ENBRIDGE
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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")
Ontario Energy Board ("Board') File Number EB-2017-0127/EB-2017-0128
DSM Mid-Term Review - TAM and DSMPIDA

We are writing in respect of the above noted matter. Enbridge appreciates that the Board stated in its letter dated September 18, 2018 that given the nature of this proceeding, a second round of comments was not necessary. Accordingly, this letter is not intended as a further comment on matters. Enbridge does believe however that it is appropriate to provide clarity in respect of one matter where it appears that prior comments have led to some confusion and misunderstanding.

Enbridge acknowledges that several participants in this process appreciated and accept Enbridge's submission that the Target Adjustment Mechanism ("TAM") as currently designed has resulted in unintended negative consequences in respect of those program offerings that provide for multi-year incentive payments to participants. Enbridge and several stakeholders including SEC have suggested various methods and treatments that would address this problem with the TAM. Enbridge looks forward to the Board's determination in respect of this issue.

Enbridge is concerned however that there is a misunderstanding about whether the adjustments to the TAM as proposed, could be implemented as an alternative to the approval of some form of accounting mechanism which will allow Enbridge to use monies budgeted for customer incentives in one year, which are not earned and paid out in that year, to be carried forward and paid out in a subsequent year. Enbridge proposed the DSMPIDA as an administratively simple mechanism. There are other options which the Board could undoubtedly consider to address this problem. It however appeared to Enbridge that there was some belief that by doing one of either approving an accounting mechanism or adjusting the TAM, the several problems inherent to multi-year incentive programs offerings would be resolved. To be clear, should the Board approve any adjustments to the TAM as proposed by Enbridge or stakeholders, such an adjustment does not provide the approval and accounting mechanism necessary which will allow Enbridge to carry forecasted incentive payments due to participants in future years forward into the years where the payments become due.

We trust that this clarification will be of assistance to the Board and parties.

Yours truly,

(Original Signed)

Andrew Mandyam
Director, Regulatory Affairs

cc: Mr. D. O'Leary, Aird & Berlis LLP (via email)
Interested Parties (via email)