



# Ontario Energy Board Commission de l'énergie de l'Ontario

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## DECISION AND RATE ORDER

EB-2018-0131

## ENBRIDGE GAS DISTRIBUTION INC.

Application for the disposition of amounts recorded in certain deferral and variance accounts and approval of the earnings sharing amount

**BEFORE:**     **Allison Duff**  
                  Presiding Member

**Lynne Anderson**  
                  Member

**Michael Janigan**  
                  Member

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October 18, 2018

## 1 INTRODUCTION AND SUMMARY

Enbridge Gas Distribution Inc. (Enbridge) is a major natural gas distribution company, serving about 2.1 million residential, commercial and industrial customers in the Greater Toronto Area, the Niagara region, and the eastern Ontario region, including Ottawa.

Enbridge) filed an application dated June 27, 2018 with the Ontario Energy Board (OEB) under section 36 of the *Ontario Energy Board Act, S.O. 1998, c.15, (Schedule B)* for an order approving the disposition of balances in certain deferral and variance accounts. The application also includes a request for approval to share earnings with ratepayers in accordance with the 2014-2018 Custom Incentive Rate-setting Plan Framework<sup>1</sup> (Custom IR Framework).

Generally, deferral accounts capture amounts not included in existing OEB-approved rates while variance accounts record the difference between estimated and actual amounts for certain types of costs and revenues.<sup>2</sup>

A settlement conference was held on September 20 and 21, 2018. Enbridge filed a settlement proposal on October 3, 2018, which reflects settlement on a limited number of issues in the proceeding. Only those issues for which cost award eligibility was granted in the Notice of Application<sup>3</sup> were addressed at the settlement conference.

Based on the settlement proposal, the deferral account balances total to a \$4.22 million debit to be collected from ratepayers (including interest).<sup>4,5</sup> This represents a decrease from the cumulative total debit balance of \$5.03 million (including interest) as originally filed in Enbridge's application.<sup>6</sup>

Enbridge proposed to dispose of the deferral account balances in a single billing adjustment in January 2019. The billing adjustment will be based on each customer's actual 2017 consumption volume.<sup>7</sup>

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<sup>1</sup> EB-2012-0459.

<sup>2</sup> For simplicity, deferral and variance accounts are referred to as "deferral accounts" for the remainder of this Decision.

<sup>3</sup> EB-2018-0131, Notice of Application, July 25, 2018.

<sup>4</sup> The \$4.22 million debit amount includes the disposition of the 2017 earnings sharing amount (\$23.99 million credit including interest).

<sup>5</sup> EB-2018-0131, Appendix A to the Settlement Proposal.

<sup>6</sup> EB-2011-0131, Exhibit A, Tab 2, Schedule 1, Appendix A.

<sup>7</sup> EB-2018-0131, Exhibit C, Tab 2, Schedule 1, p. 1.

The OEB approves the settlement proposal filed on October 3, 2018 attached as Schedule C to this Decision and Rate Order.<sup>8</sup> The OEB also approves the proposals in Enbridge's application that do not form part of the settlement proposal.

As a result of this Decision and Rate Order, the bill impact for a typical residential customer is a one-time charge of \$1.20 in January 2019. The bill impact for a typical commercial customer is a one-time charge of \$34.00 in January 2019.<sup>9</sup>

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<sup>8</sup> Note that Appendix A to the settlement proposal, the deferral account balance summary, is not included in Schedule C. The deferral account balance summary is attached as Schedule A to this Decision and Rate Order. Appendices B and C to the settlement proposal, the supporting materials for a storage contract, are included in Schedule C.

<sup>9</sup> EB-2018-0131, Draft Rate Order, p. 6.

## 2 PROCESS

The OEB issued a Notice of Application on July 25, 2018. Enbridge served the Notice of Application as directed by the OEB. The OEB granted the following parties intervenor status:

- Association of Power Producers of Ontario (APPrO)
- Building Owners and Managers Association (BOMA)
- Consumers Council of Canada (CCC)
- Energy Probe Research Foundation (Energy Probe)
- Federation of Rental-housing Providers of Ontario (FRPO)
- Industrial Gas Users Association (IGUA)
- School Energy Coalition (SEC)
- TransCanada PipeLines Limited (TCPL)
- Vulnerable Energy Consumers Coalition (VECC)

A settlement conference was held on September 20 and 21, 2018.

On October 3, 2018, Enbridge filed the settlement proposal resulting from the settlement conference, which reflects settlement on a limited number of issues in the proceeding. Enbridge attached the deferral account balances as Appendix A to the settlement proposal. Enbridge also provided, under separate cover on October 3, 2018, the proposed unit rates associated with the clearance of the deferral and variance account balances (the draft rate order). The draft rate order included rates for the disposition of both settled and unsettled deferral account balances.

OEB staff participated in the settlement conference. OEB staff also filed a submission that supported the settlement proposal, stated that the balances in the accounts that remained unsettled were calculated correctly and supported the draft rate order.

### 3 DECISION

#### 3.1 Settlement Proposal and Unsettled Issues

As indicated above, Enbridge and the intervenors settled a limited number of issues in the proceeding. Only those issues for which cost award eligibility was granted in the Notice of Application<sup>10</sup> were addressed at the settlement conference.

The table below shows the account balances sought for disposition. In accordance with the settlement proposal, the net balance in the various deferral and variance accounts is a debit of \$4.22 million (including interest to December 31, 2018). The updated account balances filed with the settlement proposal incorporate a \$0.8 million reduction to the principal balance in the Storage and Transportation Deferral Account. The accounts highlighted are included in the settlement proposal.

DEFERRAL AND VARIANCE ACCOUNTS		
NON-COMMODITY RELATED ACCOUNTS		
Account Acronym	Account Name	Balance (\$000's)
2017 DRA	Deferred Rebate Account	1,892.2
2017 GDARIDA	Gas Distribution Access Rule Impact Deferral Account	265.9
2017 EPESDA	Electric Program Earnings Sharing Deferral Account	(692.9)
2017 AUTUVA	Average Use True-Up Variance Account	(4,111.0)
2017 ESMDA	Earnings Sharing Mechanism Deferral Account	(23,990.5)
CCCISRSDA	Customer Care CIS Rate Smoothing Deferral Account (all years – only interest)	85.8
2018 TIACDA	Transition Impact of Accounting Changes Deferral Account	4,435.8
2017 PTUVA	Post-Retirement True-Up Variance Account	(4,396.9)
2018 CDNSADA	Constant Dollar Net Salvage Adjustment Deferral Account	6,468.3
2017 OEBCAVA	OEB Cost Assessment Variance Account	2,716.3
2017 DACDA	Dawn Access Costs Deferral Account	(910.7)
	<b>Total Non-Commodity Related Accounts</b>	<b>(18,237.7)</b>
COMMODITY RELATED ACCOUNTS		
2017 TSDA	Transactional Services Deferral Account	1,228.1
2017 S&TDA	Storage and Transportation Deferral Account	22,396.4
2017 UAFVA	Unaccounted for Gas Variance Account	(1,165.0)
	<b>Total Commodity Related Accounts</b>	<b>22,459.5</b>
	<b>TOTAL ACCOUNT BALANCES</b>	<b>4,221.8</b>

<sup>10</sup> EB-2018-0131, Notice of Application, July 25, 2018.

The settlement proposal also includes settlement of the method for allocating and disposing of the deferral account balances.

Enbridge is not seeking disposition of the balances in the following accounts as part of the current proceeding as these accounts are to be disposed of in other proceedings:

- Demand Side Management Variance Account (DSMVA)
- Lost Revenue Adjustment Mechanism Account (LRAM)
- Demand Side Management Incentive Deferral Account (DSMIDA)
- Manufactured Gas Plant Deferral Account (MGPDA)
- Greenhouse Gas Emissions Impact Deferral Account (GGEIDA)
- Greenhouse Gas Emissions Compliance Obligation – Customer Related Variance Account (GGECOCRVA)
- Purchased Gas Variance Account (PGVA)<sup>11</sup>

OEB staff submitted that the settlement proposal appropriately reflects Enbridge's 2014-2018 Custom IR Framework<sup>12</sup>, other relevant decisions and applicable policies of the OEB. OEB staff submitted that the OEB's approval of the settlement proposal is in the public interest.<sup>13</sup>

OEB staff also submitted that the balances in the unsettled accounts are calculated correctly.<sup>14</sup>

Enbridge filed a draft rate order that included rates for the disposition of both the settled and unsettled deferral account balances. OEB staff submitted that the unit rates in the draft rate order associated with the clearance of the deferral account balances, which are used to determine the billing adjustments for January 1, 2019 have been calculated appropriately.<sup>15</sup>

## Findings

The OEB approves the settlement proposal as filed and the proposals in Enbridge's application that do not form part of the settlement proposal.

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<sup>11</sup> EB-2018-0131, Settlement Proposal, October 3, 2018, Appendix A; and EB-2018-0131, Interrogatory Responses, Staff-1(c).

<sup>12</sup> EB-2012-0459.

<sup>13</sup> EB-2018-0131, OEB Staff Submission, p. 4.

<sup>14</sup> EB-2018-0131, OEB Staff Submission, p. 10.

<sup>15</sup> EB-2018-0131, OEB Staff Submission, p. 19.

The OEB finds that the settlement proposal is in the public interest and the acceptance of the proposal results in just and reasonable rates.

With respect to the unsettled accounts, the OEB agrees with OEB staff that the balances are calculated correctly and are appropriately disposed to customers as part of the current proceeding.

