

Board Staff Interrogatories
Pacific Economics Group – 2008 Rates under an IR Framework (EB-2007-0606/0615)

1. Ref: Enbridge Ex B, Tab 1, Sch 1, page 2 of 22, para 6

Issue Number: 3.1

Issue: How should the X factor be determined?

Enbridge states in evidence that it is proposing a revenue cap, calculated on a per customer basis, adjusted annually.

- a) Please update PEG's revenue cap index research (Rate Adjustment Indexes for Ontario's Natural Gas Utilities dated June 20, 2007) to reflect a revenue per customer cap.
- b) Is PEG aware of any jurisdiction where a regulator has approved a revenue cap without a balancing account?
- c) Please describe how the balancing account should be calculated under a revenue per customer cap. For example, would a balancing account capture the difference between actual revenue (i.e., not normalized for weather) and the approved revenue requirement?

2. Ref: Union Ex. B, Tab 1, pages 36-37 of 48

Issue Number: 4.3

Issue: If so, how should the impact of changes in average use be applied (e.g., to all customer rate classes equally, should be differentiated by customer rate classes or some other manner)?

Union states in evidence that a simpler and more intuitive approach to calculate the X factor applicable to the general service rate classes (M2, Rate 01 and Rate 10) should be used. This would be calculated by adjusting the company wide average use factor by the combined revenue share of the general service rate classes. Further, Union recommends that there not be an average use factor adjustment for rate classes other than the general service rate classes.

- a) Does PEG agree with Union's recommended approach? Please explain.