



RP-2003-0203

EB-2004-0492

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 January 1,
2005.

BEFORE:

Bob Betts
Presiding Member

Paul Sommerville
Member

Pamela Nowina
Member

DECISION AND INTERIM RATE ORDER

Enbridge Gas Distribution Inc. ("EGDI" or the "Company") filed an application with the Ontario Energy Board dated December 2, 2004, for an order approving or fixing rates for the sale, distribution, transmission, and storage of gas effective January 1, 2005 (the "Application", the "January 2005 QRAM"). The Board has assigned file number RP-2003-0203/EB-2004-0492 to the Application.

EGDI indicated that the Application was prepared in accordance with the Quarterly Rate Adjustment Mechanism ("QRAM") approved by the Board in RP-2000-0040 and described in Issue 2.2 of the Settlement Proposal for RP-2000-0040. The mechanism was subsequently modified and approved by the Board in RP-2002-0133 as described under Issue 4.2 of that Settlement Proposal and under issue 15.11 of the RP-2003-0203 Settlement Proposal.

The Application included the following information:

- (i) EGDI's recalculated utility price for the second quarter of fiscal 2005 is $\$356.327/10^3\text{m}^3$ ($\$9.454/\text{GJ} @ 37.69 \text{ MJ}/\text{m}^3$) compared to the current utility price of $\$332.236/10^3\text{m}^3$ ($\$8.815/\text{GJ} @ 37.69 \text{ MJ}/\text{m}^3$) for the first quarter of fiscal 2005. The new price as compared to the current price exceeds the 0.5 ¢/m price variance implementation threshold. EGDI therefore requested that the recalculated utility price should be the new utility price effective January 1, 2005.
- (ii) The fiscal 2005 year-end balance in the Purchased Gas Variance Account ("PGVA"), as of September 30, 2005, is forecasted to be a customer credit of \$49.8 million reflecting the recalculated utility price, reduced TransCanada Pipelines Limited transportation tolls and consequential gas storage inventory adjustments. EDGI proposes in this Application to clear the \$49.8 million credit balance through a rate rider since the rate impact of $1.276\text{¢}/\text{m}^3$ is greater than the 0.5 ¢/m threshold.
- (iii) The Gas Supply Charge would increase from $28.5724\text{¢}/\text{m}^3$ to $31.0561\text{¢}/\text{m}^3$ for residential Rate 1 system gas supply customers. For Rate 6 commercial/industrial customers, the Gas Supply Charge would increase from $28.6818\text{¢}/\text{m}^3$ to $31.1656\text{¢}/\text{m}^3$.
- (iv) The impact of the rates contained in the Application on a typical residential customer on system gas together with the consequential effect on the prescribed commodity-related costs, with an annual consumption of $3,064 \text{ m}^3$, amounts to a bill increase of \$70.50 or 4.9% on an annual bill (from \$1,452.22 to \$1,522.72). A typical residential customer on direct purchase will see its total annual bill decrease by \$5.60 or 1.0%.
- (v) EGDI provided a response to the concern expressed by the Board in its Decision in RP-2003-0203 regarding the impact of a rolling 12-month hedge period on the QRAM methodology. The response concludes that for purposes of QRAM no change in methodology is required due to moving to the inclusion of a rolling 12-month hedging period.

The Application, including supporting written evidence, was provided to parties listed on the List of Interested Parties which includes the Intervenor of record in the 2005 Test Year rate application (RP-2003-0203). The Application also set out the dates for filing comments and the Company's reply to those comments. On December 6, 2004, EGDI filed a correction to the List of Interested Parties.

The Board did not receive any submissions which raised issues concerning the Application.

The Board in its October 2004 QRAM Decision had expressed concern regarding the TCPL August 1, 2004 toll reduction that had been missed in the October 2004 QRAM application. The Board noted that it expected EGDI in the January 2005 QRAM application to fully account for the impact of the toll changes, including the identification of the amounts recorded in the 2005 Purchased Gas Variance Deferral Account and effect on future rates. In this regard, EGDI filed a letter with the

Board, dated December 14, 2004, to inform the Board that, with respect to system supply, the 2005 PGVA credit balance of \$49.8 million includes the amount associated with the TCPL toll change for the months of October to December. EGDI proposed to clear that balance through Rider C to system gas customers based on volumes consumed for the period January 2005 to September 2005. EGDI also indicated that the variation in TCPL tolls as it pertains to Western T-service and Ontario ABC deliveries for the same period is captured within the 2005 PGVA, but is not included in the projected balance. EGDI expects to clear the amount to the appropriate customers as part of the year end adjustment for fiscal 2005.

Pursuant to the *Ontario Energy Board Act, 1998*, section 36(4.1), the Board has considered all deferral account balances related to the commodity cost of gas and is adjusting rates, as set out below, to mitigate the potential impact of an increasing customer debit balance for the forecast year end PGVA.

The Board finds that the Company's rate proposal is appropriate on an interim basis.

THE BOARD ORDERS THAT:

1. The final rates for Enbridge Gas Distribution Inc. pertaining to RP-2003-0203 which are to be effective on January 1, 2005 shall be superceded by the interim rates as provided in the Company's Rate Handbook for RP-2003-0203/EB-2004-0492 and contained in Appendix "A" attached to this Interim Rate Order. The interim rates shall be effective January 1, 2005 and shall be implemented in the Company's first billing cycle in January 1, 2005.
2. Effective January 1, 2005, the utility price used in determining amounts to be recorded in the fiscal 2005 Purchased Gas Variance Account shall be $\$356.327/10^3\text{m}^3$.
3. The appropriate form of customer notice set out in Appendix "B" shall accompany each customer's first bill following the implementation of this Interim Rate Order.
4. The parties for service shall be those on the List of Interested Parties attached as Appendix "C".

ISSUED at Toronto, December 22, 2004

ONTARIO ENERGY BOARD

John Zych
Board Secretary

**APPENDIX "A" TO
ENBRIDGE GAS DISTRIBUTION INC.
DECISION AND INTERIM RATE ORDER
BOARD FILE NO. RP-2003-0203/EB-2004-0492
DATED: December 22, 2004
NOT AVAILABLE ELECTRONICALLY**

**APPENDIX "B" TO
ENBRIDGE GAS DISTRIBUTION INC.
DECISION AND INTERIM RATE ORDER
BOARD FILE NO. RP-2003-0203/EB-2004-0492
DATED: December 22, 2004
NOT AVAILABLE ELECTRONICALLY**

**APPENDIX "C" TO
ENBRIDGE GAS DISTRIBUTION INC.
DECISION AND INTERIM RATE ORDER
BOARD FILE NO. RP-2003-0203/EB-2004-0492
DATED: December 22, 2004
NOT AVAILABLE ELECTRONICALLY**