EB-2006-0615

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.O.15, Sch. B;

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

SECOND SET OF INTERROGATORIES

FROM THE

SCHOOL ENERGY COALITION

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

1. [B/1/1/1] Please confirm that, in Enbridge's view, a revenue cap plan will provide greater incentives for the utility to implement productivity improvements than a revenue cap plan. If that is not the case, please describe differences in the level of productivity incentives between price cap and revenue cap methods.

2. Union notes that revenue cap plans have more volatile rates as compared to price cap plans. Does Enbridge agree? Please describe, and if possible quantify, the impact of Y factors and Z factors on the stability and predictability of rates during a revenue cap per customer plan.

3. [B/1/1/4] Please describe the impact of giving the principles set forth in the Discussion Paper "equal weighting". Please confirm that, for example, this implies that "encouraging investment in infrastructure required to maintain safety and reliability" has the same importance as "facilitating system expansion into new communities".

4. [B/1/1/5] Please confirm that Enbridge will assess the ultimate incentive regulation rules determined by the Board and make its operating decisions within those rules to maximize the benefit to Enbridge's shareholder.

Issue 1.2 What is the method for incentive regulation that the Board should approve for each utility?

5. Please describe how the nature of the incentive regulation formula relates, if at all, to Enbridge's willingness to continue to be an active community participant. Please describe what aspects of a IR formula would, if implemented, cause Enbridge to stop its community

activities.

6. [B/1/1/3] Please confirm that Enbridge's proposed revenue cap model would adjust annual revenue requirement by five factors, as follows:

    a. Inflation
    b. Number of customers
    c. Y factors and other flow-through items
    d. Z factors
    e. Changes in normalized average use per customer

7. [B/1/1/3] Please provide a table forecasting the revenue requirement of Enbridge for each of the years 2008 through 2012 based on the best available information currently available to Enbridge, and assuming approval of its current application unchanged. Please provide any analyses, forecasts, estimates, studies, or other documents in the possession of or prepared by Enbridge or its parent or affiliates forecasting any of revenue requirement, rate increases, ROE, or percentage changes in any such figures, for any of the years 2008 through 2012.

8. [B/1/1/6] Please confirm that, in the event that, as a result of the form of incentive regulation ordered by the Board for Enbridge, Enbridge believes it will be unable, in any year, to achieve its target ROE of 8.39%, it will reduce its system expansion activities sufficiently to achieve that target ROE.

9. [B/1/1/6] Please provide a detailed calculation showing the incremental annual costs (including capital, operating, tax, return, and other costs) and incremental revenues associated with each customer attachment on a lifecyle basis, ie. from the year of attachment for a minimum of 40 years. If possible, please disaggregate this calculation by type of attachment (e.g. residential, small commercial, etc.) on whatever basis is most useful for the Board.

10. [B/1/1/6] Please provide a breakdown by vintage of current customers, ie. the number of years since each customer was initially attached, broken down by rate class.

11. [B/1/1/6] Please provide a comparison of the age of Enbridge's network assets, by category, with the age of network assets of Union Gas, and with the age of network assets of other gas utilities in North America.

12. [B/1/1/7] Please provide a table showing the annual capital expenditures on cast iron mains and bare steel mains replacements, including actual for each year from 1997 to 2006, 6+6 for 2007, and current budget for each year from 2008 through 2012.

13. [B/1/1/7] Please provide the annual reports of Enbridge Inc. for each of the years 2003, 2004, 2005 and 2006.

14. [B/1/1/12] Please expand on the differences between publicly owned LDCs and investor owned LDCs that justify or require differences in the structure of incentive regulation mechanisms. In addition, please specifically enumerate the ways in which a publicly-traded

shareholder "demands" a different kind of incentive regulation, and describe how ownership by a publicly-traded shareholder changes how utility managers make operating and other business decisions, relative to ownership by public sector entities or by private companies.

