

Enbridge Gas New Brunswick
Enbridge Gaz Nouveau-Brunswick
440, chemin Wilsey Road, Suite/pièce 101
Fredericton, New Brunswick
E3B 7G5 Canada

Dave Charleson
General Manager
Tel 506-453-7388
Fax 506-457-7753
Email dave.charleson@enbridge.com



February 13, 2009

BY EMAIL AND COURIER

Ms. Lorraine R. Légère
Secretary to the Board
New Brunswick Energy and Utilities Board
P.O. Box 5001
15 Market Square, Suite 1400
Saint John, New Brunswick
E2L 1E8

Dear Ms. Légère:

Enbridge Gas New Brunswick – Rate Reinstatement

In response to changes in the energy market, Enbridge Gas New Brunswick (“EGNB”) is filing a request for Revenue Adjustment Rate Riders (“Rate Riders”) which will partially reinstate the delivery rate for the Small General Service Residential Electric (“SGSRE”), Small General Service Residential Oil (“SGSRO”), Small General Service Commercial (“SGSC”), General Service (“GS”), Contract General Service (“CGS”), Contract Large General Service LFO (“LFO”), Contract Large Volume Off Peak Service (“CLVOPS”), Off Peak Service (“OPS”) and Natural Gas Vehicle Fueling (“NGVF”) rate classes, as follows:

<u>Rate Class</u>	<u>Approved Delivery Rate (\$/GJ)</u>	<u>Current Delivery Rate (\$/GJ)</u>	<u>Rate Increase (\$/GJ)</u>	<u>Proposed Delivery Rate (\$/GJ)</u>
Small General Service Residential Electric	\$7.6212	\$4.9511	1.3333	6.2841
Small General Service Residential Oil	\$9.7456	\$4.4144	1.1106	5.5250
Small General Service Commercial	\$9.3538	\$4.2279	1.1701	5.3980
General Service	\$9.6570	\$3.8512	1.0895	4.9407
Contract General Service	\$8.6291	\$2.7130	1.0347	3.7477
Contract Large General Service LFO	\$4.0861	\$1.2777	0.5694	1.8471
Contract Large Volume Off Peak Service	\$6.4718	\$2.0348	0.7760	2.8108
Off Peak Service	\$7.2428	\$2.8884	0.8171	3.7055
Natural Gas Vehicle Fueling	\$9.6570	\$3.8512	1.0895	4.9407

EGNB requests that the New Brunswick Energy and Utilities Board (“Board”) approve the proposed Rate Reinstatement effective March 1, 2009. The SGSRE reinstatement is justified on the basis that annualized New Brunswick Power rates have increased based on a forecasted April 1, 2009 increase, whereas natural gas commodity prices have decreased, resulting in an improvement in the competitive position of EGNB’s SGSRE rate. The proposed reinstatements to the rates that are based on oil are warranted on the basis that forward forecast natural gas prices have decreased relative to oil prices, when compared with the prices underpinning EGNB’s January 1st Rate Rider application dated December 8, 2008.

Enclosed please find Schedule “C”, the Derivation of Distribution Rates based on Electricity, as well as Schedule “D”, the Derivation of Distribution Rates based on Oil, that outline the economic data supporting these requests. As has been previously discussed with Board staff, this economic data, while important, is not the only factor in determining the requested Rate Riders. EGNB takes into consideration more subjective or qualitative knowledge that it has of the actual economic situation of customer classes, such as actual gas prices, consumption patterns and customer expectations regarding savings. In the case of this application, EGNB has considered the impact of more recent commodity prices in comparison to the 21-day average typically used and has adjusted its application to reflect the Derivation of Distribution Rates based on the February 12, 2009 strip prices for oil and natural gas.

Over the past week, the commodity markets have seen a dramatic reduction in crude oil prices, which has a direct impact on the estimated retail oil prices used by EGNB. As a result, EGNB believes that it is appropriate to look only at the most recent commodity prices for the purpose of establishing Rate Riders for March 1, 2009. The use of the 21-day average would lead to higher delivery rates than those proposed in this application. This can be seen in the Derivation table attached as Schedule “E” that was prepared using the typical 21-day average where delivery rates are \$0.25 to \$0.40 higher than those seen in Schedule “D”. If the current market conditions for crude are sustained for a period of time, the use of the higher rates suggested by the 21-day average would negatively impact the ability for EGNB to deliver target savings to its customers. For these reasons, EGNB believes it is reasonable to exercise discretion in this application.

