

UNDERTAKING J2.1

UNDERTAKING

Tr. # 66

To provide Enbridge sample bill.

RESPONSE

The attached is a bill from an actual Enbridge customer. The customer's name, address, and account number have been altered for privacy reasons.

Witness: M. Giridhar

F

X

Your Enbridge Bill

Invoice Date
February 25, 2009
Account Number
13 01 XX XXXXX X

Service At: JOHN DOE
2345 SOMEWHERE STREET
TORONTO ON



For additional information, Please visit:
www.enbridge.com/gas

Summary of All Charges (taxes included)

Your last month's bill	330.91	
Payment received 09 Feb 09 - Thank you	330.91	CR
<hr/>		
Balance forward & past due - if paid, Thank You	NIL	
New Gas Charges	237.02	
New Direct Energy Essential Home Services Charges	38.36	
Goods and Services Tax (GST)	13.77	

Total Amount Due Now	289.15
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* Items subject to GST

Gas Charge Information

Gas Charges this billing	237.02
Gas Charges billed to date	969.61

Late Payment Charge

A late payment charge equal to 1.5% per month or 18% per annum (for an effective rate of 19.56% per annum) multiplied by a total of all unpaid charges excluding any unpaid Direct Energy Essential Home Services charges that are not rental water heater charges, will be added to your bill if full payment is not received by the late payment effective date below.

Terms & Conditions

Enbridge Gas Distribution charges are regulated by the Ontario Energy Board. Gas Charges are based on either actual meter readings or estimates. Questions about the taxes charged for any particular services should be directed to your service provider.

For additional information, Please visit: www.enbridge.com/gas

GST Registration: 105205140



PO Box 650
Scarborough, ON M1K 5E3

JOHN DOE
2345 SOMEWHERE STREET
TORONTO ON
M4E 3W3

E. & O.E.

HE090513.001

Service At: JOHN DOE
2345 SOMEWHERE STREET
TORONTO ON

ACCOUNT #	AMOUNT DUE NOW	LATE PAYMENT EFFECTIVE DATE	AMOUNT PAID
13 01 xx xxxxx x	289.15	17 MAR 09	

How to pay your Enbridge bill:

- Direct withdrawal from your chequing account
- Mail
- PC or online banking
- Most chartered banks

Please return this stub with your payment.

13013821842000028915000289150903172

Charges For Gas

Invoice Date February 25, 2009
Account Number 13 01 xx xxxxx x
 Service At: JOHN DOE
 2345 SOMEWHERE STREET
 TORONTO ON

Details about your new gas charges

Customer Charge	14.00
Delivery Charge	72.58
Gas Supply Charge	150.44

Total New Gas Charges * **237.02**

* Items subject to GST

Your year to date gas consumption has increased by 20% compared to last year, temperatures have been 12% colder.

As of Jan 1/09 your gas supply rate is:	30.3652¢/M3
Gas cost adjustment (Jan 1-Dec 31,2009):	-1.2088¢/M3
Total effective gas supply rate:	29.1564¢/M3



Enbridge Gas Distribution

Emergency, such as the smell of gas 1-866-763-5427
 Billing, Moving, Collections 1-877-ENBRIDGE
 Inspections or Meter Work (1-877-362-7434)

Customer Charge

This is a fixed amount that is charged monthly per meter to help recover a portion of the many fixed costs that Enbridge incurs to keep our system ready for customer use at all times (e.g. pipeline maintenance, meter reading, and emergency service).

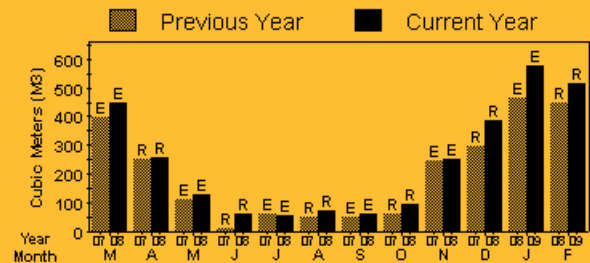
Meter Reading Information

Rate	1
Current actual meter reading	20 Feb 09 45345
Less previous meter reading	22 Jan 09 44832
Billing Period Days	29

Gas used this period (m3) **513**
 PEF Value 1.0057 Adjusted m3 516

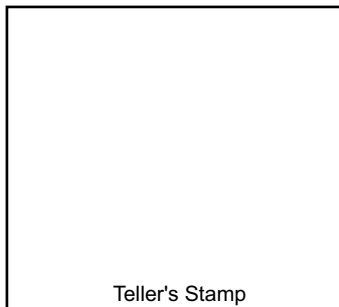
Comparing Your Gas Consumption

R=Actual E=Estimated A=Adjusted



Your gas consumption has increased as compared with the same period last year.

