IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an Application by Union Gas Limited for an Order or Orders approving or fixing a multi-year incentive rate mechanism to determine rates for the regulated distribution, transmission and storage of natural gas, effective January 1, 2008;

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an Order or Orders approving or fixing rates for the distribution, transmission and storage of natural gas, effective January 1, 2008;

AND IN THE MATTER OF a combined proceeding Board pursuant to section 21(1) of the *Ontario Energy Board Act, 1998.*

INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT ASSOCIATION ("LPMA"), THE WHOLESALE GAS SERVICE PURCHASERS GROUP ("WGSPG"), AND THE BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONOTO AREA ("BOMA") TO UNION GAS

1. Ref: Ex. B, Tab 1, page 7 & PEG Report, page iii

Issue Number: 1.1
Issue: What are the implications associated with a revenue cap, a price cap and other alternative multi-year incentive ratemaking frameworks?

Union's evidence states that an annual net adjustment before Y and Z factors approximately equal to the rate of inflation is supported in moving from cost of service regulation to IR.

a) Does Union accept the summary rate trend of 0.87% in the PEG Report at page iii as being accurate?

b) Please provide the M2, Rate 1 and Rate 10 distribution and storage regulated rates that have been in place since 2000.

c) What is the annual cost of regulated services to a typical residential customer from 2000 through 2007 using the above rates?

d) What is the annual cost of regulated services to a typical small commercial customer from 2000 through 2007 using the above rates?

e) Please provide the Board approved rates for service under Rate M4 and provide the annual cost of regulated services for a typical M4 customer for each year from 2000 through 2007.

f) Please provide the Board approved rates for service under Rate M9 and provide the annual cost of regulated services for a customer with a firm contract demand of 170,000 m3 per day and an annual delivery volume of 15,000 103 m3 for each year from 2000 through 2007.

g) Please provide the Board approved rates for service under Rate M10 and provide the annual cost of regulated services for a typical M10 customer for each year from 2000 through 2007.

2. Ref: Ex. B, Tab 1, page 11 - 12

Issue Number: 14.1
Issue: Are there adjustments that should be made to base year revenue requirements and/or rates?

For each of the three transmission-related deferral accounts (179-69, 179-73 and 174-74) please provide the following for each year 1999 through 2006 inclusive in a format similar to Attachment #2 of Exhibit J14.36 in EB-2005-0520:

a) The actual revenue, costs, gross margin, Board approved amount and deferred margin for each of the three accounts.

b) The corresponding Board Approved figures for each relevant year in the period 1999 through 2006.

c) The corresponding Board Approved figures for 2007.

3. Ref: Ex. B, Tab 1, page 12

Issue Number: 14.1
Issue: Are there adjustments that should be made to base year revenue requirements and/or rates?

The evidence refers to a $7 million impact on rates of using the 20 year declining trend methodology.

a) Please provide all data and calculations used to calculate this figure. Where possible, please tie the data and calculations back to the information filed in EB-2005-0520 and provide the appropriate references.

b) Is the $7 million the impact on rates before or after tax? Please provide a breakdown of the after-tax impact on rates, including the calculation of the incremental tax.

c) Please provide a breakdown of the total impact on rates by rate class.

d) Does the impact of the reduction in delivery volumes have any impact on the allocation of costs to rate classes where the volumes do not depend on the weather forecast? Please explain and provide the change in the allocation of costs by rate class, if appropriate.

e) Is there any impact, directly or indirectly, on the calculation of peak demands by rate class of moving to the 20 year trend methodology? Please provide the impact, if any, of the change in the allocation of costs by rate class related to the change in the relative peak demands of the rate classes.

4. Ref: Ex. B, Tab 1, page 17

Issue Number: 12.3.1
Issue: What should be the criteria for changes in rate design?

