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February 25, 2014

VIA RESS, EMAIL AND COURIER

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 – Draft Rate Order**

Further to the Draft Rate Order filed on February 20, 2014, attached please find the updated Draft Rate Order provided by Enbridge Gas Distribution Inc. in the above noted proceeding.

The resulting unit rates will be applied to each customer's actual 2012 consumption volume for the period January 1, 2012 to December 31, 2012 and will be recovered or remitted to customer's as a one-time billing adjustment in April 2014.

Any party that wishes to comment on Enbridge's Draft Rate Order package shall do so within 7 days of the receipt of this letter in order for the Board to consider the Draft Rate Order package in time for it to be implemented along with the April 1st QRAM.

This submission was filed through the Board's RESS and will be available on our website at www.enbridgegas.com/ratecase.

Sincerely,

(Original signed by)

Lorraine Chiasson

attachment.

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

Clearance of 2012 Deferral and Variance Account Balances

In response to the Board's Decision and Order issued on February 6, 2014, Enbridge has made the following changes to its Deferral and Variance Account Balances as compared to the balances that were reflected in the pre-filed evidence:

1. Decreased the debit balance in the 2012 GDARCDAs by \$0.916 million to \$0.181 million
2. Decreased the credit balance in the 2012 ESMDAs by \$2.96 million to \$7.39 million.
3. Updated accrued interest for all 2012 deferral and variance accounts to coincide with a one-time billing adjustment in April 2014.

The resulting unit rates for each type of service are shown on page 3. Each unit rate will be applied to each customer's actual 2012 consumption volume for the period January 1, 2012 to December 31, 2012, and will be recovered or remitted to customers as a one-time billing adjustment in April 2014.

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

		Col. 1	Col. 2	Col. 3	Col. 4		
Line		Actual at		Forecast for clearance at			
No.	Account Description	January 31, 2014		March 31, 2014			
	Account Acronym	Principal	Interest	Principal	Interest		
		(\$000's)	(\$000's)	(\$000's)	(\$000's)		
<u>Non Commodity Related Accounts</u>							
1.	Demand Side Management V/A	2011 DSMVA	535.8	(40.2)	535.8	(38.8)	1
2.	Lost Revenue Adjustment Mechanism	2011 LRAM	(55.3)	(0.3)	(55.3)	(0.5)	1
3.	Shared Savings Mechanism V/A	2011 SSMVA	6,769.5	41.5	6,769.5	58.1	1
4.	Deferred Rebate Account	2012 DRA	(940.8)	(17.3)	(940.8)	(19.7)	
5.	Gas Distribution Access Rule Costs D/A	2011 GDARCD A	89.9	2.8	-	-	2
6.	Gas Distribution Access Rule Costs D/A	2012 GDARCD A	700.9	28.0	181.8	-	2
7.	Ontario Hearing Costs V/A	2012 OHCVA	(1,259.7)	(21.1)	(1,259.7)	(24.1)	3
8.	Unbundled Rate Implementation Cost D/A	2012 URICDA	155.0	3.4	155.0	3.8	
9.	Average Use True-Up V/A	2012 AUTUVA	4,361.3	69.5	4,361.3	80.1	4
10.	Tax Rate and Rule Change V/A	2012 TRRCVA	300.0	5.1	300.0	5.9	5
11.	Earnings Sharing Mechanism D/A	2012 ESM D A	(7,382.7)	(150.3)	(7,392.0)	(168.3)	6
12.	Electric Program Earnings Sharing D/A	2012 EPESDA	(281.7)	(4.5)	(281.7)	(5.1)	
13.	Ex-Franchise Third Party Billing Services D/A	2012 EFTPBSD A	(143.0)	(2.3)	(143.0)	(2.7)	
14.	Transition Impact of Accounting Change D/A	2013 TIACDA	88,716.0	-	4,435.8	-	7
15. Total non commodity related accounts			91,565.2	(85.7)	6,666.7	(111.3)	
<u>Commodity Related Accounts</u>							
16.	Transactional Services D/A	2012 TSDA	(26,077.3)	(527.5)	(26,077.3)	(591.3)	
17.	Unaccounted for Gas V/A	2012 UAFVA	2,067.9	32.9	2,067.9	37.9	
18.	Storage and Transportation D/A	2012 S&TDA	(699.8)	(15.9)	(699.8)	(17.7)	
19. Total commodity related accounts			(24,709.2)	(510.5)	(24,709.2)	(571.1)	
20. Total Deferral and Variance Accounts			66,856.0	(596.2)	(18,042.5)	(682.4)	

Notes:

- The 2011 DSMVA, SSMVA, and LRAM balances were approved for clearance in the EB-2013-0075 proceeding.
- 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. Please see that Attachment
- 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 ESM D A 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.

