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November 26, 2010

**VIA COURIER**

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

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc. ("EGD" or the "Company")  
Draft Rate Order – 2009 Earnings Sharing Mechanism EB-2010-0042**

Pursuant to the Board's Decision and Order dated November 10, 2010, attached please find the Company's draft materials for inclusion in the Board's Final Rate Order for the 2009 Earnings and Sharing Mechanism docket EB-2010-0042.

The materials for inclusion in the Board's Final Rate Order include the following:

- Appendix "A" – A copy of Exhibit B, Tab 5, Schedule 1, originally filed in the Company's 2011 rate proceeding EB-2010-0146, dated October 1, 2010 indicating the balances and interest for accounts approved in EB-2010-0042 for clearance in January, 2011.
- Appendix "B" – Derivation of Proposed Clearance Unit Rates. The account balances will be cleared to customers as a one-time billing adjustment, shown as a separate line item, on customers' January 2011 bills.
- Appendix "C" – Correspondence received from the Canada Revenue Agency ("CRA") in response to the Company's request for a ruling (excluding the fax cover sheet).

As part of the noted settlement, the Company agreed to seek a ruling from the CRA in regard to the applicable tax rate, either GST or HST, to be applicable on the amounts to be cleared, as follows:

Enbridge agrees to seek a ruling or other binding decision from the Canada Revenue Agency ("CRA") about whether clearance to customers of the balances in the Deferral and Variance Accounts will result in any refund of HST or reduction in HST that would

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otherwise be payable by customers. Should the CRA allow a refund of HST or a reduction in HST otherwise payable, any such HST credit will be passed through to customers, provided always that there will be no expense or outlay by Enbridge or its shareholder to fund or contribute to the HST refund or reduction.

EGD is in receipt of a faxed copy of correspondence from the CRA, dated November 25, 2010, that indicates under the heading **RULING GIVEN**, the following:

Based on the facts set out above, we rule that as the original supply of natural gas to which the adjustment applies was made in 2009, paid as a one-time adjustment to EGDI's customers on their bills for the month of January 2011 is a reduction in consideration for the supply of natural gas by EGDI under subsection 232(2) and GST at 5% would apply to the reduction in consideration.

As a result of the Ruling Given, the one-time billing adjustment in January 2011 stemming from the clearance of the balances in question will attract the GST rate of 5.00%. The CRA correspondence is attached as Appendix C.

The draft materials for the Board's Final Rate Order have been circulated to all parties.

The Company is respectfully requesting that the Board approve and issue the Final Rate Order on or before December 10, 2010 in order that the timetable for the filing and approval January 1, 2011 QRAM and the implementation of 2011 Final Rates resulting from the EB-2010-0146 rate proceeding can be maintained.

Thank you for this consideration.

Yours truly,

A handwritten signature in blue ink, reading "Robert Bourke", with a long horizontal flourish extending to the right.

Robert Bourke  
Manager Regulatory Proceedings

Encl.

cc: Mr. F. D. Cass, Aird & Berlis (via courier)  
EB-2010-0042 Interested Parties (via email only)

