

January 5, 2021

BY EMAIL AND FILED VIA RESS

Christine Long
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc.
EB-2020-0134 – 2019 Deferral and Variance Account Clearance Application**

We act as counsel to Enbridge Gas in this matter.

In accordance with Procedural Order No. 1, attached please find the Settlement Proposal for the above noted proceeding. The Settlement Proposal includes the proposed settlement of all except one of the Deferral and Variance Accounts requested to be cleared in this proceeding. The list of “Settled Items” is described in the Settlement Proposal. As explained in the Settlement Proposal, only three of the “Settled Items” result in any changes from what is set out in Enbridge Gas’s Application and pre-filed evidence. The complete list of Deferral and Variance Accounts sought for clearance in this proceeding, and the associated balances and interest amounts, can be found at Appendix A to the Settlement Proposal. Appendix B to the Settlement Proposal (which sets out details of market-based storage procured for the Enbridge Gas Distribution Rate Zone) is filed on the public record in redacted form.

The Settlement Proposal has been filed through the Board’s Regulatory Electronic Submission System (RESS) and will be available on the Enbridge Gas website at www.enbridgegas.com/ratecase.

In the balance of this letter, we set out details about the unsettled item that would remain to be determined if the Settlement Proposal is approved, and we also set out the request for confidential treatment of Appendix B to the Settlement Proposal.

A. Unsettled Item

The unsettled item relates to the Tax Variance Deferral Account (TVDA), which records the revenue requirement impact of changes to Capital Cost Allowance (CCA) in 2018 and 2019 that resulted from the enactment of Bill C-97.

As set out in the Settlement Proposal (at Issue 1(c)), Enbridge Gas did not propose disposition of the TVDA in this proceeding, indicating instead that disposition of the account balance would be addressed at rebasing (the Company’s next cost-based rates proceeding). However (also as set

out in the Settlement Proposal), some intervenors believe that the balance in the TVDA should be disposed of in this proceeding.

The parties to the Settlement Proposal have indicated, therefore, that all issues related to the TVDA, including the calculation of the recorded balance, the disposition of the balance as between customers and Enbridge Gas, and the allocation of any disposition to customers are issues that remain unsettled.

The parties to the Settlement Proposal believe that it would be appropriate for the outstanding issues related to the TVDA to be determined through a written hearing process, because there is no apparent need for witnesses and testimony.

Enbridge Gas may wish to file supplementary evidence relevant to the outstanding issues around the TVDA, and other parties may wish to ask supplementary interrogatories about the issue (which may or may not relate to the supplementary evidence).

On behalf of all the parties to the Settlement Proposal, we request that the Board set a process for the determination of the unsettled issues. The parties suggest that this process should include the following steps:

1. Enbridge Gas may file supplementary written evidence, which may include evidence about the OEB's historic treatment of the sharing of tax savings. This would be done within 15 days of the Board's Procedural Order.
2. All parties would have the opportunity to ask supplementary interrogatories about the supplementary Enbridge Gas evidence, as well as any additional written interrogatories they may have about the TVDA.
3. Enbridge Gas would respond to any supplementary interrogatories within 14 days.
4. The Board would then receive written argument (Argument in Chief, Intervenor Submissions, Reply Argument) on the unsettled issues related to the TVDA.

The parties request that the Board set a schedule for a written hearing that would allow for a decision to be rendered by May 25, 2021, which would allow for any TVDA clearance to be implemented along with the other accounts being cleared starting on July 1, 2021.

Enbridge Gas proposes that it would wait until after the Board's decision on the TVDA to file a Draft Rate Order for clearance of the Deferral and Variance Accounts addressed in this proceeding.

B. Request for Confidential Treatment of Appendix B to the Settlement Proposal

In support of the resolution of Issue 2(a) of the Settlement Proposal (Enbridge Gas Distribution Rate Zone 2019 Storage and Transportation Deferral Account), Enbridge Gas agreed to file documents summarizing its RFP process for market-based storage capacity acquired for 2019 utilization. Given Enbridge Gas's concern that the confidential and commercially sensitive information set out in the documents might, if made public, compromise Enbridge Gas's commercial position in respect of future storage procurements and related negotiations which

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would not be in the best interests of either Enbridge Gas or its ratepayers, the parties to the Settlement Proposal have agreed that it would be appropriate for redacted versions of the subject documents to be filed on the public record. These documents have been included, in redacted form, as Appendix B to the Settlement Proposal. The public version of the documents filed at Appendix B show redactions of confidential and commercially sensitive information, but include all headings and other non-confidential information. The full (unredacted) version of the documents will be filed confidentially with the OEB, pursuant to the OEB's Practice Direction on Confidential Filings. Enbridge Gas requests that the OEB treat these unredacted documents as confidential, pursuant to the OEB's Practice Direction on Confidential Filings.

Please let us know if you have questions.

Yours truly,

AIRD & BERLIS LLP



David Stevens
DS/

cc: All parties registered in EB-2020-0134

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AIRD BERLIS

SETTLEMENT PROPOSAL

Enbridge Gas Inc.

2019 Earnings Sharing and Deferral and Variance Account Clearances

January 5, 2021

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PREAMBLE

This Settlement Proposal is filed with the Ontario Energy Board (referred to herein as the OEB or the Board) in connection with the application of Enbridge Gas Inc. (referred to herein as Enbridge Gas or the Company), for an Order or Orders approving the clearance or disposition of amounts recorded in certain Deferral or Variance Accounts. For the most part, the Deferral and Variance Accounts relate to 2019, which was the first year following the amalgamation of Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union). Most of the accounts continue to relate to the legacy utilities; therefore, the accounts for each legacy utility have been considered and addressed separately in this Settlement Proposal. There are also several accounts that relate to Enbridge Gas (the amalgamated utility).

On September 18, 2020, the OEB issued its Notice of Application in this proceeding.

In Procedural Order No. 1, dated October 21, 2020, the OEB established the process to address the application, up to and including a Settlement Conference.

A Settlement Conference was held on December 3, 4 and 7, 2020, and discussions continued after that time. Jim Faught acted as facilitator for the Settlement Conference. This Settlement Proposal arises from the Settlement Conference.

Enbridge Gas and the following intervenors, as well as Ontario Energy Board technical staff (OEB Staff), participated in the Settlement Conference:

- Building Operators and Managers Association Toronto (BOMA)
- Canadian Manufacturers & Exporters (CME)
- Consumers Council of Canada (CCC)
- Energy Probe Research Foundation (Energy Probe)
- Federation of Rental-Housing Providers of Ontario (FRPO)
- Industrial Gas Users Association (IGUA)
- London Property Management Association (LPMA)
- Ontario Greenhouse Vegetable Growers (OGVG)
- School Energy Coalition (SEC)
- Six Nations Natural Gas Company Limited (SNNG)
- The Corporation of the City of Kitchener – Utilities Division (Kitchener)
- Vulnerable Energy Consumers Coalition (VECC)

All intervenors listed above participated in the Settlement Conference and subsequent discussions. In this Settlement Proposal, the above-listed intervenors and Enbridge Gas are referred to as “the parties”.

