EB-2012-0055

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), section 36;

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an order or orders approving the clearance or disposition of amounts recorded in certain deferral or variance accounts.

Federation of Rental-housing Providers of Ontario (FRPO)

Oral Hearing Compendium

November 22, 2012

FRPO INTERROGATORY #4

INTERROGATORY

D - Operating Costs
Issue 2: Is Enbridge's gas supply plan, including the forecast of gas, transportation and storage costs appropriate?

Reference: D1, Tab 2, Schedule 1. Page 7-8

Preamble: Enbridge also held a storage entitlement with Union Gas Limited for 21,259,700 Gj broken down into three contracts with varied expiry dates. In its decision in the NGEIR proceeding, dated November 7, 2006, the Board ruled that these contracts should be priced at cost of service rates and that a phased in approach to market based storage was in the best interests of customers in Ontario. All three of these contracts have expired and effective April 1, 2010 all of the Company's contracted third party storage is at market based rates.

Please provide the annualized cost per GJ of the replacement contracts contained in 2013 rates.

a) For comparative purposes, please provide the annualized cost of the legacy contracts that expired to the amount of storage in three contracts referred to above.

b) Please provide whatever analysis EGD performed to determine the resulting cost and the level of contracting entered into at the time of contract expiry.

RESPONSE

The 2013 annualized cost of the Market Based Storage can be found at Exhibit D3, Tab 3, Schedule 2, Column 1, Item # 1.4. This amount is predicated on the assumption that the storage contract(s) that expire March 31, 2013 are deemed to be continued for the purposes of the 2013 gas costs forecast.

a) A comparison to the value of the old cost of service contracts would provide no value. The Board in the NGEIR decision (EB-2005-0551 pp. 64 and 65) recognized that there was a substantial difference between cost-based and market-based storage prices and found that in the public interest there would be a transition period to market-based pricing for its storage needs. The referred to section is included below:

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> The Board finds that a transition framework is warranted in the case of Enbridge. Enbridge does have access to storage alternatives and does operate within the competitive storage market. However, the quantity of storage it acquires from Union is a substantial portion of its total requirement, and, given the uncertainty around storage price regulation at the time Enbridge entered into its current contracts, it may have had limited effective access to alternatives at that time.
>
> Given the current substantial difference between cost-based and market-based storage prices, if the prices of the new contracts were included in Enbridge's rates, there would be an increase in Enbridge's total storage costs (although the majority of Enbridge's storage costs would still be based on the costs of Tecumseh). The Board must be concerned about the impact on consumers from refraining from rate regulation and balance that consideration with the objectives of facilitating storage development and the competitive market. With respect to storage development, in section 5.2.1 we concluded that re-pricing existing storage does not provide an incentive to develop new storage; the Board is similarly satisfied that retaining cost-based rates for existing storage for a transition period will not create an adverse impact on new storage development.
>
> With respect to protecting consumers, the Board finds that it is in the public interest to provide Enbridge and its customers with a transition to market-based pricing for its storage needs (in excess of its Tecumseh capacity), rather than requiring it to access the competitive market for its full requirement all at one time. This will have the effect of phasing-in the rate impact on Enbridge's customers, and facilitating the development of competitive alternatives – to the benefit of Enbridge's customers and competitive storage providers. The Board finds that this transition should begin in 2008 and be completed in 2010. This timing will allow Enbridge to tender for services during 2007. Enbridge's rates in 2007 will continue to reflect cost-based storage rates for the services it acquires from Union.
>
> The way to achieve this transition is for Union and Enbridge to amend the current contracts (which under section 4.04 would expire as of March 31, 2007 as a result of the Board's NGEIR decision) to maintain the current volumes and expiration dates but to replace the market-based rates with cost-based rates. The result of this approach would be that in 2008 Enbridge would need to acquire 9.4 Bcf (less than 10% of its storage requirement) from the competitive market. Smaller incremental amounts would be sourced from the competitive market in 2009 and 2010. The Board concludes that the phased approach, and the relatively small amounts of competitively sourced storage added each year, will result in a small net impact on Enbridge customer rates. In this way, the interests of consumers will be sufficiently protected.

b) In order to provide the analysis requested it would require a filing of all the bids that Enbridge received including all the particulars of the bids. In the interest of maintaining the integrity of the RFP process and to ensure that Enbridge will continue to receive qualitative bids, Enbridge considers it necessary to provide prospective bidders assurances that the particulars of their bid will not be disclosed to the public. Therefore, the Company is not prepared to file the information

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requested. However, Enbridge is prepared to file a description of the RFP process and the selection criteria for determining the successful bidder.

A typical Storage RFP will be sent to a broad range of counter parties that Enbridge generally does business with. For example, when the Company sent out an RFP in May of 2011 a total of 13 responses were received with a total of 38 storage offerings. In the RFP Enbridge identifies the effective date, term and maximum balance that is being requested as well as the location. The location will identify Enbridge's preference to deliver to Union Dawn for injection and to accept re-delivery from the storage provider at Union Dawn for withdrawal; however, alternate receipt and delivery points are considered. Also included in the RFP is the firm Injection/withdrawal schedule and the associated deliverability rights that Enbridge is requesting.

Responses to the RFP are sent back to Enbridge within seven to ten days and the bids are ranked in order by term and by total annual estimated cost (including commodity, transportation and fuel charges). The highest priced bids can be excluded right away, however, price is not always the determining factor. It is highly unlikely that two bids will be the exact same in size, term, location, firm injection/withdrawal rights (including deliverability) and operational flexibility i.e., the ability to nominate intra-day. Another factor for consideration is whether or not the prospective bid is underpinned by actual storage assets. While this is not necessarily a requirement, typically storage services that are not underpinned by physical assets tend to have less operational flexibility. Another concern is the credit worthiness of the counter-party. The Gas Supply group evaluates the various bids taking into account all of these considerations.

See response to CME Interrogatory #3 at Exhibit I, Issue D2, Schedule 4.3.

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FRPO INTERROGATORY #5

INTERROGATORY

D - Operating Costs
Issue 2: Is Enbridge's gas supply plan, including the forecast of gas, transportation and storage costs appropriate?

Reference: D1, Tab 2, Schedule 1. Page 10

Preamble: In the original evidence the Company also identified that it would be bringing forward a new Design Criteria Study. The Company discussed that given the current transportation available that the only option would be to increase the level of TCPL longhaul STFT. Based on the demand forecast filed at that time, the impact on 2013 gas costs would be an incremental $66.2 million or $74.5 million in total of unutilized transportation costs impacts. Based on the updated volumetric forecast the total cost impact on 2013 gas costs would be $69.0 million.

Please provide the detailed analysis that supports the increase in STFT.

a. Please provide the specific level of demand that would be necessitated by the results of the Design Criteria Study.

b. Please provide the specific calculations and supporting assumptions that determined the "$66.2 or $74.5 million in total of unutilized transportation cost impacts."

c. Using April 2011 to March 2012 actual values, please provide monthly values for:

   i. The quantity of daily firm transport contracted in each TCPL delivery zone.
   ii. The quantity of daily firm transport delivered to other EGD delivery zones by other providers.
   iii. The quantity of daily firm TCPL contracts optimized to generate revenue versus recovered in EGD transportation rates?
   iv. The amount of FT-RAM credits accrued.
   v. The amount of revenue generated by utilization of those credits.
   vi. The demand charges for the transportation that was optimized.

d. Please clarify where the demand charge costs were charged and to what account were the revenues accrued.

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RESPONSE

a) The 2013 gas cost was prepared assuming, among other things, a peak day demand based upon the existing Design Day Demand Criteria of 39.5 degree days which equates to a peak day demand of 99 280 10^3m^3 (3.5 Bcf). If the Board were to accept the Company's proposal for a new Design Day Demand Criteria of 43.7 degree days this would equate to a peak day demand of 108 590 10^3m^3 (3.8 Bcf). See the response to Board Staff Interrogatory #13 at Exhibit I, Issue D3, Schedule 1.13.

b) The updated evidence identifies $2.8 million as the amount of the unutilized capacity cost (Exhibit D1, Tab 2, Schedule 1, page 9, para. 2) which is calculated by applying the TCPL-FT toll times the unutilized capacity of 1,350,000 Gj's. If the Board were to accept the Company's proposed changes to the Design Day Demand Criteria then the Company would be required to contract for additional transportation to meet the increase in Peak Day Demand. As discussed in its Gas Cost evidence not all of that incremental capacity would be utilized. That incremental unutilized capacity would increase by 31,375,000 Gj's or $66.2 million.

c) The Company will re-iterate how capacity assignments and FT RAM credits contribute to Transactional Services revenue. While transactional service deals pertaining to transportation optimization utilize the utility transportation contracts, no deal will be entered into at the expense or risk of the customers of the utility. For example, during periods of reduced demand, typically during the summer months, Enbridge may optimize underutilized transportation capacity by executing basic exchanges between two points for a fee charged to a third party (i.e., Enbridge could move gas received at Dawn and redeliver to the CDA). During these same periods of reduced demand the Company may, temporarily release parts of its long haul TCPL capacity to third parties. Tied to each release is an exchange through which Enbridge generally delivers gas at Empress and receives an equivalent volume of gas at Dawn. The credit received from TCPL through the temporary assignment offset by the cost payable to the third party for the transportation capacity represents Transportation Optimization for Transactional Services purposes.

