***PUBLIC INTEREST ADVOCACY CENTRE***

***LE CENTRE POUR LA DEFENSE DE L’INTERET PUBLIC***

## ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. http://www.piac.ca

Michael Buonaguro

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## ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. http://www.piac.ca

Counsel for VECC

July 04, 2012

**E-MAIL**

Ms. Kirsten Walli

Board Secretary

Ontario Energy Board

P.O. Box 2319

2300 Yonge St.

Toronto, ON

M4P 1E4

Dear Ms. Walli:

**Re: Vulnerable Energy Consumers Coalition (VECC)**

**Enbridge Gas Distribution Inc. EB-2011-0354**

Please find enclosed the interrogatories of VECC in the above noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro

Counsel for VECC

## 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 TO EGDI ON BEHALF OF THE**

**VULNERABLE ENERGY CONSUMERS COALITION**

**(“VECC”)**

**July 4, 2012**

**ENBRIDGE GAS DISTRIBUTION INC.**

**2013 COST OF SERVICE RATES PROCEEDING**

**EB-2011-0354**

**VECC**

**INTERROGATORIES**

**B. Rate Base**

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

**Interrogatory # 1**

**Reference: Updated Evidence June 6, 2012 Exhibit B1 Tab 2 Schedule 1 Appendix 1**

1. **Please Expand the Table in Appendix 1 to show continuity from 2007 Approved to 2013F.**
2. **Please provide the actual and forecasted capital expenditures for 2007 through 2013F that are related to power generation.**

**Interrogatory # 2**

**Reference: Exhibit B1 Tab 2 Schedule 2- Line #70 Envision Replacement/Enhancement.**

1. **Please provide the total Envision Capital Budget from 2013 forward.**
2. **What O&M savings are anticipated in 2013?**
3. **What is the impact on the Envision Benefit Realization plan?**
4. **Please provide original BRP summary schedule and provide revised version with new CAPEX.**
5. **What is the impact of the upgrades on the annual operating cost of Envision from 2013 foward.**

**Interrogatory # 3**

**Reference: Exhibit B1 Tab 2 Schedule 2 Page 7 Line 102**

1. **Please provide more details of Tecumseh Office/Warehouse Project including the project business case.**

**Interrogatory # 4**

**References: Exhibit B1 Tab 3 Schedule 2 page 3**

**Exhibit B2 Tab 2 Schedule 1 Asset Plan Chart 3**

1. **Given the major impact of the 3 listed major reinforcements on CAPEX and Revenue Requirement during 2012-2016 what measures has EGD considered to smooth this impact? Please discuss.**

**5. Is the forecast of Customer Additions appropriate?**

**Interrogatory # 1**

#### Reference: Exhibit B1 Tab 2 Schedule 1 Table 1 Updated

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

**7. Is the proposed working capital allowance appropriate?**

**Interrogatory # 1**

##### **Reference: Exhibit B5 Tab 1 Schedule 3 page 2 Updated**

1. **Please provide the corresponding Net-Lag Days from the last Board approved cost of service proceeding.**
2. **Has EGD completed 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. Operating Revenue**

**2. Is Enbridge’s gas volume forecast appropriate?**

**See Below for Questions**

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

**Interrogatory # 1**

**Reference: Exhibit C1 Tab 3 Schedule 1 Degree Day Forecast**

1. **Please provide 2011 Actuals and 2012 Forecast, and update 2013 as required.**

**4. Is the Average Use forecast appropriate?**

**Interrogatory # 1**

#### Reference: Exhibit C1 Tab 3 Schedule 1

1. **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.**
2. **With regard to Figure 2, although EGD states (para 11) that “It is expected that the mass rate migration has come to an end, and, therefore, that the Rate 6 average use per customer will decrease slightly in 2013 compared to 2012”, does EGD agree that there is a turning point in Rate 6 NAC and accordingly the forecast is subject to more error?**
3. **Figure 1 shows the following NACs: 2010-29,030 m3; 2011-29780 m3 (is this the actual? Please see above); 2012- 30,025 m3; 2013-29,988 m3. Please provide the error statistics for the 4 year actual/forecast period 2010 -2013, and compare these to the overall error statistics in Exhibit C2 Tab 2 S1 Tables 1, Table 3 and Table 9.**
4. **Assume that the turning point continues in 2013 and use a rule of thumb that the delta 2012-2013 is 50% of the delta 2011-2012 to calculate the 2013 NAC.**