Union is proposing the flexibility to adjust the fixed monthly charges and the variable charge on a revenue neutral basis rather than apply the price cap equally to the fixed and variable charges.

a) Please confirm that Board Staff in the Staff Discussion Paper dated January 5, 2007 indicated that it believed that the price cap should be applied equally to the fixed and variable charges at the rate class level to maintain the current fixed/variable ratio.

b) Please explain how Union could ensure its' objective of rate stability and predictability for all customers under its proposal.

c) Assume a price cap of 2% and that Union increases the fixed monthly charge for the new M1 rate class by $1 per month as part of the increase to an M1 customer. Please show the resulting impact on an M1 customer using 1,200 m3 per year, an M1 customer using 2,500 m3 per year and an M1 customer using 45,000 m3 per year.

d) Assume a price cap of 2% and that Union increases the fixed monthly charge for the new M2 rate class by $5 per month as part of the increase to an M2 customer. Please show the resulting impact on an M2 customer using 50,000 m3 per year, an M2 customer using 100,000 m3 per year and an M2 customer using 250,000 m3 per year.

5. Ref: Ex. B, Tab 1, page 17

Issue Number: 12.3.1
Issue: What should be the criteria for changes in rate design?

Union indicates that it does not believe that it is appropriate to apply the price cap to the fixed charges as it would result in a fixed monthly charge that is not a whole number.

a) What evidence does Union have that this matters to customers?

b) Is Union aware that the electricity distributors in Ontario have monthly fixed charges that are not whole numbers?

6. Ref: Ex. B, Tab 1, page 17

Issue Number: 12.3.1
Issue: What should be the criteria for changes in rate design?

a) Does Union's proposal to adjust the fixed/variable split at different rates (on a revenue neutral basis) extend beyond the general service customers to contract demand charges for contract customers? Please explain why or why not.

b) Please confirm that revenue neutrality as used in this evidence means revenue neutrality within each rate class.

c) Please confirm that revenue neutrality within each rate class can result is substantially different rate increases to customers within a particular rate class.

7. Ref: Ex. B, Tab 1, page 18 - 20

Issue Number: 1.1
Issues: What are the implications associated with a revenue cap, a price cap and other alternative multi-year incentive ratemaking frameworks?

a) What evidence does Union have that the regulatory administration and costs could be higher under a revenue cap than under a price cap?

b) On what basis does Union believe that a price cap mechanism was intended by the Board in its NGF Report?

c) What evidence does Union have that a price cap plan better aligns a utility's activities with customer interests as compared to a revenue cap plan?

<u>8. Ref: Ex. B, Tab 1, page 20</u>

Issue Number: 12.4.1
Issue: Should the charges for these services be included in the IR mechanism?

a) Please provide a complete list of all the unregulated services that are currently provided by Union that the company thinks the price cap should not apply to.

b) For each such service, please provide a short explanation as to why the price cap should be applied to that service.

c) If Union proposes a new service during the term of the IR plan, how does Union propose that the determination of whether it is a regulated or unregulated service be made?

d) Will Union commit to bring forward all new services to the Board for a determination of whether the service should be regulated or not? Does Union further agree that the burden of proof is on the utility to justify that a particular service is unregulated?

e) As a regulated entity, does Union believe it should be allowed to provide unregulated services? Please explain.

f) Please provide an example of an unregulated service that is not currently provided by Union that could be provided in the future.

<u>9. Ref: Ex. B, Tab 1, page 11</u>

Issue Number: 14.1
Issue: Are there adjustments that should be made to base year revenue requirements and/or rates?

Union has not proposed any reductions in regulatory and OEB cost amortizations despite proposing a five year term during which there would not be any cost of service application.

a) Please provide the OEB cost assessment amounts that have been recovered through rates in each year in the time period from 2000 through 2007.

b) Has Union had any discussions with the Board about a reduced OEB cost assessment given that IR should substantially reduce the costs at the OEB for regulating the natural gas sector? If not, why not?

c) Please provide a detailed breakdown of the remaining regulatory costs that are included in the Board Approved revenue requirement for 2007 (eg. Rate case costs, other proceedings, etc.).

d) Union's EB-2005-0520 evidence (at Exhibit D1, Tab 2, page 5) indicated that the entire cost associated with the 2007 rates proceeding would be recovered in 2007 rates rather than amortized over 2 years as was the past practice, to align with Generally Accepted Accounting Principles (GAAP). Please provide the amount specific to this item included in 2007 rates.

e) Union's EB-2005-0520 evidence (at Exhibit D1, tab 2, page 5) indicates that in 2005 and 2006 the increase in costs related to the OEB cost assessment were subject to deferral and Union proposed to include these costs in rates and eliminate the deferral account. Were these deferred costs included in 2007 rates? What was the total amount included in 20-07 rates from this deferral account?

f) Did Union include the amortization of any other costs incurred in previous years in the 2007 regulatory costs? If yes, please identify and quantify. After 2007 are there any remaining regulatory costs being amortized? If yes, please identify and quantify.

