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For immediate release

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OEB Settles Outstanding Rates Issues for Enbridge Gas Distribution

Toronto – The Ontario Energy Board today ruled on unresolved issues in the 2005 rates application by Enbridge Gas Distribution Inc. (Enbridge). Rate changes resulting from the Board's decision will take effect January 1, 2005 along with Enbridge's January quarterly rate adjustment. While today's Decision will result in a minor decrease in rates, the final changes on January 1st will be highly effected by natural commodity prices at that time.

In September, the Board approved the utility's commodity and delivery rates on an interim basis while it deliberated on the remaining issues in the rate case. The five main issues include: a proposal to allow Enbridge to buy and resell natural gas to increase revenues from their transportation and storage facilities, a new storage contract with Union Gas Limited, proposed changes to reduce natural gas price volatility, deferred taxes related to Enbridge's former water heater rental program and rate implications associated with changes in Enbridge's fiscal year-end.

To guard against unfair market advantage, the Board instructed Enbridge to make its surplus utility assets (including gas storage, exchanges, and transportation) available on an open market basis to other market participants.

The Board rejected Enbridge's request to recover the costs of its new storage contract with Union Gas due to a lack of evidence supporting future customer benefits. As a result, storage rates will remain at existing prices, providing a \$2.7 million cost savings to consumers in 2005.

As well, the Board has agreed to proposed changes to Enbridge's natural gas purchasing policies designed to manage the risk of natural gas price volatility.

The OEB also authorized Enbridge to collect \$23.9 million over three years from its customers. The ruling stems from a December 2003 decision allowing the utility to recover the deferred taxes related to Enbridge's former hot water heater rental program that became payable between October 1, 1999 and May 7, 2002.

The Board also resolved a number of issues related to Enbridge's proposed change of fiscal year-end to match a calendar year-end, beginning January 1, 2006. The change will allow Enbridge Gas Distribution Inc. to bring its fiscal and reporting periods in line with its parent company, Enbridge Inc. As a result of the Board's denial for a rate increase to cover the transition to the new fiscal year, this is not expected to have any impact on consumers.

As a result of this decision, customers are expected to see a modest reduction in their delivery rates starting January 1, 2005. However, if natural gas prices rise, consumers may see an overall increase to their bills in January. The rates that result from the Board's decision will take effect in the New Year along with Enbridge's January quarterly rate adjustment.

The Ontario Energy Board is the regulator of Ontario's natural gas and electricity sectors.

For more information on the Board or the above decision, please visit our web site at www.oeb.gov.on.ca or contact the Customer Service Centre at 416-314-2455 or toll-free at 1-877-632-2727.

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