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April 18, 2012

VIA RESS, COURIER AND EMAIL

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.
2013 COS Test Year
Ontario Energy Board File No. EB-2011-0354

Pursuant to the Board's Procedural Order No. 1 dated March 29, 2012, please find enclosed two paper copies and a CD of the interrogatory responses for the Preliminary Issue - USGAAP in the above noted proceeding.

The interrogatory responses have been filed through the Board's RESS and will be available on the Company's website at www.enbridgegas.com/ratecase.

Sincerely,

[original signed by]

Lorraine Chiasson
Regulatory Coordinator

encl.

cc: Mr. F. Cass, Aird & Berlis LLP
All Interested Parties EB-2011-0354

BOARD STAFF INTERROGATORY #1

INTERROGATORY

Ref: Ex. A1 / Tab 6 / Sch 2

Please confirm that USGAAP is used as the basis for the calculation of the 2013 regulated revenue requirement. If this is not the case, please state which accounting standard is used and provide an explanation.

RESPONSE

USGAAP is the accounting basis used for the calculation of the 2013 regulated revenue requirement.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

BOARD STAFF INTERROGATORY #2

INTERROGATORY

Ref: Ex. A1 / Tab 6 / Sch 2

In Enbridge's application, Enbridge provided the potential advantages and disadvantages of using USGAAP as opposed to MIFRS for ratemaking purposes.

a) Please provide a detailed explanation of how the ratepayers' interests are better served under USGAAP as opposed to MIFRS.

b) Please provide a detailed explanation of any actual or potential disadvantages to Enbridge's ratepayers of using USGAAP as opposed to MIFRS for ratemaking purposes.

RESPONSE

a) As shown in response to Board Staff Interrogatory #5 b) at Exhibit I, Issue USGAAP, Schedule 1.5, the use of MIFRS instead of USGAAP would require a reduction in amounts capitalized to rate base and increased O&M period costs. The result being that the use of MIFRS as opposed to USGAAP would result in an approximate $54 million increase in the 2013 revenue requirement. This alone, without taking account of the other noted benefits, shows that the use of USGAAP results in a significant ratepayer benefit versus using MIFRS.

Enbridge has identified the following other benefits of using USGAAP vs IFRS for ratemaking purposes:

- USGAAP is mostly the same as CGAAP for ratemaking, except for OPEB's where USGAAP is the same as if treated under MIFRS
- Consistency in ratemaking framework and Enbridge's external financial reporting framework, eliminates need for potentially costly reconciliations and additional record keeping supporting the reconciliations.
- With the exception of OPEBs, Enbridge does not expect any other significant impact to earnings/rates as a result of using USGAAP. Under IFRS, there would be other significant impacts to Enbridge's earnings/rates as highlighted in Attachment A of the response to Board Staff Interrogatory #5 a) at Exhibit I, Issue USGAAP, Schedule 1.5.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

- Other major utilities in Ontario have either adopted USGAAP or have indicated their intention to do so. Therefore Enbridge's adoption of USGAAP will result in consistency with other utilities in Ontario as well as across North America.

b) The Company does not believe there are any significant disadvantages to the ratepayers of using USGAAP as opposed to IFRS for ratemaking purposes.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

BOARD STAFF INTERROGATORY #3

INTERROGATORY

Ref: Ex. A1 / Tab 6 / Sch 2

In the application (Ex A1/ Tab 6/ Schedule 2/ page 6), Enbridge stated that one significant impact to Enbridge as a result of the adoption of MIFRS would be the increased costs which would no longer be able to be capitalized to capital assets and would be recorded as current operating expenses. Enbridge articulated that this could cause a significant increase in the revenue requirement. Enbridge stated that it does not plan on changing its capitalization policies as a result of converting to USGAAP.

a) Please quantify the increased costs which would no longer be able to be capitalized to capital assets and would be recorded as current operating expenses.

b) Please confirm that there would be no impact on Enbridge's proposed 2013 revenue requirement as a result of moving to USGAAP from CGAAP with respect to Enbridge's capitalization policies.

RESPONSE

a) The level of costs which would be required to be recognized as current operating costs versus being able to be capitalized is approximately $42.5 million. These costs, are mostly indirect administrative and general overhead costs and pre-construction project costs which under CGAAP/USGAAP are permitted to be capitalized as part of the asset value however, under IFRS are considered an expense during the fiscal year incurred. The $42.5 million shift in cost recognition is not however the revenue requirement impact. The revenue requirement impact as shown in Board Staff interrogatory #5 at Exhibit I, Issue USGAAP, Schedule 1.5 and indicated in Board Staff interrogatory #2 at Exhibit I, Issue USGAAP, Schedule 1.2, is $54 million which includes tax related impacts as shown in the response to Board Staff Interrogatories #2 and #5.

