# SETTLEMENT PROPOSAL

**August 23, 1999**

ELECTRONIC FILE NOTES:

The Settlement Proposal was filed both on paper and electronically.

The electronic version may differ slightly (pagination and header style) than the printed exhibit.

The Settlement Proposal was filed on August 23, 1999.
Pages 10, 12, 18, 19, 20 and 21 were updated August 25, 1999.
Pages 23, 24, 25, 27, 29 and 33 were updated August 26, 1999.

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This Settlement Proposal is filed with the Ontario Energy Board ("the Board" in connection with the application of The Consumers' Gas Company Ltd., carrying on business under the name "Enbridge Consumers Gas", for an order or orders approving or fixing rates for the sale, distribution, transmission, and storage of gas in Fiscal 2000 (the "Test Year"). A Settlement Conference was conducted on August 3, 4, 5, 6, and 9, 1999 in accordance with Rule 38 of the Board's *Rules of Practice and Procedure* and the Board's *Settlement Conference Guidelines* ("Settlement Guidelines"). The Settlement Proposal arises from the Settlement Conference.

The following parties participated, in whole or in part, in the Settlement Conference: Enbridge Consumers Gas ("the Company"); the Ontario Energy Board Staff ("Board Staff"); the Alliance of Manufacturers and Exporters Canada ("AMEC"); the Canadian Association of Energy Services Companies ("CAESCO"); the Coalition for Efficient Energy Distribution ("CEED"); the Coalition of Eastern Natural Gas Aggregators and Sellers ("CENGAS"); the Consumers' Association of Canada ("CAC"); Enbridge Services Inc. ("ESI", formerly Consumersfirst Ltd.); the Energy Probe Research Foundation ("Energy Probe"); the Green Energy Coalition ("GEC"); the Heating, Ventilation, Air Conditioning Contractors Coalition Inc. ("HVAC"); the Industrial Gas Users Association ("IGUA"); the Ontario Association of Physical Plant Administrators ("OAPPA"); the Pollution Probe Foundation ("Pollution Probe"); the Toronto Catholic District School Board and the Ontario Association of School Business Officials ("Schools"); TransCanada Gas Services, a division of TransCanada Energy Ltd. ("TCGS") TransCanada PipeLines Limited ("TCPL"); and the Vulnerable Energy Consumers Coalition ("VECC").

The Settlement Proposal deals with all of the issues on the Board's Issues List, even if there is no agreement to settle a particular issue or if there is an agreement but not unanimity, such that each issue falls within one of the following three categories:

1. an issue for which there is a complete settlement, because the Company and all of the other parties who discussed the issue either agree with the settlement or take no position on the issue;

2. an issue for which there is a partial settlement, because the Company and certain of the other parties who discussed the issue agree with the settlement, or take no position on the issue, but one or more of the other parties disagree(s) with the settlement; and

3. an issue for which there is no settlement, because the Company and the other parties who discussed the issue are unable to reach an agreement to settle the issue.

A complete or a partial settlement may be conditional in nature; for example, such a settlement may require certain aspects of an issue to be examined during the Board's oral hearing. Each conditional settlement is so labelled.

This Settlement Proposal was prepared in accordance with Rule 39 and the Settlement Guidelines. The Settlement Proposal accordingly describes the agreements reached on the settled issues, including the rationale for each complete or partial settlement, and lists the outstanding issues for which there is no settlement; identifies the parties who agree and who disagree with each settlement or, alternatively, who take no position on the settled issue; and provides a direct and transparent link between each settlement and the supporting evidence in the record to date. In this regard, the parties who agree with the individual settlements are of the view that the evidence provided is sufficient to support the Settlement Proposal 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 on the settled issues. This is the case with both complete and partial settlements, whether conditional or not.

The Settlement Proposal also lists the parties who participated in the discussion of each issue, other than Board Staff, prior to indicating whether or not there is an agreement to settle the issue. Board Staff has been excluded from the issue-by-issue lists because Board Staff participated in the discussion of all issues, for the purposes described in the Settlement Guidelines, and there is accordingly no need to include Board Staff in each such list. Board Staff takes no position on any issue and, as a result, is not a party to this Settlement Proposal.

The schedules to be filed at Exhibit N1, Tab 2 will demonstrate the effect of the Settlement Proposal on the Test Year Rate Base, Cost of Service, Utility Income, and Capital Structure that are presented in Impact Statement No. 1 (Exhibit M1, Tabs 1 and 2). The "N" series of exhibits is intended to assist the Board in its review of the financial consequences of the Settlement Proposal.

An abbreviation is used when identifying exhibit references. By way of illustration, Exhibit D1, Tab 2, Schedule 1, Page 2, Answer 6 is be referred to as D1 2 1, P2-A6 or, alternatively, as D1-2-1, P2-A 6. An abbreviated description of the contents of each exhibit reference is also provided. In this regard, the Company's response to an interrogatory is described by citing the name of the party and the number of the interrogatory (e.g., Board Staff Interrogatory #1), whereas another party's response to an interrogatory is described by citing the names of both parties and the number of the interrogatory (e.g., Board Staff Response to Enbridge Consumers Gas Interrogatory #1).

According to the Settlement 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". The parties who participated in the Settlement Conference consider that the only settled issue for which an adjustment mechanism is appropriate is Issue 4.1 (Cost of Short-Term Debt). The parties who agree with the settlement of this issue are proposing an adjustment mechanism that would provide for an adjustment only if there is a change or more than +/- 30 basis points in the short-term interest rate (as defined in Issue 4.1) during the Board's oral hearing. A detailed description of the adjustment mechanism is included in the agreement to settle the issue.

# 1. OPERATING REVENUE

## 1.1 Economic Forecast, Customer Additions, Volumes, and Revenues

(Complete Conditional Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is an agreement to settle this issue on the following basis:

- The Company's economic forecasts for the Test Year, and those of Prof. Dungan, differ in many respects. Nevertheless, except for the selected interest rate forecasts that pertain to the Company's cost of short-term debt (see Issue 4.1 below), the other parties do not take issue with particular aspects of the Company's forecasts.

- The Company's forecast of customer additions for the Test Year is reduced by 2,251 (from 53,251 to 51,000), which represents a reasonable compromise of different views on the factors that affect such forecasts.

- The Company's forecasts of normalized average uses in Rates 1 and 6 for the Test Year are lower than the Company's estimates of normalized average uses in the same rate classes for Fiscal 1999 (the "Bridge Year"). The extent of the variance is not accepted by the other parties, and so the forecasts will be examined during the oral hearing.

- The Company's forecasts of throughput (i.e., volumes) for the Test Year are accepted by the other parties, for the reasons given in the supporting evidence, except as follows:

    - the forecasts will be reduced by the consequential effect ($3.6\ 10^6 m^3$) of the reduction in customer additions;

    - the forecasts will be adjusted for the consequential effect of the Board-Approved normalized average uses for Rates 1 and 6; and

    - the forecasts will be reduced by the consequential effect ($2.8\ 10^6 m^3$) of the increase in the forecast of gas savings in the DSM Plan (see Issue 6.1.1 below).

- The Company's forecast of revenues derived from late payment penalties for the Test Year is increased by $475,000 (from $ 9.5 million to $10.0 million), which represents a reasonable compromise of different views on the factors that affect such forecasts.

- The Company's forecast of revenues derived from all sources for the Test Year is accepted by the other parties, for the reasons given in the supporting evidence, except as follows:

  - the forecast will be reduced by the consequential effect ($900,000) of the reduction in customer additions;

  - the forecast will be adjusted for the consequential effect of the Board-Approved normalized average uses for Rates 1 and 6;

  - the forecast will be reduced by the consequential effect ($600,000) of the increase in the forecast of gas savings in the DSM Plan (see Issue 6.1.1 below); and

  - the forecast will be increased by the consequential effect ($475,000) of the increase in revenue derived from late payment penalties.

