



Richard Wathy
 Technical Manager,
 Regulatory Applications
 Regulatory Affairs

Cell: 519-365-5376
 Email: Richard.Wathy@enbridge.com
 EGIRegulatoryProceedings@enbridge.com

Enbridge Gas Inc.
 P.O. Box 2001
 50 Keil Drive North
 Chatham ON N7M 5M1

VIA RESS and EMAIL

June 7, 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. (Enbridge Gas) – July 1, 2022
 Quarterly Rate Adjustment Mechanism (QRAM) Application**

On June 3, 2022, Enbridge Gas filed the July 1, 2022, QRAM Application with the Ontario Energy Board (OEB). On June 6, 2022, Enbridge Gas received questions from OEB Staff regarding the above noted application.

Enclosed please find the responses of Enbridge Gas to the questions received.

Enbridge Gas is also filing an update to the application and evidence, details are provided below:

Exhibit	Update
A-2-2, par. 25, page 9 and par. 31, page 11.	The numbers in the following sentence ". . . \$3.7 million in the EGD rate zone and \$3.1 million in the Union rate zones if a 12-month disposition with no mitigation was utilized." should be \$3.3 million and \$2.4 million, respectively.

Should you have any questions on this matter please contact the undersigned.

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

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

OEB Decision & Rate Order for Enbridge Gas's April 2022 QRAM, EB-2022-0089,
issued March 24, 2022
Cover letter to the current application

Preamble:

In its decision for Enbridge Gas's April 2022 QRAM, the OEB noted that an expected increase of 25% in the commodity portion of the customer's bill is the trigger for communication to the OEB in advance of filing an application, and the filing of a rate impact mitigation plan with the application. However, the 25% on the commodity is not a cap and the OEB will consider the total bill impact in determining whether additional mitigation is warranted. The OEB uses a 10% total bill impact extensively for the electricity sector and considers that a reasonable target for the natural gas sector as well. However, the OEB also does not consider the 10% total bill impact a cap but rather a point at which the OEB will consider adopting mitigation measures.¹

Enbridge Gas included two mitigation alternatives in its July 2022 QRAM application. The preferred mitigation plan is a 24-month disposition period for commodity balances within each rate zone's respective PGVA account balance. The alternate mitigation plan limits total bill increases to 15% in all rate zones for typical residential customers and uses a standard 12-month disposition period. Both plans use the forecast of gas costs effective July 1, 2022, based on a 21-day strip ending May 6, 2022.

Questions:

Did Enbridge Gas conduct an analysis to determine the amount of PGVA credits that would result from a mitigation plan that limited total bill impacts to 10% for all rate zones? If so, please provide a table that summarizes the results of that analysis.

Response:

Yes, Enbridge Gas did complete an analysis to determine the PGVA credits required to mitigate total bill impacts to less than or equal to 10% for a typical residential customer. Based on the May 6, 2022 21-day strip, the PGVA credits required is \$936 million. Please see Table 1, column (c) below.

Table 1
Mitigation to 10% Total Bill Impacts

Line No	Rate Zone	PGVA Credits (\$ millions)			Bill Impact	
		Total April 2022 Rate Mitigation	Incremental July 2022 Rate Mitigation	Total July 2022 Rate Mitigation	Commodity Bill Impact	Total Bill Impact (1)
		(a)	(b)	(c)	(d)	(e)
1	EGD	-	(500)	(500)	23.4%	9.7%
2	Union North West	(8)	(18)	(26)	32.9%	10.0%
3	Union North East	(11)	(49)	(60)	28.6%	10.0%
4	Union South	(100)	(250)	(350)	23.4%	9.9%
5	Total	(119)	(817)	(936)		

Note:

(1) Total bill impact provided in the table excludes rate adjustments.

Enbridge Gas did not provide this alternative as a rate mitigation approach in the QRAM application due to the \$936 million of PGVA credits required. Since October 2021 when Enbridge Gas began mitigating commodity bill impacts through PGVA credits, the maximum PGVA credit amount carried to the next QRAM was \$455 million in the January 2022 QRAM. Mitigating to a residential bill increase of 10% at this time would require more than double the PGVA credit than had been provided in the past. It is the Company's opinion that this level of mitigation of natural gas market prices is not in the interest of customers or the utility with continued rising natural gas prices. For the reasons provided at Exhibit A, Tab 2, Schedule 2, the preferred mitigation approach and a 15% total bill impact approach were provided as rate mitigation options with the current application.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 2, p. 9 and 11
Enbridge Gas's response to I.IGUA.2 for the April 2022 QRAM, EB-2022-0089

Preamble:

Under the preferred mitigation approach, the PGVA interest would be \$4.8 million in the EGD rate zone and \$4.2 million in the Union rate zones as opposed to \$3.7 million in the EGD rate zone and \$3.1 million in the Union rate zones if a 12-month disposition with no mitigation was utilized.

