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**By electronic filing**

July 6, 2012

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
27<sup>th</sup> floor – 2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms Walli,

<b>Enbridge Gas Distribution Inc. ("EGD") – 2013 Rates</b>	
<b>Board File No.:</b>	<b>EB-2011-0354</b>
<b>Our File No.:</b>	<b>339583-000132</b>

There is one substantive error and one omission in the Interrogatories that we circulated yesterday on behalf of Canadian Manufacturers & Exporters ("CME"). There are also two typographical errors that need to be corrected.

The substantive error is in Interrogatory F.2 and O.3.1(a). The benchmark ROE for 2012 is not 9.03% as stated in subparagraph (v). It is 7.52% as shown in Exhibit E4, Tab 1, Schedule 1, page 2 at line 12.

The omission relates to our failure to ask EGD to revise the calculations in Exhibits E4, Tab 1, Schedule 1 and E5, Tab 1, Schedule 1, page 1 to reflect at lines 5 and 16 the Board's approved formula ROE of 7.94% for 2011 and 7.52% for 2012. We have now added this question.

The typographical corrections are with respect to paragraph numbering. These are as follows:

- On page 2, the number 1 should appear at the first paragraph, rather than on page 3
- At page 11, delete the number 2 that appears before the second paragraph of the first question and change the number of the next question from 3 to 2.

A Revised and Corrected version of the Interrogatories is enclosed. Please replace the document circulated yesterday with this Revised and Corrected version of the CME Interrogatories.

Yours very truly,

Peter C. P. Thompson, Q.C.

PCT/slc  
enclosure

c. Norm Ryckman (EGD)  
Fred Cass (Aird & Berlis)  
Intervenors EB-2011-0354  
Paul Clipsham (CME)

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**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.

**REVISED AND CORRECTED  
INTERROGATORIES OF  
CANADIAN MANUFACTURERS & EXPORTERS (“CME”)  
TO ENBRIDGE GAS DISTRIBUTION INC. (“EGD”)**

**INTRODUCTION**

These interrogatories have been prepared having regard to the following:

- (a) The Interrogatories already submitted by Energy Probe, the Building Owners and Managers Association of Greater Toronto (“BOMA”), Board Staff and the Vulnerable Energy Consumers Coalition (“VECC”);
- (b) The Interrogatories that will be submitted by Mr. Quinn on behalf of the Federation of Rental-housing Providers of Ontario (“FRPO”) that will contain questions framed by John Rosenkranz, an expert retained by Consumers Council of Canada (“CCC”), CME and FRPO with respect to matters pertaining to EGD’s storage expenditures, including their allocation between utility and non-utility operations; and
- (c) Questions that will be submitted by VECC related to EGD’s Cost of Capital and Return evidence upon which VECC, CCC, CME and School Energy Coalition (“SEC”) are being assisted by Laurence Booth.

To the extent possible, we have attempted to avoid duplicating the foregoing questions.

In framing the Interrogatories, we have, with one exception, attempted to adhere to the sequence of issues listed in the Board approved Issues List. The one exception is that, at the outset of these Interrogatories, we pose questions that relate to Issues F.2 and O.3 because the information to be provided in response to those questions constitutes part of the overall context related to questions that we pose under the major topic headings B to F inclusive in the Final Issues List.

**INTERROGATORIES**

**F.2 Is the overall change in revenue requirement reasonable given the impact on consumers?**

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

**Reference: Energy Probe Interrogatory F.1  
Line 18 of Exhibits E3, Tab 1, Schedule 1, E4, Tab 1, Schedule 1 and E5,  
Tab 1, Schedule 1  
Line 16 of Exhibits F3, Tab 1, Schedule 1, F4, Tab 1, Schedule 1 and F5,  
Tab 1, Schedule 1  
Exhibit B, Tab 1, Schedule 2 in each of the following proceedings:  
EB-2009-0055; EB-2010-0042; EB-2011-0008; EB-2012-0055  
Exhibit J2.4 in EB-2011-0277  
Union Gas Exhibit J.O-4-14-1 in EB-2011-0210**

1. Throughout the evidence filed by EGD, elements of the proposed 2013 revenue requirement are compared to elements of the 2007 Board approved revenue requirement, as well as to actual expenditures in years prior to 2013.

