

BOARD STAFF INTERROGATORY #1

INTERROGATORY

ISSUE 1 – ACCORDANCE WITH SETTLEMENT

Ref: Ex. B /Tab 1/ Sch 2 /

- a. Please confirm that there have been no departures from the terms of the EB-2007-0615 settlement for the calculation of the 2009 revenue requirement, assignment of the revenue requirement to the rate classes, and the derivation of the 2009 rates.
- b. If Enbridge did not follow the specific terms of the settlement, due to interpretation of the terms or any other reason, please describe where the terms of the settlement were not specifically followed, the reason why, and the method Enbridge used.

RESPONSE

- a) Please refer to the Technical Conference transcript dated December 4, 2008 at page 7, Line 28.
- b) Please refer to the Technical Conference transcript dated December 4, 2008 at page 8, Line 16.

Witnesses: I. Chan
K. Culbert
A. Kacicnik
T. Ladanyi
D. Small

BOARD STAFF INTERROGATORY #2

INTERROGATORY

ISSUE 1 – ACCORDANCE WITH SETTLEMENT

Ref: Ex. B /Tab 3/ Sch 9 /

The bill impacts listed in the application (Bill Impacts) are in some cases notably different than those suggested in the Settlement Agreement (Appendix G). For example Rate 1 at 3,064 cubic meters shows virtually no bill impact in the application yet the settlement suggested a \$11.67 per year bill increase for 2009. While it is understood that Enbridge is not bound to the bill impacts in the settlement, what are the main factors contributing to the variance in bill impacts?

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 8, Line 5.

Witnesses: J. Collier
A. Kacicnik

BOARD STAFF INTERROGATORY #4

INTERROGATORY

ISSUE 4 - CUSTOMER ADDITIONS

Ref: Ex. B /Tab 1/ Sch 5 / Appendix B / page 1

How is the forecast of new customers impacted by the current economic slowdown? If so, is the Company of the view that its forecast should be updated? In this event, what would be the new forecast of customer additions?

RESPONSE

Year to date 2008 customer additions are currently 41,291. These year to date numbers are comprised of 11 months of actual data and 1 month of forecast data.

The 2009 customer additions budget has not been updated to reflect changed economic expectations for 2009. The Company will not be providing an update for its forecast of 2009 customer additions.

Please see the response to Board Staff Interrogatory #3 at Exhibit I, Tab 1, Schedule 3 for an analysis of a range of customer additions forecasts and the resultant impacts on the revenue requirement.

SUPPLEMENTAL RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 9, Line 26.

Witnesses: J. Denomy
T. Ladanyi

BOARD STAFF INTERROGATORY #4

INTERROGATORY

ISSUE 4 - CUSTOMER ADDITIONS

Ref: Ex. B /Tab 1/ Sch 5 / Appendix B / page 1

How is the forecast of new customers impacted by the current economic slowdown? If so, is the Company of the view that its forecast should be updated? In this event, what would be the new forecast of customer additions?

RESPONSE

Year to date 2008 customer additions are currently 41,291. These year to date numbers are comprised of 11 months of actual data and 1 month of forecast data.

The 2009 customer additions budget has not been updated to reflect changed economic expectations for 2009. The Company will not be providing an update for its forecast of 2009 customer additions.

Please see the response to Board Staff Interrogatory #3 at Exhibit I, Tab 1, Schedule 3 for an analysis of a range of customer additions forecasts and the resultant impacts on the revenue requirement.

Witnesses: J. Denomy
T. Ladanyi

BOARD STAFF INTERROGATORY #5

INTERROGATORY

ISSUE 5 – GAS VOLUME BUDGET

Ref: Ex. B /Tab 1/ Sch 5/

a. Please provide a table of historic and forecasted gas volumes, in a similar format to the example shown below, broken down by general service and contract that shows the Board-approved versus the actual volumes for the 5-year period 2003 through 2007. Please also include 2008 forecast versus Board-approved, 2009, and the average number of customers.

b. Please also provide a table similar to part a. above for weather-normalized volumes.

Example

	Year 1		Year 2		Year 3	
	Board-approved	Actual	Board-approved	Actual	Board-approved	Actual
General Service						
Contract						
Total Volumes						
No. Customers (avg.)						

Witnesses: I. Chan
T. Ladanyi

RESPONSE

- a. Table 1 provides the requested information. In order to facilitate the Board's review, meter reading conventional degree days are also provided herein.
- b. Table 2 illustrates the requested information. In order to compare the year over year variance between actual and Board Approved normalized numbers on the same basis, each year actual results have to be normalized to the corresponding Board Approved degree days for that year.
- c. Overall, other than unexpected and historic high natural gas prices that occurred in 2005 and 2006 of reducing gas consumption and causing plant closures along with unforeseen rate switching commencing the Fall 2006 as discussed in details on pages 28 to 30 of Exhibit B, Tab 1, Schedule 5, the average total normalized percentage error variances (i.e., Actual vs Board Approved Budget) during 2003-2004 and 2007 were 0.4% or $45 \times 10^6 \text{m}^3$.

As stated in Paragraphs 45 and 46 of Exhibit B, Tab 1, Schedule 5, all else being equal the shortfall between 2008 Bridge Year Estimate of $11,565.5 \times 10^6 \text{m}^3$ and 2008 Board Approved Budget of $11,643.2 \times 10^6 \text{m}^3$ is mainly caused by one large distributed energy customer migrating from Rate 115 to Rate 125 that has no distribution volume of $103.7 \times 10^6 \text{m}^3$ effective July 1, 2008 unexpectedly. After removing this migration, the 2008 Bridge Year Estimate volumes are only $26.0 \times 10^6 \text{m}^3$ or 0.2% above the Board Approved Budget.

Witnesses: I. Chan
T. Ladanyi

Witnesses: I. Chan
T. Ladanyi

Table 1 - Weather Un-Normalized Volumes, Customers and Degree Days

(Volumes in 10^6 m^3)

	2003		2004*		2005		2006		2007		2008		2009
	Board- Approved	Actual	Board- Approved	Actual	Board- Approved	Actual	Board- Approved	Actual	Board- Approved	Actual	Board- Approved	Estimate	Budget
General Service	7,374.5	8,228.9	7,511.8	7,916.3	7,963.9	7,950.4	7,932.8	7,490.5	7,642.2	8,314.8	8,288.0	8,362.5	9,083.2
Contract	4,400.2	4,417.3	4,309.7	4,340.5	4,334.2	4,215.6	4,387.9	3,996.4	4,134.3	3,758.5	3,355.2	3,203.0	2,316.6
Total Volumes	11,774.7	12,646.2	11,821.5	12,256.8	12,298.1	12,166.0	12,320.7	11,486.9	11,776.5	12,073.3	11,643.2	11,565.5	11,399.8
No. Customers (avg.)	1,615,037	1,622,016	1,672,586	1,676,380	1,718,766	1,724,716	1,792,615	1,782,813	1,823,258	1,824,789	1,864,047	1,865,004	1,906,437
Meter Reading													
Degree Days (18°C)	3,565	4,029	3,565	3,774	3,752	3,728	3,745	3,448	3,617	3,613	3,543	3,543	3,514

Note:

As both of historical Board Approved degree days, customers and volumes were developed based upon fiscal year information up to 2005, they are presented on a fiscal-year basis up to 2005 in this table. From 2006 onwards, they are presented on a calendar-year basis.

* 2004 Bridge Year Estimate from RP-2003-0203 was reported here as Board Approved numbers are not available since there was no 2004 Board Approved Volume Budget due to the nature of the 2004 Rate Application. Please see RP-2003-0048, Exhibit A, Tab 3, Schedule 1 for the rationale for implementing this new approach.

** In consequence of the ADR settlement agreement in capital expenditure, there was a reduction in customers of 1,022 to the board approved budget numbers.

Witnesses: I. Chan
T. Ladanyi

Table 2 - Weather Normalized Volumes and Customers

(Volumes in 10⁶m³)

	2003		2004*		2005**		2006		2007		2008		2009
	Board- Approved	Normalized Actual	Board- Approved	Normalized Actual	Board- Approved	Normalized Actual	Board- Approved	Normalized Actual	Board- Approved	Normalized Actual	Board- Approved	Bridge Year Estimate	Budget
General Service	7,374.5	7,345.5	7,511.8	7,458.4	7,963.9	7,822.8	7,932.8	7,901.9	7,642.2	8,037.9	8,288.0	8,362.5	9,083.2
Contract	4,400.2	4,380.7	4,309.7	4,275.9	4,334.2	4,199.2	4,387.9	4,119.1	4,134.3	3,739.8	3,355.2	3,203.0	2,316.6
Total Volumes	11,774.7	11,726.2	11,821.5	11,734.2	12,298.1	12,022.0	12,320.7	12,021.0	11,776.5	11,777.7	11,643.2	11,565.5	11,399.8
No. Customers (avg.)	1,615,037	1,622,016	1,672,586	1,676,380	1,718,766	1,724,716	1,792,615	1,782,813	1,823,258	1,824,789	1,864,047	1,865,004	1,906,437
Meter Reading Degree Days (48°C)	3,565	3,565	3,565	3,565	3,752	3,752	3,745	3,745	3,617	3,617	3,543	3,543	3,514

Note:

As both of historical Board Approved degree days, customers and volumes were developed based upon fiscal year information up to 2005, they are presented on a fiscal-year basis up to 2005 in this table. From 2006 onwards, they are presented on a calendar-year basis.

* 2004 Bridge Year Estimate from RP-2003-0203 was reported here as Board Approved numbers are not available since there was no 2004 Board Approved Volume Budget due to the nature of the 2004 Rate Application. Please see RP-2003-0048, Exhibit A, Tab 3, Schedule 1 for the rationale for implementing this new approach.

** In consequence of the ADR settlement agreement in capital expenditure, there was a reduction in customers of 1,022 to the board approved budget numbers.

BOARD STAFF INTERROGATORY #6

INTERROGATORY

ISSUE 5 – GAS VOLUME BUDGET

Ref: Ex. B /Tab 1/ Sch 5 / page 4 / para 8

In the Gas Volume budget evidence (for example in paragraph 8), the Company mentions that economic factors have an effect on the gas volume budget. In some cases, factors such as the “high gas and oil prices” and a “strong Canadian dollar” have changed markedly since the time of filing the application. In light of the changed economic circumstances since this application was filed, does the Company intend to revise the gas volume budget? In the Company’s view, should the as-filed numbers change because of the changing factors? If so, what would be the impact on the gas volume budget for 2009?

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 11, Line 27.

Witnesses: I. Chan
T. Ladanyi

BOARD STAFF INTERROGATORY #7

INTERROGATORY

ISSUE 5 – GAS VOLUME BUDGET

Ref: Ex. B /Tab 1/ Sch 5 / page 7 / para 16

In paragraph 16, the Company mentions that higher gas prices in 2009 will contribute to declining residential average use. Table 3 on page 9 quantifies the factors. In light of the decline in natural gas prices since this application was filed, does the Company intend to revise its outlook as to how gas prices will impact residential average use? In the Company's view, should the as-filed numbers change because of the recent decline in gas prices? If so, what would the impact be on the gas volume budget for 2009?

RESPONSE

Please refer to the Technical Conference Transcript dated December 4, 2008 at page 13, Line 28.

