

APPrO INTERROGATORY #8

INTERROGATORY

Issue 1: Is Enbridge's request for approval of a new deferral account to record the incremental costs of complying with new International Financial Reporting Standards (IFRS) guidelines appropriate? (Ex. C/1/2)?

Reference: Exhibit C, Tab 1, Schedule 2 Clause 3. Enbridge notes that it is not in a position to accurately estimate all the costs related to the conversion to IFRS.

- (a) Please confirm that this new deferral account would record costs incurred as of January 1, 2009.
- (b) As of March 9, 2009, has Enbridge incurred any such costs?
- (c) Please provide a preliminary estimate of any such costs expected to be incurred in fiscal 2009 related to conversion to IFRS.

RESPONSE

- a) Yes, the new deferral account will record costs incurred as of January 1, 2009.
- b) Yes, as of March 9, 2009, Enbridge has incurred such costs.
- c) As at March 23, 2009 Enbridge estimates that the costs incurred in the 2009 fiscal year will be approximately \$770,000. These costs include three full-time IFRS resources, related travel and training for IFRS, and incremental consultant costs. However, this does not include any costs associated with activities relating to system conversion, which have yet to be determined.

Witnesses: K. Culbert
N. Kishinchandani

APPrO INTERROGATORY #9

INTERROGATORY

Issue 3: Is Enbridge's request for approval of some revisions to wording in the rate handbook in respect of late payment penalties, the "force majeure" clause, and some other areas appropriate?
(Ex. C/1/4)?

Reference: Exhibit C, Tab 1, Schedule 4, Clause 4. Enbridge indicates that it is proposing to change the Force Majeure of the Rate Handbook.

(a) The changes to the force majeure provisions proposed by Enbridge appear to eliminate the reciprocal nature of the force majeure provision (i.e., under the existing force majeure provision, both Enbridge and the customer may declare force majeure whereas under Enbridge's proposed provision, only Enbridge may declare a force majeure event). Please confirm.

(b) Please explain the rationale for changing the reciprocal nature of Enbridge's force majeure provision in its Rate Handbook.

(c) Please advise as to whether the elimination of the reciprocal nature of the force majeure provision in the Enbridge Rate Handbook would impact the ability of large volume customer to declare force majeure under the terms of its bundled distribution contract with Enbridge.

(d) Please summarize the number of times customers have declared force majeure in the last 5 years and the types of reasons causing the force majeure and the impact to Enbridge.

RESPONSE

Please note that the proposed changes to the Rate Handbook are only meant to apply to Rates 1, 6 and 9. As such, the Company proposes to add the following additional sentence at the beginning of Section O:

"This Section O applies only to gas distribution service under Rates 1, 6 and 9, and does not replace or supercede the terms in any applicable Service Contract."

These changes would not apply to Rate 125 or other existing service contracts the Company has with customers and their agents. The terms of the service contracts would govern in relation to the questions posed.

Witnesses: A. Kacicnik
M. Giridhar
I. MacPherson

APPrO INTERROGATORY #10

INTERROGATORY

Issue 3: Is Enbridge's request for approval of some revisions to wording in the rate handbook in respect of late payment penalties, the "force majeure" clause, and some other areas appropriate? (Ex. C/1/4)?

Reference: Exhibit B, Tab 3, Schedule 2, page 7 of 9. Enbridge indicates that it is proposing to add a new Section O to the Rate Handbook that deals with company responsibility and liability. Enbridge notes various reasons why it may curtail or terminate service including maintenance or Construction

(a) The Ontario power market relies on output from gas-fired power plants situated in Enbridge's franchise area to help maintain the security of the power grid relied upon by all consumers in Ontario. Please indicate that for those circumstances that may require curtailment or interruption of gas, what priority of service these plants will have relative to other similarly situated consumers of gas in the area that may need to be curtailed?

