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September 11, 2012

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")  
Ontario Energy Board File No. EB-2012-0055  
2011 Earnings Sharing Mechanism and Other Deferral and Variance  
Accounts Clearance Review  
Correction to Date - Settlement Proposal**

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Attached please find the corrected Settlement Proposal of Enbridge and interested parties in the above noted proceeding. The date on pages 2 to 14 was inadvertently filed with the wrong date.

Attached please find the corrected Settlement Proposal with the correct date of September 8, 2012 on all pages.

Please contact the undersigned if you have any questions.

Yours truly,

*[original signed by]*

Lorraine Chiasson  
Regulatory Coordinator

cc: Mr. F. Cass, Aird & Berlis LLP  
All Interested Parties in EB-2012-0055

## **SETTLEMENT AGREEMENT**

### **2011 Earnings Sharing and Deferral and Variance Account Clearances**

**August 24, 2012**

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## **PREAMBLE AND OVERVIEW**

This Settlement Agreement is filed with the Ontario Energy Board (the "OEB" or the "Board") in connection with the application of Enbridge Gas Distribution Inc. ("Enbridge" or the "Company"), for an order or orders approving the clearance or disposition of amounts recorded in certain deferral or variance accounts.

In Procedural Order No. 1, the Board established the process to address the application, as well as the Issues List for this proceeding.

A Settlement Conference was held on August 1 and 2, 2012. George Dominy 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:

ASSOCIATION OF POWER PRODUCERS OF ONTARIO (APPRO)  
CANADIAN MANUFACTURERS & EXPORTERS (CME)  
CONSUMERS COUNCIL OF CANADA (CCC)  
ENERGY PROBE RESEARCH FOUNDATION (Energy Probe)  
FEDERATION OF RENTAL-HOUSING PROVIDERS OF ONTARIO (FRPO)  
SCHOOL ENERGY COALITION (SEC)  
VULNERABLE ENERGY CONSUMERS COALITION (VECC)

The Settlement Agreement deals with all of the issues on the Issues List. The first issue ("Are the deferral and variance accounts and balances proposed for disposition appropriate?") is addressed with reference to each of the deferral and variance accounts for which clearance is requested, under items "a" to "t" of Issue 1.

All intervenors listed above participated in the Settlement Conference and subsequent discussions. Board Staff takes no position on any issue and, as a result, is not a party to the Settlement Agreement. Enbridge and all intervenors listed above have agreed to the settlement of the issues as described on the following pages. Any reference to "parties" in this Settlement Agreement is intended to refer to Enbridge and the intervenors listed above. The description of each issue assumes that all parties participated in the negotiation of the issue, unless specifically noted otherwise.

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, then subject to the parties' agreement on non-severability set out in the final paragraph below, 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, whether during the term of Enbridge's current five year Incentive Regulation ("IR") plan, or thereafter.

The parties agree that all positions, negotiations and discussion of any kind whatsoever that took place during the Settlement Conference and all documents exchanged during the conference that were prepared to facilitate settlement discussions are strictly confidential and without prejudice, and inadmissible unless relevant to the resolution of any ambiguity that subsequently arises with respect to the interpretation of any provision of this Settlement Agreement.

It is fundamental to the agreement of the parties that none of the provisions of this Settlement Agreement are 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).

## THE ISSUES

### 1. Are the deferral and variance accounts and balances proposed for disposition on the attached schedule ("Schedule 1") appropriate?

The deferral and variance accounts for which Enbridge seeks clearance are set out in Schedule 1 to Procedural Order No. 1 ("Schedule 1"), which is a reproduction of Ex. A-2-1, Appendix from Enbridge's prefiled evidence. For ease of reference, Schedule 1 is reproduced below.

