

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

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PROVINCE OF NEW BRUNSWICK
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COMMISSION DE L' ÉNERGIE ET DES SERVICES PUBLICS

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February 20, 2009

VIA E-MAIL and COURIER

Mr. Dave Charleson
General Manager
Enbridge Gas New Brunswick
440 Wilsey Road, Suite 101
Fredericton, New Brunswick
E3B 7G5

Dear Mr. Charleson:

The New Brunswick Energy and Utilities Board (“Board”) Board has received an application by Enbridge Gas New Brunswick (EGNB) dated February 13, 2009, requesting approval to partially reinstate distribution rates for most customer classes using the rate re-instatement mechanism approved by the Board.

The mechanism incorporates a formula using twenty-one days of energy futures market data that includes estimates by customer class, of the cost of consuming natural gas and an alternative fuel. The mechanism allows management to apply its judgment in determining the level of re-instatement.

Previous rate re-instatement applications have forecast future prices based on twenty-one days of future energy prices. EGNB included with this application twenty-one days of energy market futures data, which the Board has reviewed. Calculations based on the twenty-one days of data would result in rates significantly higher than those applied for. In this application, EGNB indicates that it applied its judgment and altered the formula using only one day of market data. EGNB stated that in management’s judgment this better reflected future market prices.


EGNB uses market-based rates which are intended to provide an economic incentive to customers while maximizing revenue to the company. In its application EGNB stated that the applied for rates will continue to deliver an economic benefit to customers whereas implementing rates derived from the use of the twenty-one days of future energy prices would not. The Board believes that the use of twenty-one days of market data better reflects trends in future prices and believes that it is inappropriate to use one day’s market information as an indicator of future prices.

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In this instance the Board will accept management's judgment that the prices calculated from using twenty-one days of market information would result in a price that fails to give customers sufficient incentive to convert to natural gas. The Board approves the rates as proposed and listed below, but cautions EGNB regarding the use of a single day of data to support any future rate reinstatement application.

| SS | Delivery Rate (\$/GJ) |
|--------------------------------------|----------------------------------|
| General Service Residential Electric | 6.2841 |
| General Service Residential Oil | 5.5250 |
| General Service Commercial | 5.3980 |
| Service | 4.9407 |
| General Service | 3.7477 |
| Large General Service LFO | 1.8471 |
| Large Volume Off Peak Service | 2.8108 |
| Service | 3.7055 |
| Gas Vehicle Fueling | 4.9407 |

The Board instructs Enbridge Gas New Brunswick to communicate with customers in the manner described in the application and reminds the company that a revised "Schedule A" showing the rates approved must be filed with the Board prior to the rates going into effect.



Lorraine Légère
Secretary to the Board