

EXHIBIT LIST

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B – 2009 RATE ADJUSTMENT CALCULATION AND SUPPORTING INFORMATION

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B – 2009 RATE ADJUSTMENT CALCULATION AND SUPPORTING INFORMATION

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C - OTHER ITEMS REQUIRING SPECIFIC APPROVAL

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D – 2007 ACTUAL RESULTS

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	2	1	Customer Care and CIS Settlement Template (the “True-Up” Template) – EB-2007-0615 Rate Order, Appendix F dated May 15, 2008	R. Bourke K. Culbert
	3	1	(NG Generic DSM) Decision with Reasons – EB-2006-0021 dated August 25, 2006	R. Bourke
	4	1	Return on Equity	J. Denomy

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

AND IN THE MATTER OF an Application by Enbridge Gas
Distribution Inc. for an Order or Orders approving or fixing
rates for the sale, distribution, transmission and storage of
gas.

APPLICATION

1. The Applicant, Enbridge Gas Distribution Inc. (“Enbridge”, or the “Company”) is an Ontario corporation with its head office in the City of Toronto. It carries on the business of selling, distributing, transmitting and storing natural gas within Ontario.
2. Enbridge hereby applies to the Ontario Energy Board (the “Board”), pursuant to section 36 of the *Ontario Energy Board Act, 1998*, as amended (the “Act”) for an Order or Orders approving or fixing just and reasonable rates for the sale, distribution, transmission and storage of gas commencing January 1, 2009.
3. As of January 1, 2009, Enbridge will be entering the second year of a five year Incentive Regulation plan approved by the Board in EB-2007-0615. The Board-approved Settlement Agreement in EB-2007-0615 (the “Settlement Agreement”) establishes a revenue per customer cap framework for Enbridge’s rates over the period from 2008 to 2012. Specifically, the Settlement Agreement provides that the Company’s distribution revenue, in each year of the period January 1, 2008 through December 31, 2012 shall be determined by the application of a Distribution Revenue Requirement Per Customer Formula (the “Adjustment Formula”).
4. The Settlement Agreement provides for an annual rate adjustment process and, in that regard, states as follows:

The Company shall file ... information, by October 1st, for the purpose of receiving a Board-approved rate order by December 15th, stipulating new rates in each rate class, in time for implementation on January 1st of the following year

...

5. The Settlement Agreement also specifies information to be filed by Enbridge for the purposes of the annual rate adjustment process. The information to be filed by Enbridge includes a draft rate Order and a Rate Handbook (Exhibit B, Tab 1, Schedule 9), together with supporting documentation detailing how rates have been adjusted to reflect the application of the Adjustment Formula.

6. Enbridge therefore applies to the Board for such final, interim or other Orders, accounting orders and deferral and variance accounts as may be necessary in relation to:

(i) the application of the Adjustment Formula for the year commencing January 1, 2009;

(ii) the approval of the Company's draft rate Order and Rate Handbook (Exhibit B, Tab 1, Schedule 9), subject to such changes, if any, that the Board may deem appropriate; and

(iii) the determination of all other issues that bear upon the Board's approval or fixing of just and reasonable rates for the sale, distribution, transmission and storage of gas by Enbridge for the year commencing January 1, 2009.

The Company further applies to the Board pursuant to the provisions of the Act and the Board's *Rules of Practice and Procedure* for such final, interim or other Orders and directions as may be appropriate in relation to the Application and the proper conduct of this proceeding.

7. The Company respectfully requests that the Board establish a process for the aspects of this Application referred to in paragraphs 6(i) and 6(ii), above (namely, the

application of the Adjustment Formula for 2009 and approval of the draft rate Order and Rate Handbook), that will meet the timelines established by the Settlement Agreement (as set out in paragraph 4, above).

8. As a result of this Application, average rate increases will be approximately 0.5% or less for all customer classes on a T-service basis (that is, excluding commodity costs). For residential customers, the average T-service increase will be approximately 0.5%, or about \$3 annually.

9. There are other issues to be determined in this proceeding, as referred to in paragraph 6(iii), above, that bear upon the Board's approval of fixing of just and reasonable rates, but that do not need to be decided in order for the Board to issue an Order regarding the application of the Adjustment Formula for 2009. The Company proposes that the Board implement a two-phase proceeding in order to accommodate the hearing of these other issues. Specifically, the Company requests that the matters referred to in paragraphs 6(i) and 6(ii), above, be reviewed in Phase I of the proceeding and that the matters referred to in paragraph 6(iii), above, be reviewed in Phase II of the proceeding.

11. Enbridge requests that a copy of every document filed with the Board in this proceeding be served on the Applicant and the Applicant's counsel, as follows:

The Applicant:

Mr. Norm Ryckman
Director, Regulatory Affairs
Enbridge Gas Distribution Inc.

Address for personal service: 500 Consumers Road
Willowdale, Ontario M2J 1P8

Mailing address: P. O. Box 650
Scarborough, Ontario M1K 5E3

Telephone: 416-495-5499 or 1-888-659-0685
Fax: 416-495-6072
Email: egdregulatoryproceedings@enbridge.com

The Applicant's counsel:

Mr. Fred D. Cass
Aird & Berlis LLP

Address for personal service and mailing address: Brookfield Place, P.O. Box 754
Suite 1800, 181 Bay Street
Toronto, Ontario M5J 2T9

Telephone: 416-865-7742
Fax: 416-863-1515
Email: fcass@airdberlis.com

DATED September 26, 2008 at Toronto, Ontario.

ENBRIDGE GAS DISTRIBUTION INC.