The following parties agree with the settlement: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: none.

The following evidence supports the settlement:

| | |
|---|---|
| B1-4-1 | Customer Additions (Written Direct) |
| B3-2-3 | Customer Additions and Avg. Cost per Customer Addition – Budget 2000 |
| B4-2-3 | Gross Customer Additions and Avg. Cost per Customer Addition Summary Estimated 1999 and Board Approved Budget 1999 |
| B5-2-3 | Gross Customer Additions Comparison Actual 1998 & Board Approved Budget 1998 |
| B5-7-1 | Comparison of Gross Customer Additions 1994-1998 Actuals vs. Board Approved |
| C1-1-1 | Volume Forecasts (Written Direct) |
| C1-1-2 | Updated Volume Forecasts (Written Direct) |
| C1-2-1 | Regulatory Accounting Data (Written Direct) |
| C1-3-1 | Economic Forecasts and Econometric Models (Written Direct) |
| C1-4-1 | Revenue Budget (Written Direct) |
| C1-4-2 | Updated Revenue Budget (Written Direct) |
| C2-1-1 | CRAFT Volumes Forecast |
| C2-2-1 | Economic Outlook |
| C2-3-1 | Interest Rate/Exchange Rate Update – December 1998 |

| | |
|---|---|
| C3-1-1 | Utility Operating Revenue 2000 Test Year |
| C3-1-2 | Comparison of Utility Operating Revenue Budget 2000 and Estimate 1999 |
| C3-2-1 | Gross Margin Analysis by Rate Class 2000 Budget |
| C3-3-1 | Customers, Volumes, and Revenues by Rate Class 2000 Budget |
| C3-3-2 | Comparison of Avg. Customer Numbers by Rate Class 2000 Budget and 1999 Estimate |
| C3-3-3 | Number of Customers Variance Analysis 2000 Budget and 1999 Estimate |
| C3-3-4 | Comparison of Gas Sales and Transportation Volume by Rate Class 2000 Budget and 1999 Estimate |
| C3-3-5 | Comparison of Gas Sales and Transportation Volume by Rate Class 2000 Budget and 1999 Estimate |
| C3-3-6 | Comparison of Gas Sales and Transportation Revenue by Rate Class 2000 Budget and 1999 Estimate |
| C3-3-7 | Gas Sales and Transportation Revenue Variance 2000 Budget and 1999 Estimate |
| C3-3-8 | Alternate Fuel Costs per Customer Class |
| C3-4-1 | Details of Other Revenues Budget 2000 and Estimate 1999 |
| C3-7-1 | Storage and Transmission Revenue Forecast |
| C4-1-1 | Utility Operating Revenue 1999 Bridge Year |
| C4-1-2 | Comparison of Utility Operating Revenue Estimate 1999 and Actual 1998 |
| C4-1-3 | Comparison of Utility Operating Revenue Estimate 1999 and Board Approved Budget 1999 |
| C4-2-1 | Gross Margin Analysis by Rate Class 1999 Estimate |
| C4-3-1 | Customers, Volumes, and Revenues by Rate Class 1999 Estimate |
| C4-3-2 | Comparison of Customer Numbers by Rate Class 1999 Estimate and 1998 Actual |
| C4-3-3 | Variance Analysis of Customer Numbers 1999 Estimate and 1998 Actual |
| C4-3-4 | Comparison of Gas Sales and Transportation Volume by Rate Class 1999 Estimate and 1998 Actual |
| C4-3-5 | Comparison of Gas Sales and Transportation Volume by Rate Class 1999 Estimate and 1998 Actual |
| C4-3-6 | Comparison of Gas Sales and Transportation Revenue by Rate Class 1999 Estimate and 1998 Actual |
| C4-3-7 | Gas Sales and Transportation Revenue Variance 1999 Estimate and 1998 Actual |
| C4-3-8 | Comparison of Gas Sales and Transportation Volume by Rate Class 1999 Estimate and 1999 Board Approved |
| C4-3-9 | Comparison of Gas Sales and Transportation Revenue by Rate Class Estimate 1999 and Board Approved Budget 1999 |
| C4-4-1 | Details of Other Revenue Estimate 1999 and Actual 1998 |
| C4-4-2 | Details of Other Revenue Estimate 1999 and Board Approved Budget 1999 |
| C5-1-1 | Utility Operating Revenue 1998 Historical Year (Written Direct) |
| C5-1-2 | Comparison of Utility Operating Revenue Actual 1998 and Actual 1997 (Written Direct) |
| C5-1-3 | Comparison of Utility Operating Revenue Actual 1998 and Board Approved Budget 1998 (Written Direct) |
| C5-2-1 | Gross Margin Analysis by Rate Class 1998 Actual |
| C5-3-1 | Customers, Volumes, and Revenues by Rate Class 1998 Actual |
| C5-3-2 | Comparison of Average Customer Numbers by Rate Class 1998 Actual and 1997 Actual |
| C5-3-3 | Variance Analysis of Customer Numbers 1998 and 1997 Actuals |
| C5-3-4 | Comparison of Gas Sales and Transportation Volume by Rate Class 1998 Actual and 1997 Actual |
| C5-3-5 | Comparison of Gas Sales and Transportation Volume by Rate Class 1998 Actual and 1997 Actual |
| C5-3-6 | Comparison of Gas Sales and Transportation Revenue by Rate Class 1998 and 1997 Actuals |
| C5-3-7 | Gas Sales and Transportation Revenue Variance 1998 and 1997 Actuals |

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|---|---|
| C5-3-8 | Comparison of Gas Sales and Transportation Volume by Rate Class 1998 Actual and 1998 Board Approved |
| C5-3-9 | Comparison of Gas Sales and Transportation Revenue by Rate Class 1998 Actual and 1998 Budget |
| C5-3-10 | General Service System-Wide Normalized Average Use (Residential, Apartment, Commercial, Industrial) |
| C5-3-11 | Annual Customers (Average Bills) by Rate Class 1991 – 1991 Actual and Budget |
| C5-4-1 | Details of Other Revenue Actual 1998 and Actual 1997 |
| C5-4-2 | Details of Other Revenue Actual 1998 and Board Approved Budget 1998 |
| D1-5-1 | Unbilled and Unaccounted-for Gas Volumes (Written Direct) |
| D1-6-1 | Degree Days (Written Direct) |
| D2-1-1 | Unbilled and Unaccounted-for Gas (“UUF”) Methodology |
| D2-2-1 | Determination of Budget Degree Days |
| D3-2-2 | Unbilled and Unaccounted-for Volumes (1979-2000) |
| D4-2-1 | Unbilled and Unaccounted-for Volumes 1999 Estimate vs. 1999 Board Approved |
| D5-2-1 | Unbilled and Unaccounted-for Volumes 1998 Actual vs. 1998 Board Approved |
| I-1-1 to I-1-3, I-1-5 to I-1-9, I-1-12, I-1-36, I-1-155 to I-1-158 | Board Staff Interrogatories # 1 to 3, 5 to 9, 12, 36, and 55 to 58 |
| I-4-1, I-4-4, I-4-11 | CAC Interrogatories # 1, 4, and 11 |
| I-9-9 | Energy Probe Interrogatory # 9 |
| I-11-1 | HVAC Interrogatory # 1 |
| I-12-23 | IGUA Interrogatory # 23 |
| I-19-1 | Schools Interrogatory # 1 |
| I-24-1 to I-24-6 | VECC Interrogatories # 1 to 6 |

## 1.2 Natural Gas Vehicles (NGV) Program

### 1.2.1 Rate of Return

### 1.2.2 Retention

(No Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is no agreement to settle these issues.

## 1.3 Consequences of EBO 179-14/15 Decision

(No Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is no agreement to settle this issue.

## 1.4 Transactional Services Forecast

(Complete Conditional Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, IGUA, OAPPA, Schools, and VECC.