Witnesses: I. Chan
T. Ladanyi

BOARD STAFF INTERROGATORY #8

INTERROGATORY

ISSUE 5 – GAS VOLUME BUDGET

Ref: Ex. B /Tab 1/ Sch 4 /

Please provide a sensitivity analysis on the 2009 distribution revenues of changes to the gas volume forecast. What is the effect of a plus $500 \times 10^6 \text{m}^3$ and of a minus $500 \times 10^6 \text{m}^3$ change to the forecast of distribution revenues?

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 15, Line 27.

Witnesses: I. Chan
T. Ladanyi

BOARD STAFF INTERROGATORY #9

INTERROGATORY

ISSUE 6 – Y FACTOR – CAPITAL

Ref: Ex. B /Tab 1/ Sch 6/

In addition to the 2 projects listed at the time of filing, are there any new Leave to Construct applications related to power generation contemplated by Enbridge that could proceed in 2009?

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 20, Line 2.

Witnesses: K. Culbert
T. Ladanyi
T. Tuck

APPrO INTERROGATORY #1

INTERROGATORY

Utility Income Calculation.

Exhibit B, Tab 1, Schedule 6 Appendix A Page 3 of 5; illustrates the calculation of the utility net income that is subsequently used to calculate gross revenue deficiency (page 1 of 5). Enbridge notes in Exhibit B, Tab 1, Schedule 5. Appendix A, page 2 that the company had 2 Rate 125 customers in 2008 and will have 3 customers in 2009. Similarly on page 5 of the same Appendix, no "revenue at existing rates" is included in gross revenue deficiency calculation other than a rounding adjustment. Given that these customers are large customers with minimum daily loads of 600,000 m³/d, please explain why in the calculation of the Y factor utility income, no revenue has been included in the calculation of utility income.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 20, Line 28.

Witnesses: I. Chan
J. Collier
K. Culbert
A. Kacicnik
T. Ladanyi

APPrO INTERROGATORY #2

INTERROGATORY

Revenue Requirement Calculation.

Exhibit B, Tab 3, Schedule 3 illustrates the proposed revenue requirement in total and by class. Please indicate why the Total Distribution revenue proposed on line 16 of 1,046,709 differs from the Resulting 2009 Distribution Revenues of 974,140 found in Exhibit B, Tab 1, Schedule 2, page 1, line 24.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 28, Line 18.

Witnesses: J. Collier
A. Kacicnik

APPrO INTERROGATORY #3

INTERROGATORY

Summary of Proposed Rate Changes.

Exhibit B, Tab 3, Schedules 6 and 9 illustrate the proposed rate changes by Rate Class and by rate item,

- a. Rate 125 Tier 1, Tier 2 and Cumulative balancing charges are as follows:

	Current Approved	Proposed EB-2008-0219	% Change
Tier 1	0.8668 ¢/m3	0.9004 ¢/m3	3.87
Tier 2	1.0402 ¢/m3	1.0805 ¢/m3	3.87
Cumulative	1.0076 ¢/m3	1.0343 ¢/m3	2.65

Please explain the reasons for and the detailed calculation of these increases.

- b. On page 3 of 4 of Schedule 6, a number is illustrated in parenthesis under Rate 315 item 3.02, suggesting a footnote, but no footnote was included. Please indicate the footnote or the intention of the number in parenthesis.
- c. Rate 315 and Rate 316 charges are as follows:

	Current Approved	Proposed EB-2008-0219	% Change
Rate 315			
Space	0.0364 ¢/m3	0.0466 ¢/m3	28.0%
Deliverability	13.5776 ¢/m3	13.6672 ¢/m3	0.7%
I/W Charge	0.4486 ¢/m3	0.5136 ¢/m3	14.5%
Rate 316			
Space	0.0364 ¢/m3	0.0466 ¢/m3	28.0%
Deliverability	3.5153 ¢/m3	4.3168 ¢/m3	22.8%
I/W Charge	0.1681 ¢/m3	0.1672 ¢/m3	-0.5%

Witnesses: J. Collier
A. Kacicnik

- i. Please show the derivation of these rates and explain the reasons for the significant increase Rate 315 Space and I/W charges as well as the Rate 316 Space and Deliverability charges.
- ii. Please show the derivation of these rates and explain why has Rate 315 Deliverability charge increased a modest 0.7% whereas the Rate 316 deliverability charge increased 22.8%?
- iii. Please show the derivation of these rates and explain why has the Rate 316 I/W charge decreased 0.5% whereas the Rate 315 I/W charge has increased 14.5%?

RESPONSE

Please refer to the Technical Conference tTranscript dated December 4, 2008 at page 29, Line 27.

Witnesses: J. Collier
A. Kacicnik

APPrO INTERROGATORY #4

INTERROGATORY

TransCanada DOS-MN.

Exhibit B, Tab 5, Schedule 2 illustrates the costs of various upstream transportation costs. On or about November 7, 2008, TransCanada filed an application with the National Energy Board to implement a Dawn Overrun Service – Must Nominate (“DOS-MN”) whereby for the balance of the current winter TransCanada will receive gas at Empress and redeliver such volumes at Dawn. The cost for such service is the FT commodity toll, thus shippers avoid the normal demand charge that otherwise would apply. Certain shippers had the right to their pro-rata of this service.

- a. Please indicate if Enbridge has assigned and/or contracted for such service and what percentage was assigned or contracted relative to its overall entitlement.
- b. If Enbridge has assigned all or a portion of this service to a third party how are the proceeds of such assignment dealt with?
- c. If Enbridge plans to incorporate this service into its own transportation portfolio, how will Schedule 2 change to reflect this opportunity?

RESPONSE

a) & b)

The TransCanada DOS-MN service is being offered as a service enhancement feature for FT, FT-NR, FT-SN, and STS shippers (“Firm Shippers”) pro rata based on each Firm Shipper’s demand charge commitment to the TransCanada system this winter. Firm Shippers have the option of accepting their pro rata share of DOS-MN capacity or not.

EGD has determined that the DOS-MN service offered by TransCanada should be retained by EGD and utilized to the benefit of all customers.

To the extent that this entitlement is optimized it will form part of the Company’s Transactional Services (“TS”) revenue. EGD’s approved revenue sharing

Witness: D. Small

methodology requires all TS revenue under a threshold to flow directly to its customers. If total TS revenues in 2009 are greater than the threshold, as a result of the optimization avenues available to EGD, these revenues would be shared 90:10 between customers and EGD.

- c) The TransCanada DOS-MN service will have no impact on Exhibit B, Tab 5, Schedule 2, page1.

SUPPLEMENTAL RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 35, Line 2.

APPrO INTERROGATORY #4

INTERROGATORY

TransCanada DOS-MN.

Exhibit B, Tab 5, Schedule 2 illustrates the costs of various upstream transportation costs. On or about November 7, 2008, TransCanada filed an application with the National Energy Board to implement a Dawn Overrun Service – Must Nominate (“DOS-MN”) whereby for the balance of the current winter TransCanada will receive gas at Empress and redeliver such volumes at Dawn. The cost for such service is the FT commodity toll, thus shippers avoid the normal demand charge that otherwise would apply. Certain shippers had the right to their pro-rata of this service.

- a. Please indicate if Enbridge has assigned and/or contracted for such service and what percentage was assigned or contracted relative to its overall entitlement.
- b. If Enbridge has assigned all or a portion of this service to a third party how are the proceeds of such assignment dealt with?
- c. If Enbridge plans to incorporate this service into its own transportation portfolio, how will Schedule 2 change to reflect this opportunity?

RESPONSE

a) & b)

The TransCanada DOS-MN service is being offered as a service enhancement feature for FT, FT-NR, FT-SN, and STS shippers (“Firm Shippers”) pro rata based on each Firm Shipper’s demand charge commitment to the TransCanada system this winter. Firm Shippers have the option of accepting their pro rata share of DOS-MN capacity or not.

EGD has determined that the DOS-MN service offered by TransCanada should be retained by EGD and utilized to the benefit of all customers.

To the extent that this entitlement is optimized it will form part of the Company’s Transactional Services (“TS”) revenue. EGD’s approved revenue sharing

Witness: D. Small

methodology requires all TS revenue under a threshold to flow directly to its customers. If total TS revenues in 2009 are greater than the threshold, as a result of the optimization avenues available to EGD, these revenues would be shared 90:10 between customers and EGD.

- c) The TransCanada DOS-MN service will have no impact on Exhibit B, Tab 5, Schedule 2, page1.

APPrO INTERROGATORY #5

INTERROGATORY

Customer Charges.

Exhibit B, Tab 3, Schedule 8, page 5 of 7, Item 1.1 indicates "12" in column 2. Please indicate what this number represents and if this is the number of contracts through 2009 times the number of months in the year where customers are paying the customer charge, should this number be higher to reflect the 3 Rate 125 customers illustrated in Exhibit B, Tab 1, Schedule 5, Appendix A, page 2.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 36, Line 1.

Witnesses: J. Collier
A. Kacicnik

APPrO INTERROGATORY #6

INTERROGATORY

Allocation Percentages.

Exhibit B, Tab 3, Schedule 10 pages 8 & 9; please provide additional information to explain the calculation to derive the Delivery Demand TP allocation percentages for Rate 125 and Rate 300.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 36, Line 19.

Witnesses: A. Kacicnik
M. Suarez

APPrO INTERROGATORY #7

INTERROGATORY

Allocation Percentages.

Exhibit B, Tab 3, Schedule 10 pages 8 & 9;

Please confirm that Enbridge has allocated project costs as discussed in Section 5.1 of the Settlement Agreement in EB-2007-0615 in accordance with the latest Board-approved cost allocation methodologies and rate design principles as illustrated at Appendix E to that Settlement Agreement. If Enbridge is applying a cost allocation methodology or rate design principles that differ from those illustrated in Appendix E to that Settlement Agreement, please indicate the source of the Board-approval for the change or provide the rationale supporting changes that are being proposed by Enbridge in the current filing.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 38, Line 15.

Witnesses: A. Kacicnik
M. Suarez

BOMA INTERROGATORY #1

INTERROGATORY

Ref: Exhibit B, Tab 1, Schedule 4, Table 1

Given developments in the economy over the past few months, has EGD updated its forecast for housing starts for 2009? If yes, what is the most recent EGD forecast for housing starts in Ontario and in the company's franchise area?

RESPONSE

Please see the response to Board Staff Interrogatory #4 at Exhibit I, Tab 1, Schedule 4.

Witnesses: J. Denomy
T. Ladanyi

BOMA INTERROGATORY #2

INTERROGATORY

Ref: Exhibit B, Tab 1, Schedule 4, Table 2

Is EGD still on track to achieve the 2008 Board Approved customer additions shown in Table 2? If not, what is the current projection for the customer additions in 2008?

RESPONSE

Please see the response to Board Staff Interrogatory #4 at Exhibit I, Tab 1, Schedule 4.

Witnesses: J. Denomy
T. Ladanyi

BOMA INTERROGATORY #3

INTERROGATORY

Ref: Exhibit B, Tab 1, Schedule 6, Appendix A

- a) Page 5 of Appendix A shows a revenue deficiency of \$1.1 million. What was the forecasted figure for 2008 included in the rate adjustment in EB-2007-0615? Will any variance between the forecasted figure and the actual figure be trued up? Does EGD have a variance account for this purpose?
- b) Please show the calculations for booth 2008 and 2009 related to the depreciation and amortization costs and the capital cost allowance deductions shown on page 4.
- c) Please show the derivation of the 2008 and 2009 property, plant and equipment averages for cost and accumulated depreciation shown on page 2.

