



500 Consumers Road
North York, Ontario M2J 1P8
PO Box 650
Scarborough ON M1K 5E3

Bonnie Jean Adams
Regulatory Coordinator
phone: (416) 495-6409
fax: (416) 495-6072
Email: bonnie.adams@enbridge.com

November 21st, 2008

VIA COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

Re: Enbridge Gas Distribution Inc. ("Enbridge")
EB-2008-0271 DSM Variance Accounts - Responses to Interrogatories

In accordance with the Ontario Energy Board's (the "Board") Procedural Order No. 1 issued on October 29th, 2008, enclosed please find the interrogatory responses of Enbridge to the interrogatories of Board Staff and CME.

Also, included in the package is an updated Exhibit A, Tab 1, Schedule 1.

The interrogatory responses been submitted through the Board's Regulatory Electronic Submission System ("RESS"). A copy of the on-line confirmation RESS submission reference number has also been included in this package.

Please contact the undersigned if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads 'Bonnie Jean Adams'.

Bonnie Jean Adams
Regulatory Coordinator

cc: EB-2008-0271 Intervenors (via email)
Mr. D. O'Leary, Aird & Berlis (via email and courier)

EXHIBIT LIST

A - ADMINISTRATION

<u>EXHIBIT</u>	<u>TAB</u>	<u>SCHEDULE</u>	<u>DESCRIPTION</u>
A	1	1	Exhibit List
		2	Application
		3	Summary of Application

EXHIBIT B – EVIDENCE

<u>EXHIBIT</u>	<u>TAB</u>	<u>SCHEDULE</u>	<u>DESCRIPTION</u>
B	1	1	2007 DSM Annual Report
	2	1	Audit Report
	3	1	Auditor's Account Reconciliation Memo
	4	1	Allocation to DSM Variance Accounts
	5	1	2007 DSM Audit Summary Report

EXHIBIT I – INTERROGATORIES

<u>EXHIBIT</u>	<u>TAB</u>	<u>SCHEDULE</u>	<u>DESCRIPTION</u>
I	1	1	Board Staff Interrogatories
	2	1	CME Interrogatories

BOARD STAFF INTERROGATORY #1

INTERROGATORY

Ref: Exhibit A, Tab 1, Schedule 3, Pages 1-7

Enbridge Gas Distribution Inc. ("Enbridge") is seeking approval for clearance of its 2007 Demand Side Management Variance Accounts ("DSMVA") in the amount of \$7,330,623.

(a) Please identify programs that did not use the Board approved inputs and assumptions outlined in the Generic DSM Decision (EB-2006-0021). For any program that did not use the measure specific values from the Generic DSM Decision, please provide the supporting documentation.

(b) Please explain if Enbridge has deviated from the approved framework of its DSM plan set out in the first phase Generic DSM Decision on August 25, 2006. If Enbridge has deviated from the approved framework decision, please comment on the specific nature of the deviations and provide the rationale for the decision to do so.

RESPONSE

- a) Enbridge followed the Board approved method for 2007. This includes using Board approved assumptions for prescriptive applications. The Commercial Air Door program was a new program launched after the Generic DSM Hearing (EB-2006-0021) concluded and was not included in the prescriptive list. For 2007, this program was treated similar to custom measures that do not appear on an assumption list. In 2008 this measure has been added to the assumptions list submitted to the Board.
- b) Enbridge did not deviated from the approved framework as set out in the first phase of the Generic DSM Decision (EB-2006-0021) on August 25, 2006.

Witness: M. Brophy

CME INTERROGATORY #1

INTERROGATORY

Ref: Exhibit A, Tab 1, Schedule 3, page 6 of 7

EGD states that the resulting 2008 SSM target is calculated at \$168,278,583. Is EGD seeking approval of this 2008 SSM target in this Application?

RESPONSE

The 2008 DSM target is dependent on the values used for spillover. Using the Summit Blue recommended net to gross values (net to gross = 1 - freeridership + spillover), excluding spillover would result in a 2008 DSM target of \$168,278,583. Using the Summit Blue recommended net to gross values as filed with the Board November 10, 2008 would result in a 2008 DSM target of \$186,010,076. To set the 2008 target in one manner and measure 2008 actual TRC using a different manner would not be an "apples to apples" comparison.

Yes, Enbridge is seeking approval of the target outlined in the application; with the condition that it is adjusted to reflect the Board's decision on 2008 assumptions (i.e. freeridership and spillover).

Witness: M. Brophy

CME INTERROGATORY #2

INTERROGATORY

Ref: Exhibit "A", Tab 1, Schedule 3, pages 6 to 7 of 7,

EGD states that the "2008 target has been calculated based on a joint understanding by the Company and the EAC that if the 2008 net to gross value, which includes freeridership and custom projects spillover changes in 2008, that such changes will be applied to both target and actual values during the audit of the 2008 results". CME seeks the following clarifications arising out of this statement:

- (a) Does the 2008 SSM target of \$168,278,583 include custom projects spillover?
- (b) If the answer to (a) is yes, please provide the 2008 SSM target calculated without custom projects spillover.
- (c) Please confirm that custom projects spillover was not approved by the Board in the Generic DSM Decision of August 25, 2006.
- (d) Please provide an explanation as to why custom projects spillover should be introduced during the Board approved multi-year DSM framework. In answering this question, please explain why the introduction of custom projects spillover cannot wait until the end of the multi-year framework.

RESPONSE

- a) The net Total Resource Cost ("TRC") value of \$168,278,583 does not include the custom spillover values recommended by Summit Blue.
- b) The 2008 SSM target value without spillover (i.e. freeriders only) is \$168,278,583. The same 2008 SSM target value with custom spillover as recommended by Summit Blue is \$186,010,076. This is consistent with the updated assumption filed

Witness: M. Brophy

with the Board November 10, 2008 and reflects the actual TRC from the 2007 program year.

- c) The Generic DSM Decision (EB-2006-0021) of August 25, 2006 continues to adopt the commonly recognized TRC Test as the benchmark for calculating net benefits for society. The TRC Test includes both benefits and costs in the formula which includes, among other things, both spillover and freeridership. Excluding spillover or other benefits from this formula would not be a proper application of the TRC Test and would reduce benefits to Ratepayers by excluding some projects that would otherwise be TRC positive.
- d) As referenced in answer "c" above, the TRC Test (which commonly includes freeridership and spillover) is not a new concept and was approved in the Generic DSM Decision (EB-2006-0021) of August 25, 2006. The Board's approved framework includes a mechanism to update assumptions based on best available information each year. Enbridge filed on November 10, 2008 an updated set of assumptions that resulted from research and evaluation. Based on a third party independent study conducted by industry expert Summit Blue Consulting, LLC, Enbridge updated the custom net to gross ratios ($\text{net to gross} = 1 - \text{freeridership} + \text{spillover}$). Spillover was used for the LRAM (i.e. actual TRC) value calculated in the 2007 DSM audit which forms the basis of this account clearance.

It would not be reasonable to selectively update some assumptions during the multiyear plan and hold off updating other assumptions until after the plan is over. This is particularly true since the custom attribution study is currently available. It is Enbridge's intent to review and update all prescriptive assumptions within the multiyear plan.