The following items from Enbridge Gas’s Application and prefiled evidence were addressed by the parties during the Settlement Conference:

1. The proposed balances for recovery/refund in the following Deferral and Variance Accounts for Enbridge Gas (amalgamated utility):
 - (a) Earnings Sharing Deferral Account
 - (b) Accounting Policy Changes Deferral Account
 - (c) Tax Variance Deferral Account

2. The proposed balances for recovery/refund in each of the following Deferral and Variance Accounts for the EGD Rate Zone:
 - (a) Storage and Transportation Deferral Account (2019 S&TDA)
 - (b) Transactional Services Deferral Account (2019 TSDA)
 - (c) Unaccounted for Gas Variance Account (2019 UAFVA)
 - (d) Average Use True-Up Variance Account (2019 AUTUVA)
 - (e) Deferred Rebate Account (2019 DRA)
 - (f) Transition Impact of Accounting Changes Deferral Account (2020 TIACA)
 - (g) Electric Program Earnings Sharing Deferral Account (2019 EPESDA)
 - (h) OEB Cost Assessment Variance Account (2019 OEBCAVA)
 - (i) Dawn Access Costs Deferral Account (2019 DACDA)
 - (j) Gas Supply Plan Cost Consequences Deferral Account (2019 GSPCCDA)

3. The proposed balances for recovery/refund in each of the following Deferral and Variance Accounts for the Union Rate Zones:
 - (a) Upstream Transportation Optimization Account
 - (b) Unabsorbed Demand Costs (UDC) Variance Account
 - (c) Deferral Clearing Variance Account – Supply
 - (d) Deferral Clearing Variance Account – Transport
 - (e) Short-Term Storage and Other Balancing Services Account
 - (f) Normalized Average Consumption Account
 - (g) Deferral Clearing Variance Account
 - (h) OEB Cost Assessment Variance Account
 - (i) Conservation and Demand Management (CDM) Account
 - (j) Parkway West Project Costs Account
 - (k) Brantford-Kirkwall/Parkway D project Costs Account
 - (l) Lobo C Compressor/Hamilton-Milton Pipeline Project Cost Account
 - (m) Lobo D/Bright C/Dawn H Compressor Project Costs Account
 - (n) Burlington/Oakville Project Costs Account
 - (o) Panhandle Reinforcement Project Costs Account
 - (p) Unauthorized Overrun Non-Compliance Account
 - (q) Pension and OPEB Forecast Accrual vs Actual Cash Payment Differential Variance Account
 - (r) Unaccounted for Gas (UFG) Volume Variance Account
 - (s) Unaccounted for Gas (UFG) Price Variance Account

4. The proposed method for allocating and disposing of the proposed balances in the EGD Rate Zone Deferral and Variance Accounts.
5. The proposed method for allocating and disposing of the proposed balances in the Union Rate Zones Deferral and Variance Accounts.

The parties have reached complete agreement on all but one of these items (the “Settled Items”). The one item that was not resolved relates to the Enbridge Gas Tax Variance Deferral Account. No other issues or proposals were addressed by the parties during the Settlement Conference or are addressed in this Settlement Proposal.

OEB Staff is not a party to the Settlement Proposal. Although it is not a party to the Settlement Proposal, once the Settlement Proposal is filed, OEB Staff will file a submission commenting on two aspects of the settlement: whether the settlement represents an acceptable outcome from a public interest perspective, and whether the accompanying explanation and rationale is adequate to support the settlement. Also, as noted in the *Practice Direction on Settlement Conferences*, OEB Staff who participated in the Settlement Conference are bound by the same confidentiality and privilege rules that apply to the parties to the proceeding.

This document is called a “Settlement Proposal” because it is a proposal by the parties to the Board to settle the issues in this proceeding. It is termed a proposal as between the parties and the Board. However, as between the parties, and subject only to the Board’s approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and is binding and enforceable in accordance with its terms. As set forth below, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the Board in its entirety, then unless amended by the parties it is null and void and of no further effect. In entering into this agreement, the parties understand and agree that, pursuant to the *Ontario Energy Board Act, 1998*, the Board has exclusive jurisdiction with respect to the interpretation or enforcement of the terms hereof.

Enbridge Gas and all intervenors listed above have agreed to the settlement of the Settled Items as described on the following pages. Any reference to “parties” in this Settlement Proposal is intended to refer to Enbridge Gas and the intervenors listed above. The description of each Settled Item assumes that all parties participated in the negotiation of the item, unless specifically noted otherwise.

Best efforts have been made to identify all of the evidence that relates to each Settled Item. The supporting evidence for each settled issue is identified individually by reference to its exhibit number in an abbreviated format; for example, Exhibit B, Tab 3 is referred to as B-3. The identification and listing of the evidence that relates to each settled issue is provided to assist the Board.

The Settlement Proposal describes the agreements reached on the Settled Items. The Settlement Proposal provides a direct link between each Settled Item and the supporting evidence in the record to date and/or the additional evidence attached hereto. In this regard, the parties are of the view that the evidence provided is sufficient to support the Settlement Proposal in relation to the Settled Items and, moreover, that the quality and detail of the supporting evidence, together with the corresponding rationale, will allow the Board to make findings agreeing with the proposed resolution of the Settled Items.

None of the parties can withdraw from the Settlement Proposal except in accordance with Rule 30 of the *Ontario Energy Board Rules of Practice and Procedure*. Further, unless stated otherwise, a settlement of any particular issue in this proceeding is without prejudice to the positions parties might take with respect to the same issue in future proceedings, whether during the term of Enbridge Gas's current deferred rebasing term, or thereafter.

The parties acknowledge that all data, documents or information provided and any discussions, including negotiations, admissions, concessions, offers and counter-offers occurring during the course of the Settlement Conference (settlement information), including subsequent related discussions, are privileged and confidential and without prejudice in accordance with (and subject to the exceptions set out in) the Board's *Practice Direction on Settlement Conferences* (see pages 5-6 of the OEB's *Practice Direction on Settlement Conferences*, as revised October 28, 2016).

It is fundamental to the agreement of the parties that none of the provisions of this Settlement Proposal are severable. If the Board does not accept the provisions of the Settlement Proposal in their entirety, there is no Settlement Proposal (unless the parties agree that any portion of the Settlement Proposal that the Board does accept may continue as a valid Settlement Proposal).

OVERVIEW

The list of Deferral and Variance Accounts and amounts recorded for disposition for which Enbridge Gas has requested approval are set out in the prefiled evidence at Exhibit C, Tab 1, Schedule 1.

The prefiled evidence provides details for each of the Deferral and Variance Account balances that Enbridge Gas seeks to have cleared for the EGD and Union Rate Zones, and for Enbridge Gas (amalgamated utility). Enbridge Gas's prefiled evidence also details its Earnings Sharing Mechanism (ESM) calculations. There is no balance recorded in the Earnings Sharing Mechanism Deferral Account (ESMDA), because Enbridge Gas earnings for 2019 were less than 150 basis points above OEB-approved ROE.

Through the Settlement Conference process, all parties have agreed that it is appropriate for Enbridge Gas to clear the as-filed balances from the Deferral and Variance Accounts requested for clearance set out in the prefiled evidence, with three exceptions.

