EB-2012-0459

IN THE MATTER of the *Ontario Energy Board Act 1998*, Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an Order or Orders approving just and reasonable rates and other service charges for the sale, distribution, transmission and storage of natural gas, effective on January 1, 2014.

INTERROGATORIES

OF THE

SCHOOL ENERGY COALITION

[Note: All interrogatories have been assigned to issues. However, please provide answers that respond to each question in full, without being restricted by the issue or category. Many interrogatories have application to multiple issues, but all have been asked only once to avoid duplication.]

A. Enbridge's Customized IR Plan

I.A1.EGDI. Is Enbridge's proposal for a Customized IR plan for a 5 year term covering its 2014 through 2018 fiscal years appropriate?

SEC - 1 Please provide the Applicant's most recent Strategic Plan or similar document.

SEC - 2 Please file the materials the Applicant provided to stakeholders in its December 7, 2012 stakeholder meeting on 2014-2018 rates.

SEC - 3 Please provide a summary of the major reasons why Enbridge changed from a revenue cap approach to a Customized IR approach, including any reports, memoranda, or other such documents relating in whole or in part to this change in strategy prepared in the period December 2012 to and including April 2013.

SEC - 4 [A2/1/1, p. 3 and A2/1/2, p. 12] *"Enbridge's proposed Customized IR plan meets the Board's (and the Company's) objectives for an IR plan."* Please explain how the Applicant's proposal decouples rates and costs, if at all, in a manner different from cost of service on a forward test year.

SEC - 5 Please provide a table that sets out forecasts of the Applicant's allowed distribution revenues, deficiency or sufficiency, and percentage rate increase/decrease for each year from 2014 to 2018, calculated on the assumption that rates are set on the basis set out for Union Gas in EB-2013-0202, Exhibit A, Tab 2, as approved by the Board. Please state explicitly any assumptions used by the Applicant (e.g. inflation rates) in calculating the amounts requested.

SEC - 6 Please provide details of all material differences between the Applicant and Union Gas that would justify higher rates for the Applicant in the years 2014 through 2018.

SEC - 7 [A2/1/1, p. 11] Please identify which of the Applicant's planned capital expenditures during the period 2014 through 2018 are "lumpy in nature", and the impact of that subset of capital expenditures on the capital spending for each year.

SEC - 8 [A2/1/1, p. 11] Please provide a table, over as long a period as is available, but at a minimum 50 years, showing the Applicant's capital expenditures by asset class, and identify in that table which asset classes have a pattern of past "lumpy" spending.

SEC - 9 [A2/1/1, p. 12 and A2/1/2] Please provide a table, in the same format as provided in Table 2 of Exhibit B1, Tab 2, Schedule 1, showing the capital expenditures of the Applicant by category before taking into account "the inclusion of anticipated productivity savings in the forecast cost elements".

SEC - 10 [A2/1/1, p. 12 and A2/1/2] Please provide a table, in the same format as provided in Table 10 of Exhibit D1, Tab 3, Schedule 1, showing the Operations and Maintenance Expense of the Applicant by Department before taking into account "the inclusion of anticipated productivity savings in the forecast cost elements".

SEC - 11 [A2/1/1, p. 18] *"Enbridge's forecast capital spending requirements for 2014 to 2016 were determined through a rigorous process that examined all proposed areas of capital spending, and then prioritized and paced the associated spending."* Please provide all reports, memoranda, analyses, and other such documents, including without limitation draft capital budgets, that support this statement.

SEC - 12 [A2/1/2, p. 8] Please confirm that the (-) sign in the two tables refers to negative productivity, i.e. that costs rose faster than inflation.

SEC - 13 [A2/9/1, p. 2] Please provide a list of all subject areas in which each of Mr. Coyne, Mr. Simpson and Ms. Bartos has filed an expert report, claimed expert qualifications, or been qualified as an expert, in the period 2001 to date.

SEC - 14 [A2/9/1, p. 5] Please explain why the performance of the Applicant was not benchmarked to Union Gas.

SEC - 15 [A2/9/1, p. 6] Please confirm that, prior to its 1st Generation IRM plan, Enbridge, according to Concentric, underperformed on both TFP and PFP relative to both the whole industry study group and the seven company group. Please comment on whether, in Concentric's opinion, that underperformance was influenced in whole or in part by the fact that Enbridge was, for most of that period, on cost of service ratemaking.

SEC - 16 [A2/9/1, p. 7, 30] Please provide whatever evidence Concentric has that "efficiency and productivity improvement opportunities [will be] more difficult for EGD to find" during the 2014 to 2018 period. In addition, if Concentric has studies or other such information showing that 2nd generation IRM plans generally show reduced productivity and efficiency, please provide.

SEC - 17 [A2/9/1, p. 8] Please confirm that Concentric did not do any independent review of the Applicant's capital spending plans, nor is Concentric providing any opinion on whether those plans are reasonable. Please confirm that Concentric is not able to provide any opinion on whether, under an I-X escalation formula, Enbridge would be able to operate the distribution system in a safe and reliable manner.

SEC - 18 [A2/9/1, p. 14] *"It is our understanding that stakeholders were generally satisfied with Enbridge's 1st Generation IR Plan, as was the Company, suggesting a balance of interests achieved in the end result."* Please confirm, based on footnote 7 cited for the above statement, that Enbridge has advised Concentric that the discussions at the stakeholder conference on December 7, 2012 were neither "off the record" nor confidential or privileged in any way.

SEC - 19 [A2/9/1, p. 15] Please provide Concentric's evidence for its conclusion that the Enbridge capital plan shows a lumpy capital spending path.

SEC - 20 [A2/9/1, p. 16] Please describe what analysis, if any, Concentric did to determine if, based on its actual bond maturities and new borrowing needs over the 2014-2018 period, the costs of debt for Enbridge would follow a similar pattern of increase over that period.

SEC - 21 [A2/9/1, p. 18] Please provide evidence to support Concentric's statement that in recent years there has been a trend away from I-X plans.

