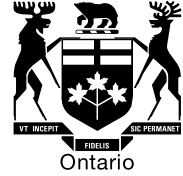


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BY EMAIL

March 18, 2015

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc.
2015 Rate Adjustment Application
Board File No. EB-2014-0276**

Dear Ms. Walli:

Please find attached the submission of OEB staff in relation to the Settlement Proposal filed in the above proceeding.

Yours truly,

Original signed by

Colin Schuch
Case Manager

/ attach.

cc: All Parties EB-2014-0276



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION ON SETTLEMENT PROPOSAL

Enbridge Gas Distribution Inc.

2015 Rate Adjustment

Board File No. EB-2014-0276

March 18, 2015

Introduction

Enbridge Gas Distribution Inc. has filed with the Ontario Energy Board (the “OEB”) a settlement proposal (the “Settlement Proposal”) dated March 13, 2015 concerning its application for an order approving or fixing rates commencing January 1, 2015.

Custom IR Context

The context of the 2015 Rate Adjustment application is that it pertains to rates being adjusted under the auspices of the 2014 to 2018 Custom Incentive Regulation framework that was approved for Enbridge in July 2014 in OEB proceeding EB-2012-0459 (“Custom IR”). The 2015 Rate Adjustment applies to Year 2 of the Custom IR. It is the first of the annual rate adjustments that will take place during the 5-year term of the Custom IR. The Decision and Rate Order on the Custom IR lists nine specific adjustments that are made each year (see Appendix E of the OEB’s August 22, 2014 Decision and Rate Order for details on the elements to be updated). The application and Settlement Proposal are reflective of that.

OEB staff observes that the 2015 Rate Adjustment application included two items not listed on the Board’s list of elements to be updated.

1. The establishment of a deferral account to return monies to all ratepayers due to Enbridge’s inability to locate the specific customers that were owed money (the Credit Final Bill Deferral Account , the “CFBDA”).
2. A minor wording change to clarify in Enbridge’s service charge schedule (Rider G) that the labour hourly rate is applicable in all circumstances requiring company personnel to attend a site where a third party has caused damage to its system assets.

It is noteworthy that matters outside of the scope of the nine elements to be updated in the Custom IR are being included in the application. While OEB staff agrees with the settlement of these issues (indeed there is a pending customer credit in the case of CFBDA) the OEB needs to consider whether additional elements, beyond the nine approved elements, remain consistent with the framework approved by the OEB in the Custom IR.

Settlement Proposal

The Settlement Proposal indicates a settlement of the financial matters affecting revenue requirements for 2015 and includes a plan to implement the 2015 rates in conjunction with Enbridge’s July 1, 2015 QRAM application. OEB staff notes that

while estimates of the 2015 rate impacts by rate class were provided in the document, the Settlement Proposal stipulates that Enbridge will provide schedules showing the final rates before the Settlement Proposal is formally presented to the OEB for approval at the hearing. The intervenors' approval of the Settlement Proposal is conditional on the final rates being "consistent" with the estimates provided.

The one unsettled issue is related to an aspect of Enbridge's 2015 gas supply plan. The Settlement Proposal describes the unsettled issue in the following way:

No settlement was reached with regard to Enbridge's 2015 gas supply plan because there is an outstanding issue about the appropriateness of the methodology Enbridge follows in the month-to-month management of the unutilized upstream transportation capacity it holds some times of the year under upstream transportation contracts. Intervenors are concerned that Enbridge is failing to follow an appropriate methodology to manage this excess upstream [sic] transportation capacity so as to prudently mitigate 2015 UDC which is forecast in the amount of \$166.4 million.

Submission

OEB staff has reviewed the Settlement Proposal in the context of the OEB's EB-2012-0459 Decision With Reasons and applicable OEB policies. OEB staff submits that the Settlement Proposal is consistent with the framework established by the OEB in its decision on the Custom IR. OEB staff notes that the overall result of the implementation of the Settlement Proposal is a reduction in the revenue deficiency from \$47.9 million to \$42.4 million. The OEB's acceptance of the Settlement Proposal would adequately reflect the public interest and would result in just and reasonable rates for customers.

OEB staff is also of the view that the explanation and rationale accompanying the Settlement Proposal is sufficient to support its acceptance by the OEB.

All of which is respectfully submitted.