In order to enable us to evaluate the appropriateness of the revenue requirement and revenue deficiency amounts EGD asks the Board to approve for 2013, and, in particular, whether gains achieved under incentive regulation are reflected in EGD's proposed 2013 revenue requirement, what we seek is a spreadsheet presentation that starts with the elements of the Board approved 2007 revenue requirement and then tracks the causes of the revenue requirement sufficiencies or deficiencies achieved year-by-year from 2007 to 2012 inclusive so that all of this information can be considered alongside the elements of the proposed revenue requirement for 2013.

Attachment 1 to Union Gas Limited's ("Union") response to a CME Interrogatory in its Rebasing case (copy attached) depicts the format of the initial spreadsheet presentation we seek.

To be clear, we are seeking a presentation by EGD of its actual revenue sufficiency/deficiency amounts in each of the years 2007 to 2012 inclusive based on the approved benchmark Return on Equity ("ROE") for each of those years under the Incentive Regulation Mechanism ("IRM") Agreement. The ROE that EGD uses as the "Approved" Equity Return in its revenue sufficiency/deficiency presentations for 2011 and 2012 in Exhibits E and F at Tabs 3, 4 and 5; as well as in its presentations in its Earnings Sharing Mechanism ("ESM") calculations for 2008 to 2012 inclusive at Exhibit B, Tab 1, Schedule 2 in each of the proceedings described in the above reference is that benchmark return plus the 100 basis points of ROE deadband to which EGD is entitled under the ESM in the IRM Plan.

In these circumstances, it appears that the "Gross Sufficiency" amounts that EGD presented in Exhibit J2.4 in the EB-2011-0277 proceeding of \$11.2M for 2008, \$38.6M for 2009, \$34.7M for 2010, and \$28.1M for 2011 may be understated. We are unclear as to whether these amounts represent the Gross Sufficiency derived from use of the benchmark ROE's for each of those years as the measure of the "Approved" ROE, or a

lower Gross Sufficiency that results from using the benchmark ROE in each of those years, plus the 100 basis points of earnings sharing deadband as the "Approved" ROE. The 100 basis points deadband is not a component of "Approved" ROE. It is a component of the ESM.

Having regard to the foregoing, would EGD please provide the following information:

- (a) Clarification of whether the Gross Sufficiency for 2008, 2009, 2010 and 2011 presented in materials filed in its ESM proceedings for each of those years reflects the benchmark ROE in each of those years as shown in line 41 of Exhibit B, Tab 1, Schedule 2 in each of those proceedings of:
  - (i) 8.66% for 2008;
  - (ii) 8.31% for 2009;
  - (iii) 8.37% for 2010;
  - (iv) 7.94% for 2011; and
  - (v) 7.52% for 2012 (shown in Exhibit E4, Tab 1, Schedule 1, page 2 at line 12);
- (b) If the Gross Sufficiency amounts presented by EGD in Exhibit J2.4 in EB-2011-0277 do not reflect the benchmark ROE's described above, then please provide the Gross Sufficiency amounts for each of the years 2008 to 2011 inclusive and for 2012 estimated that derive from the use of the benchmark ROE for each of those years;
- (c) A summary schedule in spreadsheet format that starts with a column containing each of the line items to be provided in EGD's response to Energy Probe Interrogatory F.1 requesting a presentation in a format similar to that provided by Union in Exhibit A2, Tab 6, Schedule 2 of EB-2011-0210, followed by columns containing the information for actual years 2007 to 2012 inclusive, followed by the 2013 column requested in Energy Probe Interrogatory F.1. The format of this presentation should be similar to Attachment 1 to Union's response to CME Interrogatory Exhibit J.O-4-14-1 in EB-2011-0210;
- (d) For each of the columns 2007 actual to 2012 estimated actual, please provide the following additional information in a revenue deficiency/sufficiency format, including a brief description, by line item, of the cost for:
  - (i) 2007 Actuals being less than 2007 Board Approved elements of the revenue requirement presentation;
  - (ii) 2008 Actuals differing from 2007 Actuals;
  - (iii) 2009 Actuals differing from 2008 Actuals;
  - (iv) 2010 Actuals differing from 2009 Actuals;
  - (v) 2011 Actuals differing from 2010 Actuals;
  - (vi) 2012 Estimated Actuals differing from 2011 Actuals; and

