

EB-2006-0034

IN THE MATTER OF the *Ontario Energy Board Act 1998*, S.O.1998, c.15, (Schedule B);

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an Order or Orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas commencing January 1, 2007.

PROCEDURAL ORDER NO. 1

Enbridge Gas Distribution Inc. ("EGDI" or the "Company") filed an Application, dated August 25, 2006, with the Ontario Energy Board under section 36 of the *Ontario Energy Board Act, S.O. 1998*, c.15, Schedule B. The Board has assigned file number EB-2006-0034 to the Application and has issued a Notice of Application dated September 7, 2006.

The Board considers it necessary to make provision for the following procedural matters. A case timetable is attached as Appendix "A". Please be aware that further procedural orders may be issued from time to time.

THE BOARD ORDERS THAT:

1. An Issues Conference, involving Board Staff, Intervenors and the Company, will be convened to review a Draft Issues List with the objective of developing a proposed Issues List for presentation to the Board. A "Draft Issues List" is attached to this Order as Appendix "B". A proposed Issues List will be formulated and presented to the Board at the conclusion of the Issues Conference. The Issues Conference will be held in the Board's hearing room at 2300 Yonge Street, 25th Floor, Toronto, on Tuesday, October 10, 2006 at 9:00 a.m.

- 2. An Issues Day proceeding will take place on Thursday, October 12, 2006 at 9:30 a.m. in the Board's hearing room, at which time the Board will hear submissions with respect to any contested issues.
- 3. A list of Intervenors is attached as Appendix "C" to this Order. A decision respecting the status of the Low-Income Energy Network, the Vulnerable Energy Consumer's Coalition, Thomas Matz and Barry Neelin will be considered on Issues Day, October 12, 2006. Parties will have an opportunity to make submissions at that time.
- 4. Parties who wish information and material from the Company that is in addition to the evidence filed with the Board, and that is relevant to the hearing, shall request it by written interrogatories filed with the Board and delivered to the Company on or before Monday October 23, 2006. All interrogatories must identify the relevant Issue by Issue Number in the format as shown by the example attached as Appendix "D". Board staff shall submit interrogatories on Thursday, October 19, 2006.
- 5. Intervenors are expected to review Board staff interrogatories to ensure they do not duplicate questions.
- 6. The Company shall file with the Board complete responses to the interrogatories and deliver them to the Intervenors no later than Thursday, November 9, 2006.
- 7. Intervenors who wish to present evidence shall file that evidence with the Board and deliver it to the Company and the other Intervenors on or before Tuesday, November 14, 2006.
- 8. Anyone (Intervenor, Board staff or the Company) who requires additional information related to any Intervenor's filed evidence, and that is relevant to the hearing, shall request it by written interrogatories filed with the Board and delivered to the parties on or before Tuesday, November 21, 2006. Responses to the interrogatories shall be filed with the Board and delivered to the Applicant and the other Intervenors on or before Tuesday, December 5, 2006.
- 9. An Intervenor Conference will be convened on Thursday December 7, 2006 at 9:00 a.m. Any registered intervenor in this proceeding may attend. The Intervenor Conference will be held at 2300 Yonge Street, Toronto in the Board's hearing room on the 25th Floor and may continue until Friday December 8, 2006,

if needed. The purpose of this meeting is for intervenors to develop a common proposal, if possible, to present for consideration by the Company.

- 10. A Settlement Conference will be convened on Monday, December 11, 2006 at 9:00a.m. with the objective of reaching a settlement among the parties on the issues. The Settlement Conference will be held at 2300 Yonge Street, Toronto in the Board's hearing room on the 25th Floor and if needed, may continue until Tuesday, December 19, 2006.
- 11. Any Settlement Proposal arising from the Settlement Conference shall be filed with the Board no later than 5:00 p.m. on Thursday, January 4, 2007. The Board will sit on Tuesday, January 9, 2007 at 9:30 a.m. to review any Settlement Proposal.
- 12. The evidentiary phase of the oral hearing will commence at 9:30 a.m. on Thursday, January 11, 2007 at 2300 Yonge Street, Toronto in the Board's hearing room. The hearing is currently scheduled for up to 15 hearing days.
- 13. All parties shall file their submissions with the Board Secretary, 10 hard copies and one electronic copy in searchable PDF format at boardsec@gov.on.ca, by 4:00pm on the date indicated, and copy all parties. Parties must also include the Case Manager, Richard Battista richard.battista@oeb.gov.on.ca and Board Counsel, Michael Millar michael.millar@oeb.gov.on.ca on all electronic correspondence related to this case.

