kirk.ellis@ontario.ca

Cc: Vanessa Innis

Subject: EB-2022-0200 Enbridge Gas Inc. - 2024 Rebasing - OEB Notice of Application

Attachments: 1.1.2_Application.pdf; Notice_Enbridge Gas Inc._20221114.pdf; Notice_Enbridge Gas Inc._20221114_FR.pdf

To: Clerks of All Municipalities In Which Enbridge Gas Supplies Gas

On October 31, 2022, Enbridge Gas Inc. (Enbridge Gas) filed an application with the Ontario Energy Board (OEB) 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.

On November 14, 2022, the OEB issued the Notice of Application along with the Letter of Direction for the proceeding. The OEB has directed Enbridge Gas to serve a copy of the Notice of Application along with the application and evidence on the clerks of all municipalities in which Enbridge Gas supplies gas.

The OEB's Notice of Application is attached in both French and English and provides information on how to become informed and involved in the proceeding. Interested parties can apply to the OEB for Intervenor Status in this proceeding by December 2, 2022.

The application and evidence is available on Enbridge Gas's website at www.enbridgegas.com/about-enbridge-gas/regulatory under Rate Cases and QRAM/2024 Rates Application/EB-2022-0200 2024 Rebasing Application/Application-Evidence.

Please contact me if you have any questions regarding the submission.

Sincerely,

Angela Monforton
Coordinator IV Regulatory
Regulatory Affairs

ENBRIDGE
TEL: 519-436-4619 | angela.monforton@enbridge.com
50 Keil Drive North, Chatham, ON, N7M 5M1
enbridge.com
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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 m³ 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 m³ 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 m³ 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 m³ 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:

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

Telephone: 416-495-5499 or 1-888-659-0685
Fax: 416-495-6072
Email: EGIRegulatoryproceedings@enbridge.com

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

Telephone: 416-863-1500
Fax: 416-863-1515
Email: dstevens@airdberlis.com
doleary@airdberlis.com

Manager, Strategic Applications –
Rate Rebasing

ONTARIO ENERGY BOARD NOTICE TO CUSTOMERS OF ENBRIDGE GAS INC.

Enbridge Gas Inc. has applied to change its natural gas rates and other charges.

Learn more. Have your say.

Enbridge Gas Inc. has applied to the Ontario Energy Board to change its natural gas distribution, transportation and storage rates beginning January 1, 2024. If the application is approved as filed, a typical residential customer and a typical commercial customer of Enbridge Gas Inc. would see the following change in their annual natural gas bills:

Rate Zones	Annual Bill Impacts	
	Residential Customer	Commercial Customer
EGD (former customers of Enbridge Gas Distribution Inc.)	\$28 increase	\$88 increase
Union South (former customers of Union Gas Limited)	\$91 increase	\$1,320 increase
Union North West (former customers of Union Gas Limited)	\$65 decrease	\$1,222 decrease
Union North East (former customers of Union Gas Limited)	\$193 decrease	\$5,947 decrease

Other customers, including businesses, may also be affected.

Incentive Rate-setting Mechanism

Enbridge Gas Inc. has also applied for approval of an Incentive Rate-setting Mechanism to set natural gas distribution, transportation and storage rates in each of the years from 2025 to 2028. The Incentive Rate-setting Mechanism consists of a formula which is tied to inflation and other factors intended to promote efficiency and is used to set rates for the years 2025 to 2028.

Rate Harmonization

Enbridge Gas Inc. has filed a plan to harmonize its four rate zones (EGD, Union South, Union North West and Union North East) into a single rate zone and establish new harmonized rate classes and a common suite of services across the harmonized rate zone. Enbridge Gas Inc. is proposing to phase in the implementation of harmonized services and rates between 2024 and 2026 to allow time to implement system changes, inform customers and mitigate bill impacts. If Enbridge Gas Inc.'s harmonization plan is approved as filed, the approximate annual bill change for a typical residential and commercial customer ranges from 0% to an increase of 1% effective April 1, 2025. The annual bill impact for other customer classes ranges from a decrease of -3% to an increase of 5% effective April 1, 2026. The impact of rate harmonization on customer bills excludes any other changes to rates resulting from the Incentive Rate-setting Mechanism and other applications that Enbridge Gas Inc. may file.

Performance Scorecard

Enbridge Gas Inc. has also filed proposals with respect to its performance scorecard, including service quality requirements, in its application.

Additional Filing

Enbridge Gas Inc. states that it will file the remaining sections of its application by November 30, 2022 and that it will include additional

The application contains other proposals to harmonize many of Enbridge Gas Inc.'s rate deferral and variance accounts and other proposals. We encourage you to review the application carefully to determine how you may be affected by the changes proposed in the application.

THE ONTARIO ENERGY BOARD WILL HOLD A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing on the application. During this hearing, which could be an oral hearing, we will question Enbridge Gas on its request for rate changes and listen to questions and arguments from stakeholders that have intervened in the OEB's hearing. At the end of this hearing, the OEB will decide if any, rate changes will be allowed.

If Enbridge Gas's request for an Incentive Rate-setting Mechanism is approved by the OEB, the OEB's review in 2025 through 2028 may be subject to rate adjustments are made in accordance with the approved Incentive Rate-setting Mechanism, and as a result you may not get notice of a rate change in 2025 and 2028 by applying the OEB-approved Incentive Rate-setting Mechanism.

The OEB is an independent and impartial public agency that acts in the public interest. Our goal is to promote a financial sector that provides you with reliable energy services.

BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to participate in the process.

- You can review Enbridge Gas's application on the OEB website.
- You can file a letter with your comments, which will be considered during the hearing.
- You can apply to become an intervenor. As an intervenor, you will be able to provide information about Enbridge Gas's application and make arguments about whether you should approve Enbridge Gas's request. Apply for intervenor status before the hearing will go ahead without you and you will be able to participate in the proceeding.
- At the end of the process, you can review the OEB's decision on our website.

LEARN MORE

Our file number for this case is **EB-2022-0200**. To learn more about the application, see the instructions on how to file a letter with your comments. You can also access any document related to this case, please see the list on the OEB website: www.oeb.ca/not Information Centre at 1-877-632-2727 with any questions.

FORMAT OF HEARING

There are three types of OEB hearings – oral, electronic and written. Enbridge Gas has applied for an oral hearing. The OEB is considering the format of the hearing with respect to the format of the hearing. You will be able to explain why by **December 2, 2022**.

PRIVACY

If you write a letter of comment, your name and the address of your business will be on the public record and the OEB website. However, your home address and email address will be removed. If you provide information that is not public, it will remain public. If you apply to become an intervenor, your information will be public.