

A decorative banner with a red top edge and a blue bottom edge. The blue section contains a landscape with green grass, a tree, and several white wind turbines under a blue sky with clouds. The red section contains a stylized flame or gas burner.

A Vision for Gas Utility Incentive Regulation & ROE

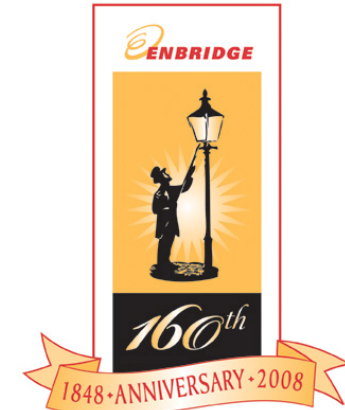
Janet Holder

President, Enbridge Gas Distribution

CAMPUT Conference, April 22, 2008

160 Years of Service

- **1848:** Consumers Gas incorporated, delivers street lighting in Toronto
- **1908:** First appliance store opens
- **1958-59:** Pipeline from Western Canada connects Ontario market to natural gas
- **1985:** Deregulation begins in Canada, opens door to direct purchase gas supply
- **1995:** Consumers Gas Company acquired by IPL Energy of Calgary
- **1998:** Renamed Enbridge Consumers Gas
- **1999:** New government regulation mandates separation of retail sales, service and repair from core business
- **2002:** Enbridge Home Services acquired by Centrica North America. Enbridge Consumers Gas continues to supply, deliver natural gas.
- **2002:** Enbridge Consumers Gas changes its legal name to Enbridge Gas Distribution Inc.
- **2008:** Company serves 1.8 million customers and enters five-year IR plan



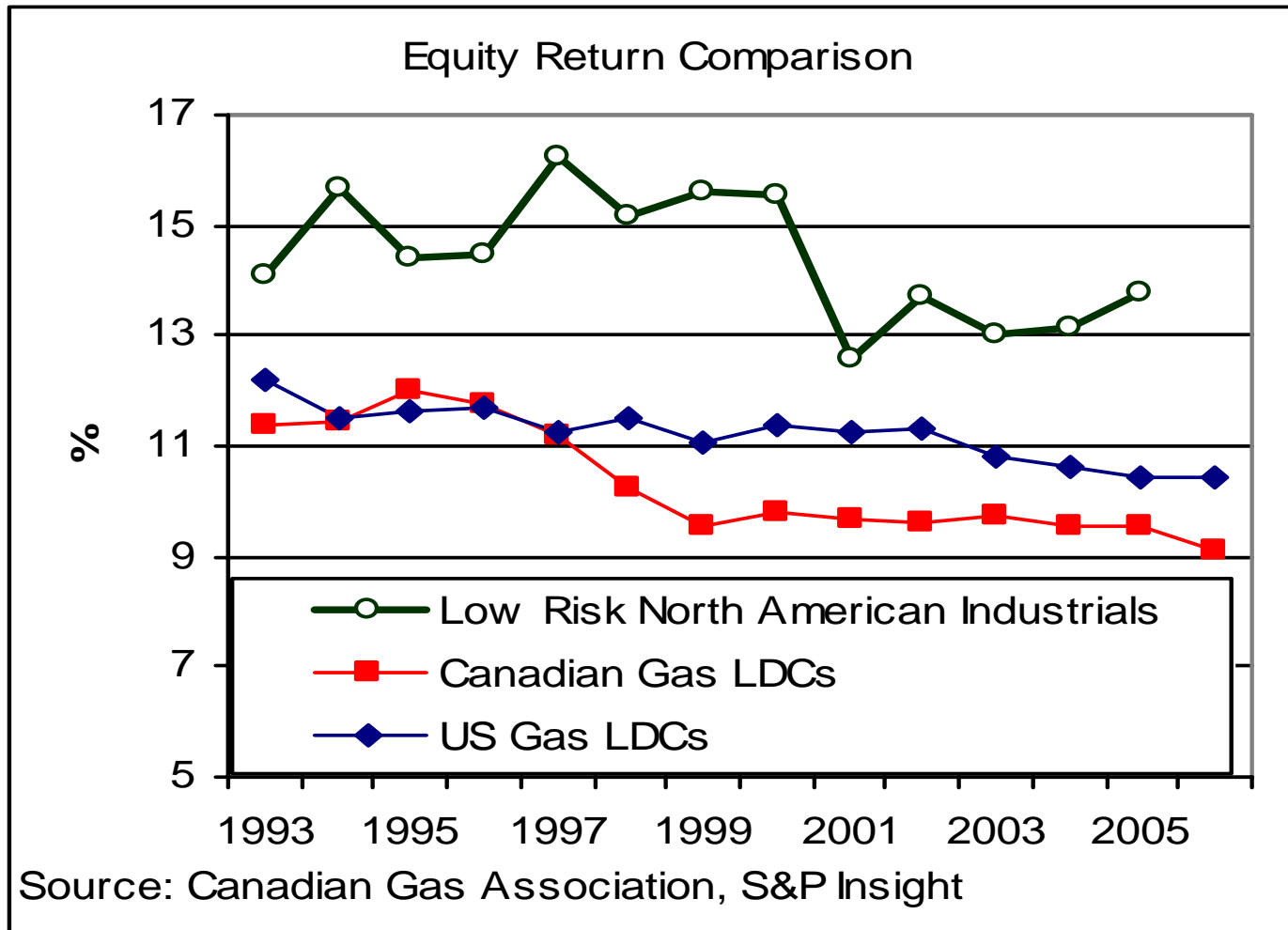
Outline

- Enbridge's Incentive Regulation plan
- ROE for gas utilities
- A look “back” at a successful IR and ROE setting

