June 28, 2012

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2011-0354 --- Enbridge Gas Distribution Inc.
Energy Probe – Interrogatories to Enbridge

Pursuant to Procedural Order No. 2, issued by the Board on May 16, 2012, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) to Enbridge Gas Distribution in the EB-2011-0354 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Norm Ryckman, Enbridge Gas Distribution Inc. (By email)
Fred Cass, Aird & Berlis LLP (By email)
David Stevens, Aird & Berlis LLP (By email)
Randy Aiken, Aiken & Associates (By email)
Interested Parties (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6
Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

EB-2011-0354

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an Order or Orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas commencing January 1, 2013.

INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")

June 28, 2012

ENBRIDGE GAS DISTRIBUTION INC.
2013 COST OF SERVICE RATES PROCEEDING
EB-2011-0354

ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES

B. Rate Base

1. Is Enbridge's forecast level of capital spending in 2013 appropriate?

Interrogatory # 1

Ref: Exhibit B1, Tab 1, Schedule 1

a) **Please expand Table 2 to show the actual gross plant continuity for 2007 through 2010 and the actual data for 2011.**

b) **Please confirm that the capital additions closed to rate base each year are the sum of the capital expenditures (line 2) and transfers - WIP (line 3). If this is not confirmed, please provide a table that shows the amount of capital expenditures closed to rate base on an actual basis for 2007 through 2011 and the forecasts for 2012 and 2013.**

c) **Please update Table 4 to reflect actual data for 2011.**

d) **With respect to the figures in Table 4, please explain the following:**

   i) **Please explain the reduction in customer security deposits forecast between 2011 and 2013. Please quantify any amounts related to changes in policies that reflect Ontario Energy Board decisions or processes.**

   ii) **Please explain how the value of the gas in storage was calculated, including the cost of gas used. Please update the value of the gas in storage to reflect the most recent cost of gas available.**

Interrogatory # 2

Ref: Exhibit B1, Tab 2, Schedule 1, Updated

a) **Please expand Updated Table 1 to reflect capital expenditures and customer additions in the level of detail shown for 2007 through 2010.**

b) **Are the capital expenditures shown for underground storage plant all related to regulated utility assets? If not, please show the underground storage capital expenditures related only to regulated utility and closed or forecast to be closed to the utility rate base.**

c) **Please provide the actual and forecasted capital expenditures for 2007 through 2013 that are related to power generation.**

Interrogatory # 3

Ref: Exhibit B1, Tab 2, Schedule 2, Updated

a) **Please confirm that there is no revenue requirement impact for the test year for any of the projects shown with an in-service date after 2013.**

b) **Please confirm that any project shown with an in-service date of 2013, the rate base impact of the project reflects the in-service date through the average of the monthly averages calculation.**

Interrogatory # 4

Ref: Exhibit B1, Tab 2, Schedule 3, Updated

a) **Please add a line at the bottom of the page that shows the total customer-related capital excluding power generation per customer addition.**

b) **Please add a line that shows the total capital expenditures that were closed to rate base in each of the years shown.**

Interrogatory # 5

Ref: Exhibit B1, Tab 3, Schedule 2, pages 9-10

a) **Please explain why EGD needs to conduct studies to improve the understanding of the integrity of specific classes of assets where risk has been identified. Has EGD not done this in the past? If not, why not?**

b) **Please detail what is involved in the enhancement of the integrity of distribution asset records. Is this the result of some inadequacy of past EGD practices or due to the age of information?**

c) **Please provide a table showing the same 8 cost drivers and add the actual/forecasted costs for 2007 through 2012.**

5. Is the forecast of Customer Additions appropriate?

Interrogatory # 1

Ref: Exhibit B1, Tab 2, Schedule 1, Table 1, Updated

Please provide a table that shows the actual customer additions for 2007 through 2011 along with the budget forecast for each of the years, along with the variance between the forecast and actual customer additions.

