

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
<u>ISSUE NUMBER 1 -</u>				
I-1-1 (Board Staff)	1.1	Enbridge Ex. B, Tab 1, Sch 1, page 2 of 22, para 6	<p>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?</p> <p>Questions: Enbridge states in evidence that it is proposing a revenue cap, calculated on a per customer basis, adjusted annually. Please outline Enbridge's proposed methodology for applying the revenue per customer cap at the rate class level. Is Enbridge proposing that a fully allocated Cost-of-Service study be used to support its rate design proposals? Please explain. Will this methodology be fixed during the IR plan? Please confirm that Enbridge will seek Board approval for its proposed methodology in this proceeding.</p>	P. Hoey A. Kacicnik
I-1-2 (Board Staff)	1.1	Enbridge Ex. D, Tab 3, Sch 1, pages 15-16	<p>Issue Number: 1.1 Issue: What are the implications associated with a revenue cap, price cap and other alternative multi-year incentive ratemaking frameworks?</p> <p>Questions: PEG indicated that a revenue cap index is commonly paired with a balancing account that ensures that the revenue requirement is ultimately recovered.</p> <ol style="list-style-type: none"> Please indicate if Enbridge is proposing to establish a balancing account for the IR plan term. Please provide the basis for the calculations of each entry in the balancing account. For example, is Enbridge proposing that the balancing account capture the difference between actual revenue (i.e., not normalized for weather) and the approved revenue requirement? Please explain. What is the frequency, timing and process for disposing the amount accumulated in Enbridge's balancing account? Please explain How will the amount be allocated across customer classes for recovery in rates? Please explain. 	R. Campbell
I-1-3 (Board Staff)	1.1	Enbridge Ex. B, Tab 1, page 1 of 22, para 2	<p>Issue Number: 1.1 Issue: What are the implications associated with a revenue cap, price cap and other alternative multi-year incentive ratemaking frameworks?</p> <p>Question: Enbridge states in evidence that it is proposing a revenue cap, calculated on a per customer basis for the five year period 2008 to 2012.</p> <ol style="list-style-type: none"> If the Board decided on a price cap for Enbridge, would Enbridge's IR parameter proposals change (e.g., plan term, marketing flexibility, inflation factor, off-ramps, etc.)? 	R. Campbell
I-1-4 (Board Staff)	1.1	Enbridge Ex. B, Tab 1, Sch 1, pages 1-2 of 22, para 4-5	<p>Issue Number: 1.1 Issue: What are the implications associated with a revenue cap, price cap and other alternative multi-year incentive ratemaking frameworks?</p> <p>Questions: Enbridge is proposing a revenue per customer cap on the grounds that the costs of a distribution utility are closely aligned with the number of customers it serves.</p>	K. Culbert S. Kancharla T. Ladanyi

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>a) Please provide supporting documentation that demonstrates a direct link between the incurrence of customer care, meter reading, billing and collection costs and the number of new customers.</p> <p>i. For the above functions, if any are provided by a third party, please indicate the contract term, expiry date, and any foreseeable changes during the proposed IR plan term.</p> <p>b) Please demonstrate how and on what basis the capital costs and operating and maintenance expense for transmission pressure (TP) mains vary with number of customers.</p> <p>c) Please demonstrate how and on what basis the capital costs and operating and maintenance expense for high pressure (HP) mains vary with number of customers.</p> <p>d) Please demonstrate how and on what basis the capital costs and operating and maintenance expense for low pressure (LP) mains vary with number of customers.</p> <p>e) Please demonstrate how and on what basis storage costs vary with number of customers.</p> <p>f) Based on the Board approved revenue requirement for fiscal 2007 relating to storage and distribution, please populate the following table:</p>	
I-3-1 (CCC)	1.1	B/T1/S1/p. 22	<p>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?</p> <p>Question: Please provide a copy of the survey referred to in the evidence, <i>"An International Survey of Performance Based Regulation Mechanisms Approved by Energy Regulators."</i></p>	R. Campbell
I-3-2 (CCC)	1.1	B/T1/S1	<p>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?</p> <p>Question: Under what circumstances would EGD accept the use of a price cap model for the determination of its rates?</p>	R. Campbell P. Hoey
I-5-1 (Energy Probe)	1.1	Enbridge Exhibit B, Tab 3, Schedule	<p>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?</p>	K. Culbert J. Collier A. Kacicnik

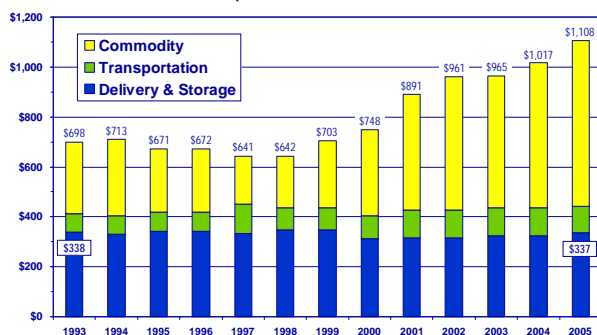
INTERROGATORY INDEX

EXHIBIT	ISSUE	REFERENCE	INTERROGATORY	WITNESS(ES)
---------	-------	-----------	---------------	-------------

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.



Questions:

- 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.

I-6-1
(GEC)

1.1

Issue Number: 1.1

Issue: Implications of Price Cap and Revenue Cap

R. Campbell
P. Hoey

Questions:

Please elaborate on how the choice of a revenue cap versus a price cap changes the incentives faced by the company for:

- system expansion
- fuel switching to gas
- DSM
- marketing expenditures

In answering this interrogatory please indicate whether the inclusion or non-inclusion of a declining use adjustment changes the impact.

I-8-1
(OAPPA)

1.1

EGDI Exhibit B, Tab1, Schedule 1, pages 4-5, para. 11-12

Issue No.1.1

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

R. Campbell
P. Hoey

Questions:

EGDI states it accepts the principles of rate predictability and stability and a clear rate adjustment mechanism for a multi-year incentive ratemaking plan.

Please explain how EGDI's revenue cap proposal satisfies these two principles.

In EGDI's view, with respect to satisfying these two principles what are the advantages and disadvantages of a revenue cap versus a price cap?

Please explain how the concept of rate re-design during the term of a revenue cap plan is consistent with the principle of rate predictability and stability?

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
I-8-2 (OAPPA)	1.1	EGDI Exhibit B, Tab 1, Schedule 1, page 13, para. 31	<p>Issue No. 1.1 Issue: What are the implications associated with a revenue cap, a price cap and other alternative multi-year incentive ratemaking frameworks?</p> <p>Question: EGDI indicates that with its revenue cap proposal there is “more regulatory process than a five year index”. Please explain.</p>	R. Campbell P. Hoey
I-11-1 (SEC)	1.1	B/1/1/1	<p>Issue No. 1.1 Issue: What are the implications associated with a revenue cap, a price cap, and other alternative multi-year incentive ratemaking frameworks?</p> <p>Question: 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.</p>	R. Campbell P. Hoey
I-11-2 (SEC)	1.1		<p>Issue No. 1.1 Issue: What are the implications associated with a revenue cap, a price cap, and other alternative multi-year incentive ratemaking frameworks?</p> <p>Question: 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.</p>	R. Campbell P. Hoey
I-11-3 (SEC)	1.1	B/1/1/4	<p>Issue No. 1.1 Issue: What are the implications associated with a revenue cap, a price cap, and other alternative multi-year incentive ratemaking frameworks?</p> <p>Question: 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”.</p>	R. Campbell P. Hoey
I-11-4 (SEC)	1.1	B/1/1/5	<p>Issue No. 1.1 Issue: What are the implications associated with a revenue cap, a price cap, and other alternative multi-year incentive ratemaking frameworks?</p> <p>Question: 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.</p>	R. Campbell P. Hoey
I-16-1 (TransAlta)	1.1	Enbridge Exhibit B, Tab 6, Page 2, Exhibit B, Tab 5, Page17,	<p>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?</p>	J. Collier A. Kacicnik

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
		Exhibit B, Tab5, Exhibit B, Tab 4 and rate impact evidence	<p>Questions:</p> <p>Preamble: A number of large natural gas consumers including electricity generators require detailed understanding of the potential changes in rates and services and the impacts of EGD's proposed IR plan in order to: (i) assess the resulting rate change impacts on customers; (ii) make informed choices on rates and services; (iii) identify any issues that may impede or support electricity generation in the province of Ontario; (iv) allow for prudent budgeting and planning; and assess the relative rate and cost allocation implications of the IR model selected by EGD. Currently, the rate-making process and rate impacts associated with EGD's proposed revenue cap IR model are uncertain and it is challenging for customers to assess each of the above-mentioned factors.</p> <p>a) Please complete the chart below. Where exact numbers are not known, please identify the same and provide for estimates using reasonable and identified assumptions.</p> <p>b) Assume that: (i) EGD's IR plan is implemented as proposed (including all proposed Y and Z factors) (ii) none of the proposed Y and Z factors are allowed by the Board; and (iii) and please complete the following chart for <u>each</u> scenario. In the event that the elements of each rate cannot be estimated, please complete the chart using reasonable and identified assumptions and/or estimate for the overall rates.</p>	
I-17-3 (IGUA)	1.1	EGD Evidence, Ex.B, Tab 1, Schedule 1, pp. 1 to 18	<p>Issue Numbers: 1.1 and 1.2</p> <p>Issue 1.1: What are the implications associated with a revenue cap, a price cap and other alternative multi-year incentive ratemaking frameworks?</p> <p>Issue 1.2: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Questions:</p> <p>IGUA wishes to have EGD provide schedules which will illustrate the incremental revenues, over and above the base year revenue requirement, which will be available to EGD in an illustrative 1% price cap scenario for EGD in each of the years 2008 to 2012 inclusive; and in an illustrative revenue per customer cap of 2% per year, including, in each case, an estimate of the amount of capital spending which these IR models will support in each of the years 2008 to 2012 inclusive.</p> <p>Please make the following assumptions:</p> <ul style="list-style-type: none"> • a 2007 rate base of \$3.7B • a composite depreciation rate of 4.5% • a 2007 revenue requirement, including the cost of gas of \$3.1B, with the delivery-related revenue requirement component thereof being in an amount of \$925M • over the years 2008 to 2012 inclusive, the addition of 50,000 residential customers per year If further assumptions need to be made to provide the illustrations, then please make the further assumptions which EGD considers to be reasonable. <p>Under these assumptions, please provide exhibits which will show the following:</p> <p>a) The incremental revenues, over and above the base year revenue requirement, which a 1% price cap for each of the years 2008 to 2012 will produce in each of those years.</p> <p>b) The estimated amount of capital spending which the 1% price cap will accommodate in each of the years 2008 to 2012 inclusive.</p> <p>c) The incremental revenues, over and above the base year revenue requirement, which EGD's proposed revenue per customer cap of 2% per year will produce for each of the</p>	R. Cambell

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>years 2008 to 2012 inclusive, along with the estimated amount of capital spending which EGD's revenue per customer cap of 2% per year will support in each of those years.</p> <p>d) Please produce all documents in EGD's possession, including internal e-mail communications, PowerPoint presentations, etc., containing EGD's estimates of the incremental revenues which will be available, on a year-by-year basis, under PEG's Price Cap proposals for EGD and under EGD's revenue per customer Cap proposal, for each of the years 2008 to 2012 inclusive.</p> <p>e) Please quantify the opportunities EGD has to enhance and increase the portion of its base year revenue requirement, which is attributable to EGD's use of temporarily idle utility assets, to generate incremental revenues; and produce any and all documents in EGD's possession, including internal e-mail communications, and PowerPoint presentations, etc., containing estimates of this incremental revenue potential, for each of the years 2008 to 2012 inclusive.</p> <p>f) Please quantify the extent to which EGD has opportunities to reduce costs included in its 2007 base year revenue requirement; and produce any and all documents in its possession, including internal e-mail communications and PowerPoint presentations, etc., containing estimates of this cost reduction potential for each of the years 2008 to 2012 inclusive.</p>	
I-17-4 (IGUA)	1.1	EGD Evidence, Ex.B, Tab 3, Schedules 1, 2 and 3	<p>Issue Numbers: 1.1 and 3.2</p> <p>Issue 1.1: What are the implications associated with a revenue cap, a price cap and other alternative multi-year incentive ratemaking frameworks?</p> <p>Issue 3.2: What are the appropriate components of an X factor?</p> <p>Questions:</p> <p>The evidence indicates that the X factor is an off-set to inflation in the adjustment formula which EGD proposes to apply to its revenue requirement. Consultatives with respect to the X factor issue have revealed that its statistically-derived components are controversial and its judgementally determined components are equally controversial. In this context, please provide responses to the following questions:</p> <p>a) Does a negative X factor imply negative productivity?</p> <p>b) Does EGD agree that regulators ought not to countenance negative productivity? Please include a brief rationale for EGD's response to this question.</p> <p>c) What simplified approaches to the X factor component of the adjustment mechanism did EGD consider? For example, did EGD consider the rate freeze approach or a percentage of inflation approach as simplified approaches to the adjustment mechanism? Please explain the extent to which simplified approaches were considered and the results of EGD's consideration of each approach considered.</p>	M. Lister
I-17-7 (IGUA)	1.1	EGD Evidence, Ex.B, Tab 1, Schedule 1, pp. 11 to 15	<p>Issue Number: 1.1</p> <p>Issue: What are the implications associated with a revenue cap, a price cap and other alternative multi-year incentive ratemaking frameworks?</p> <p>Questions:</p> <p>In its evidence, EGD rejects the Price Cap recommendations for EGD. PEG's evidence indicates that the Price Cap Index ("PCI") for PEG's non-residential customer classes would be 0.32%, and that the PCI for EGD's Rate 1 customer class would be 1.49%, when a negative average use adjustment factor is included to</p>	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>reduce the X factor. PEG's evidence suggests that the PCI for EGD's Rate 1 customers would be about 0.68% if the negative average use adjustment is treated as a Y factor rather than as an adjustment which reduces the X factor. On an assumption that the Board requires EGD to adopt a Price Cap plan, please provide responses to the following questions:</p> <ol style="list-style-type: none"> What are the statistical confidence levels for the service group PCIs which PEG recommends? What other regulators have adopted service group PCIs in the IR plans for utilities they regulate? 	
I-17-8 (IGUA)	1.1	Enbridge Evidence, Ex.B, Tab 1, Schedule 1, page 4 of 22	<p>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?</p> <p>Questions: Enbridge lists nine IR principles set out by Board Staff in their January 5, 2007 Discussion Paper. At paragraph 12, Enbridge says that it "generally accepts these principles, with equal weighting" as appropriate criteria to consider in IR Plan design.</p> <p>Please explain what Enbridge means by the phrase "generally accepts these principles, with equal weighting"? Does Enbridge disagree with any of the nine IR principles?</p>	R. Campbell
I-17-9 (IGUA)	1.1	Enbridge Evidence, Ex.B, Tab 1, Schedule 1, page 5 of 22	<p>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?</p> <p>Questions: At paragraph 13, Enbridge identifies the following objectives:</p> <ol style="list-style-type: none"> Maintain a safe and reliable system; Meet service quality requirements; Retain incremental ROE resulting from efficiency and proven initiatives; and Respond to the continuing demand for new customer attachment, recently at a pace of 45,000 to 50,000 new customers per year. <p>Enbridge goes on to state that all of these objectives cannot be satisfied in a plan that does not adequately compensate the utility for the cost escalation and growth.</p> <ol style="list-style-type: none"> Can a Price Cap Plan adequately compensate Enbridge for the cost escalation and growth pressures it faces? If not, why not? If the answer to (a) is yes, please identify the changes that Enbridge believes would be required to the Price Cap Index set out in the PEG Report. 	R. Campbell
I-17-11 (IGUA)	1.1	Enbridge Evidence, Exhibit "B", Tab 1, Sch 1, p. 11 of 22	<p>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?</p> <p>Question: Please provide a copy of the <i>International Survey of Performance Based Regulation Mechanisms Approved By Energy Regulators</i> referred to at footnote 3.</p>	R. Campbell
I-17-19 (IGUA)	1.1	Enbridge Evidence, Exhibit "B", Tab 3, Sch 1,	<p>Issue Numbers: 1.1 and 1.2 Issue 1.1: What are the implications associated with a revenue cap, a price cap and other alternative multi-year incentive ratemaking frameworks?</p>	R. Campbell M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
		p. 1 of 37	<p>Issue 1.2: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Questions: Enbridge does not include a stretch factor in its X factor proposal.</p> <p>a) Does Enbridge believe that the sharing of efficiency gains and growth should be shared between customers and utility during the IR plan, or only upon completion of the term of the IR plan?</p> <p>b) If Enbridge believes that the sharing of those efficiency gains and growth should be shared between customers and utility during the IR plan, how is this achieved without a positive stretch factor or an Earnings Sharing Mechanism ("ESM")?</p>	
I-17-25 (IGUA)	1.1	Union Evidence, Exhibit "B", Tab 1, p. 18 of 48	<p>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?</p> <p>Questions: Union states that a Price Cap Mechanism should be used because it better addresses the two items that matter most to customers: the price and quality of the service they receive.</p> <p>a) Does Enbridge agree that a Price Cap Mechanism addresses these two items better than a Revenue Cap Mechanism? If not, why not?</p> <p>b) Please set out the advantages and disadvantages of a Price Cap Mechanism compared to a Revenue Cap Mechanism.</p>	R. Campbell
I-3-3 (CCC)	1.2	B/T1/S1/p. 2	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: For the period 1996-2006 please provide the cost per customer breaking out both capital costs and O&M costs for each year. Please provide the forecast numbers and actuals.</p>	T. Ladanyi
I-3-4 (CCC)	1.2	B/T1/S1/p. 2	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: For the period 1996-2006 please provide the forecast and actual levels of customer attachments for each year.</p>	T. Ladanyi
I-3-5 (CCC)	1.2	B/T1/S1/p. 5	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: Did EGD originally plan to seek approval of a price cap incentive regulation framework? If so, when did it reject that framework? And if so, please provide copies of all records, whether internal or external, related to the decision to switch from a price cap to a revenue cap framework.</p>	R. Campbell P. Hoey
I-3-6 (CCC)	1.2	B/T1/S1/p. 5	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: EGD states that customer attachments have been at a pace of</p>	T. Ladanyi

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			45,000 to 50,000 per year. For the period 2008-2012 please provide EGD's current forecast of attachments for each of those years. Please include all assumptions used in arriving at that forecast.	
I-3-7 (CCC)	1.2	B/T1/S1/p. 8	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: The evidence states that EGD's unit distribution rate, as approved by the Board has grown at an average annual rate of 3.83%. For each year 1996-2006 please provide the unit increase for each rate class. Also, please provide the average annual rate for each of those years.</p>	A. Kacicnik
I-3-8 (CCC)	1.2	B/T1/S1/p. 22	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: EGD refers to its cast iron replacement program in terms of differentiating itself from Union. Please provide a schedule which sets out the expected expenditures for the program through to the completion of the program. For each year of the program since its inception please provide forecast and actual expenditure levels.</p>	T. Ladanyi
I-3-9 (CCC)	1.2	B/T1/S1	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: Why does EGD prefer an incentive regulation model for rate-making rather than a cost of service approach? Why is EGD's revenue cap proposal better for ratepayers than the current rate-setting approach? Why is it better for EGD's shareholders?</p>	R. Campbell
I-11-5 (SEC)	1.2		<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: 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.</p>	R. Campbell
I-11-6 (SEC)	1.2	B/1/1/3	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: 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</p>	R. Campbell
I-11-7 (SEC)	1.2	B/1/1/3	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board</p>	K. Culbert P. Hoey

