

**Questions from the Consumers Council of Canada  
the Vulnerable Energy Consumers Coalition and  
the City of Kitchener for the Pacific Economics Group**

Issue Number 3.1 and 3.2

3.1 How should the X factor be determined?

3.2 What are the appropriate components of an X factor?

1. With regard to PEG's response to CCC/VECC #1, PEG refers to its responses to EGD's interrogatories. Those responses contain a large number of files. First, please specify which file contains the summary rate trends and calculations. Second, for each file provide the name of software package used to create the file and the name of a Windows supported program that can read the file.
2. With regard to PEG's response to CCC/VECC #5, has PEG performed any analysis that compares the rate of increase of the total GDPIPI and subparts of the GDPIPI that are not part of the multi-factor private business productivity measure? If so, please provide that analysis. Would it concern PEG if there were a difference between the rate of increase of the total GDPIPI and subparts of the GDPIPI that are not part of the multi-factor private business productivity measure?
3. With regard to PEG's response to CCC/VECC #6 and the referenced response to EGD #12, please discuss how PEG used the elasticities in calculating the output indexes. For example did the weights for each company change in each year? Alternatively did PEG determine an average elasticity for the company and apply the average in all years?
4. With regard to PEG's response to CCC/VECC #6, were company specific elasticities developed for Union and Enbridge? If so, where these elasticities based on the coefficient determined in the regression using only the US companies data or was an alternative regression performed using the Union and Enbridge data?
5. With regard to PEG's response to CCC/VECC #7, PEG's response notes that the difference between the March and June data is that PEG excluded DSM volume savings from Enbridge and Union's total volumes. Did PEG eliminate those DSM volumes from the US data base and re-work the regression analysis?

6. With regard to PEG's response to CCC/VECC #8, why does PEG prefer to fix the revenue weights at the end of the time period rather than at the beginning or the middle of the time period?
7. With regard to PEG's response to CCC/VECC #9, if it is PEG's opinion that the inflation factor should track the short inflation measure, then should the inflation factor be revised annually to reflect a moving average of the short term trend?
8. With regard to PEG's response to CCC/VECC #18, please discuss why PEG decided to mean-scale each variable. Does mean-scale affect the meaning of the coefficient? Did PEG use the same mean for each variable across all companies? However, in reference to CCC/VEC#6 and referenced EGD response #12, did PEG use company specific means to determine the company specific elasticities?
9. With regard to PEG's response to CCC/VECC #20, does this response mean that the sum of other deliveries plus residential and commercial deliveries does not equal the total deliveries by US companies? For Enbridge and Union does the sum of residential and commercial deliveries plus other deliveries equal the total deliveries of Enbridge and Union?
10. With regard to PEG's response to CCC/VECC#23, why didn't PEG use fixed weight indexes in the development of input quantity estimates?
11. With regard to PEG's response to CCC/VEC#32, specify the files in your response to EGD #2 that relate to this question. With regard to the company specific elasticities used to determine the company specific TFP, if these elasticities are determined at the mean value of the variables then how are they different from each other? Is there only one elasticity per company or is there one elasticity per year per company?
12. With regard to PEG's response to CCC/VEC#45, what software package was used to run the regressions and provide the information included in the DR\_TC.txt file?
13. With regard to PEG's response to CCC/VEC#50, provide the results of the estimation of the share equations.
14. With regard to PEG's response to CCC/VEC#50, provide the intermediate and final results of the validation of regularity conditions shown in DR\_TC.txt.