E. & O.E.



Payments

If you pay at the bank or by mail, to avoid the late payment charge, allow 7 days for your payment to reach our office.

Payments may be mailed to:
 PO Box 644
 Scarborough ON M1K 5H1

Please make cheques payable to: Enbridge

All payments made to Enbridge are accepted under the express condition that the Company may demand payment of account deficiencies irrespective of any condition attached to the payment by the customer.

Charges from Other Companies

Invoice Date February 25, 2009

Account Number 13 01 xx xxxxx x

Service At: JOHN DOE
2345 SOMEWHERE STREET
TORONTO ON



Direct Energy
Home Services

Detailed Charges

Rental Water Heater * 38.36

Total Credits 0.00

Total Charges 38.36

* Items subject to GST

GST Registration: 888630035

Direct Energy Essential Home Services

Billing 905-943-6944 OR 1-888-386-1134
Sales & Service 416-495-3939 OR 1-800-266-3939

For a flat-rate of \$179 plus a small monthly fee, Direct Energy will repair and protect your furnace. Call 1-866-203-8829 for details.

UNDERTAKING J2.2

UNDERTAKING

Tr. # 133

To provide average amount of monthly suspensions as a percentage of monthly deliveries provided in response to FRPO No. 2(b)

RESPONSE

Column 4 in Tables 1 and 2 represents the level of suspension allowances provided by EGD via the EnTRAC portal in the Central Delivery Area (CDA) and the Eastern Delivery Area (EDA), respectively. Column 5 represents the level of unused suspensions in the CDA and EDA, respectively. Note that the allowable suspensions were not fully utilized in most months.

Column 7 in Tables 1 and 2 show the average amount of monthly suspensions as a percentage of monthly deliveries for the period January 2006 to December 2008 in the CDA and EDA, respectively.

Suspensions were fully used up or exceeded the allowable volume in 8 out of 36 months. As pointed out during the hearing at transcript (p. 151, Lines 18-26), EGD's large volume customers on contract rates have the ability to self-suspend deliveries in the case of reduced consumption. Hence, the excess suspensions occurred when customers self-suspended (i.e., reduced deliveries matched reduced consumption with no impact on supply and demand).

