



**EB-2008-0219**

**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, 2009.

**BEFORE:** Pamela Nowina  
Presiding Member and Vice Chair

Paul Sommerville  
Member

## **SUPPLEMENTARY ORDER**

### **2009 Deferral and Variance Accounts**

Enbridge Gas Distribution Inc. ("Enbridge") filed an Application on September 26, 2008 (the "Application") with the Ontario Energy Board (the "Board") under section 36 of the *Ontario Energy Board Act, 1998*, S.O. c.15, Sched. B, as amended, for an order of the Board approving or fixing rates for the distribution, transmission and storage of natural gas, effective January 1, 2009. The Board assigned file number EB-2008-0219 to the Application and issued a Notice of Application dated October 20, 2008.

The Board proceeded with the Application on a phased basis. Phase 1 addressed the setting of rates pursuant to the Incentive Rate Mechanism approved under EB-2007-0615. Phase 2 dealt with other matters, including contract and force majeure wording in the Rate Handbook and the approval of various fees. The Board issued a Rate Order pertaining to Phase 1 on February 23, 2009 and a Decision and Order pertaining to Phase 2 on July 14, 2009.

On July 17, 2009 Enbridge filed a letter with the Board (the "July 17<sup>th</sup> Letter") noting that for a variety of reasons, neither the February 23, 2009 nor the July 14, 2009 orders provided for the establishment of deferral and variance accounts relating to the 2009 fiscal year. Enbridge said that its Application included a request to establish the accounts but that it inadvertently missed identifying the issue and addressing it as part the Settlement Agreement. In light of the omission, the July 17<sup>th</sup> Letter requested that the Board establish the 2009 accounts by way of a supplementary order.

The July 17<sup>th</sup> Letter included a draft supplementary order and a listing of the 2009 deferral and variance accounts. Enbridge pointed out that the accounts listed are the same accounts, with one exception, as those agreed to by the parties in the Incentive Regulation Mechanism ("IRM") Settlement Agreement. There, the parties agreed that the list of accounts should be maintained during the term of the IRM plan. The only exception is the removal of two accounts, both relating to Enbridge's Open Bill Access activities, which are now being considered in a separate proceeding relating to open bill activities under docket EB-2009-0043. Enbridge also noted that an additional account for 2009, the International Financial Reporting Standards Deferral Account, was removed as a result of the settlement in the Phase 2 Settlement Agreement (Issue 1). The parties agreed that, in light of the Board's consultation under docket EB-2008-0408 on the Transition to International Financial Reporting Standards, the matter would be determined in that proceeding.

The list of requested accounts is as follows:

Gas Related Accounts

- |                               |           |
|-------------------------------|-----------|
| a. Purchased Gas V/A          | 2009 PGVA |
| b. Transactional Services D/A | 2009 TSDA |

- |                                   |            |
|-----------------------------------|------------|
| c. Unaccounted for Gas V/A        | 2009 UAFVA |
| d. Storage and Transportation D/A | 2009 S&TDA |

Non-Gas related Accounts

- |   |               |
|---|---------------|
| e. Carbon Dioxide Offset Credits D/A      | 2009 CDOCDA   |
| f. Class Action Suit D/A                  | 2009 CASDA    |
| g. Deferred Rebate Account                | 2009 DRA      |
| h. Electric Program Earnings Sharing D/A  | 2009 EPESDA   |
| i. Gas Distribution Access Rule Costs D/A | 2009 GDARCD A |
| j. Manufactured Gas Plant D/A             | 2009 MGPDA    |
| k. Municipal Permit Fees D/A              | 2009 MPFDA    |
| l. Ontario Hearing Costs V/A              | 2009 OHCVA    |
| m. Unbundled Rate Implementation Cost D/A | 2009 URICDA   |
| n. Unbundled Rates Customer Migration V/A | 2009 URCMVA   |
| o. Average Use True-Up V/A                | 2009 AUTUVA   |
| p. Tax Rate and Rule Change V/A           | 2009 TRRCVA   |
| q. Earnings Sharing Mechanism D/A         | 2009 ESMDA    |

DSM Related Accounts

- |                                      |            |
|--------------------------------------|------------|
| r. Demand Side Management V/A        | 2009 DSMVA |
| s. Lost Revenue Adjustment Mechanism | 2009 LRAM  |
| t. Shared Savings Mechanism V/A      | 2009 SSMVA |

To address the matter, the Board issued Procedural Order No. 7 on August 12, 2009 and set out a process for parties to make submissions on the draft Supplementary Order. The Board received no submissions from the parties. Enbridge submitted a letter on August 31, 2009 requesting that the Board approve and issue the draft supplementary order.

In determining this matter, the Board notes that the accounts have been pre-established by the parties for the term of the IRM plan as set out in the EB-2007-0615 IRM Settlement Agreement. The Board has reviewed all of the

materials and considers it appropriate to approve the establishment of the requested Deferral and Variance accounts for 2009.

