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December 1, 2008

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> floor  
Toronto ON M4P 1E4

Dear Ms Walli,

**Enbridge Gas Distribution Inc. 2009 Rates**

**Board File No.: EB-2008-0219**

**Our File No.: 339583-000017**

Enclosed please find the Interrogatories of Canadian Manufacturers & Exporters ("CME") to Enbridge Gas Distribution Inc. ("EGD") in this proceeding.

Please contact me if you require any further information.

Yours very truly,

A handwritten signature in black ink, appearing to read 'P. Thompson', is written over a horizontal line.

Peter C.P. Thompson, Q.C.

\slc  
enclosure

- c. Norm Ryckman (EGD)  
Fred Cass (Aird & Berlis)  
Interested Parties EB-2008-0219  
Paul Clipsham (CME)

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**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 or  
fixing just and reasonable rates and other charges for the  
sale, distribution, transmission and storage of gas  
commencing January 1, 2009.

**Phase I Interrogatories of  
Canadian Manufacturers & Exporters (“CME”)  
to Enbridge Gas Distribution Inc. (“EGD”)**

**Customer Addition/Customers Budget**

Ref: Exhibit B, Tab 1, Schedule 4  
Exhibit B, Tab 1, Schedule 5, Appendix B

1. At page 46 of the Settlement Agreement found at Exhibit E, Tab 1, Schedule 1, there is a forecast of 41,000 customer additions between the end of 2008 and the end of 2009. The evidence at Exhibit B, Tab 1, Schedule 5, Appendix B at page 6 indicates that EGD estimates year-end customer additions to 2009 at 1,906,437 customers, some 41,433 customers above the estimated actual customers level at the end of 2008 of 1,865,004. In the context of this evidence, please provide the following information:
  - (a) In the circumstances of economic turmoil which are likely to prevail in 2009, please explain how EGD’s customer addition forecast of 41,433 can be greater than the forecast of 41,000 reflected in the Settlement Agreement.
  - (b) Please provide an exhibit which shows the impact on the 2009 Distribution Revenue Requirement (“DRR”) of reducing EGD’s 2009 average customer additions forecast by 1,000.

**Gas Volume Budget and EGD’s 2009 Average Use Estimates**

Ref: Exhibit B, Tab 1, Schedule 5  
Exhibit B, Tab 2, Schedule 2

2. In Exhibit B, Tab 1, Schedule 5, Appendix A, at pages 1, 3, 9, 10, 12, 13, 17 and 18, the volumes EGD delivers to Rate 25 customers is shown as zero. In the context of this evidence, please provide the following information:

- (a) Please explain why the volumes being delivered to Rate 125 customers is excluded from these Exhibits.
- 3. The evidence indicates that estimated actual average uses for 2008 for the smaller volume customers are higher than EGD's 2008 forecast average uses for those rate classes. In the context of this evidence, please provide the following information:
  - (a) Please provide a calculation that will show the effect on the 2009 DRR of using estimated actual normalized average uses for 2008 for the smaller volume rate classes for the purposes of deriving 2009 rates.
- 4. Will the 2009 Average Use True-up Variance Account ("AUTUVA") protect the Company in the event that 2008 estimated actual normalized average uses are used as a surrogate for 2009 forecast average uses for the purposes of determining the 2009 distribution revenue requirement?

#### **Y Factor Power Generation Projects**

Ref: Exhibit B, Tab 1, Schedule 6

- 5. The evidence refers to the two Power Generation Projects which the Company has budgeted for 2009 being the Portlands Energy Centre and the Thorold Cogen Project. In calculating the revenue deficiency attributable to these projects at Exhibit B, Tab 1, Schedule 6, Appendix A, it appears that no revenue is being brought into account in 2009, even though the Allocators report for December 31, 2009, at Exhibit B, Tab 3, Schedule 10, page 8 shows 6,222.1  $10^3\text{m}^3/\text{day}$  of Delivery Demand TP, being deliveries at transmission pressure, which EGD provides to its Rate 125 customers. In the context of this evidence, please provide the following information:
  - (a) What is the in-service date for each of the Portlands Energy Centre and Thorold Cogen Projects?
  - (b) Please provide a breakdown of the 6,222.1  $10^3\text{m}^3/\text{day}$  of Delivery Demand TP between the Portlands Energy Centre, Thorold Cogen, and other Rate 125 customers.
  - (c) Please provide the monthly and annual revenue EGD receives under its arrangements with the Portlands Energy Centre, the Thorold Cogen, and the other customer which are being or will be served during 2009 under the auspices of Rate 125.
  - (d) Please explain why the revenue EGD will realize from the Portlands Energy Centre and the Thorold Cogen has apparently been excluded from the Y Factor revenue requirement determination in relation to each of these projects found in Exhibit B, Tab 1, Schedule 6, Appendix A.

