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By Electronic Filing and By E-mail

May 26, 2009

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto ON M4P 1E4

Dear Ms Walli,

Enbridge Gas Distribution Inc. 2008 Earnings Sharing Mechanism and Other Deferral and Variance Accounts
Board File No.: EB-2009-0055
Our File No.: 339583-000039

Please find enclosed the Interrogatories of our client, Canadian Manufacturers & Exporters ("CME").

Please contact me if you require any further information.

Yours very truly,

Peter C.P. Thompson, Q.C.

\slc
enclosure
c. Intervenors EB-2009-0055
Paul Clipsham (CME)

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EB-2009-0055

IN THE MATTER OF the *Ontario Energy Board Act 1998*, S.O. 1998, c.15, (Schedule B) (the "*Act*");

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an order or orders approving the clearance or disposition of amounts recorded in certain deferral or variance accounts.

Interrogatories of Canadian Manufacturers & Exporters ("CME") to Enbridge Gas Distribution Inc. ("EGD")

1. Ref: Utility Income Calculations Before and After-Taxes – Exhibit B, Tab 5, Schedule 2, lines 18 and 20

Deferral and Variance Account Actual and Forecast Balances – Exhibit C, Tab 1, Schedule 1, page 2

EGD Financial Statements and Regulatory Assets (Liabilities) at December 31, 2008, at Note 3 entitled "Financial Statement affects Rate Regulation" – Exhibit D, Tab 1, Schedule 1 (pages unnumbered)

Earnings Sharing Calculation – Exhibit B, Tab 1, Schedule 2

In Note 3 to the Consolidated Financial Statements at Exhibit D, Tab 1, Schedule 1, there is a list of Regulatory Assets (Liabilities) at December 31, 2008; the balances in each Regulatory Assets (Liabilities) Account at December 31, 2008, and a calculation of the Earnings Impact (After-tax) of each of the items. CME is interested in verifying that the amounts shown for each of these Deferral Accounts in the December 31, 2008 Financial Statements reconciles with the 2008 amounts EGD proposes to clear to ratepayers shown in Exhibit C, Tab 1, Schedule 1 at page 2. As well, the Financial Statements show EGD's Return on Equity for the year ended December 31, 2008, at 11.4%. Whereas the return being used by EGD in the Earnings Sharing Calculation at line 42 of Exhibit B1, Tab 1, Schedule 2 is 10.22%. We wish to verify that the utility income at line 19 of Exhibit B1, Tab 1, Schedule 2 and at line 33 thereof reconcile with the Financial Statements.

In the context of these concerns, please provide the following information:

(a) Are there any revenues or expenses recorded in the 2008 Regulatory Deferral Accounts shown in Exhibit C, Tab 1, Schedule 1, page 2 for the period ending December 31, 2008, which have not been fully reflected in the list of Regulatory Assets (Liabilities) at December 31, 2008, shown in Section 3 of the Notes to the Consolidated Financial Statements of EGD at Exhibit D, Tab 1, Schedule 1 (pages unnumbered)? If so, then please provide details of the variances.

(b) The 2008 "Class Action Lawsuit Settlement Deferral" shown in the list of Regulatory Assets (Liabilities) in the Financial Statements at December 31, 2008, at a value of $20.1M and, according to Footnote 9, recoverable over a 5 year period commencing in 2008, is shown to have an "Earnings Impact (After-tax)" of only ($1.2M). Exhibit C, Tab 1, Schedule 1, page 3 shows an amount charged to ratepayers in 2008 of $4,709,500 for principal and $740,300 for interest. Please explain how the recovery of these costs by way of a deferral account has an impact on 2008 net income which is only ($1.2M).

(c) For each of the other Regulatory Assets (Liabilities) at December 31, 2008, shown in the Notes to the Consolidated Financial Statements, please explain how the "Earnings Impact (After-tax)" is derived and include therein an explanation as to why there is no "Earnings Impact" for certain items such as the Shared Savings Mechanism, and the Deferred Rebate Deferral.

(d) Please describe how ratepayers can easily verify that the Costs and Expenses deducted from Total Operating Revenue to produce Utility Income before taxes of $396.4M and Utility Income after taxes of $305.7M, shown in lines 18 and 20 of Exhibit B, Tab 5, Schedule 2, page 1, do not include any cost and expenses recorded in 2008 Deferral Accounts.

(e) Please provide an exhibit which reconciles the 11.4% Return on Equity shown in the Financial Statements for Enbridge Gas Distribution Inc. and the 10.22% Achieved Return on Equity shown at line 42 of Exhibit B, Tab 1, Schedule 2 in the Earnings Sharing Determination.

2. With respect to balances in various Deferral Accounts which EGD proposes to recover from customers shown in Exhibit C, Tab 1, Schedule 1, page 2, please provide the following information:

(a) With respect to the Deferred Rebate Account, please explain why the amount recorded in 2008 is some $2.1M up from about $500,000 in 2007. In particular, explain why the extent to which the inability to locate customers in 2008 appears to be materially greater than it was in 2007.

(b) With respect to the Ontario Hearing Costs Variance Account and the information shown at Exhibit C, Tab 1, Schedule 6, page 1, please provide a list of all of the Consultants included in the $993,000 shown in Column 2 at line 2, the amounts that each charged EGD in 2008, describe the services each rendered, and indicate the proceedings for which each consultant was retained.

(c) With respect to the Unbundled Rates Customer Migration Variance Account, please show how the principal amount of $485,700 has been derived by listing each migrating customer by letter, showing the bundled rate from which each customer migrated, and the methods which have been used to calculate the revenue consequence of actual migration compared to the forecast migration for the approved unbundled Rates 125 and 300.

(d) With respect to the two Open Bill Service Deferral Accounts, please describe the items of expense included in each of these accounts and the manner in which the amounts in each account have been derived.

(e) With respect to the Municipal Permit Fees Deferral Account, please provide the evidence on which the Company relies to support the proposition that this Deferral Account was intended to extend to capital expenditures.