

Enbridge Gas New Brunswick
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February 14, 2006

BY EMAIL AND COURIER

Ms. Lorraine R. Légère
Secretary of the Board of Commissioners of Public Utilities
P.O. Box 5001
15 Market Square, Suite 1400
Saint John, NB E2L 1E8

Dear Ms. Légère:

Enbridge Gas New Brunswick – Partial Rate Reinstatement

EGNB is filing a request for Rate Riders which partially reinstate delivery rates in the General Service, Contract General Service and Contract Large General Service LFO delivery charges. EGNB requests that the Board approve the proposed Rate Rider effective March 1, 2006.

In response to changes in the energy market over the past month, EGNB is filing a request for revised Rate Riders which partially reinstate rates in the GS, CGS and CLGS-LFO classes as follows:

<u>Rate Class</u>	<u>Current Reduced Delivery Rate (\$/GJ)</u>	<u>Rate Reinstatement (\$/GJ)</u>	<u>Proposed Delivery Rate (\$/GJ)</u>
General Service	5.1759	1.2500	6.4259
Contract General Service	3.9469	1.2000	5.1469
Contract Large General Service LFO	0.9773	1.0000	1.9773

While the forward wholesale price of natural gas continues to decline with a likely further decline in the future price of EUG, EGNB is not, for the purposes of this request, assuming any decrease to the EUG price. The request for further reinstatement of distribution rates is based wholly on the 10% increase in forward wholesale oil prices, relative to EGNB's Rate Rider application of January 16, 2006, resulting in continued improvement in the competitive position of natural gas. EGNB anticipates retail oil prices in New Brunswick to range from **\$0.62 to \$0.68** per litre in commercial market segments, an increase of approximately **\$0.04** per litre or **\$1.04** per GJ.

In response to feedback from Board staff regarding the Rate Rider application of January 16, 2006, EGNB is enclosing in Schedule "C" the Derivation of Target Distribution Rates which outlines the economic data supporting this application. As 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. Upon consideration of these factors, EGNB is requesting the Board approve the proposed Rate Riders, as outlined in Schedule "A", to replace those currently in effect as of March 1, 2006.

Customer Communication

EGNB is proposing customer communication consisting of a short on-bill message and a website posting as outlined in its Rate Rider application of January 16, 2006. 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
Manager, Regulatory & Gas Supply

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

Enclosures

Schedule "A"

REVENUE ADJUSTMENT RIDER

The following adjustments shall be applicable to all bills issued on and after March 1, 2006:

<u>Rate Class</u>	Approved Delivery Rate (\$/GJ)	Rate Reduction (\$/GJ)	Reduced Delivery Rate (\$/GJ)
Small General Service (SGS)	7.6212	2.1776	5.4436
General Service (GS)	7.1820	0.7561	6.4259
Contract General Service (CGS)	5.8919	0.7450	5.1469
Contract Large General Service LFO (CLGS-LFO) (for the first 33,000 GJs delivered per month)	2.3910	0.4137	1.9773



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, 2006. EGNB has received approval from the Board of Commissioners of Public Utilities of New Brunswick 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. Based on changes in the marketplace, the supply charge per unit (GJ) should be decreased or unchanged from your previous month's bill.¹

EGNB delivers natural gas to customers at rates which are based on local market conditions targeted to provide savings against heating oil. Over the past month, **oil pricing has increased and natural gas commodity pricing has decreased or remain unchanged.** Based on these changes in the market place, EGNB has received approval to increase delivery charges in the GS, CGS and CLGS-LFO rate classes.

Natural Gas Distribution Charges as of March 1, 2006

RATE CLASS	2006 Customer or Demand Charge	Approved Delivery Charge (\$/GJ)	February 2006 Adjusted Delivery Charge (\$/GJ)	March 2006 Adjusted Delivery Charge (\$/GJ)
General Service (GS)	\$16.00/month	7.1820	5.1759	6.4259
Contract General Service (CGS)	\$5.20/GJ	5.8919	3.9469	5.1469
Contract Large General Service LFO (CLGS-LFO) Block 1	\$5.20/GJ	2.3910	0.9773	1.9773

Enbridge Gas New Brunswick provides safe, reliable distribution of natural gas. The price that EGNB charges for the distribution of natural gas is regulated by the Board of Commissioners of Public Utilities of New Brunswick and can only change with their approval.² The price is based on market conditions and may increase or decrease significantly over time. If you wish to receive notification of distribution 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.amazingenergy.ca.

¹ This may not apply to fixed or managed pricing programs and the price may vary amongst natural gas suppliers. There are three natural gas suppliers in New Brunswick, Enbridge Utility Gas, Irving Energy Services and Park Fuels. Contact information for each supplier is posted at www.amazingenergy.ca.

² 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				
Line	Item	GS	CGS	LFO
(1)	Retail Oil Price (\$/L)	0.6799	0.6516	0.6187
(2)	Retail Oil Price (\$/GJ)	17.61	16.88	16.03
(3)	Typical Annual Oil Consumption (L)	37,497	140,092	821,660
(4)	Typical Annual Oil Consumption (GJ)	1,451	5,420	31,745
(5)	Annual Oil Cost (\$) (Line 1 x Line 3)	25,494	91,284	508,361
(6)	Target Savings Level (%)	15%	15%	10%
(7)	Target Annual Savings (\$) (Line 5 x Line 6)	3,824	13,693	50,836
(8)	Typical Annual Natural Gas Cost (\$) (Line 5 minus Line 7)	21,670	77,591	457,525
(9)	Typical Annual Natural Gas Consumption (GJ)	1,175	4,400	31,745
(10)	Target Natural Gas Burner Tip Unit Price (\$/GJ) (Line 8 divided by Line 9)	18.44	17.63	14.41
(11)	Commodity Price (\$/GJ)	11.95	11.95	11.95
(12)	Target Distribution Rate (\$/GJ) (Line 10 minus Line 11)	6.4925	5.6843	2.4625
Breakdown of Distribution Charge between Monthly and Delivery Charges:				
(13)	Annual Target Distribution Charge per Customer (\$) (Line 12 x Line 9)	7,629	25,011	78,172
(14)	Monthly Customer Charge (\$)	16.00	N/A	N/A
(15)	Annual Customer Charge (\$) (Line 14 x 12 months)	192	N/A	N/A
(16)	Monthly Demand Charge (\$/GJ)	N/A	5.20	5.20
(17)	Average Monthly Contract Demand (GJ)	N/A	45.90	350.00
(18)	Annual Demand Charge (\$) (Line 17 x 12 months x Line 16)	N/A	2,864	21,840
(19)	Annual Delivery Charge per Customer (\$) (Line 13 minus Line 15 minus Line 18)	7,437	22,147	56,332
(20)	Delivery Charge per GJ (\$) (Line 19 divided by Line 9)	6.3291	5.0334	1.7745