7. Is the proposed working capital allowance appropriate?

Interrogatory # 1

Ref: Exhibit B3, Tab 1, Schedule 3, page 2 &
Exhibit B4, Tab 1, Schedule 3, page 2 &
Exhibit B5, Tab 1, Schedule 3, page 2, Updated

a) **Please provide the corresponding Net-Lag Days from the last Board approved cost of service proceeding.**

b) **Has EGD provided a new working cash study in order to determine the Net-Lag Days shown for the 2013 test year? If yes, please provide the study.**

c) **Please provide all the calculations used to arrive at each of the Net Lag-Days shown in column 2 of Exhibit B3, Tab 1, Schedule 3, page 2.**

d) **Please provide all the calculations used to arrive at each of the Net Lag-Days shown in column 2 of Exhibit B4, Tab 1, Schedule 3, page 2 and Exhibit B5, Tab 1, Schedule 2, page 2, Updated.**

e) **Please explain the change in each of the Net Lag-Days over the 2011 through 2013 period noted in the three references provided.**

f) **Please provide the calculations for 2011, 2012 and 2013 for each component of the revenue lag, such as the service lag, the billing lag and the collection lag.**

g) **When was the last time the Board approved a working cash study for EGD? Please provide a copy of the approved study.**

C. Operating Revenue

2. Is Enbridge's gas volume forecast appropriate?

Interrogatory # 1

Ref: Exhibit C1, Tab 3, Schedule 1

a) **Please confirm that the 2011 data in Table 1 is actual data. If this cannot be confirmed, please update Table 1 to include actual 2011 data.**

b) **Please update Table 3 in Appendix A to reflect actual data for 2011.**

Interrogatory # 2

Ref: Exhibit C1, Tab 2, Schedule 1, Updated &
Exhibit C2, Tab 1, Schedule 1, Updated

a) **Please confirm that the updated revenue forecasts shown in Exhibit C1, Tab 2, Schedule 1, Updated, reflects the updated key economic assumptions shown in Exhibit C2, Tab 1, Schedule 1, Updated. If this cannot be confirmed, please update the revenue and volume forecast to reflect the updated economic assumptions.**

b) **Please explain why EGD has not updated the interest rate and exchange rate outlook. Please provide the interest rate and exchange rate outlook based on the Spring 2012 Economic Outlook. Do any changes in these forecasts have an impact on the volume forecast? If yes, please provide details on the impact of the volume forecast.**

3. Is Enbridge's degree day forecast for each of the Company's delivery areas (EDA, CDA, and Niagara) appropriate?

Interrogatory # 1

Ref: Exhibit C2, Tab 3, Schedule 1

a) **Please confirm that the "out of sample" forecasts shown in Tables 1, 5 and 9 are based on a three year ahead forecast. For example, the 2010 forecast is based on data up to and including 2007.**

b) **Please provide the 2013 forecast for each methodology shown in Tables, 1, 5 and 9.**

c) **Please add 2011 actual data to each of Tables 1, 5 and 9 and update Tables 2 through 4, 6 through 8 and 10 through 12 to reflect actual 2011 data.**

Interrogatory # 2

Ref: Exhibit C2, Tab 3, Schedule 1

a) **Please redo the analysis shown in Tables 1 through 12 with a two year ahead forecast. For example, the 2010 forecast would be based on actual data through 2008. Please include actual 2011 in the analysis.**

b) **Please provide the 2013 forecast for each methodology shown in Tables 1, 5 and 9 based on the two year ahead approach.**

Interrogatory # 3

Ref: Exhibit C2, Tab 3, Schedule 1

Does EGD assume that accuracy, symmetry and stability are all equally important criteria, or does EGD assume some other weighting of these three criteria? If so, please provide the weights and the rationale for the weights.

Interrogatory # 4

Ref: Exhibit C2, Tab 3, Schedule 2

Do the forecast shown in Table 1 result from the two year ahead forecast that incorporates 2011 data? If not, please explain in detail how these forecasts have been derived and what data has been used to generate them. For example, does the 20 year trend methodology for the Central region include an updated regression equation based on 1992 through 2011 data?