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			should approve for each utility?	
			<p>Question:</p> <p>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.</p>	
I-11-8 (SEC)	1.2	B/1/1/6	<p>Issue Number: 1.2</p> <p>Issue: What is the method for incentive regulation that the Board should approve for each utility?</p>	R. Campbell P. Hoey
			<p>Question:</p> <p>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.</p>	
I-11-9 (SEC)	1.2	B/1/1/6	<p>Issue Number: 1.2</p> <p>Issue: What is the method for incentive regulation that the Board should approve for each utility?</p>	S. Kancharla
			<p>Question:</p> <p>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 lifecycle 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.</p>	
I-11-10 (SEC)	1.2	B/1/1/6	<p>Issue Number: 1.2</p> <p>Issue: What is the method for incentive regulation that the Board should approve for each utility?</p>	I. Chan J. Denomy
			<p>Question:</p> <p>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.</p>	
I-11-11 (SEC)	1.2	B/1/1/6	<p>Issue Number: 1.2</p> <p>Issue: What is the method for incentive regulation that the Board should approve for each utility?</p>	S. Kancharla T. Ladanyi
			<p>Question:</p> <p>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.</p>	
I-11-12 (SEC)	1.2	B/1/1/7	<p>Issue Number: 1.2</p> <p>Issue: What is the method for incentive regulation that the Board should approve for each utility?</p>	T. Ladanyi
			<p>Question:</p> <p>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</p>	

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			budget for each year from 2008 through 2012.	
I-11-13 (SEC)	1.2	B/1/1/7	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: Please provide the annual reports of Enbridge Inc. for each of the years 2003, 2004, 2005 and 2006.</p>	R. Bourke
I-11-14 (SEC)	1.2	B/1/1/12	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: 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.</p>	R. Campbell P. Hoey
I-11-15 (SEC)	1.2	B/1/1/12	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: 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.</p>	R. Campbell P. Hoey
I-11-16 (SEC)	1.2	B/1/1/12	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: 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.</p>	K. Culbert
I-11-17 (SEC)	1.2	B/1/1/12	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: 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”.</p>	K. Culbert
I-11-18 (SEC)	1.2	B/1/1/14	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: Please provide a table in Excel format showing the data that produced Chart 1. Please provide a further table, in Excel format,</p>	R. Campbell P. Hoey

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			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.	
I-11-19 (SEC)	1.2	B/1/1/16	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: Please explain how Enbridge plans to calculate each “monthly average” number of bills in order to then average those monthly averages over the year.</p>	I. Chan T. Ladanyi
I-11-20 (SEC)	1.2	B/3/1/24	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: 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.</p>	M. Lister
I-11-21 (SEC)	1.2	B/3/1/35	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: Please provide detailed calculations, in Excel format, supporting Table 12.</p>	M. Lister
I-13-1 (VECC)	1.2	Exhibit B, Tab1, Schedule 1 page 11-12 Paras 26-31	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Questions:</p> <ol style="list-style-type: none"> EGD has outlined why a Revenue Cap Index (RCI) is appropriate for EGD. Provide more details than provided on why a Price Cap Index (PCI) would NOT work, if the PCI formula had additional features such as a Y factor for changes in customer growth/volumes. In other words what features/additions would allow EGD to accept a PCI of the type proposed for Union Gas? Does EGD accept that there is considerable regulatory burden associated with the annual review under an RCI. Please compare the process and time/stakeholder engagement under an RCI and PCI. 	R. Campbell P. Hoey
I-13-2 (VECC)	1.2	Exhibit B, Tab1, Schedule 1 page 14 Paras 32 Issue 1.2	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Questions:</p> <ol style="list-style-type: none"> Is the formulation, without growth factor shown, as $GDPIPI-X=1.86\%+0.15\%=2.01\%$ EGD's final proposal, or does EGD intend this to be subject to new analysis and revision. Provide historical growth factors Provide EGD's estimate of its proposed 2008/2007 growth factor. 	T. Ladanyi M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
I-17-1 (IGUA)	1.2	EGD Evidence, Ex.B, Tab 1, Schedule 1, pp. 1 to 3	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Questions: EGD's evidence summarizes its Incentive Regulation ("IR") plan proposal. IGUA wishes to understand the differences between the IR regimes being proposed by Union Gas Limited ("Union") and EGD, and the recommendations of the Pacific Economics Group ("PEG") for each utility. In this context, please provide responses to the following questions</p> <ol style="list-style-type: none"> Please prepare a Table comparable to Table 1 in Union's evidence at Ex. B, Tab 1, page 8, summarizing EGD's revenue cap IR proposal. Please revise the Table to be provided in response to question (a) to show the different results that would ensue if PEG's recommendations relevant to a revenue cap IR plan are adopted. Please revise the Table to be provided in response to question (a) to show the results that would ensue if PEG's price cap recommendations for EGD were to be approved by the Board. A few years ago, EGD was attempting to persuade stakeholders to subscribe to a multi-year IR plan. Please provide a summary description of the comprehensive IR plan EGD was then asking stakeholders to endorse and indicate whether it was a revenue cap or price cap plan. 	R. Campbell
I-17-2 (IGUA)	1.2	EGD Evidence, Ex.B, Tab 1, Schedule 1, pp. 15 to 22	<p>Issue Numbers: 1.2, 5.1, and 6.1 Issue 1.2: What is the method for incentive regulation that the Board should approve for each utility? Issue 5.1: What are the Y factors that should be included in the IR plan? Issue 6.1: What are the criteria for establishing Z factors that should be included in the IR plan?</p> <p>Questions: The evidence indicates that the IR regime EGD proposes contemplates that a number of components of EGD's base year regulated revenue requirement will continue to be subject to some form of continuing Cost of Service ("COS") regulation for the duration of any IR plan the Board might approve for EGD. In this context, IGUA regards Y factors, including Deferral Accounts, and Z factors as continuing COS features of rate regulation. IGUA wishes to obtain EGD's analysis of the extent to which its regulated revenue requirement will continue to be subject to some form of continuing COS regulation over the duration of any IR plan the Board might approve for EGD. To this end, please provide the following:</p> <ol style="list-style-type: none"> EGD's total base year regulated revenue requirement. The portion of the revenue requirement to be provided in response to question (a) which is EGD's total base year delivery-related revenue requirement. A segregation of the total regulated revenue requirement to be provided in response to question (a) between the following broad categories: <ul style="list-style-type: none"> Cost of gas, operations and maintenance expenses, Depreciation, Property taxes, Capital taxes, Return segregated as follows: <ol style="list-style-type: none"> Equity return Cost of debt Income taxes 	R. Campbell K. Culbert T. Ladanyi

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>d) Within each of these broad categories, list and provide the amount of portion of the regulated revenue requirement which, in whole or in part, falls within the categories of Y factors, including Deferral Accounts, and Z factors proposed by EGD.</p> <p>e) Using information to be provided in response to the previous questions, estimate the following:</p> <p>(i) the proportion of the total regulated revenue requirement which will not be subject to some form of continuing COS treatment under the IR plan 3 proposed by EGD, and</p> <p>(ii) the proportion of the delivery-related revenue requirement for EGD which will not be subject to some form of continuing COS treatment under the IR plan proposed by EGD.</p> <p>f) Please list all of the Deferral Accounts for which EGD has obtained Board approval and indicate whether EGD is proposing to eliminate any of those Deferral Accounts as part of its proposed IR plan.</p> <p>g) Is EGD proposing to add any Deferral Accounts as part of its proposed IR plan?</p>	
I-17-10 (IGUA)	1.2	Enbridge Evidence, Ex.B, Tab 1, Schedule 1, page 1 of 22	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: Enbridge is seeking approval of a Revenue Cap Plan. When did Enbridge decide to seek approval for a Revenue Cap Plan as opposed to a Price Cap Plan? Please provide all documents, including memoranda and PowerPoint presentations, given to senior management, Enbridge's Board of Directors or Enbridge's Shareholders, with respect to the decision to pursue a Revenue Cap Plan as opposed to a Price Cap Plan.</p>	R. Campbell
I-17-12 (IGUA)	1.2	Enbridge Evidence, Exhibit "B", Tab 1, Sch 1, p. 12 of 22	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Questions: Enbridge states that its depreciation rates are 4.2% and 4.4%, respectively, from mains and services compared to 2.5% and 3.2% for Union, and that this results in significantly higher depreciation expenses. As well, Enbridge states that it has a lower monthly customer charge of \$11.95 per month compared to Union's monthly customer charge of \$16.00.</p> <p>(a) Please provide a schedule the contains: (i) all of Enbridge Gas Distribution Inc.'s depreciation rates; and (ii) all of Union's depreciation rates;</p> <p>(b) Please provide a schedule which lists: (i) all of Enbridge's monthly customer charges; and (ii) all of Union's monthly customer charges.</p>	J. Collier K. Culbert A. Kacicnik T. Ladanyi
I-17-26 (IGUA)	1.2	Union Evidence, Exhibit "B", Tab 1, p. 19 of 48	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p> <p>Question: Union states that a Revenue Cap Mechanism may result in greater controversy and regulatory administration. Does Enbridge agree with this statement? If not, why not?</p>	R. Campbell
I-17-27 (IGUA)	1.2	Union Evidence, Exhibit "B",	<p>Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility?</p>	R. Campbell

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
		Tab 1, p. 19 of 48	Question: Union states that price cap parameters that are known in advance will result in more stable and predictable rates than a Revenue Cap Mechanism. Does Enbridge agree with this proposition? If not, why not?	
I-17-28 (IGUA)	1.2	Enbridge Evidence, Exhibit "B", Tab 6, Sch 1, p. 1 of 4	Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility? Questions: IGUA has previously advocated that Union and Enbridge should file information equivalent to quarterly surveillance reports required by the NEB. In IGUA's view, the utilities should be required to provide the following information: a) Financial Statements of both the utility and of its parent company (or, those portions of the parent company financial statements reflecting the utility's contributions) b) Rate Base and Capital Expenditures, including: (i) gross assets by function; (ii) accumulated depreciation by function; (iii) allowance for Working Capital by component; c) Gas Delivery Volumes by rate class and by sales versus direct customers; and customer additions (number, by rate class, volume) d) Revenue from operations, including: (i) weather normalization; (ii) by rate class; (iii) unit revenues by rate class; (iv) non-distribution revenue by source (storage, T-service, load balancing, miscellaneous fees); (v) transactional services. e) Operating Costs (excluding Cost of Gas) (i) Operations and Maintenance broken down by major cost elements (executive, information services, legal and regulatory, engineering, operations, buildings, communications, etc.); (ii) Depreciation, Amortization and Depreciation; (iii) Corporate Cost Allocation; (iv) Income Tax, Corporation Tax, Capital Tax; (v) DSM program costs. f) Cost of Gas (i) Average cost of gas purchases for sales customers; (ii) Average cost of gas used in operations; (iii) Lost and unaccounted for gas; (iv) Cost of transportation by upstream contract, both total and average/per unit cost. g) Return on Equity (dollar and percentage) h) Deferral Account Balances i) Cost Allocation (i) Allocation of costs by customer class (ii) Allocation of rate base by customer class j) Rate Design Schedules Please identify from the information listed in (a) through to (j) which items Enbridge opposes to producing on a quarterly basis. For those items to which Enbridge opposes quarterly reporting, please provide an explanation.	R. Bourke K. Culbert A. Kacicnik T. Ladanyi
I-17-30 (IGUA)	1.2	PEG Report, p. v	Issue Number: 1.2 Issue: What is the method for incentive regulation that the Board should approve for each utility? Questions:	R. Campbell

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>Enbridge has identified that a Revenue Cap Mechanism should be used. PEG has calculated a Price Cap Index and Revenue Cap Index for Enbridge.</p> <p>a) If the Board determines that a Price Cap Mechanism is more appropriate than a Revenue Cap Mechanism, does Enbridge accept the Price Cap Index as set out in the PEG Report?</p> <p>b) If the answer to (a) is no, please identify which components of the Price Cap Index set out at iv and v of the PEG Report Enbridge does not accept. For those components of the Price Cap Index that Enbridge does not accept, please provide an explanation.</p>	
I-1-5 (Board Staff)	1.3	Enbridge Ex. B, Tab 1, Sch 1, page 2 of 22, para 6	<p>Issue Number: 1.3</p> <p>Issue: Should weather risk continue to be borne by the shareholders, and if so what other adjustments should be made?</p> <p>Questions:</p> <p>Enbridge states in evidence that it is proposing a revenue cap, calculated on a per customer basis, adjusted annually.</p> <p>a) Does Enbridge believe that its shareholders should continue to bear weather risk? Please explain.</p> <p>b) If the weather risk was removed from the shareholder, would Enbridge need to change its proposed IR plan? Please explain.</p>	J. Denomy
I-3-10 (CCC)	1.3	B/T1/S1	<p>Issue Number: 1.3</p> <p>Issue: Should weather risk continue to be borne by the shareholders, and if so what other adjustments should be made?</p> <p>Question:</p> <p>EGD is not proposing to eliminate the risk to its shareholders associated with weather. Please indicate why EGD continues to support the status quo. If weather risk was eliminated for EGD's shareholders does EGD agree that its cost of equity and/or equity thickness levels would have to be adjusted to reflect the lower risk. If not, why not? If so, how should they be adjusted?</p>	J. Denomy P. Hoey
I-11-22 (SEC)	1.3		<p>Issue Number: 1.3</p> <p>Issue: Should weather risk continue to be borne by the shareholders, and if so what other adjustments should be made?</p> <p>Question:</p> <p>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.</p>	J. Denomy P. Hoey
I-11-23 (SEC)	1.3	B/5/1/6	<p>Issue Number: 1.3</p> <p>Issue: Should weather risk continue to be borne by the shareholders, and if so what other adjustments should be made?</p> <p>Question:</p> <p>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.</p>	J. Denomy P. Hoey
I-11-24 (SEC)	1.3		<p>Issue Number: 1.3</p> <p>Issue: Should weather risk continue to be borne by the shareholders, and if so what other adjustments should be made?</p> <p>Questions:</p>	J. Denomy P. Hoey

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>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:</p> <ul style="list-style-type: none"> 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. 	
I-11-25 (SEC)	1.3	B/1/1/20	<p>Issue Number: 1.3 Issue: Should weather risk continue to be borne by the shareholders, and if so what other adjustments should be made?</p> <p>Question: Please advise what rules, if any, Enbridge proposes should be applicable to their forecasting of volumes and customer numbers.</p>	I. Chan T. Ladanyi
I-13-3 (VECC)	1.3		<p>Issue Number: 1.3 Issue: Should weather risk continue to be borne by the shareholders, and if so what other adjustments should be made?</p> <p>Questions:</p> <ul style="list-style-type: none"> a) Provide EGD's position on weather risk. b) Provide a Table showing actual and approved normalized and un-normalized Returns on Equity for the period 1997-2006. c) Provide EGD's views and estimates of how many basis points on ROE is associated with weather risk, given its heat-sensitive volumes. 	K. Culbert J. Denomy P. Hoey
<u>ISSUE NUMBER 2 -</u>				
I-3-11 (CCC)	2.1	B/T2/S1	<p>Issue Numbers: 2.1 and 2.2 Issue 2.1: What type of index should be used as the inflation factor (industry specific index or macroeconomic index)? Issue 2.2: Should the inflation factor be based on an actual or forecast?</p> <p>Question: Please explain how, in the context of EGD's proposed IR plan inflation would be adjusted? Does EGD support the use of actual or forecast inflation numbers?</p>	J. Denomy
I-7-3 (LPM)	2.3	Exhibit B, Tab 2, Schedule 1, page 3	<p>Issue Number: 2.3 Issue: How often should the Board update the inflation factor?</p> <p>Questions:</p> <ul style="list-style-type: none"> a) Please explain why the final factor in the formula is $AG^{Q3}_{TestYear-1}$ when the footnote on page 2 indicates that the Q2 value of the index would be available at the time of filing. b) Given that the Q3 value of the index would not be available until late November, is Enbridge proposing that the filing be updated to reflect the Q3 values, or should the final factor in the equation read $AG^{Q3}_{TestYear-2}$? 	J. Denomy
I-3-12 (CCC)	2.4	B/T2/S1	<p>Issue Number: 2.4 Issue: Should the gas utilities ROE be adjusted in each year of the incentive regulation (IR) plan using the Board's approved ROE guidelines?</p>	R. Campbell J. Denomy P. Hoey

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>Question: Please provide- EGD's position as to how the ROE level should be determined in the context of its plan.</p>	
I-13-13 (CCC)	2.4	B/T1/S1 p. 5	<p>Issue Number: 2.4 Issue: Should the gas utilities ROE be adjusted in each year of the incentive regulation (IR) plan using the Board's approved ROE guidelines?</p> <p>Question: Does EGD have a target ROE which it plans to achieve during the proposed period of incentive regulation? If so, what is the target? Please provide all reports and analysis, whether internal or external, on which that target is based?</p>	R. Campbell P. Hoey
I-13-4 (VECC)	2.4		<p>Issue Number: 2.4 Issue: Should the gas utilities ROE be adjusted in each year of the incentive regulation (IR) plan using the Board's approved ROE guidelines?</p> <p>Questions:</p> <ul style="list-style-type: none"> a) Provide EGD's position on an annual adjustment to ROE. b) With reference to the 15 utilities in the Ecoanalysis (sic) Consulting Services survey [D-5-1]. How many have annual ROE adjustments? c) How many have Weighted Average Cost of Capital adjustments? d) If an annual ROE adjustment is proposed what, if any, materiality threshold would be appropriate in order to reduce regulatory burden. e) If other capital components are to be adjusted, for example debt cost, due to changes resulting from embedded debt replacement, what materiality threshold(s) would be appropriate? 	R. Campbell P. Hoey
I-7-19 (LPM)	2.4.2	Exhibit B, Tab 6, Schedule 1, page 3	<p>Issue Number: 2.4.2 Issue: If not, what should be the criteria for adjusting these charges?</p> <p>Questions:</p> <ul style="list-style-type: none"> a) Please explain why the company believes there would be no requirement for a formal hearing? b) Please confirm that the distribution revenue requirement is net of any revenues generated from miscellaneous and non-energy service charges. c) is the revenue requirement that is included in the revenue per cap formula based on the total revenue requirement of the company or the revenue requirement net of all costs associated with miscellaneous and non-energy service related costs? 	A. Kacicnik
<u>ISSUE NUMBER 3 -</u>				
I-1-6 (Board)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 17 of 64	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: Enbridge states in evidence that this is the manner that Statistics Canada calculates TFP growth for the overall economy and various sub-sectors and industries.</p> <ul style="list-style-type: none"> a) Please provide the latest Statistics Canada information that outlines the Canadian TFP growth for the overall economy and various sub-sectors and industries for the years 1994 - 2005. 	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
I-1-7 (Board)	3.1	Enbridge Ex. B, Tab 1, Sch 1, page 14 of 22, para 32	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: Enbridge states that in the past five years, the Board approved distribution margin has increased on average by 3.83%. a) Please confirm that this average increase includes the impact of declining average use, the cast iron replacement main program and other safety and integrity programs.</p>	R. Campbell M. Lister
I-1-29 (Board)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 4 of 64	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: Dr. Bernstein states that "X factor measures must account for the effects of lower rates of capacity utilization coupled with a simultaneous upgrading of infrastructure capital". a) Enbridge has proposed to recover the cost of its capital expenditures during the IR period via a Y factor. Should the X factor reflect this fact and be higher than it would be in the absence of the Y factoring? Please explain.</p>	M. Lister Dr. Bernstein
I-1-30 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 5 of 64	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Questions: Dr. Bernstein states that "Since the IR plan under the OEB involves price rebasing at the end of the forthcoming IR period, it is redundant to include a positive stretch factor...Rebasing ensures that consumers benefit from productivity improvements, since the new prices they face encompass the firm's superior productivity performance". a) Does Dr. Bernstein believe that rebasing ensures that customers benefit from all productivity improvements, or just those that result in sustained productivity increases? Please explain. i) For example, if a company has an opportunity in year 1 of a five year plan to reduce costs for three years, will rebasing ensure that consumers benefit from this initiative? b) Of the numerous instances in which explicit stretch factors have been approved in IR plans for energy and telecom utilities, please identify those instances in which price rebasing was not anticipated. c) Do companies have an incentive under some PBR plans to defer certain kinds of expenditures until the end of the plan and then to try to recover them in the next rate case? Please explain. i) Is it possible, because of this problem, that customers sometimes do not experience any net benefits from PBR at the time of rebasing? Please explain.</p>	M. Lister Dr. Bernstein
I-1-31 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 6 of 64	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Questions: Dr. Bernstein states that "PEG's model contains severe restrictions prohibiting parameters to differ among firms, not just for a single year but for all years of a sample. This feature is particularly troubling since the model is purported to be used for benchmarking purposes (for example to set TFP targets)".</p>	M. Lister Dr. Bernstein

