

Enbridge Gas New Brunswick
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October 17, 2007

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, NB E2L 1E8

Dear Ms. Légère:

Enbridge Gas New Brunswick – Rate Reinstatement

In response to changes in the energy market over the past month, Enbridge Gas New Brunswick (“EGNB”) is filing a request for Revenue Adjustment Rate Riders (“Rate Riders”) which partially reinstate delivery rates toward approved levels in the Small General Service Residential Electric (“SGSRE”), Small General Service Residential Oil (“SGSRO”) and Small General Service Commercial (“SGSC”) and fully reinstate delivery rates to approved levels in the General Service (“GS”) and Contract General Service (“CGS”) rate classes, as follows:

<u>Rate Class</u>	<u>Approved Delivery Rate (\$/GJ)</u>	<u>Current Reduced Delivery Rate (\$/GJ)</u>	<u>Rate Reinstatement (\$/GJ)</u>	<u>Proposed Delivery Rate (\$/GJ)</u>
Small General Service Residential Electric	\$7.6212	\$2.3487	\$1.0890	\$3.4377
Small General Service Residential Oil	\$7.6212	\$6.8782	\$0.4391	\$7.3173
Small General Service Commercial	\$7.6212	\$6.6465	\$0.4188	\$7.0653
General Service	\$7.1820	\$6.6155	\$0.5665	\$7.1820
Contract General Service	\$5.8919	\$5.5915	\$0.3004	\$5.8919

EGNB requests that the New Brunswick Energy and Utilities Board (“Board”) approve the proposed rate reinstatements effective November 1, 2007. The proposed adjustments are justified on the basis that forward wholesale oil prices and retail electricity prices have increased relative to natural gas, compared with the prices underpinning EGNB’s Rate Reinstatement application of September 13, 2007 and EGNB’s Application for Small General Service Rate Reclassification in October 2006. As a result, the competitive position of natural gas has improved. EGNB anticipates retail oil prices in New Brunswick to range from \$0.65 to \$0.75 per litre in commercial and residential market segments respectively, an increase of

approximately \$0.02 per litre or \$0.52 per GJ. The New Brunswick Power interim rate increase of 6.4%, approved on August 23, 2007, resulted in higher electricity cost of \$134 per year, approximately \$1.17 per GJ, for a residential customer.

Enclosed please find Schedules "C" and "D", the Derivation of Target Distribution Rates that outlines the economic data supporting this request. 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. EGNB is requesting the Board approve the proposed Rate Riders, as outlined in Schedule "A", effective November 1, 2007.

Customer Communication

EGNB is proposing 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".

EGNB has not received any customer requests to date for email notification of rate changes but will continue to present this option to customers.

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

Yours truly,



Shelley Black, CGA
Manager, Gas Supply & Forecast

Enclosures

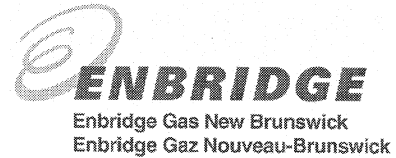
c.c. Competitive Energy Services, LLC
ECNG Limited Partnership
Energistics Group Inc.
Irving Energy Services Limited
Park Fuels Ltd.
Superior Propane Inc.

Schedule "A"

REVENUE ADJUSTMENT RATE RIDER

The following adjustments shall be applicable to all bills issued on and after November 1, 2007:

<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	4.1835	3.4377
Small General Service Residential Oil (SGSRO)	7.6212	0.3039	7.3173
Small General Service Commercial (SGSC)	7.6212	0.5559	7.0653
General Service (GS)	7.1820	0.0000	7.1820
Contract General Service (CGS)	5.8919	0.0000	5.8919



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 November 1, 2007. 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 increasing. 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, **oil prices and electricity prices have increased while natural gas commodity prices have remained relatively stable.** Based on these changes in the market place, EGNB has received approval to increase delivery charges in the Small General Service Residential Electric ("SGSRE"), Small General Service Residential Oil ("SGSRO"), Small General Service Commercial ("SGSC"), General Service ("GS") and Contract General Service ("CGS") rate classes. These changes are outlined in the table below.

