GAS MARKETER GROUP (GMG) (DIRECT ENERGY MARKETING LIMITED,
ONTARIO ENERGY SAVINGS L.P., and
SUPERIOR ENERGY MANAGEMENT GAS L.P.)

Information Request Responses to Enbridge Gas Distribution Inc. re: Commodity Pricing, Load Balancing, and Cost Allocation Methodologies for Natural Gas Distributors

EGDI Interrogatory #1

Interrogatory:

Please identify (by title or position and name of company) all authors of any part of the evidence of the GMG.

Response:

Please see response to Union IR #1, Exhibit IR2, page 1.

EGDI Interrogatory #2

Interrogatory:

Please provide the names of the witnesses who will testify in this proceeding in support of the GMG evidence and provide their CVs.

Response:

Please see response to Union IR #1, Exhibit IR2, page 1.

EGDI Interrogatory #3

Interrogatory:

Please advise whether any part of the GMG evidence has been filed in any other proceeding in Ontario or any other jurisdiction. If any part of the evidence has been filed in any other proceeding, please identify the jurisdiction, the regulator or other body with which the evidence was filed and the docket number or other identifying information for the particular proceeding.

Response:

The content in Appendix A has been filed in the province of Alberta with the Alberta Utilities Commission, under Application No.1600151. The content in Appendix B has been filed in the province of Alberta with the Alberta Utilities Commission, under Application Nos.1600151, and 1600149.

References have been made within the submission with respect to filings within the Province of Ontario. Additionally, some phrasing within the submission is consistent with phrasing within the Direct Energy submission in the Long Term Contracting Consultation, EB-2008-0280.

EGDI Interrogatory #4

Interrogatory:

The GMG evidence states as follows: "While this evidence is made on a collective basis, each company retains the right to comment separately or abstain from taking any position on any issue raised."

a. Please clarify the meaning of this statement.

b. Do all of the members of the GMG agree with all of the contents of the GMG's written pre-filed evidence? If not, please indicate with specificity every aspect of the evidence that is not agreed to by all of the members of the GMG and identify each member of the GMG that is not in agreement with each such aspect of the evidence. If all members of the GMG do agree with all of the contents of the evidence, please indicate what "position" is referred to in the statement that each company retains the right to abstain from taking any position on any issue raised.

   If any member of the GMG will "comment separately" from the written pre-filed evidence, please advise when during the course of this proceeding other parties will be given the full content of such separate comments.

Response:

a. Please see response in b. below.

b. The GMG submission was made on a collective basis, and all members of the GMG agree with all of the content of the submission. This collective submission was made in order to streamline, expedite, and assist all parties and the Board in the evidentiary and IR processes within this proceeding; seeking to avoid duplication from Marketers where possible. The statement noted above merely indicates that the GMG is a collective of independent companies and as such, does not preclude any company from acting independently should they desire to do so. The deadline for pre-filed written submissions in this proceeding has passed and it is not anticipated that any member of the GMG will be providing separate written comment. Individual companies within the GMG may have additional questions or comments for witness panels within the Hearing phase of this proceeding, outside those presented by GMG counsel. Individual companies may also file final arguments independently.

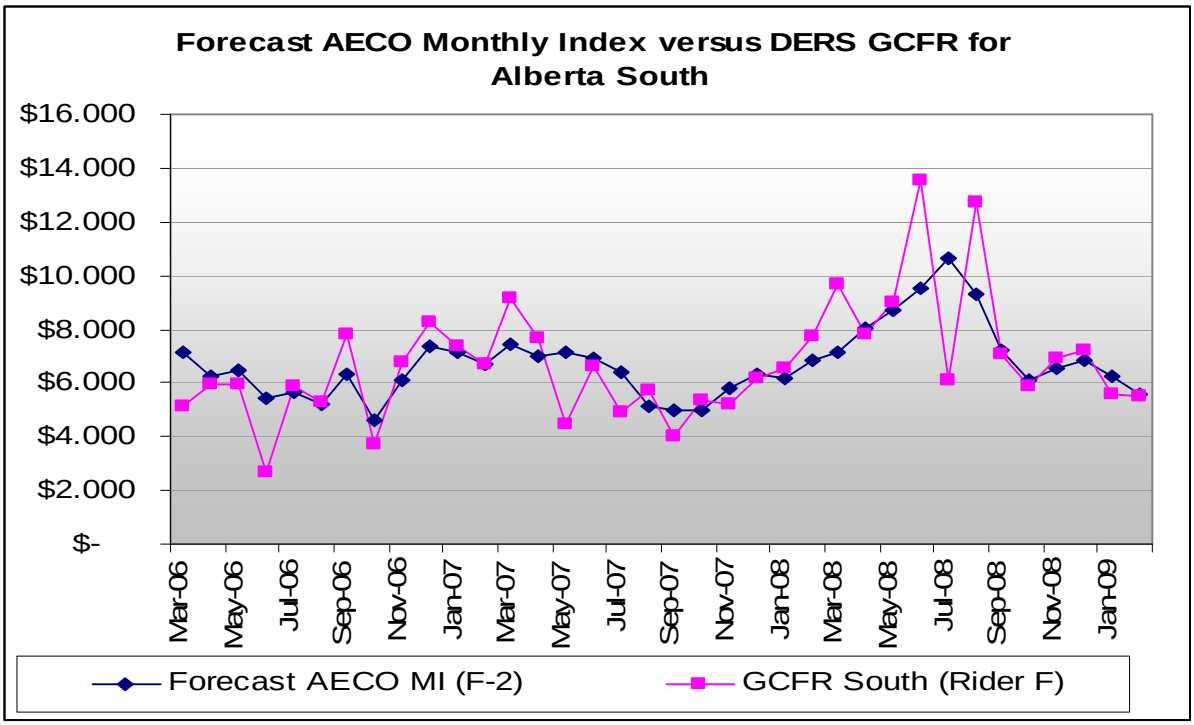
EGDI Interrogatory #5

Interrogatory:

Please provide a graph that shows the AECO Monthly Index as shown at Schedule F-2, Line 1 and the Rider F as shown at Schedule F-3, Line 10 on a monthly basis for the last three years.

Response:

Forecast AECO Monthly Index vs. DERS GCFR



Note that by AUC mandate all over/ under recoveries must be reconciled in the following GCFR filing month. The GMG proposal for Ontario would see purchases in excess of consumption being injected into storage for the pending winter consumption. Accordingly the Monthly Index during the summer would be the default rate, while at the start of the winter season (November) there would be an appropriate amount of gas in storage that would be withdrawn at a fixed price, leading to a "blended" WACOG as illustrated in the GMG response to BOMA/ LPMA IR#2, Exhibits IR4, IR13, page 2.

During the winter, notionally 50% of the demand would be satisfied by monthly index purchases and 50% by the fixed price storage gas. The result would be a system price that would trend with the wholesale market while the magnitude of any price movement would be "muted" by the fixed price storage gas.

EGDI Interrogatory #6

Interrogatory:

Please recreate Schedule M-2 showing monthly Actuals and Forecasts for the last three years.

Response:

Please see Appendix A.

EGDI Interrogatory #7

Interrogatory:

Using the AECO Monthly Index for the past three years provided in response to Interrogatory #5 please update the Table provided in EGD's evidence at page 10 of 60.

Response:

Monthly Costs vs. Collections

	Forecast AECO Monthly Index		DERS South GCFR		Delivery	Consumption	Acquisition Cost	Collections
	$/GJ	$/m3	$/GJ	$/m3	m3	m3	$	$
Mar-06	$ 7.168	$ 0.270	$ 5.098	$ 0.192	300	192	$ 80.90	$ 36.82
Apr-06	$ 6.273	$ 0.236	$ 5.971	$ 0.225	300	333	$ 70.80	$ 74.80
May-06	$ 6.454	$ 0.243	$ 5.919	$ 0.223	300	534	$ 72.84	$ 118.91
Jun-06	$ 5.401	$ 0.203	$ 2.676	$ 0.101	300	644	$ 60.95	$ 64.83
Jul-06	$ 5.691	$ 0.214	$ 5.882	$ 0.221	300	555	$ 64.23	$ 122.81
Aug-06	$ 5.194	$ 0.195	$ 5.304	$ 0.200	300	483	$ 58.62	$ 96.38
Sep-06	$ 6.339	$ 0.238	$ 7.828	$ 0.294	300	307	$ 71.54	$ 90.41
Oct-06	$ 4.618	$ 0.174	$ 3.720	$ 0.140	300	166	$ 52.12	$ 23.23
Nov-06	$ 6.110	$ 0.230	$ 6.775	$ 0.255	300	115	$ 68.96	$ 29.31
Dec-06	$ 7.398	$ 0.278	$ 8.231	$ 0.310	300	87	$ 83.50	$ 26.94
Jan-07	$ 7.140	$ 0.269	$ 7.376	$ 0.277	300	83	$ 80.58	$ 23.03
Feb-07	$ 6.696	$ 0.252	$ 6.697	$ 0.252	300	101	$ 75.57	$ 25.45
Total					**3,600**	**3,600**	**$ 840.61**	**$ 732.92**
Mar-07	$ 7.428	$ 0.279	$ 9.171	$ 0.345	300	192	$ 83.84	$ 66.24
Apr-07	$ 6.971	$ 0.262	$ 7.634	$ 0.287	300	333	$ 78.67	$ 95.63
May-07	$ 7.119	$ 0.268	$ 4.456	$ 0.168	300	534	$ 80.34	$ 89.52
Jun-07	$ 6.944	$ 0.261	$ 6.607	$ 0.249	300	644	$ 78.37	$ 160.07
Jul-07	$ 6.372	$ 0.240	$ 4.897	$ 0.184	300	555	$ 71.91	$ 102.24
Aug-07	$ 5.154	$ 0.194	$ 5.702	$ 0.215	300	483	$ 58.17	$ 103.61
Sep-07	$ 4.981	$ 0.187	$ 4.050	$ 0.152	300	307	$ 56.21	$ 46.77
Oct-07	$ 4.960	$ 0.187	$ 5.386	$ 0.203	300	166	$ 55.98	$ 33.64
Nov-07	$ 5.771	$ 0.217	$ 5.181	$ 0.195	300	115	$ 65.14	$ 22.41
Dec-07	$ 6.299	$ 0.237	$ 6.150	$ 0.231	300	87	$ 71.09	$ 20.13
Jan-08	$ 6.148	$ 0.231	$ 6.578	$ 0.247	300	83	$ 69.38	$ 20.54
Feb-08	$ 6.829	$ 0.257	$ 7.721	$ 0.290	300	101	$ 77.07	$ 29.34
Total					**3,600**	**3,600**	**$ 846.18**	**$ 790.15**
Mar-08	$ 7.157	$ 0.269	$ 9.707	$ 0.365	300	192	$ 80.77	$ 70.12
Apr-08	$ 8.008	$ 0.301	$ 7.781	$ 0.293	300	333	$ 90.38	$ 97.48
May-08	$ 8.727	$ 0.328	$ 9.009	$ 0.339	300	534	$ 98.49	$ 180.99
Jun-08	$ 9.547	$ 0.359	$ 13.517	$ 0.509	300	644	$ 107.74	$ 327.48
Jul-08	$ 10.623	$ 0.400	$ 6.117	$ 0.230	300	555	$ 119.89	$ 127.71
Aug-08	$ 9.273	$ 0.349	$ 12.692	$ 0.477	300	483	$ 104.66	$ 230.62
Sep-08	$ 7.214	$ 0.271	$ 7.055	$ 0.265	300	307	$ 81.42	$ 81.48
Oct-08	$ 6.072	$ 0.228	$ 5.890	$ 0.222	300	166	$ 68.53	$ 36.78
Nov-08	$ 6.573	$ 0.247	$ 6.884	$ 0.259	300	115	$ 74.18	$ 29.78
Dec-08	$ 6.861	$ 0.258	$ 7.224	$ 0.272	300	87	$ 77.43	$ 23.64
Jan-09	$ 6.266	$ 0.236	$ 5.584	$ 0.210	300	83	$ 70.72	$ 17.44
Feb-09	$ 5.581	$ 0.210	$ 5.479	$ 0.206	300	101	$ 62.99	$ 20.82
Total		Heat Value	37.62	GJ/10^3m^3	**3,600**	**3,600**	**$ 1,037.19**	**$ 1,244.34**