4. Is the Average Use forecast appropriate?

Interrogatory # 1

Ref: Exhibit C1, Tab 3, Schedule 1

a) **Please confirm that Figures 1 & 2 & 3 include actual 2011 data. If this cannot be confirmed, please provide revised figures that include actual 2011 data.**

b) **What is the basis for the statement on page 6 that the mass migration from rates 100 and 145 to rate 6 has come to an end?**

Interrogatory # 2

Ref: Exhibit C2, Tab 2, Schedule 1

a) **Please provide the actual volumes and number of customers for each revenue class in Rate 1 (10, 20, 50, 60, 61) for 2011. Have the proportion of volumes between the classes changed significantly over the last 5 years? If yes, please provide details of any trends.**

b) **Please provide the actual volumes and number of customers for each revenue class in Rate 6 (12, 48, 73, 79, 83, 86, 90) for 2011. Have the proportion of volumes between the classes changed significantly over the last 5 years? If yes, please provide details of any trends.**

Interrogatory # 3

Ref: Exhibit C2, Tab 2, Schedule 1, Updated

a) **Please explain why the time variable, with a T-stat of -0.91 was left in the Niagara Weather Zone equation shown on page 11.**

b) **Please provide the regression statistics for the other five long run equations shown on pages 10 and 11 if the time variable is included in the equations.**

5. Is the forecast level of Unaccounted For (UAF) gas volumes appropriate?

Interrogatory # 1

Ref: Exhibit D2, Tab 6, Schedule 1

Please provide a version of Chart 1 that shows the UAF % comparison of EGD with Union Gas. Union Gas data can be found at Tab 2, Schedule 2 of Updated Exhibits D3, D4, D5 and D6 in EB-2011-0210.

<u>6. Is the proposal for the treatment and sharing of Transactional Services revenues, and the forecast of those revenues, appropriate?</u>

Interrogatory # 1

Ref: Exhibit C1, Tab 4, Schedule 1

a) **Please update the 2011 amount noted in paragraph 4 to reflect actual 2011 TS storage revenue.**

b) **Please update the 2011 amount noted in paragraph 6 to reflect actual 2011 transportation revenues.**

c) **Please confirm that the proposal discussed in paragraph 11 is asymmetric in that ratepayers pay 100% of any shortfall relative to the $6 million included in rates, while receiving only 90% of any overage on storage revenues and 75% on transportation revenues.**

d) **Please provide the most recent year-to-date TS-related storage and transportation revenues for 2012.**

Interrogatory # 2

Ref: Exhibit C3, Tab 4, Schedule 1 &
Exhibit C1, Tab 4, Schedule 1

a) **Please explain the Fiscal 2007 heading on the table in Exhibit C3, Tab 4, Schedule 1.**

b) **The total transactional services forecast shown in Exhibit C3, Tab 4, Schedule 1 is $6 million, but there is no breakdown of this amount between TS-related storage and transportation revenue. The proposed sharing arrangement for these revenues are different, as noted on page 4 of Exhibit C1, Tab 4, Schedule 1. Please breakdown the $6 million into the two components so that parties can see the base amounts above which the different sharing percentages would apply.**

<u>7. Is Enbridge's forecast of other service and late payment penalty revenues, including the methodologies used to cost and price those services, appropriate?</u>

Interrogatory # 1

Ref: Exhibit C1, Tab 5, Schedule 1

a) **Please provide a table in the same level of detail as that shown in Table 2 that shows the actual revenues for 2007 through 2011 and the forecast for 2012 and 2013.**

b) **Please expand Table 3 to include actual data for 2007 through 2010 and update the 2011 figure to reflect actual revenues, along with the forecast for 2012 and 2013.**

c) **Is EGD forecasting an increase in the cost of gas in 2013 relative to 2012 and in 2012 relative to 2011? How has the change in the cost of gas forecast been reflected in the late payment penalty revenues?**

Interrogatory # 2

Ref: Exhibit C3, Tab 3, Schedule 1 &
Exhibit C3, Tab 5, Schedule 1

Please reconcile the NGV related revenue shown in Exhibit C3, Tab 3, Schedule 1 of $0.8 million with the $1.092 million shown in Exhibit C3, Tab 5, Schedule 1.

<u>D. Operating Costs</u>

<u>1. Is the 2013 O&M budget appropriate?</u>

Interrogatory # 1

Ref: Exhibit A2, Tab 1, Schedule 1

a) **Please update the table in paragraph 61 on page 17 to reflect actual data for 2011.**

b) **Please provide the inflation rates used to arrive at the 2013 constant dollar figures shown in the table in paragraph 61. Please identify which inflation factor has been used.**

Interrogatory # 2

Ref: Exhibit D1, Tab 25, Schedule 1

a) **Please update Table 1 to include actual data for 2011.**

b) **How has the O&M forecast for 2013 been adjusted or impacted by the service quality requirement figures that are below the target levels?**

Interrogatory # 3

Ref: Exhibit D1, Tab 3, Schedule 1

Please expand Table 5 to reflect actual FTE's for 2007 through 2011, along with the forecasts for 2012 and 2013 (the variance columns are not required).