- There is an agreement to settle this issue on the following basis:

- The forecast of Gross Margin for the Test Year is increased by $405,000 (from $4,095,000 to $4,500,000), with no corresponding increase in marginal O&M expenses, which represents a reasonable compromise of different views on the market conditions likely to prevail in the Test Year relative to the Bridge Year.

- The resultant forecast of Net Revenue for the Test Year ($3.9 million) will be allocated on the basis of the existing sharing ratio in this regard, namely 90 percent to the customer (ratepayer) and 10 percent to the shareholder.

- The sharing ratio applicable to the clearance of a credit balance in the Transactional Services Deferral Account for the Bridge Year ("1999 TSDA") is the existing sharing ratio, namely 75 percent allocated to the customer (ratepayer) and 25 percent allocated to the shareholder. The sharing ratio applicable to the clearance of a debit balance in the 1999 TSDA is also the existing sharing ratio, namely 100 percent allocated to the shareholder.

- The Company's proposal to use the existing sharing ratio to clear a debit balance (0/100) in the Transactional Services Deferral Account for the Test Year ("2000 TSDA") is accepted by the other parties. However, the Company's proposal to continue to use a two-tier sharing ratio for Net Revenue (90/10) and for credit balances (75/25), and to continue to use the existing sharing ratio for credit balances (75/25), instead of the existing sharing ratio for Net Revenue (90/10), to clear a credit balance in the 2000 TSDA is not accepted by the other parties, and so the proposal will be examined during the oral hearing.

The following parties agree with the settlement: the Company, CAC, Energy Probe, IGUA, OAPPA, Schools, and VECC.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: none.

The following evidence supports the settlement:

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|---|---|
| C1-7-1 | Transactional Services (Written Direct) |
| C3-7-2 | Transactional Services Revenue Forecast |
| C4-7-1 | Transactional Services 1999 Estimate vs. Board Approved |
| C5-7-1 | Transactional Services 1998 Actuals vs. Board Approved |
| I-1-23 to I-1-26 | Board Staff Interrogatories # 23 to 26 |
| I-4-2, I-4-3 | CAC Interrogatories # 2 and 3 |
| I-19-22 | Schools Interrogatory # 22 |
| I-24-11 | VECC Interrogatory # 11 |

## 2. RATE BASE

### 2.1 Capital Expenditures
### 2.1.1 Fiscal 1999 Variances from Board-Approved
### 2.1.2 Fiscal 2000 Capital Budget
### 2.1.3 System Expansion

(Complete Conditional Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is an agreement to settle these issues on the following basis:

- The variances between the Company's estimate of capital expenditures and the Board-Approved Capital Budget for Bridge Year are accepted by the other parties, for the reasons given in the supporting evidence, without prejudice to the individual positions of the other parties on the effectiveness of the monitoring and reporting framework for the Company's system expansion portfolios.

- The Company's Information Systems Capital Budget is not accepted by the other parties, and so it will be examined during the oral hearing.

- The Company's Capital Budget for the Test Year is accepted by the other parties, for the reasons given in the supporting evidence, except as follows:

    - the Capital Budget will be reduced by the consequential effect ($5.6 million) of the reduction in customer additions;

- the Capital Budget will be adjusted for the consequential effect the Board-Approved Information Systems Capital Budget; and

- the Capital Budget will be adjusted for the consequential effect of the Board-Approved amount of capitalized administrative and general overheads (see Issue 2.4 below).

- The Company's system expansion policies and procedures, including the Investment Portfolios and Rolling Project Portfolios for the Bridge Year and the Test Year, are accepted by the other parties, for the reasons given in the supporting evidence and the information contained in the update of EBRO 497 Exhibit J6.2 using Bridge Year estimates, which was prepared during the Settlement Conference. The update indicates that the impact of the estimate of capital expenditures for the Bridge Year on the Company's revenue deficiency is smaller than the impact indicated during the EBRO 497 proceeding. The Company has filed the update as Exhibit K1.1 in the oral hearing.

The following parties agree with the settlement: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: none.

The following evidence supports the settlement:

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|---|---|
| A-13-3 | Economic Feasibility Procedure and Policy |
| B1-1-1 | Regulated Utility Rate Base (Written Direct) |
| B1-2-1 | Capital Budget (Written Direct) |
| B1-2-3 | Updated Capital Budget (Written Direct) |
| B1-3-1 | System Expansion and Feasibility (Written Direct) |
| B1-3-2 | Distribution System Expansion (Written Direct) |
| B1-5-1 | Working Cash (Written Direct) |
| B1-7-1 | Tecumseh - Capital Budget Items (Written Direct) |
| B2-1-1 | Working Cash Study |
| B2-2-1 | Rate of Return on Customer Additions |
| B2-2-2 | PCC Monitoring |
| B2-3-1 | Impact System Expansion Revenue on (Deficiency)/Sufficiency 1992-1999 |
| B2-4-1 | Proposed Expansion Projects Additional to Board Approved List - 1999 Estimate |
| B2-4-2 | 2000 Budget - Proposed Expansion Projects |
| B2-4-3 | EBO 188 Contribution and Connection Policies |
| B2-4-4 | System Expansion Administrative Policy |
| B2-4-5 | Societal Cost Test |

| | |
|---|---|
| B2-5-1 | Schedule of Depreciation Rates |
| B3-1-1 | Ontario Utility Rate Base 2000 Test Year vs 1999 Bridge Year |
| B3-2-1 | Comparison of Utility Capital Expenditures Budget 2000 and Estimate 1999 |
| B3-2-2 | 2000 Capital Expenditures by Project (Projects Exceeding $500,000) |
| B3-2-3 | Customer Additions and Average Cost per Customer Addition - Budget 2000 |
| B3-2-4 | Economic Feasibility Analysis (for Applicable Projects exceeding $500,000) |
| B3-2-5 | System Expansion Portfolio - 2000 |
| B3-2-7 | Ontario Utility Opening Undepreciated Capital Cost 2000 Test Year |
| B3-3-1 | Property, Plant, and Equipment Summary Statement - Average Monthly Averages 2000 Test Year |
| B3-3-2 | Underground Storage Year End Balances and Average of Monthly Averages 2000 Test Year |
| B3-3-3 | Distribution Plant Year End Balances and Average of Monthly Averages 2000 Test Year |
| B3-3-4 | General Plant Year End Balances and Average of Monthly Averages 2000 Test Year |
| B3-3-5 | Other Plant Year End Balances and Average of Monthly Averages 2000 Test Year |
| B3-3-6 | Plant Held for Future Use Year End Balances and Average of Monthly Averages 2000 Test Year |
| B3-3-7 | Details of Negative Salvage Value |
| B3-3-8 | Continuity of Gas Plant Under Construction 2000 Test Year |
| B3-4-1 | Working Capital Summary of Average of Monthly Averages |
| B3-4-2 | Working Capital Components Month End Balances and Average of Monthly Averages Receivables 2000 Test Year |
| B3-4-3 | Working Capital Components Month End Balances and Average of Monthly Averages - Prepaid Expenses |
| B3-4-4 | Gas in Storage Month End Balances and Average of Monthly Averages |
| B3-4-5 | Working Capital Components - Working Cash Allowance |
| B4-1-1 | Ontario Utility Rate Base 1999 Bridge Year vs. Board Approved |
| B4-1-2 | Ontario Utility Rate Base 1999 Bridge year vs. 1998 Historical |
| B4-2-1 | Comparison of Utility Capital Expenditures Estimated 1999 and Board Approved Budget 1999 |
| B4-2-2 | 1999 Capital Expenditures by Project (Projects Exceeding $500,000) Comparison of 1999 Estimate and Board Approved 1999 Budget |
| B4-2-3 | Gross Customer Additions and Average Cost per Customer Addition Estimated 1999 and Board Approved Budget 1999 |
| B4-2-5 | System Expansion Portfolio - 1999 |
| B4-3-1 | Property, Plant, and Equipment Summary Statement - Average of Monthly Averages 1999 Bridge Year |
| B4-3-2 | Underground Storage Year End Balances and Average of Monthly Averages |
| B4-3-3 | Distribution Plant Year End Balances and Average of Monthly Averages |
| B4-3-4 | General Plant Year End Balances and Average of Monthly Averages |
| B4-3-5 | Other Plant Year End Balances and Average of Monthly Averages |
| B4-3-6 | Plant Held for Future Use Year End Balances and Average of Monthly Averages |
| B4-3-8 | Details of Negative Salvage Value |
| B4-3-9 | Continuity of Gas Plant Under Construction 1999 Bridge Year |
| B4-4-1 | Working Capital Summary of Average of Monthly Averages 1999 Bridge Year |
| B4-4-2 | Working Capital Components Month End Balances and Average of Monthly Averages - Receivables 1999 Bridge Year |
| B4-4-3 | Working Capital Components Month End Balances and Average of Monthly Averages - Prepaid Expenses |
| B4-4-4 | Gas in Storage Month End Balances and Average of Monthly Averages |
| B4-4-5 | Working Capital Components - Working Cash Allowance |
| B5-1-1 | Ontario Utility Rate Base 1998 Historical Year vs. Board Approved |