SEC - 22 [A2/9/1, p. 34] Please describe what analysis Concentric did, if any, to determine which of the peers selected were under IRM regimes in which years, and to normalize the benchmarking to reflect the influence of IRM. Please confirm that the term "During IR" in Figure 14 refers only to Enbridge, and that the comparator companies were not necessarily in IR at that time, but may have been in the period marked Pre-IR.

SEC - 23 [A2/9/1, p. 35] Please describe what analysis Concentric did, if any, to normalize the benchmarking to reflect the influence of differing U.S. and Canadian economic factors on Enbridge and its peer groups.

SEC - 24 [A2/p/1, p. 35] Please confirm Concentric's conclusion that gas and electric distribution TFP over the period 2000 to 2011 was similar.

SEC - 25 [A2/9/1, p. 40] Please compare the X factor proposed by Concentric, 0%, with the agreed X factor for Union Gas, for the same period, of 60% of inflation, and explain why the Enbridge X factor should be so much lower.

SEC - 26 [A2/9/1, fn.63] Please provide the basis for Concentric's conclusion that Ontario is a jurisdiction in which "leak-prone assets are a significant portion of total distribution assets and services".

SEC - 27 [A2/9/1, p. 60] Please provide a calculation or estimate of the tax effect on depreciation on Concentric's revenue and revenue requirement calculations.

SEC - 28 [A2/9/1, p/ 61] Please show where, in the calculations in Figure 30, the reductions in O&M associated with capital spending are captured.

SEC - 29 [A2/9/1, p. 67] Please confirm Concentric's opinion that any I-X IRM model will be contrary to the Fair Return Standard if the utility's forecast capital spending exceeds depreciation over the IRM period.

SEC - 30 [A2/9/1, p. 73] *"EGD's projected O&M cost per customer is higher than recent history, but not by a significant amount."* Please provide details of the past O&M cost per customer data used to reach this conclusion. Please provide actual and forecast O&M cost per customer for the period 2000 through 2018.

SEC - 31 [A2/9/1, p. 95] Please explain why EGD data was not taken from annual reports, to be consistent with the data from the peer group.

SEC - 32 [A2/9/1, p. 109] Please explain why Concentric has not concluded that the high annual increases in the Labour Quantity Index of EGD is evidence of inefficient management of labour resources. Please provide Concentric's explanation as to why Enbridge's Labour Quantity Growth Rate in the IR period was so much lower than in the pre-IR period.

SEC - 33 [A2/10/1, p. 3] Please provide the Applicant's study of "jurisdictions which apply building blocks".

SEC - 34 [A2/10/1, p. 4] Please advise whether LEI's "professional opinion" is limited to the Customized IR <u>methodology</u>, or whether it includes an opinion that the <u>results</u> of that methodology means that the Enbridge "ratepayers are well served". If it includes the latter, please provide details of any analysis LEI has done on the revenue requirements and rate levels proposed for Enbridge ratepayers over the 2014-2018 period, and in particular whether those rate levels are justified by the benefits the ratepayers are expected to enjoy as a result.

SEC - 35 [A2/10/, p. 5] Please confirm LEI's opinion that any I-X IRM model will be contrary to the Fair Return Standard if the utility's forecast capital spending exceeds depreciation over the IRM period.

SEC - 36 [A2/10/1, p. 6] Please explain how the "building blocks" approach LEI describes differs from multi-year forward cost of service forecasts.

SEC - 37 [A2/10/1, p. 15] Please provide details of all independent analysis carried out by LEI to confirm that the Applicant's forecasts for O&M and capital spending include productivity built into the forecasts.

SEC - 38 [A2/10/1, p. 16] "*…longer periods between resets potentially increase the risk of rate shock because of the increased likelihood of discrepancies between actual and forecast expenditure increases…*" Please confirm that those longer periods can also provide increased runway for utilities to invest in productivity and drive down costs, so that on rebasing rates will go down.

I.A2.EGDI. Does Enbridge's Customized IR plan include appropriate incentives for sustainable efficiency improvements?

I.A3.EGDI. Does Enbridge's Customized IR plan ensure appropriate quality of service for customers?

I.A4.EGDI. Does Enbridge's IR plan create an environment that is conducive to investment, to the benefit of customers and shareholders?

SEC - 39 Please provide a table for the years 2000 through 2018, showing the total depreciation expense in each year, the total capital expenditures in each year, and the total capital expenditures in each year excluding GTA Reinforcement and Ottawa Reinforcement, in each case using actuals for 2000 through 2012, forecast (e.g. 9+3) actuals for 2013, and forecast (from the Application) for 2014 through 2018.

I.A5.EGDI. Is the methodology within Enbridge's Customized IR plan for determining annual Allowed Revenue amounts appropriate?

I.A6.EGDI. Is the methodology within Enbridge's Customized IR plan for updating the 2017 and 2018 Annual Revenue amounts within the 2016 Rate Adjustment proceeding appropriate?

SEC - 40 [A2/3/1, p. 7] Please confirm that the Applicant is proposing to increase the combination of Other O&M and RCAM by 3.3% for each of 2017 and 2018.

I.A7.EGDI. Is the methodology within Enbridge's Customized IR plan for determining final rates for 2014 appropriate?

I.A8.EGDI. Is the methodology within Enbridge's Customized IR plan for setting final rates for 2015 through 2018 through annual Rate Adjustment proceedings, including cost allocation and rate design, appropriate?

I.A9.EGDI. Are the cost of capital parameters for 2014 to 2018 (ROE, debt rates) within Enbridge's Customized IR plan appropriate?

SEC - 41 [A2/5/1, p. 2] Please explain why the Applicant is planning to reduce its reliance on lower cost short-term debt, and increase its reliance on higher cost long term debt, in the years 2015 and 2016.

SEC - 42 [A2/5/1. P. 2] Please expand the table at the top of the page to include 2007 to 2012 actuals, and 2013 forecast (9+3 or 10+2) and Board-approved.