TABLE 1: CDA

	Column 1 (10*3 m*3)	Column 2 (10*3 m*3)	Column 3 (10*3 m*3)	Column 4 (10*3 m*3)	Column 5 (10*3 m*3)	Column 6 %	Column 7 %
CDA	Ontario Direct Purchase Delivery	Ontario Suspensions	Total Delivery including Suspension Volume	Suspension Allowances	Unused Suspensions	Allowable Suspensions as a % of Total Deliveries	Suspensions as a % of Total Deliveries
Jan-06	460,899.5	13,410.2	474,309.7	23,600.0	10,189.8	4.98%	2.83%
Feb-06	428,252.8	-	428,252.8	-	-	0.00%	0.00%
Mar-06	456,172.2	17,851.3	474,023.6	19,103.0	1,251.7	4.03%	3.77%
Apr-06	425,276.5	29,794.0	455,070.5	31,838.7	2,044.7	7.00%	6.55%
May-06	441,059.5	29,912.6	470,972.1	43,687.3	13,774.7	9.28%	6.35%
Jun-06	421,639.9	34,036.9	455,676.7	45,508.0	11,471.1	9.99%	7.47%
Jul-06	426,369.6	41,563.4	467,933.0	42,444.1	880.7	9.07%	8.88%
Aug-06	409,370.5	56,577.8	465,948.3	57,526.5	948.7	12.35%	12.14%
Sep-06	401,434.0	49,367.6	450,801.5	58,657.1	9,289.6	13.01%	10.95%
Oct-06	433,899.1	24,860.6	458,759.7	33,376.1	8,515.5	7.28%	5.42%
Nov-06	416,601.9	17,547.0	434,149.0	25,838.7	8,291.6	5.95%	4.04%
Dec-06	434,978.4	9,025.3	444,003.6	13,266.1	4,240.9	2.99%	2.03%
Jan-07	436,970.4	4,602.4	441,572.8	18,359.8	13,757.4	4.16%	1.04%
Feb-07	396,843.2	-	396,843.2	33,272.6	33,272.6	8.38%	0.00%
Mar-07	440,749.0	-	440,749.0	11,544.4	11,544.4	2.62%	0.00%
Apr-07	411,061.6	12,259.3	423,320.9	11,939.5	(319.8)	2.82%	2.90%
May-07	407,121.3	29,532.7	436,654.0	32,900.0	3,367.2	7.53%	6.76%
Jun-07	408,876.0	15,242.6	424,118.6	23,879.0	8,636.4	5.63%	3.59%
Jul-07	405,453.0	30,333.2	435,786.2	35,951.2	5,618.0	8.25%	6.96%
Aug-07	399,624.0	33,492.1	433,116.1	46,139.6	12,647.5	10.65%	7.73%
Sep-07	395,309.8	23,022.2	418,332.1	39,002.4	15,980.2	9.32%	5.50%
Oct-07	408,265.1	23,633.0	431,898.1	33,297.9	9,664.9	7.71%	5.47%
Nov-07	408,582.0	6,532.6	415,114.6	6,898.4	365.8	1.66%	1.57%
Dec-07	428,965.8	575.7	429,541.5	-	(575.7)	0.00%	0.13%
Jan-08	428,309.0	278.6	428,587.6	-	(278.6)	0.00%	0.07%
Feb-08	398,935.6	538.6	399,474.2	-	(538.6)	0.00%	0.13%
Mar-08	424,083.0	2,004.4	426,087.5	-	(2,004.4)	0.00%	0.47%
Apr-08	404,798.3	9,828.6	414,626.9	13,516.1	3,687.5	3.26%	2.37%
May-08	418,539.0	22,463.2	441,002.2	26,797.6	4,334.3	6.08%	5.09%
Jun-08	385,648.7	29,457.5	415,106.2	31,585.8	2,128.3	7.61%	7.10%
Jul-08	378,105.1	60,028.4	438,133.5	61,367.2	1,338.8	14.01%	13.70%
Aug-08	368,678.5	48,803.5	417,482.0	61,367.2	12,563.7	14.70%	11.69%
Sep-08	360,622.4	41,109.3	401,731.7	57,798.3	16,689.0	14.39%	10.23%
Oct-08	371,957.1	41,852.7	413,809.7	39,431.4	(2,421.2)	9.53%	10.11%
Nov-08	361,996.4	17,331.8	379,328.2	19,368.5	2,036.7	5.11%	4.57%
Dec-08	407,384.3	74.6	407,458.9	-	(74.6)	0.00%	0.02%