UNIT RATE AND TYPE OF SERVICE: CLEARING IN APRIL 2014

		COL.1
		TOTAL
		(¢/m³)
<u>Bundled Services:</u>		
RATE 1	- SYSTEM SALES	(0.3841)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	(0.0632)
	- WESTERN T-SERVICE	(0.3841)
RATE 6	- SYSTEM SALES	(0.1175)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	0.2034
	- WESTERN T-SERVICE	(0.1175)
RATE 9	- SYSTEM SALES	(0.5184)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	(0.1975)
	- WESTERN T-SERVICE	0.0000
RATE 100	- SYSTEM SALES	0.1346
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	0.4555
	- WESTERN T-SERVICE	0.1346
RATE 110	- SYSTEM SALES	(0.4025)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	(0.0816)
	- WESTERN T-SERVICE	(0.4025)
RATE 115	- SYSTEM SALES	(0.4719)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	(0.1510)
	- WESTERN T-SERVICE	(0.4719)
RATE 135	- SYSTEM SALES	(0.0977)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	0.2232
	- WESTERN T-SERVICE	(0.0977)
RATE 145	- SYSTEM SALES	(0.8594)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	(0.5385)
	- WESTERN T-SERVICE	(0.8594)
RATE 170	- SYSTEM SALES	(0.2340)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	0.0869
	- WESTERN T-SERVICE	(0.2340)
RATE 200	- SYSTEM SALES	(0.3517)
	- BUY/SELL	0.0000
	- ONTARIO T-SERVICE	(0.0309)
	- WESTERN T-SERVICE	0.0000
<u>Unbundled Services:</u>		
RATE 125	- All	(0.4500)
	- Customer-specific (\$)	\$20,696
RATE 300	- All	(3.3386)

**Determination of Balances to be Cleared
from the 2012 Deferral and Variance Accounts**

ITEM NO.		COL. 1 PRINCIPAL For CLEARING (\$000)	COL. 2 INTEREST (\$000)	COL. 3 TOTAL For CLEARING (\$000)
1.	TRANSACTIONAL SERVICES D/A	(26,077.3)	(591.3)	(26,668.6)
2.	UNACCOUNTED FOR GAS V/A	2,067.9	37.9	2,105.8
3.	STORAGE AND TRANSPORTATION D/A	(699.8)	(17.7)	(717.5)
4.	DEFERRED REBATE ACCOUNT	(940.8)	(19.7)	(960.5)
5.	DEMAND SIDE MANAGEMENT 2011	535.8	(38.8)	497.0
6.	LOST REVENUE ADJ MECHANISM 2011	(55.3)	(0.5)	(55.8)
7.	SHARED SAVINGS MECHANISM 2011	6,769.5	58.1	6,827.6
8.	ONTARIO HEARING COSTS V/A	(1,259.7)	(24.1)	(1,283.8)
9.	GAS DISTRIBUTION ACCESS RULE D/A 2012	181.8	0.0	181.8
10.	AVERAGE USE TRUE-UP V/A	4,361.3	80.1	4,441.4
11.	ELECTRIC PROGRAM EARNINGS SHARING D/A	(281.7)	(5.1)	(286.8)
12.	UNBUNDLED RATE IMPLEMENTATION COST D/A	155.0	3.8	158.8
13.	MUNICIPAL PERMIT FEES D/A			0.0
14.	OPEN BILL SERVICE D/A			0.0
15.	OPEN BILL ACCESS V/A			0.0
16.	EX-FRANCHISE THIRD PARTY BILLING SERVICES D/A	(143.0)	(2.7)	(145.7)
17.	TAX RATE & RULE CHANGE V/A	300.0	5.9	305.9
18.	TRANSITION IMPACT OF ACCT CHANGE D/A	4,435.8		4,435.8
19.	EARNINGS SHARING MECHANISM	(7,392.0)	(168.3)	(7,560.3)
20.	TOTAL	(18,042.4)	(682.4)	(18,724.8)