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| B5-1-2 | Ontario Utility Rate Base 1998 Historical vs. 1997 Historical |
| B5-2-1 | Comparison of Utility Capital Expenditures Board Approved 1998 and Actual 1998 |
| B5-2-2 | 1998 Capital Expenditures by Project (Projects Exceeding $500,000) Comparison 1998 Actual and 1998 Board Approved Budget |
| B5-2-3 | Gross Customer Additions Comparison Actual 1998 and Board Approved Budget 1998 |
| B5-3-1 | Property, Plant, and Equipment Summary of Average of Monthly Averages 1998 Historical Year |
| B5-3-2 | Underground Storage Year End Balances and Calculation of the Average of Monthly Averages |
| B5-3-3 | Distribution Plant Year End Balances and Calculation of the Average of Monthly Averages |
| B5-3-4 | General Plant Year End Balances and Calculation of the Average of Monthly Averages |
| B5-3-5 | Other Plant Year End Balances and Calculation of the Average of Monthly Averages |
| B5-3-6 | Plant Held for Future Use Year End Balances and Calculation of the Average of Monthly Averages |
| B5-3-7 | Details of Negative Salvage Value |
| B5-3-8 | Continuity of Gas Plant Under Construction for Fiscal 1998 |
| B5-4-1 | Working Capital Summary of Average of Monthly Averages 1998 Historical Year |
| B5-4-2 | Working Capital Components Month End Balances and Average of Monthly Averages 1998 Historical Year |
| B5-4-3 | Working Capital Components Month End Balances and Average of Monthly Averages - Prepaid Expenses |
| B5-4-4 | Gas in Storage Month End Balances and Average of Monthly Averages |
| B5-4-5 | Working Capital Components - Working Cash Allowance |
| B5-5-1 | Ontario Utility Rate Base for Fiscal Years (1994-1998) |
| B5-6-1 | General Plant Capital Expenditures 1994-1998 Actual vs. Board Approved |
| B5-6-2 | Distribution Plant Capital Expenditures and Average Cost per Customer Addition 1994-1998 Actual vs. Board Approved |
| B5-7-1 | Comparison of Gross Customer Additions 1994-1998 Actual vs. Board Approved |
| B5-7-2 | General Service Attachment Volumes by Customer Class 1994-1998 Actual vs. Board Approved |
| B5-8-1 | Summary of EBLO/PL Capital Cost Budget vs. Actual (1993-1998) |
| B5-8-2 | Summary of EBLO/PL Attachments and Volumes Budget vs. Actual (1993-1998) |
| I-1-10 to I-1-14, I-1-27 to I-1-35, I-1-37 to I-1-50, I-1-147, I-1-148, I-1-154, I-1-128, I-1-219 | Board Staff Interrogatories # 10 to 14, 27 to 35, 37 to 50, 147, 148, 154, 218, and 219 |
| I-4-7 to I-4-10 | CAC Interrogatories # 7 and 10 |
| I-9-8 | Energy Probe Interrogatory # 8 |
| I-12-3, I-12-9, I-12-20 to I-12-22 | IGUA Interrogatories # 3, 9, and 20 to 22 |
| I-19-3, I-19-6 to I-19-8 | Schools Interrogatories # 3, and 6 to 8 |
| I-24-12 to I-24-14, I-24-16 to I-24-19, I-24-21 | VECC Interrogatories # 12 to 24, 16 to 19, and 21 |

## 2.2 Customer Information System (CIS)

(No Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is no agreement to settle this issue.

### 2.3 Consequences of EBO 179-14/15 Decision

(No Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is no agreement to settle this issue.

### 2.4 Capitalization of A&G Overheads

(No Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is no agreement to settle this issue.

## 3. COST OF SERVICE

### 3.1 Gas Supply Costs, including Transportation

(Complete Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, IGUA, OAPPA, Schools, TCPL (policy on turnback capacity), and VECC.

There is an agreement to settle this issue on the following basis:

- The Company's forecast of the cost consequences of its gas supply portfolio and its Risk Management Program for the Test Year are accepted by the other parties, for the reasons given in the supporting evidence, except as follows:

    - the gas cost forecast will be reduced initially by the consequential effect ($1.1 million) of the reduction in customer additions (see Issue 1.1 above) and the increase in the forecast of gas savings in the DSM Plan (see Issue 6.1.1 below); and

- the gas cost forecast will be adjusted subsequently for the consequential effect of the Board-Approved normalized average uses for Rates 1 and 6 (see Issue 1.1 above).

- The initially reduced gas cost forecast will form the basis for an interim order increasing the Company's rates for the sale of gas effective October 1, 1999.

- The Company's policy on the turnback of TCPL capacity (D2-6-1) is accepted by the other parties, for the reasons given in the supporting evidence, and the Company will amend its Rate Handbook accordingly.

The following parties agree with the settlement: the Company, CAC, Energy Probe, IGUA, OAPPA, Schools, TCPL (policy on turnback capacity), and VECC.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: none.

The following evidence supports the settlement:

| | |
|---|---|
| D1-1-2 | 2000 Gas Costs Forecasts (Written Direct) |
| D1-1-3 | Turnback of TransCanada Capacity (Written Direct) |
| D1-1-4 | 2000 Gas Costs Forecasts - Update # 1 (Written Direct) |
| D1-1-5 | 2000 Gas Costs Forecast - Update # 2 (Written Direct) |
| D2-6-1 | Letter re: Turnback of TransCanada Capacity |
| D3-2-1 | Summary of Natural Gas Supply and Transportation Contracts |
| D3-2-5 | Summary of Gas Cost to Operations |
| D3-2-6 | Summary of Monthly Gas in Storage Charges and Physical Storage Pool Activity |
| D3-2-8 | Summary of Storage and Transportation Costs |
| D3-2-9 | Canadian Peak Day Supply Mix |
| D3-2-10 | Monthly Buy/Sell Reference Price Calculation |
| D3-2-11 | Forecast FS Fuel Price |
| D3-2-12 | Monthly Pricing Information |
| D4-2-2 | Design and Peak Day Supply Mix-1999 |
| D4-2-4 | Summary of Gas Costs to Operations |
| D4-2-5 | Summary of Monthly Gas in Storage Charges and Physical Storage Pool Activity |
| D4-2-6 | Summary of Storage and Transportation Costs |
| D4-2-8 | Summary of Risk Management Activities Affecting Fiscal 1999 Gas Costs |
| D5-2-2 | Design and Peak Day Supply Mix-1998 |
| D5-2-4 | Summary of Gas Cost to Operations |
| D5-2-5 | Summary of Monthly Gas in Storage Charges and Physical Storage Pool Activity |
| D5-2-6 | Summary of Storage and Transportation Costs |
| I-1-83 to I-1-86, I-1-149 | Board Staff Interrogatories # 83 to 86, and 149 |

| | |
|---|---|
| I-6-14 | CEED Interrogatory # 14 |
| I-19-53 | Schools Interrogatory # 53 |
| I-20-1 to I-20-10 | A.E. Sharp Interrogatories # 1 to 10 |
| I-22-2, I-22-3 | TCPL Interrogatories # 2, and 3 |
| I-24-22 to I-24-28 | VECC Interrogatories # 22 to 28 |

### 3.2 Operation and Maintenance Costs - Consequences of EBRO 497-01 Decision

(No Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is no agreement to settle this issue.