TABLE 2: EDA

	Column 1 (10*3 m*3)	Column 2 (10*3 m*3)	Column 3 (10*3 m*3)	Column 4 (10*3 m*3)	Column 5 (10*3 m*3)	Column 6 %	Column 7 %
EDA	Ontario Direct Purchase Delivery	Ontario Suspensions	Total Delivery including Suspension Volume	Suspension Allowances	Unused Suspensions	Allowable Suspensions as a % of Total Deliveries	Suspensions as a % of Total Deliveries
Jan-06	50,091.0	6,580.0	56,671.0	-	-	0.00%	11.61%
Feb-06	45,320.8	5,943.2	51,264.0	-	-	0.00%	11.59%
Mar-06	54,465.2	2,456.7	56,921.9	2,387.9	66.3	4.20%	4.32%
Apr-06	51,846.4	3,245.7	55,092.1	3,979.8	734.2	7.22%	5.89%
May-06	53,479.5	3,412.8	56,892.3	5,662.5	2,249.7	9.95%	6.00%
Jun-06	54,413.7	606.8	55,020.4	2,250.0	1,643.2	4.09%	1.10%
Jul-06	50,269.8	6,833.0	57,102.8	6,913.0	102.9	12.11%	11.97%
Aug-06	49,026.7	6,131.7	55,158.5	6,482.3	350.6	11.75%	11.12%
Sep-06	47,038.4	6,276.3	53,314.7	8,482.5	2,849.2	15.91%	11.77%
Oct-06	53,131.6	1,336.0	54,467.6	7,051.3	5,661.3	12.95%	2.45%
Nov-06	47,425.5	3,514.8	50,940.3	6,000.0	2,485.2	11.78%	6.90%
Dec-06	51,972.9	-	51,972.9	-	-	0.00%	0.00%
Jan-07	51,485.2	-	51,485.2	4,723.0	3,526.5	9.17%	0.00%
Feb-07	46,353.4	-	46,353.4	11,301.6	3,032.2	24.38%	0.00%
Mar-07	50,806.6	-	50,806.6	793.1	57.2	1.56%	0.00%
Apr-07	48,770.5	-	48,770.5	-	-	0.00%	0.00%
May-07	45,584.3	4,927.9	50,512.2	12,337.5	7,409.5	24.42%	9.76%
Jun-07	43,645.2	5,171.5	48,816.7	11,939.5	6,768.0	24.46%	10.59%
Jul-07	48,177.8	2,004.5	50,182.3	12,337.5	10,628.6	24.59%	3.99%
Aug-07	46,800.2	2,604.8	49,405.1	8,490.3	7,194.1	17.19%	5.27%
Sep-07	46,799.8	947.1	47,746.9	3,979.8	3,043.2	8.34%	1.98%
Oct-07	48,160.4	946.1	49,106.5	8,030.2	7,298.1	16.35%	1.93%
Nov-07	45,587.9	1,776.1	47,364.0	3,151.3	3,147.8	6.65%	3.75%
Dec-07	46,780.5	-	46,780.5	-	-	0.00%	0.00%
Jan-08	46,398.8	-	46,398.8	-	-	0.00%	0.00%
Feb-08	43,266.1	-	43,266.1	-	-	0.00%	0.00%
Mar-08	46,070.7	-	46,070.7	-	-	0.00%	0.00%
Apr-08	44,327.7	226.6	44,554.3	3,979.8	2,840.3	8.93%	0.51%
May-08	45,409.4	630.0	46,039.4	5,704.4	5,074.4	12.39%	1.37%
Jun-08	41,345.5	3,168.1	44,513.7	3,979.8	827.1	8.94%	7.12%
Jul-08	44,482.2	1,032.4	45,514.6	4,112.5	3,363.7	9.04%	2.27%
Aug-08	43,415.0	740.9	44,155.9	4,112.5	3,359.0	9.31%	1.68%
Sep-08	42,242.7	334.3	42,577.1	10,347.6	7,799.6	24.30%	0.79%
Oct-08	43,687.5	1,561.0	45,248.5	4,112.5	2,551.5	9.09%	3.45%
Nov-08	42,884.0	687.2	43,571.2	6,898.4	6,260.9	15.83%	1.58%
Dec-08	44,503.5	-	44,503.5	-	-	0.00%	0.00%

UNDERTAKING J2.3

UNDERTAKING

Tr. # 148

To provide forecasted discretionary purchases for January February and March of the last three years and the actual amounts of discretionary purchases.

RESPONSE

The Company believes that the Undertaking as written above is erroneous and duplicates J2.4. Upon reviewing the transcript leading up to page 148 (Volume 2, April 13, 2009) the question is rephrased as "To provide BGA disposition dollars allocated to system gas and load balancing over the last three years".

The Company would like to clarify how dollars within the PGVA are disposed of. As outlined in the Company's evidence at Issue C: Cost Allocation (pp. 40-47) in the rate setting process the forecasted gas acquisition costs of the Company are allocated to the various rate classes based on the Board approved methodology including average demand and load balancing needs of the various rate classes.

Throughout the year the actual purchase costs are referenced against the PGVA price thereby creating the dollar value to be booked to the PGVA. Under the current methodology for PGVA disposition, the Company disaggregates its PGVA entries by major type of purchase at year end to determine the dollars associated with the commodity, transportation, and load balancing elements. BGA Disposition purchases are treated as Ontario Discretionary supplies for allocation purposes. Because discretionary supplies are priced as a delivered service it is necessary to deem a portion of the costs to be commodity related and a portion to be transportation related.

BGA disposition amounts are recorded in the Purchased Gas Variance Account (PGVA) as follows:

- a) Purchase of commodity from the customer (i.e., BGA balance is long)

When a Banked Gas Account (long) balance is purchased from a customer, the Company records the amount payable to the customer to a sub-account of the PGVA. In the event the Company incurs unforecast UDC costs as a result of having to purchase Banked Gas Account balances then the amount in such sub-

Witnesses: M. Giridhar
D. Small

account is used to offset corresponding UDC costs. All amounts remaining in this sub-account, after offsetting these UDC costs, are then included in the PGVA.