#### Interrogatory # 2

#### Reference: Exhibit C1 Tab 3 Schedule 1 Table 6

1. **Please provide a summary of Power Market Volumes from 2007-2013F.**
2. **Are these volumes included in the 2011A and 2012E numbers in Table 6?**
3. **What is the change in Power Market Volumes in 2013 attributed to?**

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

**Interrogatory # 1**

#### Reference: Exhibit D2 Tab 6 Schedule 1 and Table 4

1. **Confirm that Union uses the 3-year Weighted Average method and the 3 year average data are for Union. If not, insert a Column for Union.**
2. **Update Table 4 for 2011 Actuals for the Company and 3 year weighted averages (and/or for Union).**
3. **Include Union’s Actuals and Forecast 2011-2012 from EB-2011-0210.**

**Interrogatory # 2**

**Reference: Exhibit D3 Tab 4 Schedule 1 Table 2**

1. **Please expand Table 2 to include throughput volumes, 2011 actuals & 2012E and 2013F**

**6. Is the proposal for the treatment and sharing of Transactional Services revenues, and the forecast of those revenues, appropriate?**

**Interrogatory # 1**

#### References: Exhibit C1 Tab 4 Schedule 1 Page 5

####  Exhibit C3 Tab 4 Schedule 1

1. **Please update the 2011 TS revenues.**
2. **Please confirm that the proposed reduction from $8 million to $6 million in the TS revenue embedded in rates will, when combined with 90% sharing of overage on storage revenues and 75% on transportation revenues, result in a reduction in revenue offsets for ratepayers.**
3. **Please breakdown the $6 million into Storage and Transportation components.**
4. **Provide a calculation of the shareholder and ratepayer revenues based on the current formula and proposed formula using 2011 actuals and assuming no change in O&M.**
5. **Please provide the year-to-date TS-related storage and transportation revenues for 2012.**

**7. Is Enbridge’s forecast of other service and late payment penalty revenues, including the methodologies used to cost and price those services, appropriate?**

**Interrogatory # 1**

#### Reference: Exhibit C1 Tab 5 Schedule 1 Table 2

1. **Please provide a table that shows the actual revenues for 2007 through 2011 and the forecast for 2012 and 2013.**
2. **What is the relationship between Late Payment charges/revenue and cost of gas?**
3. **Please provide a Table that shows average gas costs and LP revenues from 2007-2013F.**

**D. Operating Costs**

**1. Is the 2013 O&M budget appropriate?**

**Interrogatory # 1**

### Reference: Exhibit A2 Tab 1 Schedule 1

1. **Please update the O&M per customer table page 17 to reflect actual data for 2011.**

**Interrogatory # 2**

### Reference: Exhibit D1 Tab 25 Schedule 1

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

**Interrogatory # 3**

#### Reference: Exhibit D1 Tab 3 Schedule 1

1. **Please expand Table 4 -Other O&M, to breakout Salaries and Wages, Benefits and Pension Costs.**

**Interrogatory # 4**

**References: Exhibit D1 Tab 3 Schedule 2 Page 2**

**Exhibit D2 Tab 3 Schedule 1**

1. **For each of the 4 employee categories –Executive, Management, Supervisory and Union, please provide a continuity schedule that shows 2007-2013F for the following categories of compensation/payroll costs:**

**FTEs**

**Base Pay**

**Bonus/ Incentive STIP and/or LTIP**

**Total cash compensation**

**Benefits**

**Pension**

1. **For Total Cash Compensation please show the year over year increase for each category and calculate the Compound Annual Growth Rate (CAGR).**
2. **What is the impact on the test year revenue requirement if non-union increases are limited to 2.0% in 2013?**