- (vii) 2013 Elements of Revenue Requirement differing from 2012 Estimated Actuals.
- (e) For each of the line item explanations in each year provided in response to the previous question, please identify the portion of each line item that represents an efficiency or productivity gain compared to the previous year and whether that productivity or efficiency gain continues into the following year;
- (f) For each of the line item explanations in each year to be provided above, please identify items of gain that were neither efficiency nor productivity gains, and describe the factors that gave rise to savings that were neither productivity nor efficiency related such as the following:
  - (i) An initial under-forecast of revenues; and/or
  - (ii) An initial over-forecast of expenses.
- (g) For each of the years 2007 to 2012 inclusive, please provide a summary presentation identifying the major causes of the revenue sufficiencies achieved in each of those years. For example, if the gross revenue sufficiencies for 2009 and 2010 are \$38.6M and \$34.7M as shown in Exhibit J2.4 in EB-2011-0277, and not some higher number, then what we are interested in is a statement summarizing the major causes for each of those revenue sufficiency amounts in each of those years and as well for years 2007, 2008, 2011 and 2012;
- (h) In the summaries of the major causes for the revenue deficiencies in each year, please indicate the extent to which the drivers of the sufficiency in each year are sustainable in 2013.

**B. Rate Base****B1. Is Enbridge's forecast level of capital spending in 2013 appropriate?**

**Reference: Exhibit B1, Tab 2, Schedule 1, page 5 of 14, Table 2**

1. Please broaden the comparison of capital expenditures for 2007 Board-approved budget, 2008 through 2010 actual, 2011 actual, 2012 estimate and 2013 budget to include a column for 2007 actual.

**Reference: Exhibit B1, Tab 2, Schedule 3, page 1 of 1**

2. In this Schedule, EGD provides a comparison of capital expenditures. Please broaden this Schedule to include a column for 2007 actual.

**Reference: Exhibit B1, Tab 3, Schedule 1**

3. Prior to the development of EGD's new Asset Management system, which has produced the proposed long-term Asset Plan, how did EGD set priorities for capital spending?

Please list all differences between EGD's traditional approach to setting priorities as compared to its newly developed Asset Management approach.

**Reference: Exhibit B1, Tab 3, Schedule 1**

4. Had EGD not developed its current Asset Plan, would the capital budget proposed in this case be different? If so, please identify all differences. If not, then please explain the benefit of the new approach to asset management.

**B2. Is the proposed Test Year Rate Base appropriate?**

**Reference: Exhibit B1, Tab 1, Schedule 1**

1. Interrogatory No. 1 by Energy Probe requests that EGD expand Table 2, entitled "Gross Plan Continuity Summary", to include actuals for 2007, 2008, 2009, 2010 and 2011. In answering this Interrogatory, please also include the amounts approved by the Board for 2007 in EB-2007-0615.

**Reference: Exhibit B1, Tab 1, Schedule 2, page 1 of 1**

2. This Schedule sets out EGD's utility rate base year-to-year summary. Please broaden the year-to-year summary to include the actuals for 2007, 2008, 2009, 2010 and 2011.

**Reference: Exhibit B1, Tab 2, Schedule 1**

3. Energy Probe has requested that EGD expand updated Table 1 to reflect capital expenditures and customer additions for 2007 through 2011. In broadening this Table, CME requests that EGD prepare an explanation of "major variances" for each of the following years:
  - (a) 2007 actuals versus 2007 budget approved in EB-2007-0615;
  - (b) 2008 actuals versus 2007 actuals;
  - (c) 2009 actuals versus 2008 actuals;
  - (d) 2010 actuals versus 2009 actuals; and
  - (e) 2011 actuals versus 2010 actuals.

**Reference: Exhibit B1, Tab 3, Schedule 1**

4. EGD states that it has been engaged over the past several years in adopting an "Asset Management" approach to managing its distribution assets. We would like to better understand how EGD's Asset Management approach has evolved over the past several years. To this end, we have the following questions:
  - (a) When did EGD first decide to develop the new Asset Management approach?

- (b) At the time that EGD decided to develop the new Asset Management approach, were there any presentations made to senior management? If so, then please provide copies of those presentations, including but not limited to any memoranda or written presentations, including PowerPoint presentations; and
- (c) At any time did EGD obtain external advice on how to develop its new Asset Management approach? If yes, then please provide details of that external assistance.