10. Ref: Ex. B, Tab 1, page 22 – 23

Issue Number: 2.3
Issue: How often should the Board update the inflation factor?

The evidence indicates that the simple average of the actual annualized changes for the last four quarters should be used and that the four quarters would be the those quarters ending June, March, the previous December and the previous September. Please confirm the following:

a) For the inflation factor to be used to determine rates effective January 1, 2008 the quarterly data would from the quarters ending in June 2007 and June 2006, March 2007 and March 2006, December 2006 and December 2005, and September 2006 and September 2005. If not, please specify.

b) If the most recent quarter to be used was September 2007, which would be available in late November, 2007, Union could not change rates in time for a January 1, 2008 implementation date.

c) Please verify that the following calculation is correct in describing what Union refers to as the simple average of the actual annualized changes for the last four quarters. If not please use the GDPIPI FDD figures provided to show the calculation that Union proposes. Please note that the GDPIPI FDD figures are for illustration purposes only.

Year – Quarter – Value	Year – Quarter – Value	Year over Year % Change
2007 – Q2 – 109.6	2006 – Q2 – 107.2	2.2388 %
2007 – Q1 – 109.0	2006 – Q1 – 107.0	1.8692 %
2006 – Q4 – 108.0	2005 – Q4 – 105.9	1.9830 %
2006 – Q3 – 107.6	2005 – Q3 – 105.8	1.7013 %
Average		1.9481 %

d) Please confirm that Union would round the estimate above to decimal place, i.e. 1.95% in the example provided in (c) above.

e) Union indicates that there should be no true-ups to the calculation to reflect GDPPI restatements from Statistics Canada. Please provide the rationale for this.

f) Has Union done any research to determine if the revised figures from Statistics Canada are generally lower or higher than the originally published figures? Please confirm that if the figures are generally revised downwards, the impact is that the cumulative inflation figures used for the price cap will be higher than the inflation actually recorded over the period.

11. Ref: Ex. B, Tab 1, page 27

Issue Number: 4.2
Issue: How should the impact of changes in average use be calculated?

The evidence makes reference to the utility being at risk for the acceleration in declining average use which has been Union's most recent experience.

a) Please provide the basis for the assumption of acceleration in declining average use.

b) Could the risk of an acceleration or deceleration in declining average use be reduced if the adjusted AU factor is adjusted annually based on a moving average of the change in average use? If no please explain.

12. Ref: Ex. B, Tab 1, page 28 – 31

Issue Number: 4.2
Issue: How should the impact of changes in average use be calculated?

a) Please replicate Charts 3 through 9 using data back to 1991 for the reported NAC and, if available, the If No DSM line through 2006. Please add to each of these charts a simple trend line based on the reported NAC. If the reported NAC figures used for these charts for 1991 through 2004 is different from that filed in Exhibit C1, Tab 1, Appendix A, page 4 of 11 in EB-2005-0520, please explain.

b) Please provide all the data used in part (a) above in tabular format that corresponds to each chart and include in each table a line showing the percentage change from one year to another.

c) Please provide separate charts and tables based on the composition of the new rate classes M1 and M2 for each of the residential, commercial and industrial classes of customers.

13. Ref: Ex. B, Tab 1, page 32

Issue Number: 3.2
Issue: What are the appropriate components of an X factor?