**Interrogatory # 5**

**References: Exhibit D1 Tab 3 Schedule 2 Page 2**

**Exhibit D2 Tab 3 Schedule 1**

1. **Please provide Details of LTIP Costs 2007-2013F**

**Incumbents**

**Number of stock units by type and**

**Cash Equivalent value(s)**

1. **Reconcile LTIP Costs to SBC amounts charged under CAM and RCAM (Exhibit D1 Tab 4 Schedule 1 Attachment 1)**

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

**Interrogatory # 1**

**References: Exhibit D1 Tab 2 Schedule 3 Page 7**

**Exhibit D2 Tab 4 Schedule 1 Page 5**

1. **Please provide an equivalent chart/figure for the current methodology.**
2. **Compare the current (old) methodology (no wind speed Variable) vs new**

**Methodology.**

1. **Delineate the effect of including Wind Speed in the modified HDD calculation-Statistics --with/without for each region.**
2. **How many Canadian Utilities include a wind speed variable in the HDD calculation? Please list any that do.**
3. **What are the cost consequences of adopting the proposed Peak Day Design Criteria?**

**5. Is the corporate cost allocation (“RCAM”) appropriate?**

**Interrogatory # 1**

**Reference: Exhibit D1 Tab 4 Schedule 1 Paragraphs 14-16**

1. **Please provide an extract of the Settlement Agreement(s) pertaining to RCAM together with source references.**
2. **Please provide a copy of the annual reports provided to the RCAM consultative during the IRM period (Appendices may be omitted).**
3. **Please confirm that the primary purpose of the consultative was to inform intervenors about changes to RCAM allocations that exceeded the thresholds in the Settlement Agreements;**
4. **Please confirm that the amounts included in the annual reports as payments to Enbridge Inc under RCAM were not endorsed by the consultative, and**
5. **Please confirm that the difference between the reported amounts and the amounts allowed in rates was eliminated by EGD when calculating the IRM Distribution Revenue Requirements.**

**Interrogatory # 2**

**Reference: Exhibit D1 Tab 4 Schedule 1 Attachment 1**

1. **Please update the Schedule to include 2012 and 2013.**

**Interrogatory # 3**

#### Reference: Exhibit D1 Tab 24 Schedule 1

1. **Please update the table on page 1.**

**Interrogatory # 4**

**Reference: RCAM Review-Exhibit D2 Tab 1, Schedule 1, Plus Appendix Section 11.2**

1. **Please provide a Schedule that includes the following:**

**Total RCAM amounts, Distribution Revenue Requirement(DRR), Utility O&M, Customers and Employees(FTE) 2007-2012**

1. **Please Benchmark Total RCAM amounts and Compound Annual Growth Rates (CAGR) to:**

**DRR**

**Utility O&M Costs**

**Customers and**

**Employees(FTE )**

**Calculate the CAGR for each 2007-2012**

**Please provide the Ratio of Stock-based Compensation Costs 2007-2013F**

**to each of:**

**DRR**

**Utility O&M Costs**

**Customers and**

**Employees(FTE )**

1. **Calculate the CAGR for SBC.**

**Interrogatory # 5**

**Reference: RCAM Review-Exhibit D2 Tab 1 Schedule 1 Appendix Page 60 and Page 175**

**Preamble: MNP states that “Of the $7.3 Million Increase in Primary Services from 2007-2012 (as noted in the Table above) $5.4 million or 74% is attributed to services that MNP has categorized as IT and HR functions”.**

1. **Please breakout the increased Services and Costs for IT and HR functions from 2007-2012 and calculate the CAGR for each.**
2. **Please indicate when the EI Service “HR Enterprise Business Solutions” (10089 $2 million) was initiated.**
3. **Confirm how much of the cost of this service was allocated to EGDI and the basis for this (cost driver etc) (Also see Appendix Page 60 ($770K)).**
4. **Are the affiliate charges appropriate?**

