



500 Consumers Road  
North York, Ontario M2J 1P8  
PO Box 650  
Scarborough ON M1K 5E3

**Lorraine Chiasson**  
Regulatory Coordinator  
phone: (416) 495-5962  
fax: (416) 495-6072  
Email: [lorraine.chiasson@enbridge.com](mailto:lorraine.chiasson@enbridge.com)

April 30, 2009

**VIA RESS, EMAIL and HAND DELIVERED**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
Suite 2700  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: Ontario Energy Board File No. EB-2008-0106  
Commodity Pricing, Load Balancing and Cost Allocation  
Methodologies for Natural Gas Distributors**

---

Attached please find Enbridge Gas Distribution's Argument in Chief in the above noted proceeding.

The attached document has been filed through the RESS and two paper copies are being delivered to the Board.

Yours truly,

A handwritten signature in cursive script that reads 'L Chiasson'.

Lorraine Chiasson  
Regulatory Coordinator

cc: Mr. F. Cass, Aird & Berlis LLP (via email and courier)  
EB-2008-0106 Interested Parties (via email)

**IN THE MATTER OF** a proceeding initiated by the Ontario Energy Board to determine methodologies for commodity pricing, load balancing and cost allocation for natural gas distributors.

## **ARGUMENT IN CHIEF OF ENBRIDGE GAS DISTRIBUTION INC.**

### **Introduction**

1. This proceeding was commenced on May 28, 2008 by way of a Notice of Proceeding issued by the Board. In that Notice, the Board indicated its intention to examine the following matters:

- (i) Review and standardization of the Quarterly Rate Adjustment Mechanism (QRAM) methodology;
- (ii) Review and standardization of the methodology for load balancing; and
- (iii) Cost allocation between delivery and gas supply across natural gas distributors.<sup>1</sup>

2. In view of the statement in the Notice of Proceeding about the matters that the Board intended to examine, Enbridge Gas Distribution Inc. (Enbridge) and Union Gas Limited (Union) worked together to address the issue of standardization. Specifically, the two companies proceeded to determine where their respective methodologies are

- (i) already standardized;
- (ii) different, and standardization is appropriate; and
- (iii) different, but standardization is not appropriate due to operational differences between the two companies, or for other reasons.<sup>2</sup>

---

<sup>1</sup> Notice of Proceeding on Commodity Pricing, Load Balancing and Cost Allocation Methodologies for Natural Gas Distributors in Relation to Regulated Gas Supply, May 29, 2008, page 2.

<sup>2</sup> Enbridge Pre-filed evidence, Ex. E1, page 5, para. 18.

3. The outcome of this joint effort is summarized in a table that is included in the pre-filed evidence of both Enbridge and Union.<sup>3</sup> As this table reveals, Enbridge proposes that, subject to recovery of implementation costs, it will change three aspects of its current methodology in order to standardize with Union. Specifically, Enbridge proposes to eliminate its trigger mechanism for a rate adjustment or a rate rider,<sup>4</sup> it proposes to adopt a 12 month rolling rider methodology<sup>5</sup> and it proposes to make certain changes in respect of Mean Daily Volume (MDV) establishment for direct shippers of natural gas to its franchise area.<sup>6</sup> As well, both Enbridge and Union propose streamlined QRAM filings and improved efficiency in the timeline for submission and approval of QRAM applications.<sup>7</sup>

4. As far as Enbridge is aware, no party to this proceeding opposes the changes that Enbridge has indicated that it will make in order to achieve further harmonization between the methodologies of Enbridge and Union. Further, no party has challenged Enbridge's position that recovery of the costs of implementing these changes should be allowed.

5. However, issues have been raised about potential changes to methodology beyond those proposed by Enbridge (or by Union). In this argument in chief, Enbridge will address issues that have been raised about potential changes to its methodology in the following areas: rate adjustment frequency, forecast period, reference price, Banked Gas Account (BGA) checkpoints and billing terminology. Also, Enbridge will address the implementation of any changes to methodology that the Board determines to be appropriate.