### 3.3 Deferral and Variance Accounts

#### 3.3.1 Fiscal 1999 Account Balances

(Complete Conditional Settlement)

The following parties participated in the discussion of this issue: the Company, AMEC, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is an agreement to settle this issue on the following basis:

- The credit balance recorded in the 1999 TSDA, and the proposed clearance of such balance according to the existing sharing ratio for credit balances (75/25), are accepted by the other parties, for the reasons given in the supporting evidence (see Issue 1.4 above).

- The balance recorded in the Class Action Suit Deferral Account established for Fiscal 1998 (1998 CASDA), and the proposed clearance of such balance, are accepted by the other parties, for the reasons given in the supporting evidence. The balance in the 1998 CASDA was not cleared previously due to the Board's directive in the EBRO 497 Decision with Reasons (para. no. 5.10, p. 78).

- The balances recorded in the following deferral and variance accounts established for Fiscal 1999 (i.e., the Bridge Year), and the proposed clearance of such balances, are accepted by the other parties, for the reasons given in the supporting evidence:

    - 1999 Deferred Rebate Account ("1999 DRA");

- 1999 Demand-Side Management Variance Account - Operating ("1999 DSMVA – Operating");
- 1999 Generic Regulatory Hearings Deferral Account ("1999 GRHDA");
- 1999 Debt Redemption Deferral Account ("1999 DRDA");
- 1999 Lost Revenue Adjustment Mechanism ("1999 LRAM");
- 1999 Municipal Taxes Variance Account ("1999 MTVA");
- 1999 Electronic Regulatory Filings Deferral Account ("1999 ERFDA")
- Customer Communication Plan Deferral Account ("CCPDA");
- Legacy System Upgrade Deferral Account ("LSUDA");
- 1999 Capitalized Administrative Overheads Deferral Account ("1999 CAODA");
- 1999 Class Action Suit Deferral Account ("1999 CASDA");
- 1999 OEB Costs Variance Account ("1999 OEBCVA");
- 1999 Purchased Gas Variance Account ("1999 PGVA");
- 1999 Heating Value Differential Account ("1999 HVDA"); and
- 1999 Union Gas Deferral Account ("1999 UGDA").

- The Company's proposal to establish a Unbundling Business Activities Deferral Account for Fiscal 1999 ("UBADA"), the balance to be recorded in the UBADA, and the proposed clearance of such balance are not accepted by the other parties, and so they will be examined during the oral hearing.

- The balance recorded in the Year 2000 Variance Account established for Fiscal 1999 ("1999 Y2KVA"), and the proposed clearance of such balance, are not accepted by the other parties, and so they will be examined during the oral hearing.

- The balance recorded in the Shared Savings Mechanism Variance Account established for Fiscal 1999 ("1999 SSMVA"), and the allocation and clearance of such balance, is subject to examination in the DSM Consultative process (see Issue 6.1.3 below).

- The Company's proposal to clear the balances recorded in its deferral and variance accounts for the Bridge Year by using its existing methodology to allocate, among rate classes, the balances or the share of the balances, as the case may be, that are to be recovered from the customer (ratepayer) is accepted, for the reasons given in the supporting evidence, except for the balance recorded in the 1999 SSMVA. The balance recorded in the SSMVA will be allocated and cleared in accordance with the EBRO 497-01 Settlement Proposal (Issue B.4, p. 9).

The following parties agree with the settlement: the Company, AMEC (1999 DSMVA-Operating, 1999 LRAM, and 1999 SSMVA), CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: none.

The following evidence supports the settlement:

| | |
|---|---|
| D1-3-1 | 1999 Non-Gas Supply Related Deferral Accounts (Written Direct) |
| D1-3-3 | Legacy Systems Upgrade Deferral Account (Written Direct) |
| D1-3-4 | CCPDA (Written Direct) |
| D1-4-1 | 1999 Gas Supply Related Deferral Accounts (Written Direct) |
| D4-2-3 | Status of Deferral Accounts (Gas Supply Related Accounts) |
| D4-3-1 | Status of Deferral Accounts Non-Gas Supply Related |
| D5-2-3 | Status of Deferral Accounts-Gas Supply Related Accounts Fiscal 1998 |
| D5-3-1 | Status of Deferral Accounts-Non-Gas Supply Related Fiscal 1998 |
| G3-8-1 | Proposed Methodology for Clearing 1999 Deferral Accounts |
| G3-8-2 | Setting Forecast Boundaries for Gas Supply and Non-Gas Supply Deferral Accounts |
| G3-8-3 | Deferral Accounts Forecast to September 30, 1999 |
| I-1-87, I-1-88 | Board Staff Interrogatories # 87, and 88 |
| I-4-42 | CAC Interrogatory # 42 |
| I-19-30 | Schools Interrogatory # 30 |
| I-24-32 | VECC Interrogatory # 32 |

### 3.3.2 Fiscal 2000 Accounts

(Complete Conditional Settlement)

The following parties participated in the discussion of this issue: the Company, AMEC, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is an agreement to settle this issue on the following basis:

- The Company's proposal to establish the 2000 TSDA, including the accounting methodology, are accepted by the other parties, for the reasons given in the supporting evidence. If there is a credit balance in the 2000 TSDA, the Board-Approved sharing ratio will be used to clear such balance (see Issue 1.4 above). However, if there is a debit balance in the 2000 TSDA, the existing sharing ratio (0/100) will be used to clear such balance (see Issue 1.4 above).

- The Company's proposal to establish the following deferral and variance accounts for the Test Year, including the accounting methodology, is accepted by the other parties, for the reasons given in the supporting evidence:

  - 2000 Deferred Rebate Account ("2000 DRA");
  - 2000 Demand-Side Management Variance Account - Operating ("2000 DSMVA-Operating");
  - 2000 Generic Regulatory Hearings Deferral Account ("2000 GRHDA");
  - 2000 Debt Redemption Deferral Account ("2000 DRDA");
  - 2000 Lost Revenue Adjustment Mechanism ("2000 LRAM");
  - 2000 Municipal Taxes Variance Account ("2000 MTVA");
  - 2000 Electronic Regulatory Filings Deferral Account ("2000 ERFDA");
  - 2000 Shared Savings Mechanism Variance Account ("2000 SSMVA");
  - 2000 Customer Communication Plan Deferral Account ("2000 CCPDA");
  - 2000 Heating Value Differential Account ("2000 HVDA"); and
  - 2000 Union Gas Deferral Account ("2000 UGDA").

- The Company's proposal to establish a Purchased Gas Variance Account for the Test Year ("2000 PGVA"), including the accounting methodology in general and the proposed changes pertaining to the Banked Gas Accounts (see Issue 5.1 below) in particular, is accepted by the other parties, for the reasons given in the supporting evidence.

- The Company's proposal to establish a Class Action Suit Deferral Account for the Test Year ("2000 CASDA"), including the accounting methodology, is not accepted by the other parties, and so it will be examined by means of argument.

- The Company's proposal to establish a Year 2000 Variance Account for the Test Year ("2000 Y2KVA"), including the accounting methodology, is not accepted by the other parties, and so it will be examined during the oral hearing.