**THE BOARD THEREFORE ORDERS THAT:**

1. The following Deferral and Variance accounts shall be established for Enbridge's fiscal 2009 year:

Gas Related Accounts

Purchased Gas V/A	2009 PGVA
Transactional Services D/A	2009 TSDA
Unaccounted for Gas V/A	2009 UAFVA
Storage and Transportation D/A	2009 S&TDA

Non-Gas related Accounts

Carbon Dioxide Offset Credits D/A	2009 CDOCDA
Class Action Suit D/A	2009 CASDA
Deferred Rebate Account	2009 DRA
Electric Program Earnings Sharing D/A	2009 EPESDA
Gas Distribution Access Rule Costs D/A	2009 GDARCDA
Manufactured Gas Plant D/A	2009 MGPDA
Municipal Permit Fees D/A	2009 MPFDA
Ontario Hearing Costs V/A	2009 OHCVA
Unbundled Rate Implementation Cost D/A	2009 URICDA
Unbundled Rates Customer Migration V/A	2009 URCMVA
Average Use True-Up V/A	2009 AUTUVA
Tax Rate and Rule Change V/A	2009 TRRCVA
Earnings Sharing Mechanism D/A	2009 ESMDA

DSM Related Accounts

Demand Side Management V/A	2009 DSMVA
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Lost Revenue Adjustment Mechanism	2009 LRAM
Shared Savings Mechanism V/A	2009 SSMVA

2. The accounting treatment for Enbridge's fiscal 2009 deferral and variance accounts, including the applicable interest rate, shall be in accordance with the descriptions contained in the attached Appendix "A".

**DATED** at Toronto, September 3, 2009

**ONTARIO ENERGY BOARD**

Original signed by

Kirsten Walli  
Board Secretary

**APPENDIX "A"**  
**TO SUPPLEMENTARY ORDER**

**BOARD FILE NO. EB-2008-0219**

**September 3, 2009**

ACCOUNTING TREATMENT FOR A  
PURCHASED GAS VARIANCE ACCOUNT  
("2009 PGVA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 PGVA is to record the effect of price variances between actual 2009 gas purchase prices and the forecast prices that underpin the revenue rates to be charged in 2009. Without this deferral account, the ratepayers and the Company are exposed to the risk of purchased gas price variances, which could unduly penalize or benefit one party at the benefit or expense of the other. Lower than forecast gas purchase prices would result in an over recovery from the customers and higher prices would result in an under recovery to the Company. This deferral account ensures that such effects are eliminated.

Methodology

The actual unit cost is determined by dividing the total commodity and transportation costs (less the demand charges related to unutilized TransCanada firm service transportation capacity, if any) plus any other costs associated with emerging gas pricing mechanisms incurred in the month by the actual volumes purchased in the month. The rate differential between the PGVA reference price and the actual unit cost of the purchases, multiplied by the actual volumes purchased, is recorded in the PGVA monthly.

The fixed cost component of the TransCanada firm service transportation costs (i.e., Transportation Demand Charge) is included in the determination of the reference price. However, any demand charges relating to unutilized transportation capacity, either forecast or actual, are excluded. This treatment of forecast and actual Transportation Demand Charges for unutilized transportation capacity is consistent with the Board's concerns that these amounts be excluded from the PGVA.

Since all transportation costs on volumes purchased by the Company related to forecast utilized capacity are included in the determination of the PGVA reference price, any changes in the TransCanada tolls will be recorded in the PGVA. Any toll changes related to the cost of forecast unutilized capacity will not be recorded in the PGVA and therefore, requires separate adjustment. The inclusion of changes in TransCanada tolls in the PGVA is consistent with past practice.

Since the transportation tolls for the Alliance and Vector pipelines that were used in the determination of the PGVA reference price were based upon an estimate, any variation between the actual transportation costs (including associated fuel costs) and the estimated transportation costs will be recorded in the PGVA.

Since transportation costs related to the transport of Western Canada Bundled T-service volumes and the T-service credits payable to Ontario ABC are not included in the derivation of the PGVA reference price, changes in TransCanada tolls will be recorded in the PGVA as a separate adjustment.

For the period January 1, 2009 to December 31, 2009 expenditures related to TransCanada's Storage Transportation Services, including balancing fees related to TransCanada's Limited Balancing Agreement, will be recorded in the 2009 PGVA. The 2009 PGVA will also record amounts related to a Limited Balancing Agreement with Union Gas.

The PGVA will record adjustments related to transactional services activities which are designed to record the impact of direct and avoided costs between the PGVA and the TSDA. These adjustments are required to ensure appropriate allocation of costs and benefits to the underlying transactions and appropriate recording of amounts in the 2009 PGVA and 2009 TSDA for purposes of deferral account dispositions.

In addition, the 2009 PGVA will record the amounts related to unforecast penalty revenues received from interruptible customers who do not comply with the Company's curtailment requirements, unauthorized overrun gas revenues, the use of electronic bulletin boards, and the unforecast Unabsorbed Demand Charge ("UDC") that arises as a consequence of the Company voluntarily leaving transportation capacity unutilized in order to gain a net benefit for the customer by purchasing lower priced unforecast discretionary delivered supplies.

The 2009 PGVA will also record an inventory valuation adjustment every time a recalculated "Utility Price" or PGVA Reference Price comes into effect at the beginning of a quarter. The adjustment consists of the storage inventory valuation adjustment necessary to price actual opening inventory volumes at a rate equal to the Board approved quarterly PGVA reference price.

The 2009 PGVA will also record any refund/collection associated with Board approved Gas Cost Adjustment Riders.

The Company will record in the 2009 PGVA a forecast of the closing 2008 PGVA balance. The difference between that forecast 2008 PGVA balance and the actual balance, inclusive of all related Rider C amounts, will be cleared as a one time billing adjustment after the end of the 2008 fiscal year.

