

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.

ENERGY PROBE RESEARCH FOUNDATION
(“ENERGY PROBE”)

INTERROGATORIES OF ENBRIDGE GAS DISTRIBUTION INC.

August 20, 2007

UNION/ENBRIDGE COMBINED PROCEEDING 2008 INCENTIVE REGULATION MECHANISM

EB-2007-0606/EB-2007-0615

Energy Probe Research Foundation Interrogatories to Enbridge

Interrogatory # 1 – Ref: Enbridge Exhibit B, Tab 3, Schedule 1

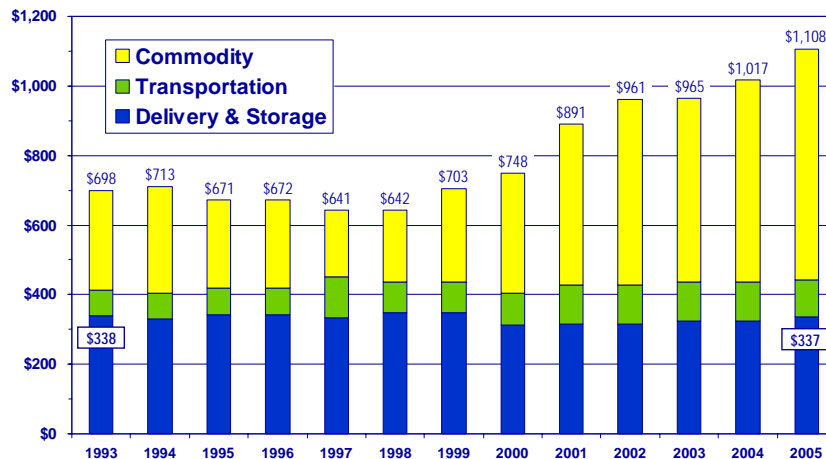
Issue Number: 1.1

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

Residential Bill Comparison

southwest service area

Based on an annual consumption of 2,600 m³



Note: Union Gas delivery and storage rates are cheaper in 2005 than in 1993.



0504-0246

- Similar to the above chart, previously produced by Union, please provide a chart showing the delivery and storage-only, transmission and commodity rate history for typical system gas residential and small business customers using a fixed annual volume of gas. Please extend the rate analysis from 1993 up to and including the proposed rates to the end of the proposed PBR period.
- Please provide the underlying figures in table format.
- Please provide the average cost per residential customer addition for each of the last 5 years and the forecasted annual cost over the PBR period.

Interrogatory # 2 – Ref: Enbridge Exhibit B, Tab 4, Schedule 1, p. 5

Issue Number: 5.1

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

- a) Please provide the average cost for residential customer attachments and the revenue deficiency/sufficiency cross over point for the Company's portfolio of system expansion additions for each of the last 5 years.
- b) Please provide the Company's forecast of these indicators over the IRM period.

Interrogatory # 3 – Ref: Enbridge Exhibit B, Tab 4, Schedule 1

Issue Number: 5.1

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

- a) Please described the application, approval, and reporting procedures that the Company considers appropriate for capital projects it intends for Y factor treatment.
- b) Please provide a particularly detailed explanation with respect to projects that are not subject to Leave-to-Construct applications.

Interrogatory # 4 – Ref: EB 2005-0001, Decision With Reasons

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

In the Decision With Reasons in EB 2005-0001, the Board provided the following direction on page 13:

- 2.2.17 Accordingly, the Board will approve a capital budget which is equivalent to the average for the five years 2001 to 2005 with an additional amount of \$50 million to provide for the contingencies suggested by Enbridge in its evidence and general inflationary pressures. The total approved capital budget will therefore be \$300 million.
 - 2.2.18 In approving this budget amount, the Board leaves it to Enbridge's management to determine which projects it will pursue in the Test Year and at what pace it will pursue them. If the Company decides to accelerate the bare steel and cast iron mains replacement program, the Board would anticipate that claims for subsequent years would be reduced commensurately.
- a) Please indicate annual spending on bare steel and cast iron replacement program addition for each of the last 5 years.
 - b) Please provide the forecasted annual cost over the PBR period.

Interrogatory # 5 – Ref: EB-2006-0034, Decision With Reasons

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

In the previous rates case of the Applicant, EB-2006-0034, Gas Supply Risk Management was Issue 3.10, posed to the Board as “Is the continuation of the Risk Management Program appropriate in the context of the Board’s 2006 Decision Directives?”

In the Board’s Decision With Reasons – Phase I, issued on July 5, 2007, in the penultimate paragraph on Page 46, the Board ordered the Applicant to end the program with the following directive:

For all of the above reasons, The Board directs the Company to cease its risk management program as soon as practical.

Given that the Decision With Reasons was issued half way through 2007, and the direction of the Board ordered the program to end “as soon as practical”:

- a) Please provide the OM&A cost of the Risk Management Program for 2007, including any wind down costs.
- b) Please provide the amount included in the 2007 revenue requirement to recover commodity Risk Management Program costs.
- c) Is it anticipated by the Applicant that there will be any Risk Management Program OM&A costs which will be incurred in 2008 and beyond as part of the wind down of the program? If so, please detail this cost outlook.