



500 Consumers Road
North York, ON M2J 1P8
P.O. Box 650
Scarborough, ON
M1K 5E3

Bonnie Jean Adams
Regulatory Coordinator, Regulatory Affairs
Tel 416-495-5499
Fax 416-495-6072
Email: EGDRegulatoryProceedings@enbridge.com

November 23, 2010

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")
2011 Rate Adjustment Application
Ontario Energy Board ("Board") File Number EB-2010-0146**

In accordance with the Board's Procedural Order No. 1, dated October 15, 2010, enclosed please find the Settlement Agreement for the above noted proceeding.

Included in the package, please find the following updated exhibit:

- Exhibit A, Tab 1, Schedule 1

The evidence as been filed through the Board's Regulatory Electronic Submission System (RESS) and will be available on the Enbridge website at www.enbridgegas.com/ratecase.

Two paper copies are being forwarded to the Board via courier.

Please contact the undersigned if you have any questions.

Yours truly,

A handwritten signature in blue ink that reads "Bonnie Jean Adams".

Bonnie Jean Adams
Regulatory Coordinator, Regulatory Affairs

cc: Mr. F. Cass, Aird & Berlis LLP (via email and courier)
All Interested Parties EB-2009-0172 (via email)

SETTLEMENT AGREEMENT

November 23, 2010

TABLE OF CONTENTS

<u>ISSUE</u>	<u>DESCRIPTION</u>	<u>Page</u>
	PREAMBLE	3
	OVERVIEW	4
	THE ISSUES	
1	Has Enbridge calculated its proposed distribution revenue requirement, including the assignment of that revenue requirement to the rate classes and the resulting rates, in accordance with the EB-2007-0615 incentive settlement agreement?	
2	Is the forecast of degree days appropriate?	
3	Is the forecast of average use appropriate?	
4	Is the forecast of customer additions appropriate?	
5	Is the gas volume budget appropriate?	
6	Is the amount proposed for the Y factor Power Generation Projects appropriate?	
7	Is the amount proposed for the Y factor DSM Program appropriate?	
8	Is the amount proposed for the Y factor for CIS/Customer Care appropriate?	
9	Is the amount proposed for the Y factor for Gas Cost & Carrying Cost appropriate?	
10	Is it appropriate to establish for 2010 the previously agreed upon list of deferral and variance accounts from the Settlement Agreement in the EB-2007-0615 proceeding, updated to include additional approved accounts as identified in the Company's 2010 rates proceeding (EB-2009-0172)?	
11	Is it appropriate to discontinue for 2011 the Change in Purchased Gas Variance Disposition Methodology DA ("CPGVDMDA")?	

- 12 Is the adjustment calculated for the 2010 Tax Rate and Rule Change Variance Account ("TRRCVA") appropriate? (ref: C/1/2)
- 13 Is the proposed increase in Direct Purchase Administration Charge ("DPAC") appropriate?
- 14 Is it appropriate to clarify the wording in Rider H of the Rate Handbook related to the In Franchise Title Transfer Service charges?
- 15 How should the new rates be implemented?

PREAMBLE

This Settlement Agreement is filed with the Ontario Energy Board (the "Board") in connection with the application of Enbridge Gas Distribution Inc. ("Enbridge"), for an order or orders approving or fixing rates for the sale, distribution, transmission, and storage of gas for 2011.

In Procedural Order No. 1, the Board established the process to address Enbridge's application. The Issues List for this proceeding was established in Procedural Order No. 1 and was updated in Procedural Order No. 2.

A Settlement Conference was held on November 17, 2010. Mr. Ken Rosenberg acted as facilitator for the Settlement Conference. This Settlement Agreement arises from the Settlement Conference.