SEC - 43 [A2/5/1, p. 3] Please provide a calculation showing the Allowed Revenue for each of 2014, 2015 and 2016 on the assumption that the cost of capital and ratios of capital components are identical to those approved by the Board in EB-2011-0354. Please provide the calculation of the cost of capital for each of 2014 through 2016 using that basis.

I.A10.EGDI. Are the following components within Enbridge's Customized IR plan appropriate?

a. Z Factor mechanism
b. Off-ramp condition
c. Earnings Sharing Mechanism
d. Treatment of Cost of Capital
e. Performance Measurement mechanisms, including Service Quality Requirements (SQRs)
f. Sustainable Efficiency Incentive Mechanism
g. Annual reporting requirements
h. Rebasing proposal
i. Treatment of pension expense and employee future benefits costs
j. Treatment of DSM costs
k. Treatment of Customer Care and CIS costs

SEC - 44 [A2/1/2, p. 13] *"If the utility cannot find projects that generate sustainable efficiencies then ratepayers will be assured that the costs at rebasing represent the most efficient costs in providing safe, reliable distribution."* Please explain how the Applicant's failure to find incremental productivity during IRM is proof that there was no productivity to be found.

SEC - 45 [A2/4/1] Please provide examples of circumstances in which the change from "unexpected events" to "unexpected costs" would result in a change from non-recovery to recovery from ratepayers.

SEC - 46 [A2/4/1, p. 5] Please confirm that the Applicant is proposing to narrow the "outside of management's control" criterion so that it only applies when "management could have entirely prevented the costs".

SEC - 47 [A2/4/1, p. 8] Please confirm that, under the Applicant's Z-factor proposal, only costs that had already been incurred at the time of the application would be eligible, and that the test of prudence proposed by the Applicant would require a presumption of prudence by the Board, and the prohibition against the use of hindsight in determining prudence.

SEC - 48 [A2/4/1, p. 8/9] Please confirm that, under the Applicant's Z-factor proposal, the Applicant can apply for Z-factor treatment notwithstanding that it spent less than its Allowed Revenue for the year, and notwithstanding that it earned an amount in excess of its allowed ROE in that year.

SEC - 49 [A2/7/1, p. 1] Please confirm that, under the Applicant's ESM proposal, the ROE used would be different from the ROE built into rates, i.e. the ESM would be based on the ROE calculated each year using the Board's formula, but the ROE in rates would be based on the Applicant's ROE forecasts in the Application.

SEC - 50 [A2/11/2, p. 1] *"Over the past decade the Company has benchmarked its performance with peer utilities across various aspects of the business."* Please provide those benchmarking studies or reports. If the content in response to this interrogatory is greater than 100 pages, please provide a list with sufficient description of each to allow parties to understand which such studies or reports are likely to be relevant and material in the context of this Application.

SEC - 51 [A2/11/2, p. 2] Please explain why the Applicant proposes to file performance benchmarking data only at the end of the IR term, rather than annually.

SEC - 52 [A2/11/2, p. 9] Please explain why Operating and Maintenance Cost per Customer is to be reported and benchmarked, but there is no equivalent reporting or benchmarking of capital expenditures.

SEC - 53 [A2/11/2, App. 3] Please provide a comparison of the proposed benchmarking metrics with the Applicant's corporate scorecards for senior executives. Please provide a rationale for any material differences between the two.

SEC - 54 [A2/11/3] Please confirm that the Applicant's proposed SEIM would give the Applicant incentives based on forecast efficiency improvements in future years, and the Applicant would keep the incentives regardless of whether the efficiency improvements actually materialized. Please confirm that the future efficiency improvements used in the calculation would include those during the IRM term, or any future IRM term, in which the benefits would be enjoyed by the shareholder rather than the ratepayer.

I.A11.EGDI. Is the proposal to continue Enbridge's current deferral and variance accounts through the IR term appropriate?

SEC - 55 [D1/8/1, p. 12] Please advise whether the Applicant intends to dispose of the CCSPDA in 2017, or in an unspecified "future rate hearing".

SEC - 56 [D1/8/1, p. 17] Please describe the types of "revenue changes" that the Applicant is now proposing to include in the GDARIDA, and any restrictions on that category. What rules or guidance is the Applicant proposing to determine if a revenue change is the result of GDAR?

SEC - 57 [D1/8/1, p. 18] Please provide a detailed justification for the protection given to the Applicant in the OHCVA.

I.A12.EGDI. Is the proposal for the creation of the following new deferral and variance accounts appropriate?

a. Greater Toronto Area Project Variance Account ("GTAPVA")
b. Constant Dollar Net Salvage Adjustment Deferral Account ("CDNSADA")
c. Customer Care Services Procurement Deferral Account ("CCSPDA")
d. Greenhouse Gas Emission Impact Deferral account ("GGEIDA")

SEC - 58 [D1/8/1, p. 25] Please confirm that, currently, the excess amount of depreciation that has been claimed for salvage, $292.8 million, reduces the Applicant's cost of capital each year by an amount equal to $292.8 million times the weighted average cost of capital. Please confirm that, when the amount of $259.8 million is moved to the CDNSADA, the Applicant's cost of capital each year will increase by that amount. Please confirm that $259.8 million is only part of the over-collection amount, and that the full total is $292.8 million, of which $33 million is proposed to be refunded to ratepayers through the new depreciation rates.

SEC - 59 [D1/8/1, p. 25] Please explain why the CDNSADA should not operate in a manner similar to the PP&E Deferral Account for electricity distributors, which deals with over-collection of depreciation and the mechanism for refunding it to ratepayers.

SEC - 60 [D1/8/3, p. 1] Please provide all documents, including without limitation communications to or from Gannett Fleming, dealing with

a. the pattern of clearance of this account, or

b. the desire, if any, on the part of Enbridge to increase the amount they would be able to refund to ratepayers in 2014 through 2018.

SEC - 61 [D1/8/2, p. 1] Please confirm that the GTAPVA is intended to include protection for the Applicant for recovery of cost overruns, subject to a prudence review. Please confirm that, in any such review, it is the Applicant's view that the presumption of prudence and prohibition against using hindsight would apply.

