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**Subject:** EB-2019-0194 - Enbridge Gas Inc. - 2020 Rate Application - Notice of Hearing  
**Attachments:** noh\_Enbridge 2020 Rates\_eng\_20191029.pdf; noh\_Enbridge 2020 Rates\_fr\_  
20191029.pdf; A-2-1.pdf

**To: The clerks of all municipalities in which Enbridge Gas Inc. supplies gas**

On October 8, 2019, Enbridge Gas filed an application with the Board for interim and final Orders approving or fixing just and reasonable rates for the sale, distribution, transmission, and storage of gas commencing January 1, 2020.

On October 29, 2019, the Board issued the Notice of Application and the Letter of Direction for the proceeding. The Board has directed Enbridge Gas to serve a copy of the Notice of Application along with Enbridge Gas' Application and evidence to the clerks of all municipalities in which Enbridge Gas Inc. supplies gas.

Attached please find a copy of the Board's Notice of Application along with Enbridge Gas' Application as filed with the Board for the 2020 Rate Application. Due to the size of the evidence in this proceeding it is available on the Enbridge website, and not attached to this email. A paper copy of the Evidence filed in this proceeding is available upon request or can be viewed by accessing the link below:

<https://www.enbridgegas.com/Regulatory-Proceedings>

Thank you,

Stephanie Allman  
Regulatory Coordinator – Regulatory Affairs

# ONTARIO ENERGY BOARD NOTICE TO CUSTOMERS OF ENBRIDGE GAS INC.

**Enbridge Gas Inc. has applied to raise its natural gas rates effective  
January 1, 2020**

**Learn more. Have your say.**

Enbridge Gas Inc. has applied to the Ontario Energy Board for approval to raise its natural gas rates effective January 1, 2020, based on a rate-setting framework and other adjustments previously approved by the Ontario Energy Board for the period 2019-2023. The rates are set using a formula that is tied to inflation and other factors intended to promote efficiency. If the request is approved, a typical residential customer in the EGD Rate Zone and in the Union Rate Zones (former customers of Enbridge Gas Distribution Inc. and Union Gas Limited, respectively) would see the following increases:

Rate Zones	Residential Annual Bill Increase
EGD	\$7.53
Union South	\$4.26
Union North East	\$5.07
Union North West	\$5.80

Enbridge Gas Inc. has also applied to recover capital expenditures related to two projects that are not part of Enbridge Gas Inc.'s regular capital expenditure plan. Enbridge Gas Inc. states that if this request is approved, it will increase the above-noted bill impact in the EGD Rate Zone by an additional \$0.40 per year and the above-noted bill impact in the Union South Rate Zone by an additional \$1.49 per year.

Enbridge Gas Inc. also states that in November 2019 it will file a cost allocation study for the Union Rate Zones, including a proposal to address TransCanada's C1 Dawn to Dawn TCPL service.

Other customers may also be affected. It is important to review the application carefully to determine whether you will be affected by the changes.

## THE ONTARIO ENERGY BOARD IS ALSO HOLDING A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider the application filed by Enbridge Gas Inc. We will question Enbridge Gas Inc. on the case. We will also hear questions and arguments from individual customers and from groups that represent the customers of Enbridge Gas Inc. At the end of this hearing, the OEB will decide whether the rate increase requested in the application will be approved.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

## BE INFORMED AND HAVE YOUR SAY

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

- You can review the application filed by Enbridge Gas Inc. on the OEB's website now.
- You can file a letter with your comments, which will be considered during the hearing.
- You can become an active participant (called an intervenor). Apply by **November 11, 2019** or the hearing will go ahead without you and you will not receive any further notice of the proceeding.
- At the end of the process, you can review the OEB's decision and its reasons on our website.

## LEARN MORE

Our file number for this case is **EB-2019-0194**. To learn more about this hearing, find instructions on how to file letters or become an intervenor, or to access any document related to this case, please enter the file number **EB-2019-0194** on the OEB website: [www.oeb.ca/participate](http://www.oeb.ca/participate). You can also phone our Consumer Relations Centre at 1-877-632-2727 with any questions.

## ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings – oral and written. The OEB will determine at a later date whether to proceed by way of a written or oral hearing. If you think an oral hearing is needed, you can write to the OEB to explain why by **November 11, 2019**.