The methodology shown above does not work for the Alberta market for a number of reasons. DERS does not enjoy the benefit of storage, so cannot buy ratably, but instead buys a

temperature dependent load daily. DERS also served as interim load balancer for the ATCO Gas system up until October 1, 2008, so deferral accounts were heavily used to hold Regulated customers harmless from purchases and sales made on behalf of the entire ATCO Gas customer base. For these two reasons, the rates charged to Regulated customers do not work with a ratable flow.

EGDI Interrogatory #8

Interrogatory:

Using the AECO Monthly Index provided in response to Interrogatory #5 please provide a graph comparing the average Broker price and the AECO Monthly Index on a monthly basis for the last three years.

Response:

The GMG is unable to respond as its members offer, and have offered, a wide range of products with discrete pricing over the period in question and as such there is no meaningful average price.

EGDI Interrogatory #9

Interrogatory:

Reference: page 24, Question 3.1
"Yes. A single Ontario-wide monthly reference price that reflects the cost of gas delivered to the reference point, E.g. Dawn or city-gate, would provide consumers with pricing which supply/demand in the consuming area. It is the most accurate signal in order to drive consumption behavior. In addition, it could better reflect the increasingly diverse sources of potential diverse supply sources such as LNG and Arctic Gas."

a. Please explain how a single Ontario-wide reference would be impacted by a diverse supply portfolio.

b. In its evidence EGD stated that a single Ontario-wide reference would deviate from the distributor's operating and rate making practices. Is GMG advocating that the reference price should reflect the supply portfolio of the distributor?

Response:

a. An increasingly diverse supply portfolio would cause the components of the Ontario-wide monthly reference price to adjust in order to meet the new balance between supply and demand forces in Ontario. This could be due to, for example, the construction of new pipelines accessing new supply basins or new storage facilities. These factors may change the interprovincial or intraprovincial transportation costs and the relevant Ontario storage prices.

b. The Ontario-wide reference price would reflect a uniform, market-reported reference point, and the distributor would adjust the reference price as necessary to reflect the distinct supply portfolio of the distributor. The Ontario-wide monthly reference price would simply make understanding the distributor price easier, since all distributors would start the calculation from the same reference price.

EGDI Interrogatory #10

Interrogatory:

Reference: page 22
"Balances within the PGVA accounts are directly related to the accuracy of, and the method used in forecasting. The size of the resultant rider is dependent on the variance within the deferral account and the mechanisms used to dispose of such riders, including the length of time for disposition, the existence of any triggers or thresholds, and any discretion allowed by the utilities in the process."

Could GMG confirm that EGD in its evidence proposed to eliminate the trigger mechanism relating to riders and that it also proposed to clear the balance over a twelve month period to minimize adjustments.

Response:

Confirmed. GMG supports the elimination of trigger mechanisms, but does not support the twelve month disposition period, due to the lack of cost causality inherent in this PGVA disposition method. If the PGVA disposition occurs monthly, then the customers who received the benefit are more likely to bear the costs from the PGVA debit. The reverse is also true if there is a PGVA credit.

EGDI Interrogatory #11

Interrogatory:

Reference: page 10
"The rate setting mechanism of utilities should match, as much as practicable, the methodology used to procure supply."

Would GMG not agree that the current methodology for determining the reference price already matches the methodology to procure supply – refer to EGD evidence page 9, paragraph 31.