Classification and Allocation of Deferral and Variance Account Balances

ITEM NO.	COL. 1	COL. 2	COL. 3	COL. 4	COL. 5	COL. 6	COL. 7	COL. 8	COL. 9	COL. 10
	TOTAL (\$000)	SALES AND WBT (\$000)	TOTAL SALES (\$000)	TOTAL DELIVERIES (\$000)	SPACE (\$000)	DELIVERABILITY (\$000)	DISTRIBUTION REV REQ (DRR) (\$000)	DIRECT (\$000)	NUMBER OF CUSTOMERS (\$000)	RATE BASE (\$000)
CLASSIFICATION										
PGVA:										
1.1 COMMODITY	0.0		0.0							
1.2 SEASONAL PEAKING-LOAD BALANCING	0.0				0.0					
1.3 SEASONAL DISCRETIONARY-LOAD BALANCING	0.0				0.0					
1.4 TRANSPORTATION TOLLS	0.0	0.0								
1.5 CURTAILMENT REVENUE	0.0					0.0		0.0		
1.6 RIDER C 2009 DIRECT ALLOCATION	0.0					0.0		0.0		
1.7 INVENTORY ADJUSTMENT	0.0									
1.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1. TRANSACTIONAL SERVICES D/A	(26,668.6)	(23,017.3)			(1,724.6)	(1,926.6)				
2. UNACCOUNTED FOR GAS V/A	2,105.8			2,105.8						
3. STORAGE AND TRANSPORTATION D/A	(717.5)				(338.9)	(378.6)				
4. DEFERRED REBATE ACCOUNT	(960.5)			(960.5)						
5. DEMAND SIDE MANAGEMENT 2010	497.0							497.0		
6. LOST REVENUE ADJ MECHANISM 2010	(65.8)							(65.8)		
7. SHARED SAVINGS MECHANISM 2010	6,827.6							6,827.6		
8. CLASS ACTION SUIT D/A	0.0								0.0	
9. ONTARIO HEARING COSTS V/A	(1,283.8)									(1,283.8)
10. GAS DISTRIBUTION ACCESS RULE D/A	181.8								181.8	
11. AVERAGE USE TRUE-UP V/A	4,441.4							4,441.4		
12. ELECTRIC PROGRAM EARNINGS SHARING D/A	(286.8)									(286.8)
13. UNBUNDLED RATE IMPLEMENTATION COST D/A	158.8								158.8	
14. MUNICIPAL PERMIT FEES D/A	0.0									0.0
15. OPEN BILL SERVICE D/A	0.0								0.0	
16. OPEN BILL ACCESS V/A	0.0									0.0
17. EX-FRANCHISE THIRD PARTY BILLING SERVICES D/A	(145.7)								(145.7)	
18. TAX RATE & RULE CHANGE V/A	305.9									305.9
19. TRANSITION IMPACT OF ACCT CHANGE D/A	4,435.8						4,435.8			
20. EARNINGS SHARING MECHANISM	(7,560.3)						(7,560.3)			
21. TOTAL	(18,724.8)	(23,017.3)	0.0	1,145.3	(2,063.6)	(2,305.2)	(3,124.5)	11,710.3	194.9	(1,264.7)
ALLOCATION										
1.1 RATE 1	(14,830.7)	(12,161.3)	0.0	462.2	(981.8)	(1,259.5)	(2,117.1)	2,056.3	33.2	(862.8)
1.2 RATE 6	(865.5)	(9,441.8)	0.0	461.3	(951.4)	(996.0)	(897.7)	11,316.7	2.9	(359.5)
1.3 RATE 9	(3.5)	(2.0)	0.0	0.1	0.0	0.0	(0.8)	0.0	0.0	(0.7)
1.4 RATE 100	10.2	(6.5)	0.0	0.4	(0.8)	(0.9)	(0.8)	17.8	1.2	(0.3)
1.5 RATE 110	(1,063.7)	(537.2)	0.0	70.6	(26.4)	(19.4)	(29.8)	(545.2)	35.5	(11.8)
1.6 RATE 115	(815.1)	(51.8)	0.0	55.3	(0.1)	(5.7)	(13.4)	(798.4)	4.8	(5.8)
1.7 RATE 125	41.7	0.0	0.0	0.0	0.0	0.0	(30.8)	0.0	83.5	(10.9)
1.8 RATE 135	46.1	(80.1)	0.0	6.2	0.0	0.0	(3.1)	116.8	6.9	(0.7)
1.9 RATE 145	(1,036.6)	(157.1)	0.0	17.9	(24.0)	0.0	(10.7)	(878.6)	19.5	(3.6)
1.10 RATE 170	236.2	(187.6)	0.0	53.4	(45.6)	0.0	(10.4)	424.7	6.4	(4.6)
1.11 RATE 200	(442.7)	(391.9)	0.0	18.0	(33.6)	(23.7)	(8.5)	0.0	0.2	(3.3)
1.12 RATE 300	(1.2)	0.0	0.0	0.0	0.0	0.0	(1.4)	0.0	0.9	(0.7)
1.	(18,724.8)	(23,017.3)	0.0	1,145.3	(2,063.6)	(2,305.2)	(3,124.5)	11,710.3	194.9	(1,264.7)

