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VIA EMAIL, RESS AND COURIER

March 22, 2013

Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: EB-2012-0055 Draft Rate Order

Attached is a Draft Rate Order in EB-2012-0055, which Enbridge Gas Distribution Inc. (Enbridge) is filing with the Board, and providing to all intervenors, in accordance with the Decision and Order of the Board issued on March 14, 2013. The Draft Rate Order reflects the findings made by the Board in the Decision and Order.

According to the Decision and Order, the findings of the Board require Enbridge to "stream" additional 2011 capacity release revenues to ratepayers. The Board directed Enbridge to propose a methodology for disposing of the incremental amount to ratepayers. The incremental amount is the share of net revenues from capacity release transactions that was credited to Enbridge's shareholder in 2011, or $776,300. In order to reflect the findings made in the Decision and Order, Enbridge proposes that this amount will be recorded as a one-time credit adjustment to the transportation component of its Purchased Gas Variance Account (PGVA).

The Board also directed Enbridge to discuss how it proposes to dispose of 2012 capacity release net revenues in the Draft Rate Order filing. During 2012, capacity release net revenues were $18,629,800. According to Enbridge's long-established Transactional Services methodology, $4,657,500 of this amount was credited to Enbridge's shareholder in 2012 and $13,972,300 was recorded in the 2012 Transactional Services Deferral Account (2012 TSDA) for clearance to the credit of ratepayers.

Enbridge will be filing an application with the Board for clearance of the 2012 Earnings Sharing Mechanism Deferral Account and other deferral and variance accounts, including the 2012 TSDA. Enbridge proposes to lead evidence in its 2012 ESM proceeding to support its position that 2012 net revenues from capacity release transactions are appropriately recorded in the 2012 TSDA, in accordance with the approach that has been followed for many years. In the 2012 ESM case, Enbridge will ensure that there is evidence before the Board regarding the financial implications for ratepayers and for Enbridge's shareholder in the event of a conclusion that may be contrary to Enbridge's evidence.

Enbridge submits that 2012 capacity release net revenues are beyond the scope of this 2011 ESM case. The 2012 implications must be considered in the context of the overall 2012 gas supply portfolio and the transactional opportunities available in 2012. Enbridge respectfully submits that it would be inappropriate to prejudge or to form any conclusions about the disposition of 2012 revenues prior to the filing of evidence for the 2012 ESM application.

Enbridge is concerned that, because the 2011 ESM proceeding was essentially a case that involved the clearance of a large number of different deferral and variance accounts, there was not sufficient evidence to give the Board a full understanding of the circumstances and nature of capacity release transactions. However, as is apparent from the net revenue amounts provided above, the magnitude of 2012 capacity release net revenues is much larger - or, in other words, at a much higher level of materiality – than the 2011 net revenues. Enbridge believes that it is not an effective use of the time and resources of the Board and the parties to revisit the issue of capacity release transactions on a review motion in respect of the EB-2012-0055 Decision, given that the amounts at issue are much smaller in 2011 than 2012. Rather, subject to any further directions from the Board, Enbridge proposes to revisit the issue in the 2012 ESM proceeding on the basis of the evidence that it will file in that case to provide the Board with a more comprehensive explanation of capacity release transactions.

Proposed Time Table:

Intervenors and Board staff shall file any comments on the Draft Rate Order with the Board and forward a copy to Enbridge within 14 days of the filing of the Draft Rate Order

Enbridge shall file with the Board and forward a copy to the intervenors and Board staff responses to any comments on its Draft Rate Order within 14 days of the receipt of any submissions.

Yours truly,

[original signed by]

Robert Bourke
Manager Regulatory Proceedings

Encl.

cc: Mr. F. D. Cass, Aird & Berlis (via courier)
All Interested Parties EB-2011-0354 (via email)

DOCUMENTATION SUPPORTING THE FINAL RATE ORDER: EB-2012-0055

The Board issued the Decision and Order in the EB-2012-0055 proceeding on March 14, 2013.

With respect to 2011 upstream transportation optimization revenues the Board found that the capacity release related revenues should be treated as gas cost reductions and should be passed-through, in their entirety, to ratepayers.

In the Decision the Board noted that Enbridge disposed of the 2011 Transactional Services Deferral Account (TSDA) balance as part of its October 2012 QRAM, which included the disposition of capacity release related net revenues.

