

ONTARIO ENERGY BOARD

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| FILE NO.: | EB‑2014-0276 |  |
| VOLUME:  DATE: | Technical Conference  February 25, 2015 |  |

**EB-2014-0276**

THE ONTARIO ENERGY BOARD

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

**AND IN THE MATTER OF** an Application by Enbridge Gas Distribution Inc. for an order or orders approving approving or fixing rates for the sale, distribution, transmission and storage of gas commencing January 1, 2015.

Hearing held at 2300 Yonge Street,

25th Floor, Toronto, Ontario,

on Wednesday, February 25th, 2015,

commencing at 9:34 a.m.

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TECHNICAL CONFERENCE

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MICHAEL MILLAR Board Counsel

RICHARD LANNI

COLIN SCHUCH Board Staff

FRED CASS Enbridge Gas Distribution Inc.

ANDREW WELBURN

LUCY WAKABAYASHI

KEVIN CULBERT

ANDREW MANDYAM

BONNIE ADAMS

PETER THOMPSON\* Canadian Manufacturers & Exporters (CME)

DWAYNE QUINN Federation of Rental-housing Providers of Ontario (FRPO)

MARK GARNER Vulnerable Energy Consumers' Coalition (VECC)

\* appearing by teleconference

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No EXHIBITS FILED IN THIS PROCEEDING.

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Wednesday, February 25, 2015

### --- On commencing at 9:34 a.m.

MR. CASS: Colin, I was going to introduce the witnesses, but they can even introduce themselves as we go around.

# Appearances:

Fred Cass, counsel for Enbridge. Dave Stevens will be here with the other panel. With me are Kevin Culbert, Bonnie Adams, and Andrew Mandyam.

Again I was going to introduce the witnesses just before we start the questioning, if that's all right.

MR. SCHUCH: Okay. That sounds fine. And for the record, I am Colin Schuch with Board Staff, and I may be joined by Richard Lanni throughout the day here and there, Board counsel.

MR. GARNER: Mark Garner, appearing for VECC, a consultant for VECC.

MR. QUINN: Dwayne Quinn on behalf of FRPO.

MR. THOMPSON: Peter Thompson for CME.

MR. WELBURN: Andrew Welburn at Enbridge.

MR. SCHUCH: I'm sorry. We didn't catch that. Your mic needs to be --

MS. WAKABAYASHI: Lucy Wakabayashi, Enbridge.

# ENBRIDGE GAS DISTRIBUTION - PANEL 1

**Jamie LeBlanc**

**Don Small**

**Margarita Suarez**

MR. CASS: So as those of us in the room can see, we have three witnesses. Probably everyone knows them. For the record, I will quickly introduce them. This is the first panel addressing the first two issues, I believe, Colin, on the issues list that you sent out.

To my right is Jamie LeBlanc. He is director, energy supply and policy. Then everyone knows Don Small, manager, gas costs and budget; and finally Margarita Suarez, manager, economic and market analysis.

And just before we kick off the questioning, I believe that Don has a correction.

MR. SMALL: Just a minor one. Actually I was just going through some of the interrogatory responses, and I found a minor typo. It's on FRPO No. 3. So that would be Exhibit ID-1, FRPO 3.

And in the response, we refer to -- here it is. You will see on the second line of the first paragraph, we mention in response to the Board Staff Interrogatory No. 6, and then we give the exhibit reference. The exhibit reference says .16. That should be .6. So just a minor typo. And that was all I wanted to mention at this time.

MR. CASS: Thanks, Don. So I think we are ready for questions.

MR. SCHUCH: Who will be leading the questioning?

MR. QUINN: That would be me.

MR. SCHUCH: Please proceed, Mr. Quinn.

MR. QUINN: Okay. Just Mr. Cass said the first two issues on the issues list. I didn't have it pulled up in front of me. I have the IRs. Colin --

MR. SCHUCH: I have the agenda here. The first two items, Item 1 is gas cost transportation and storage. Item 2 is revenue forecast for 2015.

MR. QUINN: Okay. So this panel is doing revenue forecast too. So just a heads-up, Peter, this panel is also doing Item No. 2. So I will be on gas costs for an hour to hour half, and then you can take over from there with this panel.

MR. THOMPSON: Okay.

MR. QUINN: If there is any questions you had. I know that your questions are more the latter three items, but I didn't know if you had any for that section of it, because I didn't know that distinction. Thank you. Thanks, Colin.

# Questions by Mr. Quinn:

Good morning, panel. Thank you for being here. I appreciate that we have had an evolution, and I just want to understand, at a high level first, this evolution and then talk to some specifics in terms of the storage target plan, the impact on transportation, and UDC as a result of that, understand the cost benefit analysis, and then ultimately going forward what your thoughts are on storage, evaluation of storage as a future option.

So starting with the plan, and I think the most helpful one may be FRPO 7 as a reference. So this talks to the change to the plans, and there are some specifics in here which I will address later on, but I have, of course, read the evidence, but I am trying to understand the evolution of the plan. Have the targets changed through additional fixed purchases throughout the winter, or are those being purchased on a biweekly basis? I am just trying to -- if you can give me an overview of the change of plan and the execution of the plan during this last winter just so I understand what you are asking for relief in terms of getting approval for in this proceeding.

MR. SMALL: Well, I guess, maybe to start, we just back up a little bit. Throughout 2014, there was a number of discussions about the gas supply plan that we used in 2014 and some of the differences between our plan and the plan of Union, how we would operate storage and look to buy gas on a forward monthly basis as you are going through the year. And then, as you are aware, there was the natural gas market review, and there was some discussion throughout that of the utilization of storage and things like that.

So what we wanted to do, we took a look at while we were developing our gas supply plan for '15. We looked to see what we could do to maybe tweak what we had historically done.

Historically, we would have developed our plan assuming storage targets such that we could meet a peak day to the end of January, the beginning of February, and then we would -- at that point in time, we would let storage balances decline and make up any increase in demand through additional purchases.

So what we did that was different in the development of our '15 plan was, within our model, we changed those storage targets to the end of February so that we could maintain maximum deliverability. In doing so, you have higher storage balances at the end of February, but it shifted some of the required purchases into January and February to help you maintain those storage targets. So that was the primary change to the gas supply plan that we did.

We also mentioned too that, as we were going through '15, we were going to take a slightly different approach how we executed or managed that plan, and that was to take a little bit of a longer-term view of what the updated demand forecasts were going to be as we went through the winter and tried to take into consideration, you know, if weather forecasters were calling for an increase in demand throughout the winter.

Traditionally, in the past, we could concentrate primarily on the next seven days to assist us with what we needed to buy or what we were going to do with respect to storage withdrawals. We are still doing that, but we are also taking a little bit more of a longer-term view as to what those weather forecasters might be calling for demand, and to the extent that the weather demand forecasts were showing an increase in demand, we would purchase additional volumes, which we did this winter as we were going through the winter.

MR. QUINN: Thank you, Mr. Small. That is quite helpful as kind of a framework.

I am going to ask, first, some questions about what you just said, and then I will go to some specifics.

During what you provided, you said buying gas for the forward month. Is it -- would that only be the winter period that you would be buying the forward month, or are you doing that in the summer also?

MR. SMALL: Well, in the summertime, you are not going to have any -- if we were sitting down in the month of June and looking what we needed to do, we are only going to be looking ahead. You know, weather forecasters are calling for demand in July, so there isn't going to be any forecasted increase in demand, I wouldn't expect, in July.

So our concentration was on the winter months and what we could do primarily to see if we could avoid some of the circumstances that occurred last year where we were constantly reacting and going out on the day market.

MR. LeBLANC: Yeah. I think this -- I will just add that I think the summer months is more about getting storage filled rather than meeting demand, so it is a little different situation in the summer.

MR. SMALL: Fair.

MR. QUINN: Thank you, Mr. LeBlanc, also. And that is my concern, because you get storage filled but at the same time, as you aware, and are going to be talking about later on is the UDC implications that we are not fixing gas that, then, would preclude potential shed opportunities that may become available as a result of your storage getting full and you have no place for the gas to go. So that is my concern, thank you.

MR. SMALL: Well, just -- maybe just to add while we are kind of talking a little bit about that, I mean the concept of looking ahead to a medium-term forecast and what forecasters are calling forward changes in demand, by reacting to that, it does provide benefits to us throughout the winter by locking up those supplies. And, like I was saying, we can possibly avoid going out in the day market and, if there are high prices, we can afford that. So there are benefits there.

The only tricky part then becomes, if we make those, react to those forecasts, and then for whatever reason the demand doesn't come in, then we are left with maybe higher storage balances coming out of winter, which then is going to influence what we are buying in the summer. So there is a bit of a trade-off there.

MR. QUINN: Thank you for acknowledging that, Mr. Small, because I am going to get to that later on.

MR. SMALL: Okay.

MR. QUINN: But do appreciate the clarity. If I understand, simply to put your forward month fixing is a predominantly a winter strategy. In the summer, you don't believe there is any necessity for forward month fixing?

MR. LeBLANC: Yes. And looking at the forward forecasts can also be helpful, although we haven't seen one in a couple years, in a warmer winter as well. Because we could back off on purchases in order to target our storage balances as well. So it could be a -- you know, it could be helpful in a warmer winter, as well, because we would buy less in order to ensure that we are still meeting our targets.

MR. QUINN: That makes sense, thank you.

So getting to specifics, the storage utilization and the targets, last year -- and it was on the record, and I read it that way, that it said end of January, early February. Now I heard end of February, and I guess I want to be specific: Union Gas uses a March 1st peak day for it design. It must have deliverability for March 1st, and that is its way of doing things. Is Enbridge's day February 28th to keep storage deliverability at a certain level?

MR. SMALL: Well, what we are doing is, we're -- we want to maintain maximum deliverability to the end of February, but what we also built into the plan is to protect against a peak day occurrence in the month of March. Obviously, your peak day in March isn't going to be as high as your design, but you still want to make sure you still have adequate storage withdrawals plus supplies to meet that peak in March.

MR. QUINN: Okay. And so maybe we need to differentiate that, because I thought I heard two things. But I think it just might be a distinction. Do you have a separate heating degree day for a peak day in February and a different heating degree day peak day in March?

MR. LeBLANC: So I -- we set the plan to be able to meet a peak day on February 28th, and then, as you are aware, our plan has multi-peaks in it, and we set the March storage target such that one of those multi-peaks, a March multi-peak which is not as high as an actual peak day, would occur on the last day of March.

MR. QUINN: Okay, and that is helpful.

Can you tell me offhand, or maybe by way of undertaking, what the heating degree day is for February 28th and the heating degree day for March 31st?

MR. LeBLANC: What is the planned heating degree day?

MR. QUINN: Yes.

MR. LeBLANC: The plan for February would be the 41.3.

MR. SMALL: Well that would be your design peak --

MR. LeBLANC: Design peak, right.

MR. SMALL: -- for CDA. And the comparable EDA?

MR. LeBLANC: 48.2, I believe, in the EDA.

MR. QUINN: Okay, thank you.

MR. LeBLANC: I am not sure of the March, offhand.

MR. SMALL: Well, what we will do is, for planning purposes, the degree day forecast that is provided to us will contain a monthly degree day forecast.

So we will -- what we will do is we will say, okay, we know what the degree days are planned for the month. So for the month of February, for example. So within February we would have a series of multi-peaks throughout February to make sure that we have design conditions within February, but the total degree days for the month of February would stay as forecast.

So other than those multi-peaks that you would have on certain days, you would have is smooth degree days throughout the month.

MR. QUINN: Okay. And that's helpful. And yet, I guess my question is, specifically to the day, the cumulative heating degree days you been providing for some time, and they have been helpful to understand your planning horizon. But when you are going to one peak day, as I understood it, one multi-peak day on March 31st, what is the heating degree day that is assumed for that day?

MR. SMALL: Well it's -- I think you might be kind of misunderstanding what we are saying.

MR. QUINN: No. Sorry, Mr. Small, I do understand. There is a month and there is a day. You have a planning cycle that take a month. You have a design criteria that is based upon movement of gas around your franchise on a peak day, which is February 28th at 41.3 for the CDA. For March 31st, what is the peak day that you are assuming for the CDA and the EDA?

MR. SMALL: Well, we don't -- the point I am trying to make is that, as part of the development of that supply plan, or when we are looking at the degree days, we don't pick February 28th as being a design peak day. What we want to do is, throughout the month of February, we will have multi-peak days occurring. But what you want to do is you want the ensure that, whatever that budgeted demand is, even as late as February 28th, you are going to then make sure you have got maximum deliverability. But then you also want to make sure that you have enough storage to manage a peak into the month of March.

So it's not like you are looking to say, okay, I am going to budget for an occurrence of a design day on February 28th. That is not the way it works.

MR. QUINN: I am hearing different things, here, and I may just not -- I might be stuck in the Enbridge vernacular, so I'll just -- if the witnesses want to confer, because I genuinely -- I understood Mr. LeBlanc to say you had February 28th as a peak design day of 41.3, and that's --

MR. LeBLANC: Well, I guess what I was meaning to say is we design the February withdrawal capacity to be able to meet a peak day as late as February the 28th. I guess that is what I meant to say.

MR. QUINN: Okay. And so that is the criteria, 41.3 and 48.2?

MR. LeBLANC: Correct.

MR. QUINN: So, summarizing what I understood Mr. Small to say is: You do not plan for a definitive March 31st heating degree day value, you plan for a March 31st inventory in storage to maintain a level of deliverability.

Okay. And that's -- I am going to camp on the level of deliverability, then.

On the level of deliverability, first off, you are aware the standard Union Gas contracts that are subject to what is available standard contracts in the market is 25 percent minimum threshold until you lose your deliverability. If there are contracts that are different from that, they need to file those with the board.

MR. LeBLANC: This is their storage?

MR. QUINN: Yes.

MR. LeBLANC: Okay.

MR. QUINN: Okay. So 25 percent deliverability is Union's storage, which you may or may not have -- or likely have as part of your portfolio. That should be part of a public record.

What is your minimum storage inventory required at Tecumseh to maintain your rights to full deliverability?

MR. SMALL: There was particular response where we mention that, and I will see if I can quickly find it. It was 38 percent.

MR. LeBLANC: It was 38 percent, but I don't know if that was to Tecumseh particular or storage overall. I believe it was storage overall.

MR. SMALL: Yes.

MR. QUINN: See, that is what I want to understand. You have Union Gas at 25, so what would be the minimum percentage needed in the Tecumseh storage to maintain your full deliverability right? 38 percent sounds out of whack with what the market buys as deliverability rights. So on a weighted average basis, having over 40 percent minimum deliverability out of Tecumseh -- sorry.

MR. SMALL: Sorry. The part we were kind of struggling with is we were trying to recollect within our contracts that we have with Union, and I don't recall anything that says about 25 percent. When we are entering or going out for RFP for storage, what we are looking for is what the level of firm deliverability is and what the injection capabilities are.