**Reference: Exhibit B1, Tab 2, Schedule 1, page 1 of 62**

5. We wish to better understand EGD's internal approval process of the "EGD Asset Plan 2012 to 2021" dated May 9, 2012:
- (a) Was this Asset Plan approved by senior management? If so, then when was the approval provided?
  - (b) Were any presentations made on this Asset Plan to senior management? If so, then please provide all presentations made to senior management on the Asset Plan.
  - (c) Were any changes made to the Asset Plan after presentation to senior management but before the Asset Plan was finalized? If so, then please identify all of those changes.
  - (d) Was a draft version of the Asset Plan circulated to EGD's senior management prior to finalization? If so, then please provide a copy of the draft version presented to management.

## **C. Operating Revenue**

### **C1. Is EGD's revenue forecast appropriate?**

**Reference: Exhibit C1, Tab 2, Schedule 1**  
**Exhibit C1, Tab 3, Schedule 1**  
**Exhibit C3, Tab 2, Schedules 1, 2 and 3**

1. We wish to gain a better understanding of the customers that EGD classifies as manufacturers, including the Rate Schedules under which such manufacturers take services, their volumes and their revenues. In this connection, please provide the following information:
- (a) Revise Exhibit C3, Tab 2, Schedule 1 to add three (3) additional columns to capture in each column the Customers, Volumes, and Revenues for those customers in each of the line items in the Exhibit that EGD classifies as manufacturers. Please provide the totals for each of the added columns that are intended to provide the manufacturer sub-set of Customer meters, Volumes and Revenues by rate class; and

- (b) Please provide the manufacturer sub-set for column 2 of Exhibit C3, Tab 2, Schedule 2, page 1, column 2 of Exhibit C3, Tab 2, Schedule 3, page 1, and column 2 of Exhibit C3, Tab 2, Schedule 4.

**C6. Is the proposal for the treatment and sharing of Transactional Services revenues, and the forecast of those revenues, appropriate?**

**Reference: Exhibit C1, Tab 4, Schedule 1, pages 1 to 5, and in particular, paragraph 9**

1. The evidence indicates that the Firm Transportation Risk Alleviation Mechanism ("FT-RAM") was introduced by TransCanada PipeLines Limited ("TCPL") as a means of enabling its shippers to mitigate their Unutilized Demand Charges ("UDC"). We understand that the FT-RAM program was first introduced in 2004 and that it has been enhanced since that date. We further understand that FT-RAM credits are in an amount of 110% of UDC that can be applied, in any month, to the purchase of Interruptible Transportation ("IT") services on the TCPL system. We further understand that the FT-RAM credit attribute adds value to the temporary assignment of FT capacity so that if EGD assigns FT capacity, then the assignee gets the benefit of the FT-RAM credits associated with any of that assigned FT space that remains unutilized. In this context and having regard to the statements made in paragraph 9 of Exhibit C1, Tab 4, Schedule 1, please provide the following information:
- (a) For each of the years 2004 to 2012 to date, please provide the amount EGD received from TCPL for FT-RAM credits;
- (b) For each of the years 2004 to 2012 to date, please advise us of the portion of the FT-RAM credit amounts received that were flowed to ratepayers through EGD's gas supply deferral accounts;
- (c) For each of the years 2004 to 2012 to date, please provide details of each of the temporary assignments that EGD made of FT capacity with FT-RAM attributes, including the amount that it received for such assignments and the portion of those amounts that were flowed to ratepayers through EGD's gas supply deferral accounts;
- (d) Please explain how the elimination of the FT-RAM (designed to mitigate FT demand charges payable by EGD's ratepayers) could negatively affect Transactional Services ("TS") revenues as stated in line 1 of paragraph 9 of Exhibit C1, Tab 4, Schedule 1 at page 3;
- (e) Who are the "marketers" referenced at line 2 of Exhibit C1, Tab 4, Schedule 1, page 4? Are these "marketers" to whom EGD has temporarily assigned FT capacity?
- (f) Has EGD been posting revenue attributable to FT-RAM credits to the TS Deferral Account ("TSDA"), i.e. either a portion of the credits themselves, or the value paid by assignees to obtain FT space with FT-RAM credit attributes? If so, then, for each of the years 2004 to 2012 to date, please provide the amounts of such



revenues that have been credited to the TSDA rather than to EGD's gas supply deferral accounts; and

- (g) Please file the excerpts of any evidence sponsored by EGD in the current National Energy Board ("NEB") proceedings pertaining to TCPL's tolls that relate to EGD's use over the years 2004 to 2012 to date of the FT-RAM, including its temporary assignment of FT capacity possessing FT-RAM credit attributes.