DATED at Toronto, October 4, 2006.

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell Assistant Board Secretary

APPENDIX "A" Enbridge Gas Distribution Inc. - 2007 Rates Case Timetable

	Event	Date 2006
1	Issue Procedural Order No. 1	Oct 4
2	Issues Conference	Oct 10
3	Issues Day	Oct 12
4	Procedural Order No. 2 – Issues List	Oct 16
5	Interrogatories to Applicant – Board Staff	Oct 19
6	Interrogatories to Applicant - Intervenors	Oct 23
7	Interrogatory Responses	Nov 9
8	Intervenor Evidence	Nov 14
0	Interrogatories to Intervenors	Nov 21
10	Intervenor IR Responses	Dec 5
11	Intervenor Conference	Dec 7
12	Settlement Conference	Dec 11 to 19 (7 days)
13	File Settlement Proposal	Jan 4 (2007)
14	Settlement Proposal Hearing	Jan 9 (2007)
15	Oral Hearing	Jan 11 (2007) (15 hearing days)

APPENDIX "B"

Enbridge Gas Distribution Inc. 2007 Rate Case EB-2006-0034

DRAFT ISSUES LIST

1 RATE BASE (Exhibit B)

- 1.1 Are the amounts proposed for Capital Expenditures in 2007 appropriate? (B1/T2/S1)
- 1.2 Is the budget amount proposed in 2007 for Safety & Integrity projects appropriate? (B1/T3/S1)
- 1.3 How should the Board deal with the Leave to Construct ("LTC") projects included in the 2007 capital budget given that there will be separate Board proceedings for the LTC projects? (B1/T3/S2)
- 1.4 Has the Company met the requirements of the Board's directive from the 2006 rate case to file an independent cost benchmark study for the EnVision project? (B1/T6/S1)
- 1.5 Is the business case, including the budget amount of \$133 million, proposed for the Automatic Meter Reading project appropriate? (B1/T7/S1)

2 OPERATING REVENUE (Exhibit C)

- 2.1 Is the proposed amount for 2007 Transactional Services revenue and the associated sharing mechanism, appropriate? (C1/T4/S1)
- 2.2 Is the proposed total 2007 Other Revenue Forecast appropriate? (C1-T5-S1)
- 2.3 Is the change in forecasting methodology for degree days from the "de Bever" to the "20-Year Trend" justified? (C2/T4/S1)
- 2.4 Are the average use-per-customer forecasts for rate class 1 or rate class 6 reasonable? (C1/T3/S1 and C2/T3/S1)
- 2.5 Is the proposed 2007 contract gas volume and revenue forecast reasonable? (C1/T3/S1)

2.6 Is the proposed 2007 non-contract gas volume and revenue forecast reasonable? (C1/T2/S1)

3 OPERATING COST (Exhibit D)

- 3.1 Is the proposed 2007 gas cost forecast associated with gas transportation contract renewal reasonable? (D1/T4/S1, D1/T4/S2)
- 3.2 Is the overall level of the 2007 Operation and Maintenance Budget appropriate given that it represents an increase of 15% in costs over the 2006 Board Approved level (D1-T2-S1)?
- 3.3 Is the proposed increase of \$5.0 million in Market Development Initiatives related to promoting fuel switching activities appropriate?
- 3.4 Is the increase in Human Resources related costs appropriate? (D1-T4-S1)
- 3.5 Is the increase in the proposed level of Corporate Cost Allocation expense, including refinement to the Regulatory Cost Allocation Methodology (RCAM) as directed by the Board in the 2006 Test Year Decision, appropriate (D2-T1-S1)?
- 3.6 Is the Company's forecast level of Regulatory and OEB related costs for 2007 appropriate?
- 3.7 Does Enbridge's request to change to a December 31 taxation year-end have an impact on its 2007 revenue sufficiency/deficiency (D1-T5-S1)?
- 3.8 Is the continuation of the Risk Management Program appropriate? (D1/T4/S3)
- 3.9 Is the proposal to change depreciation rates for 2007, as proposed in the depreciation study, and the impact on 2007 customer rates, appropriate? (D1/T13/S1, D2/T2/S1)
- 3.10 Is the proposal for the establishment of 2007 Deferral and Variance Accounts appropriate? (D1T7/S1)
- 3.11 Is the proposal for the disposition of Deferral and Variance Accounts appropriate? (D1T7/S2)