## APPENDIX "A"

Copy of Exhibit B, Tab 5, Schedule 1

Filed in EB-2010-0146

ENBRIDGE GAS DISTRIBUTION INC.  
 DEFERRAL & VARIANCE ACCOUNTS  
 FOR FUTURE CLEARANCE

Line No.	Account Description	Account Acronym	Col. 1	Col. 2	Col. 3	Col. 4
			Accounts approved in EB-2010-0042 for clearance in January 2011		Current estimate of accounts to be cleared commencing July 1, 2011	
			Principal (\$000's)	Interest (\$000's)	Principal (\$000's)	Interest (\$000's)
<u>Non Commodity Related Accounts</u>						
1.	Demand Side Management V/A	2010 DSMVA	-	-	-	-
2.	Demand Side Management V/A	2009 DSMVA	-	-	1,165.1	11.7
3.	Demand Side Management V/A	2008 DSMVA	(73.3)	(56.5)	-	-
4.	Lost Revenue Adjustment Mechanism	2009 LRAM	-	-	(45.7)	(0.3)
5.	Lost Revenue Adjustment Mechanism	2008 LRAM	37.3	0.3	-	-
6.	Shared Savings Mechanism V/A	2009 SSMVA	-	-	5,364.2	32.4
7.	Shared Savings Mechanism V/A	2008 SSMVA	5,803.2	46.3	-	-
8.	Class Action Suit D/A	2010 CASDA	4,709.5	450.0 <sup>1</sup>	4,709.5	450.0 <sup>1</sup>
9.	Deferred Rebate Account	2010 DRA	-	-	2,169.9	26.0
10.	Deferred Rebate Account	2009 DRA	-	-	-	-
11.	Gas Distribution Access Rule Costs D/A	2010 GDARCDCA	-	-	-	- <sup>2</sup>
12.	Gas Distribution Access Rule Costs D/A	2009 GDARCDCA	2,838.8	- <sup>3</sup>	-	-
13.	Ontario Hearing Costs V/A	2009 OHCVA	19.1	0.1	-	-
14.	Manufactured Gas Plant D/A	2010 MGPDA	-	-	-	-
15.	Unbundled Rate Implementation Cost D/A	2010 URICDA	-	-	90.0	0.9
16.	Open Bill Service D/A	2009/10 OBSDA	87.7	3.0	87.7	3.0
17.	Open Bill Access V/A	2009/10 OBAVA	79.5	1.2	79.5	1.2
18.	Municipal Permit Fees D/A	2010 MPFDA	-	-	-	- <sup>2</sup>
19.	Municipal Permit Fees D/A	2009 MPFDA	202.2	- <sup>3</sup>	-	-
20.	Average Use True-Up V/A	2009 AUTUVA	5,626.9	44.8	-	-
21.	Tax Rate and Rule Change V/A	2010 TRRCVA	-	-	970.0	6.0
22.	Tax Rate and Rule Change V/A	2009 TRRCVA	(350.0)	(3.0)	-	-
23.	Earnings Sharing Mechanism D/A	2009 ESMVA	(19,300.0)	(152.2)	-	-
24.	Mean Daily Volume Mechanism D/A	2010 MDVMDA	-	-	-	- <sup>2</sup>
25.	IFRS Transition Costs D/A	2010 IFRSTCDA	-	-	1,733.4	20.1
26.	IFRS Transition Costs D/A	2009 IFRSTCDA	2,091.0	16.8	-	-
27.	Ex-Franchise Third Party Billing Services D/A	2010 EFTPBSDA	-	-	(162.7)	(1.2)
28.	Ex-Franchise Third Party Billing Services D/A	2009 EFTPBSDA	(27.9)	(0.1)	-	-
29.	Total non commodity related accounts		1,744.0	350.7	16,160.9	549.8
<u>Commodity Related Accounts</u>						
30.	Purchased Gas V/A	2010 PGVA	-	-	-	- <sup>4</sup>
31.	Purchased Gas V/A	2009 PGVA	(45,275.2)	(2,690.5)	-	-
32.	Transactional Services D/A	2010 TSDA	-	-	(2,972.9)	(23.3)
33.	Transactional Services D/A	2009 TSDA	(7,062.1)	(59.5)	-	-
34.	Unaccounted for Gas V/A	2009 UAFVA	9,596.7	76.5	-	-
35.	Storage and Transportation D/A	2010 S&TDA	-	-	36.7	0.3
36.	Storage and Transportation D/A	2009 S&TDA	(1,594.8)	(15.9)	-	-
37.	Total commodity related accounts		(44,335.4)	(2,689.4)	(2,936.2)	(23.0)
38.	Total Deferral and Variance Accounts		(42,591.4)	(2,338.7)	13,224.7	526.8

Notes:

- The balances shown in the 2010 CASDA account represent the third (2010) and fourth (2011) installments of the balance approved for recovery over five years (2008-2012) in EB-2007-0731. The third (2010) installment was approved for clearance in January 2011 along with other 2009 deferral accounts. EGD is requesting clearance of the 2011 related installment commencing in July 2011.
- The amounts which will be requested for clearance in relation to the 2010 GDARCDCA, 2010 MPFDA, and 2010 MDVMDA will be determined within a revenue requirement calculation as referenced on page 1 of this exhibit. EGD will bring these amounts forward within the presentation of deferral and variance accounts within the 2010 ESM review application and proceeding.
- The balances in the 2009 GDARCDCA and MPFDA accounts are the revenue requirements approved for clearance in the EB-2010-0042 proceeding.
- The PGVA is now cleared through a rolling twelve month forward looking mechanism as approved by the Board within the EB-2008-0106 proceeding. As such, any 2010 or beyond projected PGVA balances are not meaningful to this schedule.

