Ontario Energy Board

Commission de l'énergie de l'Ontario

EB-2009-0055

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 amending or varying the rate or rates charged to customers as of October 1, 2009.

BEFORE: Pamela Nowina
Presiding Member

Paul Sommerville
Member

DECISION AND ORDER

INTRODUCTION

Enbridge Gas Distribution ("Enbridge") filed an application on March 18, 2009 with the Ontario Energy Board (the "Board") seeking approval for final disposition and recovery of certain 2008 year-end deferral and variance account balances and the 2008 year-end earnings sharing amount. Enbridge initially proposed that the resulting impacts from the disposition be made effective July 1, 2009 to align with other rate changes expected to result from the Quarterly Rate Adjustment Mechanism ("QRAM") proceeding.

In its reply submission, Enbridge revised the proposed timing to align with the October 1, 2009 QRAM and provided revised balances that reflect an October 1, 2009 disposition and the adjustments agreed to by Enbridge, the intervenors and Board staff.

Deferral and Variance Accounts

The deferral and variance account balances Enbridge seeks to clear total $24,364,200 or $24,959,600 before interest, and are listed in Table 1 under columns 3 and 4. The changes agreed to by Enbridge, the intervenors and Board staff are described below.

Table 1 – Deferral and Variance Account Balances

	Col.1	Col.2	Col.3	Col.4
V/A = Variance Account D/A = Deferral Account	**Original Application**		**Revised per Enbridge Reply Submission**	
	Forecast for Clearance at July 1, 2009		**Forecast for Clearance at October 1, 2009**	
Account Name	**Principal ($000)**	**Interest ($000)**	**Principal ($000)**	**Interest ($000)**
<u>Non Commodity Related Accounts</u>				
Demand Side Management V/A (“2007 DSMVA”)	(616.1)	(127.0)	(616.1)	(126.4)
Lost Revenue Adjustment Mechanism (”2007 LRAM”)	(301.3)	(3.7)	(301.3)	(3.4)
Shared Savings Mechanism V/A (”2007 SSMVA”)	8,247.5	101.0	8,247.5	91.8
Class Action Suit D/A (”2009 CASDA”)	4,709.5	563.7	4709.5	442.9
Deferred Rebate Account (”2008 DRA”)	2,057.3	50.8	2057.3	48.5
Gas Distribution Access Rule Costs D/A (”2008 GDARCDA”)	825.6	-	825.6	-
Ontario Hearing Costs V/A (”2008 OHCVA”)	2,252.1	62.4	2,252.1	59.8
Unbundled Rates Customer Migration V/A (”2008 URCMVA”)	485.7	5.9	485.7	5.4
Open Bill Service D/A (”2008 OBSDA”)	309.9	16.9	-	-
Open Bill Access V/A (”2008 OBAVA”)	476.7	5.8	-	-
Municipal Permit Fees D/A (”2008 MPFDA”)	99.6	-	99.6	-
Average Use True-Up V/A (”2008 AUTUVA”)	(2,654.1)	(32.5)	(2,654.1)	(29.5)
Tax Rate and Rule Change V/A (”2008 TRRCVA”)	1,830.0	22.4	-	-
Earnings Sharing Mechanism D/A (”2008 ESMDA”)	(5,750.0)	(70.4)	(5,600.0)	(63.5)
Total Non Commodity Related Accounts	11,972.4	595.3	9,505.8	425.6
<u>Commodity Related Accounts</u>				
Purchased Gas V/A (”2008 PGVA”)	23,135.4	(777.4)	23,135.4	(803.4)
Transactional Services D/A (”2008 TSDA”)	(6,476.0)	(105.6)	(6,476.0)	(98.3)
Unaccounted for Gas V/A (”2008 UAFVA”)	621.2	7.6	621.2	6.9
Storage and Transportation D/A (”2008 S&TDA”)	(1,826.8)	(128.2)	(1,826.8)	(126.2)
Total Commodity Related Accounts	15,453.8	(1003.6)	15,453.8	(1021.0)
Total Deferral and Variance Accounts	27,426.2	(408.3)	24,959.6	(595.4)

Agreed Upon Changes to Evidence

<u>Open Bill Service Deferral Account & Open Bill Access Variance Account (2008 OBSDA & 2008 OBAVA)</u>

In response to a Canadian Manufacturers and Exporters ("CME") interrogatory, Enbridge indicated that it no longer sought to clear the balances in the 2008 OBSDA and 2008 OBAVA as part of this proceeding, since this matter was being addressed in EB-2009-0043. Accordingly, Enbridge eliminated the OBSDA and OBAVA balances of $326,000, or $310,000 before interest, and $483,000, or $477,000 before interest, respectively from the forecasted Total Deferral and Variance Account balance.

<u>Tax Rate and Rule Change Variance Account (2008 TRRCVA)</u>

Enbridge initially indicated that $3.66 million in tax reductions related to anticipated changes in the capital cost allowance ("CCA") for 2008 had not yet been passed into law. As a result, Enbridge had sought to recover the ratepayer share (50%), which is $1.85 million, or $1.83 million before interest, through the 2008 TRRCVA.

Enbridge indicated in response to an interrogatory from the Building Owners and Managers Association of the Greater Toronto Area ("BOMA") that because the CCA rate changes became law in April 2009, Enbridge removed the 2008 TRRCVA balance from the forecasted Total Deferral and Variance Account balance.

<u>2008 Earnings Sharing Amount</u>

As a result of the removal of the TRRCVA balance mentioned above, the earnings sharing mechanism ("ESM") amount to be paid to ratepayers decreased from $5.75 million to $5.6 million.

Unresolved Issues

The following issues have not been resolved by the parties to this proceeding and require the Board's determination.

- Ontario Hearing Cost Variance Account (2008 OHCVA)
- Unbundled Rates Customer Migration Variance Account (2008 URCMVA)
- Municipal Permit Fees Deferral Account (2008 MPFDA)

- 2008 Earnings Sharing Calculation (Impact of Third-Party Non-LDC Energy Efficiency Initiatives)
- 2008 Earning Sharing Calculation (Impact of Weather Normalization)
- Earning Sharing Mechanism Deferral Account (2008 ESMDA) Disposition Allocator
- Disposition Period

Ontario Hearing Cost Variance Account (2008 OHCVA)

CME had several concerns with the 2008 OHCVA, which are set out below.

CME submitted that a substantial portion of the $2.2 million variance recorded in the 2008 OHCVA was attributable to 2008 legal and consultant costs totaling $1.97 million, which should be disallowed. The Consumers Council of Canada ("CCC") agreed with CME.

In support of the disallowance of $1.97 million in 2008 legal and consultant costs, CME submitted that with the settlement approving a 5-year Incentive Regulation Mechanism ("IRM") plan there was an expectation that, Enbridge's legal and consultant costs would be materially lower than the amounts initially budgeted for in 2008. CME noted that these savings have not materialized.

