

500 Consumers Road
North York, Ontario M2J 1P8
PO Box 650
Scarborough ON M1K 5E3

Enbridge Gas Distribution
Ian B. Macpherson
Senior Manager Gas Storage Development
phone: (416) 495-6535
Email: ian.macpherson@enbridge.com



February 14, 2013

VIA EMAIL and COURIER

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

Dear Ms. Walli:

Re: Enbridge Gas Distribution Inc. – Non-Utility Transactional Services

In its EB-2005-0551 Decision (Natural Gas Electricity Interface Review), the Board decided that it would refrain, in part, from regulating rates for natural gas storage and that it would refrain from approving certain natural gas storage contracts. The Board noted that, at the time of the Decision, all of the storage-related Transactional Services (TS) revenues earned by Enbridge Gas Distribution Inc. (Enbridge) were derived from “utility assets”. The Board’s comments in this regard made reference to the adoption of an allocation methodology in the event that Enbridge were to earn TS revenues from both “utility and non-utility assets”.

Since the time of the EB-2005-0551 Decision, Enbridge has not carried out TS in its unregulated gas storage business, that is, with respect to “non-utility assets”. Thus, in EB-2010-0302 (Gas Storage Leave to Construct), Enbridge indicated in response to an interrogatory from Board Staff (EB-2010-0302, Ex. I-1-3) that, due to the limited capacity of unregulated storage, it did not generate TS revenue from unregulated storage operations. The interrogatory response went on to say that, in the event that growth of unregulated storage were to allow for optimization, Enbridge would expect to file with the Board its proposed method for managing the revenues of regulated and unregulated storage operations.

It has now been decided that Enbridge’s unregulated storage business will engage a service provider to carry out TS on its behalf within the limits available to it. The service provider will not be involved in carrying out any TS for Enbridge’s regulated gas storage business (i.e., with respect to “utility assets”). As a result, TS revenues for the unregulated storage operations (“non-utility assets”) will be completely separate from

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TS revenues for the regulated storage operations ("utility assets") and there will be no need for a methodology to allocate revenues from regulated and unregulated storage operations. The allocation of costs as between the unregulated storage operations and the regulated operations will continue to be made in accordance with the methodology filed with the Board in EB-2012-0055.

If the Board has any questions in this regard, please contact the undersigned.

Yours truly,

[original signed]

Ian B. Macpherson
Senior Manager Gas Storage Development