Written Direct Testimony of David B. Charleson

Q 1: Please state your name and position.

A 1: My name is David Bryce Charleson. I am the General Manager of Enbridge Gas New Brunswick Inc., the general partner of Enbridge Gas New Brunswick Limited Partnership ("EGNB"). My Curriculum Vitae is attached as Exhibit A, Schedule 1.

Q 2: What is the purpose of this pre-filed evidence?

A 2: In its June 23, 2000 decision on an application by EGNB for approval of its rates, the then Board of Commissioners of Public Utilities of New Brunswick, now the New Brunswick Energy and Utilities Board, ("Board") approved EGNB's market-based approach for setting its distribution rates during the development period. In a decision dated December 15, 2005, the Board approved EGNB's current distribution rates for General Service ("GS"), Contract General Service ("CGS"), Off Peak Service ("OPS"), Contract Large Volume Off Peak Service ("CLVOPS") and Natural Gas Vehicle Fueling ("NGVF"). In a decision dated November 24, 2006, the Board approved EGNB's current Small General Service Residential Oil ("SGSRO") and Small General Service Commercial ("SGSC") distribution rates.

On December 19, 2007, EGNB filed an application to change its market-based distribution rates for the SGSRO, SGSC, GS, CGS, OPS, CLVOPS and NGVF rate classes. This evidence presents the proposed distribution rates which are filed at Exhibit A, Schedule 2, as well as supporting data, assumptions and methodology used in generating them.

Q 3: EGNB has stated previously that its distribution rates are market based. Please explain the purpose of market based rates.

A 3: Market based rates are predicated on local market conditions with the objective of providing potential end-use customers with an economic incentive to convert to and continue to use natural gas.

Q 4: Does EGNB continue to feel that the market based methodology of setting its rates best suits the greenfield market in New Brunswick?

A 4: Yes, the market-based approach for setting rates continues to enable EGNB to establish rates based on local market conditions and supports EGNB's objective to provide potential end-use customers with sufficient economic incentive to convert and continue to use natural gas.

Q 5: Could you review the Board approved methodology for setting distribution rates?

A 5: In general, the methodology for establishing distribution rates is as follows:

- Establish a relevant retail price for the alternate commodity used as the basis of comparison for typical customers in each rate class. With the exception of the Small General Service – Residential Electric rate class, the retail oil price is used.

- Calculate the annual commodity cost for a typical customer in each rate class.

- Discount the annual cost by the appropriate amount to establish a target annual natural gas cost.

- Calculate the target burner tip natural gas unit price by dividing the target annual natural gas cost by the expected natural gas consumption.

- Calculate the distribution rate by subtracting the commodity price for natural gas.

EGNB has adopted targeted annual savings for the market categories that, when combined with other benefits of natural gas and other economic considerations, such as the typical age of heating systems and switching costs, should provide sufficient incentive for customers to switch to natural gas:

- For the residential and small commercial sector (SGSRO and SGSC): 20% opposite home heating oil;
- For the medium commercial sector (GS): 15% opposite light fuel oil; and
- For the large commercial sector (CGS): 10% opposite light fuel oil.

The following table summarizes this approach.

The rate schedules filed as Exhibit A, Schedule 2 also include rates for OPS, CLVOPS and NGVF classes. The calculation of these rates is consistent with the methodology approved by the Board in 2000 and is simply a function of the GS and CGS rates. The OPS and CLVOPS rates are set at 75% of the proposed GS and CGS rates, respectively. The NGVF rate is set at the same level as the GS rate.