The Company will record, at the time a Banked Gas Account Balance is purchased from a customer, the difference in the amount payable to the customer and the amount included in the PGVA (the Ontario T-Service credit). This amount would be credited to a sub-account of the PGVA. In the event the Company incurs unforecast UDC costs as a result of having to purchase Banked Gas Account Balances then the amount in such sub-account will be used to offset corresponding UDC costs. All amounts remaining in this sub-account, after offsetting these UDC costs, will be rolled up into the PGVA.

The commodity sale price on the disposition of Banked Gas Account Balances, the incentive sale price, is set at 120% of an average Empress price over the 12 months of the contractual year. Any amount in excess of 100% of the gas supply charge stated in



the applicable rate schedule, net of the commodity related bad debt, will be included in the PGVA.

Simple interest is to be calculated on the opening monthly balance of the 2009 PGVA using the Board Approved EB-2006-0117 interest rate methodology. The balance of the 2009 PGVA, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

### Accounting Entries

1. To record the monthly gas purchase variance:

Debit:	2009 PGVA	(Account 179.709)
Credit:	Gas in Storage	(Account 152.000)
	or	
Debit:	Gas in Storage	(Account 152.000)
Credit:	2009 PGVA	(Account 179.709)

To record the total rate variance on the current month's gas purchases.

2. TransCanada Toll changes related to forecast un-utilized transportation capacity:

Debit:	2009 PGVA	(Account 179.709)
Credit:	Accounts Payable	(Account 259.000)
	or	
Debit:	Sundry Accounts Receivable	(Account 141.030)
Credit:	2009 PGVA	(Account 179.709)

To record the amounts related to TransCanada toll changes on forecast unutilized transportation capacity.

3. TransCanada Toll changes related to Western Canada Bundled T-Service transportation capacity:

Debit:	2009 PGVA	(Account 179. 709)
Credit:	Accounts Payable	(Account 259. 000)
	or	
Debit:	Sundry Accounts Receivable	(Account 141. 030)
Credit:	2009 PGVA	(Account 179. 709)

To record the amounts related to TransCanada toll changes on Western Canada Bundled T-Service transportation capacity.

4. Transactional services activities:

Debit/Credit:	2009 TSDA	(Account 179. 729)
Debit/Credit:	Various accounts	(Account ____ . ____)
Credit/Debit:	2009 PGVA	(Account 179. 709)

To record adjustments for direct and avoided costs related to Transactional Services activities between the 2009 PGVA and 2009 TSDA, and other accounts such as Gas Costs, Gas Stored Underground and Storage Demand Charges.

5. Risk management activities:

The Company has discontinued its Risk management activities.

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6. Electronic bulletin boards:

Debit:	2009 PGVA	(Account 179. 709)
Credit:	Accounts Payable	(Account 259. 000)

To record the amounts related to the Company's use of electronic bulletin boards.

7. Unforecast penalty revenues:

Debit:	Accounts Receivable	(Account 140. 010)
Credit:	2009 PGVA	(Account 179. 709)

To record unforecast penalty revenues received from interruptible customers who do not comply with the Company's curtailment requirements.

8. Voluntary UDC:

Debit:	2009 PGVA	(Account 179. 709)
Credit:	Accounts Payable	(Account 259. 000)

To record voluntary UDC as a result of purchasing lower priced unforecast discretionary delivered supplies.

9. Inventory valuation adjustment:

Credit/Debit:	Gas In Storage	(Account 152. 000)
Debit/Credit:	2009 PGVA	(Account 179. 709)

To record the adjustment necessary to value actual inventory volumes at a rate equal to the 2009 PGVA reference price.

10. Refund or collection of the Gas Cost Adjustment Rider:

Debit/Credit:	2009 PGVA	(Account 179. 709)
Credit/Debit:	Accounts Receivable	(Account 140. 010)

To record the amounts refunded or collected from customers through the Gas Cost Adjustment Rider.

11. Purchase of banked gas account balance:

Debit:	Gas In Storage	(Account 152. 000)
Credit:	2009 PGVA	(Account 179. 709)

To record the purchase of the Banked Gas Account Balance less the Ontario T-Service credit.

12. Unforecast UDC:

Debit:	2009 PGVA	(Account 179. 709)
Credit:	Accounts Payable	(Account 259. 000)

To record unforecast UDC costs resulting from the purchase of Banked Gas Account Balances from T-Service customers.

13. Sales in excess of 100% of the applicable gas supply charge:

Debit:	Other Income	(Account 319. 010)
Credit:	2009 PGVA	(Account 179. 709)

To record the amount of sales in excess of 100% of the gas supply charge stated in the applicable rate schedule, net of the commodity related bad debt amount.

14. Interest accrual:

Debit:	2009 PGVA - Interest Receivable	(Account 179. 719)
Credit:	Interest Expense	(Account 323.000)
	or	
Debit:	Interest Expense	(Account 323.000)
Credit:	2009 PGVA - Interest Payable	(Account 179. 719)

To record simple interest on the opening monthly balance of the 2009 PGVA using the Board Approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A  
TRANSACTIONAL SERVICES DEFERRAL ACCOUNT  
("2009 TSDA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 TSDA is to record the ratepayer share of the net revenue, from transportation and storage related transactional services, in excess of the \$8.0 million ratepayer guarantee and the operation and maintenance costs associated with storage related transactional services.