So what we would do as part of our overall planning process, we would take all of our contracts, because we have contracts with other parties other than just Union and also looking at what we can get out of Tecumseh and knowing the deliverability curves we have for Tecumseh, the overall storage assets that we have, we would want to ensure max deliverability would be the 38 percent of those contracts, of all those contracts added together.

MR. QUINN: Okay. I think I will pull the information from the public record for Union later on, but getting back to Tecumseh, then, Tecumseh is regulated -- your storage rights with Tecumseh are part of regulated contracts that you hold with Tecumseh; correct?

MR. SMALL: We have, yeah, regulated.

MR. QUINN: Okay. What -- then I am going to ask specifically. Could you provide, as an undertaking, as to what is the minimum inventory required from the Tecumseh -- in the Tecumseh pool to maintain your firm delivery rights that are embedded in your contracts or your service -- maybe, Mr. LeBlanc, if it isn't a contract, do you have a service level agreement with Tecumseh?

MR. SMALL: Well, just to be clear, we don't have a contract with Tecumseh.

MR. QUINN: Okay. Then maybe --

MR. LeBLANC: It would be a contract with ourselves; right?

MR. CASS: Just for clarity, Don, Tecumseh is a name that is loosely used, but it is actually Enbridge. It's not -- Tecumseh is not us. It's not actually separate. It is just a name that people use that comes from some history.

MR. QUINN: That may be helpful for the record, Mr. Cass. Thank you.

I will change my question, then. Could you provide the storage deliverability curves that the company relies upon from its Enbridge storage? You say you rely on a curve to determine what deliverability you will attain based upon a storage level. I am asking you to provide it.

MR. SMALL: We could undertake to provide you something, yes.

MR. QUINN: Okay. Thank you.

MR. SCHUCH: We have an undertaking. For the record, that would be TCU1.1.

UNDERTAKING NO. TCU1.1: TO provide the storage deliverability curves that the company relies upon to determine deliverability TO BE attainED

MR. QUINN: Okay. Then, just because I might not get a subsequent opportunity after your undertaking, if you just turn to FRPO 12 to make sure that we are on the same page relative to that undertaking. This is the interrogatory response where you reference the 38 percent of capacity, and I guess my question for the company is: Is that only for the Enbridge storage, or is that a weighted average of the amount in storage that includes any contracts you may have with third parties, including Union?

MR. SMALL: This would be for all my contracts.

MR. QUINN: So the weighted average?

MR. SMALL: Well, you are going to say, okay, what is my maximum deliverability under all my contracts, and to get that maximum deliverability, what is the overall storage balance? So you would sum up the balance, and it would be 38 percent of the total contract at capacity.

MR. QUINN: Okay. So that sounds like a weighted average, but maybe to get clarity, could you provide the minimum level of storage you need, without identification of the third party, in your storage contracts that you utilize? So you have got the Enbridge storage load curve. I am asking for third-party storage. What is the percentage of minimum deliverability?

MR. LeBLANC: Sorry, what was that again?

MR. QUINN: The minimum level of inventory to maintain deliverability. Thank you, Mr. LeBlanc.

MR. LeBLANC: Did you ask, what is the minimum level of inventory to maintain maximum deliverability? Because I think we answered that already.

MR. QUINN: What I understood from Mr. Small was that is a notional weighted average. I am going to get the storage curve from Enbridge storage, but you have third-party contracts with, among other parties, potentially Union. You don't have to identify the party, just accumulation of the other storage contracts you. What is the minimum inventory required to maintain full deliverability rights on withdrawal basis was what I am looking for.

MR. SMALL: Just one sec.

We are just trying to see if we could put it all kind of into one undertaking, if I could. If we could just clarify, for the first one, if I understood, what you are looking for is you want to know what our Tecumseh balance would have to be to maintain max deliverability?

MR. QUINN: No. At this point, based upon your answer, I would like to get the storage deliverability curve that you rely upon, so if there is an ongoing degradation based upon inventory levels, it is not a clear-cut plateau and a drop-off like it is in a standard Union Gas contract. If it degradates more gradually, I would like to see the curve. And then the third-party contracts, I think, will be a simpler exercise because I think you will have a threshold under which your deliverability rights drop, and as a result, you are not maintaining full deliverability. So I just need what that inventory level is in aggregate for the third-party contracts.

MR. SMALL: Okay. So I guess we are looking at a second undertaking then.

MR. QUINN: Yes. That would be helpful, I think, at this point. Thank you.

MR. SCHUCH: For the record, that undertaking would be TCU1.2.

UNDERTAKING NO. TCU1.2: TO PROVIDE THE storage deliverability curve that ENBRIDGE reliED upon; TO PROVIDE THE inventory level in aggregate for third-party contracts

MR. QUINN: Thank you.

So I want to move beyond the end of February notionally toward the end of March because, if I understand it correctly, and tell me if I am wrong, do I have this correct that you are keeping a minimum inventory level at the end of March, not a peak-day design criteria?

MR. SMALL: Well, the -- so we have got, as part of the plan, a certain amount of storage planned for the end of February. And then as you go throughout to March, you want to make sure you are going to still be able to meet the possibility of a peak throughout March, and then, as you go through meeting budgeted -- overall budgeted demand for the month, that is going to equate to what your final storage balances are at the end of March.

MR. QUINN: I am going the play that back to you and tell me if I have got this right. You keep a minimum balance to the end of February on a budget basis by simply transporting the amount of gas that you would need -- see, well, I actually can't ask that question because I am looking down at your filings, and you have planned to shed gas in the month of March, which means you must have a criteria at the end of March as to how much you actually do need, because you cannot use your -- all of your transport rights.

MR. SMALL: Well, the change in the plan that we are talking about is you have got those higher storage balances at the end of February. So now you -- what you want to do is you want to draw down that storage throughout the month of March, and by utilizing that storage, you have got more storage withdrawal capability throughout the month of March, so we don't need as much pipeline supplies or delivered supplies to meet the budgeted demand.

MR. QUINN: Right. I totally understand that. So what is your March --

MR. SMALL: So I am not understanding what your question is, then.

MR. QUINN: What is your March 31st inventory level based upon? What criteria are you using to establish the amount of gas you need in inventory by March 31st? If it isn't a peak day, tell me what it is, because I am very comfortable with you shedding gas in March if you don't need it, but, therefore, you must know -- must have established a number as of March 31st as your inventory. What is the basis for that number if it is not a peak-day design?

MR. SMALL: We will have to double check, because we may be a little confused as to what we are thinking is the thing. And maybe what we could do is build some clarity into one of -- I mean, I don't want to have to do a gazillion undertakings. Maybe we can incorporate it into one of the other ones that we are providing.

MR. QUINN: Well, if I may, I would ask that it would be a separate undertaking. But I am not looking for a fulsome analytical model. I am looking for what is the criteria you use, how do you establish that level. Give us the basics.

I understand -- and respectfully, Mr. Small, you are changing the plan. And I am reluctant to say this, that directionally I appreciate the direction Enbridge is going, and I know I will hear those words again, but at the same time, when one corrects when -- in a situation, there is potential for over correction. So as you are adjusting your model, I am trying to say okay, great, you are adjusting in a direction that I am on the public record as saying is a good way of going.

So what checks and balances do we have to make sure there is not an over correction? That is what I am here to discover, and hopefully, with your help, be able to support at some point in the near future.

And so I will leave it at that, Mr. Cass, and I trust that you understand where I am coming from.

MR. CASS: No, I am fine with it, Dwayne.

MR. QUINN: Thank you.

MR. CASS: That is fine. I think Don is going to answer the question, so I think we can move ahead.

MR. SCHUCH: And with that, I think we have a third undertaking.

MR. QUINN: Yes, we do, thank you.

MR. SCHUCH: And that would be TCU1.3.

UNDERTAKING NO. TCU1.3: TO ADVISE THE criteria USED, IF NOT PEAK-DAY DESIGN, to establish the amount of gas needED in inventory by March 31st

MR. QUINN: So then I just read down to my next question and added to that undertaking, if you will accept it: What is your deliverable percentage as of March 31st based upon your planned design? So I might be able to intuitively work it out by going down your curve, now, but now I'm dealing with a curve and a threshold. I don't know what your plan is, so based upon what your plan is to have 20 percent in storage, as of your last update of your IR, what is the deliverability that can be maintained?

MR. LeBLANC: So how much deliverability there is at that level that is in our budget?

MR. QUINN: Yes. As a percentage, I guess, probably saying as percentage of full deliverability or GJs per day compared to GJs per day as of February 28th, whichever way you can quantify it that makes it simplest. I don't want, again, all scenarios. I am just saying, one scenario, this is your plan, what amount of deliverability you're counting on March 31st, that would be helpful to see the whole picture. Thanks.

MR. LeBLANC: Yes, we can deliver that.

MR. SMALL: Yes. I think what we can do is we can incorporate that part of in the one we just talked about for number 3.

MR. QUINN: Totally satisfactory to me, thank you.

Okay, so I am just going to move into a different area beyond the storage, and that is the opposite end of that, and that is the transport.

First off -- and I was trying to put together the updates that you provided and I -- there seems to be a gap between, anyway, the late spring time frame. And I understand we were all busy in another proceeding. So can you tell me, just offhand, did you sell transport capacity last winter? Did you optimize any unutilized capacity before March 31st, last winter?

MR. SMALL: No. Last winter we fully utilized all of our contracted capacity.

MR. QUINN: So fully contracted -- none was optimized, then?

MR. SMALL: No.

MR. QUINN: Okay. And that is helpful. I was just trying to distinguish -- and I know you didn't have a UDC, but did you send it the market and optimize it?

MR. SMALL: No, we used it all ourselves.

MR. QUINN: Okay, great.

MR. LeBLANC: I think we used it all right up into June, for sure. Maybe even July.

MR. SMALL: April/May, for sure, and June, I believe.

MR. LeBLANC: We can see it, I think, in the record.

MR. SMALL: Yes. I believe we provided the UDC report that we had filed for December. It would show in there.

MR. QUINN: Yes FRPO 9 is that report. I'm sorry, I have it in front of me and, if you read, it doesn't -- it says no UDC.

MR. LeBLANC: So we fully filled our UDC for up to and including July.

MR. QUINN: Okay, that's helpful. Thank you.

MR. LeBLANC: -- oh, June.

MR. SMALL: June.

MR. LeBLANC: June, sorry.

MR. SMALL: And once we got to July, that is when we started to release some of the capacity into the marketplace.

MR. QUINN: Okay. Do you have, at this time, any contracts in place to shed late season deliverability? And maybe it would be helpful to bring up FRPO 9 at this point so that we are all on the same page. I'm looking down my sheet, but just in case the witnesses want to reference it. So as we can see, UDC starts in March. And I understand that this -- you want to keep that flexibility open. But would you agree --

MR. SMALL: This is the forecast for '15, yes.

MR. QUINN: Yes. Sorry, I am shifting gears from what happened last year to where we are at this year. So in March you may or may not fill that pipe depending on what is happening today and beyond?

MR. SMALL: Right.

MR. QUINN: But later on in the year, it is pretty clear that it is very, very unlikely you can fill all that pipe. You have your 15 BCF which you are on the record as saying you could potentially forego supplying. Before I go past that, do I have that correct?

MR. SMALL: That's correct.

MR. QUINN: 15 BCF. But if we add the numbers, and doing a little bit of translation, which I haven't done specifically, you have 82 PGs of UDC, you have 15 BCF of potential swing supply, obviously you have a fair -- you have got tens of PJs that will likely not have a home. Have you put any contracts in place to shed your transport capacity in post-June for this coming year?

MR. SMALL: Not at this time, no.

MR. QUINN: When would you --

MR. SMALL: When would we do that?

MR. QUINN: -- anticipate analyzing the need -- when are you going to analyze the storage fill to determine what your risk is on that UDC for this coming summer fill to the November 1st?

MR. SMALL: Well, I think what we will want to do is monitor the situation as we start going through the month of March. You are right, we could be using some of that capacity throughout the month of March. How much, it is a little unclear at this point in time. We will have to see what is going on with demand in March.

But if we could just forget about March for a second, if I am now looking at what I have got for April through to the end of October, for example, I think what we will start to do is we will -- once we get a better idea of where we are going to come out the end of March with, what we are going to the need to make sure we have got full storage at the end of October, we can get a better idea of what our summer injection plan would look like. And then, sometime throughout -- towards the end of March, that is probably when we would make an assessment as to what level of capacity we might be able to release into the marketplace. But we haven't done anything at this point in time. It is a little too early for us, to be honest, to feel comfortable releasing a bunch of capacity.

MR. QUINN: I am talking about capacity in August or September.

MR. SMALL: We haven't done anything at this point in time.

MR. QUINN: So, I know --

MR. LeBLANC: You have to be careful. It is not just -- yes, we front-end loaded last year, but injection plans year to year have to be carefully looked at before -- and there is construction that goes on, and pools are down, and things like that. So we can't definitively say we are going to fill all of our storage up to the point in June and then stop. We need to be able to look at how low does storage get and what is the construction season for next season and all that in order to figure out.

So we may have some UDC. Who knows? We may have some UDC in May and use some UDC in August to fill storage next year. You don't know until you have gone through -- you know where you sort of end the winter, and you know what the various construction and maintenance schedules of Tecumseh are before you can really define exactly when you are going to shed.

MR. SMALL: And just to add to that, I think once we go through and do that assessment, we will have a better idea as to if there is going to be an amount that we could release, even if it is a minimum amount, throughout the summer. But we -- at this point in time, we haven't done that assessment.

MR. QUINN: I am going to step back and then I am going to move forward to the numbers. Mr. Small, I know that you have been around the gas supply world a lot longer than I have, even. In the past, when Enbridge was hedging its portfolio, did Enbridge buy its gas all at one time? Or did you put together a portfolio strategy where you were in the market regularly to purchase gas based upon what the market would bear at that time?

MR. SMALL: We have always tried to maintain a level of diversity, whether it is if we want to talk about empress supplies or whatever, we would look to see whether or not we needed to -- what level of supplies we needed to acquire, and then we would make an assessment of how much of that we would maybe want to contract for with suppliers on an annual basis or a seasonal basis, and then how much do you want to buy on a monthly basis, and then how much you would go out on the day.

So we would -- even, you know, a few years ago, we would also follow a similar approach where you would try to figure out what was the optimal way of contracting for those supplies at Empress, and it would be no different this summer.

MR. QUINN: So summarized, that sounds like a diversified portfolio strategy.

MR. SMALL: You want maintain a level of flexibility because obviously years ago the concern was maybe greater on what was going to be happening in the direct purchase market. It has kind of flattened out right now, but in the past, we had to be aware and be able to -- be in a position where we could accommodate direct purchase requests, for example.

MR. QUINN: Yes. And at the same time, you've diversified for flexibility for the reasons at the time. Would you agree with me that it would be wise for a utility to have a comparable portfolio strategy for a shed plan so that you are not in the market once or a couple of times or shedding when everybody else is shedding; that, with the knowledge you have, that you are approximately 50 PJs long for your storage fill, that it would be wise to undertake some shedding at this time?