Derivation of Distribution Rates					
Line	**Item**	**SGSRO**	**SGSC**	**GS**	**CGS**
(1)	Retail Oil Price ($/L)	0.8384	0.7956	0.7595	0.7392
(2)	Retail Oil Price ($/GJ)	21.57	20.37	19.56	19.04
(3)	Typical Annual Oil Consumption (L)	3,769	6,454	37,411	140,092
(4)	Typical Annual Oil Consumption (GJ)	146	250	1,447	5,420
(5)	Annual Oil Cost ($) (Line 1 x Line 3)	3,160	5,135	28,414	103,556
(6)	Target Savings Level (%)	20%	20%	15%	10%
(7)	Target Annual Savings ($) (Line 5 x Line 6)	632	1,027	4,262	10,356
(8)	Typical Annual Natural Gas Cost ($) (Line 5 minus Line 7)	2,528	4,108	24,151	93,200
(9)	Typical Annual Natural Gas Consumption (GJ)	114	195	1,175	4,400
(10)	Natural Gas Burner Tip Unit Price ($/GJ) (Line 8 divided by Line 9)	22.18	21.07	20.55	21.18
(11)	Commodity Price ($/GJ)	10.41	10.41	10.41	10.41
(12)	**Distribution Rate ($/GJ) (Line 10 minus Line 11)**	**11.7641**	**10.6559**	**10.1461**	**10.7682**
Breakdown of Distribution Charge between Monthly and Delivery Charges:					
(13)	Annual Distribution Charge per Customer ($) (Line 12 x Line 9)	1,341	2,078	11,922	47,380
(14)	**Monthly Customer Charge ($)**	**16.00**	**16.00**	**16.00**	N/A
(15)	Annual Customer Charge ($) (Line 14 x 12 months)	192	192	192	N/A
(16)	**Monthly Demand Charge ($/GJ)**	N/A	N/A	N/A	5.20
(17)	**Average Monthly Contract Demand (GJ)**	N/A	N/A	N/A	45.90
(18)	Annual Demand Charge ($) (Line 17 x 12 months x Line 16)	N/A	N/A	N/A	2,864
(19)	Annual Delivery Charge per Customer ($) (Line 13 minus Line 15 minus Line 18)	1,149	1,886	11,730	44,516
(20)	**Delivery Charge per GJ ($) (Line 19 divided by Line 9)**	**10.0799**	**9.6713**	**9.9827**	**10.1172**

EGNB continues to feel that oil is the most appropriate benchmark against which to set these rates. It is generally the least expensive of the existing energy alternatives, meaning that natural gas will be even more competitive against other alternate energy sources such as propane. Electricity rates in New Brunswick are artificially low, making it difficult to provide a consistent economic incentive for customers to convert to natural gas. Propane is not considered to be an appropriate benchmark as it is generally more expensive than either oil or electricity.

Q 6: What justifies EGNB applying for the levels of rate adjustment requested?

A 6: Since EGNB applied for its 2006 rate adjustment in August 2005, after staying relatively constant during 2006, the wholesale price of oil has risen steadily on a forward basis during the past year while natural gas has remained relatively flat. These changes in the wholesale pricing relationship between oil and natural gas result in comparable impacts at the retail level.

EGNB's market-based rates methodology supports the levels of adjustment sought. The current increased competitive advantage of natural gas not only allows, but requires EGNB to adjust its rates to ensure that EGNB is recovering the maximum amount of its costs of providing distribution service.

EGNB must strive to balance the provision of economic incentives and continued savings to customers with its own financial viability through the recovery of as much of its costs of providing service during the development period. To ensure that its rates are just and reasonable, EGNB should not provide any more economic incentive to customers to convert to and continue consuming natural gas than is absolutely necessary.

Q 7: Do end use customers have to realize the precise savings levels in order to convert to or continue consuming natural gas?

A 7: No. End user conversion decisions are based upon their own unique circumstances and as such, conversions are achievable at various pricing levels. The emphasis of this pricing mechanism is on "target" savings because EGNB does not and cannot control all components of the delivered price of natural gas or competing fuels.

These target savings are guidelines and will evolve with the market for natural gas. The actual savings realized by a customer will be based on the combined costs of distribution and commodity compared with a customer's alternate energy costs and will vary from customer to customer and over time as energy prices evolve.

Price is only one of the factors influencing a customer's decision to switch to or continue consuming natural gas. In practice, EGNB is aware of end-user situations in which customers have made the switch to natural gas in the face of price premiums to their incumbent energy choice, demonstrating that price was only one aspect of the decision and not always the primary factor driving a customer's choice.

Q 8: Could a rate increase hinder future customers converting to natural gas?

A 8: An increase in distribution rates could impact a customer's decision to convert to natural gas. However, natural gas prices are only one factor that potential end-use consumers consider when making the decision to convert. Capital costs to convert (and any off-setting incentives), payback periods, environmental benefits, maintenance cost reductions, reliability and flexibility are other examples of related factors that consumers also take into consideration.

Further, it is important to remember that if EGNB determines at any time that distribution rates are acting as a deterrent to customer acquisition or retention, it can apply to the Board to use the rate rider mechanism to lower rates.