As for FT RAM these credits are only accumulated if a shipper does not utilize 100% of its RAM eligible capacity (i.e., FT or STS). In the case of Enbridge this is generated only when the Company does not fully utilize its STS capacity. For example, if in the month of December Enbridge did not fully utilize its STS capacity then we would have available credits that can be applied against the costs associated with any IT transportation costs that might be incurred by the Company in

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the month of December. However if Enbridge does not contract for any IT transportation service in that month then any STS-RAM credits go unutilized as credits cannot be carried forward to a subsequent month. To the extent that the Company required IT transportation for the purposes of meeting the needs of the Utility then any STS-RAM credits received by the Company would go toward lowering the transportation costs to the benefit of the rate payer and be captured as part of the PGVA. If however, the Utility did not require any IT transportation and there was an opportunity to enter into a Transactional Services deal with a third party through the use of IT transportation then any STS-RAM credits received would offset that IT transportation cost and provide a benefit as part of the Transactional Services Transportation Optimization.

The attached table provides the daily contracted demand level of the contracts in place for the months April 2011 to March 2012. Item # 1 represents the contracted TCPL FT capacity from Empress to the CDA. Item # 2 represents the amount of CDA capacity that has been assigned to Ontario T-Service customers as of the 1st of each month. Item # 3 represents the contracted TCPL FT capacity from Empress to the EDA and Item # 4 represents the amount of EDA capacity that has been assigned to Ontario T-Service customers as of the 1st of each month. Item # 5 represents the amount of Empress to EDA capacity that has been released to a third-party (for purposes of this schedule only those capacity assignments that were for an entire month, were included). This is a Transactional Services arrangement that is referred to as an Empress to Dawn Exchange. Enbridge will purchase gas at Empress and as part of the exchange with the counterparty will return the gas to Enbridge at Dawn on the same day. As part of this exchange deal the Company will assign to the counterparty long-haul TCPL capacity. Enbridge will receive a credit from TCPL for the amount of the assignment which is greater than the amount being paid to the counterparty to move the gas to Dawn. For gas costs purposes the assignment is deemed to not have happened i.e., the demand charge cost and commodity cost are included as purchase costs, thereby having no impact on the PGVA. The benefit, which is the difference between the credit received from TCPL and the amount paid for transport to the counterparty is recorded as Transactional Services revenue and recorded as Transportation Optimization. Item # 6 represents the one year assignment of Empress to Iroquois capacity that was mentioned as part of the Gas Supply evidence. Item #'s 7 and 8 represent the Contracted STFT amounts. Item # 9 is the level of Enbridges' contracted TCPL Dawn to CDA capacity and Item # 10 represents the amount of that capacity that has been assigned to ABM's as a part of the System Reliability proceeding. Item # 11 is the level of Enbridges' contracted TCPL Dawn to EDA capacity. Item # 12 represents the amount of the Dawn to EDA capacity that was assigned to third parties (for purposes

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of this schedule only those capacity assignments that were for an entire month were included) as part of a Transactional Services deal. Similar to Item # 5 for purposes of gas costs the assignment is deemed to not have happened i.e., the demand charge cost is included as purchase costs, thereby having no impact on the PGVA. The benefit, which is the difference between the credit received from TCPL and the amount paid to the counterparty is recorded as Transactional Services revenue Transportation Optimization. Item #'s 13 to 16 are the remaining transportation arrangements Enbridge has with TCPL. Item #'s 17 and 18 represent the transportation commitments the Company has with Union Gas. Item #'s 19 to 21 represent the revenue and costs associated with the release of capacity to third parties as discussed above. Item #'s 22 to 24 provide the monthly TCPL IT transportation costs and STS RAM credits incurred by the Company. These costs are further broken down between costs incurred for Utility purposes or for purposes of generating Transactional Services revenue – Item #'s 25 & 26. Item # 27 provides the Transactional Services revenue attributable to that transaction and Item # 28 provides the net revenue.

d) See response to part c)

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Item #	Transportation	Route	Contracted Daily Volume Column 1 Apr-11	Column 2 May-11	Column 3 Jun-11	Column 4 Jul-11	Column 5 Aug-11	Column 6 Sep-11	Column 7 Oct-11	Column 8 Nov-11	Column 9 Dec-11	Column 10 Jan-12	Column 11 Feb-12	Column 12 Mar-12
	GJ's													
1	TCPL FT - CDA	Empress to CDA	63,468	63,468	63,468	63,468	63,468	63,468	63,468	63,468	63,468	63,468	63,468	63,468
2	Direct Purchase Assignment	Empress to CDA	(7,732)	(7,772)	(7,772)	(7,784)	(7,757)	(7,762)	(7,733)	(7,388)	(7,387)	(7,317)	(7,371)	(7,387)
3	TCPL FT - EDA	Empress to EDA	196,970	196,970	196,970	196,970	196,970	196,970	196,970	196,970	196,970	196,970	196,970	196,970
4	Direct Purchase Assignment	Empress to EDA	(15,391)	(15,299)	(15,189)	(14,952)	(14,790)	(14,530)	(14,336)	(14,621)	(12,880)	(13,065)	(12,420)	(11,439)
5	Transactional Services Capacity Release	Empress to EDA	(41,088)	(41,088)	(41,088)	(41,088)	(41,088)	(41,088)	(41,088)	-	-	-	-	-
6	TCPL FT - Iroquois	Empress to Iroquois	-	-	-	-	-	-	-	26,956	26,956	26,956	26,956	26,956
7	TCPL STFT - CDA	Empress to CDA	-	-	-	-	-	-	-	50,000	175,000	250,000	250,000	125,000
8	TCPL STFT - EDA	Empress to EDA	-	-	-	-	-	-	-	-	50,000	75,000	75,000	25,000
9	TCPL FT Dawn to CDA		149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818
10	Direct Purchase Assignment as per System Reliability		(49,102)	(49,102)	(49,102)	(49,102)	(49,102)	(49,102)	(49,102)	(44,533)	(44,533)	(44,533)	(44,533)	(44,533)
11	TCPL FT Dawn to EDA		114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000
12	Tranasactional Services Assignment		(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	-	-	-	-	-
13	TCPL FT Dawn to Iroquois		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
14	TCPL FT-SN Parkway to CDA		85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
15	TCPL STS Parkway to CDA		284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464
16	TCPL STS Parkway to EDA		80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611
17	Union Gas Dawn to Parkway		2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173
18	Union Gas Dawn to Kirkwall		67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929
	$ (000's)													
19	Transactional Services Revenue - credit received from TCPL		2,899.6	2,905.7	2,899.6	2,905.7	2,906.3	2,900.2	2,906.3	-	-	-	-	-
20	Transactional Services Expense - amount paid to counterparty		(2,413.7)	(2,494.2)	(2,413.7)	(2,494.2)	(2,494.2)	(2,413.7)	(2,494.2)	-	-	-	-	-
21	Transactional Services Net Revenue		485.8	411.5	485.8	411.5	412.1	486.4	412.1	-	-	-	-	-
22	TCPL IT costs - Before STS RAM Credits		338.7	172.7	91.5	177.6	236.5	148.3	55.8	647.3	651.4	402.4	586.7	424.0
23	TCPL STS RAM Credits		(316.5)	-	-	-	-	-	-	(608.8)	(612.8)	(375.9)	(540.7)	(398.9)
24	Net Cost		22.2	172.7	91.5	177.6	236.5	148.3	55.8	38.5	38.6	26.6	46.0	25.2
25	Amount charged to Gas Cost		0.2	172.7	91.5	177.6	236.5	148.3	55.8	-	5.1	2.3	-	4.6
26	Amount charged as Transactional Services Expense		22.0	-	-	-	-	-	-	38.5	33.5	24.3	46.0	20.6
			22.2	172.7	91.5	177.6	236.5	148.3	55.8	38.5	38.6	26.6	46.0	25.2
27	Associated Transactional Services Revenue		106.7	-	-	-	-	-	-	367.8	265.0	294.3	332.2	269.6
28	Transactional Services Net Revenue		84.7	-	-	-	-	-	-	329.3	231.5	270.0	286.2	249.1

FRPO INTERROGATORY #6

INTERROGATORY

D - Operating Costs
Issue 2: Is Enbridge's gas supply plan, including the forecast of gas, transportation and storage costs appropriate?