**Interrogatory # 1**

#### Reference: Exhibit A1 Tab 9 Schedule 1

1. **Please provide a cost breakdown and service description of the $45.4 million to be paid to Enbridge Inc.**
2. **Indicate/Reconcile the response to the 2013 CAM and RCAM amounts.**
3. **Please provide a schedule showing amounts paid to Enbridge Inc from 2007-2013F using the breakdown in part a) and including CAM and RCAM amounts.**
4. **Please Provide a Summary schedule of services and costs from 2007-2013F and a Copy of the current SLAs for outbound EGDI Services to Gazifere Inc..**
5. **Confirm whether Enbridge corporate costs are charged directly to Gazifere or flow through EGD.**
6. **Provide a copy/extract of the most recent Regie Decision approving Affiliate Charges for Gazifere.**
7. **Summarize how costs for outbound Gazifere services are calculated and compare this to RCAM and CAM.**

**Interrogatory # 2**

#### Reference: Exhibit A1 Tab 9 Schedule 1

1. **Please provide 2011A, 2012F and 2013F Volumes and Deliveries on Vector and Alliance and TCPL.**
2. **Confirm that for deliveries to Parkway Union C1/M1 tolls are incurred.**
3. **Provide a schedule that shows 2013 tolls, Volumes and Costs for each service purchased on Vector, Alliance and TCPL.**
4. **Normalize to a Volume/distance amount for each**
5. **Show the forecast 2013 average unit costs and total transportation costs for deliveries at Parkway for each path.**
6. **For the System Gas Portfolio compare and comment on the costs of deliveries to the Central Region by alternative paths. Compare/contrast relative Competitiveness of Vector/Alliance Tolls relative to TCPL and including Union C1/M12.**

**8. Is the municipal taxes expense appropriate?**

**Interrogatory # 1**

#### Reference: Exhibit D1 Tab 6 Schedule 1

1. **Please update the Municipal Tax amount for 2011.**
2. **Please provide continuity for municipal taxes for 2007 through 2013F.**

**11. Is the proposal for the Open Bill Access Program appropriate?**

**Interrogatory # 1**

**Reference: Exhibit D1 Tab 9 Schedule 1 Page 5 paragraph 13.**

**Over the past two years, the Billing Services Program has performed reasonably well, with the number of active billing clients growing from sixteen at the end of 2008 to forty-five as of December 2011.**

1. **Please provide the average number of bills in any particular month for each of the active billing clients. For the purposes of the response please correct for factors that would skew the average, for example if an active billing agent has been technically active for 2 years, but only reached a plateau of activity at the end of the first year, we would expect that the start up “slow” months would not be included in the average.**

**Interrogatory #2**

**Reference: Exhibit D1 Tab 9 Schedule 1 Page 5 Paragraph 14**

**From a customer standpoint, the Billing Services Program has also functioned well. Third party charges appear on approximately 1.4 million Enbridge bills each month. Customer research conducted by the Company in 2011 indicates that the majority of customers value the convenience of consolidating their energy related charges on their Enbridge bill and appreciate that this program helps to reduce their gas distribution charges.**

1. **Please provide a table for the years 2007 to 2013 that shows, on an actual or forecast basis as appropriate:**
2. **the volume of Shared Bill charges per year,**
3. **the volume of Stand Alone Bill charges per year, and**
4. **the volume of Ex-Franchise Bill charges per year.**

**By way of example, we would expect the annual volume of Shared Bill charges to be in the order of 16.8 Million based on the approximately 1.4 million monthly charges noted in paragraph 14.**

1. **Please provide the customer research conducted by the Company in 2011.**

**Interrogatory #3**

**Reference: Exhibit D1 Tab 9 Schedule 1 Page 6 Table 1 Note 4**

1. **Please describe the nature of the Open Bill Deferral and Variance Account credits that increased the Ratepayer Benefit beyond the embedded $5.389 million in the years 2009-2012. Please explain why these credits are forecast to cease in 2013.**

**Interrogatory #4**

**Reference: Exhibit D1 Tab 9 Schedule 1 Page 13 paragraph 27**

 **Exhibit D1 Tab 9 Schedule 1 Page 14 paragraph 9 Table 4**

**Specifically, for the purposes of determining net revenues from the Billing Services program for 2013, the Company proposes to adopt the costs identified in the 2011 Open Bill and Bill Insert Cost Study, applying the increase in cost for 2013 to both per bill unit costs and revenues, thereby maintaining the margin to be earned by these programs.**

****

1. **Please check whether the figure of $.6052 in Table 4 is correct, or whether it should be $.6524 pursuant to Exhibit D1 Tab 9 Schedule 1 Appendix 3 Page 11. If the figure of $.6052 is incorrect, please confirm that the error was not reproduced in any other Tables or implicitly in calculations underpinning Enbridge’s proposal. If the figure of $.6052 is correct, please provide the references for the evidence underpinning that figure.**
2. **While the statement at paragraph 27 asserts that the increased costs reflected in the 2011 Cost Study are proposed to be included in the increase for both the costs and revenues per bill for 2013 in order to maintain the margin to be earned, Table 4 indicates that, for Shared Bills, the costs are proposed to increase by .094 cents per Bill, while the fee is proposed to increase by only .041 cents per Bill. Please explain how the margin is being maintained, when the increase in costs Enbridge is seeking to recover per Shared Bill is more then twice the increase in fees per Shared Bill that Enbridge is seeking to recover.**

**Interrogatory #5**

**Reference: Exhibit D1 Tab 9 Schedule 1 Page 7 paragraph 17**

**The Bill Insert program however, has been less successful. Bill Insert revenues have declined in recent years. Some of the major reasons for this decline have been practical constraints on print inserter capacity and the requirement to accommodate very small geographically targeted volumes of inserts.**

1. **Please provide a table that sets out, for each of the years 2007 to 2013 on an actual or forecast basis as appropriate, each instance of a 3rd party utilizing the Bill Insert Service, including the number of Bill Inserts distributed in each instance. Please provide the table in a manner that indicates how many uses each particular 3rd party made of the Bill Insert Service over the time period and within each year. By way of example, if a particular third party accessed the Bill Insert Service 8 times over the period of 2007 to 2013, with 4 uses in 2009 with a distribution of 1.4 million each time and 4 uses in 2011 with a distribution of 700,000 each time, the table should be presented in such a way as to provide that information. Please note that we are not interested at this time in the identity of the Bill Insert users, such that for the purposes of this interrogatory it is sufficient to simply distinguish one user from another using numbers, i.e. User 1, User 2, or some other nomenclature.**

**Interrogatory #6**

**Reference: Exhibit D1 Tab 9 Schedule 1 Page 15 paragraph 32**

**Exhibit D1 Tab 9 Schedule 1 Page 22 paragraph 52**

**The Company proposes that this change in the costs and fees of the Open Bill Services take effect from January 1, 2013 and that the programs continue to operate as is, subject to ongoing enhancement activities to at least the end of 2013.**

**The Company does not seek any further changes to Open Bill fees for 2013 beyond those described in its original evidence in this proceeding, D1, Tab 9, Schedule 1. However, the Company continues to examine the financial performance of the program and expects that it will bring forward a revised pricing proposal for 2014 designed to improve the financial performance of the program for the Company and increase the likelihood of improved program benefits for ratepayers.**

1. **The evidence suggests that Enbridge may apply for changes to the program, particularly referencing a revised pricing proposal for 2014, but does not assert specifically that Enbridge will do so. What is Enbridge’s proposal in the event it does not file for approval of a proposal for the period beyond 2013, i.e. in the absence of any such proposal is the approval sought from the Board in this application intended to subsist, and if so for how long and with what changes, automatic or otherwise, over time?**

**Interrogatory #7**

**Reference: Exhibit D1 Tab 9 Schedule 1 Page 17 paragraph 39**

**Additionally, the Company has had several experiences where Billers have not made significant use of the open bill service subsequent to entering into an OBA Service Agreements. Under these circumstances the Company incurs a degree of expense to put the agreement with the Biller in place and set-up for the acceptance and processing of the Biller’s charges in the Company’s Customer Information System. To address this issue the Company will institute a “Pre-Payment Amount”. The Pre􏰲Payment Amount will be a pre-payment of billing fees. Once the billing service commences the Biller’s regular billing fees will be paid by an off􏰲set by the Company against the Pre-Payment Amount until the Pre􏰲Payment Amount has been reduced to zero.**

1. **What is the quantum of the pre-payment amount and how is it calculated? If applicable please distinguish between any fixed portion of the pre-payment amount that every Biller, regardless of their proposed volume of bills, will be charged, and any portion of the pre-payment amount that is to be calculated on a variable basis.**

**Interrogatory #8**

**Reference: Exhibit D1 Tab 9 Schedule 1 Page 3 paragraph 7**

**In its Order dated December 2, 2009, the Board accepted the EB-2006-0043 Open Bill Access Settlement Proposal and the establishment of the deferral and variance accounts necessary to implement Enbridge’s proposal.**

1. **Please confirm that under the current proposal only two deferral and variance accounts, the Open Bill Revenue Variance Account and the Ex-Franchise Third Party Billing Services Deferral Account both as described in Exhibit D1 Tab 8 Schedule 1 pages 16 and 17 are being requested. If other accounts are being requested in connection with Open Bill Access please provide details.**
2. **With respect to the Open Bill Revenue Variance Account, please confirm that Enbridge’s proposal is to maintain a revenue offset in rates related to Open Bill Access of $5.389 million, and that the proposed account will only record debits against ratepayers if the net revenue from Open Bill access (including net revenue from the Bill Insert Service) falls below $4.889 million, and will only record credits to the benefit of ratepayers if the net revenue from Open Bill access (including net revenue from the Bill Insert Service) exceeds $7.389 million.**
3. **With respect to the proposed Ex-Franchise Third Party Billing Services Deferral Account, please confirm that in determining the net revenue to be recorded in the account the only costs deducted from the gross revenue are incremental costs, and that is the case because no existing Enbridge assets are used to deliver Ex-Franchise Third Party Billing Services. If existing Enbridge assets are used to deliver Ex-Franchise Third Party Billing Services, please describe how those costs are fully allocated to the service; if the costs exist but are not fully allocated to the service, please explain why that is the case.**

**Interrogatory #9**

**Reference: Exhibit D1 Tab 9 Schedule 1 Appendix 3 pages 11 and 12**

1. **With respect to the 4 tables on these 2 pages, please expand the tables to include the years 2007-2011.**

**Interrogatory #10**

**Reference: Exhibit D1 Tab 9 Schedule 1 Appendix 3 page 16 paragraph 34**

**Subsequent to the Company’s submission of its initial Open Bill evidence for the**

**2013 Test Year, EGD determined that a number of changes to the Open Bill Access Billing and Collection Services Agreement as filed with the Board in EB-2009-0043 (the “OBA Agreement”) are required in order to support the continued viability of the program. Although some of these changes are administrative in nature, the more significant of them are in response to a number of recent and significant customer related incidents, which for the most part stem from the nature of the sales activities undertaken by some Open Bill Access clients (“Billers”) and which are negatively impacting the Company.**

1. **Please provide details as to the nature of the incidents referred to in this paragraph. Please note that the identities of Billers or customers are not requested through this interrogatory.**

**Interrogatory #11**

**Reference: Exhibit D1 Tab 9 Schedule 1 Appendix 3 page 17 paragraph 38**

**Section 4.3 has been revised to enable EGD to recover costs incurred to investigate and resolve customer disputes and potential breaches of the Open Bill Service Agreement by Billers. The need for this facility is to allow the Company to recover the cost of these activities from those that bring about the need for such actions as opposed to including these costs in the overall Billing Fee. Such costs will be defined as corrective costs and include, but are not limited to outside legal advice, auditors, consultants and investigators engaged by the Company to investigate or follow􏰲up on such breaches or potential breaches of the agreement.**

1. **Please confirm that the costs Enbridge seeks to recover through this proposed change are to be recovered directly from Billers, and that the proposed change does not impact on ratepayers in any way.**

**Interrogatory #12**

**Reference: Exhibit D1 Tab 9 Schedule 1 Appendix 3 page 17 paragraph 38**

**14. Is the proposed O&M budget for Energy Supply, Storage Development and Regulatory appropriate?**

**Interrogatory # 1**

**Reference: Exhibit D2 Tab 5 S1 B&V Storage Cost Allocation Study Page 25 Tables 3, 4**

1. **Provide a copy of the above Tables with 2012 E and 2013 F Costs before and after the proposed chamges recommended by B&V.**
2. **Show how the cost changes have been carried through into the 2011A, 2012E and 2013 O&M budgets for Storage Operations.**

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

**Interrogatory # 1**

#### Reference: Exhibit D1 Tab 17 Schedule 1

1. **Is there any provision for 2013 Energy Technology Innovation Canada (ETIC) costs? If please identify the evidence references and amounts.**
2. **Provide a copy of the CGA “regulatory ask” paper for ETIC (See Union IRRs in EB-2011-0210).**
3. **Provide details of EGDI/EI participation in ETIC.**

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

**See also IRs on Total Compensation under O&M Budget**

**Interrogatory # 1**

**Reference: Exhibit A2 Tab 3 Schedule 2 Page 7**

1. **How is EGD proposing to recover pension costs over the period 2013-2017?**
2. **How often will updates to the Mercer Report and estimates be filed during that period?**

**Interrogatory # 2**

### Reference: Exhibit D1 Tab 18 Schedule 1

**DV. Deferral and Variance Accounts**

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

**Interrogatory # 1**

#### Reference: Exhibit D1 Tab 8 Schedule 1

1. **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.**
2. **For the new DAs and the AUTVA please provide a table that shows how they meet the criteria for D&V accounts on page 19. Specifically why are they appropriate in a Cost of Service Year?**

**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**

#### Reference: Exhibit E1 Tab 2 Schedule 1 Page 5

1. **Please provide the Government of Canada bond rates and the company specific spreads used to derive the debt rates shown in paragraph 21.**
2. **Please update the table in paragraph 21 to reflect the most recent forecasts available for 2012 and 2013.**
3. **Please show/discuss the influence of the change on equity thickness on the 2013 LT debt rate forecast.**

**Interrogatory # 2**

##### **Reference: Exhibit E1 Tab 2 Schedule 1**

 **Exhibit E1 Tab 1 Schedule 1**

1. **Please explain in reference to new Preference Shares how the rate is determined, including the difference between fixed rate and rate reset and the differences between PF1, PF2 and PF3.**
2. **What is the rating(s) for EGD/EI Preference Shares?**
3. **Please update the forecasts for 2012 and 2013.**

**Interrogatory # 3**

### Reference: Exhibit E1 Tab 1 Schedule 1

1. **Please update Table 2 to reflect actual data for 2011.**
2. **Provide a version of Table 4 that assumes no change in Equity Thickness.**

**Interrogatory # 4**

### Reference: Exhibit E3 Tab 1 Schedule 1

1. **Please update the MTN Table for 2011 actuals and 2012 YTD.**
2. **Provide a Copy of the latest Shelf Prospectus for MTN.**

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

**Interrogatory # 1**

### Reference: Exhibit E2 Tab 1 Schedule 2

**Preamble: The Board’s draft (cost of Capital) Guidelines assume that the base capital structure will remain relatively constant over time and that a full re assessment of a gas utility’s capital structure will only be undertaken in the event of significant changes in the company’s business and/or financial risk (page 50).**