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<ul style="list-style-type: none">a) Econometric cost models that are estimated using panel data sometimes allow the intercept (constant) term of the model to vary between companies. Since PEG did not use the intercept term in his TFP trend benchmarks, is it Dr. Bernstein's view that intercept terms are germane to the calculation of a TFP trend benchmark?<ul style="list-style-type: none">i) If yes, please provide the rationale, including the supporting mathematical theory.b) With regard to the slope parameters (e.g., those for the output variables) that PEG uses to construct TFP trend benchmarks, does Dr. Bernstein believe that it is conventional in econometric cost studies, and more particularly those used in benchmarking, for these parameters to vary between companies?<ul style="list-style-type: none">i) Please provide examples where this has been done in benchmarking.	
I-1-32 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 6 of 64	Issue Number: 3.1 Issue: How should the X factor be determined? Questions: Dr. Bernstein states that "PEG also imposed parameter restrictions associated with the variables determining the degree of returns to scale and the rate of technological change. These are critical constraints". <ul style="list-style-type: none">a) Please identify the critical constraints that PEG has made.b) Does Dr. Bernstein believe that this the constraints that PEG imposed on the functional form impart an upward bias to the resultant TFP trend target?<ul style="list-style-type: none">i) If yes, please provide rationale.	M. Lister Dr. Bernstein
I-1-33 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 6 of 64	Issue Number: 3.1 Issue: How should the X factor be determined? Questions: Dr. Bernstein states that "Since the data are not provided in PEG's study, it is impossible to discern how sensitive estimates of the degree of returns of scale and rate of technical change are to various parameter restrictions. This is unacceptable." <ul style="list-style-type: none">a) Did Enbridge request the data used by PEG in its econometric cost research?b) Is Dr. Bernstein aware that data similar to those used by PEG can be purchased in the GasDat data package?c) Has Enbridge attempted to develop econometric cost models independently using U.S. data?<ul style="list-style-type: none">i) What were the results?	M. Lister Dr. Bernstein
I-1-34 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 7 of 64	Issue Number: 3.1 Issue: How should the X factor be determined? Questions: Dr. Bernstein states that "PEG also erroneously assumes that the capital input in a capital intensive industry like Ontario's gas utility industry can be readily and freely adjusted". <ul style="list-style-type: none">a) Does Dr. Bernstein believe that there is some alternative to a long run cost function that is more suitable for the development of TFP targets?<ul style="list-style-type: none">i) If yes, please provide a thorough description.	M. Lister Dr. Bernstein
I-1-35 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 19 of 64	Issue Number: 3.1 Issue: How should the X factor be determined? Questions:	M. Lister Dr. Bernstein

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>Dr. Bernstein states that “a cost elasticity share-weighted industry TFP growth rate differs from the revenue share-weighted TFP growth rate and the former rate generally provides no guidance as to the appropriate PD component, and resulting X factor under IR”.</p> <ul style="list-style-type: none"> a) Does Dr. Bernstein acknowledge that, given the current rate design of Enbridge and its slow volume/customer growth, its X factor will be substantially lower using a revenue weighted output index than using an elasticity weighted output index? b) In Exhibit B, Tab 1, Sch 1, page 2 of 22, Enbridge states, “The costs of a distribution utility are closely aligned with the number of customers it serves. Each new customer represents new capital costs associated with attachment to the system (mains, service lines, meters) and new operations and maintenance costs (customer care, meter reading, billing and collection). It is appropriate therefore that a revenue adjustment mechanism recognize the increase in the number of customers as the measure of system growth.” What is the rationale behind using a TFP index in the calculation of Enbridge’s proposed X-factor that does not match the assertion that customer growth is “closely aligned” with cost growth but instead uses the much slower growing revenue-weighted TFP index? c) In the proceeding that lead to the establishment of the “TPBR” plan, which involved the indexation of the revenue requirement for the O&M expenses of Enbridge, the Company’s witness Dr. Melvyn Fuss of the University of Toronto used the number of customers as the measure of output for the productivity index. The Board also agreed to this approach. Please justify Dr. Bernstein’s approach. d) Does Dr. Bernstein believe that TFP indexes used in an IR plan to cap growth in revenue per customer should use a revenue-weighted output index? <ul style="list-style-type: none"> ii) If yes, please provide the rationale, including the mathematical reasoning. 	
I-1-36 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 24 of 64	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: Dr. Bernstein states that “Next in line with PEG assign the AU term...of the pricing formula to R&C customers”. a) Please indicate where in PEG’s study it takes this step.</p>	M. Lister Dr. Bernstein
I-1-37 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 28 of 64	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Questions: Dr. Bernstein states that “structural changes related to changing demand conditions...are not accounted for in the X factor associated with PEG’s RCI”. a) Please explain why demand conditions are relevant in the design of an X factor for a revenue cap index when a balancing account ensures full recovery of losses from slow volume growth.</p>	M. Lister Dr. Bernstein
I-1-38 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 29 of 64	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Questions:</p>	M. Lister Dr. Bernstein

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			Dr. Bernstein states that "The sample period for the IPD component differs from the PD component...This is inconsistent and could lead to sample cherry picking." a) Suppose that the only sample period available for the calculation of the PD is quite unsuitable for the calculation of the IPD. Does Dr. Bernstein believe that the same period should be used for both even in this instance? b) Does Dr. Bernstein believe that PEG has in fact engaged in cherry picking?	
I-1-39 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 29 of 64	Issue Number: 3.1 Issue: How should the X factor be determined? Question: Dr. Bernstein states that "The reason that PEG's IPD is more volatile than the PD term is that PEG uses inconsistent input prices. Industry TFP growth is based on PEG's econometric model, and so the input price index should be based on this model". a) Please explain how PEG's econometric model, which was estimated using U.S. data, should be used to calculate the IPD for a Canadian utility.	M. Lister Dr. Bernstein
I-1-40 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 36 of 64	Issue Number: 3.1 Issue: How should the X factor be determined? Question: Dr. Bernstein states that "under the COS approach the assumption that revenue equals cost influences econometric estimates of the degree of returns to scale. In fact, the bias may result in inadvertently overestimating the degree of returns to scale." a) Please indicate where, in PEG's explanation of the COS approach to capital costing, PEG assumes that revenue equals cost.	M. Lister Dr. Bernstein
I-1-41 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 3, page 38 of 64	Issue Number: 3.1 Issue: How should the X factor be determined? Questions: Dr. Bernstein states that the fact that PEG's econometric model yields a TFP target that differs markedly from the company's actual TFP growth "indicates that PEG's model does not actually describe EGDI's cost determinants." a) Does Dr. Bernstein believe that the actual TFP trend of a company will always be similar to the trend of a properly specified econometric projection? b) PEG states in Enbridge Ex. D, Tab 3, Sch 1, page 44 of 113 that "In marked contrast with the US trend, the partial factor productivity index for the use of O&M inputs by Enbridge fell at a 0.70% average annual pace. PFP fell by more than 11% in 2003 and did not subsequently regain much of the lost ground". Does Dr. Bernstein agree with PEG's findings? Please explain. c) Dr. Bernstein states on p. 9 of his evidence that the strong incentives under IR "derive from the fact that IR operates much like a fixed price contract...Conversely, traditional earnings regulation operates much like a cost plus contract. As a result, the prices consumers pay tend to vary continually with the reported cost of the firm". Since Enbridge has operated mainly under COS regulation after the end of its TPBR plan, does this suggest that this could have materially slowed its TFP growth?	M. Lister Dr. Bernstein

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
I-1-42 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 2, pages 2-3 of 24	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Questions: Dr. Carpenter states that "At the moment, the model and the underlying data with which it is estimated have not been provided to parties in this proceeding, and thus PEG's results cannot be reproduced, tested, or validated at this time...Without full disclosure of the model and its underlying data it cannot provide a transparent basis for establishing future prices for EGDI." a) Has Enbridge at any time been refused access to PEG's data or to details of his econometric work? b) Does Dr. Carpenter acknowledge that similar data are available in the GasDat data package?</p>	M. Lister Dr. Carpenter
I-1-43 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 2, page 5 of 24	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Questions: Dr. Carpenter states that "PEG does not include a variable that reflects changes in customer density despite the fact that PEG and others have recognized this to be a critical component of gas distribution costs and necessary to correctly capture scale economies." a) Please identify all econometric studies of gas distribution cost that Dr. Carpenter has seen in which customer density has been found to be a statistically significant cost driver. b) Is it Dr. Carpenter's view that gas distributor cost is higher or lower with higher density? c) Would the "correct" treatment of customer density raise or lower the TFP index trend of EGDI or its econometric target?</p>	M. Lister (Dr. Carpenter)
I-1-44 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 2, page 8 of 24	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Questions: Dr. Carpenter states that "the companies that make up the peer group that PEG has chosen for EGDI do not have business characteristics that are similar to EGDI". a) PEG discusses the drivers of productivity. Does Dr. Carpenter have issues with PEG's discussion of TFP growth drivers or the mathematical theory on which it is based? b) Please explain why the static business conditions (e.g., throughput per customer, density, and cast iron mains) that Dr. Carpenter emphasizes in recommending a northeast peer group are especially important drivers of TFP growth. i) Please provide empirical evidence to substantiate this claim. c) Does a finding that utilities in the northeast have a higher cost level have any necessary bearing on the pace of TFP growth? d) Dr. Carpenter states on p. 7 that "EGDI [presumably meaning PEG] calculates a TFP for EGDI by taking a simple average of the TFP estimates that PEG calculates for each of the utilities in EGDI's peer group using the econometric model". Does the fact that the average TFP index trend of companies realizing large scale economies differs greatly from the sample mean, support PEG's contention that this is a critically important</p>	M. Lister Dr. Carpenter