Reference: D1, Tab 2, Schedule 1. Page 10

Preamble: In the original evidence the Company also identified that it would be bringing forward a new Design Criteria Study. The Company discussed that given the current transportation available that the only option would be to increase the level of TCPL longhaul STFT. Based on the demand forecast filed at that time, the impact on 2013 gas costs would be an incremental $66.2 million or $74.5 million in total of unutilized transportation costs impacts. Based on the updated volumetric forecast the total cost impact on 2013 gas costs would be $69.0 million.

For the above question [FRPO Interrogatory #5] please provide in tabular fashion answers to the above inquiries for the years starting in April 2008 to March 2009 and continuing to April 2009 to March 2011.

RESPONSE

The attached schedules provide similar information to that set out in the response to FRPO Interrogatory #5 at Issue I, Issue D2, Schedule 8.5.

Witnesses: J. Sarnovsky
D. Small

Item #	Transportation	Route	Contracted Daily Volume Column 1 Apr-08	Column 2 May-08	Column 3 Jun-08	Column 4 Jul-08	Column 5 Aug-08	Column 6 Sep-08	Column 7 Oct-08	Column 8 Nov-08	Column 9 Dec-08	Column 10 Jan-09	Column 11 Feb-09	Column 12 Mar-09
	GJ's													
1	TCPL FT - CDA	Empress to CDA	62,200	62,200	62,200	62,200	62,200	62,200	62,200	55,093	55,093	55,093	55,093	55,093
2	Direct Purchase Assignment	Empress to CDA	(21,338)	(21,362)	(21,799)	(21,728)	(22,106)	(22,172)	(22,144)	(16,405)	(16,375)	(16,205)	(16,092)	(16,225)
3	TCPL FT - EDA	Empress to EDA	154,744	154,744	154,744	154,744	154,744	154,744	154,744	179,744	179,744	179,744	179,744	179,744
4	Direct Purchase Assignment	Empress to EDA	(37,051)	(37,159)	(37,125)	(36,640)	(35,114)	(34,955)	(36,865)	(33,131)	(32,509)	(32,258)	(32,266)	(31,475)
5	Transactional Services Capacity Release	Empress to EDA	-	-	-	-	-	-	-	-	-	-	-	-
6	TCPL FT - Iroquois	Empress to Iroquois	56,293	56,293	56,293	56,293	56,293	56,293	56,293	56,293	56,293	56,293	56,293	56,293
7	Tranasactional Services Capacity Release	Empress to Iroquois	-	-	-	-	-	-	-	-	-	-	-	-
8	TCPL STFT - CDA	Empress to CDA	-	-	-	-	-	-	-	-	-	-	-	-
9	TCPL STFT - EDA	Empress to EDA	-	-	-	-	-	-	-	-	-	-	-	-
10	TCPL FT Dawn to CDA		149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818
11	Direct Purchase Assignment as per System Reliability		-	-	-	-	-	-	-	-	-	-	-	-
12	Tranasactional Services Assignment		(21,101)	(21,101)	(21,101)	(21,101)	(21,101)	(21,101)	(21,101)	-	-	-	-	-
13	TCPL FT Dawn to EDA		114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000
14	Tranasactional Services Assignment		(10,551)	(10,551)	(10,551)	(10,551)	(10,551)	(10,551)	(10,551)	-	-	-	-	-
15	TCPL FT Dawn to Iroquois		-	-	-	-	-	-	-	-	-	-	-	-
16	TCPL FT-SN Parkway to CDA		85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
17	TCPL STS Parkway to CDA		283,892	283,892	283,892	283,892	283,892	283,892	283,892	284,464	284,464	284,464	284,464	284,464
18	TCPL STS Parkway to EDA		80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611
19	Union Gas Dawn to Parkway		2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173
20	Union Gas Dawn to Kirkwall		67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929
	$ (000')													
21	Transactional Services Revenue - credit from TCPL		203.5	192.2	214.4	206.7	206.7	206.7	206.7	-	-	-	-	-
22	Transactional Services Expense - amount payable to counterparty		(168.8)	(158.2)	(163.3)	(165.4)	(172.7)	(170.5)	(172.7)	-	-	-	-	-
23	Transactional Services Net Revenue		34.6	34.0	51.0	41.3	33.9	36.2	33.9	-	-	-	-	-
24	TCPL IT costs - Before STS RAM Credits		253.5	341.6	439.3	336.8	292.0	326.6	142.9	424.6	340.2	142.3	253.2	333.9
25	STS RAM Credits		(239.1)	-	-	-	-	-	-	(390.4)	(283.2)	(132.1)	(140.3)	(304.9)
26	Net Cost		14.4	341.6	439.3	336.8	292.0	326.6	142.9	34.2	57.0	10.3	112.9	29.0
27	Amount charged to Gas Cost		10.6	341.6	439.3	336.8	292.0	326.6	142.9	1.7	57.0	0.8	21.0	1.7
28	Amount charged as Transactional Services Expense		3.8	-	-	-	-	-	-	32.5	-	9.4	91.9	27.3
			14.4	341.6	439.3	336.8	292.0	326.6	142.9	34.2	57.0	10.3	112.9	29.0
29	Associated Transactional Services Revenue		36.8	-	-	-	-	-	-	238.9	-	44.4	146.2	288.2
30	Transactional Services Net Revenue		33.0	-	-	-	-	-	-	206.4	-	35.0	54.3	260.9

we did stft for the month in july and august

75000 Enbridge cda to union cda

Item #	Transportation	Route	Contracted Daily Volume Column 1 Apr-09	Column 2 May-09	Column 3 Jun-09	Column 4 Jul-09	Column 5 Aug-09	Column 6 Sep-09	Column 7 Oct-09	Column 8 Nov-09	Column 9 Dec-09	Column 10 Jan-10	Column 11 Feb-10	Column 12 Mar-10
	GJ's													
1	TCPL FT - CDA	Empress to CDA	55,093	55,093	55,093	55,093	55,093	55,093	55,093	80,093	80,093	80,093	80,093	80,093
2	Direct Purchase Assignment	Empress to CDA	(16,225)	(16,207)	(16,015)	(15,853)	(15,813)	(15,810)	(15,838)	(14,930)	(14,920)	(14,848)	(14,834)	(14,811)
3	TCPL FT - EDA	Empress to EDA	154,744	154,744	154,744	154,744	154,744	154,744	154,744	211,037	211,037	211,037	211,037	211,037
4	Direct Purchase Assignment	Empress to EDA	(31,410)	(31,293)	(31,230)	(30,691)	(30,497)	(30,452)	(30,139)	(29,696)	(29,278)	(28,938)	(28,914)	(29,021)
5	Transactional Services Capacity Release	Empress to EDA	(9,951)	(25,473)	(25,473)	(25,473)	(25,473)	(25,473)	(25,473)	-	-	-	-	-
6	TCPL FT - Iroquois	Empress to Iroquois	56,293	56,293	56,293	56,293	56,293	56,293	56,293	-	-	-	-	-
7	Tranasactional Services Capacity Release	Empress to Iroquois	-	-	-	(21,101)	(21,101)	(21,101)	(21,101)					
8	TCPL STFT - CDA	Empress to CDA	-	-	-	-	-	-	-	-	-	50,000	50,000	-
9	TCPL STFT - EDA	Empress to EDA	-	-	-	-	-	-	-	-	-	25,000	25,000	-
10	TCPL FT Dawn to CDA		149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818
11	Direct Purchase Assignment as per System Reliability		-	-	-	-	-	-	-	-	-	-	-	-
12	Tranasactional Services Assignment		(31,652)	(31,652)	(31,652)	(31,652)	(31,652)	(31,652)	(31,652)					
13	TCPL FT Dawn to EDA		114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000
14	Tranasactional Services Assignment		-	-	-	-	(10,551)	-	-	(15,826)	-	-	-	-
15	TCPL FT Dawn to Iroquois		-	-	-	-	-	-	-	-	-	-	-	-
16	TCPL FT-SN Parkway to CDA		85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
17	TCPL STS Parkway to CDA		284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464
18	TCPL STS Parkway to EDA		80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611
19	Union Gas Dawn to Parkway		2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173
20	Union Gas Dawn to Kirkwall		67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929
	$ (000')													
21	Transactional Services Revenue - credit from TCPL		816.8	976.3	976.3	976.3	1,147.4	1,073.7	976.3	129.4	-	-	-	-
22	Transactional Services Expense - amount payable to counterparty		(727.7)	(901.2)	(876.2)	(901.2)	(1,018.2)	(928.6)	(901.2)	(103.3)	-	-	-	-
23	Transactional Services Net Revenue		89.1	75.1	100.1	75.1	129.2	145.1	75.1	26.1	-	-	-	-
24	TCPL IT costs - Before STS RAM Credits		269.9	131.1	276.3	130.4	164.8	311.9	47.8	439.2	166.9	194.7	224.7	493.1
25	STS RAM Credits		(157.4)	-	-	-	-	-	-	(407.8)	(154.9)	(186.6)	(215.5)	(472.4)
26	Net Cost		112.5	131.1	276.3	130.4	164.8	311.9	47.8	31.4	12.0	8.1	9.1	20.7
27	Amount charged to Gas Cost		112.5	131.1	276.3	130.4	164.8	311.9	47.8	5.3	2.5	1.1	2.7	(0.0)
28	Amount charged as Transactional Services Expense		-	-	-	-	-	-	-	26.1	9.5	7.0	6.4	20.7
			112.5	131.1	276.3	130.4	164.8	311.9	47.8	31.4	12.0	8.1	9.1	20.7
29	Associated Transactional Services Revenue		-	-	-	-	-	-	-	97.3	100.2	55.3	37.9	215.7
30	Transactional Services Net Revenue		-	-	-	-	-	-	-	71.2	90.7	48.3	31.5	195.0