Interrogatory # 4

Ref: Exhibit D1, Tab 3, Schedule 1, Updated

a) **Please provide the most recent year-to-date OM&A costs incurred in 2012 in the same level of detail as that shown in Table 3. Please also provide the actual year-to-date expenses incurred in 2011 for the same period.**

b) **Please provide the most recent year-to-date OM&A costs incurred in 2012 in the same level of detail as that shown in Table 5. Please also provide the actual year-to-date expenses incurred in 2011 for the same period.**

Interrogatory # 5

Ref: Exhibit D1, Tab 3, Schedule 1 &
Exhibit D1, Tab 3, Schedule 3, Corrected

a) **Please reconcile the annual salary and wage increases of 3.3% for non-union and 3.5% for unions noted on pages 15 and 19 of Exhibit D1, Tab 3, Schedule 1 with the statement at paragraph 9 of Exhibit D1, Tab 3, Schedule 2, Corrected that shows collective agreement increases in 2013 total 3.0%.**

b) **What is the impact on the test year revenue requirement if the union increases are limited to 2.0% in both 2012 and 2013? Please include the impact on benefits, incentive compensation and any other costs related to the level of salaries and wages.**

c) **What is the impact on the test year revenue requirement if the non-union increases are limited to 2.0% in both 2012 and 2013? Please include the impact on benefits, incentive compensation and any other costs related to the level of salaries and wages.**

3. Are the proposed changes to Peak Gas Day Design Criteria (PGDDC) and methods of cost recovery appropriate?

Interrogatory # 1

Ref: Exhibit D2, Tab 4, Schedule 2, Table 1

a) **Please confirm that the 1994 through 2009 column did not use data for the winter of 2009/2010 because it was not available at the time the study was done. If this cannot be confirmed, please explain why 2010 was not included in the analysis.**

b) **Please update Table 1 to include a column for 1994 through 2012, given that the data for the winter of 2011/2012 is now available.**

c) **Please add a column to Table 1 that utilizes data for 1996 through 2012.**

Interrogatory # 2

Ref: Exhibit D1, tab 4, Schedule 2, Table 3

a) **Please confirm that the data in Table 3 is based on an analysis of data for period January 1953 to September 2010 for the central and eastern regions and of data for period January 1, 1971 through September 2010 for the Niagara region. If this cannot be confirmed, please provide the period of data used in the analysis for each region.**

b) **Please provide a version of Table 3 that extends the period of the data used to include data through April 2012.**

c) **Please provide a version of Table 3 that reflects the analysis that would result from using the most recent:**

   i) **20 years of data for each region;**
   ii) **30 years of data for each region; and**
   iii) **40 years of data for each region.**

<u>5. Is the corporate cost allocation (“RCAM”) appropriate?</u>

Interrogatory # 1

Ref: Exhibit D1, Tab 24, Schedule 1

Please update the table on page 1 with the final numbers referred to in the footnote to the table.

<u>8. Is the municipal taxes expense appropriate?</u>

Interrogatory # 1

Ref: Exhibit D1, Tab 6, Schedule 1

a) **Please confirm that the 2011 figure of $37.0 million is an actual figure for 2011. If this cannot be confirmed, please provide the actual figure for 2011.**

b) **Please expand the table to show actual municipal taxes for 2007 through 2011.**

c) **Please provide the total assessment value used for municipal tax purposes for 2007 through 2011, along with the forecast for 2012 and 2013.**

d) **Please provide the weighted average property tax rates that were recorded in 207 through 2011 and the forecasts for 2012 and 2013.**

<u>11. Is the proposal for the Open Bill Access Program appropriate?</u>

Interrogatory # 1

Ref: Exhibit D1, Tab 9, Schedule 1

a) **Please update Table 1 to reflect actual data for 2011.**

b) **Please update Table 2 to reflect actual data for 2011.**

c) **Please update Table 3 to reflect actual data for 2011.**

<u>12. Is the proposed O&M budget for Finance appropriate?</u>

Interrogatory # 1

Ref: Exhibit D1, Tab 10, Schedule 1

What is the impact on the revenue requirement for 2013 if the salaries and wages reflected an annual salary increase of 2.0% in both 2012 and 2013 in place of the 3.3% proposed for non-union employees?

