



Ontario Energy Board Commission de l'énergie de l'Ontario

DECISION AND ACCOUNTING ORDER

EB-2017-0086

ENBRIDGE GAS DISTRIBUTION INC.

Application for natural gas distribution, transmission and storage
rates commencing January 1, 2018

BEFORE: Allison Duff
Presiding Member

Susan Frank
Member

Michael Janigan
Member

February 22, 2018

1 INTRODUCTION AND PROCESS

Enbridge Gas Distribution Inc. (Enbridge) is a natural gas distribution company, serving about 2.1 million residential, commercial and industrial customers in the Greater Toronto Area, the Niagara region, and the eastern Ontario region including Ottawa.

Enbridge filed an application dated September 25, 2017 (updated October 17, 2017) with the Ontario Energy Board (OEB) under section 36 of the *Ontario Energy Board Act*, S.O. 1998, c.15, for an order or orders approving rates for 2018. Enbridge updated its 2018 rates application in accordance with the OEB's Letter of Direction, dated October 16, 2017. In the letter, the OEB directed Enbridge to remove its cap-and-trade related proposals from its application and re-file those proposals (and related evidence) in a standalone proceeding¹.

The current application for 2018 rates is based on Enbridge's Custom Incentive Ratemaking (IR) framework previously approved by the OEB². 2018 is the final year of the five-year Custom IR term.

Enbridge filed a settlement proposal with the associated draft rate order and draft accounting order on November 29, 2017. Enbridge presented the settlement proposal to the OEB on December 4, 2017.

As part of the OEB's oral decision on December 4, 2017, the OEB directed Enbridge to resubmit its draft accounting order to remove, where appropriate, the December 31st, 2018 end date for the deferral and variance accounts with the objective of allowing Enbridge's accounting orders to persist over time where appropriate (as opposed to ending in each fiscal year).³

Enbridge filed an amended settlement proposal and associated draft rate order in this proceeding on December 6, 2017. As part of the amended settlement proposal, Enbridge proposed that the draft accounting order could be addressed subsequent to the OEB establishing 2018 rates.

In its Decision and Rate Order dated December 7, 2017, the OEB approved the amended settlement proposal which established Enbridge's 2018 rates and set out procedural steps for the hearing of issues related to the draft accounting order.⁴

¹ EB-2017-0319.

² EB-2012-0459, Enbridge Custom IR Decision with Reasons, July 17, 2014.

³ EB-2017-0086, Transcripts Vol. 1, December 4, 2017, pp. 47-48.

⁴ EB-2017-0086, Decision and Rate Order, December 7, 2017, pp. 3 and 6.

Enbridge filed its revised draft accounting order on January 4, 2018. Enbridge filed an update to its revised draft accounting order on January 12, 2018. In the update, Enbridge corrected the description and related example accounting entries for three accounts to better reflect the intent of the OEB's direction.

The OEB received submissions on the draft accounting order from OEB staff, the Association of Power Producers of Ontario (APPRO), the Building Owners and Managers Association – Greater Toronto (BOMA), and the School Energy Coalition (SEC).

The OEB approves the updated draft accounting order filed on January 12, 2018 (attached at Schedule A) as filed for the reasons that follow.

2 DRAFT ACCOUNTING ORDER

Enbridge filed its revised draft accounting order on January 4, 2018. Enbridge filed an update to its revised draft accounting order on January 12, 2018. In the update, Enbridge corrected the description and related example accounting entries for three accounts to better reflect the intent of the OEB's direction.

In the revised draft accounting order, Enbridge removed the end date for all of its deferral and variance accounts except for four accounts:

- the 2018 Relocation Mains Variance Account (RLMVA)
- the 2018 Replacement Mains Variance Account (RPMVA)
- the 2018 Constant Dollar Net Salvage Adjustment Deferral Account (CDNSADA)
- the 2018 Customer Care CIS Rate Smoothing Deferral Account (CCCISRSDA)

Enbridge stated that it maintained the end date for the above four accounts as these accounts were expected to end as of December 31, 2018 based on previous approved settlement proposals and OEB decisions⁵.

Enbridge's revised draft accounting order also reflects changes to the descriptions of the Post-Retirement True-Up Variance Account (PTUVA) and the CDNSADA, which reflect the approved amended settlement proposal.

OEB staff submitted that the updated draft accounting order, dated January 12, 2018, should be approved as filed as it reflects the OEB's direction provided at the oral hearing and the approved amended settlement proposal. OEB staff stated that the removal of end dates from Enbridge's deferral and variance accounts would bring Enbridge's accounting order practices in line with most, if not all, of the other utilities (both natural gas and electricity) that are regulated by the OEB. OEB staff submitted that the exclusion of an end date from a deferral or variance account does not presuppose that the account will continue to be in operation forever. Instead, it simply relieves the administrative requirement for new draft accounting orders and new approvals by the OEB each year in the absence of a determination by the OEB that an account should be closed or otherwise modified.

SEC submitted that by removing the specific end date of December 31, 2018, the OEB would be approving the continuance of the deferral and variance accounts into years after the current Custom IR plan concludes. SEC stated that the OEB, in Enbridge's Custom IR proceeding, approved a number of new, or existing, deferral and variance

⁵ EB-2011-0226, EB-2012-0459 and EB-2017-0086.

accounts which would be in place only for the full IR term. SEC submitted that these accounts were not approved for an indefinite or undefined period. SEC also noted that, as part of the Rate Framework proceeding⁶, Enbridge has filed proposals with respect to the continuance / discontinuance of the same deferral and variance accounts that are at issue in the current proceeding. SEC submitted that it is for the panel in that proceeding to determine if the accounts should continue past December 31, 2018.

SEC concluded that for the accounts that were specifically approved in the Custom IR proceeding, the end date on the approved accounting order should remain December 31, 2018. BOMA supported SEC's submission.

APPrO made similar arguments to SEC. However, instead of recommending that the end dates be re-inserted, APPrO submitted that the draft accounting order should be revised to specify that the accounts approved as part of the Custom IR proceeding will expire at the end of the Custom IR term.

In its reply argument, Enbridge stated that its revised draft accounting order is responsive to the OEB's direction and it will remain open to any party to request the discontinuance of any particular account in the future if there is a reason why an account should not continue.

Findings

The OEB approves the updated draft accounting order filed on January 12, 2018, and included as Schedule A.

The OEB finds that Enbridge's updated draft accounting order is in accordance with the intent of the OEB's oral decision rendered on December 4, 2017. The removal of the end dates, as proposed by Enbridge, will eliminate the practice of annually re-establishing accounts, which is not administratively efficient and may lead to errors, oversights and omissions.

The deferral and variance accounts listed in Schedule B shall continue until such time that the OEB determines otherwise. This is a determination that the OEB will make at the appropriate time.

Deferral and variance accounts are mechanisms for recording costs for future consideration. Amounts recorded in the deferral and variance accounts in Schedule B will be subject to a review by the OEB for determining if disposition will be granted.