RESPONSE

- a) In the 2008 Approved Incentive Regulation formula the forecast rate adjustment amount was a reduction of approximately \$(0.1) million. The forecast rate adjustment for 2009 at that time was an increase of approximately \$3.05 million (EB-2007-0615, Final Draft Rate Order, 2008-04-02, Appendix A, p. 1 of 5, Row 23, Columns 1 & 2). There is no variance account for the 2008 revenue requirement variance of \$1.2 million (\$(0.1) M decrease or sufficiency vs. the current \$1.1M increase or deficiency). The true up of the difference in costs and revenue requirement occurs prospectively. Meaning, for the 2009 Y-factor power generation project, updated estimates and timing of costs are used for each of the 2008 and 2009 years. Those new estimates have an impact on the amount to be included in the 2009 IR rate adjustment. This process will continue within the 2010 Y-factor power generation revenue requirement where, 2008 actual and timing of costs, and updated estimates of 2009 & 2010 costs & timing will have an impact on the amount to be included in the 2010 IR rate adjustment. Similarly in 2011, there would be an inclusion of two years of actual data, 2008 and 2009 and updated estimates of 2010 & 2011 costs & timing.
- b) The calculations for the items requested in parts b & c above are all found on pages 2 and 3 of this response.

Witnesses: K. Culbert
T. Ladanyi
T. Tuck

PROPERTY, PLANT AND EQUIPMENT AVERAGES FOR COST AND ACCUMULATED DEPRECIATION FOR 2008 & 2009

2008					2008					2008				
Mains - Coated & Wrapped Steel					Land					Regulating Equipment				
Capital Expenditure IDC		23,443.0	3.86%	Depr. Rate	Capital Expenditure IDC		-	0.00%	Depr. Rate	Capital Expenditure IDC		-	5.16%	Depr. Rate
		(760.0)	6.00%	CCA Rate			-	0.00%	CCA Rate			-	6.00%	CCA Rate
Month	Year	Gross	A/D	P.P.&E. (net)	Month	Year	Gross	A/D	P.P.&E. (net)	Month	Year	Gross	A/D	P.P.&E. (net)
January 1st	2008	0.0	0.0	0.0	January 1st	2008	0.0	0.0	0.0	January 1st	2008	0.0	0.0	0.0
January	2008	0.0	0.0	0.0	January	2008	0.0	0.0	0.0	January	2008	0.0	0.0	0.0
February	2008	0.0	0.0	0.0	February	2008	0.0	0.0	0.0	February	2008	0.0	0.0	0.0
March	2008	0.0	0.0	0.0	March	2008	0.0	0.0	0.0	March	2008	0.0	0.0	0.0
April	2008	8,268.0	(26.6)	8,241.4	April	2008	0.0	0.0	0.0	April	2008	0.0	0.0	0.0
May	2008	8,268.0	(53.2)	8,214.8	May	2008	0.0	0.0	0.0	May	2008	0.0	0.0	0.0
June	2008	8,268.0	(79.8)	8,188.2	June	2008	0.0	0.0	0.0	June	2008	0.0	0.0	0.0
July	2008	8,268.0	(106.4)	8,161.6	July	2008	0.0	0.0	0.0	July	2008	0.0	0.0	0.0
August	2008	8,268.0	(133.0)	8,135.0	August	2008	0.0	0.0	0.0	August	2008	0.0	0.0	0.0
September	2008	8,268.0	(159.6)	8,108.4	September	2008	0.0	0.0	0.0	September	2008	0.0	0.0	0.0
October	2008	23,443.0	(235.0)	23,208.0	October	2008	0.0	0.0	0.0	October	2008	0.0	0.0	0.0
November	2008	23,443.0	(310.4)	23,132.6	November	2008	0.0	0.0	0.0	November	2008	0.0	0.0	0.0
December	2008	23,443.0	(385.8)	23,057.2	December	2008	0.0	0.0	0.0	December	2008	0.0	0.0	0.0
Avg. of avgs.		9,018.0	(108.1)	8,909.9	Avg. of avgs.		0.0	0.0	0.0	Avg. of avgs.		0.0	0.0	0.0
Depreciation Expense		385.8			Depreciation Expense		0.0			Depreciation Expense		0.0		
CCA pool add net of IDC		22,683.0												

2009					2009					2009				
Mains - Coated & Wrapped Steel					Land					Regulating Equipment				
Capital Expenditure IDC		5,266.7	3.86%	Depr. Rate	Capital Expenditure		200.0	0.00%	Depr. Rate	Capital Expenditure		2,627.4	5.16%	Depr. Rate
		(124.0)	6.00%	CCA Rate				0.00%	CCA Rate				6.00%	CCA Rate
Month	Year	Gross	A/D	P.P.&E. (net)	Month	Year	Gross	A/D	P.P.&E. (net)	Month	Year	Gross	A/D	P.P.&E. (net)
\$000's														
January 1st	2009	23,443.0	(385.8)	23,057.2	January 1st	2008	0.0	0.0	0.0	January 1st	2009	0.0	0.0	0.0
January	2009	24,022.6	(463.1)	23,559.5	January	2008	45.0	0.0	45.0	January	2009	0.0	0.0	0.0
February	2009	24,602.5	(542.2)	24,060.3	February	2008	90.0	0.0	90.0	February	2009	0.0	0.0	0.0
March	2009	24,630.2	(621.4)	24,008.8	March	2008	130.0	0.0	130.0	March	2009	0.0	0.0	0.0
April	2009	24,636.1	(700.6)	23,935.5	April	2008	130.0	0.0	130.0	April	2009	0.0	0.0	0.0
May	2009	24,717.9	(780.1)	23,937.8	May	2008	130.0	0.0	130.0	May	2009	0.0	0.0	0.0
June	2009	24,725.7	(859.6)	23,866.1	June	2008	130.0	0.0	130.0	June	2009	0.0	0.0	0.0
July	2009	24,881.5	(939.6)	23,941.9	July	2008	130.0	0.0	130.0	July	2009	0.0	0.0	0.0
August	2009	24,889.2	(1,019.7)	23,869.5	August	2008	130.0	0.0	130.0	August	2009	0.0	0.0	0.0
September	2009	28,709.7	(1,112.0)	27,597.7	September	2008	200.0	0.0	200.0	September	2009	2,627.4	(11.3)	2,616.1
October	2009	28,709.7	(1,204.3)	27,505.4	October	2008	200.0	0.0	200.0	October	2009	2,627.4	(22.6)	2,604.8
November	2009	28,709.7	(1,296.6)	27,413.1	November	2008	200.0	0.0	200.0	November	2009	2,627.4	(33.9)	2,593.5
December	2009	28,709.7	(1,388.9)	27,320.8	December	2008	200.0	0.0	200.0	December	2009	2,627.4	(45.2)	2,582.2
Avg. of avgs.		25,775.9	(868.9)	24,907.1	Avg. of avgs.		134.6	0.0	134.6	Avg. of avgs.		766.3	(7.5)	758.8
Depreciation Expense		1,003.1			Depreciation Expense		0.0			Depreciation Expense		45.2		
CCA pool add net of IDC		5,142.7												

AMORTIZATION COSTS AND CAPITAL COST ALLOWANCE DEDUCTIONS FOR 2008 & 2009

Provincial Capital Taxes

	Year-end UCC Bal.	Capital Tax rate	Prov'l Cap. Tax.
2008	22,002.5	0.285%	62.7
2009	28,219.3	0.225%	63.9

Mains - Coated & Wrapped Steel

				Current year				
				C.C.A.		C.C.A.	Total	Ending
				with 1/2 year		on opening	Eligible	Eligible
C.C.A.	Opening U.C.C	Current year		Rate	Rule	balances	C.C.A.	U.C.C.
Class	Balances	additions						
2008	1	-	22,683.0	6.00%	680.5	-	680.5	22,002.5
2009	1	22,002.5	5,142.7	6.00%	154.3	1,320.2	1,474.5	25,670.7

Regulating Equipment

				Current year				
				C.C.A.		C.C.A.	Total	Ending
				with 1/2 year		on opening	Eligible	Eligible
C.C.A.	Opening U.C.C	Current year		Rate	Rule	balances	C.C.A.	U.C.C.
Class	Balances	additions						
2008	1	-	-	6.00%	-	-	-	-
2009	1	-	2,627.4	6.00%	78.8	-	78.8	2,548.6

Total All Classes

							Total Eligible	Ending Eligible
							C.C.A.	U.C.C.
2008							680.5	22,002.5
2009							1,553.3	28,219.3

BOMA INTERROGATORY #4

INTERROGATORY

Ref: Exhibit B, Tab 1, Schedule 6, Appendix A

- a) Why is there no revenue shown for either of the power generation projects shown in Exhibit B, Tab 1, Schedule 6, Appendix A?
- b) What is the expected revenue in 2009 from these projects?
- c) Are both Thorold Cogen and Portlands Energy Centre forecast to be Rate 125 customers in 2009?

RESPONSE

The response to this interrogatory was not specifically answered but covered in testimony by other Intervenors in the Technical Conference transcript at page 39, Line 10.

Witnesses: K. Culbert
T. Ladanyi
T. Tuck

BOMA INTERROGATORY #5

INTERROGATORY

Ref: Exhibit B, Tab 1, Schedule 5, Appendix B, page 2 & Exhibit B, Tab 3, Schedule 8, page 5

a) Please reconcile the forecast of 3 Rate 125 customers for 2009 shown in Exhibit B, Tab 1, Schedule 5, Appendix B, page 2 with the figure of 12 used in the detailed revenue calculation for the customer charge for Rate 125 shown in Exhibit B, Tab 3, Schedule 8, page 5.

b) Does the Demand Charge volume of $73,053 \times 10^3 \text{ m}^3$ include both Thorold Cogen and Portlands Energy Centre? If not, please explain why not.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 39, Line 13.

Witnesses: I. Chan
J. Collier
A. Kacicnik
T. Ladanyi

BOMA INTERROGATORY #6

INTERROGATORY

Ref: Exhibit B, Tab 3, Schedule 10, page 6

- a) Please explain why the majority of the \$3.2 million deficiency associated with the power generation Y factor is allocated to Rates 1 and 6.
- b) If this allocation is related to the Delivery Demand TP allocator shown on page 8, please provide the corresponding allocator for 2008 and explain the difference between the 2008 and 2009 allocators and what is driving those changes. Please include in the explanation the drivers of the overall increase in the factor total of 105,632.1.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 40, Line 13.

Witnesses: A. Kacicnik
M. Suarez

BOMA INTERROGATORY #7

INTERROGATORY

Ref: Exhibit B, Tab 1, Schedule 5, Appendix A, page 26

- a) Please confirm that if the forecast normalized figures for 2008 are realized that the Rate 1 average use will have been 34 m³ higher than forecast and that the Rate 6 average use will have been 106 m³ higher than forecast in EB-2007-0615.
- b) Based on these higher than forecast figures, or their corrected values, what is the estimated credit that will be in the 2008 Average Use True-Up Variance Account (AUTUVA)? When will this amount be rebated to customers?

