

ONTARIO ENERGY BOARD

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 or fixing
rates for the sale, distribution, transmission and storage of
gas commencing January 1, 2014.

APPLICATION

1. The Applicant, Enbridge Gas Distribution (Enbridge), is an Ontario corporation with its head office in Toronto, Ontario. It carries on the business of selling, distributing, transmitting and storing natural gas within Ontario.

2. Enbridge hereby applies to the Ontario Energy Board (the Board), pursuant to section 36 of the *Ontario Energy Board Act, 1998*, as amended (the Act), for an Order or Orders approving or fixing rates for the sale, distribution, transmission and storage of gas as of January 1, 2014.

3. Enbridge seeks approval of rates for a five year period commencing January 1, 2014 based on an Incentive Regulation (IR) methodology that includes some or all of the following features:

(a) the determination of allowed distribution revenue (Allowed Revenue) for each year of the term of the proposed IR plan in accordance with the evidence filed in support of this Application;

(b) an adjustment process, in advance of each of the years 2015, 2016 and 2018 to adjust Allowed Revenue for each respective year, based on updated volumes and gas costs and amounts related to pension, Demand Side Management and customer care costs;

(c) an adjustment process, in advance of the year 2017, to adjust Allowed Revenues for 2017 based on updated volumes, gas costs and amounts related to pension, Demand Side Management and customer care costs, and to adjust Allowed Revenues for both 2017 and 2018 based on updated forecasts of capital spending, cost of capital, taxes and depreciation;

(d) deferral and variance accounts, as more particularly set out in Appendix "A" to this Application;

(e) a Z-factor pursuant to which Enbridge may apply to the Board for recovery of unexpected costs that are outside of Allowed Revenue in any year of the IR period;

(f) an Earnings Sharing Mechanism that will be triggered following any year of the IR term during which Enbridge's Return on Equity (ROE) determined on the basis of weather-normalized earnings exceeds the ROE calculated annually in accordance with the Board's ROE formula by more than 100 basis points;

(g) an Off Ramp that will be triggered following any year of the IR term during which Enbridge's ROE determined on the basis of weather-normalized earnings varies by 300 basis points or more above or below the ROE calculated annually in accordance with the Board's ROE formula; and

(h) a Sustainable Efficiency Incentive Mechanism pursuant to which Enbridge may earn incentives for introducing efficiencies that will continue beyond the end of the IR term.

4. Enbridge also seeks approval of a new degree day methodology to determine heating degree day forecasts for its Central Delivery Area to apply during the IR term; a proposed change in depreciation rates to reduce the annual amount for future site restoration costs; a proposed rate rider to return to ratepayers over a five year period an amount previously collected in depreciation rates for site restoration costs; and a proposed Rate 332 for transportation service to be provided to TransCanada PipeLines Limited.

5. Enbridge therefore applies to the Board for such final, interim or other Orders and accounting orders as may be necessary or appropriate for the following purposes:

(a) to give effect to the proposed IR methodology, as summarized in paragraph 3, above;

(b) to fix or approve rates commencing on January 1, 2014 based on the IR methodology summarized in paragraph 3, above, and the evidence filed in support of this Application;

(c) to establish deferral and variance accounts for 2014 to 2018 in accordance with the list of proposed accounts set out in evidence filed at Exhibit D, in Tab 8;

(d) to approve the new heating degree day forecast methodology proposed by Enbridge for its Central Delivery Area;

(e) to approve the proposed treatment of site restoration costs, including the five-year rate rider proposed by Enbridge;

(f) to approve the proposed Rate 332;

(g) in all other respects to give effect to the proposals described in the evidence filed in support of this Application and such modifications to those proposals as may be brought forward in this proceeding by Enbridge and deemed appropriate by the Board.

6. In the event that Enbridge's application is approved by the Board, the average rate decrease for residential customers for 2014 will be approximately 0.7%, or about \$4, on a T-service basis (that is, excluding Gas Supply Charges). The estimated

average rate increase for residential customers for 2015 will be approximately 2.1%, or about \$12, on a T-service basis, and the average rate increase for residential customers for 2016 will be approximately 4.6%, or about \$27, on the same basis.

7. Subject to the Board's Approval of Enbridge's proposed rebate to the ratepayer related to Site Restoration Charges previously collected, the impact on a total bill basis for an average residential customer would be a reduction of \$30 on an annual basis in the 2014 Fiscal Year

7. Enbridge further applies to the Board, pursuant to the provisions of the Act and the Board's *Rules of Practice and Procedure*, for such final, interim or other Orders and directions as may be appropriate in relation to the Application and the proper conduct of this proceeding.

8. Enbridge requests that a copy of every document filed with the Board in this proceeding be served on the Applicant and the Applicant's counsel, as follows:

The Applicant:

Mr. Norm Ryckman
Director, Regulatory Affairs
Enbridge Gas Distribution, Inc.

Address for personal service: 500 Consumers Road
Willowdale, Ontario. M2J 1P8

Mailing address: P.O. Box 650
Scarborough, Ontario. M2J 1P8

Telephone: 416-495-5499 or 1-888-659-0685

Fax: 416-495-6072

Email: EGDRRegulatoryProceedings@enbridge.com

The Applicant's counsel:

Mr. Fred D. Cass
Aird & Berlis LLP

Address for personal service: Brookfield Place, P. O. Box 754
Suite 1800, 181 Bay Street
Toronto, Ontario. M5J 2T9

Telephone: 416-865-7742

Fax: 416-863-1515

Email: fcass@airdberlis.com

DATED at Toronto, Ontario July 3, 2013.

ENBRIDGE GAS DISTRIBUTION INC.

Per: [original signed]
Mr. Norm Ryckman