⁶ EB-2017-0307

3 COST AWARDS

The OEB may grant cost awards to eligible parties pursuant to its power under section 30 of the *Ontario Energy Board Act, 1998*. When determining the amount of the cost awards, the OEB will consider the provisions of the Notice of Application in this proceeding and apply the principles set out in section 5 of the OEB's *Practice Direction on Cost Awards*. The filings related to cost awards shall be made in accordance with the following schedule.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The accounting order attached as Schedule A is approved.
2. Intervenors shall file with the OEB, and forward to Enbridge, their respective cost claims by **March 8, 2018**.
3. Enbridge shall file with the OEB, and forward to intervenors, any objections to the claimed costs by **March 22, 2018**.
4. Intervenors shall file with the OEB, and forward to Enbridge, any responses to any objections for cost claims by **March 29, 2018**.
5. Enbridge shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

All filings to the OEB must quote the file number, **EB-2017-0086** and be made electronically in searchable/unrestricted PDF format through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <https://www.oeb.ca/industry>. If the web portal is not available, parties may email their documents to the address below.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Lawrie Gluck at lawrie.gluck@oeb.ca and Counsel, Michael Millar at michael.millar@oeb.ca.

ADDRESS

Ontario Energy Board
P.O. Box 2319
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Attention: Board Secretary

E-mail: boardsec@oeb.ca
Tel: 1-888-632-6273 (Toll free)
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DATED at Toronto, February 22, 2018
ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

SCHEDULE A
DECISION AND ACCOUNTING ORDER
ENBRIDGE GAS DISTRIBUTION INC.
EB-2017-0086
FEBRUARY 22, 2018
ACCOUNTING ORDER

ACCOUNTING TREATMENT FOR A
PURCHASED GAS VARIANCE ACCOUNT
("PGVA")

The purpose of the PGVA is to record the effect of price variances between actual gas purchase prices and the forecast prices that underpin the revenue rates to be charged throughout the fiscal year. Without this deferral account, the ratepayers and the Company are exposed to the risk of purchased gas price variances, which could unduly penalize or benefit one party at the benefit or expense of the other. Lower than forecast gas purchase prices would result in an over recovery from the customers and higher prices would result in an under recovery to the Company. This deferral account ensures that such effects are eliminated.

Methodology

The actual unit cost is determined by dividing the total commodity and transportation costs (less the demand charges related to unutilized TransCanada firm service transportation capacity, if any) plus any other costs associated with emerging gas pricing mechanisms incurred in the month by the actual volumes purchased in the month. The rate differential between the PGVA reference price and the actual unit cost of the purchases, multiplied by the actual volumes purchased, is recorded in the PGVA monthly.

The fixed cost component of the TransCanada firm service transportation costs (i.e., Transportation Demand Charge) is included in the determination of the reference price. However, any demand charges relating to unutilized transportation capacity, either forecast or actual, are excluded. This treatment of forecast and actual Transportation Demand Charges for unutilized transportation capacity is consistent with the Board's concerns that these amounts be excluded from the PGVA.

Since all transportation costs on volumes purchased by the Company related to forecast utilized capacity are included in the determination of the PGVA reference price, any changes in the TransCanada tolls will be recorded in the PGVA. Any toll changes related to the cost of forecast unutilized capacity will not be recorded in the PGVA and therefore, requires separate adjustment. The inclusion of changes in TransCanada tolls in the PGVA is consistent with past practice.

Since the transportation tolls for other transportation services, such as for the Vector, Link, and NEXUS pipelines, that were used in the determination of the PGVA reference price were based upon an estimate, any variation between the actual transportation costs (including associated fuel costs) and the estimated transportation costs will be recorded in the PGVA.

Since transportation costs related to the transport of Western Canada Bundled T-service volumes are not included in the derivation of the PGVA reference price, changes in TransCanada tolls will be recorded in the PGVA as a separate adjustment.

Throughout the fiscal year expenditures related to TransCanada's Storage Transportation Services, including balancing fees related to TransCanada's Limited Balancing Agreement, will be recorded in the PGVA. The PGVA will also record amounts related to a Limited Balancing Agreement with Union Gas.

The PGVA will record adjustments related to transactional services activities which are designed to record the impact of direct and avoided costs between the PGVA and the TSDA. These adjustments are required to ensure appropriate allocation of costs and benefits to the underlying transactions and appropriate recording of amounts in the PGVA and TSDA for purposes of deferral account dispositions.

In addition, the PGVA will record the amounts related to unforecast penalty revenues received from interruptible customers who do not comply with the Company's curtailment requirements, unauthorized overrun gas revenues, the use of electronic bulletin boards, and the unforecast Unabsorbed Demand Charge ("UDC") that arises as a consequence of the Company voluntarily leaving transportation capacity unutilized in order to gain a net benefit for the customer by purchasing lower priced unforecast discretionary delivered supplies.

The PGVA will also record an inventory valuation adjustment every time a recalculated "Utility Price" or PGVA Reference Price comes into effect at the beginning of a quarter. The adjustment consists of the storage inventory valuation adjustment necessary to price actual opening inventory volumes at a rate equal to the Board approved quarterly PGVA reference price.

The PGVA will also record any refund/collection associated with Board approved Gas Cost Adjustment Riders.

The Company will record, at the time a Banked Gas Account Balance is purchased from a customer, the difference in the amount payable to the customer and the amount included in the PGVA (Transportation Service Rider A). This amount would be credited to a sub-account of the PGVA. In the event the Company incurs unforecast UDC costs as a result of having to purchase Banked Gas Account Balances then the amount in such sub-account will be used to offset corresponding UDC costs. All amounts remaining in this sub-account, after offsetting these UDC costs, will be rolled up into the PGVA.

The commodity sale price on the disposition of Banked Gas Account Balances, the incentive sale price, is set at 120% of an average Empress price over the 12 months of the contractual year. Any amount in excess of 100% of the gas supply charge stated in the applicable rate schedule, net of the commodity related bad debt, will be included in the PGVA for each fiscal year.

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

Accounting Entries

1. To record the monthly gas purchase variance:

Debit:	PGVA	(Account 179. 70_)
Credit:	Gas in Storage	(Account 152. 000)
	or	
Debit:	Gas in Storage	(Account 152. 000)
Credit:	PGVA	(Account 179.70_)

To record the total rate variance on the current month's gas purchases.

2. TransCanada Toll changes related to forecast unutilized transportation capacity:

Debit:	PGVA	(Account 179. 70_)
Credit:	Accounts Payable	(Account 259. 000)
	or	
Debit:	Gas in Storage	(Account 152. 000)
Credit:	PGVA	(Account 179. 70_)

To record the amounts related to TransCanada toll changes on forecast unutilized transportation capacity.

3. TransCanada Toll changes related to Western Canada Bundled T-Service transportation capacity:

Debit:	PGVA	(Account 179. 70_)
Credit:	Accounts Payable	(Account 259. 000)
	or	
Debit:	Gas in Storage	(Account 152. 000)
Credit:	PGVA	(Account 179. 70_)

To record the amounts related to TransCanada toll changes on Western Canada Bundled T-Service transportation capacity.

4. Transactional services activities:

Debit/Credit:	TSDA	(Account 179. 80_)
Debit/Credit:	Various accounts	(Account _____. ____)
Credit/Debit:	PGVA	(Account 179. 70_)

To record adjustments for direct and avoided costs related to Transactional Services activities between the PGVA and TSDA, and other accounts such as Gas Costs, Gas Stored Underground and Storage Demand Charges.