1. *Enbridge Gas, Accounting Policy Changes Deferral Account*: Enbridge Gas requested the clearance to ratepayers of credit amounts in this account related to the revenue requirement impact of post-amalgamation accounting policy changes (other than pension-related amounts). The parties have agreed instead that the calculation of the appropriate balances and their allocation and clearance will be deferred until the end of the Company's deferred rebasing term, when more information will be known.
2. *EGD Rate Zone, OEB Cost Assessment Variance Account (2019 OEBCAVA)*: the debit balance in this account will be reduced by \$221,500, to reflect the parties' agreement that the base OEB costs in rates used as the benchmark to determine the variances recorded this account should be increased each year to reflect the changes in amounts being recovered by Enbridge Gas through rates for this item. In the 2020 Deferral and Variance Account Clearance Application, Enbridge Gas will propose an adjustment approach for determining the base OEB costs amount to be used for each of remaining years of the deferred rebasing term.
3. *Union Rate Zones, OEB Cost Assessment Variance Account*: the debit balance in this account will be reduced by \$293,800, to reflect the parties' agreement that the base OEB costs in rates used as the benchmark to calculate the variances recorded this account should be increased each year to reflect the changes in amounts being recovered by Enbridge Gas through rates for this item. In the 2020 Deferral and Variance Account Clearance Application, Enbridge Gas will propose an adjustment approach for determining the base OEB costs amount to be used for each of remaining years of the deferred rebasing term.

Details of the settlement on each of the Settled Issues are set out in the Issues section that follows.

All parties have agreed that it is appropriate that the balances in the relevant accounts addressed in this Settlement Proposal be cleared in conjunction with Enbridge Gas's July 1, 2021 QRAM proceeding.

Appendix A to this Settlement Proposal sets out the list of Deferral and Variance Accounts and amounts recorded for disposition agreed upon in this Settlement Proposal. It is an update of Exhibit C, Tab 1, Schedule 1, to reflect the three adjustments shown above, as well as the interest amounts associated with the proposed July 1, 2021 clearance date.

As set out herein, the parties have not agreed upon the clearance of the Enbridge Gas Tax Variance Deferral Account (TVDA). In its prefiled evidence, Enbridge Gas did not request clearance of the TVDA. Intervenors take the position that the credit balance in the account (or at least 50% of that balance) should be cleared to ratepayers as part of this proceeding. Enbridge Gas takes the position that when any part of the account is cleared, then the Company should receive 50% of the balance.

THE ISSUES

1. Are the proposed balances for recovery / refund recorded in the relevant Deferral and Variance Accounts related to Enbridge Gas Inc. appropriate?

In its prefiled evidence, Enbridge Gas provided information about a number of Deferral and Variance Accounts related to the amalgamated utility – the Accounting Policy Changes Deferral Account (APCDA); the Earnings Sharing Deferral Account (ESMDA); and the Tax Variance Deferral Account (TVDA). The Company only requested clearance of (part of) one of those accounts – the APCDA.

Through the settlement process, the parties have discussed each of the accounts noted above. As set out below, the parties have reached agreement on the ESMDA and APCDA items, but have not reached agreement on clearance of the TVDA.

The impact of these Settled Items is reflected in the updated list of accounts for clearance found at Appendix A to this Settlement Proposal.

(a) Earnings Sharing Deferral Account (179-382)

The Company's pre-filed evidence included the calculation of the 2019 earnings sharing amount for the amalgamated utility, indicating that Enbridge Gas is not in an earnings

sharing position for 2019 as its achieved return on equity is below the threshold required for sharing. Therefore, no amount is recorded in the ESMDA.

The parties accept Enbridge Gas's as-filed 2019 earnings sharing calculation, and the determination that there is no 2019 amount for earnings sharing.

For future years of the deferred rebasing term, Enbridge Gas agrees to include the following items in its prefiled evidence in support of the annual earnings sharing calculations:

1. Evidence detailing the steps taken to determine the Enbridge Gas utility income used for earnings sharing purposes, including all steps taken to adjust Enbridge Gas corporate income and to align the treatment of results for the EGD and Union Rate Zones. This evidence will include a full reconciliation between corporate income in the Enbridge Gas financial statements and utility income included for earning sharing purposes.
2. Evidence about the nature of capital storage expenditures for Enbridge Gas, including explanation as to whether and why any portion of the expenditures are allocated (or not allocated) to non-utility storage operations.
3. A year-over-year comparison of utility O&M expenditures from the prior year, in the format found at Exhibit I.EP.3, Attachment 1, Table 3. The presentation of Internal Allocations and Recoveries amounts (line 13 in the referenced exhibit) will also include two sub-lines – one showing the total amount, and a second line showing the portion of the total amount that is capitalized (and not included in net utility O&M expenditures).
4. Evidence about Internal Allocations and Recoveries for the subject year in the same format (or including the same types of information) as the document produced in response to ADR Information Request #3.

Evidence: The evidence in relation to this issue includes the following:

A-3	2019 Deferral Account Disposition and Earnings Sharing Overview and Approvals Requested
B-1	2019 Earnings Sharing Amount and Determination Process
B-1-1	Return on Rate Base & Equity and Earning Sharing Determination
B-1-2	Utility Income
B-1-3	Utility Income Tax
B-1-4	Utility Rate Base and Continuity Schedules
B-1-5	Capital Structure and Cost of Capital
B-2-1	Delivery Revenue by Service Type and Rate Class
B-2-2	Total Customers and Revenue by Service Type and Rate Class
B-2-3	Revenue from Regulated Storage and Transportation of Gas
B-2-4	Other Revenue
B-3-1	Operating and Maintenance Expense
B-3-2	Capital Expenditure

B-3-3	Summary of Capital Cost Allowance
C-1	Enbridge Gas Inc. Deferral and Variance Accounts
C-1-1	Deferral and Variance Actual and Forecast Balances
F-1	Allocation and Disposition of 2019 Combined Deferral Account Balances
I.STAFF.2-4 and 6	Staff Interrogatories #2 to 4 and 6
I.BOMA.3 to 13	BOMA Interrogatories #3 to 13
I.CCC.3 to 5	CCC Interrogatories #3 to 5
I.EP.1 to 5	EP Interrogatories #1 to 5
I.FRPO.2-16, 25	FRPO Interrogatories #2 to 16 and 25
I.LPMA.13	LPMA Interrogatory #13
I.SEC.1 to 2	SEC Interrogatories #1 and 2
I.VECC.2 to 6	VECC Interrogatories #2 to 6
I.ADR.1	Response to ADR Information Request #1
I.ADR.2	Response to ADR Information Request #2
I.ADR.3	Response to ADR Information Request #3

(b) Accounting Policy Changes Deferral Account (APCDA) (179-381)

In prefiled evidence, Enbridge Gas provided details about the amounts recorded in this account, which relate to revenue requirement impacts of accounting changes arising from amalgamation. The accounting policy changes addressed in the account relate to capitalization of certain activities, calculation of interest during construction, depreciation policy and pension expense.

Enbridge Gas proposed to clear the balance in the APCDA related to all accounting change items except pension expense – this proposed clearance amounted to a total credit to ratepayers of \$1.75 million.

Intervenors would like to have more information about the amounts to be recorded in the APCDA, the treatment of the related accounting matters and the extent of rate harmonization post-rebasing before approval of any balances and determining the appropriateness of any allocation and disposition methodology for the account.

The parties have agreed that it is appropriate to postpone the review, allocation and disposition of balances in the APCDA until the end of Enbridge Gas's current deferred rebasing term. At that time, parties may take any position as to the appropriate balance, allocation and disposition methodology for amounts recorded in the APCDA.

