



EB-2011-0226

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Sched. B, as amended;

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an order or orders approving its Customer Care and Customer Information System costs for 2013 to 2018;

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an order or orders amending or varying the rates charged to customers for the sale, distribution, transmission, and storage of gas commencing as of January 1, 2013.

PROCEDURAL ORDER NO. 1

Enbridge Gas Distribution Inc. (“Enbridge”) filed an application dated June 20, 2011 (the “Application”) with the Ontario Energy Board (the “Board”) under section 36 of the *Ontario Energy Board Act, 1998*, S.O. c.15, Sched. B, as amended, for an order or orders approving its Customer Care (“CC”) and Customer Information System (“CIS”) costs for 2013 to 2018. The Board has assigned file number EB-2011-0226 to the Application and issued a Notice of Application dated July 26, 2011 (the “Notice”).

Enbridge has proposed for recovery in rates CC and CIS costs in the following amounts (in millions):

2013	2014	2015	2016	2017	2018
\$120.9	\$123.0	\$125.2	\$127.4	\$129.7	\$132.0

These amounts represent an increase of approximately \$20 million to the amount expected to be spent on CC and CIS costs in 2012 and already approved by the Board.

The Application indicates that Enbridge's current CC arrangements terminate as of April 1, 2012 unless Enbridge gives notice before October 1, 2011 that it wishes to temporarily extend those arrangements. The Application further states that Enbridge has undertaken a comprehensive process, with the active participation of a stakeholder steering committee comprised of representatives of three active intervenors in Enbridge's regulatory proceedings to evaluate customer care arrangement options after April 1, 2012. The Application states that this process has resulted in an agreement with Enbridge's current service provider for an update and extension of the current CC services agreement, but that the agreement is conditional on Enbridge receiving OEB approval for the recovery of costs charged under the agreement by September 15, 2011.

The Board has therefore developed a schedule that may accommodate the timeline requested by Enbridge, but notes that the schedule is quite compressed and that a re-evaluation of these timelines may be required as the matter progresses.

For the purposes of this proceeding, the Board has determined that it will adopt the List of Intervenors approved in the most recent Enbridge rates proceeding, the 2010 Deferral Account and Earnings Sharing proceeding (Board File No. EB-2011-0008). The List of Intervenors is attached as Appendix "B". Parties deemed eligible for an award of costs in the EB-2011-0008 proceeding shall also be eligible to claim an award of costs in this proceeding. Should the Board approve additional interventions as a result of parties responding to the Notice, these parties will be added to the List of Intervenors.

The Board recognizes that the processes scheduled in this or subsequent procedural orders may already be underway at the time these parties are granted status. In these instances, the Board hereby directs Enbridge to ensure that such parties are provided forthwith a complete case record. The Board also directs that new parties may file interrogatories, in accordance with this Procedural Order, even if the scheduled date for submitting interrogatories has passed. Interrogatory responses shall be filed by Enbridge no later than 5 days following the filing of such interrogatories. The Board expects Enbridge to manage and satisfy all parties' requirements for information. Enbridge must provide parties with timely and thorough answers to interrogatories throughout this process.

The Board has also made provision for a settlement conference and the filing of a Settlement Proposal, should a settlement be reached on one or more of the issues in this case. The Board notes that as indicated in the Order below, should a Settlement

Proposal be filed, the Board will require a detailed explanation and justification for the settlement of each settled issue, including a full discussion of the evidentiary basis upon which the settlement was reached.

The Board has attached as Appendix "A" to this Procedural Order a Board Staff Proposed Issues List. The Board has made provision, in this Procedural Order for parties to make comments on the Proposed Issues List.

The Board makes provision for the following procedural matters. Please be aware that further procedural orders may be issued from time to time.

THE BOARD ORDERS THAT:

1. All parties, including Enbridge, wishing to make a submission on the Board Staff Proposed Issues List attached to this Order shall do so on or before **August 3, 2011**.
2. Enbridge may reply to any submission on the Board Staff Proposed Issues List by **August 5, 2011**.
3. Parties seeking information and material on Enbridge's evidence shall request it by written interrogatories filed with the Board and delivered to all the parties no later than **August 10, 2011**.
4. Enbridge shall file complete responses to all the interrogatories with the Board and deliver the responses to the other parties no later than **August 16, 2011**.
5. A technical conference will be held on **August 18, 2011** commencing at 9:30 a.m. in the Board's hearing room at 2300 Yonge Street on the 25th Floor.
6. The responses to any undertakings given at the technical conference shall be filed no later than **August 22, 2011**.
7. A settlement conference will be convened at 9:00 a.m. on **August 23, 2011**, with the objective of reaching a settlement among the parties on all the issues. The settlement conference may continue until **August 26, 2011** if needed. The settlement conference will be held in the Board's hearing room at 2300 Yonge Street, 25th Floor, Toronto, Ontario.

8. Any Settlement Proposal arising from the settlement conference shall be filed with the Board no later than 4:45 p.m. on **September 1, 2011**. Any Settlement Proposal filed shall provide a sufficiently detailed explanation and justification, based on the evidentiary record, for the settlement of each issue, to allow the Board to fully understand the nature of and the basis upon which a settlement was reached.
9. An oral hearing will commence at 9:30 a.m. **September 7, 2011** in the Board's hearing room at 2300 Yonge Street, 25th Floor, Toronto, Ontario. The oral hearing may continue on **September 8 and 9** if needed.