MR. SMALL: You are saying at this time or that time, and I was trying to answer the question for you earlier by saying, as we start to know a little bit more about what is happening in the month of March and we will get a better idea as to what our injection strategy is going to be throughout the summer, yeah, you are right; there is a sizable amount of UDC forecasted, and we are going to want to try do what we can to mitigate that to the extent possible. And if it means that we can identify a level that we could then release into the marketplace, even for April through to October, we will take that action at that time.

So we are not going to sit there and just wait and let it sit empty. We are going to try to make sure we can mitigate it to the extent possible, but at this point in time, we haven't done that strategy is the point I am trying to make. We will be doing something along those lines, but we are, right now, just trying to get through February and March.

MR. CASS: Dwayne, if I might, I don't think the issue is about whether there should be a plan or a strategy. I think it is when it there is appropriate and sufficient information to form the plan or strategy.

MR. SMALL: That is what I am trying to say.

MR. QUINN: Okay. So, Mr. Cass, since you have helped me with that, right now you're planning to be having -- and this is from -- I'm going to give the reference for the record -- from D1, tab 2, Schedule 1, Appendix A.

Right now, your BCF that you're going to have in storage on plan would be 22.64. Your month of March has 9.3 PJs of unutilized space. So you have almost 50 percent buffer over and above your March 31st position. Have you done any sensitivity analysis for the month of March to determine how cold it would have to be to eat up all of that utilization? Just a simple yes or no is fine.

MR. SMALL: Well, I mean, if we want to get into -- the short answer is we have already planning to -- that 9.3 you are seeing is roughly 300 million a day of unutilized capacity. We have already got plans to buy gas on a monthly basis for -- we went out and did an RFP for March supplies a week or so ago, and our plan is -- was to fill out, through monthly purchases, 200 of that 300.

MR. QUINN: Okay, great.

MR. SMALL: And it is looking like we will probably go out at least for the first week anyways because right now weather forecasts are suggesting that demand for the month of March, at least for the first week, is going to be a little colder budget. So likely we will fill the other 100 that would be left empty.

So the 9.3 that you are seeing on this chart will be reduced, and you would be able to see that in the updated UDC report that I will end up filing on Friday.

MR. LeBLANC: Depending on whose forecast you believe, it may all get eaten.

MR. QUINN: Yeah, and I understand that. And so you would -- with that extra tool that you have in your toolkit, you should come out somewhere around 22, maybe 20, maybe 24, 10 percent, 20 percent even difference, but that is -- at 20 percent, that is 4 PJs, or in this case BCF of difference, and you have got a total of 82 PJs -- well, I am going to net off the 9.3 for March. You have got 74, around, PJs of gas for the rest of the summer. Have you undertaken any scenario analysis that would say that you would have any ability to use that gas before -- and would you be able to fill that pipe before the end of the year?

MR. SMALL: What I just want to clarify is the number that you're showing -- that we have showed on the attachment there was 82.6 PJs of unutilized capacity. If we expect that we are going to, in all likelihood, fill the 9.3 that there is for March, that does bring that number down to 72. But what we have to be careful about is there is about 12 that pertains to the month of November and December. At this point in time, we wouldn't be in a position to even consider that.

So really what you are looking at now is about 60 PJs over the summer, and what I was trying to explain to you earlier is that, as we start to go through the month of March and we get a better idea of where March is going to end up, we will be in a position where some of that would be able to, quite possibly, be released for the whole summer. If not, we would be out in the marketplace and releasing it on a month-to-month basis.

MR. QUINN: Okay. I sense that we could get into a debate here, so I am just going to ask for a factual question. Can you provide what the value is of that transport in the secondary market at this time, as of today, for April to October, just for -- take it as an undertaking? That value should be available through indices that are commonly available.

MR. SMALL: Certainly. If you want an undertaking for that, we could provide it, but we will want to make sure that, as part of that response, the value of that transport today in no way would be necessarily indicative of what we could get when we go to release that capacity, because I am not in a position today to release capacity for the summer.

MR. QUINN: And that is your position, sir, and if I know the value today, I could say what my position would be in terms of the prudency of doing something like that. So if we have the numbers for the record, that would be helpful.

MR. CASS: Dwayne, perhaps we will take this one under advisement and let you know because, frankly, I'm not seeing it. If the prudent decision is not to release the capacity, I am not understanding what the value matters now. If it was high or low or anywhere in between, I am not sure why it would matter if the prudent decision is not to release the capacity.

MR. QUINN: The prudent decision, I'm saying, sir -- to make sure the record is clear, I'm saying the prudent decision is to release the capacity. You have 50 PJs that doesn't have a home. You can release 10 throughout -- the same amount throughout each month for the rest of the year. They could value that in the market, but otherwise, waiting until April, May, or June to determine if it's necessary or if it can be shed, you may lose that opportunity, and ratepayers are on the hook for the difference.

MR. CASS: Yeah. Well, Dwayne, there is no point for us arguing here on the record. We can argue elsewhere if necessary, but the witnesses are giving the evidence, not you. The witnesses have indicated that is not prudent to do that; right?

MR. QUINN: That is their position, yes.

MR. CASS: So that is the evidence we have. We will take the question under advisement.

MR. QUINN: Okay.

MR. CASS: We will consider whether we will provide it or not.

MR. QUINN: But I want to be clear for a framing of the record. You are saying it is not prudent, and that is not my contention. So if my contention is that it would be potentially imprudent, then I have an opportunity to ask the question. Then we can determine later on through argument whether there is a need to determine the respective positions. So I am trying to gather data to be able to substantiate that.

MR. SCHUCH: Dwayne, It might be helpful if you could repeat your original question because it might have got a little lost.

MR. QUINN: Yes. Using today as February 25th, for the record, what was the value of transport from April 1st, to October 31st for the past? That is, presumably, Empress(2), CDA and EDA. And we would just like that number for the record.

MR. SCHUCH: That would be TCU1.4.

MR. CASS: Sorry, Colin. That is not an undertaking. We are not giving an undertaking. We will take it under advisement. We will consider whether we are going to answer, but as of today, it is not an undertaking. You can treat it as an objection, if you want.

MR. QUINN: Can you help me with the basis for why you wouldn't --

MR. CASS: I just explained that to you, Dwayne, and I've explained -- there is no point in us arguing here. We can argue in front of the Board, if we need to, but we are just taking up the time and the transcript arguing here.

MR. QUINN: I will move on. Okay, then, we will have to go a little more slowly, I guess, because I have to build enough information to make sure that I am prepared to ask for factual data information that the utility has available to it. So you might want to consider that.

In your update, you provided a change -- sorry, the update I am referring to is FRPO 9, if we still -- I have it up on my screen, but -- thank you, Bonnie. This update was provided late last week. I don't have the -- sorry, February 20th.

MR. SMALL: Yes.

MR. QUINN: And it references changes to the forecasted degree days for the respective regions that Enbridge serves.

Can you help us with what prompted the change and summarize what the impact is?

MR. SMALL: Just -- it was clearly a mistake on my part. The information that I pulled for the monthly breakdown of degree days that we had originally put on the response was incorrect.

So we were updating the response to -- in other IR responses, we were updating the dollar amount of the forecast UDC, and on those we wanted to ensure we had the updated information with the monthly degree days. That was the only thing.

You will see that, in both the original and the updated, the annual degree days are the same.

MR. QUINN: You are saying the cumulative days are the same? Are each of the monthly degree days the same?

MR. SMALL: No. What I was saying is, if you look at the original and you look at the updated, the total amount of degree days by zone, if you will, in column 13 is the same in both. It was the monthly breakdown of those degree days on the original that was incorrect.

MR. QUINN: So which forecast would you have used to come up your gas supply plan?

MR. SMALL: The one you see in the updated version.

MR. QUINN: Okay, thank you.

So getting back to -- we had the end of March, you are targeting 20 percent fill as of the end of March in your updated plan. Correct?

MR. SMALL: That's correct.

MR. QUINN: Okay. Last year -- and you can pull it up if you feel you need to reference it, but for what I am reading of exhibit K, 8.2 is 0.6 or 6 percent. Would you take that subject to check?

MR. SMALL: That sounds about right. I will take that subject to check.

MR. QUINN: Okay. So what we have is 14 percent of 113 PJs. Is that, round numbers, your recollection, Mr. Small?

MR. SMALL: It works out that we are going to end up with about -- I believe the number is 20 PJs higher.

MR. QUINN: Right, okay. So you have 20 PJs higher at the end of March?

MR. SMALL: Um-hmm.

MR. QUINN: So, given our last conversation about getting from the end of March to the end of October, that 20 PJs, in terms of a change of plan, represents less fill capability during the summer months. Simply put, is that correct?

MR. SMALL: That's correct. But you to remember that, as part of the supply plan, we were -- we have assumed that the amount of capacity we had available in January and February would be fully utilized.

So if I didn't -- if I went back to the old plan, if you will, I would be showing UDC in the month of January February and less UDC in the summer time. So it is just a shifting of that, that the total amount in my mind wouldn't change.

MR. QUINN: If I could ask Ms. Adams to turn to page 4, that is probably a clearer view for the witnesses.

Mr. Small, I was looking at the screen, but I believe I heard what you said. And would you agree with me that, whatever happens in January and February, if your milestone is 20 percent at the end of March this year and 6 percent last year, whatever happened in January and February makes no difference as to what amount of fill capability you have between March and October 31st?

MR. SMALL: No, I think you are -- by looking at the table for '14 budget and looking at this table, you might be missing something.

One of the things that we are saying is that we want to have higher storage balances at the end of March. In order for us to do that, we have to have more supplies in January and February.

So we have assumed as part of our supply plan in '15 that we will fully utilize long-haul capacity in January and February.

MR. QUINN: My question, sir, is on the time frame between March 31st and October 31st.

MR. SMALL: Right.

MR. QUINN: If your '14 target was 6 percent and your '15 target was 20 percent, you have got a 14 percent differential in storage capacity which equates to approximately 20 PJs as your numbers, and I will take that as a reasonable estimate.

MR. SMALL: Okay.

MR. QUINN: That is, independent of what happened in January and February, you are going to act to keep the target in --

MR. SMALL: No. I disagree. I disagree. The way we got to the 20 percent target was by buying more gas in '15 in January and February. So, by buying that more gas, I avoided UDC in those months.

MR. QUINN: I am not talking about those months, sir. I am talking about the period between March 31st and --

MR. LeBLANC: Yes, I get your point. But what he is trying to point out to you is that reduced -- reduced ability to fill storage in the summer is being offset in UDC terms, which is where I think what you are trying to go at, by a change in UDC in January and February. And that all up the UDC is the same or similar.

MR. QUINN: And I've got you, there. I am not talking about a total. I am talking about the term between March 31st and October 31st. So since, Mr. LeBlanc, you understand what I am saying, would you agree with me that you have approximately 20 PJs less ability to fill storage this summer than you did last summer, assuming the same storage level as of November 1st?

MR. SMALL: As part of -- and I might be just repeating myself, but as part of the supply plan that we are proposing for '15, we are planning to have higher storage balances at the end of March compared to last year.

To get there, I had avoided UDC in January and February. I agree the that, by having higher storage balances at the end of March, you are -- the amount of gas you are going to have to buy throughout the summer is going to be less than last year.

MR. QUINN: That was the simple point I was trying to make, sir, thank you. So, moving on from that --

MR. SMALL: I was just going to add that, if I had changed the -- by changing the supply plan, I avoided UDC in January and February. So if we went back to the old supply plan --

MR. QUINN: Sir --

MR. SMALL: -- we would have UDC in the month. That's all.

MR. QUINN: I am going to be longer. Just for Colin's benefit and the court reporter, so if we can tell when there is an appropriate time for the break.

So with the 20 PJs of incremental capacity -- or decrease storage fill, decreased transportation utilization for the summer, you are saying that Enbridge is not prompted to advance its strategy on how it will shed that unutilized transport for this summer?

MR. SMALL: Well, I think we have already gone over that.

MR. QUINN: So the answer is no?

MR. SMALL: No, I don't want to agree so quickly, because I think I already said that we planned to have that discussion shortly. And if there is an opportunity to do that, to shed a level of capacity throughout the whole summer, we will do so.

MR. QUINN: Okay. Then I will handle it this way. Could you provide, on the last three years' basis, what the actual storage fill was that Enbridge undertook and the components that filled that storage between long haul transport and any other discretionary supply that you provided and that therefore will see a range of storage fill between the last three years, between March 31st and October 31st? Could you undertake to provide those factual numbers?

MR. SMALL: Well I have got a bit of a difficulty there in the sense that I understand that Procedural Order No. 3, there is about to be some arguments submitted and responded to with respect to providing of actual information specifically for '14. So to provide the information back historically, I think I have got to take -- confer with my colleagues and find out whether or not we can provide that information.

MR. QUINN: Okay. Mr. Culbert is not on the stand, so I will direct my question to the stand. Can anyone on the stand advise as to the market sensitivity or any other inhibition the company has to provide company operating data as I have requested?

MR. CASS: I don't think it is an issue of market sensitivity, Dwayne. It's an issue of relevance, and as Don has pointed out, the Board has established a procedure already for arguing the relevance of this actual past information you are requesting.

MR. QUINN: Thank you.

Mr. Schuch, I am willing to take the previous three years -- 2013, '12, and '11 -- as numeric data, and once the Board has determined if '14 can be available and what bounds '14 may have, then we would be willing to take '14 at that time.

MR. CASS: Dwayne, you can make all the submissions you want to Colin. We are not answering the question at this time; all right? So make your submissions to Colin, but it is not going to change what is happening here.

MR. QUINN: Okay. I am asking the witness. Can you undertake to provide 2011, '12, and '13 storage fill?

MR. CASS: And the answer is no.

MR. QUINN: Under what basis, sir?

MR. CASS: We have just been around the circle, Dwayne. How many times do we have to go around these circles? We are not providing actual information until the Board rules on the submissions that it has requested.

MR. QUINN: Sir, it was specific to 2014. I am asking for the period prior to 2014.

MR. CASS: The principle is exactly the same.

MR. SCHUCH: Shall we say this is another under advisement or a firm no?

MR. CASS: This is not an under advisement. This is an objection.

MR. THOMPSON: Dwayne, just move on. If you want to compel it, you have your remedies.

MR. QUINN: Yes. I am going to stop at that, Peter. This is factual data from the last few years, and it is not under any challenge, but clearly I have hit a sore spot, so...

MR. THOMPSON: No. We understand your position. It makes sense to me, but forget wasting time. They are not going to give it to you.

MR. QUINN: Okay. That is fine. I will pursue the remedies.

Planning time frame, you can pull up -- I am going to move quickly through them, but maybe -- there is three separate ones where you talked about 2014 information not available, so I am just going to get clarity on not the fact that I am going to ask for the data, but ask for your time frames, in VECC 12, -- I think that one -- if you pull that one up, please.

