

Scott Pollock
T 613.787.3541
spollock@blg.com

Borden Ladner Gervais LLP
World Exchange Plaza
100 Queen St, Suite 1300
Ottawa, ON, Canada K1P 1J9
T 613.237.5160
F 613.230.8842
F 613.787.3558 (IP)
blg.com



Our File No. 339583-248 and 249

April 30, 2018

By Electronic Filing

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

Dear Ms. Walli

**Re: Enbridge Gas Distribution Inc. (“EGD”) and Union Gas Limited (“Union”)
Application for Amalgamation
Mergers, Acquisition and Divestitures (“MAAD”) Application
Board File No.: EB-2017-0306**

**EGD and Union
Rate Setting Mechanism Application
Board File No.: EB-2017-0307**

This letter sets out the initial position of Canadian Manufacturers & Exporters (“CME”), as required by Procedural Order #5 in the above-noted proceedings.

CME wishes to note that it is inherently difficult to provide an outline of their position prior to exploring the evidence with the Applicants as part of the oral hearing process. Oral hearings allow for parties to thoroughly scrutinize the evidence, and there is often additional information which causes parties to alter what they believe to be an appropriate and reasonable outcome to the issues in the application. Accordingly, the initial positions outlined in this letter are subject to change as further information becomes known.

1. Do you plan on supporting approval of the merger?

While CME is concerned with the Applicants’ method of quantifying the benefits that will accrue to ratepayers as the result of the merger, CME’s current position is that it will not oppose the merger.

2. If you plan to support the merger what, if any, conditions of approval will you propose?

The conditions of approval will largely vary with the nature of the deferral period and the rate-setting framework. Accordingly, CME's position on the conditions of approval are contingent on other aspects of the application.

However, regardless of the other components of the application, CME supports conditions of approval that increase transparency and accountability during the amalgamation period.

3. Do you support the 10-year deferred rebasing period?

CME does not support a 10-year deferred rebasing period. As stated in CME's submissions earlier in this proceeding regarding the Issues List, CME questions whether the Board's *Handbook to Electricity Distributor and Transmitter Consolidations*, the source of the 10 year period, applies wholesale to natural gas distributors. Furthermore, CME is concerned about the lengthy deferral period that the Applicants are proposing.

4. Are there elements of the proposed rate setting framework that you oppose?

CME opposes certain aspects of the rate-setting framework as proposed by the Applicants, including the Applicants' proposed stretch factor, the earnings sharing mechanism, and elements of the incremental capital module.

5. Are there elements missing from the proposed rate setting framework?

CME is not proposing any other elements to the rate setting framework at this time.

Yours very truly

Borden Ladner Gervais LLP



Scott Pollock

enclosure

- c. Andrew Mandyam (EGD)
- Fred Cass (Aird & Berlis LLP)
- Mark Kitchen (Union)
- Crawford Smith (Torys)
- Intervenors in EB-2017-0306 and EB-2017-0307
- Alex Greco and Ian Shaw

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