SEC - 62 [D1/8/4, p. 2] Please provide a budget for the $4-5 million estimated cost to be included in this account.

SEC - 63 [D1/8/5, p. 1] Please explain why this account is appropriate now, rather than if and when government announcements are made or programs are implemented.

I.A13.EGDI. Is the proposal to permit Enbridge to apply for changes in rate design and new energy and non-energy services during the IR term appropriate?

I.A14.EGDI. Is Enbridge's proposal to continue the RCAM methodology during the IR period

appropriate?

I.A15.EGDI. Is Enbridge's proposal to continue the current methodologies to cost and price other service charges and late payment penalties appropriate?

I.A16.EGDI. Are the overall levels of allowed revenue, rates and bill impacts for each of the years of the IR plan reasonable given the impact on consumers?

SEC - 64 Please provide a table showing the proposed revenue requirements for each of 2014 through 2018 on the assumption that

a. Pension costs would remain at 2014 levels;

b. Depreciation rates would remain at 2013 rates;

c. Depreciation of net salvage would continue the current methodology; and

d. The amount of $292.8 excess net salvage is not refunded to ratepayers.

B. Allowed Revenue and Rate Base

I.B17.EGDI. Is the Allowed Revenue amount for each of 2014, 2015 and 2016 appropriate, including:

a. Is the depreciation amount appropriate?
b. Is the operating costs amount appropriate?
c. Is the allocation of O&M costs between utility and non-utility (unregulated) operations appropriate?
d. Is the amount for income and municipal taxes appropriate?
e. Is the cost of capital amount appropriate?
f. Is the Other Revenues amount appropriate?

SEC - 65 [A2/1/1, p. 22] Please expand the table set out on this page to add columns for 2007 through 2012 actual, and 2013 forecast (9+3 or 10+2).

SEC - 66 [A2/1/1, p. 22] Please confirm that the Applicant is proposing to increase Other O&M by 9.9%, or 3.3% per year for three years.

SEC - 67 [A2/1/1, p. 24 and A2/1/2, p. 3] "*The 2014-2016 O&M Budget is substantially lower than the grass-roots budget that was originally prepared and proposed to Enbridge's management.*" Please provide the "grass-roots budget" referred to. Please provide the grass-roots (i.e. first requests) and final O&M budgets of the Applicant for each of 2010, 2011, and 2012. Please provide a comparison of the amount of reductions from first to final budgets, and identify the material differences in the 2014-2016 process.

SEC - 68 [D1/3/1, p. 7] Please expand Table 2 to add columns for 2007 through 2012 actual, and 2013 forecast (9+3 or 10+2).

SEC - 69 [D1/3/2, p. 1] Please provide any reports, plans, or other such documents dealing with the aging workforce issue at Enbridge. Please provide a table showing the average age of employee, by category, for each of the last 20 years.

SEC - 70 [D1/3/2, p. 4] Please confirm that the shareholder, as well as the Applicant and the ratepayers, benefits from the LTIP. Please explain why the shareholder does not contribute any part of the cost of the LTIP. Please provide any studies, reports, memoranda, or similar documents dealing in whole or in part with the appropriate sharing of the cost of LTIP.

SEC - 71 [D1/3/2, p. 7] Please provide the budget, planning document, and any business case or cost-benefit analysis, for the new leadership development framework referred to.

SEC - 72 [D1/3/2, p. 8] Please advise where LTIP is included in Table 1.

SEC - 73 [D1/3 and 4] Please provide a table showing all compensation forecast to be paid to the Applicant's employees for 2007 through 2016, by category, including all compensation of those employees included in RCAM.

SEC - 74 [D1/4/1, p. 5] Please provide details of the advice given by MNP as referred to in para. 9, including copies of any written advice provided.

SEC - 75 [D1/4/1, p. 6] Please explain the rationale for requiring the information provided to the RCAM Consultative to be confidential and without prejudice.

SEC - 76 [D1/4/1, Attach 2, p. 2] Please confirm that this process does not include any provision for the service recipients to challenge the EI pricing, or to negotiate reductions. Please provide a list of all cases in which service recipients challenged EI pricing, and the pricing was reduced, in the RCAM process for 2013.

SEC - 77 [D3/2/1] Please provide a table showing all impacts (including tax impacts) of the reduced depreciation rates on Allowed Revenues for each of 2014 through 2018.

SEC - 78 [D1/11/1, p. 3] Please provide the most current Long Range Plan.

SEC - 79 [D1/11/1, p. 5] Please provide the most recent "actual to budget variance analysis".

I.B18.EGDI. Is the rate base for each of 2014, 2015 and 2016 appropriate, including:

a. Opening rate base;
b. Forecast level of Capital expenditures;
c. Forecast Customer additions;
d. Proposed Capital additions;
e. Allocation of the cost and use of capital assets between utility and nonutility

(unregulated) operations;
f. Working capital allowance; and
g. All other components of and adjustments to rate base

SEC - 80 [A2/1/1, p. 1] Please provide a vintage table, by asset class, showing the numbers of each asset class at each vintage, and the dollars currently included in rate base for each asset class at each vintage. Please provide, for each asset class, evidence comparing the vintages of the Applicant's assets in that class with other gas utilities of comparable size in North America. If there is a substantial age difference between the assets of a class for Enbridge and for its peers, please provide an analysis of the impact on that difference on capital planning, including in particular the issue of "aging infrastructure".

SEC - 81 [A2/1/1, p. 17] Please explain the "uncertainty of capital spending requirements beyond 2016" faced by the Applicant that are in any way fundamentally different from the uncertainties faced by an electricity distributor preparing a five year Custom IR application.

SEC - 82 [A2/1/1, p. 19] Please provide whatever evidence the Applicant has supporting the claim of an "acceleration of changes and additions to codes and regulations".

SEC - 83 [A2/1/3, p. 2] Please provide the data behind the chart "EGD Capital Expenditure".