### **Rate Adjustment Frequency, Forecast Period and Reference Price**

6. The determination of an appropriate rate adjustment methodology depends on the balancing of a number of factors. These factors were captured in a list of eight principles when Enbridge's QRAM methodology was first approved by the Board (RP-2000-0040). In RP-2004-0040, the parties reached a settlement on the methodology for adjusting the utility gas price and clearing the Purchased Gas Variance Account (PGVA) that was intended to reflect the following eight principles:

- (i) more reflective of market prices on an ongoing basis;
- (ii) enhanced price transparency;
- (iii) regular quarterly review process;

---

<sup>3</sup> Enbridge Pre-filed evidence, Ex. E1, Appendix and Union Pre-filed evidence, Ex., Appendix 1

<sup>4</sup> Ex. E1, page 7, para. 26.

<sup>5</sup> Ex. E1, pages 16-18, paras. 48-53.

<sup>6</sup> Ex. E1, page 36, para. 117 and page 39, para. 131.

<sup>7</sup> Ex. E1, pages 28-30, paras. 86-96.

- (iv) customer awareness, customer acceptance, and less confusion in the marketplace;
- (v) mitigation of large adjustments of customer bills;
- (vi) fairness and equity among all customer groups;
- (vii) implementation in a cost effective manner; and
- (viii) reduced regulatory burden.

In its RP-2000-0040 Reasons for Decision, the Board commented on the amount of time and effort that went into the development of Enbridge's methodology and it specifically endorsed each of the eight principles that formed the basis for the methodology.<sup>8</sup>

7. Enbridge submits that its QRAM methodology reflects a balance of these eight principles and that this balance will continue with the changes that Enbridge has proposed in this proceeding (and that no party has opposed).

8. The need to strike a balance was also recognized by the Board in its Report on the Natural Gas Forum.<sup>9</sup> There, the Board said that, in determining the appropriate pricing structure for regulated gas supply, the Board must consider the trade-off between a price signal that accurately reflects market prices and price stability. The Board explicitly stated that the current process, whereby the price is set every three months on the basis of a 12-month price forecast, represents a balance between market-price signals and price stability.<sup>10</sup> On the subject of adjustment frequency, the Board went on to say that it saw no compelling reason to depart from a quarterly price adjustment.<sup>11</sup>

9. In short, Enbridge's QRAM methodology is based on a balancing of factors that has been recognized and endorsed by the Board on more than one occasion. Enbridge submits that no evidence has been led in this proceeding to establish, or even to suggest, that the outcome of balancing the relevant factors should be different now than it has been in the past.

10. Indeed, the evidence reveals that other Canadian regulators have reached the same conclusion as the Board. In its decision released on December 18, 2007, the Manitoba Public Utilities Board (PUB) reviewed the respective advantages of quarterly

---

<sup>8</sup> RP-2000-0040 Reasons for Decision, page 14, para. 2.2.13. The RP-2000-0040 Decision, and Enbridge's current QRAM process, are discussed at Ex. E1, pages 2-4, paras. 6-13.

<sup>9</sup> Natural Gas Regulation in Ontario: A Renewed Policy Framework, Report on the Ontario Energy Board Natural Gas Forum, March 30, 2005 (NGF Report).

<sup>10</sup> NGF Report, page 68.

<sup>11</sup> NGF Report, page 69.

and monthly price adjustments and decided to maintain the existing quarterly rate setting window. The PUB declined to follow the Alberta model, because it did not want to introduce additional regulatory costs and increase rate volatility by re-setting rates on a monthly basis.<sup>12</sup> The Manitoba PUB stated in its decision that it concurred with a similar conclusion reached by the British Columbia Utilities Commission.<sup>13</sup>

11. In its pre-filed evidence, the Gas Marketers Group (GMG) proposed a monthly rate adjustment mechanism that was modeled on the process followed in Alberta.<sup>14</sup> However, in Alberta, Direct Energy Regulated Services does not utilize storage for the provision of service to sales customers, whereas, as accepted by the GMG, storage is an important element of the winter gas supply portfolio for both Enbridge and Union.<sup>15</sup> Consequently, the “concepts” put forward in the GMG’s pre-filed evidence were “refined” in responses to interrogatories: the GMG’s refined concept contemplates a blending of gas prices in the winter with the cost of gas taken out of storage.<sup>16</sup>