ALLOCATION BY TYPE OF SERVICE

	COL.1	COL. 2	COL. 3	COL. 4	COL. 5	COL. 6	COL. 7	COL. 8	COL. 9	COL. 10
	TOTAL	SALES AND WBT	TOTAL SALES	TOTAL DELIVERIES	SPACE	DELIVE- RABILITY	DISTRIBUTION REV REQ (DR)	DIRECT	NUMBER OF CUSTOMERS	RATE BASE
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<u>Bundled Services:</u>										
RATE 1	(13,563.9)	(11,332.7)	0.0	386.3	(820.7)	(1,052.8)	(1,769.6)	1,718.8	27.8	(721.2)
- SYSTEM SALES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- BUY/SELL	(275.0)			47.6	(101.2)	(129.8)	(218.1)	211.9	3.4	(88.9)
- T-SERVICE EXCL WBT	(991.8)	(828.6)		28.2	(60.0)	(77.0)	(129.4)	125.7	2.0	(52.7)
- WBT	(2,623.0)	(7,163.3)	0.0	244.2	(503.7)	(527.3)	(475.2)	5,991.1	1.5	(190.3)
- SYSTEM SALES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- BUY/SELL	2,591.8			139.4	(287.5)	(301.0)	(271.3)	3,419.9	0.9	(108.6)
- T-SERVICE EXCL WBT	(834.3)	(2,278.6)		77.7	(160.2)	(167.7)	(151.2)	1,905.7	0.5	(60.5)
- WBT	(3.3)	(2.0)	0.0	0.1	0.0	0.0	(0.7)	0.0	0.0	(0.6)
- SYSTEM SALES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- BUY/SELL	(0.2)			0.0	0.0	0.0	(0.1)	0.0	0.0	(0.1)
- T-SERVICE EXCL WBT	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0
- WBT	2.0	(4.9)	0.0	0.2	(0.3)	(0.4)	(0.3)	7.4	0.5	(0.1)
- SYSTEM SALES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- BUY/SELL	7.4			0.2	(0.4)	(0.4)	(0.3)	7.9	0.6	(0.1)
- T-SERVICE EXCL WBT	0.7	(1.7)		0.1	(0.1)	(0.1)	(0.1)	2.6	0.2	(0.0)
- WBT	(355.1)	(283.1)	0.0	9.7	(3.6)	(2.7)	(4.1)	(74.6)	4.8	(1.6)
- SYSTEM SALES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- BUY/SELL	(389.9)			52.3	(19.5)	(14.4)	(22.1)	(403.7)	26.3	(8.7)
- T-SERVICE EXCL WBT	(318.7)	(254.1)		8.7	(3.2)	(2.4)	(3.7)	(66.9)	4.4	(1.4)
- WBT	(4.3)	(3.0)	0.0	0.1	(0.0)	(0.0)	(0.0)	(1.5)	0.0	(0.0)
- SYSTEM SALES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- BUY/SELL	(738.9)			53.5	(0.1)	(5.6)	(13.0)	(772.9)	4.6	(5.6)
- T-SERVICE EXCL WBT	(71.8)	(48.8)		1.7	(0.0)	(0.2)	(0.4)	(24.0)	0.1	(0.2)
- WBT	(1.2)	(4.0)	0.0	0.1	0.0	0.0	(0.1)	2.6	0.2	(0.0)
- SYSTEM SALES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- BUY/SELL	70.5			3.5	0.0	0.0	0.0	65.3	3.9	(0.4)
- T-SERVICE EXCL WBT	(23.2)	(76.1)		2.6	0.0	0.0	(1.3)	49.0	2.9	(0.3)
- WBT	(194.7)	(72.7)	0.0	2.5	(3.3)	0.0	(1.5)	(121.9)	2.7	(0.5)
- SYSTEM SALES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- BUY/SELL	(615.9)			12.5	(16.8)	0.0	(7.5)	(615.2)	13.7	(2.6)
- T-SERVICE EXCL WBT	(226.0)	(84.4)		2.9	(3.9)	0.0	(1.7)	(141.5)	3.1	(0.6)
- WBT	(105.6)	(144.7)	0.0	4.9	(4.2)	0.0	(1.0)	39.3	0.6	(0.4)
- SYSTEM SALES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- BUY/SELL	373.0			47.0	(40.1)	0.0	0.0	373.8	5.6	(4.1)
- T-SERVICE EXCL WBT	(31.3)	(42.9)		1.5	(1.2)	0.0	(0.3)	11.6	0.2	(0.1)
- WBT	(429.6)	(391.9)	0.0	13.4	(24.9)	(17.6)	(6.3)	0.0	0.1	(2.4)
- SYSTEM SALES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- BUY/SELL	(13.1)			4.6	(8.7)	(6.1)	(2.2)	0.0	0.0	(0.8)
- T-SERVICE EXCL WBT	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0
- WBT										
<u>Unbundled Services:</u>										
RATE 125	41.7	0.0	0.0	0.0	0.0	0.0	(30.8)	0.0	83.5	(10.9)
RATE 300	(1.2)	0.0	0.0	0.0	0.0	0.0	(1.4)	0.0	0.9	(0.7)
	(18,724.8)	(23,017.3)	0.0	1,145.3	(2,063.6)	(2,305.2)	(3,124.5)	11,710.3	194.9	(1,264.7)