For those reasons, the OEB finds Enbridge's deferral account balances (including the applicable interest to December 31, 2018), as set out in columns 3 and 4 of Appendix A to the settlement proposal, are appropriate for recovery and approves disposition on a final basis.

The OEB also accepts that there are certain accounts for which disposition is not sought as part of this proceeding. The balances in those accounts will be addressed in other proceedings, as appropriate.

The OEB notes that Enbridge filed certain information with respect to a storage contract, which was provided to intervenors at the settlement conference, as appendices to the settlement proposal to ensure a complete record. For some of the information filed, Enbridge requested confidential treatment in accordance with the *Practice Direction on Confidential Filings*.<sup>16</sup> The OEB approves the confidential treatment of the noted information as the OEB finds the information to be commercially sensitive.

The OEB also approves the draft rate order as filed. The OEB finds that the draft rate order accurately reflects the settlement proposal and properly includes the balances in the unsettled deferral accounts for which the OEB granted approval as part of this Decision and Rate Order. The OEB also finds that the unit rates associated with the clearance of the deferral account balances are calculated appropriately. Specifically, the OEB approves the disposition of the deferral account balances through a one-time billing adjustment in January 2019. The OEB accepts the one-time billing adjustment for deferral account disposition as the net balance is not significant and will result in a bill impact for a typical residential customer of \$1.20.

The OEB agrees with OEB staff that it is preferable to know the combined impact of all rate adjustments being implemented in January 2019, including those bill impacts resulting from the January 1, 2019 Quarterly Rate Adjustment Mechanism (QRAM)

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<sup>16</sup> EB-2018-0131, Settlement Proposal, October 3, 2018, pp. 10-11. The confidential information is found in Appendix C to the settlement proposal and in a separate attachment to Appendix C that was filed on October 9, 2018.

application.<sup>17</sup> However, the OEB accepts the settlement proposal in this proceeding and will not order a disposition methodology to be used in future proceedings.

The OEB is making provision for a cost award process for intervenors. The OEB will issue a cost award decision after the steps set out in the Order are complete.

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<sup>17</sup> EB-2018-0131, OEB staff Submission, p. 10.



## 4 ORDER

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The cumulative deferral account balance of a \$4.22 million debit (including interest to December 31, 2018), as set out in columns 3 and 4 of Schedule A, is approved for recovery from customers.
2. The unit rates set out in Schedule B associated with the clearance of the deferral account balances are approved for use in determining the one-time billing adjustment that will be applied in January 1, 2019. Enbridge shall implement this billing adjustment in connection with its January 1, 2019 QRAM application.
3. Intervenors eligible for cost awards shall file their cost claims with the OEB, and forward to Enbridge by **November 13, 2018**. Cost claims must be prepared in accordance with the OEB's *Practice Direction on Cost Awards*.
4. Enbridge shall file with the OEB, and forward to intervenors, any objections to the claimed costs by **November 20, 2018**.
5. Intervenors shall file with the OEB, and forward to Enbridge, any responses to any objections for cost claims by **November 27, 2018**.
6. Enbridge shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

All filings to the OEB must quote the file number, **EB-2018-0131** and be made electronically in searchable/unrestricted PDF format through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <https://www.oeb.ca/industry>. If the web portal is not available, parties may email their documents to the address below.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

**ADDRESS**

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4  
Attention: Board Secretary

E-mail: [boardsec@oeb.ca](mailto:boardsec@oeb.ca)  
Tel: 1-888-632-6273 (Toll free)  
Fax: 416-440-7656

**DATED** at Toronto, **October 18, 2018**

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

**SCHEDULE A**  
**DECISION AND RATE ORDER**  
**ENBRIDGE GAS DISTRIBUTION INC.**  
**EB-2018-0131**  
**OCTOBER 18, 2018**  
**DEFERRAL ACCOUNT BALANCES**

**APPENDIX A**

ENBRIDGE GAS DISTRIBUTION INC.  
DEFERRAL & VARIANCE ACCOUNT  
ACTUAL & FORECAST BALANCES

Line No.	Account Description	Account Acronym	Actual at May 31, 2018		Forecast for clearance at January 1, 2019		17
			Principal (\$000's)	Interest (\$000's)	Principal (\$000's)	Interest (\$000's)	
<u>Non Commodity Related Accounts</u>							
1.	Demand Side Management V/A	2017 DSMVA	(1,277.1)	(8.8)	-	-	1
2.	Demand Side Management V/A	2016 DSMVA	(704.0)	(13.3)	-	-	1
3.	Demand Side Management V/A	2015 DSMVA	825.5	26.8	-	-	1
4.	Lost Revenue Adjustment Mechanism	2017 LRAM	-	-	-	-	1
5.	Lost Revenue Adjustment Mechanism	2016 LRAM	(100.0)	(0.7)	-	-	1
6.	Lost Revenue Adjustment Mechanism	2015 LRAM	(72.3)	(1.4)	-	-	1
7.	Demand Side Management Incentive D/A	2016 DSMIDA	2,893.5	23.6	-	-	1
8.	Demand Side Management Incentive D/A	2015 DSMIDA	6,068.6	120.3	-	-	1
9.	Deferred Rebate Account	2017 DRA	1,834.0	36.7	1,834.0	58.2	2
10.	Gas Distribution Access Rule Impact D/A	2017 GDARIDA	-	-	265.9	-	3
11.	Manufactured Gas Plant D/A	2018 MGPDA	618.9	50.8	-	-	4
12.	Electric Program Earnings Sharing D/A	2017 EPESDA	(680.2)	(4.7)	(680.2)	(12.7)	5
13.	Average Use True-Up V/A	2017 AUTUVA	(4,035.7)	(27.8)	(4,035.7)	(75.3)	6
14.	Earnings Sharing Mechanism Deferral Account	2017 ESMDA	(23,700.0)	(163.5)	(23,550.0)	(440.5)	7
15.	Customer Care CIS Rate Smoothing D/A	2017 CCCISRSDA	(2,785.3)	(35.8)	-	(59.6)	8
16.	Customer Care CIS Rate Smoothing D/A	2016 CCCISRSDA	(779.9)	(7.6)	-	(14.6)	8
17.	Customer Care CIS Rate Smoothing D/A	2015 CCCISRSDA	1,124.2	11.0	-	20.8	8
18.	Customer Care CIS Rate Smoothing D/A	2014 CCCISRSDA	2,927.0	28.7	-	53.9	8
19.	Customer Care CIS Rate Smoothing D/A	2013 CCCISRSDA	4,634.9	45.4	-	85.3	8
20.	Transition Impact of Accounting Changes D/A	2018 TIACDA	66,537.0	-	4,435.8	-	9
21.	Post-Retirement True-Up V/A	2017 PTUVA	(4,299.2)	(47.1)	(4,299.2)	(97.7)	10
22.	Constant Dollar Net Salvage Adjustment D/A	2018 CDNSADA	18,910.1	-	6,468.3	-	11
23.	Greenhouse Gas Emissions Impact D/A	2016 GGEIDA	939.8	22.1	-	-	12
24.	Greenhouse Gas Emissions Impact D/A	2017 GGEIDA	2,176.1	27.6	-	-	12
25.	OEB Cost Assessment V/A	2017 OEBCAVA	2,649.9	35.2	2,649.9	66.4	13
26.	Greenhouse Gas Emissions Compliance Obligation-Customer Related V/A	2017 GGECOCRVA	11,471.8	156.2	-	-	12
27.	Dawn Access Costs D/A	2017 DACDA	-	-	(910.7)	-	14
28.	Total non commodity Related Accounts		85,177.6	273.7	(17,821.9)	(415.8)	
<u>Commodity Related Accounts</u>							
29.	Transactional Services D/A	2017 TSDA	1,206.4	7.5	1,206.4	21.7	15
30.	Storage and Transportation D/A	2017 S&TDA	22,654.8	280.3	21,854.8	541.6	15
31.	Unaccounted for Gas V/A	2017 UAFVA	(1,129.9)	(21.9)	(1,129.9)	(35.1)	16
32.	Total commodity related accounts		22,731.3	265.9	21,931.3	528.2	
33.	Total Deferral and Variance Accounts		107,908.9	539.6	4,109.4	112.4	

Notes:

- The clearance of DSM related accounts will be determined through separate DSM proceedings.
- DRA evidence is found at Exhibit C, Tab 1, Schedule 7.
- The clearance amount associated with the 2017 GDARIDA is the result of a revenue requirement calculation found in evidence at Exhibit C, Tab 1, Schedule 6.
- Clearance of the balance that was recorded in 2017 MGPDA is not being requested at this time. As was indicated in the EB-2017-0086 proceeding, the balance in the 2017 MGPDA was transferred to the 2018 MGPDA.
- EPESDA evidence is found at Exhibit C, Tab 1, Schedule 10.
- AUTUVA evidence is found at Exhibit C, Tab 1, Schedule 4.
- Evidence within the B-series of exhibits provides details of Enbridge's 2017 utility results and 2017 earnings sharing calculation.
- CCCISRSDA evidence is found at Exhibit C, Tab 1, Schedule 9.
- TIACDA evidence is found at Exhibit C, Tab 1, Schedule 8.
- PTUVA evidence is found at Exhibit C, Tab 1, Schedule 5.
- CDNSADA evidence is found at Exhibit C, Tab 1, Schedule 12.
- Clearance of Cap and Trade related accounts (GGEIDA, GGECOCRVA, & GGECOFVA) will be determined through Cap and Trade compliance plan proceedings.
- OEBCAVA evidence is found at Exhibit C, Tab 1, Schedule 11.
- DACDA evidence is found at Exhibit C, Tab 1, Schedule 13.
- TSDA and S&TDA evidence is found at Exhibit C, Tab 1, Schedule 2. The S&TDA balance forecast for clearance has been reduced by \$0.8 million in accordance with the Settlement Proposal.
- UAFVA evidence is found at Exhibit C, Tab 1, Schedule 3.
- Forecast interest balances reflect the impact of the Board's Q4 2018 prescribed interest rate.