## APPENDIX "B"

### Derivation of Proposed Clearance Unit Rates

**UNIT RATE AND TYPE OF SERVICE: CLEARING IN JANUARY 2011**

	COL.1
	<u>TOTAL</u>
	(¢/m <sup>3</sup> )
<b><u>Bundled Services:</u></b>	
<b>RATE 1</b>	- SYSTEM SALES (0.9104)
	- BUY/SELL 0.0000
	- ONTARIO T-SERVICE (0.0098)
	- WESTERN T-SERVICE 0.1124
<b>RATE 6</b>	- SYSTEM SALES (0.9982)
	- BUY/SELL 0.0000
	- ONTARIO T-SERVICE 0.0181
	- WESTERN T-SERVICE 0.1398
<b>RATE 9</b>	- SYSTEM SALES (2.7396)
	- BUY/SELL 0.0000
	- ONTARIO T-SERVICE (1.3377)
	- WESTERN T-SERVICE (1.2154)
<b>RATE 100</b>	- SYSTEM SALES (6.0193)
	- BUY/SELL 0.0000
	- ONTARIO T-SERVICE 0.7676
	- WESTERN T-SERVICE 0.8898
<b>RATE 110</b>	- SYSTEM SALES (0.4672)
	- BUY/SELL 0.0000
	- ONTARIO T-SERVICE 0.1120
	- WESTERN T-SERVICE 0.2342
<b>RATE 115</b>	- SYSTEM SALES (0.6715)
	- BUY/SELL 0.0000
	- ONTARIO T-SERVICE 0.1787
	- WESTERN T-SERVICE 0.3010
<b>RATE 135</b>	- SYSTEM SALES (1.7018)
	- BUY/SELL 0.0000
	- ONTARIO T-SERVICE 0.0571
	- WESTERN T-SERVICE 0.1793
<b>RATE 145</b>	- SYSTEM SALES (1.1837)
	- BUY/SELL 0.0000
	- ONTARIO T-SERVICE 0.1718
	- WESTERN T-SERVICE 0.2941
<b>RATE 170</b>	- SYSTEM SALES (0.8259)
	- BUY/SELL 0.0000
	- ONTARIO T-SERVICE 0.1289
	- WESTERN T-SERVICE 0.2515
<b>RATE 200</b>	- SYSTEM SALES (1.7120)
	- BUY/SELL 0.0000
	- ONTARIO T-SERVICE 0.0217
	- WESTERN T-SERVICE 0.0000
<b><u>Unbundled Services:</u></b>	
<b>RATE 125</b>	- All (1.9152)
<b>RATE 300</b>	- All (9.5645)

**Determination of Balances to be Cleared  
 from the 2009 Deferral and Variance Accounts**

ITEM NO.		COL. 1 PRINCIPAL For CLEARING (\$000)	COL. 2 INTEREST (\$000)	COL. 3 TOTAL For CLEARING (\$000)
	<b>PGVA - COMMODITY COMPONENT</b>			
1.1	COMMODITY	(642,635.1)	(43,698.1)	(686,333.2)
1.2	RIDER C 2009	470,470.8	32,379.3	502,850.1
1.3	INVENTORY ADJUSTMENT	116,444.8	7,918.1	124,362.8
	Subtotal PGVA Commodity	(55,719.6)	(3,400.7)	(59,120.3)
	<b>PGVA - LOAD BALANCING COMPONENT</b>			
1.4	SEASONAL PEAKING	(3,914.2)	(266.1)	(4,180.3)
1.5	SEASONAL DISCRETIONARY	2,022.9	137.5	2,160.4
	Subtotal PGVA Load Balancing	(1,891.3)	(128.6)	(2,019.9)
	<b>PGVA TRANSPORTATION COMPONENT</b>			
1.6	PGVA TRANSPORTATION COMPONENT	12,731.4	865.8	13,597.2
1.7	PGVA CURTAILMENT PENALTY COMPONENT	(395.7)	(26.9)	(422.7)
1.	<b>TOTAL PGVA *</b>	(45,275.2)	(2,690.5)	(47,965.7)
2.	TRANSACTIONAL SERVICES D/A	(7,062.1)	(59.5)	(7,121.6)
3.	UNACCOUNTED FOR GAS V/A	9,596.7	76.5	9,673.2
4.	STORAGE AND TRANSPORTATION D/A	(1,594.8)	(15.9)	(1,610.7)
5.	DEFERRED REBATE ACCOUNT	0.0	0.0	0.0
6.	DEMAND SIDE MANAGEMENT 2008	(73.3)	(56.5)	(129.8)
7.	LOST REVENUE ADJ MECHANISM 2008	37.3	0.3	37.6
8.	SHARED SAVINGS MECHANISM 2008	5,803.2	46.3	5,849.5
9.	CLASS ACTION SUIT D/A	4,709.5	450.0	5,159.5
10.	ONTARIO HEARING COSTS V/A	19.1	0.1	19.2
11.	GAS DISTRIBUTION ACCESS RULE D/A	2,838.8	0.0	2,838.8
12.	AVERAGE USE TRUE-UP V/A	5,626.9	44.8	5,671.7
13.	IFRS TRANSITION COSTS D/A	2,091.0	16.8	2,107.8
14.	MUNICIPAL PERMIT FEES D/A	202.2	0.0	202.2
15.	OPEN BILL SERVICE D/A	87.7	3.0	90.7
16.	OPEN BILL ACCESS V/A	79.5	1.2	80.7
17.	EX-FRANCHISE THIRD PARTY BILLING SERVICES D/A	(27.9)	(0.1)	(28.0)
18.	TAX RATE & RULE CHANGE V/A	(350.0)	(3.0)	(353.0)
19.	EARNINGS SHARING MECHANISM	(19,300.0)	(152.2)	(19,452.2)
20.	<b>TOTAL</b>	(42,591.4)	(2,338.7)	(44,930.1)

\* Note: "Total PGVA" is the final balance for the 2009 PGVA. The Company has implemented the 12-month rolling Rider C methodology as approved by the Board in EB-2008-0106 effective January 1, 2010. Consequently, 2009 is the last year-end true-up of the PGVA.

