

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 October 1, 2004.

APPLICATION FOR RATE ADJUSTMENT Gas Costs First Quarter - Test Year 2005

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 October 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.
 - RP-2003-0203: The QRAM process was modified, under Issue 15.11 in the Settlement Proposal dated June 17, 2004, Exhibit N1, Tab 1, Schedule 1, pp. 56-58 of 59. The Board approved the entire Settlement Proposal on June 16, 2003; see transcript volume 1, paragraphs. 32 to 39.
3. The particulars of the QRAM process are described, for ease of reference, in Appendix A to this Application.

Utility Price

4. Applying the prescribed method of calculation for the QRAM process, and the rates contemplated by the Settlement Proposal in the RP-2003-0203 proceeding, Enbridge proposes a utility price during this first quarter of Test Year 2005 of $\$332.236/10^3\text{m}^3$ ($\$8.815/\text{GJ}$ @ $37.69 \text{ MJ}/\text{m}^3$).
5. 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 October 1, 2004. The resultant rates are higher than the rates resulting from the Settlement Proposal, since the latter had an embedded utility price of $\$308.159/10^3\text{m}^3$. However these rates are lower than the rates currently in effect (EB-2004-0266) and would decrease the total bill for a typical residential customer on system gas by \$9 or 0.6% (approx.) annually and, for a typical residential customer on direct purchase, by \$25 or 4.2% (approx.) annually.
6. The amendment to the QRAM methodology in RP-2003-0203 requires the Company to clear the PGVA balance arising from an inventory adjustment in the first quarter of the year provided that the threshold of 0.5 cents/m³ is exceeded. However the threshold has not been exceeded, consequently the Company is not proposing to clear the estimated year-end PGVA balance in this application.

Regulatory Framework

7. 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).

8. 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.
9. 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 September 14, 2004.
 - Any reply comments from Enbridge are filed with the Board (10 copies), and served on all interested parties (one copy), on or before September 17, 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 October 1, 2004.
10. Enbridge requests that the Board issue such an order on or before September 24, 2004. Enbridge would then be able to implement the resultant rates during the first billing cycle in October 2004.
11. 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:

(1) Ms. Marika O. Hare
Director, Regulatory Affairs

Telephone: (416) 753-7333
Fax: (416) 495-6072
Electronic access: marika.hare@enbridge.com

(2) Ms. Tania Persad
Legal Counsel, Regulatory

Telephone: (416) 495-5891
Fax: (416) 495-5994
Electronic access: tania.persad@enbridge.com

Address for personal service: Enbridge Gas Distribution Inc.
500 Consumers Road
Willowdale, Ontario
M2J 1P8

Mailing address: P.O. Box 650
Scarborough, Ontario
M1K 5E3

DATE: September 7, 2004

ENBRIDGE GAS DISTRIBUTION INC.

Per: _____
Marika O. Hare
Director, Regulatory Affairs