



**EB-2011-0008**

**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 the  
clearance or disposition of amounts recorded in certain  
deferral or variance accounts.

**BEFORE:** Ken Quesnelle  
Presiding Member

Cathy Spoel  
Member

## **DECISION AND ORDER**

Enbridge Gas Distribution Inc. (“Enbridge” or the “Applicant”) filed an application dated April 20, 2011 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 or orders approving the disposition of balances in certain deferral or variance accounts. The Board assigned file number EB-2011-0008 to the Application.

The total amount requested for disposition in the deferral and variance accounts is a customer credit of \$3.1 million. The 2010 Earnings Sharing Mechanism Deferral Account is included with the disposition as a customer credit of \$17.1 million. Enbridge requested that the disposition take place as a one time billing adjustment on customer’s bills coincident with it’s Quarterly Rate Adjustment Mechanism (“QRAM”) proceeding.

The replacement of the Goods and Services Tax (“GST”) with the Harmonized Sales Tax (“HST”) on July 1, 2010 resulted in either GST or HST being applicable to each of

the accounts to be cleared. The accounts subject to GST result in a debit to residential customers of \$6. The accounts subject to HST result in a credit to residential customers of \$3. The net result is a debit of \$3 to residential customers. The GST-applicable debits are largely driven by the utility's demand side management programs, the settlement of the class action suit on late payment penalties, and IFRS transition costs. The HST-applicable credits are largely driven by earnings sharing and transactional services. Customers' bills will show both the HST-applicable and GST-applicable adjustments as separate line items.

On May 13, 2011, the Board issued its Notice of Application & Procedural Order No. 1 which included an Issues List, a process for written interrogatories, and dates for a Settlement Conference as well as the filing of a Settlement Proposal.

The Settlement Conference was held on June 21, 2011 and Enbridge filed the Settlement Agreement on June 28, 2011. The Settlement Agreement indicates a complete settlement of all the issues on the Issues List. The Settlement Agreement is attached as Appendix "A".

### **Decision on the Settlement Agreement**

The Board has reviewed the Settlement Agreement and has found it to be acceptable for the purposes of the disposition of the subject deferral and variance accounts. The Board finds that the quality and detail of the supporting evidence is sufficient to allow the Board to make findings on all of the matters of concern. The Board accepts the Settlement Agreement in its entirety and finds that it is in the public interest. The Board commends the parties on achieving settlement of all the issues.

### **Implementation**

The Board notes that the Settlement Agreement anticipates that the disposition will take place as a single installment on customer's bills during the October 2011 billing cycle and that it will be administered in conjunction with the October 1, 2011 QRAM Application. The Settlement Agreement indicates that Enbridge will file a Draft Rate Order for the parties' review. The Settlement Agreement also anticipates that the Board will authorize the clearances in a Rate Order in time to allow for inclusion with the October 1, 2011 QRAM Application.

## Costs

A decision regarding cost awards will be issued at a later date. Eligible parties seeking an award of costs shall file their cost claims as directed below.

### THE BOARD ORDERS THAT:

1. Parties eligible for a cost award shall submit their cost claims by August 19, 2011. A copy of the cost claim must be filed with the Board and a copy is to be served on Enbridge. Cost claims must be prepared in accordance with the Board's *Practice Direction on Cost Awards*.
2. Enbridge will have until August 26, 2011 to object to any aspect of the costs claimed. A copy of the objection must be filed with the Board and one copy must be served on the party against whose claim the objection is being made.
3. Any party whose cost claim was objected to will have until September 2, 2011 to make a reply submission as to why their cost claim should be allowed. One copy of the submission must be filed with the Board and one copy is to be served on Enbridge.
4. All filings to the Board must quote file number EB-2011-0008 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.ontarioenergyboard.ca](http://www.errr.ontarioenergyboard.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.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca). If the web portal is not available you may email your document to [BoardSec@ontarioenergyboard.ca](mailto:BoardSec@ontarioenergyboard.ca). With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Colin Schuch at [Colin.Schuch@ontarioenergyboard.ca](mailto:Colin.Schuch@ontarioenergyboard.ca) and Legal Counsel, Michael Millar at [Michael.Millar@ontarioenergyboard.ca](mailto:Michael.Millar@ontarioenergyboard.ca)

**DATED** at Toronto, July 22, 2011

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

**APPENDIX "A" TO  
DECISION AND ORDER  
BOARD FILE NO. EB-2011-0008  
DATED July 22, 2011**

## **SETTLEMENT AGREEMENT**

### **2010 Earnings Sharing and Deferral and Variance Account Clearances**

**June 28, 2011**

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## **PREAMBLE AND OVERVIEW**

This Settlement Agreement is filed with the Ontario Energy Board (the "OEB" or the "Board") in connection with the application of Enbridge Gas Distribution Inc. ("Enbridge" or the "Company"), for an order or orders approving the clearance or disposition of amounts recorded in certain deferral or variance accounts.