Under the alternate mitigation approach, the PGVA interest would be \$4.6 million in the EGD rate zone and \$4.0 million in the Union rate zones as opposed to \$3.7 million in the EGD rate zone and \$3.1 million in the Union rate zones if a 12-month disposition with no mitigation was utilized.

Questions:

Please explain how the interest was calculated for the preferred and alternate mitigation approaches. Please also explain why the alternate mitigation approach results in lower interest amounts relative to the preferred approach. As part of the response, please include summary tables like those provided in response I.IGUA.2 in EB-2022-0089.

Response:

Please see Table 1 on the next page for the PGVA interest summary for the preferred rate mitigation approach.

Table 2 on page 3 provides the PGVA interest summary for the alternate rate mitigation approach.

Table 3 on page 3 provides the PGVA interest summary for the 12-month disposition with no mitigation.

There was an error in paragraphs 25 and 31 in the Exhibit A, Tab 2, Schedule 2. The interest for the 12-month disposition with no mitigation should be \$3.3 million in the EGD rate zone and \$2.4 million in the Union rate zone. Please see the updated exhibit filed as part of this submission.

The total interest amount for the preferred mitigation approach is \$9.015 million. The total interest amount for the alternate mitigation approach is \$8.635 million. The alternate approach shows a lower interest amount of approx. \$0.4 million because this approach only captures the accumulated interest for 12 months vs 24 months in the preferred approach, partially offset by the higher PGVA principal balance.

Table 1
PGVA Continuity Schedule - 24-month Recovery Period

Line No	Union Rate Zone				EGD Rate Zone				
	Deferral Amounts (\$'000's) ⁽¹⁾	Prospective Recovery (\$'000's)	Principal Balance Ending Each Month (\$'000's)	Interest (\$'000's) ⁽³⁾	Deferral Amounts (\$'000's) ⁽²⁾	Prospective Recovery (\$'000's)	Principal Balance Ending Each Month (\$'000's)	Interest (\$'000's) ⁽³⁾	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1.1	July, 2022	\$ (43,780)	\$ (900)	\$ 266,255	\$ 223	\$ (89,311)	\$ 253	\$ 344,288	\$ 289
1.2	August	\$ 19,546	\$ (860)	\$ 284,942	\$ 247	\$ 13,314	\$ 279	\$ 357,881	\$ 310
1.3	September	\$ 15,482	\$ (1,033)	\$ 299,391	\$ 251	\$ 10,605	\$ 239	\$ 368,725	\$ 309
1.4	October, 2022	\$ 14,555	\$ (4,898)	\$ 309,048	\$ 268	\$ 8,828	\$ (3,727)	\$ 373,825	\$ 324
1.5	November	\$ 21,563	\$ (8,861)	\$ 321,750	\$ 279	\$ 19,822	\$ (8,009)	\$ 385,638	\$ 334
1.6	December	\$ 29,465	\$ (13,250)	\$ 337,966	\$ 283	\$ 31,137	\$ (12,513)	\$ 404,262	\$ 339
1.7	January, 2023	\$ 34,933	\$ (24,551)	\$ 348,348	\$ 302	\$ 37,012	\$ (22,706)	\$ 418,568	\$ 363
1.8	February	\$ 29,020	\$ (20,889)	\$ 356,478	\$ 299	\$ 32,499	\$ (24,064)	\$ 427,003	\$ 358
1.9	March	\$ 8,064	\$ (18,709)	\$ 345,833	\$ 300	\$ 1,382	\$ (19,376)	\$ 409,008	\$ 354
1.10	April, 2023	\$ (36,804)	\$ (12,040)	\$ 296,989	\$ 257	\$ (38,806)	\$ (13,858)	\$ 356,344	\$ 309
1.11	May	\$ (40,218)	\$ (6,459)	\$ 250,312	\$ 196	\$ (66,795)	\$ (8,168)	\$ 281,381	\$ 220
1.12	June	\$ (38,074)	\$ (3,896)	\$ 208,342	\$ 180	\$ (64,343)	\$ (3,602)	\$ 213,436	\$ 185
1.13	July, 2023	\$ -	\$ (5,630)	\$ 202,712	\$ 170	\$ -	\$ (5,291)	\$ 208,145	\$ 174
1.14	August	\$ -	\$ (5,429)	\$ 197,283	\$ 171	\$ -	\$ (5,437)	\$ 202,708	\$ 176
1.15	September	\$ -	\$ (6,412)	\$ 190,871	\$ 160	\$ -	\$ (5,385)	\$ 197,323	\$ 165
1.16	October, 2023	\$ -	\$ (11,891)	\$ 178,979	\$ 155	\$ -	\$ (8,255)	\$ 189,068	\$ 164
1.17	November	\$ -	\$ (21,420)	\$ 157,559	\$ 136	\$ -	\$ (18,275)	\$ 170,793	\$ 148
1.18	December	\$ -	\$ (31,734)	\$ 125,825	\$ 105	\$ -	\$ (28,849)	\$ 141,944	\$ 119
1.19	January, 2024	\$ -	\$ (36,887)	\$ 88,938	\$ 77	\$ -	\$ (38,146)	\$ 103,799	\$ 90
1.20	February	\$ -	\$ (32,573)	\$ 56,365	\$ 47	\$ -	\$ (40,353)	\$ 63,446	\$ 53
1.21	March	\$ -	\$ (28,114)	\$ 28,251	\$ 24	\$ -	\$ (32,503)	\$ 30,942	\$ 27
1.22	April, 2024	\$ -	\$ (10,787)	\$ 17,464	\$ 15	\$ -	\$ (9,625)	\$ 21,317	\$ 18
1.23	May	\$ -	\$ (5,796)	\$ 11,668	\$ 9	\$ -	\$ (5,649)	\$ 15,668	\$ 13
1.24	June	\$ -	\$ (3,534)	\$ 8,134	\$ 7	\$ -	\$ (2,455)	\$ 13,213	\$ 11
1.	Total	\$ 13,751	\$ (316,553)	\$ 4,163	\$ (104,657)	\$ (315,476)	\$ 4,852		