## PRIVACY

*If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and e-mail address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.*

*This hearing will be held under section 36 of the Ontario Energy Board Act, S.O. 1998 c.15 (Schedule B).*



## **ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the Ontario Energy Board Act, 1998, S.O. 1998, c.15 (Sched. 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, 2020.

### **APPLICATION**

1. The Applicant, Enbridge Gas Inc. ("Enbridge Gas", or "EGI") is an Ontario corporation with its head office in the City of Toronto. It carries on the business of selling, distributing, transmitting, and storing natural gas within Ontario. Enbridge Gas was formed effective January 1, 2019, upon the amalgamation of Enbridge Gas Distribution Inc. ("EGD") and Union Gas Limited ("Union").
2. Enbridge Gas hereby applies to the Ontario Energy Board (the "Board"), pursuant to section 36 of the *Ontario Energy Board Act, 1998*, as amended (the "Act") for interim and final Orders approving or fixing just and reasonable rates for the sale, distribution, transmission, and storage of gas commencing January 1, 2020.
3. On August 30, 2018, in the MAADs Decision<sup>1</sup>, the Board approved a rate setting mechanism (Price Cap IR) for Enbridge Gas, which sets out a multi-year incentive rate-setting mechanism ("IRM") for the calendar year term of 2019 to 2023 (the "five year term"). The MAADs Decision confirmed that during the five year term,

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<sup>1</sup> EB-2017-0306/0307.

distribution rates will be set separately for the EGD and Union rate zones. The MAADs Decision also approved the specific treatment of various elements in the IRM including the availability of an Incremental Capital Module ("ICM") during the five year term. Additionally, the MAADs Decision set out certain items that Enbridge Gas is required to file over the course of the five year term, including a cost allocation study that takes account of certain large projects undertaken by Union that have already come into service.

4. This 2020 Rate Application is the second annual rate adjustment application under the IRM approved in the MAADs Decision.
5. Enbridge Gas received the Board's Decision and Order for 2019 Rates<sup>2</sup> on September 12, 2019 (supplemented on September 23, 2019), and filed a draft Rate Order on September 30, 2019. In the 2019 Rates Decision and Order, the Board indicated concern with the timing and complexities of that application, and indicated that "Enbridge Gas should reflect on its approach and timeliness for the 2020 application".<sup>3</sup>
6. Enbridge Gas has followed the Board's direction, and has prepared an application that is as simple as possible and that can be processed and adjudicated in a bifurcated manner to allow updated interim rates to be in place for January 1, 2020.
7. With this Application, Enbridge Gas is filing all required supporting evidence in connection with the IRM adjustment to distribution rates for the EGD and Union rate zones, including draft Rate Orders. This will allow the Board to consider and approve distribution rates that can be implemented on an interim basis on

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<sup>2</sup> EB-2018-0305.

<sup>3</sup> EB-2018-0305, Decision and Order on Effective Date, September 23, 2018, at page 5.

January 1, 2020. The items to be reviewed and approved in this regard for each rate zone are largely mechanistic and include:

- the annual rate escalation, as determined by a price cap index ("PCI"), where PCI growth is driven by an inflation factor using GDP IPI FDD, less a productivity factor of zero and a stretch factor of 0.30%;
  - the pass-through of routine gas commodity and upstream transportation costs, demand side management cost changes, lost revenue adjustment mechanism changes for the contract market, and average use/normalized average consumption;
  - capital pass-through adjustment;
  - PDO rate adjustment; and
  - the continuation of certain deferral and variance accounts.
8. As soon as possible after the filing of this Application, Enbridge Gas plans to file further evidence addressing two discrete items that can be reflected and implemented when final rates are approved.
9. First, Enbridge Gas will file Incremental Capital Module (ICM) request for one or two projects. The supporting evidence for the ICM request will be filed by late October 2019.
10. Second, as required by the MAADs Decision<sup>4</sup>, Enbridge Gas will file a cost allocation study for the Union rate zones that takes into account four projects (Panhandle Reinforcement, Dawn-Parkway expansion including Parkway West, Brantford-Kirkwall/Parkway D and the Hagar Liquefaction Plant) and that includes a proposal for addressing TransCanada's C1 Dawn to Dawn TCPL service. This evidence will be filed by mid November 2019.

