

SETTLEMENT AGREEMENT

ENBRIDGE GAS DISTRIBUTION INC.

MEAN DAILY VOLUME (MDV) PROPOSAL

JULY 15, 2010

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I. BACKGROUND AND CONTEXT

In its EB-2008-0106 Amended Decision and Order dated September 21, 2009, the Ontario Energy Board (the “Board”) gave directions regarding a proposal by Enbridge Gas Distribution Inc. (“Enbridge” or “EGD”) to implement a new approach to the establishment of Mean Daily Volume (MDV) for customers under T-service (*i.e.*, Direct Purchase) arrangements. The Board’s directions were as follows:

The Board orders EGD to file the details of its MDV proposal at its earliest convenience for the Board’s review and approval. The changes to the MDV shall be implemented in 2011. With respect to the costs of implementing the changes to the MDV, the Board directs EGD to record these costs in a deferral account, the prudence and disposition of which will be decided in a subsequent proceeding.

After a process of stakeholder consultation, Enbridge filed its MDV Proposal for the approval of the Board on April 21, 2010.

Pursuant to Procedural Order No. 4 issued by the Board on June 28, 2010, Enbridge’s MDV Proposal was considered at a Settlement Conference held on July 8, 2010. Enbridge and Board Staff participated in the Settlement Conference, as did the following intervenors:

Canadian Manufacturers & Exporters (CME)
Consumers Council of Canada (CCC)
Direct Energy Marketing Limited (Direct)
ECNG Energy L.P. (ECNG)
Federation of Rental-Housing Providers of Ontario (FRPO)
Just Energy Ontario L.P. (Just Energy)
Superior Energy Management Gas L.P. (Superior)

II. SETTLEMENT PREAMBLE

Enbridge and all intervenors that participated in the Settlement Conference have reached a full settlement of Enbridge’s request for approval of the MDV Proposal. Board Staff takes no position on any aspect of the settlement and is not a party to this Settlement Agreement. If approved by the Board, the settlement reached by the

participating parties leaves no outstanding unresolved issues to be addressed under paragraphs 3 and 4 of Procedural Order No. 4.

The parties to the settlement all agree that this Settlement Agreement is a package and none of the provisions of the Agreement are severable. The parties agree, therefore, that, in the event that the Board does not accept this Settlement Agreement in its entirety, there is no agreement. If the Board does not accept the Settlement Agreement, Enbridge's request for approval of the MDV Proposal will proceed in accordance with the further directions of the Board.

This Settlement Agreement sets out the evidence supporting the agreement reached by the participating parties. The participating parties agree that the evidence is sufficient to support the Settlement Agreement and that the quality and detail of the supporting evidence will provide an appropriate basis for the Board to accept the settlement and to approve the MDV Proposal, should the Board see fit to do so.

None of the participating parties can withdraw from the Settlement Agreement except in accordance with Rule 32 of the *Ontario Energy Board Rules of Practice and Procedure*. According to the Board's *Settlement Conference Guidelines* (p. 3), the parties must consider whether a settlement proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. The participating parties agree that no settled issue requires an adjustment mechanism other than as expressly set forth herein.

III. AGREEMENT OF THE PARTIES

All participating parties agree that the MDV Proposal as filed by Enbridge on April 21, 2010, and as further explained and clarified by Enbridge's answers to interrogatories filed on June 16, 2010, should be approved, subject to the following conditions:

- (a) as stated in the EB-2008-0106 Amended Decision and Order, the total costs of implementing the MDV Proposal will be recorded in a deferral account (the Mean Daily Volume Mechanism Deferral Account, or MDVMDA) and the prudence and disposition of the amounts recorded in the MDVMDA will be determined in a subsequent proceeding;

(b) recovery of costs recorded in the MDVMDA will commence no earlier than upon Board approval of Enbridge's 2011 rates;

(c) Enbridge will complete the work to implement the MDV Proposal within 11 months after the date of Board approval of the MDV Proposal and it will provide updates on the status of the work to the participating parties and to the Board at intervals of 3 months, 6 months and, if needed, 9 months after the date of Board approval; and

(d) Upon implementation of the MDV Proposal, Enbridge will, on a monthly basis, post on to its EnTRAC portal, forecast and actual degree days as well as aggregated forecast and actual consumption data for Direct Purchase customers. Also upon implementation of the MDV Proposal, Enbridge will work with stakeholders to explore potential opportunities to enhance the process through which Direct Purchase customers can suspend or make up gas deliveries to manage their Banked Gas Accounts.

Evidence: The evidence supporting this agreement of the participating parties includes the following:

MDV Proposal filed by Enbridge on April 21, 2010 and attached as Appendix A to Procedural Order No. 3

MDV IR5, 1 to 4	Responses to CME interrogatories
MDV IR10, 1 to 4	Responses to FRPO interrogatories
MDV IR11, 1 to 3	Responses to IGUA interrogatories
MDV IR24, 1 to 8	Responses to Board Staff interrogatories

DATED at Toronto, Ontario, July 15, 2010.