CCC INTERROGATORY #1

INTERROGATORY

F - Revenue Sufficiency/Deficiency
Issue F1: Is the revenue requirement and revenue deficiency or sufficiency for the Test Year calculated correctly?

Please provide all materials provided to EGD's Board of Directors related to the 2013 rate filing and resulting revenue deficiency. When were these materials presented to the Board of Directors? If the filing was discussed at multiple meetings please include all of the materials provided at those meetings.

RESPONSE

There have not been any materials presented to the EGD Board of Directors related to the approval of the 2013 rate filing and resulting revenue deficiency. The EGD Board of Directors typically reviews and approves the Company's budget in the beginning of the subject year. The expectation is that the EGD Board of Directors will review and approve the Company's 2013 budget in the beginning of 2013. The budget presented for approval at that time will reflect the Ontario Energy Board's decision in this proceeding or, if no decision has been rendered at that time, the budget will reflect the Company's filing in this proceeding.

Witnesses: K. Culbert
R. Fischer
S. Kancharla
R. Lei
M. Lister

CCC INTERROGATORY #2

INTERROGATORY

F - Revenue Sufficiency/Deficiency
Issue F1: Is the revenue requirement and revenue deficiency or sufficiency for the Test Year calculated correctly?

Under what regulatory model does EGD intend to file approval for rates beyond 2013?

RESPONSE

EGD expects to file a multi-year incentive regulation plan with the OEB for rates beyond 2013. EGD anticipates making this filing sometime after a draft final rate order has been issued by the Board with respect to this 2013 Cost of Service filing.

Witnesses: K. Culbert
R. Fischer
S. Kancharla
R. Lei
M. Lister

CCC INTERROGATORY #3

INTERROGATORY

F - Revenue Sufficiency/Deficiency
Issue F1: Is the revenue requirement and revenue deficiency or sufficiency for the Test Year calculated correctly?

Ref: A2/T4/S1/Appendix A

Please provide a detailed explanation as to how the $102.4 million amount related to Rate base and associated deprecation, CCA, and debt level required adjustments was calculated. Please include all assumptions.

RESPONSE

Please see response to CME Interrogatory #1 found at Exhibit I, Issue F2, Schedule 4.1.

Witnesses: K. Culbert
R. Fischer
S. Kancharla
R. Lei
M. Lister

CCC INTERROGATORY #4

INTERROGATORY

F - Revenue Sufficiency/Deficiency
Issue F1: Is the revenue requirement and revenue deficiency or sufficiency for the Test Year calculated correctly?

Ref: A2/T4/S1/Appendix A

Please provide a detailed explanation as to how the $60.2 million of "all other" costs was calculated. Please include all assumptions.

RESPONSE

Please see response to CME Interrogatory #1 found at Exhibit I, Issue F2, Schedule 4.1.

Witnesses: K. Culbert
R. Fischer
S. Kancharla
R. Lei
M. Lister

CCC INTERROGATORY #5

INTERROGATORY

F - Revenue Sufficiency/Deficiency
Issue F1: Is the revenue requirement and revenue deficiency or sufficiency for the Test Year calculated correctly?

Ref: A2/T4/S1/Appendix A

Please provide a detailed explanation as to how the $8.5 million amount relate to "other revenues, all other tax ads and deducts" was calculated. Please include all assumptions.

RESPONSE

Please see response to CME Interrogatory #1 found at Exhibit I, Issue F2, Schedule 4.1.

Witnesses: K. Culbert
R. Fischer
S. Kancharla
R. Lei
M. Lister

CCC INTERROGATORY #6

INTERROGATORY

F - Revenue Sufficiency/Deficiency
Issue F1: Is the revenue requirement and revenue deficiency or sufficiency for the Test Year calculated correctly?

Ref: A2/T4/S1/Appendix A

Please provide a detailed explanation as to how the $9.7 million related to "volumes/supply mix, storage carrying cost changes" was calculated. Please include all assumptions.

RESPONSE

Please see response to CME Interrogatory #1 found at Exhibit I, Issue F2, Schedule 4.1.

Witnesses: K. Culbert
R. Fischer
S. Kancharla
R. Lei
M. Lister

ENERGY PROBE INTERROGATORY #1

INTERROGATORY

F – Revenue Sufficiency/Deficiency
Issue F1: Is the revenue requirement and revenue deficiency or sufficiency for the Test Year calculated correctly?

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.

RESPONSE

Please see the response to CME Interrogatory # 1 at Exhibit I, Issue F2, Schedule 4.1.

Witness: K. Culbert

VECC INTERROGATORY #1

INTERROGATORY

F - Revenue Sufficiency/Deficiency
Issue F1: Is the revenue requirement and revenue deficiency or sufficiency for the Test Year calculated correctly?

Reference: Exhibit A2 Tab 4 Schedule 1 Appendix B

a) Please provide a Schedule that shows the main components/drivers of the 2013 Revenue deficiency with evidentiary references.

RESPONSE

Please see the response to CME Interrogatory #1 at Exhibit I, Issue F2, Schedule 4.1.

Witnesses: K. Culbert
A. Kacicnik
R. Small

CME INTERROGATORY #1

INTERROGATORY

F - Revenue Sufficiency/Deficiency
Issue F2: Is the overall change in revenue requirement reasonable given the impact on consumers?

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

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.

Witnesses: L. Au
K. Culbert
S. Kancharla
D. Kelly
R. Lei
M. Lister

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 (as shown in Exhibit M1, Tab 1, Schedule 1, para.9);

(b) If the Gross Sufficiency amounts presented by EGD in Exhibit J2.4 in EB-2011-0277 do not reflect the benchmark ROEs described above, then

Witnesses: L. Au
K. Culbert
S. Kancharla
D. Kelly
R. Lei
M. Lister

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;

Witnesses: L. Au
K. Culbert
S. Kancharla
D. Kelly
R. Lei
M. Lister

(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.

<u>RESPONSE</u>

(a) The gross sufficiency calculations for each of the years 2008 through 2012 were shown and determined in comparison to the Board approved formula ROE%'s each year plus 100 basis points. This is necessary for the purpose of determining the proper level of overearnings and overearnings subject to earnings sharing. The 100 basis point ROE dead-band within the 2008 Incentive Regulation ("IR") approved agreement was in effect an allowed or permitted required % of ROE in the same way that the co-efficient GDPIPI multiplier was an embedded and required productivity factor. EGD's IR mechanism recognized and includes an imposed inflation offset or productivity factor on the allowed or approved revenues which was clearly understood would not match the inflation factor aspect being incurred within costs. The result was that the IR model parameters clearly accepted embedded annual rate increases of approximately 50% of inflation with the knowledge and acceptance that the Company's ROE results were permitted to

Witnesses: L. Au
K. Culbert
S. Kancharla
D. Kelly
R. Lei
M. Lister

be a maximum of 100 basis points above the typical Board formula ROE for the purpose of measuring overearnings. To disregard that accepted and permitted ROE % level for the purpose of determining overearnings while recognizing all other accepted parameters of the IR rate making model is incorrect and inappropriate.

(b) The gross sufficiency amounts calculated before earnings sharing when derived using the Board approved formula ROE%s for each year without recognizing the 100 basis point allowed ROE% dead-band are shown in Row 20 of Attachment 1.

(c) Please see Attachment 1.

(d) Please see Attachment 2 for the requested variances. For explanations of differing amounts requested in items (vi) & (vii) please see Exhibits C1, Tab 2, Schedule 1 & Exhibit D1, Tab 3, Schedule 1. For items (ii), (iii), (iv) & (v) the explanations provided within and used in the previous ESM proceedings mentioned above have been provided within Attachments 3.1 to 3.4

(e) For explanations of productivity and efficiencies please see Exhibit I, Issue O3, Schedule 5.2.

(f) There are a variety of items where increases or decreases have occurred year to year which may or may not be considered direct efficiencies or productivities. However, the year to year changes in those items are likely to have been influenced by other factors or decisions which therefore cannot be categorized as having occurred because of initial under or over forecasts. For example, annual depreciation expense change shown at line 19 of Attachment 2, has increased at a greater or lower pace in some years than previous years but mostly at a greater pace than that budgeted and included in base year IR amounts. The changing pace of annual depreciation change is influenced by changes in annual capital and timing changes which will never be the same as the base year. Another example is the ROE formula change year over year. The ROE year over year impact is not only influenced by the formula element change but also the annual change in rate base and associated change in equity.

(g) As previously indicated in each of EGD's ESM proceedings during the 2008-2012 IR term, other than the cost of service annual Y-factor inclusions and exclusions

Witnesses: L. Au
K. Culbert
S. Kancharla
D. Kelly
R. Lei
M. Lister

within the derivation of rates, yearly rates and revenues are not approved based upon any examination or approval of a supporting level of specific types and mixes of costs. EGD provided information in each of the previous ESM proceedings comparing its earnings results to the cost elements last approved in 2007 and to anticipated revenue and margin changes resulting from the use of the IR formula each year. Drivers of sufficiencies and deficiencies cannot be determined for IR results in the same fashion that one is able to determine drivers within a year-over-year cost of service framework where revenues are underpinned by Board Approved costs.