25000 stft for 7days in february - eda
20000 stft for 7days in march - eda

Item #	Transportation	Route	Daily Volume Column 1 Apr-10	Column 2 May-10	Column 3 Jun-10	Column 4 Jul-10	Column 5 Aug-10	Column 6 Sep-10	Column 7 Oct-10	Column 8 Nov-10	Column 9 Dec-10	Column 10 Jan-11	Column 11 Feb-11	Column 12 Mar-11
	GJ's													
1	TCPL FT - CDA	Empress to CDA	80,093	80,093	80,093	80,093	80,093	80,093	80,093	63,468	63,468	63,468	63,468	63,468
2	Direct Purchase Assignment	Empress to CDA	(14,744)	(14,691)	(15,814)	(16,498)	(16,403)	(16,387)	(18,442)	(7,807)	(7,767)	(7,766)	(7,803)	(7,801)
3	TCPL FT - EDA	Empress to EDA	211,037	211,037	211,037	211,037	211,037	211,037	211,037	196,970	196,970	196,970	196,970	196,970
4	Direct Purchase Assignment	Empress to EDA	(28,606)	(28,352)	(28,830)	(28,462)	(28,133)	(27,960)	(28,364)	(17,749)	(17,286)	(16,366)	(15,978)	(15,561)
5	Transactional Services Capacity Release	Empress to EDA	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	-	-	-	-	-
6	TCPL FT - Iroquois	Empress to Iroquois	-	-	-	-	-	-	-	-	-	-	-	-
7	Tranasactional Services Capacity Release	Empress to Iroquois												
8	TCPL STFT - CDA	Empress to CDA	-	-	-	-	-	-	-	50,000	200,000	200,000	200,000	100,000
9	TCPL STFT - EDA	Empress to EDA	-	-	-	-	-	-	-	-	50,000	50,000	50,000	-
10	TCPL FT Dawn to CDA		149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818	149,818
11	Direct Purchase Assignment as per System Reliability		-	-	-	-	-	-	-	(49,102)	(49,102)	(49,102)	(49,102)	(49,102)
12	Tranasactional Services Assignment		-	-	-	-	-	-	-	-	-	-	-	-
13	TCPL FT Dawn to EDA		114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000	114,000
14	Tranasactional Services Assignment		(6,076)	(9,918)	(12,668)	(23,487)	(24,250)	(5,317)	(9,159)	(10,627)	-	-	-	-
15	TCPL FT Dawn to Iroquois		-	-	-	-	-	40,000	40,000	40,000	40,000	40,000	40,000	40,000
16	TCPL FT-SN Parkway to CDA		85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
17	TCPL STS Parkway to CDA		284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464	284,464
18	TCPL STS Parkway to EDA		80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611	80,611
19	Union Gas Dawn to Parkway		2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173	2,157,173
20	Union Gas Dawn to Kirkwall		67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929	67,929
	$ (000')													
21	Transactional Services Revenue - credit from TCPL		2,358.5	2,024.5	2,334.4	2,274.8	2,300.6	2,055.2	2,103.8	108.4	-	-	-	-
22	Transactional Services Expense - amount payable to counterparty		(2,235.2)	(1,960.5)	(1,927.0)	(2,111.9)	(2,075.4)	(1,847.6)	(1,952.0)	(103.6)	-	-	-	-
23	Transactional Services Net Revenue		123.3	64.0	407.4	162.8	225.2	207.6	151.8	4.8	-	-	-	-
24	TCPL IT costs - Before STS RAM Credits		272.7	173.4	151.6	112.6	173.4	222.1	4.5	431.0	217.2	171.3	169.7	470.7
25	STS RAM Credits		(250.1)	-	-	-	-	-	-	(414.3)	(208.8)	(164.8)	(163.1)	(442.8)
26	Net Cost		22.6	173.4	151.6	112.6	173.4	222.1	4.5	16.7	8.4	6.5	6.6	28.0
27	Amount charged to Gas Cost		7.9	173.4	151.6	112.6	173.4	222.1	4.5	(0.0)	0.0	4.8	0.0	-
28	Amount charged as Transactional Services Expense		14.7	-	-	-	-	-	-	16.7	8.4	1.7	6.6	28.0
			22.6	173.4	151.6	112.6	173.4	222.1	4.5	16.7	8.4	6.5	6.6	28.0
29	Associated Transactional Services Revenue		31.5	-	-	-	-	-	-	208.3	43.8	13.6	56.3	138.9
30	Transactional Services Net Revenue		16.8	-	-	-	-	-	-	191.6	35.4	11.8	49.7	110.9

CME INTERROGATORY #1

INTERROGATORY

C - Operating Revenue
Issue 6: 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

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

Witnesses: V. Krauchek
J. Sarnovsky
D. Small

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.

RESPONSE

All TransCanada Mainline capacity is contracted by EGD to meet the needs of its Utility customers. Since the inception of RAM in 2004, EGD has kept its long haul TCPL capacity flowing at 100% load factor. As such, EGD has never accrued any long haul credits related to the RAM service. During periods of reduced demand, typically during the summer months, EGD temporarily releases parts of its long haul TCPL capacity to third parties. Tied to each release is an exchange through which EGD delivers gas at Empress and receives an equivalent volume at Dawn. EGD is kept whole volumetrically at both its receipt and delivery points as would be the case if EGD had retained the capacity. So while these releases may be part of a third parties' RAM strategy, EGD has neither generated nor utilized long haul RAM credits and simply assigns the fee to the value of the exchange transaction.

In November 2007, TCPL attached the RAM feature to STS contracts. EGD operates the STS contracts dependent on the utility demand. RAM credits are accumulated during the winter period when the Utility does not require the maximum STS flow on the day. These credits are then used to offset charges related to the use of IT for managing storage balances. The ratepayer receives 100% of this benefit in the form of lower

Witnesses: V. Krauchek
J. Sarnovsky
D. Small

transportation charges. Any remaining RAM credits are optimized in the secondary market and shared between the ratepayer and shareholder.

a) The table in Attachment 1 provides the monthly TCPL IT charges incurred by EGD and the amount of STS RAM credits received for the period November 2007 to March 2012.

b), c) and f) Please see the responses to FRPO Interrogatory, at Exhibit I, Issue D2, Schedules 8.5 and Schedule 8.6.

d) As mentioned above, the capacity releases of long haul FT capacity that EGD does in the summer may be part of a third parties' RAM strategy. If RAM is discontinued the potential for EGD to optimize its capacity on the Mainline could be reduced. In other words the elimination of RAM may directly affect the TS group's ability to generate business with counterparties who rely on RAM credits to transact. In the event this occurs the optimization revenues could potentially be reduced as well.

e) Yes.

g) Please see in Attachment 2, EGD's response to Information Requests filed in the TCPL Joint Proceeding for Business and Services Restructuring and 2012 and 2013 Mainline Final Tolls (RH-003-2011).