As determined in the NGEIR Decision with Reasons (EB-2005-0551), there is a distinction, and differing sharing mechanisms, associated with transportation related and storage related transactional services. Net transportation related transactional services revenue will employ a 75:25 sharing mechanism between the Company's ratepayers and shareholders, but net storage related transactional services revenue will employ a 90:10 sharing mechanism between ratepayers and shareholders.

Net revenue is defined as gross revenues for providing these services less any direct incremental costs incurred, plus, any avoided costs. Direct incremental costs represent those direct costs incurred as a result of a transactional service activity and avoided costs are those costs that have been avoided as a result of a transactional service activity. Typical direct incremental costs and avoided costs would include transportation costs, fuel costs, charges for name changes, re-direct charges, etc.

In EB-2005-0001, the Board determined that the operating and maintenance expenses (O&M) such as salaries, benefits, promotion, legal fees, etc. are properly recovered from ratepayers through rates outside of the TS sharing mechanism. This methodology remains in effect for O&M related to transportation related transactional services, but no longer applies to O&M related to storage related transactional services. The NGEIR Decision with Reasons (EB-2005-0551) determined that incremental O&M related to providing storage related transactional services will now be applied against the corresponding net revenues.

Simple interest is to be calculated on the opening monthly balance of the 2009 TSDA using the Board Approved EB-2006-0117 interest rate methodology. The balance of the 2009 TSDA, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record Transactional Services revenues and costs:

Debit/Credit:	Other Income	(Account 319. 010)
Credit/Debit:	2009 TSDA	(Account 179. 729)

To record the ratepayer portion of net revenues generated from transactional services activities in excess of the guaranteed amount, inclusive of O&M costs related to TS storage activities.

2. Allocation of costs and benefits to Transactional Services activities:

Debit/Credit:	2009 TSDA	(Account 179. 729)
Debit/Credit:	Various accounts	(Account ____ . ____)
Credit/Debit:	2009 PGVA	(Account 179. 709)

To record adjustments for direct and avoided costs related to transactional services activities between the 2009 PGVA and 2009 TSDA, and other accounts such as Gas Costs, Gas Stored Underground and Storage Demand Charges.

3. Interest accrual:

Debit:	Interest Expense	(Account 323. 000)
Credit:	2009 TSDA - Interest Payable	(Account 179. 739)

To record simple interest on the opening monthly balance of the 2009 TSDA using the Board Approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR AN  
UNACCOUNTED FOR GAS VARIANCE ACCOUNT  
("2009 UAFVA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 UAFVA is to record the cost of gas that is associated with volumetric variances between the actual volume of unaccounted for gas ("UAF") and the 2009 Board approved UAF volumetric forecast.

The gas costs associated with the UAF variance account will be calculated at the end of calendar 2009 based on the estimated volumetric variance between the 2009 Board approved level and the estimate of the 2009 actual UAF. An adjustment will be made to the UAFVA in the subsequent year to record any differences between the estimated UAF and actual UAF.

The UAF annual variance will be allocated on a monthly basis in proportion to actual sales and costed at the monthly PGVA reference price.

Carrying costs for the UAFVA will be calculated on the allocated monthly balances using the Board Approved EB-2006-0117 interest rate methodology. The balance of the UAFVA, together with the carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record the estimated volumetric variance between the December 31, 2009 actual UAF and the Board Approved level:

Debit/Credit:	2009 UAFVA	(Account 179. 769)
Credit/Debit:	Gas Costs	(Account 623. 010)

To record the costs associated with the volumetric variance related to unaccounted for gas.

2. Interest accrual:

Debit/Credit:	Interest on 2009 UAFVA	(Account 179. 779)
Credit/Debit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2009 UAFVA using the Board Approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A  
STORAGE AND TRANSPORTATION DEFERRAL ACCOUNT  
("2009 S&TDA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 S&TDA is to record the difference between the forecast of Storage and Transportation rates (both cost of service and market based pricing) included in the Company's approved rates and the final Storage and Transportation rates (both cost of service and market based pricing) incurred by the company. It will also be used to record variances between the forecast Storage and Transportation rebate programs and the final rebates received by the company. The accounting treatment for the S&TDA is in line with that established for the 2008 S&TDA, which recognized that storage and transportation services may be provided to the Company by suppliers other than Union Gas and at market based rates.

The 2009 S&TDA will also record the variance between the forecast Storage and Transportation demand levels and the actual Storage and Transportation demand levels. In addition, this account will be used to record amounts related to deferral account dispositions received or invoiced from Storage and Transportation suppliers.

The 2009 S&TDA will also record the variance between the forecasted commodity cost for fuel and the updated QRAM Reference Price.

Simple interest is to be calculated on the opening monthly balance of the 2009 S&TDA using the Board Approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. Storage and Transportation rate variance:

[(Final Storage and Transportation rates) – (Storage and Transportation rates underpinning the Company's 2009 rates)] X Actual storage and/or transportation volumes

Debit/Credit:	2009 S&TDA	(Account 179. 749)
Credit/Debit:	Gas in Storage	(Account 152. 000)
	or	
Credit/Debit:	Gas Costs	(Account 623. 010)

To record the difference between the Storage and Transportation rates included in the Company's 2009 rates and the final Storage and Transportation rates.