(h) See part (g)

Witnesses: L. Au
K. Culbert
S. Kancharla
D. Kelly
R. Lei
M. Lister

Enbridge Gas Distribution

Financial Summary including Derivation of Revenue Sufficiency / (Deficiency)

Line No	Particulars ($Millions)	Col. 1 2007 Board Approved	Col. 2 2007 Actual	Col. 3 2008 Actual	Col. 4 2009 Actual	Col. 5 2010 Actual	Col. 6 2011 Actual	Col. 7 2012 Bridge	Col. 8 2013 Test
	Distribution & Gas Commodity Revenue								
1	Gas sales	2,369.1	2,274.3	2,351.6	2,221.6	1,988.0	1,978.4	2,158.8	2,004.1
2	Transportation	748.8	732.0	747.3	627.7	460.1	411.2	361.4	313.9
3	Storage	1.9	1.1	1.8	1.6	1.4	1.5	1.7	1.7
4	Total Distribution & Gas Commodity Revenue	3,119.8	3,007.4	3,100.7	2,850.9	2,449.5	2,391.1	2,521.9	2,319.7
5	Cost of Gas	2,174.6	2,047.7	2,137.8	1,862.6	1,450.7	1,383.7	1,515.5	1,307.9
6	Gas Distribution Margin	945.2	959.7	962.9	988.3	998.8	1,007.4	1,006.4	1,011.8
7	Other Revenue	34.5	39.7	43.5	48.4	53.7	41.2	40.2	38.9
8	Total Distribution, Commodity, & Other Revenue	979.7	999.4	1,006.4	1,036.7	1,052.5	1,048.6	1,046.6	1,050.7
	Distribution Operating Expenses								
9	Operating and maintenance expenses	326.2	322.0	323.4	336.9	346.2	360.5	402.2	438.1
10	Depreciation	227.3	225.7	236.7	251.0	266.9	276.6	291.6	300.8
11	Other financing	1.3	3.2	1.0	6.8	5.1	3.1	2.5	2.3
12	Municipal, capital and other taxes	45.9	43.6	44.8	44.4	40.7	37.6	38.8	40.1
13	Income taxes	85.8	91.3	87.3	78.7	71.3	57.0	34.0	45.4
14	Notional utility account recovery	9.2	9.2	-	-	-	-	-	-
15	Tax savings through 2012, CCCISRSDA in 2013	-	-	7.4	9.6	16.0	22.3	25.6	(4.6)
16	Return	284.0	273.9	284.6	269.8	268.6	256.8	255.9	299.6
17	Total Distribution Cost of Service Including Return	979.7	968.9	985.2	997.2	1,014.8	1,013.9	1,050.6	1,121.7
18	Net Revenue Sufficiency/(Deficiency)*	-	30.5	21.2	39.5	37.7	34.7	(4.0)	(71.0)
19	Provision for Income Taxes on Sufficiency/(Deficiency)	-	17.2	10.5	19.5	17.0	13.7	(1.4)	(21.6)
20	Gross Revenue Sufficiency/(Deficiency)*	-	47.7	31.7	59.0	54.7	48.4	(5.4)	(92.6)

* Sufficiency/deficiency amounts calculated for 2008 through 2012 have not incorporated the 100 basis point allowance, above the Board approved formula ROE, approved as part of the Company's incentive regulation framework, nor do they incorporate actual earning sharing amounts returned to ratepayers.

Enbridge Gas Distribution
Revenue Sufficiency / (Deficiency) Components

Line No	Particulars ($Millions)	Col. 1 2013 vs. 2007 BA	Col. 2 2007 vs. 2007 BA	Col. 3 2008 vs. 2007	Col. 4 2009 vs. 2008	Col. 5 2010 vs. 2009	Col. 6 2011 vs. 2010	Col. 7 2012 vs. 2011	Col. 8 2013 vs. 2012
	Distribution & Gas Commodity Revenue								
1	Gas sales	(365.0)	(94.8)	77.3	(130.0)	(233.6)	(9.6)	180.4	(154.7)
2	Transportation	(434.9)	(16.8)	15.3	(119.6)	(167.6)	(48.9)	(49.8)	(47.5)
3	Storage	(0.2)	(0.8)	0.7	(0.2)	(0.2)	0.1	0.2	-
4	Total Distribution & Gas Commodity Revenue	(800.1)	(112.4)	93.3	(249.8)	(401.4)	(58.4)	130.8	(202.2)
5	Cost of Gas	866.7	126.9	(90.1)	275.2	411.9	67.0	(131.8)	207.6
6	Gas Distribution Margin	66.6	14.5	3.2	25.4	10.5	8.6	(1.0)	5.4
7	Other Revenue	4.4	5.2	3.8	4.9	5.3	(12.5)	(1.0)	(1.3)
8	Total Distribution, Commodity, & Other Revenue	71.0	19.7	7.0	30.3	15.8	(3.9)	(2.0)	4.1
	Operating & maintenance expenses								
9	Pension	(35.6)	0.2	(0.2)	(0.9)	(1.4)	0.8	(17.4)	(16.7)
10	RCAM	(14.0)	-	(1.0)	(2.1)	(3.1)	(2.4)	(3.5)	(1.9)
11	DSM	(9.4)	-	(1.1)	(1.2)	(1.2)	(1.2)	(1.4)	(3.3)
12	Compensation	(49.1)	0.9	3.4	(5.0)	(3.1)	(14.6)	(15.1)	(15.6)
13	Internal allocations & recoveries	8.1	3.7	5.2	(2.3)	1.0	0.9	(0.6)	0.2
14	Provision for uncollectibles	(0.1)	(0.1)	(1.5)	(1.1)	6.3	(10.0)	7.8	(1.5)
15	Capitalization	30.1	(1.8)	(1.6)	0.6	3.0	2.7	17.0	10.2
16	Customer care	1.4	6.4	1.9	(5.0)	-	8.3	(11.2)	1.0
17	Other	(43.3)	(5.1)	(6.5)	3.4	(10.7)	1.2	(17.3)	(8.3)
18	Total operating & maintenance expenses	(111.9)	4.2	(1.4)	(13.6)	(9.2)	(14.3)	(41.7)	(35.9)
19	Depreciation	(73.5)	1.6	(11.0)	(14.3)	(15.9)	(9.7)	(15.0)	(9.2)
20	Municipal, capital, and other taxes	5.8	2.3	(1.2)	0.4	3.7	3.1	(1.2)	(1.3)
21	Notional utility account recovery	9.2	-	9.2	-	-	-	-	-
22	Rate base growth net of tax changes & debt costs	40.8	19.9	(13.1)	17.2	2.6	9.9	(2.2)	6.5
23	ROE formula change	(12.9)	-	(5.5)	7.2	(1.2)	8.6	8.3	(30.3)
24	Equity thickness change	(21.1)	-	-	-	-	-	-	(21.1)
25	Total Revenue Sufficiency/(Deficiency) Gross*	(92.6)	47.7	(16.0)	27.2	(4.2)	(6.3)	(53.8)	(87.2)

* The year to year change in sufficiency/deficiency amounts calculated for 2008 through 2012 have not incorporated the 100 basis point allowance, above the Board approved formula ROE, approved as part of the Company's incentive regulation framework, nor do they incorporate actual earning sharing amounts returned to ratepayers.

EGD
Contributors to Utility Earnings
and Earnings Sharing Amounts
for Fiscal Year 2008

Line No.		Col. 1 2008 Actual Normalized ($000's)	Col. 2 2007 Board Approved ($000's)	Col. 3 Over/ (Under) Earnings Impact ($000's)	Col. 4 Attached Pages Refer.
1.	Sales revenue	2,353.4	2,369.1		
2.	Transportation revenue	747.3	748.8		
3.	Transmission, compression & storage	1.8	1.9		
4.	Gas costs	2,137.8	2,174.6		
5.	Distribution margin	964.7	945.2	19.5	a)
6.	Other revenue	38.9	34.3	4.6	b)
7.	Other income	4.3	0.2	4.1	c)
8.	O&M	323.4	326.2	2.8	d)
9.	Depreciation expense	236.7	227.3	(9.4)	e)
10.	Other expense	51.4	56.4	5.0	f)
11.	Income taxes	90.7	85.8	(4.9)	g)
12.	Utility Income	305.7	284.0	21.7	
13.	LTD & STD costs	161.6	165.8	4.2	h)
14.	Preference share costs	5.0	5.0	-	
15.	Return on Equity @ 9.66%[1] in 2008, 8.39% in 2007	131.4	113.2	(18.2)	
16.	Net Earnings Over / (Under)	7.7	(0.0)	7.7	
17.	Provision for taxes on Earnings Over / (Under)	3.9	(0.0)	3.9	
18.	Gross Earnings Over / (Under)	11.6	(0.0)	11.6	
19.	EGD Equity Level @ 36% (B-5-1, Col.1. line 5)	1,360.5			
20.	EGD normalized Earnings	139.1			
21.	EGD normalized Return on Equity	10.22%			

[1] 8.66% as per Board Approved formula using October 2008 consensus forecast, plus 100 basis points as per 2008 incentive regulation Board Approved agreement.

2008 Earnings Sharing Amount and Contributors

The following are explanations of the Utility Normalized Earnings results as compared to the 2007 Board Approved amounts. The reference letters are in relation to those identified on page 1 of this schedule.

a) The distribution margin change of $19.5 million is mainly the result of the change in revenue derived from EGD's IR framework and formula (forecast 2008 IR formula revenue was $26.3 million, DRR beginning escalation formula was $753.2, end was $779.5), increases in DSM and Customer Care related Y-Factors versus 2007 Board approved levels and, partially offsetting lower required recoveries of carrying costs of gas in storage and working cash elements due to lower gas commodity pricing within the 2008 QRAM's versus pricing embedded in 2007 approved rates. This results in a positive impact on earnings.

b) The other revenue change of $4.6 million is mainly due to increased late payment penalty revenue. This results in a positive impact on earnings.

c) The other income change of $4.1 million is mainly due to revenue from the management of fee for service external 3rd party energy efficiency initiatives. This results in a positive impact on earnings.

d) Utility O&M is $2.8 million below that of the 2007 approved level embedded in base rates used within the incentive regulation escalation formula. For a visual of the changes in utility O&M please see the updated evidence at Exhibit B, Tab 3, Schedule 1, Updated 2009-04-16. This results in a positive impact on earnings.

e) The increase in depreciation expense of $9.4 million is due to higher levels of property, plant, and equipment associated with customer growth and system improvement activities. This results in a negative impact on earnings.

f) Other expenses are lower mainly due to the elimination of the notional utility account amounts versus the 2007 approved level of $9.2 million, a decrease in municipal and capital tax of $1.1 million mostly the result of decreased capital tax rates as recognized in the IR tax savings agreement and, a partial offsetting increase from recognition of EGD's $5.6 million share of the IR agreement tax savings impact within 2008 utility results. The net result has a positive impact on earnings.

g) Income tax changes are the result of the impact on taxable income of the above noted items along with differences in tax add back and tax deductible allowances per the Canada Revenue Agency and a change in the overall corporate income tax rate. This results in a negative impact on earnings.

h) The interest cost of utility long, medium and short term debt changed by $4.2 million relative to 2007 approved levels as a result of lower overall average cost rates. This results in a positive impact on earnings.