15. [B/1/1/12] Please provide a detailed comparison of the "customer mix, asset base, cost structure, revenue generating opportunities, and rate structure" of Union and Enbridge. Please provide all supporting data, including numbers of customers by category, types and ages of asset by category, types of revenue generating opportunities and amounts of revenue available from each, etc.

16. [B/1/1/12] Please provide a detailed table showing the original capital cost, the accumulated depreciation, the net book value, the depreciation rate, and the annual depreciation, for each of Enbridge's categories of assets included in rate base. On the same table, please provide the same information for Union's assets using the same categories.

17. [B/1/1/12] Please provide a table comparing the vintage of capital assets by asset category for each of Union and Enbridge, to support the statement "Union does not have aged infrastructure to replace".

18. [B/1/1/14] Please provide a table in Excel format showing the data that produced Chart 1. Please provide a further table, in Excel format, showing the actual distribution revenue, actual volumes, actual number of customers, average percentage rate increase, and average percentage bill increase per customer, for each year commencing 1997 and continuing to and including 2006.

19. [B/1/1/16] Please explain how Enbridge plans to calculate each "monthly average" number of bills in order to then average those monthly averages over the year.

20. [B/3/1/24] Please reconcile the statement "the most effective signal for energy conservation is the price signal" with the evidence of Enbridge in its 2006 rate case, accepted by the Board, that price signals from distribution rates are overwhelmed by the price signals from commodity rates, and therefore no differences in distribution rates between summer and winter were required.

21. [B/3/1/35] Please provide detailed calculations, in Excel format, supporting Table 12.

Issue 1.3 Should weather risk continue to be borne by the shareholders, and if so what other adjustments should be made?

22. Please confirm that the utility's weather methodology is not intended to predict the weather for a future period, but to create a situation in which, in the long term, cumulative annual differences between actual and forecast will approach zero.

23. [B/5/1/6] Please advise whether Enbridge would be happy with a weather deferral account, in which variances in actual revenue caused by differences between the actual and forecast degree days were debited or credited annually, and recovered from or paid to ratepayers, with

interest, over the following ten years on a rolling annual basis.

24. Please provide any studies, memos, research, analyses, or other documents, physical or electronic, in the possession of Enbridge, its affiliates, or parent dealing in whole or in part with:

    a. The impact of weather uncertainty on perceived investment risk related to the utility's equity;

    b. The impact of weather risk on appropriate level of ROE or equity thickness, or the utility's cost of debt or credit rating, in each case whether quantitatively or qualitatively;

    c. The impact of weather risk on the price of any past acquisition or sale of Enbridge or its parent.

25. [B/1/1/20] Please advise what rules, if any, Enbridge proposes should be applicable to their forecasting of volumes and customer numbers.

Issue 2.1 What type of index should be used as the inflation factor? Which should be used?

No questions.

Issue 2.2 Should the inflation factor be based on actual or forecast?

No questions.

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

No questions.

Issue 2.4 Should the gas utilities ROE be adjusted in each year of the incentive regulation plan using the Board's approved ROE guidelines?

No questions.

Issue 3.1 How should the X factor be determined?

26. [B/1/1/21, B/3/1/33, and many other places] Please provide the annual O&M and capital spending of Enbridge for each year from 1997 through 2006, eliminating therefrom all items that Enbridge proposes should be Y factors or Z factors during the IR period.

27. [B/1/1/21] Please calculate and provide, for each year from 1997 through 2006, the revenue requirement per customer, and then recalculate and provide the same, but excluding therefrom the impact of all items that Enbridge now proposes should be Y factors or Z factors during the IR period.

28. [B/1/1/21] Please provide a table showing the average bill (excluding commodity charges) for each residential customer, each commercial general service customer, and each industrial general service customer, for each of the years 1997 through 2006.

29. [B/3/1/2] Please explain why historical data on which X factor calculation is based should be Board-approved figures rather than actual figures.   Please confirm the intention of paragraph 3 that the baseline for future Enbridge productivity should be the productivity levels built into past cost of service decisions by the Board.

