

File 1

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ENBRIDGE

RECEIVED

MAY 27 2009

May 26, 2009

ONTARIO ENERGY BD

VIA RESS, COURIER and EMAIL

Ms Kirsten Walli / *27/5/09*
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario M4P 1E4

Dear Ms Walli:

**Re: Enbridge Gas Distribution Inc. ("Enbridge")
2008 Earnings Sharing Mechanism and Other Deferral
And Variance Accounts Clearance Review
Ontario Energy Board ("Board") File No. EB-2009-0055**

Further to Enbridge's letter of April 17, 2009 enclosed please find the following new exhibits in the above noted proceeding:

Exhibit M, Tab 1, Schedules 1 to 4

Also attached are the following updated exhibits:

Exhibit A, Tab 1, Schedule 1,
Exhibit A, Tab 2, Schedule 1, Appendix A; and
Exhibit C, Tab 1, Schedule 1.

Two paper copies and one electronic copy via email and through the RESS are being filed with the Board today.

This evidence will be available on the Company's website @ www.enbridge.com/ratecase as of Wednesday, May 27, 2009.

Yours truly,

A handwritten signature in blue ink that reads "L Chiasson".

Lorraine Chiasson
Regulatory Coordinator

cc: Mr. F. Cass, Aird & Berlis LLP
All Interested Parties EB-2009-0055 (via email)

IMPACT STATEMENT NO. 1

1. This exhibit has been filed in order to reflect the impact of changes which are required within Enbridge Gas Distribution's 2008 Earnings Sharing mechanism. The effect of these changes, discussed in more detail in the remainder of this impact statement, is a decrease in the 2008 Actual Year total gross earnings sufficiency of \$0.3 million from \$11.5 million as filed at Exhibit B, Tab 5, Schedule 1 (Filed: 2009-03-18), to \$11.2 million. A detailed summary of the changes within the gross earnings sufficiency calculation is found at Exhibit M, Tab 1, Schedule 2.
2. The changes within this impact statement are the result of a required revision in relation to the treatment of Capital Cost Allowance ("CCA") tax related deductions. Within EGD's Fiscal 2008, EB-2007-0615 proceeding, the Board approved a tax savings sharing agreement which contained anticipated changes in the allowable CCA rates for computer equipment (Class 45/50) and distribution assets (Class 1/51). At that time it was anticipated that the allowable CCA rates associated with these classes would increase from 45% to 55% for Class 45 and from 4% to 6% for Class 1, creating Classes 50 and 51 for new additions effective as of March 2007. As a result, 50% of the anticipated related impact was incorporated as a reduction in rates within 2008. There was also an agreed upon provision that the impact of any variance in the anticipated CCA rate changes would be recorded and cleared through a variance account treatment on an annual basis within a Tax Rate and Rule Change Variance Account ("TRRCVA").
3. As of the end of EGD's fiscal year 2008, the anticipated changes in the Class 45/50 & 1/51 CCA rates had not been passed into law. As a result, the original EB-2009-0055 filing did not reflect the impact of the previously anticipated CCA rate changes within its financial results and had appropriately recorded an amount to be recovered from ratepayers in a 2008 TRRCVA of \$1.83 million.
4. On April 23, 2009, the originally anticipated changes in CCA rates received the necessary Order in Council and were passed into law retroactively, effective to

Witness: K. Culbert

March 19, 2007. As a result, EGD is now revising its evidence to eliminate the recovery of the 2008 TRRCVA amount of \$1.83 million from the deferral and variance account balances and is appropriately reflecting all of the associated adjustments required within the 2008 year end financial results for earnings sharing purposes. Exhibit A, Tab 2, Schedule 1, Appendix A and Exhibit C, Tab 1, Schedule 1 have been updated to reflect the elimination of the previously established but now no longer required 2008 TRRCVA recovery.