RESPONSE

- a) Not confirmed. The normalized numbers reported on Exhibit B, Tab 1, Schedule 5, Appendix A, page 26 are not realized numbers. They are only Bridge Year Estimate numbers as indicated in the footnote section. These numbers are generated based upon the economic assumptions from *Economic Outlook, Spring 2008* at Exhibit B, Tab 2, Schedule 2, as mentioned on page 5 of Exhibit B, Tab 1, Schedule 5. Therefore, if actual realized economic conditions are worse than expected at that time, the annual realized average use numbers for 2008 will be lower than forecast in EB-2007-0615.
- b) As the purpose of the 2008 Average Use True-up Variance Account is to record ("true-up") the revenue impact, exclusive of gas costs, of the difference between the annual forecast of average use for Rate 1 and Rate 6 and the actual normalized average use experienced during the year according to EB-2007-0615, Exhibit N1, Tab 1, Schedule 1, currently no actual amount is posted to this account. The actual amount will be posted to this account once the actual annual average use is realized during late January 2009 when the full year of actual billing data is available. This amount will either be collected from or rebated to customers in a similar manner to other variance accounts in conjunction with the July 1st 2009 QRAM per the settlement agreement at EB-2007-0615, Exhibit N1, Tab 1, Schedule 1, page 31.

Witnesses: I. Chan
T. Ladanyi

BOMA INTERROGATORY #8

INTERROGATORY

Ref: Exhibit B, Tab 1, Schedule 5

The evidence indicates a migration of customers from Rate 100 to Rate 6.

What is the current number of Rate 100 customers? If this number is greater than 0, does EGD currently expect that all of these customers will switch to Rate 6 by the beginning of 2009? If not, what volume is expected to remain as Rate 100 in 2009?

RESPONSE

The preliminary actual billing customers count received on December 3, 2008, for Rate 100 customers for the month of November is 320. This number is lower than the Bridge Year Estimate total Rate 100 sales and T-service annual average customers of 768 as stated at Exhibit B, Tab 1, Schedule 5, Appendix A, page 2. Yes, the Company expects that all of these customers will switch to Rate 6 by the beginning of 2009. This latest November actual count is also consistent with the Company's migration forecast.

Witnesses: I. Chan
T. Ladanyi

BOMA INTERROGATORY #9

INTERROGATORY

Ref: Exhibit B, Tab 1, Schedule 5

Paragraph 29 indicates that the regression model will not be able to predict the 2009 budget rate switching for a heterogeneous customer mix and that both the 2008 and 2009 volumes for Rate 6 have been layered onto the regression model's average use forecast.

- a) Please provide the regression model's average use forecast for 2008 and 2009 and the number of customers to which this average use applies.
- b) Please show the annual volume and the number of customers that are forecast to migrate to Rate 6 for both 2008 and 2009.
- c) Please show how the average use forecasts for 2008 (24,198) and for 2009 (28,165) are derived based on the information from (a) and (b) above.
- d) There was a significant increase in the average use for 2007 and the regression model was based upon historical data to 2007. Please explain the increase in the 2007 average use. If this increase was related to customer switching, please explain how the regression model adequately captures this event in order to properly forecast the 2008 and 2009 average uses. For example, was the historical data prior to 2007 used for the regression models adjusted to include the volumes associated with the larger customers that switched to Rate 6 in 2007?

RESPONSE

- a) Annual econometric models were employed to model and quantify the impact of various driver variables on average use per customer only and not the number of customers as stated on page 5 of Exhibit B, Tab 1, Schedule 5.

Tables 4 to 6 of Exhibit B, Tab 1, Schedule 5, Item (a), provide the regression model's incremental volumetric impact of historical transfer gains/losses on average uses that are measured by economic variables as proxies. These volumetric impacts are $7.9 \times 10^6 \text{m}^3$ for apartment customers, $15.4 \times 10^6 \text{m}^3$ for commercial customers and $3.4 \times 10^6 \text{m}^3$ for industrial customers. The footnote (a) mentioned that

Witnesses: I. Chan
T. Ladanyi

these impacts also reflect other demand impact in consequence of the expected moderate economic growth that was based upon *Economic Outlook, Spring 2008* which was the latest information available at that time. All else being equal, if actual economic conditions are worse than expected at that time, these volumetric impacts are on the high side. In addition, with lack of sufficient information available from the Government of Ontario in order to apply the estimated energy savings to the Rate 6 average use due to recent changes to Building Code as explained on page 19 of Exhibit B, Tab 1, Schedule 5, the 2009 Rate 6 average use budget is on the high side all else being equal.

- b) Both Tables 4 to 6 of Exhibit B, Tab 1, Schedule 5, Item (b), and Columns 7 and 8 of Exhibit B, Tab 1, Schedule 5, Appendix A present annual volume of the net Rate 6 migration volumes forecast of $708.4 \times 10^6 \text{m}^3$ that has been layered onto the regression model's average use forecast. The corresponding annual average customer meter counts representing this net migration between 2009 Budget and 2008 Estimate are 753.
- c) Since 36 pages of Exhibit B, Tab 1, Schedule 5 and 28 pages of numerical exhibits at Exhibit B, Tab 1, Schedule 5 have discussed the development of the 2009 Volume Budget along with driver variables, and the comparison of the 2008 Estimate with the 2007 Actual and 2008 Board Approved budget in length, Tables 1 and 2 below will present the detailed technical calculation of how the 2008 Rate 6 average use forecast, normalized to 2009 budget degree days as stated at Exhibit B, Tab 1, Schedule 5, Appendix A, page 21, of $24,198 \text{ m}^3$, and the 2009 Rate 6 average use forecast of $28,165 \text{ m}^3$ are derived and reconciled to the filed numerical exhibits. In particular, Tables 4 to 6 of Exhibit B, Tab 1, Schedule 5, Items (a) and (c) already explain how volumes are derived based on the information from (a) and (b) above.

TABLE 1
GENERAL SERVICE RATE 6
2009 BUDGET - NORMALIZED VOLUME, CUSTOMERS, AVERAGE USE

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Exhibit Reference
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>	
Volumes (10 ⁶ m ³)	738.6	717.9	651.4	482.3	270.9	128.5	112.6	113.9	104.9	181.6	377.8	598.8	4,479.0	Appendix A, Page 1, Col. 1 Item 1.2
Customer Meters	158,178	158,814	159,410	159,605	159,386	158,707	158,182	157,780	157,629	158,111	159,236	160,160	158,767	Appendix A, Page 1, Col. 1 Item 1.2
Average Use per Customer (m ³)	4,669	4,520	4,086	3,022	1,699	809	712	722	665	1,148	2,372	3,739	28,165	Appendix A, Page 21

TABLE 2
GENERAL SERVICE RATE 6
2008 ESTIMATE - NORMALIZED VOLUME, CUSTOMERS, AVERAGE USE*

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Exhibit Reference
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>	
Volumes (10 ⁶ m ³)	640.2	620.9	546.4	389.6	221.1	100.1	91.3	91.3	81.9	147.3	320.4	515.9	3,766.5	Appendix A, Page 4, = Col. 2 Item 1.2 + Col. 4 Item 1.2
Customer Meters	154,803	155,439	156,035	156,230	156,011	155,332	154,807	154,405	154,254	154,736	155,861	156,784	155,391	Appendix A, Page 2, Col. 2 Item 1.2
Average Use per Customer (m ³)	4,136	3,995	3,502	2,494	1,417	645	590	591	531	952	2,055	3,290	24,198	Appendix A, Page 21

2008's estimate average uses have been normalized to the 2009 Budget degree days in order to compare with 2009's on the same basis
in Exhibit B, Tab 1, Schedule 5, Appendix A, Page 21.

Witnesses: I. Chan
T. Ladanyi

- d) The increase in 2007 actual usage was largely attributable to the rate switching from contract customers to general service customers starting in the fall of 2006, as explained on page 11 of Exhibit B, Tab 1, Schedule 5, Paragraph 20. Figures 3 to 5 on pages 14 to 16 have illustrated the dramatic reduction in contract market customers during both Fall 2006 and Fall 2007 since majority of contract renewals usually occur during fall. Paragraph 24 of Exhibit B, Tab 1, Schedule 5, has stated that the introduction and enforcement of new large volume contracts along with Appendix A of the Company's Rate Handbook for each terminal location during 2006 as well as the rate design change for Rates 100 and 145 by requiring them to pay contract demand charges effective April 1, 2007 are the two new factors that contributed to the significant increase in the average use for 2007 resulting from this rate switching.

As the reference of this interrogatory, i.e., Paragraph 29 of Exhibit B, Tab 1, Schedule 5, has already mentioned that the regression model cannot adequately capture this rate switching in order to properly forecast the 2008 and 2009 average uses, both the 2008 estimate and the 2009 budget volumes for these contract customers that are expected to switch to Rate 6 are layered onto the regression model's average use forecast as discussed in the response to (b) above. Particularly, Paragraph 29 acknowledges that the regression model will not be able to predict the 2009 Budget rate switching for a heterogeneous customer mix that has different individual usage pattern as discussed on pages 12 to 18 of Exhibit B, Tab 1, Schedule 5. Figure 6 of Exhibit B, Tab 1, Schedule 5, page 17, has illustrated this heterogeneous individual usage pattern graphically for customers that will migrate to Rate 6 in 2009.

For instance, with 2007 actual Rate 6 normalized average use per customer of $22,478 \text{ m}^3$, the model will not be able to predict one Rate 100 contract of $27.1 \times 10^6 \text{ m}^3$ and one Rate 110 contract of $51.3 \times 10^6 \text{ m}^3$ of two large auto customers who will migrate to Rate 6 effective September 2008 and January 2009, respectively in light of recent years unfavourable business climate to the auto industry during Spring and realizing cost reduction associated with the new rate switching factors mentioned above, as stated on page 17 of Exhibit B, Tab 1, Schedule 5. Similarly, if actual economic condition in 2009 is worst than expected since then, these rate switching volumetric impacts are on the high side.

As the annual regression model has incorporated historical actual data up to year 2007 (Exhibit B, Tab 2, Schedule 2), the actual billing data already reflects customers that were already migrated to Rate 6 in 2007. Therefore, adjustment is not required to be made to the actual data. This also explains why any predicted incremental or new contract market customers' volumes that will migrate to Rate 6

Witnesses: I. Chan
T. Ladanyi

during 2008 and 2009 in consequence of another change to the rate design that was accepted in the Incentive Regulation Settlement Agreement at EB-2007-0615, Exhibit N1, Tab 1, Schedule 1, in January 2008 are layered onto the regression model's average use forecast as mentioned above in the response to (b).

Witnesses: I. Chan
T. Ladanyi

CME INTERROGATORY #1

INTERROGATORY

Customer Addition/Customers Budget

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

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.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 41, Line 6.

Witnesses: I. Chan
J. Denomy
T. Ladanyi

CME INTERROGATORY #2

INTERROGATORY

Gas Volume Budget and EGD's 2009 Average Use Estimates

Ref: Exhibit B, Tab 1, Schedule 5
Exhibit B, Tab 2, Schedule 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 125 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.

RESPONSE

- a) Paragraph 3 of Exhibit B, Tab 1, Schedule 5, states that since unbundled rate classes (e.g., Rate 125, Rate 300) do not have distribution volumes but monthly contract demand volumes, these monthly contract demand volumes cannot be added to the usual gas distribution volumes that are reported on the numerical exhibits of Appendix A. The reason for this distinction is gas distribution volumes reported in Appendix A's numerical exhibits are the numbers that underpin block delivery, load balancing, commodity, and transportation revenue calculation. On the other hand, monthly contract demand volumes are the numbers that underpin contract demand revenue calculation. Both of these numbers represent two different components of revenues.

Witnesses: I. Chan
J. Collier
A. Kacicnik
T. Ladanyi

CME INTERROGATORY #3

INTERROGATORY

Gas Volume Budget and EGD's 2009 Average Use Estimates

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

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.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 47, Line 27 and page 49, Line 15.