Witnesses: V. Krauchek
J. Sarnovsky
D. Small

TCPL 2625 Interruptible Contract

	Total IT Cost (before tax)	Total IT RAM Credits	Net IT Cost (before tax)
2007			
January	$77,315.56	$0.00	$77,315.56
February	$13,117.50	$0.00	$13,117.50
March	$217,800.00	$0.00	$217,800.00
April	$102,786.65	$0.00	$102,786.65
May	$262,331.56	$0.00	$262,331.56
June	$313,653.75	$0.00	$313,653.75
July	$256,441.95	$0.00	$256,441.95
August	$246,160.22	$0.00	$246,160.22
September	$348,878.62	$0.00	$348,878.62
October	$259,715.77	$0.00	$259,715.77
November	$453,297.09	$418,181.89	$35,115.20
December	$118,457.17	$110,963.48	$7,493.69
	$2,669,955.84	$529,145.37	$2,140,810.47
2008			
January	$337,035.08	$315,009.02	$22,026.06
February	$241,682.66	$225,636.54	$16,046.12
March	$425,167.98	$395,733.21	$29,434.77
April	$253,485.98	$239,100.54	$14,385.44
May	$341,571.00	$0.00	$341,571.00
June	$439,250.27	$0.00	$439,250.27
July	$336,795.12	$0.00	$336,795.12
August	$291,996.64	$0.00	$291,996.64
September	$326,563.36	$0.00	$326,563.36
October	$142,902.15	$0.00	$142,902.15
November	$424,582.79	$390,361.03	$34,221.76
December	$340,201.08	$283,171.01	$57,030.07
	$3,901,234.11	$1,849,011.35	$2,052,222.76
2009			
January	$142,337.97	$132,084.28	$10,253.69
February	$253,220.05	$140,322.99	$112,897.06
March	$333,861.03	$304,873.79	$28,987.24
April	$269,869.80	$157,364.81	$112,504.99
May	$131,109.31	$0.00	$131,109.31
June	$276,274.40	$0.00	$276,274.40
July	$130,409.21	$0.00	$130,409.21
August	$164,781.69	$0.00	$164,781.69
September	$311,907.65	$0.00	$311,907.65
October	$47,783.28	$0.00	$47,783.28
November	$439,182.35	$407,762.77	$31,419.58
December	$166,912.89	$154,904.81	$12,008.08
	$2,667,649.63	$1,297,313.45	$1,370,336.18

2010			
January	$194,686.70	$186,619.28	$8,067.42
February	$224,669.10	$215,536.19	$9,132.91
March	$493,051.03	$472,399.99	$20,651.04
April	$272,723.49	$250,127.24	$22,596.25
May	$173,420.00	$0.00	$173,420.00
June	$151,585.27	$0.00	$151,585.27
July	$112,608.00	$0.00	$112,608.00
August	$173,399.48	$0.00	$173,399.48
September	$222,062.24	$0.00	$222,062.24
October	$4,508.00	$0.00	$4,508.00
November	$430,971.88	$414,299.42	$16,672.46
December	$217,200.00	$208,797.30	$8,402.70
	$2,670,885.19	$1,747,779.42	$923,105.77
2011			
January	$171,323.10	$164,844.42	$6,478.68
February	$169,661.62	$163,098.14	$6,563.48
March	$470,737.75	$442,756.83	$27,980.92
April	$338,711.60	$316,543.58	$22,168.02
May	$172,748.87	$0.00	$172,748.87
June	$91,543.25	$0.00	$91,543.25
July	$177,637.34	$0.00	$177,637.34
August	$236,543.20	$0.00	$236,543.20
September	$148,292.40	$0.00	$148,292.40
October	$55,771.40	$0.00	$55,771.40
November	$647,269.63	$608,795.56	$38,474.07
December	$651,441.63	$612,820.44	$38,621.19
	$3,331,681.79	$2,308,858.97	$1,022,822.82
2012			
January	$402,430.49	$375,871.91	$26,558.58
February	$586,705.36	$540,715.50	$45,989.86
March	$424,047.93	$398,864.51	$25,183.42
	$1,413,183.78	$1,315,451.92	$97,731.86

5. References:
   (i) Written Evidence of the MAS, pages 32, line 10-11.
   (ii) Written Evidence of the MAS, page 33, lines 20-26 and page 34, lines 1-3.

Preamble

Reference (i) states: “MAS believe that RAM provides a unique tool for Mainline long haul FT shippers to mitigate their risk of unutilized demand charges and differentiates TCPL from other pipelines.”

Further, in reference (ii) MAS states: “TCPL reported that $440 million of RAM credits were applied by Mainline shippers in 2010. [reference cited] These applied credits demonstrate the value of RAM to Mainline shippers who make use of the RAM feature. Clearly the value of these RAM credits are material to Mainline shippers who use RAM and far exceeds any potential derived calculation that eliminating RAM *may* increase annual discretionary revenue that would otherwise lower Mainline tolls. TCPL has added only $50 million of discretionary revenue to reflect their recommendation to eliminate RAM, so this appears to be a poor trade-off.”

TransCanada requires additional information to better understand how EGD extracts value from RAM and the value that EGD places on RAM.

Requests:

(a) Please provide a detailed explanation of how EGD utilizes the RAM feature in relation to its individual contract profile and gas management strategy.
(b) For the period starting November, 2004, please provide a table showing all assignments of Mainline FT by month for transportation from EGD that exceeds 4,000 GJ/D. Please include: assignee, receipt point, delivery point, Toll and volume since November 2004.
(c) For all assignments in (b) above, please provide any costs invoiced either from assignee to EGD or from EGD to the assignee as a result of the assignments in $/GJ.
(d) For all assignments in (b) above, please provide any other consideration (such as discounted storage, delivered gas, or any other consideration) provided either from assignee to EGD or from EGD to the assignee as a result of the assignment in $/GJs.
(e) Please provide details on any arrangements EGD has entered into with third Parties for purposes of managing EGD’s transportation contracts and/or transportation requirements on TransCanada for 2012. Please also provide a forecast for any additional arrangements EGD plans to enter into for these arrangements.
(f) Based on TransCanada’s Mainline Transportation Invoices to EGD please provide on a monthly basis, EGD’s Total Interruptible Transportation charges (before RAM Credits) and the Net Interruptible charges (after RAM Credits) for Mainline service from November 2004 to March 2012.
(g) Please provide the quantities of FT and STS not utilized which account for the RAM dollar figures outlined in (f) above. Please provide the quantities and transportation paths, by month, from November 2004 to March 2012.

(h) For the years 2004 through 2012, please provide a detailed explanation of how the value derived from the assignment of Mainline capacity is credited in whole or in part to EGD's rate payers. If any portion of revenue derived through the assignment of Mainline capacity is retained by EGD shareholders, please identify the mechanism and dollar amounts.
(i) In each year from 2004 through 2011, what was the total amount received by EGD through RAM and what was the share credited to EGD's customers.
(j) Please provide a forecast for the period 2012 through 2017 of the total amount expected to be received by EGD through RAM and the share of that amount expected to be credited to EGD's customers.
(k) Prior to the implementation of RAM, please describe how EGD mitigated its unutilized demand charges.

Response:

a) All TransCanada Mainline capacity is contracted by EGDI to meet the needs of its utility customers. Since the inception of RAM in 2004 EGDI has kept its long haul Mainline capacity flowing at a 100% load factor. As such EGDI has never accrued any long haul credits related to the RAM service. During periods of reduced demand and restrictions, typically during the summer months, EGDI temporarily releases parts of its long haul Mainline capacity to third parties. Tied to each release is an exchange through which EGDI delivers gas at Empress and receives an equivalent volume of gas at Dawn.

   In November of 2007 TransCanada attached the RAM feature to STS contracts. Enbridge operates its STS contracts dependent on utility demand. RAM credits are accumulated during the winter period when the utility does not require maximum STS flow. These credits are then used to offset charges related to the use of IT for managing storage balances. The ratepayer receives 100% of this benefit in the form of lower transportation charges. Any remaining RAM credits are optimized in the secondary market and shared between the ratepayer and shareholder.

b) EGDI objects to filing the information requested on the ground that it is commercially sensitive information that EGDI has consistently treated as confidential and the disclosure of which could reasonably be expect to result in a material loss to the company or its customers. EGDI would require the consent of its counterparties to provide this information.

c) Please see the response to (b) above.

d) Please see the response to (b) above.

e) Please see the response to (b) above.

f) As explained in the response to (a) above EGDI has never accrued any long haul credits related to the RAM service. Please see the table below for EGDI IT charges and net IT charges from January 2007 to March 2012.

Enbridge Invoice Summary: TransCanada Mainline Interruptible Transportation			
Month	Total Interruptible Transportation Charges ($ 000)	Applied RAM Credits ($ 000)	Net Interruptible Transportation Charges ($ 000)
Jan-07	$77.3	$0.0	$77.3
Feb-07	$13.1	$0.0	$13.1
Mar-07	$217.8	$0.0	$217.8
Apr-07	$102.8	$0.0	$102.8
May-07	$262.3	$0.0	$262.3
Jun-07	$313.7	$0.0	$313.7
Jul-07	$256.4	$0.0	$256.4
Aug-07	$246.2	$0.0	$246.2
Sep-07	$348.9	$0.0	$348.9
Oct-07	$259.7	$0.0	$259.7
Nov-07	$453.3	$418.2	$35.1
Dec-07	$118.5	$111.0	$7.5
Jan-08	$337.0	$315.0	$22.0
Feb-08	$241.7	$225.6	$16.0
Mar-08	$425.2	$395.7	$29.4
Apr-08	$253.5	$239.1	$14.4
May-08	$341.6	$0.0	$341.6
Jun-08	$439.3	$0.0	$439.3
Jul-08	$336.8	$0.0	$336.8
Aug-08	$292.0	$0.0	$292.0
Sep-08	$326.6	$0.0	$326.6
Oct-08	$142.9	$0.0	$142.9
Nov-08	$424.6	$390.4	$34.2
Dec-08	$340.2	$283.2	$57.0
Jan-09	$142.3	$132.1	$10.3
Feb-09	$253.2	$140.3	$112.9
Mar-09	$333.9	$304.9	$29.0
Apr-09	$269.9	$157.4	$112.5
May-09	$131.1	$0.0	$131.1
Jun-09	$276.3	$0.0	$276.3
Jul-09	$130.4	$0.0	$130.4
Aug-09	$164.8	$0.0	$164.8
Sep-09	$311.9	$0.0	$311.9
Oct-09	$47.8	$0.0	$47.8
Nov-09	$439.2	$407.8	$31.4
Dec-09	$166.9	$154.9	$12.0
Jan-10	$194.7	$186.6	$8.1
Feb-10	$224.7	$215.5	$9.1