EGNB is requesting the Board approve the proposed Rate Reinstatement, as outlined in Schedule “A”, effective March 1, 2009.

Customer Communication

EGNB is proposing a customer communication consisting of a short on-bill message and a website posting as outlined in its previous applications. The proposed website notification is attached as Schedule “B”. The on-bill message will state: “Delivery rate charges have increased for SGSRE, SGSRO, SGSC, GS, CGS, LFO, CLVOPS, OPS and NGVF customers. Please visit our website at www.naturalgasnb.com or call toll-free 1-800-994-2762 for more information.”

EGNB has received a request from one LFO customer for email notification of rate changes. EGNB will be providing this customer with the requested notification upon approval of these Rate Riders and will continue to present this option to customers.

If you have any questions or require additional information, please call me.

Yours truly,

A handwritten signature in black ink, appearing to read "D. Charleson", with a long horizontal flourish extending to the right.

Dave Charleson
General Manager

Enclosures

c.c. Competitive Energy Services, LLC
Corridor Resources Inc.
ECNG Energy LP
Irving Energy Services Limited
Park Fuels Ltd.
Potash Corporation of Saskatchewan Inc.
Superior Propane Inc.

Schedule "A"

REVENUE ADJUSTMENT RATE RIDER

The following adjustments shall be applicable to gas consumed on and after March 1, 2009:

<u>Rate Class</u>	<u>Approved Delivery Rate (\$/GJ)</u>	<u>Rate Reduction (\$/GJ)</u>	<u>Reduced or Reinstated Delivery Rate (\$/GJ)</u>
Small General Service Residential Electric (SGSRE)	7.6212	(1.3371)	6.2841
Small General Service Residential Oil (SGSRO)	9.7456	(4.2206)	5.5250
Small General Service Commercial (SGSRC)	9.3538	(3.9558)	5.3980
General Service (GS)	9.6570	(4.7163)	4.9407
Contract General Service (CGS)	8.6291	(4.8814)	3.7477
Contract Large General Service LFO (LFO)	4.0861	(2.2390)	1.8471
Contract Large Volume Off Peak Service (CLVOPS)	6.4718	(3.6610)	2.8108
Off Peak Service (OPS)	7.2428	(3.5373)	3.7055
Natural Gas Vehicle Fueling (NGVF)	9.6570	(4.7163)	4.9407



Schedule “B”

Notice of Rate Adjustments

Enbridge Gas New Brunswick (EGNB) would like to advise you, our valued customer, of changes to our distribution rates, effective March 1, 2009. EGNB has received approval from the New Brunswick Energy and Utilities Board to adjust natural gas delivery charges.

There are three charges that determine your total cost of natural gas. The first is the monthly customer or demand charge which is not being adjusted. The second is the delivery charge which is being changed. The third, and the largest component of your total natural gas cost, is the charge for supply of the natural gas commodity.

EGNB delivers natural gas to customers at rates which are based on local market conditions targeted to provide savings against alternate energy products. In recent months, **forecast natural gas prices have declined relative to forecast electricity prices** and based on this change, EGNB has received approval to increase delivery charges in the Small General Service Residential Electric (“SGSRE”) class. In addition, **natural gas commodity prices have decreased relative to oil prices** and based on these changes in the market place, EGNB has received approval to increase delivery charges in the Small General Service Residential Oil (“SGSRO”), Small General Service Commercial (“SGSC”), General Service (“GS”), Contract General Service (“CGS”), Contract Large General Service LFO (“LFO”), Contract Large Volume Off Peak Service (“CLVOPS”), Off Peak Service (“OPS”) and Natural Gas Vehicle Fueling (“NGVF”) rate classes. These changes are outlined in the table below.