Witness: J. Denomy

CME INTERROGATORY #4

INTERROGATORY

Gas Volume Budget and EGD's 2009 Average Use Estimates

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

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?

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 51, Line 10.

Witness: I. Chan
T. Ladanyi

CME INTERROGATORY #5

INTERROGATORY

Y Factor Power Generation Projects

Ref: Exhibit B, Tab 1, Schedule 6

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.

Witnesses: K. Culbert
T. Ladanyi
D. Small
T. Tuck

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 52, Line 13.

Witnesses: K. Culbert
T. Ladanyi
D. Small
T. Tuck

CME INTERROGATORY #6

INTERROGATORY

Y Factors Other/Gas Costs, Transportation and Storage

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

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.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 54, Line 22.

Witnesses: K. Culbert
D. Small

CME INTERROGATORY #7

INTERROGATORY

Y Factors Other/Gas Costs, Transportation and Storage

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

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?

RESPONSE

The Company is aware that TransCanada has filed an application with the NEB for a reduction in tolls to be effective January 1, 2009. As has been the past practice of EGD, once TCPL toll changes are approved by the NEB they will be incorporated into the next subsequent QRAM application.

SUPPLEMENTAL RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 65, Line 22.

CME INTERROGATORY #7

INTERROGATORY

Y Factors Other/Gas Costs, Transportation and Storage

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

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?

RESPONSE

The Company is aware that TransCanada has filed an application with the NEB for a reduction in tolls to be effective January 1, 2009. As has been the past practice of EGD, once TCPL toll changes are approved by the NEB they will be incorporated into the next subsequent QRAM application.

CME INTERROGATORY #8

INTERROGATORY

Proposed Rates

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

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

Witnesses: J. Collier
A. Kacicnik
M. Suarez

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.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 67, Line 25.

Witnesses: J. Collier
A. Kacicnik
M. Suarez

CME INTERROGATORY #9

INTERROGATORY

Proposed Rates

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

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.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 73, Line 7.

Witnesses: J. Collier
A. Kacicnik
M. Suarez

OAPPA INTERROGATORY #1

INTERROGATORY

Ref: Exhibit B, Tab1, Schedule 5, page 2, Table 2
Exhibit B, Tab 1, Schedule 5, Appendix A, page 1

Please explain the interrelationship between the 2009 volumes shown for unbundled customers in Table 2 on page 2 of Exhibit B, Tab 1, Schedule 5 ($74.2 \times 10^6 \text{m}^3$) and the 2009 budget volumes shown for Rate 300 in Exhibit B, Tab 1, Schedule 5, Appendix A, page 1 ($51.7 \times 10^6 \text{m}^3$).

RESPONSE

There is no interrelationship between the 2009 volumes shown for unbundled customers in Table 2 on page 2 of Exhibit B, Tab 1, Schedule 5 ($74.2 \times 10^6 \text{m}^3$) and the 2009 budget volumes shown for Rate 300 in Exhibit B, Tab 1, Schedule 5, Appendix A, page 1 ($51.7 \times 10^6 \text{m}^3$). The annual contract demand volumes shown for unbundled customers of $74.2 \times 10^6 \text{m}^3$ are comprised of Rate 125 customers of $73.1 \times 10^6 \text{m}^3$ and Rate 300 (NGEIR) firm customers of $1.1 \times 10^6 \text{m}^3$. On the other hand, the 2009 budget gas distribution (not contract demand) volumes of $51.7 \times 10^6 \text{m}^3$ that are shown on page 1 of Appendix A represent one Rate 300 interruptible customer's distribution consumption that has existed for several years.

Witnesses: I. Chan
T. Ladanyi

OAPPA INTERROGATORY #2

INTERROGATORY

Ref: Exhibit B, Tab 1, Schedule 5, page 16, para. 26

Please explain more fully what Enbridge means, within the context of this paragraph, by the statement that reads: "Specifically, this rate design change reflects the implementation of increasing monthly customer charges for Rate 1 and Rate 6 on a revenue neutral basis by reducing variable charges accordingly and increasing both fixed and variable charges for other rate classes."

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 91, Line 13.

Witnesses: I. Chan
J. Collier
A. Kacicnik
T. Ladanyi

OAPPA INTERROGATORY #3

INTERROGATORY

Ref: Exhibit B, Tab 3, Schedule 1, page 3, para. 12

- a. As an example of the general methodology used to arrive at the T-service rate impacts set out in this paragraph, please describe how the rate impact shown for Rate 115 was determined.
- b. Please explain how the T-service rate impact for Rate 100 was determined given that there are no Rate 100 volumes being forecast for 2009.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 92, Line 20 and page 93, Line 1.

Witnesses: J. Collier
A. Kacicnik

OAPPA INTERROGATORY #4

INTERROGATORY

Ref: Exhibit B, Tab 3, Schedule 1, page 6, para. 21

What distribution-related costs are recovered from the load balancing and commodity charges?

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 94, Line 22.

Witnesses: J. Collier
A. Kacicnik

OAPPA INTERROGATORY #5

INTERROGATORY

Ref: Exhibit B, Tab 3, Schedule 1, page 7, para. 23-25

- a. Is the assigned revenue requirement the starting point for designing the proposed rates for 2009? If not, please indicate what the initial point is.
- b. Please describe each of the subsequent steps to arrive at the proposed rates.
- c. Please illustrate the derivation of the proposed rates using Rate 115 as an example.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 75, Line 16.

Witnesses: J. Collier
A. Kacicnik

SEC INTERROGATORY #1

INTERROGATORY

Ref. Ex. B, Tab 1, Schedule 4- Customer Additions

- (a) Please provide a summary of the sensitivity of the customer additions forecast to the various items listed in the exhibit. For example, what impact does a 1% change in housing starts have on the forecast of customer additions? Or a 0.1% change in the forecast of GDP growth?

RESPONSE

A brief explanation of the Company's customer additions forecasting method can be found at Exhibit B, Tab 1, Schedule 4, paragraph 2. Further explanation is provided below.

The customer additions forecasting process is a bottom up forecast meaning the forecast is developed by the sales team using inputs from builders, economic information/trends and professional judgment, and informed opinion. There are no econometric or other types of mathematical/statistical models used to derive the customer additions forecast. Consequently the sensitivities requested cannot be calculated.

Please refer to the response to CCC Interrogatory #2 at Exhibit I, Tab 8, Schedule 2 for actual housing starts and customer additions for the period 2001 to 2007.

Witnesses: J. Denomy
T. Ladanyi

SEC INTERROGATORY #2

INTERROGATORY

Ref. Ex. B-1-5, pg. 10, para. 18

The evidence states that EGD has made an incremental adjustment to the load forecast yielded by its regression model in order to account for incremental load reduction of $2.4 \times 10^6 \text{m}^3$ resulting from near-full-height basement insulation in new houses.

- (a) At para. 17, the evidence states that the new basement insulation requirements will not be introduced until in 2009, and will be phased in at that point. Why does EGD assume they will have an impact on average use in 2009? Please provide a breakdown of how the $2.4 \times 10^6 \text{m}^3$ was arrived at.
- (b) Were any other factors having an impact on average use that may not be captured by the regression model? If so, what are they? How does EGD decide which among the various factors that may affect average uses will not be captured by the regression model?
- (c) What is meant by the statement, at para. 19 [as well as a similar statement at para. 36 with respect to industrial volume loss], "the risk of incurring larger residential volume loss than budgeted is weighted heavily to the downside."

RESPONSE

- (a) Paragraph 17 states that further building code changes related to energy efficiency will be phased in during 2009 for requiring near-full-height basement insulation and in 2012 the requirement for meeting standards in accordance with the national guideline, EnerGuide 80. Paragraph 19 also mentions that since most of the new customers will not move to their new houses and start consuming gas effective January 1 2009, the currently reported $2.4 \times 10^6 \text{m}^3$ impact reflects the first year's partially effective impact. Beyond 2009, the fully effective impact of this new building code will be much larger than this first year's impact, all else being equal. Please refer to the response to VECC Interrogatory # 6 at Exhibit I, Tab 7, Schedule 6(g) for providing a breakdown of how the $2.4 \times 10^6 \text{m}^3$ was calculated.
- (b) Other factors that may impact average use but are not included as explanatory variables in the regression model are listed at Exhibit B, Tab 2, Schedule 2,

Witnesses: I. Chan
J. Denomy
T. Ladanyi

page 25. The decision not to include certain factors in the regression model depends on two main criteria. First, data measuring that factor must be available. If the data are not available that factor cannot be incorporated into the regression model. If the data for a particular factor are available the model selection process outlined at Exhibit B, Tab 2, Schedule 2, pages 3 to 8 is applied. Those variables which result in low forecasting error and proper model specification are included while those that do not are excluded.

- (c) In addition to these changes in energy-efficiency requirements for buildings under the 2006 Building code as discussed in paragraph 17, this Building Code also includes new provisions that will promote the use of green technologies such as active solar hot water systems, which can displace natural gas water heater usage in the future. As there is insufficient information available from the Government of Ontario in order to apply the estimated energy savings of these green technologies, the 2009 Volume Budget does not capture this unfavourable usage impact. As the Company does not want to impose any subjective adjustment to the variables that do not have sufficient actual data set since the Company has been adopting an objective regression model forecast approach since 2001 in response to RP-1999-0001 Decision with Reasons, the risk of incurring larger residential volume loss than budgeted is weighted heavily to the downside. That means, any downward reduction in gas consumption as a result of increasing popularity for green technologies would further increase the risk of incurring larger residential volume loss than currently budgeted. Therefore, all else being equal the 2009 residential volume budget numbers are on the high side.

Paragraph 36 states that consistent with previous years' filings, the volume budget represents the best information at the time of completion. As the contract market budget was completed in early July, the budget did not incorporate any plant closures after this date, such as one large customer announced in late July the closing of one of its glass container plants in Toronto by October 2008 of $30.2 \times 10^6 \text{m}^3$ when preparing the written evidence in September. With the two large auto customer announcements of either closing the plants or shrinking its production over the past several months, the corresponding impact on Ontario's auto parts manufacturers or suppliers is still unknown at the time of budget development back in early July. The budget that was completed in early July certainly would not capture the unexpected deteriorating economic conditions and 25-year low in consumer confidence according to the latest Conference Board's survey. As a result, the risk of incurring larger industrial volume loss than budgeted is weighted heavily to the downside. That means any further downward reduction in consumption spending as a result of deterioration of

Witnesses: I. Chan
J. Denomy
T. Ladanyi

economic conditions and declining consumer confidence after the budget was completed in early July would further increase the risk of incurring larger industrial volume loss than currently budgeted. At that time, the two large auto customers' parent companies would not have anticipated the currently requested government bail out and the regional operations manager would not have needed to discuss lower volume numbers than the ones currently embedded in the budget with the account executives. Therefore, all else being equal the 2009 contract market volume budget numbers are on the high side.

Witnesses: I. Chan
J. Denomy
T. Ladanyi

SEC INTERROGATORY #3

INTERROGATORY

Ex. B-1-5: Average Use:

- (a) please provide the 2009 Average Use for Rate 6 excluding the impact of rate migration.

RESPONSE

Please refer to the response to VECC Interrogatory #8 at Exhibit I, Tab 7, Schedule 8 (a).

