REF: Ex. B, Tab 1, Schedule 6

Preamble: As this is the first substantial submission on Cost Allocation and EGD has varied from Union in its approach, understandably because of their different situations, we would like to understand some general aspects about the evolution of Storage Operations and its impact on costs to ratepayers.

1) Studies Performed to Create the Unregulated Storage
   a) Our understanding is that these storage projects took many years to develop. While it unnecessary to provide the entire feasibility study, please provide all of the Enbridge Gas Distribution, Enbridge Inc. and Tecumseh Gas studies that lead to the development of the unregulated storage. To avoid a burdensome task, the following information from each study should be sufficient:
      i) The name of the organization who commissioned the study.
      ii) The date the study was initially completed.
      iii) An executive summary or a list of recommendations from the study.
      iv) The cost/benefit analysis or profitability analysis done in the study.
      v) How were the studies paid for by Enbridge Gas Distribution?
      vi) What portion of the costs did ratepayers fund through their rates including any reductions in Earnings Sharing Mechanism.

2) Use of Assets
   a) What is the level of deliverability associated with resulting 7.5 Bcf of storage that was developed?
   b) What is the deliverability of the 98 Bcf of the regulated storage?
   c) For each of the last 3 years, please provide the maximum throughput on any day from the combination of regulated and unregulated storage and the actual amount of unregulated gas that was delivered from storage for the unregulated business on that specific day.
   d) What transmission assets of EGD does the unregulated business use to move the gas to:
      i) Dawn?
      ii) Parkway?

iii) Michigan?

e) In each of the above 3 cases, how is EGD compensated for use of any EGD assets and where do the revenues flow?

3) For each gas year (April-March), how does EGD determine how much:
   a) space available is needed for in-franchise requirements?
   b) deliverability needed for in-franchise needs?
   c) What was the amount of space and deliverability on the initial run for each gas year for the years 2008, 2009, 2010?
   d) Do those figures change throughout the year?
   e) Is there a specific process that deems whether excess in-franchise space or deliverability can be sold Short-term as space or through some other storage deal mechanisms? If so, please describe the process and how often it is performed.
   f) How are the revenues for these services treated?
   g) How are they kept separate from unregulated revenues?
   h) If the revenues move to deferral or variance accounts, do the embedded Board -approved costs move with the revenues?
      i) If not, what costs if any are transferred?
      ii) What is the practical effect of this treatment of revenue and costs from an Earnings Sharing point of view?

REF: Ex. B, Tab 1, Schedule 6, page 3, para. 9 and 10

Preamble: In paragraph 9, EGD uses "total turnover capacity" for the criteria for allocating costs that do not vary with day to day activity. In paragraph 10, EGD discusses the "injection/withdrawal activity characteristics" of the two operations.

4) Please differentiate total turnover capacity from actual injection and withdrawals.
   a) Please provide a simple numeric example to provide clarity for how these metric work for regulated and unregulated.

REF: Ex. B, Tab 1, Schedule 6, page 4, para. 11

5) What are the cost drivers or metrics that are used to allocate the overhead costs from the respective EDGI and EI offices?

REF: Ex. B, Tab 1, Schedule 6, page 4, para. 12

6) What is the level of business development costs for EGD in 2010 for:
   - **a)** the regulated storage business??
   - **b)** what are the drivers or metrics used to do this allocation?
   - **c)** if not allocated proportionately, what mechanism is used to assign the costs?

REF: Ex. B, Tab 1, Schedule 6, page 4-5, para. 13

7) Please provide a more specific definition of the FTE's used.
   - a) Are the estimates of FTE to be allocated done on a fully allocated or incremental basis?
   - b) What is used for return on equity for:
     - i) the regulated storage business?
     - ii) the unregulated storage business?
   - c) What is the resulting proportionate breakdown on a percentage basis between the regulated and unregulated businesses?

REF: Ex. B, Tab 1, Schedule 6, page 5, para. 15

8) Please provide a rationale as to why the October QRAM price is used?
   - a) Would cost causality principles be better followed if the QRAM price used was the one in effect in the month of the allocation? If not, why not?

REF: Ex. B, Tab 1, Schedule 6, page 5-6, para. 18 and Appendix I

9) To ensure that we are understanding the numbers provided:
   a) What is Total Regulated Storage O&M as compared to the Unregulated?
   b) Does the O&M Regulated Storage include Direct Regulated Storage O&M?
   c) If not, please provide the appropriate figures to compare Regulated to Unregulated over the last 3 years.