



EB-2008-0106

IN THE MATTER OF a proceeding initiated by the Ontario Energy Board to determine methodologies for commodity pricing, load balancing and cost allocation for natural gas distributors;

AND IN THE MATTER OF a Settlement Agreement filed with the Ontario Energy Board concerning the MDV Proposal of Enbridge Gas Distribution Inc.

BEFORE: Paul Sommerville
Presiding Member

Cathy Spoel
Member

DECISION

On May 29, 2008, the Ontario Energy Board (the "Board") commenced a proceeding on its own motion to determine the methodology to be used by natural gas distributors for (i) gas commodity pricing, (ii) load balancing and (iii) cost allocation between the supply and delivery functions in relation to regulated gas supply. The Board assigned file number EB-2008-0106 to this proceeding.

On September 21, 2009, the Board issued its Amended Decision and Order (the "Decision") in this proceeding. The Board ordered Enbridge Gas Distribution Inc. ("Enbridge") to file details of its Mean Daily Volume proposal ("MDV Proposal") for approval. Specifically, the Board ordered the following:

The Board orders EGD to file the details of its MDV proposal at its earliest convenience for the Board's review and approval. The changes to the MDV shall be implemented in 2011. With respect to the costs of implementing the changes to the MDV, the Board directs EGD to record

these costs in a deferral account, the prudence and disposition of which will be decided in a subsequent proceeding.¹

On June 28, 2010, the Board issued Procedural Order No. 4 in which it scheduled a Settlement Conference to be held on July 8, 2010 and the filing of any Settlement Proposal on July 15, 2010. Enbridge filed a Settlement Agreement on July 15, 2010 which indicated a complete settlement on all the issues in relation to the MDV Proposal. The Settlement Agreement is attached to this Decision as Appendix "A".

The Board has considered the rationale underlying the proposed Settlement Agreement and has found it to be adequate and that the quality and detail of the supporting evidence is sufficient to allow the Board to make findings on all of the matters of concern. The Board accepts the Settlement Agreement in its entirety, is satisfied of its supporting evidence, and finds that it is in the public interest.

ISSUED at Toronto, July 22, 2010

ONTARIO ENERGY BOARD

Original Signed By

Paul Sommerville
Presiding Member

Original Signed By

Cathy Spoel
Member

¹ Amended Decision and Order EB-2008-0106, September 21, 2009, pages 30 and 31.

APPENDIX "A"

THE SETTLEMENT AGREEMENT

FOR

EB-2008-0106

MDV PROPOSAL OF ENBRIDGE GAS DISTRIBUTION INC.

DATED: JULY 22, 2010

SETTLEMENT AGREEMENT

ENBRIDGE GAS DISTRIBUTION INC.

MEAN DAILY VOLUME (MDV) PROPOSAL

JULY 15, 2010

TABLE OF CONTENTS

	<u>Page</u>
I. BACKGROUND AND CONTEXT	3
II. SETTLEMENT PREAMBLE	3
III. AGREEMENT OF THE PARTIES	4

I. BACKGROUND AND CONTEXT

In its EB-2008-0106 Amended Decision and Order dated September 21, 2009, the Ontario Energy Board (the "Board") gave directions regarding a proposal by Enbridge Gas Distribution Inc. ("Enbridge" or "EGD") to implement a new approach to the establishment of Mean Daily Volume (MDV) for customers under T-service (*i.e.*, Direct Purchase) arrangements. The Board's directions were as follows:

The Board orders EGD to file the details of its MDV proposal at its earliest convenience for the Board's review and approval. The changes to the MDV shall be implemented in 2011. With respect to the costs of implementing the changes to the MDV, the Board directs EGD to record these costs in a deferral account, the prudence and disposition of which will be decided in a subsequent proceeding.

After a process of stakeholder consultation, Enbridge filed its MDV Proposal for the approval of the Board on April 21, 2010.

