



Ontario
Energy
Board

Commission
de l'énergie
de l'Ontario

DECISION ON SETTLEMENT PROPOSAL

EB-2020-0134

**Application by Enbridge Gas Inc. for approval to dispose 2019
balances in certain deferral and variance accounts and to review
amounts for earnings sharing**

BEFORE: Allison Duff
Presiding Commissioner

Robert Dodds
Commissioner

January 25, 2021

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1. INTRODUCTION AND SUMMARY

Enbridge Gas Inc. filed an application with the Ontario Energy Board (OEB) on September 3, 2020, under section 36 of the *Ontario Energy Board Act, 1998*, for an order approving the disposition of amounts recorded in certain deferral and variance accounts (DVAs) and to review earnings sharing amounts with ratepayers. The amounts requested for disposition include principal balances as at December 31, 2019, and interest up to December 31, 2020.

On August 30, 2018, the OEB approved the amalgamation of Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union Gas).¹ The companies amalgamated to form Enbridge Gas Inc. (Enbridge Gas) on January 1, 2019. Following the amalgamation, Enbridge Gas maintained the existing rates zones of EGD and Union Gas (the EGD rate zone, and the Union North West, Union North East and Union South rate zones).² Enbridge Gas also maintained most of the existing deferral and variance accounts for each rate zone.

The net balance in the various 2019 deferral accounts proposed for disposition was a debit balance of \$2.96 million (including interest). This included a credit of \$1.78 million for the EGI accounts, a debit balance of \$9.47 million for the EGD rate zone accounts and a credit balance of \$4.73 million for the Union rate zones account.³ EGI accounts are those DVAs that were approved in the MAADs Decision for the amalgamated utility (new DVAs for Enbridge Gas).

Enbridge Gas's actual utility earnings did not exceed the OEB-approved return on equity by more than the threshold for sharing. Accordingly, no earnings sharing amount was proposed to be shared with ratepayers.

A settlement conference was held between the applicant and the intervenors (collectively, the parties) on December 3, 4 and 7, 2020, with the objective of reaching a settlement amongst the parties. The parties reached a settlement on all DVAs considered in this proceeding, with the exception of the Enbridge Gas Tax Variance Deferral Account (unsettled item). Enbridge Gas filed a settlement proposal for the OEB's consideration on January 5, 2021.

OEB staff filed a submission on January 15, 2021, supporting the settlement proposal.

¹ EB-2017-0306 / 0307 Decision and Order August 30, 2018, application by Enbridge Gas Distribution and Union Gas Limited to amalgamate under the OEB's policy on mergers, acquisition, amalgamation and divestiture (MAADs Decision).

² Collectively Union North West, Union North East and Union South are referred to as the Union rate zones.

³ All balances included interest up to December 31, 2020.

The OEB has reviewed the settlement proposal and approves it as filed. The OEB finds that the settlement proposal is in the public interest and will result in just and reasonable rates. Further, the OEB has determined that it will address the unsettled item through a written hearing.

2. THE PROCESS

A Notice of Hearing was issued on September 18, 2020. The following parties were approved as intervenors in the proceeding:

- Building Owners and Managers Association (BOMA)
- City of Kitchener (Kitchener)
- 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)
- Vulnerable Energy Consumers Coalition (VECC)

The OEB issued Procedural Order No. 1 on October 21, 2020, which set out a schedule for initial discovery (interrogatories) followed by a settlement conference between the parties.

Following the settlement conference on December 3, 4 and 7, 2020, Enbridge Gas filed a settlement proposal for the OEB's consideration on January 5, 2021.

The parties reached an agreement on all DVAs considered in the proceeding with the exception of the Tax Variance Deferral Account, the unsettled item. Parties agreed to dispose of the as-filed balances for all DVAs proposed by Enbridge Gas in its application with the exception of changes to the Accounting Policy Changes Deferral Account and the OEB Cost Assessment Variance Accounts (EGD and Union rate zones).

The schedule to the settlement proposal (Appendix A) calculates interest up to June 30, 2021 for all DVA balances which aligns with the expected implementation date of July 1, 2021 (along with the July 2021 Quarterly Rate Adjustment Mechanism rate change) and the issuance of a final rate order in this proceeding.