Q 9: Why has EGNB reduced target savings from 15% to 10% in the CGS class?

A 9: EGNB continues to strike a balance between providing sufficient incentive to convert to natural gas and recovering as much of its costs as possible during the development period. EGNB is comfortable that the 10% targeted savings will provide a sufficient incentive for customers in the class to convert and continue to use natural gas. At the 10% savings level, the absolute value of the savings provided to CGS customers is greater than the absolute value of the savings provided when the original CGS target was established in 2000. At that time, a typical CGS customer expected savings of $5,084, which is $5,272 (51%) less than the $10,256 in savings expected at the new savings level.

Q 10: How will a customer's total cost of using natural gas be impacted by these rate changes?

A 10: The delivery charge only reflects approximately 45% of the total cost of using natural gas for typical SGSRO and SGSC customers and 49% of the total cost for typical GS and CGS customers. The remainder of the cost is associated with the customer charge, or demand charge in the case of CGS customers, and purchase of the commodity. Given customer's ability to choose their source of natural gas supply, EGNB cannot calculate exactly the total bill impact; however, assuming Enbridge Utility Gas ("EUG") as the commodity cost, the impact on the total cost of using natural gas ("Burner Tip Cost") arising from the distribution rate changes are approximately:

Rate Class	Burner Tip Cost Impact
SGSRO	12%
SGSC	11%
GS	16%
CGS	26%

Q 11: Referring to the table (Lines 4 and 9) in the response to Question 5, why is the expected consumption for oil different than that presented for natural gas?

A 11: Different heating equipment (water heaters, furnaces or boilers) have different operating efficiencies. For example, a typical high-efficiency gas furnace will convert 92% of the energy input that goes into the equipment into heat energy. Equipment vintage, maintenance history and energy source all have an impact on its operating efficiency.

EGNB has used the following blended efficiencies in setting the relationship between input energy requirements and typical equipment energy output. They are based on different possible equipment types and combinations relevant to a class. Again, the actual efficiency of gas and alternative equipment will vary by customer and will impact actual savings realized.

Rate Class	Natural Gas	Oil
SGSRO, SGSC	87%	68%
GS, CGS	80%	65%

Q 12: Can you please indicate what retail oil prices EGNB proposes to use in setting rates and the methodology EGNB used in establishing them?

A 12: The following table presents, by rate class, the retail oil price that is being used in establishing the proposed distribution rates:

Rate Class	Retail Oil Price	
	$/l	$/GJ
SGSRO	0.8384	21.57
SGSC	0.7956	20.37
GS	0.7595	19.56
CGS	0.7392	19.04

For its forecast, EGNB has used the closing settlement prices for West Texas Intermediate (WTI) crude oil from NYMEX (New York Mercantile Exchange) as the anticipated price of crude oil over the forecast period - in this case January through December 2008. WTI was selected as it is the commonly traded North American index for crude oil prices. Since NYMEX is a market view of forward pricing which changes on a daily basis as a result of market conditions and expectations, a 21-day average[1] is utilized to estimate monthly crude costs over the forecast period. The anticipated crude oil cost for this period using this methodology is $US89.50/barrel (bbl). These crude prices are converted to Canadian dollars using a similar 21-day average of the future strip for the Canada/US exchange rate. The exchange rate derived using this approach is $CDN 0.9947 per $US.

In order to calculate retail oil prices, a "market spread" is needed for the New Brunswick market (the difference between the cost of crude oil and the price of refined products or distillates). For New Brunswick, historical information was used to estimate the typical market spread for each of the products and sectors. This historical information included prices collected by EnerData (Statistics Canada), New Brunswick Department of Energy as well as data independently collected by EGNB. These spreads were then added to the Canadian dollar value for the NYMEX strip for crude oil. The price indicated above is a retail oil price estimate derived in this manner. Note that, due to the competitive nature of the

[1] 21 day average is an industry standard to reduce the effect of possible market anomalies of a particular trading day

retail oil market, significant variations of these typical amounts have been observed, i.e. these prices will vary on an individual customer basis.

Q 13: Returning to the methodology outlined in the response to Question 5, once the target burner tip price is established, how does EGNB arrive at the distribution rate?

A 13: The distribution rate represents the target burner tip price less the commodity price. The commodity price is the amount end use customers will pay to have their gas supply delivered to EGNB's distribution system.

Q 14: How did EGNB arrive at the commodity price?

