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Enbridge Gas Distribution
500 Consumers Road
North York, Ontario M2J 1P8
Canada

August 31, 2017

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”)
2018 Rate Adjustment Application (“Application”)
Ontario Energy Board (“Board”) File Number EB-2017-0086**

Enclosed please find two copies of Enbridge's Application for an Order or Orders approving or fixing just and reasonable rates for the sales, distribution, transmission and storage of gas commencing January 1, 2018.

The Application has been filed through the Board's Regulatory Electronic Submission System and will be available on the Enbridge website at:
www.enbridgegas.com/ratecase.

Enbridge will file its evidence in support of this application by September 30, 2017.

Please contact the undersigned if you have any questions.

Yours truly,

(Original Signed)

Andrew Mandyam
Director, Regulatory Affairs and Financial Performance

cc: Mr. D. Stevens, Aird & Berlis LLP (via email)
All Interested Parties EB-2016-0215 (via email)

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.

APPLICATION

1. The Applicant, Enbridge Gas Distribution Inc. (“Enbridge”, or the “Company”) is an Ontario corporation with its head office in the City of Toronto. 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 just and reasonable rates for the sale, distribution, transmission, and storage of gas commencing January 1, 2018.
3. As of January 1, 2018, Enbridge will be entering the final year of a five year Incentive Regulation (“IR”) plan approved by the Board in EB-2012-0459. The Board Decision with Reasons in that proceeding establishes a Custom IR framework to set Enbridge’s rates over the period from 2014 to 2018. Specifically, the Board’s Decision with Reasons and related Rate Order approved placeholder Allowed Revenue amounts for 2015 to 2018, subject to adjustment each year to update certain elements of Allowed Revenue. The resulting final Allowed Revenue amount for each year is to be used to set final rates, based upon updated volume forecasts for that year.

4. In the Custom IR Decision with Reasons, the Board approved a revised depreciation methodology for Enbridge, the Constant Dollar Net Salvage approach (“CDNS”). The Board also approved the refund to customers of \$379.8 million of previously collected site restoration cost (“SRC”) amounts, to be credited to customers through Rider D over the Custom IR term. The Board established the Constant Dollar Net Salvage Adjustment Deferral Account (“CDNSADA”) to track on an annual basis the actual Rider D credits to ratepayers versus the approved amount. By the end of 2017, Enbridge will have returned more than the Board-approved total amount of SRC refunds (\$379.8 million) to customers through Rider D. As a result, there is forecast to be a positive balance in the CDNSADA by the end of 2017 (which would be recoverable from ratepayers). Continuing with the Rider D credits in 2018 would result in an incremental increase (dollar-for-dollar) in the CDNSADA balance and a required subsequent year recovery from customers to recover such amounts. It is appropriate, therefore, to discontinue Rider D as of January 1, 2018. In conjunction with that change, it is also appropriate to update Allowed Revenue for 2018 to remove the impact of tax deductibility of the Rider D refund amounts. Enbridge proposes instead to record the tax deductibility impact as a credit in the 2018 CDNSADA, to be cleared at the same time as Enbridge’s 2017 deferral and variance accounts, such that all considerations relevant to Rider D and the refund of SRC amounts can be completed as of the time when Enbridge’s 2017 accounts are cleared.
5. Enbridge therefore applies to the Board for such final, interim or other Orders, accounting orders and deferral and variance accounts as may be necessary in relation to approve:
 - i. Interim or final rates for the year commencing January 1, 2018, including all adjustments resulting from the application of Enbridge’s

Board-approved Custom IR framework as well as the items set out below in subparagraphs (iii) to (vi);

- ii. The continuation of approved deferral and variance accounts for 2018;
 - iii. The discontinuation of Rider D, as explained above in paragraph 4;
 - iv. The transfer of SRC refund tax deductibility from Allowed Revenue into the CDNSADA, as explained above in paragraph 4;
 - v. A method to establish rates for providing biogas producers with conditioning and injection services that these customers may request from the Company;
 - vi. Enbridge's plan to implement a utility based geothermal energy program that will offset natural gas usage as a Greenhouse Gas emission abatement program in 2018. The Company will provide evidence describing this program and seek to have ground source heating assets and associated operating costs and revenues included as part of the Company's 2018 rate regulated business activities;
 - vii. The determination of all other issues that bear upon the Board's approval or fixing of just and reasonable rates for the sale, distribution, transmission, and storage of gas by Enbridge for the year commencing January 1, 2018.
6. 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.
7. The Application will result in average 2018 rate increases of approximately 4.8% or less for all customer classes on a T-service basis (that is, excluding commodity

costs), with the impact for residential customers being approximately 4.8% or about \$29 annually. These bill impacts do not take account of the credit from the transfer of the SRC refund tax deductibility impact to the 2018 CDNSADA (noted in paragraph 4) that customers will receive when Enbridge's 2017 deferral and variance accounts are cleared. When the impact of the clearance is taken into account, the average 2018 bill impact for residential customers will be approximately 4.1% or about \$25 annually.

8. Enbridge is not seeking approval of Cap and Trade Unit Rates in this 2018 Rate Adjustment Application, as consistent with the instructions from the OEB in the EB-2015-0363 Report on the Regulatory Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities. Instead, the 2018 Cap and Trade Unit Rates (as well as necessary additional Variance or Deferral Accounts) will be presented for approval within Enbridge's 2018 Compliance Plan (EB-2017-0224), which is to be filed within 3 weeks of the Board's Decision on Enbridge's 2017 Compliance Plan (EB-2016-0300). Enbridge requests that approval of the 2018 Cap and Trade Unit Rates be granted in sufficient time to allow for implementation in conjunction with the January 1, 2018 QRAM Application.
9. In the EB-2012-0459 evidence, it was indicated that the Company would file a rate adjustment application (without detailed supporting evidence) by September 1st of the prior year which would allow the necessary administrative processes and notices to be produced. Additionally, it was indicated that the Company would file the supporting detailed evidence supporting the application by October 1st of each year in order to allow enough time for the necessary regulatory processes which would permit a Board Decision and final Rate Order by December 15th each year. This approach, which is consistent with the rate adjustment process used in Enbridge's first generation IR term, will accommodate rate implementation for January 1st of the subsequent rate and fiscal year. In the EB-2012-0459 Decision

with Reasons, the Board accepted Enbridge's proposal for setting rates for 2015 through 2018. Enbridge will file its supporting detailed evidence in this proceeding before October 1, 2017.

10. Enbridge respectfully requests that the Board establish a process for this Application that allows for rates to be implemented as of January 1, 2018, in conjunction with the January 1, 2018 QRAM Application. If necessary, Enbridge further requests that if final rates cannot be implemented as of January 1, 2018, the Board approve interim rates to be effective as of January 1, 2018, with a process for final rates to be approved as soon as possible thereafter.
11. 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. Andrew Mandyam
Director, Regulatory Affairs and
Financial Performance
Enbridge Gas Distribution Inc.

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

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The Applicant's counsel:

Mr. David Stevens
Aird & Berlis LLP

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DATED: August 31, 2017 at Toronto, Ontario.

ENBRIDGE GAS DISTRIBUTION INC.

Per: _____ (Original Signed)

Andrew Mandyam
Director, Regulatory Affairs and
Financial Performance