

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, as amended.

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an Order approving or fixing rates for the sale, distribution, storage, and transmission of gas effective April 1, 2004.

APPLICATION FOR RATE ADJUSTMENT Gas Costs Third Quarter - Test Year 2004

Introduction

1. Enbridge Gas Distribution Inc. ("Enbridge") hereby applies to the Board for an order approving or fixing rates for the sale, distribution, storage, and transmission of gas effective April 1, 2004. This Application is made pursuant to, and the order would be issued under, section 36 of the *Ontario Energy Act, 1998*, as amended. The order would be made interim, though, under subsection 21(7) of this statute.
2. This Application and the supporting evidence were prepared in accordance with the process for Enbridge's Quarterly Rate Adjustment Mechanism ("QRAM"). The QRAM process was originally prescribed and subsequently modified, respectively, in the following Settlement Proposals that were approved by the Board as indicated:
 - RP-2000-0040: The QRAM process was prescribed, under Issue 2.2, in the "Settlement Proposal (Main Case)" dated May 11, 2001; see Exhibit N2, Tab 1, Schedule 1, pp. 13-18 of 54. The Board approved the entire Settlement Proposal on May 30, 2001; see transcript volume no. 1, pp. 107-9.

- RP-2002-0133: The QRAM process was modified, under Issue 4.2, in the Settlement Proposal dated March 14, 2003; see Exhibit N1, Tab 1, Schedule 1, pp. 21-25 of 93. The Board approved the entire Settlement Proposal on March 20, 2003; see transcript volume 1, para. 687.
3. The particulars of the QRAM process are described, for ease of reference, in Appendix A to this Application.

Utility Price

4. Enbridge's utility price during this second quarter of Test Year 2004 is \$263.197/10³m³ (\$6.983/GJ @ 37.69 MJ/m³). This price was approved by the Board's Decision and Interim Rate Order dated December 19, 2003 (RP- 2003-0048/EB-2003-0288).
5. Enbridge has recalculated the utility price for the third quarter of Test Year 2004 using the prescribed methodology. The recalculated utility price is \$292.891/10³m³ (\$7.771/GJ @ 37.69 MJ/m³).
6. Enbridge has reflected in its revenue requirement calculation the effect of Order TGI-07-2003 rendered by the National Energy Board regarding TransCanada PipeLines Limited interim tolls. These tolls are effective from January 1, 2004.
7. Enbridge has used this utility price, together with the consequential effect on the prescribed commodity-related costs, as the basis for recalculating the gas supply charges for sales service, and also the delivery charges and the gas supply load balancing charges, effective as of April 1, 2004. The resultant rates would increase the total bill for a typical residential customer on system gas by \$94 or 7.6% (approx.) annually and, for a typical residential customer on direct purchase, would increase the total bill by \$6 or 1.1% (approx.) annually.

PGVA

8. Enbridge has adjusted the forecast balance in its Purchased Gas Variance Account ("PGVA") as of the end of Test Year 2004 (i.e., September 2004) to account for the recalculated utility price and the consequential gas storage inventory adjustments. There have been no changes in upstream transportation tolls during the first quarter of Test Year 2004 to date and, in consequence, Enbridge has made no further adjustments in this regard.
9. The adjusted year-end balance in the PGVA, when translated into ¢/m³ based on forecast consumption for the remainder of Test Year 2004, is 0.6¢/m³ and thus

more than the threshold of $0.5\text{¢}/\text{m}^3$. The adjusted year-end balance will therefore be cleared by means of a rate rider over the remainder of Test Year 2004.

Regulatory Framework

10. The QRAM process includes the regulatory framework for interested parties as well as the Board and its staff to examine the Application with the supporting evidence and, thereafter, for the Board to issue an interim order disposing of the Application. Enbridge's list of interested parties is presented in Appendix B; the list includes the name(s) of the parties and their respective representative(s).
11. Enbridge is filing with the Board one copy of this Application alone by facsimile and, thereafter, 10 copies of the Application with supporting evidence in binder format by courier. Enbridge is also serving the representative(s) of each interested party with one copy of the Application by facsimile and, unless indicated otherwise in Appendix B, with one copy of the Application and the supporting evidence (binder format) by courier. Whenever a person is listed in Appendix B as the representative of more than one interested party, though, Enbridge is serving the person with only one copy of each document.
12. The following is the prescribed regulatory framework for processing the Application:
 - Any responsive comments from interested parties are filed with the Board (10 copies), and served on Enbridge and the other interested parties (one copy), on or before March 9, 2004.
 - Any reply comments from Enbridge are filed with the Board (10 copies), and served on all interested parties (one copy), on or before March 16, 2004.
 - The Board thereafter issues an interim order approving the applicable utility price, gas supply charges for sales service, delivery and load balancing charges for distribution service, or modifying them as required, and likewise the resultant rates effective April 1, 2004.
13. Enbridge requests that the Board issue such an order on or before March 24, 2004. Enbridge would then be able to implement the resultant rates during the first billing cycle in April 2004.

14. Enbridge also requests that all documents in relation to the Application and its supporting evidence, including the responsive comments of any interested party, be served on Enbridge and its counsel as follows:

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DATE: March 1, 2004

ENBRIDGE GAS DISTRIBUTION INC.

Per: _____
Marika O. Hare
Director, Regulatory Affairs