b) Confirmed.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

BOARD STAFF INTERROGATORY #4

INTERROGATORY

Ref: Ex. A1 / Tab 6 / Sch 2

As articulated in the adopted evidence and in Exhibit A1, Tab 6, Schedule 2, page 8, Enbridge is seeking recovery over a 15 year period commencing in 2013 of the amount of $90 million to be recorded in the 2012 Transition Impact of Accounting Changes Deferral Account ("TIACDA"). Enbridge indicates that the $90 million includes amounts related to Other Post Employment Benefit ("OPEB") costs. The purpose of this account is to recognize and record the financial impacts that will occur in 2012 in relation to Enbridge's required transition away from CGAAP to USGAAP.

a) Please confirm that no additional principal amounts will be recorded in the TIACDA from January 1, 2013 and forward. If this is not the case, please explain.

b) As per Exhibit D1, Tab 8, Sch 1, Page 17, Enbridge is proposing to establish a new TIACDA – "2013 Transition Impact of Accounting Changes Deferral Account". Enbridge stated that it:

> *…proposes to establish a 2013 TIACDA to accommodate the impact, if any, of the Board's decision with respect to the Company's proposal for any future required treatment of the impacts of the required transition away from Canadian Generally Accepted Accounting Principles.*

Enbridge has not proposed that interest will be calculated on the balance of the account.

i) Please provide a detailed explanation of the potential impact that Enbridge indicated the new TIACDA is being proposed to accommodate.
ii) Please quantify the potential debits and credits that would be recorded in this account and please explain what they represent.
iii) Please explain why Enbridge is proposing that no carrying charges be recorded on the balance in this account.
iv) Please confirm whether Enbridge's transition date to USGAAP for financial reporting purposes is January 1, 2011 or January 1, 2010, and that the adoption date for financial reporting purposes is January 1, 2012.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

v) Please explain why Enbridge is seeking a 2013 TIACDA account, in addition to the 2012 TIACDA, when USGAAP will be adopted by Enbridge for financial reporting purposes on January 1, 2012, and the transition to USGAAP is effective one or potentially two years earlier than January 1, 2012.

RESPONSE

a) No additional principal amounts will be recorded in the TIACDA from January 1, 2013 forward.

b) i) Enbridge is proposing to capture the Retained Earnings adjustment relating to the write-off of the OPEB regulatory offset account (adjusted for the removal of the unamortized transitional amount) and the difference between the cash and accrual basis of accounting for 2010 and 2011. The OPEB regulatory offset is not permitted for pay-as-you-go plans, such as Enbridge's OPEB plan. The regulatory offset was approximately $83 million at December 31, 2010 and the difference between the cash vs. accrual method for 2011 and 2012 is approximately $4 million and $3 million respectively. Therefore the total impact to be accommodated by the TIACDA is approximately $90 million.

ii) The debit to this account would be approximately $90 million in (b) (i) above. The account would be credited by $6 million each year to reflect the recovery of the account balance over the proposed fifteen year recovery period.

iii) As the treatment requested within the TIACDA is the result of a unique one-time accounting standard change, Enbridge did not propose carrying charges.

iv) Enbridge has adopted USGAAP for financial reporting purposes as at January 1, 2012 and has restated the balances at December 31, 2010 and December 31, 2011 for comparative financial reporting purposes as required.

v) As Enbridge is seeking recovery of the balance to be recorded in the TIACDA over a future fifteen year period commencing in 2013, a 2013 and further future year TIACDA's will be required to record any approved for recovery of yet un-cleared amounts going forward.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

BOARD STAFF INTERROGATORY #5

INTERROGATORY

Ref: Ex. A1 / Tab 6 / Sch 2

As per Exhibit A1/Tab 6/Schedule 2/Page 7, Enbridge referred to Appendix 3 for a summary of the estimated impact to Enbridge as a result of adopting MIFRS. However, Appendix 3 only contains the impact of adopting USGAAP and does not reference MIFRS.

a) Please update Appendix 3 to include the estimated impact to Enbridge as a result of adopting MIFRS as compared to CGAAP.

b) Please provide a regulated revenue requirement impact analysis for the test year 2013 on the following three bases: (1) USGAAP versus CGAAP, (2) MIFRS versus CGAAP, and (3) USGAAP versus MIFRS. In terms of detail, please disaggregate the impact and provide the same level of detail as found in the revenue requirement exhibit filed at Exhibit A2 / Tab 4 / Schedule 1 / Appendix B. Please clearly identify the drivers that differentiate the 2013 revenue requirement under the three bases and please provide a detailed explanation of all noted differences.

c) Exhibit A1, Tab 6, Schedule 2, Appendix 3, as filed in the application, highlights several differences between CGAAP and USGAAP including the push down accounting impact.

   i) Please provide the justification for push-down accounting, particularly since there is no evidence of a change in control. If this is not the case, please explain.
   ii) Please provide more detail on the assets that Enbridge is revaluing.
   iii) Please provide a reconciliation of the balance sheet and income statement from consolidated Enbridge Gas Distribution Inc. to its regulated business from the date of transition to USGAAP to the end of the test year. Please highlight and explain the differences.
   iv) How is Enbridge proposing to keep two different sets of books – e.g. two different fixed asset and depreciation calculation schedules for the assets that Enbridge is revaluing?
   v) Please explain how Enbridge is proposing to recover the costs of keeping two different sets of books.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

vi) Please explain how management fees are going to be impacted by utilizing push-down accounting if, for example, specific accounting expertise may need to be or have been sought. Please cite any other potential impacts on management fees and the specific impacts.