**Y Factors Other/Gas Costs, Transportation and Storage**

Ref: Exhibit B, Tab 1, Schedule 7, paragraph 2c  
Exhibit B, Tab 5, Schedule 1

6. In Exhibit B, Tab 1, Schedule 2, page 1, at line 4, EGD removes 2008 Gas-in-Storage-related carrying costs (at October 1, 2007 ref. price) of \$43.1M and then adds, at line 19, 2009 Gas-in-Storage-related carrying costs (at October 1, 2008 ref. price) of \$50.40M. At Exhibit B, Tab 1, Schedule 7, page 1, EGD states that the company's forecast of gas costs to operations for 2009 at this time is found at Exhibit B, Tab 5, Schedules 1 and 2. The evidence at Exhibit B, Tab 1, Schedule 2, Appendix A, page 1 shows the 2009 forecast Gas-in-Storage in Rate Base and its associated gross carrying cost. At page 2 of 3, the 2008 forecast Gas-in-Storage and its associated gross carrying costs is shown. The evidence indicates that average Gas-in-Storage volume in 2009 has declined slightly from its level in 2008 and that the net lag days for Gas Costs Working Cash Allowance in 2009 has increased to 4.2 from 3.9 in 2008. In the context of this evidence, please provide the following information:
- (a) What is the October 1, 2007 ref. price and the October 1, 2008 ref. price?
  - (b) Does the phrase "at this time" mean that EGD's forecast for 2009 has now been changed? If so, then what is the current forecast?
  - (c) Please explain why the net lag days for Gas Costs Working Cash Allowance increases by about 8% from 3.9 in 2008 to a forecasted amount of 4.2 in 2009.
7. TCPL transportation costs shown in Exhibit B, Tab 5, Schedule 2, page 1 in lines 7.1 to 7.7 are forecast to decline on January 1, 2009. When will these reductions in TCPL costs be brought into account in EGD's 2009 Rates?

**Proposed Rates**

Ref: Exhibit B, Tab 3, Schedule 1  
Exhibit B, Tab 3, Schedule 10

8. At Exhibit B, Tab 3, Schedule 10, page 5, EGD shows the total DRR, including Y Factors, allocated to the various customer classes. The 2009 Y Factor revenue requirement allocation is shown in Exhibit B, Tab 3, Schedule 10 at page 6. The allocation of the DRR minus the Y Factor is shown at Exhibit B, Tab 3, Schedule 10, page 7 and the Allocators for the period December 31, 2009, are shown at Exhibit B, Tab 3, Schedule 10, page 8 and expressed on a percentage basis at Exhibit B, Tab 3, Schedule 10, page 9. Revenue to cost ratios of EGD's proposed 2009 Rates are shown at Exhibit B, Tab 3, Schedule 10, page 1, including gas supply commodity, and at page 2, excluding

gas supply commodity. In its evidence at Exhibit B, Tab 3, Schedule 1, page 7, the Company states as follows:

- “24. The Company has designed the proposed 2009 rates while balancing the following objectives: rate stability, rate class characteristics and rate impacts for the various customer classes, market acceptance, continuity, avoidance of rate shock, and continuance of competitive position.”
- 25. The Company also validated that there is an appropriate assignment of revenue responsibility among rate classes and that rates remain related to revenue requirement by measuring the proposed revenues to be recovered from each rate class relative to the assignment of the test year revenue requirement. This validation is provided at Exhibit B, Tab 3, Schedule 10, pages 1 and 2.”

This evidence suggests that the Company has applied some judgment in establishing final rate levels for 2009. In the context of all of the above, please provide the following information:

- (a) Please provide the December 31, 2008 Allocators in the same format as Exhibit B, Tab 3, Schedule 10, pages 8 and 9, being those used to allocate EGD's 2008 DRR. If estimated actual allocators for December 31, 2008, are available, then please provide them as well.
  - (b) If there are any material differences between the December 31, 2008 Allocators and the December 31, 2009 Allocators, then please identify each of the material differences and provide a brief explanation of the reasons why these Allocators have materially changed.
  - (c) Please identify each of the Allocators that have been used to allocate each of the five (5) line items of costs shown in Exhibit B, Tab 3, Schedule 10, page 5 showing the total 2009 DRR of \$973.8M.
  - (d) Please identify each of the Allocators which has been applied to allocate the four (4) line items in Exhibit B, Tab 3, Schedule 10, page 6 showing 2009 Y Factor revenue requirement of \$172M.
9. In finalizing its 2009 proposed rates, has EGD applied judgment to modify the rate levels to each customer class which would otherwise result from adhering strictly to the cost allocators? If so, please explain where judgment has been applied, describe the extent of, and provide the reasons for modifying the rate levels which would result from strict adherence to the cost allocators.