Witnesses: I. Chan
T. Ladanyi

SEC INTERROGATORY #4

INTERROGATORY

Ref. Ex. B-1-5: Impact of Rate Switching in Rate 6 Average Use

- (a) Did EGD correct the forecasted Rate 6 average use for the anticipated impact of customers migrating from contract rate classes?
- (b) It appears from Table 7 on p. 25 that the volumes for the contract rate classes (Rate 125 and 100) have been reduced as a result of migration to Rate 6. Therefore, if Rate 6 has also been adjusted, hasn't the impact of migration been double-counted?

RESPONSE

- (a) The Company did not correct the forecast Rate 6 average use. Paragraph 29 of Exhibit B, Tab 1, Schedule 5 states that the regression model will not be able to predict the 2009 Budget rate switching for a heterogeneous customer mix that has different individual usage pattern 29 based upon historical actual data to 2007. Therefore, the migration numbers are layered onto the regression model's average use forecast instead of correcting it.
- (b) There is no double counting. Paragraph 7 of Exhibit B, Tab 1, Schedule 5, states that the decrease of $869.9 \times 10^6 \text{m}^3$ in the contract market on a weather-normalized basis is mainly caused by rate switching from a contract rate to general service rate class (i.e., Rate 6) of $722.8 \times 10^6 \text{m}^3$ and one large distributed energy customer with distribution volume of $98.3 \times 10^6 \text{m}^3$ migrating effective July 1, 2008 from Rate 115 (bundled rate class) to Rate 125 (unbundled rate class that has no distribution volume) as reported in Table 7. Therefore, there is no double counting since $722.8 \times 10^6 \text{m}^3$ represents rate switching from contract rate class to general service Rate 6 whereas $98.3 \times 10^6 \text{m}^3$ accounts for one large distributed energy customer migrating from bundled rate class of Rate 115 to an unbundled rate class, i.e., Rate 125. They represent two different rate class migrations.

Witnesses: I. Chan
T. Ladanyi

SEC INTERROGATORY #5

INTERROGATORY

B-1-5, Appendix A

- (a) Pg. 2: How much of the reduction in Contract T-service customers in 2009 vs. 2008 is due to migration to Rate 6? Are these reflected in the forecast number of Rate 6 customers for 2009?
- (b) Pg. 3: How much of the reduction in volume for Contract T-service customers in 2009 vs. 2008 is due to migration to Rate 6? Is this lost volume reflected in the forecast volume for Rate 6?

RESPONSE

- (a) 653 is the forecast reduction in Contract T-service customers between the 2009 Budget and 2008 Estimate in consequence of the migration from Contract Market to Rate 6. Yes, these numbers are reflected in the forecast number of Rate 6 customers for 2009. Please see the response to VECC Interrogatory #8 at Exhibit I, Tab 7, Schedule 8(a) regarding the total sales and T-service migration customer counts.
- (b) 633.110^6m^3 is the forecast reduction in volume for Contract T-service customers between 2009 Budget and 2008 Estimate in consequence of the migration from Contract Market to Rate 6. Please see the response to VECC Interrogatory #8 at Exhibit I, Tab 7, Schedule 8(a) regarding the total sales and T-service migration volumes.

Witnesses: I. Chan
T. Ladanyi

SEC INTERROGATORY #6

INTERROGATORY

B-1-6: Y-Factor- Capital

- (a) Please provide the total cost of each of the Portland and Thorold projects;
- (b) Please provide an updated (in-service date) on the status of the Portlands Energy Centre project, which was projected to be completed in the Fall of 2009.
- (c) Please provide an update (in-service date) on the status of the Thorold Cogen Pipeline.
- (d) Please advise whether the Board has granted Leave to Construct for either or both of the Portlands and Thorold projects.

RESPONSE

- (a) Not specifically answered, covered in testimony by other intervenors.
- (b) Covered in other testimony at the Technical Conference on December 4, 2008 at page 52, Line 13 of the transcript.
- (c) Covered in other testimony at the Technical Conference on December 4, 2008 at page 95, Line 16 of the transcript.
- (d) Please refer to the Technical Conference transcript dated December 4, 2008 at page 95, Line 11.

Witnesses: K. Culbert
T. Ladanyi
T. Tuck

SEC INTERROGATORY #7

INTERROGATORY

B-1-7- Y-Factor-Other

- (a) Please provide the specific reference for the amount proposed to be included for 2009 DSM program costs and any other Board decisions that may be applicable in arriving at the proposed amount of \$24.3 million.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 48, Line 18.

Witnesses: K. Culbert
D. Small

VECC INTERROGATORY #1

INTERROGATORY

Ref: B/1/2 App A pages 1 and 2

- a) Provide support for the change in lag days from EB-2007-0701 Q4-3 of 3.9 days and EB-2008-0263 Q4-3 4.2 days.
- b) What is the historic year range of Board Approved net lag days?
- c) How does EGD compare to Union.
- d) Provide the impact of 0.1 lag days on the 2008 gas purchase cost relative to the \$50.415 million shown in the Exhibit.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 96, Line 1.

Witnesses: I. Chan
K. Culbert
A. Kacicnik
T. Ladanyi
D. Small

VECC INTERROGATORY #2

INTERROGATORY

Ref: B/1/4 Table1 and B/1/4 Figure 2

Given Franchise Housing Starts, how does the 2009 Additions number relate to housing starts; please provide forecast and actual historic total additions and residential additions vs. forecast franchise housing starts.

RESPONSE

Please refer to the response to CCC Interrogatory #2 at Exhibit I, Tab 8, Schedule 2 for actual and forecast housing starts and customer additions.

SUPPLEMENTAL RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 97, Line 4.

VECC INTERROGATORY #2

INTERROGATORY

Ref: B/1/4 Table1 and B/1/4 Figure 2

Given Franchise Housing Starts, how does the 2009 Additions number relate to housing starts; please provide forecast and actual historic total additions and residential additions vs. forecast franchise housing starts.

RESPONSE

Please refer to the response to CCC Interrogatory #2 at Exhibit I, Tab 8, Schedule 2 for actual and forecast housing starts and customer additions.

Witnesses: J. Denomy
T. Ladanyi

VECC INTERROGATORY #3

INTERROGATORY

Ref: B/1/5 Appendix B page 6

- a) Provide the updated 2008 estimate of customers shown in Column 1.
- b) How will a change in 2008 forecast or actual customer number at year end be reflected in the 2009 Distribution Revenue Requirement.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 98, Line 25.

Witnesses: I. Chan
T. Ladanyi

VECC INTERROGATORY #4

INTERROGATORY

Ref: B/1/6 Plus Appendix A

- a) When will the assets related to the 2009 Capital spend for Portlands be in service?
- b) When will the Assets related to the Thorold Cogen. be in service?
- c) Explain the assumptions/calculations underpinning the Ratebase amounts shown on Line 1 of Page 2 and carried to line 8 on page 18 of Appendix A.
- d) What are the 2008 and 2009 revenues \$ million from each of these projects and identify where these can be found.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 99, Line 15.

Witnesses: K. Culbert
T. Ladanyi
T. Tuck

VECC INTERROGATORY #5

INTERROGATORY

B/1/7 and E/2/1 Appendix F

- a) Provide the detailed CIS cost per customer calculations for 2008 and 2009.
- b) Provide details of the true-up due to changes in customer count forecasts.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 99, Line 28.

Witnesses: R. Bourke
K. Culbert
D. Small

VECC INTERROGATORY #6

INTERROGATORY

B/1/5 pages 7 and 8

- a) Explain the impact the change in normalized average use due to the lower forecast of Gas supply costs in 2009 (as per the Latest QRAM) relative to the 40 cents/m3 shown in figure 1.
- b) Provide an estimate of the impact on NAC of a change in gas supply costs of 10 c/m3 on the explanatory variable(s) and the forecast NAC.
- c) Does the explanatory variable take into account the market shares of system supply vs marketer/contract supply? If so please explain the assumptions and impact of this split.
- d) For the components listed in paragraph 16 and Table 3 provide, in tabular form, a comparison showing the similar estimates for 2007 and 2008 Discuss any material changes.
- e) Provide support for the estimate for the DSM reduction of 15.1 m3. If not provided in the above response, provide 2007 and 2008 comparables. Relate the estimates provided to the LRAM calculation for the historic years.
- f) Provide EGD's estimate on NAC of higher mandatory minimum efficiency (90% vs. 78%) for forced air heating equipment. Where is this accounted for in Table 3?
- g) Provide support for the calculation of the 2.4 m3 reduction in NAC shown in Table 3 attributable to Building Code changes.

RESPONSE

- (a) Please refer to Table 10 of Exhibit B, Tab 2, Schedule 2, page 22 for the real gas prices used in the average use regression model. Other than the actual year, the prices shown in Figure 1 for both 2008 Estimate and 2009 Budget represent nominal gas supply charge based upon Empress Futures that are readily available and provide the latest information at the time of filing evidence which is

Witnesses: I. Chan
T. Ladanyi

different from the time of completing budget. As such, this can illustrate the volatility of the commodity price. As explained in the response to EB-2006-0034, Exhibit J3.8, page 1, the price that is used in the regression model is a burner tip price and thus includes monthly customer charge, delivery charge and commodity charge. As this 40 cents/m³ is used as a graphical illustration and it is not the price used in the model, the comparison will not be relevant here. Please refer to the response (b) for the impact of price changes on the volume budget.

- (b) Please refer to the response to Board Staff Interrogatory #7 at Exhibit I, Tab 1, Schedule 7.
- (c) As a complete historical actual data set for marketers' prices is not available since the implementation of direct purchase back in 1995 due to limitation in the legacy billing system, the explanatory variable does not take into account the market shares of system supply vs marketer/contract supply. Consequently, the Company does not want to impose any subjective adjustment to the variables that do not have sufficient actual data set since the Company has been adopting an objective regression model forecast approach since 2001 in response to RP-1999-0001 Decision with Reasons.
- (d) As stated in RP-2000-0040's Decision with Reasons, the Board recognizes that regression models are designed for predictive purposes rather than as a tool to explain results. Therefore, the majority of components listed in paragraph 16 and Table 3 of Exhibit B, Tab 1, Schedule 5 are only available for the forecast period, i.e., between 2009 and 2008. Regarding the variance explanation for 2008 and 2007, please refer to pages 28 to 33 of Exhibit B, Tab 1, Schedule 5 for evaluation of forecast accuracy, comparison of 2008 Estimate and 2007 Actual, comparison of 2008 Estimate and 2008 Board Approved, and comparison of 2007 Actual and 2007 Board Approved. Detailed numerical exhibits of this explanation can also be found on pages 7 to 28 of Exhibit B, Tab 1, Schedule 5, Appendix A. These numerical exhibits also include comparison of 2007 Actual and 2006 Actual.

Moreover, consistent with previous rate cases the Company is committed to continue providing adequate statistical support to allow parties to compare the results to the prior year's forecast as agreed in RP-2000-0040 Settlement Agreement at Issue 1.1. As stated in paragraph 11 of Exhibit B, Tab 1, Schedule 5, page 5, average in-sample forecast error for both Rate 1 and Rate 6 regression models is still less than 1 percent on average during 2001 to 2007 as demonstrated at Exhibit B, Tab 2, Schedule 2. Overall, the regression model has continued to be an excellent predictor of general service average use.