(b) Please indicate that for those non emergency events that Enbridge may be able to schedule, such as maintenance or construction activities, how Enbridge will provide prior notice of such activity and consult with power generators to arrange such disruption at times when the impact to generators and the power grid will be minimized.

(c) For those curtailment events initiated by Enbridge, such as maintenance or construction, or other events of force majeure, is it Enbridge's intention to waive any demand charges and balancing penalties that might otherwise accrue under its distribution contract as a result of such curtailment or interruption?

(d) For those curtailment events initiated by Enbridge, such as maintenance or construction activities, where such event can be eliminated or minimized by redesigning or modifying the maintenance or construction program, by spending additional funds, will Enbridge do so to eliminate or minimize the impact to generators?

RESPONSE

Please note that the proposed changes to the Rate Handbook are only meant to apply to Rates 1, 6 and 9. As such, the Company proposes to add the following additional sentence at the beginning of Section O:

Witnesses: A. Kacicnik
M. Giridhar
I. MacPherson

“This Section O applies only to gas distribution service under Rates 1, 6 and 9, and does not replace or supercede the terms in any applicable Service Contract.”

These changes would not apply to Rate 125 or other existing service contracts the Company has with customers and their agents. The terms of the service contracts would govern in relation to the questions posed.

Witnesses: A. Kacicnik
M. Giridhar
I. MacPherson

APPrO INTERROGATORY #11

INTERROGATORY

Issue 6: Is Enbridge's request for approval of an In-Franchise Title Transfer fee, to account for additional costs for the provision of this service after the new CIS software becomes operational appropriate? (Ex. C/1/7)?

Reference: Exhibit C, Tab 1, Schedule 7, Clause 1. Enbridge indicates that it is proposing to charge a new Infranchise Title Transfer (ITT) fee. Enbridge indicates that the fee of 2.5¢/GJ is being charged to cover incremental costs associated with continuance of the service after the implementation of the Company's Billing System Replacement Project.

(a) Please provide details of the nature and magnitude of the incremental costs incurred as a result of the replacement billing system.

(b) Please indicate the estimated annual balancing volume associated with this incremental cost that has resulted in the unit rate of 2.5¢/GJ.

(c) If the usage of this service changes overtime, will the underlying fee also change to reflect the volume, or is this fee fixed? If yes please explain how and when these changes would be proposed.

(d) Section 1.4 of the NGEIR Settlement Agreement (EB-2005-0551), provided for title transfer of gas between certain storage customers. Please indicate if this service is in any way affected by Enbridge's ITT proposal?

RESPONSE

(a) This is covered in the evidence at Exhibit C, Tab 1, Schedule 7, Attachment.

(b) This is covered in the evidence at Exhibit C, Tab 1, Schedule 7, Attachment.

(c) Enbridge will monitor activity and costs levels if the fee is approved. It can provide updates to the fee once sufficient history (ie at least 1 year) is available.

(d) The NGEIR Settlement Agreement is not affected.

Witnesses: I. Macpherson
B. Vari

APPrO INTERROGATORY #12

INTERROGATORY

Issue 7: Is Enbridge's request for approval of a change in the requirements for the contracting of upstream transportation that would require direct purchase bundled service customers to contract for firm upstream transportation appropriate? (Ex. C/1/8)?

Reference: Exhibit C, Tab 1, Schedule 10, Clause 2.

Please confirm that large customers like gas-fired power generators that arrange their own gas supply and upstream transportation arrangements are not required to provide to Enbridge proof of their firm upstream transportation arrangements.

RESPONSE

The provision referred to applies to bundled customers taking service pursuant to an agent type Gas Delivery Agreement. These customers are typically small volume residential/commercial/industrial customers.

While the clause above does not apply to unbundled gas fired generators, it is incumbent on these customers to make appropriate firm transport arrangements given the limited load balancing provisions of Rate 125 and 300.

Witnesses: M. Giridhar
K. Irani