

February 19, 2016

BY EMAIL AND FILED VIA RESS

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

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc. – 2016 Rate Adjustment - EB-2015-0114
Timing of Implementation of Final 2016 Rates**

We are counsel to Enbridge Gas Distribution.

We write to inform the Board of Enbridge's plans to implement final rates for 2016 in conjunction with the July 2016 QRAM, rather than the April 2016 QRAM. The reason is that Enbridge's approved 2016 DSM budget will not be confirmed in time that Enbridge can prepare a final Rate Order and Revenue Adjustment Rider, and get comments and approval, and then incorporate those final rates into the April 2016 QRAM application.

Within the Board-approved Settlement Proposal in Enbridge's 2016 Rate Adjustment proceeding, the parties agreed that Enbridge would implement final rates incorporating the Board-approved 2016 DSM budget in the next QRAM after the Board's decision in the DSM proceeding. Specifically, the parties agreed that:

After the Board issues its Decision on Enbridge's 2016 DSM budget in EB-2015-0049, then Enbridge will update its 2016 Allowed Revenue and rates to reflect the full-year impact of the difference between the approved 2016 DSM budget and the 2015 DSM budget that is being included in 2016 Allowed Revenue and rates as an interim amount. The parties agree that this change will be implemented into Enbridge's 2016 final rates as part of its next QRAM Application following the Board's Decision in EB-2015-0049.

The Board issued its Decision in EB-2015-0049 on January 20, 2016. In that Decision, the Board invited Enbridge to provide written comments by February 3, 2016 and indicated that the Board would either confirm certain amounts in the Decision or issue an updated Decision by February 17, 2016. Enbridge submitted its written comments on February 3, 2016. These comments, if accepted, would result in amendments to Enbridge's 2016 DSM budget as compared to what is set out in the January 20, 2016 Decision.

Although Enbridge expects the Board's decision on the 2016 DSM budget will be issued very soon, at this point it will be very challenging, if not unachievable, for Enbridge to implement final rates in the April QRAM application. That is because a Final Rate Order will have to be created after the DSM budget is known, along with a Rider E: Revenue Adjustment Rider to recover the portion of revenue relating to the additional DSM budget that would have been recovered from January to March 2016. Then, after the Final Rate Order and Rider is completed, it will have to be reviewed by stakeholders and approved by the Board in time to be incorporated into the March 9th or 10th filing of the April 2016 QRAM Application. It will be very difficult (perhaps unachievable) for all these steps to be completed, even if the Board approves a final 2016 DSM budget for Enbridge by the end of today (February 19th).

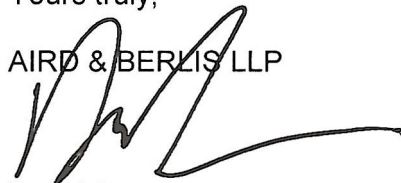
We have communicated with all parties to the Settlement Proposal about Enbridge's plans to implement final 2016 rates in conjunction with the July 2016 QRAM application. The parties have indicated that they support or have no concerns with this approach.

For the reasons detailed above, Enbridge has decided that it is advisable to implement final rates for 2016 in conjunction with the July 2016 QRAM application. It should be noted that one benefit of this approach is that impact of the increased rates (and Rider E) to recover the full 2016 DSM budget will be offset by the discontinuance of Rider C (the gas costs rider to recover the extraordinary gas costs from the 2014 winter) as of June 30, 2016.

Please contact me should you have any questions.

Yours truly,

AIRD & BERLIS LLP



David Stevens

DS/

cc: All parties registered in EB-2015-0114

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