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By electronic filing

April 27, 2012

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

Dear Ms Walli,

**Enbridge Gas Distribution Inc. (“EGD”)
2013 Test Year Rate Application
Board File No.: EB-2011-0354
Our File No.: 339583-000132**

This letter contains the Submissions of Canadian Manufacturers & Exporters (“CME”) on the Preliminary Issue described in the Board’s March 29, 2012 Procedural Order No. 1 as follows:

“Is it appropriate to establish USGAAP as the approved accounting standard for rate setting, regulatory accounting and regulatory reporting purposes commencing January 1, 2013?” (emphasis added)

For the reasons summarized by Board Staff at page 8 of its Written Submissions dated April 27, 2012, we agree that the specific question posed as the Preliminary Issue should be answered in the affirmative. USGAAP should be established as approved accounting standard for Enbridge Gas Distribution Inc. (“EGD”) for rate-setting, regulatory accounting and regulatory reporting purposes commencing January 1, 2013. (emphasis added)

We wish to emphasize that our concurrence in the adoption of USGAAP for EGD, effective January 1, 2013, is not to be interpreted as a departure from the points contained in our February 14, 2012 Written Submissions in the EB-2011-0277 proceeding pertaining to EGD’s request for Board approval of a 2012 Transition Impact of Accounting Changes Deferral Account (the “2012 TIACDA”) and the recording therein of an amount of about \$90M.

As noted in those Written Submissions, about \$87M of the \$90M that EGD seeks to record in the 2012 TIACDA relates to transactions that took place in rate-setting periods prior to 2012 for which EGD obtained no timely regulatory approval. We also note in those Written Submissions that there are EGD over-earnings in an amount of about \$77.5M that need to be considered when determining what amount, if any, should be recovered from ratepayers for incremental OPEB liabilities related to each of the periods ending December 31, 2009, 2010, and 2011.

One of the decision-making options that we proposed in our EB-2011-0277 Submissions, having regard to all matters pertaining to the threshold “rate retroactivity” or “out of period” issues subsumed in EGD’s

2012 TIACDA proposal, was for the Board to refrain from approving the requested 2012 TIACDA without prejudice to EGD's right to bring forward, in its 2013 Rebasing case, its request for recoverability in full from ratepayers of its unfunded OPEB liabilities.

Based on the foregoing, we submit that the Board should take care to emphasize that the decision it renders with respect to the Preliminary Issue has no impact on matters pertaining to outstanding issues in the EB-2011-0277 proceeding pertaining to EGD's 2012 TIACDA proposal, and the amount to be recorded therein, as well as no impact on the 2013 TIACDA proposal that EGD makes in its 2013 Rebasing Application that is linked to the decision that the Board will be rendering in the EB-2011-0277 proceeding.

We respectfully request that CME be awarded its reasonably incurred costs of participating in the Preliminary Issue process and urge the Board to include a cost order in the decision it renders pertaining to the Preliminary Issue rather than dealing with such costs at the end of the 2013 Rebasing case.

Yours very truly,



Peter C.P. Thompson, Q.C.

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