



FRASER MILNER CASGRAIN LLP

Helen T. Newland
Direct Line: (416) 863-4471
helen.newland@fmc-law.com

VIA EMAIL

January 30, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: Enbridge Gas Distribution Inc.;
Hearing of Settlement Agreement;
Ontario Energy Board File No. EB-2007-0615

We are writing on behalf of Enbridge Gas Distribution Inc. (“Enbridge”) to advise the Ontario Energy Board (“Board”) and intervenors in the above-noted proceeding of the proposal that Enbridge intends to make at the commencement of the oral hearing of the Settlement Agreement, with respect to the procedure that should govern the conduct of that hearing. While this proposal will be advanced by Enbridge, it has been discussed with and is supported by many of the Agreeing Parties (as that phrase is defined on page 6 of the Settlement Agreement).

The Settlement Agreement is comprehensive in that it resolves all rate-making and other issues raised in this proceeding. It is a partial settlement, however, in that three parties – Green Energy Coalition (“GEC”), Pollution Probe, and School Energy Coalition (“SEC”) (collectively, the “Opposing Parties”) – oppose the settlement of certain issues, in whole or in part. The Settlement Agreement states that the Agreeing Parties have settled the issues as a package (“Package”) and that none of the parts of the Package are severable. If, in determining one or more disputed issues, the Board rejects one or more components of the Package, then there is no Settlement Agreement unless and until the Agreeing Parties further agree to accept the Board’s decisions in this regard, without changing the disposition of any of the other components of the Package (Settlement Agreement, p. 6).

The Board's *Settlement Conference Guidelines* ("Settlement Guidelines") set out how the Board will deal with a settlement agreement and, in particular, how it will deal with a partial settlement, (pp. 6-8). The Board's *Rules of Practice and Procedures* (the "Rules") also address this situation (Rule 40). The proposal that Enbridge will be presenting to the Board reflects the Settlement Guidelines and the Rules in this regard.

Enbridge proposes that the process for hearing and deciding to accept, or not, the Settlement Agreement will be as follows:

1. Counsel for Enbridge will present the Settlement Agreement to the Board. Counsel will be assisted by a panel of Enbridge employees who will be available to answer any questions that the Board Panel or Board Staff may have which are technical or detailed in nature and, thus, best addressed by Enbridge itself.
2. The Settlement Guidelines and the Rules provide that parties who do not agree with the settlement of an issue are entitled to cross-examine the applicant on that issue at the hearing. If any or all of the Opposing Parties wish to exercise this right, Enbridge will put up a panel of witnesses to testify in support of the Settlement Agreement with respect to the issues in dispute. The witnesses will be Mssrs. Campbell, Culbert, Hoey and Kacicnik.
3. Enbridge counsel will conduct re-examination, if any, and Enbridge will rest its case.
4. Each of the Opposing Parties will offer evidence (if any) in support of their position that the Settlement Agreement is not appropriate for the constituency they represent. It is Enbridge's position that Opposing Parties bear the burden of leading, at the close of Enbridge's case tomorrow, whatever evidence they feel necessary to support their position.
5. If one or more of the Opposing Parties elect not to offer any evidence, the Board shall request each such party to describe the positions that it will be taking, in argument, on each disputed issue and the findings that it wishes the Board to make in this regard. Enbridge and the other Agreeing Parties are entitled to know the case that they have to meet and this step will facilitate this.
6. Enbridge will present its argument in support of the Settlement Agreement followed by the other Agreeing Parties. The Opposing Parties will present their argument. Enbridge will present its reply argument.
7. The Board Panel will deliberate and issue a decision to accept, or not, the Settlement Agreement.
8. If the Board decides not to accept one or more components of the Package, the Agreeing Parties will advise the Board and the Opposing Parties whether they can accept the

Board's decision without changing the disposition of any of the other components of the Package, thereby, in effect, agreeing to a new Settlement Agreement.

9. If the Agreeing Parties cannot reach such an agreement, under the terms of the Settlement Agreement (p. 6) there is no Settlement Agreement and the Board "will proceed to a hearing of all of the issues on the issues list" (Settlement Guidelines, p. 8).
10. If step 9 above should transpire, the hearing would be conducted on the basis of Enbridge's original application. It might be advisable to convene an Issues Conference in order to determine whether the current list of issues can be narrowed, given that many issues on the Board's Issues List were completely settled and agreed to by all parties to the Settlement Agreement.

Enbridge intends to present the above described proposal at the commencement of the oral hearing or the Settlement Agreement on Thursday, January 31, 2008.

Yours very truly,

(signed) Helen T. Newland

HTN/ko

cc: All intervenors