Evidence: The evidence in relation to this issue includes the following:

C-1	Accounts Not Being Requested for Clearance
C-1-1	Deferral and Variance Actual and Forecast Balances
C-1-2	Summary of Accounting Policy Changes Deferral Account
F-1	Allocation and Disposition of 2019 Combined Deferral Account Balances
F-1-1	Accounting Policy Changes Deferral Account
I.BOMA.1	BOMA Interrogatory #1
I.LPMA.4, 7-8,11-12, 19-23	LPMA Interrogatories #4, 7, 8, 11, 12 and 19-23
I.SEC.4	SEC Interrogatory #4
I.VECC.7	VECC Interrogatory #7

(c) Tax Variance Deferral Account (TVDA) (179-383)

As indicated in prefiled evidence, the purpose of the TVDA is to record 50% of the revenue requirement impact of any tax rate changes, versus the tax rates included in rates that affect Enbridge Gas. In accordance with the OEB's July 25, 2019 letter titled Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, the TVDA also includes 100% of the revenue requirement impact of any changes in Capital Cost Allowance (CCA) that are not reflected in base rates. This includes impacts related to Bill C-97 CCA rule changes, which became effective November 21, 2018, as well as any future CCA changes instituted by relevant regulatory or taxation bodies.

Of the balance in the TVDA, there is a credit balance of \$4.897 million that is related to the 2018 impact of the enactment of Bill C-97 which contains accelerated CCA measures, and a credit balance of \$25.134 million that is related to the 2019 impact of the accelerated CCA measures. Aside from the impacts of Bill C-97, there were no further tax rate changes that impacted 2019. Therefore, all amounts included in the TVDA relate to CCA changes.

In accordance with its interpretation of the Board's direction in its July 25, 2019 letter, Enbridge Gas did not propose disposition of the TVDA in this proceeding, indicating instead that disposition of the account balance would be addressed at rebasing (the Company's next cost-based rates proceeding).

Some intervenors believe that the balance in the TVDA should be disposed of in this proceeding; accordingly all issues related to the TVDA, including the calculation of the recorded balance, the disposition of the balance as between customers and Enbridge Gas, and the allocation of any disposition to customers are issues that remain unsettled and will proceed to a hearing.

Evidence: The evidence in relation to this issue includes the following:

C-1	Accounts Not Being Requested for Clearance
C-1-1	Deferral and Variance Actual and Forecast Balances
C-1-3	Calculation of Bill C-97 Accelerated CCA Impact on TVDA
F-1	Allocation and Disposition of 2019 Combined Deferral Account Balances
I.STAFF.4 and 8	Staff Interrogatories #4 and 8
I.CCC.6	CCC Interrogatory #6
I.LPMA 5 and 6	LPMA Interrogatories #5 and 6

2. Are the proposed balances for recovery / refund recorded in the following EGD Rate Zone Deferral and Variance Accounts appropriate?

The Deferral and Variance Accounts for the EGD Rate Zone for which Enbridge Gas seeks clearance are set out in Exhibit C, Tab 1, Schedule 1 from Enbridge Gas's prefiled evidence. A copy of that document (with updates to reflect adjustments resulting from

this Settlement Proposal, and to reflect interest balances relevant to a July 1, 2021 clearance date) is attached as Appendix A to this Settlement Proposal.

The parties have agreed to the clearance of the EGD Rate Zone Deferral and Variance Account balances, and interest amounts (which reflect the OEB's latest prescribed interest rates), listed in Columns 4 to 6 of Appendix A. The EGD Rate Zone accounts included in Appendix A are listed below.

- (a) Storage and Transportation Deferral Account (2019 S&TDA)
- (b) Transactional Services Deferral Account (2019 TSDA)
- (c) Unaccounted for Gas Variance Account (2019 UAFVA)
- (d) Average Use True-Up Variance Account (2019 AUTUVA)
- (e) Deferred Rebate Account (2019 DRA)
- (f) Transition Impact of Accounting Changes Deferral Account (2020 TIACA)
- (g) Electric Program Earnings Sharing Deferral Account (2019 EPESDA)
- (h) OEB Cost Assessment Variance Account (2019 OEBCAVA)
- (i) Dawn Access Costs Deferral Account (2019 DACDA)
- (j) Gas Supply Plan Cost Consequences Deferral Account (2019 GSPCCDA)

Details of the agreements in relation to each of the relevant accounts are set out in the following sub-issues.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
D-1	Deferral & Variance Accounts Requested for Clearance – EGD Rate Zone
I.STAFF.9 and 16	Staff Interrogatories #9 and 16

(a) Storage and Transportation Deferral Account (2019 S&TDA)

All parties agree that the principal balance in the 2019 S&TDA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 4, below.

In connection with the settlement of this item, Enbridge Gas has agreed to file documents summarizing its RFP process for market-based storage capacity acquired for 2019 utilization. Given Enbridge Gas's concern that the confidential and commercially sensitive information set out in the documents might, if made public, compromise Enbridge Gas's commercial position in respect of future storage procurements and related negotiations which would not be in the best interests of either Enbridge Gas or its ratepayers, the parties agree that it would be appropriate for the full (unredacted) version of the documents to be filed confidentially with the OEB, pursuant to the OEB's Practice Direction on Confidential Filings. The redacted version of the documents is attached to this Settlement Proposal, as Appendix B. Enbridge Gas will separately file an unredacted version of the documents confidentially with the OEB.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
D-1	Deferral & Variance Accounts Requested for Clearance – EGD Rate Zone
D-1-1	Breakdown of the Storage and Transportation Deferral Account
I.STAFF.10	Staff Interrogatory #10

(b) Transactional Services Deferral Account (2019 TSDA)

All parties agree that the principal balance in the 2019 TSDA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 4, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
D-1	Deferral & Variance Accounts Requested for Clearance – EGD Rate Zone
D-1-2	Breakdown of the Transactional Services Revenue by Type of Transaction
I.STAFF.11	Staff Interrogatory #11
I.CCC.7	CCC Interrogatory #7
I.SEC.5	SEC Interrogatory #5

(c) Unaccounted for Gas Variance Account (2019 UAFVA)

All parties agree that the principal balance in the 2019 UAFVA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 4, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
D-1	Deferral & Variance Accounts Requested for Clearance – EGD Rate Zone
I.STAFF.12	Staff Interrogatory #12
I.EP.8	Energy Probe Interrogatory #8

(d) Average Use True-Up Variance Account (2019 AUTUVA)

All parties agree that the principal balance in the 2019 AUTUVA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 4, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
D-1	Deferral & Variance Accounts Requested for Clearance – EGD Rate Zone
D-1-1	Breakdown of the Average Use True-Up Variance Account
I.STAFF.13	Staff Interrogatory #13
I.EP.9	Energy Probe Interrogatory #9

(e) Deferred Rebate Account (2019 DRA)

All parties agree that the principal balance in the 2019 DRA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 4, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
D-1	Deferral & Variance Accounts Requested for Clearance – EGD Rate Zone
I.STAFF.14	Staff Interrogatory #14

(f) Transition Impact of Accounting Changes Deferral Account (2020 TIACA)

All parties agree that the principal balance in the 2020 TIACDA, which is shown in Appendix A, will be cleared as set out under Issue 4, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
D-1	Deferral & Variance Accounts Requested for Clearance – EGD Rate Zone

(g) Electric Program Earnings Sharing Deferral Account (2019 EPESDA)

All parties agree that the principal balance in the 2019 EPESDA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 4, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
D-1	Deferral & Variance Accounts Requested for Clearance – EGD Rate Zone
I.STAFF.15	Staff Interrogatory #15

(h) OEB Cost Assessment Variance Account (2019 OEBCAVA)

The purpose of the OEBCAVA is to record annual variances between the OEB costs assessed to Enbridge Gas (relevant to the EGD Rate Zone) through application of the OEB's revised Cost Assessment Model (CAM), which became effective April 1, 2016, and the OEB costs which were included in EGD Rate Zone rates.