Response:

GMG does not agree that the determination of the reference price matches the supply procurement methodology. It is the GMG understanding that EGD does not buy 12 month contracts at fixed prices, so the methods are mismatched.

EGDI Interrogatory #12

Interrogatory:

Reference: page 8
"Further to this, customers have been paying the carrying costs of the less accurate forecasting methodologies…."

If price variances against forecast are captured in the PGVA and interest is calculated on the PGVA balance can GMG explain how customers are paying carrying costs.

Response:

The GMG recognizes that it may have used incorrect terminology in this statement, as the short term interest rate is paid on PGVA balances cleared in some cases many months later. However the intent of the statement was to indicate that customers lose access to their capital, arguably unwillingly and unknowingly for extended periods of time.

EGDI Interrogatory #13

Interrogatory:

Reference: page 8
Table 2: Forecasted/estimated PGVA balances with corresponding Rider

Has GMG considered the impact an MRAM would have on adjustments to the PGVA regarding inventory revaluation and the impact that may have on the variances being collected from customers?

Response:

As the "Unit Price Difference" using the MRAM would be significantly smaller as illustrated in Table 8 of the GMG evidence, the GMG is of the view that the PGVA should also be correspondingly smaller. Please also see GMG's response to EGD IR#5 above, for further discussion on the impact of an MRAM on inventory revaluations based on time of year and the impact on pricing.

EGDI Interrogatory #14

Interrogatory:

Reference: page 3
"Further to this, the current Board approved….. (Para 2)
"Specifically, system gas would be 'all short term, all the time'". (Para 4)

Is EGD correct in assuming that GMG is suggesting that the price payable by customers for their consumption in August should be based upon the market prices for August and the price payable in December would be based upon December prices? Given that EGD's purchases in August exceed demand and those excess volumes are injected into storage for withdrawal in the winter is GMG suggesting that the price differential between summer and winter prices should not be passed onto customers?

Response:

Both of the above statements are incorrect in describing the GMG's position. The GMG is suggesting that the summer-winter price differential be passed on to customers through the withdrawal of stored gas at the WACOGII, and used to create a blended rate between the gas expected to be purchased for the month and the gas withdrawn from storage. Please see Schedule M-1 and M-2 in response to BOMA/LPMA-GMG IR #2 (a), Exhibits IR4, IR13, page 2 for further details. The major difference is that the 12 month price curve would be replaced with the month ahead price each month.

Alternatively, the storage inventory balance could be deemed "withdrawn" each month at the original purchase cost, and deemed "re-injected" at the current month cost, with the differential value, either positive or negative, included in customers' current month rates. In this manner, the value of storage gas would remain reflective of current market prices so as not to introduce the seasonal price signal distortions that now occur, and both the customers and utility would be kept whole over the storage season.

EGDI Interrogatory #15

Interrogatory:

Reference: page 5
"The existing methodology ….supply procurement protocol aligned with the rate setting mechanism."

It is EGD's view that using forward 12 months prices as the QRAM rate setting mechanism is consistent with its supply procurement protocol because gas consumed in any month may either be purchased in the same month or withdrawn from storage.
Please explain why using a single month purchase price is appropriate in this instance?

Response:

A single month purchase price, blended with the price of the gas expected to be withdrawn from storage (WACOGII) within the month would be most consistent with EGD's supply procurement protocol, as opposed to the protocol described by EGD above.

EGDI Interrogatory #16

Interrogatory:

Reference: page 7
"The mandate to purchase all supply on a monthly index basis should also allow utilities to report the prices that the wholesale market is transacting at…"

a. Does GMG believe that the utility should purchase sufficient supply in a month to meet demand and to not utilize storage?

b. If the answer to a) above is yes, please explain if GMG believes it is appropriate for direct purchase MDV deliveries to utilize storage in order to meet direct purchase customer demand.

If the answer to a) is yes, please explain how EGD should change its procurement to match monthly demand.

Response:

a. No. GMG acknowledges that storage is necessary in the Ontario marketplace. Please see response to EGDI Interrogatory #14 above.

b. The GMG believes that direct purchase customers should have the option to access storage to meet DP customer demand.

EGDI Interrogatory #17

Interrogatory:

Reference: page 27, B.1
Issue: Review of Load Balancing Obligations for Natural Gas Distributors

"With respect to the issue of drafting, as Direct Purchase customers bring in approximately 60% of the supply into the province without the ability to balance on a frequent basis as imposed by the utilities, it stands to reason that system gas would be drafting on Direct Purchase supply from time to time."

Please provide evidence to support this statement. In your response, please include:

a. your understanding of the difference between the load balancing service provided by Enbridge to all customers and the Direct Purchase customers' obligation to deliver their MDV and manage banked gas account (BGA) balances,

b. an explanation as to the relationship between the level of the Direct Purchase supply into the province and system gas drafting that supply, and

c. an explanation as to how the Direct Purchase customers balance their loads given that Enbridge does this balancing for all bundled customers.

Response:

Please see the GMG's response to Section B, Issues 8.1 through 8.4 in the evidence submitted by the GMG in this proceeding for an explanation as to how drafting can occur at an individual customer level as a result of customer mobility within GDAR. This is exacerbated during peak demand periods when over deliveries occur at a customer level and suspensions are not available, even though a DP customer may already be long in their deliveries.