5. The original recording of the \$1.83 million TRRCVA at year end required a revenue entry of the same amount as recognition that without the anticipated CCA changes, rates and associated revenue would have been higher. With the current update to eliminate the TRRCVA, there are required adjustments as shown at Exhibit M, Tab 1, Schedule 3, page 1, Lines 1 & 13, to reduce revenue by \$1.8 million and increase the recognition of the Company's share of the agreed tax savings by the same amount.
6. In addition to the above noted adjustments, the capital cost allowance rates used in the development of CCA tax deductions within the financial results for earnings sharing calculation purposes must also be adjusted. As shown at Exhibit M, Tab 1, Schedule 3, page 3, Line 6, the impact of this required adjustment results in an increase in CCA tax deductions of \$6.7 million (compared to Exhibit B, Tab 4, Schedule 1, page 3, Line 6). Additionally, as shown at Line 24, the increase in CCA tax deductions results in a reduction to income tax expense of \$3.4 million (compared to Exhibit B, Tab 4, Schedule 1, page 3, Line 24). This change is also shown at Exhibit M, Tab 1, Schedule 3, page 1, Column 2, Line 19.
7. In summary, the impact of the CCA rate changes passed into law on April 23, 2009 within the EB-2009-0055 filing is as follows:
 - a) the recovery of an amount of \$1.83 million originally recorded in the 2008 TRRCVA, which was set up as a result of the anticipated CCA rate changes not occurring as of the end of fiscal 2008, is no longer required;

Witness: K. Culbert

- b) subsequently, the total deferral and variance account principal balance for recovery has been reduced by \$1.83 million, from \$27.43 to \$25.6 million as shown at the original and updated Exhibit C, Tab 1, Schedule 1, page 2; and
- c) the associated adjustments required within the financial results for earnings sharing purposes, shown at Schedule 2 of this Impact Statement, change the gross earnings sufficiency at Line 46 from \$11.5 to \$11.2 million and the 50% amount to be returned to ratepayers from \$5.75 to \$5.6 million.

Summary
Earnings (Deficiency) / Sufficiency
& Return on Equity
Enbridge Gas Distribution
Ontario Utility
For the Year Ended December 31, 2008

Line No.	Col. 1 Description	Col. 2	Col. 3 Actual Normalized (\$millions) & (%'s) Ex.B, T1,S2	Col. 4 Adjustment (\$millions) & (%'s)	Col. 5 Adjusted Actual Normalized (\$millions) & (%'s)
1.	Part A) Return on Rate Base & Revenue (Deficiency) / Sufficiency				
2.	Gas Sales		2,353.4	(1.8)	2,351.6
3.	Transportation Revenue		747.3		747.3
4.	Less Cost of Gas		2,137.8		2,137.8
5.	Gas Distribution Margin		962.9	(1.8)	961.1
6.	Transmission, Compr. and Storage Revenue		1.8		1.8
7.	Other Revenue		38.9		38.9
8.	Other Income		4.3		4.3
9.	Total - TC&S, Oth. Rev. & Inc.		45.0	-	45.0
10.	Operations, Maintenance & Administration		323.4		323.4
11.	Depreciation & amortization		236.7		236.7
12.	Fixed financing costs		0.7		0.7
13.	Debt redemption premium amortization		0.3		0.3
14.	Company share of IR agreement tax savings		5.6	1.8	7.4
15.	Municipal & capital taxes		44.8		44.8
16.	Total O&M, Depr., & other		611.5	1.8	613.3
17.	Utility Income before Income Tax	(line 5 + line 9 - line 16)	396.4	(3.6)	392.8
18.	Less: Income Taxes		90.7	(3.4)	87.3
19.	Utility Income		305.7	(0.2)	305.5
20.	Gross plant		5,225.4		5,225.4
21.	Accumulated depreciation		(1,955.8)		(1,955.8)
22.	Net plant		3,269.6	0.0	3,269.6
23.	Working capital		509.6		509.6
24.	Utility Rate Base		3,779.2	0.0	3,779.2
25.	Indicated Return on Rate Base %	(line 19 / line 24)	8.089%	-0.005%	8.084%
26.	Less: Required Rate of Return %		7.887%		7.887%
27.	(Deficiency) / Sufficiency %		0.202%	-0.005%	0.197%
28.	Net Earnings (Deficiency) / Sufficiency	(line 27 x line 24)	7.64	(0.19)	7.45
29.	Provision for Income Taxes		3.86	(0.11)	3.75
30.	Gross Earnings (Deficiency) / Sufficiency	(line 28 divide by 66.50%)	11.50	(0.30)	11.20
31.	50% Earnings sharing to ratepayers	(line 30 x 50%)	5.75	(0.15)	5.60
32.	Part B) Return on Equity & Revenue (Deficiency) / Sufficiency				
33.	Utility Income before Income Tax		396.4	(3.6)	392.8
34.	Less: Long Term Debt Costs		161.4		161.4
35.	Less: Short Term Debt Costs		0.2		0.2
36.	Less: Cost of Preferred Capital		5.0		5.0
37.	Net Income before Income Taxes		229.8	(3.6)	226.2
38.	Less: Income Taxes		90.7	(3.4)	87.3
39.	Net Income Applicable to Common Equity	(line 37 - line 38)	139.1	(0.2)	138.9
40.	Common Equity		1,360.5	0.0	1,360.5
41.	Approved ROE %	(EB-2007-0615 for Earnings Sharing 8.66% + 100 bp)	9.66%		9.66%
42.	Achieved Rate of Return on Equity %	(line 39 divide by line 40)	10.22%	-0.01%	10.21%
43.	Resulting (Deficiency) / Sufficiency in Return on Equity %		0.56%	-0.01%	0.55%
44.	Net Earnings (Deficiency) / Sufficiency	(line 40 x line 43)	7.64	(0.19)	7.45
45.	Provision for Income Taxes		3.86	(0.11)	3.75
46.	Gross Earnings (Deficiency) / Sufficiency	(line 44 divide by 66.50%)	11.50	(0.30)	11.20
47.	50% Earnings sharing to ratepayers	(line 46 x 50%)	5.75	(0.15)	5.60

