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February 1, 2010

Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319, 26th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc. – 2010 Rate Adjustment
EB-2009-0172**

We have received a copy of the letter dated January 27, 2010 that was sent to the Board by counsel for the Industrial Gas Users Association in connection with this matter. In that letter, IGUA questions whether the Return on Equity to be used for the purposes of a 2010 earnings sharing calculation should be determined in accordance with the Board's recent decision in EB-2009-0084.

During the EB-2009-0084 proceeding (in other words, at a time when the outcome of the proceeding was not known) Enbridge was clear and consistent in stating that, given the provisions of the EB-2007-0615 Settlement Agreement, the outcome of the proceeding would apply to the earnings sharing calculation. This was stated during the EB-2009-0084 proceeding both in Enbridge's Written Comments filed on September 9, 2009 and in Enbridge's Final Written Comments filed on October 26, 2009. At no time before the outcome of the EB-2009-0084 proceeding was known did any party take issue with Enbridge's statements in this regard.

On January 22, 2010, Enbridge updated its 2010 Rate Adjustment evidence to reflect the EB-2009-0084 decision. In doing so, Enbridge repeated the statement made in its EB-2009-0084 Final Written Comments that the Board-approved ROE would be effective for the purposes of the earnings sharing calculation. Enbridge also reiterated that it does not seek to reopen the EB-2007-0615 Settlement Agreement as a result of the EB-2009-0084 decision - the use of the recently

approved ROE methodology for the purposes of the earnings sharing calculation is based on the wording of the Settlement Agreement as it stands.

Enbridge was not aware that any issue would be taken with the update to its evidence that repeated comments made in the EB-2009-0084 proceeding. However, in its January 27th letter, IGUA indicated that it does not accept that the EB-2007-0615 Settlement Agreement provides for earnings sharing calculations based on the current Board-approved mechanism.

IGUA submits that Enbridge should seek to add to the Issues List for the 2010 Rate Adjustment an issue about the appropriate ROE to be used for the purposes of the earnings sharing calculation. No other party has taken this position. All the same, though, Enbridge agrees with IGUA's view that any issue about the appropriate ROE to be used for the earnings sharing calculation should not be deferred for consideration in the context of the next earnings sharing determination. In addition to IGUA's point about the need for certainty, Enbridge observes that section 11.1 of the EB-2007-0615 Settlement Agreement allows only an abbreviated time-line for consideration of the earnings sharing calculation: the calculation is to be filed as soon as is reasonably possible after year-end financial results have been made public, with a view to clearance of the Earnings Sharing Mechanism Deferral Account no later than the time of the July 1st Quarterly Rate Adjustment.

In short, given that IGUA has raised an issue about the appropriate ROE to be used for the 2010 earnings sharing calculation, it seems that the issue should be added to the Issues List for this proceeding. Enbridge submits that the point can be addressed by adding the following under the heading "Other Issues" in the Final Issues List:

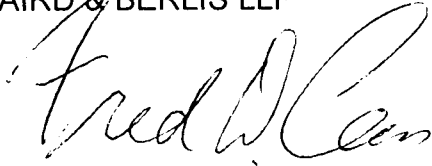
What is the appropriate ROE to be used in the 2010 earnings sharing calculation?

The date set out in Procedural Order No. 3 for interrogatories on Enbridge's pre-filed evidence has already passed. If there are further interrogatories by reason of the addition of the above issue to the Issues List, Enbridge proposes that such questions be provided by February 5th and that answers be given before or at the Technical Conference scheduled for February 11th and 12th.

If you have any questions in this regard, please do not hesitate to contact us.

Yours truly,

AIRD & BERLIS LLP

A handwritten signature in black ink, appearing to read "Fred D. Cass". The signature is fluid and cursive, with the first name "Fred" being more prominent.

Fred D. Cass

FDC/

c.c. N. Ryckman/R. Bourke
All intervenors in EB-2009-0172