30. [B/3/1/4] Please provide the full set of data behind Table 1, on an annual basis, as set forth in the original source. Please explain why there is an overlap in years between the 1988-1997 period and the 1996-2005 period. Please confirm that the CSLS data includes both 1987 and 2006. Please include that data in your response. Please confirm that Table 1 uses "Hours Worked" as the labour input. Please confirm that CSLS also uses "Employment" as the labour input. Please provide the full set of CSLS data for utilities' total factor productivity for 1987-2006 using "Employment" as the labour input.   Please confirm that pages S10 and S11 in the attached document entitled "CSLS Summary Data" are the CSLS summaries of total factor productivity for the twenty- year period 1987 – 2006 inclusive, and they show Ontario utility TFP at 0.23 or 0.24 depending on how labour is input.

31. [B/3/1/5] Please advise who prepared Table 2, and provide all raw data behind it. Please advise the period covered. Please confirm that Table 2 shows that Canadian utilities have been significantly less productive than US utilities over the study period. Please confirm that one explanation for that productivity difference is that Canadian utilities have more barriers to achieving productivity improvements than US utilities. Please confirm that another explanation for the productivity differences is that US utilities and regulators have moved more quickly than Canadian utilities and regulators to adopt efficiency measures and thus improve productivity.

32. [B/1/1/27-28] Please provide all data behind Tables 9 and 10, in Excel format. Please provide the same data for each of the years 1987-1999, and for the year 2006, also in Excel format.

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

33. [B/3/1/22] Please provide a new Table in the form of Table 8 for each of the following examples:

    a. $1 million cost, 10 year life, $350,000 annual benefit.
    b. $1 million cost, 5 year life, $200,000 annual benefit.

    Further, please recalculate both Table A, and the two examples above, using the Company's weighted average cost of capital as the discount rate, instead of 10%.

34. [B/3/1/23] Please confirm that the result, in the Table 8 example, is that there is a net ratepayer benefit through the 0.46% stretch factor of 3.7% of the capital cost of the project.

35. [B/3/1/23] Please confirm that the effect of eliminating the stretch factor is that ratepayers see no benefit from incentive regulation until 2013 at the earliest, but the shareholder sees a benefit from incentive regulation as early as 2008.

36. [B/3/1/29] Please provide a numerical comparison, with backup data and explanations, of the ratepayer benefit achieved through Enbridge's targetted PBR, broken down into the benefit provided by the stretch factor, and the benefit provided on rebasing.

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

37. [B/3/1/34] Please provide a detailed table showing the average age and years of service for Enbridge's employees in each of the last twenty years, broken down by employee category (e.g. executive, managerial, unionized, other, or finer breakdowns if possible). If Enbridge has any forecasts of that same data for future years, please provide those forecasts as well.

38. [B/3/1/34] Please provide a detailed table showing the average cost per employee for each of pension costs and benefit costs in each of the last twenty years, broken down by employee category (e.g. executive, managerial, unionized, other, or finer breakdowns if possible). If Enbridge has any forecasts of that same data for future years, please provide those forecasts as well.

39. [B/3/1/33] Please provide a calculation of the expected impact of changes to the Canadian dollar exchange rate on Enbridge's throughput and revenues during the IR period. Please provide any studies, analyses, and other information related to such impacts.

40. Please provide a table showing all outstanding Enbridge debt, the amounts outstanding, interest rates, and maturity dates. For any debt in which maturity dates can be accelerated, please provide the terms under which early repayment is allowed, and estimate the cost to do so.

41. [B/1/1/10] Please file the CIS/Customer Care Settlement from EB-2006-0034.

42. [B/1/1/10] Please file a copy of the "fixed unit price contract" (or contracts) referred to, together with all amendments or modifications thereto, inclusive of all schedules or appendices.

43. [B/4/1/8] Please provide a calculation of the savings relative to inflation in each of the years that the existing "outsourcing agreements" have been in force, and provide references to the evidence of Enbridge in its cost of service proceedings for those years showing that these savings were accounted for in the Company's capital budgets.