And just reading into the third paragraph -- oh, sorry. It's just for reference, because it's in your interrogatory responses at a couple of other locations, but I won't read them into the record so that we don't have to go find them. It says:

"At the time of preparing and filing a rate adjustment application for each of the '15 through 2018 years, the company will use most current actual data available at the time of application. Assuming an application is filed around October 1st for rates for the -- sorry -- for the next year, this means the actual data for the full current year is not available."

Stopping there.

I agree with you that you don't have the data from the year -- the full year, but do you have data from the last winter for actual data?

MR. SMALL: For example, if we were to file our '16 application October 1st, then what I will have available to me is the actual data or be built into the volumetric forecast and all those things from the '14 year.

MR. QUINN: And do you have available to you data from the winter of '14, '15?

MR. SMALL: So you are talking about January, February, and March of '15?

MR. QUINN: Yes.

MR. SMALL: That wouldn't be used in the forecast.

MR. QUINN: So you do not use information you have from the previous winter when you're coming up with your gas supply plan for the next winter?

MR. SMALL: We would -- well, you keep saying "previous winter." I guess we just want to make sure that it is clear that we would be incorporating the effects of November and December of the previous year, because that would be in part of the actual information that would be available to go into that forecast period.

MR. QUINN: So let's be specific to this application.

MR. SMALL: To this application --

MR. QUINN: When you put together your gas supply plan for '14/'15 which would define the values for the start of 2015, did you use the data, any data -- operating, storage, transportation, that type of data -- for your -- from the winter of '13/'14?

MR. SMALL: From the winter of '13/'14? I guess the part I am struggling with a little bit is the development of the supply plan is predicated upon the volume forecasts that I am being provided. The volume forecasts that I would been provided for '15 would have been based upon '13 information, if I have got my dates right. So the answer to your question is no. I wouldn't have taken into consideration what would have happened in the development of the supply plan.

MR. QUINN: Yet you have changed dramatically your gas supply plan this year, have you not, how you plan for storage targets?

MR. SMALL: Well, I think I answered that at the beginning, though. I mean, we took into consideration some of the things that we heard from last year through the QRAM process, some things that were talked about as part of the natural gas market review that would lead us to believe that we needed to change our supply plan with respect to the establishment of the storage targets.

But the establishment of the storage targets would have been based upon the underlying demand forecasts that we were provided.

MR. QUINN: And that did not include the winter -- any winter months of 2014? January, February, March of 2014?

MR. SMALL: The volumetric forecasts, the way I understand it, would not have taken that into consideration.

MR. QUINN: So what prompted your change to storage targets?

MR. LeBLANC: What prompted our change to storage targets was the perceived -- what we see as a supply plan that is more risky than we believe is -- you know, it was quite obvious that people saw our plan as more risky last year than Union's, and the results showed that. So what --

MR. QUINN: Based upon what happened in the first three months of 2014?

MR. LeBLANC: So what we did was looked at what there was out there and how we could change our plan to reduce our risk. So it wasn't specifically about the specific data of 2014. It was just about how we manage risk in our supply plan.

MR. QUINN: So it had nothing to do with last winter? The winter of 2014, January, February March?

MR. LeBLANC: It had nothing to do with the specific data of 2014. That's correct.

MR. QUINN: Okay. Thank you. I have your answer.

Can you tell us, last summer, how much UDC was actually shed?

MR. SMALL: We would have to go -- we had that one --

MR. LeBLANC: Is it FRPO 9 or FRPO 8?

MR. SMALL: It's -- well, FRPO 8.

MR. LeBLANC: Yes.

MR. SMALL: And this is a copy of the UDC report. If you continue on, there is the one that we would have filed. So what this shows is the -- you will see the amount of July, August, September, and October, the amount of unutilized capacity, and then how much was actually released.

MR. QUINN: Sir, my question is different from that. I understand you -- that tells me how much was left. I am asking how much was shed in each of the respective months.

MR. SMALL: We released --

MR. LeBLANC: We shed it all.

MR. SMALL: Whatever we didn't use, we released into the marketplace and generated some revenues for it to offset the costs.

MR. QUINN: Okay. Could you tell us -- provide for the record the amount that was -- in aggregate, I'm not going to ask for a monthly basis. But what you achieved from market revenues from the --

MR. LeBLANC: That is here already.

MR. SMALL: That is in the response.

MR. QUINN: It's there already. I can take it off the record. I want to respect Mr. Thompson has some questions.

MR. SMALL: I am just trying to think of which response it was. I believe it was a response to a CME question.

MR. QUINN: Okay. If you would help me with a reference off-line, I would appreciate it so we can move forward.

MR. SMALL: Okay.

MR. QUINN: Because the last -- I am jumping over one topic, but I'm going to -- no, I am going to just, for the moment --

MR. LeBLANC: If -- just so I can give it to you now, CME 12.

MR. QUINN: Thanks. Okay, moving forward to -- I am going to actually change the order, here -- storage analysis.

If you pull up Staff 12, page -- well, sorry, my pages are different. It is Staff 12, second page, second paragraph. Thank you, Ms. Adams. And there is no specific detail except for the fact you reference, there is insufficient time to complete a detailed analysis in securing additional storage for 2015. Could you provide us an overview of the analysis you are going to undertake as to the merits of additional storage for 2015/2016? And, in that answer, if you can tell me what data you are going to use to do that.

MR. LeBLANC: I don't think we are quite there yet. We are at the infancy, I think, of a more -- so we did some high-level work for the Natural Gas Market Review, which you saw the results of, and we haven't quite got -- we have been busy with other things and we haven't gotten around to move forward with that analysis or that plan at this time. So --

MR. QUINN: Are we going to see that plan, Mr. LeBlanc, in the April meeting that is contemplated in some of the interrogatory responses?

MR. LeBLANC: We probably can talk a bit about it at that time. We won't have a full plan, probably, at that time. We have been discussing the need of a consultant. We haven't -- we have just started talking to consultants about providing us with some independent analysis, but we won't have that analysis by that time, but we can maybe give you a little more sense of how we are going to tell you about it, yes.

MR. QUINN: And that is wonderful. That is sufficient for now, I won't ask any undertaking. If you can at least give us the principles, some ideas, some methodologies, and the approach the company is going to use in April, that would be helpful.

MR. LeBLANC: Sure. We will try to provide some of that information. Like I say, it will still be fairly preliminary at that time, but we can give you some idea anyway and we expect to come with more detailed information later.

MR. QUINN: I guess it is a statement more than a question, so I will leave it at that, thank you.

Then I will go back to Staff 10. In Staff 10, you undertook an analysis to demonstrate the cost benefit analysis of the -- using 2015 storage targets as per your plan. Can you walk us through what data you used for that?

MR. SCHUCH: It is quite a lengthy answer, Dwayne. Can you give us a hint as to where we should start looking?

MR. QUINN: Does this or does this not use 2014 January, February, and March as the heating degree days and the respective implications for the purpose of a scenario analysis for the cost benefit analysis?

MR. LeBLANC: I don't -- no, it doesn't use the 2014 heating degree days as a basis for the analysis.

MR. QUINN: What does it use, then, sir?

MR. LeBLANC: So, the first section compares the storage targets for '15 to the storage targets of '14.

MR. QUINN: But, to be clear, what data did you use to determine value of gas -- like, you have carrying costs of gas and storage. So what assumption did you use about consumption?

MR. SMALL: The -- in preparing this analysis, it was done to be done at a high level, so it compared the 2014 budgeted storage targets with the '15 storage targets, and then tried to look at what the difference was, and then assigning a cost to those, which we have got down here at the bottom.

MR. QUINN: Okay, then. Maybe I haven't digested this sufficiently. Could you, using words similar to what you just did, define how you came up with the economic benefit?

MR. SMALL: Well what we tried to look at was what was the difference of buying gas in the summer -- in the wintertime as opposed to the summertime. And what we did is we said, okay, based upon the price spreads that we were seeing, that you can see in the bottom part of part 3 of the schedule that shows the differentiation between the summer and winter prices, we took that price spread and said, okay, the amount of gas that you would have to buy, that would equate to approximately $12 million of incremental costs.

But what we also wanted to do then was that, if you were to buy gas, considering last year's prices, that amount of gas, we would say that that in '13/'14 there -- we would have avoided approximately $143 million.

MR. QUINN: '13/'14, sir? Is that correct?

MR. SMALL: At the bottom of page 3 of the response.

MR. QUINN: Page 3? I am sorry, I am on the chart. Okay.

MR. LeBLANC: Yes, the table. So it's the last -- the last section, part 5, we applied the prices of the prices of gas to what we calculated as the difference -- or how much incremental or reduced supply we would buy in those months.

MR. QUINN: So you used the prices from '14?

MR. SMALL: Yes.

MR. LeBLANC: Yes, market prices.

MR. QUINN: Those are my questions. Thank you to everyone. And, Peter, did you have any questions for this panel?

MR. THOMPSON: Yes, I do. They have two agenda items, so....

MR. SCHUCH: Do we want to proceed with question now or take a break?

MR. THOMPSON: Could I suggest, Colin, that, if this is all right, that I get my questions of this panel done? And what I would like to propose is that we then break for lunch so that I can do my thing out of the office that I have to do between roughly 11:45 a.m. and 12:45 p.m. and then resume around 1:00 p.m.? Is that -- would that be acceptable?

MR. SCHUCH: That works for me. I am seeing nodding heads around the room nodding yes.

MR. THOMPSON: Okay, all right.

MR. CASS: And Peter, just for clarity, I don't know if this relates to your questions or not, but just to be sure that we're clear, the second agenda item is a revenue forecast for 2015. Margarita is here. She can talk about volumetric forecasts. Right? So she can't talk about all aspects of revenue, just so that that is clear.

So I have no idea what your questions are but I thought I would just point that out.

MR. THOMPSON: Okay. Well if I get into areas that somebody else can speak to the later on the panel, or if they need undertakings, that is fine. I will do what I can to cover off the points.

# Questions by Mr. Thompson:

So, just dealing with the gas costs and transportation and storage, you had a lot of discussion with Dwayne about that and you have talked about these two changes that you have made to your gas procurement. You are using medium‑term weather forecasts, as I understand it. Is that right?

MR. SMALL: That's correct.

MR. THOMPSON: And then you talked about changing your storage targets.

Now, have you been following these new methods for this particular winter in which we are engaged?

MR. SMALL: Yes, we have.

MR. THOMPSON: And at a high level can you tell us how it's working compared to the situation you ran into last year? Are you avoiding some of this high-cost stuff that you had to pick up last year?

MR. SMALL: It's worked out well in the sense that we have gone out, or we did go out and acquired more gas prior to the start of the month and bought gas on a monthly basis. We have -- everyone's, I think, benefited from lower prices than from what we saw last year, so we certainly haven't seen the price spikes that we saw last year.

But we have been able to avoid going out into the day market, where last year we were going out quite often into the day market. We bought a lot of gas for the whole month and, on occasion, entered into arrangements for the rest of the months' supply as well.

MR. LeBLANC: Yes. So, for example, these last -- the last week or so, prices have been quite high, and we had already bought all the gas that we would have bought for February by that time, so we were -- we were able to avoid those price spikes in the day market, and, you know, those prices have been -- I don't know -- seven to -- I think they went as high as 20 bucks at one point. So, you know, we bought all our gas for February in three to four -- probably $4 once you get exchange and everything -- sort of range and avoided those pricing spikes over the last few days as we have seen them.

MR. THOMPSON: Okay.

MR. LeBLANC: So it has -- yeah. It is definite savings right there, and then just being in the month ahead market more, as well, has allowed us to save money just over being in the day market, more just even in normal pricing as well. So, yeah, there has been benefits, for sure.

MR. THOMPSON: Okay. We have been in a deep freeze here in Ottawa, I think, for the last 30 days, so I am worried about my Enbridge bill.

MR. QUINN: Peter, can I just ask a follow-up on that?

MR. THOMPSON: Yes.

# Questions by Mr. Quinn:

MR. QUINN: Are you able to quantify the benefits to the end of February? Because what happens in March, you don't know what is going to happen in March.

MR. LeBLANC: Well, I guess we would talk about a specific circumstance. So early last week we had determined that maybe we needed to buy a little more gas, and I think we decided that we -- we were thinking about buying 300 a day rest of month -- half rest of month, half on the day, and the very next day actually after we made the decision, the prices spiked to, like, $20 at Dawn, and so we had a quick meeting, and we said let's avoid that. We don't need it because we have got gas in the -- more deliverability from in the ground, and we have already got a significant amount of gas purchased, so if you take just rough the last week or so, the average price has been, like, 8 bucks at Dawn, so 8 bucks times, you know, 300,000 a day versus 4 bucks times 300,000 gives you an idea. So it's -- I don't have the exact numbers.

MR. QUINN: Okay. Yeah. That is sufficient, Mr. LeBlanc. I don't want to take up Mr. Thompson's time. I was just going to ask a question. I just encourage you to maybe have that information available in April. If you do that type of analytics, that would be helpful for us to see in April.

Sorry, Peter. That is all I had.

MR. THOMPSON: Okay. Well, it sounds like a good news story so far.

Now, in one of the -- I think it's the Board's QRAM decision. Enbridge and NRG and Union were supposed to file a month in advance of the normal QRAM date if there's going to be a -- they estimate that the commodity portion of the bill is going to be a change more than 25 percent; do you recall that?

MR. SMALL: Yes, I do.

MR. THOMPSON: Okay. And yesterday, Union distributed a letter indicating that their commodity prices as of April are expected to decline for residential customers in the -- 37 percent in the north and 40 percent in Union South. Are you aware of that communication?

MR. SMALL: I did read it quickly, yes.

MR. THOMPSON: Okay. And will Enbridge be doing something similar?

MR. SMALL: We went through, and we were -- we did see a decrease as well, but our decrease didn't pierce the 25 percent.

MR. THOMPSON: Okay. So we will await -- and your normal QRAM filing date is sort of mid-March?

MR. SMALL: My understanding is, around the 10th, they are going to want to file that information, so early next week, we will be busy preparing that information so that we can file on the 10th.

MR. THOMPSON: Okay. Thanks.

Turning to UDC risk -- and I think this is CME 10.

MR. SCHUCH: Sorry, I just got an interruption saying that we were not broadcasting on air, and we are now, just so everyone knows.

MR. THOMPSON: Okay.

Maybe it is the one you mentioned earlier, which was CME 12. It is probably a combination of 10 and 12, and 12 is under your D2 interrogatory response, and 10 is under the D1 interrogatory response tab.

MR. SMALL: That's right.

MR. THOMPSON: Okay. So just starting at 12 and talking about UDC, the 2014 gas supply plan had identified a total of 66.1 PJs of unutilized transportation capacity; is that right?

MR. SMALL: That's correct.

MR. THOMPSON: Okay. And that had a cost of around $104 million; is that right?

MR. SMALL: That's correct.

MR. THOMPSON: And so am I right that that 104 million went into the deferral account, and then your mitigation efforts would be measured as against that 104 million?