In its reply argument, Enbridge submitted that there never was an expectation that legal and consulting costs would be lower than the amounts set out in the 2008 Budget. Rather, when the amount of regulatory costs included in rates was reduced from $8.9 million in 2007 to $5.85 million in 2008, it was expected that the 2008 regulatory costs would be less than 2007 regulatory costs. Enbridge submitted that this expectation has been realized: 2007 regulatory costs totaled $11.4 million of which $8.8 million was recovered through rates and $2.6 million was recorded in the 2007 OHCVA; 2008 regulatory costs totaled $8 million of which $5.8 million was recovered through rates and $2.2 million was recorded in the 2008 OHCVA. This represents a $3.4 million reduction from 2007 to 2008.

Enbridge's legal and consulting costs in 2008 exceeded total intervenor costs ($899,000) by more than $1 million. CME submitted that the large disparity between Enbridge's legal and consultant costs and the costs of the intervenors suggests that the legal and consultant costs of Enbridge are materially excessive.

Enbridge refuted CME’s position that its legal and consulting costs were materially excessive. Enbridge stated that this position does not consider the fact that 2008 was the starting year of a five-year term for Enbridge’s first comprehensive IRM plan. Expert consultants were needed to address each of the key aspects of the IRM plan. Furthermore, the consultants were made available to answer questions orally at the Technical Conference, and to provide written answers to interrogatories and undertakings given at the Technical Conference. In addition, they were made available during the ADR process.

CME also took issue with a 2008 bill from the Brattle Group ($841,000), rendered in connection with the Gas IRM proceeding (EB-2007-0615) and settled early in 2008 (with the vast majority of the work being completed throughout 2007). CME argued that these costs should be disallowed given when they were incurred.

School Energy Coalition (“SEC”), in its submission, questioned whether the consulting costs have been properly allocated to the 2008 OHCVA. SEC postulated that the majority of the consulting costs were incurred in relation to work which took place in 2007.

Enbridge submitted that the timing of cost incurrence, relative to the 2008 budgeted regulatory costs, is not a determinant of whether costs are included in the amounts recoverable/returnable through the OHCVA. Enbridge stated that as it generally incurs costs a year prior to the actual rate setting year, the OHCVA has always included costs that relate to a particular rate setting year regardless of whether they were incurred in a prior fiscal period.

CCC submitted that an additional $105,000 in legal costs related to Enbridge’s participation in the Integrated Power System Plan (“IPSP”) should be disallowed because Enbridge has not provided any evidence that its involvement in the IPSP process was of benefit to its ratepayers.

Enbridge replied that it participated in the proceeding because the impact of the IPSP on the use of natural gas for electricity generation is an important matter for Enbridge and its ratepayers.

Board Findings

The Board finds that the amounts recorded in the 2008 OHCVA for disposition are appropriate as filed.

The Board accepts that the timing of cost incurrence does not determine whether costs are eligible for recovery/clearance through the OHCVA. The Board notes that Enbridge's regulatory hearing costs are generally incurred in the years prior to the rate setting year and have always, historically, been eligible for recovery through the OHCVA. In addition, the legal and consulting costs incurred by Enbridge in 2008 are not materially excessive as 2008 was the first year of Enbridge's 5-year IRM plan and the IRM proceeding required the services of numerous expert consultants in order to design and implement a sound and efficient IRM plan.

With regard to CCC's submission that $105,000 in legal costs related to Enbridge's participation in IPSP proceeding should be disallowed, the Board finds that Enbridge's participation in the IPSP proceeding was appropriate and may have been beneficial to ratepayers had the hearing been completed. Therefore, Enbridge shall be allowed to recover its costs related to the IPSP proceeding.

<u>Unbundled Rates Customer Migration Variance Account (2008 URCMVA)</u>

In its submission CME requested additional information regarding the amounts paid by a particular customer under Rate 125 for unaccounted for gas ("UFG") and under Rate 315 for storage. The customer had migrated from bundled Rate 115 to Rate 125, and CME wanted the additional information in order to compare the $195,000 paid under the bundled Rate 115 for UFG and storage with what the customer was paying for UFG and storage under Rate 125.

CME submitted that if Enbridge is recovering more than $195,000 for UFG and storage from the customer that migrated from Rate 115 to Rate 125, the increased UFG and storage recoveries from the customer should be deducted from the total variance amount of $485,000 which Enbridge has recorded in the 2008 URCMVA.

In reply argument, Enbridge stated that the Rate 115 delivery rate recovers the costs for distribution, UFG and storage. In contrast, Rate 125 recovers only distribution costs. For the purposes of deriving the amount in the 2008 URCMVA, Enbridge removed the customer's UFG costs of $133,570 because under Rate 115 the customer provided UFG in-kind. Enbridge also removed storage costs of $61,917 since storage costs are determined using the same Board-approved methodology for both bundled customers and unbundled customers taking service under Rate 315. Enbridge submitted that the amounts recorded in the 2008 URCMVA have been calculated to avoid double-counting and are appropriate.

Board Findings

The Board finds that the amounts recorded in the 2008 URCMVA for disposition are appropriate as filed.

The explanation provided by Enbridge in its reply argument addresses CME's request for additional information and clearly describes its methodology for calculating the UFG and storage costs allocable to the specified customer that is migrating from bundled Rate 115 to Rate 125. The Board accepts Enbridge's methodology.

Municipal Permit Fees Deferral Account (2008 MPFDA)

The 2008 MPFDA was established in the Gas IRM settlement agreement (EB-2007-0615). It was approved for the term of the IRM plan.

In its submission CME questioned the purpose of the MPFDA. CME was of the view that the MPFDA should not operate as an incremental capital expenditure module where ratepayers are obliged to pay equity returns and taxes on amounts Enbridge pays for municipal permit fees. CME provided two potential alternative treatments for municipal permit fees.

CME submitted that if municipal permit fees are to be treated as capital items, then the carrying costs on municipal permit fees should consist entirely of tax deductible interest; interest costs should be calculated using the Board's short-term interest rate on the rate base attributable to municipal permit fees. Enbridge indicated that there is approximately $0.7 million in 2009 rate base attributable to municipal permit fees. CME submitted that using its approach would result in a recoverable amount of approximately $21,000 rather than the $0.1 million proposed by Enbridge.

CME proposed another alternative treatment of municipal permit fees: municipal permit fees could be treated as a Cost of Service item and amortized over a period the Board finds appropriate, with interest at the Board-approved short-term interest rate.

Enbridge replied that the 2009 revenue requirement impact of $0.1 million (the requested recovery amount) associated with the incremental 2008 municipal permit fee expenditures of $0.7 million relates mainly to road cuts made as a result of construction and maintenance activities. This was recognized in the description of the MPFDA:

“The purpose of the 2008 MPFDA is to capture Municipal permit fee costs charged for certain activities, such as road cuts, related to the Company’s construction and maintenance activities.”