SEC - 84 [B1/3/1, p. 1] Please explain how, in the absence of the Community Expansion Proposal, the Applicant determined the amounts, if any, it should include in its capital budget for community expansion. If no amounts were included in the budget, how does the Applicant propose to integrate consideration of the Community Expansion proposal with consideration of this Application?

SEC - 85 [B2/1/1, p. 1] *"The budgeting process has ensured the Enbridge's 2014 to 2016 Capital Budget reflects the level of spending necessary to meet the growth, safety and operational requirements of the business."* Please advise what evidence the Applicant has to support this connection between the budgeting process and the Capital Budget.

SEC - 86 [B2/1/1, p. 4] Please expand Table 2 to add columns for 2007 through 2012 actual, and 2013 forecast (9+3 or 10+2).

SEC - 87 [B2/1/1, p. 9] Please advise whether Table 3 is labour costs, or only capitalized labour costs.

SEC - 88 [B2/1/1, p. 10] Please provide the calculation of the IDC in Table 5 for each year. Please disaggregate the IDC for the GTA and Ottawa reinforcements. Please extend Table 5 backwards to cover 2007 through 2012 as well.

SEC - 89 [B2/1/1, p. 12] *"The Company has decided that a more cost-effective solution to the services approach that currently provides Work and Asset Management Services would be to implement an in-house IT system."* Please provide the cost-benefit analysis, business case or similar existing document on which this decision was based.

SEC - 90 [B2/1/1, p. 12] Please confirm that the Company does not currently "schedule an AMP Fitting replacement to coincide with a leak survey or service relay". If confirmed, please explain why.

SEC - 91 [B2/1/1, pp. 17-20] Please provide the "Bottom-Up list of business needs" referred to, for all years from 2014 to 2018. Please identify all material changes to the capital budget from this initial list (i.e. immediately prior to January 18, 2013), to the final Capital Budget. Please specify which of those changes were made by the Capital Owners Committee, and which were made by Executive Management.

SEC - 92 [B2/1/1, p. 23] Please provide all financial analyses that showed capital and O&M cost interaction, and describe what actions were taken to modify the budget as a result of each of these analyses.

SEC - 93 [B2/1/1, pp. 24, 27, 28] *"Through the rigour of the Capital Budget Process, more than $180 million was removed from the originally submitted "Bottom Up" grassroots budgets."* With respect to this claim:

a. Please provide a list of all the amounts removed making up this $180 million.

b. Please identify which of the amounts related to each year of the capital budget.

c. For each year from 2007 through 2012, please provide the percentage difference between the initial capital budget requests of all departments, and the final capital budget approved by the Company.

d. Please confirm that $116 million of the $180 million is the variable spend on system integrity, referred to on page 27. Please confirm that, if the Company determines to spend all or part of that $116 million during the IRM period, it will seek to include that additional amount in rate base on rebasing, or at some earlier time.

e. Please confirm that some or all of the $180 million is made up of the $160 million of variable spend other than system integrity, referred to on page 28.

SEC - 94 [B2/1/1, p. 30] Please advise what steps the Applicant took to reduce capital spending in "business as usual" areas in order to accommodate higher capital spending requirements in other areas, such as reinforcements.

SEC - 95 [B2/1/1, p. 30] Please provide the calculations of the percentages in para. 88.

SEC - 96 [B2/1/1, p. 33] Please advise, with respect to the "existing FTE numbers" claim:

a. This claim excludes the GTA and Ottawa reinforcements, and WAMS.

b. For each case in which a department sought an FTE increase for the purpose of meeting the capital plan, and that increase was denied, what solution was found to allow the work to proceed (e.g. outsourcing, RCAM, increased overtime, etc.).

SEC - 97 [B2/8/1, p. 3] Please identify the costs included in Allowed Revenues for each of 2014 through 2018 relating to a) Envision, and b) WAMS (including related O&M). For each year in which revenue requirement is proposed to include the old and the new system, please explain why this is appropriate.

SEC - 98 [B2/8/1, Attach 1, p. 1, 3] Please provide details of any annual maintenance fees paid to SAP or any other service provider with respect to the CIS system. Please explain how the "regular system upgrades" and "enhancement packs and repairs" referred to differ from the software modifications included in the annual maintenance fees.

SEC - 99 [B2/8/1, Attach 1, p. 2] Please confirm that the Applicant did not spend money on CIS upgrades during IRM, but proposes to start upgrades once back on cost of service.

SEC - 100 [B2/8/1. Attach 2, p. 1] Please provide details of all failures of EnTRAC within the last three years.

SEC - 101 [B2/8/1, Attach 2, p. 2] Please provide the full comparison the Applicant did of the replacement option with the life extension option. What are the relative life expectancies of the system under the replacement and extension options?

SEC - 102 [B2/8/1, Attach 3] Please explain in detail how this initiative differs from, and integrates with, the initiative described in Attachment 1.

SEC - 103 [B2/8/1, Attach 6] Please expand Table 1 to include 2007 through 2012, and forecast actuals (9+3 or 10+2) for 2013.

SEC - 104 [B2/8/2, p. 8] Please provide details of the "significant technology risks" that will be mitigated by implementing the WAMS Program.

SEC - 105 [B2/8/2, p. 11] Please provide an estimate of the cost of each element on Figure 1.

SEC - 106 [B2/8/2, p. 12] Please explain why the option of continuing with Accenture or another outsourcing company, but with new technology owned by them, was not considered.

SEC - 107 [B2/8/2, p. 19] Please provide a detailed calculation of the total revenue requirement impact of the WAMS Program, including tax impacts, for each of 2014 through 2018.

SEC - 108 [B2/9/1, p. 5] Please provide the business case or other planning document or documents supporting the budget for Office Furniture and Equipment.

SEC - 109 [B2/9/1, p. 15] Please provide the business case, cost benefit analysis, or other such document showing that "the plan to create additional office and parking space at VPC will be cost-effective".