Utility Income
2008 Historical Year Normalized

Line No.	Col. 1 Utility Income (\$Millions) Ex.B, T5,S2	Col. 2 Adjustment	Col. 3 Adjusted Utility Income (\$Millions)
1. Gas sales	2,353.4	(1.8)	2,351.6
2. Transportation of gas	747.3	-	747.3
3. Transmission, compression and storage revenue	1.8	-	1.8
4. Other operating revenue	38.9	-	38.9
5. Interest and property rental	-	-	-
6. Other income	4.3	-	4.3
7. Total operating revenue	3,145.7	(1.8)	3,143.9
8. Gas costs	2,137.8	-	2,137.8
9. Operation and maintenance	323.4	-	323.4
10. Depreciation and amortization expense	236.7	-	236.7
11. Fixed financing costs	0.7	-	0.7
12. Debt redemption premium amortization	0.3	-	0.3
13. Company share of IR agreement tax savings	5.6	1.8	7.4
14. Municipal and other taxes	44.8	-	44.8
15. Interest and financing amortization expense	-	-	-
16. Other interest expense	-	-	-
17. Cost of service	2,749.3	1.8	2,751.1
18. Utility income before income taxes	396.4	(3.6)	392.8
19. Income tax expense	90.7	(3.4)	87.3
20. Utility income	305.7	(0.2)	305.5

Explanation of Adjustments to Utility Income
2008 Historical Year Normalized

Line No. Adjusted	Adjustment Increase (Decrease) (\$Millions)	Explanation
1.	(1.8)	Gas sales Adjustment to revenue required to reflect the impact of eliminating the proposed 2008 Tax Rate and Rule Change Variance account recovery.
13.	1.8	Company share of IR agreement tax savings Adjustment to the reflect the impact of eliminating the 2008 Tax Rate and Rule Change Variance account recovery and to reflect the Company's share of the EB-2007-0615 tax savings agreement.
19.	(3.4)	Income tax expense The reduction in income tax expense arises from the increased CCA tax deduction as a result of the use of the appropriate higher CCA rates within the financial results for earnings sharing purposes.