2. To record variances in the Storage and Transportation rebate programs:

Debit:	Sundry Accounts Receivable	(Account 141. 030)
Credit:	2009 S&TDA	(Account 179. 749)
	or	
Debit:	2009 S&TDA	(Account 179. 749)
Credit:	Accounts Payable	(Account 259. 000)

To record the difference between the Storage and Transportation rebate programs included in the Company's 2009 rates and the final rebates received by the Company.

3. To record Storage and Transportation deferral account disposition:

Debit:	Sundry Accounts Receivable	(Account 141. 030)
Credit:	2009 S&TDA	(Account 179. 749)
	or	
Debit:	2009 S&TDA	(Account 179. 749)
Credit:	Accounts Payable	(Account 259. 000)

To record amounts related to deferral account dispositions received or invoiced from Storage and Transportation.

4. Inventory valuation adjustment:

Debit/Credit:	2009 S&TDA	(Account 179. 749)
Credit/Debit:	Gas In Storage	(Account 152. 000)

To record adjustments to storage and transmission fuel costs associated with quarterly price changes.

5. Interest accrual:

Debit/Credit:	Interest on 2009 S&TDA	(Account 179. 759)
Credit/Debit:	Interest Income/Expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2009 S&TDA using the Board Approved EB-2006-0117 interest rate methodology.



ACCOUNTING TREATMENT FOR A  
CARBON DIOXIDE OFFSET CREDITS DEFERRAL ACCOUNT  
("2009 CDOFDA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 CDOFDA is to record amounts which represent proceeds resulting from the sale of or other dealings in earned carbon dioxide offset credits. This deferral account was originally approved by the Board in its Natural Gas Generic DSM proceeding, docket EB-2006-0021.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record the proceeds resulting from the sale of earned carbon dioxide offset credits:

Debit:	Various accounts	(Account _____. ____)
Credit:	2009 CDOFDA	(Account 179. 509)

Proceeds arising from carbon dioxide offset credits earned.

2. Interest accrual:

Debit:	Interest expense	(Account 323. 000)
Credit:	Interest on 2009 CDOFDA	(Account 179.519)

To record simple interest on the opening monthly balance of the 2009 CDOFDA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A  
CLASS ACTION SUIT DEFERRAL ACCOUNT  
("2009 CASDA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The Board, in its EB-2007-0731 Decision, approved the use of an ongoing or continuance of a CASDA account as an extension of the Board Approved 2007 CASDA in order to record amounts as allowed within the account and bring forward any uncleared account balance for future disposition. In that decision, the Board approved the recovery of amounts in the CASDA along with interest, over the five year period of 2008 through 2012. The 2007 CASDA, which included amounts brought forward from 2006, recorded the Company's legal costs, plaintiff costs, costs of actuarial advice, costs of historical records analysis incurred in defending the 5% late payment penalty lawsuit against the Company, and the eventual settlement amount.

Simple interest is to be calculated on the opening monthly balance of the 2009 CASDA using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

Accounting Entries

1. To record the costs associated with defending the Company's late payment penalty:

Debit:	2009 CASDA	(Account 179. 069)
Credit:	Accounts payable	(Account 251. 010)
Credit:	2008 CASDA	(Account 179. 068)

To record the third party incremental costs incurred to defend the late payment penalty class action lawsuit and to roll forward un-cleared amounts from the board approved 2008 CASDA.

2. Interest accrual:

Debit:	Interest on 2009 CASDA	(Account 179. 079)
Credit:	Interest expense	(Account 323. 000)
Credit:	Interest on 2008 CASDA	(Account 179. 078)

To record simple interest on the opening monthly balance of the 2009 CASDA using the Board approved EB-2006-0117 interest rate methodology and to roll forward un-cleared amounts from the board approved 2008 interest on CASDA account.

ACCOUNTING TREATMENT FOR A  
DEFERRED REBATE ACCOUNT  
("2009 DRA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 DRA is to record any amounts payable to, or receivable from, customers of Enbridge Gas Distribution as a result of the clearing of deferral and variance accounts authorized by the Board which remain outstanding due to the Company's inability to locate such customers. The account will also include amounts arising from differences between actual and forecast volumes used for the purpose of clearing deferral account balances.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. Disposition of non-gas supply deferral accounts:

Debit:	2008 AUTUVA	(Account 179. 568)
Debit:	2007 DSMVA	(Account 179. 027)
Debit:	2008 DSMVA	(Account 179. 028)
Debit:	2008 ESMDA	(Account 179. 588)
Debit:	2007 LRAM	(Account 179. 107)
Credit:	2008 CASDA	(Account 179. 068)
Credit:	2008 GDARCD A	(Account 179. 218)
Credit:	2008 DRA	(Account 179. 008)
Credit:	2008 MGPDA	(Account 179. 308)
Credit:	2008 MPFDA	(Account 179. 548)
Credit:	2008 OBAVA	(Account 179. 448)
Credit:	2008 OBSDA	(Account 179. 428)
Credit:	2008 OHCVA	(Account 179. 188)
Credit:	2007 SSMVA	(Account 179. 127)
Credit:	2008 URICDA	(Account 179. 638)
Credit:	Interest on DA's & VA's – various	(Account 179. ____)
Debit:	2009 DRA	(Account 179. 009)

2. Disposition of gas supply deferral accounts:

Debit:	2008 TSDA	(Account 179. 728)
Debit:	2008 S&TDA	(Account 179. 748)
Debit:	2008 PGVA	(Account 179. 708)
Credit:	2008 UAFVA	(Account 179. 768)
Debit:	Interest on DA's & VA's –various	(Account 179. ____)

Credit: 2009 DRA (Account 179. 009)

3. Refund or collection:

Debit: 2009 DRA (Account 179. 009)

Credit: Accounts Receivable (Account 140. 010)

or

Debit: Accounts Receivable (Account 140. 010)

Credit: 2009 DRA (Account 179. 009)

To record the actual amounts refunded to / recovered from customers.

