

BOARD STAFF INTERROGATORY #10

INTERROGATORY

ISSUE 2 – CHANGE IN NON-ENERGY SERVICE CHARGES

Ref: Ex. C / Tab 1/ Sch 3 /

Are the proposed charges reflective of strictly a flow-through of the new hourly labour rates or are there any incremental revenues in excess of incremental costs as a result of the proposed increases?

RESPONSE

There are no incremental revenues in excess of incremental costs as a result of the proposed increases from the new hourly rates.

Witnesses: D. Broude
A. Welburn

BOARD STAFF INTERROGATORY #11

INTERROGATORY

ISSUE 4 – DISCONTINUE ENVISION BENEFIT REPORT

Ref: Ex. C /Tab 1/ Sch 5 /

What amount of work is involved in preparing the annual report on the benefits of EnVision as contemplated in the ADR agreement? For example, does the preparation of the report require a significant amount of staff time and resources?

RESPONSE

While the report preparation is a small element of the reporting of the EnVision benefits, significant time and resources are required to prepare the business cases for the initiatives, establish an appropriate measurement methodology, measure and report on a monthly basis, and final consolidation for the annual reporting to the Board. The effort of three full time equivalent staff is required to manage and report the EnVision benefits. The Company believes these resources could be better deployed elsewhere to drive efficiencies and add value. As the response to VECC Interrogatory #16 at Exhibit I, Tab 7, Schedule 16 shows, net benefits from EnVision are being achieved.

Witnesses: D. Broude
A. Welburn

BOARD STAFF INTERROGATORY #12

INTERROGATORY

ISSUE 5 – REVISION TO THE GDAR IVA FEE

Ref: Ex. C /Tab 1/ Sch 6/

The Company has proposed a 30 cent per transaction fee. In Attachment 1, there is a calculated fee of 27.39 cents per transaction. Please provide the analysis that derives the 30 cents per transaction figure.

RESPONSE

The fee was rounded to 30 cents as an estimate to account for the high variability of activities experienced with these transactions. The variability of the 2.7 cents difference is not expected to create any substantial over recovery of costs as this fee is driven strictly from vendors opting to use the service. The probability of substantially over recovering of costs is very low as there has not been a high use of this option to date.

Witnesses: I. MacPherson
B. Vari

BOARD STAFF INTERROGATORY #13

INTERROGATORY

ISSUE 6 – IN-FRANCHISE TITLE TRANSFER FEE

Ref: Ex. C /Tab 1/ Sch 7/

Paragraph 1 mentions “incremental” costs associated with the new billing system. Are these incremental costs over and above the cost base that was included in the approved IRM revenue requirement?

RESPONSE

Yes, these are new incremental costs beyond what was in the IRM cost base. The costs are described in Exhibit C-1-7, Attachment and in the response to Board Staff Interrogatory #14 at Exhibit I, Tab 1, Schedule 14.

Witnesses: I. MacPherson
B. Vari

BOARD STAFF INTERROGATORY #14

INTERROGATORY

ISSUE 6 – IN-FRANCHISE TITLE TRANSFER FEE

Ref: Ex. C /Tab 1/ Sch 7/ attachment

The attachment derives the fee of 2.5 cents per GJ. Are all of the costs in this analysis incremental, including the FTE staff costs? Are the FTE staff mentioned currently employees of Enbridge or do they work for another company?

RESPONSE

All of the costs are incremental as they are net new activities that have to be put in place.

For example, the Enbridge FTE staff costs are expected to come from overtime hours of clerical staff who have to perform the calculations. It is an estimate of time spent to create the reporting and processes.

Additionally, it is expected that many of the charges will flow to a customer's bill as there will not be any other process in place to net the amount against other payments generated through the EnTRAC system. For those charges, the Company will have to ask our Service provider to add the financial amounts to the customer's bill, for which Enbridge will pay an additional fee.

Witnesses: I. MacPherson
B. Vari

BOARD STAFF INTERROGATORY #15

INTERROGATORY

ISSUE 6 – IN-FRANCHISE TITLE TRANSFER FEE

Ref: Ex. C /Tab 1/ Sch 7/ attachment

The bad debt exposure is shown as 0.5%. What is the source of this figure? What is Enbridge's bad debt experience of the customer group currently taking Title Transfer service? What would the bad debt exposure rate be of that group?

RESPONSE

The bad debt rate of 0.5% is the current rate used by Enbridge Gas Distribution.

There are currently minimal risks on current title transfers. As the title transfer transactions can be netted off against the accounts payable process to pay tolls in the same month, which keeps Enbridge risk free. However, when these toll payments stop, there is no opportunity to net the charges with payments. As a result, the charges will have to go on the customer's bill.

There is currently no specific bad debt history available specifically related to title transfers being added to the customer's bill; the Enbridge Gas Distribution bad debt rate is the only measurable rate.

Witnesses: I. MacPherson
B. Vari

BOARD STAFF INTERROGATORY #16

INTERROGATORY

ISSUE 7 – FIRM CAPACITY ON UPSTREAM TRANSPORTATION

Ref: Ex. C /Tab 1/ Sch 10/

Paragraph 11 describes what would happen in a system outage caused by a supply shortfall.

a) Has such an outage ever happened on Enbridge's system? If so, what were the circumstances leading to that outage? What were the consequences of the outage and how did Enbridge deal with them? What steps did Enbridge take to prevent a further outage? If there was more than one outage, please provide the information above for each outage.

b) What measures would Enbridge normally take to ensure that an outage due to a supply failure does not happen during times of greater risk of a supply shortfall (for example, the curtailment of interruptible customers during periods of very cold weather)? How does Enbridge forecast that curtailment, or other measures, are necessary?

c) Is there any reason that Enbridge could not avail itself of an "emergency" standby gas supply service should there be an imminent supply failure?