Enbridge submitted that the costs of these activities are capitalized in accordance with the applicable accounting rules and guidelines. Enbridge viewed the treatment of municipal permit fees as similar to comparable items with capital or rate base implications, which are dealt with through other accounts or Y-factors (i.e. Gas Distribution Access Rule Costs Deferral Account (“GDARCDA”) and the Power Generation Y-Factor Mechanism).

Board Findings

The Board finds that the amounts recorded in the 2008 MPFDA for disposition are appropriate as filed. The Board notes that Enbridge’s use of this account reflects the description included in the Gas IRM Settlement Agreement.

Municipal permit fees are charged for specific activities, mainly road cuts, related to Enbridge’s construction and maintenance activities. Under Generally Accepted Accounting Principles (“GAAP”), municipal permit fees are capitalized in the manner proposed by Enbridge.

The Board notes that the implementation of International Financial Reporting Standards (“IFRS”) may have some implications for the treatment of municipal permit fees, which are yet to be settled.

2008 Earnings Sharing Calculation (Impact of Third-Party Non-LDC Energy Efficiency Initiatives)

Enbridge's 2008 reported actuals included $4.3 million in Other Income, which represents a $4.1 million increase over 2007 Other Income. In its evidence Enbridge stated: "The Other Income change of $4.1 million is mainly due to revenue from the management of fee for service of third-party efficiency initiatives." CCC was initially concerned that Enbridge did not accurately account for the net revenues from third-party non-LDC energy efficiency initiatives in its earnings sharing calculation. In CCC Interrogatory No. 2, CCC asked Enbridge to provide a complete description of all activities Enbridge is involved in with respect to third party energy efficiency initiatives, and to provide a schedule setting out the costs and revenues for each specific activity.

Enbridge replied that in 2008 the third party energy efficiency initiatives consisted of non-LDC program delivery. The schedule for costs and revenues provided by Enbridge in its interrogatory response is reproduced below.

	2008 Actual	**2009 Forecast**
Revenues	$3.6M	$5.1M
Costs	$2.1M	$3.8M
Net Revenue	$1.5M	$1.3M

In its submission CCC asked Enbridge to provide a more detailed explanation than was provided in its interrogatory response to substantiate that the costs and revenues are accounted for properly. CCC expected that this response would clarify whether Enbridge's calculation of earnings sharing is appropriate. CCC also asked Enbridge to demonstrate that these third party non-LDC energy efficiency initiatives are appropriate activities for a regulated natural gas distribution company.

Enbridge responded that the revenues, net of costs, related to third party non-LDC energy efficiency initiatives have a positive impact on utility earnings and therefore enhance the earnings available for sharing under the ESM. Enbridge stated that it has already provided the specific revenues and costs which feed into the ESM calculation and that more detailed information about the actual activities would have no bearing on the ESM calculation.

In response to CCC's inquiry whether third party non-LDC energy efficiency initiatives are an appropriate activity for a regulated natural gas distribution company, Enbridge provided the Minister's Directive to the Board approved by Order-in-Council dated August 10, 2006 (the "Directive"). This Directive effectively created exceptions to the restrictions on Enbridge's business activities. One of the exceptions encompasses services that would assist the Government of Ontario in achieving its energy conservation goals.

Board Findings

The Board finds that the third party non-LDC energy efficiency initiatives undertaken by Enbridge are appropriate activities, given the terms of the Directive which explicitly created an exception to Enbridge's business activities and allowed Enbridge to provide energy conservation services consistent with those reflected in the account.

With regard to CCC's request for additional information, the Board accepts that the evidence Enbridge filed in response to CCC Interrogatory No. 2 provided sufficient detail to allow the Board to verify that the earnings sharing calculation, in relation to third party non-LDC energy efficiency initiatives is correct as filed.

<u>2008 Earning Sharing Calculation (Impact of Weather Normalization)</u>

In response to SEC Interrogatory No.1 and CME Interrogatory No.1, Enbridge provided an exhibit which reconciled the 11.4% return on equity ("ROE") shown in the corporate consolidated Financial Statements and the 10.22% achieved ROE in the Utility earnings sharing calculation. In Enbridge's updated evidence filed on May 26, 2009, the achieved ROE was revised to 10.21%.

CME submitted that Enbridge's Interrogatory response lacked transparency. The response did not show how the 11.4% ROE in the corporate Financial Statements was calculated. Also, the response did not explain how each of the items within the corporate consolidated calculation, which are either not relevant or included in the Utility ROE calculation, affect the 11.4% consolidated ROE calculation to produce a Utility earnings sharing ROE calculation of 10.22%. In its submission CME requested that Enbridge provide a transparent calculation which would allow the Board to verify that Enbridge's Utility ROE calculation of 10.22% (revised to 10.21%) is compatible with the 11.4% recorded in Enbridge's corporate Financial Statements.

In its argument CME postulated that the difference between the Utility ROE and the ROE recorded in Enbridge's Financial Statements could be due to the proportion of gas costs Enbridge calculated as being allocable to its weather normalization adjustments to revenues. When expressed as a ratio of total revenues for the corporate consolidated entity, the gas distribution margin is about 33.6%; in the Utility calculation the gas distribution margin is 31%, which is materially less.

CME submitted that the reduced gas distribution margin in the Utility calculation was due to the weather normalization adjustment which reduced revenues by $133.1 million and costs by $98.3 million. The $98.3 million of costs attributable to the revenue adjustment of $133.1 million reflects a cost-to-revenue ratio of 73.9%. CME stated that if the cost-to-revenue ratio for the normalized revenues of $133.1 million were set at 66.4%, being the ratio for the consolidated entity derived from the Financial Statements, then the costs to be removed by the normalization adjustment would be about $88.4 million; this would result in an increase to Enbridge's utility income of approximately $9.9 million, of which 50% or $4.95 million would be allocable to ratepayers.

Enbridge refuted CME's assertion and submitted that its Utility income has been properly calculated as filed.

Enbridge submitted that CME inappropriately applied the ratios that it derived from Enbridge's Financial Statements. Enbridge also noted that applying the ratios in the manner suggested by CME would result in a lower ESM amount than the amount proposed by Enbridge. The 26.1% margin-to-revenue ratio, implicit in Enbridge's weather normalization adjustment, equated to a margin decrease of about $34.8 million. If the margin-to-revenue ratio was set at 33.6%, as suggested by CME, the margin decrease would have been approximately $44.7 million. Enbridge asserted that CME's use of ratios results in a greater reduction of margin than in Enbridge's calculations, which would decrease utility income before taxes and the amount available for earnings sharing would consequently decrease from $5.6 million to $0.63 million.

Enbridge provided the major factors that contribute to the ratio differences between the utility calculation and the Financial Statements identified by CME, including the regrouping and reconciling of certain items, including non-utility items. Table 2 below, reproduced from Enbridge's reply argument, highlights the contributing factors to the ratio difference.