COMPARISON OF GAS SALES AND
TRANSPORTATION VOLUME BY RATE CLASS
2008 HISTORICAL YEAR TO 2008 BOARD APPROVED BUDGET
(10^6m^3)

Item No.		Col. 1 2008 Actual	Col. 2 2008 Board Approved Budget	Col. 3 2008 Actual Over (Under) 2008 Budget (1-2)
General Service				
1.1.1	Rate 1 - Sales	2 985.6	2 783.0	202.6
1.1.2	Rate 1 - T-Service	1 738.7	1 736.2	2.5
1.1	Total Rate 1	4 724.3	4 519.2	205.1
1.2.1	Rate 6 - Sales	1 815.6	1 619.0	196.6
1.2.2	Rate 6 - T-Service	2 263.9	2 147.1	116.8
1.2	Total Rate 6	4 079.5	3 766.1	313.4
1.3.1	Rate 9 - Sales	1.8	2.0	(0.2)
1.3.2	Rate 9 - T-Service	0.4	0.7	(0.3)
1.3	Total Rate 9	2.2	2.7	(0.5)
1.	Total General Service Sales & T-Service	8 806.0	8 288.0	518.0
Contract Sales				
2.1	Rate 100	98.8	87.9	10.9
2.2	Rate 110	62.3	24.0	38.3
2.3	Rate 115	8.4	46.2	(37.8)
2.4	Rate 135	5.1	3.3	1.8
2.5	Rate 145	22.4	30.8	(8.4)
2.6	Rate 170	70.9	62.1	8.8
2.7	Rate 200	183.3	150.0	33.3
2.	Total Contract Sales	451.2	404.3	46.9
Contract T-Service				
3.1	Rate 100	494.0	569.7	(75.7)
3.2	Rate 110	602.2	588.9	13.3
3.3	Rate 115	627.4	854.9	(227.5)
3.4	Rate 125	0.0 *	0.0 *	0.0
3.5	Rate 135	52.3	50.9	1.4
3.6	Rate 145	220.6	187.4	33.2
3.7	Rate 170	618.3	667.2	(48.9)
3.8	Rate 300	35.5	31.9	3.6
3.9	Rate 315	0.0	0.0	0.0
3.	Total Contract T-Service	2 650.3	2 950.9	(300.6)
4.	Total Contract Sales & T-Service	3 101.5	3 355.2	(253.7)
5.	Total	11 907.5	11 643.2	264.3

* There is no distribution volume for Rate 125 customer.

** Less than 50,000 m^3.

COMPARISON OF GAS SALES AND
TRANSPORTATION VOLUME BY RATE CLASS
2008 HISTORICAL YEAR TO 2008 BOARD APPROVED BUDGET
($10^6 m^3$)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
Item No.		2008 Actual	2008 Board Approved Budget	2008 Actual Over (Under) 2008 Budget (1-2)	2008* Adjustments	2008 Actual Over (Under) 2008 Budget with Adjustments (3-4)
General Service						
1.1.1	Rate 1 - Sales	2 985.6	2 783.0	202.6	144.6	58.0
1.1.2	Rate 1 - T-Service	1 738.7	1 736.2	2.5	80.5	(78.0)
1.1	Total Rate 1	4 724.3	4 519.2	205.1	225.1	(20.0)
1.2.1	Rate 6 - Sales	1 815.6	1 619.0	196.6	94.5	102.1
1.2.2	Rate 6 - T-Service	2 263.9	2 147.1	116.8	116.7	0.1
1.2	Total Rate 6	4 079.5	3 766.1	313.4	211.2	102.2
1.3.1	Rate 9 - Sales	1.8	2.0	(0.2)	0.0	(0.2)
1.3.2	Rate 9 - T-Service	0.4	0.7	(0.3)	0.0	(0.3)
1.3	Total Rate 9	2.2	2.7	(0.5)	0.0	(0.5)
1.	Total General Service Sales & T-Service	8 806.0	8 288.0	518.0	436.3	81.7
Contract Sales						
2.1	Rate 100	98.8	87.9	10.9	1.8	9.1
2.2	Rate 110	62.3	24.0	38.3	0.1	38.2
2.3	Rate 115	8.4	46.2	(37.8)	0.0 **	(37.8)
2.4	Rate 135	5.1	3.3	1.8	0.0	1.8
2.5	Rate 145	22.4	30.8	(8.4)	0.0 **	(8.4)
2.6	Rate 170	70.9	62.1	8.8	0.2	8.6
2.7	Rate 200	183.3	150.0	33.3	1.5	31.8
2.	Total Contract Sales	451.2	404.3	46.9	3.6	43.3
Contract T-Service						
3.1	Rate 100	494.0	569.7	(75.7)	5.6	(81.3)
3.2	Rate 110	602.2	588.9	13.3	1.3	12.0
3.3	Rate 115	627.4	854.9	(227.5)	0.0 **	(227.5)
3.4	Rate 125	0.0	0.0	0.0	0.0	0.0
3.5	Rate 135	52.3	50.9	1.4	0.0	1.4
3.6	Rate 145	220.6	187.4	33.2	0.1	33.1
3.7	Rate 170	618.3	667.2	(48.9)	(8.7)	(40.2)
3.8	Rate 300	35.5	31.9	3.6	0.0	3.6
3.9	Rate 315	0.0	0.0	0.0	0.0	0.0
3.	Total Contract T-Service	2 650.3	2 950.9	(300.6)	(1.7)	(298.9)
4.	Total Contract Sales & T-Service	3 101.5	3 355.2	(253.7)	1.9	(255.6)
5.	Total	11 907.5	11 643.2	264.3	438.2	(173.9)

*Note: Weather normalization adjustments have been made to the 2008 Actuals utilizing the 2008 Board Approved Budget degree days in order to place the two years on a comparable basis.

** Less than 50,000 m^3.

The principal reasons for the variances contributing to the weather normalized decrease of 173.9 10^6m^3 in the 2008 Actual over the 2008 Board Approved Budget are as follows:

1. The volumetric decrease of 20.0 10^6m^3 in Rate 1 is due to a lower average use per customer totalling 19.6 10^6m^3 and a customer shortfall of 0.4 10^6m^3;

2. The volumetric increase of 102.2 10^6m^3 in Rate 6 is due to net customer migration from Contract Sales and T-Service of 103.9 10^6m^3 and favourable customer variance of 2.4 10^6m^3; partially offset by a lower average use per customer totalling 4.1 10^6m^3;

3. The volumetric decrease of 0.5 10^6m^3 in Rate 9 is due to a lower average use per station totalling 0.5 10^6m^3;

4. The volumetric decrease for Contract Sales and T-Service of 255.6 10^6m^3 is due to decreases in the commercial sector of 189.8 10^6m^3 and the industrial sector of 107.7 10^6m^3; partially offset by increases in the apartment sector of 10.1 10^6m^3 and Rate 200 of 31.8 10^6m^3. The decrease is primarily attributable to net customer migration to General Service of 103.9 10^6m^3 as stated above, one large distributed energy customer with distribution volume of 90.7 10^6m^3 migrating from Rate 115 to Rate 125 that has no distribution volume effective July 1, 2008, as well as production decreases and plant closures in the wake of an unexpected major financial crisis and a rapidly deteriorating economy since October 2008.

ENBRIDGE GAS DISTRIBUTION
OPERATING AND MAINTENANCE EXPENSE BY DEPARTMENT
CALENDAR YEAR ENDING DECEMBER 31, 2008

Line No.	Particulars ($ 000's)	Col. 1 Actual 2008	Col. 2 Actual 2007	Col. 3 2008 Actual Over/(Under) 2007 Actual
1.	Finance	$ 5,843	$ 5,890	$ (47)
2.	Risk Management	1,695	2,448	(753)
3.	Customer Care Service Charges (including CIS)	84,583	87,569	(2,986)
4.	Customer Care Internal Costs	8,388	10,188	(1,800)
5.	Provision for Uncollectibles	16,660	15,205	1,455
6.	Energy Supply, Storage, Regulatory	19,471	22,562	(3,091)
7.	Legal and Corporate Services	1,147	1,069	78
8.	Operations	43,308	43,146	162
9.	Information Technology	21,247	21,637	(390)
10.	Business Development & Customer Strategy (excluding DSM)	14,656	13,828	828
11.	Human Resources (excluding benefits)	3,833	3,581	252
12.	Benefits	24,597	26,077	(1,480)
13.	Engineering	32,291	31,406	885
14.	Public and Government Affairs	5,484	5,070	414
15.	Non Departmental Expenses	29,497	23,396	6,101
16.	Corporate Allocations (including direct costs)	32,166	27,715	4,451
17.	Total	344,866	340,787	4,079
18.	Capitalization (A&G)	(21,643)	(21,238)	(405)
19.	Total Net Utility Operating and Maintenance Expense, Excluding DSM	323,223	319,549	3,674
20.	Demand Side Management Programs (DSM)	23,100	22,000	1,100
21.	Total Net Utility Operating and Maintenance Expense	$ 346,323	$ 341,549	$ 4,774

Notes:
1) Departmental O&M costs are net of capitalization, non-utility allocations and other utility adjustments.

ENBRIDGE GAS DISTRIBUTION
CONTRIBUTORS TO UTILITY EARNINGS
AND EARNINGS SHARING AMOUNTS
FOR FISCAL YEAR 2009

Line No.		Col. 1 2009 Actual Normalized $Millions	Col. 2 2007 Board Approved $Millions	Col. 3 Over/ (Under) Earnings Impact $Millions	Col. 4 Attached Pages Refer.
1.	Sales revenue	2,221.6	2,369.1		
2.	Transportation revenue	627.7	748.8		
3.	Transmission, compression & storage	1.6	1.9		
4.	Gas costs	1,862.6	2,174.6		
5.	Distribution margin	988.3	945.2	43.1	a)
6.	Other revenue	40.9	34.3	6.6	b)
7.	Other income	7.5	0.2	7.3	c)
8.	O&M	336.9	326.2	(10.7)	d)
9.	Depreciation expense	251.0	227.3	(23.7)	e)
10.	Other expense	60.8	56.4	(4.4)	f)
11.	Income taxes	78.7	85.8	7.1	g)
12.	Utility Income	309.3	284.0	25.3	
13.	LTD & STD costs	152.9	165.8	12.9	h)
14.	Preference share costs	3.4	5.0	1.7	h)
15.	Return on Equity @ 9.31%[1] in 2008, 8.39% in 2007	127.2	113.2	(14.0)	
16.	Net Earnings Over / (Under) (aft. prov for taxes)	25.9	(0.0)	25.9	
17.	Provision for taxes on Earnings Over / (Under)	12.7	(0.0)	12.7	
18.	Gross Earnings Over / (Under)	38.6	(0.0)	38.6	
19.	EGD Equity Level @ 36% (B-5-1, Col.1. line 5)	1,366.0			
20.	EGD normalized Earnings (Line12 - line 13 - line 14)	153.0			
21.	EGD normalized Return on Equity	11.20%			

[1] 8.31% as per Board Approved formula using October 2008 consensus forecast, plus 100 basis points as per 2008 incentive regulation Board Approved agreement.