**SCHEDULE B**  
**DECISION AND RATE ORDER**  
**ENBRIDGE GAS DISTRIBUTION INC.**  
**EB-2018-0131**  
**OCTOBER 18, 2018**  
**UNIT RATES FOR CLEARANCE OF DEFERRAL ACCOUNT**  
**BALANCES**

**UNIT RATE AND TYPE OF SERVICE: CLEARING IN JANUARY 2019**

		COL.1
		<u>Unit Rate</u>
		(¢/m <sup>3</sup> )
<b><u>Bundled Services:</u></b>		
<b>RATE 1</b>	- SYSTEM SALES	0.0499
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	0.0377
	- DAWN T-SERVICE	0.0377
	- WESTERN T-SERVICE	0.0499
<b>RATE 6</b>	- SYSTEM SALES	0.0774
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	0.0652
	- DAWN T-SERVICE	0.0652
	- WESTERN T-SERVICE	0.0774
<b>RATE 9</b>	- SYSTEM SALES	(9.1237)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	0.0000
	- DAWN T-SERVICE	0.0000
	- WESTERN T-SERVICE	0.0000
<b>RATE 100</b>	- SYSTEM SALES	(0.3880)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	(0.4002)
	- DAWN T-SERVICE	0.0000
	- WESTERN T-SERVICE	(0.3880)
<b>RATE 110</b>	- SYSTEM SALES	0.0024
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	(0.0098)
	- DAWN T-SERVICE	(0.0098)
	- WESTERN T-SERVICE	0.0024
<b>RATE 115</b>	- SYSTEM SALES	(0.0432)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	(0.0384)
	- DAWN T-SERVICE	(0.0384)
	- WESTERN T-SERVICE	(0.0262)
<b>RATE 135</b>	- SYSTEM SALES	(0.0056)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	(0.0179)
	- DAWN T-SERVICE	(0.0179)
	- WESTERN T-SERVICE	(0.0056)
<b>RATE 145</b>	- SYSTEM SALES	(0.4156)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	(0.4279)
	- DAWN T-SERVICE	(0.4279)
	- WESTERN T-SERVICE	(0.4156)
<b>RATE 170</b>	- SYSTEM SALES	0.0068
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	(0.0054)
	- DAWN T-SERVICE	(0.0054)
	- WESTERN T-SERVICE	0.0068
<b>RATE 200</b>	- SYSTEM SALES	0.1280
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	0.1158
	- DAWN T-SERVICE	0.0000
	- WESTERN T-SERVICE	0.1280
<b><u>Unbundled Services:</u></b>		
<b>RATE 125</b>	- All	(6.6229)
		\$0
<b>RATE 300</b>	- All	(266.5884)
<b>RATE 332</b>	- All	(2.3845)

**DETERMINATION OF BALANCES TO BE CLEARED  
 FROM THE 2017 DEFERRAL AND VARIANCE ACCOUNTS**

ITEM NO.		COL. 1 PRINCIPAL For CLEARING (\$000)	COL. 2 INTEREST (\$000)	COL. 3 TOTAL For CLEARING (\$000)
1.	TRANSACTIONAL SERVICES D/A	1,206.4	21.7	1,228.1
2.	UNACCOUNTED FOR GAS V/A	(1,129.9)	(35.1)	(1,165.0)
3.	STORAGE AND TRANSPORTATION D/A	21,854.8	541.6	22,396.4
4.	DEFERRED REBATE ACCOUNT	1,834.0	58.2	1,892.2
5.	DEMAND SIDE MANAGEMENT 2015	-	-	-
6.	LOST REVENUE ADJ MECHANISM 2015	-	-	-
7.	DEMAND SIDE MANAGEMENT INCENTIVE 2015	-	-	-
8.	RATE 332 VARIANCE ACCOUNT	-	-	-
9.	CREDIT FINAL BILL D/A	-	-	-
10.	GTA INCREMNTL TRANSMISSIONAL CAPITAL RR D/A	-	-	-
11.	OEB COST ASSESSMENT VARIANCE ACCOUNT	2,649.9	66.4	2,716.3
12.	GAS DISTRIBUTION ACCESS RULE D/A 2016	265.9	-	265.9
13.	AVERAGE USE TRUE-UP V/A	(4,035.7)	(75.3)	(4,111.0)
14.	POST-RETIREMENT TRUE-UP V/A	(4,299.2)	(97.7)	(4,396.9)
15.	2017 CUSTOMER CARE CIS RATE SMOOTHING D/A	-	(59.6)	(59.6)
16.	2016 CUSTOMER CARE CIS RATE SMOOTHING D/A	-	(14.6)	(14.6)
17.	2015 CUSTOMER CARE CIS RATE SMOOTHING D/A	-	20.8	20.8
18.	2014 CUSTOMER CARE CIS RATE SMOOTHING D/A	-	53.9	53.9
19.	2013 CUSTOMER CARE CIS RATE SMOOTHING D/A	-	85.3	85.3
20.	GREEN HOUSE GAS EMISSIONS IMPACT D/A	-	-	-
21.	UNABSORBED DEMAND COST D/A	-	-	-
22.	ELECTRIC PROGRAM EARNINGS SHARING D/A	(680.2)	(12.7)	(692.9)
23.	TRANSITION IMPACT OF ACCT CHANGE D/A	4,435.8	-	4,435.8
24.	DAWN ACCESS COSTS D/A	(910.7)	-	(910.7)
25.	CONSTANT DOLLAR NET SALVAGE ADJ. D/A	6,468.3	-	6,468.3
26.	EARNINGS SHARING MECHANISM	(23,550.0)	(440.5)	(23,990.5)
	TOTAL	4,109.4	112.4	4,221.8

Classification and Allocation of Deferral and Variance Account Balances

ITEM NO.	COL.1	COL.2	COL.3	COL.4	COL.5	COL.6	COL.7	COL.8	COL.9	COL.10	COL.11
	TOTAL (\$000)	SALES AND WBT (\$000)	TOTAL SALES (\$000)	TOTAL DELIVERIES (\$000)	SPACE (\$000)	DELIVERABILITY (\$000)	DISTRIBUTION REV REQ (DPR) (\$000)	DIRECT (\$000)	NUMBER OF CUSTOMERS (\$000)	RATE BASE (\$000)	BUNDLED ANNUAL DELIVERIES (\$000)
<b>CLASSIFICATION</b>											
PGVA:											
1.1 COMMODITY	0.0		0.0								
1.2 SEASONAL PEAKING-LOAD BALANCING	0.0					0.0					
1.3 SEASONAL DISCRETIONARY-LOAD BALANCING	0.0				0.0						
1.4 TRANSPORTATION TOLLS	0.0	0.0									
1.5 CURTAILMENT REVENUE	0.0					0.0		0.0			
1.6 RIDER C 2009 DIRECT ALLOCATION	0.0					0.0		0.0			
1.7 INVENTORY ADJUSTMENT	0.0										
1.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. TRANSACTIONAL SERVICES D/A	1,228.1	1,108.1			38.6	81.4					
3. UNACCOUNTED FOR GAS V/A	(1,165.0)		(1,165.0)								
4. STORAGE AND TRANSPORTATION D/A	22,396.4			1,892.2	7,210.5	15,185.9					
5. DEFERRED REBATE ACCOUNT	1,892.2		1,892.2								
6. DEMAND SIDE MANAGEMENT 2015	0.0							0.0			
7. LOST REVENUE ADJ MECHANISM 2015	0.0							0.0			
8. DEMAND SIDE MANAGEMENT INCENTIVE 2015	0.0							0.0			
9. RATE 332 VARIANCE ACCOUNT	0.0		0.0					0.0			
10. CREDIT FINAL BILL D/A	0.0							0.0			
11. GTA INCREMENTAL TRANSMISSIONAL CAPITAL RR D/A	0.0							0.0			
12. OEB COST ASSESSMENT VARIANCE ACCOUNT	2,716.3							2,716.3			
13. GAS DISTRIBUTION ACCESS RULE D/A 2016	285.9							285.9			
14. AVERAGE USE TRUE-UP V/A	(4,111.0)						(4,111.0)				
15. POST-RETIREMENT TRUE-UP V/A	(4,396.9)									(4,396.9)	
16. 2017 CUSTOMER CARE CIS RATE SMOOTHING D/A	(59.6)								(59.6)		
17. 2016 CUSTOMER CARE CIS RATE SMOOTHING D/A	(14.6)								(14.6)		
18. 2015 CUSTOMER CARE CIS RATE SMOOTHING D/A	20.8								20.8		
19. 2014 CUSTOMER CARE CIS RATE SMOOTHING D/A	53.9								53.9		
20. 2013 CUSTOMER CARE CIS RATE SMOOTHING D/A	85.3								85.3		
21. GREEN HOUSE GAS EMISSIONS IMPACT D/A	0.0			0.0					0.0		
22. UNABSORBED DEMAND COST D/A	0.0					0.0					
23. ELECTRIC PROGRAM EARNINGS SHARING D/A	(692.9)						0.0			(692.9)	
24. TRANSITION IMPACT OF ACCT CHANGE D/A	4,435.8									4,435.8	
25. DAWN ACCESS COSTS D/A	(910.7)										(910.7)
26. CONSTANT DOLLAR NET SALVAGE ADJ. D/A	6,468.3							6,468.3			
27. EARNINGS SHARING MECHANISM	(759.2)										(759.2)
TOTAL	4,221.8	1,108.1	0.0	727.2	7,249.1	15,267.3	0.0	2,357.3	351.7	(21,928.2)	(910.7)
<b>ALLOCATION</b>											
1.1 RATE 1	2,355.4	567.6	0.0	303.7	3,530.3	8,446.9	0.0	3,901.8	324.5	(14,337.8)	(381.7)
1.2 RATE 6	3,520.8	455.8	0.0	301.3	3,327.2	6,579.6	0.0	(786.5)	27.1	(6,005.6)	(377.9)
1.3 RATE 9	(2.3)	0.0	0.0	0.0	0.0	0.0	0.0	(2.0)	0.0	(0.3)	(0.0)
1.4 RATE 100	(4.6)	0.1	0.0	0.1	0.5	1.7	0.0	55.0	0.0	(61.9)	0.0
1.5 RATE 110	(37.5)	40.7	0.0	51.2	170.5	76.9	0.0	(19.3)	0.0	(290.5)	(67.0)
1.6 RATE 115	(189.0)	6.4	0.0	32.6	0.2	15.0	0.0	(86.4)	0.0	(118.7)	(38.1)
1.7 RATE 125	(640.1)	0.0	0.0	0.0	0.0	0.0	0.0	(417.2)	0.0	(222.9)	(4.7)
1.8 RATE 135	(6.8)	5.0	0.0	4.2	0.0	0.0	0.0	1.1	0.0	(12.4)	(4.7)
1.9 RATE 145	(195.7)	1.6	0.0	3.0	24.0	0.0	0.0	(194.2)	0.0	(25.2)	(4.9)
1.10 RATE 170	(6.5)	10.5	0.0	20.0	69.5	0.0	0.0	(61.1)	0.0	(32.5)	(23.0)
1.11 RATE 200	221.9	20.5	0.0	11.1	126.9	147.2	0.0	(17.1)	0.0	(53.4)	(13.3)
1.12 RATE 300	(34.7)	0.0	0.0	0.0	0.0	0.0	0.0	(26.8)	0.0	(7.8)	0.0
1.13 RATE 332	(759.2)										
1.	4,221.8	1,108.1	0.0	727.2	7,249.1	15,267.3	0.0	2,357.3	351.7	(21,928.2)	(910.7)