ENBRIDGE GAS DISTRIBUTION INC.  
DEFERRAL & VARIANCE ACCOUNT  
ACTUAL & FORECAST BALANCES

Schedule 1  
Appendix  
Page 1 of 1

		Col. 1	Col. 2	Col. 3	Col. 4	
		Actual at March 31, 2012		Forecast for clearance at October 1, 2012		
Line No.	Account Description	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	(2,717.1)	(93.6)	(2,717.1)	(113.4)
2.	Lost Revenue Adjustment Mechanism	2010 LRAM	-	-	(42.9)	(0.5)
3.	Shared Savings Mechanism V/A	2010 SSMVA	-	-	4,155.3	25.5
4.	Class Action Suit D/A	2012 CASDA	4,709.5	449.4	4,709.5	484.2
5.	Deferred Rebate Account	2011 DRA	(308.7)	(1.9)	(308.7)	(4.3)
6.	Gas Distribution Access Rule Costs D/A	2011 GDARCD	226.6	1.7	2,758.1	-
7.	Ontario Hearing Costs V/A	2011 OHCVA	(1,031.9)	(4.1)	(1,031.9)	(11.9)
8.	Unbundled Rate Implementation Cost D/A	2011 URICDA	139.7	1.5	139.7	2.7
9.	Municipal Permit Fees D/A	2011 MPFDA	1,082.0	-	429.4	-
10.	Average Use True-Up V/A	2011 AUTUVA	(2,948.9)	(10.8)	(2,948.9)	(32.4)
11.	Tax Rate and Rule Change V/A	2011 TRRCVA	(1,200.0)	(9.1)	(1,200.0)	(18.1)
12.	Earnings Sharing Mechanism D/A	2011 ESM	(14,100.0)	(51.8)	(14,300.0)	(155.6)
13.	Mean Daily Volume Mechanism D/A	2012 MDVMDA	152.1	0.2	616.1	-
14.	Mean Daily Volume Mechanism D/A	2011 MDVMDA	2,537.3	29.2	-	-
15.	Mean Daily Volume Mechanism D/A	2010 MDVMDA	1,280.4	23.5	-	-
16.	Mean Daily Volume Mechanism D/A	2009 MDVMDA	42.4	0.8	-	-
17.	Electric Program Earnings Sharing D/A	2011 EPESDA	(247.5)	(0.9)	(247.5)	(2.7)
18.	Ex-Franchise Third Party Billing Services D/A	2011 EFTPBSDA	(234.4)	(0.9)	(234.4)	(2.7)
19.	Open Bill Service Deferral Account	2012 OBSDA	153.5	1.3	87.7	1.2
20.	Open Bill Access Variance Account	2012 OBAVA	139.0	1.3	79.4	1.1
21.	Total non commodity related accounts		(12,326.0)	335.8	(10,056.2)	173.1
<u>Commodity Related Accounts</u>						
22.	Transactional Services D/A	2011 TSDA	(7,357.0)	(49.2)	(7,357.0)	(103.2)
23.	Unaccounted for Gas V/A	2011 UAFVA	8,536.2	24.5	8,536.2	87.5
24.	Storage and Transportation D/A	2011 S&TDA	(910.0)	(8.7)	(910.0)	(15.3)
25.	Total commodity related accounts		269.2	(33.4)	269.2	(31.0)
26.	Total Deferral and Variance Accounts		(12,056.8)	302.4	(9,787.0)	142.1

Notes:

1. The final 2010 DSMVA, LRAM, and SSMVA balances to be cleared will be those approved in EB-2012-0192.
2. As approved in EB-2007-0731, the CASDA is to be cleared over 5 years (2008 - 2012). The 2008 installment was cleared in July and August 2008, the 2009 installment was cleared in April and May 2010, the 2010 installment was cleared in January 2011, and the 2011 installment was cleared in October 2011. The Company is requesting clearance of the 2012, or fifth and final installment in this proceeding.
3. The forecast 2011 GDARCD and 2011 MPFDA clearance amounts are the result of revenue requirement calculations found in evidence at Ex.C-1-2 and C-1-3.
4. The OHCVA calculation is found in evidence at Ex.C-1-6.
5. The AUTUVA explanation is found in evidence at Ex.C-1-4.
6. The ESMVA explanation is found in evidence at Ex.B-1-1 and B-1-2.
7. The forecast 2012 MDVMDA clearance amount is the result of a revenue requirement calculation, found in evidence at Ex. C-1-5, based on the consolidated balance of the 2009 through 2012 MDVMDA's.
8. The forecast OBSDA and OBAVA balances are in accordance with the EB-2009-0043 approved Settlement Agreement.

The parties have agreed upon the clearance of each of the deferral and variance accounts set out in Schedule 1, in accordance with the provisions of this Settlement Agreement that follow below.

**a. 2010 Demand Side Management V/A (2010 DSMVA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-6-8	VECC Interrogatory #8

**b. 2010 Lost Revenue Adjustment Mechanism (2010 LRAM)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-6-8	VECC Interrogatory #8

**c. 2010 Shared Savings Mechanism V/A (2010 SSMVA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-6-8	VECC Interrogatory #8

**d. 2012 Class Action Suit D/A (2012 CASDA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-6-8	VECC Interrogatory #8

**e. 2011 Deferred Rebate Account (2011 DRA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-6-8	VECC Interrogatory #8

**f. 2011 Gas Distribution Access Rule Costs D/A (2011 GDARCD A)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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



C-1-1	Balances Requested for Clearance at October 1, 2012
C-1-2	Gas Distribution Access Rule Cost Deferral Account explanation
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-6-8 and 9	VECC Interrogatories #8 and 9

#### **g. 2011 Ontario Hearing Costs V/A (2011 OHCVA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-1-6	2011 OHCVA
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-6-8	VECC Interrogatory #8

#### **h. 2011 Unbundled Rate Implementation Cost D/A (2011 URICDA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-6-8	VECC Interrogatory #8

#### **i. 2011 Municipal Permit Fees D/A (2011 MPFDA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-1-3	Municipal Permit Fees Deferral Account explanation
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-6-8	VECC Interrogatory #8

#### **j. 2011 Average Use True-Up V/A (2011 AUTUVA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-1-4	Average Use True Up Variance Account explanation
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-6-8 and 12	VECC Interrogatories #8 and 12

#### **k. 2011 Tax Rate and Rule Change V/A (2011 TRRCVA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-6-8	VECC Interrogatory #8

#### **l. 2011 Earnings Sharing Mechanism D/A (2011 ESMDA)**

There are two unsettled issues with respect to this account, as follows:

- (1) the allocation of costs between regulated gas storage activities and unregulated gas storage activities for the purposes of the 2011 earnings sharing calculation; and
- (2) the amount of the provision for uncollectibles for the purposes of the 2011 earnings sharing calculation.

Notwithstanding these two unsettled issues, it is agreed that the principal balance in the 2011 ESMDA as set out in Schedule 1, together with interest, will be cleared as part of Enbridge's October 1, 2012 Quarterly Rate Adjustment Mechanism (QRAM) application. As set out in more detail below, this clearance of the 2011 ESMDA will be subject to a subsequent true-up.

The first of the two unsettled issues is addressed further under Issue 2, below. With respect to the second of the two unsettled issues, the amount of the provision for

uncollectibles for the purposes of the 2011 earnings sharing calculation will proceed to hearing. If the Board decides that an adjustment should be made to the applied-for provision for uncollectibles used in the earnings sharing calculation for the purposes of the 2011 ESMDA, Enbridge will give effect to that adjustment to the earnings sharing calculation and the 2011 ESMDA as part of the first QRAM application following the Board decision in which it is reasonably practicable to bring forward the adjustment. On the basis of this subsequent true-up mechanism, all parties agree to the interim clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

B-1-1	ESM Calculations
B-1-2	ESM Calculations and Required Rate of Return 2011 Historical Year
B-1-3	Utility Earnings – Comparison of 2011 Historical Year to 2007 Board Approved
B-1-4	Utility Earnings – Reconciliation of 2011 Utility Income to Audited EGDI Consolidated Income
B-1-5	Unregulated Storage Review
B-2-1	Ontario Utility Rate Base – Comparison of 2011 Historical Year to 2010 Historical Year
B-2-2	Ontario Utility Rate Base – Comparison of 2010 Historical Year to 2009 Historical Year
B-2-3	Property, Plant and Equipment Summary Statement – Average of Monthly Averages 2011 Historical
B-2-4	Comparison of Utility Capital Expenditures Actual 2011 to Actual 2010
B-2-5	Comparison of Utility Capital Expenditures Actual 2010 to Actual 2009
B-3-1	Utility Operating Revenue 2011 Historical Year
B-3-2	Comparison of Gas Sales and Transportation Volume by Rate Class 2011 Actual to 2011 Board Approved Budget
B-3-3	Comparison of Gas Sales and Transportation Revenue by Rate Class 2011 Historical Year to 2011 Board Approved Budget
B-3-4	Customers, Volumes and Revenues by Rate Class 2011 Actual
B-3-5	Details of Other Revenue 2011 Historical Year to 2010 Historical Year
B-3-6	Details of Other Revenue 2010 Historical Year to 2009 Historical Year
B-4-1	Operating Cost 2011 Historical Year
B-4-2	Operating and Maintenance Expense by Department Ending December 2011
B-5-1	Required Rate of Return 2011 Historical Year
B-5-2	Utility Income 2011 Historical Year
B-5-3	Cost of Capital 2011 Historical Year
C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
D-1-1	Enbridge Gas Distribution Inc. Consolidated Financial Statements December 31, 2011
D-1-2	Enbridge Gas Distribution Inc. Management's Discussion and Analysis – December 31, 2011
D-1-3	2011 Distributed Energy, Green Energy Initiatives and Fuel Cell Activities
D-2-1	Regulated/Unregulated Storage Cost Allocation
I-1- 2 and 5	Board Staff Interrogatories #2 and 5
I-2-1 to 7	CME Interrogatories #1 to 7
I-3-1 to 5	Energy Probe Interrogatories #1 to 5
I-4-1	FRPO Interrogatory #1
I-5-1 and 2	SEC Interrogatories #1 and 2
I-6-1 to 8	VECC Interrogatories #1 to 8
I-7-4	APPRO Interrogatory #4