5. Electronic bulletin boards:

Debit:	PGVA	(Account 179. 70_)
Credit:	Accounts Payable	(Account 259. 000)

To record the amounts related to the Company's use of electronic bulletin boards.

6. Unforecast penalty revenues:

Debit:	Accounts Receivable	(Account 140. 010)
Credit:	PGVA	(Account 179. 70_)

To record unforecast penalty revenues received from interruptible customers who do not comply with the Company's curtailment requirements.

7. Voluntary UDC:

Debit:	PGVA	(Account 179. 70_)
Credit:	Accounts Payable	(Account 259. 000)

To record voluntary UDC as a result of purchasing lower priced unforecast discretionary delivered supplies.

8. Inventory valuation adjustment:

Credit/Debit:	Gas In Storage	(Account 152. 000)
Debit/Credit:	PGVA	(Account 179. 70_)

To record the adjustment necessary to value actual inventory volumes at a rate equal to the PGVA reference price.

9. Refund or collection of the Gas Cost Adjustment Rider:

Debit/Credit:	PGVA	(Account 179. 70_)
Credit/Debit:	Accounts Receivable	(Account 140. 010)

To record the amounts refunded or collected from customers through the Gas Cost Adjustment Rider.

10. Purchase of banked gas account balance:

Debit:	Gas In Storage	(Account 152. 000)
Credit:	PGVA	(Account 179. 70_)

To record the purchase of the Banked Gas Account Balance less the Transportation Service Rider A.

11. Unforecast UDC:

Debit:	PGVA	(Account 179. 70_)
Credit:	Accounts Payable	(Account 259. 000)

To record unforecast UDC costs resulting from the purchase of Banked Gas Account Balances from T-Service customers.

12. Sales in excess of 100% of the applicable gas supply charge:

Debit:	Other Income	(Account 319. 010)
Credit:	PGVA	(Account 179. 70_)

To record the amount of sales in excess of 100% of the gas supply charge stated in the applicable rate schedule, net of the commodity related bad debt amount.

13. Interest accrual:

Debit:	PGVA - Interest Receivable	(Account 179. 71_)
Credit:	Interest Expense	(Account 323. 000)
	or	
Debit:	Interest Expense	(Account 323. 000)
Credit:	PGVA - Interest Payable	(Account 179. 71_)

To record simple interest on the opening monthly balance of the PGVA using the Board Approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A
TRANSACTIONAL SERVICES DEFERRAL ACCOUNT
("TSDA")

The purpose of the TSDA is to record the incremental ratepayer share of net revenue from transportation and storage related transactional services, to be shared 90/10 between EGD's ratepayers and shareholders.

In the event that the ratepayer share of TS net revenues exceeds \$12 million, then such amounts over \$12 million will be credited to the TSDA. In the event that the ratepayer share of TS net revenues is less than \$12 million, then Enbridge will be credited with the difference between the actual ratepayer share of TS net revenues and \$12 million, which would be reflected as a debit in the TSDA.

Net revenue is defined as gross revenues for providing these services less any direct incremental costs incurred, plus, any avoided costs. Direct incremental costs represent those direct costs incurred as a result of a transactional service activity and avoided costs are those costs that have been avoided as a result of a transactional service activity. Typical direct incremental costs and avoided costs would include transportation costs, fuel costs, charges for name changes, re-direct charges, etc.

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

Accounting Entries

1. To record incremental Transactional Services revenues and costs:

Debit:	Other Income	(Account 319. 010)
Credit:	Operating Revenue	(Account 300. 000)
Debit/Credit:	TSDA	(Account 179. 80_)

To record either the incremental ratepayer portion of net revenues generated from transactional services activities in excess of the \$12 million included in rates or the recognition of amounts recoverable by EGD where net TS revenue is less than \$12 million.

2. Allocation of costs and benefits to Transactional Services activities:

Debit/Credit:	TSDA	(Account 179. 80_)
Debit/Credit:	Various accounts	(Account _____. ____)
Credit/Debit:	PGVA	(Account 179. 70_)

To record adjustments for direct and avoided costs related to transactional services activities between the PGVA and TSDA, and other accounts such as Gas Costs, Gas Stored Underground and Storage Demand Charges.

3. Interest accrual:

Debit/Credit:	Interest Expense	(Account 323. 000)
Credit/Debit:	TSDA - Interest Payable	(Account 179. 81_)

To record simple interest on the opening monthly balance of the TSDA using the Board Approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR AN
UNACCOUNTED FOR GAS VARIANCE ACCOUNT
("UAFVA")

The purpose of the UAFVA is to record the cost of gas that is associated with volumetric variances between the actual volume of unaccounted for gas ("UAF") and the Board approved UAF volumetric forecast.

The gas costs associated with the UAF variance account will be calculated at the end of the fiscal year based on the estimated volumetric variance between the Board approved level and the estimate of the actual UAF. An adjustment will be made to the UAFVA in the subsequent year to record any differences between the estimated UAF and actual UAF.

The UAF annual variance will be allocated on a monthly basis in proportion to actual sales and costed at the monthly PGVA reference price.

Where there are recoveries of gas loss amounts invoiced as part of 3rd party damages, the gas loss amounts will be removed from the UAFVA balance.

Carrying costs for the UAFVA will be calculated using the Board Approved EB-2006-0117 interest rate methodology. The balance of the UAFVA, together with the carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record the estimated volumetric variance between the actual UAF and the Board Approved level:

Debit/Credit:	UAFVA	(Account 179. 86_)
Credit/Debit:	Gas Costs	(Account 623. 010)

To record the costs associated with the volumetric variance related to unaccounted for gas.

2. To record the recovery of gas loss amounts:

Debit:	Accounts Receivable	(Account 142. 010)
Credit:	UAFVA	(Account 179. 86_)

To record the recovery of gas loss amounts invoiced as part of 3rd party damages.

3. Interest accrual:

Debit/Credit:	Interest on UAFVA	(Account 179. 87_)
Credit/Debit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the UAFVA using the Board Approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A
STORAGE AND TRANSPORTATION DEFERRAL ACCOUNT
("S&TDA")

The purpose of the S&TDA is to record the difference between the forecast of Storage and Transportation rates (both cost of service and market based pricing) included in the Company's approved rates and the final Storage and Transportation rates (both cost of service and market based pricing) incurred by the company. It will also be used to record variances between the forecast Storage and Transportation rebate programs and the final rebates received by the company. The accounting treatment for the S&TDA is in line with that established for the 2008 S&TDA, which recognized that storage and transportation services may be provided to the Company by suppliers other than Union Gas and at market based rates.

The S&TDA will also record the variance between the forecast Storage and Transportation demand levels and the actual Storage and Transportation demand levels. In addition, this account will be used to record amounts related to deferral account dispositions received or invoiced from Storage and Transportation suppliers.

The S&TDA will also record the variance between the forecasted commodity cost for fuel and the updated QRAM Reference Price.

Simple interest is to be calculated on the opening monthly balance of the S&TDA 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 designated by the Board in a future rate hearing.