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			consideration in the selection of a TFP target for Enbridge? e) The output growth and TFP growth of the sampled northeast distributors are both well below the sample norm. Does this finding support the hypothesis that the realization of incremental scale economies is an important TFP driver? f) The companies in PEG's northeast sample do not appear to have realized substantial scale economies due, in part, to output growth that is much slower than that in the service territories of Union Gas and EGD. Is this a disadvantage of limiting the peer group to utilities in the northeastern U.S., as Dr. Carpenter recommends? g) Union Gas had a productivity trend much higher than that of EGD during the sample period. Does Dr. Carpenter's recommended approach to peer group selection not suggest that Union would be a good peer? h) What are the annual customer growth rates for each utility in Dr. Carpenter's proposed peer group for the 2000-2005 period? i) What are the annual customer levels for each utility in Dr. Carpenter's proposed peer group for the 2000-2005 period?	
I-1-45 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 2, page 18 of 24	Issue Number: 3.1 Issue: How should the X factor be determined? Questions: Dr. Carpenter states that "PEG's model provides no support for an empirical finding that EGD has a greater prospect for the realization of scale economies than smaller firms in the U.S. sample". a) Is it Dr. Carpenter's view that the addition of a density variable to the cost model would overturn the result that Enbridge is positioned to realize greater incremental scale economies? b) Does the rapid customer growth of Enbridge have no bearing on the company's potential to earn scale economies?	M. Lister Dr. Carpenter
I-1-46 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 2, page 18 of 24	Issue Number: 3.1 Issue: How should the X factor be determined? Questions: Dr. Carpenter states that "PEG's reasoning that the prospects for the realization of scale economies by a gas distribution company is inversely related to initial operating scale is faulty. At some point scale economies will plateau or be exhausted." a) Is it Dr. Carpenter's opinion that a company the size of Enbridge has exhausted its potential to realize incremental scale economies? i) If yes, please provide empirical substantiation for this claim.	M. Lister Dr. Carpenter
I-1-47 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 1, page 9 of 37, para 20-21	Issue Number: 3.1 Issue: How should the X factor be determined? Question: The input quantity subindexes displayed in the table on this page differ modestly from those reported in PEG's study. a) Please discuss possible sources of the discrepancies.	M. Lister
I-1-48 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch	Issue Number: 3.1 Issue: How should the X factor be determined?	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
		1, page 10 of 37, para 22	<p>Questions:</p> <p>Mr. Lister states that "the Company has experienced some of the highest customer growth rates across Canada, which results in high upfront costs to support a long payback period, which would put downward pressure on the Company's measured TFP relative to other distributors".</p> <ul style="list-style-type: none"> a) Does Mr. Lister have issues with PEG's discussion of sources of TFP growth on pages 6 and 7 of his evidence? <ul style="list-style-type: none"> i) If yes, please explain. b) In that discussion, PEG identifies economies of scale as a potentially important source of TFP growth. If a company is in a position to realize incremental scale economies, doesn't rapid customer growth produce greater incremental economies than slow growth? <ul style="list-style-type: none"> i) If yes, how then can Mr. Lister be sure that rapid customer growth slows TFP growth on balance? 	
I-1-49 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 1, page 12 of 37, para 26	<p>Issue Number: 3.1</p> <p>Issue: How should the X factor be determined?</p> <p>Questions:</p> <p>Mr. Lister states concerning PEG's econometric projections that "it is not clear if other important variables, which are included in the U.S. model, are applied to the Company specific estimates. These parameters include the number of electric customers, the percentage of non-cast iron miles of main, and dummies to represent region and urban service providers".</p> <ul style="list-style-type: none"> a) Since Enbridge has no electric customers, would Mr. Lister agree that no adjustment for electric customers is appropriate? b) Since Enbridge's status as a company serving an urban core is unchanged, would Mr. Lister agree that no adjustment for this variable is appropriate. c) Since the company's reliance on cast iron is declining, and the % non-iron variable has a negative sign, would Mr. Lister agree that an adjustment for this variable using the econometric results would raise the company's econometric TFP target? 	M. Lister
I-1-50 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 1, page 15 of 37, para 34	<p>Issue Number: 3.1</p> <p>Issue: How should the X factor be determined?</p> <p>Questions:</p> <p>Mr. Lister states that "creating a relevant peer group on the basis of similar operating characteristics should be the ultimate goal".</p> <ul style="list-style-type: none"> a) PEG's econometric projections and peer group are both based on mathematical and empirical research on the drivers of TFP growth. Does Mr. Lister agree with this general approach? <ul style="list-style-type: none"> i) Does Mr. Lister believe that substantial weight should be paid in peer group selection to drivers of cost levels even if they have no bearing on growth? ii) If yes, please provide a full substantiation for this view. b) PEG's research suggests that large gas utilities with rapid customer growth have opportunities to earn substantial scale economies. Please indicate which companies in the northeastern U.S. have these twin characteristics. 	M. Lister
I-1-51 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 1, pages 22-	<p>Issue Number: 3.1</p> <p>Issue: How should the X factor be determined?</p>	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
		23 of 37, para 49-52	<p>Questions:</p> <p>Mr. Lister presents some numerical results to show that a stretch factor reduces performance incentives. In this analysis, the NPV of a cost containment initiative is linked to the external trend in the company's prices during the plan period.</p> <ul style="list-style-type: none"> a) Would a Hamilton steel producer cut back on cost cutting initiatives because it expected prices in the North American market to decline over the next five years? i) If yes, why would a PCI that contains a stretch factor that is insensitive to decisions concerning cost cutting initiatives have a different effect? 	
I-1-52 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 1, page 25 of 37, para 58	<p>Issue Number: 3.1</p> <p>Issue: How should the X factor be determined?</p> <p>Question:</p> <p>Mr. Lister proposes to use EGDI's own productivity trend as the productivity target.</p> <ul style="list-style-type: none"> a) Why wouldn't the TFP trend of Union provide a more appropriate TFP target? 	M. Lister
I-1-53 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 1, page 27 of 37, para 63	<p>Issue Number: 3.1</p> <p>Issue: How should the X factor be determined?</p> <p>Question:</p> <p>Mr. Lister notes that PEG partner Larry Kaufmann once testified in support of a negative productivity differential for Boston Gas.</p> <ul style="list-style-type: none"> a) Please explain why this would validate a negative productivity trend for Enbridge. 	M. Lister
I-1-54 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 1, page 28 of 37, para 67	<p>Issue Number: 3.1</p> <p>Issue: How should the X factor be determined?</p> <p>Questions:</p> <p>The input price subindexes displayed in the table on this page differ modestly from those reported in PEG's study.</p> <ul style="list-style-type: none"> a) Please discuss possible sources of the discrepancies. 	M. Lister
I-1-55 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 1, page 29 of 37, para 69	<p>Issue Number: 3.1</p> <p>Issue: How should the X factor be determined?</p> <p>Questions:</p> <p>Mr. Lister states that "the largest customer benefit [from IR] is derived through the rebasing mechanism."</p> <ul style="list-style-type: none"> a) Does Mr. Lister acknowledge that utilities under IR sometimes defer maintenance and capital spending during the plan term and then file a request for sharply higher rates at the plan's conclusion? <ul style="list-style-type: none"> i) Is it possible for this strategy to eliminate the net gains of a rate rebasing for customers? b) Did rebasing at the conclusion of Enbridge's TPBR plan produce material gains for customers? Please explain. 	M. Lister
I-1-56 (Board Staff)	3.1	Enbridge Ex. B, Tab 3, Sch 1, page 33 of 37, para 80-82	<p>Issue Number: 3.1</p> <p>Issue: How should the X factor be determined?</p> <p>Questions:</p> <p>Mr. Lister discusses the investment challenges facing Enbridge.</p> <ul style="list-style-type: none"> a) Please discuss in more detail the new investment requirements posed by the TSSA. b) Please provide the data and descriptions of the planned future replacement and modernization of infrastructure 	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			capital, specifically the planned replacement of cast iron pipes. i) Please show how this significantly differs from the past trends and trends of the U.S. sample at large. Please include historical (for years 2000-2005) and projected data concerning Enbridge's total line miles and the percentages of same that are made of cast iron and bare steel. ii) Should expenses like these not be excluded from calculations to establish a TFP target for Enbridge?	
I-1-57 (Board Staff)	3.1	Enbridge Ex. B, Tab 1, Sch 1, page 6 of 22, para 18	Issue Number: 3.1 Issue: How should the X factor be determined? Questions: Enbridge states that in an IR plan there would not be any return on replacement capex such as that pertaining to cast iron and bare steel main replacement since they do not add "volumes or revenues". a) The TFP research reflects a steady stream of replacement investments by the sampled gas utilities. In the absence of these investments, the PD term of the X factor would be higher, slowing rate growth. Doesn't this effectively provide a budget for replacement investment?	R. Campbell P. Hoey S. Kancharla
I-3-14 (CCC)	3.1	B/T3/S1/p. 32	Issue Number: 3.1 Issue: How should the X factor be determined? Question: The evidence states, "Economists generally agree that the housing sector has nowhere to go but down, which will take the pace of customer ads down with it as well." Please provide evidence to support this statement. Please indicate how, specifically, this applies to EGD's franchise area.	M. Lister
I-3-15 (CCC)	3.1	B/T3/S1/p. 32	Issue Number: 3.1 Issue: How should the X factor be determined? Question: The evidence states that, "Going forward the one bright spot for increasing output is the growing interest in gas fired electricity generation." Please provide a forecast for the 2008-2012 period of gas fired generation throughput expected to come on line in EGD's franchise area.	M. Lister
I-7-4 (LPM)	3.1	Exhibit B, Tab 3, Schedule 1, page 1	Issue Number: 3.1 Issue: How should the X factor be determined? Question: The Enbridge evidence states that the X factor should be -0.15, while the PEG report indicates an X factor for Enbridge under a revenue cap index of +2.25 using the GD capital cost approach, for a total difference of 2.40. Please provide an estimate of the difference in the revenue requirement as the result of these two differing estimates.	M. Lister
I-7-6 (LPM)	3.1	Exhibit B, Tab 3, Schedule 1, Table 13	Issue Number: 3.1 Issue: How should the X factor be determined? Questions: a) Do the approved revenues shown in Table 13 include any items that would be characterized as Y or Z factors in an incentive regulation mechanism? If yes, please provide a revised Table 13	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			that includes a column to reflect these Y and Z factor amounts, the approved revenues after their removal and the annual percent change in this revenue growth. b) Please add the following columns to Table 13: i) the percent change in the GDPIPI FDD; ii) the percent change in the average number of customers served (use the method proposed by Enbridge in this proceeding to calculate the average); and iii) the percent change in the revenue requirement based on the figures provided in (a) and (b) above, and Enbridge's proposed -0.15 X factor, assuming no Y or Z factors. c) Please update Table 13 to include the 2007 figures that reflect the EB-2006-0034 Decision. d) Please provide an updated Table 13 that includes the 2007 information along with columns that show the average number of customers for each year, the approved revenues per customer, and the annual revenue per customer growth percentage.	
I-11-26 (SEC)	3.1	B/1/1/21, B/3/1/33, and many other places	Issue Number: 3.1 Issue: How should the X factor be determined? Question: 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.	T. Ladanyi
I-11-27 (SEC)	3.1	B/1/1/21	Issue Number: 3.1 Issue: How should the X factor be determined? Question: 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.	K. Culbert A. Kacicnik T. Ladanyi
I-11-28 (SEC)	3.1	B/1/1/21	Issue Number: 3.1 Issue: How should the X factor be determined? Question: 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.	J. Collier A. Kacicnik
I-11-29 (SEC)	3.1	B/3/1/2	Issue Number: 3.1 Issue: How should the X factor be determined? Question: 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.	M. Lister
I-11-30 (SEC)	3.1	B/3/1/4	Issue Number: 3.1 Issue: How should the X factor be determined? Question: 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	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>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.</p>	
I-11-31 (SEC)	3.1	B/3/1/5	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: 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.</p>	M. Lister
I-11-32 (SEC)	3.1	B/1/1/27-28	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: 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.</p>	M. Lister
I-13-5 (VECC)	3.1	Enbridge Exhibit B, Tab 1, Schedule 1, Page 1, Para. 4 and Table 1 Page 9	<p>Issue Numbers: 3.1 and 3.2 Issue 3.1: How should the X factor be determined? Issue 3.2: What are the appropriate components of an X factor?</p> <p>Preamble: "A productivity challenge is inherent in the fact that the revenue growth provided by the proposed formula is significantly lower than revenue growth provided by recent cost of service regulation"</p> <p>Questions: a) Provide the following additional data on EGD's <i>distribution revenue requirement</i> and unit rates that support the statement in both <u>tabular and graphical format</u> for the 10 year period 1997-2006 [B-1-1 Table 1 Page 9] i) All rates in aggregate: Gross throughput, # customers, average volume per customer, approved revenue requirement, actual revenue, forecast and actual average unit rate. ii) for Rate 1 (Residential): volume throughput, # customers, average volume per customer, approved revenue requirement, actual revenue, forecast and actual unit rate. iii) Show historical Inflation -CPI and GDPIPI on the same graphs. b) Provide a table showing EGD's total factor productivity for the period 1997-2006. c) Highlight EGD's change total factor productivity in the TPBR</p>	J. Collier K. Culbert A. Kacicnik M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			plan period (October 1, 1999-September 30, 2002) relative to the average productivity over the 10 year period. Discuss the reasons for any observed differences.	
I-13-6 (VECC)	3.1	Exhibit B, Tab 3, Schedule 1, Page 30, Para. 73	<p>Issue Numbers: 3.1 and 3.2 Issue 3.1: How should the X factor be determined? Issue 3.2: What are the appropriate components of an X factor?</p> <p>Questions: a) Provide a Table Similar to Table 11 Page 30 showing a side by side comparison of PEG's June 2007 recommendations for EGD's X factor and EGD's proposals summarized in the Table in the above reference. Comment on each difference/change in respect of why EGD disagrees with PEG's RCI formulation and X factor analysis as applied to EGD.</p>	M. Lister
I-13-7 (VECC)	3.1	Enbridge Exhibit B, Tab 3, Schedule 1, Pages 3-5, Paras. 7-14	<p>Issue Numbers: 3.1 and 3.2 Issue 3.1: How should the X factor be determined? Issue 3.2: What are the appropriate components of an X factor?</p> <p>Preamble: Para 14 States "Using U.S. data to establish a proxy for Canadian firms is only reasonable if there is a simultaneous adjustment to account for the measured productivity gap."</p> <p>Questions: a) With regard to Table 1-Canadian Utility Average Annual TFP Productivity Growth Rates, Please Indicate: I. Number of utilities in the Canadian sample compared to PEG's US Sample. II. Number of Utilities in Ontario sample compared to PEG's US sample. III. Statistics for Canadian and Ontario groups (standard deviation and t-statistic, if available) b) What is your conclusion (as relevant to EGDs historic TFP Growth) from Table 1 and para 10? c) With reference to Table 2 please provide I. Number of utilities in the Canadian and US sample compared to PEG's US Sample. II. Statistics for Canadian and Ontario groups (standard deviation and t-statistic, if available)</p>	M. Lister
I-13-8 (VECC)	3.1	Enbridge Exhibit B, Tab 3, Schedule 1, Pages 6-9, Para. 15- 22	<p>Issue Numbers: 3.1 and 3.2 Issue 3.1: How should the X factor be determined? Issue 3.2: What are the appropriate components of an X factor? Preamble: Para 15 states "To estimate the Company's historical TFP trend an output quantity index is measured relative to an input quantity index. The output quantity index is created as a function of customer numbers residential/commercial volumes (RC) and other volumes"</p> <p>Questions: a) For a revenue cap formulation based on a revenue requirement per customer why, when estimating TFP, is an output index that includes RC volumes and other volumes appropriate? Please explain. b) For a pure RCI formulation based on a revenue requirement per customer, why is weather-related volumetric normalization a factor to be included in the output index? c) Calculate the EGD historical <u>output quantity index</u> for EGD on the same basis as Table 3, using <u>only</u> the number of customers (revenue per customer). Provide the corresponding TFP index assuming the same input quantity formulation as Table 4.</p>	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			d) Provide a side by comparison of the PEG and EGD calculated EGD Output Quantity index based on Table 3. Include all relevant references e) Why is fuel/power cost not a significant input cost for a gas distribution utility? Indicate the relative importance of this compared to labour and capital. f) Please provide details of calculation and all data used to recalculate EGD's Input Quantity Index in Table 4. Provide all relevant references g) Provide a side-by-side tabulation of PEG and EGD calculated Input Quantity Indices. h) Provide a comparison of the EGD and PEG Historical TPP Indices based on Table 5. Provide all relevant references.	
I-13-9 (VECC)	3.1	Enbridge Exhibit B, Tab 3, Schedule 1, Page 11, Chart 1	Issue Numbers: 3.1 and 3.2 Issue 3.1: How should the X factor be determined? Issue 3.2: What are the appropriate components of an X factor? Preamble: Dr. Bernstein has criticized PEG's overall US sample for its weighting toward southern utilities and suggested a Northeast utility sample would be more appropriate. Questions: a) In reference to Chart 1, how many utilities are in the DRA Northeast Group. Please list them and their primary relevant metrics. b) Provide the statistics (Std. Dev. and t-statistic) for the TFP Index for the DRA Northeast Group. c) Discuss and compare PEG's EGD peer group to the DRA Northeast Group.	M. Lister
I-13-10 (VECC)	3.1	Enbridge Exhibit B, Tab 3, Schedule 1, Page 12, 13, Paras 26-30	Issue Numbers: 3.1 and 3.2 Issue 3.1: How should the X factor be determined? Issue 3.2: What are the appropriate components of an X factor? Preamble: Dr Bernstein and EGD criticize PEG's Econometric model. Questions: a) What specific components of the model are of concern? Please be specific and provide relevant references. b) What methodological approach(es) do Dr. Bernstein and EGD suggest to replace/modify PEG's Econometric Modeling approach? Please be as specific as possible and provide relevant references.	M. Lister
I-13-11 (VECC)	3.1	Enbridge Exhibit B, Tab 3, Schedule 1, Pages 14, Para 32-36	Issue Numbers: 3.1 and 3.2 Issue 3.1: How should the X factor be determined? Issue 3.2: What are the appropriate components of an X factor? Preamble: The Brattle Group concludes that the U.S. Northeast is the most applicable region for peer group representation for EGD. Questions: a) Provide the complete analysis that underlies this conclusion in terms of the comparators used and the significance/weighting of each. b) In reference to Table 6, please provide all the significant metrics of the proposed peer group. c) Discuss and compare this peer group to the PEG peer group and to PEG's total U.S. Sample.	M. Lister
I-13-12 (VECC)	3.1	Enbridge Exhibit B, Tab 3, Schedule 1, Pages 22-24, Para 49-54	Issue Numbers: 3.1 and 3.2 Issue 3.1: How should the X factor be determined? Issue 3.2: What are the appropriate components of an X factor? Preamble: EGD Claims that including a positive stretch factor will only serve to diminish incentives. The result is that potentially	R. Campbell P. Hoey M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>productivity enhancing projects may be delayed, deferred, or cancelled.</p> <p>Questions:</p> <ul style="list-style-type: none"> a) Confirm that EGD is requesting a Capital Adjustment Y factor for leave to construct and system expansion projects. b) Confirm that two major potentially productivity enhancing capital projects –Envision and CIS/Customer Care are already underway and shareholder risk is subject to recent agreements with intervenors. c) Why is the example in Table 8 Para 50 relevant, given the context in parts a) and b) above? d) What other major capital projects is EGD concerned about that require the elimination of the stretch factor? e) Given that the Company has an approved DSM plan and built-in incentive in the form of an SSM why is this relevant to elimination of the stretch factor?[B-3-1 para. 54] f) Provide any other rationale for elimination of the stretch factor. 	
I-13-13 (VECC)	3.1	Enbridge Exhibit B, Tab 3, Schedule 1, Pages 36, Para 87-89	<p>Issue Numbers: 3.1 and 3.2</p> <p>Issue 3.1: How should the X factor be determined?</p> <p>Issue 3.2: What are the appropriate components of an X factor?</p> <p>Preamble: EGD Compares its RCI estimate to historic revenue requirement from 1994-2006.</p> <p>Questions:</p> <ul style="list-style-type: none"> a) Update Table 13 to include the 2007 approved distribution revenue requirement. Provide the average, mean and Standard deviation of the revenue growth. b) Provide a version of Table 13 that uses EGD's proposed GDPIPI-X formulation to produce an annual revenue requirement (1994-2007). If an estimate of Y factors is available this should be shown in a separate column. Provide appropriate statistics and explanatory notes. 	K. Culbert A. Kacicnik M. Lister
I-14-1 (VECC & CCC)	3.1		<p>Issue Number: 3.1</p> <p>Issue: How should the X factor be determined?</p> <p>Question:</p> <p>With regard to Enbridge Tab 3, Schedule 1, page 4, please provide a document that describes the method used to determine the TFP estimates shown in the Table 1.</p>	M. Lister
I-14-2 (VECC & CCC)	3.1		<p>Issue Number: 3.1</p> <p>Issue: How should the X factor be determined?</p> <p>Question:</p> <p>With regard to Enbridge Tab 3, Schedule 1, paragraph 19, are all of the DSM programs used only by non-residential and non-commercial customers?</p>	R. Bourke
I-14-3 (VECC & CCC)	3.1		<p>Issue Number: 3.1</p> <p>Issue: How should the X factor be determined?</p> <p>Question:</p> <p>With regard to Enbridge Tab 3, Schedule 1, paragraph 19, please explain why you included the DSM volumes only with other volumes?</p>	I. Chan
I-14-4 (VECC & CCC)	3.1		<p>Issue Number: 3.1</p> <p>Issue: How should the X factor be determined?</p> <p>Question:</p>	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			With regard to Enbridge Tab 3, Schedule 1, paragraph 19, provide the Excel spread sheet that shows the calculation of the revenue weights.	
I-14-5 (VECC & CCC)	3.1		<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: With regard to Enbridge Tab 3, Schedule 1, table 3, is it your understanding that the only for the differences between the R/C volumes shown in this table and the R/C volumes shown in the PEG Study table 7 is due to different heating degree day adjustments? If not, please explain what other adjustments could have caused differences in those estimates?</p>	M. Lister
I-14-6 (VECC & CCC)	3.1		<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: With regard to Enbridge Tab 3, Schedule 1, table 3, what is your understanding of the cause of the difference between the other volumes shown in this table and the other volumes reported in the PEG Study table 7.</p>	M. Lister
I-14-7 (VECC & CCC)	3.1		<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: With regard to Enbridge Tab 3, Schedule 1, table 4, what is your understanding of the cause of the fact that the labor subindex declines in your table while it increases in the PEG study table 6.</p>	M. Lister
I-14-8 (VECC & CCC)	3.1		<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: With regard to Enbridge Tab 3, Schedule 1, table 4, please provide the weights used to determine the input quantity index. Provide all workpapers and documents used to determine the weights.</p>	M. Lister
I-14-9 (VECC & CCC)	3.1		<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: With regard to Enbridge Tab 3, Schedule 1, paragraph 19, provide the Excel spread sheet that shows the calculation of the cost weights and the cost based TFP estimate of 0.31%.</p>	M. Lister
I-14-10 (VECC & CCC)	3.1		<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: With regard to Enbridge Tab 3, Schedule 1, paragraph 37, Enbridge states that it agrees with the PEG Study use of the Canadian aggregate business sector MFP to measure the economy-wide TFP. In Enbridge Tab 3, Schedule 1, paragraph 1, this value is reported as 0.72, while the PEG study uses a value of 1.21 for this variable. Please explain the difference between the two estimates.</p>	M. Lister
I-14-11 (VECC & CCC)	3.1		<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p>	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>Question: With regard to Enbridge Tab 3, Schedule 1, paragraph 44, Enbridge states that it agrees with the PEG Study method to determine economy wide input prices. In Enbridge Tab 3, Schedule 1, paragraph 1, this value is reported as 2.49, while the PEG study, table 16, uses a value of 2.99 for this variable. Please explain the difference between the two estimates.</p>	
I-17-14 (IGUA)	3.1	Enbridge Evidence, Exhibit "B", Tab 3, Sch 1, p. 3 of 37	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: Enbridge relies upon data and research from the Centre for the Study of Living Standards ("CSLS"). Please provide all data and research from CSLS reviewed by Enbridge relating to its IR Plan.</p>	M. Lister
I-17-15 (IGUA)	3.1	Enbridge Evidence, Exhibit "B", Tab 3, Sch 1, p. 4 of 37	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: Enbridge relies upon a report by Rao, Tang and Wang entitled <i>Measuring the Canada-U.S. Productivity Gap: Industry Dimensions</i>. Please provide a copy of that report.</p>	M. Lister
I-17-16 (IGUA)	3.1	Enbridge Evidence, Exhibit "B", Tab 3, Sch 1, p. 20 of 37	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: Enbridge refers to a presentation by PEG called <i>Comparing AltReg Options</i>. Please provide a copy of the entire presentation.</p>	M. Lister
I-17-17 (IGUA)	3.1	Enbridge Evidence, Exhibit "B", Tab 3, Sch 1, p. 21 of 37	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Questions: Enbridge states that a positive stretch factor increase the company's risk profile while providing no incremental compensatory return. Enbridge also states that the asymmetrical risk profile of the stretch factor is further magnified in that all productivity-enhancing benefits accrue to customers at the end of the IR term. At page 32 of its report, PEG observes that Enbridge's partial factor productivity fell by more than 11% in 2003, and did not subsequently regain much of the lost ground. The year 2003 was the first year following the company's targeted IR Plan for O&M inputs. Thus, PEG observes there is no evidence that Enbridge's targeted IR Plan for O&M inputs produced lasting benefits for Enbridge customers. (a) What assurances, if any, can Enbridge provide that productivity-enhancing benefits will accrue to customers at the end of the proposed IR term? (b) What steps will Enbridge take to ensure that the productivity-enhancing benefits developed during the IR Plan are long term and not short term? (c) Will Enbridge be able to track both the short term and long term productivity enhancing benefits it realizes during the term of the IR Plan? If yes, please explain how?</p>	M. Lister
I-17-18 (IGUA)	3.1	Enbridge Evidence, Exhibit "B", Tab 3, Sch 2, p. 14 of 24	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: Dr. Carpenter refers to a survey by Farsi entitled <i>Cost Efficiency in the Swiss Gas Distribution Sector</i>. Please provide a copy of that report.</p>	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
I-17-20 (IGUA)	3.1	Enbridge Evidence, Exhibit "B", Tab 3, Sch 3, p. 12 of 64	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Questions: Dr. Bernstein is of the opinion that omitting an X factor component designed to measure future changes in service use that differ from past trends will lead to an incorrect X factor. Dr. Bernstein is also of the opinion that the X factor calculation should account for prospective levels of infrastructure investment that differ. IGUA suggests that, on a prospective basis, there are other items from Enbridge's 2007 Board approved revenue requirement which will likely be lower during the term of the IR plan. In this context, please: (a) Identify all items contained in the 2007 board approved revenue requirement that will reduce below the 2007 level during the 2008-2012 time period. (b) List all of Enbridge's long-term debt instruments. (c) Identify which long-term debt instruments will expire during the 2008-2012 time period. (d) For all of the long-term debt instruments listed in (c), please provide the reduction in debt costs for the 2008-2012 time period if each instrument is renewed at an interest rate of 6%.</p>	M. Lister
I-17-21 (IGUA)	3.1	Enbridge Evidence, Exhibit "B", Tab 3, Sch 3, p. 14 of 64	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: Dr. Bernstein states that the regulator cannot promise the regulated firm the fruits of its cost reducing efforts and then turn around and appropriate them at the next Price Cap Review. If the efficiency gains developed during the IR are not shared equally between the shareholder and the customers at the next Price Cap Review, and there is no stretch factor, and there is no Earnings Sharing Mechanism, will any of the benefits derived from the IR Plan flow to the customers? If yes, please explain.</p>	M. Lister
I-17-29 (IGUA)	3.1	PEG Report, p. vii	<p>Issue Number: 3.1 Issue: How should the X factor be determined?</p> <p>Question: PEG states in its report that no evidence has been brought to its attention concerning the recent operating efficiency of Enbridge or Union. Please explain why Enbridge did not provide any evidence to PEG with respect to its operating efficiency.</p>	R. Campbell
I-7-5 (LPM)	3.2	Exhibit B, Tab 3, Schedule 1, Table 8	<p>Issue Number: 3.2 Issue: What are the appropriate components of an X factor?</p> <p>Questions: a) Please replicate Table 8 using a discount rate equal to Enbridge's weighted average cost of capital that resulted from the EB-2006-0034 Decision. b) Assuming a discount rate of 10%, what is the projected benefit per year (in place of the \$265,000 used in the example) that would result in a NPV of \$0 in Scenario B for the Company? c) Does the example provided take into account the potential tax impact such as a reduction in income to reflect the original \$1 million expense, or the CCA on such an expense if it is capital in nature, in the analysis?</p>	M. Lister
I-11-33 (SEC)	3.2	B/3/1/22	<p>Issue Number: 3.2 Issue: What are the appropriate components of an X factor?</p>	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>Question: 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%.</p>	
I-11-34 (SEC)	3.2	B/3/1/23	<p>Issue Number: 3.2 Issue: What are the appropriate components of an X factor?</p> <p>Question: 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.</p>	M. Lister
I-11-35 (SEC)	3.2	B/3/1/23	<p>Issue Number: 3.2 Issue: What are the appropriate components of an X factor?</p> <p>Question: 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.</p>	R. Campbell M. Lister
I-11-36 (SEC)	3.2	B/3/1/29	<p>Issue Number: 3.2 Issue: What are the appropriate components of an X factor?</p> <p>Question: 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.</p>	K. Culbert T. Ladanyi
I-14-12 (VECC & CCC)	3.2		<p>Issue Number: 3.2 Issue: What are the appropriate components of an X factor?</p> <p>Question: With regard to Enbridge Tab 3, Schedule 1, paragraph 76, the exhibit states that there has been a trend towards multi-family residential dwellings. Has this trend caused an increase in the relative density of residential customers? Please the number of residential customers per mile of distribution pipe for the years 1998 to 2005.</p>	M. Lister
I-14-13 (VECC & CCC)	3.2		<p>Issue Number: 3.2 Issue: What are the appropriate components of an X factor?</p> <p>Question: With regard to Enbridge Tab 3, Schedule 3, header page 4, has Dr. Bernstein performed any study that would indicate that there is intensifying decline in per-customer usage? If so, please provide that study? Has Dr. Bernstein performed any that would indicate that the decrease in per-customer usage is unrelated to DSM programs? If so, please provide that study. If Dr. Bernstein possesses a study that demonstrates that the decline in Enbridge's per-customer usage is intensifying, please provide that study.</p>	M. Lister
I-14-14 (VECC & CCC)	3.2		<p>Issue Number: 3.2 Issue: What are the appropriate components of an X factor?</p> <p>Question:</p>	M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			With regard to Enbridge Tab 3, Schedule 3, header page 4, please describe the significant upgrades to infrastructure that Enbridge is experiencing. How long has Enbridge been investing in the upgrade? What percent of the upgrade is complete? What is the expected completion date of the program?	
I-14-15 (VECC & CCC)	3.2		<p>Issue Number: 3.2 Issue: What are the appropriate components of an X factor?</p> <p>Question: With regard to Enbridge Tab 3, Schedule 3, header page 5, has Dr. Bernstein performed any studies that indicate that future Enbridge investments will increase more rapidly than past trends indicate? If so, please provide the studies. If Dr. Bernstein possesses a study that demonstrates that Enbridge's investments will increase more rapidly than past trends indicate, please provide that study.</p>	M. Lister
I-1-8 (Board Staff)	3.3	Enbridge Ex. B, Tab 3, Sch 3, page 12 of 64	<p>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 the appropriate X factor?</p> <p>Questions: Enbridge states in evidence that replacing and upgrading infrastructure facilities is an additional structural change confronting EGD during the forthcoming IR period, and thus must be accounted for in its X factor.....Omitting an X factor component designed to measure future changes in infrastructure expenditures that differ from the past trends will lead to an incorrect X factor.</p> <p>a) Please provide Enbridge's estimate, with supporting documentation, of the adjustment that would be required to the price cap formula to mitigate the risk of these significant changes beyond the amount provided in PEG's recommendation.</p> <p>b) Please provide Enbridge's estimate, with supporting documentation, of the adjustment that would be required to the revenue cap formula to mitigate the risk of these significant changes beyond the amount provided in PEG's recommendation.</p>	R. Campbell M. Lister
I-1-9 (Board Staff)	3.3	Enbridge Ex. B, Tab 1, Sch 1, pages 9-10 of 22, para 25	<p>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 the appropriate X factor?</p> <p>Questions: Enbridge states in evidence that IR plan challenges include managing cost increments within the plan for contracted services. A large portion of the Company's annual spending related to customer attachment and distribution network services benefits from a fixed unit price contract that has been in place since 2004. That contract will expire early in the IR plan and the current expectation is that the cost of these services will increase at a rate greater than the rate of inflation.</p> <p>a) Does the fixed unit price contract contain an escalation factor (i.e., indexing parameters)? If so, please explain in detail.</p> <p>b) What is the contract expiry date?</p> <p>c) Why does Enbridge expect this contract to increase? Please explain.</p> <p>i. What is the expected rate of increase of this</p>	P. Hoey M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u> contract? Please explain.	<u>WITNESS(ES)</u>
I-1-10 (Board Staff)	3.3	Enbridge Ex. B, Tab 1, Sch 1, page 6 of 22, para 17	<p>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 the appropriate X factor?</p> <p>Questions: Enbridge states in evidence that its customer base continues to grow at about 2.5% per year (45,000 to 50,000 new customers are attached annually). a) Does Enbridge expect this current growth rate to continue over the IR plan term? i. Please provide Enbridge's forecast, with supporting documentation, of new customer attachments during the IR plan.</p>	T. Ladanyi
I-1-11 (Board Staff)	3.3	Enbridge Ex. B, Tab 1, Sch 1, page 13 of 22, para 30	<p>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 the appropriate X factor?</p> <p>Question: Enbridge states in evidence that it believes that the business conditions it faces:the potential for industrial volume loss..... a) Please describe, with supporting documentation, the expected revenue changes during the IR plan attributed to the forecasted (potential) industrial volume loss.</p>	I. Chan T. Ladanyi
I-11-37 (SEC)	3.3	B/3/1/34	<p>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 the appropriate X factor?</p> <p>Question: 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.</p>	P. Hoey T. Ladanyi
I-11-38 (SEC)	3.3	B/3/1/34	<p>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 the appropriate X factor?</p> <p>Question: 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.</p>	P. Hoey T. Ladanyi
I-11-39 (SEC)	3.3	B/3/1/33	<p>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 the appropriate X factor?</p> <p>Question: 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,</p>	J. Denomy