5. Interest accrual:

Debit/Credit: Interest expense (Account 323. 000)

Debit/Credit: Interest on the 2009 DRA (Account 179. 019)

To record simple interest on the opening monthly balance of the 2009 DRA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR AN  
ELECTRIC PROGRAM EARNINGS SHARING DEFERRAL ACCOUNT  
("2009 EPESDA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 EPESDA is to track and account for the ratepayer share of net revenues generated by providing DSM services under contract to electric LDCs. The ratepayer share is 50% of net revenues, using fully allocated costs, as was determined in the generic DSM proceeding EB-2006-0021.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

Accounting Entries

1. To record the ratepayer share of net revenues from electric DSM:

Debit:	Other income	(Account 319. 010)
Credit:	Operating & Maintenance	(Various accounts)
Credit:	2009 EPESDA	(Account 179. 619)

To record the ratepayer share of net revenues generated by providing DSM services to electric LDCs.

2. Interest accrual:

Debit:	Interest expense	(Account 323. 000)
Credit:	Interest on 2009 EPESDA	(Account 179. 629)

To record simple interest on the opening monthly balance of the 2009 EPESDA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A  
GAS DISTRIBUTION ACCESS RULE COSTS DEFERRAL ACCOUNT  
("2009 GDARCDA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 GDARCDA is to record all incremental unbudgeted capital and operating costs associated with the development, implementation, and operation of the Gas Distribution Access Rule. Such costs would include, but not be limited to, market restructuring oriented customer education and communication programs, legal or expert advice required, operating costs in relation to the establishment of contractual agreements and developing revised business processes and related computer hardware and software required to meet the requirements of the GDAR.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

Accounting Entries

1. To record costs related to Gas Distribution Access Rule requirements:

Debit:	2009 GDARCDA	(Account 179. 209)
Credit:	Accounts payable	(Account 251. 010)

To record the unbudgeted costs associated with GDAR development, implementation, and operation.

2. Interest accrual:

Debit:	Interest on 2009 GDARCDA	(Account 179. 219)
Credit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2009 GDARCDA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A  
MANUFACTURED GAS PLANT DEFERRAL ACCOUNT  
("2009 MGPDA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 MGPDA is to capture all costs incurred in managing and resolving issues related to the Company's manufactured gas plant ("MGP") legacy operations. Amounts recorded in the 2008 MGPDA will also be transferred to the 2009 MGPDA. Costs charged to the account could include, but are not limited to:

- Responding to all enquiries, demands and court actions relating to former MGP sites;
- All oral and written communications with existing and former third party liability and property insurers of the Company;
- Conducting all necessary historical research and reviews to facilitate the Company's responses to all enquiries, demands, court actions and communications with claimants, third parties and insurers;
- Engaging appropriate experts (for example, environmental, insurance archivists, engineers, etc.) for the purposes of evaluating any alleged contamination that may have resulted from former MGP operations and providing advice regarding the appropriate steps to remediate/contain/monitor such contamination, if any;
- Engaging legal counsel to respond to all demands and court actions by claimants, and to take appropriate steps in relation to the Company's existing and former third party liability and property insurers; and
- Undertaking appropriate research into the regulatory treatment of costs resulting from former MGP operations in the United States.

The MGPDA would also be used to record any amounts which are payable to any claimant following settlement or trial, including any damages, interest, costs and disbursements and any recoveries from insurers or third parties.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

## Accounting Entries

1. To record costs:

Debit:	2009 MGPDA	(Account 179. 309)
Credit:	Accounts Payable	(Account 251. 010)
Credit:	2008 MGPDA	(Account 179. 308)

To record the unbudgeted costs incurred in managing and resolving manufactured gas plants legal proceedings and litigation and to roll forward any un-cleared 2008 MGPDA amounts.

2. Interest accrual:

Debit:	Interest on 2009 MGPDA	(Account 179. 319)
Credit:	Interest expense	(Account 323. 000)
Credit:	Interest on 2008 MGPDA	(Account 179. 318)

To record simple interest on the opening monthly balance of the 2009 MGPDA using the Board approved EB-2006-0117 interest rate methodology and to roll forward any un-cleared interest amounts on the 2008 MGPDA.



ACCOUNTING TREATMENT FOR A  
MUNICIPAL PERMIT FEES DEFERRAL ACCOUNT  
("2009 MPFDA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 MPFDA is to capture the revenue requirement impact from Municipal permit fees charged for certain activities, such as road cuts, related to the Company's construction and maintenance operations. These are unbudgeted new charges being incurred by the Company, imposed by Municipal governments in Ontario, resulting from changes to Ontario regulations made under the Municipal Act, 2001.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

Accounting Entries

1. To record Municipal permit fee costs:

Debit:	2009 MPFDA	(Account 179. 549)
Credit:	Accounts Payable	(Account 251. 010)

To record the permit fee costs incurred in construction and maintenance operations.