UNIT RATE AND TYPE OF SERVICE

	COL.1	COL.2	COL.3	COL.4	COL.5	COL.6	COL.7	COL.8	COL.9	COL.10	COL.11
	TOTAL	SALES	TOTAL	TOTAL	SPACE	DELIVE-	DISTRIBUTION	DIRECT	CUSTOMERS	RATE	NUMBER OF
	(\$/m ³)	AND WBT	SALES	DELIVERIES	(\$/m ³)	RABILITY	(\$/m ³)	(\$/m ³)	(\$/m ³)	BASE	CUSTOMERS
		(\$/m ³)	(\$/m ³)	(\$/m ³)		(\$/m ³)	(RRR)			(\$/m ³)	(\$/customer)
Bundled Services:											
RATE 1	- SYSTEM SALES	(0.3841)	0.0000	0.0109	(0.0232)	(0.0298)	(0.0501)	0.0487	0.0008	(0.0204)	0.0000
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.0632)	0.0000	0.0109	(0.0232)	(0.0298)	(0.0501)	0.0487	0.0008	(0.0204)	0.0000
RATE 6	- WESTERN T-SERVICE	(0.3841)	0.0000	0.0109	(0.0232)	(0.0298)	(0.0501)	0.0487	0.0008	(0.0204)	0.0000
	- SYSTEM SALES	(0.1175)	0.0000	0.0109	(0.0226)	(0.0236)	(0.0213)	0.2684	0.0001	(0.0085)	0.0000
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.2034	0.0000	0.0109	(0.0226)	(0.0236)	(0.0213)	0.2684	0.0001	(0.0085)	0.0000
RATE 9	- WESTERN T-SERVICE	(0.1175)	0.0000	0.0109	(0.0226)	(0.0236)	(0.0213)	0.2684	0.0001	(0.0085)	0.0000
	- SYSTEM SALES	(0.5184)	0.0000	0.0109	0.0000	0.0000	(0.1105)	0.0000	0.0001	(0.0981)	0.0000
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.1975)	0.0000	0.0109	0.0000	0.0000	(0.1105)	0.0000	0.0001	(0.0981)	0.0000
	- WESTERN T-SERVICE	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
RATE 100	- SYSTEM SALES	0.1346	0.0000	0.0109	(0.0223)	(0.0236)	(0.0213)	0.4865	0.0339	(0.0085)	0.0000
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.4555	0.0000	0.0109	(0.0223)	(0.0236)	(0.0213)	0.4865	0.0339	(0.0085)	0.0000
RATE 110	- WESTERN T-SERVICE	0.1346	0.0000	0.0109	(0.0223)	(0.0236)	(0.0213)	0.4865	0.0339	(0.0085)	0.0000
	- SYSTEM SALES	(0.4025)	0.0000	0.0109	(0.0041)	(0.0030)	(0.0046)	(0.0845)	0.0055	(0.0018)	0.0000
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.0816)	0.0000	0.0109	(0.0041)	(0.0030)	(0.0046)	(0.0845)	0.0055	(0.0018)	0.0000
RATE 115	- WESTERN T-SERVICE	(0.4025)	0.0000	0.0109	(0.0041)	(0.0030)	(0.0046)	(0.0845)	0.0055	(0.0018)	0.0000
	- SYSTEM SALES	(0.4719)	0.0000	0.0109	(0.0000)	(0.0011)	(0.0027)	(0.1579)	0.0009	(0.0011)	0.0000
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.1510)	0.0000	0.0109	(0.0000)	(0.0011)	(0.0027)	(0.1579)	0.0009	(0.0011)	0.0000