RESPONSE

a) EGD has not experienced an outage as a result of a supply shortfall.

b) Every year, EGD develops a supply plan for the budget year to ensure supply shortages do not occur during periods of high demand as well as under normal weather conditions. Design peak day demand represents the coldest day of the year (design heating degree days of 39.5 and a 20% probability of occurring or being exceeded) and is among the most important days in the plan as it requires the use of all the available and planned supply to balance demand. EGD's design criteria was reviewed and approved by the Board in the EBRO 490 Rate Proceeding.

Witnesses: M. Giridhar
K. Irani

EGD plans to meet peak day demand by aggregating its upstream firm transportation contracts, presumed firm transportation direct shipper deliveries, storage supply, and peaking and curtailment. Peaking contracts are prearranged to meet very cold weather conditions. These contracts are normally priced with a demand/reservation charge and a premium on spot commodity prices. EGD plans to use all the peaking contracts and curtail all the interruptible customers under design peak demand. On other very cold days, EGD plans to use peaking and/or curtailment supply to meet demand.

- c) It is unlikely that EGD will be able to avail itself of incremental “emergency” standby gas, over and above what it has already contracted for, to avert an imminent supply failure. Such supplies would be available at a trading hub such as Dawn, which has access to storage and several interconnecting pipelines. However, EGD is unlikely to have excess unutilized firm transport capacity to bring these supplies to the franchise on peak day. Even if additional supplies can be transported off Union’s system, EGD’s distribution system parameters limit EGD’s ability to substitute the Union Parkway interconnect for the TransCanada CDA gate stations.

EGD requires all direct shipper gas to be delivered to the Enbridge CDA or EDA. These are designated interconnects between EGD’s franchise and TransCanada’s pipelines. To the extent that virtually all the direct purchase supplies are designated firm supply but not underpinned by firm transport on TransCanada, EGD believes that there is a risk that under extreme weather some or all of the supplies may be restricted by TransCanada. As mentioned above, EGD does not hold excess firm transport capacity on TransCanada to backstop supply failure by direct shippers, nor can its distribution system handle a significant level of substitution of Union Parkway for TCPL CDA.

BOARD STAFF INTERROGATORY #17

INTERROGATORY

ISSUE 8 – TIMING OF THE NEXT IRM APPLICATION

Ref: Ex. C /Tab 1/ Sch 11/

In Paragraph 13 Enbridge suggests filing the Application document in advance of the evidence to speed up the process. Enbridge also suggests some general timelines. Please list all the case events that Enbridge sees in the case review process – from the advance filing of the Application document to the approval of a final rate order. Please put dates to each event. Please also include the January 1st 2010 QRAM process in that schedule and any other live applications that Enbridge believes could impact the case or timelines.

RESPONSE

A suggested timeline regarding Enbridge's 2010 rate adjustment is provided below:

September 3, 2009 – Enbridge files 2010 Rate Adjustment Application (inclusive of an approximate rate and bill impact)

September 4, 2009 – the Board issues a Notice of Application

September 5 to 12, 2009 – Enbridge publishes Notice of Application (NOA) as required

By October 1, 2009 – Enbridge files 2010 rate adjustment evidence

By October 23, 2009 – Technical Conference to answer questions on Enbridge's application and evidence (any undertakings to be answered within a week)

By November 10, 2009 – Settlement Conference (with Settlement proposal to be filed within a week)

December 1, 2009 – Enbridge files January 1, 2010 QRAM application inclusive of the 2010 rate adjustment

By December 15, 2009 – the Board issues Final Rate Order re: 2010 rate adjustment

By December 23, 2009 – the Board issues January 1, 2010 QRAM decision

Witnesses: J. Collier
K. Culbert
A. Kacicnik

BOARD STAFF INTERROGATORY #18

INTERROGATORY

ISSUE 8 – TIMING OF THE NEXT IRM APPLICATION

Ref: Ex. C /Tab 1/ Sch 11/

How does the January 1st 2010 QRAM review process impact the timing of the approval of the 2010 IRM rate adjustment? Does Enbridge foresee that the final rate order would incorporate the QRAM adjustment as well as the IRM? Would Enbridge have any difficulties if the Board issued its final Order, inclusive of QRAM, in the final few days of December for a January 1st implementation?

RESPONSE

A January 1, 2010 QRAM rate change needs to be layered onto a 2010 rate adjustment in order to have both rate changes implemented into billing on January 1, 2010. This is necessary to allow for sufficient time to incorporate and test the resultant rates in the billing system and to ensure that customer rate notices capture and communicate the impacts of both rate changes.

In Enbridge's view the Board could issue two separate Decisions/Rate Orders. The first rate order would approve the 2010 rate adjustment and the second would approve the January 1, 2010 QRAM application. As per Enbridge's IR plan Settlement Agreement, the receipt of the Final Rate Order with respect to the 2010 rate adjustment is expected by December 15th, 2009 (although it would be workable even if the Final Rate Order is issued as late as the QRAM Decision). The Board's Decision on January 1, 2010 QRAM application (2010 rate adjustment plus January 1, 2010 QRAM rate change) would be requested for issuance on or around December 23, 2009.

As long as Enbridge receives the Board's Decision on its January 1, 2010 QRAM application, inclusive of the 2010 rate adjustment, by approximately December 23, 2009 the Company would then be able to implement resultant rates into billing by January 1, 2010.

Witnesses: J. Collier
K. Culbert
A. Kacicnik