A 14: EGNB has used the price of EUG as the reference price for commodity for the purpose of setting its proposed distribution rates. As a result, the forecast EUG price of $10.41/GJ has been used as the commodity price.

Q 15: How did EGNB develop the forecast of the commodity price?

A 15: The forecast EUG price is based on the methodology prescribed in the *Gas Distributor Marketing Regulation – Gas Distribution Act, 1999 ("Marketing Regulation").* As set out in section 4(1) of the *Marketing Regulation,* the price of EUG is based on the forecast average price of gas for the following 12 months based upon the cost to EGNB of purchasing gas and then selling gas to customers. EGNB has developed the forecast EUG price by applying this methodology to each month in 2008.

Q 16: Why is EGNB proposing to use EUG as the reference price for commodity?

A 16: First, the price of EUG is publicly available in the marketplace. Second, approximately three-quarters of gas users in these rate classes are currently purchasing EUG. The following table presents the percentage of natural gas customers by rate class who have chosen EUG for their gas supply:

Rate Class	EUG	Others
SGSRO	89%	11%
SGSC	61%	39%
GS	39%	61%
CGS	26%	74%
Total	**74%**	**26%**

Though EUG serves fewer customers in the GS and CGS rate classes, EGNB believes the use of EUG is appropriate because of its price transparency. In addition, EGNB believes that larger customers with greater purchasing power are able to contract for natural gas at more favourable pricing than EUG, resulting in additional savings.

It is important to note that EGNB's objective in choosing EUG is to provide a reasonable approximation of what customers will pay on average for the provision of commodity. Each supplier will take into account its own value proposition objectives and related cost structures when establishing its prices. This is another reason why targeted savings need to be considered as an order of magnitude rather than a hard target.

Q 17: Is EGNB taking advantage of current high oil prices to increase their distribution rates?

A 17: Since the 2006 rate application (August 2005), the forward wholesale oil prices have risen from US$61.78/bbl for 2006 to US$89.50/bbl for 2008, a 45% increase. While there continues to be volatility in the price of crude, current market conditions would tend to indicate a prolonged period of oil prices that are significantly higher than the prices seen at the time of the 2006 rate application. For example, forward oil prices for 2008 have been trading in excess of $70/bbl for the last six months. These prices have had a direct impact on the market competitiveness of natural gas in comparison to oil, as natural gas has not experienced the same increase. It is important that EGNB ensure it responds to these changing market dynamics to recover the maximum amount of its costs of providing distribution service, while continuing to deliver its targeted savings.

Q 18: EGNB indicated in its November 5, 2007 application for changes to the Contract Large General Service LFO ("LFO") distribution rate that rate increases could be warranted in the SGSC, GS, and CGS rates classes and referred to a proposal to redesign the structure of the SGSC, GS and CGS rates. Is this application addressing these changes?

A 18: This application does include the rate increases referenced. However, EGNB is not proposing any structural changes to the SGSC, GS, and CGS rates. At the time of the LFO application, EGNB was conducting analysis to determine the feasibility and appropriateness of some changes to the structure of these rates. However, EGNB has reconsidered its plans based on this analysis.

*** I have no further questions.

Schedule 1

Curriculum Vitae of David B. Charleson

CURRICULUM VITAE

David B. Charleson

EDUCATION

1998	Executive Program, Queen's University
1988	Honours Bachelor of Math (Math and Business), University of Waterloo

BUSINESS EXPERIENCE

2007– Present Enbridge Gas New Brunswick, Fredericton, New Brunswick

2007 – Present	General Manager Responsible for providing overall strategic and policy direction for EGNB and for overseeing its ongoing development and operations.

1988 - 2007 Enbridge Gas Distribution Inc., North York, Ontario

2004 - 2007	Director, Energy Policy and Analysis Responsible for development and execution of short and long term strategies regarding gas supply planning, gas acquisition, and gas supply risk management.
2003 – 2004	Manager, Energy Strategy Responsible for the development of a Company strategy related to upstream transportation, storage, and commodity.
2001 - 2003	Manager, Strategic & Key Accounts Responsible for the effective management of relationships with large volume customers, Agents, Brokers, and Marketers.
2000 - 2001	Manager, IT Strategy & Support Responsible for ensuring the appropriate execution and delivery of IT services for the organization from a service provider.