Calculation of Taxable Income and Income Tax Expense
2008 Historical Year Normalized

Line No.	Col. 1 Federal (\$Millions)	Col. 2 Provincial (\$Millions)	Col. 3 Combined (\$Millions)
1.	Utility income before income taxes	392.8	392.8
	Add		
2.	Depreciation and amortization	236.7	236.7
3.	Other non-deductible items	7.4	7.4
4.	Total Add Back	244.1	244.1
5.	Sub-total	636.9	636.9
	Deduct		
6.	Capital cost allowance	173.4	173.2
7.	Items capitalized for regulatory purposes	38.2	38.2
8.	Deduction for "grossed up" Part VI.1 tax	5.9	5.9
9.	Amortization of share/debenture issue expense	3.0	3.0
10.	Amortization of cumulative eligible capital	0.1	0.1
11.	Amortization of C.D.E. and C.O.G.P.E	0.1	0.1
12.	Total Deduction	220.7	220.5
13.	Taxable income	416.2	416.4
14.	Income tax rates	19.50%	14.00%
15.	Provision	81.2	58.3
16.	Part VI.1 tax		2.0
17.	Investment tax credit		-
18.	Total taxes excluding interest shield		141.5
	Tax shield on interest expense		
19.	Rate base	3,779.2	
20.	Return component of debt	4.28%	
21.	Interest expense	161.7	
22.	Combined tax rate	33.500%	
23.	Income tax credit		(54.2)
24.	Total income taxes		87.3

Revenue Sufficiency Calculation
and Required Rate of Return
2008 Historical Year Normalized

Line No.		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5 (col 1x col 3)
		Principal (\$Millions)	Component %	Cost Rate %	Return Component %	Interest & pref share Expense
1.	Long and Medium-Term Debt	2,311.8	61.17	6.98	4.270	161.4
2.	Short-Term Debt	6.9	0.18	3.44	0.006	0.2
3.		2,318.7	61.35		4.276	
4.	Preference Shares	100.0	2.65	5.00	0.133	5.0
5.	Common Equity	1,360.5	36.00	9.66	3.478	166.6
6.		3,779.2	100.00		7.887	
7.	Rate Base (Ex. D-1-1)	(\$Millions)			3,779.2	
8.	Utility Income (Ex. D-4-2)	(\$Millions)			305.5	
9.	Indicated Rate of Return				8.084	
10.	Sufficiency in Rate of Return				0.197	
11.	Net Sufficiency	(\$Millions)			7.45	
12.	Gross Sufficiency	(\$Millions)			11.20	
13.	Revenue at Existing Rates	(\$Millions)			3,101.0	
14.	Revenue Requirement	(\$Millions)			3,089.8	
15.	Gross Revenue Sufficiency	(\$Millions)			11.20	
Common Equity						
16.	Allowed Rate of Return				9.660	
17.	Earnings on Common Equity				10.21	
18.	Sufficiency in Common Equity Return				0.55	

EXHIBIT LIST

A – ADMINISTRATIVE

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents</u>	<u>Witness(es)</u>
A	1	1	Exhibit List	K. Culbert
	2	1	Application	F. Cass
	3	1	Approvals Requested	K. Culbert

B – 2008 HISTORICAL YEAR & EARNINGS SHARING RESULTS

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents</u>	<u>Witness(es)</u>
B	1	1	ESM Calculations	K. Culbert
		2	ESM Calculations and Required Rate of Return 2008 Historical Year	K. Culbert
		3	Utility Earnings – Comparison of 2008 Historical Year to 2007 Board Approved	K. Culbert
	2	1	Ontario Utility Rate Base – Comparison of 2008 Historical Year to 2007 Historical Year	K. Culbert
		2	Property, Plant and Equipment Summary Statement – Average of Monthly Averages 2008 Historical Year	K. Culbert
		3	Comparison of Utility Capital Expenditures 2008 Historical Year to 2007 Historical Year	L. Au T. Ladanyi
		4	Comparison of Utility Capital Expenditures 2008 Actual and 2007 Board Approved	L. Au T. Ladanyi
	3	1	Utility Operating Revenue 2007 Historical Year	K. Culbert