**Reference: Exhibit C1, Tab 4, Schedule 1**

2. Does EGD take any steps to optimize the value of its utility storage? If so, then please list the services that EGD provides to optimize the value of its storage capacity and the revenues that it has derived from the provision of such services for each of the years 2007 to 2012 to date and indicate whether the full amount of any such revenues have been credited to the TSDA in each of the years in which such revenues were received.

**D. Operating Costs**

**D1. Is the 2013 O&M budget appropriate?**

**Reference: Exhibit D1, Tab 1, Schedule 1, page 1 of 2**

1. EGD provides its Operating Cost Summary in Table 1. Please broaden Table 1 so that the Operating Cost Summary includes actual information for the years 2007, 2008, 2009, 2010 and 2011.

**Reference: Exhibit D1, Tab 3, Schedule 1, page 4 of 29**

2. At Table 2, EGD provides a comparison of the 2013 Test Year versus 2012 Bridge Year for other operating and maintenance expense by cost type. Please provide tables in the same format as Table 2, which provide the following additional comparisons:
- (a) 2007 actuals versus the Board-approved 2007 budget;
  - (b) 2008 actuals versus 2007 actuals;
  - (c) 2009 actuals versus 2008 actuals;
  - (d) 2010 actuals versus 2009 actuals; and
  - (e) 2011 actuals versus 2010 actuals

For each of these reproduced tables, please provide a "variance explanation", which sets out the major drivers for significant increases or decreases in each table.

**Reference: Exhibit D1, Tab 3, Schedule 1, page 4 of 29**

3. In preparing the variance explanation requested above, please identify items that represent efficiency or productivity gains, and whether that productivity or efficiency gain continued in the following years. For those productivity or efficiency gains which only existed during the IRM period, please provide an explanation as to why they will not continue in 2013 and beyond.

**Reference: Exhibit D1, Tab 3, Schedule 1, page 12 or 29, Table 5**

4. At Table 5, EGD provides a summary of Full-Time Equivalents ("FTEs") for 2013 budget, 2012 estimate, 2011 historical and 2007 Board-approved. Please broaden this Table to include actual amounts for 2007, 2008, 2009 and 2010.

**Reference: Exhibit D1, Tab 3, Schedule 1, page 14 of 29, Table 6**

5. At Table 6, EGD sets out the O&M expense on a cost per customer basis. We note that for the years 2008, 2009, 2010 and 2011 the utility O&M cost per customer is less than in 2007 and increases dramatically in 2012. We wish to better understand the reduction in utility O&M cost per customer during this time period. To this end, please provide the following information:
  - (a) Identify all productivity or efficiency gains achieved in 2008, 2009, 2010 and 2011 which resulted in a reduction of utility O&M cost per customer;
  - (b) Are there reasons in addition to the productivity or efficiency gains set out in subparagraph (a) above, which contributed to the reduction O&M cost per customer in the years 2008, 2009, 2010 and 2011?
  - (c) Please identify which efficiency or productivity gains set out in subparagraph (a) above are expected to continue beyond 2011;
  - (d) Please identify which efficiency or productivity gains do not continue beyond 2011, and provide an explanation for why these were temporary only during the IRM period.

**D2. Is Enbridge's gas supply plan, including the forecast of gas, transportation and storage costs appropriate?****Reference: Exhibit D1, Tab 2, Schedule 1 original and updated  
Exhibit D3, Tab 3, Schedules 1 to 5**

1. What differences, if any, will there be in EGD's 2013 gas supply plan if its proposed changes to Peak Gas Day Design Criteria ("PGDDC") are either rejected completely or postponed for consideration some time before the end of 2013?
2. Is EGD forecasting any UDC on the TCPL system in 2013? If so, then please explain why EGD cannot structure its upstream transportation arrangements with TCPL in a way

to entirely avoid UDC having regard to the excess TCPL capacity that currently exists and the broad range of flexible transportation services that TCPL offers.