Table 2 - 2008 Margin and Gas Cost (as percentage of revenue)
Utility to Consolidated

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
	Normalized Utility Margin (M.1.3.pg)	Reversal of Regrouped T-service Credits (1.7.1.pg 3)	Cumulative Sub-total	Add Back St. Lawrence (1.7.1.pg3)	Add Back TRRCVA & rounding adjst. (1.7.1.pg3)	Cumulative Sub-total	Remove Normalization Adjustment (1.7.1.pg3)	Audited Consolidation Margin (D.1.1.)
1. Sales & Transportation	3,098.9	(277.4)	2,821.5	54.5	1.9	2,877.9	133.1	3,011.0
2. Gas Cost	2,137.8	(277.4)	1,860.4	41.8	(0.1)	1,902.1	98.3	2,000.4
3. Distribution Margin	961.1	-	961.1	12.7	2.0	975.8	34.8	1,010.6
4. % margin of revenue	31.01%	0.00%	34.06%	23.30%	105.26%	33.91%	26.15%	33.56%
5. % gas cost of revenue	68.99%	100.00%	65.94%	76.70%	-5.26%	66.09%	73.85%	66.44%

In Board Staff Interrogatory No. 4, Enbridge was asked to describe the methodology underpinning its weather normalization calculation. CME stated that Enbridge's response did not assist in understanding why the proportion of costs attributable to the weather normalization revenue adjustments should be materially greater than the proportion of costs attributable to the audited consolidated income, as reflected in the consolidated Financial Statements.

In its reply argument Enbridge responded that it was not aware of CME's intended use of its response to Board Staff Interrogatory No. 4; had it been aware, it would have provided the response set out in its reply submission. Enbridge noted that its weather normalization methodology has been previously approved by the Board and has been used by Enbridge for more than 10 years.

Board Findings

The Board finds that the earnings sharing amount recorded in the 2008 ESMDA is appropriate as filed.

The Board finds that CME's recalculation of Enbridge's Utility income was incorrect for the following reasons:

1) It is not appropriate to use derived ratios from Enbridge's consolidated Financial Statements in the calculation of Utility income.

As the ratios derived from the Financial Statements implicitly include the regrouping and reconciliation of certain items (including non-utility items), the derived ratios can not be utilized to accurately calculate Utility income.

2) The derived ratios from Enbridge's Financial Statements were incorrectly applied by CME in its calculation of the Utility's income for regulatory purposes. CME, additionally, misinterpreted its Utility income calculation, which caused it to conclude that Enbridge's Utility income was understated by $9.9M.

In Enbridge's calculation of Utility income, the weather normalization adjustment on gas costs was $98.3 million and on distribution margin was $34.8 million. In CME's Utility income calculation, it applied the cost-to-revenue and margin-to-revenue ratios of 66.4% and 33.6% respectively, derived from Enbridge's consolidated Financial Statements, to the normalization adjustment on revenues of $133.1 million. This resulted in a normalization adjustment on gas costs of $88.4 million and on the distribution margin of $44.7 million. CME postulated that because the normalization adjustment on gas costs was decreased from $98.3 million to $88.4 million and the normalization adjustment on the distribution margin was increased from $34.8 million to $44.7 million, Utility income was understated by $9.9 million. However, increasing the normalization adjustment on the distribution margin actually decreases the distribution margin.

Under Enbridge's Utility income calculation, the distribution margin of $995.9 million was reduced by $34.8 million, while under CME's Utility income calculation the distribution margin of $995.9 million was reduced by $44.7 million. Furthermore, once all aspects of the Utility income calculation have been completed, under Enbridge's calculation Utility income is $305.5 million (with a net sufficiency of $11.2 million and earnings sharing to ratepayers of $5.6 million), while under CME's calculation Utility income is $298.9 million (with a net sufficiency of $1.25 million and earnings sharing to ratepayers of $0.63 million). Therefore, CME's claim that Enbridge's Utility income was understated by $9.9M is incorrect due to CME's misinterpretation of its Utility income calculation.

In the course of its submission, CME asked Enbridge to provide an alternative and transparent calculation which would allow the Board to verify that Enbridge's Utility ROE calculation of 10.22% (revised to 10.21%) is compatible with the 11.4% recorded in Enbridge's corporate Financial Statements. The Board has dismissed CME's submission and has provided the above rationale. However, the Board is concerned that Enbridge, in its reply argument, did not explicitly address the request for additional information from CME. Henceforth, when there is a request for information from Board staff or any eligible intervening party, the Board expects that Enbridge will make every reasonable effort to provide the requested information in a timely manner. If, for any reason, it is not possible to provide the requested information, Enbridge should provide a detailed explanation as to why the request cannot or should not be honoured.

Earning Sharing Mechanism Deferral Account (2008 ESMDA) Disposition Allocator

Enbridge proposed to allocate the Earnings Sharing Mechanism Deferral Account ("ESMDA") balance to rate classes based on the Distribution Revenue Requirement ("DRR"). BOMA, CME and Energy Probe submitted that rate base is a more appropriate allocator for earnings sharing than is DRR. BOMA claimed that earnings sharing is the direct result of a return on equity that exceeds the dead-band return on equity. The excess return on equity is directly related to the level of common equity, and the level of common equity is determined by the level of rate base, therefore, BOMA submitted, there is a direct linkage between earnings sharing and the level of rate base. BOMA also noted that Union Gas ("Union"), in EB-2009-0101, allocated earnings sharing on the basis of rate base as it had done in 2003, 2005 and 2006, and that in each case, the Board approved the allocation.

While SEC agreed with the submissions of BOMA, CME and Energy Probe, SEC also noted that, in this particular case, the difference between the two methods of allocation is likely to be immaterial.

The Vulnerable Energy Consumer Coalition ("VECC") submitted that Enbridge is correct in allocating the ESMDA based on DRR.

Enbridge argued that disposing of the ESMDA on the basis of DRR is appropriate as this approach to allocation accounts for the manner in which Enbridge's earnings were generated. Furthermore, the manner in which Enbridge's earnings are generated reflects the distribution of costs and resultant distribution revenues received from the various customer classes.

In response to BOMA's statement that Union allocated earning sharing on the basis of rate base in EB-2009-0101, Enbridge submitted that its IRM plan is not harmonized with Union's IRM plan and therefore there is no rationale for standardizing the methodology for allocating earnings sharing amounts.

Enbridge also agreed with SEC that the difference between use of DRR or rate base as the allocator for the disposition of the ESMDA is immaterial.

Board Findings

The Board finds that Enbridge's proposal to allocate the ESMDA based on DRR is appropriate. There is no inherent virtue to standardizing the ESMDA allocation methodologies between Enbridge and Union as the two distributors have materially different IRM plans.

The Board notes that the difference between allocating the ESMDA based on DRR or rate base, in this particular proceeding, is immaterial.

Disposition Period

While agreeing with Enbridge's proposal to dispose of deferral/variance account balances to customers commencing October 1, 2009, VECC questioned why the disposition should occur in two installments (October and November). VECC submitted that disposing of the total deferral and variance account balance in two installments requires the recalculation of interest on the second installment and is an unnecessary complication. VECC submitted that the disposition of deferral/variance account balances should be handled in a single installment rather than over two months as proposed by Enbridge.