In its prefiled evidence, Enbridge Gas reflected the OEB costs included in EGD Rate Zone rates to be the same as had been included in the OEB's 2015/2016 cost assessment. The parties have agreed that it is appropriate for Enbridge Gas to apply an annual increase to that base amount to account for the changes in amounts being recovered by Enbridge Gas through rates for this item.

For the purposes of the 2019 amounts, the parties have agreed to apply inflation (annual CPI as reflected by Statistics Canada) to that base amount as a rough approximation of the changes in amounts being recovered by Enbridge Gas in rates for this item.

The result of this updated approach (as reflected at Exhibit I.VECC.8(b)) is that the debit balance in this account will be reduced by \$221,548, to reflect the parties' agreement that the base OEB costs in rates used as the benchmark for this account should be increased each year. Enbridge Gas will include in its next Deferral and Variance Account Clearance Application evidence regarding its proposal for continuing to update the base amount to be used for determination of OEBCAVA amounts to be cleared through that application and for the remaining years of its deferred rebasing term.

All parties agree for the purposes of this Settlement Proposal that the updated principal balance in the 2019 OEBCAVA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 4, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
D-1	Deferral & Variance Accounts Requested for Clearance – EGD Rate Zone
I.VECC.8	VECC Interrogatories #8

(i) Dawn Access Costs Deferral Account (2019 DACDA)

All parties agree that the principal balance in the 2019 DACDA, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 4, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
D-1	Deferral & Variance Accounts Requested for Clearance – EGD Rate Zone
I. STAFF.17	Staff Interrogatory #17

(j) Gas Supply Plan Cost Consequences Deferral Account (2019 GSPCCDA)

In the prefiled evidence, Enbridge Gas indicated that it is no longer requesting clearance of the 2019 GSPCCDA. Instead, the balance in the 2019 Storage and Transportation Deferral Account (S&TDA) is benchmarked against 2018 forecast of storage and transportation tolls / costs and the balance in the 2019 Unaccounted for Gas Variance account (UAFVA) is benchmarked against 2018 forecast of UAF volumes. This approach will continue for each year of the current deferred rebasing term. The consequences of Enbridge Gas's proposal are set out in the documents attached to ADR Information Request #5.

All parties agree that Enbridge Gas's proposed approach is acceptable and consistent with the OEB's determination not to approve annual gas supply plans for rate making purposes for Enbridge Gas and agree that the GSPCCDA should be discontinued.

Evidence: The evidence in relation to this issue includes the following:

C-1	Accounts Not Being Requested for Clearance
C-1-1	Deferral and Variance Actual and Forecast Balances
D-1	Deferral & Variance Accounts Requested for Clearance – EGD Rate Zone
I.STAFF.7	Staff Interrogatory #7
I.CME.3	CME Interrogatory #3
I.FRPO.17	FRPO Interrogatory #17
I.SEC.3	SEC Interrogatory #3
I.ADR.5	Response to ADR Information Request #5

3. Are the proposed balances for recovery / refund recorded in the following Union Rate Zones Deferral and Variance Accounts appropriate?

The Deferral and Variance Accounts for the Union Rate Zones for which Enbridge Gas seeks clearance are set out in Exhibit C, Tab 1, Schedule 1, from Enbridge Gas's prefiled evidence. A copy of that document (with updates to reflect adjustments resulting from this Settlement Proposal, and to reflect interest balances relevant to a July 1, 2021 clearance date) is attached as Appendix A to this Settlement Proposal.

The parties have agreed to the clearance of the Union Gas Rate Zones Deferral and Variance Account balances, and interest amounts (which reflect the OEB's latest prescribed interest rates), listed in Columns 4 to 6 of Appendix A. The Union Rate Zones accounts included in Appendix A are listed below.

- (a) Upstream Transportation Optimization Account
- (b) Unabsorbed Demand Costs (UDC) Variance Account
- (c) Deferral Clearing Variance Account – Supply
- (d) Deferral Clearing Variance Account – Transport
- (e) Short-Term Storage and Other Balancing Services Account
- (f) Normalized Average Consumption Account
- (g) Deferral Clearing Variance Account
- (h) OEB Cost Assessment Variance Account
- (i) Conservation and Demand Management (CDM) Account
- (j) Parkway West Project Costs Account
- (k) Brantford-Kirkwall/Parkway D project Costs Account
- (l) Lobo C Compressor/Hamilton-Milton Pipeline Project Cost Account
- (m) Lobo D/Bright C/Dawn H Compressor Project Costs Account
- (n) Burlington/Oakville Project Costs Account
- (o) Panhandle Reinforcement Project Costs Account
- (p) Unauthorized Overrun Non-Compliance Account

- (q) Pension and OPEB Forecast Accrual vs Actual Cash Payment Differential Variance Account
- (r) Unaccounted for Gas (UFG) Volume Variance Account
- (s) Unaccounted for Gas (UFG) Price Variance Account

Evidence: The evidence in relation to this issue includes the following:

A-3	2019 Deferral Account Disposition and Earnings Sharing Overview and Approvals Requested
C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.STAFF.9	Staff Interrogatory #9
I.EP.7	Energy Probe Interrogatory #7

(a) Upstream Transportation Optimization Account (179-131)

All parties agree that the principal balance in the Upstream Transportation Optimization Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Enbridge Gas agrees that as part of its prefiled evidence for the 2020 Deferral and Variance Account clearance proceeding, it will include evidence describing which “supplemental services” (see ADR Information Request #4) are treated as regulated supply services and which are treated as upstream transportation optimization, and the reasons why.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
E-1-1	Breakdown of Upstream Transportation Optimization Deferral Account
I.STAFF.19 and 20	Staff Interrogatories #19 and 20
I.CCC.8	CCC Interrogatory #8
I.CME.4	CME Interrogatory #4
I.FRPO.23	FRPO Interrogatory #23
I.ADR.4	Response to ADR Information Request #4

(b) Unabsorbed Demand Costs (UDC) Variance Account (179-108)

All parties agree that the principal balance in the UDC Variance Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.STAFF.18	Staff Interrogatory #18

(c) Deferral Clearing Variance Account – Supply (179-132)

All parties agree that the principal balance in the Deferral Clearing Variance Account – Supply, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones

(d) Deferral Clearing Variance Account – Transport (179-132)

All parties agree that the principal balance in the Deferral Clearing Variance Account – Transport, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones

(e) Short-Term Storage and Other Balancing Services Account (179-170)

Enbridge Gas confirms that the amounts recorded in this account are consistent with and follow the direction for this account from the EB-2011-0210 Decision and Order (pages 111-117), as well as the EB-2018-0305 Accounting Order for this account.

All parties agree that the principal balance in the Short-Term Storage and Other Balancing Services Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
E-1-2	Breakdown of Short-Term Storage Deferral Account
E-1-3	Summary of Non-Utility Storage Balances
E-1-4	Allocation of Short-Term Peak Storage Revenues between Utility/Non-Utility
I.STAFF.21	Staff Interrogatory #21
I.EP.10	Energy Probe Interrogatory #10
I.FRPO.19 to 22 and 24	FRPO Interrogatories #19 to 22 and 24

(f) Normalized Average Consumption Account (179-133)

All parties agree that the principal balance in the Normalized Average Consumption Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
E-1-6	Breakdown of Balances by Rate Class in the NAC Deferral Account
I.EP.6 and 11	Energy Probe Interrogatories #6 and 11

(g) Deferral Clearing Variance Account (179-132)

All parties agree that the principal balance in the Deferral Clearing Variance Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
E-1-5	Breakdown of Deferral Clearing Variance Account
I.STAFF.23	Staff Interrogatory #23

(h) OEB Cost Assessment Variance Account (179-151)

The purpose of the OEB Cost Assessment Variance Account is to record annual variances between the OEB costs assessed to Enbridge Gas (relevant to the Union Rate Zones) through application of the OEB's revised Cost Assessment Model (CAM), which became effective April 1, 2016, and the OEB costs which were included in Union Gas Rate Zone rates.