MR. SMALL: That is not entirely true. We identify the amount, but we would only put dollars into the deferral account as the UDC occurred. So looking at the table, you will see that we fully utilize the capacity in the months of -- well, we used a lot of it during the wintertime but also through the April, May, and June period and that we didn't start to incur UDC until the month of July, and what we wanted to identify there was that, if you looked at the -- so we ended up utilizing roughly 45.9 PJs of that unutilized capacity. So essentially what we had is the unutilized costs -- I am looking at page 2 of the response. So at the end of the day, we had about 20.2 PJs in 2014 that were unutilized. The costs associated with that would be roughly 31.8 million. We were able to release all that excess capacity in the marketplace, and we were able to generate $5.3 million.

So the net amount in the two deferral accounts that are there for '14 was 26.5 million.

MR. THOMPSON: Okay. Thanks.

And, so I'm just trying to get a handle on what you have got in the marketplace for that excess capacity. It would be the 5.3 million divided by the 20.2 PJs; is that right? That would be on average.

MR. SMALL: That would be about an average, yeah. My recollection was, at the time, the TCPL toll was in the neighbourhood of $1.56, $1.58, and we were getting roughly $0.25 to $0.30 a GJ.

MR. THOMPSON: Okay. So that's sort of a high-level view of market value in 2014 for what you were able to sell on average.

MR. SMALL: That's correct.

MR. THOMPSON: Okay. So moving forward, then, to the UDC business for 2015.

MR. SMALL: Um-hmm.

MR. THOMPSON: And I think that takes me to CME 10, but I may not be right here. It looks to me like the dollar amount is not 104, but it's -- well, you initially forecasted in your 2015 filing at 130 million, and then it got updated to 166.4 million.

MR. SMALL: That's correct. We updated it for the January 1 tolls, inclusive of the abandonment surcharges.

MR. THOMPSON: And so what sort of volume are we talking about there? Is it still the 66.1 PJs, or is it something different?

MR. SMALL: Actually, the forecasted amount is more like 82.9 PJs, and that was the one table that we were walking through with Mr. Quinn which was attached to a response to FRPO No. 9 where it is 82.6 PJs of unutilized capacity forecasted at this point in time, and we did have a little bit of a discussion as to what was going to possibly happen in the month of March, and it is likely that a large portion of the amount identified for March would be utilized instead of being unutilized.

So, as per the schedule for filing those monthly reports, there will be a report filed on Friday that should indicate an updated number, something in and around 73 PJs forecast.

MR. THOMPSON: And the explanations for the increase from the 66.1 to the 82.9, is that a consequence of your change to your approach to storage and weather?

MR. SMALL: I would have to say no. We were forced to contract for additional capacity leading up to this coming winter. There were a couple of responses that we did. One was to FRPO 6, where we talked about what the changes were with respect to our contracted capacity. There was also -- there was also one that went through the detailed explanation of what the change was '14 over '15. I am just looking for that one right now.

Yeah, that was in response to FRPO 4. We had a number of things that transpired compared to '14. We had a number of customers that wanted to return to firm service as opposed to interruptible, and as a consequence we needed to acquire additional capacity. We also had customers that were previously Ontario T service customers and, for whatever reason, they could not secure their transport and wanted to come back to Western T service service, which would mean that we would have to transport their gas for them, so we needed to acquire additional transportation for that.

And the other thing was there was an increase in the overall peak day in '15 versus '16, so it necessitated us going out and acquiring some incremental transport for '15 so that we could ensure that we would meet the peak day demand.

So we had to acquire additional transport, which kind of drove that number up a little bit from '14.

MR. THOMPSON: Okay, thanks for that. That is helpful.

MR. QUINN: Mr. Small, if I may, you said '15 to '16. Did you mean '14 to '15?

MR. SMALL: If I did, I am sorry. Yes, I meant '14 to '15.

MR. QUINN: Okay, thank you.

MR. THOMPSON: And so the TCPL toll that produces this 166.4 that's -- million, that's their FT toll I guess, is it?

MR. SMALL: Yes, it would be.

MR. THOMPSON: And what is that in compared to the $1.58?

MR. SMALL: I have it here. Just one second.

MR. LeBLANC: I think it is an around 2 bucks, but, yeah, we will just have to double check here.

MR. SMALL: Yeah, the toll is about $1.85. But then you have to add in another $0.14 or $0.15 for the abandonment surcharge, so it comes out to 2 bucks, yeah.

MR. THOMPSON: And the abandonment surcharge, is that the consequence of the NEB's decision that allows or requires TransCanada to recover some costs now for retirement of pipe later?

MR. SMALL: That's correct, yes.

MR. THOMPSON: It would be like the site restoration costs in EGD's system.

MR. LeBLANC: Possibly similar, but that's -- yes, that's what it is. It is for replacement -- it's money they have to set aside for taking the pipe out of the ground and cleaning stuff up, basically. I don't know if it is exactly like what EGD's is, because I guess I don't understand it.

MR. THOMPSON: Just conceptually, then. Okay, that is fine.

Now in terms of recording this money in the deferral accounts, 166.4, is it the same as you were talking about earlier, that you don't record anything until you actually incur UDC?

MR. SMALL: That's correct.

MR. THOMPSON: And so for 2015 to date there would be nothing recorded in the deferral account, as I understand it. Right? Because you have used all your capacity.

MR. SMALL: That's correct.

MR. THOMPSON: And you expect that to go how long? Is it going to go into March? Is that...

MR. SMALL: Well, right now, as I was trying to explain earlier, the original forecast of unutilized capacity in the month of March worked out to be about 300,000 a day. We had already secured monthly Empress supplies such that we were going to avoid 200 of that, and our expectation was to buy another 100 a day at Empress to utilize the remaining.

And given current weather forecasts, it would -- the expectation would be that we would probably use that capacity throughout the whole month. So we are anticipating having unutilized -- or using all that capacity throughout the month of March.

MR. LeBLANC: Subject to weather.

MR. THOMPSON: Yes, okay. Understood, thanks. Now -- but after that you will have some UDC, or you'd expect to have some UDC, and, to the extent you decide you can put that on the market, you will. Is that -- have I got that straight?

MR. SMALL: That's correct. We are, right now, forecasting that we will require some additional supplies throughout the summer. So we will want to make sure we maintain some of that capacity so we can use it ourselves. And then it is just a matter of what level could be released into the marketplace and at what time.

MR. THOMPSON: Okay. And the market value -- I know Mr. Quinn asked you this with respect to some references, but is it -- the market value of excess TCPL FT, is it in the $0.25 to $0.30 range as it was last year, on average?

MR. SMALL: To be honest, I haven't even looked at that so I couldn't answer that.

MR. LeBLANC: I would only give some -- a little bit of -- I guess I can't give you a number, but there remains, as last year, there remain as lot of capacity in the market in the summer. So we don't -- you know, we recovered only a portion of the cost last year, and I would expect that we won't recover full costs this year. I don't know if it will be $0.25, but it will certainly be less than full value, I expect, given the amount of excess transport that is in the market.

MR. THOMPSON: But it will be a deep discount from the 2 bucks?

MR. LeBLANC: I expect so, yes.

MR. THOMPSON: Right, okay. And now this 2 bucks is a by-product -- or it is a by-product of this settlement agreement that Enbridge and Union and GMI entered into with TCPL? In other words, TCPL can still flog their excess capacity on the market, but they don't have to put a market price on it? Or maybe that is not the way to put it.

The Mainline settlement agreement, did it affect the continuance of TransCanada's ability to price excess capacity at whatever it wished?

MR. LeBLANC: The settlement agreement did allow them to continue to price as it felt appropriate. As it wished, I guess, to use your words. And the NEB did uphold that, I believe, in their decision on the settlement agreement. So, yes, they continue to have discretionary ability on the pricing of their capacity.

MR. THOMPSON: Okay. Thank you very much.

Let me move on just quickly to a question about transportation costs. And this is, I believe, CME 11.

This may be -- I guess this would be for you, Mr. Small, but I had understood that this segment A could not be, would not have any useful purpose until TransCanada's facilities, interconnecting facilities, were up and running; have I got that straight?

MR. LeBLANC: I think you may be treading outside of our realm of expertise. I am not sure who on the panel is up for that type of question. But we don't really have those details.

MR. THOMPSON: Okay. Well the answer, the first paragraph, says:

"Where transportation capacity is unable to be utilized at November 1, 2015 due to a lack of connection facilities, construction by TCPL Enbridge still anticipates that end segment A will be completed by end November 1, '15 and used by Enbridge's customers."

My question is: How can it be used by Enbridge's customers if the interconnecting facilities aren't there?

MR. CASS: Peter, just for clarity -- it's Fred -- as you know, segment A serves distribution purposes. In fact, from Enbridge's point of view, it was primarily a distribution pipeline. It is the transmission aspect that is not really useful to anybody until the TransCanada facilities are in place, but the distribution purposes can still be fulfilled.

MR. THOMPSON: So physically, there is some distribution capacity coming off this segment A? Is this...

MR. LeBLANC: Yes. So I guess I can answer that a little bit. Yes, once the segment A is there, the utility can use up to 800,000 a day of capacity to fill its distribution system at Albion.

MR. THOMPSON: All right. Then that is the answer. Thank you for clarifying that for me.

Now I just want to turn to a few questions about a revenue forecast, and this would be the C exhibits in the prefiled. Let me just start there quickly, and then I will come to some interrogatory answers.

So in C1, tab 1, schedule 1, table 1 -- we will just look there -- this is the operating revenue forecast for 2015. And there is the Board-approved placeholder for 2015, and then there is your updated forecasts, or budget, in column 1, and then in column 3, it has got 2014 Board- approved budget. Right?

MS. SUAREZ: That's right.

MR. THOMPSON: Okay. And traditionally, am I right that when revenues were forecast the bridge year forecasts were based on a combination of actuals and forecast numbers based on what was available in terms of those actual numbers at the time the application was filed; is that the process?

MS. SUAREZ: In the past, it would have been so, I believe, but I don't think that that is applicable for this particular scenario.

MR. THOMPSON: Well, can you just explain to me, internally, what you do with these 2014 numbers? This application was filed on November 28th of 2014.

MS. SUAREZ: Yes, the application for the 2015 budget.

MR. THOMPSON: Okay. And as of that point in time, would I be correct in saying that the company would have had, in its information currently available, nine months of actuals and three months of budget?

MS. SUAREZ: You are talking about 2014; right?

MR. THOMPSON: No. I am just talking about the normal course of doing business. You would have had the nine months actual and three-month budget numbers as of November 30, 2014.

MS. SUAREZ: Yes, we would.

MR. SCHUCH: Peter, you are talking about 2014?

MR. THOMPSON: I am talking about 2014 actuals, yes. Okay?

MR. SCHUCH: Thank you.

MR. THOMPSON: Okay. And so now tell me, then, how that information -- this is actual as of the time, what I call actual -- nine months actual, three months budget, as at the date of filing of this application. How was that information used in developing the 2015 revenue and volume forecast?

MS. SUAREZ: It would not have been used. We would have used actuals up to the end of 2013.

MR. THOMPSON: And can you explain to me why it was not used?

MS. SUAREZ: Well, when we put together the volumes, which is the starting point for revenues, this would have been done much earlier in the year, and at that point in time, we would have had -- we would have utilized 2013 actuals. This would have been for degree days for average use, all of that information. So even though we would have filed at the end of the year, we agreed on a certain point in time where we would be able to lock down our actuals and then formulate our forecasts on that basis.

MR. THOMPSON: All right. So I guess I need a clear explanation of what these interrogatory responses mean. So even though nine and three was available, nine and three for 2014 was available when the application was filed, are you telling me that it was disregarded?

MS. SUAREZ: It wasn't disregard. It is going to inform our application for 2016 forecasts, but, again, given the timing of when information was required to start the 2015 application, we relied on 2013 actuals as our last year.

MR. THOMPSON: Was it disregarded for the purposes of the 2015 application?

MS. SUAREZ: It was not considered. That is correct.

MR. THOMPSON: And is that not a change in approach?

MS. SUAREZ: No, it is not. We have always forecasted with a two-year lag, if you will.

MR. THOMPSON: Well, has the company not filed in response to questions asked by Board Staff or others in prior cases the most currently available information, like the nine and three, or even the 12-month information when the hearing is taking place after the end of February? I thought that was the norm.

MS. SUAREZ: Not to my recollection.

MR. THOMPSON: Okay. Well, I guess we will have to go back and consider that.

So just coming, then, to some of these interrogatories, and maybe CME 7 would be the place to take a look at it. I think it is under the C tab.

So in this CME 7, we identified a number of tables in your evidence, in the reference.

MS. SUAREZ: Yes.

MR. THOMPSON: And this table that we looked at in the summary sheet on dollars was one of them, and then the other tables talk about volumes and customers and all the rest of it, average uses and so on. And we asked for the 2014 most currently available information, as did a number of other people.

MS. SUAREZ: That's correct.

MR. THOMPSON: Right. And the company has declined to provide that information, but am I correct the information is available; you are just not -- you are taking the position that it is not to be produced on the grounds of relevance?

MS. SUAREZ: Yes. The information is available, but it wasn't used to generate the 2015 forecast for -- which is now part of the application.

MR. THOMPSON: Nor was it used to check the reasonableness of the forecast? It wasn't used at all, if I hear what you are saying correctly.

MS. SUAREZ: No it wasn't used at all. Just for the models that I use, that my group uses, for average use, we need to rely on a full year of actuals. So the only relevant information we can include is a full year 2013 actuals.

MR. THOMPSON: Thanks.

Now, just in terms of the volume budget -- this is now C1, tab 2, schedule 1, page 1, table 1.

MS. SUAREZ: Yes.

MR. THOMPSON: And I see there that your 2015 budget is about 380,106 m3 below 2013 actual; right?

MS. SUAREZ: You are looking at the total basis?

MR. THOMPSON: Yes.

MS. SUAREZ: Yes.

MR. THOMPSON: And we don't know what 2014 actual or estimated actual is, because you won't give it to us, but just taking that difference, big picture, what explains such a low number for 2015 compared to 2013 actual? What are the causes of that?

MS. SUAREZ: Well, when we put our 2015 budget together, it's the same methodology that we employ and it is a grass-roots approach. So for the general service we would, as I described, include our actual volumes to the end of 2013, and we would generate our forecasts for average use using that information for rate 1 and rate 6. And that continues to show a decline in average uses.

We also -- for the contract market volumes, that is a grass-roots approach where our account executives would approach each of our large volume contract customers and determine what their operating expectations would be for the 2015 year using historical actuals, using their expectations of what is happening for their particular industries, and that is how those volumes were pulled together.

MR. THOMPSON: Okay. Now, in terms of just the contract customers, you were asked some questions about this by APPrO, APPrO number 1 and APPrO number 2, and they were trying to get at some actual information, which was not produced. But in APPrO 1 you are talking about the adoption of this probability weighted approach to contract customers.

MS. SUAREZ: Yes.