12. As acknowledged by the GMG, the refined concept would have the effect of muting price signals.<sup>17</sup> Further, the GMG was unable to clearly explain how the suggested approach would take account of other elements of a utility’s cost structure that are affected by a change in the price of gas.<sup>18</sup> As the cross-examination in these areas progressed, the GMG began to refer to its refined approach as an “example”<sup>19</sup> and it indicated that questions about how this example would work in practice could be addressed in “implementation stakeholder discussions”.<sup>20</sup>

13. Enbridge submits that there is a complete lack of evidence in this proceeding to support a conclusion that the monthly adjustment concept or example put forward by the GMG would achieve a better balancing of the relevant factors than the QRAM process previously considered and approved by the Board. On the contrary, the evidence points to the same conclusion reached by the Manitoba PUB, namely, that re-setting of rates on a monthly basis would introduce additional regulatory costs and increase rate volatility.

14. As far as the forecasting period is concerned, the GMG proposes monthly forecasting, because it apparently believes that this matches the “utility buying protocol”.<sup>21</sup> Unfortunately, however, the GMG seems to have overlooked the evidence with respect to the manner in which Enbridge incurs its gas supply costs.

---

<sup>12</sup> Ex. K3.2, Manitoba PUB Order No. 160/07, Sale of Natural Gas – Centra Gas Franchise Areas.

<sup>13</sup> Ex. K3.2, page 78.

<sup>14</sup> GMG Pre-filed Evidence, Ex. E8, E14, E19, pages 4-24; 3 Tr. 28.

<sup>15</sup> 3 Tr. 28.

<sup>16</sup> 3 Tr. 29-30.

<sup>17</sup> 3 Tr. 30.

<sup>18</sup> 3 Tr. 32-37.

<sup>19</sup> See, e.g., 3 Tr. 30, line 6 and 3 Tr. 31, line 17.

<sup>20</sup> 3 Tr. 37.

<sup>21</sup> Ex. K3.1, line A2.

15. Because Ontario is not in close proximity to a major supply basin, long haul transportation is required to move gas to this Province. The existence of natural gas storage in the Province benefits all customers (both system gas and direct purchase) because it allows consistent volumes to be moved year-round on this long haul transportation (*i.e.*, 100% load factor). Storage is filled in the summer when consumption is less than long haul deliveries and storage is depleted in the winter when consumption is greater than long haul deliveries. (Note that, in order to meet peak demands and to maintain storage targets during the winter, Enbridge complements uniform pipeline deliveries and storage withdrawals with seasonal/discretionary and peaking supplies.)<sup>22</sup> This means that gas purchased in a particular month or quarter may be consumed in some other month or quarter and gas consumed in a particular month or quarter may have been purchased at some other time.

16. The pattern of Enbridge's gas supply purchases follows a 12 month cycle that encompasses the summer (storage injection) period and the winter (storage withdrawal) period. The 12 month price forecast utilized by Enbridge matches this pattern of gas supply purchases. Applying a 12 month price to varying monthly consumption will result in annual billings being equal to annual purchases, assuming no variance between forecast and actual prices. By way of contrast, even if there is no variance between forecast and actual prices, applying a varying monthly price to varying monthly consumption will result in a variance between annual billings and annual purchases.<sup>23</sup>

17. The use of the 12 month forward period results in a price benchmark from which seasonality has been removed.<sup>24</sup> A monthly price, however, does not on its own provide a useful benchmark, because it is necessary to form a judgment about how much of the price is reflective of the seasonality of supply and demand in the particular month.<sup>25</sup>

18. Further, the GMG's monthly index price suggestion fails to take account of the fact that there are periods during the winter when Enbridge purchases spot gas. These purchases are based on a daily spot price, rather than a monthly index price.<sup>26</sup> Under a monthly adjustment methodology, Enbridge would have to take the difference between the cost of gas purchased at the spot gas price and the cost at a monthly index price (settled the previous month) and clear it over the following month's volumes. If, for example, the spot gas purchase occurs in March and the clearance occurs in April, when volumes generally are much lower, the result could be a sizable rider in April.<sup>27</sup> Adopting this approach could result in price volatility that is several times higher than the underlying volatility of natural gas prices<sup>28</sup>.