Please also see statements made during the Technical Conference in this proceeding by Ms. Giridhar on pages 118 through 121 of the November 27, 2008 transcripts for the GMG's understanding of the balancing services available to DP customers, and furthermore to support the GMG's argument that drafting can occur on DP supply. Enbridge has also noted in its evidence on page 39 of Exhibit E1 that:

"Enbridge accounts for drafting and packing in its gas supply plan through planned deliveries and consumption. Any unplanned occurrence of packing and/ or drafting are generally the result of weather that is colder or warmer than forecasted and not deliberate actions on the part of the DP customer."

The GMG believes that unplanned drafting/ packing can happen for the utility as well as the DP customer under the same conditions.

EGDI Interrogatory #18

Interrogatory:

Reference: page 28
"The GMG supports Enbridge's proposal to implement three-point- balancing and MDV re-establishment and requests that the Board codify this and direct that it be implemented as soon as reasonably possible, but no later than 12 months from the date of the Decision in this proceeding."

Please indicate where in its evidence Enbridge proposes to implement three point balancing?

Response:

Enbridge does not propose to implement multi-point balancing in its evidence submission, but does propose to implement MDV re-establishment. The GMG believes that the two items are linked and would prefer them to be implemented simultaneously, should the Board approve. However, the implementation of MDV re-establishment remains critical for marketers, and should continue to be implemented with or without multi-point balancing.

EGDI Interrogatory #19

Interrogatory:

Reference: page 28
"The GMG contends that drafting can occur on either System Supply, or on Direct Purchase supply, dependent on the variables of weather, time of year, burner tip consumption, and the availability of suspensions. While Enbridge's response to GMG IR#26 does not agree with the position that system customers can draft on DP supply, during the Technical Conference Ms. Giridhar stated in lines 9 through 15 on page 121 of the November 27, 2008 transcripts:

"So, from that perspective, is the utility drafting from the direct purchase customer? Yes, at the time of the year when the direct purchase customer is packing the system, we are drafting from them, and vice versa, but that is the design of the system and the load balancing mechanism, and that is the mechanism that the direct purchase customer has chosen from the utility."

The frequency of balancing allowed by market participants has a direct impact on drafting, in that the greater the frequency, the less likely the issue of drafting will arise provided demand is accurately measured. GMG is agreeable to the three-point-balancing employed by Union provided the weather normalized MDV re-establishment occurs at the same time"

Would the GMG not agree that this quote is taken out of context in order to support its position that DP supply is being drafted by system gas customers given
the full transcript starting on page 118 line 21 to page 121 line 26 as well as EGD's responses to GMG IRs 19, 20, 26 and to VECC IR 6.

Response:

No. Furthermore, the GMG does not agree with Enbridge's view that drafting cannot occur 'for the simple fact that DP customers continue to consume". Due to customer mobility and EGD's inability to provide weather and attrition normalized MDV re-establishment along with restricting the availability of suspensions, Enbridge forces DP customers to be long in their deliveries periodically.

The GMG is merely trying to point out that drafting can occur by either party, and is the way the system is designed as stated by Ms Giridhar.

EGDI Interrogatory #20

Interrogatory:

Reference: page 26, 5.1
Financial Prudence

a. Given that the Utility adjusts rates to recover its required overall carrying costs based on forecast information, please explain your comment that there is no risk of recovery on gas in inventory?

b. Please explain the manner in which a perception of risk associated with an individual item, such as carrying costs on storage, is embedded within the OEB approved formula ROE and associated risk premium?

Response:

a.,b. These comments were intended solely to reflect that the use of storage by the utilities is not without cost to consumers, and that that cost must be included in any thorough analysis of the costs and benefits of default pricing design. GMG understands that a utility's ROE is determined in part through an analysis of the overall risks borne by the utility and is intended as compensation for same. The GMG has no view as to the relative risk weighting given to specific components of utility operations, such as gas in storage, in determining an appropriate ROE.

EGDI Interrogatory #21

Interrogatory:

Reference: page 26, 5.1
Carrying cost requirement on working capital recovery

GMG's evidence seems to be stating that the Utilities are earning a duplicate return on working capital elements associated with natural gas prices and related changes in prices.

Please provide calculations which show and explain how the utilities earn an additional return on working capital already recovered for under the gross return?

Response:

Please refer to the response to EGDI IR# 20 above.

EGDI Interrogatory #22

Interrogatory:

Reference: page 30
"To an industry participant, these differences may be easily deciphered; however consumers are not familiar enough with the terminology to make an adequate comparison of competing gas supply offers".

Please provide the supporting customer research to substantiate this assertion.

Response:

The GMG has not conducted such research but a standardization of terminology across the gas distributors is clearly a worthy objective.

EGDI Interrogatory #23

Interrogatory:

Reference: page 15
On page 15 of its evidence the GMG provides a six-step process for GCFR calculation.

a. Please confirm that the GMG is proposing the same process for Ontario distributors. If GMG's proposed process is different for Ontario distributors then please provide in detail the steps involved in GMG's proposed methodology for Ontario distributors.

b. Please confirm that the GMG is proposing to use a forecast of monthly consumption as the volume forecast to be used in its proposed methodology. If not, please provide a detailed description of how volumes will be derived to be used in the GMG's proposed methodology.