Witnesses: I. Chan
T. Ladanyi

- (e) Table 1 below supports the impact of incremental DSM initiatives on changes in General Service Customers consumption between 2009 Budget and 2008 Estimate. Column 1 presents the budget's DSM volumes that are consistent with the Company's DSM Initiatives reported in Columns 2 to 5. Consistent with previous filing, the remaining portion between the Bridge Year Estimate's fully effective (Column 2) and partially effective DSM targets (Column 3) in addition to the Test Year's partially effective DSM target (Column 5) represent the expected incremental DSM volume savings occurred in 2009 as reported in Column 1 of Table 1. By that time, during 2009 the 2008 Bridge Year Estimate DSM target will become fully effective. Column 1's DSM volume budget numbers are consistent with the actual billing consumption pattern. Specifically, not all 2008 DSM program participants will join the program commencing January 2008; henceforth their corresponding 12-month volume savings will not be fully effective (i.e., reflected) in Year 2008's billing data.

Table 1
Impact of DSM Initiatives on Changes in General Service Customer Consumption
Between 2009 Budget and 2008 Bridge Year Estimate (10^6m^3)

	Col. 1 =Col. 2- Col. 3+Col. 5	Col. 2 Company's DSM Initiative	Col. 3 Company's DSM Initiative	Col. 4 Company's DSM Initiative	Col. 5 Company's DSM Initiative
Sector	2009 Budget	2008 Fully Effective DSM Target*	2008 Partially Effective DSM Target	2009 Fully Effective DSM Target*	2009 Partially Effective DSM Target
Residential - Rate 1	(15.1)	(15.2)	(8.2)	(15.1)	(8.2)
Apartment - Rate 6	(8.1)	(3.1)	(1.7)	(12.2)	(6.6)
Commercial - Rate 6	(10.1)	(9.1)	(4.9)	(10.9)	(5.9)
Industrial - Rate 6	(2.2)	(1.0)	(0.6)	(3.1)	(1.7)
Total General Service	(35.4)	(28.4)	(15.4)	(41.3)	(22.4)

*These fully effective DSM target volumes represent 75% of the total TRC target

Witnesses: I. Chan
T. Ladanyi

Table 2 below presents the impact of incremental DSM initiatives on changes in General Service Customer consumption between 2008 Estimate and 2007 Actual.

Table 2
Impact of DSM Initiatives on Changes in General Service Customer Consumption
Between 2008 Bridge Year Estimate and 2007 Actual (10^6m^3)

Sector	Col. 1 =Col. 2- Col. 3+Col. 5	Col. 2 Company's DSM Initiative	Col. 3 Company's DSM Initiative	Col. 4 Company's DSM Initiative	Col. 5 Company's DSM Initiative
	2008 Estimate	2007 Fully Effective DSM Actual*	2007 Partially Effective DSM Actual*	2008 Fully Effective DSM Target**	2008 Partially Effective DSM Target**
Residential - Rate 1	(23.4)	(29.8)	(14.7)	(15.2)	(8.2)
Apartment - Rate 6	(5.2)	(6.7)	(3.2)	(3.1)	(1.7)
Commercial - Rate 6	(8.8)	(7.4)	(3.5)	(9.1)	(4.9)
Industrial - Rate 6	(1.6)	(1.4)	(0.4)	(1.0)	(0.6)
Total General Service	(39.0)	(45.4)	(21.8)	(28.4)	(15.4)

* These 2007 actuals are pre-evaluation numbers as they were the latest available numbers at the time of volume budget development

**These fully effective DSM target volumes represent 75% of the total TRC target

- (f) The volumetric impact of requiring high-efficiency (i.e., >90% Annual Fuel Utilization Efficiency) natural gas-fired furnace used in residential new construction under the 2006 Ontario Building Code effective December 31, 2006 is accounted in the vintage variable on Table 3 of Exhibit B, Tab 1, Schedule 5. Please refer to Exhibit B, Tab 2, Schedule, 2, pages 18 and 19 for the detailed discussion of the vintage variable.

According to the Proposed Amendment to Canada's Energy Efficiency Regulations for Gas Furnaces as of January 2008, Natural Resources Canada proposes that the revised energy efficiency regulation of having all gas-fired

Witnesses: I. Chan
T. Ladanyi

furnaces meet the high-efficiency requirements to come into effect on December 31, 2009. Therefore, this will not impact 2009 volume budget's existing and replacement customers.¹

As mentioned on page 19 of Exhibit B, Tab 1, Schedule 5, due to lack of sufficient information available from the Government of Ontario in order to apply the estimated energy savings to the Rate 6 average use due to recent changes to Building Code, the 2009 Rate 6 average use budget is on the high side all else being equal.

- (g) Paragraphs 18 and 19 of Exhibit 5, Tab 1, Schedule 5, page 10 explain that the currently reported $2.4 \times 10^6 \text{m}^3$ impact represents an incremental average use reduction reflecting the near-full-height basement insulation in new houses between the new building code effective December 31, 2008 (28%) and the old 2006 Building Code effective December 31, 2006 (21.5%) by applying the Government of Ontario's estimated savings of 6.5% ($=28\%-21.5\%$) to the residential new construction customers that have space heating furnaces only. As most of the new customers will not move to their new houses and start consuming gas effective January 1 2009, the currently reported $2.4 \times 10^6 \text{m}^3$ impact reflects the first year's partially effective impact.

In addition to these changes in energy-efficiency requirements for buildings, this 2006 Building Code also includes new provisions that will promote the use of green technologies such as active solar hot water systems, which can displace natural gas water heater usage in the future. As there is insufficient information available from the Government of Ontario in order to apply the estimated energy savings of these green technologies, the risk of incurring larger residential volume loss than budgeted is weighted heavily to the downside.

¹ Please refer to the Natural Resources Canada's web site for further technical information, <http://oee.nrcan.gc.ca/regulations/bulletin/gas-furnace-jan2008.cfm> as of December 2, 2008.

Witnesses: I. Chan
T. Ladanyi

VECC INTERROGATORY #7

INTERROGATORY

E/1/1

Provide a sample/illustrative calculation of the true-up mechanism for residential NAC assuming a Variation from the 2009 forecast of 2637 m3. Provide any explanatory notes.

RESPONSE

Please refer to the response to VECC Interrogatory #8 at Exhibit I, Tab 7, Schedule 8 (d).

Witnesses: I. Chan
T. Ladanyi

VECC INTERROGATORY #8

INTERROGATORY

B/ 1/ 5

Paragraph 29 indicates that the regression model will not be able to predict rate switching and that both the 2008 and 2009 volumes for Rate 6 have been layered onto the regression model's average use forecast.

- a) Provide the model's pre migration average use forecast for 2008 and 2009 and the number of customers to which this average use applies.
- b) Provide the annual volume and the number of customers that are forecast to migrate to Rate 6 for both 2008 and 2009.
- c) Show how the NAC for 2008 (24,198) and for 2009 (28,165) are derived.
- d) Provide an illustrative calculation of the NAC true-up calculation for Rate 6.

RESPONSE

- a) Tables 1 and 2 on the following pages present the pre-migration average use forecast along with number of customers for 2009 and 2008 respectively by illustrating the pre-migration numbers, incremental migration numbers and the final numbers reported on the exhibits.

TABLE 1
GENERAL SERVICE RATE 6
2009 BUDGET - NORMALIZED VOLUME, CUSTOMERS, AVERAGE USE

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Exhibit Reference
Item.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
1.1 Pre-Migration Volumes (10 ⁶ m ³)	625.2	608.1	554.2	394.0	223.1	99.2	92.4	92.3	83.5	149.8	325.3	523.4	3,770.6	
1.2 Customer Meters	157,244	157,920	158,533	158,768	158,577	158,031	157,519	157,120	156,962	157,438	158,561	159,491	158,014	
1.3 Average Use per Customer (m ³)	3,976	3,851	3,496	2,481	1,407	628	586	588	532	951	2,052	3,282	23,830	
2.1 Migration Volumes (10 ⁶ m ³)	113.4	109.8	97.2	88.3	47.8	29.2	20.3	21.6	21.4	31.8	52.4	75.4	708.4	Appendix A, Page 5, Col. 7 Item 1.2 + Col. 8 Item 1.2
2.2 Customer Meters	934	894	877	837	809	676	663	660	667	673	675	669	753	Exhibit I, Tab 3, Schedule 9(b)
2.3 Average Use per Customer (m ³)	121,402	122,790	110,826	105,467	59,047	43,219	30,551	32,674	32,021	47,191	77,702	112,697	895,587	
3.1 Volumes (10 ⁶ m ³)	738.6	717.9	651.4	482.3	270.9	128.5	112.6	113.9	104.9	181.6	377.8	598.8	4,479.0	Appendix A, Page 1, Col. 1 Item 1.2
3.2 Customer Meters	158,178	158,814	159,410	159,605	159,386	158,707	158,182	157,780	157,629	158,111	159,236	160,160	158,767	Appendix A, Page 1, Col. 1 Item 1.2
3.3 Average Use per Customer (m ³)	4,669	4,520	4,086	3,022	1,699	809	712	722	665	1,148	2,372	3,739	28,165	Appendix A, Page 21

Witnesses: I. Chan
T. Ladanyi

TABLE 2
GENERAL SERVICE RATE 6
2008 ESTIMATE - NORMALIZED VOLUME, CUSTOMERS, AVERAGE USE*

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Exhibit Reference
Item.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Pre-Migration Volumes (10 ⁶ m ³)														
1.1	592.1	560.7	489.7	351.1	192.8	84.3	78.8	80.7	66.5	128.3	294.0	489.8	3,408.8	
Customer Meters														
1.2	153,843	154,508	155,132	155,356	155,149	154,512	154,029	153,664	153,555	154,094	155,234	156,474	154,629	
Average Use per Customer (m ³)														
1.3	3,849	3,629	3,156	2,260	1,243	545	512	525	433	832	1,894	3,130	22,009	
Migration Volumes (10 ⁶ m ³)														Appendix A, Page 11, Paragraph 2
2.1	48.1	60.2	56.8	38.5	28.3	15.9	12.5	10.6	15.4	19.0	26.4	26.1	357.6	
Customer Meters														
2.2	960	931	903	874	862	820	778	741	699	642	627	310	762	
Average Use per Customer (m ³)														
2.3	50,117	64,650	62,846	44,069	32,856	19,344	16,042	14,289	22,038	29,561	42,035	84,148	481,996	
Volumes (10 ⁶ m ³)														Appendix A, Page 4, = Col. 2 Item 1.2 + Col. 4 Item 1.2
3.1	640.2	620.9	546.4	389.6	221.1	100.1	91.3	91.3	81.9	147.3	320.4	515.9	3,766.5	
Customer Meters														Appendix A, Page 2, Col. 2 Item 1.2
3.2	154,803	155,439	156,035	156,230	156,011	155,332	154,807	154,405	154,254	154,736	155,861	156,784	155,391	
Average Use per Customer (m ³)														Appendix A, Page 21
3.3	4,136	3,995	3,502	2,494	1,417	645	590	591	531	952	2,055	3,290	24,198	

2008's estimate average uses have been normalized to the 2009 Budget degree days in order to compare with 2009's on the same basis in Exhibit B, Tab 1, Schedule 5, Appendix A, Page 21.