Accounting Entries

1. Storage and Transportation rate variance:

$[(\text{Final Storage and Transportation rates}) - (\text{Storage and Transportation rates underpinning the Company's rates})] \times \text{Actual storage and/or transportation volumes}$

Debit/Credit:	S&TDA	(Account 179. 88_)
Credit/Debit:	Gas in Storage	(Account 152. 000)
	or	
Credit/Debit:	Gas Costs	(Account 623. 010)

To record the difference between the Storage and Transportation rates included in the Company's rates and the final Storage and Transportation rates.

2. To record variances in the Storage and Transportation rebate programs:

Debit:	Sundry Accounts Receivable	(Account 141. 030)
Credit:	S&TDA	(Account 179. 88_)
	or	
Debit:	S&TDA	(Account 179. 88_)
Credit:	Accounts Payable	(Account 259. 000)

To record the difference between the Storage and Transportation rebate programs included in the Company's rates and the final rebates received by the Company.

3. To record Storage and Transportation deferral account dispositions:

Debit:	Sundry Accounts Receivable	(Account 141. 030)
Credit:	S&TDA	(Account 179. 88_)
	or	
Debit:	S&TDA	(Account 179. 88_)
Credit:	Accounts Payable	(Account 259. 000)

To record amounts related to deferral account dispositions received or invoiced from Storage and Transportation.

4. Inventory valuation adjustment:

Debit/Credit:	S&TDA	(Account 179. 88_)
Credit/Debit:	Gas In Storage	(Account 152. 000)

To record adjustments to storage and transmission fuel costs associated with quarterly price changes.

5. Interest accrual:

Debit/Credit:	Interest on S&TDA	(Account 179. 89_)
Credit/Debit:	Interest Expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the S&TDA using the Board Approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A
GREENHOUSE GAS EMISSIONS IMPACT DEFERRAL ACCOUNT
("GGEIDA")

The purpose of the GGEIDA is to record the administrative costs associated with the impacts of provincial and federal regulations related to greenhouse gas emission requirements.

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 designated by the Board in a future rate hearing.

Accounting Entries

1. To record the greenhouse gas emission administrative costs:

Debit/Credit:	GGEIDA	(Account 179. 32_)
Credit/Debit:	Various accounts	(Account ____ . ____)

To record the administrative costs/credits associated with the impact of provincial and federal regulations related to greenhouse gas emission requirements.

2. Interest accrual:

Debit/Credit:	Interest on GGEIDA	(Account 179. 33_)
Credit/Debit:	Interest expense	(Account 323. 000)

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

ACCOUNTING TREATMENT FOR A
CUSTOMER CARE CIS RATE SMOOTHING DEFERRAL ACCOUNT
("2018 CCCISRSDA")

For the 2018 Fiscal Year
(January 1, 2018 to December 31, 2018)

The purpose of the 2018 CCCISRSDA is to capture the difference between the Board approved forecast customer care and CIS costs versus the smoothed amount to be collected in revenues as approved by the Board in the EB-2011-0226 CIS Customer Care Settlement Agreement and proceeding. The amount to be debited or credited to the deferral account, for each of the 2013 through 2018 years, will be calculated by multiplying the difference in Board approved cost per customer and smoothed cost per customer by the updated customer forecast for that year. The balances in the account will not be cleared during the 2013 through 2018 period. The cumulative balance will build up during the years 2013 to 2015 when the Board approved cost per customer exceeds the smoothed cost per customer being collected in rates, and then will be drawn down during the years 2016 to 2018 when the Board approved cost per customer is lower than the smoothed cost per customer being collected in rates. After 2018, any remaining balance in the account it is to be cleared along with the clearance of other deferral and variance accounts.

As determined in the EB-2011-0226 Settlement Agreement, interest is to be calculated on the opening monthly balance of this account at a fixed annual rate of 1.47%, and will not change during the period the deferral account is allowed to continue through 2018. The interest carrying charges will be disposed of annually at the same time of clearance of all other deferral and variance accounts.

Accounting Entries

1. To record the approved 2018 treatment of revenue and costs associated with customer care and CIS costs:

Debit:	Various accounts	(Account ____ . ____)
Credit:	2018 CCCISRSDA	(Account 179. 168)

To record the variance between customer care and CIS costs versus the amount to be collected in revenues as approved by the Board in the EB-2011-0226 for CCCISRSDA.

2. Interest accrual:

Debit:	Interest expense	(Account 323. 000)
Credit:	Interest on 2018 CCCISRSDA	(Account 179. 178)

To record simple interest on the opening monthly balance of the 2018 CCCISRSDA using a fixed annual rate of 1.47%, as approved by the Board in the EB-2011-0226.

ACCOUNTING TREATMENT FOR A
DEFERRED REBATE ACCOUNT
("DRA")

The purpose of the DRA is to record any amounts payable to, or receivable from, customers of Enbridge Gas Distribution as a result of the clearing of deferral and variance accounts authorized by the Board which remain outstanding due to the Company's inability to locate such customers.

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 designated by the Board in a future rate hearing.

Accounting Entries

1. Disposition of deferral and variance accounts:

Debit/Credit:	D/VA's approved for clearance	(Account 179. ___)
Debit/Credit:	Interest on D/VA's – various	(Account 179. ___)
Credit/Debit:	DRA	(Account 179. 00_)

2. Refund or collection:

Debit/Credit:	DRA	(Account 179. 00_)
Credit/Debit:	Accounts Receivable	(Account 140. 010)

To record the actual amounts refunded to / recovered from customers.

3. Interest accrual:

Debit/Credit:	Interest expense	(Account 323. 000)
Credit/Debit:	Interest on the DRA	(Account 179. 01_)

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

ACCOUNTING TREATMENT FOR A
GAS DISTRIBUTION ACCESS RULE IMPACT DEFERRAL ACCOUNT
("GDARIDA")

The purpose of the GDARIDA is to record all incremental unbudgeted capital and operating impacts associated with the development, implementation, and operation of the Gas Distribution Access Rule and any ongoing amendments to the rule. Such costs would include, but not be limited to, market restructuring oriented customer education and communication programs, legal or expert advice required, operating cost or revenue changes in relation to the establishment of contractual agreements, and developing revised business processes and related computer hardware and software required to meet the requirements of the GDAR.

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 costs related to Gas Distribution Access Rule requirements:

Debit:	GDARIDA	(Account 179. 20_)
Credit:	Accounts payable	(Account 251. 010)

To record the unbudgeted costs associated with GDAR development, implementation, and operation.

2. Interest accrual:

Debit:	Interest on GDARIDA	(Account 179. 21_)
Credit:	Interest expense	(Account 323. 000)

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

ACCOUNTING TREATMENT FOR A
MANUFACTURED GAS PLANT DEFERRAL ACCOUNT
("MGPDA")

The purpose of the MGPDA is to capture all costs incurred in managing and resolving issues related to the Company's manufactured gas plant ("MGP") legacy operations. Costs charged to the account could include, but are not limited to:

- Responding to all enquiries, demands and court actions relating to former MGP sites;
- All oral and written communications with existing and former third party liability and property insurers of the Company;
- Conducting all necessary historical research and reviews to facilitate the Company's responses to all enquiries, demands, court actions and communications with claimants, third parties and insurers;
- Engaging appropriate experts (for example, environmental, insurance archivists, engineers, etc.) for the purposes of evaluating any alleged contamination that may have resulted from former MGP operations and providing advice regarding the appropriate steps to remediate/contain/monitor such contamination, if any;
- Engaging legal counsel to respond to all demands and court actions by claimants, and to take appropriate steps in relation to the Company's existing and former third party liability and property insurers; and
- Undertaking appropriate research into the regulatory treatment of costs resulting from former MGP operations in the United States.