In its reply argument, Enbridge stated that it proposed to clear the total deferral and variance account balance to customers in two equal installments because the total amount and the related bill adjustment are similar to those arising from the clearance of 2007 deferral and variance accounts, which the Board directed Enbridge to clear over two months in equal installments. However, Enbridge has submitted that it is indifferent to clearing the balances in one or two installments.

Board Findings

The Board accepts Enbridge's proposal to clear the balances in two equal installments. Enbridge is entitled to recover any additional carrying charges arising from the Board's decision.

Cost Awards

The Notice of Application for the immediate proceeding indicated the Board adopted the List of Intervenors approved in the Enbridge 2009 IRM rates proceeding (Board File No. EB-2008-0219) and that parties deemed eligible for an award of costs in the EB-2008-0219 proceeding would also be eligible to claim an award of costs in this proceeding.

The intervenors eligible for an award of costs may submit their cost claims in accordance with the schedule outlined below.

THE BOARD ORDERS THAT:

1) The balances in the 2008 commodity and non commodity deferral and variance accounts are approved as shown in Table 1 column 3 of this Decision. The final amount approved for clearance from Enbridge's deferral and variance accounts is a debit to ratepayers of $24,959,600 plus interest at the Board's prescribed interest rate.

2) The clearance of the deferral and variance accounts will coincide with the October 1, 2009 QRAM. The balances will be cleared to customers in two equal installments during the October 2009 and November 2009 billing cycles.

3) Enbridge shall include in its October 2009 QRAM application, Docket No. EB-2009-0309, similar schedules, as indicated in Appendix "A", reflective of the balances approved in this Decision and Order.

4) Intervenors eligible for cost awards shall file with the Board and forward to Enbridge their respective cost claims within 21 calendar days from the date of this Decision and Order.

5) Enbridge may file with the Board and forward these intervenors any objections to the claimed costs within 28 calendar days from the date of this Decision and Order.

6) Intervenors, whose cost claims have been objected to, may file with the Board and forward to Enbridge any responses to any objections for cost claims within 35 calendar days of the date of this Decision and Order.

7) Enbridge shall pay the Board's costs of, and incidental to, this proceeding immediately upon receipt of the Board's invoice.

All filings to the Board must quote file number EB-2009-0055, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format filed through the Board’s web portal at www.errr.oeb.gov.on.ca. Filings must clearly state the sender’s name, postal address and telephone number and, if available, a fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found on the “e-Filing Services” webpage of the Board’s website at www.oeb.gov.on.ca. If the web portal is not available you may email your document to BoardSec@oeb.gov.on.ca.

DATED at Toronto, August 7, 2009

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX "A"

TO BOARD DECISION AND ORDER

EB-2009-0055

DATED: August 7, 2009

UNIT RATE AND TYPE OF SERVICE: EQUAL CLEARING IN JULY AND AUGUST 2009

		COL.1	COL. 2	COL. 3
		TOTAL (¢/m³)	July Unit Rate (¢/m³)	Aug Unit Rate (¢/m³)
Bundled Services:				
RATE 1	- SYSTEM SALES	0.3145	0.1573	0.1573
	- BUY/SELL	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.1093	0.0546	0.0546
	- WESTERN T-SERVICE	0.4871	0.2435	0.2435
RATE 6	- SYSTEM SALES	(0.1128)	(0.0564)	(0.0564)
	- BUY/SELL	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.1591)	(0.0796)	(0.0796)
	- WESTERN T-SERVICE	0.2187	0.1094	0.1094
RATE 9	- SYSTEM SALES	(0.2022)	(0.1011)	(0.1011)
	- BUY/SELL	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.0000	0.0000	0.0000
	- WESTERN T-SERVICE	0.3517	0.1758	0.1758
RATE 100	- SYSTEM SALES	1.2050	0.6025	0.6025
	- BUY/SELL	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.7824	0.3912	0.3912
	- WESTERN T-SERVICE	1.1603	0.5801	0.5801
RATE 110	- SYSTEM SALES	0.1732	0.0866	0.0866
	- BUY/SELL	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.4295	0.2148	0.2148
	- WESTERN T-SERVICE	0.8073	0.4037	0.4037
RATE 115	- SYSTEM SALES	1.2359	0.6180	0.6180
	- BUY/SELL	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.0045)	(0.0023)	(0.0023)
	- WESTERN T-SERVICE	0.3733	0.1866	0.1866
RATE 135	- SYSTEM SALES	(0.5004)	(0.2502)	(0.2502)
	- BUY/SELL	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.0135	0.0068	0.0068
	- WESTERN T-SERVICE	0.3913	0.1957	0.1957
RATE 145	- SYSTEM SALES	0.4868	0.2434	0.2434
	- BUY/SELL	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.1569)	(0.0784)	(0.0784)
	- WESTERN T-SERVICE	0.2209	0.1105	0.1105
RATE 170	- SYSTEM SALES	(0.4063)	(0.2032)	(0.2032)
	- BUY/SELL	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.3660)	(0.1830)	(0.1830)
	- WESTERN T-SERVICE	0.0119	0.0059	0.0059
RATE 200	- SYSTEM SALES	0.2415	0.1207	0.1207
	- BUY/SELL	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.0472)	(0.0236)	(0.0236)
	- WESTERN T-SERVICE	0.0000	0.0000	0.0000
Unbundled Services:				
RATE 125	- All	(0.1274)	(0.0637)	(0.0637)
RATE 300	- All	(1.3173)	(0.6587)	(0.6587)

Determination of Balances to be Cleared from the 2008 Deferral and Variance Accounts