3. The evidence indicates that EGD now acquires storage from Union under the auspices of market-based rates that are in decline because of changing natural gas market dynamics. Please produce, in confidence if necessary, the contract that EGD recently negotiated with Union for storage capacity and services under the auspices of market-based rates.

**D4. Is the forecast of Employee Future Benefit costs which will be incurred under USGAAP appropriate, including the request to recover Pension Expense and Other Post-Employment Benefits ("OPEB") Expense on an accrual basis commencing January 1, 2013?**

**Reference: Exhibit A2, Tab 3 and its Appendices  
Exhibit D1, Tab 3, Schedules 1 and 2  
Exhibit M1, Tab 1, Schedule 4  
Board Staff Interrogatory Nos. 84 to 97**

1. By what extent does the 2013 revenue requirement decrease in a scenario where, for regulatory purposes, the cash basis of accounting for Pension Expenses continues.
2. By what extent, if at all, does the 2013 revenue requirement decrease if, for regulatory purposes, a switch to the accrual method for recovering Pension Expenses is approved commencing January 1, 2013, in the context of a Board finding that the transition to the accrual method ought to have been made by 2009?
3. Does EGD have the option of continuing to expense OPEB on a cash basis effective January 1, 2013? If so, then by what extent does the 2013 revenue requirement decrease in a scenario where, for regulatory purposes, the cash basis continues to apply to OPEB expense?
4. By what extent, if at all, does the 2013 revenue requirement decrease if the switch to an accrual method for OPEB expense is approved commencing January 1, 2013, in the context of a finding that the transition to the accrual method should have been made by 2009?
5. Please produce copies of all documents, including email communications and presentations to EGD management, pertaining to the issue of switching from a cash basis to an accrual basis of accounting for Pension and OPEB expenses, for regulatory purposes, as of 2009, including the descriptions, if any, that were provided at that time of the possible impact of such transition on EGD's share of revenue sufficiencies then being realized under the auspices of the IRM Plan. In particular, what options were management asked to consider, at that time, and was the risk to EGD's share of over-earnings associated with a transition to accrual accounting for these items of expense in 2009 a factor that was identified in any of these documents.

**DV. Deferral and Variance Accounts**

**DV2. Is EGD's request to recover from ratepayers an approximate \$90 million forecasted balance as at December 31, 2012 in the 2012 Transition Impact of Accounting Changes Deferral Account ("TIACDA") appropriate?**

**Reference: Exhibit A2, Tab 1, Schedule 1  
Exhibit D1, Tab 8, Schedule 1  
Board Staff Interrogatory Nos. 141 to 145**

1. Does any portion of the \$90M forecasted balance as at December 31, 2012 relate to the proposal to switch to the accrual method of accounting for Pension expenses, or is the amount entirely related to OPEB expenses?

**E. Cost of Capital**

**E2. Is the proposed change in capital structure increasing EGD's deemed common equity component from 36% to 42% appropriate?**

**Reference: Exhibit E1, Tab 1, Schedule 1**

1. The Board conducted a full assessment of EGD's equity ratio in the EB-2006-0034 proceeding which was decided by Reasons for Decision dated July 5, 2007. The Board then determined that a 36% equity ratio was appropriate for EGD.

In the Board's Cost of Capital Report dated December 11, 2009, the Board described its policy and the guiding principles that it will apply in re-assessing the appropriateness of the capital structures for electricity transmitters, generators and gas utilities as follows:

*"For electricity transmitters, generators and gas utilities, deemed capital structure is determined on a case by case basis. The Board's draft 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." (emphasis added)*

Is EGD attempting, in this case, to have the Board reverse this stated policy?

2. In an article in the *Calgary Herald* dated December 9, 2008, Pat Daniels, CEO of Enbridge Inc. and owner of EGD, is reported to have referred to the low risk and steady predictable nature of the pipeline business. Please provide a transcript or any other record available to EGD through its parent, Enbridge Inc., pertaining to the statements made by Mr. Daniels that are referenced in the *Calgary Herald* article.

**Reference: Exhibit E4, Tab 1, Schedule 1, page 1  
Exhibit E5, Tab 1, Schedule 1, page 1**

3. Please revise the calculations in each of these Exhibits to reflect, at lines 5 and 16, the Board approved formula ROE of 7.94% for 2011 and 7.52% for 2012.