EXHIBIT LIST

B – 2008 HISTORICAL YEAR & EARNINGS SHARING RESULTS

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents</u>	<u>Witness(es)</u>
<u>B</u>	3	2	Comparison of Gas Sales and Transportation Volume by Rate Class 2008 Historical Year to 2008 Board Approved Budget	I. Chan T. Ladanyi
		3	Comparison of Gas Sales and Transportation Revenue by Rate Class 2008 Historical Year to 2008 Board Approved Budget	I. Chan T. Ladanyi
		4	Customers, Volumes and Revenues by Rate Class 2008 Actual	I. Chan T. Ladanyi
		5	Details of Other Revenue 2008 Historical Year to 2007 Historical Year	R. Lei T. Ladanyi
	4	1	Operating Cost 2008 Historical	K. Culbert
		2	Operating and Maintenance Expense by Department 2008 Historical	R. Lei T. Ladanyi
		3	Utility Operating and Maintenance Expense – 2008 Historical Year to 2007 Board Approved	R. Lei T. Ladanyi
	5	1	Required Rate of Return 2008 Historical Year	K. Culbert
		2	Utility Income 2008 Historical Year	K. Culbert
		3	Cost of Capital 2008 Historical	K. Culbert

EXHIBIT LIST

C – EARNINGS SHARING MECHANISM and OTHER DEFERRAL & VARIANCE ACCOUNTS

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents</u>	<u>Witness(es)</u>
<u>C</u>	1	1	Balances Requested for Clearance at July 1, 2009	K. Culbert
		2	Gas Distribution Access Rule Cost Deferral Account explanation	K. Culbert
		3	Municipal Permit Fees Deferral Account explanation	K. Culbert
		4	Tax Rate and Rule Change Variance Account explanation	K.Culbert
		5	Average Use True Up Variance Account explanation	I. Chan
		6	2008 OHCVA	K. Culbert
	2	1	Clearance of 2008 Deferral and Variance Account Balances	J. Collier A. Kacicnik M. Suarez-Sharma
		2	Derivation of Proposed Unit Rates	J. Collier A. Kacicnik M. Suarez-Sharma
		3	Allocation of Deferral and Variance Accounts by Account and Rate Class	J. Collier A. Kacicnik M. Suarez-Sharma

D – REFERENCE MATERIAL

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents</u>	<u>Witness(es)</u>
<u>D</u>	1	1	Enbridge Gas Distribution Inc. 2008 Annual Report	N. Kishinchandani

EXHIBIT LIST

M – IMPACT STATEMENT NO. 1

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents</u>	<u>Witness(es)</u>
<u>M</u>	1	1	Impact Statement No. 1	K. Culbert
		2	Summary Earnings (Deficiency) / Sufficiency and Return on Equity EGD Ontario Utility for Year Ended December 31, 2008	K. Culbert
		3	Utility Income 2008 Historical year Normalized	K. Culbert
		4	Revenue Sufficiency Calculation and Required Rate of Return 2008 Historical Year Normalized	K. Culbert