<u>14. Is the proposed O&M budget for Energy Supply, Storage Development and Regulatory appropriate?</u>

Interrogatory # 1

Ref: Exhibit D1, Tab 13, Schedule 1

a) **Please confirm that the $400,000 reduction from the 2013 budget noted in paragraph 21 has not been reflected in either Table 2 or the calculation of the overall revenue requirement for the test year. If this cannot be confirmed, please indicate where this reduction has been reflected in the revenue requirement.**

b) **Please provide an update on the status of negotiations noted in paragraph 21 and, if necessary, please update the figure of $400,000.**

<u>16. Is the proposed O&M budget for Operations appropriate?</u>

Interrogatory # 1

Ref: Exhibit D1, Tab 15, Schedule 1

a) **What is the salary and wage increase forecast for 2012 and 2013?**

b) **What is the impact on the revenue requirement of a 1% change in the salary and wage increase for both 2012 and 2013? Please provide the response for Salaries and Wages, Capitalization and Net Salaries and Wages, as defined in Tables 2 and 3.**

c) **Are the one-time costs of $1.7 million noted in paragraph 24 only for 2013? In other words, will this cost continue on an annual basis in 2014 and later years? If not, are there additional costs in 2014 relative to 2013 related to these outside services?**

18. Is the proposed O&M budget for Business Development & Customer Strategy, including Energy Technology Innovation Canada ("ETIC") related amounts, appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 17, Schedule 1

Has EGD included any amount in the costs that flow through to the test year revenue requirement for Energy Technology Innovation Canada related costs? If yes, please identify the amount and where in the evidence this is referenced.

19. Is the proposed O&M budget for Human Resources appropriate?

Interrogatory # 1

Ref: Exhibit A1, Tab 10, Schedule 1

a) **Please confirm that all of the positions shown on Schedule 1 are positions at Enbridge Gas Distribution Inc. ("EGD").**

b) **For each position shown in Schedule 1 that provide services to affiliates of EGD, please indicate how the salaries, wages and benefits costs of the position are allocated between affiliates and EGD.**

Interrogatory # 2

Ref: Exhibit D1, Tab 18, Schedule 1

Please provide a table that shows the additional costs and savings that will be realized in 2013 as noted in paragraph 6. Please indicate where these savings haven been reflected in Tables 2 and/or 3.

20. Is the proposed O&M budget for Pipeline Integrity & Safety appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 20, Schedule 1

a) **What is the salary and wage increase forecast for 2012 and 2013?**

b) **What is the impact on the revenue requirement of a 1% change in the salary and wage increase for both 2012 and 2013? Please provide the response for Salaries and Wages, Capitalization and Net Salaries and Wages, as defined in Tables 2 and 3.**

22. Is the proposed O&M budget for Non-Departmental O&M Expenses appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 22, Schedule 1

a) **Please update the table on page 3 to reflect actual 2011 costs and multipliers.**

b) **Is the Enbridge Inc. Company Multiplier, which is measured by the Corporate Return on Equity, based on EGD's ROE or that of Enbridge Inc.?**

c) **Please show the calculation of the STIP amounts shown in the table on page 3 (updated to reflect the response to part (a) above) based on the multipliers shown and the base amount to which these multipliers are applied. Please also explain how this base amount is determined.**

d) **Please show the STIP amounts for 2007 through 2011 if the Enbridge Inc. multiplier had been 1.0 in each year.**

DV. Deferral and Variance Accounts

1. Are Enbridge's existing and proposed deferral and variance accounts appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 8, Schedule 1

a) **Is EGD proposing to close any existing deferral or variance accounts? If yes, please provide details.**

b) **Is EGD proposing any new deferral or variance accounts other than the Design Day Criteria Transportation Deferral Account and the Customer Care/CIS Rate Smoothing Deferral Account? If yes, please provide details.**

Interrogatory # 2

Ref: Exhibit D1, Tab 8, Schedule 1

a) **Has EGD received any FT-RAM credits over the past 5 years?**

b) **If the response to part (a) is yes, where have these credits been recorded?**

E. Cost of Capital

1. Is the forecast of the cost of debt for the Test Year, including the mix of short and long term debt and preference shares, and the rates and calculation methodologies for each, appropriate?