The MGPDA would also be used to record any amounts which are payable to any claimant following settlement or trial, including any damages, interest, costs and disbursements and any recoveries from insurers or third parties.

In the event that Enbridge does not request clearance of amounts recorded in the MGPDA in a particular year, at the same time as other accounts for that year are requested for clearance, then the un-cleared balance will remain in the account.

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 costs:

Debit:	MGPDA	(Account 179. 30_)
Credit:	Accounts Payable	(Account 251. 010)

To record the unbudgeted costs incurred in managing and resolving manufactured gas plant legal proceedings and litigation.

2. Interest accrual:

Debit:	Interest on MGPDA	(Account 179. 31_)
Credit:	Interest expense	(Account 323. 000)

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

ACCOUNTING TREATMENT FOR AN
AVERAGE USE TRUE-UP VARIANCE ACCOUNT
("AUTUVA")

The purpose of the AUTUVA is to record ("true-up") the revenue impact, exclusive of gas costs, of the difference between the forecast of average use per customer, for general service rate classes (Rate 1 and Rate 6), embedded in the volume forecast that underpins Rates 1 and 6 and the actual weather normalized average use experienced during the year. The calculation of the volume variance between forecast average use and actual normalized average use will exclude the volumetric impact of Demand Side Management programs in that year. The revenue impact will be calculated using a unit rate determined in the same manner as for the derivation of the Lost Revenue Adjustment Mechanism (LRAM), extended by the average use volume variance per customer and the number of customers.

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 revenue impact of forecast versus actual normalized average use:

Debit/Credit:	AUTUVA	(Account 179. 66_)
Credit/Debit:	Operating revenue	(Account 300. 000)

To record the revenue impact associated with the variance in forecast average use per customer versus actual normalized average use per customer.

2. Interest accrual:

Debit/Credit:	Interest on AUTUVA	(Account 179. 67_)
Credit/Debit:	Interest expense	(Account 323. 000)

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

ACCOUNTING TREATMENT FOR A
POST-RETIREMENT TRUE-UP VARIANCE ACCOUNT
("PTUVA")

In accordance with the EB-2017-0086 Settlement Proposal, the purpose of the Post-Retirement True-Up Variance Account (PTUVA) will be to record any allowed revenue impact that results from actual pension and OPEB related amounts (accrual based expense amounts and cash based funding) which differ compared to what was forecast and included in rates. This would include any allowed revenue impacts arising as a result of proposed changes to Ontario pension legislation and regulations which proceed. The PTUVA will be cleared subject to the condition that any allowed revenue variance in excess of \$5 million (credit or debit) will remain in the account, so that large variances can be cleared over time (smoothed). Under this approach, the maximum amount (debit or credit) that will be cleared from the PTUVA will be \$5 million with any balance to remain in the account for future clearance.

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 designated by the Board in a future rate hearing.

Accounting Entries

1. To record the pension and post-employment benefit allowed revenue true-up amounts:

Debit:	PTUVA	(Account 179. 24_)
Credit:	Accounts payable	(Account 251. 010)
	Or	
Debit/Credit:	Operating revenue	(Account 300.000)
Credit/Debit:	PTUVA	(Account 179.24_)

To record the allowed revenue impact resulting from variances between actual pension and post-employment benefits, versus amounts embedded in rates.

2. Interest accrual:

Debit/Credit:	Interest on PTUVA	(Account 179. 25_)
Credit/Debit:	Interest expense	(Account 323. 000)

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

ACCOUNTING TREATMENT FOR A
TRANSITION IMPACT OF ACCOUNTING CHANGE DEFERRAL ACCOUNT
("TIACDA")

The purpose of the Transition Impact Accounting Change Deferral Account (TIACDA) is to track the un-cleared balance in the account which is remaining to be cleared. In EB-2011-0354, the Board approved the recovery of Other Post Employment Benefit (OPEB) costs, forecast to be \$90 million at the end of 2012, over a 20 year period, commencing in 2013. The OPEB costs needed to be recognized as a result of Enbridge having to account for post-employment expenses on an accrual basis, upon transition to USGAAP for corporate reporting purposes in 2012. The use of USGAAP for regulatory purposes was approved within the 2013 rate proceeding, EB-2011-0354. The final estimate of OPEB costs to be recovered over 20 years, which was recorded in the TIACDA at the end of 2012, was \$88.7 million. The balance in the account will be drawn down and cleared to ratepayers by \$4.4 million annually (1/20 of \$88.7 million) until clearance is complete.

Interest is not applicable to the balance of this account.

Accounting Entries

1. To track the balance and record the annual accounting change transition amounts approved for recovery:

Debit:	Sundry Accounts Receivable	(Account 141. 030)
Credit:	TIACDA	(Account 179. 02_)

ACCOUNTING TREATMENT FOR AN
OPEN BILL REVENUE VARIANCE ACCOUNT
("OBRVA")

The purpose of the OBRVA is to track and record the ratepayer share of net revenue for Open Bill Services. The account allows for net annual revenue amounts in excess of \$7.389 million to be shared 50/50 with ratepayers, and allows for a credit to Enbridge in the event that net annual revenues are less than \$4.889 million, equal to the shortfall between actual net revenues and \$4.889 million. The net revenue amounts will be determined in accordance with the EB-2009-0043 Board Approved Open Bill Access Settlement Proposal dated October 15, 2009, with updated Fees and Costs as determined in the EB-2013-0099 proceeding.

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 designated by the Board in a future rate hearing.

Accounting Entries

1. To track and record Open Bill services net revenue:

Debit:	Other income	(Account 319. 010)
Credit:	OBRVA	(Account 179. 48_)
	Or	
Debit:	OBRVA	(Account 179. 48_)
Credit:	Operating revenue	(Account 300. 000)

To record the variance in the ratepayer porting of net revenue associated with Open Bill Service programs in excess of \$7.389 million or below \$4.889 million.

2. Interest accrual:

Debit/Credit:	Interest on OBRVA	(Account 179. 49_)
Credit/Debit:	Interest expense	(Account 323. 000)

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

ACCOUNTING TREATMENT FOR AN
EX-FRANCHISE THIRD PARTY BILLING SERVICES DEFERRAL ACCOUNT
("EFTPBSDA")

The purpose of the EFTPBSDA is to record and track the ratepayer portion of revenues, net of incremental costs, generated from third party billing services provided to ex-franchise parties. The net revenue is to be shared on a 50/50 basis with ratepayers. The net revenue amounts will be determined in accordance with the EB-2009-0043 Board Approved Open Bill Access Settlement Proposal dated October 15, 2009, with updated Fees and Costs as determined in the EB-2013-0099 proceeding.

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 designated by the Board in a future rate hearing.

Accounting Entries

1. To track and record the ratepayer portion of net revenue:

Debit/Credit:	EFTPBSDA	(Account 179. 08_)
Credit/Debit:	Various accounts	(Account _____. ____)

To record net revenue associated with Ex-Franchise third party Billing Services.