ALLOCATION BY TYPE OF SERVICE

	COL.1	COL.2	COL.3	COL.4	COL.5	COL.6	COL.7	COL.8	COL.9	COL.10	COL.11
	TOTAL	SALES AND WBT	TOTAL SALES	TOTAL DELIVERIES	SPACE	DELIVE- RABILITY	DISTRIBUTION REV/REQ (DRR)	DIRECT	NUMBER OF CUSTOMERS	RATE BASE	BUNDLED ANNUAL DELIVERIES
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Bundled Services:</b>											
<b>RATE 1</b>											
- SYSTEM SALES	2,261.0	553.4	0.0	290.1	3,372.0	8,068.1	0.0	3,726.9	310.0	(13,694.9)	(364.6)
- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- T-SERVICE EXCL WBT	34.0	0.0	0.0	5.8	67.1	160.5	0.0	74.1	6.2	(272.4)	(7.3)
- DAWN T-SERVICE	2.4	0.0	0.0	4.7	4.7	11.3	0.0	5.2	0.4	(19.2)	(0.5)
- WBT	58.0	14.2	0.0	7.4	86.5	207.0	0.0	95.6	8.0	(351.3)	(9.4)
- SYSTEM SALES	2,136.3	337.3	0.0	176.8	1,952.8	3,861.8	0.0	(461.6)	15.9	(3,524.9)	(221.8)
- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- T-SERVICE EXCL WBT	555.9	0.0	0.0	54.6	603.4	1,193.3	0.0	(142.6)	4.9	(1,089.2)	(66.5)
- DAWN T-SERVICE	78.3	0.0	0.0	7.7	85.0	168.0	0.0	(20.1)	0.7	(153.4)	(9.7)
- WBT	750.4	118.5	0.0	62.1	686.0	1,356.6	0.0	(162.2)	5.6	(1,238.2)	(77.9)
- SYSTEM SALES	(2.3)	0.0	0.0	0.0	0.0	0.0	0.0	(2.0)	0.0	(0.3)	(0.0)
- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- T-SERVICE EXCL WBT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- DAWN T-SERVICE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- WBT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- SYSTEM SALES	(3.6)	0.1	0.0	0.1	0.4	1.3	0.0	42.9	0.0	(48.4)	0.0
- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- T-SERVICE EXCL WBT	(0.2)	0.0	0.0	0.0	0.0	0.1	0.0	2.3	0.0	(2.5)	0.0
- DAWN T-SERVICE	(0.8)	0.0	0.0	0.0	0.0	0.0	0.0	9.8	0.0	(11.0)	0.0
- WBT	1.3	6.6	0.0	3.4	11.5	5.2	0.0	(1.3)	0.0	(19.6)	(4.5)
- SYSTEM SALES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- BUY/SELL	(39.6)	0.0	0.0	25.9	86.4	39.0	0.0	(9.8)	0.0	(147.3)	(33.9)
- T-SERVICE EXCL WBT	(6.0)	0.0	0.0	3.9	13.0	5.9	0.0	(1.5)	0.0	(22.2)	(5.1)
- DAWN T-SERVICE	6.8	34.1	0.0	17.9	59.5	26.9	0.0	(6.7)	0.0	(101.5)	(23.4)
- WBT	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)	(0.0)
- SYSTEM SALES	(162.6)	0.0	0.0	27.1	0.2	12.5	0.0	(71.9)	0.0	(98.8)	(31.7)
- BUY/SELL	(12.7)	0.0	0.0	2.1	0.0	1.0	0.0	(5.6)	0.0	(7.7)	(2.5)
- T-SERVICE EXCL WBT	(13.6)	6.4	0.0	3.3	0.0	1.5	0.0	(8.8)	0.0	(12.1)	(3.9)
- DAWN T-SERVICE	(0.2)	0.4	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)
- WBT	(4.4)	0.0	0.0	1.6	0.0	0.0	0.0	0.4	0.0	(4.6)	(1.8)
- SYSTEM SALES	(0.1)	4.7	0.0	2.4	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.0)
- BUY/SELL	(28.7)	0.8	0.0	0.4	3.6	0.0	0.0	(29.0)	0.0	(7.1)	(2.7)
- T-SERVICE EXCL WBT	(123.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(3.8)	(0.7)
- DAWN T-SERVICE	(18.7)	0.0	0.0	1.9	15.1	0.0	0.0	(121.6)	0.0	(15.8)	(3.1)
- WBT	(24.8)	0.7	0.0	0.3	2.3	0.0	0.0	(18.4)	0.0	(2.4)	(0.5)
- SYSTEM SALES	2.2	4.0	0.0	2.1	7.2	0.0	0.0	(5.3)	0.0	(3.4)	(2.4)
- BUY/SELL	(0.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- T-SERVICE EXCL WBT	171.1	16.3	0.0	8.6	97.5	113.1	0.0	(13.1)	0.0	(41.1)	(10.2)
- DAWN T-SERVICE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- WBT	7.0	0.0	0.0	0.4	4.4	5.1	0.0	(0.6)	0.0	(1.9)	(0.5)
- SYSTEM SALES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- BUY/SELL	43.8	4.2	0.0	2.2	24.9	28.9	0.0	(3.4)	0.0	(10.5)	(2.6)
- T-SERVICE EXCL WBT	(640.1)	0.0	0.0	0.0	0.0	0.0	0.0	(417.2)	0.0	(222.9)	(9.7)
- DAWN T-SERVICE	(34.7)	0.0	0.0	0.0	0.0	0.0	0.0	(26.8)	0.0	(7.8)	(0.5)
- WBT	(759.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Unbundled Services:</b>											
<b>RATE 125</b>											
<b>RATE 300</b>											
<b>RATE 332</b>											
	4,221.8	1,108.1	0.0	727.2	7,249.1	15,267.3	0.0	2,357.3	351.7	(21,928.2)	(910.7)