- The Company's proposal to establish an Unbundling Business Activities Deferral Account for the 2000 Test Year ("UBADA"), including the accounting methodology, is not accepted by the other parties, and so it will be examined during the oral hearing.

- The Company's proposal to establish a Market Restructuring Systems Development Deferral Account ("MRSDDA"), including the accounting methodology, is not accepted by the other parties, and so it will be examined during the hearing but only in conjunction with Issue 7.

- The Company's proposal to establish a Shared Savings Mechanism Variance Account for the Test Year ("2000 SSMVA") is accepted by the other parties, for the reasons given in the supporting evidence, subject to a subsequent adjustment of the initial pivot point in the SSM Formula (see Issue 6.1.1 below).

- The Company's response (D1-2-1) to the Board's commentary (EBRO 497 Decision with Reasons, para. nos. 5.25 to 5.28, pp. 83-84) on the criteria used in determining when to apply for a deferral or variance account, including an in-year deferral or variance account, and on the need to review such criteria upon the implementation of performance-based regulation, is accepted by the other parties (except HVAC).

The following parties agree with the settlement: the Company, AMEC (2000 DSMVA-Operating, 2000 LRAM, AND 2000 SSMVA), CAC, Energy Probe, HVAC (except for criteria), IGUA, OAPPA, Schools, and VECC.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: HVAC (criteria).

The following evidence supports the settlement:

| | |
|---|---|
| A1-2-1 | Criteria for Deferral Accounts (Written Direct) |
| D1-3-2 | 2000 Non-Gas Supply Related Deferral Accounts (Written Direct) |
| D1-3-4 | CCPDA (Written Direct) |
| D1-4-2 | 2000 Gas Supply Related Deferral Accounts (Written Direct) |
| D3-2-4 | Status of Deferral Accounts - Gas Supply Related Accounts |
| D3-3-1 | Status of Deferral Accounts - Non-Gas Supply Related |
| I-1-187 | Board Staff Interrogatory # 87 |
| I-24-33 | VECC Interrogatory # 33 |

## 3.4 Customer Information System (CIS)
### 3.4.1 Benefits
### 3.4.2 Tax Treatment and Levelling Proposal
### 3.4.3 Depreciation and Amortization
(No Settlement)

The following parties participated in the discussion of these issues: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is no agreement to settle these issues.

### 3.5 Year 2000 Costs

(No Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is no agreement to settle this issue.

### 3.6 Consequences of EBO 179-14/15 Decision

(No Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is no agreement to settle this issue.

### 3.7 Home Gas Appliance Inspection Program (classification)

(No Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is no agreement to settle this issue.

### 3.8 Non-utility Eliminations

### 3.9 Affiliate Transactions

(No Settlement)

The following parties participated in the discussion of these issues: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is no agreement to settle these issues.

# 4. COST OF CAPITAL

## 4.1 Cost of Short-Term Debt
## 4.2 Cost of Long-Term Debt and Preference Shares

(Complete Conditional Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, IGUA, OAPPA, Schools, and VECC.

There is an agreement to settle these issues on the following basis:

- The Company's proposed capital structure for the Test Year, including short-term debt with negative value, is not accepted by the other parties, and so the proposed capital structure will be examined during the oral hearing (in the context of Issue 4.3 below). Nevertheless, the cost of the Company's short-term debt, long-term debt, and preference shares can be determined.

- The Company's proposal to treat short-term debt with negative value as short-term investments, and to base the cost of such short-term investments on the forecast 90-day commercial paper rate for the Test Year and weighted by the forecast investment pattern, is not accepted by the other parties, and so the proposal will be examined during the oral hearing because the Board-Approved capital structure may include short-term debt with negative value.

- On the other hand, if the Board-Approved capital structure does not include short-term debt with negative value, the cost of short-term debt will be based on a forecast 90-day commercial paper rate for the Test Year. Forecasts of the 90-day commercial paper rate for each quarter of the Test Year were provided by the Company and Prof. Dungan as follows:

| | 1999:4 | 2000:1 | 2000:2 | 2000:3 | Unweighted Average |
|---|---|---|---|---|---|
| Company (C2-3-1, P2) | 5.10 | 5.15 | 5.20 | 5.25 | 5.18 |
| Prof. Dungan (L1.1, P22) | 4.8 | 4.9 | 5.0 | 5.1 | 5.0 |

- The forecasts of the Company and Prof. Dungan consider many similar factors that will act to influence economic and financial market conditions during the Test Year. The Company and the other parties have reviewed these factors and conclude that a forecast of 5.08 percent for the 90-day commercial paper rate for the Test Year is a reasonable compromise of different views on economic and financial market conditions.

- The Company maintains committed lines of credit, which backstop the Company's commercial paper program, and it is reasonable to include the associated costs in determining the Company's effective cost of short-term debt. Six basis points is a reasonable proxy for such costs.

- The Company's effective cost of short-term debt for the Test Year is accordingly 5.14 percent.

- The cost of short-term debt should be adjusted if, and only if, there is a difference of more than 30 basis points (+/-) in the average short-term interest rate between two periods: August 5-9, 1999 and August 26-30, 1999. For this purpose, the short-term interest rate is the three month Government of Canada T-Bill yield, as supplied by the Royal Bank of Canada and reported as such in the *National Post (FP Investing)*, for each business day in each period. The average short-term interest rate for the initial August period is 4.78 percent, calculated as follows:

| Date | Three Month T-Bill Yield |
|---|---|
| August 5, 1999 | 4.73 |
| August 6, 1999 | 4.80 |
| August 9, 1999 | 4.82 |
| | 4.78 |

- Any adjustment of the cost of short-term debt should be made in accordance with the following procedure:

  - The Company, and other parties who wish to do so, would file updated evidence in relation to forecast 90-day commercial paper rates for each quarter of the Test Year.

  - After considering this evidence during the hearing, the Board would determine a forecast 90-day commercial paper rate to be used in obtaining the Company's cost of short-term debt, to which would be added six basis points as a proxy for the costs of the Company's committed lines of credit, in order to determine the Company's effective cost of short-term debt for the Test Year.

· The cost of the Company's long-term debt and preference shares for the Test Year is accepted by the other parties, for the reasons given in the supporting evidence. The Company does not intend to issue either type of security during the Test Year.

The following parties agree with the settlement: the Company, CAC, Energy Probe, IGUA, OAPPA, Schools, and VECC.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: none.

The following evidence supports the settlement:

| | |
|---|---|
| A-15-1 | Rating Agency Reports |
| E1-1-1 | Capital Structure, Embedded Cost of Debt, Preference Shares (Written Direct) |
| E1-2-1 | Cost of Short-Term Debt, New Debt and Preference, Shares and Cost Thereof and Common Equity Component (Written Direct) |
| E1-2-2 | Cost of Capital (Written Direct) |
| E3-1-1 | Capital Structure and Cost of Capital |
| E3-1-2 | Cost of Term Debt-Summary Schedule |
| E3-1-3 | Cost of Term Debt-Average of Monthly Averages |
| E3-1-4 | Cost of Preference Capital - Summary Schedule |
| E3-1-5 | Cost of Preference Capital - Average of Monthly Averages |
| E3-1-6 | Calculation of Short-Term Unfunded Debt |
| E3-2-1 | Profit on Redemption of Term Debt |
| E3-2-2 | Profit on Redemption of Preference Shares |
| E4-1-1 | Capital Structure and Cost of Capital |
| E4-1-2 | Analysis of Cost of Capital |
| E4-1-3 | Cost of Term Debt - Summary Schedule |
| E4-1-4 | Cost of Term Debt - Average of Monthly Averages |
| E4-1-5 | Cost of Preference Capital - Summary Schedule |
| E4-1-6 | Cost of Preference Capital - Average of Monthly Averages |
| E4-1-7 | Cost of Short-Term Borrowing |
| E4-2-1 | Profit on Redemption of Term Debt |
| E4-2-2 | Profit on Redemption of Preference shares |
| E5-1-1 | Capital Structure and Cost of Capital |
| E5-1-2 | Analysis of Cost of Capital |
| E5-1-3 | Cost of Term Debt and Summary Schedule |
| E5-1-4 | Cost of Term Debt - Average of Monthly Averages |
| E5-1-5 | Cost of Preference Capital - Summary Schedule |
| E5-1-6 | Cost of Preference Capital - Average of Monthly Averages |
| E5-1-7 | Cost of Short-Term Borrowing |
| E5-2-1 | Profit on Redemption of Term Debt |
| E5-2-2 | Profit on Redemption of Preference Shares |
| F1-1-1 | Revenue (Deficiency)/Sufficiency (Written Direct) |
| F3-1-1 | Calculation of Revenue and Required Rate of Return |