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 (DRR) (\$000)	DIRECT (\$000)	NUMBER OF CUSTOMERS (\$000)	RATE BASE (\$000)	INVENTORY (SALES SERVICE) (\$000)
<b>CLASSIFICATION</b>											
<b>PGVA - COMMODITY COMPONENT</b>											
1.1 COMMODITY	(686,333.2)		(686,333.2)								
1.2 RIDER C 2009	502,850.1							502,850.1			124,362.8
1.3 INVENTORY ADJUSTMENT	124,362.8							502,850.1	0.0	0.0	124,362.8
Subtotal PGVA Commodity	(59,120.3)	0.0	(686,333.2)	0.0	0.0	0.0	0.0				
<b>PGVA - LOAD BALANCING COMPONENT</b>											
1.4 SEASONAL PEAKING	(4,180.3)					(4,180.3)					
1.5 SEASONAL DISCRETIONARY	2,160.4				2,160.4						
Subtotal PGVA Load Balancing	(2,019.9)	0.0	0.0	0.0	2,160.4	(4,180.3)	0.0				
<b>PGVA - TRANSPORTATION COMPONENT</b>											
1.6 PGVA TRANSPORTATION COMPONENT	13,597.2	13,597.2									
1.7 PGVA CURTAILMENT PENALTY COMPONENT	(4,227.7)					(211.3)		(211.3)			
1. TOTAL PGVA*	(47,965.7)	13,597.2	(686,333.2)	0.0	2,160.4	(4,391.7)	0.0	502,638.8	0.0	0.0	124,362.8
2. TRANSACTIONAL SERVICES DIA	(7,121.6)	(2,923.1)			(2,163.3)	(2,035.3)					
3. UNACCOUNTED FOR GAS VIA	9,673.2			9,673.2							
4. STORAGE AND TRANSPORTATION DIA	(1,610.7)				(829.9)	(780.8)					
5. DEFERRED REBATE ACCOUNT	0.0			0.0							
6. DEMAND SIDE MANAGEMENT 2008	(129.8)							(129.8)			
7. LOST REVENUE ADJ MECHANISM 2008	37.6							37.6			
8. SHARED SAVINGS MECHANISM 2008	5,849.5							5,849.5			
9. CLASS ACTION SUIT DIA	5,159.5								5,159.5	19.2	
10. ONTARIO HEARING COSTS VIA	19.2										
11. GAS DISTRIBUTION ACCESS RULE DIA	2,838.8								2,838.8		
12. AVERAGE USE TRUE-UP VIA	5,671.7							5,671.7			
13. IFRS TRANSITION COSTS DIA	2,107.8						2,107.8				
14. MUNICIPAL PERMIT FEES DIA	202.2									202.2	
15. OPEN BILL SERVICE DIA	90.7								90.7		
16. OPEN BILL ACCESS VIA	80.7								80.7		
17. EX-FRANCHISE THIRD PARTY BILLING SERVICES DIA	(28.0)								(28.0)		
18. TAX RATE & RULE CHANGE VIA	(353.0)									(353.0)	
19. EARNINGS SHARING MECHANISM	(19,452.2)										
20. TOTAL	(44,930.1)	10,674.1	(686,333.2)	9,673.2	(832.7)	(7,207.8)	(19,452.2)	514,067.8	8,141.7	(131.6)	124,362.8
<b>ALLOCATION</b>											
1.1 RATE 1	(26,898.7)	5,474.9	(398,873.3)	4,063.9	(399.8)	(3,737.3)	(11,650.0)	297,328.4	7,471.4	(88.2)	73,510.4
1.2 RATE 6	(16,732.0)	4,485.8	(247,067.4)	3,753.0	(367.2)	(3,265.3)	(4,854.6)	183,619.7	667.4	(37.8)	46,334.5
1.3 RATE 9	(31.7)	1.5	(135.7)	1.1	0.0	(0.0)	(18.0)	118.9	0.1	(0.2)	0.6
1.4 RATE 100	(340.5)	91.6	(2,223.8)	85.9	(8.6)	(76.5)	(113.7)	1,484.2	0.5	(0.9)	420.8
1.5 RATE 110	419.2	191.8	(7,645.0)	494.7	(13.0)	(51.4)	(226.9)	7,407.8	1.0	(1.5)	261.6
1.6 RATE 115	809.1	21.4	(557.7)	397.8	(2.5)	(12.9)	(120.3)	1,060.7	0.2	(0.7)	23.0
1.7 RATE 125	(116.7)	0.0	0.0	0.0	0.0	0.0	(115.9)	0.0	0.0	(0.7)	0.0
1.8 RATE 135	49.5	30.5	(71.7)	44.4	0.0	0.0	(14.5)	60.7	0.1	(0.1)	0.0
1.9 RATE 145	151.8	105.2	(3,288.8)	212.7	(12.7)	0.0	(98.3)	2,884.5	0.8	(0.6)	349.1
1.10 RATE 170	(14.9)	112.6	(9,845.7)	466.2	(18.0)	0.0	(84.2)	8,858.3	0.1	(0.6)	496.3
1.11 RATE 200	(2,215.3)	158.9	(16,624.3)	153.6	(10.9)	(64.5)	(38.9)	11,244.4	0.0	(0.4)	2,966.7
1.12 RATE 300	(9.1)	0.0	0.0	0.0	0.0	0.0	(9.0)	0.0	0.0	(0.1)	0.0
1.	(44,930.1)	10,674.1	(686,333.2)	9,673.2	(832.7)	(7,207.8)	(17,344.4)	514,067.8	8,141.7	(131.6)	124,362.8

\* Note: "Total PGVA" is the final balance for the 2009 PGVA. The Company has implemented the 12-month rolling Rider C methodology as approved by the Board in EB-2008-0106 effective January 1, 2010. Consequently, 2009 is the last year-end true-up of the PGVA.