The amount included in the PGVA would be benchmarked against the Empress price. The variance up to the Empress price would be credited to the commodity and the remaining amount, if any, would be charged against load balancing costs which is cleared to all bundled customers. This treatment reflects how such costs are recovered in rates.

b) Sale of commodity to the customer (i.e., BGA balance is short)

The commodity sale price on the disposition of Banked Gas Account (short) balances is set at 120% of an average Empress price over the 12 months of the contractual year. The amount in excess of 100% of the gas supply charge stated in the applicable rate schedule, net of the commodity related bad debt, is included in the PGVA.

The amount equal to the 100% of the Empress price recovers the cost of the molecule. The remaining amount (20%) is included in the PGVA and is credited to load balancing cost which is cleared to all bundled customers.

The table below provides the order of magnitude BGA disposition purchases have had on the PGVA over the last three years.

At transcript reference pages 141 to 144 Ms Giridhar discussed the tools that were made available to the Direct Purchase customers to assist them with BGA Management i.e., Suspensions, Make-ups, and Title Transfers. As the attached table shows there were instances when the Company purchased BGA disposition volumes and at the same time billed BGA dispositions sales, an outcome that the use of title transfers by customers would have prevented. Also, the BGA disposition prices are intended to incent appropriate BGA management and the methodology for disposition of amounts to commodity and load balancing functions is consistent with rate setting methodology.