| | |
|---|---|
| F3-1-2 | Analysis of Revenue (Deficiency)/Sufficiency 2000 Test Year vs. 1999 Bridge Year |
| F3-2-1 | Ontario Utility Income |
| F3-3-1 | Ontario Utility Rate Base |
| F4-1-1 | Calculation of Revenue Sufficiency - 1999 Bridge Year |
| F4-1-2 | Analysis of Revenue (Deficiency)/Sufficiency 1999 Bridge Year vs. 1998 Board Approved |
| F4-2-1 | Ontario Utility Income |
| F4-3-1 | Ontario Utility Rate Base |
| F5-1-1 | Calculation of Revenue (Deficiency)/Sufficiency - 1998 Historical |
| F5-1-2 | Analysis of Revenue (Deficiency)/Sufficiency - 1998 vs. 1997 Historical Year |
| F5-1-3 | Analysis of Revenue (Deficiency)/Sufficiency 1998 Historical vs. 1998 Board Approved |
| F5-2-1 | Ontario Utility Income |
| F5-3-1 | Ontario Utility Rate Base |
| F5-4-1 | Ontario Utility Income 1998 Weather Normalized Results to 1998 Board Approved (EBRO 495) |
| F5-4-2 | Ontario Utility Income 1997 Weather Normalized Results to 1997 Board Approved (EBRO 492) |
| F5-4-3 | Ontario Utility Income 1996 Weather Normalized Results to 1996 Board Approved (EBRO 490) as Amended |
| F5-4-4 | Ontario Utility Income 1995 Weather Normalized Results to 1995 Board Approved (EBRO 487) |
| F5-4-5 | Ontario Utility Income 1994 Weather Normalized Results to 1994 Board Approved (EBRO 485) |
| F5-5-1 | Weather Normalized and Non-Weather Normalized Return on Common Equity-Year Ended September 30, 1994-1998 |
| I-1-10, I-1-184, I-1-186 | Board Staff Interrogatories # 101, 184, and 186 |
| I-4-44 | CAC Interrogatory # 44 |
| I-12-30 | IGUA Interrogatory # 30 |

## 4.3 Consequences of the EBO 179-14/15 Decision

(No Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, HVAC, IGUA, OAPPA, Schools, and VECC.

There is no agreement to settle this issue.

# 5 COST ALLOCATION AND RATE DESIGN

## 5.1 Disposition of Banked Gas Account Balances

(Complete Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, IGUA, OAPPA, Schools, and VECC.

There is an agreement to settle this issue on the following basis:

- The Company's proposal to change the notification period applicable to the clearance of the balances (both debit and credit) in the Banked Gas Accounts is withdrawn. The proposed notification period could unduly extend the time, relative to the end of a contract year, by which such balances should be cleared.

- The Company's proposal to change the commodity sale price applicable to the disposition of net debit balances in the Banked Gas Accounts, including the offset to the commodity component of the Purchased Gas Variance Account, is accepted by the other parties for the reasons given in the supporting evidence.

The following parties agree with the settlement: the Company, CAC, Energy Probe, IGUA, OAPPA, Schools, and VECC.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: none.

The following evidence supports the settlement:

| | |
|---|---|
| H1-1-1 | Rate Design (Written Direct) |
| I-12-32, I-12-33 | IGUA Interrogatories # 32 and 33 |
| I-19-31, I-19-32 | Schools Interrogatories # 31 and 32 |

### 5.2 Proposed Rate 125

(No Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, IGUA, OAPPA, Schools, TCPL, and VECC.

There is no agreement to settle this issue.

### 5.3 Energy Conversion Factor for Rate 330

(Complete Settlement)

The following parties participated in the discussion of this issue: the Company, CAC, Energy Probe, IGUA, OAPPA, Schools, and VECC.

There is an agreement to settle this issue on the following basis:

- The Company's proposed energy conversion factor for Rate 330 is accepted by the other parties, for the reasons given in the supporting evidence. The proposal would provide the Company with the flexibility to transact its ex-franchise storage business in units of energy as well as volume.

The following parties agree with the settlement: the Company, CAC, Energy Probe, IGUA, OAPPA, Schools, TCPL, and VECC.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: none.

The following evidence supports the settlement:

| | |
|---|---|
| H1-2-1 | Amendment to Rate 330 (Written Direct) |
| I-1-104 | Board Staff Interrogatory # 104 |
| I-24-61 | VECC Interrogatory # 61 |

## 6 DSM

### 6.1 DSM Plan

#### 6.1.1 Program Performance and Savings Targets

(Complete Settlement)

The following parties participated in the discussion of this issue: the Company, AMEC, CAESCO, CAC, Energy Probe, GEC, IGUA, OAPPA, Pollution Probe, Schools, and VECC.

There is an agreement to settle this issue on the following basis:

- The forecast of gas savings in the DSM Plan for the Test Year is increased by eight million cubic metres (from 34 $10^6m^3$ to 42 $10^6m^3$) and, in consequence, the forecast net benefits (i.e., the net present value of resource benefits based on the Total Resource Cost Test using the increased forecast of gas savings) is increased on a proportional basis by $5.9 million ($45 million to $50.9 million).

- The value of the pivot point in the SSM Formula for the Test Year is increased accordingly, subject to subsequent adjustment in order to give effect to the variances, if any, between the forecast net benefits and the actual net benefits (i.e., the net present value of resource benefits based on the Total Resource Cost Test using the Company's actual gas savings for the Test Year) that arise from variances in the following inputs and assumptions: energy savings per measure, avoided costs, discount rates, and measure lives.

The following parties agree with the settlement: the Company, AMEC, CAESCO, CAC, Energy Probe, GEC, IGUA, OAPPA, Pollution Probe, Schools, and VECC.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: none.

The following evidence supports the settlement:

| | |
|---|---|
| D1-7-1 | Fiscal 2000 Demand-Side Management Plan (Written Direct) |
| D2-3-1 | Fiscal 2000 Demand-Side Management Plan |
| I-1-105 to I-1-123, I-1-153 | Board Staff Interrogatories # 105 to 123, and 153 |
| I-2-1 to I-2-7 | AMEC Interrogatories # 1 to 7 |
| I-10-1 to I-10-37 | GEC Interrogatories # 1 to 37 |
| I-18-1, I-18-2 | Pollution Probe Interrogatories # 1 and 2 |
| I-25-33 to I-25-41 | Enbridge Consumers Gas Interrogatories to GEC # 1 to 9 |
| I-27-1, I-27-2 | Board Staff Interrogatories to GEC # 1 and 2 |
| L-10-1 | Evidence of Chris Neme for GEC |

### 6.1.2 Monitoring and Evaluation, including tracking mechanisms
(Complete Settlement)

The following parties participated in the discussion of this issue: the Company, AMEC, CAESCO, CAC, Energy Probe, GEC, HVAC, IGUA, OAPPA, Pollution Probe, Schools, and VECC.