44. [B/3/1/33] Please provide details, including source documents if available, of the TSSA's new requirements with respect to pipeline integrity.

45. [B/3/1/33] Please provide a detailed cost/benefit analysis, including annual impacts, of the

introduction of “pigging” into the Company’s operations.

46. [B/4/1/10] Please file, in confidence if necessary, copies of any offers, proposals or negotiating documents received by the Company or Enbridge Inc. in the last five years in which any arms length third party signifies their willingness to consider purchasing the shares of Enbridge Gas Distribution for more than their book value.

Issue 4.1 Is it appropriate to include the impact of changes in average use in the annual adjustment?

47. [B/1/1/7] Please provide charts similar to those filed by Union in its Exhibit B/1/28-31, using Enbridge’s relevant rate classes, and provide tables in Excel format of the supporting data.

48. [B/1//1/7] Please provide any studies, memos, research, analyses, forecasts, or other documents, physical or electronic, dealing in whole or in part with the reasons for changes in average use for Rate 6 customers, including, without limiting the generality of the foregoing, any documents that calculate or estimate the disaggregated factors driving changes in average use.

49. [B/1/1/7] Please provide a table showing Enbridge’s actual and Board-approved ROE, in dollars and in percentage terms, for each of the years 1997 through 2006.

50. [B/1/1/8] Please provide support, including forecasts, for the statement “residential average use during the next five years will decline more than the historical trend, all other things being equal”.

51. [B/1/1/8] Please provide a table showing Enbridge’s revenue requirement per customer for each of the years 1997 through 2006, broken down by rate class.

52. [B/1/1/9] Please provide a table in the same format as Table 1 for each Rate class.

53. [B/1/1/9] Please provide a table in the same format as Table 1 using actual rather than Board-approved figures, and thus leaving out 2007.

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

See Issue 4.1.

Issue 4.3 If so, how should the impact of changes in average use be applied?

See Issue 4.1.

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

54. [B/1/1/17] The CIS/Customer Care Settlement assumes an annual indexing factor, and does not provide for a pass-through of actual costs as incurred. What indexing factor is Enbridge

proposing to use to calculate this Y factor? If an indexing factor is not being proposed, please provide a detailed explanation as to how Enbridge proposes to modify the CIS/Customer Care Settlement to create the Y factor referred to in the evidence. Please explain the extent, if any, that Enbridge seeks to have actual costs incurred passed through to ratepayers.

55. [B/4/1/2 and 5] Please confirm that, on average, Enbridge's capital expenditure related to a customer attachment has been about $2,000. Please confirm that current customer adds cost about $2,500 each in capital expenditures.

56. [B/4/1/5] Please confirm the following financial parameters relating to a current residential customer attachment (all on a full-year basis):

    a. Capital expenditure: $2,500
    b. Incremental O&M: $70
    c. Incremental revenue: $325
    d. Incremental depreciation: $60
    e. Incremental cost of debt: $100
    f. Incremental cost of equity: $75
    g. Incremental tax cost: negative in the first three years, positive in subsequent years

57. [B/4/1/5] Please provide similar financial parameters to those in the last question, but applicable to an average Rate 6 attachment.

58. [B/4/1/11] Please show the calculation of the figure $1.5 billion. Please identify specifically the impact in that calculation of the Company's annual depreciation charge and any other non-cash items affecting the amounts to be sought from investors. Please file any capital investment plans, proposals, analyses, or similar documents of Enbridge Inc. or Enbridge Gas Distribution for any period that includes any of 2008-2012 and that refer to uses of capital within Enbridge Gas Distribution.

59. [B/4/1/13-15] Please take the Board-approved capital budget of Enbridge for each of the last ten years and create a table dividing up those budgets between those capital expenditure categories that the Company is proposing should have Y factor treatment, and those categories that would be covered by the X factor. Please prepare a similar table using actuals instead of budgets.

Issue 5.2 What are the criteria for disposition?