The findings of the Board in this Decision require Enbridge to stream additional capacity release related revenues to ratepayers and to propose a methodology for disposition of that incremental amount in its Draft Rate Order filing.

The Draft Rate Order reflects the findings made by the Board in the Decision and Order.

2011 TSDA Balance

The 2011 TSDA balance was a refund to ratepayers in the amount of ($7,460.2) thousand.

($7,460.2 K) TSDA Total for Clearing

References:
Exhibit C, Tab 2, Schedule 2, Page 2, Item 1, Col. 3
Exhibit C, Tab 2, Schedule 2, Page 3, Item 1, Col. 1
Exhibit I, Tab 4, Schedule 2, Page 4

The TSDA total refund for clearing was made up from net revenues generated from optimization of storage and upstream transportation as follows:

($000)
($1,795.1) TSDA Storage
($5,665.1) TSDA Transportation
($7,460.2) TSDA Total for Clearing

References:
Exhibit C, Tab 2, Schedule 2, Page 3, Item 1, Col. 1, 2, 5 & 6
Exhibit I, Tab 4, Schedule 2, Page 4

TSDA Transportation net revenues in the amount of ($5,665.1) thousand were refunded to Sales (also known as System Gas) Service and Western Bundled Transportation Service (i.e. Western T-service) customers. These customers receive upstream transportation service and delivery service from the Company but arrange for gas supply on their own (or through their marketer or broker).

Since Sales and Western T-service customers pay for transportation service through the Company's rates, they receive the net revenues of the TSDA associated with the optimization of the Company's upstream transportation contracts.

In contrast, TSDA Storage net revenues were refunded to all bundled customers (i.e. Sales, Western T-service, and Ontario T-service) given that the Company provides storage service to all of its bundled customers.

2011 Capacity Release Related Revenues

The 2011 capacity release related net revenues equalled ($3,105.3) thousand.

References:
Exhibit I, Tab 4, Schedule 2, Page 4

Based on Enbridge's TS revenue sharing agreement, ratepayers receive 75% and shareholders receive 25% of TS net revenues from optimization of transportation contracts.

($000)
($2,329.0) 75% Ratepayers
($ 776.3) 25% Shareholders
($3,105.3) Total Capacity Release Related Revenue

The ratepayer portion of the capacity release related net revenues in the amount of ($2,329.0) thousand had previously been credited / disposed to Sales and Western T-service customers, consistent with the methodology for disposition of TSDA Transportation net revenues as discussed above.

The Company's Proposal Regarding Additional Capacity Release Related Revenues

As a result of the Board's Decision that the capacity release related revenues should be treated as gas cost reductions and should be passed-through, in their entirety, to ratepayers, the additional capacity release related net revenues of ($776.3) thousand need to be streamed to ratepayers.

The Company proposes to dispose of the ($776.3) thousand in additional net revenues as a one-time credit adjustment to the transportation component of its Purchased Gas

Variance Account (PGVA). This is consistent with the Board's finding that capacity release related net revenues should be treated as gas costs reductions. The transportation component of the PGVA is cleared to Sales and Western T-service customers.

The proposed approach disposes of the additional capacity release related revenues to Sales and Western T-service customers, which is consistent with the disposition methodology for TSDA Transportation net revenues.

The proposed one-time adjustment to the transportation component of the PGVA will be implemented as part of July 1, 2013 QRAM and will form part of the Rider C Transportation Rider Component.

Attachment A, which is part of the Company's QRAM exhibits, illustrates the manner in which the Company will make the proposed one-time credit adjustment to the transportation component of the PGVA. Please note that the one-time credit adjustment will equal ($776.3) thousand and will be shown as seen on Attachment. Note, however, that the rest of the figures are illustrative (i.e. they reflect the exhibit as filed within the April 2013 QRAM. The figures will change with the July 2013 QRAM).