RATE 135	- WESTERN T-SERVICE	(0.4719)	0.0000	0.0109	(0.0000)	(0.0011)	(0.0027)	(0.1579)	0.0009	(0.0011)	0.0000
	- SYSTEM SALES	(0.0977)	0.0000	0.0109	0.0000	0.0000	0.0054	0.2066	0.0122	(0.0012)	0.0000
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.2232	0.0000	0.0109	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
RATE 145	- WESTERN T-SERVICE	(0.0977)	0.0000	0.0109	0.0000	0.0000	0.0054	0.2066	0.0122	(0.0012)	0.0000
	- SYSTEM SALES	(0.8594)	0.0000	0.0109	0.0000	0.0000	0.0000	0.2066	0.0122	(0.0012)	0.0000
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2066	0.0122	(0.0012)	0.0000
	- ONTARIO T-SERVICE	(0.5385)	0.0000	0.0109	(0.0147)	0.0000	(0.0065)	(0.5380)	0.0119	(0.0022)	0.0000
RATE 170	- WESTERN T-SERVICE	(0.8594)	0.0000	0.0109	(0.0147)	0.0000	(0.0065)	(0.5380)	0.0119	(0.0022)	0.0000
	- SYSTEM SALES	(0.2340)	0.0000	0.0109	(0.0093)	0.0000	(0.0021)	(0.5380)	0.0119	(0.0022)	0.0000
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0870	0.0013	(0.0009)	0.0000
	- ONTARIO T-SERVICE	0.0869	0.0000	0.0109	0.0000	0.0000	0.0000	0.0870	0.0013	(0.0009)	0.0000
RATE 200	- WESTERN T-SERVICE	(0.2340)	0.0000	0.0109	(0.0093)	0.0000	(0.0021)	0.0870	0.0013	(0.0009)	0.0000
	- SYSTEM SALES	(0.3517)	0.0000	0.0109	(0.0204)	(0.0144)	(0.0052)	0.0000	0.0001	(0.0020)	0.0000
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.0309)	0.0000	0.0109	(0.0204)	(0.0144)	(0.0052)	0.0000	0.0001	(0.0020)	0.0000
	- WESTERN T-SERVICE	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Unbundled Services:											
RATE 125	- All	(0.4500)	0.0000	0.0000	0.0000	0.0000	(0.3379)	0.0000	0.0078	(0.1199)	0.0000
RATE 300	- Customer-specific **	(3.386)	0.0000	0.0000	0.0000	0.0000	(3.8497)	0.0000	2.3701	(1.8590)	0.0000

Notes:
 * Unit Rates derived based on 2012 actual volumes
 ** The Company incurred \$82.5k in additional staffing costs in 2012 associated with the additional upstream (such as FT-SN) nomination windows for unbundled customers. As specified in the NGEIR Settlement Agreement (EB-2005-0551 Ex S T1 S1 p13), the costs are to be recovered from the parties who availed of the service. Three customers on Rate 125 utilized the additional nomination windows in 2012 and the costs were allocated equally among the three customers.