vii) What are the tax implications of push-down accounting? Is the UCC being bumped up as well?

viii) Regarding Enbridge's earnings sharing – does push-down accounting impact utility rate base, utility equity, or utility income used in the earnings sharing calculation? Please identify any component of Enbridge's earnings sharing that push-down accounting impacts.

ix) Please specifically articulate whether and how the push-down accounting impacts are recorded in the proposed 2013 revenue requirement or in any deferral or variance account. Please identify any amounts included in deferral and variance account balances requested for clearance in this application.

d) Exhibit A1, Tab 6, Schedule 2, Appendix 3, as filed in the application, highlights several differences between CGAAP and USGAAP including the Pension/OPEB impact.

i) Please explain the pension/OPEB impact on the 2013 proposed revenue requirement highlighting the differences between USGAAP and CGAAP.

ii) Please explain what these pension/OPEB impacts represent.

iii) Please specifically articulate whether and how the pension/OPEB impacts are recorded in the proposed 2013 revenue requirement or in any deferral or variance account. Please identify any amounts included in deferral and variance account balances requested for clearance in this application.

e) Exhibit A1, Tab 6, Schedule 2, Appendix 3, as filed in the application, highlights several differences between CGAAP and USGAAP including Deferred Financing Costs which are recognized under USGAAP versus CGAAP.

i) Please explain the Deferred Financing Costs impact on the 2013 proposed revenue requirement highlighting the differences between USGAAP and CGAAP.

ii) Please explain what the deferred financing costs represent.

iii) Please specifically articulate whether and how the deferred financing costs are recorded in the proposed 2013 revenue requirement or in any deferral or variance account. Please identify any amounts included in deferral and variance account balances requested for clearance in this application.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

f) Exhibit A1, Tab 6, Schedule 2, Appendix 3, as filed in the application, highlights several differences between CGAAP and USGAAP including Regulatory Deferrals.

   i) Please explain what the Regulatory Deferrals represent.
   ii) Please explain the Regulatory Deferrals impact on the 2013 proposed revenue requirement highlighting the differences between USGAAP and CGAAP.
   iii) Please specifically articulate whether and how the Regulatory Deferrals are recorded in the proposed 2013 revenue requirement or in any deferral or variance account. Please identify any amounts included in deferral and variance account balances requested for clearance in this application.

RESPONSE

a) Enbridge has provided a similar estimated balance sheet and income statement impact for 2010 as a scenario of the adoption of IFRS, provided as Attachment A.

b) CGAAP does not exist for Enbridge for 2013, however, the impact of having to move from a cash basis of accounting for other post employment benefits to the accrual method in 2013 results in an approximate $1.7 million revenue requirement increase. We have provided a comparison of the impact on the revenue requirement as filed using USGAAP to the revenue requirement which would have been filed using MIFRS as Attachment B.

c) i) The recognition of push down accounting impacts within the restated financials under USGAAP, is required as a result of the adoption of USGAAP. As indicated in Note 1) at EB-2011-0354, Exhibit A1, Tab 6, Schedule 2, Appendix 3, none of the push down accounting amounts are included in the regulated utility line of business financial records used for the development of regulated utility results, and therefore do not have an impact either from an actual or budgeting perspective.

   ii) The push down accounting adjustment revalues Enbridge's assets to the fair market value of those assets at the date on which Enbridge was acquired by its parent. This adjustment was previously recorded in the financial records of Enbridge's parent. However, this adjustment and the resulting revaluation are not included in the financial records of the regulated utility business of Enbridge.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

iii) As indicated in response to part c), i), none of the amounts shown in the USGAAP restated financials relating to push down accounting, have an impact on the regulated utility results. Enbridge is not able to provide the requested reconciliations for the four years requested (2010 to 2013) as these reconciliations require a considerable disaggregation of detailed information and more time than is available for this response. Enbridge completed and filed a reconciliation of the 2010 income statement within the EB-2011-0008 proceeding, which did require an extensive amount of time and effort and has provided that as indicated below. Enbridge has provided a reconciliation, Attachment C, of the Enbridge Gas Distribution Inc. 2010 consolidated net property, plant and equipment amount, shown as Reported CGAAP on page 1 of Exhibit A1, Tab 6, Schedule 2, Appendix 3 to the opening 2011 regulated utility net property, plant and equipment, as an example that and to alleviate any concerns that utility results are not unduly impacted by USGAAP reconciling amounts. Enbridge has also provided a reconciliation, Attachment D, of the 2010 Reported CGAAP consolidated earnings shown on page 2 of Exhibit A1, Tab 6, Schedule 2 to the 2010 actual Utility results which were filed within EB-2011-0008, Exhibit B, Tab 1, Schedule 4, page 1.

iv) and v) The Company will not have two different sets of books. The push down accounting asset revalue amount and the amortization of this amount will be accounted for separately and not included within the regulated utility line of business financial records utilized for the development of regulated utility actual or budgeted results. The Company is simply recording the impact of push down accounting as a consolidating adjustment separate from the regulated utility line of business and it does not have two different sets of books.