UNIT RATE AND TYPE OF SERVICE

	COL.1	COL.2	COL.3	COL.4	COL.5	COL.6	COL.7	COL.8	COL.9	COL.10	COL.11
	TOTAL	SALES AND WBT	TOTAL SALES	TOTAL DELIVERIES	SPACE	DELIVE. RABILITY	REV REQ (DRR)	DIRECT	NUMBER OF CUSTOMERS	RATE BASE	BUNDLED ANNUAL DELIVERIES
	(€/m³)	(€/m³)	(€/m³)	(€/m³)	(€/m³)	(€/m³)	(€/m³)	(€/m³)	(€/m³)	(€/m³)	(€/m³)
<b>Bundled Services:</b>											
<b>RATE 1</b>											
- SYSTEM SALES	0.0499	0.0122	0.0000	0.0064	0.0745	0.1782	0.0000	0.0823	0.0068	(0.3025)	(0.0081)
- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- ONTARIO T-SERVICE	0.0377			0.0064	0.0745	0.1782	0.0000	0.0823	0.0068	(0.3025)	(0.0081)
- DAWN T-SERVICE	0.0499	0.0122	0.0000	0.0064	0.0745	0.1782	0.0000	0.0823	0.0068	(0.3025)	(0.0081)
- WESTERN T-SERVICE	0.0774	0.0122	0.0000	0.0064	0.0708	0.1400	0.0000	(0.0167)	0.0006	(0.1278)	(0.0080)
- SYSTEM SALES	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- BUY/SELL	0.0652			0.0064	0.0708	0.1400	0.0000	(0.0167)	0.0006	(0.1278)	(0.0080)
- ONTARIO T-SERVICE	0.0652			0.0064	0.0708	0.1400	0.0000	(0.0167)	0.0006	(0.1278)	(0.0080)
- DAWN T-SERVICE	0.0774	0.0122	0.0000	0.0064	0.0708	0.1400	0.0000	(0.0167)	0.0006	(0.1278)	(0.0080)
- WESTERN T-SERVICE	(9.1237)	0.0122	0.0000	0.0064	0.0004	0.0306	0.0000	(7.8730)	0.0019	(1.2221)	(0.0801)
- SYSTEM SALES	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- ONTARIO T-SERVICE	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- DAWN T-SERVICE	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- WESTERN T-SERVICE	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- SYSTEM SALES	(0.3880)	0.0122	0.0000	0.0064	0.0442	0.1400	0.0000	4.6427	0.0000	(5.2335)	0.0000
- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- ONTARIO T-SERVICE	(0.4002)	0.0000	0.0000	0.0064	0.0442	0.1400	0.0000	4.6427	0.0000	(5.2335)	0.0000
- DAWN T-SERVICE	0.0000	0.0122	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- WESTERN T-SERVICE	(0.3880)	0.0122	0.0000	0.0064	0.0442	0.1400	0.0000	4.6427	0.0000	(5.2335)	0.0000
- SYSTEM SALES	0.0024	0.0122	0.0000	0.0064	0.0214	0.0096	0.0000	(0.0024)	0.0000	(0.0364)	0.0000
- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- ONTARIO T-SERVICE	(0.0098)	0.0000	0.0000	0.0064	0.0214	0.0096	0.0000	(0.0024)	0.0000	(0.0364)	0.0000
- DAWN T-SERVICE	(0.0098)	0.0122	0.0000	0.0064	0.0214	0.0096	0.0000	(0.0024)	0.0000	(0.0364)	0.0000
- WESTERN T-SERVICE	0.0024	0.0122	0.0000	0.0064	0.0214	0.0096	0.0000	(0.0024)	0.0000	(0.0364)	0.0000
- SYSTEM SALES	0.0432	0.0122	0.0000	0.0064	0.0000	0.0030	0.0000	(0.0340)	0.0000	(0.0233)	0.0000
- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- ONTARIO T-SERVICE	(0.0384)	0.0000	0.0000	0.0064	0.0000	0.0030	0.0000	(0.0170)	0.0000	(0.0233)	0.0000
- DAWN T-SERVICE	(0.0384)	0.0122	0.0000	0.0064	0.0000	0.0030	0.0000	(0.0170)	0.0000	(0.0233)	0.0000
- WESTERN T-SERVICE	(0.0262)	0.0122	0.0000	0.0064	0.0000	0.0030	0.0000	(0.0170)	0.0000	(0.0233)	0.0000
- SYSTEM SALES	0.0056	0.0122	0.0000	0.0064	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- ONTARIO T-SERVICE	(0.0179)	0.0000	0.0000	0.0064	0.0000	0.0000	0.0000	0.0016	0.0000	(0.0187)	0.0000
- DAWN T-SERVICE	(0.0179)	0.0122	0.0000	0.0064	0.0000	0.0000	0.0000	0.0016	0.0000	(0.0187)	0.0000
- WESTERN T-SERVICE	(0.0056)	0.0122	0.0000	0.0064	0.0000	0.0000	0.0000	0.0016	0.0000	(0.0187)	0.0000
- SYSTEM SALES	(0.4156)	0.0122	0.0000	0.0064	0.0521	0.0000	0.0000	(0.4212)	0.0000	(0.0546)	0.0000
- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- ONTARIO T-SERVICE	(0.4279)	0.0122	0.0000	0.0064	0.0521	0.0000	0.0000	(0.4212)	0.0000	(0.0546)	0.0000
- DAWN T-SERVICE	(0.4279)	0.0122	0.0000	0.0064	0.0521	0.0000	0.0000	(0.4212)	0.0000	(0.0546)	0.0000
- WESTERN T-SERVICE	(0.4156)	0.0122	0.0000	0.0064	0.0521	0.0000	0.0000	(0.4212)	0.0000	(0.0546)	0.0000
- SYSTEM SALES	0.0068	0.0122	0.0000	0.0064	0.0222	0.0000	0.0000	(0.0163)	0.0000	(0.0104)	0.0000
- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- ONTARIO T-SERVICE	(0.0054)	0.0122	0.0000	0.0064	0.0222	0.0000	0.0000	(0.0163)	0.0000	(0.0104)	0.0000
- DAWN T-SERVICE	(0.0054)	0.0122	0.0000	0.0064	0.0222	0.0000	0.0000	(0.0163)	0.0000	(0.0104)	0.0000
- WESTERN T-SERVICE	0.0068	0.0122	0.0000	0.0064	0.0222	0.0000	0.0000	(0.0163)	0.0000	(0.0104)	0.0000
- SYSTEM SALES	0.1280	0.0122	0.0000	0.0064	0.0729	0.0846	0.0000	(0.0098)	0.0000	(0.0307)	0.0000
- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- ONTARIO T-SERVICE	0.1158	0.0122	0.0000	0.0064	0.0729	0.0846	0.0000	(0.0098)	0.0000	(0.0307)	0.0000
- DAWN T-SERVICE	0.0000	0.0122	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- WESTERN T-SERVICE	0.1280	0.0122	0.0000	0.0064	0.0729	0.0846	0.0000	(0.0098)	0.0000	(0.0307)	0.0000
<b>Unbundled Services:</b>											
<b>RATE 125</b>											
- All	(6.6229)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	(4.3170)	0.0000	(2.3060)	0.0000
- Customer-specific **											0.0000
<b>RATE 300</b>											
- All	(266.5884)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	(206.5128)	0.0000	(60.0755)	0.0000
- Customer-specific **											0.0000
<b>RATE 332</b>											
- All	(2.38)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	(2.3845)	0.0000

Notes:  
 \* Unit Rates derived based on 2017 actual volumes

**Enbridge Gas Distribution Inc.  
 2017 Deferral and Variance Account Clearing  
 Bill Adjustment in January 2019 for Typical Customers**

Item No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Bill Adjustment			
											Sales Customers	Ontario TS Customers	Dawn TS Customers	Western TS Customers
		Unit Rates												
		Annual Volume	Sales	Ontario TS	Dawn TS	Western TS	Sales Customers	Ontario TS Customers	Dawn TS Customers	Western TS Customers				
		m3	cents/m3	cents/m3	cents/m4	cents/m3	\$	\$	\$	\$				
<b><u>GENERAL SERVICE</u></b>														
1.1														
<b>RATE 1 RESIDENTIAL</b>														
1.2		2,400	0.0499	0.0377	0.0377	0.0499	1.2	0.9	0.9	1.2				
<b>Heating &amp; Water Heating</b>														
2.1														
<b>RATE 6 COMMERCIAL</b>														
2.2		43,285	0.0774	0.0652	0.0652	0.0774	34	28	28	34				
<b>General Use</b>														
<b><u>CONTRACT SERVICE</u></b>														
3.1														
<b>RATE 100</b>														
3.2		339,188	(0.3880)	(0.4002)	0.0000	(0.3880)	(1,316)	(1,357)	-	(1,316)				
<b>Industrial - small size</b>														
4.1														
<b>RATE 110</b>														
4.2		598,568	0.0024	(0.0098)	(0.0098)	0.0024	15	(59)	(59)	15				
<b>Industrial - small size, 50% LF</b>														
4.5		9,976,121	0.0024	(0.0098)	(0.0098)	0.0024	242	(977)	(977)	242				
<b>Industrial - avg. size, 75% LF</b>														
5.1														
<b>RATE 115</b>														
5.2		4,471,609	(0.0432)	(0.0384)	(0.0384)	(0.0262)	(1,930)	(1,717)	(1,717)	(1,171)				
<b>Industrial - small size, 80% LF</b>														
6.1														
<b>RATE 135</b>														
6.2		598,567	(0.0056)	(0.0179)	(0.0179)	(0.0056)	(34)	(107)	(107)	(34)				
<b>Industrial - Seasonal Firm</b>														
7.1														
<b>RATE 145</b>														
7.2		598,568	(0.4156)	(0.4279)	(0.4279)	(0.4156)	(2,488)	(2,561)	(2,561)	(2,488)				
<b>Commercial - avg. size</b>														
8.1														
<b>RATE 170</b>														
8.2		9,976,121	0.0068	(0.0054)	(0.0054)	0.0068	677	(542)	(542)	677				
<b>Industrial - avg. size, 75% LF</b>														

Notes:  
 Col. 7 = Col. 2 x Col. 3  
 Col. 8 = Col. 2 x Col. 4  
 Col. 9 = Col. 2 x Col. 5  
 Col. 10 = Col. 2 x Col. 6

**SCHEDULE C**  
**DECISION AND RATE ORDER**  
**ENBRIDGE GAS DISTRIBUTION INC.**  
**EB-2018-0131**  
**OCTOBER 18, 2018**  
**APPROVED SETTLEMENT PROPOSAL**

# **SETTLEMENT PROPOSAL**

**Enbridge Gas Distribution Inc.**

**2017 Earnings Sharing and Deferral and Variance Account Clearances**

**October 3, 2018**

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## **PREAMBLE**

This Settlement Proposal is filed with the Ontario Energy Board (the "OEB" or the "Board") in connection with the application of Enbridge Gas Distribution Inc. ("Enbridge" or the "Company"), for an order or orders approving the clearance or disposition of amounts recorded in certain Deferral or Variance Accounts.