In its prefiled evidence, Enbridge Gas reflected the OEB costs included in Union Rate Zone rates to be the same as had been included in Union Gas 2013 rates. The parties have agreed that it is appropriate for Enbridge Gas to apply an annual increase to that base amount to account for the changes in amounts being recovered by Enbridge Gas through rates for this item.

For the purposes of the 2019 amounts, the parties have agreed to apply inflation (annual CPI as reflected by Statistics Canada) to that base amount as a rough approximation of the changes in amounts being recovered by Enbridge Gas in rates for this item.

The result of this updated approach (as reflected at Exhibit I.VECC.8(b)) is that the debit balance in this account will be reduced by \$293,789, to reflect the parties' agreement that the base OEB costs in rates used as the benchmark for this account should be increased for inflation each year. Enbridge Gas will include in its next Deferral and Variance Account Clearance Application evidence regarding its proposal for continuing to update the base amount to be used for determination of OEBCAVA amounts to be cleared through that application and for the remaining years of its deferred rebasing term.

All parties agree that for the purposes of this Settlement Proposal the updated principal balance in the OEB Cost Assessment Variance Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.VECC.8	VECC Interrogatory #8

(i) Conservation and Demand Management (CDM) Account (179-123)

All parties agree that the principal balance in the Conservation and Demand Management (CDM) Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.STAFF.22	Staff Interrogatory #22

(j) Parkway West Project Costs Deferral Account (179-136)

All parties agree that the principal balance in the Parkway West Project Costs Deferral Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below. All parties agree that the clearance of this account is on an interim basis, and that Enbridge Gas will seek final disposition of the account in a later proceeding.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.STAFF.4 and 25	Staff Interrogatories #4 and 25
I.CCC.2	CCC Interrogatory #2
I.EP.7	Energy Probe Interrogatory #7
I.FRPO.1	FRPO Interrogatory #1
I.LPMA.3	LPMA Interrogatory #3

(k) Brantford-Kirkwall/Parkway D Project Cost Account (179-137)

All parties agree that the principal balance in the Brantford-Kirkwall/Parkway D Pipeline Project Cost Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.STAFF.4	Staff Interrogatory #4
I.EP.7	Energy Probe Interrogatory #7
I.LPMA.10	LPMA Interrogatory #10

(l) Lobo C Compressor/Hamilton-Milton Pipeline Project Cost Account (179-142)

All parties agree that the principal balance in the Lobo C Compressor/Hamilton-Milton Pipeline Project Cost Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.STAFF.4 and 27	Staff Interrogatories #4 and 27
I.EP.7	Energy Probe Interrogatory #7

(m) Lobo D/Bright C/Dawn H Compressor Project Costs Account (179-144)

All parties agree that the principal balance in the Lobo D/Bright C/Dawn H Compressor Project Costs Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
E-1-7	Calculation of Allocation of Short-Term Transportation Revenues to the Lobo D/Bright C/Dawn H Compressor Project Cost Deferral Account
I.STAFF.28	Staff Interrogatory #28
I.EP.7	Energy Probe Interrogatory #7
I.LPMA.10	LPMA Interrogatory #10
I.VECC.9	VECC Interrogatory #9

(n) Burlington/Oakville Project Costs Account (179-149)

All parties agree that the principal balance in the Burlington/Oakville Project Costs Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.EP.7	Energy Probe Interrogatory #7
I.LPMA.10	LPMA Interrogatory #10

(o) Panhandle Reinforcement Project Costs Account (179-156)

All parties agree that the principal balance in the Panhandle Reinforcement Project Costs Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.EP.7	Energy Probe Interrogatory #7

(p) Unauthorized Overrun Non-Compliance Account (179-143)

All parties agree that the principal balance in the Unauthorized Overrun Non-Compliance Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.OGVG.1	OGVG Interrogatory #1

(q) Pension and OPEB Forecast Accrual vs Actual Cash Payment Differential Variance Account (179-157)

All parties agree that the interest balance in the Pension and OPEB Forecast Accrual vs Actual Cash Payment Differential Variance Account, which is shown in Appendix A, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.STAFF.5	Staff Interrogatory #5

(r) Unaccounted for Gas (UFG) Volume Variance Account (179-135)

All parties agree that the principal balance in the Unaccounted for Gas (UFG) Volume Variance Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.STAFF.24	Staff Interrogatory #24

I.CME.5
I.LPMA.9

CME Interrogatory #5
LPMA Interrogatory #9

(s) Unaccounted for Gas (UFG) Price Variance Account (179-141)

All parties agree that the principal balance in the Unaccounted for Gas (UFG) Price Variance Account, which is shown in Appendix A, along with applicable interest, will be cleared as set out under Issue 5, below.

Evidence: The evidence in relation to this issue includes the following:

C-1-1	Deferral and Variance Actual and Forecast Balances
E-1	Deferral & Variance Accounts Requested for Clearance– Union Rate Zones
I.STAFF.26	Staff Interrogatory #26

4. Is the timing and proposed method for allocating and disposing of the deferral account balances for the EGD Rate Zone appropriate?

All parties agree that the principal balances in Enbridge Gas's Deferral and Variance Accounts for the EGD Rate Zone, along with applicable interest, as set out in columns 4 to 6 of Appendix A to this Settlement Proposal, will be recovered or refunded to customers as a one-time billing adjustment in the month of July 2021, in conjunction with Enbridge Gas's July 1, 2021 QRAM Application.

All parties accept the proposed method for allocating and disposing of the account balances, as described in Exhibit F of the prefiled evidence (subject to the updates that will be reflected in the Draft Rate Order to implement the changes to the balances for clearance in the APCDA and the 2019 OEBCAVA, and the July 1, 2021 clearance date, as described herein, as well as any changes arising from the OEB's decision on the TVDA).

Evidence: The evidence in relation to this issue includes the following:

A-3	2019 Deferral Account Disposition and Earnings Sharing Overview
C-1-1	Deferral and Variance Actual and Forecast Balances
F-1	Allocation and Disposition of 2019 Combined Deferral Account Balances
F-2-1	EGD – Unit Rate and Type of Service
F-2-2	EGD – Balances to be cleared
F-2-3	EGD – Classification and Allocation of Deferral Account Balances
F-2-4	EGD – Allocation by Type of Service
F-2-5	EGD – Unit Rate and Type of Service
F-2-6	EGD – Bill Adjustment
I.STAFF.1	Staff Interrogatory #1
I.BOMA.2	BOMA Interrogatory #2
I.CME.1 and 2	CME Interrogatories #1 and 2
I.FRPO.26	FRPO Interrogatory #26
I.LPMA.1, 2, 11, 12, 19-23	LPMA Interrogatories #1, 2, 11, 12, 19-23
I.VECC.1	VECC Interrogatory #1

5. Is the timing and proposed method for allocating and disposing of the deferral account balances for the Union Rate Zones appropriate?