ITEM NO.		COL. 1 PRINCIPAL For CLEARING ($000)	COL. 2 INTEREST TO 2009-07-31 ($000)	COL. 3 TOTAL For CLEARING ($000)
	PGVA:			
1.1	COMMODITY	(31,433.30)	(4,750.9)	(36,184.2)
1.2	SEASONAL PEAKING-LOAD BALANCING	3,111.1	81.5	3,192.6
1.3	SEASONAL DISCRETIONARY-LOAD BALANCING	(3,498.0)	(371.4)	(3,869.4)
1.4	TRANSPORTATION TOLLS	34,618.8	1,105.0	35,723.8
1.5	CURTAILMENT REVENUE	(824.8)	(15.3)	(840.1)
1.6	RIDER C 2008 DIRECT ALLOCATION	(17,868.0)	3,051.9	(14,816.1)
1.7	INVENTORY ADJUSTMENT	39,029.6	121.7	39,151.4
1.	**TOTAL PGVA**	23,135.4	(777.4)	22,357.9
2.	**TRANSACTIONAL SERVICES D/A**	(6,476.0)	(105.6)	(6,581.6)
3.	**UNACCOUNTED FOR GAS V/A**	621.2	7.6	628.8
4.	**STORAGE AND TRANSPORTATION D/A**	(1,826.8)	(128.2)	(1,955.0)
5.	**DEFERRED REBATE ACCOUNT**	2,057.3	50.8	2,108.1
6.	**DEMAND SIDE MANAGEMENT 2007**	(616.1)	(127.0)	(743.1)
7.	**LOST REVENUE ADJ MECHANISM 2007**	(301.3)	(3.7)	(305.0)
8.	**SHARED SAVINGS MECHANISM 2007**	8,247.5	101.0	8,348.5
9.	**CLASS ACTION SUIT D/A**	4,709.5	563.7	5,273.2
10.	**ONTARIO HEARING COSTS V/A**	2,252.1	62.4	2,314.5
11.	**GAS DISTRIBUTION ACCESS RULE D/A**	825.6	0.0	825.6
12.	**AVERAGE USE TRUE-UP V/A**	(2,654.1)	(32.5)	(2,686.6)
13.	**MUNICIPAL PERMIT FEES D/A**	99.6	0.0	99.6
14.	**UNBUNDLED RATE CUSTOMER MIGRATION D/A**	485.7	5.9	491.6
15.	**OPEN BILL SERVICE D/A**	309.9	16.9	326.8
16.	**OPEN BILL ACCESS V/A**	476.7	5.8	482.5
17.	**TAX RATE & RULE CHANGE V/A**	1,830.0	22.4	1,852.4
18.	**EARNINGS SHARING MECHANISM**	(5,750.0)	(70.4)	(5,820.4)
19.	**TOTAL**	27,426.2	(408.3)	27,017.8

Classification and Allocation of Deferral and Variance Account Balances

ITEM NO.		COL.1 TOTAL ($000)	COL. 2 SALES AND WBT ($000)	COL. 3 TOTAL SALES ($000)	COL. 4 TOTAL DELIVERIES ($000)	COL. 5 SPACE ($000)	COL. 6 DELIVE-RABILITY ($000)	COL. 7 DISTRIBUTION REV REQ (DRR) ($000)	COL. 8 DIRECT ($000)	COL. 9 NUMBER OF CUSTOMERS ($000)	COL. 10 RATE BASE ($000)	COL. 11 INVENTORY (SALES SERVICE) ($000)
	CLASSIFICATION											
	PGVA:											
1.1	COMMODITY	(36,184.2)		(36,184.2)								
1.2	SEASONAL PEAKING-LOAD BALANCING	3,192.6					3,192.6					
1.3	SEASONAL DISCRETIONARY-LOAD BALANCING	(3,869.4)				(3,869.4)						
1.4	TRANSPORTATION TOLLS	35,723.8	35,723.8									
1.5	CURTAILMENT REVENUE	(840.1)					(420.0)		(420.0)			
1.6	RIDER C 2008 DIRECT ALLOCATION	(14,816.1)							(14,816.1)			
1.7	INVENTORY ADJUSTMENT	39,151.4										39,151.4
1.		22,357.9	35,723.8	(36,184.2)	0.0	(3,869.4)	2,772.6	0.0	(15,236.1)	0.0	0.0	39,151.4
2.	**TRANSACTIONAL SERVICES D/A**	(6,581.6)				(3,289.2)	(3,292.4)					
3.	**UNACCOUNTED FOR GAS V/A**	628.8			628.8							
4.	**STORAGE AND TRANSPORTATION D/A**	(1,955.0)				(977.0)	(978.0)					
5.	**DEFERRED REBATE ACCOUNT**	2,108.1			2,108.1							
6.	**DEMAND SIDE MANAGEMENT 2007**	(743.1)							(743.1)			
7.	**LOST REVENUE ADJ MECHANISM 2007**	(305.0)							(305.0)			
8.	**SHARED SAVINGS MECHANISM 2007**	8,348.5							8,348.5			
9.	**CLASS ACTION SUIT D/A**	5,273.2								5,273.2		
10.	**ONTARIO HEARING COSTS V/A**	2,314.5									2,314.5	
11.	**GAS DISTRIBUTION ACCESS RULE D/A**	825.6								825.6		
12.	**AVERAGE USE TRUE-UP V/A**	(2,686.6)							(2,686.6)			
13.	**MUNICIPAL PERMIT FEES D/A**	99.6									99.6	
14.	**UNBUNDLED RATE CUSTOMER MIGRATION D/A**	491.6							491.6			
15.	**OPEN BILL SERVICE D/A**	326.8								326.8		
16.	**OPEN BILL ACCESS V/A**	482.5								482.5		
17.	**TAX RATE & RULE CHANGE V/A**	1,852.4									1,852.4	
18.	**EARNINGS SHARING MECHANISM**	(5,820.4)						(5,820.4)				
19.	**TOTAL**	27,017.8	35,723.8	(36,184.2)	2,736.9	(8,135.6)	(1,497.8)	(5,820.4)	(10,130.7)	6,908.1	4,266.5	39,151.4
	ALLOCATION											
1.1	RATE 1	17,856.9	17,847.2	(20,806.7)	1,065.2	(3,804.1)	(723.8)	(3,917.4)	(3,905.9)	6,329.0	2,858.6	22,914.8
1.2	RATE 6	1,746.0	14,254.7	(12,652.8)	887.7	(3,282.6)	(590.3)	(1,520.8)	(11,355.5)	575.5	1,150.7	14,279.5
1.3	RATE 9	(2.3)	8.0	(12.2)	0.6	0.0	(0.1)	(7.6)	2.3	0.1	6.4	0.2
1.4	RATE 100	6,233.9	1,551.3	(688.5)	155.0	(430.8)	(76.3)	(158.5)	5,213.3	1.8	104.1	562.5
1.5	RATE 110	3,166.9	707.9	(433.9)	144.5	(125.7)	(34.1)	(64.8)	2,883.5	0.8	44.2	44.5
1.6	RATE 115	147.6	104.2	(58.4)	212.4	(60.2)	(40.9)	(48.9)	(28.3)	0.2	29.8	37.7
1.7	RATE 125	(7.7)	0.0	0.0	0.0	0.0	0.0	(21.6)	0.0	0.0	13.9	0.0
1.8	RATE 135	63.0	100.5	(35.3)	12.8	0.0	(0.1)	(4.3)	(13.0)	0.1	2.3	0.0
1.9	RATE 145	2.4	324.1	(155.9)	51.4	(115.8)	(8.9)	(28.5)	(290.0)	0.5	19.3	206.2
1.10	RATE 170	(2,451.9)	366.9	(494.0)	171.9	(213.8)	(5.2)	(31.4)	(2,440.9)	0.1	23.0	171.5
1.11	RATE 200	264.1	459.0	(846.6)	35.4	(102.6)	(18.0)	(13.3)	(196.2)	0.0	12.0	934.5
1.12	RATE 300	(1.2)	0.0	0.0	0.0	0.0	0.0	(3.2)	0.0	0.0	2.0	0.0
1.		27,017.8	35,723.8	(36,184.2)	2,736.9	(8,135.6)	(1,497.8)	(5,820.4)	(10,130.7)	6,908.1	4,266.5	39,151.4

