TRANSPORTATION RATE METHODOLOGY

1. The assets to be used for transportation purposes will be referred to as the "Albion Pipeline" for the purpose of the economics and rate methodology (Exhibit E only) in order to distinguish them from the assets that will be used only for the purpose of providing distribution services, as explained in more detail below. The Albion Pipeline includes the pipeline and facilities that will connect Parkway West Gate Station to Albion Road Gate Station.

2. The Albion Pipeline will have an estimated design capacity of 2,000,000 gigajoules ("GJ") of natural gas per day and includes 27.4 kilometres ("km") of NPS 42 pipeline and associated facilities, such as valves, required to operate and maintain the pipeline. For cost allocation purposes Enbridge will retain 800,000 GJ (40%) to meet Enbridge's distribution needs and the remainder of the design capacity (1,200,000 GJ or 60%) will be retained for transport service.

3. The purpose of this evidence is to describe the method by which Enbridge proposes to charge shippers and recover costs.

Rate Proposal and Revenue Requirement

4. The Company proposes to treat the Albion Pipeline as a stand-alone cost item. Under this approach, the Company proposes to charge a rate that will be based upon a Board approved cost-of-service methodology and include costs for: administration, depreciation, debt cost, maintenance, operations, a return on equity, and taxes. The charge would recover the revenue requirement associated with the Transportation Service under the new Rate 332: Parkway to Albion Transportation Service.

5. The revenue requirement for the Albion Pipeline is set out in Attachment 1. It includes the associated cost of capital, depreciation, and related taxes that occur as the direct result of capital closed into rate base in a given year. Total O&M for the Albion Pipeline is determined from first principles. In order to reflect the fully allocated O&M cost associated with the Albion Pipeline, corporate-related overhead costs are assigned including items such as administrative and general expenses. The result is the fully allocated revenue requirement for the Albion Pipeline.

6. In proportion to the amount of capacity reserved for Rate 332 customers, Enbridge proposes to charge 60% of this fully allocated revenue requirement for the Albion Pipeline through the new Rate 332 transportation services charge. As shown in Attachment 2, this amount is recovered from Rate 332 customers through a fixed Contract Demand charge.

7. In the event there are no shippers for the transport service, distribution ratepayers will be allocated the entire revenue requirement. The Company will be working with shippers on the Segment A pipeline to include the placement of Financial Backstopping Agreements (“FBAs”). The shippers are expected to bear some of the risk on upfront costs associated with the Segment A pipeline, in particular the approximately $55 million in cost associated with NPS 42 as compared to NPS 36, and also any consequences of a delay in the Albion to Maple path.

8. The proposed methodology provides for 40% of the fully allocated revenue requirement for the Albion Pipeline to be assigned to the Company and recovered from Enbridge ratepayers other than Rate 332 customers. This approach ensures proper separation and allocation of costs between transportation and distribution services.