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September 16, 2013

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-2013-0046
2012 Earnings Sharing Mechanism and Other Deferral and Variance
Accounts Clearance Review**

In advance of the oral hearing phase of this proceeding, the Company is writing to advise parties of an update to the deferral and variance account balances which results due to the withdrawal of two of the contested issues as indicated in the Company's letter of September 6, 2013. It is the Company's proposal that this evidence will be filed as a "K" exhibit at the commencement of the hearing on Friday, September 20, 2013.

Further, there were several information requests included in the July 20, 2013 correspondence submitted by DR Quinn & Associates Ltd. on behalf of FRPO. The Company's responses to the requests related to the remaining contested issue are also included with this correspondence and will also be filed on Friday, September 20 as a "K exhibit.

The Company plans to file its hearing plan tomorrow.

Please contact the undersigned if you have any questions.

Yours truly,

[original signed by]

Robert Bourke
Manager Regulatory Proceedings

cc: Mr. F. Cass, Aird & Berlis LLP
All Interested Parties in EB-2011-0354

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

Line No.	Account Description	Account Acronym	Col. 1	Col. 2	Col. 3	Col. 4
			Actual at March 31, 2013		Forecast for clearance at January 1, 2014	
			Principal (\$000's)	Interest (\$000's)	Principal (\$000's)	Interest (\$000's)
<u>Non Commodity Related Accounts</u>						
1.	Demand Side Management V/A	2011 DSMVA	535.8	(46.8)	535.8	(40.5) ¹
2.	Lost Revenue Adjustment Mechanism	2011 LRAM	-	-	(55.3)	(0.5) ¹
3.	Shared Savings Mechanism V/A	2011 SSMVA	-	-	6,769.5	41.5 ¹
4.	Deferred Rebate Account	2012 DRA	(940.8)	(5.8)	(940.8)	(16.6)
5.	Gas Distribution Access Rule Costs D/A	2011 GDARCD A	89.9	1.7	-	- ²
6.	Gas Distribution Access Rule Costs D/A	2012 GDARCD A	1,616.4	12.6	181.8	- ²
7.	Ontario Hearing Costs V/A	2012 OHCVA	(1,259.7)	(5.7)	(1,259.7)	(19.2) ³
8.	Unbundled Rate Implementation Cost D/A	2012 URICDA	155.0	1.5	155.0	3.3
9.	Average Use True-Up V/A	2012 AUTUVA	4,361.3	16.0	4,361.3	63.7 ⁴
10.	Tax Rate and Rule Change V/A	2012 TRRCVA	300.0	1.4	300.0	5.0 ⁵
11.	Earnings Sharing Mechanism D/A	2012 ESMDA	(10,350.0)	(38.0)	(7,392.0)	(141.5) ⁶
12.	Electric Program Earnings Sharing D/A	2012 EPESDA	(281.7)	(1.0)	(281.7)	(3.7)
13.	Ex-Franchise Third Party Billing Services D/A	2012 EFTPBSDA	(143.0)	(0.5)	(143.0)	(2.3)
14.	Transition Impact of Accounting Change D/A	2013 TIACDA	88,716.0	-	4,435.8	- ⁷
15.	Total non commodity related accounts		82,799.2	(64.6)	6,666.7	(110.8)
<u>Commodity Related Accounts</u>						
16.	Transactional Services D/A	2012 TSDA	(26,077.3)	(208.0)	(26,077.3)	(495.1)
17.	Unaccounted for Gas V/A	2012 UAFVA	2,067.9	7.6	2,067.9	30.1
18.	Storage and Transportation D/A	2012 S&TDA	(699.8)	(7.4)	(699.8)	(15.5)
19.	Total commodity related accounts		(24,709.2)	(207.8)	(24,709.2)	(480.5)
20.	Total Deferral and Variance Accounts		58,090.0	(272.4)	(18,042.5)	(591.3)

Notes:

- The final 2011 DSMVA, SSMVA, and LRAM balances to be cleared will be those approved in the EB-2013-0075 proceeding, anticipated to be filed in Q2 2013.
- The forecast clearance amount, associated with the 2011 and 2012 GDARCD A balances, is the result of a revenue requirement calculation found in evidence at Ex.C-1-2, updated to reflect EGD's letter dated September 6, 2013 with respect to the Settlement agreement.
- The OHCVA calculation is found in evidence at Ex.C-1-5.
- The AUTUVA explanation is found in evidence at Ex.C-1-3.
- The TRRCVA explanation is found in evidence at Ex.C-1-4.
- The ESMDA explanation is found in evidence at Ex.B-1-1 and B-1-2, and is updated to reflect EGD's letter dated September 6, 2013 with respect to the Settlement Agreement.
- The TIACDA clearance is in accordance with the EB-2011-0354 Final Rate Order.