Natural Gas Distribution Charges as of March 1, 2009

RATE CLASS	Customer or Demand Charge	Approved Delivery Charge (\$/GJ)	March 2009 Adjusted Delivery Charge (\$/GJ)
Small General Service Residential Electric (SGSRE)	\$16.00/month	\$7.6212	6.2841
Small General Service Residential Oil (SGSRO)	\$16.00/month	\$9.7456	5.5250
Small General Service Commercial (SGSC)	\$16.00/month	\$9.3538	5.3980
General Service (GS)	\$16.00/month	\$9.6570	4.9407
Contract General Service (CGS)	\$5.20/GJ	\$8.6291	3.7477
Contract Large General Service LFO (LFO)	\$5.20/GJ	\$4.0861	1.8471
Contract Large Volume Off Peak Service (CLVOPS)	\$3.90/GJ	\$6.4718	2.8108
Off Peak Service (OPS)	\$12.00/month	\$7.2428	3.7055
Natural Gas Vehicle Fueling (NGVF)	\$16.00/month	\$9.6570	4.9407

EGNB provides safe, reliable distribution of natural gas. The price that EGNB charges for the distribution of natural gas is regulated by the New Brunswick Energy and Utilities Board and can only change with their approval. ¹ The price is based on market conditions and may increase or decrease significantly over time. If you wish to receive notification of delivery rate changes in the future by email, please email us at egnb_mailbox@egnb.enbridge.com. For more information about EGNB, these delivery rate adjustments or the current price for supply of Enbridge Utility Gas, call toll free at 1-800-994-2762 or visit www.naturalgasnb.com.

¹ This applies only to the customer or demand charge and delivery charge, which together constitute the distribution charge.

Schedule "C"

Derivation of Distribution Rates Based on Electricity		
Line	Item	SGSRE
(1)	NB Power Average Rate (\$/kWh)	0.09013
(2)	NB Power Average Rate (\$/GJ)	25.04
(3)	Typical Annual Electric Consumption (kWh)	27,310
(4)	Typical Annual Electric Consumption (GJ)	98
(5)	Annual Electric Cost (\$) (Line 1 x Line 3)	2,461
(6)	NB Power Rental Water Heater Charge (60 Gallon)	90
(7)	Total Cost Electric Heating and Domestic Hot Water (Line 5 plus Line 6)	2,552
(8)	Target Savings Level (%)	20.0%
(9)	Target Annual Savings (\$) (Line 7 x Line 8)	510
(10)	Typical Annual Natural Gas Cost (\$) (Line 7 minus Line 9)	2,042
(11)	Typical Annual Natural Gas Consumption (GJ)	114
(12)	Target Natural Gas Burner Tip Unit Price (\$/GJ) (Line 10 divided by Line 11)	17.91
(13)	Commodity Price (\$/GJ)	9.94
(14)	Target Distribution Rate (\$/GJ) (Line 12 minus Line 13)	7.9683
Breakdown of Distribution Charge between Monthly and Delivery Charges:		
(15)	Annual Target Distribution Charge per Customer (\$) (Line 14 x Line 11)	908.39
(16)	Monthly Customer Charge (\$)	16.00
(17)	Annual Customer Charge (\$) (Line 16 x 12 months)	192.00
(18)	Annual Delivery Charge per Customer (\$) (Line 15 minus Line 17)	716.39
(19)	Proposed Delivery Charge per GJ (\$) (Line 18 divided by Line 11)	6.2841

Schedule "D"

Derivation of Distribution Rates based on Oil (Feb 12/09 - 1 Day Strip)						
Line	Item	SGSRO	SGSC	GS	CGS	LFO
(1)	Retail Oil Price (\$/L)	0.6485	0.6165	0.5558	0.5297	0.4932
(2)	Retail Oil Price (\$/GJ)	16.77	15.95	14.37	13.69	12.75
(3)	Typical Annual Oil Consumption (L)	3,769	6,454	37,411	140,092	807,248
(4)	Typical Annual Oil Consumption (GJ)	146	250	1,447	5,420	31,205
(5)	Annual Oil Cost (\$) (Line 1 x Line 3)	2,444	3,979	20,793	74,206	398,135
(6)	Target Savings Level (%)	20%	20%	15%	15%	10%
(7)	Target Annual Savings (\$) (Line 5 x Line 6)	489	796	3,119	11,131	39,813
(8)	Typical Annual Natural Gas Cost (\$) (Line 5 minus Line 7)	1,956	3,183	17,674	63,076	358,321
(9)	Typical Annual Natural Gas Consumption (GJ)	114	195	1,175	4,400	31,205
(10)	Target Natural Gas Burner Tip Unit Price (\$/GJ) (Line 8 divided by Line 9)	17.15	16.32	15.04	14.34	11.48
(11)	Commodity Price (\$/GJ)	9.94	9.94	9.94	9.94	8.92
(12)	Target Distribution Rate (\$/GJ) (Line 10 minus Line 11)	7.2092	6.3826	5.1041	4.3986	2.5610
Breakdown of Distribution Charge between Monthly and Delivery Charges:						
(13)	Annual Target Distribution Charge per Customer (\$) (Line 12 x Line 9)	822	1,245	5,997	19,354	79,917
(14)	Monthly Customer Charge (\$)	16.00	16.00	16.00	N/A	N/A
(15)	Annual Customer Charge (\$) (Line 14 x 12 months)	192	192	192	N/A	N/A
(16)	Monthly Demand Charge (\$/GJ)	N/A	N/A	N/A	5.20	5.20
(17)	Average Monthly Contract Demand (GJ)	N/A	N/A	N/A	45.90	357.00
(18)	Annual Demand Charge (\$) (Line 17 x 12 months x Line 16)	N/A	N/A	N/A	2,864	22,277
(19)	Annual Delivery Charge per Customer (\$) (Line 13 minus Line 15 minus Line 18)	630	1,053	5,805	16,490	57,640
(20)	Delivery Charge per GJ (\$) (Line 19 divided by Line 9)	5.5250	5.3980	4.9407	3.7477	1.8471