Pursuant to Procedural Order No. 4 issued by the Board on June 28, 2010, Enbridge's MDV Proposal was considered at a Settlement Conference held on July 8, 2010. Enbridge and Board Staff participated in the Settlement Conference, as did the following intervenors:

Canadian Manufacturers & Exporters (CME)
Consumers Council of Canada (CCC)
Direct Energy Marketing Limited (Direct)
ECNG Energy L.P. (ECNG)
Federation of Rental-Housing Providers of Ontario (FRPO)
Just Energy Ontario L.P. (Just Energy)
Superior Energy Management Gas L.P. (Superior)

II. SETTLEMENT PREAMBLE

Enbridge and all intervenors that participated in the Settlement Conference have reached a full settlement of Enbridge's request for approval of the MDV Proposal. Board Staff takes no position on any aspect of the settlement and is not a party to this Settlement Agreement. If approved by the Board, the settlement reached by the

participating parties leaves no outstanding unresolved issues to be addressed under paragraphs 3 and 4 of Procedural Order No. 4.

The parties to the settlement all agree that this Settlement Agreement is a package and none of the provisions of the Agreement are severable. The parties agree, therefore, that, in the event that the Board does not accept this Settlement Agreement in its entirety, there is no agreement. If the Board does not accept the Settlement Agreement, Enbridge's request for approval of the MDV Proposal will proceed in accordance with the further directions of the Board.

This Settlement Agreement sets out the evidence supporting the agreement reached by the participating parties. The participating parties agree that the evidence is sufficient to support the Settlement Agreement and that the quality and detail of the supporting evidence will provide an appropriate basis for the Board to accept the settlement and to approve the MDV Proposal, should the Board see fit to do so.

None of the participating parties can withdraw from the Settlement Agreement except in accordance with Rule 32 of the *Ontario Energy Board Rules of Practice and Procedure*. According to the Board's *Settlement Conference Guidelines* (p. 3), the parties must consider whether a settlement proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. The participating parties agree that no settled issue requires an adjustment mechanism other than as expressly set forth herein.

III. AGREEMENT OF THE PARTIES

All participating parties agree that the MDV Proposal as filed by Enbridge on April 21, 2010, and as further explained and clarified by Enbridge's answers to interrogatories filed on June 16, 2010, should be approved, subject to the following conditions:

- (a) as stated in the EB-2008-0106 Amended Decision and Order, the total costs of implementing the MDV Proposal will be recorded in a deferral account (the Mean Daily Volume Mechanism Deferral Account, or MDVMDA) and the prudence and disposition of the amounts recorded in the MDVMDA will be determined in a subsequent proceeding;

(b) recovery of costs recorded in the MDVMDA will commence no earlier than upon Board approval of Enbridge's 2011 rates;

(c) Enbridge will complete the work to implement the MDV Proposal within 11 months after the date of Board approval of the MDV Proposal and it will provide updates on the status of the work to the participating parties and to the Board at intervals of 3 months, 6 months and, if needed, 9 months after the date of Board approval; and

(d) Upon implementation of the MDV Proposal, Enbridge will, on a monthly basis, post on to its EnTRAC portal, forecast and actual degree days as well as aggregated forecast and actual consumption data for Direct Purchase customers. Also upon implementation of the MDV Proposal, Enbridge will work with stakeholders to explore potential opportunities to enhance the process through which Direct Purchase customers can suspend or make up gas deliveries to manage their Banked Gas Accounts.

Evidence: The evidence supporting this agreement of the participating parties includes the following:

MDV Proposal filed by Enbridge on April 21, 2010 and attached as Appendix A to Procedural Order No. 3

MDV IR5, 1 to 4	Responses to CME interrogatories
MDV IR10, 1 to 4	Responses to FRPO interrogatories
MDV IR11, 1 to 3	Responses to IGUA interrogatories
MDV IR24, 1 to 8	Responses to Board Staff interrogatories

DATED at Toronto, Ontario, July 15, 2010.