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			analyses, and other information related to such impacts.	
I-11-40 (SEC)	3.3		<p>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 the appropriate X factor?</p> <p>Question: 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.</p>	K. Culbert J. Denomy
I-11-41 (SEC)	3.3	B/1/1/10	<p>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 the appropriate X factor?</p> <p>Question: Please file the CIS/Customer Care Settlement from EB-2006-0034.</p>	R. Bourke
I-11-42 (SEC)	3.3	B/1/1/10	<p>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 the appropriate X factor?</p> <p>Question: 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.</p>	R. Campbell P. Hoey
I-11-43 (SEC)	3.3	B/4/1/8	<p>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 the appropriate X factor?</p> <p>Question: 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.</p>	R. Campbell P. Hoey
I-11-44 (SEC)	3.3	B/3/1/33	<p>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 the appropriate X factor?</p> <p>Question: Please provide details, including source documents if available, of the TSSA’s new requirements with respect to pipeline integrity.</p>	R. Milne T. Tuck
I-11-45 (SEC)	3.3	B/3/1/33	<p>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 the appropriate X factor?</p> <p>Question: Please provide a detailed cost/benefit analysis, including annual impacts, of the introduction of “pigging” into the Company’s operations.</p>	R. Milne T. Tuck

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
I-11-46 (SEC)	3.3	B/4/1/10	<p>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 the appropriate X factor?</p> <p>Question: 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.</p>	P. Hoey
ISSUE NUMBER 4-				
I-3-16 (CCC)	4.1	D/T4/S1	<p>Issue Number: 4.1 Issue: Is it appropriate to include the impact of changes in average use in the annual adjustment?</p> <p>Question: Please provide the complete terms of reference for the IndEco Research report.</p>	R. Campbell
I-3-17 (CCC)	4.1	B/T3/S1/p. 31	<p>Issue Number: 4.1 Issue: Is it appropriate to include the impact of changes in average use in the annual adjustment?</p> <p>Question: Please provide evidence to support the claim that there is a trend towards multi-family residential dwellings. Specifically, what evidence does EGD have to support the comment that this "trend" has impacted average annual use in its franchise area?</p>	M. Lister
I-11-47 (SEC)	4.1	B/1/1/7	<p>Issue Number: 4.1 Issue: Is it appropriate to include the impact of changes in average use in the annual adjustment?</p> <p>Question: 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.</p>	J. Collier A. Kacicnik
I-11-48 (SEC)	4.1	B/1//1/7	<p>Issue Number: 4.1 Issue: Is it appropriate to include the impact of changes in average use in the annual adjustment?</p> <p>Question: 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.</p>	I. Chan J. Denomy
I-11-49 (SEC)	4.1	B/1/1/7	<p>Issue Number: 4.1 Issue: Is it appropriate to include the impact of changes in average use in the annual adjustment?</p> <p>Question: 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.</p>	K. Culbert

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
I-11-50 (SEC)	4.1	B/1/1/8	<p>Issue Number: 4.1 Issue: Is it appropriate to include the impact of changes in average use in the annual adjustment?</p> <p>Question: 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”.</p>	I. Chan J. Denomy T. Ladanyi
I-11-51 (SEC)	4.1	B/1/1/8	<p>Issue Number: 4.1 Issue: Is it appropriate to include the impact of changes in average use in the annual adjustment?</p> <p>Question: Please provide a table showing Enbridge’s revenue requirement per customer for each of the years 1997 through 2006, broken down by rate class.</p>	K. Culbert A. Kacicnik
I-11-52 (SEC)	4.1	B/1/1/9	<p>Issue Number: 4.1 Issue: Is it appropriate to include the impact of changes in average use in the annual adjustment?</p> <p>Question: Please provide a table in the same format as Table 1 for each Rate class.</p>	I. Chan T. Ladanyi
I-11-53 (SEC)	4.1	B/1/1/9	<p>Issue Number: 4.1 Issue: Is it appropriate to include the impact of changes in average use in the annual adjustment?</p> <p>Question: Please provide a table in the same format as Table 1 using actual rather than Board-approved figures, and thus leaving out 2007.</p>	I. Chan T. Ladanyi
I-13-14 (VECC)	4.1	Enbridge Exhibit B, Schedule 1, Tab 1 Page 1, Para. 19	<p>Issue Number: 4.1 Issue: Is it appropriate to include the impact of changes in average use in the annual adjustment? Preamble: “It is essential that the IR Plan provide appropriate mitigation from the impact of the decline in average use on utility earnings”.</p> <p>Questions:</p> <ol style="list-style-type: none"> Confirm that under a revenue cap, as proposed by EGD, the test year revenue requirement is based on the number of customers <u>not</u> volume per customer. Confirm that under EGD’s proposed IR mechanism, the allocation of the revenue requirement to customer classes is based on a volume forecast (or forecast with true-up?) to produce unit rates. What approach does EGD propose to address declining Normalized Average Use per Customer under the IRM? Contrast this with the current approach based on EGD’s econometric models. Does EGD propose a true-up for forecast-actual volumes and if so, what process will be used under the proposed rate filing process and reporting requirements [B-6-1]. If not, why not-explain. Does EGD agree/disagree (plus explanations) with the following of PEG’s statements: <ol style="list-style-type: none"> “For the RCI, a balancing account would ensure that the allowed revenue requirement is exactly recovered and, therefore an AU factor is not required.” [D-T3-S1, P11]; and 	R. Campbell I. Chan K. Culbert P. Hoey A. Kacicnik M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>ii. "If the revenue requirement is allocated, and rates are designed by traditional means, there is no need for AU or ADJ terms in the X factor formula." [D-T3-S1, P 12]; and</p> <p>iii. "A revenue cap index (RCI) caps the growth in a company's revenue requirement. Such an index is commonly paired with a balancing account that ensures that the revenue requirement is ultimately recovered. This tandem of IR plan provisions provides automatic compensation to the utility for declines in average use. <u>The ratepayer therefore absorbs the risk of average use trends</u>"(emphasis added) . [D-T3-S1 Pages 14-15]</p> <p>f) Has EGD considered a "balancing account" as suggested by PEG. If so what would be covered, for example normalized volumes or total volumes. Please explain.</p>	
I-17-5 (IGUA)	4.1	EGD Evidence, Ex.B, Tab 1, Schedule 1, page 7	<p>Issue Numbers: 4.1, 4.2 and 4.3</p> <p>Issue 4.1: Is it appropriate to include the impact of changes in average use in the annual adjustment?</p> <p>Issue 4.2: How should the impact of changes in average use be calculated?</p> <p>Issue 4.3: If so, how should the impact of changes in average use be applied (e.g., to all customer rate classes equally, should it be differentiated by customer rate classes or some other manner)?</p> <p>Questions:</p> <p>The evidence of PEG and Union discusses the average use factor as an adjustment to the X factor. IGUA understand that EGD does not reflect declines in average use as an adjustment to the X factor. Instead, EGD proposes to take declining average uses into account during the course of the annual rate adjustment process. The IR plans Union and EGD propose contemplate that the Demand Side Management ("DSM") matters will be a Y factor adjustment. The evidence also indicates that DSM measures and declines in average use are inter-related. In this context, please provide EGD's response to the following questions:</p> <p>(a) Is there any reason why declines in average use could not be included within the ambit of matters pertaining to a Y factor for DSM or as a separate average use Y factor?</p> <p>(b) Under its proposal, will EGD be determining the declines in average use on an annual basis and allocating the impacts thereof to the various rate classes on an annual basis? If so, then how will the impacts of declining average uses be allocated to the different rate classes?</p>	M. Lister
I-17-13 (IGUA)	4.1	Enbridge Evidence, Exhibit "B", Tab 1, Sch 1, p. 13 of 22	<p>Issue Number: 4.1</p> <p>Issue: Is it appropriate to include the impact of changes in average use in the annual adjustment?</p> <p>Question:</p> <p>Enbridge states that if average use decline accelerates, then the company expects that it would be forced to make significant capital rationing decisions. Please provide all evidence in Enbridge's possession to support the proposition that average use decline will accelerate over the proposed term of the IR Plan;</p>	R. Campbell
I-1-12 (Board Staff)	4.2	Enbridge Ex. B, Tab 3, Sch 3, page 12 of	<p>Issue Number: 4.2</p> <p>Issue: How should the impact of changes in average use be calculated?</p>	I. Chan T. Ladanyi M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
----------------	--------------	------------------	----------------------	--------------------

64

Questions:

Enbridge states in evidence that in the context of Ontario's natural gas demand conditions shaping the average use of facilities is a significant element which causes future conditions facing the regulated firm to differ from historic conditions. In this case the X factor formula must account for future or prospective declines in average use that differs from past trends.

- Please outline, with supporting documentation, the expected revenue changes during the IR plan attributed to forecasted declining average use.
- Please provide Enbridge's estimate, with supporting documentation, of the adjustment that would be required to the price cap formula to mitigate the risk of these significant changes beyond the amount provided in PEG's recommendation.
- Please provide Enbridge's estimate, with supporting documentation, of the adjustment that would be required to the revenue cap formula to mitigate the risk of these significant changes beyond the amount provided in PEG's recommendation.

I-1-13
(Board Staff)

4.2

Enbridge Ex. B, Tab 1, Sch 1, page 8 of 22, para 21

Issue Number: 4.2

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

I. Chan

Question:

Enbridge states in evidence that given the new 2006 Ontario Building Code has improved energy efficiency standards, residential average use during the next five years will decline more than the historical trend, all else being equal.

- Please provide a projection for each year of the proposed plan term of the impact of the new 2006 Ontario Building Code on average use.

I-1-14
(Board Staff)

4.2

Enbridge Ex. B, Tab 1, Sch 1, page 8 of 21, para 23

Issue Number: 4.2

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

R. Campbell
T. Ladanyi

Questions:

Enbridge states in evidence that the volumes and customers for the years 2002-2006 in Table 1 are the following:

Years	EGD Volumes ¹	PEG calculations of EGD's volumes ²	EGD Customers ³	PEG Calculations of Customers ⁴
	MN M ³	MN M ³	Mn <small>Error! Reference source not found.</small>	Mn <small>Error! Reference source not found.</small>
2002	11,776	11,275	1.565	1.567
2003	11,775	12,646	1.615	1.622
2004	11,775	12,257	1.676	1.676
2005	12,298	12,166	1.719	1.725
2006	12,290	NA	1.793	NA
2007	11,776	NA	1.823	NA

- Please confirm that Enbridge's annual volumes and number of customers outlined in Table 1 are based on Board approved forecasts.
- Please confirm that the difference between Enbridge's annual volumes (Enbridge Ex. B, Tab 1, Sch 1, p 8 of 22, para 23) and PEG's annual volumes (Enbridge Ex. D, Tab 2, Sch 1, p 54 of 106) is due to the different weather

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			normalization methodologies. Please explain. c) Please explain the difference between Enbridge's annual number of customers (Enbridge Ex. B, Tab 1, Sch 1, p 8 of 22, para 23) and PEG's annual number of customers (Enbridge Ex. D, Tab 2, Sch 1, p 54 of 106).	
I-3-18 (CCC)	4.2	B/T1/S1/p. 8	Issue Number: 4.2 Issue: How should the impact of changes in average use be calculated? Question: The evidence states that given the new 2006 Ontario Building Code has improved efficiency standards residential average use during the next 5 years will decline more than the historical trend, all else being equal. Please quantify the expected impact. Also, please provide all assumptions used in estimating the impact.	I. Chan
I-3-19 (CCC)	4.2	B/T1/S1/p. 10	Issue Number: 4.2 Issue: How should the impact of changes in average use be calculated? Question: Please explain how recognizing the impact of declining average use is "a built-in proxy for the productivity challenge."	R. Campbell
I-6-2 (GEC)	4.2		Issue Number: 4.2 Issue: Declining Average Use Calculation Question: We understand that the company proposes to continue to rely upon the LRAM that is part of the current 2007-2009 DSM framework. If so, how does the company propose to reflect declining average use in the I.R. formula in a manner that is consistent with the maintenance of an LRAM (i.e. that does not double count the volume reduction and revenue impact of DSM)?	I. Chan T. Ladanyi
ISSUE NUMBER 5 -				
I-9-1 (Pollution Probe)	5	Enbridge Ex. B, Tab 4, Schedules 1 & 2	Issue Number: 5 Issue: Y Factors (re: System Expansion) Question: Please state Enbridge's number of in-franchise new customer additions during each of the last five years.	I. Chan T. Ladanyi
I-9-2 (Pollution Probe)	5	Enbridge Ex. B, Tab 4, Schedules 1 & 2	Issue Number: 5 Issue: Y Factors (re: System Expansion) Question: Please state Enbridge's number of in-franchise new customer additions in 2006 for whom the net present value of their discounted cash flows is forecast to be positive in: a) year 1; b) year 2; c) year 3; d) year 4; and e) year 5.	S. Kancharla T. Ladanyi
I-9-3 (Pollution Probe)	5	Enbridge Ex. B, Tab 4, Schedule 1, p. 12	Issue Number: 5 Issue: Y Factors (re: System Expansion) Question:	T. Ladanyi

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>a) Please state Enbridge's forecast number of new customer additions in 2008 assuming a continuation of the status quo cost of service regulatory framework.</p> <p>b) Assuming a continuation of the status quo cost of service regulatory framework, please state Enbridge's forecast number of new customer additions in 2008 for whom the net present value of their discounted cash flows is forecast to be positive in:</p> <ul style="list-style-type: none"> i. year 1; ii. year 2; iii. year 3; iv. year 4; and v. year 5. <p>c) Assuming the OEB approves Enbridge's proposed incentive regulation framework and assuming the same number of customer additions as provided in your response to part (a) of this question, please state Enbridge's forecast number of new customer additions in 2008 for whom the net present value of their discounted cash flows is forecast to be positive in:</p> <ul style="list-style-type: none"> i. year 1; ii. year 2; iii. year 3; iv. year 4; and v. year 5. 	
I-1-15 (Board Staff)	5.1	Enbridge Ex. B, Tab 6, Sch 1, page 1 of 4, para 1	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions: Enbridge states that the clearance of deferral and variance accounts will occur each year in conjunction with the April 1st QRAM and that it intends to clear the prior years December 31st year end actual balances.</p> <ul style="list-style-type: none"> a) Is Enbridge proposing to derive the unit rates for disposition (and effect the one-time adjustment on the customers' bill) based on actual consumption for the corresponding period? b) Please explain why Enbridge is proposing to clear actual year-end balances as part of the April 1st QRAM instead of clearing forecast year-end balances in the January 1st QRAM? <p>Enbridge proposes to file, as part of the rate filing process, a forecast (eight months of actual and four months of forecast) of its deferral/variance account year-end balances. However, Enbridge is proposing that the actual year-end balances be cleared as part of the April 1st QRAM and not its January 1st QRAM. Is Enbridge proposing that an additional prudence review (i.e., an additional process) be conducted as part of the April 1st QRAM process to deal with the difference between forecast year-end balances and the actual year-end balances?</p>	R. Bourke K. Culbert A. Kacicnik D. Small
I-1-16 (Board Staff)	5.1	Enbridge Ex. B, Tab 5, Sch 1, pages 1-20 of 20	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions:</p> <ul style="list-style-type: none"> a) Please explain why the Deferred Rebate Account (DRA) will also include amounts arising from the differences between actual and forecast volumes used for the purpose of clearing deferral account balances. b) Please provide an illustrative example of the accounting treatment for the amounts to be recorded in the proposed Storage and Transportation deferral account (S&TDA). c) Enbridge proposes that the gas costs associated with the 	I. Chan K. Culbert P. Hoey D. Small