Notes
(1) Refer to EB-2022-0150, Exhibit E, Tab 1, Schedule 2, Page 1, Column (i)
(2) Refer to EB-2022-0150, Exhibit C, Tab 1, Schedule 2, Page 1, Column 7
(3) OEB prescribed interest rates for Deferral and Variance Accounts for Q2 2022 is 1.02%

Table 2
PGVA Continuity Schedule - 12-month Recovery Period with Mitigation

Line No	Union Rate Zone				EGD Rate Zone				
	Deferral Amounts	Prospective Recovery	Principal Balance Ending Each Month	Interest	Deferral Amounts	Prospective Recovery	Principal Balance Ending Each Month	Interest	
	(\$000's) ⁽¹⁾	(\$000's)	(\$000's)	(\$000's) ⁽³⁾	(\$000's) ⁽²⁾	(\$000's)	(\$000's)	(\$000's) ⁽³⁾	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1.1	July, 2022	\$ (43,780)	\$ 3,870	\$ 271,025	\$ 227	\$ (89,311)	\$ 4,940	\$ 348,975	\$ 293
1.2	August	\$ 19,546	\$ 3,751	\$ 294,323	\$ 255	\$ 13,314	\$ 5,096	\$ 367,385	\$ 318
1.3	September	\$ 15,482	\$ 4,409	\$ 314,214	\$ 263	\$ 10,605	\$ 5,010	\$ 383,000	\$ 321
1.4	October, 2022	\$ 14,555	\$ 5,072	\$ 333,840	\$ 289	\$ 8,828	\$ 3,586	\$ 395,414	\$ 343
1.5	November	\$ 21,563	\$ 9,189	\$ 364,591	\$ 316	\$ 19,822	\$ 8,182	\$ 423,418	\$ 367
1.6	December	\$ 29,465	\$ 13,708	\$ 407,765	\$ 342	\$ 31,137	\$ 13,046	\$ 467,601	\$ 392
1.7	January, 2023	\$ 34,933	\$ 6,671	\$ 449,368	\$ 389	\$ 37,012	\$ 11,089	\$ 515,703	\$ 447
1.8	February	\$ 29,020	\$ 5,752	\$ 484,140	\$ 406	\$ 32,499	\$ 11,687	\$ 559,888	\$ 469
1.9	March	\$ 8,064	\$ 5,137	\$ 497,341	\$ 431	\$ 1,382	\$ 9,420	\$ 570,690	\$ 494
1.10	April, 2023	\$ (36,804)	\$ 2,649	\$ 463,186	\$ 401	\$ (38,806)	\$ 8,659	\$ 540,544	\$ 468
1.11	May	\$ (40,218)	\$ 1,404	\$ 424,372	\$ 332	\$ (66,795)	\$ 5,047	\$ 478,795	\$ 375
1.12	June	\$ (38,074)	\$ 910	\$ 387,208	\$ 335	\$ (64,343)	\$ 2,142	\$ 416,594	\$ 361
1.	Total	\$ 13,751	\$ 62,521		\$ 3,987	\$ (104,657)	\$ 87,905		\$ 4,648