See Issue 5.2

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

60. [B/1/1/18] Using the utility's proposed criteria for Z factors, please advise whether each of the following hypotheticals would, in Enbridge's opinion, qualify for Z factor treatment:

a. The NEB approves an ROE formula for TCPL that includes a "flotation factor" of 150 basis points instead of 50 basis points, as is used in Ontario.

b. The OEB approves an ROE formula for electricity utilities for 3rd generation IRM that reduces their resulting ROE, relative to the ROE applicable to gas utilities, by 100 basis points.

c. The federal government reduces the corporate income tax rate by 4%.

d. The Ontario government reduces the corporate income tax rate by 4%.

e. GAAP is changed to require expensing of the undepreciated capital cost of an asset as soon as it is known that it will be taken out of service within five years.

f. The Ontario government increases the minimum wage to $12, and that has a ripple effect in wages at all levels throughout the province.

g. Increased uncertainty in the Ontario electricity generation sector due to changes in government policy leads to material changes in the level of gas-fired merchant generation planned in the Enbridge franchise area.

h. A gas-fired air conditioner that is competitive with electric heat pumps is invented and available commercially in Ontario.

i. The Ontario government bans the sale of mid-efficiency furnaces to reduce greenhouse gas emissions.

j. A fire of unknown origin destroys the head office building of the utility, and some of the loss is not covered by insurance.

k. The utility is sued by third parties for breach of contract, and receives a judgment against it that is not covered by insurance.

l. A change the Labour Relations Act allows the Company's union to claim an extra day off per year per unionized employee.

m. The utility suffers additional losses in its pension plan, and is ordered by the pension plan's regulator to make top-up payments into the plan.

n. The utility incurs additional costs because of an expansion of Sarbanes-Oxley type rules to apply to Ontario companies.

61. [B/5/1/20] Please explain in more detail why the Company is proposing to discontinue the Income Tax Rate Change Variance Account. Please explain why Ontario tax rates can be Z factors, but federal tax rates cannot be subject to a variance account because there is no baseline to compare them. If there is no baseline, then how can any Z factor be determined?

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

See Issue 6.1.

Issue 7.1 How should the impact of the NGEIR decisions, if any, be reflected in rates during the IR plan?

62. Please confirm that the overall impact of the NGEIR Decision dated November 7, 2006 was expected to be a net benefit to Enbridge ratepayers. Please provide a breakdown of how Enbridge proposes to reflect that net benefit in rates during the IR period. If Enbridge is not expecting the NGEIR decision to provide net benefits to its ratepayers during the IR period, please provide an explanation, and quantify any net cost of the NGEIR decision to Enbridge ratepayers, broken down by rate class and by year.

Issue 8.1 What is the appropriate plan term for each utility?

63. [B/1/1/18] Please advise whether Enbridge would be comfortable with a plan term longer than five years, such as ten years. Please advise what changes, if any, would have to be made to Enbridge's application to make a ten year IR period acceptable to Enbridge.

64. [B/1/1/18] Please advise whether, in planning during an IR period, the term of the plan is a material consideration in deciding the timing of efficiency investments within the IR period. By way of example, is it reasonable to expect a utility to focus efficiency investments in the first year or two of the plan, in order to maximize the time the shareholder has to reap the rewards, but reduce efficiency investments in the later years since the benefits will be more limited?

Issue 9.1 Should an off-ramp be included in the IR plan?

See Issue 9.2.

Issue 9.2 If so, what should be the parameters?

65. [B/1/1/20] Under what circumstances, if any, does Enbridge propose that the off-ramp described would apply when ROE exceeds and is expected to continue to exceed Board approved ROE, ie. are there any circumstances in which the proposed off-ramp would benefit ratepayers, as opposed to the shareholder?

66. [B/1/1/20] What level of ROE risk, if any, does the Company believe investors would be willing to take in order to have the potential to earn ROE in excess of the Board-approved level?

Issue 10.1 Should an ESM be included in the IR plan?