Interrogatory # 1

Ref: Exhibit E1, Tab 2, Schedule 1

a) **Please confirm that the figures in Table 1 reflect all actual data for 2011. If this cannot be confirmed, please update Table 1 to reflect actual data for 2011.**

b) **Please provide the Canadian Deposit Offer rates and the company specific spreads used to derive the numbers shown in the table in paragraph 16. Please also update the table to reflect actual 2011 data.**

c) **Please update the table found in paragraph 16 to reflect the most recent forecasts available for 2012 and 2013. Please show the breakdown of the components of the forecast in the same format as requested in part (b) above.**

d) **Please provide the Government of Canada bond rates and the company specific spreads used to derive the numbers shown in the table in paragraph 21. Please also update the table to reflect actual 2011 data.**

e) **Please update the table in paragraph 21 to reflect the most recent forecasts available for 2012 and 2013. Please show the breakdown of the components of the forecast in the same format as requested in part (b) above.**

f) **Please explain the difference in the 41.9% shown in Table 4 to the 42% noted in paragraph 2.**

Interrogatory # 2

Ref: Exhibit E1, Tab 2, Schedule 1 &
Exhibit E1, Tab 1, Schedule 1

a) How has EGD forecast the cost associated with preference shares that rise from 2.48% in 2011 to 3.28% in 2012 and to 4.16% in 2013?

b) Please update the forecasts for 2012 and 2013 noted above to reflect the most recent forecasts available.

Interrogatory # 3

Ref: Exhibit E1, Tab 1, Schedule 1 &
Exhibit E3, Tab 1, Schedule 2 &
Exhibit E4, Tab 1, Schedule 2

a) Please explain why the $138.8 million in long-term debt interest shown in Table 4 of Exhibit E1, Tab 1, Schedule 1 is higher than the figure of $137.7 million shown in Exhibit E3, Tab 1, Schedule 1 for the test year.

b) Please explain why the $138.7 million in long-term debt interest shown in Table 3 of Exhibit E1, Tab 1, Schedule 1 is lower than the figure of $140.1 million shown in Exhibit E4, Tab 1, Schedule 1 for the bridge year.

Interrogatory # 4

Ref: Exhibit E3, Tab 1, Schedule 2

a) Can EGD redeem any of the long term debt issues shown in Schedule 2 before their maturity date? If yes, please identify which issues can be redeemed prior to their maturity date.

b) If the response to part (a) is yes, what is the cost of any penalties or other costs associated with each of the issues that can be redeemed?

c) If the response to part (a) is yes, what is the current estimated cost associated with replacing any issues that could be redeemed prior to their maturity date?

d) If the response to part (a) is yes, has EGD done any analysis on the impact on its total debt costs or refinancing some of the debt issues before their maturity date? If yes, please provide a copy of the analysis and any recommendations.

Interrogatory # 5

Ref: Exhibit E1, Tab 1, Schedule 1

The evidence indicates that a negative amount of deemed short term debt of approximately $22.1 million is proposed for 2013, despite positive short term debt shown for the previous two years.

a) **Please update Table 2 to reflect actual data for 2011.**

b) **Is the negative short-term debt primarily driven by the proposed increase in the common equity ratio? If the common equity ration were to remain at 36%, what would the capital structure shown in Table 4 for the 2013 test year look like?**

Interrogatory # 6

Ref: Exhibit E3, Tab 1, Schedule 1

If necessary, please update the table of medium term notes to reflect actual data for 2011 and for actual data to the end of June 2012.

2. Is the proposed change in capital structure increasing Enbridge's deemed common equity component from 36% to 42% appropriate?

Interrogatory # 1

Ref: Exhibit E2, Tab 1, Schedule 2

If the Board determines that there has been a significant change in the company's business and/or financial risk, does EGD agree that in addition to the change in the equity component of the capital structure, the long term debt, short term debt and preference share components of the capital structure should also be reviewed and moved more in line with the electricity distributors? If not, please explain why not.