Mar-10	$493.1	$472.4	$20.7
Apr-10	$272.7	$250.1	$22.6
May-10	$173.4	$0.0	$173.4
Jun-10	$151.6	$0.0	$151.6
Jul-10	$112.6	$0.0	$112.6
Aug-10	$173.4	$0.0	$173.4
Sep-10	$222.1	$0.0	$222.1
Oct-10	$4.5	$0.0	$4.5
Nov-10	$431.0	$414.3	$16.7
Dec-10	$217.2	$208.8	$8.4
Jan-11	$171.3	$164.8	$6.5
Feb-11	$169.7	$163.1	$6.6
Mar-11	$470.7	$442.8	$28.0
Apr-11	$338.7	$316.5	$22.2
May-11	$172.7	$0.0	$172.7
Jun-11	$91.5	$0.0	$91.5
Jul-11	$177.6	$0.0	$177.6
Aug-11	$236.5	$0.0	$236.5
Sep-11	$148.3	$0.0	$148.3
Oct-11	$55.8	$0.0	$55.8
Nov-11	$647.3	$608.8	$38.5
Dec-11	$651.4	$612.8	$38.6
Jan-12	$402.4	$375.9	$26.6
Feb-12	$586.7	$540.7	$46.0
Mar-12	$424.0	$398.9	$25.2

g) EGDI declines to provide the requested information on the grounds that the request is unreasonable. The time and effort involved in the preparation of a response are not warranted by the probative value of the result. In an effort to assist parties in understanding EGDI's utilization of STS and the associated RAM credits please see response to (h) above and the table below.

As discussed in (a) EGDI has flowed its long haul Mainline capacity at a 100% load factor and as a result has not accrued any long haul credits related to the RAM service. EGDI accumulates and optimizes RAM credits related to STS each winter. EGDI has done so since the inception of STS-RAM in November of 2007. Please see the table below for unutilized STS capacity from November 2007 to March 2012 for the EGDI CDA and EGDI EDA.

Summary of Enbridge Unutilized STS Capacity		
Month	**Parkway to Enbridge CDA (PJ)**	**Parkway to Enbridge EDA (PJ)**
Nov-07	6.7	1.6
Dec-07	4.4	1.2

Jan-08	4.5	1.4
Feb-08	3.4	0.9
Mar-08	5.8	1.6
Apr-08	3.7	0.7
May-08	-	-
Jun-08	-	-
Jul-08	-	-
Aug-08	-	-
Sep-08	-	-
Oct-08	-	-
Nov-08	5.5	1.2
Dec-08	4.0	0.8
Jan-09	0.8	0.7
Feb-09	2.7	0.9
Mar-09	5.5	1.3
Apr-09	3.0	0.6
May-09	-	-
Jun-09	-	-
Jul-09	-	-
Aug-09	-	-
Sep-09	-	-
Oct-09	-	-
Nov-09	6.9	1.9
Dec-09	2.2	1.0
Jan-10	1.9	0.8
Feb-10	2.8	0.8
Mar-10	6.6	1.6
Apr-10	4.1	0.6
May-10	-	-
Jun-10	-	-
Jul-10	-	-
Aug-10	-	-
Sep-10	-	-
Oct-10	-	-
Nov-10	5.6	1.4
Dec-10	1.8	1.1
Jan-11	1.5	0.8
Feb-11	1.9	0.9
Mar-11	3.2	1.4
Apr-11	3.2	0.7
May-11	-	-
Jun-11	-	-

Jul-11	-	-
Aug-11	-	-
Sep-11	-	-
Oct-11	-	-
Nov-11	7.1	1.0
Dec-11	6.3	1.4
Jan-12	3.8	0.8
Feb-12	5.3	1.2
Mar-12	4.8	0.7

h) RAM credits are first used to offset the cost of IT service incurred by the utility. Ratepayers receive 100% of the RAM benefit in this case through lower transportation charges. In addition, EGDI currently guarantees $8 million of transportation optimization revenue and storage optimization revenue, in aggregate, to its ratepayers. The optimization activities and associated dollar amounts underpinning this guarantee were not and have not been explicitly identified. This guarantee is credited to the revenue requirement prior to calculating the rates EGDI charges its customers. In the event that optimization revenue is greater than the guarantee, EGDI shares these amounts with its ratepayers. Currently transportation optimization revenues are shared 75% to the rate payer and 25% to the shareholder. For an explanation of how EGDI utilizes the RAM feature please see response to (a) above.

i) Please refer to the response to (a) above for a description of how EGDI utilizes the RAM attribute and the response to (h) above for an explanation of how EGDI shares optimization revenues. The table below shows RAM credits, the amount of RAM credits optimized and the optimization revenue shared with the ratepayer.

Year	Total RAM Credits (000's)	RAM Credit $'s Optimized (000's)	TS Revenue (000's)	Ratepayer Benefit from RAM Credits (100%) (000's)	Ratepayer Share of Optimization Revenue (75%) (000's)	Total Ratepayer Benefit (000's)
	a	b	c	d=a-b	e=0.75xc	d+e
2007	$529.1	$333.2	$75.0	$195.9	$56.2	$252.1
2008	$1,849.0	$1,155.9	$406.3	$693.1	$304.7	$997.8
2009	$1,297.3	$1,125.5	$476.3	$171.8	$357.2	$529.1
2010	$1,747.8	$1,546.1	$489.0	$201.7	$366.7	$568.4
2011	$2,308.9	$2,105.7	$819.4	$203.1	$614.5	$817.7

j) EGDI does not forecast specific elements of or revenues related to its optimization activities. Please see response to (h) above.

k) EGDI has always attempted to eliminate or minimize unutilized demand charges on long haul by using storage services and maintaining sufficient diversity in its transportation portfolio.

Prior to the implementation of RAM any unutilized demand charges were mitigated through optimization activities. In rare instances, if unutilized demand charges were forecast and incurred, they would have been recovered from the ratepayer.

6. Reference:

(i) Written Evidence of the MAS, page 33, lines 18-19.

Preamble: In Reference (i) MAS states: "Retaining the status quo for RAM now is more important than ever to provide Mainline shippers market and service stability."

TransCanada seeks to obtain more information on EGD's desire to retain RAM and the impact on EGD's ratepayer.

Requests:

(a) Please provide EGD's actual RAM revenue and exchange revenue in 2011.
(b) Please provide EGD's forecast RAM revenue and exchange revenue in 2012.
(c) Has EGD provided any forecast of RAM revenue to any other regulators for2013? If so, how much is EGD forecasting for RAM revenue and exchange revenue in 2013?
(d) If the response to (c) is yes, please provide that forecast and any filed documents which pertain to EGD's use of RAM.
(e) Given the information in (b) and (c) above, please describe how EGD's rate payer and shareholder will benefit if RAM is continued, relative to if RAM is discontinued.

Response:

a) EGDI optimized $2.1 million of RAM credits in 2011, generating approximately $0.82 million in exchange revenue. Please refer to the response to 1.5(i).

b) Please see response to 1.5(j).

c) No. Please see response to 1.5(j).

d) Please see response to (c).

e) EGDI utilizes the RAM credits it generates to offset any IT costs it incurs. 100% of these IT savings accrue to the ratepayer. Any unutilized RAM credits are then optimized and revenues generated are shared between the ratepayer and shareholder.

If RAM is continued EGDI's ratepayer and share holder would benefit through the potential optimization of EGDI's capacity on the Mainline. If RAM is discontinued the potential for EGDI to optimize its capacity on the Mainline could be reduced. In the event this occurs the optimization revenues could potentially be reduced as well.

Please refer to the response to 5(a) for a discussion of how EGDI utilizes the RAM attribute.

FRPO INTERROGATORY #2

INTERROGATORY

Reference: Ex. C., Tab 2, Schedule 2, page 3, Line 1, Column 3
and
EB-2007-0615 Decision and Order, May 15, 2008, Appendix E, page 6, paragraph 3

Preamble: Net revenue is defined as gross revenues for providing these services less any direct incremental costs incurred, plus, any avoided costs. Direct incremental costs represent those direct costs incurred as a result of a transactional service activity and avoided costs are those costs that have been avoided as a result of a transactional service activity. Typical direct incremental costs and avoided costs would include transportation costs, fuel costs, charges for name changes, re-direct charges, etc.