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

BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER
TORONTO AREA ("BOMA")
CANADIAN MANUFACTURERS & EXPORTERS ("CME")
CONSUMERS COUNCIL OF CANADA ("CCC")
DIRECT ENERGY MARKETING LIMITED ("DE")
ENERGY PROBE RESEARCH FOUNDATION ("ENERGY PROBE")
FEDERATION OF RENTAL-HOUSING PROVIDERS OF ONTARIO ("FRPO")
INDUSTRIAL GAS USERS ASSOCIATION ("IGUA")
JASON STACEY, NATURAL GAS SPECIALIST
JUST ENERGY ONTARIO L.P. ("JUST ENERGY")
ONTARIO ASSOCIATION OF PHYSICAL PLANT ADMINISTRATORS ("OAPPA")
SCHOOL ENERGY COALITION ("SEC")
TRANSCANADA ENERGY LTD. ("TransCanada Energy")
VULNERABLE ENERGY CONSUMER'S COALITION ("VECC")

The Settlement Agreement deals with all of the issues listed at Appendix "A" to the Board's Procedural Order #2, dated October 28, 2010 (the "Issues List").

The description of each issue assumes that all parties participated in the negotiation of the issue, unless specifically noted otherwise. Board Staff takes no position on any issue and, as a result, is not a party to the Settlement Agreement.

It is acknowledged and agreed that none of the completely settled provisions of this Settlement Agreement is severable. If the Board does not, prior to the commencement of the hearing of the evidence in this proceeding, accept the provisions of the Settlement

Agreement in their entirety, there is no Settlement Agreement (unless the parties agree that any portion of the Settlement Agreement that the Board does accept may continue as a valid Settlement Agreement).

Best efforts have been made to identify all of the evidence that relates to each settled issue. 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 Agreement describes the agreements reached on the issues. The Settlement Agreement provides a direct link between each settled issue and the supporting evidence in the record to date. In this regard, the parties are of the view that the evidence provided is sufficient to support the Settlement Agreement in relation to the settled issues 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 issues. In the event that the Board does not accept the proposed settlement of any issue, further evidence may be required on the issue for the Board to consider it fully.

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. Enbridge and the other parties who participated in the Settlement Conference consider that no settled issue requires an adjustment mechanism other than those expressly set forth herein.

None of the parties can withdraw from the Settlement Agreement except in accordance with Rule 32 of the *Ontario Energy Board Rules of Practice and Procedure*. Finally, 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 during the term of Enbridge's current five year Incentive Regulation ("IR") plan, or thereafter.

OVERVIEW

In the EB-2007-0615 proceeding, the Board approved a settlement agreement that prescribes the rate setting approach to be used by Enbridge over the five year Incentive Regulation term from 2008 to 2012.¹ This approach involves the use of a Distribution Revenue Requirement per Customer Formula (the "Adjustment Formula") to adjust the amount to be recovered in rates for each year of the IR term.

¹ EB-2007-0615, Exhibit N1, Tab 1, Schedule 1.

The IR Settlement Agreement requires Enbridge to file prescribed information by October 1st each year, for the purpose of setting rates for the following year. This information is used in the Adjustment Formula to determine the Distribution Revenue Requirement (the “DRR”) for the following year. As part of the filing, the Company also sets out the Total Revenue Requirement to be recovered and the allocation of the DRR to its rate classes, and a rate handbook and supporting documentation detailing how rates have been adjusted.

As set out in this Settlement Agreement, the parties have reached a full settlement of all issues. The resulting average rate impact will be 0.5% or less for all customer classes on a T-service basis (that is, excluding commodity costs).

THE ISSUES

1 Has Enbridge calculated its proposed distribution revenue requirement, including the assignment of that revenue requirement to the rate classes and the resulting rates, in accordance with the EB-2007-0615 incentive settlement agreement?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that Enbridge has calculated its proposed distribution revenue requirement including the assignment of that revenue requirement to the rate classes and resulting rates in accordance with the EB-2007-0615 incentive settlement agreement.²