1997 - 2000	Manager, Accounting Systems
	Responsible for the effective operations of the Accounts Payable, Inventory Accounting, Payroll and Plant Systems departments.
1996 - 1997	Manager, Volume and O&M Budgets
	Responsible for the management of the day-to-day operation of the Volumetric and Operating and Maintenance sections of the Budget department, including the production and defence of all relevant budgets and background materials.
1991 - 1996	Information Technology Supervisor, Information Services
	Responsible for leading a team of 20 IS, contract, and business professionals in the development, implementation, and support of the organizations general ledger and budget preparation system.
1988 – 1991	Information Services, Positions of Progressive Responsibility

REGULATORY EXPERIENCE

Ontario Energy Board	Appeared as a witness in numerous regulatory proceedings, representing Enbridge Gas Distribution on matters including Volumetric and O&M Budgets, Utility Unbundling, Performance Based Rates, Business systems, Gas / Electric Industry Interfaces, and Gas Supply related matters.
National Energy Board	Appeared as a witness representing Enbridge Gas Distribution's interests in two TransCanada Pipelines service design proceedings.

OTHER EXPERIENCE

2005 – 2007	Director, Newmarket Hydro Limited, Newmarket, Ontario
2006 – 2007	Independent Electricity System Operator (IESO) Technical Panel, Natural Gas Sector Representative, Toronto, Ontario

Schedule 2

Rate Schedules

RATE NUMBER
SGSRO **SMALL GENERAL SERVICE RESIDENTIAL OIL**

APPLICABILITY
Small General Service Residential Oil Rate is applied to any Applicant requiring to use EGNB's Distribution System to have a supply of natural gas transported to a single dwelling unit served through one meter that does not meet the applicability requirements of the SGSRE Rate.

RATE	
Monthly Distribution Customer Charge:	
$ per month	16.00
Monthly Distribution Delivery Charge:	
For all volumes delivered per month ($ per GJ)	10.0799

The rates quoted above shall be subject to adjustments that reflect all taxes including HST. The rates will also be subject to the Revenue Adjustment Rate Rider contained in Rider A.

Minimum Monthly Charge:
The minimum monthly charge shall be the Monthly Distribution Customer Charge.

Minimum Annual Charge:
None.

Term of Service:
One (1) year with automatic annual renewal unless the Applicant notifies EGNB thirty (30) days prior to the annual roll over date that service is to be discontinued.

Terms and Conditions of Service:
The provisions of Parts II, III, IV, V, VI and VII of EGNB's **Handbook of Rates and Distribution Services** apply, as contemplated therein, to service under this Rate Schedule.

Effective Date:
To apply to all bills rendered for gas transported on and after April 1, 2008.

RATE NUMBER
SGSC **SMALL GENERAL SERVICE COMMERCIAL**

APPLICABILITY
Small General Service Commercial Rate is applied to any Applicant requiring to use EGNB's Distribution System to have a supply of natural gas transported to a single Terminal Location served through one meter that does not meet the applicability requirements of either the SGSRE or SGSRO Rate. Service under this rate schedule is limited to Applicants using less than 400 GJ per year.

RATE	
Monthly Distribution Customer Charge:	
$ per month	16.00
Monthly Distribution Delivery Charge:	
For all volumes delivered per month ($ per GJ)	9.6713

The rates quoted above shall be subject to adjustments that reflect all taxes including HST. The rates will also be subject to the Revenue Adjustment Rate Rider contained in Rider A.

Minimum Monthly Charge:
The minimum monthly charge shall be the Monthly Distribution Customer Charge.

Minimum Annual Charge:
None.

Term of Service:
One (1) year with automatic annual renewal unless the Applicant notifies EGNB thirty (30) days prior to the annual roll over date that service is to be discontinued.

Terms and Conditions of Service:
The provisions of Parts II, III, IV, V, VI and VII of EGNB's **Handbook of Rates and Distribution Services** apply, as contemplated therein, to service under this Rate Schedule.

Effective Date:
To apply to all bills rendered for gas transported on and after April 1, 2008.

RATE NUMBER
GS **GENERAL SERVICE**

APPLICABILITY
General Service Rate is applied to any Applicant requiring to use EGNB's Distribution System to have a supply of natural gas transported to a single Terminal Location served through one meter. Service under this Rate Schedule is limited to Applicants using more than 400 GJ but less than 2000 GJ per year.