Notes

- (1) Refer to EB-2022-0150, Exhibit E, Tab 1, Schedule 2, Page 1, Column (i)
- (2) Refer to EB-2022-0150, Exhibit C, Tab 1, Schedule 2, Page 1, Column 7
- (3) OEB prescribed interest rates for Deferral and Variance Accounts for Q2 2022 is 1.02%

Table 3
PGVA Continuity Schedule - Without Mitigation

Line No	Union Rate Zone				EGD Rate Zone				
	Deferral Amounts	Prospective Recovery	Principal Balance Ending Each Month	Interest	Deferral Amounts	Prospective Recovery	Principal Balance Ending Each Month	Interest	
	(\$000's) ⁽¹⁾	(\$000's)	(\$000's)	(\$000's) ⁽³⁾	(\$000's) ⁽²⁾	(\$000's)	(\$000's)	(\$000's) ⁽³⁾	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1.1	July, 2022	\$ (43,780)	\$ (4,404)	\$ 262,751	\$ 220	\$ (89,311)	\$ (1,751)	\$ 342,284	\$ 287
1.2	August	\$ 19,546	\$ (4,243)	\$ 278,055	\$ 241	\$ 13,314	\$ (1,781)	\$ 353,818	\$ 307
1.3	September	\$ 15,482	\$ (5,032)	\$ 288,505	\$ 242	\$ 10,605	\$ (1,800)	\$ 362,623	\$ 304
1.4	October, 2022	\$ 14,555	\$ (12,278)	\$ 290,781	\$ 252	\$ 8,828	\$ (6,854)	\$ 364,597	\$ 316
1.5	November	\$ 21,563	\$ (22,215)	\$ 290,129	\$ 251	\$ 19,822	\$ (14,930)	\$ 369,489	\$ 320
1.6	December	\$ 29,465	\$ (33,155)	\$ 286,439	\$ 240	\$ 31,137	\$ (23,438)	\$ 377,188	\$ 316
1.7	January, 2023	\$ 34,933	\$ (47,646)	\$ 273,726	\$ 237	\$ 37,012	\$ (37,153)	\$ 377,047	\$ 327
1.8	February	\$ 29,020	\$ (40,570)	\$ 262,176	\$ 220	\$ 32,499	\$ (39,346)	\$ 370,199	\$ 310
1.9	March	\$ 8,064	\$ (36,329)	\$ 233,910	\$ 203	\$ 1,382	\$ (31,686)	\$ 339,895	\$ 294
1.10	April, 2023	\$ (36,804)	\$ (22,899)	\$ 174,208	\$ 151	\$ (38,806)	\$ (23,483)	\$ 277,607	\$ 240
1.11	May	\$ (40,218)	\$ (12,279)	\$ 121,710	\$ 95	\$ (66,795)	\$ (13,817)	\$ 196,994	\$ 154
1.12	June	\$ (38,074)	\$ (7,430)	\$ 76,207	\$ 66	\$ (64,343)	\$ (6,057)	\$ 126,594	\$ 110
1.	Total	\$ 13,751	\$ (248,480)		\$ 2,418	\$ (104,657)	\$ (202,095)		\$ 3,285

Notes

- (1) Refer to EB-2022-0150, Exhibit E, Tab 1, Schedule 2, Page 1, Column (i)
- (2) Refer to EB-2022-0150, Exhibit C, Tab 1, Schedule 2, Page 1, Column 7
- (3) OEB prescribed interest rates for Deferral and Variance Accounts for Q2 2022 is 1.02%

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 2, p. 2

Preamble:

Enbridge Gas noted that in order to include two approaches to rate mitigation for OEB consideration it was necessary to file the application in advance of the normal timeframe to allow for system testing following an OEB decision on the application. As a result, Enbridge Gas has prepared the application using a 21-day strip of natural gas prices ending May 6, 2022 (as opposed to a 21-day strip of natural gas prices ending May 31, 2022) as the basis of the July 1, 2022 QRAM.

Question:

Please provide Enbridge Gas's position on standardizing the practice of filing QRAM applications in advance of the normal timeframe (using an earlier 21-day strip of natural gas prices) and providing rate mitigation options in cases where rate mitigation is proposed.