Accounting Policy Changes Deferral Accounts (Enbridge Gas)

In its application, Enbridge Gas requested the disposition of credit amounts related to the revenue requirement impact of post-amalgamation accounting policy changes (other than pension related amounts). The changes result from the harmonization of

accounting policies across the EGD and Union rate zones. The account has a credit balance of \$1.776 million to be returned to ratepayers. As part of the settlement proposal, parties agreed to defer the review, allocation and disposition of all balances in the Accounting Policy Changes Deferral Account (APCDA) until the end of Enbridge Gas's deferred rebasing term (2023). Intervenors noted that they required more information regarding the treatment of the balances and the extent of rate harmonization post-rebasing before approval of the balances and the disposition methodology can be considered.

OEB staff in its submission supported the proposed approach noting that changes to rate design and rate harmonization at rebasing would provide the appropriate framework to review the disposition methodology and allocation of the balances in the APCDA.

OEB Cost Assessment Variance Account (EGD and Union Gas)

The 2019 balances in the OEB Cost Assessment Variance Accounts (OEBCAVA) proposed to be recovered from ratepayers was \$3.3 million and \$1.6 million (including interest) for ratepayers in the EGD and Union rate zones respectively. These amounts reflect the variance between the OEB's costs assessed in each quarter of fiscal 2019, utilizing the OEB's Revised Cost Assessment Model (CAM), and each rate zones' (EGD and Union Gas) average quarterly OEB cost assessment under the prior CAM that is included in rates.

Parties to the settlement proposal agreed to reduce the balance in the EGD rate zone OEBCAVA by \$221,548 and by \$293,789 to the Union rate zones OEBCAVA, to reflect the amounts recovered by Enbridge Gas through rates for this item. For purposes of the 2019 amounts, the parties agreed to apply inflation (annual CPI as calculated by Statistics Canada) to the base amount as a rough approximation of the actual amounts being recovered through rates. The revised 2019 balance for the EGD rate zone is \$3,011,552 plus interest of \$80,600 (as at June 30, 2021) for a total of \$3.092 million.⁴ The revised 2019 OEBCAVA balance for the Union rate zones is \$1,269,011 plus interest of \$32,700 (as at June 30, 2021) for a total of \$1.302 million.⁵

OEB staff in its submission agreed that the CPI is an appropriate proxy to capture changes resulting from the annual Price Cap Adjustment and growth in customer numbers to reflect the actual amount being recovered in existing rates as compared to the amount used to calculate the variance in the OEBCAVA.

⁴ Appendix A to Settlement Proposal.

⁵ *ibid*

As part of the settlement proposal, Enbridge Gas also agreed to propose an adjustment to the OEBCAVA balances in its 2020 deferral and variance account disposition application for determining the base OEB costs (for both the EGD and Union rate zones) to be used for each of the remaining years of the deferred rebasing term.

As a result of the settlement proposal, the overall net balance in the various 2019 DVAs proposed for disposition has changed from a debit balance of \$2.96 million to a debit balance of \$4.2 million (interest calculated up to June 30, 2021). The net balance comprises of a revised debit balance of \$9.26 million for the EGD rate zone accounts and a revised credit balance of \$5.04 million (interest up to June 30, 2021) for the Union rate zone accounts.⁶ The credit balance of approximately \$1.78 million related to the EGI accounts is not reflected in the revised overall net balance as the review and disposition of the balance in the APCDA has been deferred in accordance with the settlement proposal.

Parties to the settlement proposal also agreed to make changes to some other DVAs but these were non-financial in nature. These DVAs along with the unsettled item are discussed below.

Earnings Sharing Deferral Account

The achieved return on equity for 2019 was below the threshold required for sharing. Accordingly, no amount was recorded in the Earnings Sharing Deferral Account. As part of the settlement proposal, the parties accepted Enbridge Gas's 2019 earnings sharing calculation and the determination that there is no 2019 amount to be shared with ratepayers. For future years, Enbridge Gas agreed to provide additional information in support of the earnings sharing calculations.

Enbridge Gas agreed to provide further information regarding storage expenditures and the allocation of expenditures to non-utility storage operations. In order to assess future earnings sharing calculation, Enbridge Gas agreed to include year-over-year comparison of utility O&M expenditures from the prior year and evidence related to internal allocations (corporate cost allocation) and recoveries in a format agreed to in the settlement proposal.