All filings to the Board must quote file number **EB-2011-0226**, be made through the Board's web portal at www.errr.ontarioenergyboard.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address.

Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available you may email your document to the BoardSec@ontarioenergyboard.ca. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file seven paper copies. If you have submitted through the Board's web portal an e-mail is not required. With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Colin Schuch at colin.schuch@ontarioenergyboard.ca and Senior Legal Counsel, Kristi Sebalj at kristi.sebalj@ontarioenergyboard.ca.

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.

DATED at Toronto, July 28, 2011

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX "A"

BOARD STAFF PROPOSED ISSUES LIST

EB-2011-0226

BOARD STAFF PROPOSED ISSUES LIST

Enbridge Customer Care & Customer Information System Costs

EB-2011-0226

1. Are the amounts proposed in the 2013 Template (Line 3) and identified as “New CIS Capital Cost @ Board Approved 36% Equity” appropriate for recovery?
2. Are the amounts proposed in the 2013 Template (Line 4) and identified as “New CIS Hosting and Support” appropriate for recovery?
3. Are the amounts proposed in the 2013 Template (Line 5) and identified as “CIS Backoffice (EGD Staffing)” appropriate for recovery?
4. Are the amounts proposed in the 2013 Template (Line 6) and identified as “SAP Licence Fees” appropriate for recovery?
5. Are the amounts proposed in the 2013 Template (Line 10) and identified as “New Service Provider Contract Cost” appropriate for recovery?
6. Are the amounts proposed in the 2013 Template (Line 10a) and identified as “ACN, MTP & Collection Agency costs” appropriate for recovery?
7. Are the amounts proposed in the 2013 Template (Line 10b) and identified as “MET” appropriate for recovery?
8. Are the amounts proposed in the 2013 Template (Line 10c) and identified as “Postage” appropriate for recovery?
9. Are the amounts proposed in the 2013 Template (Line 11) and identified as “Customer Care Licences” appropriate for recovery?
10. Are the amounts proposed in the 2013 Template (Line 12) and identified as “Customer Care Backoffice (EGD Staffing)” appropriate for recovery?
11. Are the amounts proposed in the 2013 Template (Line 23) and identified as “Total Customer Care Revenue by Year (including repayment of 2007 variance)” appropriate for recovery?
12. Is the proposed opening 2013 Rate Base amount of \$76.9 million for the CIS asset appropriate?
13. Is the annual adjustment factor (or inflation factor) of 1.77580% built into the 2013 Template appropriate?

14. Is it appropriate for the cost recovery to span two 6-year fiscal periods (2007-2012 and 2013-2018 as shown on the 2013 Template) when the economic life of the CIS asset is ten years?
15. Are the efficiency and performance measures that are built into the Accenture contract adequate and appropriate?
16. Are the efficiency and performance measures that are built into all the subject outsourced contracts, other than the Accenture contract, adequate and appropriate?
17. Is Y-Factor treatment of all of the subject costs appropriate in the next generation of the Board's Incentive Ratemaking?
18. Is the nature of the tendering process carried out adequate and appropriate in the circumstances?
19. Should any of proposed costs be classified as Non-Utility costs?
20. Is the benchmarking of costs appropriate for use in the Board's assessment of the reasonableness of the costs?
21. Is the Application consistent with the 2007 Settlement Agreement in all material respects?
22. Is the Application consistent with the existing IRM mechanism and will it be applicable to the future IRM mechanism?
23. Is the rate class cost allocation methodology appropriate?
24. Are the customer bill impacts appropriate?

APPENDIX "B"

APPLICANT AND LIST OF INTERVENORS

EB-2011-0226

**Enbridge Gas Distribution Inc.
EB-2011-0226**

APPLICANT & LIST OF INTERVENORS

July 28, 2011

APPLICANT

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EB-2011-0226**

APPLICANT & LIST OF INTERVENORS

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July 28, 2011

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**Enbridge Gas Distribution Inc.
EB-2011-0226**

APPLICANT & LIST OF INTERVENORS

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July 28, 2011

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**Enbridge Gas Distribution Inc.
EB-2011-0226**

APPLICANT & LIST OF INTERVENORS

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July 28, 2011

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**Enbridge Gas Distribution Inc.
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APPLICANT & LIST OF INTERVENORS

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July 28, 2011

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**Enbridge Gas Distribution Inc.
EB-2011-0226**

APPLICANT & LIST OF INTERVENORS

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July 28, 2011

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**Enbridge Gas Distribution Inc.
EB-2011-0226**

APPLICANT & LIST OF INTERVENORS

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July 28, 2011

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**Enbridge Gas Distribution Inc.
EB-2011-0226**

APPLICANT & LIST OF INTERVENORS

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July 28, 2011

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**Enbridge Gas Distribution Inc.
EB-2011-0226**

APPLICANT & LIST OF INTERVENORS

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July 28, 2011

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**Enbridge Gas Distribution Inc.
EB-2011-0226**

APPLICANT & LIST OF INTERVENORS

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July 28, 2011

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**Enbridge Gas Distribution Inc.
EB-2011-0226**

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July 28, 2011

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**Enbridge Gas Distribution Inc.
EB-2011-0226**

APPLICANT & LIST OF INTERVENORS

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July 28, 2011

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