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-1-1	Rate Adjustment Summary
B-1-2	2010 Revenue per Customer Cap Determination
B-1-3	Inflation Factor
B-1-4	Customer Additions
B-1-5	Gas Volume Budget
B-1-6	Budget Degree Days
B-1-7	Average Use and Economic Assumptions
B-2-1	Y Factor – Power Generation Projects
B-2-2	Y Factor – DSM Program
B-2-3	Y Factor – CIS/Customer Care Cost
B-2-4	Y Factor – Gas Cost & Carrying Cost

² Note that the settlement described under Issue 13, below, has an effect on the amount of the distribution revenue requirement to be recovered through distribution revenues, but it does not impact the level of distribution revenue requirement, which remains at \$988.6 million (Exhibit B, Tab 1, Schedule 2, Page 1, Row 24, Col. 1). As a result of the settlement of Issue 13, the amount of the distribution revenue requirement that will be recovered through distribution revenues rather than DPAC and System Gas Administration Fee revenues is approximately \$276 thousand. The impact of this on distribution rates is minuscule.

B-3-1	2011 Proposed Rates
B-3-2	Rate Schedules
B-3-3	2010 Revenues by Rate Class
B-3-4	Proposed Volumes and Revenue Recovery by Rate Class
B-3-5	Proposed Billed and Unbilled Revenue
B-3-6	Summary of Proposed Rate Change by Rate Class
B-3-7	Calculation of Gas Supply Charges by Rate Class
B-3-8	Detailed Revenue Calculations
B-3-9	Annual Bill Comparison EB-2010-0146 vs EB-2010-0258
B-3-10	Assignment of Revenue Requirement
B-4-1	Gas Cost, Transportation and Storage
B-4-2	Gas Cost Schedules
I-1-1	Board Staff Interrogatory #1
I-2-1	BOMA Interrogatory #3
I-4-11 to 13	FRPO Interrogatories #11 to 13
I-6-2 to 8	TCE Interrogatories #2 to 8
I-7-1- 2 and 9-13 and 17-18	VECC Interrogatories #1, 2 and 9 to 13 and 17 to 18

2 Is the forecast of degree days appropriate?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that the forecast of degree days is appropriate.

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-1-6	Budget Degree Days
I-4-6 to 8	FRPO Interrogatories #6 to 8

3 Is the forecast of average use appropriate?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that the forecast of average use is appropriate.

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-1-7	Average Use and Economic Assumptions
I-4-9 to 10	FRPO Interrogatories #9 and 10
I-7-6	VECC Interrogatory #6

4 Is the forecast of customer additions appropriate?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that the forecast of customer additions is appropriate.

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-1-4	Customer Additions
I-1-2	Board Staff Interrogatory #2
I-7-3	VECC Interrogatory #3

5 Is the gas volume budget appropriate?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that the gas volume budget is appropriate.

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-1-5	Gas Volume Budget
B-3-7	Calculation of Gas Supply Charges by Rate Class
B-4-1	Gas Cost, Transportation and Storage
B-4-2	Gas Cost Schedules
I-1- 3	Board Staff Interrogatory # 3
I-4-1 to 5	FRPO Interrogatories #1 to 5
I-7-4 to 5	VECC Interrogatories #4 and 5

6 Is the amount proposed for the Y factor Power Generation Projects appropriate?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that the amount proposed for the Y factor Power Generation Projects is appropriate.

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-2-1	Y Factor – Power Generation Projects
I-2-2	BOMA Interrogatory #2
I-6-1	TCE Interrogatory #1

7 Is the amount proposed for the Y factor DSM Program appropriate?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that the amount proposed for the Y factor DSM Program is appropriate.

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-2-2	Y Factor – DSM Program
I-1-4	Board Staff Interrogatory #4
I-2-1 and 3	BOMA Interrogatories #1 and 3
I-7-7	VECC Interrogatory #7

8 Is the amount proposed for the Y factor for CIS/Customer Care appropriate?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that the amount proposed for the Y factor for CIS and Customer Care is appropriate.

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-2-3	Y Factors – CIS/Customer Care Cost
E-2-1	Customer Care and CIS Settlement Template

9 Is the amount proposed for the Y factor – Gas Cost & Carrying Cost appropriate?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that the amount proposed for the Y factor for Gas Cost and related carrying costs is appropriate.

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-2-4	Y Factor – Gas Cost & Carrying Cost
B-4-1	Gas Cost, Transportation and Storage
B-4-2	Gas Cost Schedules

10 Is it appropriate to establish for 2011 the previously agreed upon list of deferral and variance accounts from the Settlement Agreement in the EB-2007-0615 proceeding, updated to include additional approved accounts as identified in the Company's 2010 rates proceeding (EB-2009-0172)?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that it is appropriate to establish for 2011 the previously agreed upon list of deferral and variance accounts from the Settlement Agreement in the EB-2007-0615 proceeding, as well as the additional approved accounts as identified in the Company's 2010 rates proceeding (EB-2009-0172).

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-5-1	Deferral & Variance Accounts – Actual Balances
C-1-1	Deferral & Variance Accounts
I-7-15,17 and 18	VECC Interrogatories #14 to 16

11 Is it appropriate to discontinue for 2011 the Change in Purchased Gas Variance Disposition Methodology DA (“CPGVDMDA”)?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that it is appropriate to discontinue the CPGVDMDA for 2011.

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-7-1	Deferral & Variance Accounts – Actual Balances
C-1-1	Deferral & Variance Accounts

12 Is the adjustment calculated for the 2010 Tax Rate and Rule Change Variance Account (“TRRCVA”) appropriate? (ref: C/1/2)

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that the adjustment calculated for the 2010 TRRCVA is appropriate.

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-7-1	Deferral & Variance Accounts – Actual Balances
C-1-1	Deferral & Variance Accounts
C-1-2	Update of Sharing of Tax Change Savings Forecast Amounts

13 Is the proposed increase in Direct Purchase Administration Charge (“DPAC”) appropriate?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, have reached the following agreement with respect to the DPAC and the System Gas Administration Fee:

(a) the DPAC will remain unchanged at 2010 levels (monthly fixed charge of \$75 per pool and monthly account charge of \$0.21 per account) for the duration of Enbridge’s five year Incentive Regulation term (fiscal years 2011 and 2012);

(b) the System Gas Administration Fee will remain unchanged at the 2010 level of 0.0224 c/m³ for the duration of Enbridge’s five year Incentive Regulation term (fiscal years 2011 and 2012); and

(c) prior to filing the next IR rebasing application with the Board, Enbridge will facilitate a meeting with interested stakeholders to engage in discussion with Enbridge about the DPAC.

IGUA and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-3-1	2011 Proposed Rates
B-3-2	Rate Handbook
I-3-1	Direct Energy Interrogatory #1
I-5-1 to 3	Just Energy Interrogatories #1 to 3

14 Is it appropriate to clarify the wording in Rider H of the Rate Handbook related to the In Franchise Title Transfer Service charges?

For the purposes of settling the issues in this proceeding, all parties, except those noted below, agree that clarifying wording as shown in Appendix A to this Settlement Agreement will be included in Rider H of the Rate Handbook.

DE, Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

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

B-3-1	2011 Proposed Rates
B-3-2	Rate Handbook

15 How should the new rates be implemented?

For the purposes of settling the issues in this proceeding, all parties agree that Enbridge will implement the new 2011 rates arising from this Settlement Agreement on January 1, 2011. In the event that, due to unforeseen circumstances, Enbridge is not able to implement the new 2011 rates on January 1, 2011, all parties agree that Enbridge is entitled to recover the full year impact of the rate changes arising from this Settlement Agreement, regardless of the timing of the implementation of the new rates.

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

A-3-1	Approvals Requested
-------	---------------------

Just Energy and TransCanada Energy take no position on the proposed settlement of this issue.

RIDER:	H	BALANCING SERVICE RIDER
--------	----------	--------------------------------

APPLICABILITY:

This rider is applicable to any Applicant who enters into Gas Delivery Agreement with the Company under any rate.

IN FRANCHISE TITLE TRANSFER SERVICE:

In any Gas Delivery Agreement between the Company and the Applicant, an Applicant may elect to initiate a transfer of natural gas from one of its pools to the pool of another Applicant for the purposes of reducing an imbalance between the Applicant's deliveries and consumption as recorded in its Banked Gas Account or Cumulative Imbalance Account. Elections must be made in accordance with the Company's policies and procedures related to transaction requests under the Gas Delivery Agreement.

The Company will not apply an **Administration** Charge for transfers between pools that have similar Points of Acceptance (i.e. both Ontario or both Western Points of Acceptance). For transfers between pools that have dissimilar Points of Acceptance (i.e. one an Ontario and one a Western Point of Acceptance), the Company will apply the following Administration Charge per transaction to the Applicant transferring the natural gas (i.e. the seller or transferor).

Administration Charge: \$169.00 per transaction

Also, the average cost of transportation as per Rider A for the transferred volume is charged to the Applicant with a Western Point of Acceptance for transfers to an Applicant with an Ontario Point of Acceptance.
The average cost of transportation as per Rider A for the transferred volume is remitted to the Applicant with a Western Point of Acceptance for transfers from an Applicant with an Ontario Point of Acceptance.

ENHANCED TITLE TRANSFER SERVICE:

In any Gas Delivery Agreement between the Company and the Applicant, the Applicant may elect to initiate a transfer of natural gas between the Company and another utility, regulated by the Ontario Energy Board, at Dawn for the purposes of reducing an imbalance between the customer's deliveries and consumption within the Enbridge Gas Distribution franchise areas. The ability of the Company to accept such an election may be constrained at various points in time for customers obtaining services under any rate other than Rate 125 or 300 due to operational considerations of the Company.

The cost for this service is separated between an Administration Charge that is applicable to all Applicants and a Bundled Service Charge that is only applicable to Applicants obtaining services under any rate other than Rate 125 or 300.

Administration Charge:
Base Charge \$50.00 per transaction
Commodity Charge \$0.6622 per 10³m³

Bundled Service Charge:
The Bundled Service Charge shall be equal to the absolute difference between the Eastern Zone and Southwest Zone Firm Transportation tolls approved by the National Energy Board for TCPL at a 100% Load Factor.

Also, the average cost of transportation as per Rider A for the transferred volume is charged to the Applicant with a Western Point of Acceptance for transfers to another party. The average cost of transportation as per Rider A for the transferred volume is remitted to the Applicant with a Western Point of Acceptance for transfers from another party.

GAS IN STORAGE TITLE TRANSFER:

An Applicant that holds a contract for storage services under Rate 315 or 316 may elect to initiate a transfer of title to the natural gas currently held in storage between the storage service and another storage service held by the Applicant, or any other Applicant that has contracted with the Company for storage services under Rate 315 or 316. The service will be provided on a firm basis up to the volume of gas that is equivalent to the more restrictive firm withdrawal and injection parameters of the two parties involved in the transfer. Transfer of title at rates above this level may be done on at the Company's discretion.

For Applicants requesting service between two storage service contracts that have like services, each party to the request shall pay an Administration Charge applicable to the request. Services shall be considered to be alike if the injection and deliverability rate at the ratchet levels in effect at the time of the request are the same and both services are firm or both services are interruptible. In addition to like services, the Company, at its sole discretion based on operational conditions, will also allow for the transfer of gas from a storage service contract that has a level of deliverability that is higher than the level of deliverability of the storage service contract the gas is being transferred to with only the Administration Charge being applicable to each party.

In addition to the Administration Charge, Applicants requesting service between two storage service contracts not addressed in the preceding paragraph would be subject to the injection and withdrawal charges specified in their contracts.

Administration Charge: \$25.00 per transaction

EFFECTIVE DATE:	IMPLEMENTATION DATE:	BOARD ORDER:	REPLACING RATE EFFECTIVE:	Page 1 of 1
January 1, 2011	January 1, 2011	EB-2010-0146	October 1, 2010	Handbook 62