MR. THOMPSON: Okay. And could you just briefly explain how that works? And I am interested in comparing it to the way you did it before. Does the probability weighted approach tend to push the volumes down? Does it tend to push them up compared to the previous approach? What is its impact?

MS. SUAREZ: Well I think this approach, it was -- we were asked by the Board to put together an approach that would look at the probability of certain customers coming on-line. As we described before, during the course of the year, we are constantly in contact with customers and we are approached for new customers. And, given the way those interactions progress, there would be -- some would be at different stages. And our previous approach only included customers in the forecast year. Their volumes, anyway, in the forecast year, if we had assigned LVDC, large volume distribution contract.

And currently with the proposed approach we are now assessing every single customer and assigning a probability based on which stage they are at. So if we just look at the response that is in front of us, it is -- we are illustrating five different customers at five different stages. And if we were still using the old methodology we would only be including customer E, which has a probability of 100 percent, and we would have included a million cubic metres in our 2015 forecast.

Whereas with this approach, recognizing the different probabilities that each of those customers represent, we would now be including close to 20 million in the volume.

So to your original question, this weighting approach tends to increase the volumes that are included for contract customers.

MR. THOMPSON: Okay, thank you. That is helpful.

Now does it do anything to the customer numbers? In other words, you have is a certain forecast of number of customers for the contract class. Am I right that that wouldn't change under this approach?

MS. SUAREZ: It wouldn't. The weighting is only applied to the volumes. It didn't seem very intuitive to attach a probability to a number of customers.

MR. THOMPSON: Yes, okay. I just wanted to nail that down.

Now, then, jumping back to the C1, tab 2, schedule 1, table 1, breakdown. You have contract market volumes compared to 2013 actual, down about 100 and -- well, it's almost about 190 I guess, 106 m3. That is a pretty big number.

MS. SUAREZ: You are comparing 2013 actual and 2015 budget?

MR. THOMPSON: Right. And we don't have 2014 actual, so to assess the reasonableness of this number, the 1842.1, that is quite a drop even from '13. What is the high-level explanation for that?

MS. SUAREZ: Well, we provided that detail in -- let me just make sure I have the right page. If you could turn to Exhibit C3, tab 2, schedule 2?

MR. THOMPSON: This is in the pre-filed?

MS. SUAREZ: It is in the pre-filed, yes.

MR. THOMPSON: Oh, I'm sorry. Sorry, was it D3.

MS. SUAREZ: C3, tab 2, schedule 2. There is only one page, that one.

MR. THOMPSON: Right, okay.

MS. SUAREZ: Right. If you look at column -- we are looking at the difference between column 1 and column 2. The bottom part details the contract customers by rate class.

At line 4, you can see that, compared to the 2014 Board-approved -- I don't have any 2013 here -- there is a drop in the number of contract customers in 2015. And that would be contributing to the lower volumes.

Let me just see if I have the volumes as well.

MR. THOMPSON: So did they migrate somewhere else? Is that what happened?

MS. SUAREZ: It is a combination. We have migration to rate 6 and we have migration to the contract, as well. Let me just see if that plays out in C 3, tab 2, schedule 3.

MR. THOMPSON: Yes, right.

MS. SUAREZ: This one would detail the change in the volume for contract classes. So column 1 and column 2 are the same, where we are comparing 2015 budget and 2014 Board-approved. The column 3 shows you the underage in contract sales in T service of 124.9. Sorry, I am at C3, tab 2, schedule 3.

MR. THOMPSON: Right, got it. So that is 124.9.

MS. SUAREZ: Yes. And the balance of the columns there try to break out the components that contribute to that 124.9 underage. So going back to the migration we were talking about, you can see that, in column 7 and column 8, one is migration out of the contract classes and one is migration into. So there is a mixture of both.

MR. THOMPSON: Sorry. Where do I see that?

MS. SUAREZ: Columns 7 and 8.

MR. THOMPSON: Of C?

MS. SUAREZ: At the very bottom, along line 4. I am at C3, tab 2, schedule 3, page 3.

MR. THOMPSON: Okay, transfer gains and transfer losses. That is the detail. All right.

Those, I believe, are my questions for this first panel. Well, I guess I could -- well, would it be convenient to break now until just one o'clock? And I can tend to my problem and be back and do the panel 2? Or others, if they have questions for the second panel, could go ahead in my absence.

MR. GARNER: Peter, it is March Garner. I think I have questions of this panel, and if I am the last, then that would allow them to go on to other business.

MR. THOMPSON: Okay. I'm sorry, Mark. I didn't realize you had questions.

# Questions by Mr. Garner:

MR. GARNER: Yeah. No, I just have a couple, very few.

I wonder if we can pull up the exhibit that Mr. Thompson was just talking about, which is C1, tab 2, schedule 1, page 1 with the total gas volumes.

Ms. Suarez, my question is similar to -- if we can just scroll it so we can see the volumes up there. My question is similar to Mr. Thompson's, but a little different. Are you -- have you seen and are you aware right now of the 2014 actuals for total volume gas sales and transportation?

MS. SUAREZ: I know it is available, but I haven't seen it.

MR. GARNER: You haven't looked at it? So you have not done any check of the magnitude difference that might have occurred between 2014 and 2013?

MS. SUAREZ: No, because it doesn't inform our 2015 forecast.

MR. GARNER: Okay. Let me ask another question as an expert in this field. If that number were significantly different, for instance, much closer to 2013, would that in any way cause you to feel to adjust the forecast that you would put forward for 2015?

MS. SUAREZ: Not for 2015, for 2016.

MR. GARNER: Regardless of the magnitude of that number, it wouldn't inform your decision at all?

MS. SUAREZ: No, it wouldn't.

MR. GARNER: Okay. Thank you.

My next question is in regards to a question from FRPO. If I can just go to -- it is I.D1.EDGI.FRPO.1.

And I think this is for you, Mr. Small, and I will preface my question by explaining to you that I am by far the least of the gas supply experts in this room, so I hope you will be kind if you help me through this.

This question asked you to divide up the drivers of the $80.3 million in revenue requirement adjustment that is related to the gas supply, and you did give a table with this, but I have to tell you that I am still left perplexed as to assigning a number to the A, B, and C of Mr. Quinn's question. And I am wondering if you could help me with that so I can get an idea of the magnitude of where the variations come through for this change in gas supply, the forecast changes, and the QRAM price changes.

MR. SMALL: If I could -- yes. So if we were to look at the table, what you will see there in Item No. 3, the 2015 placeholder, that was -- the volumetric forecast that underpinned that was a total of -- for purposes of gas customers -- maybe I will just back up a second.

For purposes of calculating gas costs, any volume associated with Ontario T service, there is no cost implications as part of my gas cost. So the volume you see there in Item No. 3 does exclude those Ontario T service volumes that would be underpinning the volumetric forecast.

So what you have got there is, in the placeholder, roughly 8,550,000 103 m3 in the 2015 placeholder, and you can see that that volume is reduced as part of the overall 2015 updated forecast, or what the application would be based on, and that is 8,479,000, 103 m3. So that is the drop in the volume or the updated forecast, if you will.

The other thing is, when the placeholder costing was done, at that time we were using the April 13 QRAM reference price, and you can see -- as opposed to the updated forecast for '15 was at the October '14 reference price. So you can see there in the -- if you were to compare the two columns, there is an increase in the reference price from 181.470 to 204.293, but there was a decline in the TCPL tolls that were assumed as part of the April 13 QRAM of $84.535 per 103 m3 versus 59.

So what I was trying to show there that there was a net change of roughly $105 million that pertain to the differential between the two volumetric forecasts and the two pricing forecasts.

Another element of my gas cost is the storage and transportation costs that -- and there was a slight increase of 1.9.

The other thing that was offsetting that is, when we did the placeholder forecast, I can't remember when it was actually filed, but it would have been the summer of '13, I believe, and at that time, we were forecasting a level of UDC, and originally we were anticipating including that dollar amount as part of my gas cost. However, when the 2015 forecast was updated, I am not sure if you recall, but the fall of '13, we had to go out and acquire additional long-haul transportation, and it was a shift from using STFT transportation. So there was a change; there was going to be a lot more UDC, so we -- as part of the updated forecast in '15, that UDC dollars are excluded. So that is another element of it.

I guess it wasn't necessarily clear, but the change in the gas supply plan, as we reiterated in other responses, there was no impact on the gas costs by going to the new supply plan.

MR. GARNER: So let me just ask you a little bit about that, because that is where I am getting, I think, a little confused.

MR. THOMPSON: Mark, can I just interrupt for a second? I have to head out, folks, so I will sign off and call back in at one, if that's okay.

MR. GARNER: Sounds good to me, Peter.

MR. THOMPSON: Thanks very much. See you later.

MR. GARNER: Let me just follow up. That is where I am getting a little confused. Earlier this morning, you and Mr. Quinn had a long conversation that went around changes to storage policy, and I was trying to understand the magnitude of the costs that are driven by that change in your plans. And are you telling me that there is no implication for 2015 of that change, net implication?

MR. SMALL: Maybe if I could direct you to response to Board Staff No. 10. We went through a little bit of a description as to what the overall impacts would be. We talked about the order of magnitude of the change in the carrying costs of being roughly $2 million, and that, if you were to do a comparison between our '14 and '15, it would be the impact or the rate -- the carrying costs associated with that change in gas to storage. That would be impacting the overall revenue requirement. It wouldn't be impacting my gas costs.

The change in the purchases or shifting the purchases from winter to summer -- or summer to winter, I should say, it doesn't have an impact on my application as filed, because one of the things that we do for purposes of the application is we apply the unit rates from the October QRAM to the specific supply portfolio or the individual supply components to come up with what we believe is the average cost for determining what the gas costs are.

So even if I shifted, went to the old supply plan where we would have had a shift in the acquisition of the supplies, I would still be applying the same unit rate to the total volume. So it doesn't have any impact on the gas costs that we would be filing as part of the '15 application.

And that is what we were trying to talk a little bit about at the bottom part of the response on page 2.

MR. GARNER: Okay. Again, let me ask you, just as someone who is not well versed in your last year's issues, you had the discussion about the reason that you changed your gas supply plan was in -- because you found your old plan was too risky. I think that is the word I heard.

And I am wondering if you can help me with that. When you say it is too risky, you mean supply risks? Or a price risk? What is the risk you found needed to be addressed?

MR. LeBLANC: So, what I was referring to there is the previous plan drew storage down, I guess, more quickly and left the deliverability of storage lower later in the winter, which left us exposed more to the market. Whereas the new plan, we are buying -- there is a certain amount of gas we need for the winter. We are buying it earlier in the year, typically when people don't know how the winter is going to turn out. And so we are buying it more up front and we are less exposed to the market later in the season, when deliverability starts to -- overall, like, not just our storage but everybody's storage starts to go down.

MR. GARNER: Right. I think that is what I understood. So would I be right to characterize it as: What you found too risky was the price risk? There was never a supply risk it. It was always a supply risk that you are trying to mitigate or address?

MR. SMALL: Yes. I think is right. And what I think, well, we also tried to address is that, under budgeted circumstances or close to budgeted circumstances, there was nothing wrong with the supply plan or the way we operated that supply plan. But when you got extreme cases like you had last year, where you were then having to go out and acquire sizable amounts of gas, and then the price volatility last winter, that is where the riskiness came in.

MR. CASS: So, Mark, on your question about price risk, I think if you were to look at the various filings that Enbridge has made since last winter that have addressed this issue, it has been in terms of a cost-risk trade-off.

MR. GARNER: Okay. Thank you, Mr. Small, and thank you, Mr. Cass, for that. Those are all of my questions.

MR. QUINN: Can I ask a clarifying question? Mr. Garner pointed Mr. Small back to FRPO 1, and in the summary, I have -- or maybe the words I heard differently from Mr. Small. They sounded different than my understanding.

Can you help me understand, in FRPO 1, that is the second page of that, the attachment, there was a table you walked Mr. Garner through.

MR. SMALL: Yes.

MR. QUINN: How did you develop the send-out volume for 2015 and the Western T service volumes -- I am going to just stick specifically with the send-out volume. What data informed that number?

MR. SMALL: Are you talking about the volumes that are identified as the 2015 updated forecast?

MR. QUINN: The adjusted October '14 QRAM 2015 update.

MR. SMALL: Yes. So that -- I referred to it as the 2015 updated forecast because that is the way the dollar amount was described on the schedule that you had referred to. But that is the volumetric forecast that underpinned our '15 application. So that would have been done based upon the volume forecast and degree days coming out of the '13 actuals.

MR. QUINN: So, no '14 data?

MR. SMALL: No.

MR. QUINN: Thank you.

MR. SCHUCH: Any further questions of this panel? Then I suggest we break for lunch and reconvene at 1:00 p.m.

### --- Luncheon recess taken at 11:49 a.m.

### --- On resuming at 1:03 p.m.

MR. SCHUCH: And with that, I may turn it over to David to introduce the new witness panel.

MR. STEVENS: Thanks, Colin.

Just for the record, my name is David Stevens, and I am counsel assisting Enbridge in this case.

This second witness panel for the technical conference is going to speak to the last three things on the Board's agenda. So that is the cost-of-service item adjustments, the cost of capital adjustments, and the credit final bill deferral account.

# ENBRIDGE GAS DISTRIBUTION - PANEL 2

**Anton Kacicnik**

**Ryan Small**

**Darren McIlwraith**

The three members of the panel, starting closest to Colin, are Anton Kacicnik. Anton is the manager, rate research, and design. Then we have Ryan Small, manager, regulatory accounting; and Darren McIlwraith, senior manager, customer care, finance, and contract management.

MR. SCHUCH: Thank you, David.

MR. STEVENS: Thank you.

MR. SCHUCH: Peter, will you be leading the questions?

MR. THOMPSON: Well, if somebody else is ready to go first, that is fine, but I am happy to do it.

MR. SCHUCH: Do we have any other parties? Mark?

MR. GARNER: I prefer not to go first.

MR. QUINN: My questions were handled by panel 1.

MR. SCHUCH: Peter, it is coming, circling back, boomeranging back to you.

# Questions by Mr. Thompson:

MR. THOMPSON: Okay. Now, in terms of the -- sorry. Good afternoon, panel. And, by the way, thanks to -- my thanks to the company and everybody else for accommodating my difficulties here this morning and early this afternoon.

In terms of the cost-of-service adjustments, just starting conceptually, am I right that there are four of them: customer care, CIS, DSM, pension, and OPEB costs and income taxes?

MR. SMALL: Hi, Mr. Thompson. This is Ryan Small. I would agree with all the items that you have listed, but also cost of capital has been updated as well.

MR. THOMPSON: Okay. So I treat that as something different than the cost of service, but okay. Got it. Thanks.

Now, in terms of the customer care, CIS costs, perhaps where we could start here would be with the company's answer to CME 6, which is actually under the B1 tab, and it was under a rate base question, but it has the information that I wanted to refer to.

We had asked the question there about there being no rate base changes, but there was some changes being made to the cost-of-service items, and you went on to explain in that, and I think you have done it in other responses as well. The nature of the customer care, CIS cost change -- which is a reduction, as I understand it, in your filing of about $700,000; is that right?