Witness: K. Culbert

2009 EARNINGS SHARING AMOUNT AND CONTRIBUTORS

1. The following are explanations of the Utility Normalized Earnings results as compared to the 2007 Board Approved amounts. The reference letters are in relation to those identified on page 1, Column 4, of this schedule.

   a) The distribution margin change of $43.1 million is mainly the result of the change in revenue derived from EGD's IR framework and formula where forecast cumulative 2009 IR formula revenue was an increase of $48.9 million from the base year DRR amount (beginning amount in 2008 was $753.2 million, ending amount in 2009 was $802.1 million), increases in DSM and Customer Care related Y-Factors versus 2007 Board approved levels and, partially offsetting lower required recoveries of carrying costs of gas in storage and working cash elements due to lower average gas commodity pricing within the 2009 QRAM's versus pricing embedded in 2007 approved rates. This results in a positive impact on earnings.

   b) The other revenue change of $6.6 million is due to increased late payment penalty revenue of $5.9 million, an increase in service charges of $1.4 million and a decrease in other revenue of $(0.7) million. This results in a positive impact on earnings.

   c) The other income change of $7.3 million is mainly due to revenue from the management fee for service, external 3rd party energy efficiency initiatives. This results in a positive impact on earnings.

   d) Utility O&M is $10.7 million above that of the 2007 approved level embedded in base rates used within the incentive regulation escalation formula.

e) For an explanation of the details of utility O&M please see the evidence at Exhibit B, Tab 4, Schedule 2. This results in a reduction in earnings.

f) The increase in depreciation expense of $23.7 million is due to higher levels of property, plant, and equipment associated within customer growth and system improvement activities in both 2008 and 2009, and the implementation of the new CIS system in 2009. The impact of increases in customer growth and system improvement Property Plant and Equipment in 2008 has a full year depreciation increase impact in 2009 while the increases relative to 2009 have a part year impact. The depreciation increases result in a reduction in earnings.

g) Other expenses increase of $4.4 million is the result of an increase in the recognition of EGD's $9.6 million share of the IR agreement tax savings impact within 2009 results, an increase in fixed financing costs of $5.2 million, a decrease from the elimination of the notional utility account amounts versus the 2007 approved level of $9.2 million, and decreases in municipal and capital tax of approximately $1.5 million which is primarily due to decreased capital tax rates as recognized in the IR tax savings agreement. The net result is a reduction in earnings.

h) Income tax changes are the result of the impact on taxable income of the above noted items along with differences in tax add back and tax deductible allowances per the Canada Revenue Agency and a change in the overall corporate income tax rate. This results in a positive impact on earnings.

i) The interest cost of utility long, medium and short term debt and preference share costs changed by $14.6 million relative to 2007 approved levels as a result of lower overall average cost rates. This results in a positive impact on earnings.

COMPARISON OF GAS SALES AND
TRANSPORTATION VOLUME BY RATE CLASS
2009 ACTUAL AND 2009 BOARD APPROVED BUDGET
($10^6 m^3$)

Item No.		Col. 1 2009 Actual	Col. 2 2009 Board Approved Budget	Col. 3 2009 Actual Over (Under) 2009 Budget (1-2)
General Service				
1.1.1	Rate 1 - Sales	3 119.7	2 896.6	223.1
1.1.2	Rate 1 - T-Service	1 625.8	1 705.0	(79.2)
1.1	Total Rate 1	4 745.5	4 601.6	143.9
1.2.1	Rate 6 - Sales	1 932.4	1 819.2	113.2
1.2.2	Rate 6 - T-Service	2 450.0	2 659.8	(209.8)
1.2	Total Rate 6	4 382.4	4 479.0	(96.6)
1.3.1	Rate 9 - Sales	1.1	2.1	(1.0)
1.3.2	Rate 9 - T-Service	0.2	0.5	(0.3)
1.3	Total Rate 9	1.3	2.6	(1.3)
1.	Total General Service Sales & T-Service	9 129.2	9 083.2	46.0
Contract Sales				
2.1	Rate 100	17.4	0.0	17.4
2.2	Rate 110	59.8	71.5	(11.7)
2.3	Rate 115	4.4	4.4	0.0
2.4	Rate 135	0.6	3.3	(2.7)
2.5	Rate 145	25.7	22.5	3.2
2.6	Rate 170	77.0	56.3	20.7
2.7	Rate 200	179.3	151.3	28.0
2.	Total Contract Sales	364.2	309.3	54.9
Contract T-Service				
3.1	Rate 100	82.9	0.0	82.9
3.2	Rate 110	517.8	619.5	(101.7)
3.3	Rate 115	460.1	532.1	(72.0)
3.4	Rate 125	0.0 *	0.0 *	0.0
3.5	Rate 135	51.3	54.8	(3.5)
3.6	Rate 145	222.6	203.6	19.0
3.7	Rate 170	467.4	545.6	(78.2)
3.8	Rate 300	39.3	51.7	(12.4)
3.9	Rate 315	0.0	0.0	0.0
3.	Total Contract T-Service	1 841.4	2 007.3	(165.9)
4.	Total Contract Sales & T-Service	2 205.6	2 316.6	(111.0)
5.	Total	11 334.8	11 399.8	(65.0)

* There is no distribution volume for Rate 125 customers.

COMPARISON OF GAS SALES AND
TRANSPORTATION VOLUME BY RATE CLASS
2009 ACTUAL AND 2009 BOARD APPROVED BUDGET
(10^6m^3)

Item No.		Col. 1 2009 Actual	Col. 2 2009 Board Approved Budget	Col. 3 2009 Actual Over (Under) 2009 Budget (1-2)	Col. 4 2009* Adjustments	Col. 5 2009 Actual Over (Under) 2009 Budget with Adjustments (3-4)
General Service						
1.1.1	Rate 1 - Sales	3 119.7	2 896.6	223.1	141.0	82.1
1.1.2	Rate 1 - T-Service	1 625.8	1 705.0	(79.2)	70.6	(149.8)
1.1	Total Rate 1	4 745.5	4 601.6	143.9	211.6	(67.7)
1.2.1	Rate 6 - Sales	1 932.4	1 819.2	113.2	39.3	73.9
1.2.2	Rate 6 - T-Service	2 450.0	2 659.8	(209.8)	44.6	(254.4)
1.2	Total Rate 6	4 382.4	4 479.0	(96.6)	83.9	(180.5)
1.3.1	Rate 9 - Sales	1.1	2.1	(1.0)	0.0	(1.0)
1.3.2	Rate 9 - T-Service	0.2	0.5	(0.3)	0.0	(0.3)
1.3	Total Rate 9	1.3	2.6	(1.3)	0.0	(1.3)
1.	Total General Service Sales & T-Service	9 129.2	9 083.2	46.0	295.5	(249.5)
Contract Sales						
2.1	Rate 100	17.4	0.0	17.4	0.3	17.1
2.2	Rate 110	59.8	71.5	(11.7)	0.1	(11.8)
2.3	Rate 115	4.4	4.4	0.0	0.0 **	0.0
2.4	Rate 135	0.6	3.3	(2.7)	0.0	(2.7)
2.5	Rate 145	25.7	22.5	3.2	0.2	3.0
2.6	Rate 170	77.0	56.3	20.7	0.1	20.6
2.7	Rate 200	179.3	151.3	28.0	1.0	27.0
2.	Total Contract Sales	364.2	309.3	54.9	1.7	53.2
Contract T-Service						
3.1	Rate 100	82.9	0.0	82.9	1.2	81.7
3.2	Rate 110	517.8	619.5	(101.7)	1.5	(103.2)
3.3	Rate 115	460.1	532.1	(72.0)	0.1	(72.1)
3.4	Rate 125	0.0	0.0	0.0	0.0	0.0
3.5	Rate 135	51.3	54.8	(3.5)	0.0	(3.5)
3.6	Rate 145	222.6	203.6	19.0	3.7	15.3
3.7	Rate 170	467.4	545.6	(78.2)	6.0	(84.2)
3.8	Rate 300	39.3	51.7	(12.4)	0.0	(12.4)
3.9	Rate 315	0.0	0.0	0.0	0.0	0.0
3.	Total Contract T-Service	1 841.4	2 007.3	(165.9)	12.5	(178.4)
4.	Total Contract Sales & T-Service	2 205.6	2 316.6	(111.0)	14.2	(125.2)
5.	Total	11 334.8	11 399.8	(65.0)	309.7	(374.7)

*Note: Weather normalization adjustments have been made to the 2009 Actual utilizing the 2009 Board Approved Budget Degree Days in order to place the two years on a comparable basis.

** Less than 50,000 m^3

The principal reasons for the variances contributing to the weather normalized decrease of 374.7 10^6m^3 in the 2009 Actual over the 2009 Board Approved Budget are as follows:

1. The volumetric decrease of 67.7 10^6m^3 in Rate 1 was due to a lower average use per customer totalling 36.0 10^6m^3 and an unfavourable customer variance of 31.7 10^6m^3;

2. The volumetric decrease of 180.5 10^6m^3 in Rate 6 was due to net customer migration to Contract Sales and T-Service of 74.5 10^6m^3, unfavourable customer variance of 99.3 10^6m^3 and a lower average use per customer totalling 6.7 10^6m^3;

3. The volumetric decrease of 1.3 10^6m^3 in Rate 9 was due to a lower average use per station totalling 1.2 10^6m^3 and the loss of two stations of 0.1 10^6m^3;

4. The volumetric decrease for Contract Sales and T-Service of 125.2 10^6m^3 was due to decreases in the commercial sector of 167.4 10^6m^3 and the industrial sector of 43.5 10^6m^3; partially offset by an increase in the apartment sector of 58.7 10^6m^3 and Rate 200 of 27.0 10^6m^3. The decrease was primarily attributable to production decreases and plant closures in the wake a of an unexpected major financial crisis and a rapidly deteriorating economy since October 2008.