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 (\$000)	SALES AND WBT (\$000)	TOTAL SALES (\$000)	TOTAL DELIVERIES (\$000)	SPACE (\$000)	DELIVE- RABILITY (\$000)	DISTRIBUTION REV REQ (DRR) (\$000)	DIRECT (\$000)	NUMBER OF CUSTOMERS (\$000)	RATE BASE (\$000)	INVENTORY (SALES SERVICE) (\$000)
<b>Bundled Services:</b>											
<b>RATE 1</b>											
- SYSTEM SALES	(28,401.7)	3,813.5	(398,873.3)	2,671.6	(262.8)	(2,456.9)	(7,658.7)	296,000.9	4,911.7	(58.0)	73,510.4
- 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	(26.1)	0.0	0.0	228.4	(22.5)	(210.0)	(654.6)	217.7	419.8	(5.0)	0.0
- WBT	1,528.1	1,661.4	0.0	1,164.0	(114.5)	(1,070.4)	(3,336.7)	1,109.8	2,139.9	(25.3)	0.0
<b>RATE 6</b>											
- SYSTEM SALES	(19,289.4)	2,362.1	(247,067.4)	1,654.8	(164.2)	(1,460.2)	(2,171.0)	180,944.6	294.3	(16.9)	46,334.5
- 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	128.7	0.0	0.0	610.4	(58.9)	(524.1)	(779.2)	778.2	108.5	(6.1)	0.0
- WBT	2,428.7	2,123.7	0.0	1,487.8	(144.1)	(1,280.9)	(1,904.4)	1,896.9	264.6	(14.8)	0.0
<b>RATE 9</b>											
- SYSTEM SALES	(29.1)	1.3	(135.7)	0.9	0.0	(0.0)	(15.1)	118.9	0.1	(0.1)	0.6
- 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	(0.8)	0.0	0.0	0.0	0.0	(0.0)	(0.8)	0.0	0.0	(0.0)	0.0
- WBT	(1.9)	0.2	0.0	0.1	0.0	(0.0)	(2.2)	0.0	0.0	(0.0)	0.0
<b>RATE 100</b>											
- SYSTEM SALES	(1,046.9)	21.3	(2,223.8)	14.9	(1.5)	(13.3)	(19.7)	754.4	0.1	(0.2)	420.8
- 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	194.8	0.0	0.0	21.7	(2.2)	(19.4)	(28.8)	223.5	0.1	(0.2)	0.0
- WBT	511.7	70.3	0.0	49.2	(4.9)	(43.8)	(65.2)	506.3	0.3	(0.5)	0.0
<b>RATE 110</b>											
- SYSTEM SALES	(279.4)	73.1	(7,645.0)	51.2	(1.3)	(5.3)	(23.5)	7,009.9	0.1	(0.2)	261.6
- 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	471.1	0.0	0.0	360.3	(9.4)	(37.4)	(165.3)	323.3	0.7	(1.1)	0.0
- WBT	227.5	118.7	0.0	83.2	(2.2)	(8.6)	(38.2)	74.6	0.2	(0.2)	0.0
<b>RATE 115</b>											
- SYSTEM SALES	(29.3)	5.3	(557.7)	3.7	(0.0)	(0.1)	(1.1)	497.6	0.0	(0.0)	23.0
- 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	798.8	0.0	0.0	382.8	(2.4)	(12.4)	(115.7)	547.0	0.2	(0.6)	0.0
- WBT	39.6	16.1	0.0	11.3	(0.1)	(0.4)	(0.2)	16.1	0.0	(0.0)	0.0
<b>RATE 135</b>											
- SYSTEM SALES	(9.5)	0.7	(71.7)	0.5	0.0	0.0	(0.2)	61.2	0.0	(0.0)	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	15.4	0.0	0.0	23.1	0.0	0.0	(7.5)	0.0	0.1	(0.0)	0.0
- WBT	43.7	29.8	0.0	20.9	0.0	0.0	(6.8)	(0.2)	0.1	(0.0)	0.0
<b>RATE 145</b>											
- SYSTEM SALES	(304.5)	31.4	(3,288.8)	22.0	(1.3)	0.0	(10.2)	2,593.2	0.1	(0.1)	349.1
- 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	278.9	0.0	0.0	139.0	(8.3)	0.0	(64.3)	212.3	0.5	(0.4)	0.0
- WBT	177.4	73.8	0.0	51.7	(3.1)	0.0	(23.9)	78.9	0.2	(0.1)	0.0
<b>RATE 170</b>											
- SYSTEM SALES	(636.0)	94.1	(9,845.7)	65.9	(2.5)	0.0	(11.9)	8,567.9	0.0	(0.1)	486.3
- 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	583.2	0.0	0.0	387.4	(15.0)	0.0	(69.9)	281.1	0.1	(0.5)	0.0
- WBT	37.9	18.4	0.0	12.9	(0.5)	0.0	(2.3)	9.4	0.1	(0.0)	0.0
<b>RATE 200</b>											
- SYSTEM SALES	(2,226.0)	158.9	(16,624.3)	111.3	(7.9)	(46.8)	(28.2)	11,244.4	0.0	(0.3)	2,966.7
- 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	10.7	0.0	0.0	42.2	(3.0)	(17.7)	(10.7)	0.0	0.0	(0.1)	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
<b>Unbundled Services:</b>											
<b>RATE 125</b>											
	(116.7)	0.0	0.0	0.0	0.0	0.0	(115.9)	0.0	0.0	(0.7)	0.0
<b>RATE 300</b>											
	(9.1)	0.0	0.0	0.0	0.0	0.0	(9.0)	0.0	0.0	(0.1)	0.0
	(44,930.1)	10,674.1	(686,333.2)	9,673.2	(832.7)	(7,207.8)	(17,344.4)	514,067.8	8,141.7	(131.6)	124,362.8