ENBRIDGE GAS DISTRIBUTION INC.
Component of the Purchased Gas Variance Account
Gas Acquisition Costs

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12
Item #	Particulars	Purchase Cost $(000)	10^3m^3	Unit Cost $\$/10^3m^3$	Reference Price $\$/10^3m^3$	Unit Rate Difference $\$/10^3m^3$	Monthly Variance $(000)	Forecast Clearance January 1, 2013 QRAM $(000)	Col. 6 minus Col. 7 $(000)	Commodity Component $(000)	Transportation Component $(000)	Load Balancing Component Delivered Supplies $(000)	Load Balancing Component Peaking Supplies $(000)
1	Apr-12	43,735.6	352,191.6	124.181	157.882	(33.701)	(11,869.2)	11,869.2	-	-	-	-	-
2	May-12	56,104.4	427,348.9	131.285	157.882	(26.597)	(11,366.2)	11,366.2	-	-	-	-	-
3	Jun-12	60,899.6	453,876.8	134.176	157.882	(23.706)	(10,759.6)	10,759.6	-	-	-	-	-
4	Jul-12	78,569.7	571,246.9	137.541	159.304	(21.763)	(12,432.0)	12,432.0	-	-	-	-	-
5	Aug-12	83,208.7	607,235.6	137.029	159.304	(22.275)	(13,526.2)	13,526.2	-	-	-	-	-
6	Sep-12	63,669.8	440,777.5	144.449	159.304	(14.855)	(6,547.7)	6,547.7	-	-	-	-	-
7	Oct-12	79,789.8	497,275.6	160.454	166.042	(5.588)	(2,778.8)	3,464.6	685.8	1,058.9	(300.0)	(73.1)	-
8	Nov-12	90,791.1	519,552.5	174.749	166.042	8.707	4,523.7	(4,887.5)	(363.8)	(269.6)	387.6	(88.6)	(393.1)
9	Dec-12	127,034.3	675,152.3	188.156	166.042	22.114	14,930.3	(20,402.7)	(5,472.4)	(6,898.0)	215.6	687.0	523.4
10	Jan-13	144,418.5	769,675.7	187.635	189.211	(1.576)	(1,213.0)	-	(1,213.0)	(7,352.7)	271.5	661.2	5,207.4
11	Feb-13	118,091.0	640,325.8	184.423	189.211	(4.788)	(3,065.9)	-	(3,065.9)	(2,994.8)	139.7	(336.5)	125.9
12	Mar-13	98,170.8	590,318.7	166.301	189.211	(22.910)	(13,524.2)	-	(13,524.2)	(13,339.2)	178.1	(488.7)	125.9
13	Total (Lines 1 to 12)	**1,044,483.3**	**6,544,977.9**	**159.585**			**(67,628.8)**	**44,675.3**	**(22,953.5)**	**(29,795.4)**	**892.4**	**361.3**	**5,589.4**
13 (a)	One-Time Credit Adjustment to Transportation Component of PGVA						**(776.3)**		**(776.3)**		**(776.3)**		
13 (b)	Total						**(68,405.1)**	**44,675.3**	**(23,729.8)**	**(29,795.4)**	**116.1**	**361.3**	**5,589.4**
	Current QRAM Period												
14	Apr-13	87,323.3	521,566.2	167.425	182.930	(15.505)	(8,086.7)	(8,086.7)					
15	May-13	97,113.1	593,162.0	163.721	182.930	(19.209)	(11,393.8)	(11,393.8)					
16	Jun-13	95,301.5	574,630.7	165.848	182.930	(17.082)	(9,815.6)	(9,815.6)					
17	Jul-13	110,961.6	686,426.8	161.651	182.930	(21.279)	(14,606.2)	(14,606.2)					
18	Aug-13	111,948.1	686,426.8	163.088	182.930	(19.842)	(13,619.8)	(13,619.8)					
19	Sep-13	97,378.2	574,630.7	169.462	182.930	(13.468)	(7,738.9)	(7,738.9)					
20	Oct-13	94,587.8	547,795.9	172.670	182.930	(10.260)	(5,620.2)	(5,620.2)					
21	Nov-13	83,867.3	428,703.4	195.630	182.930	12.700	5,444.7	5,444.7					
22	Dec-13	127,187.8	660,557.9	192.546	182.930	9.616	6,352.2	6,352.2					
23	Jan-14	159,093.7	752,811.0	211.333	182.930	28.403	21,382.4	21,382.4					
24	Feb-14	147,303.8	677,517.7	217.417	182.930	34.487	23,365.8	23,365.8					
25	Mar-14	125,221.1	606,162.8	206.580	182.930	23.650	14,336.1	14,336.1					
26	Total (Lines 14 to 25)	**1,337,287.3**	**7,310,391.8**	**182.930**			**(0.0)**	**(0.0)**					