Union does not believe there should a stretch factor component of the X factor.

a) In the absence of a stretch factor and an earnings sharing mechanism, please explain how customers will share in the benefit of productivity improvements over the term of an IR plan.

b) In the NGF Report, the Board determined that a gas rate regulation framework would have to meet the criterion that it establishes incentives for sustainable efficiency improvements that benefit both customers and shareholders. Please explain how Union's proposal of no earnings sharing combined with no stretch factor achieves this for customers during the term of the IR plan.

14. Ref: Ex. B, Tab 1, page 2

Issue Number: 1.1
Issue: What are the implications associated with a revenue cap, a price cap and other alternative multi-year incentive ratemaking frameworks?

Union's proposal will result in annual increases in rates at about the rate of inflation. Please explain how this is consistent with the NGF Report at page 22 which states that:

> *"A properly designed plan will ensure downward pressure on rates be encouraging new levels of efficiency in Ontario's gas utilities".*

Please explain how rate increases at the rate of inflation can be considered downward pressure on rates?

15. Ref: Ex. B, Tab 1, page 32

Issue Number: 3.2
Issue: What are the appropriate components of an X factor?

The NGF Report indicates that a properly designed plan should encourage new levels of efficiency in the utilities. Union's evidence talks about past efficiency gains as a rationale for not having a stretch factor on a going forward basis.

a) If Union were able to achieve productivity improvements in excess of those implied by the PD factor, would Union be open to adjusting the X factor during the IR term to reflect its actual improvements? If not, why not?

b) Could the stretch factor component of the X factor be adjusted on an annual basis to reflect recent actual operating results, much in the same way that the inflation factor will be adjusted to reflect recent actual changes? If not, why not?

c) Does Union have any information related to price cap mechanisms that have been approved in other jurisdictions? If yes, please provide a summary of the number of plans on which it has detailed information on the calculation of the X factor and the number of those plans that do not include any stretch factor, directly or indirectly.

16. Ref: Ex. B, Tab 1, page 32 - 34

Issue Number: 3.3
Issue: What are the expected cost and revenue changes during the IR plan that should be taken into account in determining an appropriate X factor?

Union lists a number of cost pressures that it indicates it will have to address under a price cap over the term of the plan.

a) Please provide all information supporting these claims over the entire 2008 through 2012 period, such as, but not limited to exchange rate forecasts, pension and benefit cost forecasts, workforce development cost forecasts, average wage and salary forecasts that reflect the replacement of aging workers with younger workers, and bonus plan payment forecasts.

b) Has Union considered the potential benefits to natural gas use of time of use pricing for electricity and its potential impact to shift demand from electricity to natural gas for such uses as water heating, clothes drying and cooking? If not, why not?

c) Has Union considered the potential impact on throughput volumes related to natural gas fired generation for both in-franchise and ex-franchise customers? If not, why not?

d) Has Union considered the potential for additional natural gas use related to the increase in ethanol production in Ontario as the result of the various government mandates to increase the use of ethanol as a transportation fuel? If not, why not?

17. Ref: Ex. B, Tab 1, page 36 – 37

Issue Number: 4.2
Issue: How should the impact of changes in average use be calculated?

The PEG proposal distinguishes residential customers from non-residential customers, while the Union proposal appears to distinguish general service customers from non-general service customers.

a) Please provide the Adjusted AU Factor and the corresponding revenue share used in its calculation if only residential customers were adjusted by this factor instead of all general service customers.

b) Please provide the Adjusted AU Factor and the corresponding revenue share used in its calculation if only customers served under Rate 1 and the new rate M1 were adjusted by this factor instead of all general service customers.

c) Please provide the derivation of the 0.644 figure as the general service 2005 revenue share. Does this share include fixed and variable revenues? Is it based on normalized revenues? Is it based on actual or Board Approved revenues?

d) Please provide the general service 2007 revenue share and calculate what the Adjusted AU Factor would be if this was used in place of the 2005 share.

e) Please provide the residential general service revenue share and calculate what the Adjusted AU Factor would be if this was used in place of the 2005 share.

f) Please provide the 2007 revenue share combining Rate 1 and Rate M1 and calculate what the Adjusted AU Factor would be if this was used in place of the 2005 share.

g) If Union increases the fixed charge component at a rate different than that of the variable rate component, as proposed, please explain how this would change the calculation of the Adjusted AU Factor. Would the revenue share used also be updated to reflect the most recent year of actuals or normalized actuals? Would the COS AU Factor of -0.72 as calculated by PEG be updated based on the most recent fixed/variable split or the proposed fixed/variable split going forward. Please explain.

h) Why is Union recommending that there not be an average use factor adjustment for rate classes other than the general service rate classes?

