

CME INTERROGATORY #1

INTERROGATORY

Economics of MDV Re-Establishment

Ref: page 6 and 10 of 13, and Board Staff Interrogatory No.1

Board Staff Interrogatory No.1 asks whether EGD prepared a cost benefit and/or a NPV analysis to support the MDV proposal, and if so, that EGD produce the analysis. If EGD did not prepare a cost benefit and/or a NPV analysis to support the MDV proposal, then please explain why such an analysis was not undertaken.

RESPONSE

Please see the response to Board Staff Interrogatory #1 at Exhibit MDV IR24, Schedule 1. The reason that a cost benefit or NPV analysis was not undertaken by the Company is that the adoption of the MDV proposal results in tangible benefits to the direct purchase market. The Company cannot perform an analysis that would require input of sensitive / competitive information from market participants.

Witnesses: I. Macpherson
B. Manwaring

CME INTERROGATORY #2

INTERROGATORY

Economics of MDV Re-Establishment

Ref: page 6 and 10 of 13, and Board Staff Interrogatory No.1

Please produce reports or power point presentations addressing the changes to the MDV re-establishment, including the estimated project costs and project timing, presented to EGD's senior management.

RESPONSE

The Company's evidence was filed in the EB-2008-0106: Commodity Pricing, Load Balancing and Cost Allocation Methodologies for Natural Gas Distributors. This includes the Company proposal to adopt Union Gas's approach and establish the MDV on a weather-normalized basis and re-establish it during the contract term. The associated evidence can be found under the EB-2008-0106 docket.

The Company's senior management approved the detailed MDV proposal that was submitted to the Board on April 21, 2010 and the presentation given at the MDV project market consultation on February 24, 2010, attached to the proposal as Appendix D. There were no other presentations or reports presented to EGD's senior management with respect to the MDV proposal.

Witnesses: I. Macpherson
B. Manwaring

CME INTERROGATORY #3

INTERROGATORY

Estimated Project Costs and Cost Allocation

Ref: page 6 of 13, and Board Staff Interrogatory No.4

EGD has confirmed that in keeping with the Board's Order it has created a deferral account called the 2010 Mean Daily Volume Mechanism DVA ("2010 MDVMDA"). CME understands that the 2010 MDVMDA was created to capture the costs of implementing MDV changes, and that the final amount will be brought forward for clearing in a future proceeding. In this regard:

- (a) Will the 2010 MDVMDA capture only costs incurred in 2010? If not, why not?
- (b) If the answer to question (a) is yes, does EGD intend to apply to the Board for a 2011 MDVMDA? If so, when?

RESPONSE

- a) Yes. The 2010 MDVMDA will only capture costs incurred in 2010 and will record for future disposition the associated 2010 annual revenue requirement impact (given that the project is capital in nature) of the project. Please refer to the response to Board Staff Interrogatory #4 at Exhibit MDV IR24, Schedule 4.
- b) Yes. The Company will apply to the Board for a 2011 MDVMDA within its 2011 Rate Adjustment application.

Witnesses: I. Mapherson
B. Manwaring

CME INTERROGATORY #4

INTERROGATORY

Estimated Project Costs and Cost Allocation

Ref: page 6 of 13, and Board Staff Interrogatory No.4

Board Staff Interrogatory No.4 seeks clarification on the method being proposed for the allocation of the development costs for the MDV proposal. In responding to Board Staff Interrogatory No.4, please confirm that the proposed cost allocation methodology will apply to all costs captured in the 2010 MDVMDA.

RESPONSE

Please see the response to Board Staff Interrogatory #4 at Exhibit MDV IR24, Schedule 4. The proposed cost allocation methodology is intended to apply to all costs captured in the 2010 MDVMDA.

Witnesses: I. Macpherson
B. Manwaring