In Procedural Order No. 1, the Board established the process to address this Application, as well as the Issues List for this proceeding.

A Settlement Conference was held on June 21 and 22, 2011. George Dominy acted as facilitator for the Settlement Conference. This Settlement Agreement arises from the Settlement Conference and subsequent discussions.

Enbridge and the following intervenors, as well as Ontario Energy Board technical staff ("Board Staff"), participated in the Settlement Conference:

ASSOCIATION OF POWER PRODUCERS OF ONTARIO (APPRO)  
BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE  
GREATER TORONTO AREA (BOMA)  
CANADIAN MANUFACTURERS & EXPORTERS (CME)  
CONSUMERS COUNCIL OF CANADA (CCC)  
ENERGY PROBE RESEARCH FOUNDATION (Energy Probe)  
FEDERATION OF RENTAL-HOUSING PROVIDERS OF ONTARIO (FRPO)  
INDUSTRIAL GAS USERS ASSOCIATION (IGUA)  
JASON STACEY  
SCHOOL ENERGY COALITION (SEC)  
TRANSCANADA ENERGY (TCE)  
VULNERABLE ENERGY CONSUMERS COALITION (VECC)

The Settlement Agreement deals with all of the issues on the "Issues List". The first issue ("Are the deferral and variance accounts and balances proposed for disposition appropriate?") is addressed with reference to each of the deferral and variance accounts for which clearance is requested.

All intervenors listed above participated in the Settlement Conference and subsequent discussions. Board Staff takes no position on any issue and, as a result, is not a party to the Settlement Agreement. Enbridge and all intervenors have agreed to the settlement of the issues as described on the following pages. APPRO and Jason Stacey participated only in discussions on issue 1(h) (2010 URICDA) and take no position on any of the issues, and TCE only participated and only takes a position on issue 1(h) (2010 URICDA). Subject to those exceptions, any reference to "parties" in this Settlement Agreement is intended to refer to Enbridge and all intervenors listed above. The



description of each issue assumes that all parties participated in the negotiation of the issue, unless specifically noted otherwise.

Best efforts have been made to identify all of the evidence that relates to each settled issue. The supporting evidence for each settled issue is identified individually by reference to its exhibit number in an abbreviated format; for example, Exhibit B, Tab 3, Schedule 1 is referred to as B-3-1. The identification and listing of the evidence that relates to each settled issue is provided to assist the Board.

The Settlement Agreement describes the agreements reached on the issues. The Settlement Agreement provides a direct link between each settled issue and the supporting evidence in the record to date. In this regard, the parties are of the view that the evidence provided is sufficient to support the Settlement Agreement in relation to the settled issues and, moreover, that the quality and detail of the supporting evidence, together with the corresponding rationale, will allow the Board to make findings agreeing with the proposed resolution of the settled issues. In the event that the Board does not accept the proposed settlement of any issue, then subject to the parties' agreement on non-severability set out in the final paragraph below, further evidence may be required on the issue for the Board to consider it fully.

According to the Board's *Settlement Conference Guidelines* (p. 3), the parties must consider whether a settlement proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. Enbridge and the other parties who participated in the Settlement Conference consider that no settled issue requires an adjustment mechanism other than those expressly set forth herein.

None of the parties can withdraw from the Settlement Agreement except in accordance with Rule 32 of the *Ontario Energy Board Rules of Practice and Procedure*. Finally, unless stated otherwise, a settlement of any particular issue in this proceeding is without prejudice to the positions parties might take with respect to the same issue in future proceedings, whether during the term of Enbridge's current five year Incentive Regulation ("IR") plan, or thereafter.

The parties agree that all positions, negotiations and discussion of any kind whatsoever which took place during the Settlement Conference and all documents exchanged during the conference which were prepared to facilitate settlement discussions are strictly confidential and without prejudice, and inadmissible unless relevant to the resolution of any ambiguity that subsequently arises with respect to the interpretation of any provision of this Settlement Agreement.

It is acknowledged and agreed that none of the provisions of this Settlement Agreement are severable. If the Board does not, prior to the commencement of the hearing of the evidence in this proceeding, accept the provisions of the Settlement Agreement in their entirety, there is no Settlement Agreement (unless the parties agree that any portion of

the Settlement Agreement that the Board does accept may continue as a valid Settlement Agreement).

Finally, each of the paragraphs of this Settlement Agreement that begins "All parties agree" shall be deemed to include the proviso "for the purposes of obtaining agreement on all issues in this proceeding".

## THE ISSUES

### 1. Are the deferral and variance accounts and balances proposed for disposition on Schedule 1 to Procedural Order No. 1 appropriate?

The deferral and variance accounts for which Enbridge seeks clearance are set out in Schedule 1 to Procedural Order No. 1 ("Schedule 1"), which is a reproduction of Ex. A-2-1, Appendix A from Enbridge's prefiled evidence. For ease of reference, Schedule 1 is reproduced below.

		ENBRIDGE GAS DISTRIBUTION INC. DEFERRAL & VARIANCE ACCOUNT <u>ACTUAL &amp; FORECAST BALANCES</u>				
		Col. 1	Col. 2	Col. 3	Col. 4	
		Actual at February 28, 2011		Forecast for clearance at July 1, 2011		
Line No.	Account Description	Account Acronym	Principal (\$000's)	Interest (\$000's)	Principal (\$000's)	Interest (\$000's)
<u>Non Commodity Related Accounts</u>						
1.	Demand Side Management V/A	2009 DSMVA	1,165.1	7.2	1,165.1	12.8
2.	Lost Revenue Adjustment Mechanism	2009 LRAM	(45.7)	(0.1)	(45.7)	(0.5)
3.	Shared Savings Mechanism V/A	2009 SSMVA	5,364.2	13.1	5,364.2	39.5
4.	Class Action Suit D/A	2011 CASDA	9,419.1	806.4	4,709.5	463.8 <sup>1</sup>
5.	Deferred Rebate Account	2010 DRA	(2,387.1)	12.4	(2,387.1)	0.8
6.	Gas Distribution Access Rule Costs D/A	2010 GDARCDCA	132.7	0.9	2,904.4	- <sup>2</sup>
7.	Ontario Hearing Costs V/A	2010 OHCVA	92.1	0.2	92.1	0.6 <sup>3</sup>
8.	Unbundled Rate Implementation Cost D/A	2010 URICDA	144.1	0.6	144.1	1.4
9.	Open Bill Service D/A	2011 OBSDA	336.2	14.2	87.7	7.9 <sup>4</sup>
10.	Open Bill Access V/A	2011 OBAVA	304.5	7.3	79.4	4.4 <sup>4</sup>
11.	Municipal Permit Fees D/A	2010 MPFDA	901.6	-	306.3	- <sup>2</sup>
12.	Average Use True-Up V/A	2010 AUTUVA	(2,145.2)	(5.3)	(2,145.2)	(15.7) <sup>6</sup>
13.	Tax Rate and Rule Change V/A	2010 TRRCVA	704.0	1.7	516.1	5.3 <sup>6</sup>
14.	Earnings Sharing Mechanism D/A	2010 ESMVA	(18,500.0)	(45.3)	(17,100.0)	(136.1) <sup>7</sup>
15.	IFRS Transition Costs D/A	2010 IFRSTCDA	2,080.6	15.2	2,080.6	25.2
16.	Ex-Franchise Third Party Billing Services D/A	2010 EFTPBSDA	(251.9)	(0.6)	(251.9)	(1.8)
17.	Total non commodity related accounts		<u>(2,085.7)</u>	<u>827.9</u>	<u>(4,480.4)</u>	<u>407.6</u>
<u>Commodity Related Accounts</u>						
18.	Transactional Services D/A	2010 TSDA	(7,264.5)	(28.7)	(7,264.5)	(64.3)
19.	Unaccounted for Gas V/A	2010 UAFVA	8,729.4	21.4	8,729.4	64.2
20.	Storage and Transportation D/A	2010 S&TDA	(531.8)	(1.7)	(531.8)	(4.5)
21.	Total commodity related accounts		<u>933.1</u>	<u>(9.0)</u>	<u>933.1</u>	<u>(4.6)</u>
22.	Total Deferral and Variance Accounts		<u>(1,752.6)</u>	<u>818.9</u>	<u>(3,547.3)</u>	<u>403.0</u>

The parties have agreed upon the clearance of each of the deferral and variance accounts set out in Schedule 1, as described in the subsections of this issue set out on the following pages.

The resolution of several of the deferral and variance accounts listed below includes an agreement that Enbridge will have studies prepared in respect of certain matters, and will file such studies as part of the evidence in support of its rebasing 2013 application, or such other application as may be filed for rates following the end of the current IRM term (for the purposes of this Settlement Proposal, such application is referred to as the “2013 application”). While Enbridge will endeavour to have all such studies completed by the time that the 2013 application is filed, all parties acknowledge and agree that some of the studies may take some time to complete, and may not be available until some time after the filing. However, Enbridge will provide advice of the status of each of the studies at the time of the 2013 application, and acknowledges that parties will require sufficient time prior to the oral phase of the 2013 application to review and understand the study documentation produced and for written discovery thereon.

All parties agree that the contents of such studies shall be without prejudice to the position that any party may take in respect of the subject matter of such studies. All parties also agree that Enbridge may include, subject to a prudence review, the costs associated with such studies in the 2013 Ontario Hearing Costs V/A or other such hearings variance or deferral account for 2013.

**a. 2009 Demand Side Management V/A (2009 DSMVA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 and 9	VECC Interrogatories #7 and 9

**b. 2009 Lost Revenue Adjustment Mechanism (2009 LRAM)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 and 9	VECC Interrogatories #7 and 9

**c. 2009 Shared Savings Mechanism V/A (2009 SSMVA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 and 9	VECC Interrogatories #7 and 9

**d. 2011 Class Action Suit D/A (2011 CASDA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 and 9	VECC Interrogatories #7 and 9

**e. 2010 Deferred Rebate Account (2010 DRA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 and 9	VECC Interrogatories #7 and 9

**f. 2010 Gas Distribution Access Rule Costs D/A (2010 GDARCD A)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-1-2	Gas Distribution Access Rule Cost Deferral Account explanation
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 and 9	VECC Interrogatories #7 and 9

**g. 2010 Ontario Hearing Costs V/A (2010 OHCVA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-1-6	2010 OHCVA
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 and 9	VECC Interrogatories #7 and 9

**h. 2010 Unbundled Rate Implementation Cost D/A (2010 URICDA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 and 9	VECC Interrogatories #7 and 9
I-6-1 to 3	APPRO Interrogatories #1 to 3

**i. 2011 Open Bill Service D/A (2011 OBSDA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 to 9	VECC Interrogatories #7 to 9

**j. 2011 Open Bill Access V/A (2011 OBAVA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 to 9	VECC Interrogatories #7 to 9

**k. 2010 Municipal Permit Fees D/A (2010 MPFDA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-1-3	Municipal Permit Fees Deferral Account explanation
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 and 9	VECC Interrogatories #7 and 9

### **I. 2010 Average Use True-Up V/A (2010 AUTUVA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-1-5	Average Use True Up Variance Account explanation
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7, 9 and 11	VECC Interrogatories #7, 9 and 11

### **m. 2010 Tax Rate and Rule Change V/A (2010 TRRCVA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

B-1-1	2010 Earnings Sharing Amount and Determination Process (Appendix A)
B-1-5	Harmonized Sales Tax Rates/Earnings Impact Analysis
C-1-1	Balances Requested for Clearance at July 1, 2011
C-1-4	Tax Rate and Rule Change Variance Account explanation
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1, 4 and 8	Board Staff Interrogatories #1, 4 and 8
I-2-3	BOMA Interrogatory #3
I-4-7 and 9	VECC Interrogatories #7 and 9

### **n. 2010 Earnings Sharing Mechanism D/A (2010 ESM DA)**

For the purpose of reaching an overall settlement, Enbridge agrees to reduce the expenses used to calculate the ESM DA amount by \$500,000, and therefore increase the balance in the 2010 ESM DA to \$17.35 million plus accrued interest. Subject to that adjustment, for the purpose of reaching an overall settlement all parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

All parties agree that while the 2010 costs and revenues related to Enbridge's High Performance New Construction Program ("HPNC") initiative with the Ontario Power Authority ("OPA") as set out in the contract dated January 7, 2008, are included in the 2010 ESM DA, the ratepayer share of the net revenues associated with the HPNC



initiative shall be included within the Electric Program Earnings Sharing Deferral Account (“EPESDA”) in 2011 and 2012, rather than in the ESM DA.

Enbridge agrees that, as part of the evidence in support of its 2013 application, it will work with a third party consultant to prepare and file an updated study addressing the costs sought to be recoverable under the Regulatory Cost Allocation Methodology (“RCAM”) for future years (2013 and beyond). Enbridge further agrees to engage with the existing RCAM consultative group as part of the development of the updated study. Notwithstanding any findings in this study, all parties agree that the clearance of the principal balance in the 2010 ESM DA is not subject to future review. All parties further agree that Enbridge may continue to use the current RCAM approach for the determination of RCAM costs for the balance of the IRM term.

Enbridge agrees that it will file evidence in its 2011 Deferral and Variance Account clearance proceeding and also its 2013 application setting out the costs associated with activities undertaken within the Company related to distributed energy, green energy initiatives and fuel cells, and addressing the appropriateness of any eliminations from overall expenses related to those activities made for ESM DA determination purposes.

**Evidence:** The evidence in relation to this issue includes the following:

B-1-1	2010 Earnings Sharing Amount and Determination Process
B-1-2	ESM Calculations and Required Rate of Return 2010 Historical Year
B-1-3	Utility Earnings – Comparison of 2010 Historical Year to 2007 Board Approved
B-1-4	Utility Earnings – Reconciliation of 2010 Utility Income to Audited EGD I Consolidated Income
B-1-5	Harmonized Sales Tax
B-1-6	Unregulated Storage Review
B-1-7	Corporate Cost Treatment
B-2-1	Ontario Utility Rate Base – Comparison of 2010 Historical Year to 2009 Historical Year
B-2-2	Ontario Utility Rate Base – Comparison of 2009 Historical Year to 2008 Historical Year
B-2-3	Property, Plant and Equipment Summary Statement – Average of Monthly Averages 2010 Historical
B-2-4	Comparison of Utility Capital Expenditures 2010 Historical Year to 2009 Historical Year
B-2-5	Comparison of Utility Capital Expenditures 2009 Historical Year to 2008 Historical Year
B-3-1	Utility Operating Revenue 2010 Historical Year
B-3-2	Comparison of Gas Sales and Transportation Volume by Rate Class 2010 Historical Year to 2010 Board Approved Budget
B-3-3	Comparison of Gas Sales and Transportation Revenue by Rate Class 2010 Historical Year to 2010 Board Approved Budget
B-3-4	Customers, Volumes and Revenues by Rate Class 2010 Actual
B-3-5	Details of Other Revenue 2010 Historical Year to 2009 Historical Year
B-3-6	Details of Other Revenue 2009 Historical Year to 2008 Historical Year
B-4-1	Operating Cost 2010 Historical Year
B-4-2	Operating and Maintenance Expense by Department Ending December 2010
B-5-1	Required Rate of Return 2010 Historical Year
B-5-2	Utility Income 2010 Historical Year
B-5-3	Cost of Capital 2010 Historical Year
C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
D-1-1	Enbridge Gas Distribution Inc. Consolidated Financial Statements December 31, 2010
D-1-2	Enbridge Gas Distribution Inc. Management’s Discussion and Analysis – December 31, 2010

I-1-1, 2, 3, 6, 7 and 9	Board Staff Interrogatories #1, 2, 3, 6, 7 and 9
I-2-1, 2 and 4	BOMA Interrogatories #1,2 and 4
I-3-2, 3, 5, 6, 7 and 9	VECC Interrogatories #2, 3, 5, 6, 7 and 9
I-4-1 to 3	CME Interrogatories #1 to 3

**o. 2010 IFRS Transition Costs D/A (2010 IFRSTCDA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

Enbridge agrees that, as part of the evidence in support of its 2013 application, it will file a study, prepared by an external expert (which may be an accounting firm), addressing whether the costs incurred to date, and forecast, by Enbridge to transition to IFRS or USGAAP are reasonable in comparison to other distribution utilities similar in size and/or complexity to Enbridge.

Enbridge further agrees that, as part of the evidence in support of its 2013 application, it will file the capitalization study prepared by Ernst & Young in 2010, the costs of which are included in the 2010 IFRSTCDA.