ALLOCATION BY TYPE OF SERVICE

		COL.1	COL. 2	COL. 3	COL. 4	COL. 5	COL. 6	COL. 7	COL. 8	COL. 9	COL. 10	COL. 11
		TOTAL ($000)	SALES AND WBT ($000)	TOTAL SALES ($000)	TOTAL DELIVERIES ($000)	SPACE ($000)	DELIVE-RABILITY ($000)	DISTRIBUTION REV REQ (DRR) ($000)	DIRECT ($000)	NUMBER OF CUSTOMERS ($000)	RATE BASE ($000)	INVENTORY (SALES SERVICE) ($000)
Bundled Services:												
RATE 1	- SYSTEM SALES	9,389.9	11,280.1	(20,806.7)	673.2	(2,404.1)	(457.4)	(2,475.7)	(5,140.6)	3,999.7	1,806.5	22,914.8
	- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- T-SERVICE EXCL WBT	0.6			0.1	(0.4)	(0.1)	(0.5)	0.4	0.7	0.3	
	- WBT	8,466.4	6,567.0		391.9	(1,399.6)	(266.3)	(1,441.3)	1,234.3	2,328.5	1,051.7	
RATE 6	- SYSTEM SALES	(2,047.1)	6,859.6	(12,652.8)	395.1	(1,460.9)	(262.7)	(676.8)	(9,296.1)	256.1	512.1	14,279.5
	- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- T-SERVICE EXCL WBT	(487.8)			66.7	(246.7)	(44.4)	(114.3)	(278.9)	43.2	86.5	
	- WBT	4,280.9	7,395.2		425.9	(1,575.0)	(283.2)	(729.7)	(1,780.5)	276.1	552.1	
RATE 9	- SYSTEM SALES	(3.5)	6.6	(12.2)	0.5	0.0	(0.1)	(6.3)	2.3	0.1	5.3	0.2
	- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- T-SERVICE EXCL WBT	0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	- WBT	1.3	1.4		0.1	0.0	(0.0)	(1.3)	0.0	0.0	1.1	
RATE 100	- SYSTEM SALES	1,190.5	373.3	(688.5)	25.8	(71.8)	(12.7)	(26.4)	1,010.7	0.3	17.4	562.5
	- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- T-SERVICE EXCL WBT	1,425.6			47.6	(132.4)	(23.5)	(48.7)	1,550.0	0.5	32.0	
	- WBT	3,617.9	1,178.1		81.5	(226.6)	(40.2)	(83.4)	2,652.7	0.9	54.8	
RATE 110	- SYSTEM SALES	107.8	235.2	(433.9)	13.5	(11.8)	(3.2)	(6.1)	265.3	0.1	4.1	44.5
	- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- T-SERVICE EXCL WBT	2,049.1			103.7	(90.2)	(24.5)	(46.6)	2,074.3	0.6	31.8	
	- WBT	1,009.9	472.6		27.2	(23.7)	(6.4)	(12.2)	543.9	0.2	8.3	
RATE 115	- SYSTEM SALES	103.5	31.7	(58.4)	2.8	(0.8)	(0.5)	(0.6)	91.4	0.0	0.4	37.7
	- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- T-SERVICE EXCL WBT	(27.6)			203.2	(57.6)	(39.1)	(46.8)	(116.0)	0.2	28.5	
	- WBT	71.7	72.6		6.4	(1.8)	(1.2)	(1.5)	(3.7)	0.0	0.9	
RATE 135	- SYSTEM SALES	(25.4)	19.2	(35.3)	1.1	0.0	(0.0)	(0.4)	(10.2)	0.0	0.2	0.0
	- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- T-SERVICE EXCL WBT	4.2			6.9	0.0	(0.0)	(2.3)	(1.7)	0.1	1.3	
	- WBT	84.3	81.3		4.8	0.0	(0.0)	(1.6)	(1.2)	0.0	0.9	
RATE 145	- SYSTEM SALES	108.9	84.5	(155.9)	4.7	(10.7)	(0.8)	(2.6)	(18.4)	0.0	1.8	206.2
	- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- T-SERVICE EXCL WBT	(246.6)			33.3	(74.9)	(5.7)	(18.4)	(193.6)	0.3	12.5	
	- WBT	140.1	239.6		13.4	(30.2)	(2.3)	(7.4)	(78.1)	0.1	5.0	
RATE 170	- SYSTEM SALES	(288.0)	267.8	(494.0)	17.7	(22.0)	(0.5)	(3.2)	(227.7)	0.0	2.4	171.5
	- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- T-SERVICE EXCL WBT	(2,167.0)			147.7	(183.7)	(4.5)	(27.0)	(2,119.4)	0.1	19.8	
	- WBT	3.1	99.1		6.5	(8.1)	(0.2)	(1.2)	(93.9)	0.0	0.9	
RATE 200	- SYSTEM SALES	293.3	459.0	(846.6)	23.4	(68.0)	(11.9)	(8.8)	(196.2)	0.0	8.0	934.5
	- BUY/SELL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	- T-SERVICE EXCL WBT	(29.2)			11.9	(34.6)	(6.1)	(4.5)	0.0	0.0	4.1	
	- WBT	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Unbundled Services:												
RATE 125		(7.7)	0.0	0.0	0.0	0.0	0.0	(21.6)	0.0	0.0	13.9	0.0
RATE 300		(1.2)	0.0	0.0	0.0	0.0	0.0	(3.2)	0.0	0.0	2.0	0.0
		27,017.8	35,723.8	(36,184.2)	2,736.9	(8,135.6)	(1,497.8)	(5,820.4)	(10,130.7)	6,908.1	4,266.5	39,151.4