On July 25, 2018, the OEB issued its Notice of Application in this proceeding. The Notice of Application indicated that the OEB would only consider cost awards in relation to certain issues in the proceeding.

In Procedural Order No. 1, dated August 10, 2018, the Board established the process to address the application, up to and including a Settlement Conference.

A Settlement Conference was held on September 20 and 21, 2018, and discussions continued after that time. Karen Wianecki acted as facilitator for the Settlement Conference. This Settlement Proposal arises from the Settlement Conference.

Enbridge and the following intervenors, as well as Ontario Energy Board technical staff (OEB Staff), participated in the Settlement Conference:

- Association of Power Producers of Ontario (APPRO)
- Building Owners and Managers Association – Greater Toronto (BOMA)
- Consumers Council of Canada (CCC)
- Energy Probe Research Foundation (Energy Probe)
- Federation of Rental-Housing Providers of Ontario (FRPO)
- Industrial Gas Users Association (IGUA)
- School Energy Coalition (SEC)
- Vulnerable Energy Consumers Coalition (VECC)

The following items from Enbridge's Application and pre-filed evidence were addressed by the parties during the Settlement Conference:

i) The proposed balances for recovery/refund in each of the following deferral and variance accounts:

- Deferred Rebate Account (2017 DRA)
- Electric Program Earnings Sharing Deferral Account (2017 EPESDA)
- Average Use True-Up Variance Account (2017 AUTUVA)
- Earnings Sharing Mechanism Deferral Account (2017 ESMDA)
- Constant Dollar Net Salvage Adjustment Deferral Account (2018 CDNSADA)
- Dawn Access Costs Deferral Account (2017 DACDA)
- Transactional Services Deferral Account (2017 TSDA)
- Storage and Transportation Deferral Account (2017 S&TDA)

- Unaccounted for Gas Variance Account (2017 UAFVA)

ii) The proposed method for allocating and disposing of the proposed balances.

The parties have reached complete agreement on all these items (the “Settled Items”). No other issues or proposals were addressed by the parties during the Settlement Conference or are addressed in this Settlement Proposal.

All intervenors listed above participated in the Settlement Conference and subsequent discussions. OEB Staff is not a party to the Settlement Proposal. Although it is not a party to the Settlement Proposal, once the Settlement Proposal is filed, OEB Staff will file a submission commenting on two aspects of the settlement: whether the settlement represents an acceptable outcome from a public interest perspective, and whether the accompanying explanation and rationale is adequate to support the settlement. Also, as noted in the Practice Direction on Settlement Conferences, OEB Staff who participated in the Settlement Conference are bound by the same confidentiality and privilege rules that apply to the parties to the proceeding.

This document is called a “Settlement Proposal” because it is a proposal by the parties to the Board to settle the issues in this proceeding. It is termed a proposal as between the parties and the Board. However, as between the parties, and subject only to the Board’s approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and is binding and enforceable in accordance with its terms. As set forth below, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the Board in its entirety, then unless amended by the parties it is null and void and of no further effect. In entering into this agreement, the parties understand and agree that, pursuant to the *Ontario Energy Board Act, 1998*, the Board has exclusive jurisdiction with respect to the interpretation or enforcement of the terms hereof.

Enbridge and all intervenors listed above have agreed to the settlement of the Settled Items as described on the following pages. Any reference to “parties” in this Settlement Proposal is intended to refer to Enbridge and the intervenors listed above. The description of each Settled Item assumes that all parties participated in the negotiation of the item, unless specifically noted otherwise.

Best efforts have been made to identify all of the evidence that relates to each Settled Item. The supporting evidence for each settled issue is identified individually by reference to its exhibit number in an abbreviated format; for example, Exhibit B, Tab 3, Schedule 1 is referred to as B-3-1. The identification and listing of the evidence that relates to each settled issue is provided to assist the Board.

The Settlement Proposal describes the agreements reached on the Settled Items. The Settlement Proposal provides a direct link between each Settled Item and the supporting evidence in the record to date and/or the additional evidence attached to hereto. In this



regard, the parties are of the view that the evidence provided is sufficient to support the Settlement Proposal in relation to the Settled Items and, moreover, that the quality and detail of the supporting evidence, together with the corresponding rationale, will allow the Board to make findings agreeing with the proposed resolution of the Settled Items.

None of the parties can withdraw from the Settlement Proposal except in accordance with Rule 30 of the *Ontario Energy Board Rules of Practice and Procedure*. Further, unless stated otherwise, a settlement of any particular issue in this proceeding is without prejudice to the positions parties might take with respect to the same issue in future proceedings, whether during the term of Enbridge's 2014 to 2018 Custom Incentive Regulation plan, or thereafter.

The parties acknowledge that all data, documents or information provided and any discussions, including negotiations, admissions, concessions, offers and counter-offers occurring during the course of the Settlement Conference (settlement information), including subsequent related discussions, are privileged and confidential and without prejudice in accordance with (and subject to the exceptions set out in) the Board's *Practice Direction on Settlement Conferences* (see pages 5-6 of the OEB's *Practice Direction on Settlement Conferences*, as revised October 28, 2016).

It is fundamental to the agreement of the parties that none of the provisions of this Settlement Proposal are severable. If the Board does not accept the provisions of the Settlement Proposal in their entirety, there is no Settlement Proposal (unless the parties agree that any portion of the Settlement Proposal that the Board does accept may continue as a valid Settlement Proposal).

## **OVERVIEW**

Enbridge's prefiled evidence details its 2017 Earnings Sharing Mechanism calculation, and the amount recorded in the 2017 ESMDA. The prefiled evidence also sets out and explains the other Deferral and Variance Account balances that Enbridge seeks to have cleared, along with several Deferral and Variance Account balances to be carried forward for review and approval in a future proceeding. The list of Deferral and Variance Accounts for which Enbridge has requested clearance was attached to the Application, and is reproduced at Appendix A to this Settlement Proposal (with one change, as noted below).

Through the Settlement Conference process, all parties have agreed that it is appropriate for Enbridge to clear the as-filed balances from the nine Deferral and Variance Accounts listed in the Preamble to this Settlement Proposal, subject to one change: the balance to be recovered in the 2017 S&TDA will be reduced by \$0.8 million, to remove an entry for Dawn T-Service transportation costs that was mistakenly included in the account. The Deferral and Variance Accounts that the parties have discussed and agreed upon are

highlighted in Appendix A. As noted, the parties did not discuss any other accounts during the Settlement Conference.

All parties have agreed that it is appropriate that the balances in the relevant accounts addressed in this Settlement Proposal be cleared over one month, in conjunction with Enbridge's January 1, 2019 QRAM proceeding.

Details of the settlement on the Settled Items are set out in the Issues section that follows.

## THE ISSUES

### 1. Are the proposed balances for recovery / refund recorded in the following Deferral and Variance Accounts appropriate?

The Deferral and Variance accounts for which Enbridge seeks clearance are set out in Exhibit A, Tab 2, Schedule 1, Appendix A, from Enbridge's prefiled evidence. A copy of that document (with the updates to reflect the one change noted in the Overview above) is attached as Appendix A to this Settlement Proposal.

The parties have agreed to the clearance of certain of the Deferral and Variance Account balances, and interest amounts (which reflect the OEB's latest prescribed interest rates), listed in Columns 3 and 4 of Appendix A. These accounts are listed below, and highlighted at Appendix A.