OEB staff supported the filing of additional information that would assist in the determination of appropriate earnings sharing amounts in future proceedings.

⁶ Appendix A to Settlement Proposal.

Confidentiality Request: Storage and Transportation Deferral Account

With respect to the Storage and Transportation Deferral Account, Enbridge Gas agreed to file documents summarizing its Request for Proposal (RFP) process for market-based storage capacity acquired for 2019 utilization. Parties to the settlement proposal agreed that certain information within the documents was confidential and commercially sensitive. Enbridge Gas filed the unredacted version of the documents with the OEB and requested confidential treatment, pursuant to the OEB's *Practice Direction on Confidential Filings*. The redacted version of the documents was filed as Appendix B to the settlement proposal.

OEB staff supported the confidential treatment of the documents considering the sensitive nature of the filed information.

2019 Gas Supply Plan Cost Consequences Deferral Account

In Enbridge Gas's 2019 rate proceeding⁷, the OEB directed Enbridge Gas to no longer include gas supply related evidence for the EGD rate zone in annual rate applications. The OEB established the 2019 Gas Supply Plan Cost Consequences Deferral Account (GSPCCDA) to allow Enbridge Gas to capture the revenue deficiency impact of changes to the 2019 gas supply portfolio, for disposition at a later date. In this application, Enbridge Gas did not request clearance of the 2019 GSPCCDA, which has a balance of \$3.9 million to be collected from ratepayers. Enbridge Gas indicated that the balance will not be carried forward and it will not maintain the account in future years.

In place of adjusting the 2019 GSPCCDA, Enbridge Gas adjusted the 2019 Storage and Transportation Deferral (S&TDA) and the 2019 Unaccounted for Gas Price Variance Account (UAFVA) against 2018 forecast costs. In other words, the gas supply plan was held constant and variances between actual and forecast prices were captured in existing DVAs. All parties agreed that Enbridge Gas's approach was acceptable and consistent with the OEB's determination not to approve changes resulting from annual gas supply plans for ratemaking purposes. In addition, parties agreed that the GSPCCDA should be discontinued.

OEB staff in its submission endorsed the revisions to the 2019 S&TDA and UAFVA to capture variances between actual and forecast prices in existing DVAs as compared to recording amounts in the 2019 GSPCCDA. In addition, OEB staff supported the closure of the 2019 GSPCCDA.

⁷ EB-2018-0305

Unsettled Item: Tax Variance Deferral Account – Enbridge Gas

The purpose of the Tax Variance Deferral Account (TVDA) is to record 50% of the revenue requirement impact of any tax rate changes, versus the tax rates included in existing rates. In accordance with the OEB's July 25, 2019 letter, Enbridge Gas also utilizes this account to record 100% of the revenue requirement impact of any changes in Capital Cost Allowance (CCA) related to Bill C-97 that are not reflected in base rates. Enbridge Gas did not request disposition of the 2019 TVDA balance in its application.

The 2019 balance in the TVDA is a credit balance \$30.030 million plus interest to June 30, 2021 of \$0.778 million, for a total of \$30.808 million. Parties did not reach an agreement on the TVDA. Accordingly, parties proposed that the unsettled item proceed to a written hearing.

Performance Scorecard

The purpose of the performance scorecard is to measure and monitor performance during the deferred rebasing period. In the MAADs Decision, the OEB approved an amended scorecard and this is the first proceeding in which Enbridge Gas filed a consolidated scorecard for the merged utility.

As the settlement proposal did not reference the performance scorecard, OEB staff submitted that all parties should be permitted to make submissions on the 2019 performance scorecard as part of the written hearing.

3. DECISION ON THE SETTLEMENT PROPOSAL

The OEB accepts the settlement proposal. The OEB finds that the settlement proposal represents a reasonable outcome for ratepayers and will result in just and reasonable rates.

The OEB approves the confidentiality request as it finds the unredacted evidence in Appendix B to the settlement proposal to be commercially sensitive with respect to future storage procurements and related negotiations. The parties to the settlement proposal and OEB staff agreed that the RFP process for market-based storage capacity acquired for 2019 utilization should be treated confidentially, pursuant to the OEB's *Practice Direction on Confidential Filings*.