67. [B/3/1/1] Please advise how the lack of a stretch factor, and deferral of ratepayer benefits until

rebasing, is consistent with the following statement at page 3 the Natural Gas Forum report:

"The Board does not intend for earnings sharing mechanisms to form part of IR plans. The Board views the retention of earnings by a utility within the term of an IR plan to be a strong incentive for the utility to achieve sustainable efficiencies. The Board will ensure that the benefits of the efficiencies are shared with customers **through the annual adjustment mechanism and** through rebasing.' [emphasis added]

Issue 10.2 If so, what should be the parameters?

No questions.

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

68. [B/6/1/1] Please provide a summary of the utility's annual corporate budgeting process, including major steps, responsibilities, information available at each step, and the actual dates of each step in 2007. Please include a description of how the utility's budget process is related to, or integrates with, the budgeting of some or all of the other members of the parent company's corporate group.

Issue 11.2 What should be the frequency of the reporting requirements during the IR plan?

No questions.

Issue 11.3 What should be the process and the role of the Board and stakeholders?

69. [B/6/1/3] Please confirm that the Company is not proposing to make its ARC, GDAR, RRR or Undertakings reports publicly available to stakeholders during the IR period. Assuming that is the case, please advise what use, if any, Enbridge proposes that the Board put to those reports in the context of the IR plan, and what role Enbridge proposes that ratepayers and other stakeholders should play in that process?

Issue 12.1 Annual adjustment.

70. Please obtain

Issue 12.2 New energy services.

71. Please confirm

Issue 12.3 Changes in rate design.

72. [B/6/1/2] Please confirm that Enbridge's proposal for flexibility to re-design any existing rates would include an application to the Board, supporting evidence including customer impacts, an opportunity for ratepayers and other stakeholders to ask interrogatories and

participate fully in the application, and a hearing (oral or written) for the Board to determine the issues.

73. [B/6/1/2] Please provide Enbridge's current plan, if any, for changes to the fixed charges (for each rate class that would be affected), including the forecast rates for each of the years 2008 through 2012, and the forecast customer bill impacts for each such year for each class and sample customer normally used in such forecasts.

74. [B/6/1/2] Please confirm that Enbridge is proposing to be allowed to seek changes in rate design that, while revenue neutral to Enbridge, are not revenue neutral within classes, and are not bill neutral to individual customers. Please describe in detail the factors Enbridge believes the Board should take into account in considering whether to re-distribute Enbridge's revenue requirement between customer classes, or between customer categories, during the IR period. In what ways, if any, should those considerations be different during an IR period than they would be in an annual cost of service proceeding?

75. [B/6/1/2] Please provide all studies, analyses, plans, forecasts, and other documents, physical or electronic, related to intended, expected or proposed changes in rate design during any of the years 2008 through 2012, including but not limited to any impact analyses of such changes.

Issue 12.4 Non-energy services.

76. [B/6/1/2] Please confirm that Enbridge would, under its proposal, be limited to changes in miscellaneous and non-energy service charges that are revenue neutral. If not, please advise the criteria under which Enbridge would be allowed to increase its overall revenue through these charges. Please confirm that Enbridge is proposing such changes in rates would be without stakeholder involvement, and that under Enbridge's proposal there is no requirement for compliance with the Statutory Powers Procedure Act.

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

77. [B/7/1/1] Does Enbridge agree that, on rebasing, Enbridge should include in its filing a calculation of ratepayer benefits during the IR period, and on rebasing, and a calculation of shareholder benefits (including but not limited to ROE in excess of Board-approved) during the IR period, and on rebasing.

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

78. Please advise whether Enbridge has looked at the tax impacts of changing its corporate structure (for example, to that of an income trust or a partnership) during any period that would include any IR period. If so, please provide copies of any plans, forecasts, internal proposals, or other documents related to any such potential change in corporate structure.