RATE	
Monthly Distribution Customer Charge:	
$ per month	16.00
Monthly Distribution Delivery Charge:	
For all volumes delivered per month ($ per GJ)	9.9827

The rates quoted above shall be subject to adjustments that reflect all taxes including HST. The rates will also be subject to the Revenue Adjustment Rate Rider contained in Rider A.

Minimum Monthly Charge:
The minimum monthly charge shall be the Monthly Distribution Customer Charge.

Minimum Annual Charge:
None.

Term of Service:
One (1) year with automatic annual renewal unless the Applicant notifies EGNB thirty (30) days prior to the annual roll over date that service is to be discontinued.

Terms and Conditions of Service:
The provisions of Parts II, III, IV, V, VI and VII of EGNB's **Handbook of Rates and Distribution Services** apply, as contemplated therein, to service under this Rate Schedule.

Effective Date:
To apply to all bills rendered for gas transported on and after April 1, 2008.

RATE NUMBER
CGS **CONTRACT GENERAL SERVICE**

APPLICABILITY
Contract General Service Rate is applied to any Applicant requiring to use EGNB's Distribution System to have a supply of natural gas transported to a single Terminal Location served through one meter. Service under this Rate Schedule is limited to Applicants using more than 2000 GJ per year with a Contract Demand of not less than 6 GJ per day.

RATE	
Monthly Distribution Delivery Charge:	
Demand Charge per GJ of Contract Demand ($ per GJ)	5.20
For all volumes delivered per month ($ per GJ)	10.1172

The rates quoted above shall be subject to adjustments that reflect all taxes including HST. The rates will also be subject to the Revenue Adjustment Rate Rider contained in Rider A.

Billing Demand:
The Billing Demand shall be the Contract Demand. However, in the event that any Applicant exceeds such Contract Demand in the period of December 1 through March 31 of any contract year, Applicant's actual maximum daily demand between December 1 and March 31 shall be the Billing Demand for the entire applicable contract year. The Applicant will be charged, and shall pay, accordingly for both prospective use and for use since the beginning of the then current contract term. Authorized Overrun will not institute application of this ratchet provision.

Minimum Monthly Charge:
The minimum monthly charge shall be the Monthly Distribution Delivery Demand Charge.

Minimum Annual Charge:
The minimum annual charge will be imposed in the event the Applicant uses less than 2000 GJ per year and will equal the demand charges plus the difference between actual annual consumption and 2000 GJ billed at $10.1172 per GJ.

Term of Service:
One year (1) with automatic annual renewal unless the Applicant notifies EGNB thirty (30) days prior to the annual roll over date that service is to be discontinued.

Terms and Conditions of Service:
The provisions of Parts II, III, IV, V, VI and VII of EGNB's **Handbook of Rates and Distribution Services** apply, as contemplated therein, to service under this Rate Schedule. At EGNB's option, each Applicant served under this Rate Schedule shall enter into a Service Agreement with EGNB.

Effective Date:
To apply to all bills rendered for gas transported on and after April 1, 2008.

Special Metering Provision:
For Applicants taking service under this Rate Schedule, EGNB may install metering and communication devices, which will provide EGNB with hourly and daily consumption data.

RATE NUMBER
OPS **OFF PEAK SERVICE**

APPLICABILITY
Off Peak Service Rate is applied to any Applicant requiring to use EGNB's Distribution System to have a supply of natural gas transported to a single Terminal Location served through one meter for the months of April through November. Service under this Rate Schedule is limited to Applicants using less than 2000 GJ for the applicable period.

RATE	Billing Month	
	December to March	April to November
Monthly Distribution Customer Charge:		
$ per month	NA	12.00
Monthly Distribution Delivery Charge:		
For all volumes delivered per month ($ per GJ)	NA	7.4870

The rates quoted above shall be subject to adjustments that reflect all taxes including HST. The rates will also be subject to the Revenue Adjustment Rate Rider contained in Rider A.

Minimum Monthly Charge:
The minimum monthly charge shall be the Monthly Distribution Customer Charge.

Minimum Annual Charge:
None.

Seasonal Overrun Charge:
Any volume of gas consumed during the months of December through March inclusively will be subject to an additional Seasonal Overrun Charge of $4.00 per GJ.

Term of Service:
One (1) year with automatic annual renewal unless the Applicant notifies EGNB thirty (30) days prior to the annual roll over date that service is to be discontinued.