vi) There is no impact on management fees.

vii) Utility taxes are calculated on a stand-alone basis and there are no utility tax implications from push down accounting.

viii) As explained previously, the regulated utility line of business financial records do not contain the impacts of any of the push down accounting recognition. Therefore none of utility rate base, equity, income or earnings sharing amounts are affected by the push down accounting amounts.

ix) There are no 2013 revenue requirement or deferral and variance account implications from push down accounting impacts.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

d) i) The only impact as a direct result of having to convert away from CGAAP to USGAAP is with respect to the required treatment of other post employment benefits on an accrual basis versus the previously allowed cash basis which results in an approximate $1.7 million revenue requirement increase.

ii) The pension/OPEB impacts highlighted represent the recognition of pension/OPEB related costs under USGAAP that were not required to be recognized under CGAAP. For Pensions, the impacts represent recognition of unamortized actuarial gains/losses & unamortized past-service costs in the funded status of the Pension liability and in the regulatory offset account for Pension. For OPEBs, the impacts represent the write-off of the OPEB regulatory offset account (adjusted for the removal of the unamortized transitional amount). The OPEB regulatory offset is not permitted for pay-as-you-go plans, such as Enbridge's OPEB plan.

iii) For 2013, the revenue requirement impact from having to convert away from CGAAP to USGAAP is explained in part d), i) above. The amount Enbridge is seeking approval of to record in the TIACDA is $90 million the details of which are explained in the response to Board Staff Interrogatory #4, part b), i) at Exhibit I, Issue USGAAP, Schedule 1.5 above.

e) i) There is no impact to 2013 revenue requirement as a result of the treatment of deferred financing costs under USGAAP.

ii) Deferred financing costs represent costs incurred in issuing long-term & short-term debt. These costs are offset against the related debt under CGAAP, however USGAAP requires that these costs be presented as deferred assets on the Balance Sheet and not be offset against the related debt. Therefore the adjustment recorded by Enbridge represents a reclassification of the deferred financing costs from the debt account to a deferred asset account. It does not represent recognition of deferred financing costs not previously recognized under CGAAP, but rather a reclassification of such costs as a result of adopting USGAAP.

iii) The deferred financing costs reclassification does not impact the 2013 revenue requirement any differently than prior to its requirement or any deferral and variance accounts.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

f) i) The regulatory deferrals represent the amortization of regulatory assets and liabilities under USGAAP. The amortization represents amounts refunded/collected in rates during the year; and this amortization is presented under USGAAP through a gross up of revenues and expenses. There is no net earnings impact as a result of the treatment of Regulatory Deferrals under USGAAP whereas there would be significant impacts under IFRS.

ii) The regulatory deferrals do not impact the 2013 revenue requirement.

iii) The 2013 regulatory deferrals will be accounts and amounts approved by the Board which have no direct impact within the 2013 revenue requirement.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

Enbridge Gas Distribution Inc.

Balance Sheet

(millions of Canadian dollars)	As previously reported under Canadian GAAP	Inventory	Employee Benefits	Regulatory Deferrals	Capitalization	Decommissioning Liabilities	Per IFRS
Assets							
Current Assets							
Cash and cash equivalents	**-**						**-**
Accounts receivable	**770**						**770**
Gas inventories	**400**	(98)					**302**
Other current assets	**32**				-		**32**
Future income taxes	**0**						**-**
	1,202	**(98)**	**-**	**-**	**-**	**-**	**1,104**
Property, Plant and Equipment, net	**4,458**				(40)	6	**4,424**
Intangible Assets	**167**						**167**
Investment in Affiliate Company	**825**						**825**
Deferred Amounts and Other Assets	**487**		(238)	(234)			**15**
	7,139	**(98)**	**(238)**	**(234)**	**(40)**	**6**	**6,535**
Liabilities and Shareholders' Equity							
Current Liabilities							**-**
Bank overdraft	**18**						**18**
Short-term borrowings	**332**						**332**
Accounts payable	**776**			-		-	**776**
Other current liabilities	**60**	(23)	(3)		(9)	(0)	**25**
Provisions	**0**					7	**7**
Current maturities of long-term debt	**150**						**150**
Future income taxes	**5**						**5**
	1,341	**(23)**	**(3)**	**-**	**(9)**	**7**	**1,312**
Long-Term Debt	**2,267**						**2,267**
Other Long-Term Liabilities	**1,058**		(194)	(213)			**651**
Long-term Provisions	**0**						**-**
Future Income Taxes	**171**		(7)				**164**
Loans from Affiliate Company	**375**						**375**
	5,212	**(23)**	**(204)**	**(213)**	**(9)**	**7**	**4,769**
Shareholders' Equity							
Share capital							
Preferred shares	**100**						**100**
Common shares	**1,071**						**1,071**
Contributed surplus	**202**						**202**
Retained earnings	**572**	(75)	(34)	(21)	(31)	(1)	**411**
Accumulated other comprehensive loss	**(18)**						**(18)**
	1,927	**(75)**	**(34)**	**(21)**	**(31)**	**(1)**	**1,766**
Commitments and Contingencies							
	7,139	**(98)**	**(238)**	**(234)**	**(40)**	**6**	**6,535**

Enbridge Gas Distribution Inc.