Notwithstanding any findings in the studies referred to above, all parties agree that the clearance of the principal balances in the IFRSTCDA in 2010 and prior years is not subject to future review.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7, 9 and 12	VECC Interrogatories #7, 9 and 12

**p. 2010 Ex-Franchise Third Party Billing Services D/A (2010 EFTPBSDA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 and 9	VECC Interrogatories #7 and 9

**q. 2010 Transactional Services D/A (2010 TSDA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-1-5	Board Staff Interrogatory #5
I-4-7, 9 and 10	VECC Interrogatories #7, 9 and 10

**r. 2010 Unaccounted for Gas V/A (2010 UAFVA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

Enbridge agrees that, as part of the evidence in support of its 2013 application, it will file a study addressing what steps gas distribution utilities are taking in regard to measuring, forecasting, controlling the variability and managing the amount of unaccounted for gas volumes, and to compare what Enbridge is doing in respect of these issues relative to other gas distribution utilities. Notwithstanding any findings in this study, all parties agree that the clearance of the principal balance in the 2010 UAFVA is not subject to future review and all parties agree that Enbridge may continue to use its current approach to managing, measuring and forecasting unaccounted for gas volumes for the balance of the IRM term.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1 and 10	Board Staff Interrogatories #1 and 10
I-4-7 and 9	VECC Interrogatories #7 and 9

**s. 2010 Storage and Transportation D/A (2010 S&TDA)**

All parties agree to the clearance of the principal balance in this account, which is set out in Schedule 1, along with applicable interest, in accordance with the process set out in Issue 4.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-1	Board Staff Interrogatory #1
I-4-7 and 9	VECC Interrogatories #7 and 9

## **2. Is the proposed HST Rates/Earnings Impact Analysis methodology appropriate?**

All parties agree that the HST earnings impact analysis for 2010 to 2012 conducted by Enbridge and the results of that analysis are appropriate.

**Evidence:** The evidence in relation to this issue includes the following:

B-1-1	2010 Earnings Sharing Amount and Determination Process (Appendix A)
B-1-5	Harmonized Sales Tax Rates/Earnings Impact Analysis
C-1-1	Balances Requested for Clearance at July 1, 2011
C-1-4	Tax Rate and Rule Change Variance Account
I-1-4 and 8	Board Staff Interrogatories #4 and 8
I-2-3	BOMA Interrogatory #3
I-3-1	VECC Interrogatory #1

## **3. Is the proposed methodology for the Allocation of Costs between Regulated and Unregulated Storage Activities appropriate?**

For the purpose of reaching an overall settlement, no party opposes Enbridge's allocation of costs between regulated and unregulated storage activities for the purposes of determining the 2010 ESMDA amount. There is no agreement as to whether Enbridge's continued use of its current approach to allocating costs between regulated and unregulated storage is appropriate for future years. Enbridge agrees that, as part of the evidence in support of its 2013 application, it will file a study, prepared by an external expert, evaluating the appropriateness of the allocation of costs between Enbridge's regulated and unregulated storage activities. It is expected that the expert will provide a professional assessment of the methodologies used and recommendations for alternate approaches if, in their opinion, improvements can be made.

**Evidence:** The evidence in relation to this issue includes the following:

B-1-6	Allocation of Costs Regulated and Unregulated Storage
I-3-4	VECC Interrogatory #4
I-5-1 to 9	FRPO Interrogatories #1 to 9

**4. What are the appropriate unit rates and timing for implementation of the clearances?**

All parties agree that the principal balances in Enbridge's 2010 Deferral and Variance Accounts as set out in Schedule 1, with applicable interest, subject to adjustments to the 2010 ESMDA as set out herein, should be cleared in conjunction with Enbridge's October 1, 2011 QRAM Application. The principal amounts in Enbridge's 2010 Deferral and Variance Accounts to be cleared are as set out in Schedule 1 (with changes to the 2010 ESMDA, as set out herein).

The balances will be cleared to customers in a single instalment during the October 2011 billing cycle.

All parties agree that Enbridge shall file a Draft Rate Order, including the appropriate schedules showing balances, unit rates by rate class, and clearance timing, for the clearance of Enbridge's 2010 Deferral and Variance Accounts. The Draft Rate Order will be simultaneously circulated to the parties for comment. The timing of the Draft Rate Order will be filed with the intention of obtaining a Board Rate Order by September 1, 2011 authorizing the clearances. The timing of this Board Rate Order will permit the inclusion of the clearances in the October 1, 2011 QRAM Application.

**Evidence:** The evidence in relation to this issue includes the following:

C-1-1	Balances Requested for Clearance at July 1, 2011
C-2-1	Clearance of 2010 Deferral and Variance Account Balances
C-2-2	Derivation of Proposed Unit Rates
I-1-8	Board Staff Interrogatory #8
I-2-5	BOMA Interrogatory #5
I-6-2 to 4	APPRO Interrogatories #2 to 4