Enbridge Gas Distribution Inc.
2012 Deferral and Variance Account Clearing
Bill Adjustment in April 2014 for Typical Customers

Item No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
			Unit Rates			Bill Adjustment		
	<u>GENERAL SERVICE</u>	Annual Volume m3	<u>Sales</u> cents/m3	<u>Ontario TS</u> cents/m3	<u>Western TS</u> cents/m3	Sales Customers \$	Ontario TS Customers \$	Western TS Customers \$
1.1	RATE 1 RESIDENTIAL							
1.2	Heating & Water Heating	3,064	(0.3841)	(0.0632)	(0.3841)	(11.8)	(1.9)	(11.8)
2.1	RATE 6 COMMERCIAL							
2.2	General Use	43,285	(0.1175)	0.2034	(0.1175)	(51)	88	(51)
	<u>CONTRACT SERVICE</u>							
3.1	RATE 100							
3.2	Industrial - small size	339,188	0.1346	0.4555	0.1346	457	1,545	457
4.1	RATE 110							
4.2	Industrial - small size, 50% LF	598,568	(0.4025)	(0.0816)	(0.4025)	(2,409)	(489)	(2,409)
4.5	Industrial - avg. size, 75% LF	9,976,120	(0.4025)	(0.0816)	(0.4025)	(40,154)	(8,142)	(40,154)
5.1	RATE 115							
5.2	Industrial - small size, 80% LF	4,471,609	(0.4719)	(0.1510)	(0.4719)	(21,100)	(6,751)	(21,100)
6.1	RATE 135							
6.2	Industrial - Seasonal Firm	598,567	(0.0977)	0.2232	(0.0977)	(585)	1,336	(585)
7.1	RATE 145							
7.2	Commercial - avg. size	598,568	(0.8594)	(0.5385)	(0.8594)	(5,144)	(3,224)	(5,144)
8.1	RATE 170							
8.2	Industrial - avg. size, 75% LF	9,976,120	(0.2340)	0.0869	(0.2340)	(23,346)	8,665	(23,346)

Notes:

Col. 6 = Col. 2 x Col. 3

Col. 7 = Col. 2 x Col. 4

Col. 8 = Col. 2 x Col. 5

David Stevens
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September 6, 2013

BY EMAIL AND FILED VIA RESS

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, ON M4P 1E4

Dear Ms Walli:

**Re: EB-2013-0046: Enbridge Gas Distribution
2012 Earnings Sharing Mechanism
Withdrawal of Contested Issues re. 2012 GDARCD and 2012 ESM**

We represent Enbridge Gas Distribution Inc. (Enbridge, or the Company).

The Settlement Agreement in this proceeding, which was accepted by the Board on August 20, 2013, indicated that there are three unsettled issues. Within the Settlement Agreement, all parties agreed upon the adjustments to be made to relevant deferral/variance accounts in the event that Enbridge does not succeed in defending its position on each particular unsettled issue. The Board's Decision on Settlement Agreement and Procedural Order No. 2 indicated that the three unsettled issues will proceed to hearing.

Enbridge has determined that it will no longer contest two of the three unsettled issues. Specifically, the Company will not seek to include late payment penalty (LPP) revenue reductions within the 2012 Gas Distribution Access Rule Costs Deferral Account (GDARCD), and the Company will not seek to include revenues received from third parties for their extraction of by-products from Enbridge's gas within the Company's revenues for Earnings Sharing Mechanism Deferral Account (ESMD) purposes. Given this determination, Enbridge is implementing the agreed-upon consequences of not convincing the Board of its position on those issues within the relevant deferral and variance accounts.

This determination will allow for the hearing to be focused upon the remaining outstanding issue, which relates to capacity release exchange transactions recorded within the 2012 Transactional Services Deferral Account (TSDA). As Enbridge explained in response to the 2011 ESM Decision (EB-2012-0055), its evidence in the 2011 ESM case did not provide a full explanation and context for the background, methodology and nature of Transactional Services (TS), including capacity release exchange transactions. The Company's filing in this case provides enhanced explanation and context for capacity release exchange transactions. Enbridge's decision not to pursue the other unsettled

issues in this case will allow for appropriate focus to be placed on this TS issue at the September 20th hearing.

