

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act 1998*, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an application by Enbridge Gas Distribution Inc. for an Order or Orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas commencing January 1, 2013.

ENBRIDGE GAS DISTRIBUTION INC.
REPLY SUBMISSIONS ON THE PRELIMINARY ISSUE (US GAAP)

A. Introduction

1. On January 31, 2012, Enbridge Gas Distribution Inc. (Enbridge) filed an Application with the Ontario Energy Board (the Board) for an Order or Orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas commencing January 1, 2013. The Application was filed on the basis of US Generally Accepted Accounting Principles (USGAAP).
2. On March 29, 2012, the Board issued Procedural Order No. 1, in which it identified the following Preliminary Issue to be determined: *"Is it appropriate to establish USGAAP as the approved accounting standard for rate setting, regulatory accounting and regulatory reporting purposes commencing January 1, 2013 ?"*
3. Submissions on the Preliminary Issue were filed by Board Staff, Canadian Manufacturers & Exporters (CME), Energy Probe Research Foundation (Energy Probe) and School Energy Coalition (SEC).
4. These are Enbridge's Reply Submissions.

B. It is Appropriate to Establish USGAAP as the Approved Accounting Standard

5. As explained in the Board Staff Submission, Enbridge has met the Board's requirements (which are set out in the EB-2008-0408 Addendum Report) for adoption of USGAAP as its accounting standard.
6. In particular, as noted by Board Staff, Enbridge has provided a copy of the authorization of the Alberta Securities Commission to use USGAAP for financial reporting purposes, and Enbridge's evidence demonstrates that there are measurable and material advantages (and no disadvantages) to ratepayers associated with the transition to USGAAP as opposed to MIFRS (Modified International Financial Reporting Standards).
7. On the basis of the filed evidence, all of the parties who filed submissions agree that it is appropriate to establish USGAAP as Enbridge's approved accounting standard for rate regulated requirements commencing January 1, 2013.
8. Enbridge therefore submits that the answer to the Preliminary Issue is "Yes", and that it is appropriate for the Board to approve USGAAP as Enbridge's approved accounting standard for rate setting, regulatory accounting and regulatory reporting purposes commencing January 1, 2013.

C. Other Matters

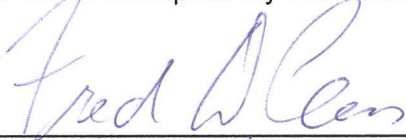
9. The submissions filed by CME and SEC each go beyond the Preliminary Issue set out by the Board, and also address Enbridge's request for a Transition Impact of Accounting Changes Deferral Account (TIACDA).
10. CME submits that any decision on the Preliminary Issue should clearly identify that it is separate from, and will not impact upon, any decisions to be made about the establishment and clearance of the TIACDA in the Company's 2012 and 2013 rate applications.
11. In response, Enbridge notes that it does not expect that any Board determination on the Preliminary Issue will impact on the issues to be decided in relation to the TIACDA. The

wording of the Preliminary Issue is limited to the adoption of USGAAP, and no party has made substantive submissions related to the TIACDA in relation to that Preliminary Issue.

D. Conclusion

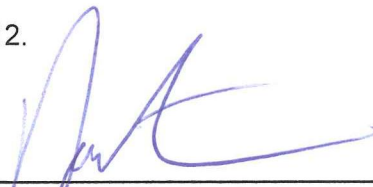
12. For the reasons set out above, and in the Company's evidence, Enbridge respectfully requests that the Board issue an Order or other decision approving the Company's adoption of USGAAP for rate setting, regulatory accounting and regulatory reporting purposes commencing January 1, 2013.

All of which is respectfully submitted, May 2, 2012.



Fred D. Cass

Counsel for Enbridge Gas Distribution Inc.



David Stevens