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VIA EMAIL RESS and COURIER

March 11, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: Board File No.: EB-2011-0052
Preliminary Assessment of Incentive Regulation Plans
of the Natural Gas Utilities

We are writing in response to the letter of February 25, 2011 in which the Board indicated its intention to conduct a preliminary assessment of the Incentive Regulation (IR) plans of Enbridge Gas Distribution Inc. (Enbridge) and Union Gas Limited. According to the February 25th letter, the Board will undertake a consultation process as part of a preliminary assessment of the IR plans and it will engage a consultant to prepare a report that will inform the consultation. A preliminary list of topics for discussion during the consultation is set out in Attachment B to the February 25th letter.

As the Board is aware, Enbridge has been working for some time on a review of its current IR model and on the design and planning for the regulatory model that it will propose to the Board for implementation after the end of the term of the current IR plan. Enbridge has retained consultants to provide expert advice and assistance to it in connection with this work.

As a result of the IR review and planning work that has been completed to date, it has become apparent to Enbridge that a critical issue to be addressed in any IR model is the treatment of capital spending. Enbridge notes that this issue is not among the preliminary topics for discussion listed in Attachment B. Enbridge respectfully requests that, because it is of such singular importance, the treatment of capital spending under

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an IR plan be added as a specific, stand-alone topic in the preliminary list of topics. Enbridge proposes the following wording for this addition to the preliminary list of topics:

- What are the implications of capital spending within an IR plan?

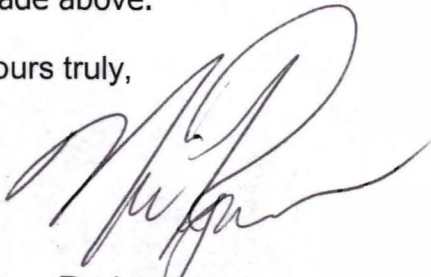
Further, Enbridge believes that it is not appropriate for the Board to hear the views of only one consultant on the topics that are listed in Attachment B. The questions set out in Attachment B are open to a range of different conclusions and methods of analysis. The Board should not proceed with only the analysis and conclusions of one consultant on all of these questions. Enbridge has asked its expert consultant to begin work on as many of the topics identified by the Board as the consultant is able to address.

In the meantime, Enbridge respectfully requests more detail regarding the Board's plans for the consultation meeting in April. Just as in the Renewed Regulatory Framework consultation underway for the Electric Distribution Companies, Enbridge would like an opportunity to comment and shape the scope of review that the Board's consultant will undertake. Further, Enbridge may decide to engage its own consultant in different ways pending the outcome of specific scope or issues.

Enbridge respectfully requests that the Board make allowance in the consultation process for an exchange of the views of expert consultants on the topics listed in Attachment B and for questioning of the expert consultants with respect to their analysis and conclusions. This is precisely the process that took place in Alberta concerning the future of PBR there, as well as for OFGEM in the U.K., and the Board's Natural Gas Forum that set all of these changes in motion, and Enbridge believes it is the most reasonable and fair way to proceed.

If the Board requires any additional explanation or clarification of these comments about the consultation process, we would be pleased to elaborate further on the points made above.

Yours truly,

A handwritten signature in black ink, appearing to read 'Norm Ryckman', with a stylized flourish at the end.

Norm Ryckman
Director, Regulatory Affairs

cc: Mr. F. Call, Aird and Berlis LLP
Interested Parties EB-2011-0052