As detailed below, the Company has now taken steps to implement the agreed-upon financial consequences of its determination not to contest two of the three unsettled issues.

In relation to the 2012 GDARCDCA item, the Settlement Agreement (Issue 1(v) at page 8) set out the unsettled issue as follows: "Enbridge recorded an amount of \$916,000 in the 2012 GDARCDCA due to a reduction in Late Payment Penalties that resulted from the new minimum payment period provided for amendments to the Gas Distribution Access Rule filed on February 17, 2011 (EB-2010-0280). The issue is whether this amount is properly recorded in the 2012 GDARCDCA." Parties agreed within the Settlement Agreement that "[i]f the Board does not accept that the 2012 GDARCDCA balance should include a reduction in Late Payment Penalties, there would be a corresponding reduction in earnings sharing. Enbridge's 2012 earnings would be adjusted downward by \$916,000 to reflect lower revenues resulting in a reduction of approximately \$458,000 in the amount recorded in the 2012 ESMDDA."

Enbridge has reflected these agreed-upon changes in the relevant accounts by reducing the balance in the 2012 GDARCDCA by \$916,000, and reducing the Company's 2012 earnings by the same amount. This results in a reduction of \$458,000 in the amount recorded in the 2012 ESMDDA.

In relation to the outstanding 2012 ESMDDA item, the Settlement Agreement (Issue 1(x) at page 10) set out the unsettled issue as follows: "whether the commodity costs of gas purchased by Enbridge in Western Canada which Enbridge recovers from ratepayers should be reduced by \$5 million of revenue that Enbridge received from third parties for their extraction of by-products from Enbridge's gas. This revenue was received by Enbridge as a result of the processing of natural gas at a third party extraction plant in Alberta to produce pipeline quality gas by removing natural gas liquids, namely, ethane, propane, butane and condensate." Parties agreed within the Settlement Agreement that "[i]f the answer to the unsettled issue with respect to the 2012 ESMDDA is in the affirmative, then the gas commodity component of the PGVA should be reduced by \$5 million. As well, there will be a reduction in Enbridge's 2012 earnings for the purposes of earnings sharing with ratepayers, resulting in a reduction of approximately \$2.5 million in the balance recorded in the 2012 ESMDDA."

Enbridge has reflected these agreed-upon changes in the relevant accounts. The change to the PGVA balance (a reduction of \$5 million in the commodity component, to reflect the application of extraction revenues to offset commodity costs) has been effected, and is reflected within Enbridge's October 1, 2013 QRAM Application (which will be filed under file EB-2013-0295 on or about September 10, 2013). At the same time, as a consequence of applying the \$5 million extraction revenues to offset commodity costs, the Company's 2012 revenues are reduced by the same amount. This results in a reduction in the amount within the 2012 ESMDDA of \$2.5 million. The accounting treatment described above, where extraction revenues are applied as an offset within the PGVA, will continue for 2013 and subsequent years.

As a result of the adjustments described above, the principal amount for clearance within the 2012 ESM DA is now \$7.39 million, as compared to the previously reported balance of \$10.350 million. This reduction is offset by the fact that the balance to be cleared within the 2012 GDAR CDA is reduced by \$916,000, and a credit of \$5 million has been added to the PGVA.

Enbridge acknowledges that the Board has just issued Procedural Order No. 3 in this case, requiring Enbridge to file a Hearing Plan by September 17th. Given that Enbridge is no longer contesting the intervenor position in relation to the 2012 GDAR CDA and 2012 ESM DA issues, the Company assumes that there are no further outstanding issues in this proceeding related to those items. Accordingly, the Company does not plan to present any witness panels on those issues at the September 20th hearing. The Company's witness panel at the hearing will be focused on the remaining issue, which relates to capacity release exchange transactions, and the 2012 TSDA. Subject to consultation with Board Staff and intervenors, the Company expects that the Hearing Plan will address only address the unsettled aspects of Issue 2, which relate to the inclusion of capacity release exchange transactions within the 2012 TSDA.

Should you have any questions, please contact me.

Yours very truly,

AIRD & BERLIS LLP



David Stevens

cc. Enbridge Gas Distribution
All parties registered in EB-2013-0046