SEC - 110 [B2/9/1, Attach 1, p. 9] Please explain why the alternatives considered did not including replacing the existing 45 year old buildings with one or more new office buildings, either on the same land or in a new location. Please provide any internal planning or other documents that consider in whole or in part the timing or cost of replacing the VPC complex. Please advise the Applicant's current best estimate as to when VPC will have to be replaced.

SEC - 111 [B2/5] Please provide, for each of the tables in Tab 5 of Exhibit B2, an expanded version of the table showing 2007 through 2012 actuals, and 2013 forecast actuals (9+3 or 10+2).

SEC - 112 [B2/5/1, p. 1] Please provide all reports, memoranda, business cases, and other documents in 2011 or 2012 dealing with the acceleration of the AMP Fitting Replacement program.

SEC - 113 [B2/5/1, p. 4] Please confirm that, prior to the current version of Section 3.2 of CSA Z662-11, the Applicant had an integrity management program as described in that section. If that previous integrity management program did not fully comply with that section, please identify the material ways in which it did not comply.

SEC - 114 [B2/5/1, p. 8] Please provide, for each new or expanded integrity management program initiative:

a. The business case or other document showing incremental future savings from the initiative.

b. The outcomes against which the initiative's success will be measured, including details of the metrics to be used, and the targets or expectations of achievement for each year of the initiative.

SEC - 115 [B2/5/2, Attach 2, p. 3] Please advise whether the 1995 event is the most recent such event relating to compression couplings.

SEC - 116 [B2/5/2, Attach 2, p. 8] Please confirm that the primary problem with the current practice relating to compression couplings is that excavators do not call Ontario One Call.

SEC - 117 [B2/5/2, Attach 4, p. 3] Please provide the evaluation document for Phase 1.

SEC - 118 [B2/5/2, Attach 4, p. 8] Please provide details of the $1.342 million of consulting fees included in the budget. Please provide estimates of similar consulting fees for each of 2013, 2017, and 2018.

I.B19.EGDI. Is the preliminary Allowed Revenue amount for each of 2017 and 2018

appropriate, including:

a. Is the preliminary depreciation amount appropriate?
b. Is the operating costs amount appropriate?
c. Is the allocation of O&M costs between utility and non-utility (unregulated) operations appropriate?
d. Is the preliminary amount for income and municipal taxes appropriate?
e. Is the preliminary cost of capital amount appropriate?
f. Is the Other Revenues amount appropriate?

I.B20.EGDI. Is the preliminary rate base for each of 2017 and 2018 appropriate, including the method for establishing that preliminary level?

C. 2014 Rates

I.C21.EGDI. Is the 2014 forecast of Customer Additions appropriate?

I.C22.EGDI. Is the 2014 revenue forecast appropriate?

I.C23.EGDI. Is the 2014 gas volume forecast appropriate?

I.C24.EGDI. Is the 2014 degree day forecast for each of the Company's delivery areas (EDA, CDA and Niagara) appropriate?

I.C25.EGDI. Is the 2014 Average Use forecast appropriate?

I.C26.EGDI. Is the 2014 level of Unaccounted For ("UAF") volume appropriate?

I.C27.EGDI. Is Enbridge's forecast of gas, transportation and storage costs for 2014 appropriate?

I.C28.EGDI. Is the Allowed Revenue deficiency or sufficiency for the 2014 Fiscal Year calculated correctly?

I.C29.EGDI. Is the overall change in Allowed Revenue reasonable given the impact on consumers?

I.C30.EGDI. Is Enbridge's utility Cost Allocation Study, including the methodologies and judgments used and the proposed application of that study with respect to 2014 Fiscal Year rates, appropriate?

I.C31.EGDI. Are the rates proposed for implementation effective January 1, 2014 and appearing in Exhibit H, just and reasonable?

I.C32.EGDI. How should the Board implement the rates relevant to this proceeding if they cannot be implemented on or before January 1, 2014?

D. Alternative Proposals

I.D33.EGDI. With respect to any alternative IR plan proposed for Enbridge, does that proposal meet the Board's objectives for incentive regulation for gas distributors and is it appropriate?

I.D34.EGDI. With respect to each of the components of any alternative IR proposal, are those components appropriate?

E. Other

I.E35.EGDI. What are the regulatory alternatives to the Board approving the Enbridge rate proposal? Are any alternatives to approving the rate proposal appropriate?

SEC - 119 Please confirm Enbridge's position that, in the event that the Board hears evidence in this proceeding on the costs Enbridge expects to incur in the years 2014 through 2016, the Board cannot, as a matter of law, set rates on the basis of a formula decoupled from those costs unless it first rejects Enbridge's evidence on cost.

I.E36.EGDI. Is Enbridge's proposal for Transactional Services ("TS"), including the classification of transactions within TS and the treatment and sharing of TS revenues, appropriate?

I.E37.EGDI. Is the proposal to introduce a new Hybrid 50/50 forecasting methodology for the determination of a heating degree day ("HDD") forecast for the Company's "Central Delivery Area", and to retain the existing forecasting methodologies for the EDA and Niagara areas, appropriate?

I.E38.EGDI. Is the proposed implementation, treatment and cost recovery related to the change in the peak gas day design criteria, approved by the Board in the 2013 rate application (EB-2011-0354), appropriate?

I.E39.EGDI. Are the proposed depreciation rate changes, to be in use beginning in the 2014 Fiscal Year, related to a reduction in the annual level of Site Restoration Cost/Asset Retirement Obligation ("SRC/ARO") collected, appropriate?

a. Is Enbridge's proposal to continue with all other depreciation rates established in the EB-2011-0354 proceeding, throughout the IR period appropriate?

SEC - 120 [D2/1/1, p. II-2] Please advise whether the $700 million fund is an actual invested fund, or a fund existing for bookkeeping purposes only. Please advise how return is recorded with respect to that fund. Please provide details of the "attention that the accumulated fund is receiving in the reviews of the Company's financial statements".

SEC - 121 [D2/1/1, p. II-3] Please provide the Phase 1 report.

SEC - 122 [D2/1/1, p. II-3 to II-5] Please provide numerical examples to show the differences between the various approaches discussed.