Income Statement

(millions of Canadian dollars)	As previously reported under Canadian GAAP	Inventory	Employee Benefits	Regulatory Deferrals	Capitalization	Decommissioning Liabilities	Per IFRS
Gas commodity and distribution revenue	1,977						1,977
Transportation of gas for customers	390						390
	2,367	-	-	-	-	-	2,367
Gas commodity and distribution costs, excluding depreciation	(1,372)	(98)					(1,470)
Gas distribution margin	995	(98)	-	-	-	-	897
Other revenue	108						108
	1,103	(98)	-	-	-	-	1,005
Expenses							
Operating and administrative	393		13		40		446
Depreciation and amortization	270					-	270
Municipal and other taxes	44						44
Earnings sharing	19						19
	726	-	13	-	40	-	779
	377	(98)	(13)	-	(40)	-	226
Affiliate financing income	63						63
Interest expense	(186)					(1)	(187)
	254	(98)	(13)	-	(40)	(1)	102
Income taxes							
Current	(59)	23	3		9	0	(24)
Deferred	(2)						(2)
	(61)	23	3	-	9	0	(26)
Earnings	193	(75)	(10)	-	(31)	(1)	76
Preferred share dividends	(2)						(2)
Earnings attributable to the common shareholder	191	(75)	(10)	-	(31)	(1)	74

COMPARISON OF 2013 REVENUE REQUIREMENT
AS FILED USGAAP versus MODIFIED IFRS

Line No.	($Millions)	USGAAP 2013	MIFRS Adjustments	MIFRS 2013
	Cost of capital			
1.	Rate base	4,120.3	(22.8)	4,097.5
2.	Required rate of return	7.35%	7.35%	7.35%
3.	Cost of capital	302.8	(1.7)	301.2
	Cost of service			
4.	Gas costs	1,548.6	-	1,548.6
5.	Operation and Maintenance	336.7	42.5	379.2
6.	Depreciation and amortization	289.6	(0.7)	288.9
7.	Municipal and other taxes	42.4	-	42.4
8.	Cost of service	2,217.3	41.8	2,259.1
	Misc. & Non-Op. Rev			
9.	Other operating revenue	(38.3)	-	(38.3)
10.	Other income	(0.7)	-	(0.7)
11.	Misc, & Non-operating Rev.	(39.0)	-	(39.0)
	Income taxes on earnings			
12.	Excluding tax shield	73.2	-	73.2
13.	Tax shield provided by interest expense	(34.6)	0.1	(34.5)
14.	Income taxes on earnings	38.6	0.1	38.7
	Taxes on (def) / suff.			
15.	Gross (def.) / suff.	(80.3)	(54.4)	(134.7)
16.	Net (def.) / suff.	(59.8)	(40.5)	(100.3)
17.	Taxes on (def.) / suff.	20.5	13.9	34.3
18.	**Revenue requirement**	2,540.2	54.0	2,594.3
	Revenue at existing Rates			
19.	Gas sales	2,137.5	0.0	2,137.5
20.	Transportation service	320.6	0.0	320.6
21.	Transmission, compression and storage	1.7	0.0	1.7
22.	Rounding adjustment	0.1	0.0	(0.2)
23.	Revenue at existing rates	2,459.9	0.0	2,459.6
24.	**Gross revenue (def.) / suff.**	(80.3)	(54.0)	(134.7)

Note: These are revenue requirement related elements exclusive of Customer Care / CIS related amounts

RECONCILIATION OF 2010 ENDING / 2011 OPENING CGAAP
EGDI AUDITED GROSS PROPERTY, PLANT AND EQUIPMENT
TO UTILITY GROSS PROPERTY, PLANT AND EQUIPEMNT

Line No.	Gross PPE ($Millions)	Description
1.	5,984.4	Gross PPE per audited statements (Note 1)
2.	227.3	Gross intangible assets (software and CIS) per audited statements (Note 1)
3.	(53.9)	Non-utility subsidiary St. Lawrence Gas assets
4.	(52.2)	Unregulated Storage assets
5.	(17.5)	Non-utility Oil & Gas production assets
6.	(1.0)	Non-utility farm lands
7.	(0.1)	Non-utility farm structures
8.	(0.6)	Non-utility branding costs
9.	(0.5)	Board disallowed K-711 compressor
10.	(2.7)	Board disallowed Mississauga Southern Link costs
11.	(9.1)	Removal of gross shared assets
12.	(77.0)	Incomplete work-in-progress excluded from rate base
13.	(25.2)	Remove inventory grouped with PPE
14.	5,972.0	Gross PPE per 2010 year end / 2011 opening Utility Rate Base (Note 2)

Notes:

