

**ENBRIDGE GAS DISTRIBUTION INC.**  
**DECISION WITH REASONS [12XCX-0:1]**  
**DECISION HIGHLIGHTS**  
**RP-2002-0133**

This Decision deals with Enbridge Gas Distribution Inc's ("EGDI") application for a Board Order approving rates for its 2003 fiscal year commencing October 1, 2002. The final consumer rates have already been approved by the Board and were implemented on May 1, 2003. As a result, this Decision addresses issues associated with the application that do not directly affect the current rates, but could, or will, have future rate impacts.

This Decision addresses issues where agreement could not be reached by all parties through settlement efforts, including: customer care and other affiliate outsourced services costs; cost allocations from the utility's corporate office; the Work and Asset Management System ("WAMS"); costs of the Energy Transaction, Reporting, Accounting and Contracting project ("EnTRAC"); and service charges.

With respect to the issue of customer care costs, the Board has disallowed a portion (\$7.0 million of the total \$100.1 million) from being recoverable from ratepayers in the 2003 fiscal year. This disallowance will take the form of a future credit to ratepayers. The disallowance will be carried forward into the 2004 fiscal year in accordance with the 2004 Settlement Proposal which applies an escalation factor. In making this finding, the Board relied on its Affiliate Relationships Code for Gas Distributors and determined that the price EGDI pays for its customer care service is higher than the fair market value of those services.

The Board indicated its need for a better basis for establishing transfer prices of affiliate outsourced services and also expressed concern with some of the contract terms in the outsourcing agreements for customer care.

The Board also outlined its expectations with regard to the production of information by EGDI and its affiliated corporate entities to support the Board's objective to ensure that distribution rates charged to ratepayers are just and reasonable.

Partially as a result of a substantial increase in the costs allocated to EGDI by its parent Enbridge Inc., the Board directed EGDI to get an independent assessment and analysis of the costs allocated, and the methodology used, to determine the allocations. The Board expects that the results of this review will be considered during the next main rates case.

With respect to the issue of the WAMS information technology project, the Board has accepted the project's 2003 costs. However, the Board confirmed that EGDI must provide further justification for future cost recovery requests for this project.

With respect to the issue of the costs of the EnTRAC information technology project, the Board accepted the project in principle, on the basis that the project's costs not exceed \$18 million.

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The Board has approved EGDI's schedule of service charges pertaining to customer support services and has required EGDI to take steps to publicize and inform its customers of them. The Board further required that any proposed changes to the approved schedule be cost justified and applied for in accordance with accepted rate change procedures.

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This Decision is in two volumes. Volume 1 contains the main Decision with Reasons and Volume 2 contains the Appendices which are comprised of the Issues List, the Settlement Proposal, and the Financial Schedules.

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This executive summary does not form part of the Decision and is not to be relied on for the purpose of applying or interpreting the Decision.

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