Per: 

APPROVALS REQUESTED

1. With the filing of this application, the Company is requesting that the Board approve the following:

- a) The Company has filed evidence in support of the determination of the 2009 rate adjustment within the parameters of its Approved Incentive Regulation (“IR”) formula as decided in the EB-2007-0615 proceeding. The exhibits that are primarily related to, and in support of, the 2009 rate adjustment are located in the “B” series of exhibits.

The rate schedules (exclusive of the proposed rate handbook revisions) filed at Exhibit B-1-9 are the culmination of the mechanical determination of the 2009 rate adjustment using the Company’s Board Approved IR formula. The Company is requesting Board Approval to implement these rates effective January, 2009.

- b) The IR model approved by the Board for Enbridge is a revenue per customer cap method which utilizes a forecast of inflation, degree days, volumes and customer additions, as well as having the capacity to adjust for Y-Factors and Z-Factors.

The methods, models and processes used in the annual determination of the individual elements and sub-elements that are integral to the forecast of inflation, or degree days, or volumes or customer additions, or Y-factors have been sufficiently examined and subsequently approved by the Board in the Company’s recent rate proceedings.

However, inherent in the request to approve the 2009 rate adjustment, is the implied request to approve those elements which underpin the mathematics of the rate adjustment. As a result, the Company is also requesting that the Board accept its:

- i) Forecast of degree days (Exh. B-2-1);
 - ii) Forecast of average use (Exh. B-2-2);
 - iii) Forecast of Customer Additions (Exh. B-1-4);
 - iv) Gas Volume Budget (Exh. B-1-5);
 - v) Y-Factor – Capital (Exh. B-1-6); and
 - vi) Y-Factors – Other (Exh. B-1-7).
- c) The Company has requested a deferral account, the International Financial Reporting Standards Conversion Costs DA (“IFRSCCDA”) at Exhibit C-1-2, in which it will record the incremental costs that it will incur, beginning in 2009, as it transitions from a GAAP to an IFRS environment. The Company will be required to record its financial transactions in compliance with IFRS guidelines within a strict timetable that will require system design and development as well as operational and personnel changes beginning in 2009, ultimately for testing and use beginning in late 2009.
- d) The Company has requested a change to some of the non-energy service charges listed on Rider G (Exh. C-1-3).
- e) The Company has requested some revisions related to wording in the rate handbook in respect of late payment penalties, the “force majeure” clause and some other areas that require minor changes (Exh. C-1-4).

- f) The Company has requested the discontinuation of an ADR commitment stemming from the EB-2006-0034 proceeding requiring the submission of an EnVision benefit report on an annual basis (Exh. C-1-5), and
 - g) The Company has requested a revision to the GDAR IVA fee, from a percentage of the absolute value of the adjustment, to a flat transaction fee (Exh. C-1-6).
 - h) The Company has requested approval of an In-Franchise Title Transfer fee, as the Company will face additional costs related to the provision of this service after the new CIS software becomes operational. The evidence on this issue has been filed at Exhibit C, Tab 1, Schedule 7.
 - i) The Company will be requesting a change in the requirements related to the contracting of upstream transportation that would require that direct purchase bundled service customers to contract for firm upstream transportation. This change will provide the Company with an additional level of security of supply of gas into its territory in the event of an interruption of delivery upstream of its franchise area. The evidence related to this issue has been filed at Exhibit C, Tab 1, Schedule 8.
2. The Board-approved Settlement Agreement in EB-2007-0615 set out a time-line for the process of determining the annual adjustment to the Company's rates during each year of the term of the IR plan. Specifically, the Settlement Agreement states that the Company shall file certain specified information by October 1st for the purpose of receiving a Board-approved rate order by December 15th stipulating new rates in time for implementation on January 1st of the following year. In order to

facilitate the Company's requested implementation of its proposed rates effective January 2009, the Company proposes a two-phased approach the intent of which is to accommodate implementation of the new Board-approved rates within the time constraints established by the Settlement Agreement in EB-2007-0615.

3. In Phase I, the Company is proposing that only the mechanical aspects of the Company's IR model used in the calculations supporting its proposed rate adjustment would be subject to review. The Company proposes that a technical conference be convened following the notice period and issuance of procedural order number one, in which the Company will produce witnesses to respond to questions which would be submitted in advance by Intervenors and Board Staff in order to expedite the process. The transcript of the technical conference and undertaking responses, as required, will complete the evidentiary record for Phase I of the Company's application. Given the mechanistic nature of the Phase I adjustments, the Company does not anticipate the need for written interrogatories, intervenor evidence or an oral hearing in respect of the Phase I adjustments.
4. The Company also proposes a short settlement conference of perhaps one or two days' duration given the limited elements or variable attributes of the Company's approved IR model. Subsequent to the filing of any ADR Settlement Proposal, intervenors would submit written comments on any unresolved aspects of the Company's proposed rates. Approximately 7 to 10 days later, the Company would file its comments in response.
5. At this point, it is the Company's expectation that the Board would have a sufficient evidentiary base upon which to make a determination on the proposed rates. While the Board may see fit to issue a final order within the time-line contemplated by the

EB-2007-0615 Settlement Agreement, the Company believes that an interim order would accommodate one or more of the following:

- a) The Board's final determination with respect to the rate handbook revisions proposed for review in Phase II;
 - b) If needed, further review of one or more of the elements or sub-elements of the IR model; and
 - c) Consideration of any further matters that the Board has deemed necessary prior to the final implementation of rates.
6. In addition to any additional procedural steps required by the Board as a result of its Decision in respect to step 2) above, the approach proposed by the Company in Phase II is that all other non-rate related issues could be reviewed and decided in a manner and timetable suitable to the Board. The issues in the application that are proposed for inclusion in Phase II do not require a review with a similar degree of urgency as does the base rate adjustment. Further, there is not likely to be concern about retroactive implementation of the Board's decision on Phase II.