18. Ref: Ex. B, Tab 1, page 36 – 37

Issue Number: 4.2
Issue: How should the impact of changes in average use be calculated?

Union's proposal appears to assume that the overall decline in use at the utility is driven by the general service rate classes and that there is no overall change in all other rate classes. The proposal also appears to assume that the reduction in the general service rate classes is the same in each one. However, there is no evidence to support either of these implicit assumptions.

a) Why should the same Adjusted AU Factor be applied to each of Rate 1, Rate 10, Rate M1 and Rate M2 (reclassified)? Please calculate the Adjusted AU Factor for each general service rate class based on its individual revenue share from 2005 and the 2007 Board approved revenue requirement.

b) Please provide the normalized average use for each rate class that Union has for the period 1995 through 2006.

c) If a rate class has an increasing average use, why is Union not proposing a positive Adjusted AU Factor for that class of customers?

d) If some rate classes have a change in use that is significantly different than the change in other rate classes, does Union's proposal result in a cross subsidization between these different rate classes? Please explain fully.

19. Ref: Ex. B, Tab 1, page 37 – 38

Issue Number: 5.1
Issue: What are the Y factors that should be included in the IR plan?

a) Are any of the cost of gas supply, upstream transportation costs or gas supply related balancing costs recovered from customers through the regulated delivery and/or storage charges?

b) Through the QRAM process do the delivery and/or storage rates adjusted to reflect changes in the cost of gas or in the volume of gas needed for company purposes? Please explain.

20. Ref: Ex. B, Tab 1, page 38

Issue Number: 5.2
Issue: What are the criteria for disposition?

a) Is Union seeking any approval as part of this proceeding as to how it will allocate and recover the DSM budget and DSM-related deferral account balances?

b) If yes, please fully describe the allocation of the increase in the DSM budget among rate classes of $1.7 million in 2008 and the additional $1.9 million in 2009.

c) If no, please explain the timing and process for this allocation and inclusion in 2008 and 2009 rates.

21. Ref: Ex. B, Tab 1, page 39

Issue Number: 5.2
Issue: What are the criteria for disposition?

How does Union propose to allocate the reduction in the long term storage transaction margins over the 2008 through 2012 period? Please provide all the information in support of such an allocation.

22. Ref: Ex. B, Tab 1, page 39

Issue Number: 5.1
Issue: What are the Y factors that should be included in the IR plan?

Please provide a list of all the deferral and variance accounts that currently exist. For each account, please indicate whether the account will be closed or continued as a Y factor adjustment. Please also provide a brief description of and need for the account if it is proposed to be continued as a Y factor.

23. Ref: Ex. B, Tab 1, page 40

Issue Number: 6.1
Issue: What are the criteria for establishing Z factors that should be included in the IR plan?

Please confirm that the Z factor related to the return on equity formula only applies to a change in the formula and not to a change in the result of the existing formula from updating the inputs to the formula. If this cannot be confirmed, please explain the precise meaning of this proposed Z factor.

24. Ref: Ex. B, Tab 1, page 41

Issue Number: 6.1
Issue: What are the criteria for establishing Z factors that should be included in the IR plan?

Please provide a copy of the Regulation referred to related to permit fees.