Response:

Enbridge Gas does not support standardizing the practice of filing QRAM applications in advance of the normal timeframe (using an earlier 21-day strip of natural gas prices) and providing rate mitigation options every case where rate mitigation is proposed. This practice does not use the most recent price signals, which is at odds with the goal of the QRAM process to provide appropriate price signals which reflect actual market prices and reflect them in customers' rates in a timely manner.

The OEB has indicated that where the commodity-related increase in a QRAM application exceeds 25%, the OEB expects a utility to include a plan for mitigation of the increase.¹ As per the OEB's Decision issued for the April 1, 2022 QRAM and Enbridge Gas's experience when the mitigation plan is being prepared, the key factor to consider is the size of the total bill impact of a typical residential customer. Where the total bill impact is relatively low², then the mitigation plan is straightforward, as has been the

¹ EB-2014-0199, Decision and Order, page 6.

² EB-2022-0089, Decision and Rate Order, page 8

case in the last three QRAM applications. In that case, Enbridge Gas does not believe it's necessary to provide the OEB with rate mitigation options.

It will only be in extraordinary circumstances (such as those now being experienced) that a standardized mitigation plan will be inappropriate. Should those circumstances arise in the future, Enbridge Gas proposes that it would again proceed as in this case, and provide notice to the OEB in advance of the normal timeframe (using an earlier 21-day strip of natural gas prices) along with rate mitigation options appropriate to the circumstances. In Enbridge Gas's view, no "standardized approach" is needed for this.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 2, p. 13

Preamble:

Enbridge Gas noted that it will communicate the expected bill increases through bill messaging directing customers to its website and bill inserts (print and web versions).

Questions:

- a) What proportion of Enbridge Gas's customers are currently on ebilling and no longer receiving printed bill inserts?
- b) In the future, if Enbridge Gas were to no longer issue print versions of the bill inserts, please advise:
 - i. Whether the timeline from application filing to decision issuance could be lengthened. More specifically, please provide the latest date that a decision could be issued. In the response, please comment on how many days Enbridge Gas requires to update and test its billing system before beginning the billing of new rates, and how many days does Enbridge Gas need to design, print, deliver and begin insertion of bill inserts to support rate changes.
 - ii. Whether Enbridge believes its other communication methods (as listed at Exhibit A, Tab 2, Schedule 2, p. 13) would be sufficient to notify its customers of rate changes. If not, does Enbridge Gas have other communication methods that it believes could replace print versions of the bill inserts and please describe.
- c) Please provide Enbridge Gas's view on whether the OEB would need to approve the termination of issuing print versions of bill inserts.

Response:

a) Currently 63.3% of Enbridge Gas's customers are on paperless billing.

Paper bill:	1,419,904
<u>Paperless:</u>	<u>2,450,237 (63.3%)</u>
Total customers:	3,870,141

b)

- i. Even if Enbridge Gas was to discontinue print versions of bill inserts the timeline from application filing to decision issuance could not be lengthened.
- ii. Yes. We believe that our alternative communication methods would allow us to sufficiently notify our customers of rate changes.

Most of the alternative to print communications are digital channels. As of 2021, 85% of Enbridge Gas customers have access to and use the internet¹. Our social media and web banners provide direct links to our rates pages to view specific rate details. Since January 2022, there were over 2,950,000 unique pageviews of our main webpage where our web banner would be displayed.

Customers who do not have access to the internet would receive a general bill message notification that their rates are changing, or if they called the contact center for a billing concern, they would hear general messaging during the month of the rate change. For more detailed information, they could source alternate internet access or call our contact center for support throughout the year. There have been just under 10,000 rates calls into our contact center to date this year.

c) As part of the Settlement Agreement in RP-2000-0400, Enbridge Consumers Gas (ECG) agreed that "ECG would ensure that customers are given a clear explanation, by means of a message on the bill or a bill insert, of the pricing information displayed on the bill and, whenever the pricing information changes, of the significance of the changes."²

Furthermore, in the RP-2000-0400, Reasons for Decision, "The Board commends the Company for improvements in customer communications with respect to pricing information. The Board expects the Company to consult with Board staff in connection with the implementation of this new process, including customer communications."³

¹ Enbridge Gas Residential Brand & Customer Experience Tracker 2021 Year-end Report.

² RP-2000-0040, Exhibit N2, Tab 1, Schedule 1, page 17.

³ RP-2000-0040, OEB Reasons for Decision, dated August 17, 2001, page 14.

As a result, it is the view of Enbridge Gas that it would be appropriate for the OEB to endorse the use of alternate means of communication with customers for rate changes instead of bill inserts.