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>UAF variance be calculated at the end of the calendar year based on the estimated volumetric variance between the Board approved level and the estimate of the actual UAF. An adjustment will be made to the UAFVA in the subsequent year to record any differences between the estimated UAF and actual UAF. Based on Enbridge's proposal to clear actual year-end deferral/variance account balances as part of the April 1st QRAM, please explain why this variance account appears to require a different treatment.</p> <p>d) Enbridge is proposing the establishment of a Municipal Permit Fees deferral account. Based on historical number of permits per year, please provide a forecast (or a range) of the amount that Enbridge expects to accumulate annually in this proposed deferral account.</p> <p>i. Please provide a list of municipalities in its franchise area that have passed a by-law to charge utilities for permits.</p> <p>ii. Does Enbridge propose that all permit fees be expensed or would some fees be capitalized? If so, please provide an itemization of permit categories and a description including rationale of their respective accounting treatment.</p> <p>iii. Did Enbridge consider applying for an adjustment to its 2007 base rates that would include a projection for municipal permit fees? Why was that option rejected?</p> <p>e) Please explain the rationale for the continuation of the Ontario Hearing Costs variance account (OHCVA).</p> <p>f) Please provide the annual amounts that were accumulated in the Debt Redemption deferral account (DRDA) over the last 10 years.</p> <p>g) In Exhibit B1, Tab 1, Schedule 1, para. 41, Enbridge states that in the event that the Board revises the ROE Guidelines within the IR plan, the Company proposes that the ROE embedded in the plan be adjusted to reflect the revised Guidelines. Please explain the methodological differences between implementing a change in ROE during the plan term and any interests savings net of costs incurred as a result of a debt redemption.</p> <p>h) Does the Income Tax Rate change Variance Account (ITRCVA) capture tax changes at the federal, provincial, and municipal level? Please explain.</p>	
I-1-17 (Board Staff)	5.1	Enbridge Ex. B, Tab 4, Sch 1, page 5 of 15, para 15	<p>Issue Number: 5.1</p> <p>Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions:</p> <p>Enbridge in its evidence states that a customer attachment will take approximately 12 years to observe the cross-over from revenue deficiency to revenue sufficiency</p> <p>a) Please provide detailed calculations, including all the assumptions, supporting the 12 year cross-over period.</p> <p>b) Do Enbridge's 2007 base rates (i.e., approved revenue requirement) provide for the recovery of the aforementioned deficiency for customer projects that have been completed within the last 10 years?</p> <p>c) Please confirm that, on average, subsequent to year 12, the revenue stream from the customers attached in the last 10 years exceeds costs to provide the service.</p>	S. Kancharla
I-1-18 (Board Staff)	5.1	Enbridge Ex. B, Tab 4, Sch	<p>Issue Number: 5.1</p> <p>Issue: What are the Y factors that should be included in the IR</p>	S. Kancharla T. Ladanyi

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
		1, pages 13-15 of 15, para 2-8	<p>plan?</p> <p>Question: Enbridge states in evidence that projects proposed for Y factor treatment are:</p> <ul style="list-style-type: none"> • Leave to construct (LTC) projects • Power generation customers • System reinforcement and community expansion • Safety and reliability <p>a) Does Enbridge believe that irrespective of a price cap or a revenue cap, it would propose that these types of capital expenditures be included as a Y factor?</p>	
I-1-19 (Board Staff)	5.1	Enbridge Ex. B, Tab 4, Sch 1, pages 13-15 of 15, para 2-8	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions: Enbridge states in evidence that projects proposed for Y factor treatment are:</p> <ul style="list-style-type: none"> • Leave to construct (LTC) projects • Power generation customers • System reinforcement and community expansion • Safety and reliability <p>a) Please provide a forecast over the IR plan term of the capital expenses (annual and total over the plan term) that Enbridge expects to pass-through to customers.</p> <p>b) Please provide the details on how the annual capital expenses would be converted into a Y factor (or cost of service amount)?</p> <p>c) Please quantify the financial impact on a typical residential and commercial customer. In particular, please quantify the financial impacts of capital expenses associated with system reinforcement and safety and reliability projects.</p> <p>d) Please provide a forecast over the IR plan term of the reductions in O&M expenses (annual and total over the plan term) attributable to system reinforcement, cast iron replacement and safety & integrity programs.</p> <ol style="list-style-type: none"> Does Enbridge propose these reductions in O&M be included in the amount to be passed through to customers? Please explain. Please quantify the financial impact for a typical residential and commercial customer. 	K. Culbert A. Kacicnik S. Kancharla T. Ladanyi
I-3-20 (CCC)	5.1	B/T4/S1/p. 12	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: EGD is proposing Y factor treatment for several capital cost categories. Please indicate what proportion of EGD's capital budget in any given year will be subject to pass-throughs under EGD's proposal.</p>	S. Kancharla T. Ladanyi
I-3-21 (CCC)	5.1	B/T4/S1/p. 5	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: EGD has identified residential customer attachments as a challenge the Company faces in the context of an incentive regulation regime. What specific relief is EGD seeking regarding residential system expansion? Under EGD's proposal how will</p>	S. Kancharla T. Ladanyi

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			system expansion be treated?	
I-3-22 (CCC)	5.1	B/T4/S1/p. 5	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: EGD expresses a concern that with respect to residential system expansion undertaken during an IR period the cross-over from revenue deficiency to revenue sufficiency associated with these projects is approximately 12 years. Please explain why this would not be offset by projects undertaken in prior years that would cross over during the plan period.</p>	S. Kancharla T. Ladanyi
I-3-23 (CCC)	5.1	B/T4/S1/p. 13	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: EGD is proposing to establish Y factors for Leave to Construct Projects. Please explain, specifically, how these projects will be treated during the plan period and how the costs and revenues associated with these projects will be incorporated into rates. Would they be added to rate base during the plan? If so, how?</p>	A. Kacicnik S. Kancharla T. Ladanyi
I-3-24 (CCC)	5.1	B/T4/S1/p. 13	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: EGD is proposing to establish a Y factor for Power Generation Customers. Please explain, specifically, how the revenues and costs associated with these customers will be treated during the plan and incorporated into rates. Would they be added to rate base during the plan? If so, how?</p>	A. Kacicnik S. Kancharla T. Ladanyi
I-3-25 (CCC)	5.1	B/T4/S1/p. 14	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: EGD is proposing that "large scale system expansion and reinforcement pipeline projects" be treated as a Y factor. What constitutes "large scale"? Please explain EGD's proposal to deal with these projects during the plan period. Please identify, specifically, how the costs and revenues associated with these projects will be treated during the plan and incorporated into rates. Would they be added to rate base during the plan? If so, how?</p>	A. Kacicnik S. Kancharla T. Ladanyi
I-3-26 (CCC)	5.1	B/T4/S1/p. 14	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions: EGD is proposing that "safety and reliability projects" be treated as Y factors. Please explain, specifically, how the revenues and costs associated with these projects will be treated during the plan and incorporated into rates. Will they be added to rate base during the plan? If so, how?</p>	A. Kacicnik S. Kancharla T. Ladanyi
I-3-27 (CCC)	5.1	B/T4/S1/p. 13	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p>	S. Kancharla T. Ladanyi

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>Question: EGD is proposing that the following categories of capital expenditures be included under the IR model as Y factors: "Leave to Construct Projects", "Power Generation Customers", "System Reinforcement and Community Expansion" and "Safety and Reliability". For each year 2000-2006 please identify how much of the overall capital budgets related to each of these categories. If so, how?</p>	
I-3-28 (CCC)	5.1	B/T4/S1/p. 13	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: Please provide the forecast level of costs and benefits associated with the EnVision Project for the duration of the project. Please identify the cost and benefit levels associated with the EnVision Project that are currently embedded in the 2007 rates. How will EGD ensure that the benefits associated with the EnVision Project flow through to ratepayers during the IR plan term? Would EGD support the establishment of a Y factor to ensure the EnVision benefits that are realized flow to ratepayers? If not, why not?</p>	T. Ladanyi
I-5-2 (Energy Probe)	5.1	Enbridge Exhibit B, Tab 4, Schedule 1, p. 5	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions:</p> <ul style="list-style-type: none"> 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. 	S. Kancharla T. Ladanyi
I-5-3 (Energy Probe)	5.1	Enbridge Exhibit B, Tab 4, Schedule 1	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions:</p> <ul style="list-style-type: none"> 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. 	R. Campbell
I-6-3 (GEC)	5.1		<p>Issue Numbers: 5.1 and 5.2 Issue: Y factors and criteria for disposition</p> <p>Questions:</p> <ul style="list-style-type: none"> a) Does the company agree that an LRAM is not needed under a revenue cap I.R. framework? b) Does the company agree that if an LRAM is maintained under a revenue cap I.R. framework any balancing account that seeks to maintain revenue levels within the level allowed must adjust for LRAM revenue? If so how will the time lag in finalizing the LRAM amount be handled? 	I. Chan T. Ladanyi
I-7-8 (LPM)	5.1	Exhibit B, Tab 4, Schedule 1, page 3 - 4	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p>	R. Campbell P. Hoey

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>Questions:</p> <p>The evidence indicates that an IR model provides shareholders with no incentive to invest any capital in the business than the minimum amount to maintain total rate base at the approved 2007 levels.</p> <p>a) What is the incentive to the shareholder to maintain rate base at 2007 levels as compared to letting rate base decline, thereby earning a higher return on equity?</p> <p>b) Does Enbridge believe that it would increase capital spending near the end of the IR term in order to increase rate base in time for the COS rebasing? If not, why not?</p>	
I-7-9 (LPM)	5.1	Exhibit B, Tab 4, Schedule 1, page 5	<p>Issue Number: 5.1</p> <p>Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question:</p> <p>The evidence states that currently a residential customer attachment will take approximately 12 years to observe the cross-over from revenue deficiency to revenue sufficiency. Based the average cost of approximately \$2,500 of capital expenditure per attachment, please provide the associated total cost of service associated with this attachment, including the O&M expenditures of \$70 per year, depreciation, return on capital, capital taxes, income taxes and any other component of the cost of service. Please show the above costs separately and identify all assumptions used in their calculation.</p>	S. Kancharla T. Ladanyi
I-7-10 (LPM)	5.1	Exhibit B, Tab 4, Schedule 1, page 5	<p>Issue Number: 5.1</p> <p>Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions:</p> <p>The evidence states that during the first 12 years the investor is earning less than the allowed COS equivalent ROE.</p> <p>a) Given that rates are set in COS to earn the ROE, does this mean that after the first 12 years in the example provided, the investor is earning more than the allowed COS equivalent ROE? If not, why not?</p> <p>b) What portion of Enbridge's current residential customers have been customers for more than 12 years?</p> <p>c) Are the customers that were added more than 12 years ago providing the shareholder with a return above the COS ROE determined in the 2007 rates proceeding? Please explain.</p>	S. Kancharla T. Ladanyi
I-7-11 (LPM)	5.1	Exhibit B, Tab 4, Schedule 1, page 8 - 9	<p>Issue Number: 5.1</p> <p>Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions:</p> <p>a) Please confirm that any reduction in O&M costs or any economies of scope due to the addition of customers and/or load are also impacts that accrue entirely to the shareholder.</p> <p>b) Please provide all calculations and assumptions used to generate the \$8 million figure.</p> <p>c) Does the calculation of the \$8 million figure include cost reductions to the capital cost allowance available? If not, why not?</p> <p>d) What assumptions are included in the reduction of O&M costs related to repair and maintenance and emergency response costs?</p> <p>e) What assumptions have been made related to the longer term impact on depreciation rates? If no change has been assumed,</p>	S. Kancharla T. Ladanyi

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>please explain why.</p> <p>f) What assumptions have been made about the removal of the net book value of the pipe being replaced?</p>	
I-7-12 (LPM)	5.1	Exhibit B, Tab 4, Schedule 1, page 9	<p>Issue Number: 5.1</p> <p>Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions:</p> <p>The evidence states that for any incremental non-revenue generating capital investment during IR the Company earns zero ROE during the IR period.</p> <p>a) Please confirm that some non-revenue generating capital investments will reduce O&M costs and/or increase productivity.</p> <p>b) Please confirm that non-revenue generating capital investments qualify for capital cost allowance that results in reductions in come tax.</p> <p>c) Please provide all the assumptions used to conclude that the company earns zero ROE during the IR period on any incremental non-revenue generating capital investment.</p>	S. Kancharla T. Ladanyi
I-7-13 (LPM)	5.1	Exhibit B, Tab 4, Schedule 1, page 11	<p>Issue Number: 5.1</p> <p>Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions:</p> <p>The evidence states that shareholders must be adequately compensated for their investments and therefore the IR plan must appropriately address this issue.</p> <p>a) In light of this statement, does Enbridge believe that the weather risk should continue to be borne by the shareholders? If yes, please explain.</p> <p>b) In light of this statement, why has Enbridge not proposed a balancing account that would ensure that the revenue requirement is ultimately recovered?</p>	J. Denomy P. Hoey
I-7-14 (LPM)	5.1	Exhibit B, Tab 4, Schedule 1, Appendix A	<p>Issue Number: 5.1</p> <p>Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions:</p> <p>a) Is Enbridge proposing that any revenues generated by the LTC projects and the power generation projects be used to offset the associated cost of service associated with the capital expenditures on projects as part of the Y factor? If not, why not?</p> <p>b) Please confirm that the proposed Y factor is only for capital expenditures and nor for any ongoing O&M costs associated with the additional customers.</p> <p>c) Does the Y factor associated with capital expenditures as described include the following costs: interest cost on additional debt, approved return on additional equity, depreciation costs? What are other COS costs would be included in the pass through?</p> <p>d) Does the Y factor associated with capital expenditures as described include the reduction in income taxes associated with the incremental CCA and interest costs available to reduce taxable income? If not, why not?</p> <p>e) Given that the revenues generated annually from new customer additions are in excess of the incremental O&M costs (Exhibit B, Tab 4, Schedule 1, pp. 15) would these additional revenues be used to offset the pass-through costs? If not, why not?</p> <p>f) Given that the assets to be covered under this proposal will need to be tracked separately from other assets, has Enbridge considered the possibility of estimating and using specific depreciation rates for these assets which could be considerably</p>	R. Campbell P. Hoey S. Kancharla T. Ladanyi

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			lower than the existing depreciation rates? If not, why not?	
I-8-3 (OAPPA)	5.1	EGDI Exhibit B, Tab 1, Schedule 1, page 17, para. 39	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions:</p> <ul style="list-style-type: none"> a) Please explain how EGDI's proposal for a revenue cap will affect the EB-2006-0034 settlement of Issue 6.4 with respect to the treatment of the T-service credit (Exhibit N1, Tab 1, Schedule 1, page 40)? b) What is the current estimate of the period of time over which the treatment of the T-service credit referenced in (a) will be required? 	J. Collier A. Kacicnik
I-11-54 (SEC)	5.1	B/1/1/17	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: 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.</p>	K. Culbert A. Kacicnik
I-11-55 (SEC)	5.1	B/4/1/2 and 5	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: 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.</p>	S. Kancharla T. Ladanyi
I-11-56 (SEC)	5.1	B/4/1/5	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: Please confirm the following financial parameters relating to a current residential customer attachment (all on a full-year basis):</p> <ul style="list-style-type: none"> 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 	K. Culbert J. Denomy S. Kancharla T. Ladanyi
I-11-57 (SEC)	5.1	B/4/1/5	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: Please provide similar financial parameters to those in the last question, but applicable to an average Rate 6 attachment.</p>	K. Culbert J. Denomy S. Kancharla T. Ladanyi

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
I-11-58 (SEC)	5.1	B/4/1/11	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: 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.</p>	S. Kancharla
I-11-59 (SEC)	5.1	B/4/1/13-15	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Question: 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.</p>	S. Kancharla T. Ladanyi
I-13-15 (VECC)	5.1	Exhibit B, Schedule 1, Tab 1 Page 17, Para. 39 and specific references as noted	<p>Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan?</p> <p>Questions: General a) Other than gas supply and ex-franchise costs such as upstream transportation tolls, why should any Y factors be necessary? Please explain why all other costs should not be managed within the distribution revenue requirement cap.</p> <p>Capital Investment b) For capital investment what/where is the dividing line between new residential customer attachments and leave to constructs for new communities? Explain in detail, including references to EBO 188. [B-T4-S1 Page 12 Para 30] c) Provide a schedule summarizing Board-Approved historic budgets (10 years) and calculated growth rates in capital expenditures for each of System Safety and Integrity, and Leaves to Construct. Show Approved Total Capital Budgets for comparison and calculate the percentage of the total represented by each of System Safety and Integrity and Leaves to Construct. Provide the 10 year average, mean and standard deviation. [B-T4-S1 Page 14, Para 6] c) Do leaves to construct include system expansion and/or reinforcements or both? [B-T4-S1 Page 14, Para 5] Provide a breakdown of the 10 year history for each category.</p> <p>Operating Costs d) Provide a Table showing the following i) projected 2008-2012 O&M budgets, including escalation at EGDI's proposed rate of 2.01%, for DSM Program costs and CIS/Customer Care costs per the Settlement Agreements. ii) projected DSM Program costs and CIS/Customer Care costs per the Settlement Agreements 2008-2012 on a per customer basis assuming a growth rate of 50,000 customers per year and escalation of 2.01%.</p>	R. Bourke R. Campbell K. Culbert P. Hoey A. Kacicnik S. Kancharla T. Ladanyi M. Lister D. Small

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			Deferral Accounts General e) If a Balancing Account related to volumes is established as suggested by PEG and as used in other jurisdictions, why would <u>any</u> volume related deferral accounts be necessary? Please explain why EGD's proposed RCI does not incorporate this feature in order to reduce regulatory complexity and burden. f) For all non-gas supply and transactional services-related deferral/variance accounts provide a schedule showing, for each, the historic (10 years) annual amounts accrued. Provide totals, averages, mean and standard deviation. [B-T4-S1 Page 6, Para 7, Items 5-16 inclusive] g) For DSM-related variance accounts why would an LRAMVA be required if prior year actual, rather than forecast, volumes (with/without volume-related balancing account) were used to set rates? Please explain in detail. [B-T4-S1 Page 7, Para 7, Items 17-19 inclusive] h) Why is an SSMVA required, if prior year audited net TRC results were available to provide the test year Y factor adjustment? Please explain.	
I-17-22 (IGUA)	5.1	Enbridge Evidence, Exhibit "B", Tab 4, Sch 1, p. 1 of 15	Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan? Questions: Enbridge proposes pass throughs at cost of service for certain system safety and integrity projects, and leave to construct applications for power generation customers in new communities. (a) Please list all system safety and integrity projects and leave to construct applications which Enbridge proposes pass throughs at a cost of service. (b) For each of the projects and applications listed in (a), please identify the anticipated date to commence those projects or file the applications. (c) For each of the projects and applications identified in (a), please identify the anticipated cost and show the anticipated allocation of those costs by rate class.	T. Ladanyi
I-17-23 (IGUA)	5.1	Enbridge Evidence, Exhibit "B", Tab 4, Sch 1, pp. 3 to 7 of 15	Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan? Questions: Enbridge has set out the challenges it will face with respect to capital investments, including residential customer attachments, natural gas fired power generation projects, repair and replacement projects, and reinforcement projects. As well, the company has set out its concerns with respect to declining average use. Given all of these challenges, why has Enbridge applied for an IR regulation model instead of a traditional Cost of Service Application?	R. Campbell
I-17-24 (IGUA)	5.1	Enbridge Evidence, Exhibit "B", Tab 4, Sch 1, p. 11 of 15	Issue Number: 5.1 Issue: What are the Y factors that should be included in the IR plan? Questions: Enbridge states that ensuring that shareholders are appropriately compensated for their investment in Ontario must be accommodated in the IR Plan approved by the Board. (a) Please define what is meant by "appropriately compensated"; (b) Is it Enbridge's position that the IR Plan should be developed so that the shareholder will receive, at a minimum, the current	R. Campbell M. Lister