All parties agree that the principal balances in Enbridge Gas's Deferral and Variance Accounts for the Union Rate Zones, along with applicable interest, as set out in columns 4 to 6 of Appendix A to this Settlement Proposal, will be recovered or refunded to customers prospectively over 3 months for general service customers and as a one-time adjustment for in-franchise contract and ex-franchise rate classes, in conjunction with Enbridge Gas's July 1, 2021 QRAM Application.

All parties accept the proposed method for allocating and disposing of the account balances, as described in Exhibit F of the prefiled evidence (subject to the updates that will be reflected in the Draft Rate Order to implement the changes to the balances for clearance in the APCDA and the OEB Cost Assessment Variance Account, and the July 1, 2021 clearance date, as described herein, as well as any changes arising from the OEB's decision on the TVDA).

Evidence: The evidence in relation to this issue includes the following:

A-3	2019 Deferral Account Disposition and Earnings Sharing Overview and Approvals Requested
C-1-1	Deferral and Variance Actual and Forecast Balances
F-1	Allocation and Disposition of 2019 Combined Deferral Account Balances
F-3-1	Union – Balances to be Cleared
F-3-2	Union – Allocation of Deferral Balances to Rate Classes
F-3-3	Union – Rates for Disposition
F-3-4	Union – Bill Impacts
I.STAFF.1	Staff Interrogatory #1
I.BOMA.2	BOMA Interrogatory #2
I.CME.1 and 2	CME Interrogatories #1 and 2
I.FRPO.26	FRPO Interrogatory #26
I.LPMA.1, 2, 11-18	LPMA Interrogatories #1 and 2 and #11 to 23
I.OGVG.2	OGVG Interrogatory #2
I.VECC.1	VECC Interrogatory #1

APPENDIX A

**ENBRIDGE GAS
 DEFERRAL & VARIANCE ACCOUNT
 ACTUAL & FORECAST BALANCES**

Line No.	Account Description	Account Acronym	As-filed Forecast for clearance at January 1, 2021			Settlement Proposal Forecast for clearance at July 1, 2021			Reference	
			Principal (\$000's)	Interest (\$000's)	Total (\$000's)	Principal (\$000's)	Interest (\$000's)	Total (\$000's)		
EGD Rate Zone Commodity Related Accounts										
1.	Storage and Transportation D/A	2019 S&TDA	2,472.3	34.5	2,506.9	2,472.3	41.6	2,513.9	D-1, Page 3	
2.	Transactional Services D/A	2019 TSDA	134.3	1.8	136.1	134.3	2.2	136.5	D-1, Page 4	
3.	Unaccounted for Gas V/A	2019 UAFVA	4,879.7	70.6	4,950.3	4,879.7	84.5	4,964.2	D-1, Page 6	
4.	Total commodity related accounts		7,486.3	106.9	7,593.3	7,486.3	128.3	7,614.6		
EGD Rate Zone Non Commodity Related Accounts										
5.	Average Use True-Up V/A	2019 AUTUVA	(8,768.8)	(120.6)	(8,889.4)	(8,768.8)	(145.6)	(8,914.4)	D-1, Page 11	
6.	Gas Distribution Access Rule Impact D/A	2019 GDARIDA	-	-	-	-	-	-		
7.	Deferred Rebate Account	2019 DRA	991.2	27.1	1,018.3	991.2	29.9	1,021.1	D-1, Page 13	
8.	Transition Impact of Accounting Changes D/A	2019 TIACDA	4,435.8	-	4,435.8	4,435.8	-	4,435.8	D-1, Page 1	
9.	Electric Program Earnings Sharing D/A	2019 EPESDA	(174.7)	(5.1)	(179.8)	(174.7)	(5.6)	(180.3)	D-1, Page 14	
10.	OEB Cost Assessment V/A	2019 OEBCAVA	3,233.1	77.5	3,310.6	3,011.6	80.6	3,092.2	D-1, Page 16	
11.	Dawn Access Costs D/A	2019 DACDA	2,152.7	29.6	2,182.3	2,152.7	35.7	2,188.4	D-1, Page 20	
12.	Gas Supply Plan Cost Consequences D/A	2019 GSPCCDA	-	-	-	-	-	-		
13.	Pension and OPEB Forecast Accrual vs. Actual Cash P	2019 P&OPEBFAVACPDA	-	-	-	-	-	-		
14.	Total EGD Rate Zone (for clearance)		9,355.6	115.4	9,471.1	9,134.1	123.3	9,257.4		
Union Rate Zones Gas Supply Accounts										
15.	Upstream Transportation Optimization	179-131	2019	12,122.4	165.9	12,288.3	12,122.4	200.1	12,322.5	E-1, Page 6
16.	Spot Gas Variance Account	179-107	2019	-	-	-	-	-		
17.	Unabsorbed Demand Costs Variance Account	179-108	2019	(11,957.6)	(311.1)	(12,268.7)	(11,957.6)	(344.9)	(12,302.5)	E-1, Page 1
18.	Deferral Clearing Variance Account - Supply	179-132	2019	(1,096.1)	(27.9)	(1,123.9)	(1,096.1)	(31.0)	(1,127.1)	E-1, Page 16
19.	Deferral Clearing Variance Account - Transport	179-132	2019	69.2	1.8	71.0	69.2	2.0	71.2	E-1, Page 16
20.	Total Gas Supply Accounts			(862.0)	(171.3)	(1,033.4)	(862.1)	(173.8)	(1,035.9)	
Union Rate Zones Storage Accounts										
21.	Short-Term Storage and Other Balancing Services	179-70	2019	2,821.9	32.9	2,854.8	2,821.9	40.9	2,862.8	E-1, Page 8
Union Rate Zones Other Accounts										
22.	Normalized Average Consumption	179-133	2019	(4,675.9)	(120.2)	(4,796.1)	(4,675.9)	(133.4)	(4,809.3)	E-1, Page 19
23.	Deferral Clearing Variance Account	179-132	2019	(721.6)	(18.4)	(739.9)	(721.6)	(20.4)	(742.0)	E-1, Page 16
24.	OEB Cost Assessment Variance Account	179-151	2019	1,562.8	36.3	1,599.1	1,269.0	32.7	1,301.7	E-1, Page 53
25.	Unbundled Services Unauthorized Storage Overrun	179-103	2019	-	-	-	-	-		
26.	Gas Distribution Access Rule Costs	179-112	2019	-	-	-	-	-		
27.	Conservation Demand Management	179-123	2019	(137.6)	(4.5)	(142.1)	(137.6)	(4.9)	(142.5)	E-1, Page 14
28.	Parkway West Project Costs	179-136	2019	(493.0)	(12.5)	(505.5)	(493.0)	(13.8)	(506.8)	E-1, Page 30
29.	Brantford-Kirkwall/Parkway D Project Costs	179-137	2019	(39.0)	(0.3)	(39.3)	(39.0)	(0.4)	(39.4)	E-1, Page 34
30.	Lobo C Compressor/Hamilton-Milton Pipeline Project C	179-142	2019	277.0	2.3	279.3	277.0	3.0	280.0	E-1, Page 39
31.	Lobo D/Bright C/Dawn H Compressor Project Costs	179-144	2019	(1,569.1)	(30.1)	(1,599.2)	(1,569.1)	(34.6)	(1,603.7)	E-1, Page 44
32.	Burlington-Oakville Project Costs	179-149	2019	(49.0)	(0.7)	(49.7)	(49.0)	(0.8)	(49.8)	E-1, Page 50
33.	Panhandle Reinforcement Project Costs	179-156	2019	(1,180.0)	(17.8)	(1,197.8)	(1,180.0)	(21.1)	(1,201.1)	E-1, Page 55
34.	Sudbury Replacement Project	179-162	2019	-	-	-	-	-		
35.	Parkway Obligation Rate Variance	179-138	2019	-	-	-	-	-		
36.	Unauthorized Overrun Non-Compliance Account	179-143	2019	(432.4)	(14.2)	(446.6)	(432.4)	(15.4)	(447.8)	E-1, Page 43
37.	Base Service North T-Service TransCanada Capacity	179-153	2019	-	-	-	-	-		
38.	Pension and OPEB Forecast Accrual vs. Actual Cash P	179-157	2019	-	(961.4)	(961.4)	-	(961.4)	(961.4)	E-1, Page 59
39.	Unaccounted for Gas Volume Variance Account	179-135	2019	1,560.9	19.4	1,580.4	1,560.9	23.9	1,584.8	E-1, Page 28
40.	Unaccounted for Gas Price Variance Account	179-141	2019	458.5	6.6	465.1	458.5	7.9	466.4	E-1, Page 37
41.	Total Other Accounts			(5,438.4)	(1,115.3)	(6,553.7)	(5,732.2)	(1,138.7)	(6,870.9)	
42.	Total Union Rate Zones (for clearance)			(3,478.5)	(1,253.7)	(4,732.3)	(3,772.4)	(1,271.6)	(5,044.0)	
EGI Accounts										
43.	Accounting Policy Changes D/A - Non-Pension - EGI	179-381	2019	(1,749.5)	(26.9)	(1,776.5)	-	-	-	C-1, Page 4
44.	Earnings Sharing D/A	179-382	2019	-	-	-	-	-		
45.	Expansion of Natural Gas Distribution Systems V/A	179-380	2019	-	-	-	-	-		
46.	Total EGI Accounts (for clearance)			(1,749.5)	(26.9)	(1,776.5)	-	-	-	
47.	Total Deferral and Variance Accounts (for clearance)			4,127.6	(1,165.2)	2,962.3	5,361.7	(1,148.3)	4,213.4	
Not Being Requested for Clearance										
48.	Accounting Policy Changes D/A - Pension - EGI	179-381	2019	193,753.1	-	193,753.1	193,753.1	-	193,753.1	
49.	Accounting Policy Changes D/A - Non-Pension - EGI	179-381	2019	-	-	-	(1,749.5)	(31.9)	(1,781.4)	C-1, Page 4
50.	Incremental Capital Module Deferral Account	179-159	2019	(6,869.6)	(94.6)	(6,964.2)	(6,869.6)	(114.0)	(6,983.6)	
51.	Tax Variance - Accelerated CCA - EGI	179-383	2019	(30,030.4)	(697.6)	(30,728.0)	(30,030.4)	(777.5)	(30,807.9)	
51.	Total of Accounts not being requested for clearance			156,853.1	(792.2)	156,060.9	155,103.6	(923.5)	154,180.1	