There is an agreement to settle this issue on the following basis:

- The monitoring and reporting requirements set out in the EBRO 497-01 Settlement Proposal (Issue B.5, pp. 11-12) are modified in order to implement an independent evaluation process. This process is intended to satisfy the need for credible result measurement without impairing program flexibility. Specifically, reliance on independent evaluation for impact analysis (including assessment of participation, free-ridership, costs and savings, and the like) and result tabulation (as has been the Company's practice in many instances), particularly for programs with significant implications for the SSM Formula, will enable the Company to maintain program design flexibility while, at the same time, ensuring that measured results will be adequate and credible for the purposes of the SSM Formula. This process, in turn, should reduce the work facing the independent auditor.

- The independent evaluation process will be used for the Company's three largest programs (or sub-programs) for the Test Year, which will together comprise more than 75 percent of the forecast net benefits for the Test Year. A similar approach is planned for future fiscal years, recognizing that re-evaluation of the same programs may not be needed in whole or part where significant changes have not occurred. The Company will continue to develop priorities for evaluation work as part of the DSM Consultative process.

- The Company will select an independent evaluator as part of the DSM Consultative process. The Company and the independent evaluator will work together on an ongoing basis. For example, the independent evaluator will rely upon the Company for collection of data, sampling, and analysis when the Company views this approach as the most economical or practical approach, but only to the extent that the independent evaluator is prepared to endorse and defend such data.

- The Company's evaluation plans for future fiscal years will include the following information in the case of programs where the key elements of program design are known at the time:

  - a prioritization of evaluation needs based on existing information and the relative importance of individual DSM measures and programs;
  - a discussion of the pros and cons of alternative approaches to addressing key evaluation needs;
  - a description of the approach that the Company plans to use to address each key evaluation need and the reason(s) it was selected over other alternatives; and
  - a timetable for evaluation activities.

- The comprehensive monitoring and evaluation report ("M&E Report") contemplated by the EBRO 497-01 Settlement Proposal (Issue B.5, p. 12) will be supplemented in order to provide the following information:

  - a catalogue of DSM measures that lists the unit savings, incremental costs, measure life, description, and data source;
  - a brief description of each program and the combination of measures or projects included in each program, together with the applicable assumptions concerning free riders, free drivers, program costs, participation, and the methodologies for combining measures and projects, and the resultant program screening inputs;

  - a variance report that identifies the changes, if any, in the inputs and assumptions used for the purpose of calculating the forecast net benefits and the actual net benefits, together with the rationale for each such change;
  - a summary of each program evaluation that was conducted during the fiscal year, together with a redacted version of the corresponding evaluation report that removes any commercially sensitive information or customer specific data;
  - a discussion of the uncertainty levels in relation to the evaluation of individual programs; and
  - recommendations on future evaluation priorities.

- The Company will provide a draft of the M&E Report to the members of the DSM Consultative, who will have 30 days to provide their collective comments to the Company. The Company will then finalize the M&E Report and deliver it to the independent auditor, together with the collective comments of the members of the DSM Consultative.

The following parties agree with the settlement: the Company, AMEC, CAESCO, CAC, Energy Probe, GEC, IGUA, OAPPA, Pollution Probe, Schools, and VECC.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: none.

The following evidence supports the settlement:

| | |
|---|---|
| D1-7-1 | Fiscal 2000 Demand-Side Management Plan (Written Direct) |
| D2-3-1 | Fiscal 2000 Demand-Side Management Plan |
| I-1-105 to I-1-123, I-1-153 | Board Staff Interrogatories # 105 to 123, and 153 |
| I-2-1 to I-2-7 | AMEC Interrogatories # 1 to 7 |
| I-10-1 to I-10-37 | GEC Interrogatories # 1 to 37 |
| I-18-1, I-18-2 | Pollution Probe Interrogatories # 1 and 2 |
| I-25-33 to I-25-41 | Enbridge Consumers Gas Interrogatories to GEC # 1 to 9 |
| I-27-1, I-27-2 | Board Staff Interrogatories to GEC # 1 and 2 |
| L-10-1 | Evidence of Chris Neme for GEC |

### 6.1.3 Compliance with EBRO 497-01 Settlement Proposal
(Complete Settlement)

The following parties participated in the discussion of this issue: the Company, AMEC, CAESCO, CAC, Energy Probe, GEC, HVAC, IGUA, OAPPA, Pollution Probe, Schools and VECC.

There is an agreement to settle this issue on the following basis:

- The balance recorded in the 1999 SSMVA, and the allocation and clearance of such balance, will be examined in the DSM Consultative process on the basis of the M&E Report and the results of the independent audit for the Bridge Year.

- As a result of the interrogatory process and settlement discussions, the transparency and completeness of the inputs and assumptions that will be used in calculating the respective values of the actual net benefits and the forecast net benefits (i.e., the initial pivot point) for the Test Year are now satisfactory for the purposes of the SSM Formula and the 2000 SSMVA.

- Nevertheless, the Company the Company will work with the members of the DSM Consultative with a view to standardizing the presentation of such inputs and assumptions in order to minimize regulatory costs; for example, by separating industrial information rather than aggregating it with agricultural information. To this end, the Company's annual DSM Plan for future fiscal years will include the following information: number of participants per measure, measure life, energy savings per measure, energy savings per custom project, free riders and free drivers per measure, free riders and free drivers for custom project category, DSM costs (e.g., incremental costs per measure/project and program costs), avoided gas costs, and discount rates.

The following parties participated in the discussion of this issue: the Company, AMEC, CAESCO, CAC, Energy Probe, GEC, HVAC, IGUA, OAPPA, Pollution Probe, Schools and VECC.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: none.

The following evidence supports the settlement:

| | |
|---|---|
| D1-7-1 | Fiscal 2000 Demand-Side Management Plan (Written Direct) |
| D2-3-1 | Fiscal 2000 Demand-Side Management Plan |
| I-1-105 to I-1-123, I-1-153 | Board Staff Interrogatories # 105 to 123, and 153 |
| I-2-1 to I-2-7 | AMEC Interrogatories # 1 to 7 |
| I-10-1 to I-10-37 | GEC Interrogatories # 1 to 37 |

| | |
|---|---|
| I-18-1, I-18-2 | Pollution Probe Interrogatories # 1 and 2 |
| I-25-33 to I-25-41 | |
| | Enbridge Consumers Gas Interrogatories to GEC # 1 to 9 |
| I-27-1, I-27-2 | Board Staff Interrogatories to GEC # 1 and 2 |
| L-10-1 | Evidence of Chris Neme for GEC |

### 6.1.4 Average Use Trend Data

(Complete Settlement)

The following parties participated in the discussion of this issue: the Company and Energy Probe.

There is an agreement to settle this issue on the following basis:

- The Company will consult with Energy Probe and other interested stakeholders, through the DSM Consultative process, on changing the Company's billing system in order to present average use trend data on customer bills.
- Any such change must await completion of the Year 2000 Program and full implementation of the new Customer Information System.

The following parties agree with the settlement: the Company and Energy Probe.

The following parties disagree with the settlement: none.

The following parties take no position on the issue: none.

The following evidence supports the settlement:

| | |
|---|---|
| I-9-11 | Energy Probe Interrogatory #11 |

## 7. UNBUNDLING OF SERVICES

### 7.1 Scope of Unbundling
### 7.1.1 Distribution, Upstream Transportation, and Storage
### 7.1.1 Customer Care
### 7.1.1 Cost Allocation and Rate Design for Unbundled Services
### 7.4 Terms and Conditions of Unbundled Services
### 7.5 Implementation Timetable

(No Settlement)

The following parties participated in the discussion of these issues: the Company, AMEC, CEED, CENGAS, CAC, ESI, Energy Probe, IGUA, OAPPA, Schools, TCGS, TCPL, and VECC.

There is no agreement to settle these issues. However, the Board has deferred these issues (and the related 2000 MRSDDA in Issue 3.3.2) to a separate phase of this proceeding. The Board will issue a procedural order, in due course, that will establish a procedural schedule for the separate phase, including a settlement conference.