1. **Please provide an extract and reference to the Settlement and/or the Decision approving the current common equity ratio for EGD.**
2. **Please provide the percentage of total distribution revenue from fixed charges, and firm demand charges at the time of the increase in equity thickness and in-2013.**
3. **Explain why the following do not serve to reduce EGDIs Business Risk relative to:**
	1. **the period prior to their implementation and**
	2. **relative to other Utilities**
		1. **AUTUVA**
		2. **LRAM/LRAMVA**
4. **How many of Canadian and US utilities in the sample have**
5. **General Service declining use protection (AUTVA)**
6. **LRAM protection and**
7. **Are/are not exposed to weather risk**

**Please provide a chart that shows these attributes on a comparable basis.**

1. **Confirm that EGDI (and EI) is also compensated for Conservation efforts via the SSM and provide the Annual amounts 2007-2011 earned by the shareholder.**
2. **Contrast the SSM amounts earned by EGDI to those of Hydro One Distribution over the same period.**

**Interrogatory # 2**

### Reference: Exhibit E2 Tab 1 Schedule 2

**Preamble: Concentric notes that EGDI’s interest coverage as calculated by S&P for the year ended 2010 was 2.3x, which places EGDI very close to losing access to capital under its trust indenture. Based on S&P’s 2010 data swing in EGDI’s gas distribution revenues of only 3 percent would be sufficient to decrease its EBIT/Interest Coverage.**

1. **Please provide the Reference(s) and if not public, an extract.**
2. **Please provide a Chart that shows key Financial Ratios for EGDI (utility only if possible) and for Enbridge Inc for the years 2007-2012.**
3. **Provide references to data sources.**

**Interrogatory # 2**

**Reference: Exhibit E3 Tab 1 Schedule 2 Page 1**

1. **Please provide the Latest Bond Rating Reports for EGD from S&P and DBRS.**

**Interrogatory # 3**

### Reference: Exhibit M1 Tab 1 Schedule 2

1. **Confirm that the Update includes the revised ROE calculation. If not provide a version with that change.**

**Interrogatory # 3**

### Reference: Exhibit M1 Tab 1 Schedule 5

1. **Please provide a schedule that shows the impact on the revenue deficiency of retaining the current deemed common Equity at 36% and if necessary adjusting other Components.**
2. **Please provide Explanatory Notes.**

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

**No Questions**

**F. Revenue Sufficiency / Deficiency**

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

**Interrogatory # 1**

**Reference: Exhibit A2 Tab 4 Schedule 1 Appendix B**

1. **Please provide a Schedule that shows the main components/drivers of the 2013 Revenue deficiency with evidentiary references.**
2. **Is the overall change in revenue requirement reasonable given the impact on consumers?**

**Interrogatory # 1**

**Reference: No Reference**

1. **Please provide a table and graph that Shows the Distribution Revenue Requirement in total and on a per customer basis 2007-2013F.**

**(Note CIS costs to be included)**

**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**

#### Reference: Exhibit G1 Tab 1 Schedule 1

1. **Identify and list any and all cost allocation methodology changes from the last Board approved cost allocation study. Provide explanatory notes.**
2. **Please provide the impact (dollars) of each change in the allocation to each rate class.**

**H. Rate Design**

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

**Interrogatory # 1**

#### Reference: Exhibit G2 Tab 1 Schedule 1 Updated

1. **Please compare the proposed 2013 R/C ratios to those approved in the 2006 COS Decision and Rate Order.**
2. **For any material differences provide the rationale.**

**O. Other Issues**

**3. Are sustainable productivity and efficiency gains achieved under incentive regulation appropriately reflected in Enbridge's Cost of Service estimates?**

**Interrogatory # 1**

#### Reference: Exhibit A2 Tab 1 Schedule 3 -Analytical Review of the September 2011 PEGR Report

1. **Has EGD received a copy of the PEGR reply to the PSE Report? If so please provide a copy.**
2. **If not indicate the status based on discussions with either Board Staff or PEGR.**
3. **Please update Tables 15 and 22 in the PEGR report to reflect 2011 data.**