2. Interest accrual:

Debit/Credit:	Interest on EFTPBSDA	(Account 179. 09_)
Credit/Debit:	Interest expense	(Account 323. 000)

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

ACCOUNTING TREATMENT FOR AN
EARNINGS SHARING MECHANISM DEFERRAL ACCOUNT
("ESMDA")

The purpose of the ESMDA is to record the ratepayer share of utility earnings that result from the application of the earnings sharing mechanism. If the actual utility return on equity (ROE), calculated on a weather normalized basis, exceeds the Board's approved formula ROE, which was utilized in determining allowed revenues, the resultant amount will be shared equally (i.e., 50/50) between the Company's ratepayers and shareholders. The calculation of a utility return for earnings sharing determination purposes, will include all revenues that would otherwise be included in earnings and only those expenses (whether operating or capital) that would otherwise be allowable deductions from earnings as within a cost of service application. In addition, the following are examples of shareholder incentives and other amounts which are outside of the ambit of the earnings sharing mechanism: amounts related to Demand Side Management incentives ("DSMIDA") and Lost Revenue Adjustment Mechanism ("LRAM"), amounts related to Transactional Services incentives, amounts related to Open Bill program incentives, and amounts related to Electric Program Earnings Sharing incentives ("EPESDA").

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 ratepayers' share of earnings as a result of the earning sharing mechanism:

Debit:	Operating revenue	(Account 300. 000)
Credit:	ESMDA	(Account 179. 58_)

To record the ratepayers' 50% share of utility earnings when the actual weather normalized ROE is greater than the Board approved formula ROE.

2. Interest accrual:

Debit:	Interest expense	(Account 323. 000)
Credit:	Interest on ESMDA	(Account 179. 59_)

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

ACCOUNTING TREATMENT FOR A
CONSTANT DOLLAR NET SALVAGE ADJUSTMENT DEFERRAL ACCOUNT
("2018 CDNSADA")

For the 2018 Fiscal Year
(January 1, 2018 to December 31, 2018)

In accordance with the EB-2012-0459 decision (EGD's 2014 – 2018 Custom Incentive Rate Application), the purpose of the 2018 CDNSADA was to record and clear the 2018 credit to ratepayers that resulted from the adoption of the Constant Dollar Net Salvage (CDNS) approach for determining the net salvage percentages to be included within EGD's depreciation rates.

As a result of the adoption of the CDNS approach, the Company had an estimated excess net salvage reserve when compared to the reserve which accumulated while the Company employed the Traditional Method for determining net salvage percentages. The net salvage reserve is recorded within a liability account which, for utility rate base determination purposes, is accounted for as an offset against specific property, plant and equipment asset category balances as part of accumulated depreciation. Within the EB-2012-0459 decision, the Board ordered the refund to ratepayers of \$379.8 million in net salvage reserve over the 2014 – 2018 period, through rate rider D. The annual refund amounts were: 2014 - \$96.8 million, 2015 - \$90.4 million, 2016 - \$83.9 million, 2017 - \$77.5 million, and 2018 - \$31.1 million.

On a monthly basis each year, the net salvage liability (or accumulated depreciation for utility rate base purposes) was to be debited by the forecast monthly rider amount, with a corresponding credit recorded in the CDNSADA. Within the same month, the CDNSADA was to be debited, with a corresponding credit to accounts receivable, for the actual amount refunded to customers through rate rider D.

In each year, the final balance in the account was to be the cumulative variance between the amounts proposed for clearance and the actual amounts cleared. The balance was to be transferred to the following year's CDNSADA, and at the end of 2018, any residual balance will be cleared in a post 2018 true up, ensuring the actual amount cleared was equivalent to the required \$379.8 million.

However, in accordance with the Company's EB-2017-0086 approved Amended Settlement Proposal to discontinue site restoration cost rider D in 2018, which was made as a result of the expected refund of greater than \$379.8 million by the end of 2017, the 2018 CDNSADA will be utilized to effect a final true up of all site restoration cost completion implications. As a result, the 2018 CDNSADA will work as follows:

- The final balance in the 2017 CDNSADA will be transferred to the 2018 CDNSADA account.
- On a monthly basis during 2018, the net salvage liability (or accumulated depreciation for utility rate base purposes) will be debited by the EB-2012-0459

2018 approved forecast monthly rider amount (totaling \$31.1M), with a corresponding credit recorded in the CDNSADA. With the discontinuance of Rider D in 2018, there will be no monthly debit to the CDNSADA, with corresponding credit to accounts receivable, for the actual amounts refunded to customers through Rate Rider D. The impact of this will be to reduce the actual cumulative variance/over refund (or debit/receivable) experienced through 2017, as compared to the approved forecast refund through 2017 of \$348.7 million, to a net variance versus the total Board ordered refund of \$379.8 million, that was to be refunded through 2018.

- A forecast debit/receivable balance (reflecting the forecast net Rider D over refund) will be sought for clearance as part of the 2017 ESM and Deferral Clearance application. Subject to clearance occurring during 2018, the 2018 CDNSADA balance at the end of 2018 will be \$0.

No interest is to be calculated on the balance in this account.

Accounting Entries

1. To transfer the 2017 CDNSADA balance to the 2018 CDNSADA:

Debit/Credit:	2018 CDNSADA	(Account 179. 348)
Credit/Debit:	2017 CDNSADA	(Account 179. 347)

To transfer the closing 2017 CDNSADA balance to the 2018 CDNSADA.

2. To record the forecast monthly net salvage refund:

Debit:	Other LT Liabilities (Accum. Dep.)	(Account 279. 000)
Credit:	2018 CDNSADA	(Account 179. 348)

To record the forecast 2018 monthly net salvage refund amount that was to be returned to ratepayers through rate rider D.

ACCOUNTING TREATMENT FOR AN
ELECTRIC PROGRAM EARNINGS SHARING DEFERRAL ACCOUNT
("EPESDA")

The purpose of the EPESDA is to track and account for the ratepayer share of all net revenues generated by DSM services provided for electric CDM activities. The ratepayer share is 50% of net revenues, using fully allocated costs, as was determined in DSM guidelines proceeding EB-2008-0346.

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 ratepayer share of net revenues from electric DSM/CDM:

Debit:	Other income	(Account 319. 010)
Credit:	Operating & Maintenance	(Various accounts)
Credit:	EPESDA	(Account 179. 60_)

To record the ratepayer share of net revenues generated by providing DSM/CDM services.

2. Interest accrual:

Debit:	Interest expense	(Account 323. 000)
Credit:	Interest on EPESDA	(Account 179. 61_)

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

ACCOUNTING TREATMENT FOR A
DEMAND SIDE MANAGEMENT VARIANCE ACCOUNT
("DSMVA")

The purpose of the DSMVA is to record the difference between the actual DSM spending for the fiscal year and the budgeted amount included within rates. Amounts determined to be over or under the budget included within Allowed Revenue will be recorded in the DSMVA, subject to the DSMCEIDA. In addition, any further variance in DSM spending and results, beyond the budget included within rates, which occurs as a result of Board decisions in ongoing or upcoming DSM proceedings, will be included within the DSMVA.

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 variances in relation to appropriate DSM program costs only:

Debit/Credit:	DSMVA	(Account 179. 06_)
Credit/Debit:	Operating & Maintenance	(Various accounts)

To record the difference between actual and approved Demand Side Management operating expenditures.