The delivery rate for CLVOPS is calculated as 75% of the CGS delivery rate, the delivery rate for OPS is calculated as 75% of the GS delivery rate, and the delivery rate for NGVF is 100% of the GS delivery rate.

Schedule "E"

Derivation of Distribution Rates based on Oil (21 Day Avg)						
Line	Item	SGSRO	SGSC	GS	CGS	LFO
(1)	Retail Oil Price (\$/L)	0.6631	0.6312	0.5705	0.5447	0.5065
(2)	Retail Oil Price (\$/GJ)	17.14	16.33	14.75	14.08	13.09
(3)	Typical Annual Oil Consumption (L)	3,769	6,454	37,411	140,092	807,248
(4)	Typical Annual Oil Consumption (GJ)	146	250	1,447	5,420	31,205
(5)	Annual Oil Cost (\$) (Line 1 x Line 3)	2,499	4,074	21,343	76,308	408,871
(6)	Target Savings Level (%)	20%	20%	15%	15%	10%
(7)	Target Annual Savings (\$) (Line 5 x Line 6)	500	815	3,201	11,446	40,887
(8)	Typical Annual Natural Gas Cost (\$) (Line 5 minus Line 7)	2,000	3,259	18,141	64,862	367,984
(9)	Typical Annual Natural Gas Consumption (GJ)	114	195	1,175	4,400	31,205
(10)	Target Natural Gas Burner Tip Unit Price (\$/GJ) (Line 8 divided by Line 9)	17.54	16.71	15.44	14.74	11.79
(11)	Commodity Price (\$/GJ)	9.98	9.98	9.98	9.98	8.98
(12)	Target Distribution Rate (\$/GJ) (Line 10 minus Line 11)	7.5549	6.7307	5.4640	4.7622	2.8147
Breakdown of Distribution Charge between Monthly and Delivery Charges:						
(13)	Annual Target Distribution Charge per Customer (\$) (Line 12 x Line 9)	861	1,312	6,420	20,954	87,833
(14)	Monthly Customer Charge (\$)	16.00	16.00	16.00	N/A	N/A
(15)	Annual Customer Charge (\$) (Line 14 x 12 months)	192	192	192	N/A	N/A
(16)	Monthly Demand Charge (\$/GJ)	N/A	N/A	N/A	5.20	5.20
(17)	Average Monthly Contract Demand (GJ)	N/A	N/A	N/A	45.90	357.00
(18)	Annual Demand Charge (\$) (Line 17 x 12 months x Line 16)	N/A	N/A	N/A	2,864	22,277
(19)	Annual Delivery Charge per Customer (\$) (Line 13 minus Line 15 minus Line 18)	669	1,120	6,228	18,090	65,557
(20)	Delivery Charge per GJ (\$) (Line 19 divided by Line 9)	5.8707	5.7461	5.3006	4.1113	2.1008

The delivery rate for CLVOPS is calculated as 75% of the CGS delivery rate, the delivery rate for OPS is calculated as 75% of the GS delivery rate, and the delivery rate for NGVF is 100% of the GS delivery rate.