ENBRIDGE GAS DISTRIBUTION INC.
DEFERRAL & VARIANCE ACCOUNT
ACTUAL & FORECAST BALANCES

Line No.	Account Description	Account Acronym	Col. 1		Col. 2		Col. 3		Col. 4	
			Actual at February 28, 2009		Forecast for clearance at October 1, 2009					
			Principal (\$000's)	Interest (\$000's)	Principal (\$000's)	Interest (\$000's)	Principal (\$000's)	Interest (\$000's)	Principal (\$000's)	Interest (\$000's)
<u>Non Commodity Related Accounts</u>										
1.	Demand Side Management V/A	2007 DSMVA	(616.1)	(122.0)	(616.1)	(126.4)				
2.	Lost Revenue Adjustment Mechanism	2007 LRAM	(301.3)	(1.2)	(301.3)	(3.4)				
3.	Shared Savings Mechanism V/A	2007 SSMVA	8,247.5	33.7	8,247.5	91.8				
4.	Class Action Suit D/A	2009 CASDA	18,838.2	1,379.7	4,709.5	442.9				¹
5.	Deferred Rebate Account	2008 DRA	2,057.3	34.0	2,057.3	48.5				
6.	Gas Distribution Access Rule Costs D/A	2008 GDARCD A	788.9	21.1	825.6	-				²
7.	Ontario Hearing Costs V/A	2008 OHCVA	2,252.1	44.0	2,252.1	59.8				
8.	Unbundled Rates Customer Migration V/A	2008 URCMVA	485.7	2.0	485.7	5.4				
9.	Open Bill Service D/A	2008 OBSDA	309.9	14.3	309.9	16.5				³
10.	Open Bill Access V/A	2008 OBAVA	476.7	1.9	476.7	5.3				³
11.	Municipal Permit Fees D/A	2008 MPFDA	717.6	-	99.6	-				²
12.	Average Use True-Up V/A	2008 AUTUVA	(2,654.1)	(10.8)	(2,654.1)	(29.5)				⁴
13.	Tax Rate and Rule Change V/A	2008 TRRCVA	1,830.0	7.5	-	-				⁵
14.	Earnings Sharing Mechanism D/A	2008 ESMDA	(5,750.0)	(23.5)	(5,600.0)	(63.5)				⁶
15.	Total non commodity related accounts		26,682.4	1,380.7	10,292.4	447.4				
<u>Commodity Related Accounts</u>										
16.	Purchased Gas V/A	2008 PGVA	23,135.4	(966.4)	23,135.4	(803.4)				⁷
17.	Transactional Services D/A	2008 TSDA	(6,476.0)	(52.7)	(6,476.0)	(98.3)				
18.	Unaccounted for Gas V/A	2008 UAFVA	621.2	2.5	621.2	6.9				
19.	Storage and Transportation D/A	2008 S&TDA	(1,826.8)	(113.3)	(1,826.8)	(126.2)				
20.	Total commodity related accounts		15,453.8	(1,129.9)	15,453.8	(1,021.0)				
21.	Total Deferral and Variance Accounts		42,136.2	250.8	25,746.2	(573.6)				

Notes:

- As approved in EB-2007-0731, the CASDA is to be cleared over 5 years. The first installment was cleared in 2008, therefore the second installment is proposed for 2009. As such, 1/4 of the remaining principal, and 1/4 of the remaining interest forecast to accumulate through June 30, 2012 is proposed for clearance. The forecast interest is based on the Board's current prescribed interest rate for deferral accounts of 1.00% (Q2 2009).
- The forecast 2008 GDARCD A and 2008 MPFDA amounts for clearance are the result of revenue requirement calculations. (Found in evidence at Ex.C, T1, S2 and Ex.C, T1, S3)
- Open Bill related deferral and variance accounts subject to any impact of the EB-2009-0043 Open Bill Issues proceeding.
- The AUTUVA explanation is found in evidence at Ex.C, T1, S5.
- The TRRCVA explanation is found in evidence at Ex.C, T1, S4.
- The ESMDA explanation is found in evidence at Ex.B, T1, S1&2.
- The 2008 actual versus forecast year end PGVA balance. The forecast year end balance was rolled into the opening 2009 PGVA balance and used in projected rate rider clearances in 2009.

DEFERRAL & VARIANCE ACCOUNTS FOR CLEARANCE REQUESTED
OCTOBER 1, 2009

1. The deferral and variance accounts, which EGD originally requested clearance of at July 1, 2009 and is now requesting clearance of commencing October 1, 2009, are shown at page 2 of this schedule. The balances requested for clearance total approximately \$25.2 million, which is the combination of principal and interest amounts shown in Columns 3 and 4.
2. The update to this exhibit is the result of the 2008 Tax Rate and Rule Change Variance ("TRRCVA") account of \$1.83 million no longer being required for recovery and a related slight change in the 2008 Earnings Sharing Deferral Account. The details of the elimination of the recovery of the 2008 TRRCVA account and the related required adjustments to the 2008 financial and earnings sharing results are explained in evidence at Exhibit M-1-1.
3. As shown within the footnotes or evidence referenced in the footnotes on page 2, EGD has provided some additional explanation information for selected accounts. The remaining accounts have either been approved in another proceeding, or have a previously established process which has been followed in determining account balances.
4. For example, the DSM related accounts and amounts were approved within the EB-2008-0271 Decision, the DRA amount is the carried-forward amount that was not cleared to ratepayers from prior years' accounts as a result of an inability to locate customers during clearance, the OHCVA is the variance of total actual OEB, intervenor, consulting, legal and other proceeding related costs versus the level embedded in base rates of \$5.84 million, and the URCMVA is