UNIT RATE AND TYPE OF SERVICE

		COL.1	COL. 2	COL. 3	COL. 4	COL. 5	COL. 6	COL. 7	COL. 8	COL. 9	COL. 10	COL. 11
		TOTAL	SALES AND WBT	TOTAL SALES	TOTAL DELIVERIES	SPACE	DELIVE-RABILITY	DISTRIBUTION REV REQ (DRR)	DIRECT	NUMBER OF CUSTOMERS	RATE BASE	INVENTORY (SALES SERVICE)
		(¢/m³)	(¢/m³)	(¢/m³)	(¢/m³)	(¢/m³)	(¢/m³)	(¢/m³)	(¢/m³)	(¢/m³)	(¢/m³)	(¢/m³)
Bundled Services:												
RATE 1	- SYSTEM SALES	0.3145	0.3778	(0.6969)	0.0225	(0.0805)	(0.0153)	(0.0829)	(0.1722)	0.1340	0.0605	0.7675
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.1093			0.0225	(0.0805)	(0.0153)	(0.0829)	0.0710	0.1340	0.0605	0.0000
	- WESTERN T-SERVICE	0.4871	0.3778		0.0225	(0.0805)	(0.0153)	(0.0829)	0.0710	0.1340	0.0605	0.0000
RATE 6	- SYSTEM SALES	(0.1128)	0.3778	(0.6969)	0.0218	(0.0805)	(0.0145)	(0.0373)	(0.5120)	0.0141	0.0282	0.7865
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.1591)			0.0218	(0.0805)	(0.0145)	(0.0373)	(0.0910)	0.0141	0.0282	0.0000
	- WESTERN T-SERVICE	0.2187	0.3778		0.0218	(0.0805)	(0.0145)	(0.0373)	(0.0910)	0.0141	0.0282	0.0000
RATE 9	- SYSTEM SALES	(0.2022)	0.3778	(0.6969)	0.0302	0.0000	(0.0054)	(0.3578)	0.1332	0.0045	0.3025	0.0098
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.0000			0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- WESTERN T-SERVICE	0.3517	0.3778		0.0302	0.0000	(0.0054)	(0.3578)	0.0000	0.0045	0.3025	0.0000
RATE 100	- SYSTEM SALES	1.2050	0.3778	(0.6969)	0.0261	(0.0727)	(0.0129)	(0.0267)	1.0230	0.0003	0.0176	0.5694
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.7824			0.0261	(0.0727)	(0.0129)	(0.0267)	0.8507	0.0003	0.0176	0.0000
	- WESTERN T-SERVICE	1.1603	0.3778		0.0261	(0.0727)	(0.0129)	(0.0267)	0.8507	0.0003	0.0176	0.0000
RATE 110	- SYSTEM SALES	0.1732	0.3778	(0.6969)	0.0217	(0.0189)	(0.0051)	(0.0098)	0.4260	0.0001	0.0067	0.0715
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.4295			0.0217	(0.0189)	(0.0051)	(0.0098)	0.4348	0.0001	0.0067	0.0000
	- WESTERN T-SERVICE	0.8073	0.3778		0.0217	(0.0189)	(0.0051)	(0.0098)	0.4348	0.0001	0.0067	0.0000
RATE 115	- SYSTEM SALES	1.2359	0.3778	(0.6969)	0.0334	(0.0095)	(0.0064)	(0.0077)	1.0908	0.0000	0.0047	0.4497
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.0045)			0.0334	(0.0095)	(0.0064)	(0.0077)	(0.0191)	0.0000	0.0047	0.0000
	- WESTERN T-SERVICE	0.3733	0.3778		0.0334	(0.0095)	(0.0064)	(0.0077)	(0.0191)	0.0000	0.0047	0.0000
RATE 135	- SYSTEM SALES	(0.5004)	0.3778	(0.6969)	0.0223	0.0000	(0.0001)	(0.0074)	(0.2003)	0.0002	0.0041	0.0000
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	0.0135			0.0223	0.0000	(0.0001)	(0.0074)	(0.0055)	0.0002	0.0041	0.0000
	- WESTERN T-SERVICE	0.3913	0.3778		0.0223	0.0000	(0.0001)	(0.0074)	(0.0055)	0.0002	0.0041	0.0000
RATE 145	- SYSTEM SALES	0.4868	0.3778	(0.6969)	0.0212	(0.0476)	(0.0036)	(0.0117)	(0.0820)	0.0002	0.0079	0.9216
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.1569)			0.0212	(0.0476)	(0.0036)	(0.0117)	(0.1231)	0.0002	0.0079	0.0000
	- WESTERN T-SERVICE	0.2209	0.3778		0.0212	(0.0476)	(0.0036)	(0.0117)	(0.1231)	0.0002	0.0079	0.0000
RATE 170	- SYSTEM SALES	(0.4063)	0.3778	(0.6969)	0.0249	(0.0310)	(0.0008)	(0.0046)	(0.3212)	0.0000	0.0033	0.2420
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.3660)			0.0249	(0.0310)	(0.0008)	(0.0046)	(0.3579)	0.0000	0.0033	0.0000
	- WESTERN T-SERVICE	0.0119	0.3778		0.0249	(0.0310)	(0.0008)	(0.0046)	(0.3579)	0.0001	0.0033	0.0000
RATE 200	- SYSTEM SALES	0.2415	0.3778	(0.6969)	0.0193	(0.0560)	(0.0098)	(0.0073)	(0.1615)	0.0000	0.0066	0.7693
	- BUY/SELL	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	- ONTARIO T-SERVICE	(0.0472)			0.0193	(0.0560)	(0.0098)	(0.0073)	0.0000	0.0000	0.0066	0.0000
	- WESTERN T-SERVICE	0.0000	0.0000		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Unbundled Services:												
RATE 125	- All	(0.1274)	0.0000	0.0000	0.0000	0.0000	0.0000	(0.3588)	0.0000	0.0000	0.2314	0.0000
RATE 300	- All	(1.3173)	0.0000	0.0000	0.0000	0.0000	0.0000	(3.5487)	0.0000	0.0000	2.2313	0.0000

Note: (1) Unit Rates derived based on 2008 actual volumes

Enbridge Gas Distribution Inc.
2008 Deferral and Variance Account Clearing
Bill Adjustment in July and August 2009 for Typical Customers

Item No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
			Unit Rates			Bill Adjustment		
	GENERAL SERVICE	Annual Volume m^3	Sales cents/m^3	Ontario TS cents/m^3	Western TS cents/m^3	Sales Customers $	Ontario TS Customers $	Western TS Customers $
1.1	RATE 1 RESIDENTIAL							
1.2	Heating & Water Heating	3,064	0.1573	0.0546	0.2435	5	2	7
2.1	RATE 6 COMMERCIAL							
2.2	General Use	43,285	(0.0564)	(0.0796)	0.1094	(24)	(34)	47
	CONTRACT SERVICE							
3.1	RATE 100							
3.2	Industrial - small size	339,188	0.6025	0.3912	0.5801	2,044	1,327	1,968
4.1	RATE 145							
4.2	Commercial - average size	598,568	0.2434	(0.0784)	0.1105	1,457	(469)	661
5.1	RATE 110							
5.2	Industrial - small size, 50% LF	598,568	0.0866	0.2148	0.4037	518	1,285	2,416
5.3	Industrial - avg. size, 75% LF	9,976,120	0.0866	0.2148	0.4037	8,637	21,424	40,270
6.1	RATE 115							
6.2	Industrial - small size, 80% LF	4,471,609	0.6180	(0.0023)	0.1866	27,633	(101)	8,346
7.1	RATE 135							
7.2	Industrial - Seasonal Firm	598,567	(0.2502)	0.0068	0.1957	(1,498)	40	1,171
8.1	RATE 170							
8.2	Industrial - avg. size, 75% LF	9,976,120	(0.2032)	(0.1830)	0.0059	(20,268)	(18,255)	594

Notes:
Calculation of Bill Adjustment:
Sales- Col. 2 x Col. 3
Ontario TS - Col. 2 x Col. 4
Western TS - Col. 2 x Col. 5