2. Interest accrual:

Debit/Credit:	Interest on DSMVA	(Account 179. 07_)
Credit/Debit:	Interest expense	(Account 323. 000)

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

ACCOUNTING TREATMENT FOR A
LOST REVENUE ADJUSTMENT MECHANISM
("LRAM")

The purpose of the LRAM is to record the amount of distribution margin gained or lost when the Company's DSM programs are less or more successful than budgeted in the fiscal year.

When the utility's DSM programs are less successful in the fiscal year than budgeted, the utility gains distribution margin. Similarly, the utility loses distribution margin in the fiscal year when its DSM programs are more successful than budgeted.

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 LRAM amounts:

Debit/Credit:	Operating revenue	(Account 623. 010)
Credit/Debit:	LRAM	(Account 179. 10_)

To record in the LRAM, the distribution margin impact of differences between actual and budgeted gas savings forecast in the Company's DSM programs.

2. Interest accrual:

Debit/Credit:	Interest expense	(Account 323. 000)
Credit/Debit:	Interest on LRAM	(Account 179. 11_)

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

ACCOUNTING TREATMENT FOR A
DEMAND SIDE MANAGEMENT INCENTIVE DEFERRAL ACCOUNT
("DSMIDA")

The purpose of the DSMIDA is to record the actual amount of the shareholder incentive earned by the Company as a result of its DSM programs. The criteria and formula used to determine the amount of any shareholder incentive, to be recorded in the DSMIDA, will be in accordance with the methodology established in the DSM Framework and Guidelines proceeding, EB-2014-0134, and Enbridge's 2015-2020 DSM Plan proceeding, EB-2015-0049.

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. Shareholder incentive earned by the Company related to DSM programs:

Debit:	DSMIDA	(Account 179. 26_)
Credit:	Other income	(Account 319. 010)

To record the shareholder incentive earned by the Company related to its DSM programs.

2. Interest accrual:

Debit:	Interest on DSMIDA	(Account 179. 27_)
Credit:	Interest expense	(Account 323. 000)

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

ACCOUNTING TREATMENT FOR A
DAWN ACCESS COSTS DEFERRAL ACCOUNT
("DACDA")

The purpose of the DACDA, as established in the EB-2014-0323 Settlement Agreement, is to record for recovery the revenue requirement impact of the incremental costs incurred to implement the Dawn Transportation Service ("DTS"), including the costs for required system changes. In addition, in accordance with the 2017 Rate Application Settlement Proposal, EB-2016-0215, the revenue requirement related to additional costs incurred to accommodate the heat value conversion modification, being implemented in conjunction with the Dawn Transportation Service system development process, will also be recorded within this account. Under the terms of the EB-2014-0323 Settlement Agreement, recovery of amounts recorded in the DACDA will be from all bundled customers, regardless of whether they are system or direct purchase and regardless of the service to which they currently subscribe, because all have the option of taking DTS if they so choose. Further details explaining the DACDA, including the recovery method, are included within Section 2.7 of the Settlement Agreement filed at Exhibit B, Tab 2, Schedule 1 of the EB-2014-0323 proceeding.

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. Dawn Access Costs Deferral Account:

Debit:	DACDA	(Account 179. 40_)
Credit:	Operating revenue	(Account 300. 000)

To record the revenue requirement impact of costs associated with the implementation of the DTS, inclusive of heat value conversion modifications.

2. Interest accrual:

Debit:	Interest on DACDA	(Account 179. 41_)
Credit:	Interest expense	(Account 323. 000)

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

ACCOUNTING TREATMENT FOR A
RELOCATION MAINS VARIANCE ACCOUNT
("2018 RLMVA")

For the 2018 Fiscal Year
(January 1, 2018 to December 31, 2018)

The establishment of the RLMVA, for each of 2017 and 2018, was approved by the Board within its Decision With Reasons in Enbridge's 2014 to 2018 Customized Incentive Rate Application, EB-2012-0459.

The purpose of the 2018 RLMVA is to record the cumulative revenue requirement impact of capital spending on mains relocation activities which varies from \$12.6 million in each of 2017 and 2018 (which is the forecast capital cost for relocations included in each of the Board approved 2017 and 2018 capital budgets), if the cumulative revenue requirement impact is \$5 million or greater.

The amount to be recorded within the 2018 RLMVA will be determined as follows:

- a) First, an amount (which may be positive or negative) related to the 2017 capital spending on relocations will be determined. That will be done by taking the difference (positive or negative) between actual capital spending and \$12.6 million, and then determining the revenue requirement implications of that amount in 2018.
- b) Second, the relevant revenue requirement amount related to 2018 capital spending on relocations will be added to the number determined in (a).
 - i. If the spending for relocations activities in 2018 is more than the \$12.6 million forecast, then Enbridge will eliminate the first \$12.6 million to arrive at the remaining capital spend for use within a revenue requirement calculation, to account for the fact that the impact of the \$12.6 million is already included within Allowed Revenue for 2018. The revenue requirement for 2018 will be calculated using the remaining capital spending for that year.
 - ii. If the spending for relocations activities in 2018 is less than the \$12.6 million forecast, then Enbridge will determine the 2018 revenue requirement that would have resulted had the unspent portion of that amount been spent.
- c) If the sum of the amounts calculated under (a) and (b) above is more than \$5.0 million (positive or negative), then that amount will be recorded in the 2018 RLMVA for future recovery.

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 in this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record the revenue requirement impact related to higher or lower than forecasted relocation activity:

Debit/Credit:	2018 RLMVA	(Account 179. 968)
Credit/Debit:	Operating Revenue	(Account 300. 000)

To record the revenue requirement impact related to higher or lower than forecasted relocation activity, if the revenue requirement impact is \$5 million or greater.

2. Interest accrual:

Debit/Credit:	Interest on 2018 RLMVA	(Account 179. 978)
Credit/Debit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2018 RLMVA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A
REPLACEMENT MAINS VARIANCE ACCOUNT
("2018 RPMVA")

For the 2018 Fiscal Year
(January 1, 2018 to December 31, 2018)

The establishment of the RPMVA, for each of 2017 and 2018, was approved by the Board within its Decision With Reasons in Enbridge's 2014 to 2018 Customized Incentive Rate Application, EB-2012-0459.

The purpose of the 2018 RPMVA is to record the cumulative revenue requirement impact of capital spending on miscellaneous mains replacement activities which varies from \$5.1 million in each of 2017 and 2018 (which is the forecast capital cost for miscellaneous replacements included in each of the Board approved 2017 and 2018 capital budgets), if the cumulative revenue requirement impact is \$5 million or greater.