2. Interest accrual:

Debit:	Interest on 2009 MPFDA	(Account 179. 559)
Credit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2009 MPFDA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR AN  
ONTARIO HEARING COSTS VARIANCE ACCOUNT  
("2009 OHCVA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 OHCVA is to record the variance between the actual costs incurred by the Company in relation to 2009 regulatory proceedings, stakeholder consultatives, Board costs, and related expenses versus the \$5,842,500 which is embedded within rates.

Simple interest is to be calculated on the opening monthly balance of the 2009 OHCVA using the Board approved EB-2006-0117 interest rate methodology. The balance of the OHCVA, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record the variance in Ontario proceeding related costs:

Debit:	2009 OHCVA	(Account 179. 189)
Credit:	Accounts payable	(Account 251. 010)
	or	
Debit:	Operating revenue	(Account 300. 000)
Credit:	2009 OHCVA	(Account 179. 189)

To record variances between actual Ontario proceeding related costs and the amount embedded in rates.

2. Interest accrual:

Debit/Credit:	Interest on 2009 OHCVA	(Account 179. 199)
Debit/Credit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2009 OHCVA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR AN  
UNBUNDLED RATE IMPLEMENTATION COST DEFERRAL ACCOUNT  
("2009 URICDA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 URICDA is to record any costs, if required, of continuing with a manual solution or the costs required of an automated solution for offering Unbundled Rates 125, 300, 315 and 316. Costs to be recorded in the account include administrative, staffing, training, communication, customer education, and all other reasonably incurred costs associated with offering these rates and the additional nomination windows required for such rates.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

Accounting Entries

1. To record costs related to the Unbundled Rate Implementation solution:

Debit:	2009 URICDA	(Account 179. 639)
Credit:	Accounts Payable	(Account 251. 010)

To record the costs associated with implementing Rates 125, 300, 315 and 316 through a continuing manual solution or an automated solution.

2. Interest accrual:

Debit:	Interest on 2009 URICDA	(Account 179. 649)
Credit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2009 URICDA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR AN  
UNBUNDLED RATES CUSTOMER MIGRATION VARIANCE ACCOUNT  
("2009 URCMVA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 URCMVA is to record the revenue consequences of actual customer migration versus forecast migration for the new Unbundled Rates, 125 and 300. The pivot point or threshold for the variance account will be the revenue related to forecast migration to new rates such that if actual migration revenue is lower or higher than forecast, there would be an associated entry to the variance account to refund or collect from customers in all applicable rate classes.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

Accounting Entries

1. To record the impact of customer migration to unbundled rates versus forecast:

Debit/Credit:	2009 URCMVA	(Account 179. 679)
Credit/Debit:	Operating revenue	(Account 300. 000)

To record the revenue variance associated with actual versus forecast migration of customers to unbundled rates.

2. Interest accrual:

Debit/Credit:	Interest on 2009 URCMVA	(Account 179. 689)
Credit/Debit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2009 URCMVA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR AN  
AVERAGE USE TRUE-UP VARIANCE ACCOUNT  
("2009 AUTUVA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 AUTUVA is to record ("true-up") the revenue impact, exclusive of gas costs, of the difference between the forecast of average use per customer, for general service rate classes (Rate 1 and Rate 6), embedded in the volume forecast that underpins Rates 1 and 6 and the actual weather normalized average use experienced during the year. The calculation of the volume variance between forecast average use and actual normalized average use will exclude the volumetric impact of Demand Side Management programs in that year. The revenue impact will be calculated using a unit rate determined in the same manner as for the derivation of the Lost Revenue Adjustment Mechanism (LRAM), extended by the average use volume variance per customer and the number of customers.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

Accounting Entries

1. To record the revenue impact of forecast versus normalized average use:

Debit/Credit:	2009 AUTUVA	(Account 179. 569)
Credit/Debit:	Operating revenue	(Account 300. 000)

To record the revenue impact associated with the variance in forecast average use per customer versus actual normalized average use per customer.

2. Interest accrual:

Debit/Credit:	Interest on 2009 AUTUVA	(Account 179. 579)
Credit/Debit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2009 AUTUVA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A  
TAX RATE AND RULE CHANGE VARIANCE ACCOUNT  
("2009 TRRCVA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 TRRCVA is to record the ratepayer portion of any variance relating to changes in actual tax rates and rules which differ from those proposed and embedded in rates. In the event that actual future tax rates and rules are not as currently expected, the Company will calculate the appropriate amounts which should be shared equally between ratepayers and the Company, based upon 2007 Board Approved base level benchmarks embedded in rates, and record the appropriate variance in the variance account to be returned to or collected from ratepayers. This true-up will occur annually, along with any associated required change to ongoing future rates.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record the impact of actual tax rate and rule changes versus forecast:

Debit/Credit:	Operating revenue	(Account 300. 000)
Credit/Debit:	2009 TRRCVA	(Account 179. 409)

To record the ratepayer portion of any variance in taxes as a result of actual tax rates and rules differing from those proposed and embedded in rates.