---

<sup>22</sup> Ex. E1, page 34, Figure 2.

<sup>23</sup> Ex. E1, page 9, para. 31.

<sup>24</sup> 2Tr.29.

<sup>25</sup> 2Tr.30.

<sup>26</sup> 2Tr. 35.

<sup>27</sup> 2Tr.36.

<sup>28</sup> 2Tr.62.

19. The GMG also advocates a single Ontario-wide reference price<sup>29</sup> (although Enbridge notes that the GMG said, in its pre-filed evidence, that it was unable to propose implementation of a single Ontario-wide reference price in the absence of unbundling of storage and transportation, which is not within the scope of this proceeding<sup>30</sup>). Enbridge submits that a single provincial reference price would tend to mask or confuse the reality that, in Ontario, gas distributors operate their distribution systems independently of one another and use different gas purchasing strategies that reflect their particular geographical locations and operating characteristics.<sup>31</sup>

20. It is impossible for Enbridge and Union to have identical gas supply portfolios because differences in geography and physical connectivity affect gas supply portfolio composition.<sup>32</sup> Any effort to artificially super-impose a single Ontario-wide reference price on these different and distinct gas supply portfolios would necessarily mean variances and price impacts that would have to be addressed on a deferred basis. This would violate basic pricing principles such as minimizing retroactive adjustments and treating service offerings equitably, while increasing customer confusion.<sup>33</sup> Even the GMG accepted that use of a single-Ontario wide reference price would lead to adjustments by each individual utility.<sup>34</sup>

### **BGA Checkpoints**

21. Enbridge has agreed to establish MDV using weather-normalized consumption history and to allow threshold-based re-establishment of MDV, subject to recovery of the cost of these changes.<sup>35</sup> The GMG supports this proposal, independently of whether Enbridge introduces BGA checkpoints,<sup>36</sup> and supports recovery of the costs by Enbridge.<sup>37</sup> The GMG characterized these MDV changes as “a critical factor” and “suggested” that they be combined by Enbridge with BGA checkpoints.<sup>38</sup>

22. As noted in the Introduction (para. 2,), Enbridge and Union worked together to address the issue of harmonization. Regarding BGA checkpoint systems, the utilities submitted that it is important to consider both geographical and operational differences between Enbridge and Union (and between Union South and North). It is Enbridge's view that geographical and operational differences essentially force methodology variations in the area of BGA check point systems. Enbridge's position is that the

---

<sup>29</sup> Ex. K3.1, line A3.

<sup>30</sup> Ex. E8, E14, E19, page 24.

<sup>31</sup> Ex. E1, pages 12-13, para. 39.

<sup>32</sup> Ex. E1, page 14, para. 43.

<sup>33</sup> Ex. E1, page 14, para. 43.

<sup>34</sup> Ex. IR1 (GMG Responses to Interrogatories), page 10.

<sup>35</sup> Ex. E1, page 36, para. 117.

<sup>36</sup> 3 Tr. 38.

<sup>37</sup> Ex. E8, E14, E19, page 31; Ex. K3.1, line E.

<sup>38</sup> 3 Tr. 38.

methodology chosen must be appropriate for each utility and that the cost and complexity of standardization should not outweigh potential benefits<sup>39</sup>.

23. The following paragraphs outline the two key considerations that make harmonization of methodologies inappropriate: a) availability of BGA management tools, and b) cost consequences of daily load balancing (i.e. daily matching of supply and demand) that Enbridge provides to all (system gas and direct purchase) customers.

24. Bundled T-service customers of Union (South) are responsible for maintaining a BGA balance at or below a Fall checkpoint amount (within forecasted allocated storage levels) and at or above a Winter checkpoint value (within the forecasted draft position).<sup>40</sup> At contract renewal, each customer must also have a BGA balance of zero, within the maximum allowable variances outlined in the customer's contract.