25. Ref: Ex. B, Tab 1, page 40

Issue Number: 6.2
Issue: Should there be materiality tests, and if so, what should they be?

a) Please confirm that the materiality threshold proposed by Union of $1.5 million is pre-tax and not after-tax.

b) Is the materiality threshold a cumulative test or a year to year test? For example, assume that permit fees are an appropriate Z factor and that Union pays $1 million in fees in 2008 and $2 million in 2009. Under one possible interpretation, in 2008, the $1 million expense would not reach the materiality threshold of $1.5 million. The increase in 2009 is a further $1 million from 2008, which again, would not meet the materiality threshold. However under another possible interpretation, the increase in 2009 as compared to base rates is an increase of $2 million, which would pass the materiality test. Which of these two interpretations does Union's materiality test proposal envision?

c) In the above scenario, if a deferral account had been set up for 2008 and at the end of 2008, it had the $1 million expense recorded in it and the amount failed the materiality test, would the balance be set to $0 at the beginning of 2009 or would Union propose to carry forward this balance into 2009 and ultimately seek recovery of the 2008 amount if and when the balance in the account exceeded the materiality threshold?

d) Please define a Z factor event in the context it is used in the materiality section of Table 4.

e) If the provincial corporate tax rate decreased, resulting in a reduction to Union Gas of $1 million and the provincial capital tax was reduced by a further $1 million both the result of tax legislation, would each of these items be considered separate Z factor events, or would they be considered jointly as one Z factor event? Please explain.

26. Ref: Ex. B, Tab 1, page 40

Issue Number: 6.1
Issue: What are the criteria for establishing Z factors that should be included in the IR plan?

In the Inability of Management to Control section of Table 4 Union indicates that the criteria would ***exclude*** changes in federal tax laws as these would eventually be captured in the inflation factor, albeit on a delayed basis. The evidence further indicates that the criteria would ***include*** changes to provincial and municipal tax laws.

a) Assuming a change in the capital cost allowance ("CCA") rates and/or rules at the federal level, please confirm that there would be no Z factor adjustment for this.

b) Assuming the changes noted in part (a) above were adopted by the provincial government for the calculation of provincial corporate taxes, please confirm that there would be a Z factor adjustment, subject to the materiality threshold. If not, please explain why not.

c) If the federal tax rate were to decline from 22.12% for 2007 to 20.50% for 2008, when would this reduction be partially and fully reflected in the inflation factor under Union's proposal?

d) Given the delay in the partial and full reflection in the inflation factor, does Union believe it is appropriate that it retain the temporary reduction in costs?

e) Why should this temporary reduction in costs not be treated as a Y factor pass through adjustment?

f) Given the reduction in the federal tax rate in part (c) above, what would be the change revenue requirement as approved for 2007? Please show all calculations and assumptions.

27. Ref: Ex. B, Tab 1, page 10

Issue Number: 14.1
Issue: Are there adjustments that should be made to base year revenue requirements and/or rates?

Union does not appear to be adjusting base rates for the deferred tax drawdown.

a) In Union's Trial PBR plan, did Union propose and/or the Board approve adjustments to base rates to reflect the difference in the deferred taxes in the base rates and the average of the deferred tax drawdown over the PBR plan period? If yes, please provide a copy of Union's proposal related to this in RP-1999-0017 and a copy of the Board's Decision related to the proposal.

b) Please provide an updated schedule similar to Exhibit D1, Tab 4, Appendix A in EB-2005-0520 that shows the derivation of the tax amount in each year for 2005 through to the elimination of the deferred tax amount. Please reconcile these figures with those in

Exhibit D1, Tab 4, Appendix A to reflect any impact, for example, of the NGEIR decision on deferred taxes on storage.

c) If deferred taxes were treated in the same manner as in Union's Trial PBR, please show the impact on base rates.

28. Ref: Ex. B, Tab 1, page 10

Issue Number: 14.1
Issue: Are there adjustments that should be made to base year revenue requirements and/or rates?

If the March, 2007 federal budget a number of significant changes were proposed to capital cost allowance ("CCA") rates including an increase from 45% to 55% for computer equipment, and increase from 4% to 6% for non-residential buildings, and an increase from 4% to 6% for natural gas distribution lines, all for assets acquired on or after March 19, 2007.

a) Please confirm that these changes to the CCA rates have been implemented.

b) Were there any other impacts on federal taxes as a result of the March, 2007 budget? If so, please provide details.

c) What is the annualized impact on the 2007 revenue requirement if the CCA rates noted in (a) above and any additional impacts noted from (b) above were included in the calculation of taxes?

d) Why should the impact of these changes not be reflected as an adjustment to base rates?

