



RP-2003-0203

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, distribu-
tion, transmission, and storage of gas commencing October 1,
2004.

BEFORE:

Bob Betts
Presiding Member

Paul Sommerville
Member

Pamela Nowina
Member

**FINAL RATE ORDER ARISING FROM THE 2005 TEST YEAR DECISION WITH
REASONS RP-2003-0203**

Enbridge Gas Distribution Inc. ("EGDI", the "Company") filed an application dated December 17, 2003 with the Ontario Energy Board under section 36 of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates for the sale, distribution, transmission, and storage of gas for EGDI's 2005 fiscal year commencing October 1, 2004. The Board assigned file number RP-2003-0203 to the Application.

The Board issued a Partial Decision with Reasons on August 31, 2004 and directed that several rate design changes be implemented on October 1, 2004, including the removal of rate seasonality, except for Rate 135, and an increase in the monthly Rate 1 customer charge to \$11.25 per customer.

On September 3, 2004, EGDI filed its proposal for an interim rate order. The Board issued an Interim Rate Order on September 27, 2004, and noted that a final rate order would be approved after the Board had dealt with the remaining unsettled issues in a forthcoming Decision with Reasons.

On November 1, 2004, the Board issued its RP-2003-0203 Decision with Reasons which included the Board's findings regarding the unsettled issues of Transactional Services, Gas Transportation and Storage Costs, Risk Management, Deferred Taxes and Fiscal Year-End Change.

With regard to rate implementation impact of the RP-2003-0203 Decision, the Board required that ...

"... the Company reflect the changes brought about by this Decision, and the Settlement Proposal, including an updated ROE, in revised financial schedules similar to the "N1, Tab 2" exhibits. These exhibits shall be filed with the Board as soon as possible." (RP-2003-0203 Decision/ para. 7.1.1)

and directed that...

" In order to implement the new rates as quickly as practicable...the Company [to] file a Draft Final Rate Order with the Board as soon as possible. Given the timing of this Decision, the Board expects the new rates would be effective January 1, 2005." (RP-2003-0203 Decision/ para. 7.1.2)

On November 22, 2004, EGDI filed its proposal for a final rate order to be effective January 1, 2005. The proposal included the following elements:

- Restated 2005 Test Year financial statements ("N1, Tab 2" exhibits) indicating a sufficiency of \$9.5 million and a corresponding reduction in rates;
- Unit rates for the one-time adjustment (customer credit) for the period October 1, 2004 to December 1, 2004;
- Unit rates for the one-time adjustment (customer credit) for the disposition of the 2004 deferral account balances for Transactional Services, Unaccounted for Gas and Earnings Sharing.

The Industrial Gas Users Association, the School Energy Coalition, the Vulnerable Energy Consumers Coalition and the Consumers Council of Canada filed submissions, dated December 3, 2004, December 9, 2004, December 10, 2004 and December 9, 2004, respectively, with the Board. The submissions expressed disagreement with EGDI's calculation of the amount of 2004 over-earnings to be shared with ratepayers.

For purposes of this final rate order, the Board will pass through the earnings sharing total as currently proposed by EGDI so as to not unduly delay the implementation of the related customer credit. Regarding the single remaining issue relating to the inclusion of a customer service cost component in the earnings sharing calculation, the Board makes no determination at this time. The Board issued a Letter of Direction, dated December 10, 2004, which set out a timetable for submissions on the issue and recognized that any adjustment resulting from the process would not be ready for inclusion in the January 2005 billing cycle. Once submissions are complete, the Board will determine this issue and make any further orders that may be necessary at that time.

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Upon reviewing the materials, the Board finds it appropriate to issue a final rate order effective January 1, 2005 reflecting the Board's RP-2003-0203 Decision. The Board acknowledges that this rate order will be immediately superceded by another rate order, docket number RP-2003-0203/EB-2004-0492, also effective January 1, 2005, implementing the changes associated with the 2nd quarter Quarterly Rate Adjustment Mechanism ("QRAM"). The two orders provide an administrative path regarding the resulting rates.

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THE BOARD ORDERS THAT:

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1. The Financial Statements attached as Appendix "A" are accepted as the basis for the rates in this order.
2. The rates, attached as Appendix "B" and appearing under col. 5, to this order are hereby approved effective January 1, 2005. These rates will be immediately superceded by the interim rates resulting from the January 2005 QRAM decision.
3. The adjustment to applicable billed volumes during the period October 1, 2004 to December 31, 2004, shall be calculated using the unit rates included in the attached Appendix "C".
4. The 2004 Unaccounted for Gas variance account, the 2004 Transactional Services deferral account and the 2004 Earnings Sharing deferral account balances shall be cleared using the unit rates included in the attached Appendix "D".

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ISSUED at Toronto, December 22, 2004

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ONTARIO ENERGY BOARD

John Zych
Board Secretary

**APPENDIX "A" TO
ENBRIDGE GAS DISTRIBUTION INC.
RATE ORDER
BOARD FILE NO. RP-2003-0203
DATED: December 22, 2004
NOT AVAILABLE ELECTRONICALLY**

**APPENDIX "B" TO
ENBRIDGE GAS DISTRIBUTION INC.
RATE ORDER
BOARD FILE NO. RP-2003-0203
DATED: December 22, 2004
NOT AVAILABLE ELECTRONICALLY**

**APPENDIX "C" TO
ENBRIDGE GAS DISTRIBUTION INC.
RATE ORDER
BOARD FILE NO. RP-2003-0203
DATED: December 22, 2004
NOT AVAILABLE ELECTRONICALLY**

**APPENDIX "D" TO
ENBRIDGE GAS DISTRIBUTION INC.
RATE ORDER
BOARD FILE NO. RP-2003-0203
DATED: December 22, 2004
NOT AVAILABLE ELECTRONICALLY**