Response:

a. The GMG is proposing that the process is similar with the exception that storage costs would be factored into the price of gas in the withdrawal months and the stored gas would be accounted for on a separate schedule in the rate filing.

b. Yes, monthly forecast consumption would be used as shown in the M-2 schedule of the response to BOMA/LPMA-GMG IR #2 (a), Exhibits IR4, IR13 page 2, which would be based on normalized weather. This would provide an estimate of how much gas would be required to be withdrawn from storage in the month and provide the "blended" rate for the month.

EGDI Interrogatory #24

Interrogatory:

Reference: page 31, E.2, Item 11.3
"The implementation of all changes should be completed as soon as possible and no later than 12 months from the date of the Decision in this proceeding."

Please explain the process and the analysis that the GMG used to ascertain that 12 months is sufficient time for the planning and execution required for an error-free implementation, without operational disruptions, of the outcomes from this proceeding, given the impact on a range of operations and key systems within the Company, such as EnTRAC and CIS.

Response:

The 12 month implementation timeframe is a request made to the Board and Enbridge so as not to unduly delay the implementation of changes that have been sought by Marketers for some time. The timeline does not seem unreasonable for a utility with prudently acquired and managed operating systems.

EGDI Interrogatory #25

Interrogatory:

Reference: page 10
"At a high level, the calculation of the Effective Rate would be similar to that submitted in Union's IR8.1 (b) Attachment 1: Reference Price + Fuel Charges + Gas Supply Admin Charge + Intra-Month PGVA Balance + Other Deferral Account Balances = Effective Rate"

and page 26

"Standardization of pricing mechanisms and the use of a widely reported monthly index price as the reference price input will allow the appropriate transparency so that any customer, market participant, or Board Staff member can recreate and verify the reference price and the Effective Rate put forth by each distributor in its Rate Adjustment Application."

Applying the formula above please show step by step calculations required to derive the Effective Rate and describe how this formula and approach will translate into customers being able to readily recreate and verify reference prices and rates by rate class put forth by each distributor in rate adjustment applications

Response:

Please see GMG's response to IGUA IR#1, Exhibit IR 11, page 1.

Appendix A

Page Left Blank Intentionally

Schedule M-2 Monthly Actuals and Forecasts

SOUTH-Schedule M-2	MARCH 2006 FILING				APRIL 2006 FILING				MAY 2006 FILING				JUNE 2006 FILING			
	Dec-05	Jan-06	Feb-06	Mar-06	Jan-06	Feb-06	Mar-06	Apr-06	Feb-06	Mar-06	Apr-06	May-06	Mar-06	Apr-06	May-06	Jun-06
	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast
Gas Supply Costs																
Purchases	10,937	8,956	9,190	9,192	8,954	10,130	9,888	5,773	10,130	9,487	5,100	3,870	9,500	4,687	2,907	2,382
Imbalances/Fuel Recovery	(136)	-	-	-	(6)	-	-	-	(366)	-	-	-	(212)	-	-	-
Total Energy	10,801	8,956	9,190	9,192	8,948	10,130	9,888	5,773	9,764	9,487	5,100	3,870	9,288	4,687	2,907	2,382
Recoveries																
Calendar Sales	10,710	9,256	9,078	9,107	9,255	9,896	9,709	5,719	9,556	9,513	5,012	3,834	9,475	4,747	2,736	2,362
Excess System Sales	499	292	-		293	196	69		196	75	40		75	101	140	
Total Recoveries	11,209	9,548	9,078	9,107	9,548	10,092	9,778	5,719	9,752	9,588	5,052	3,834	9,550	4,848	2,876	2,362
Load Balancing	408	592	(112)	(85)	600	(38)	(110)	(54)	(12)	101	(48)	(36)	262	161	(31)	(20)

SOUTH-Schedule M-2	JULY 2006 FILING				AUGUST 2006 FILING				SEPTEMBER 2006 FILING				OCTOBER 2006 FILING			
	Apr-06	May-06	Jun-06	Jul-06	Apr-06	May-06	Jun-06	Jul-06	Apr-06	May-06	Jun-06	Jul-06	Apr-06	May-06	Jun-06	Jul-06
	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast
Gas Supply Costs																
Purchases	4,685	3,066	2,267	1,978	4,685	3,066	2,267	1,978	4,685	3,066	2,267	1,978	4,685	3,066	2,267	1,978
Imbalances	377	-	-	-	377	-	-	-	377	-	-	-	377	-	-	-
Total Energy	5,062	3,066	2,267	1,978	5,062	3,066	2,267	1,978	5,062	3,066	2,267	1,978	5,062	3,066	2,267	1,978
Recoveries																
Calendar Sales	4,782	3,253	2,216	1,962	4,782	3,253	2,216	1,962	4,782	3,253	2,216	1,962	4,782	3,253	2,216	1,962
Excess System Sales	101	172	29		101	172	29		101	172	29		101	172	29	
Total Recoveries	4,883	3,425	2,245	1,962	4,883	3,425	2,245	1,962	4,883	3,425	2,245	1,962	4,883	3,425	2,245	1,962
Load Balancing	(179)	359	(22)	(16)	(179)	359	(22)	(16)	(179)	359	(22)	(16)	(179)	359	(22)	(16)