ENBRIDGE GAS DISTRIBUTION
OPERATING AND MAINTENANCE EXPENSE BY DEPARTMENT
CALENDAR YEAR ENDING DECEMBER 31, 2009

Line No.	Particulars ($ 000's)	Col. 1 Actual 2009	Col. 2 Actual 2008	Col. 3 2009 Actual Over/(Under) 2008 Actual	Col. 4 Board Approved 2007 Utility O&M
1.	Finance	$ 5,981	$ 5,843	$ 138	$ 8,380
2.	Risk Management	2,865	1,695	1,170	1,986
3.	Customer Care Service Charges (including CIS)	82,042	84,583	(2,541)	83,493
4.	Customer Care Internal Costs	7,868	9,679	(1,812)	7,302
5.	Provision for Uncollectibles	17,855	16,660	1,195	15,105
6.	Energy Supply, Storage, Regulatory	19,016	19,471	(455)	21,904
7.	Legal and Corporate Services	1,170	1,147	23	1,207
8.	Operations	44,199	43,308	891	44,728
9.	Information Technology	22,695	21,247	1,448	21,790
10.	Business Development & Customer Strategy (excluding DSM)	14,255	13,364	891	19,118
11.	Human Resources (excluding benefits)	14,568	13,272	1,296	13,059
12.	Benefits	26,241	24,597	1,644	21,405
13.	Engineering	24,949	22,851	2,098	20,982
14.	Public and Government Affairs	5,764	5,484	280	5,760
15.	Non Departmental Expenses	30,899	29,497	1,403	17,305
16.	Corporate Allocations (including direct costs)	34,266	32,166	2,100	18,100
17.	Total	354,633	344,866	9,768	321,624
18.	Capitalization (A&G)	(23,902)	(21,643)	(2,259)	(17,424)
19.	Total Net Utility Operating and Maintenance Expense, Excluding DSM	330,731	323,223	7,508	304,200
20.	Demand Side Management Programs (DSM)	24,255	23,100	1,155	22,000
21.	Total Net Utility Operating and Maintenance Expense	$ 354,986	$ 346,323	$ 8,663	$ 326,200
22.	Regulatory Adjustments				
23.	To eliminate Corporate Cost Allocations above RCAM	(13,100)	(13,066)	(34)	
24.	To eliminate CIS fees above Customer Care settlement agreement	(4,900)	(9,811)	4,911	
25.	Total Adjustments	(18,000)	(22,877)	4,877	
26.	Utility O&M	$ 336,986	$ 323,446	$ 13,540	

Notes:
1) Departmental O&M costs are net of capitalization, non-utility allocations and other utility adjustments.
2) 2008 Actual and 2007 OEB approved O&M costs by department have been recasted to reflect the 2009 structure

Witness: R. Lei

EXPLANATION OF MAJOR CHANGES
ACTUAL 2009 O&M EXPENSES COMPARED TO ACTUAL 2008 O&M EXPENSES

The 2009 Actual Utility O&M was $337 million, which was $13.5 million higher than the 2008 Actual Utility O&M of $323.4 million. The increase was primarily driven by higher employee related costs, new CIS costs, provision for uncollectibles, and corporate cost allocations. The increased O&M costs were partially offset by higher A&G capitalization.

Line No:

2. Risk Management increased $1.2 million due to a $1.0 million insurance deductible payment related to an incident in 2009.

3. Customer Care Service Charges decreased $2.5 million due to lower old CIS fees, with new CIS hosting and support costs now residing in Information Technology.

4. Customer Care Internal Costs decreased $1.8 million due to lower Customer Care licenses and employee costs.

5. Provision for Uncollectibles increased $1.2 million due to higher write-offs of receivables as a result of the economic downturn.

9. Information Technology increased $1.4 million due to maintenance, lease, and support costs for the new CIS.

11. Human Resources (excluding Benefits) increased $1.3 million due to higher severance, labour arbitration, and facilities maintenance costs.

12. Benefits increased $1.6 million due to higher health and dental premiums, increased employee relocations, and costs of switching benefit carriers.

13. Engineering costs increased $2.1 million mainly from required increased pipeline inspections as well as incremental costs required for a new Technical Training department.

15. Non Departmental Expenses increased $1.4 million in relation to an increased variable compensation related expense.

16. Corporate Allocations increased $2.1 million largely due to higher stock based compensation.

18. A&G Capitalization increased $2.3 million due to higher employee related costs.

ENBRIDGE GAS DISTRIBUTION
CONTRIBUTORS TO UTILITY EARNINGS
AND EARNINGS SHARING AMOUINTS
FOR FISCAL YEAR 2010

Line No.		Col. 1 2010 Actual Normalized $Millions	Col. 2 2007 Board Approved $Millions	Col. 3 Over/ (Under) Earnings Impact $Millions	Col. 4 Attached Pages Refer.
1.	Sales revenue	1,988.0	2,369.1		
2.	Transportation revenue	460.1	748.8		
3.	Transmission, compression & storage	1.4	1.9		
4.	Gas costs	1,450.7	2,174.6		
5.	Distribution margin	998.8	945.2	53.6	a)
6.	Other revenue	40.5	34.3	6.2	b)
7.	Other income	13.3	0.2	13.1	c)
8.	O&M	346.7	326.2	(20.5)	d)
9.	Depreciation expense	266.9	227.3	(39.6)	e)
10.	Other expense	61.8	56.4	(5.4)	f)
11.	Income taxes	71.2	85.8	14.6	g)
12.	Utility Income	306.0	284.0	22.0	
13.	LTD & STD costs	150.9	165.8	14.9	h)
14.	Preference share costs	2.1	5.0	2.9	h)
15.	Return on Equity @ 9.37%[1] in 2010, 8.39% in 2007	129.5	113.2	(16.3)	
16.	Net Earnings Over / (Under) (aft. prov for taxes)	23.6	(0.0)	23.6	
17.	Provision for taxes on Earnings Over / (Under)	10.6	(0.0)	10.6	
18.	Gross Earnings Over / (Under)	34.2	(0.0)	34.2	
19.	EGD Equity Level @ 36% (B-5-1, Col.1. line 5)	1,381.6			
20.	EGD normalized Earnings (Line12 - line 13 - line 14)	153.0			
21.	EGD normalized Return on Equity	11.08%			

[1] 8.37% as per Board Approved formula using October 2009 consensus forecast, plus 100 basis points as per 2008 incentive regulation Board Approved agreement.

Witnesses: K. Culbert
R. Small

2010 EARNINGS SHARING AMOUNT AND CONTRIBUTORS

1. The following are explanations of the Utility Normalized Earnings results as compared to the 2007 Board Approved amounts. The reference letters are in relation to those identified on page 1 of this schedule.

   a) The distribution margin change of $53.6 million is mainly the result of the change in revenue derived from EGD’s IR framework and formula where forecast cumulative 2010 IR formula revenue was an increase of $64.9 million from the base year DRR amount (beginning amount in 2008 was $753.2, ending amount in 2010 was $818.1, EB-2009-0172 Rate Order Appendix A), increases in DSM and Customer Care related Y-Factors versus 2007 Board Approved levels and, partially offsetting lower required recoveries of carrying costs of gas in storage and working cash elements due to lower average gas commodity pricing within the 2010 QRAM’s versus pricing embedded in 2007 approved rates. This results in a positive impact on earnings.

   b) The other revenue change of $6.2 million is due to increased late payment penalty revenue of $5.1 million, an increase in service charges of $1.7 million and a decrease in other revenue of $(0.6) million. This results in a positive impact on earnings.

   c) The other income change of $13.1 million is mainly due to revenue from the management of fee for service, external 3rd party energy efficiency initiatives. This results in a positive impact on earnings.

Witnesses: K. Culbert
R. Small

d) Utility O&M is $20.5 million above that of the 2007 approved level embedded in base rates used in the incentive regulation escalation formula. The details of utility O&M are provided at Exhibit B, Tab 4, Schedule 2. This results in a reduction in earnings.

e) The increase in depreciation expense of $39.6 million is due to higher levels of property, plant, and equipment associated with customer growth and system improvement activities in each of 2008, 2009, and 2010, and the implementation of the new CIS system in 2009. The impact of increases in customer growth and system improvements in P.P.& E. in 2008 and 2009 has a full year depreciation increase impact in 2010, while the increases relative to 2010 have a part year depreciation increase impact. The depreciation expense increase results in a reduction to earnings.

f) Other expense increases of $5.4 million are the result of, an increase in recognition of EGD's $16.0 million share of the IR agreement tax savings impact within 2009 results, an increase in fixed financing costs of $3.8 million, a decrease from the elimination of the notional utility account amounts versus the 2007 approved level of $9.2 million, and decreases in municipal and capital tax of approximately $5.2 million mostly the result of decreased capital tax rates as recognized in the IR tax savings agreement. The net result is a reduction in earnings.

g) Income tax changes are the result of the impact on taxable income of the above noted items along with differences in tax add back and tax deductible allowances per the Canada Revenue Agency and a change in the overall corporate income tax rate. This results in a positive impact on earnings.

Witnesses: K. Culbert
R. Small

h) The interest cost of utility long, medium and short term debt and preference share costs changed by $17.8 million relative to 2007 approved levels as a result of lower overall average cost rates. This results in a positive impact on earnings.