11. Enbridge Gas therefore applies to the Board for such final, interim or other Orders, accounting orders and deferral and variance accounts as may be necessary in relation to approve:
  - Interim and final rates for the year commencing January 1, 2020, including all adjustments resulting from the application of Enbridge Gas's Board-approved IRM;
  - The continuation of approved deferral and variance accounts for 2020;
  - The request for ICM funding;
  - Any rate and rate class adjustments that the Board deems to be appropriate and required in light of the Union rate zone cost allocation study; and
  - The determination of all other issues that bear upon the Board's approval or fixing of just and reasonable rates for the sale, distribution, transmission, and storage of gas by Enbridge Gas for the year commencing January 1, 2020.
12. Enbridge Gas respectfully requests that the Board establish a process to allow the IRM rate adjustment to be reviewed and approved by November 29, 2019, so that the resulting rates can be implemented on an interim basis in conjunction with the January 1, 2020 QRAM application. Implementing these rates on an interim basis effective January 1, 2020 reduces the impact of out of period adjustments on customers.
13. Alternatively, Enbridge Gas requests that the Board approve the rates resulting from the IRM rate adjustment on an interim basis by November 29, 2019, without making a final determination on the merits. This would allow updated distribution rates to be in place for January 1, 2020, and would preserve the rights of the Board to make a later decision (with any appropriate process and participation of

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<sup>4</sup> MAADs Decision, at page 41.

other parties) that could be implemented into final rates on a full year basis along with any impacts of the other items in this Application (ICM and cost allocation study).

14. Enbridge Gas respectfully requests that the Board establish a further process to consider the additional items being filed for approval – the ICM request and the cost allocation study. Enbridge Gas proposes that these items can be reviewed through one process, and that any resulting approvals can be implemented through the approval of final rates and rate rider(s).

#### **APPROVAL REQUESTS**

15. The specific approvals sought in this Application are as follows:
  - Interim rates for the year commencing January 1, 2020, including all adjustments resulting from the application of Enbridge Gas's Board-approved IRM, to be approved by November 29, 2019 for implementation on January 1, 2020 along with the QRAM Application for the same date;
  - The continuation of approved deferral and variance accounts for 2020;
  - The request for ICM funding
  - Final rates for the year commencing January 1, 2020, including the full-year impact of all items included in the Application (IRM rate adjustment, ICM request and any rate and rate class adjustments that the Board deems to be appropriate and required in light of the Union rate zone cost allocation study); and
  - The determination of all other issues that bear upon the Board's approval or fixing of just and reasonable rates for the sale, distribution, transmission, and storage of gas by Enbridge Gas for the year commencing January 1, 2020.

16. Enbridge Gas further applies to the Board pursuant to the provisions of the Act and the Board's Rules of Practice and Procedure for such final, interim or other Orders and directions as may be appropriate in relation to the Application and the proper conduct of this proceeding.
17. This Application is supported by written evidence and may be amended from time to time as circumstances require.
18. The persons affected by this application are the customers resident or located in the municipalities, police villages and First Nations reserves served by Enbridge Gas, together with those to whom Enbridge Gas sells gas, or on whose behalf Enbridge Gas distributes, transmits or stores natural gas.
19. Approval of the IRM rate adjustment set out in this Application will result in the following bill impacts:
  - the net annual bill increase for a typical EGD residential customer consuming 2,400 m<sup>3</sup> per year will be approximately \$7.53 per year for sales service customers and \$7.51 per year for bundled direct purchase customers, each excluding any 2020 ICM impacts;
  - the net annual bill increase for a typical Union South residential customer consuming 2,200 m<sup>3</sup> per year will be approximately \$4.26 per year for sales service customers and \$4.19 per year for bundled direct purchase customers, each excluding any 2020 ICM impacts; and
  - the net annual bill increase for a typical Union North residential customer consuming 2,200 m<sup>3</sup> per year will range from approximately \$5.03 to \$5.80 per year for sales service customers and bundled direct purchase customers, each excluding any 2020 ICM impacts.



Approval of the ICM request will have a bill impact of less than \$2.00 during 2020 for a typical residential customer in all rate zones.

20. The address of service for Enbridge Gas is:

Enbridge Gas Inc.

500 Consumers Road  
Willowdale, Ontario  
M2J 1P8

Attention: Mark Kitchen  
Director, Regulatory Affairs  
Telephone: (519) 436-5275  
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- and -

Aird & Berlis LLP

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DATED October 8, 2019, at Toronto, Ontario

ENBRIDGE GAS INC.

*(Original signed by)*

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Rakesh Torul  
Technical Manager,  
Regulatory Applications