We require additional information regarding the inputs into the figure provided.

a. Please provide a definition for the acronym "WBT" and how it is included or excluded in the derivation of your figures.
b. Please confirm that this figure is a net revenue figure as described in the preamble above.
c. Please disaggregate the Sales and WBT figure into amounts for different categories of transactional services:
    i. Base exchanges
    ii. FT-RAM company utilization
    iii. FT-RAM assignment
    iv. Other categories.
d. Please provide a definition for each of the categories.
e. For each of the categories in c., please provide the quantity of:
    i. gross revenue
    ii. direct incremental costs
    iii. avoided costs
f. For each of the above categories, and sub-categories as appropriate, please provide an example(s) of a specific transactions showing how the net revenue is determined by the process of adjustments for direct incremental costs and avoided costs. To be clear, please provide actual examples of the different types of transactions that contribute to each of the categories to demonstrate where the costs come from and where they are borne.

Witnesses: A. Kacicnik
M. Kirk
D. Small

RESPONSE

a) The acronym "WBT" stands for Western Bundled Transportation service. Customers receiving this type of service receive transportation service and delivery service from the Company but provide their own gas supply.

Since Western Bundled Transportation customers, together with sales (i.e. – system gas) customers, pay for transportation service through the Company's rates, they are assigned the portion of TS deferral account balance associated with the optimization of upstream transportation contracts.

b) Confirmed.

c) and d)
The amount shown at Exhibit C, Tab 2, Schedule 2, page 3 represents the amount in the Transactional Services Deferral Account ("TSDA") that needs to be cleared to customers. This amount is generated by determining the rate payer portion of Transactional Services revenue (90/10 for Storage Revenue, 75/25 for Transportation Revenue) less the $8.0 million guarantee already in rates. Because the $8.0 million guarantee is not broken down by specific transaction type, other than by storage and transportation, it is impossible to break down the dollar amount in the TSDA by transaction type.

However, the Company can provide a little more detail with respect to how Transactional Services are generated and a high level breakdown of the revenue generated in 2011.

While TS deals utilize the utility storage and transportation contracts no deal will be entered into at the expense or risk of the customers of the utility. For example, during periods of reduced demand and restrictions, typically during the summer months, Enbridge may optimize underutilized transportation capacity by executing basic exchanges between two points for a fee charged to a third party (i.e., Enbridge could move gas received at Dawn and redeliver to the CDA). During these same periods of reduced demand EGD may, temporarily, release parts of its long haul TCPL capacity to third parties. Tied to each release is an exchange through which EGD generally delivers gas at Empress and receives an equivalent volume of gas at Dawn. The credit received from TCPL through the temporary assignment offset by the cost payable to the third-party for the transportation capacity represents Transportation Optimization for Transactional Service purposes.

Witnesses: A. Kacicnik
M. Kirk
D. Small

Storage Revenue is generated when a third-party approaches EGD with the possibility to store gas with the utility for a short period of time. The revenue the Company receives from allowing the counter-party to park their gas is dependent upon the price spreads for the months that the gas sits in storage.

As for FT RAM these credits are only accumulated if a shipper does not utilize 100% of its RAM eligible capacity (i.e., FT or STS). In the case of EGD this is generated only when the Company does not fully utilize its STS capacity. For example, if in the month of December EGD did not fully utilize its STS capacity then we would have available credits that can be applied against the costs associated with any IT transportation costs that might be incurred by EGD in the month of December. However, if EGD does not contract for any IT transportation service in that month then the Company would not be eligible to receive any FT-RAM credits. To the extent that the Company required IT transportation for the purposes of meeting the needs of the Utility customer then any FT-RAM credits received by the Company would go toward lowering that transportation costs to the benefit of the rate payer and be captured as part of the PGVA. If however, the Utility did not require any IT transportation and there was an opportunity for Transactional Services to enter into a deal with a third party through the use of IT transportation then any FT-RAM credits received would offset that IT transportation cost and provide a benefit as part of the Transactional Services Transportation Optimization. In 2011 the Company collected a total of $2.3 million in RAM Credits from TCPL of which $0.2 million went to offset IT transportation costs incurred on behalf of the Utility and its' customers and the remaining $2.1 million went to offset the IT transportation costs associated with Transactional Services exchange deals that helped to generate $0.8 million in Transactional Services revenue of which the customer received $0.6 million through the TS sharing mechanism.

If by entering into transportation exchange deals the Company incurs or avoids a transportation fuel requirement then the associated cost of the fuel is either added to or subtracted from Transaction Services revenue.

d) The attached table provides a breakdown of the 2011 Transactional Services Revenue by service type and the calculation of the amount in the TSDA to be cleared to customers.

e) The Company believes that by providing the specifics to any particular deal will not provide any additional value to the table provided above and also could jeopardize the market integrity of the TS deals.

Witnesses: A. Kacicnik
M. Kirk
D. Small

	$ 000's
Storage Optimization	2,755.2
Transportation Optimization	
- Exchange Revenue	12,552.3
- Capacity Release Net Revenue	3,105.3
- Incurred/avoided fuel costs	661.0
	16,318.5
Ratepayer Portion of Storage Optimization - 90 %	2,479.7
Ratepayer Portion of Transportation Optimization - 75 %	12,238.9
Ratepayer Portion of TS	14,718.6
Less 2011 Guarantee in Rates	8,000.0
	6,718.6
ETT Revenue - Rider H	638.4
	7,357.0
Interest	103.2
TSDA Total	7,460.2
TSDA Clearance - Storage	1,795.1
TSDA Clearance - Transportation	5,665.1

Witnesses: A. Kacicnik
M. Kirk
D. Small

APPENDIX “E” TO

DECISION AND ORDER

BOARD FILE NO. EB-2007-0615

DATED May 15, 2008

ACCOUNTING TREATMENT FOR A
PURCHASED GAS VARIANCE ACCOUNT
("2008 PGVA")

For the 2008 Fiscal Year
(January 1, 2008 to December 31, 2008)

The purpose of the 2008 PGVA is to record the effect of price variances between actual 2008 gas purchase prices and the forecast prices that underpin the revenue rates to be charged in 2008. Without this deferral account, the ratepayers and the Company are exposed to the risk of purchased gas price variances, which could unduly penalize or benefit one party at the benefit or expense of the other. Lower than forecast gas purchase prices would result in an over recovery from the customers and higher prices would result in an under recovery to the Company. This deferral account ensures that such effects are eliminated.

Methodology

The actual unit cost is determined by dividing the total commodity and transportation costs (less the demand charges related to unutilized TransCanada firm service transportation capacity, if any) plus any other costs associated with emerging gas pricing mechanisms incurred in the month by the actual volumes purchased in the month. The rate differential between the PGVA reference price and the actual unit cost of the purchases, multiplied by the actual volumes purchased, is recorded in the PGVA monthly.

The fixed cost component of the TransCanada firm service transportation costs (i.e., Transportation Demand Charge) is included in the determination of the reference price. However, any demand charges relating to unutilized transportation capacity, either forecast or actual, are excluded. This treatment of forecast and actual Transportation Demand Charges for unutilized transportation capacity is consistent with the Board's concerns that these amounts be excluded from the PGVA.

Since all transportation costs on volumes purchased by the Company related to forecast utilized capacity are included in the determination of the PGVA reference price, any changes in the TransCanada tolls will be recorded in the PGVA. Any toll changes related to the cost of forecast unutilized capacity will not be recorded in the PGVA and therefore, requires separate adjustment. The inclusion of changes in TransCanada tolls in the PGVA is consistent with past practice.

Since the transportation tolls for the Alliance and Vector pipelines that were used in the determination of the PGVA reference price were based upon an estimate, any variation between the actual transportation costs (including associated fuel costs) and the estimated transportation costs will be recorded in the PGVA.

Since transportation costs related to the transport of Western Canada Bundled T-service volumes and the T-service credits payable to Ontario ABC are not included in the derivation of the PGVA reference price, changes in TransCanada tolls will be recorded in the PGVA as a separate adjustment.

For the period January 1, 2008 to December 31, 2008 expenditures related to TransCanada's Storage Transportation Services, including balancing fees related to TransCanada's Limited Balancing Agreement, will be recorded in the 2008 PGVA. The 2008 PGVA will also record amounts related to a Limited Balancing Agreement with Union Gas.

The PGVA will record adjustments related to transactional services activities which are designed to record the impact of direct and avoided costs between the PGVA and the TSDA. These adjustments are required to ensure appropriate allocation of costs and benefits to the underlying transactions and appropriate recording of amounts in the 2008 PGVA and 2008 TSDA for purposes of deferral account dispositions.

In addition, the 2008 PGVA will record the amounts related to unforecast penalty revenues received from interruptible customers who do not comply with the Company's curtailment requirements, unauthorized overrun gas revenues, the use of electronic bulletin boards, and the unforecast Unabsorbed Demand Charge ("UDC") that arises as a consequence of the Company voluntarily leaving transportation capacity unutilized in order to gain a net benefit for the customer by purchasing lower priced unforecast discretionary delivered supplies.