1. The reported C-GAAP net property, plant and equipment and intangible asset balances of $4,458M and $167M shown in Exhibit A1, Tab 6, Schedule 2, Appendix 3, Page 1, agree to the audited financial statements filed in EB-2011-0008 at Exhibit D, Tab1, Schedule 1, Page 8. These balances also serve as the starting point for the 2011 through 2013 PPE amounts presented in this proceeding, and are not impacted by USGAAP. The net balances are broken down into gross and accumulated components on pages 17 and 18 of the audited financial statements as follows:

	Gross	Accumulated	Net
Property, plant and equipment	5,984	(1,526)	4,458
Intangible assets	227	(60)	167

2. 2011 utility opening gross plant values from EB-2011-0354:

	Opening Balance	Reg. Adj.	Utility Opening Balance
Underground storage (B5-1-2-p2-Col. 1 & 5)	296.8	(1.5)	295.3
Distribution plant (B5-1-2-p4-Col. 1 & 5)	5,300.8	(3.1)	5,297.7
General plant (B5-1-2-p6-Col. 1 & 5)	386.2	(0.3)	385.9
Other plant (B5-1-2-p8-Col. 1 & 5)	0.5	-	0.5
Future use plant (B5-1-2-p10-Col. 1 & 5)	1.7	-	1.7
Sub-total	5,986.0	(4.9)	5,981.1
Remove Shared Assets (B5-1-2-p1-Col. 1)			(9.1)
Utility opening balance			5,972.0

RECONCILIATION OF 2010 ENDING / 2011 OPENING CGAAP
EGDI AUDITED ACCUMULATED DEPRECIATION / AMORTIZATION
TO UTILITY ACCUMULATED DEPRECIATION / AMORTIZATION

Line No.	Acc. Dep. ($Millions)	Description
1.	(1,526.3)	Accumulated depreciation per audited statements (Note 1)
2.	(60.1)	Accumulated amortization on intangible assets per audited statements (Note 1)
3.	(753.1)	Inclusion of future removal and site restoration costs (Note 2)
4.	24.6	Non-utility subsidiary, St. Lawrence Gas accumulated dep. / amort.
5.	2.4	Unregulated Storage accumulated depreciation
6.	7.2	Non-utility Oil & Gas production accumulated depreciation
7.	0.1	Non-utility farm structures accumulated depreciation
8.	0.2	Non-utility branding costs accumulated depreciation
9.	0.1	Board disallowed K-711 compressor accumulated depreciation
10.	1.8	Board disallowed Mississauga Southern Link accumulated depreciation
11.	0.9	Removal of accumulated depreciation on shared assets
12.	0.2	Rounding
13.	(2,302.0)	Accum. dep. per 2010 year end / 2011 opening Utility Rate Base (Note 3)

Notes:

1. The reported C-GAAP net property, plant and equipment and intangible asset balances of $4,458M and $167M shown in Exhibit A1, Tab 6, Schedule 2, Appendix 3, Page 1, agree to the audited financial statements filed in EB-2011-0008 at Exhibit D, Tab1, Schedule 1, Page 8. These balances also serve as the starting point for the 2011 through 2013 PPE amounts presented in this proceeding, and are not impacted by USGAAP. The net balances are broken down into gross and accumulated components on pages 17 and 18 of the audited financial statements as follows:

	Gross	Accumulated	Net
Property, plant and equipment	5,984	(1,526)	4,458
Intangible assets	227	(60)	167

2. Future removal and site restoration costs are identified in the audited financial statements filed in EB-2011-0008 at Exhibit D, Tab1, Schedule 1, Pages 15 and 16.

3. 2011 utility opening accumulated depreciation / amortization values from EB-2011-0354:

	Opening Balance	Reg. Adj.	Utility Opening Balance
Underground storage (B5-1-2-p3-Col. 1 & 6)	(105.7)	0.2	(105.5)
Distribution plant (B5-1-2-p5-Col. 1 & 6)	(2,081.2)	1.8	(2,079.4)
General plant (B5-1-2-p7-Col. 1 & 6)	(116.8)	0.2	(116.6)
Other plant (B5-1-2-p9-Col. 1 & 6)	(0.5)	-	(0.5)
Future use plant (B5-1-2-p11-Col. 1 & 6)	(0.9)	-	(0.9)
Sub-total	(2,305.1)	2.2	(2,302.9)
Remove Shared Assets (B5-1-2-p1-Col. 2)			0.9
Utility opening balance			(2,302.0)