25. To the extent that a Bundled T-service customer of Union (South) fails to meet the Fall checkpoint, the quantity in excess of the checkpoint is subject to unauthorized storage space overrun charges. To the extent that the customer fails to meet the Winter checkpoint, the quantity below the checkpoint will be billed the higher of the daily spot gas price at Dawn in the month of, or the month following, the occurrence.<sup>41</sup>

26. Given potential exposure to these charges at either the Fall checkpoint or the Winter checkpoint, one would not expect that a system of BGA checkpoints, on its own, would be appealing to customers. However, Union is able to offer Bundled T-service customers a full suite of services that they can use to manage their BGAs; these include Incremental/Suspension of Supply, Assignment/Diversion of Daily Contract Quantity, ex-franchise/in-franchise Transfers, Loans and Short Term Storage.<sup>42</sup>

27. Enbridge also offers to its Direct Purchase customers a number of tools for management of their BGAs, such as incremental deliveries (Make-up), reduction of deliveries (Suspension), transfer of volumes within the Enbridge franchise area (Title Transfer) and transfer of volumes with a party in the Union franchise area (Enhanced Title Transfer).<sup>43</sup> These tools offered by Enbridge are generally similar to those that customers on the Union system are able to utilize, but the important difference is one of availability.<sup>44</sup>

28. The availability of BGA management tools is not the same for both companies because of the geographical location of each utility and because, unlike Union, Enbridge does not have a trading hub within its franchise area. Union offers tools year-

---

<sup>39</sup> Note that BGA check point system is the only area where Enbridge and Union Gas do not propose to harmonize its methodologies. Pre-filed evidence (page 5, para #17), and opening statement (2Tr.7).

<sup>40</sup> Union Pre-filed Evidence, Ex. E2, page 44.

<sup>41</sup> Ex. E2, page 44.

<sup>42</sup> Ex. E2, page 44.

<sup>43</sup> Ex. E1, Attachment, Glossary, page 1, definition of BGA Management.

<sup>44</sup> Ex. E1, page 36, para. 118.



round on an interruptible basis, whereas Enbridge's mechanisms are firm, but restricted during peak winter demand months (limited Suspensions) and late in the storage injection season (limited Make-ups).<sup>45</sup> During cross-examination, the GMG witnesses confirmed, for example, that, in winter peaking conditions, Enbridge does not have the ability to accommodate Suspensions of deliveries from Direct Purchase customers.<sup>46</sup>

29. In order to implement a viable system of BGA checkpoints, Enbridge would need to increase the availability of BGA mechanisms throughout the year, so that customers would have the ability to respond to the checkpoint requirements. However, Enbridge could not guarantee on a firm basis the availability of mechanisms that would put system supply at risk during peak system constraint periods. Enbridge would have to offer these mechanisms on an interruptible basis (as does Union Gas) which, in the case of Enbridge, would put customers at risk due to the customers' limited ability to make alternative arrangements.<sup>47</sup>

30. Generally, a large and fluid hub within the franchise area means available supply with little or no issue about transportation. As far as the Enbridge system is concerned, though, interrupting a Suspension on a peak day in an area hundreds of kilometers from a trading centre could create difficult transportation challenges for the customer. This, in turn, would jeopardize Enbridge's ability to meet its peak day demands, because, if the customer is not able to comply with a required interruption to the customer's Suspension of deliveries, Enbridge would be short gas that it needs to meet demand.<sup>48</sup>

31. These differences between the ability of Union to offer BGA management tools and the ability of Enbridge to do the same were confirmed during the cross-examination of the GMG witnesses by counsel for Board staff.<sup>49</sup> Indeed, the GMG confirmed that standardization can only go so far when there are operational issues that limit the amount of standardization that can occur.<sup>50</sup> Further, at another point in their testimony, the GMG witnesses accepted that BGA checkpoints are not available in Union (North).<sup>51</sup>

32. There is yet another reason why Enbridge believes that the benefits of BGA checkpoints for customers may not be appreciable compared to Enbridge's existing approach. Because Enbridge uses peaking and Dawn purchases to load balance its system on a daily basis, a direct purchase customer's return of "loaned" gas prior to the end of a contract year will not absolve the customer from the consequences of the costs that Enbridge incurs to provide load balancing on a daily basis.<sup>52</sup>

---

<sup>45</sup> Ex. E1, page 36, para. 118.

