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November 28, 2017

VIA RESS, EMAIL and COURIER

Kristi Sebalj
Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Sebalj:

**Re: Enbridge Gas Distribution Inc. and Union Gas Limited,
MAADs Application, EB-2017-0306; and
Rate Setting Mechanism Application, EB-2017-0307**

On November 2, 2017, Enbridge Gas Distribution Inc. and Union Gas Limited (collectively, “the Applicants”) filed an application, under Board docket EB-2017-0306, for approval to amalgamate and to defer rate rebasing from 2019 to 2029 (the “MAADs application”). On November 23, 2017, the Applicants filed an application, under Board docket EB-2017-0307, for approval of a rate-setting mechanism and associated parameters to be effective during the deferred rebasing period (the “rate mechanism application”).

We are writing to offer suggestions for the effective and efficient consideration of the two applications by the Board. Clearly, a lengthy process would be required if the Board were to consider the two applications sequentially (that is, proceeding with the MAADs application, followed by the rate mechanism application) and it is very unlikely that this process could be completed in time to have rates in place by January 1, 2019. The Applicants respectfully request that the Board establish a process for the consideration of the two matters to run in parallel.

The Applicants recognize that, particularly in light of differences between the issues in the MAADs application and those in the rate mechanism application, not all procedural steps in the two cases should proceed concurrently. The central issues in the MAADs proceeding relate to the no harm test and the proposal to amalgamate in accordance with the Board’s MAADs policies, including parameters for the earnings sharing mechanism provided for in the MAADs policies. By contrast, the rate mechanism application includes proposals, among others, with respect to the Price Cap Index mechanism, the Incremental Capital Module methodology, Z-Factor methodology, deferral and variance accounts and the Amalco scorecard and it is supported by Total

Factor Productivity/X factor evidence from an expert witness. Thus, it is to be expected that the issues in the rate mechanism proceeding will be both greater in number and more complex than those in the MAADs proceeding.

The Applicants propose that the Board proceed first with a written interrogatory process in the MAADs proceeding, to be followed by written interrogatories and answers in the rate mechanism proceeding. Further, given the nature of the issues in the MAADs proceeding, the Applicants propose that the Board conduct a written hearing of the MAADs application. Issues in the MAADs proceeding with respect to the no harm test and the application of the Board's MAADs policies to the proposed amalgamation can readily be addressed by way of written argument, after completion of a written interrogatory process. Alternatively, to the extent that any oral examination of witnesses in the MAADs proceeding may be seen as necessary or appropriate, a technical conference can be held prior to written argument.

While the assignment of Board panel members to hear the two applications is a matter at the discretion of the Board, the Applicants respectfully submit that it would be effective and efficient for the same panel to hear and decide both cases. Should the Board accept the Applicants' proposal for a written hearing of the MAADs application, it would not be necessary for the start of the oral hearing of the rate mechanism application to await the conclusion of written arguments in the MAADs proceeding.

Accordingly, the Applicants respectfully propose the following process for the Board's consideration of the two applications:

- (i) A written interrogatory process occurs in the MAADs proceeding and is followed by a written interrogatory process in the rate mechanism proceeding;
- (ii) If deemed necessary or appropriate by the Board, a technical conference is held in the MAADs proceeding followed by a technical conference in the rate mechanism proceeding; and
- (iii) The Board panel receives written arguments with respect to the MAADs application and holds an oral hearing of the rate mechanism application, after which the Board panel receives argument.

The Applicants respectfully request a decision, or decisions on the two applications by June 1, 2018. This timing will allow for the combined 2019 rate application to be filed in sufficient time to ensure that rates are set prospectively beginning January 1, 2019.

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Ms. Kirsten Walli
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If you have any questions in this regard, please do not hesitate to contact us.

Yours truly,

[original signed]

Andrew Mandyam
Director, Regulatory Affairs and Financial Performance

Cc: Fred Cass, Aird & Berlis
Mark Kitchen, Union
EB-2016-0245 and EB-2016-0215 Intervenors