APPENDIX B

2018 Market Based Storage RFP

On November 14, 2018, Enbridge Gas Distribution ("Enbridge") initiated an RFP for market-based storage capacity with deliveries to Dawn. The RFP was conducted by Deloitte Consulting. The RFP requested the following parameters:

- Volume: Up to 7 PJs
- Term: Up to 5 years commencing on April 1, 2019

The RFP letter is provided as Appendix B.

Enbridge required this annual replacement of third-party storage in order to meet demand on peak winter days as well as retain late season deliverability. The RFP came back on November 27, 2018 with offers from six different counterparties with multiple terms, prices and injection/withdrawal parameters. Bids received by Enbridge are outlined in Appendix A.

Enbridge selected Company C [REDACTED] offer for 3 PJ for a term of 4 years. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Enbridge also selected storage from Company D [REDACTED] purchasing 2,000,000 MMBtu for 3 years. [REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

- [REDACTED] Enbridge selected two "synthetic" storage offers:
- Company F [REDACTED] for 1,500,000 MMBtu for a term of 2 years
 - Company B [REDACTED] for 1,000,000 MMBtu for a term of 2 years

[REDACTED]
[REDACTED] Enbridge placed an additional 500,000 MMBtu with Company F since this service [REDACTED]

Appendix B

Enbridge Gas Distribution Inc.
200, Fifth Avenue Place
425 – 1st Street S.W.
Calgary, AB T2P 3L8
Canada
www.enbridge.com



November 14, 2018

Dear Sir/Ms.:

Subject: Storage at Dawn, injections commencing April 1, 2019

Enbridge Gas Distribution Inc. (Enbridge) requires firm natural gas storage services¹ with injections commencing April 1, 2019. Enbridge requires that these storage services meet the following specifications:

Term: Up to five (5) years commencing April 1st, 2019. Lesser terms will be considered

Location: Enbridge will deliver gas to Storage Provider at Union Dawn for injection, and Storage Provider will re-deliver gas to Enbridge at Union Dawn for withdrawal. Alternate receipt and delivery points may be considered. Please provide details as to delivery standard (firm), and any associated transportation requirements.

Maximum Annual Storage Balance (MSB): Up to 7PJ's

Firm Injection Schedule: At a minimum, must include the months of May through September.

Firm Withdrawal Schedule: At a minimum, must include the months of December through March.

Enhanced Storage Services: Enbridge is also interested in offers that allow greater storage flexibility, including "year-round" services. If applicable, please provide the price of these enhanced services separately.

Firm Injection Curve Rights: Must allow for at least 0.75% of MSB per day when inventory is less than 75% full.

Firm Withdrawal Curve Rights: Must allow for at least 1.2% of MSB per day when inventory is more than 25% full

¹ Including physical and/or synthetic storage

Responses

Should you be interested in supplying this storage service to Enbridge, please complete the attached Excel form, stating the delivery points, term, MSB and service attributes with the relevant pricing, including demand, commodity charges and other items indicated.

This storage service request may have Dodd Frank Act implications and may require specific clauses to be included in any storage agreement between the parties. Any such storage agreement will not be binding until a definitive agreement is executed by the parties.

The successful supplier(s) of the above storage service(s) will be determined primarily on the basis of price, intra-day operational flexibility and enhanced service features. Please note that successful suppliers must meet all of Enbridge's credit criteria. Enbridge, in its sole discretion and for whatever reason, may accept or reject any and all proposals. Enbridge reserves the right at any time after the deadline to conduct negotiations with one or more of the bidders to the exclusion of others, and such negotiations may include changes to the storage service described in this letter.

This storage service request is being administered by Deloitte Consulting on behalf of Enbridge. The deadline to submit your proposal(s) is **10:30 a.m. Mountain Daylight Time on November 27, 2018**. Please submit your proposal(s) to the attention of Tane Uribarren at the e-mail address provided below:

tauribarren@deloitte.ca

*If you have questions regarding this letter, please direct to the attention of Tane Uribarren at the email address provided above. The deadline for any queries is 12:00 p.m.(noon) Mountain Daylight Time on November 19, 2018. All queries and responses will be provided to all parties by 1:00 p.m. Mountain Daylight Time on November 20, 2018.. Again, please note the **closing date of the RFP is November 27, 2018** after which time EGD will contact the parties which submitted proposals.*

Yours truly,

Tane Uribarren
Deloitte Consulting