- (a) Deferred Rebate Account (2017 DRA)
- (b) Electric Program Earnings Sharing Deferral Account (2017 EPESDA)
- (c) Average Use True-Up Variance Account (2017 AUTUVA)
- (d) Earnings Sharing Mechanism Deferral Account (2017 ESM DA)
- (e) Constant Dollar Net Salvage Adjustment Deferral Account (2018 CDNSADA)
- (f) Dawn Access Costs Deferral Account (2017 DACDA)
- (g) Transactional Services Deferral Account (2017 TSDA)
- (h) Storage and Transportation Deferral Account (2017 S&TDA)
- (i) Unaccounted for Gas Variance Account (2017 UAFVA)

Details of the agreements in relation to each of the relevant accounts are set out in the following sub-issues.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Accounts Requested for Clearance January 1, 2019
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I.A.EGDI.STAFF.1	Staff Interrogatory #1
I.A.EGDI.EP.1	Energy Probe Interrogatory #1

**(a) 2017 Deferred Rebate Account (2017 DRA)**

There are no unsettled issues with respect to this account. All parties agree that the principal balance in the 2017 DRA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 2, below.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Accounts Requested for Clearance January 1, 2019
C-1-7	2017 Deferred Rebate Account Requested for Clearance January 1, 2019
C-2-1	Clearance of 2017 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates

**(b) 2017 Electric Program Earnings Sharing Deferral Account (2017 EPESDA)**

There are no unsettled issues with respect to this account. All parties agree that the principal balance in the 2017 EPESDA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 2, below.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Accounts Requested for Clearance January 1, 2019
C-1-10	2017 Electric Program Earnings Sharing Deferral Account Requested for Clearance January 1, 2019
C-2-1	Clearance of 2017 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I.C.EGDI.STAFF.9	Staff Interrogatory #9
I.C.EGDI.BOMA.8	BOMA Interrogatory #8

**(c) 2017 Average Use True-Up Variance Account (2017 AUTUVA)**

All parties agree that the principal balance in the 2017 AUTUVA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 2, below.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Accounts Requested for Clearance January 1, 2019
C-1-4	2017 Actual Average Use True-Up Variance Account
C-2-1	Clearance of 2017 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I.C.EGDI.STAFF.8	Staff Interrogatory #8
I.C.EGDI.BOMA.9	BOMA Interrogatory #9
I.C.EGDI.CCC.5	CCC Interrogatory #5
I.C.EGDI.EP.6	Energy Probe Interrogatory #6
I.C.EGDI.FRPO.9	FRPO Interrogatory #9

**(d) 2017 Earnings Sharing Mechanism Deferral Account (2017 ESMDA)**

There are no unsettled issues with respect to this account. All parties agree that the principal balance in the 2017 ESMDA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 2, below.

In response to Staff Interrogatory #3, Enbridge explained its refined approach to determining feasibility for new residential infill customers. The agreement to the clearance of the 2017 ESMDA balance is without prejudice to the right of any parties to take any position they consider appropriate if Enbridge's refined feasibility analysis approach for residential infill customers is considered in any future proceeding. In this regard, Enbridge agrees that it will pre-file evidence as part of its 2019 rate application providing details and explanation for its refined feasibility analysis approach for residential infill customers.

**Evidence:** The evidence in relation to this issue includes the following:

B-1-1	2017 ESM Amount and Determination Process
B-1-2	ESM Calculations and Required Rate of Return 2017 Actuals
B-1-3	2017 Utility Earnings - Contributors to Utility Earnings and Earnings Sharing Amounts
B-1-4	Utility Earnings - Reconciliation of 2017 Utility Income to Audited EGDI Consolidated Income
B-2-1	Ontario Utility Rate Base – Comparison of 2017 Actuals to 2017 EB-2016-0215 Board Approved
B-2-2	Property, Plant and Equipment Summary Statement – Average of Monthly Averages 2017 Actuals
B-2-3	Working Capital – 2017 Actuals
B-2-4	Comparison of Utility Capital Expenditures 2017 Actuals and 2017 EB-2016-0215 Board Approved
B-3-1	Utility Operating Revenue 2017 Actuals
B-3-2	Comparison of Gas Sales and Transportation Volume by Rate Class 2017 Actuals to 2017 EB-2016-0215 Board Approved
B-3-3	Comparison of Gas Sales and Transportation Revenue by Rate Class 2017 Actuals to 2017 EB-2016-0215 Board Approved
B-3-4	Customer Meters, Volumes and Revenues by Rate Class 2017 Actuals
B-3-5	2017 Other Operating Revenue
B-4-1	Operating Cost 2017 Actuals
B-4-2	Operating and Maintenance Expense by Department Year Ending December 2017
B-5-1	Required Rate of Return 2017 Actuals
B-5-2	Utility Income 2017 Actuals
B-5-3	Cost of Capital 2017 Actuals
C-1-1	Deferral and Variance Accounts Requested for Clearance January 1, 2019
C-2-1	Clearance of 2017 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
D-5-1	Enbridge Gas Distribution Inc. Consolidated Financial Statements December 31, 2017
D-5-2	Enbridge Gas Distribution Inc. Management's Discussion and Analysis – December 31, 2017
I.B.EGDI.STAFF.2 and 3	Staff Interrogatories #2 and 3
I.B.EGDI.BOMA.1 to 7	BOMA Interrogatories #1 to 7
I.B.EGDI.CCC.1 to 2	CCC Interrogatories #1 to 2
I.B.EGDI.EP.2 to 3	Energy Probe Interrogatories #2 to 3
I.B.EGDI.FRPO.1 to 5	FRPO Interrogatories #1 to 5
I.B.EGDI.VECC.1 to 4 and 8	VECC Interrogatories #1 to 4 and 8

**(e) 2018 Constant Net Dollar Salvage Adjustment Deferral Account (2018 CDNSADA)**

There are no unsettled issues with respect to this account. All parties agree that the principal balance in the 2018 CDNSADA, which is shown in Appendix A, will be cleared as set out under Issue 2, below.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Accounts Requested for Clearance January 1, 2019
C-1-12	2018 Constant Net Dollar Salvage Adjustment Deferral Account Requested for Clearance January 1, 2019
C-2-1	Clearance of 2017 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I.C.EGDI.STAFF.11	Staff Interrogatory #11
I.C.EGDI.BOMA.10	BOMA Interrogatory #10
I.C.EGDI.CCC.4	CCC Interrogatory #4
I.C.EGDI.EP.7 and 8	Energy Probe Interrogatories #7 and 8
I.C.EGDI.VECC.6	VECC Interrogatory #6

**(f) 2017 Dawn Access Costs Deferral Account (2017 DACDA) /c**

There are no unsettled issues with respect to this account. All parties agree that the principal balance in the 2017 DACDA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 2, below.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Accounts Requested for Clearance January 1, 2019
C-1-13	2017 Dawn Access Costs Deferral Account
C-2-1	Clearance of 2017 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I.C.EGDI.STAFF.12	Staff Interrogatory #12
I.C.EGDI.BOMA.14	BOMA Interrogatory #14

**(g) 2017 Transactional Services Deferral Account (2017 TSDA)**

There are no unsettled issues with respect to this account. All parties agree that the principal balance in the 2017 TSDA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 2, below.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Accounts Requested for Clearance January 1, 2019
C-1-2	2017 Storage & Transportation Deferral Account, 2017 Transactional Services Deferral Account, Requested for Clearance January 1, 2019
C-2-1	Clearance of 2017 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I.C.EGDI.STAFF.6	Staff Interrogatory #6
I.C.EGDI.BOMA.13	BOMA Interrogatory #13
I.C.EGDI.FRPO.7 and 8	FRPO Interrogatories #7 and 8

**(h) 2017 Storage and Transportation Deferral Account (2017 S&TDA)**

There are no unsettled issues with respect to this account.

All parties have agreed that the principal balance in the 2017 S&TDA should be reduced by \$0.8 million, which reflects the removal of costs recorded related to Dawn Transportation Service that have already been recovered in rates and should not have been included in the account. The effect of this adjustment is to reduce the amount to be recovered in the 2017 S&TDA from \$22.654 million to \$21.854 million.

All parties agree that the updated principal balance in the 2017 S&TDA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 2, below.

One of the items recorded in the 2017 S&TDA are variances related to Enbridge's cost for market-based storage. As in past years, Enbridge conducted an RFP process in 2016 to replace expiring market-based storage capacity. Through the RFP process, Enbridge decided to contract with Union Gas for some of its market-based storage requirements. While Enbridge had contracted previously with Union Gas for market-based storage, it was not until February 2017 that Enbridge and Union Gas became affiliates (the proposed Enbridge/Spectra transaction had been announced in September 2016). During the Settlement Conference, parties asked a number of questions about Enbridge's market-based storage RFP process to confirm that the decision to contract with Union Gas (which would be an affiliate during the term of the contract) was prudent. Enbridge provided information explaining its process and decision-making. Following review of that information, parties confirmed that the information is sufficient to address their questions about the "affiliate" contract.

In order to provide the OEB with a complete record of relevant information, Enbridge is filing the information shared at the Settlement Conference about its RFP process with this Settlement Proposal. Below is a description of the filed information.

- Appendix B to this Settlement Proposal is the written explanation of the market-based storage procurement process for 2017 that was circulated at the Settlement Conference.
- Appendix C to this Settlement Proposal is Enbridge's internal memorandum prepared in November 2016 to evaluate the RFP responses and choose the successful bidders. In the version of the memorandum shared with parties at the Settlement Conference, the names of all counterparties other than Union Gas were redacted, as their identities are confidential and commercially sensitive, and because disclosure of their identities might make parties less likely to participate in future RFPs. Enbridge's memorandum included an attached spreadsheet setting out details of each of the RFP responses. Enbridge shared that spreadsheet (with identities of

bidders redacted) with parties at the Settlement Conference. Given the confidential and commercially sensitive information set out in the spreadsheet which information might, if made public, compromise Enbridge's commercial position in respect of future storage procurements and related negotiations which would not be in the best interests of either Enbridge or its ratepayers, the parties agree that it would be appropriate for that document to be filed confidentially with the OEB, pursuant to the OEB's Practice Direction on Confidential Filings. Enbridge will file the spreadsheet on a confidential basis, at the same time as this Settlement Proposal is filed.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Accounts Requested for Clearance January 1, 2019
C-1-2	2017 Storage & Transportation Deferral Account, 2017 Transactional Services Deferral Account, Requested for Clearance January 1, 2019
C-2-1	Clearance of 2017 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I.C.EGDI.STAFF.5	Staff Interrogatory #5
I.C.EGDI.BOMA.11 and 12	BOMA Interrogatories #12
I.C.EGDI.EP.4	Energy Probe Interrogatory #4
I.C.EGDI.FRPO.6	FRPO Interrogatory #6