BGA Gas Purchases							BGA Gas Sales				
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
AECO Price Imbedded in the PGVA \$ / m3	Final Monthly AECO Price \$ / m3	EnTRAC BGA Gas Purchase Price Using 80% average AECO price less T-Service Credit For 12 months ending \$ / m3	Volume in excess of 20 times MDV - 10 ³ m ³	Volume purchased after 180 days - 10 ³ m ³	% of Monthly Purchases	Deemed Commodity Impact on PGVA - \$(000's)	Deemed Load Balancing Impact on PGVA - \$(000's)	EnTRAC BGA Gas Sale Price Using 120% daily average AECO price For 12 months ending \$ / m3	Volume in excess of 20 times MDV - 10 ³ m ³	Volume sales after 180 days - 10 ³ m ³	Deemed Load Balancing Impact on PGVA - \$(000's)
31-Jan-2006	0.403296	0.23548	463.7	3,954.9	0.0118	391.0	0.0	0.41370	143.1	55.0	13.7
28-Feb-2006	0.403296	0.24079	529.2	599.7	0.0038	130.3	0.0	0.42083	-	28.1	2.0
31-Mar-2006	0.403296	0.24298	1,436.2	1,787.0	0.0119	358.3	0.0	0.42320	33.6	220.1	17.9
30-Apr-2006	0.327342	0.24148	1,789.9	2,811.4	0.0150	359.4	0.0	0.42028	42.8	15.4	4.1
31-May-2006	0.234658	0.23929	1,078.4	1,720.7	0.0089	224.7	0.0	0.41629	-	-	-
30-Jun-2006	0.327342	0.23662	1,346.9	1,366.7	0.0089	228.9	0.0	0.41161	159.0	63.1	15.2
31-Jul-2006	0.314661	0.207005	4,614.4	930.3	0.0180	425.8	0.0	0.40568	-	-	-
31-Aug-2006	0.314661	0.22964	10,732.5	433.7	0.0310	937.1	0.0	0.39976	8.7	0.8	0.6
30-Sep-2006	0.314661	0.22115	711.8	3.6	0.0017	66.8	0.0	0.38634	-	28.7	1.9
31-Oct-2006	0.314661	0.20271	25,921.3	7,472.9	0.0672	3,635.4	0.0	0.35838	607.7	-	36.3
30-Nov-2006	0.314661	0.239870	4,149.3	463.1	0.0098	581.5	0.0	0.33483	251.7	1.9	14.1
31-Dec-2006	0.283387	0.17928	6,568.9	160.5	0.0151	908.8	0.0	0.32266	233.6	-	12.6
31-Jan-2007	0.260672	0.16641	-	-	-	-	-	0.30304	-	-	-
28-Feb-2007	0.286471	0.16329	3,044.0	-	0.0100	375.0	(6.3)	0.29809	493.2	-	24.5
31-Mar-2007	0.279814	0.16489	1,540.8	212.1	0.0031	216.2	(3.6)	0.30019	0.4	33.0	1.7
30-Apr-2007	0.300851	0.16652	2,123.8	1,098.7	0.0060	392.2	(4.9)	0.30289	1,085.5	507.0	80.4
31-May-2007	0.300851	0.16852	219.7	1,385.4	0.0046	161.1	(2.4)	0.30617	5.9	-	0.3
30-Jun-2007	0.300851	0.17210	1,046.5	933.6	0.0055	220.4	(3.0)	0.31178	293.5	45.7	17.6
31-Jul-2007	0.300851	0.17348	202.3	873.2	0.0028	89.1	(1.6)	0.31412	2.7	197.1	10.5
31-Aug-2007	0.300851	0.17115	293.2	-	0.0008	38.0	(0.4)	0.31088	16.2	81.7	5.1
30-Sep-2007	0.300851	0.179265	391.0	-	0.0009	51.9	(0.6)	0.30675	-	1.9	0.1
31-Oct-2007	0.187787	0.17001	20,658.8	1,981.0	0.0586	2,155.9	0.0	0.30989	217.1	6,698.1	357.2
30-Nov-2007	0.263811	0.16842	1,879.0	447.8	0.0044	229.3	0.0	0.30795	290.1	556.9	43.5
31-Dec-2007	0.263811	0.16475	1,531.2	542.3	0.0033	214.2	0.0	0.30291	309.3	1,610.2	96.9
31-Jan-2008	0.245994	0.16249	983.5	107.7	0.0020	103.8	(2.6)	0.29961	54.1	487.8	27.1
29-Feb-2008	0.245994	0.16239	395.9	49.9	0.0012	43.2	(1.0)	0.29955	412.0	69.5	24.0
31-Mar-2008	0.275107	0.16202	1,662.0	217.5	0.0029	183.5	(4.4)	0.29910	671.3	1,144.4	90.5
30-Apr-2008	0.304931	0.16442	750.3	94.4	0.0024	101.0	(7.0)	0.30273	656.1	209.9	43.7
31-May-2008	0.280130	0.16880	243.5	173.4	0.0013	52.4	(3.5)	0.30935	542.1	39.5	30.0
30-Jun-2008	0.360999	0.17513	220.5	208.1	0.0012	52.2	(5.0)	0.31888	292.3	210.9	26.7
31-Jul-2008	0.407037	0.18660	1,607.4	-	0.0045	285.3	(5.5)	0.33727	1,268.3	91.8	76.5
31-Aug-2008	0.364058	0.19466	367.3	1,039.1	0.0032	186.7	(4.8)	0.35075	-	704.3	41.2
30-Sep-2008	0.364058	0.19997	409.6	-	0.0009	67.2	(1.4)	0.35968	-	-	-
31-Oct-2008	0.314448	0.222767	3,097.5	-	0.0061	349.6	-	0.36340	734.0	-	44.5
30-Nov-2008	0.314448	0.2047126	940.2	-	0.0025	105.3	-	0.36604	253.3	-	15.5
31-Dec-2008	0.314448	0.257423	279.1	-	0.0004	31.1	-	0.36832	1,095.0	-	67.2
Totals:			103,229.4	31,068.7		13,952.4	(58.1)		10,172.5	13,103.1	1,242.8

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To provide, for the last three years, the forecasted level of discretionary supplies that would have been a part of the budget for the winter period; identify actual purchases over the winter.

RESPONSE

As outlined in the Company's evidence at Exhibit E1, pages 33 and 34, Enbridge balances the demands of both system gas and direct purchase customers on a daily basis. Winter discretionary purchases are purchased at Dawn primarily for load balancing purposes and the forecast cost of these supplies (over and above the forecast Alberta price) is recovered from all (system gas and direct purchase) customers through delivery and load balancing components of their rates.

The decision to vary discretionary purchases from the forecast level (see Transcript at p. 126) is taken at a cross functional team meeting that occurs weekly in the winter and bi weekly at other times of the year. Among other responsibilities this team would determine the amount of discretionary supplies to be acquired over the next week. Influencing that decision are items such as current storage balances vs. targets, storage deliverability as well as the expected demand for the upcoming week based upon weather forecast for the next seven days. If the actual weather differs from the forecast, Enbridge will make adjustments to its discretionary purchases.

