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VIA REGULAR MAIL AND EMAIL

November 19, 2008

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 26th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms Walli:

**Re: Enbridge Gas Distribution Inc. – 2009 Rate Adjustment Process
EB-2008-0219**

We are writing on behalf of Enbridge Gas Distribution (Enbridge, or the Company) to respond to the draft Issues List for Phase I of this proceeding, which is attached to Procedural Order No. 1.

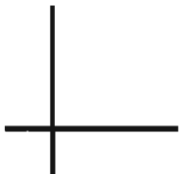
In general, Enbridge does not object to the inclusion of most of the issues found in the draft Issues List. That said Enbridge does have a number of comments to make about the issues listed.

- Given that the goal of Phase I is to approve Enbridge's 2009 rates, calculated in accordance with the Formula mandated by the EB-2007-0615 incentive regulation settlement agreement, it might be advisable to make the first issue something like "Has Enbridge calculated its proposed distribution revenue requirement and rates for 2009 in accordance with the formula and related provisions in the EB-2007-0615 incentive settlement agreement?"
- If the issue noted above is included, then the issues listed as #1 to 6 in the draft Issues List could be included as sub-issues to go along with the first issue. This is in keeping with the fact that the forecasts for each of these items (degree days, average use, customer additions, gas volume budget and Y-factors) are used to derive distribution revenue requirement and rates in accordance with the Formula and related provisions in the EB-2007-0615 settlement agreement.
- Enbridge is concerned with the use of the word "appropriate" in relation to the forecasts described in issues #1 to 6, and whether this implies a broad examination of each of these forecasts, and the assumptions and methods underlying the forecasts. As noted in Enbridge's prefiled evidence (Ex. A-3-1, p. 1), the methods, models and processes used in the determination of most of these forecasts have been sufficiently examined and subsequently approved by the OEB in the Company's recent rate proceedings. As such, the only determination that

need be made in this rate adjustment proceeding in relation to these forecasts is whether the forecasts have been prepared in accordance with recent Board-approved practice. Stated differently, the examination of these issues is really a check of the mechanics and mathematics used. The forecast amounts for Y-factors primarily relate to upstream gas costs and previous Board-approved settlements (DSM and CIS/customer care). These forecasts either reflect amounts from Board-approved settlements or are derived using Board-approved methodology (such as upstream gas costs, carrying costs of gas in inventory or leave to construct projects). Again, there is no need for lengthy examination of these forecasts. Thus, while it may not be necessary to remove the word "appropriate" from the description of draft issues #1 to 6, Enbridge thinks it appropriate to make its narrow interpretation of these issues known at this time, before the interrogatory and hearing processes begin.

- The proposed issue #7 ("What should be the timing of the next IRM Filing (2010 rates)) contemplates changes to the procedure and timelines set out in the EB-2007-0615 incentive settlement agreement. Enbridge questions whether this issue is needed, since parties (and the Board) have already agreed to the timing for these rate adjustment proceedings. In any event, this may be a contentious issue, as there may be disagreement over what process and timetable for future proceedings would be preferable. Given that Phase I of this proceeding is intended, as much as possible, to deal with mechanical issues about the setting of Enbridge's 2009 rates using the Formula, the Company believes that any debate over whether changes need to be made to the process and schedule for Enbridge's future annual rate adjustments under incentive regulation should be part of Phase II.
- Finally, Enbridge agrees that the issue of how the "new rates" should be implemented is an appropriate issue. In this regard, Enbridge notes the Board's direction to have the Company use existing rates as of December 31, 2008 as the basis for interim rates beginning on January 1, 2009. While it is not open to Enbridge to dispute this direction, the Company does note that it filed its 2009 rate adjustment application in advance of the Board-approved deadlines in the EB-2007-0615 incentive settlement agreement, which contemplated new rates being in effect for January 1st. With that in mind, Enbridge expects that it will be kept whole with respect to the full year impact of any rate change that might be approved in this proceeding. Enbridge will implement any new rates expeditiously, but as noted in recent correspondence, the timing of such rate changes may be impacted by Enbridge's pending move to a new CIS system.

As Enbridge is filing these comments at the same time as intervenors, and has not had the opportunity to review and consider the positions of others on the proposed Issues List, Enbridge may have supplemental responding comments to submit. Enbridge will file any such additional comments as quickly as it is able, to keep the process moving as expeditiously as possible.



If you have any questions, please do not hesitate to contact us.

Yours very truly,

AIRD & BERLIS LLP

A handwritten signature in black ink, appearing to read 'David Stevens', with a stylized flourish at the end.

David Stevens

DS/

cc: Colin Schuch and Donna Campbell, OEB
Norm Ryckman and Robert Bourke, Enbridge
All Intervenors