**(i) 2017 Unaccounted for Gas Variance Account (2017 UAFVA)**

There are no unsettled issues with respect to this account. All parties agree that the principal balance in the 2017 UAFVA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 2, below.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Accounts Requested for Clearance January 1, 2019
C-1-3	Unaccounted-For-Gas Variance Account
C-2-1	Clearance of 2017 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I.C.EGDI.STAFF.7	Staff Interrogatory #7
I.C.EGDI.EP.5	Energy Probe Interrogatory #5

**2. Is the proposed method for allocating and disposing of the deferral account balances, inclusive of the 2017 earnings sharing amount appropriate?**

All parties agree that the principal balances in Enbridge's Deferral and Variance Accounts listed above, along with applicable interest (noting that the forecasted interest balances reflect the impact of the OEB's Q4 2018 prescribed interest rate), as set out in the highlighted rows of columns 3 and 4 of Appendix A to this Settlement Proposal, will be recovered or refunded to customers as a one-time billing adjustment in the month of January 2019, in conjunction with Enbridge's January 1, 2019 QRAM Application.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Accounts Requested for Clearance January 1, 2019
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of 2017 Proposed Unit Rates
I.C.EGDI.STAFF.13	Staff Interrogatory #13
I.C.EGDI.BOMA.15	BOMA Interrogatory #15



## **APPENDIX B**

### **2017 Market Based Storage**

On November 2, 2016, Enbridge distributed its Term Storage RFP with the following parameters:

Injection Start Date: April 2017  
Term: Up to 5 years  
Volume: 6.0PJs

Enbridge required this annual replacement of third party storage in order to meet demand on peak winter days as well as retain late season deliverability. The RFP came back on November 16, 2016 with offers from six different counterparties with multiple terms, prices and injection/withdrawal parameters

1. Basic Synthetic Storage Service - Baseload monthly withdrawal and monthly injection volumes with no ratchets and no flexibility with volumes. Lowest cost option.
2. Standard Physical Storage Service – Injections: firm year round except October and November at 0.75% of Maximum Storage Balance (MSB); Withdrawals: Firm year round except for April and May at 1.20% of MSB. This service allows monthly, daily and intra-day volume flexibility.
3. Hybrid - Basic synthetic storage service (60% of volume) with standard physical storage service and Oct injections (40%) - October injections 0.375% of MSB -This service allows monthly, daily and intra-day flexibility on 40% of the total volume.
4. Enhanced Physical Storage Service – Standard physical storage service with October firm injections of either 15,000Gj/d or 30,000Gj/d. This service allows monthly, daily and intra-day volume flexibility. Highest cost option.

In the RFP assessment, Enbridge selected Union Gas' offer for 5 PJ as it was the only true physical storage contract which would allow Enbridge to continue to nominate directly with the facility. Additionally, the cycling ability and intra-day operational flexibility of the Union physical storage cannot be matched by any other storage contracts.

The synthetic deal for 1.055 PJ was selected as it was the least expensive cost option. Enbridge prefers to keep a certain level of synthetic deals in its current storage portfolio (~4PJs) as a means of balancing reduced daily flexibility with lower costs and supplier diversity while still meeting baseload needs for supply planning.

The following is an overview of the storage contracts in place for 2017. Enbridge has used the list of contracts described in the 2017 Rate Adjustment proceeding (EB-2017-0086) at Exhibit D1, Tab 2, Schedule 9, page 2 of 2 (the document that is found as Attachment 2 to EP#4 in this case), and has added the 2017 contracts to the list (Highlighted)

Contract	Physical (P) or synthetic storage (S)	Annual Volume (GJ)	Effective Date	Expiry Date	Max Withdrawal	Max Inject	Demand Charge CAN\$/GJ
A	P	5,055,056	April 1 2012	March 31 2017	1.2%	0.8%	0.72
B	P	3,165,168	april 1 2013	March 31 2018	3.0%	1.0%	1.05
C	S	2,110,112	april 1 2013	March 31 2018	0.7%	0.5%	0.35
D	P	4,000,000	april 1 2014	march 31 2019	1.2%	0.8%	0.44
E	P	3,000,000	april 1 2015	march 31 2020	1.2%	0.8%	0.64
F	P	3,000,000	april 1 2015	march 31 2020	4.0%	2.0%	0.64
G	S	1,055,056	april 1 2016	march 31 2017	0.7%	0.7%	0.42
H	S	1,582,584	april 1 2016	march 31 2019	0.7%	0.5%	0.44
I	P	1,500,000	april 1 2016	march 31 2021	1.2%	0.8%	0.95
J	P	5,000,000	april 1 2017	march 31 2022	1.2%	0.8%	0.90
K	S	1,055,056	april 1 2017	march 31 2020	0.7%	0.5%	0.53

For further context about Enbridge's third party storage costs, please see the response to FRPO Interrogatory #13 from the Enbridge 2018 Rate Adjustment proceeding

## APPENDIX C



# memo

Date: November 21, 2016

To: Kerry Lakatos-Hayward, Dave Charleson

Cc: Vivian Krauchek, Don Small, Kent Wirth, Andrew Welburn, Ian McLeod, Matthew Kirk, Grace Duong

From: Trevor Mitchell

Re: EGD 2016 Term Storage RFP

### Background

On November 2, 2016 Enbridge Gas Distribution Inc ("EGDI") distributed its annual Term Storage RFP with the following parameters:

Injection Start Date: April 2017  
Term: Up to 5 years  
Volume: 6.0PJ's

The RFP is seeking to replace the ~6.0PJ's of firm third party term storage that will be expiring at the end of March 2017. The deals expiring are a 5 year, 5.0PJ, physical deal with Union Gas and a 1 year, 1.0PJ, synthetic storage deal with [REDACTED].

EGDI requires this annual replacement of third party storage in order to meet demand on peak winter days as well as retain late season deliverability.

### RFP Results

The RFP came back on November 16, 2016 with offers from six different counterparties (**PARTY A**, **PARTY B**, **PARTY C**, **PARTY D**, **PARTY E** and Union Gas) with multiple terms, prices and injection/withdrawal parameters (see attachment).

These offers were compiled into 4 different types of storage services:

1. Basic Synthetic Storage Service - Baseload monthly withdrawal and monthly injection volumes with no ratchets and no flexibility with volumes. Lowest cost option.
2. Standard Physical Storage Service – Injections: firm year round except October and November at 0.75% of Maximum Storage Balance (MSB); Withdrawals: Firm year round except for April and May at 1.20% of MSB. This service allows monthly, daily and intra-day volume flexibility.
3. Hybrid - Basic synthetic storage service (60% of volume) with standard physical storage service and Oct injections (40%) - October injections 0.375% of MSB -This service allows monthly, daily and intra-day flexibility on 40% of the total volume.

4. Enhanced Physical Storage Service – Standard physical storage service with October firm injections of either 15,000Gj/d or 30,000Gj/d. This service allows monthly, daily and intra-day volume flexibility. Highest cost option.

Once the offers were compiled, the group met to discuss the various options put forth by the counterparties. As a result of the group's discussion, the following two offers were selected as the best fit for EGD's portfolio:

1. Counterparty: Union Gas Limited (Union1)  
Term: 5 years (April 2017 - March 2022)  
Volume: 5.0PJs (4,739,085mmbtu)  
Price: \$0.779/mmbtu  
Total Annual Cost: \$3,691,747US  
Total Cost: \$18,458,735US
2. Counterparty: PARTY B (PARTY B – 4)  
Term: 3 years (April 2017 – March 2017)  
Volume: 1.0Bcf (1,055,056GJ)  
Price: \$0.445/mmbtu  
Total Annual Cost: \$445,000US  
Total Cost: \$1,335,000US

#### Rationale

##### Union Gas Limited Transaction

The standard service for physical storage with Union Gas will replace the current Union 5.0PJ deal expiring at the end of March 2017. Although the price/mmbtu is greater than the comparable PARTY D physical deal (\$0.779 vs \$0.66), only the Union offer presents a true physical storage contract which will allow EGD to continue to nominate directly with the facility. Additionally, the cycling ability and intra-day operational flexibility of the Union physical storage cannot be matched by the PARTY D contract. The group opted not to pursue the enhanced service offering as EGD has existing enhanced service contracts with both Union and [REDACTED] which allow for October injections. In the event of a very warm October and extremely high storage levels, the group contends that the existing contracts together with offsetting measures such as overrun or the shedding of supply volumes are lower cost options than 5 years of an enhanced storage contract.

##### PARTY B

The synthetic deal with PARTY B will replace the current deal we have with [REDACTED] and is the least expensive cost option by \$0.016US/mmbtu when compared with the PARTY C - 3 deal. The group agrees it would be prudent to increase the term on the deal to 3 years (up from 1 year) as 2 PJs of synthetic storage will expire in 2018 and there are no synthetic deals past 2019. EGD prefers to keep a certain level of synthetic deals in its current storage portfolio (~4PJs) as a means of balancing reduced daily flexibility with lower costs and supplier diversity while still meeting baseload needs for supply planning.

#### Recommendation

Based on the above evaluation, ES&P is recommending EGD execute the deals detailed above with Union Gas Limited and PARTY B. These new deals will act to replace the expiring deals and maintain our storage portfolio for the 2017-2018 gas year and beyond.

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