Witnesses: K. Culbert
R. Small

COMPARISON OF GAS SALES AND
TRANSPORTATION VOLUME BY RATE CLASS
2010 ACTUAL AND 2010 BOARD APPROVED BUDGET
($10^6 m^3$)

Item No.		Col. 1 2010 Actual	Col. 2 2010 Board Approved Budget	Col. 3 2010 Actual Over (Under) 2010 Budget (1-2)
General Service				
1.1.1	Rate 1 - Sales	3 119.2	3 030.6	88.6
1.1.2	Rate 1 - T-Service	1 294.7	1 615.5	(320.8)
1.1	Total Rate 1	4 413.9	4 646.1	(232.2)
1.2.1	Rate 6 - Sales	1 959.3	1 990.4	(31.1)
1.2.2	Rate 6 - T-Service	2 382.7	2 445.3	(62.6)
1.2	Total Rate 6	4 342.0	4 435.7	(93.7)
1.3.1	Rate 9 - Sales	1.0	1.4	(0.4)
1.3.2	Rate 9 - T-Service	0.1	0.3	(0.2)
1.3	Total Rate 9	1.1	1.7	(0.6)
1.	Total General Service Sales & T-Service	8 757.0	9 083.5	(326.5)
Contract Sales				
2.1	Rate 100	4.8	0.0	4.8
2.2	Rate 110	69.1	43.9	25.2
2.3	Rate 115	(2.1)	4.4	(6.5)
2.4	Rate 135	5.6	5.9	(0.3)
2.5	Rate 145	22.0	25.2	(3.2)
2.6	Rate 170	37.8	79.7	(41.9)
2.7	Rate 200	169.6	156.1	13.5
2.	Total Contract Sales	306.8	315.2	(8.4)
Contract T-Service				
3.1	Rate 100	17.8	0.0	17.8
3.2	Rate 110	493.3	518.8	(25.5)
3.3	Rate 115	480.1	421.2	58.9
3.4	Rate 125	0.0 *	0.0 *	0.0
3.5	Rate 135	67.4	52.2	15.2
3.6	Rate 145	211.2	196.8	14.4
3.7	Rate 170	579.4	463.4	116.0
3.8	Rate 300	27.6	41.0	(13.4)
3.9	Rate 315	0.0	0.0	0.0
3.	Total Contract T-Service	1 876.8	1 693.4	183.4
4.	Total Contract Sales & T-Service	2 183.6	2 008.6	175.0
5.	Total	10 940.6	11 092.1	(151.5)

* There is no distribution volume for Rate 125 customers.

Witness: I. Chan

COMPARISON OF GAS SALES AND
TRANSPORTATION VOLUME BY RATE CLASS
2010 ACTUAL AND 2010 BOARD APPROVED BUDGET
(10^6m^3)

Item No.		Col. 1 2010 Actual	Col. 2 2010 Board Approved Budget	Col. 3 2010 Actual Over (Under) 2010 Budget (1-2)	Col. 4 2010* Adjustments	Col. 5 2010 Actual Over (Under) 2010 Budget with Adjustments (3+4)
General Service						
1.1.1	Rate 1 - Sales	3 119.2	3 030.6	88.6	83.9	172.5
1.1.2	Rate 1 - T-Service	1 294.7	1 615.5	(320.8)	74.8	(246.0)
1.1	Total Rate 1	4 413.9	4 646.1	(232.2)	158.7	(73.5)
1.2.1	Rate 6 - Sales	1 959.3	1 990.4	(31.1)	48.6	17.5
1.2.2	Rate 6 - T-Service	2 382.7	2 445.3	(62.6)	70.2	7.6
1.2	Total Rate 6	4 342.0	4 435.7	(93.7)	118.8	25.1
1.3.1	Rate 9 - Sales	1.0	1.4	(0.4)	0.0	(0.4)
1.3.2	Rate 9 - T-Service	0.1	0.3	(0.2)	0.0	(0.2)
1.3	Total Rate 9	1.1	1.7	(0.6)	0.0	(0.6)
1.	Total General Service Sales & T-Service	8 757.0	9 083.5	(326.5)	277.5	(49.0)
Contract Sales						
2.1	Rate 100	4.8	0.0	4.8	0.0 **	4.8
2.2	Rate 110	69.1	43.9	25.2	0.1	25.3
2.3	Rate 115	(2.1)	4.4	(6.5)	0.0	(6.5)
2.4	Rate 135	5.6	5.9	(0.3)	0.0	(0.3)
2.5	Rate 145	22.0	25.2	(3.2)	0.6	(2.6)
2.6	Rate 170	37.8	79.7	(41.9)	0.3	(41.6)
2.7	Rate 200	169.6	156.1	13.5	6.0	19.5
2.	Total Contract Sales	306.8	315.2	(8.4)	7.0	(1.4)
Contract T-Service						
3.1	Rate 100	17.8	0.0	17.8	0.1	17.9
3.2	Rate 110	493.3	518.8	(25.5)	0.0 **	(25.5)
3.3	Rate 115	480.1	421.2	58.9	(0.1)	58.8
3.4	Rate 125	0.0	0.0	0.0	0.0	0.0
3.5	Rate 135	67.4	52.2	15.2	0.0	15.2
3.6	Rate 145	211.2	196.8	14.4	0.3	14.7
3.7	Rate 170	579.4	463.4	116.0	0.6	116.6
3.8	Rate 300	27.6	41.0	(13.4)	0.0	(13.4)
3.9	Rate 315	0.0	0.0	0.0	0.0	0.0
3.	Total Contract T-Service	1 876.8	1 693.4	183.4	0.9	184.3
4.	Total Contract Sales & T-Service	2 183.6	2 008.6	175.0	7.9	182.9
5.	Total	10 940.6	11 092.1	(151.5)	285.4	133.9

*Note: Weather normalization adjustments have been made to the 2010 Actual utilizing the 2010 Board Approved Budget Degree Days in order to place the two years on a comparable basis.

** Less than 50,000 m^3

Witness: I. Chan

The principal reasons for the variances contributing to the weather normalized increase of 133.9 10^6m^3 in the 2010 Actual over the 2010 Board Approved Budget are as follows:

1. The volumetric decrease of 73.5 10^6m^3 in Rate 1 was due to a lower average use per customer totaling 76.1 10^6m^3; paritially offset by a favourable customer variance of 2.6 10^6m^3;

2. The volumetric increase of 25.1 10^6m^3 in Rate 6 was due to net customer migration from Contract Sales and T-Service of 106.7 10^6m^3 and a higher average use per customer totaling 76.3 10^6m^3; partially offset by an unfavourable customer variance of 157.9 10^6m^3;

3. The volumetric decrease of 0.6 10^6m^3 in Rate 9 was due to a lower average use per station totaling 0.4 10^6m^3 and the loss of four stations of 0.2 10^6m^3;

4. The volumetric increase for Contract Sales and T-Service of 182.9 10^6m^3 was due to increases in the apartment sector of 21.7 10^6m^3, the commerical sector of 61.3 10^6m^3, the industrial sector of 80.4 10^6m^3 and Rate 200 of 19.5 10^6m^3. The increase was primarily attributable to lower gas prices than was budgeted.

Witness: I. Chan

ENBRIDGE GAS DISTRIBUTION
OPERATING AND MAINTENANCE EXPENSE BY DEPARTMENT
CALENDAR YEAR ENDING DECEMBER 31, 2010

Line No.	Particulars ($ 000's)	Col. 1 Actual 2010	Col. 2 Actual 2009	Col. 3 Actual 2008	Col. 4 2010 Actual Over/(Under) 2009 Actual	Col. 5 Board Approved 2007 Utility O&M
1.	Finance	$ 6,016	$ 5,981	$ 5,843	$ 35	$ 8,380
2.	Risk Management	2,141	2,865	1,695	(724)	1,986
3.	Customer Care Service Charges	68,742	82,042	84,583	(13,300)	83,493
4.	Customer Care Internal Costs	9,222	7,868	9,679	1,354	7,302
5.	Provision for Uncollectibles	11,500	17,855	16,660	(6,355)	15,105
6.	Energy Supply, Storage, Regulatory	20,534	19,016	19,471	1,518	21,904
7.	Legal and Corporate Services	1,407	1,170	1,147	237	1,207
8.	Operations	50,060	44,199	43,308	5,861	44,728
9.	Information Technology	30,398	22,695	21,247	7,703	21,790
10.	Business Development & Customer Strategy (excluding DSM)	18,567	14,255	13,364	4,312	19,118
11.	Human Resources (excluding benefits)	15,127	14,568	13,272	559	13,059
12.	Benefits	27,335	26,241	24,597	1,094	21,405
13.	Engineering	27,891	24,949	22,851	2,942	20,982
14.	Public and Government Affairs	8,137	5,764	5,484	2,373	5,760
15.	Non Departmental Expenses	24,267	30,899	29,497	(6,632)	17,305
16.	Corporate Allocations (including direct costs)	36,692	34,266	32,166	2,426	18,100
17.	Total	358,036	354,633	344,866	3,403	321,624
18.	Capitalization (A&G)	(24,330)	(23,902)	(21,643)	(428)	(17,424)
19.	Total Net Utility Operating and Maintenance Expense, Excluding DSM	333,706	330,731	323,223	2,975	304,200
20.	Demand Side Management Programs (DSM)	25,468	24,255	23,100	1,213	22,000
21.	Total Net Utility Operating and Maintenance Expense	$ 359,174	$ 354,986	$ 346,323	$ 4,188	$ 326,200
22.	Regulatory Adjustments					
23.	To eliminate Corporate Cost Allocations above RCAM	(12,428)	(13,100)	(13,066)	672	
24.	To eliminate CIS fees above Customer Care settlement agreement	-	(4,900)	(9,811)	4,900	
25.	Total Adjustments	(12,428)	(18,000)	(22,877)	5,572	
26.	Utility O&M	$ 346,746	$ 336,986	$ 323,446	$ 9,760	

Notes:
1) Departmental O&M costs are net of capitalization, non-utility allocations and other utility adjustments.

Witnesses: R. Lei
A. Patel

EXPLANATION OF MAJOR CHANGES
ACTUAL 2010 O&M EXPENSES COMPARED TO ACTUAL 2009 O&M EXPENSES

The 2010 Actual Utility O&M was $346.7 million, which was $9.7 million higher than the 2009 Actual Utility O&M of $337.0 million. The increase was primarily driven by higher hosting and support costs for the new CIS, operational outside service costs, conservation service costs, and corporate cost allocations. The increased O&M costs were partially offset by lower (old) CIS hosting and support fees, and provision for uncollectibles.

Line No:

3. Customer Care Service Charges decreased $13.3 million due to the elimination of (old) CIS hosting and support fees from Customer Care, with (new) CIS hosting and support costs now residing in Information Technology.

4. Customer Care Internal Costs increased $1.4 million due to higher consulting costs.

5. Provision for Uncollectibles decreased $6.4 million due to the implementation of SAP which resulted in enhanced customer information.

6. Energy Supply, Storage, and Regulatory increased $1.5 million primarily due to higher well logging and compressor repair costs, and higher employee related costs.

8. Operations increased $5.9 million due to higher outside service costs, and higher employee costs.

9. Information Technology increased $7.7 million due to a full year of hosting and support fees for the new CIS versus partial 2009 year fees, and higher hardware/software maintenance costs.

Witnesses: R. Lei
A. Patel

10. Business Development & Customer Strategy increased $4.3 million due to higher conservation service costs.

12. Benefits increased $1.1 million due to higher pension plan expenses.

13. Engineering costs increased $3.2 million due to increased requirements for the Technical Training department, and increased Employee Health and Safety costs.