EGDI – ADDITIONAL RESPONSE TO
QUESTIONS SUBMITTED BY
FRPO – JULY 20, 2013

Ref: EB-2013-0046, Exhibit I, Tab 7, Schedule 5 and 7

RESPONSE

The Company contracts for transportation capacity to meet peak and winter seasonal demands and as such does not release any of that capacity via an assignment to third parties during the winter for a month, a week or a day. The Company does recognize that at times during the winter season that the total contracted capacity may be surplus compared to the demand on a particular day and the Company may be able to accommodate an exchange with a third party between two points generating transactional services revenue. This is only done with authorization of Gas Control. For example in January 2012 the Company entered into a number of exchange deals for a total of 4,710,766GJ's. This can be done without an assignment of capacity. This does not constitute a release of assets.

The Company has also stated that throughout the summer there will be temporary surplus capacity in relation to the daily summer demand and that exchanges of volumes will occur on days throughout the summer. The Company has also discussed that by entering into a monthly or seasonal transaction it is possible to gain additional value than waiting to enter into a deal on the day. While there is an expectation that an exchange for the entire summer may occur the Company will only enter into such a transaction once it is comfortable with a level of volume and if there is a willing participant and an ability to determine the value of such a deal. During the winter months the Company will begin to evaluate the level of anticipated daily exchanges that might be available during the upcoming summer. Included in this evaluation will be the need to accumulate STS Injection credits but will also include a review of the daily exchanges done the previous summer. The Company entered into a total of 20 Empress to Dawn exchange deals of varying amounts and duration in 2012. For 2012, pricing started to look favourable in early winter. Also, weather in early winter started to indicate that there would be room for some level of capacity releases for the following summer. As such Gas Control began to turn capacity over to Gas Supply in late November in small increments to market for the benefit of ratepayers and the Company. Gas Control continued this over the winter and into the spring releasing capacity in measured amounts as the winter continued to be mild. Please see attached table on page 2.

EGDI – ADDITIONAL RESPONSE TO
QUESTIONS SUBMITTED BY
FRPO – JULY 20, 2013

<u>Trade date</u>	<u>Term</u>	<u>Volume</u> GJ's/day
11/23/2011	Apr-Oct	15,408
11/30/2011	Apr-Oct	10,000
11/30/2011	Apr-Oct	5,000
12/2/2011	Apr-Oct	5,136
12/7/2011	Apr-Oct	5,000
12/12/2011	Apr-Oct	5,136
12/14/2011	Apr-Oct	5,136
12/15/2011	Apr-Oct	4,200
12/21/2011	Apr-Oct	9,984
12/21/2011	Apr-Oct	5,065
12/21/2011	Apr-Oct	10,000
1/11/2012	Apr-Oct	10,000
1/17/2012	Apr-Oct	7,500
2/1/2012	Apr-Oct	4,391
3/21/2012	May-Sept	5,000
3/26/2012	May-Oct	5,275
9/26/2012	Oct	5,000
10/15/2012	Nov	10,272
10/23/2012	Nov	7,913
10/23/2012	Nov	6,858

EGDI – ADDITIONAL RESPONSE TO
QUESTIONS SUBMITTED BY
FRPO – JULY 20, 2013

REF: EB-2013-0046, Exhibit I, Tab 7, Schedule 15

RESPONSE

As per Issue #2 of the Settlement Agreement in EB-2013-0046 (Exhibit N1, Tab 1, Schedule 1, page 12 of 13) "The issue is whether, instead of the credit to ratepayers of \$13.97 million recorded in the 2012 TSDA, the full net revenues of \$18.63 million from capacity release exchange transactions in 2012 should be recorded in the transportation component of the PGVA." The difference of \$4.66 million represents the shareholder portion of Transactional Services revenue pertaining to capacity release net revenues as per the current 75/25 sharing mechanism of Transportation Optimization.

EGDI – ADDITIONAL RESPONSE TO
QUESTIONS SUBMITTED BY
FRPO – JULY 20, 2013

REF: EB-2013-0046, Exhibit I, Tab 7, Schedule 14

RESPONSE

The Company filed as an attachment to its pre-filed evidence Appendix D which was intended to provide supporting documentation to Table 4 of the evidence (see page 20 of 21). The attached table on page 5 provides the various unit rates and back-up for the calculations for the information provided on Appendix D, Item #'s 1 through 17 for the month of April 2012.

[illegible]