79. Please provide a detailed breakdown of the expected opening rate base for Enbridge on

January 1, 2008, by asset category, together with the depreciation and cost of capital amounts that would result from that rate base (without accounting for any additions) during the years 2008 through 2012 inclusive. Please include a continuity chart showing the opening rate base in each subsequent year, by asset category. Please break down the annual costs by rate class using the current cost allocation percentages for 2007.

80. Please restate the breakdowns, result, and continuity chart in the last question, but for each of the years 2008 through 2012 adding capital expenditures in each asset category equal to the average actual (with 2007 as forecast) capital expenditures in each such category for the years 2003 – 2007 inclusive.

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

No additional questions.

Issue: CIS/Customer Care Application.

81. [O/2/1/7] Please describe in detail each time in the last ten years that the Company claimed CCA at levels less than the maximum allowed under the Income Tax Act.

82. [O/2/1/9] Please confirm that the Template is structured to calculate the annual cost of service impact of customer care costs, add up the total, and then smooth those costs over the period 2007 to 2012 inclusive.

83. [O/2/1/9] Please advise whether the Company is prepared to smooth all CIS and customer care costs over the period to and including the end of life of the new CIS. If the answer is no, please explain why the CIS has to be smoothed over the entire life, but all other customer care costs should not.

84. [O/2/1/11] Please show using actual forecasted annual costs that, under the Template as currently structured, there will be a $9.9 million rate increase in 2013.

85. [O/2/1/12] Please confirm that "intergenerational unfairness" arises in every circumstance in which flow-through tax accounting, in the form mandated by the Board, is used.

86. [O/2/1/12] Please confirm that the problem of a rate increase after a significant IT expenditure arises during cost of service as well. Please confirm that, if the costs of CIS and Customer Care are as projected in O/2/4/1, then under annual cost of service there would be a $30 million rate increase from 2010 to 2011, which is instead smoothed under the Template. Please provide details of any past IT project during cost of service in which the Company has proposed smoothing of the rate impacts rather than the traditional tax flow-through approach.

87. [O/2/1/13] Please confirm that, at the time of rebasing, it is expected that the Company will have achieved efficiencies that, but for the CIS impact, would allow rates to move downward in 2013, producing a ratepayer benefit on rebasing.

88. [O/2/1/13] Please calculate the earnings impacts in note 12 for Options 2 and 3 as well.

89. [O/2/1/14] Please confirm that, under Option 2, the Company proposes that it will claim CCA at the same rate as accounting depreciation in each year of the life of the CIS. If that is correct, please calculate the net present value of the foregone tax benefit from accelerated depreciation under the Income Tax Act. Alternatively, calculate the net present cost to the ratepayers of the higher rates during the IR period resulting from Option 2 as opposed to Option 1.

90. [O/2/1/15] Please calculate the net present cost to the ratepayers, and the net present value to the shareholder, of the difference between the rates charged to the ratepayers under Option 1 and under Option 3.

91. [O/2/2-4] Please provide Schedules 2, 3 and 4 in Excel format, with all formulae intact.

92. [O/2/4] Please recalculate all three options replacing the figures for each year in line 10 with the most recent annual estimates of those costs, based on the bids received by the Company.

93. Please advise whether Enbridge has any intention or expectation of implementing any other major IT software or hardware project having a total capital cost in excess of $10 million after 2007 and prior to 2018. If so, please provide copies of any plans, forecasts, internal proposals, or other documents relating to those intentions or expections, or the impacts (including tax impacts) thereof.

General Questions

94. Please advise Enbridge's proposal for implementation of 2008 rates in the event that those rates constitute an increase, but due to the schedule for this proceeding a rate order cannot be made available until June 1, 2008.

95. [B/1/1/12] Please take Exhibit H2, Tab 7, filed by Enbridge in EB-2006-0034, insert in each of the examples there the final Board-approved rates for Enbridge for 2007, and recalculate the results.

Respectfully submitted on behalf of the School Energy Coalition this 20th day of August, 2007.

SHIBLEY RIGHTON LLP

Per:______________________
Jay Shepherd