14. Public and Government Affairs increased $2.4 million primarily due to the transfer of the Ombudsman Office from Customer Care and incremental costs incurred, and from a customer relationship study conducted in 2010.

15. Non Departmental Expenses decreased $6.6 million in relation to decreased variable compensation related expenses.

16. Corporate Allocations increased $2.9 million primarily due to higher compensation related costs.

20. Demand Side Management increased $1.2 million due to the higher level of Board Approved program spending.

Witnesses: R. Lei
A. Patel

ENBRIDGE GAS DISTRIBUTION
CONTRIBUTORS TO UTILITY EARNINGS
AND EARNINGS SHARING AMOUNTS
FOR FISCAL YEAR 2011

Line No.		Col. 1 2011 Actual Normalized $Millions	Col. 2 2007 Board Approved $Millions	Col. 3 Over/ (Under) Earnings Impact $Millions	Col. 4 Attached Pages Refer.
1.	Sales revenue	1,978.4	2,369.1		
2.	Transportation revenue	411.2	748.8		
3.	Transmission, compression & storage	1.5	1.9		
4.	Gas costs	1,383.7	2,174.6		
5.	Distribution margin	1,007.4	945.2	62.2	a)
6.	Other revenue	40.6	34.3	6.3	b)
7.	Other income	0.8	0.2	0.6	c)
8.	O&M	360.5	326.2	(34.3)	d)
9.	Depreciation expense	276.6	227.3	(49.3)	e)
10.	Other expense	63.0	56.4	(6.6)	f)
11.	Income taxes	57.0	85.8	28.8	g)
12.	Utility Income	291.7	284.0	7.7	
13.	LTD & STD costs	141.5	165.8	24.3	h)
14.	Preference share costs	2.4	5.0	2.6	h)
15.	Return on Equity @ 8.94%[1] in 2011, 8.39% in 2007	127.3	113.2	(14.1)	
16.	Net Earnings Over / (Under) (aft. prov for taxes)	20.5	(0.0)	20.5	
17.	Provision for taxes on Earnings Over / (Under)	8.1	(0.0)	8.1	
18.	Gross Earnings Over / (Under)	28.6	(0.0)	28.6	
19.	EGD Equity Level @ 36% (B-5-1, Col.1. line 5)	1,424.5			
20.	EGD normalized Earnings (Line12 - line 13 - line 14)	147.8			
21.	EGD normalized Return on Equity	10.38%			

[1] 7.94% as per Board Approved formula using October 2010 consensus forecast, plus 100 basis points as per 2008 incentive regulation Board Approved agreement.

Witnesses: K. Culbert
R. Small

2011 EARNINGS SHARING AMOUNT AND CONTRIBUTORS

The following are explanations of the Utility Normalized Earnings results as compared to the 2007 Board Approved amounts. The reference letters are in relation to those identified on page 1 of this schedule.

a) The distribution margin change of $62.2 million is mainly the result of the change in revenue derived from Enbridge Gas Distribution’s IR framework and formula where forecast cumulative 2011 IR formula revenue was an increase of $76.9 million from the base year DRR amount (beginning amount in 2008 was $753.2, ending amount in 2011 was $830.1, EB-2010-0146 Rate Order Appendix A), increases in DSM and Customer Care related Y-Factors versus 2007 Board approved levels and, significant and partially offsetting lower required recoveries of carrying costs of gas in storage and working cash elements due to lower average gas commodity pricing within the 2011 QRAM’s versus pricing embedded in 2007 approved rates. This results in a positive earnings impact.

b) The other revenue change of $6.3 million is due to increased late payment penalty revenue of $5.2 million, an increase in service charges of $1.9 million and a decrease in other revenue of $(0.8) million. This results in a positive earnings impact.

c) The other income change of $0.6 million is mainly due to revenue from the management of fee for service external 3rd party energy efficiency initiatives. This results in a positive impact on earnings.

Witnesses: K. Culbert
R. Small

d) Utility O&M is $34.3 million above that of the 2007 approved level embedded in base rates used within the incentive regulation escalation formula. For a visual of the details of utility O&M please see evidence at Exhibit B, Tab 4, Schedule 2. This results in a reduction in earnings.

e) The increase in depreciation expense of $49.3 million is due to higher levels of property, plant, and equipment associated within customer growth and system improvement activities in each of 2008, 2009, 2010, and 2011, and the implementation of the new CIS system in 2009. The impact of increases in customer growth and system improvement P.P.& E. in 2008, 2009 and 2010 has a full year depreciation increase impact in 2011 while the increases relative to 2011 have a part year depreciation increase impact. The depreciation increases result in a reduction in earnings.

f) Other expense increases of $6.6 million are the result of, an increase in recognition of EGD's $22.3 million share of the IR agreement tax savings impact, an increase in fixed financing and debt redemption premium costs of $1.8 million, a decrease from the elimination of the notional utility account amounts versus the 2007 approved level of $9.2 million, and decreases in municipal and capital tax of approximately $8.3 million mostly the result of decreased capital tax rates as recognized in the IR tax savings agreement. The net result is a reduction in earnings.

g) Income tax changes are the result of the impact on taxable income of the above noted items along with differences in tax add back and tax deductible allowances per the Canada Revenue Agency and a change in the overall corporate income tax rate. This results in a positive earnings impact.

Witnesses: K. Culbert
R. Small

h) The interest cost of utility long, medium and short term debt and preference share costs changed by $26.9 million relative to 2007 approved levels as a result of lower overall average cost rates. This results in a positive earnings impact.

Witnesses: K. Culbert
R. Small

COMPARISON OF GAS SALES AND
TRANSPORTATION VOLUME BY RATE CLASS
2011 ACTUAL AND 2011 BOARD APPROVED BUDGET
(10^6m^3)

Item No.		Col. 1 2011 Actual	Col. 2 2011 Board Approved Budget	Col. 3 2011 Actual Over (Under) 2011 Budget (1-2)
General Service				
1.1.1	Rate 1 - Sales	3 601.7	3 356.3	245.4
1.1.2	Rate 1 - T-Service	1 098.2	1 408.1	(309.9)
1.1	Total Rate 1	4 699.9	4 764.4	(64.5)
1.2.1	Rate 6 - Sales	2 323.2	2 235.7	87.5
1.2.2	Rate 6 - T-Service	2 396.8	2 282.7	114.1
1.2	Total Rate 6	4 720.0	4 518.4	201.6
1.3.1	Rate 9 - Sales	0.8	0.4	0.4
1.3.2	Rate 9 - T-Service	0.1	0.2	(0.1)
1.3	Total Rate 9	0.9	0.6	0.3
1.	Total General Service Sales & T-Service	9 420.8	9 283.4	137.4
Contract Sales				
2.1	Rate 100	2.3	0.0	2.3
2.2	Rate 110	66.6	64.5	2.1
2.3	Rate 115	0.1	0.4	(0.3)
2.4	Rate 135	1.4	0.6	0.8
2.5	Rate 145	22.8	22.3	0.5
2.6	Rate 170	48.5	49.9	(1.4)
2.7	Rate 200	168.7	157.4	11.3
2.	Total Contract Sales	310.4	295.1	15.3
Contract T-Service				
3.1	Rate 100	8.0	0.0	8.0
3.2	Rate 110	479.5	407.4	72.1
3.3	Rate 115	558.5	512.7	45.8
3.4	Rate 125	0.0 *	0.0 *	0.0
3.5	Rate 135	60.0	49.4	10.6
3.6	Rate 145	161.5	215.0	(53.5)
3.7	Rate 170	474.1	513.3	(39.2)
3.8	Rate 300	30.5	30.0	0.5
3.9	Rate 315	0.0	0.0	0.0
3.	Total Contract T-Service	1 772.1	1 727.8	44.3
4.	Total Contract Sales & T-Service	2 082.5	2 022.9	59.6
5.	Total	11 503.3	11 306.3	197.0

* There is no distribution volume for Rate 125 customers.

Witnesses: P. Baxter
I. Chan

COMPARISON OF GAS SALES AND
TRANSPORTATION VOLUME BY RATE CLASS
2011 ACTUAL AND 2011 BOARD APPROVED BUDGET
(10^6m^3)

Item No.		Col. 1 2011 Actual	Col. 2 2011 Board Approved Budget	Col. 3 2011 Actual Over (Under) 2011 Budget (1-2)	Col. 4 2011* Adjustments	Col. 5 2011 Actual Over (Under) 2011 Budget with Adjustments (3+4)
General Service						
1.1.1	Rate 1 - Sales	3 601.7	3 356.3	245.4	(19.0)	226.4
1.1.2	Rate 1 - T-Service	1 098.2	1 408.1	(309.9)	(6.6)	(316.5)
1.1	Total Rate 1	4 699.9	4 764.4	(64.5)	(25.6)	(90.1)
1.2.1	Rate 6 - Sales	2 323.2	2 235.7	87.5	(36.4)	51.1
1.2.2	Rate 6 - T-Service	2 396.8	2 282.7	114.1	(21.0)	93.1
1.2	Total Rate 6	4 720.0	4 518.4	201.6	(57.4)	144.2
1.3.1	Rate 9 - Sales	0.8	0.4	0.4	0.0	0.4
1.3.2	Rate 9 - T-Service	0.1	0.2	(0.1)	0.0	(0.1)
1.3	Total Rate 9	0.9	0.6	0.3	0.0	0.3
1.	Total General Service Sales & T-Service	9 420.8	9 283.4	137.4	(83.0)	54.4
Contract Sales						
2.1	Rate 100	2.3	0.0	2.3	0.0 **	2.3
2.2	Rate 110	66.6	64.5	2.1	0.0 **	2.1
2.3	Rate 115	0.1	0.4	(0.3)	0.0	(0.3)
2.4	Rate 135	1.4	0.6	0.8	0.0	0.8
2.5	Rate 145	22.8	22.3	0.5	0.0 **	0.5
2.6	Rate 170	48.5	49.9	(1.4)	0.0 **	(1.4)
2.7	Rate 200	168.7	157.4	11.3	1.5	12.8
2.	Total Contract Sales	310.4	295.1	15.3	1.5	16.8
Contract T-Service						
3.1	Rate 100	8.0	0.0	8.0	0.0 **	8.0
3.2	Rate 110	479.5	407.4	72.1	(0.2)	71.9
3.3	Rate 115	558.5	512.7	45.8	0.0 **	45.8
3.4	Rate 125	0.0	0.0	0.0	0.0	0.0
3.5	Rate 135	60.0	49.4	10.6	0.0	10.6
3.6	Rate 145	161.5	215.0	(53.5)	(0.5)	(54.0)
3.7	Rate 170	474.1	513.3	(39.2)	(1.5)	(40.7)
3.8	Rate 300	30.5	30.0	0.5	0.0	0.5
3.9	Rate 315	0.0	0.0	0.0	0.0	0.0
3.	Total Contract T-Service	1 772.1	1 727.8	44.3	(2.2)	42.1
4.	Total Contract Sales & T-Service	2 082.5	2 022.9	59.6	(0.7)	58.9
5.	Total	11 503.3	11 306.3	197.0	(83.7)	113.3

*Note: Weather normalization adjustments have been made to the 2011 Actual utilizing the 2011 Board Approved Budget Degree Days in order to place the two years on a comparable basis.

