



By Electronic Filing and By E-mail

October 27, 2008

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

Borden Ladner Gervais LLP
Lawyers • Patent & Trade-mark Agents
World Exchange Plaza
100 Queen Street, Suite 1100
Ottawa ON K1P 1J9
tel.: (613) 237-5160 fax: (613) 230-8842
www.blgcanada.com

PETER C.P. THOMPSON, Q.C.
direct tel.: (613) 787-3528
e-mail: pthompson@blgcanada.com

Dear Ms Walli,

Enbridge Gas Distribution Inc. 2009 Rates
Board File No.: EB-2008-0219
Our File No.: 339583-000017

We are writing this letter to seek intervenor status and cost award eligibility in this proceeding on behalf of Canadian Manufacturers & Exporters (“CME”).

Request for Intervenor Status

The reasons why CME should be granted intervenor status in this proceeding include the following:

- (i) CME is Canada’s leading business network. Its members represent 75% of manufactured output in the Province of Ontario, and 90% of all exports.
- (ii) Manufacturing is important to the Province of Ontario. It is the single largest sector of the economy (17.5% of Gross Domestic Product (“GDP”) or \$300B) employing, directly, over 1M people in the Province.
- (iii) Natural gas is significant to manufacturing as one of the sources of energy for the manufacturing sector. As a result, the members of CME are vitally concerned with all matters pertaining to the supply and price of natural gas commodity, including its transmission and distribution.
- (iv) Many of CME’s 1,200 Ontario-based member companies are distribution customers of Enbridge Gas Distribution Inc. (“EGD”). The rate changes EGD asks the Board to approve will have an impact on these companies.

Request for Cost Award Eligibility

CME seeks a determination that it is eligible for a Cost Award on the following grounds:

- (i) CME is a not-for-profit organization funded by membership fees and revenues from the services it renders to Federal and Provincial Governments and Agencies to foster the development of national and international markets for its members and to break down trade barriers.
- (ii) About 85% of CME's 1,200 Ontario-based member companies are Small to Medium sized business enterprises ("SMEs") with 500 employees or less. The views of these businesses should be considered in this proceeding.
- (iii) CME's ability to actively participate in this proceeding is dependent upon a determination that it is eligible for a Cost Award. In many prior proceedings, the Board has determined that CME is eligible for a Cost Award.

Written or Oral Hearing

The rate adjustment under EGD's approved Incentive Regulation ("IR") Plan requires the Board to determine the reasonableness of a number of EGD's forecasts for 2009. A determination of the appropriate rates for each rate class is not simply a mechanical exercise as EGD suggests.

Accordingly, CME considers an oral hearing process, preceded by a short Settlement Conference of one to two days as EGD suggests, to be the most efficient way of proceeding with the rate adjustment component of EGD's Application.

Scope of EGD's Application and its Proposed Two-Phased Approach

CME agrees that EGD requires Board approval for the seven (7) specific requests it asks the Board to consider in Phase 2 of its proposed two-phased approach.

However, CME questions whether these seven (7) specific requests can be presented by EGD and considered by the Board before the 5 year term of EGD's Board approved IR Plan has expired. Each of the requests EGD asks the Board to consider and approve appears to CME to reduce the risks and costs EGD faces as a result of the allocation of risks and costs between EGD and its ratepayers inherent in the 5 year IR Settlement Agreement approved by the Board.

One objective of IR is to reduce regulatory burden. To achieve this objective, EGD and ratepayers are required to abide by the allocation of risks between the utility and its ratepayers that is inherent in the Board approved IR Settlement Agreement. Except as specifically provided in the IR Settlement Agreement, neither EGD, nor ratepayers can, during the term of the IR Plan, seek Board approval for any proposals which have the effect of altering the risks each party faces as a result of the 5 year IR Settlement Agreement, and the cost consequences thereof.

CME can find nothing in the language of the IR Settlement Agreement which permits EGD, in the second year of the 5 year term of its IR Plan, to ask the Board to consider and approve requests which have the effect of reducing the risks EGD faces as a result of

that Agreement. EGD's proposals will have the effect of transferring to ratepayers contractual and other responsibilities which rested with EGD when the IR Settlement Agreement was finalized.

Accordingly, CME suggests that it is premature for EGD to ask the Board to consider these risk reduction proposals. EGD should be directed to bring these proposals forward in the Rate Rebasing Application it will be submitting at the end of the IR term.

In the alternative, if one or more of the requests EGD asks the Board to consider in Phase 2 of its proposed two-phased approach is listed by the Board for determination in these proceedings, then CME is comfortable with the two-phased approach EGD proposes. For the reasons outlined above, CME considers an oral hearing process, preceded by a short Settlement Conference, to be the most efficient way of proceeding with Phase 2 of EGD's Application.

CME Contacts

If the relief requested in this letter is granted, then CME requests that further communications with respect to this matter be sent to the following:

Paul Clipsham
Director of Policy
Ontario Division
Canadian Manufacturers & Exporters
6725 Airport Road
Suite 200
Mississauga ON L4V 1V2

Tel (905) 672-3466 ext. 3236
Fax (905) 672-1764
E-mail paul.clipsham@cme-mec.ca

Borden Ladner Gervais LLP
Barristers & Solicitors
100 Queen Street
Suite 1100
Ottawa ON K1P 1J9

Peter C.P. Thompson, Q.C.
Tel (613) 787-3528
Fax (613) 230-8842
E-mail pthompson@blgcanada.com

Vincent J. DeRose
Tel (613) 787-3589
Fax (613) 230-8842
E-mail vderose@blgcanada.com

Please contact the undersigned if the Board requires any further information in connection with these requests.

Yours very truly,



Peter C.P. Thompson, Q.C.
PCT\slc
c. Norm Ryckman (EGD)
Paul Clipsham (CME)
OTT01\3574632\1