SOUTH-Schedule M-2	NOVEMBER 2006 FILING				DECEMBER 2006 FILING				JANUARY 2007 FILING				FEBRUARY 2007 FILING			
	Aug-06	Sep-06	Oct-06	Nov-06	Aug-06	Sep-06	Oct-06	Nov-06	Aug-06	Sep-06	Oct-06	Nov-06	Aug-06	Sep-06	Oct-06	Nov-06
	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast
Gas Supply Costs																
Purchases	1,996	2,839	5,219	8,031	1,996	2,839	5,219	8,031	1,996	2,839	5,219	8,031	1,996	2,839	5,219	8,031
Imbalances	(244)	-	-	-	(244)	-	-	-	(244)	-	-	-	(244)	-	-	-
Total Energy	1,752	2,839	5,219	8,031	1,752	2,839	5,219	8,031	1,752	2,839	5,219	8,031	1,752	2,839	5,219	8,031
Recoveries																
Calendar Sales	1,867	3,043	5,088	7,977	1,867	3,043	5,088	7,977	1,867	3,043	5,088	7,977	1,867	3,043	5,088	7,977
Excess System Sales	2	178	101		2	178	101		2	178	101		2	178	101	
l Recoveries	1,869	3,221	5,189	7,977	1,869	3,221	5,189	7,977	1,869	3,221	5,189	7,977	1,869	3,221	5,189	7,977
Load Balancing	118	382	(30)	(54)	118	382	(30)	(54)	118	382	(30)	(54)	118	382	(30)	(54)

SOUTH-Schedule M-2	MARCH 2007 FILING				APRIL 2007 FILING				MAY 2007 FILING				JUNE 2007 FILING			
	Dec-07	Jan-07	Feb-07	Mar-07	Jan-07	Feb-07	Mar-07	Apr-07	Feb-07	Mar-07	Apr-07	May-07	Mar-07	Apr-07	May-07	Jun-07
	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast
Gas Supply Costs																
Purchases	8,651	10,552	10,634	8,376	10,550	10,735	6,724	5,343	10,736	6,307	6,560	3,623	6,304	6,119	3,035	2,266
Imbalances/Fuel Recovery	641	-	-	-	(432)	-	-	-	(432)	-	-	-	528	-	-	-
Total Energy	9,292	10,552	10,634	8,376	10,118	10,735	6,724	5,343	10,304	6,307	6,560	3,623	6,832	6,119	3,035	2,266
Recoveries																
Calendar Sales	8,945	9,307	10,438	8,330	9,624	9,466	6,558	5,313	9,760	6,910	5,944	3,602	7,005	5,787	2,984	2,254
Excess System Sales	51	218	138		218	232	130		234	164	101		164	131	33	
Total Recoveries	8,996	9,525	10,576	8,330	9,842	9,698	6,688	5,313	9,994	7,074	6,045	3,602	7,169	5,918	3,017	2,254
Load Balancing	(296)	(1,027)	(58)	(46)	(276)	(1,037)	(36)	(30)	(310)	767	(515)	(21)	337	(201)	(18)	(12)

SOUTH-Schedule M-2	JULY 2007 FILING				AUGUST 2007 FILING				SEPTEMBER 2007 FILING				OCTOBER 2007 FILING			
	Apr-07	May-07	Jun-07	Jul-07	May-07	Jun-07	Jul-07	Aug-07	Jun-07	Jul-07	Aug-07	Sep-07	Jul-07	Aug-07	Sep-07	Oct-07
	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast
Gas Supply Costs																
Purchases	6,118	3,144	2,024	1,858	3,143	2,016	1,470	1,994	2,015	1,464	1,989	3,061	1,465	1,992	2,786	5,249
Imbalances	(43)	-	-	-	224	0	0	0	164	0	0	0	11	0	0	0
Total Energy	6,075	3,144	2,024	1,858	3,367	2,016	1,470	1,994	2,179	1,464	1,989	3,061	1,476	1,992	2,786	5,249
Recoveries																
Calendar Sales	5,866	3,337	1,986	1,849	3,464	1,775	1,326	1,984	2,107	1,422	1,927	3,044	1,597	1,482	2,721	5,219
Excess System Sales	131	33	26		34	54	134	0	55	154	50	0	154	59	49	0
Total Recoveries	5,997	3,370	2,012	1,849	3,498	1,829	1,460	1,984	2,162	1,576	1,977	3,044	1,751	1,541	2,770	5,219
Load Balancing	(78)	226	(12)	(9)	132	(187)	(10)	(10)	(16)	112	(12)	(17)	276	(451)	(16)	(30)

SOUTH-Schedule M-2	NOVEMBER 2007 FILING				DECEMBER 2007 FILING				JANUARY 2008 FILING				FEBRUARY 2008 FILING			
	Aug-07	Sep-07	Oct-07	Nov-07	Sep-07	Oct-07	Nov-07	Dec-07	Oct-07	Nov-07	Dec-07	Jan-08	Nov-07	Dec-07	Jan-08	Feb-08
	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast
Gas Supply Costs																
Purchases	1,991	3,022	4,569	7,680	3,022	4,236	6,398	9,631	4,235	7,021	10,661	10,193	7,022	10,682	10,366	8,572
Imbalances	(129)	0	0	0	103	0	0	0	174	0	0	0	(204)	-	-	-
Total Energy	1,862	3,022	4,569	7,680	3,125	4,236	6,398	9,631	4,409	7,021	10,661	10,193	6,818	10,682	10,366	8,572
Recoveries																
Calendar Sales	1,786	3,253	4,884	7,638	2,792	4,656	6,857	9,574	4,321	7,061	10,535	10,132	6,543	9,863	10,232	8,526
Excess System Sales	59	91	180	0	91	192	203	0	192	433	74		433	170	80	0
l Recoveries	1,845	3,344	5,064	7,638	2,883	4,848	7,060	9,574	4,513	7,494	10,609	10,132	6,976	10,033	10,312	8,526
Load Balancing	(16)	322	495	(42)	(241)	612	662	(57)	105	473	(52)	(61)	159	(649)	(54)	(46)