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 (\$/m <sup>3</sup> )	SALES AND WBT (\$/m <sup>3</sup> )	TOTAL SALES (\$/m <sup>3</sup> )	TOTAL DELIVERIES (\$/m <sup>3</sup> )	SPACE (\$/m <sup>3</sup> )	DELIV- RABILITY (\$/m <sup>3</sup> )	DISTRIBUTION REV REQ (D/R) (\$/m <sup>3</sup> )	DIRECT (\$/m <sup>3</sup> )	NUMBER OF CUSTOMERS (\$/m <sup>3</sup> )	RATE BASE (\$/m <sup>3</sup> )	INVENTORY (SALES SERVICE) (\$/m <sup>3</sup> )
<b>Bundled Services:</b>											
<b>RATE 1</b>											
- SYSTEM SALES	(0.9104)	0.1222	(12.7856)	0.0856	(0.0084)	(0.0788)	(0.2455)	9.4881	0.1574	(0.0019)	2.3563
- 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	0.0856	(0.0084)	(0.0788)	(0.2455)	0.0816	0.1574	(0.0019)	0.0000
- WESTERN T-SERVICE	0.1124	0.1222	0.0000	0.0856	(0.0084)	(0.0788)	(0.2455)	0.0816	0.1574	(0.0019)	0.0000
<b>RATE 6</b>											
- SYSTEM SALES	(0.9862)	0.1222	(12.7856)	0.0856	(0.0085)	(0.0756)	(0.1123)	9.3638	0.152	(0.0069)	2.3978
- 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	0.0181	0.0000	0.0000	0.0856	(0.0083)	(0.0735)	(0.1093)	0.1092	0.152	(0.0069)	0.0000
- WESTERN T-SERVICE	0.1396	0.1222	0.0000	0.0856	(0.0083)	(0.0737)	(0.1096)	0.1092	0.152	(0.0069)	0.0000
<b>RATE 9</b>											
- SYSTEM SALES	(2.7396)	0.1222	(12.7856)	0.0856	0.0000	(0.0012)	(1.4185)	11.2080	0.0087	(0.0123)	0.0535
- 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	(1.3377)	0.0000	0.0000	0.0856	0.0000	(0.0012)	(1.4185)	0.0000	0.0000	(0.0123)	0.0000
- WESTERN T-SERVICE	(1.2154)	0.1222	0.0000	0.0856	0.0000	(0.0012)	(1.4185)	0.0000	0.0087	(0.0123)	0.0000
<b>RATE 100</b>											
- SYSTEM SALES	(6.0193)	0.1222	(12.7856)	0.0856	(0.0086)	(0.0763)	(0.1134)	4.3375	0.0005	(0.0009)	2.4196
- 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	0.7676	0.0000	0.0000	0.0856	(0.0086)	(0.0763)	(0.1134)	0.8805	0.0005	(0.0009)	0.0000
- WESTERN T-SERVICE	0.8898	0.1222	0.0000	0.0856	(0.0086)	(0.0763)	(0.1134)	0.8805	0.0005	(0.0009)	0.0000
<b>RATE 110</b>											
- SYSTEM SALES	(0.4672)	0.1222	(12.7856)	0.0856	(0.0022)	(0.0089)	(0.0393)	11.7236	0.0002	(0.0003)	0.4374
- 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	0.1120	0.0000	0.0000	0.0856	(0.0022)	(0.0089)	(0.0393)	0.0768	0.0002	(0.0003)	0.0000
- WESTERN T-SERVICE	0.2342	0.1222	0.0000	0.0856	(0.0022)	(0.0089)	(0.0393)	0.0768	0.0002	(0.0003)	0.0000
<b>RATE 115</b>											
- SYSTEM SALES	(0.6715)	0.1222	(12.7856)	0.0856	(0.0005)	(0.0028)	(0.0259)	11.4082	0.0000	(0.0001)	0.5274
- 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	0.1787	0.0000	0.0000	0.0856	(0.0005)	(0.0028)	(0.0259)	0.1224	0.0000	(0.0001)	0.0000
- WESTERN T-SERVICE	0.3010	0.1222	0.0000	0.0856	(0.0005)	(0.0028)	(0.0259)	0.1224	0.0000	(0.0001)	0.0000
<b>RATE 135</b>											
- SYSTEM SALES	(1.7018)	0.1222	(12.7856)	0.0856	0.0000	0.0000	0.0000	10.9038	0.0003	(0.0001)	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	0.0571	0.0000	0.0000	0.0856	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
- WESTERN T-SERVICE	0.1793	0.1222	0.0000	0.0856	0.0000	0.0000	0.0000	0.0000	0.0003	(0.0001)	0.0000
<b>RATE 145</b>											
- SYSTEM SALES	(1.1837)	0.1222	(12.7856)	0.0856	(0.0051)	0.0000	(0.0396)	10.0816	0.0003	(0.0002)	1.3571
- 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	0.1718	0.0000	0.0000	0.0856	(0.0051)	0.0000	(0.0396)	0.1308	0.0003	(0.0002)	0.0000
- WESTERN T-SERVICE	0.2941	0.1222	0.0000	0.0856	(0.0051)	0.0000	(0.0396)	0.1308	0.0003	(0.0002)	0.0000
<b>RATE 170</b>											
- SYSTEM SALES	(0.8259)	0.1222	(12.7856)	0.0856	(0.0033)	0.0000	(0.0155)	11.1263	0.0000	(0.0001)	0.6445
- 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	0.1289	0.0000	0.0000	0.0856	(0.0033)	0.0000	(0.0155)	0.0621	0.0000	(0.0001)	0.0000
- WESTERN T-SERVICE	0.2515	0.1222	0.0000	0.0856	(0.0033)	0.0000	(0.0155)	0.0621	0.0000	(0.0001)	0.0000
<b>RATE 200</b>											
- SYSTEM SALES	(1.7120)	0.1222	(12.7856)	0.0856	(0.0061)	(0.0360)	(0.0217)	8.6480	0.0000	(0.0002)	2.2817
- 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	0.0217	0.0000	0.0000	0.0856	(0.0061)	(0.0360)	(0.0217)	0.0000	0.0000	(0.0002)	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
<b>Unbundled Services:</b>											
<b>RATE 125</b>											
- All	(1.9152)	0.0000	0.0000	0.0000	0.0000	0.0000	(1.9031)	0.0000	0.0000	(0.0120)	0.0000
<b>RATE 300</b>											
- All	(9.5645)	0.0000	0.0000	0.0000	0.0000	0.0000	(9.4795)	0.0000	0.0000	(0.0850)	0.0000