** Less than 50,000 m

Witnesses: P. Baxter
I. Chan

The principal reasons for the variances contributing to the weather normalized increase of 113.3 10^6m^3 in the 2011 Actual over the 2011 Board Approved Budget are as follows:

1. The volumetric decrease of 90.1 10^6m^3 in Rate 1 was due to a lower average use per customer totalling 88.3 10^6m^3 and an unfavourable customer variance of 1.8 10^6m^3;

2. The volumetric increase of 144.2 10^6m^3 in Rate 6 was due to net customer migration from Contract Sales and T-Service of 66.9 10^6m^3 and a higher average use per customer totaling 231.9 10^6m^3; partially offset by an unfavourable customer variance of 154.6 10^6m^3;

3. The volumetric increase of 0.3 10^6m^3 in Rate 9 was due to a higher average use per station totalling 0.3 10^6m^3;

4. The volumetric increase for Contract Sales and T-Service of 58.9 10^6m^3 was due to increases in the industrial sector of 74.7 10^6m^3, the commercial sector of 29.2 10^6m^3, the apartment sector of 9.1 10^6m^3 and Rate 200 of 12.8 10^6m^3; partially offset by net customer migration to General Service of 66.9 10^6m^3. The increase was primarily attributable to lower gas prices than budgeted and improved business conditions, leading to production line increases and plant expansion.

Witnesses: P. Baxter
I. Chan

ENBRIDGE GAS DISTRIBUTION
OPERATING AND MAITENANCE EXPENSE BY DEPARTMENT
CALENDAR YEAR ENDING DECEMBER 31, 2011

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
Line No.	Particulars ($ 000's)	Actual 2011	Actual 2010	Actual 2009	Actual 2008	2011 Actual Over/(Under) 2010 Actual	OEB Approved 2007 Utility O&M
1.	Finance	$ 6,196	$ 6,016	$ 5,981	$ 5,843	$ 180	$ 8,380
2.	Risk Management	2,459	2,141	2,865	1,695	318	1,986
3.	Customer Care Service Charges	64,190	68,742	82,042	84,583	(4,552)	83,493
4.	Customer Care Internal Costs	7,360	9,222	7,868	9,679	(1,862)	7,302
5.	Provision for Uncollectibles	21,542	11,500	17,855	16,660	10,042	15,105
6.	Energy Supply, Storage, Regulatory	11,757	12,587	11,827	12,368	(830)	14,900
7.	Legal and Corporate Security	4,146	1,407	1,170	1,147	2,739	1,207
8.	Operations	59,195	60,580	55,170	53,540	(1,385)	54,893
9.	Information Technology	30,893	30,398	22,695	21,247	495	21,790
10.	Business Development & Customer Strategy (excluding DSM)	15,631	18,567	14,255	13,364	(2,936)	19,118
11.	Human Resources (excluding benefits)	20,031	15,127	14,568	13,272	4,904	13,059
12.	Benefits	27,488	27,335	26,241	24,597	153	21,405
13.	Pipeline Integrity and Safety	29,695	25,318	21,167	19,722	4,377	17,820
14.	Public and Government Affairs	7,381	6,582	5,331	4,723	798	4,759
15.	Non Departmental Expenses	31,130	25,822	31,332	30,258	5,308	18,307
16.	Corporate Cost Allocations (including direct costs)	43,440	36,692	34,266	32,166	6,748	18,100
17.	Total	382,534	358,036	354,633	344,866	24,498	321,624
18.	Capitalization (A&G)	(24,482)	(24,330)	(23,902)	(21,643)	(152)	(17,424)
19.	Total Net Utility Operating and Maintenance Expense, Excluding DSM	358,052	333,706	330,731	323,223	24,346	304,200
20.	Demand Side Management Programs (DSM)	26,708	25,468	24,255	23,100	1,240	22,000
21.	Total Net Utility Operating and Maintenance Expense	$ 384,760	$ 359,174	$ 354,986	$ 346,323	$ 25,586	$ 326,200
22.	Regulatory Adjustments						
23.	To eliminate Corporate Cost Allocations above RCAM	(16,725)	(12,428)	(13,100)	(13,066)	(4,296)	
24.	To eliminate CIS fees above Customer Care settlement agreement	-	-	(4,900)	(9,811)	-	
25.	To eliminate Conservation Services	(7,292)	-	-	-	(7,292)	
26.	Incremental O&M Allocated to Unregulated Storage	(233)	-	-	-	(233)	
27.	Total Adjustments	(24,249)	(12,428)	(18,000)	(22,877)	(11,821)	
28.	Utility O&M	$ 360,511	$ 346,746	$ 336,986	$ 323,446	$ 13,764	

Notes:
1) Departmental O&M costs are net of capitalization, non-utility allocations, and other utility adjustments.
2) Historical years including the 2007 OEB approved budget have been restated based on the 2011 organization structure.

Witnesses: R. Lei
A. Patel

EXPLANATION OF MAJOR CHANGES
ACTUAL 2011 O&M EXPENSES COMPARED TO ACTUAL 2010 O&M EXPENSES

The 2011 Actual Utility O&M was $360.5 million, which was $13.8 million higher than the 2010 Actual Utility O&M of $346.7 million. The increase was primarily driven by higher provision for uncollectibles, compensation costs, damage prevention, environmental, health and safety costs. The increased O&M costs were partially offset by lower customer care costs, operational outside service costs, and conservation services spending.

Line No:

3. Customer Care Service Charges: decreased by $4.6 million primarily due to lower bill and payment production costs and lower contract pricing.

4. Customer Care Internal Costs: decreased by $1.9 million as a result of lower consulting charges and licensing fees.

5. Provision for Uncollectibles: increased by $10.0 million mainly due to adjustments required to correct deficiencies in accounts receivable reporting that were recognized in 2011.

7. Legal and Corporate Security: increased by $2.7 million resulting from the centralization of legal expenses in the Legal department.

8. Operations: decreased by $1.4 million primarily due to lower outside services, well logging work, and higher damage recovery.

10. Business Development & Customer Strategy: decreased by $2.9 million mainly due to lower conservation services spending. For the purposes of ESM, conservation services

Witnesses: R. Lei
A. Patel

are eliminated for utility O&M starting in 2011 since there is a separate sharing mechanism as per the Settlement Agreement on EB-2011-0008.

11. Human Resources: increased by $4.9 million primarily attributed to higher employee services and benefits, severances, and higher rents and leases.

13. Pipeline Integrity and Safety: increased by $4.4 million mainly due to higher damage prevention costs and Environment, Health, and Safety costs.

15. Non Departmental Expenses: increased by $5.3 million largely due to higher compensation related costs.

16. Corporate Cost Allocations: increased by $6.7 million primarily driven by higher compensation related costs and insurance premium.

20. Demand Side Management: increased by $1.2 million due to the higher level of Board Approved program spending.

Witnesses: R. Lei
A. Patel

CCC INTERROGATORY #1

INTERROGATORY

F - Revenue Sufficiency/Deficiency
Issue F2: Is the overall change in revenue requirement reasonable given the impact on consumers?

For each year 2007-2012(forecast) please provide a schedule setting out the allowed ROE, actual ROE and the dollar amounts of over-earnings. Also please provide the amounts of those over-earnings allocated to shareholder and ratepayers.

RESPONSE

Please see response provided in the attached Table A.

Witnesses: K. Culbert
R. Small

TABLE A

Line No		2007 Historical	2008 Historical	2009 Historical	2010 Historical	2011 Historical	2012 Bridge
1.	Allowed ROE (without 100bp ESM allowance)	8.39%	8.66%	8.31%	8.37%	7.94%	7.52%
2.	Actual Normalized ROE Before Earnings Sharing	10.72%	10.21%	11.20%	11.10%	10.38%	7.24%
3.	Gross Overearnings/(Underearnings) ($millions) (Note 1)	47.7	31.7	59.0	54.7	48.4	(5.4)
4.	Ratepayer Share of Gross Overearnings ($millions)	-	5.6	19.3	17.4	14.3	-
5.	Shareholder Share of Gross Overearnings/(Underearnings) ($millions) (Note 1)	47.7	26.1	39.7	37.4	34.1	(5.4)
6.	Actual Normalized ROE /After Earnings Sharing	10.72%	9.94%	10.26%	10.24%	9.66%	7.24%

Note 1: Amounts include impact of 100bp allowed for earnings sharing purposes during the 2008-2012 incentive term, additionally these are not true resulting net earnings amounts as they include tax amounts payable.

VECC INTERROGATORY #1

INTERROGATORY

F - Revenue Sufficiency/Deficiency
Issue F2: Is the overall change in revenue requirement reasonable given the impact on consumers?

Reference: No Reference

a) 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)

RESPONSE

Please see table provided below.

DISTRIBUTION REVENUE REQUIREMENT

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 6
Row		**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
1.	Total Distribution Revenues	$ 959,800,000	$ 936,420,000	$ 947,140,000	$ 980,760,000	$ 988,590,000	$1,004,490,000	$1,104,300,000
2.	Average Number of Customers (Ending)	1,823,258	1,864,047	1,906,437	1,931,528	1,965,537	1,984,734	2,020,962
3.	Distribution Revenue per customer	$ 526.42	$ 502.36	$ 496.81	$ 507.76	$ 502.96	$ 506.11	$ 546.42

Witnesses: K. Culbert
A. Kacicnik
R. Small