RECONCILIATION OF AUDITED EGDI
CONSOLIDATED INCOME TO UTILITY INCOME
2010 HISTORICAL YEAR

Line no.		Col. 1 Audited Consolidated Income ($millions)	Col. 2 Utility Income ($millions)	Col. 3 Difference ($millions)	Col. 4 Reference
1.	Gas commodity and distribution revenue	1,977.1	1,988.0	10.9	a)
2.	Transportation of gas for customers	389.5	460.1	70.6	b)
3.		2,366.6	2,448.1	81.5	
4.	Gas commodity and distribution costs	1,371.9	1,450.7	78.8	c)
5.	Gas distribution margin	994.7	997.4	2.7	
6.	Other revenue	108.2	55.2	(53.0)	d)
7.		1,102.9	1,052.6	(50.3)	
	Expenses				
8.	Operation and maintenance	393.3	346.7	(46.6)	e)
9.	Earnings sharing	18.9	-	(18.9)	f)
10.	Depreciation	269.9	266.9	(3.0)	g)
11.	Municipal and other taxes	44.0	40.7	(3.3)	h)
12.	Company share of IR agreement tax savings	-	16.0	16.0	i)
13.		726.1	670.3	(55.8)	
14.	Income before undernoted items	376.8	382.3	5.5	
15.	Financing income	62.7	-	(62.7)	j)
16.	Interest and financing expenses	(185.7)	(5.1)	180.6	k)
17.	Income before income taxes	253.8	377.2	123.4	
18.	Income taxes	60.5	71.2	10.7	l)
19.	Net Income	193.3	306.0	112.7	

Witnesses: K. Culbert
R. Small

BOARD STAFF INTERROGATORY #6

INTERROGATORY

Ref: Ex. A1 / Tab 6 / Sch 2

Please identify any regulatory deferral or variance accounts requested as a result of the change in accounting standard from CGAAP to USGAAP. For each such account, please describe why it is required and identify the audited December 31, 2011 balances or any projected balances for new accounts being requested in this application or prior applications.

RESPONSE

Within our 2012 EB-2011-0277 proceeding, Enbridge requested approval of the Transition Impact Accounting Deferral Account ("TIACDA") to record the impacts of converting away from CGAAP to USGAAP. Under CGAAP an asset was permitted to be recorded for the cumulative difference between the cash basis of accounting for Other Post Employment Benefits ("OPEBs") utilized for regulatory purposes versus the accounting treatment of OPEB's on an accrual basis. Under USGAAP, such differences are not allowed to be recorded as an asset for financial statement purposes unless there is a regulator order approving future recovery. The balance being requested to be recorded and recovered through the TIACDA in the 2013 EB-2011-0354 proceeding is $90 million. There are no other deferral or variance accounts being requested as a result of the change in accounting standards.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

BOARD STAFF INTERROGATORY #7

INTERROGATORY

Ref: EB-2008-0408 Addendum to Report of the Board, June 13, 2011

On page 19 of the Addendum Report, the Board states:

> *The Board cautions utilities that the adoption of USGAAP as a short term solution may be counter-productive. If a utility is required to transition to IFRS for financial reporting purposes a few years after adopting USGAAP, certain transitional issues may not have been avoided, but delayed, and additional costs may be incurred if the utility changes its accounting standard twice. The Board will carefully scrutinize the costs incurred to accomplish two successive transitions if the utility seeks to recover these costs from ratepayers.*

a) Please provide the amount of the incremental one-time administrative IFRS transition costs approved by the Board in prior Enbridge proceedings. Please state whether and how any of these costs have been reflected in rates approved by the Board.

b) Please provide the balance of the incremental one-time administrative IFRS transition costs incurred as at December 31, 2011. Please provide the amount which has been approved by the Board to be recovered through rates and discuss how it has been recovered.

c) Please explain how Enbridge proposes to address the Board's concern in regards to the potential incremental costs associated with a possible future transition to IFRS after the transition to USGAAP is completed or if the requirements of USGAAP converge with those of IFRS over time.

d) Please confirm that Enbridge is not seeking recovery of the USGAAP incremental one-time transition costs incurred to date in this application. Please advise whether Enbridge is planning to seek recovery in the future of these costs or any additional costs planned to be incurred.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

RESPONSE

a) Enbridge has received approval to recover a total of $4,171.6 thousand in incremental one-time IFRS transition costs, of which $2,091.0 was recorded and approved for recovery in the 2009 IFRSTCDA, and $2,080.6 was recorded and approved for recovery in the 2010 IFRSTCDA. The amounts were recovered as part of Board Approved one-time bill adjustments that occurred in January and October 2011. No IFRS transition costs have been incorporated into ongoing rates.

b) See response to part a).

c) Enbridge has no plans to convert to IFRS. If USGAAP is discontinued, or converges with IFRS in the future, Enbridge would have to determine what if any the cost consequences there could be at that time and whether it would require or be requesting recovery of any such costs.

d) Enbridge has not, nor is it planning to seek recovery of any incremental USGAAP transition costs in this application.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

APPrO INTERROGATORY #1

INTERROGATORY

In Exhibit A1, Tab 6, Schedule 2, Page 6, Paragraph 15, Enbridge indicates that:

> *"One significant impact to Enbridge as a result of the adoption of MIFRS would be the increased costs which would no longer be able to be capitalized to capital assets. These costs would be recorded as current Operating costs and cause a significant increase in revenue requirement."*

a. Please explain the nature and amount of the 'increased costs' being referred to in the above excerpt.
b. Are there any other significant accounting differences between USGAAP and MIFRS that would materially impact the revenue requirement as a result of adopting MIFRS?
c. Please estimate the net impact to the 2013 revenue requirement if MIFRS were to be adopted instead of USGAAP.

