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June 8, 2012

DELIVERED AND FILED VIA RESS

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

Dear Ms Walli:

**Re: EB-2011-0354: Enbridge Gas Distribution application re. 2013 rates
Submissions re. Issues List**

We represent Enbridge Gas Distribution Inc. ("Enbridge" or the "Company").

As directed by Procedural Order No. 2, parties filed submissions on June 6th setting out their position on issues that they propose to add or change as part of the Draft Issues List. Enbridge's submissions explained its proposal to remove Issue F2 and add a new Issue O8. The only substantive intervenor submissions were from School Energy Coalition ("SEC"), who proposed to amend Issue B2, and add Issue O6.

These are Enbridge's reply submissions.

Issue B1

SEC proposes to amend this issue, to exclude the costs related to projects for which Leave to Construct approval is required from the consideration of Enbridge's 2013 forecast of capital spending. Enbridge disputes that any wording changes to this issue are necessary or appropriate.

The wording of this issue ("Is Enbridge's forecast level of capital spending in 2013 appropriate?") is identical to the corresponding issue in the Union Gas proceeding. No reason is provided as to why Enbridge's issue should be different.

The Company believes that it is not appropriate to separate out capital spending for which Leave to Construct approval is needed from the overall capital budget that is proposed. Otherwise, only a partial view of the Company's forecast costs will be presented. If SEC's proposed approach is taken, then the Board would be considering and approving a 2013 capital budget that does not represent the full amount of the Company's proposed spending. That could be misleading, and it could also introduce the risk that the Company could receive approval of Leave to Construct applications, but then be told that it must fit

the costs of such projects into a previously approved overall budget that did not include such costs.

Finally, Enbridge acknowledges and agrees with SEC's comment that any Leave to Construct projects which are expected to close to rate base in the Test Year are included in Issue B2 (because such projects would be part of the Test Year Rate Base).

Issue B3

Enbridge confirms that it will not object to questions about the Asset Plan that has been filed, even if such questions relate to items, events or costs after the Test Year. As such, Enbridge agrees that Issue B3 is not necessary.

Issue F2

Enbridge's submissions about this issue (proposing the deletion of the issue, and the addition of a new Issue O8) are set out in our letter dated June 6, 2012.

Issue O6

This proposed issue reads as follows:

Are the forecasts of natural gas market conditions in 2013 and beyond and the impacts on Enbridge, including turnback and mitigation actions by Enbridge, appropriate ?

Enbridge submits that this proposed issue is not necessary, and it should not be added to the Issues List.

In relation to "natural gas market conditions", it is Enbridge's 2013 gas supply plan, and the financial consequences of that plan, that are at issue in this 2013 cost of service rate case. SEC acknowledges that in its submission, stating that "the gas supply plan is a key element in this proceeding". Issues related to Enbridge's forecast of natural gas market conditions, and the impacts on Enbridge, can and should be addressed as part of Issue D2, which asks "Is Enbridge's gas supply plan, including the forecast of gas, transportation and storage costs appropriate ?" (emphasis added). There is no need for any broader issue that would require a Board determination about whether underlying forecasts of natural gas conditions over coming years are appropriate.

While a similarly worded issue was separately identified in Union Gas's proceeding (EB-2011-0210), the circumstances of Enbridge's case are different. Union Gas filed expert evidence titled "Natural Gas Market Conditions and Impact on Union Gas Limited" (Ex. A2, Tab1, Schedule 4 in EB-2011-0210) in support of its case. Given the title of that report, it is easy to see how an issue about whether "forecasts of natural gas conditions in 2013 and beyond, and the impacts on Union" became an issue in the Union Gas proceeding. Enbridge has filed no such evidence. Enbridge's relevant evidence is in support of its 2013 gas supply plan. In Enbridge's case, therefore, it would be difficult for the Board to make any separate determination about whether Enbridge's forecast of natural gas market conditions in 2013 and beyond is "appropriate".

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Should you have any questions, please do not hesitate to contact me.

Yours very truly,

AIRD & BERLIS LLP



David Stevens

cc. Enbridge Gas Distribution
All parties registered in EB-2011-0354

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