<sup>46</sup> 3 Tr. 42-43.

<sup>47</sup> Ex. E1, page 37, para. 120.

<sup>48</sup> Ex. E1, page 36, para. 119.

<sup>49</sup> 3 Tr. pages 107-110.

<sup>50</sup> 3 Tr. 110.

<sup>51</sup> 3 Tr. 47.

<sup>52</sup> Ex. IR 23, Sched. 5, page 2.

33. Enbridge therefore submits that BGA checkpoints are not appropriate for its system. The cost of implementing this change (which, according to a preliminary estimate is almost \$5 million<sup>53</sup>) will not produce any meaningful benefit for customers.

### **Billing Terminology**

34. The evidence of Enbridge is that the billing terminology used by Enbridge and Union is “very consistent”.<sup>54</sup> Union’s evidence is that the bill presentment and terminology used by the two companies is “largely consistent”.<sup>55</sup> As far as Enbridge is aware, no party to this proceeding challenges the view that the terminology is largely consistent. Also, as far as Enbridge is aware, none of the intervenors in this proceeding which represent ratepayer interests request, or even support, changes in billing terminology.

35. To some extent, there will always be justifiable differences between bills of the gas distributors, given the different rate structures of the utilities.<sup>56</sup> Further, the Enbridge bill is different from Union’s, because, with Board approval, Enbridge allows third party access to its bills, while Union does not.<sup>57</sup>

36. The issue about billing terminology in this proceeding has narrowed down to only a few wording elements identified by the GMG.<sup>58</sup> Given the other areas of difference between the bills of the two companies, Enbridge submits that the existence of these relatively minor wording differences is not a matter that warrants any attention.

37. Both Enbridge and Union have recently completed a bill redesign project<sup>59</sup> and both have utilized customer research to ensure customer satisfaction with bills.<sup>60</sup> Enbridge submits that it would not be a prudent expenditure of funds to introduce changes – and to implement an ongoing mechanism to coordinate bill messaging between Enbridge and Union – in order to address minor differences in bill wording.<sup>61</sup>

### **Implementation**

38. During the course of the oral testimony, the Board panel indicated that implementation issues are of particular interest to the Board.<sup>62</sup> EGD will therefore provide its comments about implementation in these written submissions.

---

<sup>53</sup> Ex. E1, page 38, paras. 126-127.

<sup>54</sup> Exhibit E1, page 55, para. 193, Ex. J2.4.

<sup>55</sup> Ex. IR8.16.

<sup>56</sup> Ex. E1, page 55, para. 194.

<sup>57</sup> 2Tr.199-200.

<sup>58</sup> GMG Pre-filed evidence, Ex. E8, E14, E19, page 30.

<sup>59</sup> Ex. E1, page 54, para. 190 and Ex. E2, page 70.

<sup>60</sup> Ex. E1, page 54, para. 190 and Ex. E2, page 69.

<sup>61</sup> Ex. E1, page 57, para. 198.

<sup>62</sup> 2Tr.78.

39. The subject of implementation has two distinct aspects in the context of this proceeding. One aspect is implementation of the proposals made by the gas distributors and the second aspect is implementation issues that arise in connection with suggestions made by other parties (primarily the GMG) and not agreed to by the utilities. Enbridge will address these two areas separately.