MR. SMALL: That's correct. That is the reduction in allowed revenues for 2013 related to CIS customer care as compared to the placeholder amount.

MR. THOMPSON: Okay. And as I read this answer to the questions that -- CME 6 and your answers to other questions, I got the impression that the only item of input that changes in this update to the CIS customer care costs is the customer count for 2015; is that right?

MR. SMALL: That's correct.

MR. THOMPSON: Okay. So everything else is frozen in time, and the customer numbers are -- they change and they go up, as I understand it.

MR. SMALL: Oh, well, the customer forecast generally, I think, should increase each year, but I think per the agreement, it was agreed that, during each year of the agreement, the customer forecast would be updated to reflect a current forecast which incorporates some level of actuals that have transpired prior to that.

MR. THOMPSON: All right. And so does the customer forecast used in the CIS update reconcile with the customer forecast that's being used in the volume and revenues update?

MR. SMALL: Well, I can't speak to the -- I can't speak fully to how each customer forecast was ultimately generated, but there is a difference in customer numbers per the CIS customer care settlement agreement, and it's --it's per ABSU's definition of customers. I can't speak to a whole lot further details than that, but...

MR. THOMPSON: Is the customer number for revenue and volume purposes higher or lower than the 2015 customer number for CIS updates?

MR. SMALL: I am not sure I know the answer to that off the top of my head. I guess I would have to undertake to provide that answer.

MR. STEVENS: Peter, it's David Stevens speaking. My recollection of the customer care agreement is it uses the ABSU definition of customers for customer numbers, and that includes locked customers, whereas the customer numbers that are used for volume purposes don't include those folks. So without checking, my expectation is there would be a slightly higher number used in relation to the customer care calculation than there would be used in conjunction with the volumes calculation.

MR. THOMPSON: Okay. Thanks for that, David.

So can you tell me from what information the customer number was derived for CIS update purposes?

MR. SMALL: Sorry, I would, again, have to seek assistance from those in the office or from the customer care group that provided that number.

MR. THOMPSON: Well, perhaps you can undertake to give us a description of the information that was used to derive the number and perhaps show the locked people and the unlocked people separately. Could I have an undertaking to do that, please?

MR. SCHUCH: Is that undertaking acceptable to Enbridge?

MR. SMALL: Yes.

MR. SCHUCH: That will be undertaking TCU1.4.

UNDERTAKING NO. TCU1.4: To provide a description of information that was used to derive the customer number and to show the locked customers and unlocked customers separately.

MR. STEVENS: Yes, that is fine. Thank you, Colin.

MR. THOMPSON: Thanks very much.

And the other question I have is -- and you may have to do this by undertaking as well, but in the event that the customer numbers are increased for the purposes of -- by the Board or by the company in the settlement conference as a result of further discussions with respect to 2014 actuals, am I right that that would -- that would flow through to the CIS customer care cost reduction calculation? And if the numbers went up that 700,000 would be a -- that reduction would increase? Is that the way that would work?

MR. SMALL: Well, no. I think the $700,000 reduction is due to the fact that the customer forecast was lower than what was within the placeholder. So to the extent that the customer forecast increased from what we have now updated it to, it would serve to increase the CIS customer care allowed revenues.

MR. THOMPSON: Well, I thought we were taking numbers that are frozen in time and only changing the denominator, which was numbers of customers. That is what I thought you said the first go-round, but have I got that mistaken?

MR. SMALL: No. You are correct in that we are updating annually for the number of customers, and that number of customers is multiplied by a fixed cost per customer. So the total cost that we are generating is, you know, number of customers times that cost per customer that was in the approved settlement agreement. So to the extent that we change the number of customers that we are multiplying by that cost per customer, if that is an increase in customer number, it will serve to increase the total allowed revenues. I mean, if we look at it discretely, it depends on what we are comparing to. If we are comparing to a forecast of number of customers that was in the placeholder and now that number of customers is different. Whether that is higher or lower, it would serve to either increase or decrease the total allowed revenues versus whatever was in the placeholder.

MR. THOMPSON: Okay. Well, thanks for that. I had it backwards. I thought we were -- had, like, a global number that was being divided by the increased number of customers to produce a lower cost per customer, but it is -- the cost per customer is fixed?

MR. SMALL: Correct.

MR. THOMPSON: All right. And so, with the $700,000 reduction in customer care CIS costs, it appears to follow that the customer numbers have reduced?

MR. SMALL: Versus the number that is in the placeholder? Yes.

MR. THOMPSON: Versus the number that is in the placeholder. But they have increased versus 2014 actuals, or 2014 --

MR. SMALL: They have increased versus the amount that was approved for 2014 -- or that was -- yes, approved for 2014.

MR. THOMPSON: Okay. So it is approved versus placeholder versus forecast. And we're -- the actuals are yet to come, if the Board agrees that we should have actuals?

MR. SMALL: Yeah, I guess. But, again, it is -- for determining the 2015 CIS customer care cost, it is going to be based on a forecast number of customers for 2015.

MR. THOMPSON: Understood, understood. What is the number of customers?

MR. SMALL: Sure. If you were to go to Exhibit D1, tab 3, schedule 3, if you were to look under column J, at row 25, the number of customers for 2015 is forecast to be 2,112,148.

MR. THOMPSON: Right. Found it, thank you.

Okay, let's move on to another item. This would be with respect to cost of capital adjustments. Is there someone on the panel that might be able to help me with this?

MR. SMALL: Sorry. It's Ryan Small again. I will attempt to and, where necessary, or if I need treasury's assistance, I will have to undertake to provide an answer.

MR. THOMPSON: Thanks very much.

Now, the evidence indicates that, in the cost of capital amount, we have got a negative debt component of $229.4 million. I think that is what it indicates; is that right?

MR. SMALL: That is correct.

MR. THOMPSON: And then you were asked a number of questions about that and, I guess, maybe Energy Probe 11 to 13 and Board Staff 19, that would be under the Es, I believe, E in your interrogatory response.

MR. SMALL: Yeah, I think they are generally under the E series of -- or E1 series of...

MR. THOMPSON: Yes, so they are all found under this Exhibit E1 tab in the interrogatories book.

And one of the questions that you were asked, and I am kind of paraphrasing it, was why do you need a short -- why do you need long-term debt issuances in the 2015 when the evidence indicates you are in a credit position on debt? And the explanation is provided in one or more of these interrogatory responses, and it talks about cash requirements and this kind of thing.

Can someone summarize that for us in 20 words or less? Why do you need this additional money in 2015, if you are in this credit position?

MR. SMALL: Okay, I will attempt to provide an explanation.

And I think it is generally -- our position is generally summarized in Energy Probe 11. And the primary reason that we needed additional long-term debt issuances in 2015 is to free up working capital amounts. Like, as we progress through the year, the -- due to higher working -- or work in progress amounts relates to GTA and WAMS, and that would be a key driving force.

The available funds through our short-term credit facility will be diminished, putting pressure on the company's -- this is not -- liquidity position. So, therefore, the long-term debt is required to free up short‑term credit facilities.

MR. THOMPSON: Okay. Now is all of this managed by EI? Does EGD have any people involved in the management of temporarily surplus cash?

MR. SMALL: I am not sure I can fully articulate what everyone's role is within finance, but I think it is predominantly handled through the treasury function, which is at EI.

MR. THOMPSON: Okay. And do you know what EI does with temporarily excess cash? Do you know where they invest it, what they do with it?

MR. SMALL: No, I don't know the answer to that.

MR. THOMPSON: Could you undertake to find out and respond?

MR. STEVENS: Peter, it's David speaking. To be clear, when you are talking about temporary excess cash, do you mean debt that is available but is not being used?

MR. THOMPSON: Well, I am talking about this $229.4 million that -- it is going to be temporarily excess at some stage in this process, as I understand it, but I may be wrong. But that is what I am talking about, yes. You raise money and you don't really need it at that particular point in time. What does EI do with it? Where do they park it?

MR. STEVENS: Right. Again, and -- I suppose that could be answered, but it would probably come with an explanation as to whether there actually is any extra money in the context of this case.

MR. THOMPSON: Well, that would be fine, if you would answer the question and add whatever additional information you feel is appropriate.

MR. SMALL: Okay. Yes, we will undertake to do that.

MR. STEVENS: We can do that.

MR. SCHUCH: That would be TCU1.5.

UNDERTAKING No. TCU1.5: TO EXPLAIN THE 2015 NEED FOR long-term debt issuances

MR. THOMPSON: All right, thank you. So I think I will leave that one.

And then my last item was this credit final bill deferral account, and that is in the deferral account Exhibits D2 in your interrogatory responses. And I think we have got CME 15, 16, 17, 18 is in there, and some interrogatories from staff and Energy Probe.

Can you just go to CME 16?

MR. McILWRAITH: Yes.

MR. THOMPSON: You will see that the evidence indicates that this credit balance over the years 2011 to '14 range from about $22.2 million to $7.1 million?

MR. McILWRAITH: That's correct.

MR. THOMPSON: And then, on CME 17, we had asked does this have an earnings sharing implication. And the answer, as I understood it, is yes, to the extent it reduced interest on account receivable amounts; is that what that answer is telling me?

MR. McILWRAITH: That's correct.

MR. THOMPSON: And so could you just undertake -- maybe you have the information, but could you undertake to, if you don't have it, to show me what sort of money we are talking about here? So if I am right, would it be talking about interest on the 22.2 million for 2011; is that right?

MR. McILWRAITH: Yes, that's correct. These credit amounts, that was obviously cash that was reducing the company's accounts receivable balances during those years. So, yes, it would have had the effect of reducing our interest costs.

MR. THOMPSON: And so what are the interest costs on accounts receivable?

MR. McILWRAITH: I guess -- would you want to go back and look at, say, the short-term debt rates we would have incurred in those years to calculate that amount?

MR. THOMPSON: Well, I don't know. I am just asking you what the interest costs are.

MR. McILWRAITH: Yes. I mean, given that these are accounts receivable balances that fluctuate, you know, greatly throughout the year, you know, I think they would typically be financed with short-term debt, yes.

MR. THOMPSON: That is the rate, and that is fairly low. So we are not talking about big numbers here, are we?

MR. McILWRAITH: I think that is a fair characterization, yes.

MR. THOMPSON: Okay. Thank you very much.

MR. SCHUCH: Peter, you don't want an undertaking for this, I take it.

MR. THOMPSON: I don't think so. I can look at -- I mean, it's less than 2 percent, and 2 percent on 22 million is, what, about 45,000, 45,000 a year; is that right? No. Maybe is it 450,000? Assume it is 2 percent. What is the --

MR. SCHUCH: 440,000.

MR. THOMPSON: Okay. Yes. Okay. So maybe you would go back and do that calculation for me. I had assumed they were smaller than what they are. Could you calculate, then, the account receivable interest amount on each of those numbers for 2011 to 2014?

MR. McILWRAITH: Just to clarify, do we want to use a more precise rate, or do we want to assume a simple 2 percent?

MR. THOMPSON: Well, I would like the rates that prevailed. Is it something other than short-term debt? Is it like --

MR. McILWRAITH: No. So I think, you know, we would have to go back and check, you know, get a more accurate short-term debt rate for each of those years.

MR. THOMPSON: Oh, I see what you are saying. Well, no. Assume it is 2 percent.

MR. McILWRAITH: So we will assume 2 percent.

MR. THOMPSON: Yes. And we can make the adjustments ourselves.

Do you want to do that by undertaking?

MR. STEVENS: Peter, we can provide that undertaking, and, obviously, if there is any other information that we need to include, we will. If it turns out on review, for example, the interest rate is different or there is relevant information to talk about the countervailing benefits in terms of ESM, then we will also include that.

MR. McILWRAITH: Yes. I was just going add that, you know, the positive impact that that had on earnings has been reflected through ESM over those years as well. So to the extent that, you know, earnings have increased marginally due to lower short-term debt costs, the benefit of that, as David mentioned, is reflected in ESM.

MR. THOMPSON: I am assuming that ratepayers got half of it; that that is what you are trying to say.

MR. McILWRAITH: Yes.

MR. SCHUCH: Except for 2013. There was no earnings earned.

MR. STEVENS: That's right. For 2011 and 2012, I think we would make the same assumption, Peter.

MR. THOMPSON: Okay.

MR. SCHUCH: Okay. That will be TCU1.6. Somebody can give a quick summary. David, why don't you have --

MR. STEVENS: Sure. Enbridge will indicate the interests costs that notionally may have been avoided by the maintenance of these account balances based on either 2 percent or a reasonable estimate of the relevant interest costs for each year. And we will also indicate the degree to which those savings may have been shared with ratepayers.

UNDERTAKING NO. TCU1.6: To indicate the interest costs that may have been avoided by maintenance of these account balances based on either 2 percent or a reasonable estimate and to indicate the degree to which those savings may have been shared with ratepayers

MR. SCHUCH: Very good, David. And thank you, court reporter, for keeping us on the ball here.

MR. THOMPSON: Actually, just one other question, if I might, Colin. This is on rate impacts, and so this is Exhibit H1, and there are some interrogatory responses there.

I am looking at CCC Interrogatory No. 8, and this is the T service rate impact, excluding SRC, and then you get the T service bill impact, including SRC. Could you just explain the difference between those, the numbers in those two columns? What is taking place there that is producing this outcome?

MR. KACICNIK: Peter, this is Anton.

MR. THOMPSON: Yes. Hi.

MR. KACICNIK: Hi. The reason the numbers in column 2 are higher than the numbers in column 1 is that the level of SRC credit refund in 2014 was roughly 96.8 million, and that drops down to 90.4 million for 2015. So, although the ratepayers are still receiving a refund on their bills, therefore lowering their total bill amounts, the amount of credit has decreased year over year, and that is why you see a corresponding higher impact in column 2, which includes SRC refund.

MR. THOMPSON: Okay. All right. I will just have to reflect on that. I think I understand it, but...

MR. KACICNIK: Just in terms of an analogy, let's say, if a residential customer received $35 in 2014 that came out of 96.8 million, that could drop down to 33 million in -- $33 per customer in 2015. So you have a $2 difference. It is a lower amount, and that puts an upward pressure on the bill.

MR. THOMPSON: Maybe this is what I want to ask, Anton. The base against which you are comparing is 2014. What rates are they? October rates?

MR. KACICNIK: Yes, October 2014 QRAM rates.

MR. THOMPSON: And do the October 2014 QRAM rates include SRC?

MR. KACICNIK: The rates themselves wouldn't, but customers would receive SRC on their bill in October 2014.

MR. THOMPSON: All right. So the column 1 is comparing T service rate 2015, excluding SRC, to the QRAM rate, excluding SRC?

MR. KACICNIK: Yes, that's correct.

MR. THOMPSON: Okay. And then the column 2 is comparing the bill under 2015 versus the bill of 2014, October bill?

MR. KACICNIK: Yes, that's correct. Including SRC in both cases, yes.