RESPONSE

a) Please see the response to Board Staff Interrogatory 5 b) at Exhibit I, Issue USGAAP, Schedule 1.5.

b) There would be many other significant differences between IFRS and USGAAP. However, the Report of the Board on the treatment of IFRS during an Incentive Regulation period identifiedvarious specific modifications and some individual company interpretation modifications (e.g., Post Employment Benefits) which would result in some form of MIFRS for rate making purposes. Enbridge's interpretation of MIFRS is that it would match USGAAP in all material respects other than costs which are no longer able to be capitalized. MIFRS however, would require two sets of books. The treatment of other post employment benefits must be accounted for on an accrual rather than cash basis under either of IFRS or USGAAP.

c) Please see the response to Board Staff Interrogatory 5 b) at Exhibit I, Issue USGAAP, Schedule 1.5.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

APPrO INTERROGATORY #2

INTERROGATORY

Please discuss and estimate, to the extent practical, the short term (1-2 year), medium term (2-5 year), and long term (>5 year) rate impacts to Rates 115 and Rate 125 services if MIFRS were to be adopted over USGAAP.

RESPONSE

The impact to the 2013 revenue requirement if rates were set under MIFRS versus USGAAP is provided in the response to Board Staff Interrogatory 5 b) at Exhibit I, Issue USGAAP, Schedule 1.5. Enbridge does not have such information for all of the periods indicated and cannot provide the specific related rate information requested.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

ENERGY PROBE INTERROGATORY #1

INTERROGATORY

Ref: Exhibit A1, Tab 6, Schedule 2, Appendix 3 &
Exhibit F1, Tab 1, Schedule 1

The evidence at Appendix 3 of Exhibit A1, Tab 6 shows the difference between CGAAP and USGAAP on the balance sheet and income statement, including changes that are not part of the regulated operations of EGD.

Table 1 of Exhibit F1, Tab 1, Schedule 1 shows that the revenue requirement for the 2013 test year is $2,689.4 million.

a) Please confirm that the $2,689.4 million is based on US GAAP.

b) Please provide an estimate of the 2013 test year revenue requirement under CGAAP.

c) Please provide an estimate of the 2013 test year revenue requirement under IFRS.

RESPONSE

a) Confirmed.

b) CGAAP does not exist for Enbridge for 2013 therefore a 2013 revenue requirement under CGAAP cannot be provided. Please see the response to Board Staff Interrogatory 5 b) at Exhibit I, Issue USGAAP, Schedule 1.5.

c) Please see response to Board Staff Interrogatory 5 b) at Exhibit I, Issue USGAAP, Schedule 1.5.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

ENERGY PROBE INTERROGATORY #2

INTERROGATORY

Ref: Exhibit A1, Tab 6, Schedule 2, page 8

What is the impact in the 2013 test year on the cost of other post-employment benefits (OPEBs) as a result of transitioning off CGAAP to USGAAP? What would be the impact on this cost of transitioning off CGAAP to MIFRS?

RESPONSE

The impact on the 2013 Test Year of having to transition away from CGAAP to USGAAP, moving from recognition of other post employment benefits on a cash basis to recognition required on an accrual basis, results in an approximate revenue requirement increase of $1.7 million. Enbridge's requested TIACDA treatment would result in an amortization and recovery over 15 years where $6 million of the deferral account balance would also be recovered in 2013.

IFRS would not have permitted the recording of the deferral account regardless of Board approval. However, as indicated in the EB-2008-0408 Addendum to Report of the Board, the Board identified an option available to utilities to seek an individual account for treatment of a change in accounting standards with respect to Other Post Employment Benefits ("OPEBs"). The Board did not approve the creation of a generic deferral account for OPEBs as they acknowledged that it was possible that impacts might only be significant for a few large utilities. As such, the Board identified the option open to such utilities to request an individual account where they could demonstrate the likelihood of a large cost impact upon transition away from CGAAP, to IFRS or USGAAP.

The same treatment and recovery of OPEB consequences would be required under either of USGAAP or IFRS – MIFRS.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

ENERGY PROBE INTERROGATORY #3

INTERROGATORY

Ref: EB-2011-0210 Decision on Preliminary Issue & Procedural Order No. 2 dated March 1, 2012

a) In the Decision on the preliminary issue related to the conversion to USGAAP for Union Gas the Board noted that if it became apparent that comparisons and benchmarking exercises were compromised by Union's use of USGAAP, Union may be obliged to provide information, data and statistics in form and format which conclusively corrects that deficiency. Is EGD willing to accept the same obligation if the Board approves the use of USGAAP?

b) In the Decision on the preliminary issue related to the conversion to USGAAP for Union Gas the Board indicated that Union must develop a plan to address the possibility that authorization it relies on to continue under USGAAP, which was time limited, may lapse or otherwise become ineffective. The Board went on to indicate that if such an event occurred during a period when Union is subject to an Incentive Ratemaking Mechanism, Union would be obliged to develop a plan for presentation to the Board to address any issues arising from the termination of the authorization. Is EGD willing to accept the same obligation if the Board approves the use of USGAAP?

RESPONSE

a) Enbridge would look to provide whatever information the Board might require in the future as a result of the use of USGAAP.

b) Same response as given in part a).

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa