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**VIA EMAIL AND RESS**

December 4, 2009

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc.  
Request for Accounting Orders, Board File No.: EB-2009-0043**

Enbridge Gas Distribution Inc. ("EGD") hereby requests Board approval for the establishment of 2009 deferral and variance accounts as a result of the Board Decision and Order in EB-2009-0043 (Open Bill Access).

The Board Decision and Order in the Open Bill Access proceeding approved a Settlement Proposal entered into among interested parties. The Settlement Proposal provided for the use of four deferral and variance accounts related to Open Bill activities for the remaining years of EGD's incentive regulation term (2009 to 2012).

In particular, the Settlement Proposal provides, at pages 13 and 14:

- (vii) As part of this new approach to revenue sharing for Open Bill services, all parties agree that the existing and forecast balances in the Open Bill deferral and variance accounts shall be borne equally by ratepayers and the Company over the years from 2010 to 2012. The allocation of Open Bill deferral and variance accounts (as well as the ratepayer benefit) is based on customer numbers. Specifically, as described at paragraph 44 of Exhibit B, Tab 1, Schedule 6, the balance of \$309,370 (plus accrued interest) in the 2008 Open Bill Service Deferral Account and the balance of \$476,667 (plus accrued interest) in the 2008 Open Bill Access Variance Account will be shared equally by Enbridge and ratepayers. Enbridge will be responsible for one half of the balance in these accounts (with any accrued interest), to be paid in equal amounts in 2010, 2011 and 2012. Similarly, one half of the balance in the accounts (with any accrued interest) will be cleared in equal amounts in 2010, 2011 and 2012, along with the clearance of other deferral and variance accounts.

- (viii) The balance that will be tracked in the 2009 Open Bill Service Deferral Account (which will relate to TMG consulting charges, OBA stakeholder group invoices and startup legal charges) will be split between ratepayers and Enbridge, with one half to be cleared along with other 2009 deferral and variance accounts in 2010, and with Enbridge being responsible for payment of the other half.
- (ix) A new Open Bill Revenue Variance Account will be created for the years 2009 to 2012, to track net revenues for Open Bill services. In accordance with the terms set out herein, this new variance account will allow for net annual revenues in excess of \$7.389M to be shared 50/50 with ratepayers, and will allow for a credit to Enbridge in the event that net annual revenues are less than \$4.889M (the credit will be equal to the shortfall between actual net annual revenues and \$4.889M).
- (x) Enbridge will track revenues from its ex-franchise third party billing services<sup>1</sup> separately from Open Bill services, and will share net revenues from its ex-franchise third party billing services 50/50 with ratepayers. The costs to be used to determine net revenues from Enbridge's ex-franchise third party billing services will be the total amount of incremental costs associated with such services. A new Ex-Franchise Third Party Billing Services Deferral Account will be created for the years from 2009 to 2012 to track net revenues from ex-franchise third party billing services, and allow for the net revenues to be shared 50/50 with ratepayers. Amounts related to its ex-franchise third party billing services will be outside the ambit of the Earnings Sharing Mechanism set out in Enbridge's IRM Settlement Agreement.

While the Board's Order and Decision approved the Settlement Proposal, it did not specifically approve the establishment of the 2009 deferral and variance accounts for Open Bill activities.

EGD therefore requires and requests the Board's approval to establish 2009 related accounts in order to record costs and revenues related to Open Bill activities. In particular, EGD seeks approval to establish the following deferral and variance accounts:

1. 2009 Open Bill Access Variance Account ("OBAVA")
2. 2009 Open Bill Service Deferral Account ("OBSDA")

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<sup>1</sup> Ex-franchise billing service is a billing-only service for services provided by third parties outside of Enbridge's service area. The service is limited to calculating biller charges, printing, inserting, mailing and payment processing. The bills are branded in the name of the billing client, with no reference to Enbridge or Enbridge printed on the bills. Enbridge takes no role in the collection of amounts invoiced and there is no collection guarantee. Enbridge's proposed ex-franchise billing service is described at Appendix K to the Application.

3. 2009 Open Bill Revenue Variance Account ("OBRVA")
4. 2009 Ex-Franchise Third Party Billing Services Deferral Account ("EFTPBSDA")

The review of and approval for clearance of these accounts will be requested by EGD in a future proceeding.

The attached document sets out example entries and descriptions of the manner in which these accounts would be used.

Enbridge requests that approval for these 2009 deferral and variance accounts be granted before the end of December 2009. If there are any problems in this regard, please let us know.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Kevin Culbert', with a stylized flourish at the end.

Kevin Culbert  
Manager, Regulatory Accounting

cc: Mr. David Stevens, Aird & Berlis LLP  
OEB Staff (Mr. Vincent Cooney)  
EB-2009-0172 Interested Parties  
EB-2009-0043 Interested Parties

## Appendix A

### Proposed Accounting Entries

#### 1. 2009 Open Bill Access Variance Account

|         |            |                   |
|---------|------------|-------------------|
| Debit:  | 2009 OBAVA | (Account 179.xxx) |
| Credit: | 2008 OBAVA | (Account 179.448) |

To transfer the 2008 Open Bill Access Variance Account balance to a 2009 account to be disposed of in equal increments in each of 2010, 2011 and 2012 equally between the Company and ratepayers.

#### 2. Interest accrual

|               |                        |                   |
|---------------|------------------------|-------------------|
| Debit/Credit: | Interest on 2009 OBAVA | (Account 179.xxx) |
| Credit:       | Interest on 2008 OBAVA | (Account 179.458) |
| Credit:       | Interest expense       | (Account 323.000) |

To transfer the accumulated interest relating to the 2008 Open Bill Access Variance Account to a 2009 account and to record simple interest on the opening monthly balance of the account using the Board approved EB-2006-0177 interest rate methodology.

#### 3. 2009 Open Bill Service Deferral Account

|               |                  |                   |
|---------------|------------------|-------------------|
| Debit/Credit: | 2009 OBSDA       | (Account 179.xxx) |
| Credit:       | 2008 OBSDA       | (Account 179.428) |
| Credit/Debit: | Various accounts | (Account xxx.xxx) |

To transfer the 2008 Open Bill Service Deferral Account balance to a 2009 account and to record further costs incurred in 2009 (which will relate to TMG consulting charges, OBA stakeholder group invoices and startup legal charges) the total of which is to be disposed of in equal increments in each of 2010, 2011 and 2012 equally between the Company and ratepayers.

#### 4. Interest accrual

|              |                        |                   |
|--------------|------------------------|-------------------|
| Debit/Credit | Interest on 2009 OBSDA | (Account 179.xxx) |
| Credit:      | Interest on 2008 OBSDA | (Account 179.438) |
| Credit:      | Interest expense       | (Account 323.000) |

To transfer the accumulated interest relating to the 2008 Open Bill Service Deferral Account to a 2009 account and to record simple interest on the opening monthly balance of the account using the Board approved EB-2006-0177 interest rate methodology.

#### 5. 2009 Open Bill Revenue Variance Account

|               |                  |                   |
|---------------|------------------|-------------------|
| Debit/Credit: | 2009 OBRVA       | (Account 179.xxx) |
| Credit/Debit: | Various accounts | (Account xxx.xxx) |

To record Open Bill services net annual revenues in excess of \$7.389M to be shared 50/50 with ratepayers, or a shortfall amount that will be recoverable from ratepayers in the event that net annual revenues are less than \$4.889M (the credit will be equal to the shortfall between actual net annual revenues and \$4.889M). The net annual revenues will be calculated in accordance with the Settlement Proposal in EB-2009-0043..

#### 6. Interest accrual

|               |                        |                   |
|---------------|------------------------|-------------------|
| Debit/Credit: | Interest on 2009 OBRVA | (Account 179.xxx) |
| Credit/Debit: | Interest expense       | (Account 323.000) |

To record simple interest on the opening monthly balance of the account using the Board approved EB-2006-0177 interest rate methodology.

#### 7. 2009 Ex-Franchise Third Party Billing Services Deferral Account

|               |                  |                   |
|---------------|------------------|-------------------|
| Debit/Credit: | 2009 EFTPBSDA    | (Account 179.xxx) |
| Credit/Debit: | Various accounts | (Account xxx.xxx) |

To record net annual revenues from ex-franchise third party billing services to be shared 50/50 with ratepayers. The net annual revenues will be calculated in accordance with the Settlement Proposal in EB-2009-0043.

#### 8. Interest accrual

|               |                           |                   |
|---------------|---------------------------|-------------------|
| Debit/Credit: | Interest on 2009 EFTPBSDA | (Account 179.xxx) |
| Credit/Debit: | Interest expense          | (Account 323.000) |

To record simple interest on the opening monthly balance of the account using the Board approved EB-2006-0177 interest rate methodology