MR. THOMPSON: Okay. That is what I was missing.

So thank you very much. Those are my questions.

MR. SCHUCH: Thank you, Peter.

# Questions by Mr. Garner:

MR. GARNER: I have, I think, only two questions. Let's go to the question -- or the reference is I.D2.VECC13. And this is about the CFBDA account.

I just want to make sure, first of all, I understand the genesis of the account completely. So as I read the evidence, what I understand is a problem was discovered, or a problem began in 2009 related to the closing of accounts and unremitted amounts relating to closing of accounts. It starts in 2009; is that correct?

MR. McILWRAITH: Yes, that's correct.

MR. GARNER: But you don't discover the problem until 2011. That is when you cottoned on to it, so to speak?

MR. McILWRAITH: Yes. So the new -- our new CIS system was implemented in late Q4 of 2009. And I would say, yes, full discovery of the issue at hand wasn't until 2011.

MR. GARNER: And the balances that are shown for 2011, that $22.2 million in there, can you help me, that balance, is that -- does that include amounts from 2009 or from the period of just starting in 2011?

MR. McILWRAITH: So I would say it would reflect the accumulation of payments from customers that we were in receipt of that were overpayments that we owed back to customers.

So it's -- you know, if I owe back -- it is just what we owed back to customers at that point in time.

MR. GARNER: Okay. But what I am trying to understand is, if a customer was -- I am not sure what the world would be; let's call it wronged -- in 2009 somehow because of this happening, is that amount captured in the $22 million? Or was that lost because you didn't understand the problem at the time?

MR. McILWRAITH: So yes, I think it is also useful to think of balances like this in a continuity perspective. So if we -- let's say the balance at the end of 2009 was -- we will just use very simple numbers, $100. So if we had $100, and let's say we added one more customer that made an overpayment, and they overpaid by $10, so now our balance went up by $10, but let's say we actually found on of the previous balances and we owed them back $5, and so we made that refund of $5, my ending balance at the end of the next year would be that -- my $100 original balance, the $10 that I was overpaid, less the $5 of the customer that I found and paid that money back. So my closing balance is $105.

So those balances you see there sort of reflect that. What do we owe current? You know, what is outstanding currently?

MR. GARNER: Okay. Thank you, that is very helpful.

And the problem was solved -- I'm sorry. I think it was in the response, but can you tell me -- the problem was solved...?

MR. McILWRAITH: Yes, through a variety of means.

MR. GARNER: But what date, though? When was the problem actually solved? So that we don't have the continual problem of these overpayments not being refunded.

MR. McILWRAITH: So I would say the -- I will call them system in process measures that we undertook to fix the issue -- I would say they were largely completed by mid-2012.

MR. GARNER: Mid-2012.

MR. McILWRAITH: Right. So our initial phase of investigating and dealing with the issue, and the evidence speaks to -- if you look at the evidence, you know, on page 2 -- so I am referring to you to D2, tab 1, schedule 2, page 2 -- if we look at those, if we look at, you know, the bullets there, it is a combination of system changes and process changes and training for CSRs. And most of that was completed by mid-2012.

MR. GARNER: Okay.

MR. McILWRAITH: So, you know, we are comfortable that, at this point -- obviously we still have situations where people move, people overpay through various course.

MR. GARNER: And they can't be tracked down?

MR. McILWRAITH: Well, no. Now I would say, you know, the processes are in place that these amounts get acted upon. You know, part of the problem here was a time lag where, when someone moves, you wait that period of time, it is difficult to find them. We are now acting on them quickly enough that they get solved quite quickly.

MR. GARNER: So if I understand, what you are saying is the issue always exists in some form inside a utility because people move and sometimes can't be found, but it is a usually a minor, so to speak, problem. This was -- because of the time lag it became a much more bigger problem?

MR. McILWRAITH: That's right. And so, you know, as we alluded to in the evidence, the problem, yeah, accumulated over those 18 months and wasn't showing up in the reporting that we had from the new system. So it wasn't until we had a more detailed level of reporting that the problem became apparent.

MR. GARNER: Thank you. And in part D to VECC 13, you make a statement about the costs that were incurred to manually resolved the balances of $1.1 million. Is that $1.1 million netted off the balances that are in the account?

MR. McILWRAITH: No. Those are straight operating costs we incurred to just work these accounts on an account-by-account basis.

MR. GARNER: Right. So in addition to, sort of, the savings that Mr. Thompson was talking about, you had some additional costs that were related to solving the problem at the same time?

MR. McILWRAITH: Yes, that's correct.

MR. SCHUCH: I'm sorry. These are incremental costs? Or are they included in your operating and maintenance budget?

MR. McILWRAITH: I mean, they are in our actual O&M costs for those years.

MR. STEVENS: If you take 2012, for example, the O&M budget to the extent that you could identify what part of revenue requirement was O&M, it was simply created by way of formula escalation from 2008 forward. There wasn't any identification of budget lines. And similarly 2013, while it was built up on some sort of cost of service basis, it was ultimately settled.

MR. GARNER: But I think, if I can follow-up with Mr. Schuch's question, when I read the response to part D -- and thank you for that question -- I read that as you had contracted for more Accenture staff, or they had put in more staff to resolve this problem and that you were indicating that, incrementally, you were having a $1.1 million hit on, sort of, the standard.

MR. McILWRAITH: Yes. I mean, they are costs that we had to absorb within our O&M budget that, you know, if the problem hadn't existed in first place, these are costs we would not have incurred.

MR. GARNER: Okay, thank you.

Now my next question is actually with regards to the cost of capital, and this is in VECC interrogatory 14, so E1.14. And what we asked here was for an update -- sorry, remind me, what is the magnitude of the debt that you intend to issue in mid- or September of 2015? Is it $600 million?

MR. SMALL: That's correct.

MR. GARNER: And what we asked for in this interrogatory was for an update of interest costs. And you provided that, thank you, in table 2. And if I compare that, of course, to the original table 2 that is in your evidence, the interest rates have fallen somewhat, some would even say considerably, but they have fallen. And what the response I was interested in was your response that it wouldn't be appropriate to update the forecasts of the costs of debt based on that information. Can you help me with that?

MR. SMALL: We were trying to -- well, what the company's position is, is that the filing and the information used within a filing should be consistent. So the forecasts that were done to generate numerous inputs within this application were done within the summer to fall time frame of 2014.

And updating selectively for better information now, for one input, we don't believe is consistent.

MR. GARNER: I see. Irrespective of the magnitude of something. So what I am curious about is that, if things, the application that you -- you constructed this application at what time, those numbers? When did you say, sorry?

MR. SMALL: Again, I can't speak to all the inputs for revenues and volumes and that, so I would expect that it was between, kind of, the summer to October time frame, when all the inputs were being generated.

MR. GARNER: Right. So the estimates for the interest rates that are in the evidence, do you know when those were generated from, sorry?

MR. SMALL: I believe -- sorry. I believe that was provided in response to Energy Probe -- Energy Probe Interrogatory No.12, number 12, which is I.E1.EGDI.EP.12.

MR. GARNER: Right. Maybe we can bring that up so we can just see -- when is that time?

MR. SMALL: Okay. So for -- sorry. The short-term and pref share rates were based on forecasts from October. I think that is per parts A and B. And the long-term debt rates were based on forecasts in July. This was provided by treasury.

MR. GARNER: So these would apply the long-term ones; right?

MR. SMALL: Correct.

MR. GARNER: So why wouldn't they have been updated in October, like the other ones, rather than July?

MR. SMALL: I will have to undertake to find out why treasury -- these inputs were provided by treasury.

MR. GARNER: Could you? And maybe could I ask you to do this: Tell us what those interests were in October?

MR. SMALL: Yes.

MR. GARNER: Thank you. Those are all my questions. Thank you.

MR. SCHUCH: Is Enbridge happy with that undertaking? Yes; that will be TCU1.7.

UNDERTAKING NO. TCU1.7: To find out why long-term debt rates were not updated in October and to indicate what the interests were in October

MR. STEVENS: Thank you.

# Further Questions by Mr. Thompson:

MR. THOMPSON: Can I just ask a couple of follow-ups based on Mark's questions?

First of all, just back with the deferral account that we were discussing, that he was discussing with you. Let me get my finger on it. The interrogatory -- yes, so it was VECC's 13 that he asked you about. And you say in B:

"Detailed information on year end balances for 2009 and 2010 are not available."

What information is available about those balances?

MR. McILWRAITH: It's Darren here again. So the reporting issue that I think I alluded to earlier was, when the new CIS system was implemented in Q4 of 2009, the reporting we had on account receivable balances were at an aggregated level. So we would see, you know, AR balances and certain -- and whether they're current, 30 days in arrears, 60 days in arrears. At the early stages, we did not have detailed what I call sub-ledger type details on accounts receivable, and that is why we can't provide information on what the balances were at the end of 2009 and 2010, and it was that sub-ledger detail that became available in 2011 that started to uncover the issue.

MR. THOMPSON: Okay. But can you provide estimates?

MR. McILWRAITH: No. Because all we have is, again, aggregate levels of accounts receivables, not here is how much is owed in sort of debit amounts, and here is the, you know, offsetting credit amounts.

MR. THOMPSON: Okay. So -- but were you making payments back to people in 2009 or 2010, or was it just -- was that activity just dormant?

MR. McILWRAITH: No -- well, sorry, in terms of, you know, when, say, a move was executed correctly and we had an overpayment, yes, we were refunding amounts. But as -- you know, as we outline in the evidence, there were many -- there were situations where we weren't issuing those refunds, and those refunds were accumulating during that period, and so the lack -- the lack of detailed account receivable reporting was what caused the issue to go -- or accumulate over that period of time.

MR. THOMPSON: All right. But is it fair to say that the number in 2009, the net number, plus the number in 2010, the net number, equalled $22.2 million?

MR. McILWRAITH: Well, it would have grown from a small -- obviously we would not have had, you know, an issue in 2009. It would have grown to the amounts you see there in 2011. So, again, it was accumulating over this period of time.

MR. THOMPSON: All right. So we could estimate five in 2009 and 17 in 2010. It's some combination that produces 22 million; is that fair?

MR. McILWRAITH: That is fair. Yes. As per my sort of continuity example, yes, these amounts would have accumulated over those years.

MR. THOMPSON: Okay. Well, in the undertaking you gave me with the interest calculation, take whatever numbers you feel are appropriate making up to 22 million, but include the interest numbers for '09 and '10; do you understand what I am getting at?

MR. McILWRAITH: Yes. I guess, you know, obviously the challenges that we -- you know, coming up with those estimates for 2009 and 2010, you know, is quite difficult.

MR. THOMPSON: Well, it doesn't really matter. You can have zero in the 2009 and -- well, it is not going to be zero obviously, but you need some number in 2009, and the number in the 2010 will be that number minus 22 million.

MR. McILWRAITH: Yeah. It will be somewhere between zero and 22 million.

MR. THOMPSON: Okay. So if you could include that in that undertaking you gave to me, that would be appreciated.

MR. STEVENS: So, Peter, within, I guess it is undertaking TCU1.6, we will include whatever estimated numbers seem most appropriate to the company for 2009 and 2010 as the balances on which interest will be reflected.

MR. THOMPSON: Yes, please. Thank you very much.

Now, the other question related to Mark was asking you about your response to VECC 14. And then you had given the dates of the estimates in your filing, and that was Energy Probe 12. So certain forecasts were as of October 2014, and others were as of July of 2014; right?

MR. SMALL: That's correct.

MR. THOMPSON: And, so, just looking at the table 3, then, in E1, tab 1, schedule 1, the long-term debt rate is 4.88 percent.

MR. SMALL: Correct.

MR. THOMPSON: And then if we look at VECC 14 down in table 2, the long-term debt rate for ten-year issue is 3.37 percent, and for a 30-year issue is 3.96 percent. That is the effective cost; right?

MR. SMALL: Correct.

MR. THOMPSON: And those updates are as of what date?

MR. SMALL: Oh, February, sorry. As per, yes, part B -- yes. The first sentence leading into that new table says as of February.

MR. THOMPSON: February 2015. So this is the most current information available on the long-term debt rate?

MR. SMALL: Yes, that is my understanding. This was provided by treasury, so, yes, I believe that this is the most current available.

MR. THOMPSON: Okay. Now, what is the most current information available with respect to short-term debt and preferred shares; is that in the record anywhere?

MR. SMALL: As far as I am aware, what is on the record is included within the response to Energy Probe 12. I couldn't answer -- I would have to undertake to find out from treasury if there is any -- more current forecasts for short and pref shares versus the October.

MR. THOMPSON: Okay. That is my question. Perhaps you could do it by undertaking. Could you undertake to give us the short-term --

MR. SMALL: Oh, wait. I'm sorry. If I actually read -- sorry, referring back to our response to Energy Probe No. 12, part C does provide February forecasts for the pref share and short‑term debt rates.

MR. THOMPSON: Yes, okay. And that is 1.32 and 2.20?

MR. SMALL: Correct.

MR. THOMPSON: That is versus the 1.52 and the 2.60 in table 3 in E11, tab 1, schedule 1?

MR. SMALL: Correct.

MR. THOMPSON: Thanks very much.

MR. SCHUCH: Thanks, Peter. Anyone else?

MR. QUINN: I don't have any questions for this panel. I just want to talk about steps from here.

MR. SCHUCH: Okay. I think we are, then, completed the questioning portion.

Steps from here, I think we have in the Procedural Order No. 1.

MR. QUINN: Yes. We have Procedural Order No. 3. I guess I was talking about, from earlier today, Enbridge took some questions under advisement and I guess I wanted to understand if I have a -- if we are going to get a response on data from 2011, '12, or '13 or if we need to seek a motion to compel.

MR. STEVENS: I mean, Enbridge's answers are due on Tuesday, but I am not aware of Enbridge having plans to change its position as to the relevance of that information. To a large degree, I think the same issues are probably swept up in what is going to be in front of the Board in the submissions from stakeholders on Friday and then from Enbridge on Monday.

MR. QUINN: So you are saying we can aggregate our request for previous data. The motion, as I understand it, was relative to data from 2014. My requests for -- were from the previous years, for operating data from 2011, '12, and '13. I thought those were differentiated and, if I have that wrong, then maybe Mr. Culbert can tell me.

MR. STEVENS: Well, my understanding, Dwayne, is that, to the extent that there are questions of principle, those might be resolved by the motion or the issue that is going to be in front of the Board.

To the extent that the 2011, '12, and '13 data questions are different, then, yes, I agree it would be appropriate for you to bring a motion and explain why you require this information and why it is relevant.

MR. QUINN: Okay, thank you.

MR. SCHUCH: So I will be -- we will be seeing undertaking responses next Tuesday, settlement conference begins on next Thursday, and in the interim I think we have a question to answer from the Board, for those that want to answer, and that would be about the 2014 actuals.

Other than that, we can all go home, I think. For those on-line, thank you and we will be signing off.

### --- Whereupon matter adjourned at 1:56 p.m.