Regarding the 2019 GSPCCDA, the OEB will order the closure of the account as part of the final rate order in this proceeding, consistent with the settlement proposal.

Regarding the unsettled item, the cover letter to the settlement proposal indicated that the unsettled item (TVDA) should be addressed through a written hearing process. Enbridge Gas further submitted that it may wish to file supplementary written evidence about the OEB's historic treatment of the sharing of tax savings. Accordingly, Enbridge Gas suggested a discovery process (filing of interrogatories) related to the supplementary evidence followed by written arguments on the unsettled item. The scope of the unsettled item would include all related issues to this account, in particular, the calculation of the balance, allocation of the balance, and disposition to customer classes.

Enbridge Gas suggested 15 days for filing of supplementary evidence from the date of this Decision and Order, and 14 days for interrogatories and responses to those interrogatories. OEB staff in its submission disagreed with the timelines and recommended a condensed timeline (10 days for filing of supplementary evidence, 7 days for filing interrogatories and 7 days for responses to interrogatories). OEB staff submitted that a condensed schedule was proportionate to the supplementary evidence that is expected to be filed and would assist the OEB in meeting the targeted decision date of May 6, 2021 included in its performance standard.⁸

The OEB agrees with the procedural steps suggested by Enbridge Gas in its cover letter but concurs with the revised timelines proposed by OEB staff. The OEB finds that

⁸ The OEB is undertaking a pilot project to provide greater transparency of OEB proceedings. Enbridge Gas's DVA application is part of the pilot project. The OEB provides updates schedules for the proceeding on its website: <https://www.oeb.ca/industry/applications-oeb/pilot-project-status-applications>

a condensed written hearing schedule is reasonable to hear the one unsettled item, which apparently was discussed at the settlement conference.

With respect to the performance scorecard, the OEB notes that the performance scorecard was part of Enbridge Gas's pre-filed evidence and interrogatories were filed on that evidence. The OEB finds that the performance scorecard is within the scope of this proceeding and the OEB will allow parties and OEB staff to file submissions regarding the performance scorecard. The OEB reminds parties that any submissions related to the performance scorecard should be relevant to the application and actionable by the OEB in this proceeding.

4. ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The settlement proposal attached as Schedule A is approved.
2. Enbridge Gas may file supplementary written evidence related to the TVDA. The supplementary evidence must be filed with the OEB and served on all intervenors on or before **February 4, 2021**.
3. OEB staff and intervenors shall request any relevant information related to the supplementary evidence, by written interrogatories filed with the OEB and served on all parties by **February 11, 2021**.
4. Enbridge Gas shall file with the OEB complete written responses to all interrogatories and serve them on all intervenors by **February 19, 2021**.
5. Enbridge Gas may file its argument-in-chief with the OEB and serve it on all intervenors by **February 26, 2021**.
6. Intervenors and OEB staff who wish to file final arguments on the unsettled item (TVDA) and the performance scorecard, shall file them with the OEB and serve them on all parties by **March 8, 2021**.
7. Enbridge Gas shall file its reply argument with the OEB and serve it on all intervenors by **March 15, 2021**.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

All materials filed with the OEB must quote the file number, **EB-2020-0134**, and be submitted in a searchable/unrestricted PDF format with a digital signature through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice>. Filings must clearly state the sender's name, postal address, telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at www.oeb.ca/industry. We encourage the use of RESS; however, parties who have not yet [set up an account](#), may email their documents to registrar@oeb.ca.

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

Email: registrar@oeb.ca

Tel: 1-888-632-6273 (Toll free)

Fax: 416-440-7656

DATED at Toronto, **January 25, 2021**

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar

SCHEDULE A

ENBRIDGE GAS INC. SETTLEMENT PROPOSAL

DATED JANUARY 5, 2021

EB-2020-0134

**ENBRIDGE GAS INC. APPLICATION FOR
2019 DEFERRAL AND VARIANCE ACCOUNT DISPOSITION
AND REVIEW OF EARNINGS SHARING**

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	
			Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6		Col. 7
			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] 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