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
I-6-4 (GEC)	5.2		<p>Board approved ROE. Issue Number: 5.2 Issue: What are the criteria for disposition of Y factors?</p> <p>Question: How does the company propose to include the known costs of DSM in the 2008 and 2009 years and the unknown costs post 2009 in annual rates? For example, will the costs be forecast and included in rates as a Y factor in the year or captured in a deferral account for inclusion in rates in a subsequent period?</p>	J. Collier A. Kacicnik
I-7-15 (LPM)	5.2	Exhibit B, Tab 4, Schedule 1	<p>Issue Number: 5.2 Issue: What are the criteria for disposition of Y factors?</p> <p>Question: a) Is Enbridge proposing any criteria for the disposition of the Y factor for the proposed capital expenditures? b) Is Enbridge proposing how the proposed capital expenditure Y factor should be allocated among rate classes or would this be proposed as part of the annual filings? Please explain how this process would work.</p>	A. Kacicnik
I-7-16 (LPM)	5.2	Exhibit B, Tab 4, Schedule 2	<p>Issue Number: 5.2 Issue: What are the criteria for disposition of Y factors?</p> <p>Question: Is Enbridge proposing how the proposed Y factors for DSM program costs and CIS/Customer Care costs should be allocated among rate classes or would this be proposed as part of the annual filings? Please explain how this process would work.</p>	R. Bourke K. Culbert A. Kacicnik
ISSUE NUMBER 6 -				
I-1-20 (Board Staff)	6.1	Enbridge Ex. B, Tab 1, page 17 of 22, para 40	<p>Issue Number: 6.1 Issue: What are the criteria for establishing Z factors that should be included in the IR plan?</p> <p>Questions: Enbridge states in evidence that Z factors be related to:</p> <ul style="list-style-type: none"> • Changes in statutes • Changes in regulations • Changes in financial accounting reporting requirement guidelines • Regulatory orders • Uninsured losses • Litigation costs <p>a) Please give examples of each of the listed Z factor events. For example, do changes in statutes include changes to provincial and municipal tax laws?</p> <p>b) Please confirm that the Z factor amounts would be symmetrical (i.e., positive or negative amounts)?</p>	R. Campbell
I-3-29 (CCC)	6.1	B/T1/S1, p. 18	<p>Issue Number: 6.1 Issue: What are the criteria for establishing Z factors that should be included in the IR plan?</p> <p>Question: EGD has cited "uninsured losses" and "litigation costs" as potential Z-factors. Please explain specifically what types of uninsured losses and litigation costs are contemplated.</p>	R. Campbell
I-3-30 (CCC)	6.1	B/T5/S1/p. 7	<p>Issue Number: 6.1 Issue: What are the criteria for establishing Z factors that should</p>	D. Small

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u> be included in the IR plan?	<u>WITNESS(ES)</u>
			<p>Question: Please identify any changes EGD is proposing with respect to its 2008 Purchased Gas Variation Account.</p>	
I-3-31 (CCC)	6.1	B/T5/S1/p. 7	<p>Issue Number: 6.1 Issue: What are the criteria for establishing Z factors that should be included in the IR plan?</p> <p>Question: Please fully explain how the costs and revenues associated with the Electric program Earnings Sharing Deferral Account are currently treated. Please explain the way in which EGD calculates the fully allocated costs associated with these initiatives.</p>	K. Culbert
I-3-32 (CCC)	6.1	B/T5/S1/p. 15	<p>Issue Number: 6.1 Issue: What are the criteria for establishing Z factors that should be included in the IR plan?</p> <p>Question: EGD is proposing a new account, the 2008 Municipal Permit Fees Deferral Account. Please provide an estimate of the costs expected to be captured in that account in 2008. Please provide all assumptions used to arrive at that forecast.</p>	K. Culbert
I-7-1 (LPM)	6.1	Exhibit B, Tab 1, Schedule 1, page 17 – 18	<p>Issue Number: 6.1 Issue: What are the criteria for establishing Z factors that should be included in the IR plan?</p> <p>Questions: Under the Enbridge proposal, would each of the following qualify as a Z factor? Please explain. a) changes in federal income tax rates and/or capital cost allowance rates? b) changes in provincial income tax rates and/or capital cost allowance rates? c) changes in provincial capital tax rates? d) new permit fees from municipalities?</p>	R. Campbell
I-7-17 (LPM)	6.1	Exhibit B, Tab 5, Schedule 1, page 15	<p>Issue Number: 6.1 Issue: What are the criteria for establishing Z factors that should be included in the IR plan?</p> <p>Questions: a) Is the 2008 Municipal Permit Fees Deferral Account a Y factor or Z factor adjustment in the Enbridge proposal? b) Union Gas has proposed that permit fees be a Z factor. If Enbridge is proposing that permit fees be a Y factor, please explain why Enbridge it has been classified as a Y factor instead of a Z factor.</p>	R. Campbell K. Culbert
I-11-60 (SEC)	6.1	B/1/1/18	<p>Issue Number: 6.1 Issue: What are the criteria for establishing Z factors that should be included in the IR plan?</p> <p>Questions: 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</p>	R. Campbell P. Hoey

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			3 rd 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.	
I-11-61 (SEC)	6.1	B/5/1/20	Issue Number: 6.1 Issue: What are the criteria for establishing Z factors that should be included in the IR plan? Question: 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?	K. Culbert P. Hoey
I-7-2 (LPM)	6.2	Exhibit B, Tab 1, Schedule 1, page 18	Issue Number: 6.2 Issue: Should there be materiality tests, and if so, what should they be? Questions: a) Please confirm that the materiality threshold proposed by Enbridge 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 Enbridge 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	R. Campbell P. Hoey

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>Enbridge's materiality test proposal envision?</p> <p>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 Enbridge 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?</p> <p>d) Please define a Z factor event in the context it is used in paragraph 42.</p> <p>e) If the provincial corporate tax rate decreased, resulting in a reduction to Enbridge 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.</p>	
ISSUE NUMBER 7-				
I-11-62 (SEC)	7.1		<p>Issue Number: 7.1</p> <p>Issue: How should the impact of the NGEIR decisions, if any, be reflected in rates during the IR plan?</p> <p>Question:</p> <p>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.</p>	P. Hoey A. Kacicnik
I-16-2 (TransAlta)	7.1	Enbridge Exhibit B, Tab 6, Page 2	<p>Issue Number: 7.1</p> <p>Issue: How should the impact of the NGEIR decisions, if any, be reflected in rates during the IR plan?</p> <p>Questions:</p> <p>(a) Please identify any and all changes to base rates resulting from NGEIR that have been incorporated into the EB-2006-0034 Draft Rate Order.</p> <p>(b) Please identify any and all changes to rates resulting from NGEIR that have yet to be incorporated into the EB-2006-0034 Draft Rate Order.</p> <p>(c) Please provide, in unit rate (\$/GJ) and by percentage, the current estimated impact of these NGEIR changes estimated in the components provided in the tables provided in (b) above for 2008-2012.</p> <p>(d) Please provide: (i) the current estimates of the number of large volume customers migrating to Rates 125, 300, 315 and 316, and the assumptions used to formulate this data used for the purposes of the 2008 Unbundled Rate Customer Migration VA; and (ii) the actual number of customers that will have migrated as of September 1, 2007.</p> <p>(e) Please provide any and all: (i) rate impacts; and (ii) change in services or fees that EGD has included in its evidence and/or intends to bring forward during the R plan term following the Board's decision in EB-2006-0322; EB-2006-0338; EB-2006-0340.</p>	J. Collier P. Hoey A. Kacicnik

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
I-16-3 (TransAlta)	7.1	Enbridge Exhibit B, Tab 6, Page 2	Issue Number: 7.1 Issue: How should the impact of the NGEIR decisions, if any, be reflected in rates during the IR plan?	J. Collier A. Kacienik
			Questions: (a) Please describe any changes in services and impacts in rates related to any EGD activities pertaining to an automated solution to facilitate customer migration as per EGD's commitment in the EB-2005-0551 Settlement Agreement.	
I-16-4 (TransAlta)	7.1	Enbridge Exhibit B, Schedule 1, Tab 1, Page 17, Exhibit B, Schedule 1, Tab 4, Pages 5-6, Pages 11- 12,, Exhibit B, Schedule 2, Tab 4, Page 1	Issue Number: 7.1 Issue: How should the impact of the NGEIR decisions, if any, be reflected in rates during the IR plan?	R. Campbell J. Collier P. Hoey A. Kacienik
			Questions: a) How will the Y-factor expenses be reviewed, given that they are to be incorporated on an annual basis? b) How will any large increases in Y-factor expenses be incorporated, given that a large increase would have a significant impact if incorporated on an annual basis? c) Please describe exactly how upstream transportation credits will be treated and charged to customers under EGD's IR plan? Does the Company anticipate that this will change upon the implementation of the new CIS system? Does the company anticipate that any costs/benefits related to T-service credit accounting and billing will be included in rates? If so please describe the mechanism and specifically indicate if this will be included in the Y-factor expenses? If not, how is this accounted for in the IR plan?	
ISSUE NUMBER 8 -				
I-3-33 (CCC)	8.1	B/T1/S1/p. 18	Issue Number: 8.1 Issue: What is the appropriate plan term for each utility?	R. Campbell P. Hoey
			Question: EGD proposes a term of five years for its IR plan period. Specifically, the evidence states that "a longer term is desirable to provide sufficient horizon for the recovery of investments and to identify and capture capital program efficiency improvements." Please provide examples of the capital program efficiency improvements EGD is referring to that would be restrained within the context of a shorter term plan.	
I-7-7 (LPM)	8.1	Exhibit B, Tab 3, Schedule 1, page 37	Issue Number: 8.1 Issue: What is the appropriate plan term for each utility?	R. Campbell P. Hoey
			Questions: a) If the company is concerned about the potential compounding of the risks associated with reduced output and increased input requirements going forward, why is Enbridge proposing a five year term? b) If the term plan was three years, would the compounding problem be as severe as with a five year plan?	
I-11-63 (SEC)	8.1	B/1/1/18	Issue Number: 8.1 Issue: What is the appropriate plan term for each utility?	R. Campbell P. Hoey
			Question: Please advise whether Enbridge would be comfortable with a plan term longer than five years, such as ten years. Please advise	

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u> what changes, if any, would have to be made to Enbridge's application to make a ten year IR period acceptable to Enbridge.	<u>WITNESS(ES)</u>
I-11-64 (SEC)	8.1	B/1/1/18	<p>Issue Number: 8.1 Issue: What is the appropriate plan term for each utility?</p> <p>Question: 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?</p>	R. Campbell P. Hoey
I-13-16 (VECC)	8.1	Exhibit B, Tab 1, Schedule 1, Pages 19-20, Para 48-49	<p>Issue Number: 8.1 Issue: What is the appropriate plan term for each utility? Preamble: EGD has rejected a symmetric ROE-based Off-ramp</p> <p>Questions: a) What is EGD's position on a mid-term review and if one was ordered by the Board, what would be the scope of any such review? b) What would EGD propose as the financial parameters that would determine if an off ramp was appropriate and how would these apply to the proposed RCI formulation?</p>	R. Campbell P. Hoey
ISSUE NUMBER 9				
I-1-21 (Board Staff)	9.1	Enbridge Ex. B, Tab 1, pages 19-20 of 22, para 6	<p>Issue Number: 9.1 Issue: Should an off-ramp be included in the IR plan?</p> <p>Questions: Enbridge states in evidence that an off ramp from the IR plan in the event that there are significant and unanticipated developments that threaten the sustainability of the plan (in terms of expected outcomes). Such developments could be natural (e.g., devastation in the franchise due to hurricanes, floods), social (e.g., war) or economic (e.g., high inflation). a) Please provide examples of unexpected outcomes in terms of the IR plan. b) Please confirm that the impact of inflation would be captured in the inflation factor, GDP IPI FDD. c) Please explain why the amounts related to natural disasters such as "devastation in the franchise due to hurricanes and floods" should not be considered for recovery as a Z factor. d) Does Enbridge envision an economic off-ramp that would include the situation where the actual earnings are below an acceptable ROE? Please explain.</p>	R. Campbell J. Denomy
I-1-65 (SEC)	9.2	B/1/1/20	<p>Issue Number: 9.2 Issue: If so, what should be the parameters?</p> <p>Question: 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?</p>	R. Campbell P. Hoey
I-1-66	9.2	B/1/1/20	<p>Issue Number: 9.2</p>	R. Campbell

INTERROGATORY INDEX

<u>EXHIBIT (SEC)</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>Issue: If so, what should be the parameters?</p> <p>Question: 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?</p>	J. Denomy P. Hoey
ISSUE NUMBER 10 -				
I-1-22 (Board Staff)	10.1	Enbridge Ex. B, Tab 1, page 1 of 22, para 2	<p>Issue Number: 10.1 Issue: Should an ESM be included in the IR plan?</p> <p>Questions: In this exhibit, the Company provides the rationale for and details of the revenue cap, calculated on a per customer basis, for the five year period 2008 to 2012.</p> <ul style="list-style-type: none"> a) Please confirm that Enbridge is not proposing an ESM in the IR plan. b) Please outline the rationale for Enbridge's position. For example, does Enbridge believe that an ESM dilutes the incentive to achieve efficiencies? 	R. Campbell
I-1-34 (CCC)	10.1	B1/T1/S1	<p>Issue Number: 10.1 Issue: Should an ESM be included in the IR plan?</p> <p>Question: Please explain, in detail, why EGD is opposed to an Earnings Sharing Mechanism. Please explain, under what circumstances, EGD would support an ESM for its IR plan.</p>	R. Campbell P. Hoey
I-7-21 (LPM)	10.1	Exhibit D, Tab 5, Schedule 1	<p>Issue Number: 10.1 Issue: Should an ESM be included in the IR plan?</p> <p>Question: Please confirm that the majority of the plans listed in Appendix 1 of the article include some form of earnings sharing.</p>	R. Campbell
I-11-67 (SEC)	10.1	B/3/1/1	<p>Issue Number: 10.1 Issue: Should an ESM be included in the IR plan?</p> <p>Question: 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]</p>	R. Campbell P. Hoey
I-13-17 (VECC)	10.1	specific references as noted	<p>Issue Numbers: 10.1 and 10.2 Issue 10.1: Should an ESM be included in the IR plan? Issue 10.2: If so, what should be the parameters?</p> <p>Question: a) Provide a clear explanation of EGDs position on Earnings Sharing with appropriate supporting references. b) Confirm that the Econanalysis (sic) Survey provided as Exhibit D-T5-S1 in Appendix 1 shows that of the 15 PBR/IRM schemes reviewed 12 have some form of earnings sharing or over/under</p>	R. Campbell P. Hoey

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			earnings adjustment. c) Since EGD is using the Econanalysis (sic) Survey as support for a revenue cap vs rate cap, Comment on the inclusion/exclusion of ES for each type of IRM. d) If EGD was requested by the Board to propose an earnings sharing /over/under earnings adjustment, outline the parameters of its proposal (for example symmetric/asymmetric, deadband etc.)	
I-17-6 (IGUA)	10.1	EGD Evidence, Ex.B, Tab 1, Schedule 1	<p>Issue Numbers: 10.1 and 10.2 Issue 10.1: Should an ESM be included in the IR plan? Issue 10.2: If so, what should be the parameters?</p> <p>Question: IGUA is interested in obtaining EGD's views on matters pertaining to the appropriateness of including or excluding an Earnings Sharing Mechanism ("ESM") as a feature of its IR plan. In this context, please provide EGD's responses to the following questions: (a) In EGD's view, does a regulator have a continuing obligation over the duration of an IR regime to monitor the rates being charged to assess whether they remain within just and reasonable limits and are not producing unreasonable returns for utility shareholders? (b) In EGD's view, is an ESM feature of an IR plan equivalent to treating a portion of equity return, in excess of the utility allowed return, as either a Y factor or a Z factor adjustment to rates? (c) Is an excessive return "off-ramp" equivalent to a 100% ESM mechanism in favour of the ratepayers? (d) Did the comprehensive IR plan EGD was urging stakeholders to adopt a few years ago include an ESM mechanism? If so, please provide details of the ESM proposal EGD was then making.</p>	R. Campbell
ISSUE NUMBER 11 -				
I-1-23 (Board Staff)	11.1	Enbridge Ex. B, Tab 6, Sch 1, page 4 of 4, para 12	<p>Issue Number: 11.1 Issue: What information should the Board and stakeholders be provided with during the IR plan?</p> <p>Question: In its evidence on Reporting Requirements, Enbridge states that any further reporting requirements would be onerous and counterproductive. a) Would filing the following additional information on an annual basis be onerous and counter-productive – Standard ROE calculation schedules and Capital expenditures (annual actual capital expenditures by USoA accounts)?</p>	K. Culbert A. Kacicnik
I-11-68 (SEC)	11.1	B/6/1/1	<p>Issue Number: 11.1 Issue: What information should the Board and stakeholders be provided with during the IR plan?</p> <p>Question: 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.</p>	T. Ladanyi
I-11-69	11.3	B/6/1/3	Issue Number: 11.3	R. Campbell

INTERROGATORY INDEX

<u>EXHIBIT</u> (SEC)	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>Issue: What should be the process and the role of the Board and stakeholders?</p> <p>Question: 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?</p>	K. Culbert
ISSUE NUMBER 12 -				
I-12-1 (TCE)	12	Enbridge Gas Distribution, Exhibit B, Tab 1, Schedule 1	<p>Issue Number: 12 Issue: Rate-Setting Process</p> <p>Questions:</p> <ul style="list-style-type: none"> (a) Under the Revenue Cap Proposal, please explain how EGD would adjust existing rates to determine rates effective January 1, 2008. Please provide and explain any difference in methodology between rate classes. (b) Under the Revenue Cap Proposal, please describe what information EGD would provide and the methodology for determining rates, by rate class, effective January 1, 2009 and the remaining years of the Incentive Ratemaking term. (c) Please explain the effect on Rate 125 if the number of EGD residential customers were to increase by 50,000. Please exclude the effects of other escalators (GDPP, X, Y, Z). (d) Is it EGD's intent to adjust Rate 125 and other large volume customer rates if the number of residential customers increases? i.e. Does an increase in the number of residential customers cause an increase in Rate 125, all other factors held constant? (e) Is it EGD's proposal to calculate its 2008 revenue requirement by increasing its 2007 revenue requirement by 2.01% plus the percentage increase in customers in 2008 compared to 2007 plus changes resulting from the application of Y and Z factors? If not, please explain. 	J. Collier A. Kacienik
I-8-7 (OAPPA)	12.1	EGDI Exhibit B, Tab 1, Schedule 1, pages 21-22, para. 52-53	<p>Issue Number: 12.1 Issue: Annual Adjustment</p> <p>Questions:</p> <ul style="list-style-type: none"> a) Please list the specific steps involved in adjusting rates under a revenue cap plan at the beginning of each year of the term. b) Using current Rates 115 and 170 as the base, please provide sample calculations to illustrate specifically how EGDI's revenue cap formula would be applied to arrive at new adjusted rates. c) Please complete the table that follows on the next page. If EGDI is unable to complete the table at this time, please confirm that the information will be provided once EGDI has filed its proposed 2008 rates. 	J. Collier A. Kacienik
I-11-70 (SEC)	12.1		<p>Issue Number: 12.1 Issue: Annual Adjustment</p> <p>Question: Please Obtain</p>	