The cost differential between actual and forecast discretionary supplies is captured in the PGVA and disposed to both system gas and direct purchase customers through clearing of the PGVA. Given that Enbridge provides load balancing to both system gas and direct purchase customers, the Company does not segregate discretionary supply purchases between the two types of customers.

Witnesses: M. Giridhar
D. Small

The forecast and actual discretionary supplies for the winter period (January to March) for the last three years are as follows:

	<u>Forecast</u> 10 ^{*3} m ^{*3}	<u>Actual</u> 10 ^{*3} m ^{*3}	<u>Variance</u> 10 ^{*3} m ^{*3}	<u>Variance</u> Bcf
2006	198,968.7	118,865.1	(80,103.6)	(2.8)
2007	128,885.9	365,925.0	237,039.1	8.3
2008	374,015.2	593,808.6	219,793.4	7.8

As noted above, the variance between actual and forecast discretionary purchases is mostly driven by warmer or colder than forecast weather. The degree day variance between forecast and actual weather for years 2006, 2007 and 2008 is provided below.

Degree Days

	<u>Forecast</u>	<u>Actual</u>	<u>Variance</u>
2006	1,837.0	1,666.3	(170.7)
2007	1,789.0	1,907.0	118.0
2008	1,756.0	1,887.7	131.7

As a rule of thumb, the relationship between demand and degree days is expressed as approximately 70 mmcf per degree day. Based on this rule of thumb, the degree day variance in 2007 and 2008 translates into an increase in demand of 8.2 Bcf in 2007 and 9.2 Bcf in 2008. As shown above, incremental discretionary purchases in 2007 and 2008 were 8.3 Bcf and 7.8 Bcf, respectively, demonstrating a high degree of correlation between the variance in weather and level of discretionary purchases relative to forecast.

Given that discretionary purchases are required to load balance system gas and direct purchase customers, the return of the molecule prior to the end of the contract term (such as at the end of February) does not absolve a direct purchase customer of the cost consequences of discretionary purchases. As noted by Ms. Giridhar at Transcript 154:

If you were purely using storage, it would be a different issue because the gas would be loaned to them over January, say December, January, and it would be returned at the end of February. In our case, that is not the entire solution. We also go out and purchase gas on behalf of all of our customers.

Witnesses: M. Giridhar
D. Small

In addition, Enbridge's geographical location (lack of in-franchise liquid hub and storage and pipeline constraints), limit the quantity and duration over which suspensions and makeups can be offered to its customers. Consequently the Company concludes that multi/check point BGA management is at best a partial solution. This was discussed during the hearing at Transcript at pages 150 to 152:

MS. GIRIDHAR: Well, I think we talked about the reasons here for what we think the lack of benefits are.

First of all, there is the fact that just return of a molecule at a point in time does not absolve a direct purchase customer of the costs that they imposed on the system, because we also need to recognize the fact that gas might have been purchased at a premium, in the wintertime, and those costs need to be allocated back to the direct purchase customers.

So perhaps, without knowing too much about Union south, my understanding is that our reliance on spot purchases in the wintertime may be somewhat higher than Union's, and that there may be a larger reliance on storage in Union's franchise.

The other point we made is that, again, accommodating checkpoint balancing also means making available to them tools to a different extent than they are physically possible, given the location of our franchise. The fact that pipeline capacity is constrained during peak times, our ability to actually accommodate suspensions and makeups is different, and we do not wish to interrupt suspensions and makeups, because we know that puts our customers in a difficult position.

So we would like to offer them firm suspensions and makeups when they're available. So that is another nuance which makes the practical aspect of checkpoint balancing a little difficult to accomplish.

So given all of those factors and given, as well, the fact that a lot of the variances that occur in our system would be weather-related, and to the extent that large volume customers are having issues with their production or whatever, we do have a mechanism for self-suspension to address that. In and of itself, I think in aggregation we have the right tools and the right mechanisms in place today for the sort of drivers we have for load balancing costs.

So when we look at that and when we look at incremental expenditure of \$4.7 million, we query as to whether there is really appreciable benefits from doing this.

MR. SMALL: Just to add by implementing checkpoint balancing does not eliminate your need for the utility to provide load balancing, to go out and acquire load balancing on its own throughout the month of February, for example.

So it wouldn't alleviate the clearance of those costs.