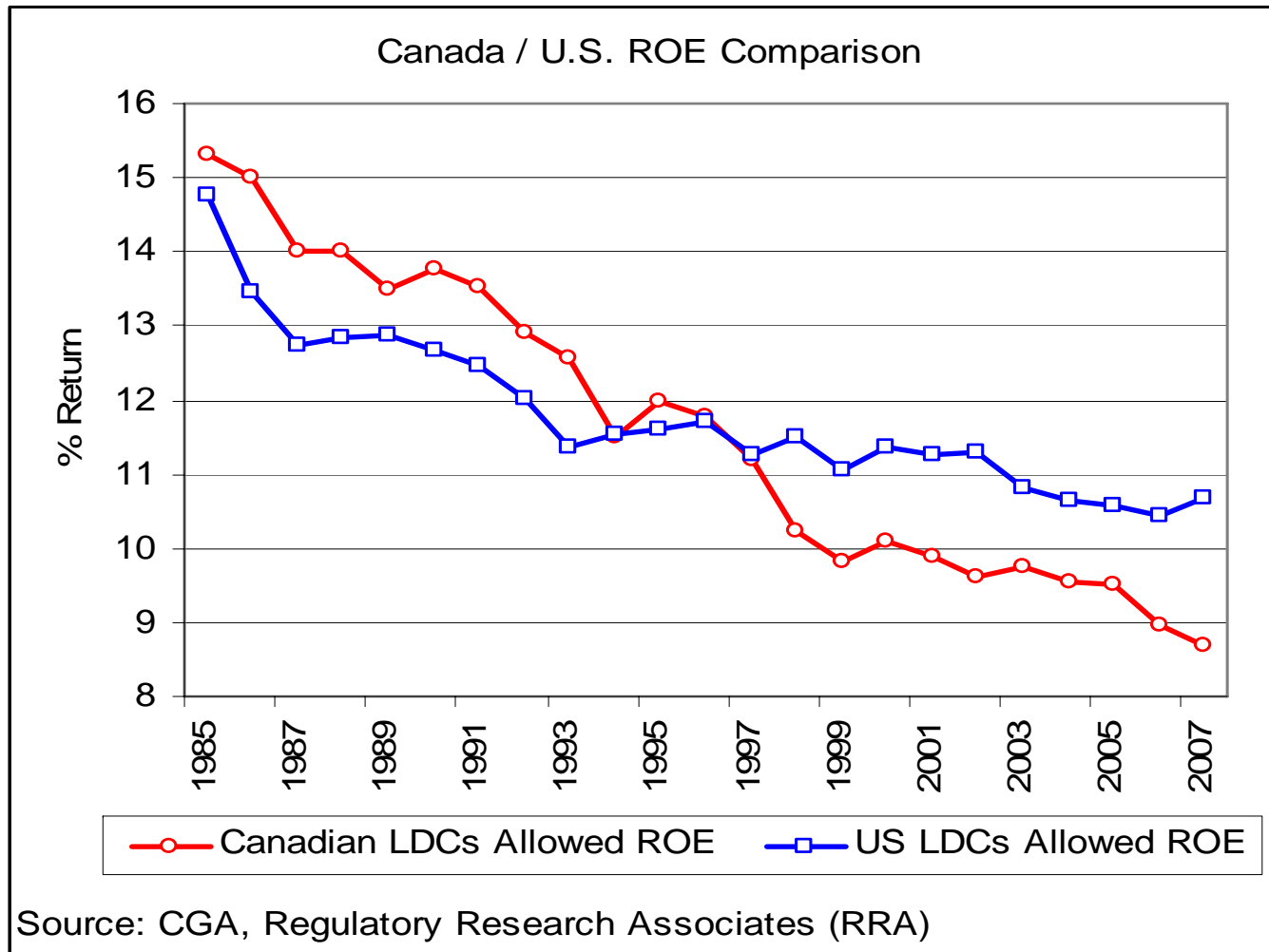
Looking “Back”: 2008-2012 IR Plan

- Revenue per customer cap
- 5 years, 2008-12 inclusive
- Revenues adjusted for
 - Inflation – about 1/2 of expected rate of change
 - Growth in number of customers
- Earning sharing 50/50 after a 100 basis point dead band (normalized)
- ROE
 - 8.39% for rate setting
- Service Quality levels to be maintained
 - 10 standards specified

Canadian Total Returns Lower



Canadian Allowed ROEs Lower



Summary

- Stakeholder alignment can work
 - IR settlement an example
- ROE remains an issue
- Further alignment can be win-win