The 2008 PGVA will also record a fiscal 2008 inventory valuation adjustment every time a recalculated “Utility Price” or PGVA Reference Price comes into effect at the beginning of a quarter. The adjustment consists of the storage inventory valuation adjustment necessary to price actual opening inventory volumes at a rate equal to the Board approved quarterly PGVA reference price. /u

The 2008 PGVA will also record any refund/collection associated with Board approved Gas Cost Adjustment Riders.

The Company will record in the 2008 PGVA a forecast of the closing 2007 PGVA balance. The difference between that forecast 2007 PGVA balance and the actual balance, inclusive of all related Rider C amounts, will be cleared as a one time billing adjustment after the end of the 2007 fiscal year.

The Company will record, at the time a Banked Gas Account Balance is purchased from a customer, the difference in the amount payable to the customer and the amount included in the PGVA (the Ontario T-Service credit). This amount would be credited to a sub-account of the PGVA. In the event the Company incurs unforecast UDC costs as a result of having to purchase Banked Gas Account Balances then the amount in such sub-account will be used to offset corresponding UDC costs. All amounts remaining in this sub-account, after offsetting these UDC costs, will be rolled up into the PGVA.

The commodity sale price on the disposition of Banked Gas Account Balances, the incentive sale price, is set at 120% of an average Empress price over the 12 months of the contractual year. Any amount in excess of 100% of the gas supply charge stated in the applicable rate schedule, net of the commodity related bad debt, will be included in the PGVA.

Simple interest is to be calculated on the opening monthly balance of the 2008 PGVA using the Board Approved EB-2006-0117 interest rate methodology. The balance of the 2008 PGVA, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record the monthly gas purchase variance:

Debit:	2008 PGVA	(Account 179.708)
Credit:	Gas in Storage	(Account 152.000)
	or	
Debit:	Gas in Storage	(Account 152.000)
Credit:	2008 PGVA	(Account 179.708)

To record the total rate variance on the current month's gas purchases.

2. TransCanada Toll changes related to forecast un-utilized transportation capacity:

Debit:	2008 PGVA	(Account 179.708)
Credit:	Accounts Payable	(Account 259.000)
	or	
Debit:	Sundry Accounts Receivable	(Account 141.030)
Credit:	2008 PGVA	(Account 179.708)

To record the amounts related to TransCanada toll changes on forecast unutilized transportation capacity.

3. TransCanada Toll changes related to Western Canada Bundled T-Service transportation capacity:

Debit:	2008 PGVA	(Account 179. 708)
Credit:	Accounts Payable	(Account 259. 000)
	or	
Debit:	Sundry Accounts Receivable	(Account 141. 030)
Credit:	2008 PGVA	(Account 179. 708)

To record the amounts related to TransCanada toll changes on Western Canada Bundled T-Service transportation capacity.

4. Transactional services activities:

Debit/Credit:	2008 TSDA	(Account 179. 728)
Debit/Credit:	Various accounts	(Account ___. ___)
Credit/Debit:	2008 PGVA	(Account 179. 708)

To record adjustments for direct and avoided costs related to Transactional Services activities between the 2008 PGVA and 2008 TSDA, and other accounts such as Gas Costs, Gas Stored Underground and Storage Demand Charges.

5. Risk management activities:

Debit:	2008 PGVA	(Account 179. 708)
Credit:	Accounts Payable	(Account 259. 000)
	or	
Debit:	Sundry Accounts Receivable	(Account 141. 030)
Credit:	2008 PGVA	(Account 179. 708)

To record the amounts related to the Company's gas purchase risk management activities.

6. Electronic bulletin boards:

Debit:	2008 PGVA	(Account 179. 708)
Credit:	Accounts Payable	(Account 259. 000)

To record the amounts related to the Company's use of electronic bulletin boards.

7. Unforecast penalty revenues:

Debit:	Accounts Receivable	(Account 140. 010)
Credit:	2008 PGVA	(Account 179. 708)

To record unforecast penalty revenues received from interruptible customers who do not comply with the Company's curtailment requirements.

8. Voluntary UDC:

Debit:	2008 PGVA	(Account 179. 708)
Credit:	Accounts Payable	(Account 259. 000)

To record voluntary UDC as a result of purchasing lower priced unforecast discretionary delivered supplies.

9. Inventory valuation adjustment:

Credit/Debit:	Gas In Storage	(Account 152. 000)
Debit/Credit:	2008 PGVA	(Account 179. 708)

To record the adjustment necessary to value actual inventory volumes at a rate equal to the 2008 PGVA reference price.

10. Refund or collection of the Gas Cost Adjustment Rider:

Debit/Credit:	2008 PGVA	(Account 179. 708)
Credit/Debit:	Accounts Receivable	(Account 140. 010)

To record the amounts refunded or collected from customers through the Gas Cost Adjustment Rider.

11. Purchase of banked gas account balance:

Debit:	Gas In Storage	(Account 152. 000)
Credit:	2008 PGVA	(Account 179. 708)

To record the purchase of the Banked Gas Account Balance less the Ontario T-Service credit.

12. Unforecast UDC:

Debit:	2008 PGVA	(Account 179. 708)
Credit:	Accounts Payable	(Account 259. 000)

To record unforecast UDC costs resulting from the purchase of Banked Gas Account Balances from T-Service customers.

13. Sales in excess of 100% of the applicable gas supply charge:

Debit:	Other Income	(Account 319. 010)
Credit:	2008 PGVA	(Account 179. 708)

To record the amount of sales in excess of 100% of the gas supply charge stated in the applicable rate schedule, net of the commodity related bad debt amount.

14. Interest accrual:

Debit:	2008 PGVA - Interest Receivable	(Account 179. 718)
Credit:	Interest Expense	(Account 323.000)
	or	
Debit:	Interest Expense	(Account 323.000)
Credit:	2008 PGVA - Interest Payable	(Account 179. 718)

To record simple interest on the opening monthly balance of the 2008 PGVA using the Board Approved EB-2006-0117 interest rate methodology.

ACCOUNTING TREATMENT FOR A
TRANSACTIONAL SERVICES DEFERRAL ACCOUNT
("2008 TSDA")

For the 2008 Fiscal Year
(January 1, 2008 to December 31, 2008)

The purpose of the 2008 TSDA is to record the ratepayer share of the net revenue, from transportation and storage related transactional services, in excess of the $8.0 million ratepayer guarantee and the operation and maintenance costs associated with storage related transactional services.

As determined in the NGEIR Decision with Reasons (EB-2005-0551), there is a distinction, and differing sharing mechanisms, associated with transportation related and storage related transactional services. Net transportation related transactional services revenue will employ a 75:25 sharing mechanism between the Company's ratepayers and shareholders, but net storage related transactional services revenue will employ a 90:10 sharing mechanism between ratepayers and shareholders.

Net revenue is defined as gross revenues for providing these services less any direct incremental costs incurred, plus, any avoided costs. Direct incremental costs represent those direct costs incurred as a result of a transactional service activity and avoided costs are those costs that have been avoided as a result of a transactional service activity. Typical direct incremental costs and avoided costs would include transportation costs, fuel costs, charges for name changes, re-direct charges, etc.

In EB-2005-0001, the Board determined that the operating and maintenance expenses (O&M) such as salaries, benefits, promotion, legal fees, etc. are properly recovered from ratepayers through rates outside of the TS sharing mechanism. This methodology remains in effect for O&M related to transportation related transactional services, but no longer applies to O&M related to storage related transactional services. The NGEIR Decision with Reasons (EB-2005-0551) determined that incremental O&M related to providing storage related transactional services will now be applied against the corresponding net revenues.

Simple interest is to be calculated on the opening monthly balance of the 2008 TSDA using the Board Approved EB-2006-0117 interest rate methodology. The balance of the 2008 TSDA, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Accounting Entries

1. To record Transactional Services revenues and costs:

Debit/Credit:	Other Income	(Account 319. 010)
Credit/Debit:	2008 TSDA	(Account 179. 728)

To record the ratepayer portion of net revenues generated from transactional services activities in excess of the guaranteed amount, inclusive of O&M costs related to TS storage activities.

2. Allocation of costs and benefits to Transactional Services activities:

Debit/Credit:	2008 TSDA	(Account 179. 728)
Debit/Credit:	Various accounts	(Account ___. ___)
Credit/Debit:	2008 PGVA	(Account 179. 708)

To record adjustments for direct and avoided costs related to transactional services activities between the 2008 PGVA and 2008 TSDA, and other accounts such as Gas Costs, Gas Stored Underground and Storage Demand Charges.

3. Interest accrual:

Debit:	Interest Expense	(Account 323. 000)
Credit:	2008 TSDA - Interest Payable	(Account 179. 738)

To record simple interest on the opening monthly balance of the 2008 TSDA using the Board Approved EB-2006-0117 interest rate methodology.