SOUTH-Schedule M-2	MARCH 2008 FILING				APRIL 2008 FILING				MAY 2008 FILING				JUNE 2008 FILING			
	Apr-08	May-08	Jun-08	Jul-08	May-08	Jun-08	Jul-08	Aug-08	Jun-08	Jul-08	Aug-08	Sep-08	Jul-08	Aug-08	Sep-08	Oct-08
	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast
Gas Supply Costs					-				-				-			
Purchases	10,682	11,824	9,290	7,623	6,675	2,775	2,316	1,670	2,775	2,376	2,027	1,793	2,389	2,056	1,780	2,845
Imbalances/Fuel Recovery	72	0	0	0	(599)	0	0	0	744	0	0	0		0	0	
Total Energy	10,754	11,824	9,290	7,623	6,076	2,775	2,316	1,670	3,519	2,376	2,027	1,793	2,389	2,056	1,780	2,845
Recoveries																
Calendar Sales	10,013	9,573	9,070	7,587	5,755	3,178	2,017	1,666	3,159	2,262	1,859	1,788	2,251	1,614	1,727	2,834
Excess System Sales	170	184	177	-	187	468	114		468	146	23		146	55	44	0
Total Recoveries	10,183	9,757	9,247	7,587	5,942	3,646	2,131	1,666	3,627	2,408	1,882	1,788	2,397	1,669	1,771	2,834
Load Balancing	(571)	(2,067)	(43)	(36)	(134)	871	(185)	(4)	109	32	(145)	(5)	9	(387)	(9)	(11)

SOUTH-Schedule M-2	JULY 2008 FILING				AUGUST 2008 FILING				SEPTEMBER 2008 FILING				OCTOBER 2008 FILING			
	Apr-06	May-06	Jun-06	Jul-06	May-06	Jun-06	Jul-06	Aug-06	Jun-06	Jul-06	Aug-06	Sep-06	Jul-06	Aug-06	Sep-06	Oct-06
	Actual	Estimate	Estimate	Forecast	May-06	Estimate	Estimate	Forecast	Jun-06	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast
Gas Supply Costs																
Purchases	6,675	2,775	2,316	1,670	2,775	2,376	2,027	1,793	2,389	2,056	1,780	2,845	2,056	2,039	2,409	4,800
Imbalances	(599)	0	0	0	744	0	0	0		0	0		0	0	0	0
Total Energy	6,076	2,775	2,316	1,670	3,519	2,376	2,027	1,793	2,389	2,056	1,780	2,845	2,056	2,039	2,409	4,800
Recoveries																
Calendar Sales	5,755	3,178	2,017	1,666	3,159	2,262	1,859	1,788	2,251	1,614	1,727	2,834	1,555	1,782	2,494	4,778
Excess System Sales	187	468	114		468	146	23		146	55	44	0	56	62	66	
Total Recoveries	5,942	3,646	2,131	1,666	3,627	2,408	1,882	1,788	2,397	1,669	1,771	2,834	1,611	1,844	2,560	4,778
Load Balancing	(134)	871	(185)	(4)	109	32	(145)	(5)	9	(387)	(9)	(11)	(444)	(195)	151	(22)

SOUTH-Schedule M-2	NOVEMBER 2008 FILING				DECEMBER 2008 FILING				JANUARY 2009 FILING				FEBRUARY FILING			
	Aug-08	Sep-08	Oct-08	Nov-08	Sep-08	Oct-08	Nov-08	Dec-08	Oct-08	Nov-08	Dec-08	Jan-09	Nov-08	Dec-08	Jan-09	Feb-09
	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast	Actual	Estimate	Estimate	Forecast
Gas Supply Costs																
Purchases	2,044	2,467	4,769	7,185	2,466	4,552	6,430	8,871	4,552	6,154	9,782	9,431	6,155	11,666	9,570	7,877
Imbalances	0	0	0	0	0	33	0	0	0	0	0	0	0	0	0	0
Total Energy	2,044	2,467	4,769	7,185	2,466	4,585	6,430	8,871	4,552	6,154	9,782	9,431	6,155	11,666	9,570	7,877
Recoveries																
Calendar Sales	1,633	2,870	4,644	7,124	2,520	4,341	6,327	8,804	4,237	5,968	9,719	9,359	5,839	11,320	9,403	7,807
Excess System Sales	70	94	107	0	94	170	59	0	170	191	0		191	70	109	
l Recoveries	1,703	2,964	4,751	7,124	2,614	4,511	6,386	8,804	4,406	6,159	9,719	9,359	6,030	11,390	9,512	7,807
Load Balancing	(340)	497	(18)	(61)	149	(74)	(44)	(67)	(145)	5	(63)	(72)	(124)	(276)	(58)	(70)