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Enbridge Gas Distribution  
500 Consumers Road  
North York, Ontario M2J 1P8  
Canada

August 31, 2016

**VIA RESS, EMAIL and COURIER**

Ms Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, Suite 2700  
Toronto, Ontario, M4P 1E4

Dear Ms Walli:

**Re: Enbridge Gas Distribution Inc. ("Enbridge")  
2017 Rate Adjustment Application ("Application")  
Ontario Energy Board ("Board") File Number EB-2016-0215**

Enclosed please find two copies of Enbridge's Application for an Order or Orders approving or fixing just and reasonable rates for the sales, distribution, transmission and storage of gas commencing January 1, 2017.

The Application has been filed through the Board's Regulatory Electronic Submission System and will be available on the Enbridge website at:  
[www.enbridgegas.com/ratecase](http://www.enbridgegas.com/ratecase).

Enbridge will file its evidence in support of this application by September 30, 2016.

Please contact the undersigned if you have any questions.

Yours truly,

(Original signed)

Andrew Mandyam  
Director, Regulatory Affairs and Financial Performance

cc: Mr. D. Stevens, Aird & Berlis LLP (via email)  
All Interested Parties EB-2015-0114 (via email)

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B), as amended;

**AND IN THE MATTER OF** an Application by Enbridge Gas Distribution Inc. for an Order or Orders approving or fixing rates for the sale, distribution, transmission and storage of gas.

### **APPLICATION**

1. The Applicant, Enbridge Gas Distribution Inc. (“Enbridge”, or the “Company”) 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.
2. Enbridge 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 an Order or Orders approving or fixing just and reasonable rates for the sale, distribution, transmission, and storage of gas commencing January 1, 2017.
3. As of January 1, 2017, Enbridge will be entering the fourth year of a five year Incentive Regulation (“IR”) plan approved by the Board in EB-2012-0459. The Board Decision with Reasons in that proceeding establishes a Custom IR framework to set Enbridge’s rates over the period from 2014 to 2018. Specifically, the Board’s Decision with Reasons and related Rate Order approved placeholder Allowed Revenue amounts for 2015 to 2018, subject to adjustment each year to update certain elements of Allowed Revenue. The resulting final Allowed Revenue amount for each year is to be used to set final rates, based upon updated volume forecasts for that year.

4. Enbridge 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:
  - i. Customer-related and facilities-related unit rates (the “Cap and Trade Unit Rates”) to recover the cost of meeting Enbridge’s obligations related to greenhouse (GHG) emissions from relevant customers and Company facilities ;
  - ii. The methodology used to determine the Cap and Trade Unit Rates;
  - iii. Final rates for the year commencing January 1, 2017, including all adjustments resulting from the application of Enbridge’s Board-approved Custom IR framework, as well as from the Cap and Trade Unit Rates;
  - iv. The continuation of approved deferral and variance accounts for 2017;
  - v. The re-establishment for 2017 and 2018 of the Customer Care Services Procurement Deferral Account, in the same form as was approved for 2014 to 2016;
  - vi. The establishment for 2017 of a Rate 332 Variance Account, similar to the account that was approved for 2016 to record any variance that occurs from forecast Rate 332 revenue;
  - vii. The re-establishment for 2017 of the Greater Toronto Area Incremental Transition Cost Deferral Account, in the same form as was approved for 2016;
  - viii. The establishment of one or more new variance accounts to record the differences that occur in 2017 between the actual revenues received from the Cap and Trade Unit Rates and the actual costs Enbridge will incur to meet its obligations related to GHG emissions from relevant customers and Company facilities ; and

- ix. 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 for the year commencing January 1, 2017.
5. Enbridge 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.
6. As a result of this Application, the impact on customers' bills in 2017 will be a combination of the application of the Board-approved Custom IR framework for 2017 and the implementation of Cap and Trade GHG emissions allowance related charges (the Cap and Trade Unit Rates). The application of the Custom IR framework will result in average rate increases of approximately 2.0% for all customer classes on a T-service basis (that is, excluding commodity costs), with the impact for residential customers being approximately 2.0% or about \$12 annually. The implementation of the Cap and Trade Unit Rates will result in a charge of approximately 3.4 cents per cubic meter for customers for whom Enbridge will fulfill compliance obligations, with the impact to a typical residential customer being approximately \$84 annually. For residential customers, the combined impact of the application of the Custom IR framework and Cap and Trade Unit Rates will be approximately \$96 on an annual basis.
7. In the EB-2012-0459 evidence, it was indicated that the Company would file a rate adjustment application (without detailed supporting evidence) by September 1<sup>st</sup> of the prior year which would allow the necessary administrative processes and notices to be produced. Additionally, it was indicated that the Company would file the supporting detailed evidence supporting the application by October 1<sup>st</sup> of each

year in order to allow enough time for the necessary regulatory processes which would permit a Board Decision and final Rate Order by December 15<sup>th</sup> each year. This approach, which is consistent with the rate adjustment process used in Enbridge's first generation IR term, will accommodate rate implementation for January 1<sup>st</sup> of the subsequent rate and fiscal year. In the EB-2012-0459 Decision with Reasons, the Board accepted Enbridge's proposal for setting rates for 2015 through 2018.

8. The evidence in support of this Application will be filed by September 30, 2016.
9. Enbridge respectfully requests that the Board establish a process for this Application that allows for rates to be implemented as of January 1, 2017, in conjunction with the January 1, 2017 QRAM Application, and for Rider D (refund of Site Restoration Cost Reserve) to be implemented as of January 1, 2017. If necessary, Enbridge further requests that if final rates cannot be implemented as of January 1, 2017, the Board approve interim rates to be effective as of January 1, 2017, with a process for final rates to be approved as soon as possible thereafter.
10. Enbridge requests that a copy of every document filed with the Board in this proceeding be served on the Applicant and the Applicant's counsel, as follows:

The Applicant:

Mr. Andrew Mandyam  
Director, Regulatory Affairs and  
Financial Performance  
Enbridge Gas Distribution Inc.

Address for personal service: 500 Consumers Road  
Willowdale, Ontario M2J 1P8

Mailing address: P. O. Box 650  
Scarborough, Ontario M1K 5E3

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

The Applicant's counsel:

Mr. David Stevens  
Aird & Berlis LLP

Address for personal service  
and mailing address

Brookfield Place, P.O. Box 754  
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Toronto, Ontario M5J 2T9

Telephone: 416-865-7783  
Fax: 416-863-1515  
Email: dstevens@airdberlis.com

DATED: August 31, 2016 at Toronto, Ontario.

ENBRIDGE GAS DISTRIBUTION INC.

Per: \_\_\_\_\_ (Original Signed)

Andrew Mandyam  
Director, Regulatory Affairs and  
Financial Performance