**m. 2012 Mean Daily Volume Mechanism D/A (2012 MDVMDA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-1-5	MDVMDA
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-4	Board Staff Interrogatory #4
I-3-6 and 7	Energy Probe Interrogatories #6 and 7

**n. 2011 Electric Program Earnings Sharing D/A (2011 EPESDA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-6-8	VECC Interrogatory #8

**o. 2011 Ex-Franchise Third Party Billing Services D/A (2011 EFTPBSDA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-6-8	VECC Interrogatory #8

**p. 2012 Open Bill Service D/A (2012 OBSDA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-6-8	VECC Interrogatory #8

**q. 2012 Open Bill Access V/A (2012 OBAVA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-6-8	VECC Interrogatory #8

**r. 2011 Transactional Services D/A (2011 TSDA)**

There is one unsettled issue with respect to this account, as follows:

- (1) Has Enbridge treated the upstream transportation optimization revenues appropriately in 2011 in the context of Enbridge's existing IRM Agreement?

Notwithstanding this unsettled issue with respect to the 2011 TSDA, it is agreed that the principal balance in the account as shown in Schedule 1, together with interest, will be cleared as part of Enbridge's October 1, 2012 QRAM application. If the Board decides that there should have been an adjustment to the amount recorded in the 2011 TSDA as shown in Schedule 1, Enbridge will give effect to the adjustment as part of the first QRAM application following the Board decision in which it is reasonably practicable to bring forward the adjustment. On this basis, all parties agree to the interim clearance of the principal balance in the account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

The clearance of the 2011 TSDA will be without prejudice to the rights of all parties to take any position on the unsettled issue relating to the 2011 TSDA.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances

C-2-2	Derivation of Proposed Unit Rates
I-1-3	Board Staff Interrogatory #3
I-2-2	CME Interrogatory #2
I-4-2 and 3	FRPO Interrogatories #2 and 3
I-6-8 and 10	VECC Interrogatories #8 and 10

**s. 2011 Unaccounted for Gas V/A (2011 UAFVA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-6 to 8	Board Staff Interrogatories #6 to 8
I-4-4	FRPO Interrogatory #4
I-6-8 and 11	VECC Interrogatories #8 and 11

**t. 2011 Storage and Transportation D/A (2011 S&TDA)**

There are no unsettled issues with respect to this account. All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out under Issue 3 below.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-6-8	VECC Interrogatory #8

**2. Is the financial impact on the 2011 ESM amount resulting from the proposed methodology for the Allocation of Costs between Regulated and Unregulated Storage Activities appropriate?**

The allocation of costs between Enbridge's regulated and unregulated storage activities is an issue in Enbridge's 2013 rate proceeding, EB-2011-0354. All parties agree that the issue should be addressed in that proceeding and that a determination of the issue should not be made in this proceeding. If, as a result of the EB-2011-0354 proceeding, there is any change to Enbridge's approach to the allocation of costs between regulated and unregulated storage activities that, when applied to the 2011 allocations, would have affected the earnings sharing calculation made for the purposes of the 2011 ESM, there will be a true-up to reflect the outcome that would have occurred if that change to Enbridge's approach to the allocation of costs had been made in this proceeding.

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

B-1-5	Unregulated Storage Review
D-2-1	Regulated/Unregulated Storage Cost Allocation
I-2-7	CME Interrogatory #7
I-5-3 to 5	SEC Interrogatories #3 to 5
I-6-5 and 6	VECC Interrogatories #5 and 6
I-7-1, 5 and 6	APPRO Interrogatories #1, 5 and 6

**3. What are the appropriate unit rates and timing for implementation of the clearances?**

All parties agree that, in accordance with the foregoing provisions of this Settlement Agreement, the principal balances in Enbridge's Deferral and Variance Accounts as set out in Schedule 1, with applicable interest, should be cleared in conjunction with Enbridge's October 1, 2012 QRAM Application. Enbridge will be able to clear the accounts as part of the October 1, 2012 QRAM Application if a Board order authorizing the clearance is issued by September 1, 2012 and, in that event, the balances will be cleared to customers in a single instalment during the October 2012 billing cycle.

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

C-1-1	Balances Requested for Clearance at October 1, 2012
C-2-1	Clearance of Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-4	Board Staff Interrogatory #4
I-3- 7	Energy Probe Interrogatory # 7
I-7-2 and 3	APPRO Interrogatories #2 and 3