2. Interest accrual:

Debit/Credit:	Interest expense	(Account 323. 000)
Credit/Debit:	Interest on 2009 TRRCVA	(Account 179. 419)

To record simple interest on the opening monthly balance of the 2009 TRRCVA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR AN  
EARNINGS SHARING MECHANISM DEFERRAL ACCOUNT  
("2009 ESM DA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 ESM DA is to record the ratepayer share of utility earnings that result from the application of the earnings sharing mechanism. If the 2009 actual utility return on equity, calculated on a weather normalized basis, is more than 100 basis points over the amount calculated by applying the Board's ROE Formula derived using October 2008 Consensus Economics forecast, the resultant amount will be shared equally (i.e., 50/50) between the Company's ratepayers and shareholders. The calculation of a utility return for earnings sharing determination purposes, will include all revenues that would otherwise be included in earnings and only those expenses (whether operating or capital) that would otherwise be allowable deductions from earnings as within a cost of service application. In addition, the following are examples of shareholder incentives and other amounts are outside of the ambit of the earnings sharing mechanism: amounts related to the Shared Savings Mechanism ("SSM") and Lost Revenue Adjustment Mechanism ("LRAM"), amounts related to storage and transportation deferral accounts, and the Company's 50% share of tax savings calculated in association with expected tax rate and rule changes.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record the ratepayers' share of earnings as a result of the earning sharing mechanism:

Debit:	Operating revenue	(Account 300. 000)
Credit:	2009 ESM DA	(Account 179. 589)

To record the ratepayers' share of utility earnings when the actual weather normalized ROE is greater than 100 basis points over the Board's formula ROE.

2. Interest accrual:

Debit:	Interest expense	(Account 323. 000)
Credit:	Interest on 2009 ESM DA	(Account 179. 599)

To record simple interest on the opening monthly balance of the 2009 ESM DA using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A  
DEMAND SIDE MANAGEMENT VARIANCE ACCOUNT  
("2009 DSMVA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 DSMVA is to record the difference between the actual 2009 DSM spending and the \$24.3 million incorporated within 2009 rates. Any amount of under spending will be incorporated into the DSMVA, but overspending will be capped at 15% of the DSM budget dependent upon the Company achieving more than the 2009 DSM targeted TRC Net Benefits, on a pre-audited basis, as determined in the EB-2006-0021 proceeding. Furthermore, overspending charged to the 2009 DSMVA is limited to incremental program expenses only.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

Accounting Entries

1. To record variances in variable costs only:

Debit:	2009 DSMVA	(Account 179. 029)
Credit:	Operating & Maintenance	(Various accounts)
	or	
Debit:	Operating & Maintenance	(Various accounts)
Credit:	2009 DSMVA	(Account 179. 029)

To record the difference between actual and forecast Demand Side Management operating expenditures.

2. Interest accrual:

Debit:	Interest on 2009 DSMVA	(Account 179. 039)
Credit:	Interest expense	(Account 323. 000)
	or	
Debit:	Interest expense	(Account 323. 000)
Credit:	Interest on 2009 DSMVA	(Account 179. 039)

To record simple interest on the opening monthly balance of the 2009 DSMVA using the Board approved EB-2006-0117 interest rate methodology.



ACCOUNTING TREATMENT FOR A  
LOST REVENUE ADJUSTMENT MECHANISM  
("2009 LRAM")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 LRAM is to record the amount of distribution margin gained or lost when the Company's DSM programs are less or more successful than budgeted, for the period January 1, 2009 to December 31, 2009.

When the utility's DSM programs are less successful in the Test Year than budgeted, the utility gains distribution margin. Similarly, the utility loses distribution margin in the Test Year when its DSM programs are more successful than budgeted.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

Accounting Entries

1. To record LRAM amounts:

Debit:	Gas costs	(Account 623. 010)
Credit:	2009 LRAM	(Account 179. 109)
	or	
Debit:	2009 LRAM	(Account 179. 109)
Credit:	Gas costs	(Account 623. 010)

To record in the LRAM, the distribution margin impact of differences between actual and budget gas savings forecast in the Company's DSM programs.

2. Interest accrual:

Debit:	Interest expense	(Account 323. 000)
Credit:	Interest on 2009 LRAM	(Account 179. 119)
	or	
Debit:	Interest on 2009 LRAM	(Account 179. 119)
Credit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2009 LRAM using the Board approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A  
SHARED SAVINGS MECHANISM VARIANCE ACCOUNT  
("2009 SSMVA")

For the 2009 Fiscal Year  
(January 1, 2009 to December 31, 2009)

The purpose of the 2009 SSMVA is to record the actual amount of the shareholder incentive earned by the Company as a result of its DSM programs. The criteria and formula used to determine the amount of any shareholder incentive, to be recorded in the SSMVA, will be in accordance with the guidelines established in the generic DSM proceeding EB-2006-0021.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner to be designated by the Board in a future rate hearing.

Accounting Entries

1. Shareholder incentive earned by the Company related to DSM programs:

Debit:	2009 SSMVA	(Account 179. 129)
Credit:	Other income	(Account 319. 010)

To record the shareholder incentive earned by the Company related to its DSM programs.

2. Interest accrual:

Debit/Credit:	Interest on 2009 SSMVA	(Account 179. 139)
Credit/Debit:	Interest expense	(Account 323. 000)

To record simple interest on the opening monthly balance of the 2009 SSMVA using the Board approved EB-2006-0117 interest rate methodology.