**(a) Enbridge Proposals**

40. The following are Enbridge's comments with respect to implementation of the proposals that it has made in this proceeding:

**(i) Removal of Trigger**

Cost: No incremental cost.<sup>63</sup>

Timing: As early as January 2010 (depending on date of Board decision).<sup>64</sup>

**(ii) Rolling 12 Month Rider**

Cost: \$100,000 one-time cost (high level estimate of incremental printing, design and communication costs).<sup>65</sup>

Timing: As early as January 2010 (depending on date of Board decision).<sup>66</sup>

**(iii) MDV Changes**

Cost: \$3.7 million one-time cost (high level, preliminary estimate).<sup>67</sup>

Timing: At least 18 months from start to completion.<sup>68</sup>  
No earlier than 2011.<sup>69</sup>

Other Implications: Due to the complexity of EnTRAC and its many interfaces, a substantial amount of work will be required to complete a functional and reliable MDV re-establishment application.

---

<sup>63</sup> Ex. IR 24, Sched. 9, page 1.

<sup>64</sup> Ex. E1, page 60, para. 213; Ex. IR8, IR14, IR18, IR19, Sched. 34.

<sup>65</sup> Ex. IR 24, Sched. 9, page 1.

<sup>66</sup> Ex. E1, page 60, para. 213; Ex. IR8, IR24, IR18, IR19, Sched. 34.

<sup>67</sup> Ex. IR 24, Sched. 9, page 2.

<sup>68</sup> Ex. IR8, IR14, IR18, IR 19, Sched. 35.

<sup>69</sup> Ex. E1, page 60, para. 214; Ex. IR8, IR14, IR18, IR19, Sched. 35.

(iv) Streamlined QRAM Information Filings

Cost: Enbridge submits that any changes to the filings for QRAM applications should strive to maintain clarity and also streamline and simplify filing requirements.<sup>70</sup> In such a case, Enbridge foresees no incremental cost associated with these changes.

Timing: The proposal is that Enbridge and Union would work jointly with stakeholders and, accordingly, the timing of this activity depends on the regulatory calendar and stakeholder availability.<sup>71</sup>

(v) QRAM Timeline Efficiency

Cost: No incremental cost.

Timing: As early as January 2010 (depending on date of Board decision).

**(b) Other Suggestions**

41. The following are Enbridge's comments with respect to implementation of suggestions made by others in this proceeding:

(i) Monthly Rate Adjustments

Cost: \$1.5-\$2.0 million incremental annual cost (high level estimate)<sup>72</sup>  
\$35,000 one-time expense for a bill insert.<sup>73</sup>  
(Note that Enbridge's cost estimate does not include increased stakeholder costs and Board costs relating to the review and approval of monthly rate change applications.)

Timing: No earlier than 2011.<sup>74</sup>

Other Implications: The revenue generated from third party bill inserts would be impacted in the absence of some change to the stipulation that no third party inserts are allowed in months when a rate notice accompanies the bill. Also, should the stipulation not be changed, third parties using bill insert services would be impacted.<sup>75</sup>

---

<sup>70</sup> Ex. E1, page 28, para. 88.

<sup>71</sup> 2Tr.92

<sup>72</sup> Ex. IR 24, Sched. 1, page 1.

<sup>73</sup> Ex. IR 24, Sched. 1, page 2.

<sup>74</sup> Ex. E1, page 60, para. 214.

<sup>75</sup> Ex. IR24, Sched. 1, page 2.

(ii) BGA Checkpoints

Cost: \$4.8 million one-time cost (high level preliminary estimate; incremental to MDV costs of \$3.7 million).<sup>76</sup>

Timing: No earlier than 2011.

(iii) Billing Terminology

Cost: \$647,000 one-time cost (high level estimate).<sup>77</sup>

Timing: No earlier than 2010.

Other Implications: The one-time cost of \$647,000 does not include the cost of an ongoing mechanism to coordinate bill messaging between Enbridge and Union.

**Conclusion**

42. EGD submits that the Board should accept the changes that it proposes, as summarized in the Appendix to its evidence. EGD submits further that the Board should allow recovery in rates of the costs of these changes, and of any other changes that the Board should ultimately decide upon in this proceeding.

All of which is respectfully submitted.

April 30, 2009

  
Counsel for Enbridge Gas Distribution

---

<sup>76</sup> Ex. IR 24, Sched. 9, pages 1-2.

<sup>77</sup> Ex. IR 24, Sched. 9, page 3.