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
I-1-24 (Board Staff)	12.1.1	Enbridge Ex. D, Tab 3, Sch 1, pages 15-16	<p>Issue Number: 12.1.1 Issue: What should be the information requirements?</p> <p>Question: In its application, Enbridge states that in the event that a final rate Order is not in place on January 1, 2008, the Company requests that interim rates be set and implemented as of January 1, 2008.</p> <p>Please clarify if: 1) Enbridge is requesting that its 2007 base rates (once approved by the OEB) be declared interim as of January 1, 2008 or (2) the Company is intending to come forward with a proposal for an Interim Rate Order that would supersede, on an interim basis, the 2007 Board approved rates until such time that a final Rate Order is issued and effected in rates. If the latter is applicable, please indicate when Enbridge will be filing its proposal.</p>	P. Hoey A. Kacicnik
I-7-18 (LPM)	12.1.1	Exhibit B, Tab 6, Schedule 1, page 1	<p>Issue Number: 12.1.1 Issue: What should be the information requirements?</p> <p>Question: In the absence of cost allocation information, what type of supporting documentation will Enbridge file to support how rates would be adjusted to reflect the overall distribution revenue requirement?</p>	A. Kacicnik
I-13-18 (VECC)	12.1.1	Enbridge Exhibit B, Tab 6, Schedule 1, Page 1, Para 1	<p>Issue Numbers: 12.1.1 and 12.1.2 Issue 12.1.1: What should be the information requirements? Issue 12.1.2: What should be the process, the timing, and the role of the stakeholders. Preamble: "The devil is in the details"</p> <p>Questions:</p> <ol style="list-style-type: none"> For the volume and customer forecasts- will year to date (Bridge year) information be provided. Compare the degree day/ volume forecast filing to the 2007 rate case filing in terms of a list of the Exhibits/Tabs to be provided. What process does EGD propose for regulatory review of forecasts for example IR's, Technical Conference(s)? Why would not EGD use historic year volumes combined with a balancing account? What other Cost of Service reviews are proposed for example Capital programs/projects, DSM Budgets deferral and variance accounts. Indicate relative to the 2007 rate case filing, the extent of evidence to be provided and the proposed regulatory process. 	R. Bourke R. Campbell K. Culbert P. Hoey A. Kacicnik
I-11-71 (SEC)	12.2		<p>Issue Number: 12.2 Issue: New energy services</p> <p>Question: Please confirm</p>	
I-8-4 (OAPPA)	12.2.1	EGDI Exhibit B, Tab 6, Schedule 1, pages 2-3, para. 4-6	<p>Issue Number: 12.2.1 Issue: What should be the criteria to implement a new energy service?</p> <p>Questions: EGDI explains it supports having the flexibility during the term of its revenue cap plan to develop new services.</p> <ol style="list-style-type: none"> Please list and describe all new energy services that EGDI anticipates may be required over the term of the 	J. Collier A. Kacicnik

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			incentive ratemaking plan. b) What specific criteria will EGD use to decide whether or not a new energy service should be implemented?	
I-15-1 (Coral)	12.2.1	Exhibit 4, Schedule 1, Page 5, Page 7, Pages 13- 15	<p>Issue Numbers: 12.2.1 and 12.4.3 Issue: What should be the criteria to implement new energy and non-energy services?</p> <p>Questions:</p> <ul style="list-style-type: none"> a) Please provide any and all EGD and EI business plans, strategy documents, internal memos and related internal communications related to any new rates and services that EGD may propose over the term of the IR plan. b) Please identify whether there is any intention to provide any new rates or services that include commodity bundled with storage and/or transportation services. If so, please indicate the basis upon which (cost-based, market based, or some variant thereof) storage will be charged to (each of in-franchise and ex-franchise) customers who wish to purchase: (i) strictly storage or transportation from EGD; and (ii) storage or transportation from EGD and commodity from EGD (in which case please also identify how the commodity will be charged). c) Please list any and all new services that you have considered or are considering implementing during the IR plan, including any services that assist customers in managing or balancing their supply and other related obligations and/or credit, if applicable. d) Please provide the forecast revenue associated with each of the new services identified above for each year of the IR plan. Please provide any forecast profits to EI or EGD or any related entity associated with each of the new services identified above for each year of the IR plan. e) Please indicate any and all EGD/EI affiliates and related entities that may be involved in the provision of any new services the EGD large industrial customers during the plan term. f) To the extent possible at this time, please identify which Enbridge entities will be providing each of the contemplated new services. g) Please indicate precisely how EGD intends to account for and remunerate any and all affiliates for any new services provided to large industrial customers during the term of its proposed revenue cap IR. h) In the event that EGD affiliates or related entities provide new services to EGD industrial customers during the plan term, how will such services be billed? i) Please outline the detailed process that EGD will follow from: (i) the first internal intention to proceed with a new service; through to (ii) the latter of Board approval/EGD implementation of such new services. Please highlight how and when stakeholders and affected customers will be involved 	K. Culbert P. Hoey A. Kacicnik T. Ladanyi
I-11-72 (SEC)	12.3	B/6/1/2	<p>Issue Number: 12.3 Issue: Changes in rate design</p> <p>Question: 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</p>	P. Hoey A. Kacicnik

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u> participate fully in the application, and a hearing (oral or written) for the Board to determine the issues.	<u>WITNESS(ES)</u>
I-11-73 (SEC)	12.3	B/6/1/2	<p>Issue Number: 12.3 Issue: Changes in rate design</p> <p>Question: 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.</p>	P. Hoey A. Kacicnik
I-11-74 (SEC)	12.3	B/6/1/2	<p>Issue Number: 12.3 Issue: Changes in rate design</p> <p>Question: 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?</p>	P. Hoey A. Kacicnik
I-11-75 (SEC)	12.3	B/6/1/2	<p>Issue Number: 12.3 Issue: Changes in rate design</p> <p>Question: 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.</p>	P. Hoey A. Kacicnik
I-6-5 (GEC)	12.3.1		<p>Issue Number: 12.3.1 Issue: What should be the criteria for changes in rate design?</p> <p>Questions: a) Does EGD I propose to increase the fixed component of rates during the I..R. term? b) What limits is the company proposing on its flexibility to adjust the split between the fixed and variable components of rates? c) Does the company agree that decreasing the variable component of rates reduces the customers' incentive to conserve gas? d) Does the company agree with the Board Staff proposal that "Demand Side Management activities should be encouraged" by an I.R. Plan?</p>	J. Collier P. Hoey A. Kacicnik
I-8-5 (OAPPA)	12.3.1	EGDI Exhibit B, Tab 6, Schedule 1, pages 2-3, para. 4-6	<p>Issue Number: 12.3.1 Issue: What should be the criteria for changes in rate design?</p> <p>Questions: EGDI explains it supports having the flexibility during the term of its revenue cap plan to make any necessary changes to existing services when required. a) Please list and describe all specific changes or areas of change to existing rate schedules, including rate design and terms and conditions of service, that EGD I anticipates it may</p>	P. Hoey A. Kacicnik

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<p>be required to make during the term of the incentive ratemaking plan. Provide the rationale for each.</p> <p>b) What specific criteria will EGDI use to decide whether or not the changes are necessary?</p>	
I-1-25 (Board Staff)	12.3.2	Enbridge Ex. B, Tab 6, Sch 1, page 2 of 4, para 4	<p>Issue Number: 12.3.2 Issue: How should the changes in the rate design be implemented?</p> <p>Question: Enbridge states in evidence that it supports the Board staff's recommendation which allows the Company to apply for rate-related changes (i.e., rate re-design proposals) during the IR plan period.</p> <p>a) Is Enbridge planning to adjust the fixed monthly charge and the variable charge on a revenue neutral basis during the IR plan? i. If yes, please explain.</p> <p>b) Please provide Enbridge's target(s) and associated timelines for moving the fixed monthly charge towards full customer-related cost recovery. For example, is Enbridge planning to implement 100% of full customer-related cost recovery in the next 5 years?</p> <p>c) Does Enbridge agree that an increase in the fixed monthly charge mitigates the impact of declining average use? i. If no, please explain?</p> <p>d) If Enbridge applies to increase the fixed monthly charge during the IR plan term, is it Enbridge's view that a corresponding adjustment to the X factor should be performed? i. If no, please explain. ii. If yes, please describe the process in which the X factor would be adjusted.</p>	P. Hoey A. Kacicnik
I-8-6 (OAPPA)	12.3.2	EGDI Exhibit B, Tab 6, Schedule 1, pages 2-3, para. 7	<p>Issue Number: 12.3.2 Issue: How should the changes in the rate design be implemented?</p> <p>Questions: EGDI proposes that if rate-related changes are minor and customer impacts minimal, then the changes could be included in the annual rate-setting filing. If they are more significant in nature and require a longer review period, then a separate application may be required.</p> <p>a) Please provide examples of what EGDI considers to be minor changes and those that would be more significant.</p> <p>b) What criteria does EGDI propose to use to determine if a change could be included in the annual rate-setting filing or if it requires a separate application? Please explain how each criterion will contribute to determining the appropriate filing.</p>	J. Collier A. Kacicnik
I-11-76 (SEC)	12.4	B/6/1/2	<p>Issue Number: 12.4 Issue: Non-energy services.</p> <p>Question: 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.</p>	P. Hoey A. Kacicnik

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
ISSUE NUMBER 13 -				
I-1-26 (Board Staff)	13.1	Enbridge Ex. B, Tab 7, Sch 1, page 2 of 4, para 4	Issue Number: 13.1 Issue: What information should the Board consider and stakeholders be provided with at the time of re-basing. Question: a) Please provide a mock-up of Drivers of Deficiency exhibit which would, albeit in a re-basing context at the end of an IR term, provide parties, with as much as practically possible, the same usefulness as in past proceedings.	R. Bourke K. Culbert
I-1-27 (Board Staff)	13.1	Enbridge Ex. B, Tab 7, Sch 1, page 1 of 4, para 3	Issue Number: 13.1 Issue: What information should the Board consider and stakeholders be provided with at the time of re-basing. Question: Enbridge proposes that at the time of re-basing, it would provide historical year actuals (2011), bridge year (2012) and test year (2013). a) Please confirm whether Enbridge will be including in its historical year evidence "continuity of rate base by plant type" schedules (that would track the actuals for 2007, 2008, 2009, 2010 and 2011)? i. If no, please explain.	R. Bourke K. Culbert
I-7-20 (LPM)	13.1	Exhibit B, Tab 7, Schedule 1	Issue Number: 13.1 Issue: What information should the Board consider and stakeholders be provided with at the time of re-basing. Questions: Enbridge 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?	K. Culbert P. Hoey A. Kacicnik
I-11-77 (SEC)	13.1	B/7/1/1	Issue Number: 13.1 Issue: What information should the Board consider and stakeholders be provided with at the time of re-basing. Question: 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.	R. Bourke K. Culbert P. Hoey T. Ladanyi

ISSUE NUMBER 14 -

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
I-1-28 (Board Staff)	14.1	Enbridge Ex. B, Tab 1, Sch 1, page 21 of 22, para 52	Issue Number: 14.1 Issue: Are there adjustments that should be made to base year revenue requirements? Question: a) Is Enbridge aware of any specific costs or amounts, in excess of \$1.5 million, that are being recovered or are reflected in 2007 rates and will not recur in 2008?	R. Campbell
I-5-4 (Energy Probe)	14.1	EB 2005-0001, Decision With Reasons	Issue Number: 14.1 Issue: Are there adjustments that should be made to base year revenue requirements? Questions: 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.	T. Ladanyi
I-5-5 (Energy Probe)	14.1	EB-2006-0034, Decision With Reasons	Issue Number: 14.1 Issue: Are there adjustments that should be made to base year revenue requirements? Questions: 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	P. Hoey D. Small

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			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.	
I-11-78 (SEC)	14.1		<p>Issue Number: 14.1 Issue: Are there adjustments that should be made to base year revenue requirements?</p> <p>Question: 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.</p>	P. Hoey T. Ladanyi
I-11-79 (SEC)	14.1		<p>Issue Number: 14.1 Issue: Are there adjustments that should be made to base year revenue requirements?</p> <p>Question: 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.</p>	K. Culbert
I-11-80 (SEC)	14.1		<p>Issue Number: 14.1 Issue: Are there adjustments that should be made to base year revenue requirements?</p> <p>Question: 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.</p>	K. Culbert T. Ladanyi
I-13-19 (VECC)	14.1		<p>Issue Numbers: 14.1 and 14.2 Issue 14.1: Are there adjustments that should be made to base year revenue requirements? Issue 14.2: If so, how should these adjustments be made?</p> <p>Questions:</p> <p>a) List all components and amounts of the 2007 revenue requirement that could change by virtue of Settlement Agreements (e.g. DSM, Envision, CIS/Customer Care, Open Bill Access)</p> <p>b) In EB-2006-0034 Phase II, Stock Based Compensation and Equity Financing are issues to be determined by the Board as to whether these are legitimate costs to be borne by EGD ratepayers. If the Board finds they are not, what would be the corresponding adjustment to the 2008 revenue requirement. Respond for each cost category.</p> <p>c) Does EGD have information and estimates on its proposed 2008 Y factors? If not when will this be available?</p>	R. Bourke R. Campbell P. Hoey

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
CIS/CUSTOMER CARE APPLICATION				
I-11-81 (SEC)		O/2/1/7	<p>Issue: CIS/Customer Care Application</p> <p>Question: 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.</p>	K. Culbert T. Ladanyi
I-11-82 (SEC)		O/2/1/9	<p>Issue: CIS/Customer Care Application</p> <p>Question: 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.</p>	K. Culbert P. Hoey
I-11-83 (SEC)		O/2/1/9	<p>Issue: CIS/Customer Care Application</p> <p>Question: 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.</p>	K. Culbert P. Hoey
I-11-84 (SEC)		O/2/1/11	<p>Issue: CIS/Customer Care Application</p> <p>Question: 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.</p>	K. Culbert P. Hoey
I-11-85 (SEC)		O/2/1/12	<p>Issue: CIS/Customer Care Application</p> <p>Question: Please confirm that "intergenerational unfairness" arises in every circumstance in which flow-through tax accounting, in the form mandated by the Board, is used.</p>	K. Culbert P. Hoey
I-11-86 (SEC)		O/2/1/12	<p>Issue: CIS/Customer Care Application</p> <p>Question: 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.</p>	K. Culbert P. Hoey
I-11-87 (SEC)		O/2/1/13	<p>Issue: CIS/Customer Care Application</p> <p>Question: 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.</p>	K. Culbert P. Hoey
I-11-88		O/2/1/13	<p>Issue: CIS/Customer Care Application</p>	K. Culbert

INTERROGATORY INDEX

<u>EXHIBIT</u> (SEC)	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			Question: Please calculate the earnings impacts in note 12 for Options 2 and 3 as well.	P. Hoey
I-11-89 (SEC)		O/2/1/14	Issue: CIS/Customer Care Application Question: 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.	K. Culbert P. Hoey
I-11-90 (SEC)		O/2/1/15	Issue: CIS/Customer Care Application Question: 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.	K. Culbert P. Hoey
I-11-91 (SEC)		O/2/2-4	Issue: CIS/Customer Care Application Question: Please provide Schedules 2, 3 and 4 in Excel format, with all formulae intact.	K. Culbert P. Hoey
I-11-92 (SEC)		O/2/4	Issue: CIS/Customer Care Application Question: 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.	K. Culbert P. Hoey
I-11-93 (SEC)			Issue: CIS/Customer Care Application Question: 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 expectations, or the impacts (including tax impacts) thereof.	T. Ladanyi

GENERAL – NO INDIVIDUAL ISSUE

I-2-1 (APPRO)	EB-2007-0615, Exhibit B, Tab 1, Schedule 1 Page 18, Paragraph 43	General (No Individual Issue) New Services Questions: Enbridge is requesting an Incentive Regulation (IR) period of 5 years.	P. Hoey A. Kacicnik
	EB-2005-0551, Exhibit S, Tab 1, Schedule 1 Page 13, Paragraph 1.1(L)	a) Please indicate what new services for gas fired generation Enbridge is contemplating making available during the IR period? b) Is Enbridge open to offering new services for generators during this IR period, and if so what process does Enbridge expect to follow to obtain input from existing and prospective generators in order to offer these services on a timely basis? c) Certain Non Utility Generator (NUG) contracts are likely to	

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			come due during the IR period.	
		EB-2007-0630	i. Will NUGs have access to the same new services offered by Enbridge in the NGEIR proceeding?	
		Ontario Power Authority	ii. If not why not?	
		(OPA) Clean Energy Standard Offer (CESOP)	d) Enbridge has noted that Enbridge will meet no later than March 31, 2009 with interested parties to discuss the experience with Rate 125 (and Rates 300, 315, and 316) and receive requests for further modifications of the service. Would Enbridge be open to expanding the scope of this consultation process to include other potential services for generators?	
			e) The Board has initiated a process to look at certain aspects of electricity rates and other matters relating to Distributed Generation (DG). The OPA has also initiated a CESOP program for generation up to 10 MW. Some DG and CESOP initiatives will use natural gas to generate electricity at peak times of the day. These programs may require additional gas related services or features from the LDC to accommodate the new programs. Has Enbridge developed any services to accommodate these generation programs? If so please describe them, if not please indicate if Enbridge is prepared to work with generators to identify and implement new services that have similar features (such as access to high deliverability storage, pooling of nominations, and more frequent nomination windows) to the services that were implemented in the NGEIR process.	
I-2-2 (APPrO)		EB-2007-0615, Exhibit B, Tab 4, Schedule 1, Paragraph 16 - Natural Gas Fired Generation Challenges	General (No Individual Issue) Impact on NGEIR Services	P. Hoey A. Kacicnik
		EB-2006-0551, Exhibit C, Tab 2, Schedule 4, Page 1, Paragraph 2 – Derivation of Rate 125 Charges – Delivery Charges	Questions: a. Given Enbridge's proposal to implement a revenue cap for its customers, and the limited experience with Rate 125 to date, please describe how Rate 125 contract demand rate will be affected by the IR proposal over the Incentive Regulation period. b. Will this contract demand rate change if additional Rate 125 contracts are signed, and if so how? c. How will Rate 300 contract demand charges change under Enbridge's IR program? d. Rate 125 and Rate 300 also incorporate certain balancing fees. Please indicate how each of these fees is affected by Enbridge's IR proposal through time. e. Similarly please indicate how the contract demand rates may change for the cost based components of Rate 315 and the proposed Rate 316 service under Enbridge's IR proposal. f. On page 13 of the NGEIR Settlement Agreement, Enbridge indicates that the estimated cost of providing the additional nomination windows was between \$250,000 and \$750,000. Please indicate: i. If these costs have been more accurately determined? ii. How these costs might change based on Enbridge's IR plan over the term?	
		EB-2006-0551, Exhibit C, Tab 3, Schedule 3, Rate 316		
		EB-2005-0551 Enbridge Settlement Agreement	g. In EB-2005-0551 Exhibit C, Tab 2 Schedule 4, paragraph 2, Enbridge notes the cost required to implement certain changes to its EnTrac system were expected to range from \$2.4 to \$4.0 million. These costs impact the Monthly Customer Charge. i. Please indicate if these costs have been determined with more accuracy. ii. Please indicate the impact on the Monthly Customer Charge.	

INTERROGATORY INDEX

<u>EXHIBIT</u>	<u>ISSUE</u>	<u>REFERENCE</u>	<u>INTERROGATORY</u>	<u>WITNESS(ES)</u>
			<ul style="list-style-type: none"> iii. Also indicate how these costs may change as a result of the proposed IR plan. h. Enbridge notes in section 4 of the NGEIR Settlement Agreement that its new unbundled transportation and balancing services, Rates 300 and 315, will be limited due to having to implement a manual solution. <ul style="list-style-type: none"> i. Please provide information as to the level of uptake for the service. ii. Please indicate the overall status of conversion to an automated solution. iii. Please indicate Enbridge's plan to accommodate new generators or existing generators use of these services during the IR period. 	
I-2-3 (APPRO)		EB-2007-0615, Exhibit B, Tab 4, Schedule 1 Paragraph 1	<p>General (No Individual Issue)</p> <p>Y Factor</p> <p>Question:</p> <p>a. Please confirm that Enbridge's IR proposal provides sufficient access to capital to add facilities to service new generation projects, provided such projects meet Enbridge's economic tests.</p>	R. Campbell
I-4-1 (Direct Energy)			<p>General (No Individual Issue)</p> <p>Question:</p> <p>Please describe how the Generic QRAM Review and the System Gas Cost Allocation Review contemplated by the Board for 2007/2008 and any potential changes to processes, commodity risk or costs arising from those proceedings will be dealt with within the context of the Incentive Regulation plan proposed by your company.</p>	R. Bourke K. Culbert D. Small
I-11-94 (SEC)			<p>General (No Individual Issue)</p> <p>Question:</p> <p>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.</p>	P. Hoey A. Kacienik
I-11-95 (SEC)		B/1/1/12	<p>General (No Individual Issue)</p> <p>Question:</p> <p>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.</p>	J. Collier A. Kacienik