29. Ref: Ex. B, Tab 1, page 41

Issue Number: 12.4.2
Issue: If not, what should be the criteria for adjusting these charges?

Union indicates that if it proposes any changes to he miscellaneous non-energy service charges it would provide the Board with evidence that supports the change.

Please explain the process and timing that Union is proposing should such a change be requested. Would, for example, it be done as part of the rate application to adjust rates by the price cap or would it be done through a separate application?

30. Ref: Ex. B, Tab 1, page 43

Issue Number: 11.1
Issue: What information should the Board consider and stakeholders be provided with during the IR plan?

a) Is the level of detail associated with the annual RRR filings sufficient to effectively provide stakeholders with the same level of detail as found in the Summary Schedules filed in Union's last rate case, EB-2005-0520?

b) Is the level of detail associated with the annual RRR filings sufficient to effectively provide stakeholders with the same level of detail as found in Schedules 1, 2, 3 and 4 in Appendix E to the EB-2005-0520 Settlement Agreement?

31. Ref: Ex. B, Tab 1, page 43

Issue Number: 13.1
Issue: What information should the Board consider and stakeholders be provided with at the time of rebasing?

Union proposes that the only cost of service information provided to the Board and other stakeholders at the time of rebasing be the historical year (2011), the bridge year (2012) and the test year (2013). In order to evaluate the trends, efficiencies, failures and successes associated with the IR plan, stakeholders may need to see historical data at the same level of detail as currently required under the Board's Minimum Filing Requirements for 2007 through 2011.

a) Is there any reason why this information could not be assembled each year when the results for the previous year are available and made available to parties?

b) Would this not ensure to the Board and to all stakeholders that this information would be available to them at the time of rebasing?

c) Would this not have the potential to substantially reduce the number of interrogatories requesting historical information and trends over the IR plan term?

32. Ref: Ex. B, Tab 2, page 3

Issue Number: 14.2
If so, how should these adjustments be made?

Please confirm that the Enbridge recommended approach referred to that was approved by the Board was not the recommended approach as part of the application, but became the recommended approach following cross-examination on the issue.

33. Ref: Ex. B, Tab 2, page 3

Issue Number: 14.2
If so, how should these adjustments be made?

In RP-2005-0063 (Exhibit C1, Tab 1, Appendix A, page 2), Union indicated that twelve weather stations across Ontario provide the weather data used to establish the actual and normal weather information and that the annual forecast for heating degree days is developed by taking a volume-weighted average of the 12 stations.

a) Is this volume weighting done separately, with separate weather stations for the North and the South?

b) Are the volume weights used to calculate the actual degree days based on the actual volumes for each of those years?

c) Please provide the data used and the equations estimated to forecast the 2007 degree days upon which the $7 million adjustment is based.

d) Does Union recalculate the historical data used in the 20 year trend equation to reflect the most recent year volume weights? If not, please recalculate the data used in the regression analysis using the most recent year volume weights.

e) Please provide the weather data from 1990 through 2006 of each of the twelve weather stations. Please also provide a graph of the data from 1990 through 2006 for each of the weather stations and include a simple trend line on the graphs. Please display the estimated coefficients of the trend line on the chart.

f) Please confirm that a 20 year trend can have significantly different trend coefficient estimates from one weather station to another.

g) Please provides the weights used for the calculation of the North and South degree days for each year from 1990 through 2006.

34. Ref: Ex. B, Tab 2, page 10-11

Issue Number: 14.2
If so, how should these adjustments be made?

a) Please expand Table 1 and Table 2 to include the remaining forecast methodologies investigated by Enbridge in EB-2006-0034: naïve, 10-yr MA, 20-yr MA, 30-yr MA, de Bever, de Bever with Trend. Please add the Root Mean Squared Error (“RMSPE”) and the Mean Percent Error (“MPE”) performance measures that were also used by Enbridge.

b) Please provide a table showing the rankings calculated using the same methodology as used by Enbridge in EB-2006-0034.

c) Please provide the actual HDD for the southern operations area and the northern operations area from 1960 to 1989.