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**Enbridge Gas Distribution**  
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Canada

December 6, 2016

**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. ("EGD")  
Revisions to Ontario Energy Board Cost Assessment Model  
2016 Accounting Order  
Request to establish 2016 OEB Cost Assessment Variance Account**

Enbridge Gas Distribution ("EGD") requests the formal approval of this Accounting Order Request, permitting the establishment of a 2016 OEB Cost Assessment Variance Account ("OEBCAVA").

By letter dated February 9, 2016, the OEB adopted revisions to its Cost Assessment Model effective April 1, 2016, and authorized the establishment of an OEBCAVA for electricity distributors and transmitters, natural gas distributors, OPG, and the IESO.

In EGD's recent 2017 rate proceeding (EB-2016-0215), the Board approved the Draft Accounting Order permitting the establishment and use of a 2017 OEBCAVA. Inadvertently, as a result of the timing of EGD's 2016 rate proceeding, which occurred in the fall of 2015, and the timing of the OEB's letter adopting revisions to the Cost Assessment Model, in February of 2016, EGD has not previously formally requested an Accounting Order for approval of a 2016 OEBCAVA.

EGD has attached for the Board's review, a description of, and accounting entry examples for the 2016 OEBCAVA. The description of the 2016 OEBCAVA is the same as approved for 2017, other than the relevant dates. EGD respectfully requests that the Board grant approval of this Accounting Order request by December 19, 2016.

Please contact the undersigned if you have any questions.

Yours truly,

(Original Signed)

Kevin Culbert  
Manager, Regulatory Policy & Strategy

cc: Mr. D. Stevens, Aird & Berlis LLP (via email)

ACCOUNTING TREATMENT FOR AN  
ONTARIO ENERGY BOARD COST ASSESSMENT VARIANCE ACCOUNT  
("2016 OEBCAVA")

For the 2016 Fiscal Year  
(January 1, 2016 to December 31, 2016)

The purpose of the 2016 OEBCAVA will be to record any variance between the OEB costs assessed to Enbridge through application of the revised Cost Assessment Model (CAM), which became effective April 1, 2016, and the OEB costs which were included in rates during the Custom IR term, which were determined through application of the prior cost assessment model. Entries into the variance account will reflect OEB cost assessment invoices already received after April 1, 2016 and will thereafter be made on a quarterly basis when the OEB's cost assessment invoice is received.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

Accounting Entries

1. To record the variance in OEB costs:

Debit:	2016 OEBCAVA	(Account 179. 946)
Credit:	Accounts payable	(Account 251. 010)

To record the variance in OEB costs assessed under the updated cost assessment model and the costs assessed under the prior cost assessment model.

2. Interest accrual:

Debit:	Interest on 2016 OEBCAVA	(Account 179. 956)
Credit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2016 OEBCAVA using the Board approved EB-2006-0117 interest rate methodology.