4 COST OF CAPITAL (Exhibit E)

- 4.1 What is the appropriate date to base the adjustment for the 2007 Return on Equity (ROE); October 2006 per the Board's ROE Guidelines or a later date closer to when the application will be heard? (E2-T1-S1)
- 4.2 Are Enbridge's proposed costs for its debt and preference share components of its capital structure appropriate? (E1-T2-S1)
- 4.3 What is the appropriate equity component of the existing capital structure? (E2-T2-S1)

5 COST ALLOCATION (Exhibit G)

- 5.1 Has the Applicant allocated its forecast of costs based on existing Board approved principles? (G2-T1-S1)
- 5.2 Is the proposal to recover Demand Side Management costs in delivery charges, as opposed to load balancing charges, appropriate? (from G2/T3/S1 to G2/T3/S4)

6 RATE DESIGN (Exhibit H)

- 6.1 Is the proposal to introduce delivery demand charges for Rates 100 and 145 reasonable? (H1/T1/S1)
- 6.2 Is the proposal to allocate revenue requirement between the customer classes and annually adjust the monthly customer charges and variable charges to recover the revenue deficiency reasonable? (H1/T1/S1, H2, G2/T2/S1)
- 6.3 Does the Board have the jurisdiction and, if so, should the Board approve the contents of the Applicant's Rate Handbook? (H1/T1/S1, H2/T6/S1, A1/T14/S2)
- 6.4 Is the proposal to retain bundled transportation charges and T-service credit for at least an additional three months until December 31, 2007 reasonable, given that the test year 2005 (RP-2003-0203) settlement agreement contemplated the unbundling of transportation charges from load balancing charges and the elimination of the T-service credit to Ontario T-service customers as of October 1, 2007? (H1/T1/S1)

7 CUSTOMER CARE SUPPORT, CUSTOMER CARE SYSTEM, AND OPEN BILL ACCESS

- 7.1 Has Enbridge complied with the direction, in the EB-2005-0001 Decision, to file in evidence the following Customer Care Support Cost information: all agreements between Enbridge and CWLP, ECSI or any other EI-related entity related to the provision of customer care or CIS; the Program Agreement between CWLP and Accenture, including any amendments or revisions; financial statements for ECSI and CWLP (historical, bridge and test year); the return analyses described in the decision? (D1/T12/S3)
- 7.2 What actions or decisions are required by the Board regarding items in the 2006 and 2007 capital budgets which might be duplicated in the upcoming application for a Regulatory Asset Account? (D1/T10/S1/p2/AppA)
- 7.3 Are the costs of providing the new CIS system, including \$49.9 capital in 2007 reasonable? (B1/T5/S1/p3)
- 7.4 Are the O&M costs for the legacy CIS and the Customer Care Services (\$101.6M for CIS/CCS, \$3.4M CCS internal and \$10M transition) reasonable? (D1/T12/S1/p2 and D3/T2/Sched1/P1)
- 7.5 What additional information, if any, is required to adequately respond to the Board's direction in EB-2005-0001 to justify, from a ratepayer viewpoint, Open Billing Access? (D1/T11/S1/p3)

8 OTHER ISSUES

8.1 What are the actions or decisions necessary for the Board to be assured that rates impacts of the Board's decisions, including settlements, in the NGEIR (EB-2005-0551) and DSM (EB-2006-0021) proceedings will be appropriately captured and reflected in this proceeding.

9 RATE IMPLEMENTATION

9.1 Should the Board set interim rates, effective January 1, 2007, to allow Enbridge to begin to recover its prospective revenue deficiency?

Appendix "C"

TO ENBRIDGE GAS DISTRIBUTION INC. 2007 RATE CASE

EB-2006-0034

APPLICANT & LIST OF INTERVENORS

ENBRIDGE GAS DISTRIBUTION INC. 2007 RATE CASE EB-2006-0034

APPLICANT & LIST OF INTERVENORS

October 3, 2006

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("CCC")

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8. Industrial Gas Users Association ("IGUA")

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10. Ontario Association of Physical

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APPENDIX "D"

Interrogatory – Sample Format

1- Ref: D1/T7/S2

Issue Number: 3.4

Issue: Is the proposal for the disposition of Deferral and Variance

Accounts appropriate?

Please provide a table indicating actual balance (as of September 30, 2006) and the forecasted balance (as of December 31, 2006) of each Board-approved Deferral and Variance account.