the revenue consequence of actual customer migration versus forecast for the approved unbundled Rates 125 and 300.

5. The interest calculated on the principal balances has been updated to include the use of the Board's January 1, 2009 and April 1, 2009 prescribed interest rates for deferral and variance accounts.

ENBRIDGE GAS DISTRIBUTION INC.
DEFERRAL & VARIANCE ACCOUNT
ACTUAL & FORECAST BALANCES

		Col. 1	Col. 2	Col. 3	Col. 4	
Line	Account	Actual at		Forecast for clearance at		
No.	Account Description	February 28, 2009		October 1, 2009		
	Account Acronym	Principal	Interest	Principal	Interest	
		(\$000's)	(\$000's)	(\$000's)	(\$000's)	
<u>Non Commodity Related Accounts</u>						
1.	Demand Side Management V/A	2007 DSMVA	(616.1)	(122.0)	(616.1)	(126.4)
2.	Lost Revenue Adjustment Mechanism	2007 LRAM	(301.3)	(1.2)	(301.3)	(3.4)
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10.	Open Bill Access V/A	2008 OBAVA	476.7	1.9	476.7	5.3
11.	Municipal Permit Fees D/A	2008 MPFDA	717.6	-	99.6	-
12.	Average Use True-Up V/A	2008 AUTUVA	(2,654.1)	(10.8)	(2,654.1)	(29.5)
13.	Tax Rate and Rule Change V/A	2008 TRRCVA	1,830.0	7.5	-	-
14.	Earnings Sharing Mechanism D/A	2008 ESMVA	(5,750.0)	(23.5)	(5,600.0)	(63.5)
15.	Total non commodity related accounts		26,682.4	1,380.7	10,292.4	447.4
<u>Commodity Related Accounts</u>						
16.	Purchased Gas V/A	2008 PGVA	23,135.4	(966.4)	23,135.4	(803.4)
17.	Transactional Services D/A	2008 TSDA	(6,476.0)	(52.7)	(6,476.0)	(98.3)
18.	Unaccounted for Gas V/A	2008 UAFVA	621.2	2.5	621.2	6.9
19.	Storage and Transportation D/A	2008 S&TDA	(1,826.8)	(113.3)	(1,826.8)	(126.2)
20.	Total commodity related accounts		15,453.8	(1,129.9)	15,453.8	(1,021.0)
21.	Total Deferral and Variance Accounts		42,136.2	250.8	25,746.2	(573.6)

Notes:

- As approved in EB-2007-0731, the CASDA is to be cleared over 5 years. The first installment was cleared in 2008, therefore the second installment is proposed for 2009. As such, 1/4 of the remaining principal, and 1/4 of the remaining interest forecast to accumulate through June 30, 2012 is proposed for clearance. The forecast interest is based on the Board's current prescribed interest rate for deferral accounts of 1.00% (Q2 2009).
- The forecast 2008 GDARCD and 2008 MPFDA amounts for clearance are the result of revenue requirement calculations. (Found in evidence at Ex.C, T1, S2 and Ex.C, T1, S3)
- Open Bill related deferral and variance accounts subject to any impact of the EB-2009-0043 Open Bill Issues proceeding.
- The AUTUVA explanation is found in evidence at Ex.C, T1, S5.
- The TRRCVA explanation is found in evidence at Ex.C, T1, S4.
- The ESMVA explanation is found in evidence at Ex.B, T1, S1&2.
- The 2008 actual versus forecast year end PGVA balance. The forecast year end balance was rolled into the opening 2009 PGVA balance and used in projected rate rider clearances in 2009.