Interrogatory # 2

Ref: Exhibit E2, Tab 1, Schedule 2

a) **When is the last time the OEB approved the common equity ratio for EGD?**

b) Please provide the percentage of total distribution revenue (excluding gas costs) that was recovered through each of monthly fixed charges, firm demand charges and variable volumetric rates in 1993 and 2011. If data for 1993 is not available, please provide the percentages for each year in 2007 through 2011.

c) Does use of the AUTUVA account eliminate the risk associated with residential average use consumption for all drivers but weather? Please explain any other risks, other than weather, that remains with the AUTUVA.

d) Does the AUTUVA account apply solely to Rate 1 customers? If not, what other rate classes does it apply to?

e) Has EGD considered the use of a true up account for industrial demand? If no, why not? If yes, please explain why EGD has not proposed such an account in this proceeding.

f) With respect to the System Size and Complexity, is it EGD's position that because it is bigger it has more risk and therefore requires a higher common equity ratio? If yes, does this mean that if EGD were split into 2 smaller companies, both would have less risk, and therefore a need for a lower common equity ratio?

g) Are the figures noted in paragraph 21 in real or nominal dollars? If they are in nominal dollars, what has been the cumulative increase in inflation between 1993 and 2013?

Interrogatory # 3

Ref: Exhibit M1, Tab 1, Schedule 5

a) If the Board determined that the equity ratio should be maintained at 36%, what other changes to the capital structure would EGD propose? In particular, what long term and short term debt components would be proposed by EGD?

b) If the long term debt component of the capital structure would be increased, please provide a forecast of the incremental long-term debt that would be issued in 2012 and/or 2013 and provide the forecast rate for this incremental debt and show the forecast of the total cost of the long term debt in the 2013 test year.

c) **Please provide a version of the deficiency calculation showing the deficiency if the common equity component remained at 36% and the other components of the capital structure were adjusted to reflect the changes noted above.**

3. Is the proposal to use the Board's formula to calculate return on equity appropriate?

Interrogatory # 1

Ref: Exhibit E2, Tab 1, Schedule 1

a) **Has EGD reflected the ROE of 9.03% shown in Exhibit E2, Tab 1, Schedule 1, Updated in the calculation of the gross revenue deficiency of $91.3 million shown in Exhibit F3, Tab 1, Schedule 1?**

b) **If the response to part (a) is no, please indicate the impact on the gross revenue deficiency of moving from 9.42% to 9.03% ROE.**

F. Revenue Sufficiency / Deficiency

1. Is the revenue requirement and revenue deficiency or sufficiency for the Test Year calculated correctly?

Interrogatory # 1

Ref: Exhibit A2, Tab 4, Schedule 1, Appendix A

Please provide a table showing the revenue deficiency components (weather normalized) between the 2013 proposed and 2007 Board-approved revenue requirements in a format similar to that provided in Exhibit A2, Tab 6, Schedule 2 of EB-2011-0210 by Union Gas.

G. Cost Allocation

1. Is Enbridge's utility Cost Allocation Study, including the methodologies and judgements used and the proposed application of that study with respect to Test Year rates, appropriate?

Interrogatory # 1

Ref: Exhibit G1, Tab 1, Schedule 1

Has EGD made any changes to its cost allocation methodology from the last Board approved cost allocation study? If yes, please provide details including the impact (of dollars) on the change in the allocation of costs to each rate class. Please also provide a rationale for the change in the cost allocation methodology proposed.

H. Rate Design

1. Are the rates proposed for implementation effective January 1, 2013 and appearing in Exhibit H just and reasonable?

Interrogatory # 1

Ref: Exhibit G2, Tab 1, Schedule 1, Updated

Please add a column to Table 1 that shows the Board approved revenue to cost ratios for each rate class from EGD's last cost of service application.

Interrogatory # 2

Ref: Exhibit G2, Tab 2, Schedule 1, Updated

a) **Please explain the rationale for the significant reductions in the revenue to cost ratios proposed for 2013 as compared to those from the 2012 final rate order for rates 9, 110, 115, 145 and 300 along with the increases proposed for rates 170 and 200.**

b) **Please add a line to the schedule that shows the dollar over/under contribution for each rate class based on the 2012 final rate order.**

Interrogatory # 3

Ref: Exhibit H2, Tab 6, Schedule 1

a) **Please confirm that the reference to the GST in Rider G should be changed to the HST.**

b) **When is the last time that EGD changed each of the rates shown in Rider G?**