**H. Rate Design**

**H1. Are the rates proposed for implementation effective January 1, 2013, and appearing in Exhibit H just and reasonable?**

**Reference: Exhibit H1, Tab 1, Schedule 1, Table 1**

1. What will be the impact on the 2013 proposed revenue deficiency and rates if everything EGD asks the Board to approve in this case for recovery in 2013 and subsequent years were found to be recoverable in 2013? In other words, what is the total impact of adding to the claimed revenue deficiency all of the costs that EGD seeks to defer to future periods, including OPEB expenses, Pension expenses, gas supply costs pertaining to the proposed changes to PGDDC and any other deferrals of this nature?
2. CME wishes to obtain a better understanding of the impacts of EGD's proposed rates on the manufacturers it serves. EGD's manufacturer customers will be more specifically identified when EGD provides its response to Interrogatory C1.1 herein. In conjunction with providing a response to that Interrogatory, please provide the rate impact on each of the rate classes identified in that Interrogatory response under which manufacturers take service.

**UNION GAS LIMITED**  
 Financial Summary including Derivation of Revenue Deficiency/Sufficiency

Line No	Particulars	2007 Approved (a)	2007 Actual (b)	2008 Actual (c)	2009 Actual (d)	2010 Actual (e)	2011 Actual (f)	2012 Estimate (g)	2013 Proposed (h)
<b>Operating Revenues: (\$000s)</b>									
1	Gas Sales	1,796,757	1,811,101	1,865,629	1,699,503	1,497,451	1,482,738	1,457,998	1,401,869
2	Transportation	127,701	132,925	165,085	177,325	183,331	193,605	180,658	162,055
3	Storage	17,962	24,261	23,327	28,914	20,887	10,964	9,090	11,488
4	Other	24,434	29,849	26,288	26,713	23,504	23,080	23,162	23,152
5	Earnings sharing	-	-	-	-	-	-	-	-
6	Total Operating Revenue	1,966,854	1,998,136	2,080,329	1,932,455	1,725,173	1,710,387	1,650,918	1,598,544
<b>Operating Expenses: (\$000s)</b>									
7	Cost of gas	1,135,825	1,154,203	1,169,446	1,023,220	795,549	755,941	721,228	697,838
8	Operating and maintenance expenses	326,222	320,302	324,832	320,325	351,634	371,731	383,774	393,228
9	Depreciation	173,780	168,465	180,253	187,173	190,176	195,477	204,145	196,467
10	Other financing	315	636	535	474	621	343	362	1,179
11	Property and capital taxes	67,709	64,476	64,942	66,638	65,130	60,700	62,916	64,022
12	Income taxes	14,589	28,436	36,277	36,288	30,214	33,119	18,560	6,574
13	Other expense(income)	-	-	-	3,050	500	(709)	-	-
14	Return	259,490	251,931	257,617	260,189	260,839	251,384	255,643	291,851
15	Total Cost of Service including Return	1,977,930	1,988,449	2,033,902	1,897,337	1,694,663	1,667,986	1,646,627	1,651,159
16	Revenue Deficiency/(Sufficiency) after tax	11,076	(9,687)	(46,427)	(35,098)	(30,510)	(42,401)	(4,291)	52,615
17	Provision for income taxes on deficiency (sufficiency)	6,263	(5,477)	(23,388)	(17,287)	(13,707)	(16,694)	(1,527)	18,009
18	Total revenue deficiency/(sufficiency)	17,339	(15,164)	(69,815)	(52,385)	(44,217)	(59,095)	(5,818)	70,625
19	Remove net short-term storage revenue	15,829	17,630	14,858	22,789	16,753	7,900	5,109	7,555
20	Remove net transportation revenue	3,436	9,748	-	-	-	-	-	-
21	Long-term storage premium subsidy	(19,265)	(19,265)	(16,053)	(10,702)	(5,351)	-	-	-
22	Short-term storage premium subsidy	(14,246)	(14,246)	(11,254)	(11,254)	(11,254)	(11,254)	(11,254)	(6,782)
23	Transportation premium subsidy	(3,093)	(3,093)	-	-	-	-	-	-
24	Adjusted revenue deficiency/(sufficiency)	-	(24,390)	(82,264)	(51,552)	(44,069)	(62,449)	(11,963)	71,378