Natural Gas Distribution Charges as of November 1, 2007

RATE CLASS	Customer or Demand Charge	Approved Delivery Charge (\$/GJ)	Current Reduced Delivery Charge (\$/GJ)	November 2007 Adjusted Delivery Charge (\$/GJ)
Small General Service Residential Electric (SGSRE)	\$16.00/month	\$7.6212	2.3487	\$3.4377
Small General Service Residential Oil (SGSRO)	\$16.00/month	\$7.6212	\$6.8782	\$7.3173
Small General Service Commercial (SGSC)	\$16.00/month	\$7.6212	\$6.6465	\$7.0653
General Service (GS)	\$16.00/month	\$7.1820	\$6.6155	\$7.1820
Contract General Service (CGS)	\$5.20/GJ	\$5.8919	\$5.5915	\$5.8919

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 Target Distribution Rates Based on Electricity		SGSRE
Line	Item	
(1)	NB Power Average Rate (\$/kWh) ¹	0.07995
(2)	NB Power Average Rate (\$/GJ)	22.21
(3)	Typical Annual Electric Consumption (kWh)	27,310
(4)	Typical Annual Electric Consumption (GJ)	98
(5)	Annual Electric Cost (\$) (Line 1 x Line 3)	2,183
(6)	NB Power Rental Water Heater Charge (60 Gallon)	86
(7)	Total Cost Electric Heating and Domestic Hot Water (Line 5 plus Line 6)	2,269
(8)	Target Savings Level (%)	20.0%
(9)	Target Annual Savings (\$) (Line 7 x Line 8)	454
(10)	Typical Annual Natural Gas Cost (\$) (Line 7 minus Line 9)	1,815
(11)	Typical Annual Natural Gas Consumption (GJ)	114
(12)	Target Natural Gas Burner Tip Unit Price (\$/GJ) (Line 10 divided by Line 11)	15.92
(13)	Commodity Price (\$/GJ)	10.80
(14)	Target Distribution Rate (\$/GJ) (Line 12 minus Line 13)	5.1219
Breakdown of Distribution Charge between Monthly and Delivery Charges:		
(15)	Annual Target Distribution Charge per Customer (\$) (Line 14 x Line 11)	583.90
(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)	391.90
(19)	Proposed Delivery Charge per GJ (\$) (Line 18 divided by Line 11)	3.4377

¹ NB Power average (\$/kWh) is estimated for a typical residential customer using electricity for space and water heating.

Schedule "D"

Derivation of Target Distribution Rates - Opposite Light Fuel Oil					
Line	Item	SGSRO	SGSC	GS	CGS
(1)	Retail Oil Price (\$/L)	0.7486	0.7112	0.6709	0.6508
(2)	Retail Oil Price (\$/GJ)	19.26	18.21	17.24	16.72
(3)	Typical Annual Oil Consumption (L)	3,769	6,460	37,373	140,232
(4)	Typical Annual Oil Consumption (GJ)	146	250	1,446	5,425
(5)	Annual Oil Cost (\$) (Line 1 x Line 3)	2,822	4,595	25,074	91,263
(6)	Target Savings Level (%)	20%	20%	15%	15%
(7)	Target Annual Savings (\$) (Line 5 x Line 6)	564	919	3,761	13,689
(8)	Typical Annual Natural Gas Cost (\$) (Line 5 minus Line 7)	2,257	3,676	21,313	77,573
(9)	Typical Annual Natural Gas Consumption (GJ)	114	195	1,175	4,400
(10)	Target Natural Gas Burner Tip Unit Price (\$/GJ) (Line 8 divided by Line 9)	19.80	18.85	18.14	17.63
(11)	Commodity Price (\$/GJ)	10.80	10.80	10.80	10.80
(12)	Target Distribution Rate (\$/GJ) (Line 10 minus Line 11)	9.0015	8.0499	7.3385	6.8303
Breakdown of Distribution Charge between Monthly and Delivery Charges:					
(13)	Annual Target Distribution Charge per Customer (\$) (Line 12 x Line 9)	1,026	1,570	8,623	30,053
(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)	834	1,378	8,431	27,189
(20)	Delivery Charge per GJ (\$) (Line 19 divided by Line 9)	7.3173	7.0653	7.1751	6.1794