Note: (1) Unit Rates derived based on 2009 actual volumes

**Enbridge Gas Distribution Inc.  
 2009 Deferral and Variance Account Clearing  
 Bill Adjustment in January 2011 for Typical Customers**

Item No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
			Unit Rates			Bill Adjustment		
	<b><u>GENERAL SERVICE</u></b>	Annual Volume m <sup>3</sup>	<u>Sales</u> cents/m <sup>3</sup>	<u>Ontario TS</u> cents/m <sup>3</sup>	<u>Western TS</u> cents/m <sup>3</sup>	<u>Sales</u> <u>Customers</u> \$	<u>Ontario TS</u> <u>Customers</u> \$	<u>Western TS</u> <u>Customers</u> \$
1.1	<b>RATE 1 RESIDENTIAL</b>							
1.2	Heating & Water Heating	3,064	(0.9104)	(0.0098)	0.1124	(28)	(0)	3
2.1	<b>RATE 6 COMMERCIAL</b>							
2.2	General Use	43,285	(0.9982)	0.0181	0.1398	(432)	8	61
	<b><u>CONTRACT SERVICE</u></b>							
3.1	<b>RATE 100</b>							
3.2	Industrial - small size	339,188	(6.0193)	0.7676	0.8898	(20,417)	2,604	3,018
4.1	<b>RATE 110</b>							
4.2	Industrial - small size, 50% LF	598,568	(0.4672)	0.1120	0.2342	(2,797)	670	1,402
4.3	Industrial - avg. size, 75% LF	9,976,120	(0.4672)	0.1120	0.2342	(46,612)	11,171	23,366
5.1	<b>RATE 115</b>							
5.2	Industrial - small size, 80% LF	4,471,609	(0.6715)	0.1787	0.3010	(30,028)	7,992	13,458
6.1	<b>RATE 135</b>							
6.2	Industrial - Seasonal Firm	598,567	(1.7018)	0.0571	0.1793	(10,186)	341	1,073
7.1	<b>RATE 145</b>							
	Commercial - small size	598,568	(1.1837)	0.1718	0.2941	(7,085)	1,028	1,760
8.1	<b>RATE 170</b>							
8.2	Industrial - avg. size, 75% LF	9,976,120	(0.8259)	0.1289	0.2515	(82,390)	12,862	25,089