Terms and Conditions of Service:
The provisions of Parts II, III, IV, V, VI and VII of EGNB's **Handbook of Rates and Distribution Services** apply, as contemplated therein, to service under this Rate Schedule.

Effective Date:
To apply to all bills rendered for gas transported on and after April 1, 2008.

RATE NUMBER
CLVOPS **CONTRACT LARGE VOLUME OFF PEAK SERVICE**

APPLICABILITY
Contract Large Volume Off Peak Service Rate is applied to any Applicant requiring to use EGNB's Distribution System to have a supply of natural gas transported to a single Terminal Location served through one meter for the months of April through November. Service under this Rate Schedule is limited to Applicants using more than 2000 GJ for the applicable period who enter into a service contract with EGNB.

RATE	Billing Month	
	December to March	April to November
Monthly Distribution Delivery Charge:		
Demand Charge per GJ of Contract Demand ($ per GJ)	NA	3.90
For all volumes delivered per month ($ per GJ)	NA	7.5879

The rates quoted above shall be subject to adjustments that reflect all taxes including HST. The rates will also be subject to the Revenue Adjustment Rate Rider contained in Rider A.

Billing Demand:
The Billing Demand shall be the Contract Demand. However, in the event that any Applicant exceeds such Contract Demand in the period of April 1 through November 30 of any contract year, Applicant's actual maximum daily demand between April 1 and November 30 shall be the Billing Demand for the entire applicable contract year. The Applicant will be charged, and shall pay, accordingly for both prospective use and for use since the beginning of the then current contract term. Authorized Overrun will not institute application of this ratchet provision.

Minimum Monthly Charge:
The minimum monthly charge shall be the Monthly Distribution Delivery Demand Charge.

Minimum Annual Charge:
The minimum annual charge will be imposed in the event the Applicant uses less than 2000 GJ per year and will equal the demand charges plus the difference between actual use and 2000 GJ billed at $7.5879 per GJ.

Seasonal Overrun Charge:
Any volume of gas consumed during the months of December through March inclusively will be subject to an additional Seasonal Overrun Charge of $4.00 per GJ.

Term of Service:
One (1) year with automatic annual renewal unless the Applicant notifies EGNB thirty (30) days prior to the anniversary date that service is to be discontinued.

Terms and Conditions of Service:
The provisions of Parts II, III, IV, V, VI and VII of EGNB's **Handbook of Rates and Distribution Services** apply, as contemplated therein, to service under this Rate Schedule. Each Applicant served under this Rate Schedule shall enter into a Service Agreement with EGNB.

Effective Date:
To apply to all bills rendered for gas transported on and after April 1, 2008.

Special Metering Provisions:
For Applicants taking service under this Rate Schedule, EGNB may install metering and communication devices, which will provide EGNB with hourly and daily consumption data.

RATE NUMBER
NGVF **NATURAL GAS VEHICLE FUELING**

APPLICABILITY
Natural Gas Vehicle Fueling Rate is applied to any Applicant requiring to use EGNB's Distribution System to have a supply of natural gas transported to a single Terminal Location served through one meter where such gas is to be sold as authorized by the appropriate regulatory agency. Service under this Rate Schedule is limited to Applicants using more than 400 GJ per year.

RATE	
Monthly Distribution Customer Charge:	
$ per month	16.00
Monthly Distribution Delivery Charge:	
For all volumes delivered per month ($ per GJ)	9.9827

The rates quoted above shall be subject to adjustments that reflect all taxes including HST. The rates will also be subject to the Revenue Adjustment Rate Rider contained in Rider A.

Minimum Monthly Charge:
The minimum monthly charge shall be the Monthly Distribution Customer Charge.

Minimum Annual Charge:
The minimum annual charge will be imposed in the event the Applicant uses less than 400 GJ per year and will be equal to the customer charges plus the difference between actual use and 400 GJ billed at $9.9827 per GJ.

Term of Service:
One (1) year with automatic annual renewal unless the Applicant notifies EGNB thirty (30) days prior to the annual roll over date that service is to be discontinued.

Terms and Conditions of Service:
The provisions of Parts II, III, IV, V, VI and VII of EGNB's **Handbook of Rates and Distribution Services** apply, as contemplated therein, to service under this Rate Schedule.

Effective Date:
To apply to all bills rendered for gas transported on and after April 1, 2008.