SEC - 123 [D2/1/1, p. II-11] Please confirm that the primary problem with the traditional method is that past inflation rates are not similar to anticipated future inflation rates.

SEC - 124 [D2/1/1, p. III-2] Please confirm that the Constant Dollar Net Salvage method requires detailed records of the vintages of existing assets.

SEC - 125 [D2/1/1, p. III-4] Please provide full calculations showing the derivation of the $6.6 million.

SEC - 126 [D2/1/1, p. III-6] Please confirm that the transition plan is not independent expert advice provided by Gannett Fleming, but is instead an acceptance by Gannett Fleming of a plan developed by Enbridge.

SEC - 127 [D2/1/1, p. III-7] Please reconcile the declining repayments with the pattern of rate increases in the Application before these repayments.

SEC - 128 [D2/1/1, p. III-8] Please advise whether Gannett Fleming is claiming expertise related to rate shock and inter-generational equity.

SEC - 129 [D2/1/1, p. A-I-4] Please provide Gannett Fleming's professional opinion whether the current distribution Services account is too high, too low, or the appropriate amount.

SEC - 130 [D1/5/1, p. 4] Please confirm that the review of SRC was initiated by Enbridge.

SEC - 131 [D1/5/1, p. 10] Please confirm that the Applicant may seek, at the time of the next rebasing, to increase the provision for SRC/ARO, including potentially catching up excess repayments to ratepayers during the IRM period.

I.E40.EGDI. Are the proposed amounts to be returned to ratepayers over a 5 year period related to the estimated reduction to the amount of SRC/ARO previously collected, appropriate?

I.E41.EGDI. Is the proposal for the Open Bill Access Program appropriate?

I.E42.EGDI. Are the proposed changes to Rate 100 and Rate 110 appropriate?

I.E43.EGDI. Are the proposed changes to the Rate Handbook appropriate?

I.E44.EGDI. Is Enbridge's rate design for the proposed Rate 332 appropriate?

I.E45.EGDI. Is the rate of return on the Natural Gas Vehicle ("NGV") program appropriate?

I.E46.EGDI. Has Enbridge responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

SEC - 132 Please provide a forecast (9+3 or 10+2) of actual rate base for 2013, and compare that forecast to Ex. N1, Tab 1, Schedule 1, Appendix A, Part 1, page 2 of EB-2011-0354. Where there are any significant differences between the Exhibit and the current forecast for 2013, please provide a detailed justification for those differences.

SEC - 133 Please provide a forecast (9+3 or 10+2) of actual O&M costs excluding customer care, DSM and pension costs, but including RCAM and all other costs, for 2013. Please prepare the forecast on the same basis as the totals for All Other O&M plus RCAM in Ex. N1, Tab 1, Schedule 1, p. 18 and 19. Please compare these 2013 forecasts to the agreed 2013 All Other O&M of $256.8 million. Where there are any significant differences between the Exhibit and the current forecast for 2013, please provide a detailed explanation for those differences.

SEC - 134 Please identify all components of the Application that the Applicant believes respond to the Applicant's commitment in Exhibit N1, Tab 1, Schedule 1 at Issue O3, dealing with productivity and efficiency record-keeping.

I.E47.EGDI. Are Enbridge's economic and business planning assumptions appropriate?

I.E48.EGDI. Is Enbridge's updated asset plan appropriate?

SEC - 135 Please file the 2012 Asset Plan, which is Exhibit B2, Tab 2, Schedule 1 in EB-2011-0354.

SEC - 136 [B2/10/1, p. 9] With respect to the spreadsheet attached, and headed up "Capital Spending Actuals and Forecasts from Asset Plan":

a. Please confirm that line 1 correctly sets out the total direct capital excluding major reinforcements, from Chart 1.

b. Please confirm that lines 2 and 3 correctly calculate the one year dollar and percentage increases in direct capital.

c. Please confirm that line 4 correctly calculates the three year rolling average percentage increase in direct capital.

d. Please confirm that line 5 correctly calculates the percentage increase in direct capital from the sixth previous year.

e. Please confirm that line 6 correctly sets out the total direct capital excluding major reinforcements from the 2012 Asset Plan.

f. Please confirm that lines 7 and 8 correctly calculate the dollar and percentage increases in annual direct capital from the 2012 Asset Plan to the 2013 Asset Plan.

g. Please extend lines 1 through five of the table back to 2000.

h. Please extend the two charts to include the extension of data included in (g) above.

SEC - 137 [B2/10/1, p. 9] Please restate Chart 1 including overheads.

SEC - 138 [B2/10/1, p. 1] Please provide the Applicant's plan, road map, or other internal document that formed the basis of the initiative of "adopting an Asset Management System approach".

SEC - 139 [B2/10/1, p. 20] Please restate Table 1 replacing the figure "Quantity" on each line with the net dollars in rate base at that time.

SEC - 140 [B2/10/1, p. 32] Please confirm that, for the ten year period 2012 through 2021, Chart 5 forecasts customer additions totalling 389,528. Please confirm that the 2012 Asset Plan, for the same period, forecast customer additions totalling 403,215. With respect to this difference:

a. Please explain the primary reasons for the 3.4% decrease in the customer additions forecast over that period.

b. Please confirm that the Company's application in EB-2011-0354 was consistent with the customer additions in the 2012 Asset Plan with respect to the revenue forecast, the O&M forecast, and the capital expenditures forecast. If there are inconsistencies, please provide details of each including reasons.

c. Please confirm that the Company's application in EB-2012-0459 is consistent with the customer additions in the 2013 Asset Plan with respect to the revenue forecast, the O&M forecast, and the capital expenditures forecast. If there are inconsistencies, please provide details of each including reasons.