Witness: K. Culbert

ENBRIDGE GAS DISTRIBUTION INC.
2008 vs. 2007 CLEARANCE OF DEFERRAL & VARIANCE ACCOUNT
ACTUAL BALANCES

		Col. 1	Col. 2			Col. 3	Col. 4
		Forecast for clearance at October / November 2009				Amounts cleared July / August 2008	
Line No.	Account Description	Account Acronym	Principal (\$000's)	Interest (\$000's)		Principal (\$000's)	Interest (\$000's)
<u>Non Commodity Related Accounts</u>							
1.	Demand Side Management V/A	2007 DSMVA	(616.1)	(126.4)	2005 DSMVA	697.5	40.6
					2006 DSMVA	374.7	(12.4)
2.	Lost Revenue Adjustment Mechanism	2007 LRAM	(301.3)	(3.4)	2005 LRAM	(832.3)	(24.1)
					2006 LRAM	(339.5)	(10.0)
3.	Shared Savings Mechanism V/A	2007 SSMVA	8,247.5	91.8	2006 SSMVA	11,229.1	222.5
4.	Class Action Suit D/A	2009 CASDA	4,709.5	442.9	2008 CASDA	4,709.5	740.3
5.	Deferred Rebate Account	2008 DRA	2,057.3	48.5	2007 DRA	466.0	15.6
6.	Gas Distribution Access Rule Costs D/A	2008 GDARCD A	825.6	-	2007 GDARCD A	859.3	-
7.	Ontario Hearing Costs V/A	2008 OHCVA	2,252.1	59.8	2007 OHCVA	2,521.0	95.3
8.	Unbundled Rates Customer Migration V/A	2008 URCMVA	485.7	5.4	2007 DRDA	(2,575.6)	(91.8)
9.	Open Bill Service D/A	2008 OBSDA	309.9	16.5	2007 OBSDA	(308.9)	49.9
10.	Open Bill Access V/A	2008 OBAVA	476.7	5.3	2007 OBAVA	146.8	3.6
11.	Municipal Permit Fees D/A	2008 MPFDA	99.6	-	2007 URICDA	199.3	12.5
12.	Average Use True-Up V/A	2008 AUTUVA	(2,654.1)	(29.5)	2006 CCAMDA	475.2	35.0
13.	Tax Rate and Rule Change V/A	2008 TRRCVA	-	-	2007 EPESDA	(308.7)	(7.5)
14.	Earnings Sharing Mechanism D/A	2008 ESMDA	(5,750.0)	(63.5)	Energy Link	4,637.9	-
15.	Total non commodity related accounts		10,142.4	447.4		21,951.3	1,069.5
<u>Commodity Related Accounts</u>							
16.	Purchased Gas V/A	2008 PGVA	23,135.4	(803.4)	2007 PGVA	12,039.4	(4,401.4)
17.	Transactional Services D/A	2008 TSDA	(6,476.0)	(98.3)	2007 TSDA	(8,698.4)	(314.7)
18.	Unaccounted for Gas V/A	2008 UAFVA	621.2	6.9	2007 UAFVA	6,112.1	151.3
19.	Storage and Transportation D/A	2008 S&TDA	(1,826.8)	(126.2)	2007 S&TDA	3,294.5	146.2
20.	Total commodity related accounts		15,453.8	(1,021.0)		12,747.6	(4,418.6)
21.	Total Deferral and Variance Accounts		25,596.2	(573.6)		34,698.9	(3,349.1)

Note: The only accounts that would have any balances to be brought forward to a next years account would be the PGVA ongoing balance being cleared as an ongoing rider, which contributed to these PGVA true up amounts, the uncleared balance in the CASDA which is being cleared in equal increments in 2008 through 2012, the DRA which would contain amounts which are uncleared due to non locatable customers, and the balances of capital and related cost of service elements which underpin the ongoing revenue requirement calculations in the GDAR and MPFDA capital related deferral accounts.

Witness: K. Culbert