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

## APPENDIX “C”

Correspondence received from the Canada Revenue Agency

Canada Revenue  
AgencyAgence du revenu  
du Canada

Ontario Region  
LPRA Division – GST/HST Rulings  
PO Box 2220  
55 Bay Street North  
Hamilton ON L8N 3E1

Enbridge Gas Distribution Inc.  
500 Consumers Road  
North York ON M2J 1P8

Case Number: 129334  
Business Number: 105205140

Attention: Enzo Baldan  
Manager, Tax Services

November 25, 2010

Dear Mr. Baldan:

**Subject: GST/HST RULING**  
**Refund of overcharges to customers**

Thank you for your fax of September 24, 2010, concerning the application of the Goods and Services Tax (GST)/Harmonized Sales Tax (HST) to the refund of overcharges to customers.

HST applies at the rate of 15% in Nova Scotia, 13% in Ontario, New Brunswick, and Newfoundland and Labrador, and 12% in British Columbia. GST applies at the rate of 5% in the remaining provinces and territories.

All legislative references are to the *Excise Tax Act* (ETA) unless otherwise specified.

## STATEMENT OF FACTS

We understand the following:

1. Enbridge Gas Distribution Inc. (EGDI) is in the business of natural gas distribution in Canada servicing residential, commercial and industrial customers in Toronto, Ottawa, Peel, Dufferin, York, Durham, the Niagara Peninsula, Peterborough, Barrie, Collingwood and other Ontario communities.
2. EGDI provides its customers with a continuous supply of natural gas to their premises by means of its pipeline distribution system.
3. EGDI is subject to the regulatory authority of the Ontario Energy Board (OEB), which controls the rate charged by EGDI to its customers for the distribution, transmission and storage of natural gas and the price charged for natural gas.

4. During the 2009 calendar year, the supply of natural gas was made to EGDI's customers at the OEB approved rate plus 5% GST.
5. During 2009, the OEB approved price exceeded the actual costs associated with the delivery of the taxable supply. As mandated by the OEB, EGDI is not allowed to profit from the sale and delivery of natural gas. Per OEB requirements, the difference was accumulated in approved Deferral and Variance accounts.
6. To clear the difference in the Deferral and Variance accounts, quarterly price adjustments to customer billings were made from April 1, 2009 to March 31, 2010.
7. As of April 30, 2010, the total remaining 2009 balance owed to EGDI customers amounted to \$42.5 million. GST of 5% associated with this balance was collected and remitted to the Canada Revenue Agency (CRA).
8. On June 29, 2010, EGDI received an order from the OEB to refund the remaining 2009 monies (\$42.5 million) owed to its customers. The refund will be reflected as a one-time adjustment on a customer's bills for the month of January 2011. This one-time adjustment will only be paid to those customers who were on record during the 2009 calendar year and will be specific to each customer, based on the actual supply of gas to that customer during 2009 (i.e., their actual gas consumption).

## **RULING REQUESTED**

You would like to know whether the refund constitutes a reduction to the consideration of the supply of gas originally made and therefore subject to section 232 and if so, would GST at 5% or HST at 13% apply to the credit.

## **RULING GIVEN**

Based on the facts set out above, we rule that as the original supply of natural gas to which the adjustment applies was made in 2009, the refund paid as a one-time adjustment to EGDI's customers on their bills for the month of January 2011 is a reduction in consideration for the supply of natural gas by EDGI under subsection 232(2) and GST at 5% would apply to the reduction in consideration.

This ruling is subject to the qualifications in GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*. We are bound by this ruling provided that none of the above issues are currently under audit, objection, or appeal, that no future changes to the ETA, regulations or our interpretative policy affect its validity, and all relevant facts and transactions have been fully disclosed.

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**EXPLANATION**

Under subsection 232(2), EDGI has up to four years after the end of the reporting period in which the consideration was reduced to adjust the amount of tax charged or to refund or credit the tax collected to the recipient.

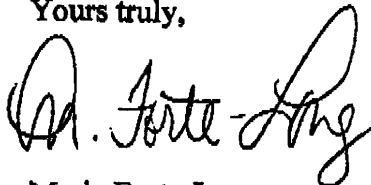
There is no requirement for EDGI to refund, adjust, or credit the GST charged or collected. It is at EDGI's discretion whether the tax is refunded, adjusted or credited. However, it is expected that a refund, adjustment, or credit of the tax will usually be given in instances where the customer is a GST/HST non-registrant.

Where the customer is a GST/HST registrant, EDGI may choose not to refund, adjust or credit the GST previously charged or collected. This may be desirable where EDGI has already accounted for the tax and the customer has already claimed or is entitled to claim a corresponding input tax credit.

For additional information refer to GST/HST Memorandum 12.2, *Refund, Adjustment, or Credit of the GST/HST under Section 232 of the Excise Tax Act*.

If you require clarification with respect to any of the issues discussed in this letter, please call me directly at 905-308-8853. Should you have additional questions on the interpretation and application of GST/HST, please contact a GST/HST Rulings officer at 1-800-959-8287.

Yours truly,



Maria Forte-Long  
GST/HST Rulings Centre