The amount to be recorded within the 2018 RPMVA will be determined as follows:

- a. First, an amount (which may be positive or negative) related to the 2017 capital spending on miscellaneous replacements will be determined. That will be done by taking the difference (positive or negative) between actual capital spending and \$5.1 million, and then determining the revenue requirement implications of that amount in 2018.
- b. Second, the relevant revenue requirement amount related to 2018 capital spending on miscellaneous replacements will be added to the number determined in (a).
 - i. If the spending for miscellaneous replacement activities in 2018 is more than the \$5.1 million forecast, then Enbridge will eliminate the first \$5.1 million to arrive at the remaining capital spend for use within a revenue requirement calculation, to account for the fact that the impact of the \$5.1 million is already included within Allowed Revenues for 2018. The revenue requirement for 2018 will be calculated using the remaining capital spending for that year.
 - ii. If the spending for miscellaneous replacement activities in 2018 is less than the \$5.1 million forecast, then Enbridge will determine the revenue requirement that would have resulted had the unspent portion of that amount been spent.
- c. If the sum of the amounts calculated under (a) and (b) above is more than \$5.0 million (positive or negative), then that amount will be recorded in the 2018 RPMVA for future recovery.

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 in this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record the revenue requirement impact related to higher or lower than forecasted replacement activity:

Debit/Credit:	2018 RPMVA	(Account 179. 988)
Credit/Debit:	Operating Revenue	(Account 300. 000)

To record the revenue requirement impact related to higher or lower than forecasted replacement activity, if the revenue requirement impact is \$5 million or greater.

2. Interest accrual:

Debit/Credit:	Interest on 2018 RPMVA	(Account 179. 998)
Credit/Debit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2018 RPMVA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A
DEMAND SIDE MANAGEMENT COST-EFFICIENCY INCENTIVE DEFERRAL
ACCOUNT
("DSMCEIDA")

The purpose of the DSMCEIDA is to record as a credit, any difference between Enbridge's approved DSM budget for the fiscal year, and the actual amount spent to achieve the fiscal year's total aggregate annual lifetime savings (cumulative cubic metres of natural gas, or CCM) target, made up of all 100% CCM targets across all programs, in accordance with the program evaluation results. Any OEB-approved DSMCEIDA amounts will be available to use in meeting the Company's targets in a subsequent year over the 2015 - 2020 DSM term.

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 in this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record amounts in the DSMCEIDA:

Debit:	Operating & Maintenance	(Various accounts)
Credit:	DSMCEIDA	(Account 179. 04_)

To record any remaining unused portion of the approved DSM budget, for use in a subsequent year, where the Company achieved its total aggregate annual lifetime savings targets, made up of all 100% CCM targets across all programs.

2. Interest accrual:

Debit:	Interest expense	(Account 323. 000)
Credit:	Interest on DSMCEIDA	(Account 179. 05_)

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

ACCOUNTING TREATMENT FOR AN
OEB COST ASSESSMENT VARIANCE ACCOUNT
("OEBCAVA")

As authorized in the OEB's letter to all regulated entities, dated February 9, 2016, titled "*Revisions to the Ontario Energy Board Cost Assessment Model*", the purpose of the OEBCAVA will be to record any variance between the OEB costs assessed to Enbridge under the prior cost assessment model (prior to April 1, 2016), which are included in rates, and the OEB costs assessed to Enbridge under the new OEB cost assessment model (effective April 1, 2016). Entries into the variance account will 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 in this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record the variance in OEB costs:

Debit:	OEBCAVA	(Account 179. 94_)
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 OEBCAVA	(Account 179. 95_)
Credit:	Interest expense	(Account 323. 000)

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

ACCOUNTING TREATMENT FOR A
PENSION AND OPEB FORECAST ACCRUAL VERSUS ACTUAL CASH PAYMENT
DIFFERENTIAL VARIANCE ACCOUNT
("P&OPEBFAVACPDVA")

As detailed in the OEB's EB-2015-0040 report to all regulated entities, dated September 14, 2017, titled "Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs", the purpose of the P&OPEBFAVACPDVA will be to track the differences between Enbridge's forecast accrual pension and OPEB amounts recovered in rates, and the actual cash payments made during the fiscal year.

The forecast accrual reference amount that will be used to calculate the entries recorded in this account assumes that the total gross accrual cost as determined by an actuarial valuation is what is recorded in a utility's total OM&A expense. The actual cash payments would include all cash payments a utility makes for its pension and OPEB obligations. The approved accrual amount embedded in rates is not to change or escalate during an IRM or Custom IR term except in cases where in a Custom IR term, updated forecasts for subsequent years of the term were approved.

A primary sub-account and a second contra sub-account enable book-keeping with offsetting entries to be established. When the cumulative accrual amount exceeds the cumulative cash payments, the primary account will hold a credit balance. When the cumulative cash payments exceed the cumulative accrual amount, the primary account will hold a debit balance. The primary account will accrue carrying charges asymmetrically, to be returned to ratepayers, when the cumulative opening monthly balance of the account is in a credit position. The contra account will not accrue carrying charges.

When applicable, in accordance with the OEB's EB-2015-0040 report, carrying charges calculated on the primary sub-account will be calculated using simple interest applied to the monthly opening balance. The interest rate shall be the CWIP rate prescribed by the OEB. As the primary sub-account and second contra sub-account are offsetting, only the carrying charges will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record amounts in the P&OPEBFAVACPDVA:

Debit/Credit:	P&OPEBFAVACPDVA-Contra	(Account 179. 36_)
Credit/Debit:	P&OPEBFAVACPDVA	(Account 179. 36_)

To record the difference between the forecast pension and OPEB accrual amounts approved in rates and the actual cash amounts paid.

2. Interest accrual:

Debit:	Interest expense	(Account 323. 000)
Credit:	Interest on P&OPEBFAVACPDVA	(Account 179. 37_)

When applicable, to record simple interest on the opening monthly cumulative credit balance of the P&OPEBFAVACPDVA using the Board's prescribed CWIP rate.

SCHEDULE B
DECISION AND ACCOUNTING ORDER
ENBRIDGE GAS DISTRIBUTION INC.
EB-2017-0086
FEBRUARY 22, 2018
CONTINUING DEFERRAL AND VARIANCE ACCOUNTS

Schedule B

List of Continuing Deferral and Variance Accounts

- Purchased Gas Variance Account (PGVA)
- Transactional Services Deferral Account (TSDA)
- Unaccounted for Gas Variance Account (UAFVA)
- Storage and Transportation Deferral Account (S&TDA)
- Greenhouse Gas Emissions Impact Deferral Account (GGEIDA)
- Deferred Rebate Account (DRA)
- Gas Distribution Access Rule Impact Deferral Account (GDARIDA)
- Manufactured Gas Plant Deferral Account (MGPDA)
- Average Use True-Up Variance Account (AUTUVA)
- Post-Retirement True-Up Variance Account (PTUVA)
- Transition Impact of Accounting Change Deferral Account (TIACDA)
- Open Bill Revenue Variance Account (OBRVA)
- Ex-Franchise Third Party Billing Services Deferral Account (EFTPBSDA)
- Earnings Sharing Mechanism Deferral Account (ESMDA)
- Electric Program Earnings Sharing Deferral Account (EPESDA)
- Demand Side Management Variance Account (DSMVA)
- Lost Revenue Adjustment Mechanism Account (LRAM)
- Demand Side Management Incentive Deferral Account (DSMIDA)
- Dawn Access Costs Deferral Account (DACDA)
- Demand Side Management Cost-Efficiency Incentive Deferral Account (DSMCEIDA)
- OEB Cost Assessment Variance Account (OEBCAVA)
- Pension and OPEB Forecast Accrual Versus Actual Cash Payment Differential Variance Account (P&OPEBFAVACPDVA)