SEC - 141 [B2/10/1, p. 35] Please confirm that, for the ten year period 2012 through 2021, Chart 6 forecasts direct customer additions capital of $996.267 million. Please confirm that the 2012 Asset Plan, for the same period, forecast direct customer additions capital of $869.647 million. With respect to this data:

a. Please explain the primary reasons for the 14.6% increase in the direct customer additions capital forecast over that period.

b. Please confirm that the 2012 Asset Plan resulted in an average direct customer additions capital, per customer addition, of $2,156.78 over that period, while the 2013 Asset plan results in an average direct customer additions capital, per customer addition, of $2,557.63 over that period, an 18.6% increase.

c. Please provide details of the primary reasons the capital cost per customer addition increased by 18.6% in the one-year period between one asset plan and the next.

SEC - 142 [B2/10/1, p. 54] Please confirm that, for the ten year period 2012 through 2021, Chart 7 forecasts routine reinforcements direct capital of $172.728 million. Please confirm that the 2012 Asset Plan, for the same period, forecast routine reinforcements direct capital of $174.762 million.

SEC - 143 [B2/10/1, p. 61] Please advise whether the previous integrity management process included a focus on "striving to better understand threats and related risks to the distribution system". If it did, please explain how the new process changes that risk-based analysis in material ways.

SEC - 144 [B2/10/1, p. 64] Please describe what is meant by "tacit knowledge interviews". Please provide a summary of the "existing asset condition monitoring programs".

SEC - 145 [B2/10/1, pp. 65-70] Please provide a side by side comparison of this risk register with the similar risk register on pages 48-49 of the 2012 Asset Plan. In that comparison:

a. Please identify all 2012 risks that are no longer listed, and explain why.

b. Please identify all 2012 risks that have been materially expanded or altered, and explain why.

c. Please identify all risks that are new in 2013, and explain why they were not included in the 2012 risk register.

d. Please provide any previous "risk registers" or similar documents listing risks for the period 2007 through 2011.

SEC - 146 [B2/10/1. P. 72] Please identify all of Priority 1 risks listed in the 2012 Asset Plan in respect of which the Applicant has, as of November 1, 2013, a) completed, or b) commenced, initiatives to remove or reduce those risks.

SEC - 147 [B2/10/1, pp. 73-4] Please provide the current list of risks that have been assigned Priority 4.

SEC - 148 [B2/10/1, pp. 75-80] With respect to the list of initiatives to address risks:

a. Please identify which of these initiatives are new since the 2012 Asset Plan.

b. Please identify which initiatives in the 2012 Asset Plan have been i) dropped, or ii) completed. For any that have been dropped, please explain why.

c. Please identify which initiatives in the 2012 Asset Plan have been materially expanded or altered, and explain why.

d. Please identify which of these initiatives were in existence in 2011 or earlier.

SEC - 149 [B2/10/1, p. 84] Please confirm that, for the ten year period 2012 through 2021, Chart 9 forecasts system integrity & reliability direct capital of $1,628.477 million. Please confirm that the 2012 Asset Plan, for the same period, forecast system integrity & reliability direct capital of $1,115.274 million. With respect to this data:

a. Please explain the primary reasons for the 46.0% increase in the system integrity & reliability direct capital forecast over that period.

b. Please advise whether it is correct to conclude that the Applicant is proposing a permanent increase in the annual system integrity & reliability direct capital, from a level of $70-$80 million per year prior to 2010, to a level in excess of $190-$210 million per year after 2017.

c. Please provide all studies, reports or other documents in the possession of the Applicant reviewing the system integrity & reliability capital spending of other gas distributors, including any such documents that show a similar permanent increase in capital spending in those categories.

SEC - 150 [B2/10/1, p. 89] Please confirm that, for the ten year period 2012 through 2021, Chart 10 forecasts relocations direct capital of $109.383 million. Please confirm that the 2012 Asset Plan, for the same period, forecast relocations direct capital of $109.383 million. With respect to this data:

a. Please explain the primary reasons for the 14.5% decrease in the relocations direct capital forecast over that period.

b. Please explain why the average annual forecast in this category is more than double the historical period.

I.E49.EGDI. Is Enbridge's proposal to increase firm transportation for 2014 appropriate? What are the implications, if any, of that proposal on the gas supply and transportation strategy for 2015-2018? What is the appropriate process to develop, review and approve the gas supply and transportation strategy for 2015-2018?

Respectfully submitted on behalf of the School Energy Coalition this 13th day of November, 2013

Jay Shepherd

Capital Spending Actuals and Forecasts from Asset Plan

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
1 ***Actual/Forecast***	$166.4	$158.8	$153.0	$172.9	$187.6	$221.3	$219.8	$242.8	$293.1	$294.2	$317.4	$344.3	$353.4	$308.1	$312.3	$339.2
2 ***Increase***		-$7.6	-$5.8	$20.0	$14.7	$33.7	-$1.5	$23.0	$50.3	$1.2	$23.2	$26.9	$9.1	-$45.3	$4.2	$26.8
3 ***Percentage***		-4.55%	-3.66%	13.05%	8.48%	17.99%	-0.69%	10.47%	20.71%	0.39%	7.88%	8.47%	2.64%	-12.83%	1.37%	8.60%
4 ***Three Year Rolling***				1.61%	5.95%	13.17%	8.59%	9.25%	10.16%	10.52%	9.66%	5.58%	6.33%	-0.57%	-2.94%	-0.95%
5 ***Six Year Increase***							32.12%	52.92%	91.59%	70.15%	69.22%	55.57%	60.80%	26.89%	6.56%	15.27%
6 ***2012 Asset Plan***	$166.4	$158.8	$153.0	$172.9	$187.6	$208.7	$217.2	$235.6	$225.6	$226.2	$241.1	$245.2	$246.4	$223.3	$218.3	
7 ***Increase from 2012***	$0.0	$0.0	$0.0	$0.0	$0.0	$12.7	$2.6	$7.2	$67.5	$68.0	$76.3	$99.2	$107.0	$84.8	$94.0	
8 ***Percentage Increase***	0.00%	0.00%	0.00%	0.00%	0.00%	6.07%	1.19%	3.05%	29.90%	30.07%	31.64%	40.45%	43.43%	37.95%	43.04%