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VIA RESS and EMAIL

June 3, 2022

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

Dear Nancy Marconi:

**Re: EB-2022-0150 – Enbridge Gas Inc. – July 1, 2022
 Quarterly Rate Adjustment Mechanism (QRAM) Application**

Effective January 1, 2019, Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union) amalgamated to become Enbridge Gas Inc. (Enbridge Gas). Enclosed is an application and supporting evidence from Enbridge Gas requesting an order approving or fixing rates within both the EGD rate zone and Union rate zones¹ for the sale, distribution, storage, and transmission of natural gas effective July 1, 2022.

This application is submitted in accordance with the OEB’s EB-2008-0106 Decision, and includes a schedule, included below, for: the review and comment of intervenors and OEB Staff; Enbridge Gas’s response to any comments; and the OEB’s Decision and Order. A full list of the evidence supporting this application is provided in the exhibit list found at Exhibit A, Tab 1, Schedule 1.

Description	Date
Review and Comment on July 1, 2022 QRAM application of intervenors and OEB Staff	June 8, 2022
Enbridge Gas's response to any comments	June 10, 2022
OEB's Decision and Order	June 16, 2022

Rate Mitigation Plan

In accordance with the OEB’s decision in EB-2014-0199 and its expectations that regulated utilities will consider rate mitigation for material rate increases, Enbridge Gas is proposing the following options for a rate mitigation plan for this application:

Preferred Rate Mitigation Approach

In order to mitigate the gas price increase in all rate zones, Enbridge Gas is proposing a 24-month disposition period for commodity balances within each

¹ Collectively, the Union North West, Union North East and Union South rate zones are referred to as “Union rate zones”. Union North West and Union North East are collectively referred to as “Union North”.

rate zone's respective PGVA account balance. This approach provides for recovery of all current QRAM-related costs in current rates, no PGVA credits for future recovery to manage in light of continuing natural gas price increases and commodity rates that are more reflective of market prices.

Alternate Rate Mitigation Approach

Limit the total bill increase to 15% in all rate zones for typical residential customers by applying PGVA credits that total \$601 million for recovery with the October 2022 QRAM. This option has been prepared with a 12-month disposition period for commodity balances. This approach allows for a total bill increase that is less than the preferred approach but does not provide for recovery of all current QRAM-related costs in current rates. A continued rise in natural gas prices would further exacerbate the impact on customers by increasing the PGVA balance beyond \$601M at a time that customer volumes will start increasing significantly. The proposed credits for this alternate rate mitigation plan in the current application are as follows:

- \$290 million for the EGD rate zone
- \$258 million for the Union South rate zone,
- \$36 million for the Union North East rate zone, and
- \$17 million for the Union North West rate zone.

Under both options presented above, the total outstanding PGVA credit amount from the April 2022 QRAM of \$119 million for the Union rate zones has been included for recovery.

The application and impacts below reflect a forecast of gas costs effective July 1, 2022 based on the proposed rate mitigation plans.

EGD Rate Zone

Relevant to the EGD rate zone the proposed EGD Rate Zone Purchased Gas Variance Account Reference Price ("PGVA Reference Price") is $\$330.493/10^3\text{m}^3$ ($\$8.578/\text{GJ @ } 38.53 \text{ MJ/m}^3$), representing an increase of $\$99.452/10^3\text{m}^3$ ($\$2.582/\text{GJ @ } 38.53 \text{ MJ/m}^3$). The result of the change noted above, in addition to the items as noted in the Additional Items section below, is an increase to the total bill for a typical residential customer on system gas of approximately \$247.53 or 19.4%² under the preferred rate mitigation approach and \$188.43 or 14.8%³ under the alternate rate mitigation approach.

² Amounts provided include EGD Rider C

³ *ibid*

Union Rate Zones

Relevant to the Union rate zones the proposed Alberta Border Reference Price, based on the current 21-day strip price, is \$7.000/GJ. This represents an increase of \$2.382/GJ. The proposed Dawn Reference Price, based on the current 21-day strip price, is \$7.789/GJ. This represents an increase of \$2.520/GJ. Enbridge Gas is also proposing to prospectively dispose of a gas cost deferral account balance specific to the Union rate zones of:

- \$199.056 million under the preferred rate mitigation approach
- (\$111.944) million under the alternate rate mitigation approach

The result of the change noted above, in addition to the items as noted in the Additional Items section below, is a net annual bill increase for residential sales service customers of \$251.81 or 23.2% in Union South, a net annual bill increase of \$239.99 or 19.8% in Union North West, and a net annual bill increase of \$244.25 or 18.5% in Union North East under the preferred rate mitigation approach. Under the alternate rate mitigation approach new annual bill increase for residential sales service customers is \$162.98 or 15.0% in Union South, a net annual bill increase of \$176.19 or 14.6% in Union North West, and a net annual bill increase of \$193.08 or 14.6% in Union North East.

Additional Items

In addition to updating rates in the EGD and Union rate zones in accordance with Enbridge Gas's OEB-approved QRAM methodologies, July 1, 2022 rates will reflect implementation of two additional OEB Decisions:

- On May 5, 2022, the OEB approved unit rates for the 2020 Demand Side Management Deferral and Variance Account Dispositions in EB-2022-0007
- On April 12, 2022 the OEB approved unit rates for implementation effective July 1, 2022 in Enbridge Gas's 2022 Rates (Phase 2 – ICM) proceeding EB-2021-0148

In response to the OEB Decision and Rate order on March 24, 2022, Enbridge Gas has taken measures with this QRAM application to address the following OEB directives since the April 1, 2022 QRAM:

- A list of interest parties that have been served notice of the application including parties to the EB-2008-0106 generic QRAM proceeding, participants from the review of Enbridge Gas's gas supply planning and the parties from Enbridge Gas' 2022 annual rate application, EB-2021-0147/EB-2021-0148 is filed in this application as Exhibit A, Tab 2, Schedule 1, Appendix A.
- A PGVA continuity schedule including the opening and closing balances for the PGVA on a quarterly basis with the principal balance and interest shown separately has been included at Exhibit C, Tab 1, Schedule 6 for the EGD rate zone and Exhibit E, Tab 1, Schedule 3 for the Union rate zone.
- With regards to customer rate notices, based on the comments received, Enbridge has improved the clarity of the wording in the applicable rate notices for July 2022 QRAM.

Enbridge Gas is serving an electronic copy of the application with supporting evidence in PDF format on all interested parties in the EB-2008-0106, EB-2019-0137, EB-2022-0072 EB-2021-0147 and EB-2021-0148 proceedings. This complete evidence package is also available electronically in searchable PDF format through the following link on Enbridge Gas's website: <https://www.enbridgegas.com/en/Regulatory-Proceedings>

Should you have any questions on this matter please contact the undersigned at 519-365-5376.

Sincerely,

Richard Wathy
Technical Manager, Regulatory Applications

cc: All Interested Parties EB-2008-0106, EB-2019-0137, EB-2022-0072,
EB-2021-0147 & EB-2021-0148