Witnesses: I. Chan
T. Ladanyi

- b) Please refer to the response to BOMA Interrogatory #9 at Exhibit I, Tab 3, Schedule 9, part (b).
- c) Please refer to the response to BOMA Interrogatory #9 at Exhibit I, Tab 3, Schedule 9, part (c).
- d) In accordance with the Settlement Agreement as filed at EB-2007-0615, Exhibit N1, Tab 1, Schedule 1, pages 15 and 16 and EB-2007-0615, Decision and Rate Order, Appendix C, page 25, the purpose of the 2008 Average Use True-up Variance Account ("AUTUVA") is to record ("true-up") the revenue impact, exclusive of gas costs, of the difference between the forecast of average use per customer, for general service rate classes (Rate 1 and Rate 6), embedded in the volume forecast that underpins Rates 1 and 6 and the actual weather normalized average use experienced during the year. The calculation of the volume variance between forecast average use and actual normalized average use will exclude the volumetric impact of Demand Side Management programs in that year. The revenue impact will be calculated using a unit rate determined in the same manner as for the derivation of the Lost Revenue Adjustment Mechanism ("LRAM"), extended by the average use volume variance per customer and the number of customers. Table 3 on the next page provides the corresponding numerical illustration by conducting a hypothetical scenario for both Rate 1 and Rate 6.

Table 3 - Numerical Illustration of Average Use True Up Variance Account - Hypothetical Scenario

Exhibit Reference:	Exhibit B, Tab 1, Schedule 5, Appendix A, Page 21	Hypothetical Scenario		Exhibit B, Tab 1, Schedule 5, Appendix A, Page 1		Exhibit B, Tab 1, Schedule 5, Tables 3-6	Hypothetical Scenario			Unit Rate of the Revenue Impact, exclusive of gas costs based upon the 2009 Proposed Budget Parameters	Collect dollars from rate payers Debit AUTUVA, Credit Operating Revenue
	Col. 1	Col. 2	Col. 3 =Col. 2-1	Col. 4	Col. 5 =Col. 3*4	Col. 6	Col. 7	Col. 8 =Col. 7-6	Col. 9 =Col. 5-8	Col. 10	Col. 11 =Col. 9*10
	2009 Budget Annual Use (m ³)	2009 Normalized Actual	Normalized Usage Variance (m ³)	Budget Customer Meters	Normalized Volumetric Variance (10 ⁶ m ³)	2009 DSM Budget (10 ⁶ m ³)	2009 DSM Actual (10 ⁶ m ³)	DSM Volumetric Variance (10 ⁶ m ³)	Normalized Volumetric Variance Excluding DSM (10 ⁶ m ³)	Unit Rate (\$/m ³)	AUTUVA: Revenue Impact, Exclusive of Gas Costs (\$ millions)
Rate Class											
1	2,637	2,627	(10)	1,747,095	(17.5)	(15.1)	(16.1)	(1.0)	(16.5)	0.0705	(1.16)
6	28,165	28,155	(10)	158,767	(1.6)	(20.3)	(21.3)	(1.0)	(0.6)	0.0381	(0.02)
Total					(19.1)	(35.4)	(37.4)	(2.0)	(17.1)		(1.18)

Witnesses: I. Chan
T. Ladanyi

VECC INTERROGATORY #9

INTERROGATORY

B/1/5 page 20 Table 4

Provide support for the DSM estimate of 8.1 m³ for the Apartment Sector and compare to the 2007 and 2008 estimates.

RESPONSE

Please refer to the response to VECC Interrogatory #6 at Exhibit I, Tab 7, Schedule 6 (e).

Witnesses: I. Chan
T. Ladanyi

VECC INTERROGATORY #10

INTERROGATORY

B/3/10 Pages 2-9

- a) Provide a schedule(s) showing the 2007 and 2008 Board- approved R/C ratios (page 2)
- b) Provide a schedule(s) Showing 2007 and 2008 Board -approved values (page 5)
- c) Provide a schedule(s) showing Board-approved % allocators (page 9).
- d) Provide support for the allocation of \$1.47m LTC Y factor to Rate1 (page 6).

RESPONSE

Not specifically answered during the Technical Conference.

VECC INTERROGATORY #11

INTERROGATORY

D/2/5 Page 1 line 1.3

- a) Provide an explanation for the \$3.1 m increase in LPPs.
- b) Provide estimates of revenue from LPPs in 2008 and 2009.

RESPONSE

Not specifically answered during the Technical Conference.

CCC INTERROGATORY #1

INTERROGATORY

Ref: B/T1/S4/p. 1

The evidences states that the customer additions forecast for 2009 has been developed using a grass roots approach. The evidence further states that, "The approach has been used by the Company for over a decade in previous rate applications, and replicates a process that has been accepted in settlement proposals and Board decisions." Please explain the extent to which this approach is strictly mechanical and the extent to which it involves a level of judgment by EGD staff.

RESPONSE

Please see the response to SEC Interrogatory #1 at Exhibit I, Tab 6 Schedule 1.

Witnesses: J. Denomy
T. Ladanyi

CCC INTERROGATORY #2

INTERROGATORY

Ref: B/T1/S4/p. 7

Please provide a schedule in the same format as Table 2/Customer Additions which sets out forecast and actual additions for the years 2002-2007. Please provide the most updated figures for 2008.

RESPONSE

Please see the tables below for actual and forecast housing starts and customer additions for the period 2001 to 2007.

Year	Housing Starts Actuals											
	Central			Eastern			Niagara			Franchise		
	Singles	Multiples	Total	Singles	Multiples	Total	Singles	Multiples	Total	Singles	Multiples	Total
Fiscal 2001	18,702	25,068	43,770	3,091	2,579	5,670	999	343	1,342	22,792	27,990	50,782
Fiscal 2002	24,434	21,851	46,285	3,700	3,639	7,339	1,071	247	1,318	29,205	25,737	54,942
Fiscal 2003	22,921	24,092	47,013	3,118	3,522	6,640	1,275	455	1,730	27,314	28,069	55,383
Fiscal 2004	22,321	23,857	46,178	3,558	3,813	7,371	1,434	672	2,106	27,313	28,342	55,655
Stub 2004	4,959	6,213	11,172	809	1,073	1,882	361	68	429	6,129	7,354	13,483
Calendar 2005	17,664	25,367	43,031	2,534	2,645	5,179	1,126	388	1,514	21,324	28,400	49,724
Calendar 2006	15,902	22,939	38,841	2,682	3,434	6,116	947	446	1,393	19,531	26,819	46,350
Calendar 2007	16,080	19,658	35,738	3,135	3,630	6,765	934	410	1,344	20,149	23,698	43,847

Notes: 2001 to 2004 are presented on a September year end while 2005 to 2006 are presented on a December year end.
Stub 2004 refers to the 3 month period (Oct. Nov. Dec.) during which the Company transitioned from a September year end to a December year end.
Singles refer to single starts only.
Multiples refer to the sum of semi, row and apartment starts.

Year	Housing Starts Forecasts											
	Central			Eastern			Niagara			Franchise		
	Singles	Multiples	Total	Singles	Multiples	Total	Singles	Multiples	Total	Singles	Multiples	Total
Fiscal 2001	31,900	8,800	40,700	5,100	300	5,400	1,700	100	1,800	38,700	9,200	47,900
Fiscal 2002	28,900	12,100	41,000	5,000	800	5,800	1,200	100	1,300	35,100	13,000	48,100
Fiscal 2003	32,300	13,700	46,000	5,100	700	5,800	1,200	100	1,300	38,600	14,500	53,100
Fiscal 2004	na	na	na	na	na	na	na	na	na	na	na	na
Stub 2004	na	na	na	na	na	na	na	na	na	na	na	na
Calendar 2005	25,000	20,200	45,200	3,300	2,700	6,000	900	400	1,300	29,200	23,300	52,500
Calendar 2006	20,000	18,200	38,200	3,200	2,600	5,800	800	400	1,200	24,000	21,200	45,200
Calendar 2007	17,500	21,200	38,700	3,000	3,100	6,100	1,100	400	1,500	21,600	24,700	46,300

Notes: 2001 to 2004 are presented on a September year end while 2005 to 2006 are presented on a December year end.
Stub 2004 refers to the 3 month period (Oct. Nov. Dec.) during which the Company transitioned from a September year end to a December year end.
From 2001 to 2003 singles are defined as the sum of single, semi and row starts. Multiples are apartment starts only.
From 2005 to 2007 singles are single starts only. Multiples are defined as the sum of semi, row and apartment starts.
There was no forecast of housing starts filed with the Board for Fiscal 2004 or the Stub 2004 period.

Year	Customer Additions Actuals											
	Residential			Apartment			Commercial			Industrial		
	New	Replacement	Total	New	Replacement	Total	New	Replacement	Total	New	Replacement	Total
Fiscal 2001	40,772	9,836	50,608	29	15	44	1,705	1,450	3,155	56	25	81
Fiscal 2002	42,795	9,037	51,832	24	8	32	1,685	1,071	2,756	16	8	24
Fiscal 2003	45,768	11,403	57,171	49	22	71	2,152	1,047	3,199	15	11	26
Fiscal 2004	42,431	10,224	52,655	69	33	102	2,455	1,227	3,682	29	17	46
Stub 2004	13,637	3,680	17,317	3	1	4	299	190	489	0	2	2
Calendar 2005	39,115	8,191	47,306	37	4	41	2,346	991	3,337	11	2	13
Calendar 2006	34,677	8,566	43,243	49	12	61	2,712	1,570	4,282	26	10	36
Calendar 2007	32,900	7,008	39,908	5	5	10	1,943	1,050	2,993	6	3	9

Notes: 2001 to 2004 are presented on a September year end while 2005 to 2006 are presented on a December year end.
Stub 2004 refers to the 3 month period (Oct. Nov. Dec.) during which the Company transitioned from a September year end to a December year end.

Witnesses: J. Denomy
T. Ladanyi

Year	Customer Additions Forecast														
	Residential			Apartment			Commercial			Industrial			Total		
	New	Replacement	Total	New	Replacement	Total	New	Replacement	Total	New	Replacement	Total	New	Replacement	Total
Fiscal 2001	31,209	15,475	46,684	33	13	46	1,444	1,431	2,875	34	17	51	32,720	16,936	49,656
Fiscal 2002	30,129	13,416	43,545	41	18	59	1,488	1,173	2,661	33	12	45	31,691	14,619	46,310
Fiscal 2003	33,679	10,131	43,810	49	12	61	1,474	1,174	2,648	33	13	46	35,235	11,330	46,565
Fiscal 2004	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Stub 2004	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Calendar 2005	39,786	8,356	48,142	56	14	70	1,930	1,139	3,069	19	9	28	41,791	9,518	51,309
Calendar 2006	37,822	8,132	45,954	44	22	66	1,838	1,125	2,963	18	10	28	39,722	9,289	49,011
Calendar 2007	35,098	8,518	43,616	42	16	58	1,599	932	2,531	16	7	23	36,755	9,473	46,228

Notes: 2001 to 2004 are presented on a September year end while 2005 to 2006 are presented on a December year end.
Stub 2004 refers to the 3 month period (Oct. Nov. Dec.) during which the Company transitioned from a September year end to a December year end.
There was no Board approved customer additions forecast for Fiscal 2004 or the Stub 2004 period.

Please see the response to Board Staff Interrogatory #4 at Exhibit I, Tab 1, Schedule 4 for information related to budget updates.

Witnesses: J. Denomy
T. Ladanyi

CCC INTERROGATORY #3

INTERROGATORY

Ref: B/T1/S5/p. 1

Please provide a table in the same format as Table 1 (Summary of Gas Sales and Transportation Volumes and Customers) including forecast vs actual amounts for each year 2002 to 2007.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 102, Line 28 and the response to Board Staff Interrogatory #5 at Exhibit I, Tab 1, Schedule 5.

Witnesses: I. Chan
T. Ladanyi

CCC INTERROGATORY #4

INTERROGATORY

Ref: B/T1/S5/pp. 7-8/B/T2

EGD has indicated that the residential average uses will decline in 2009. Please indicate to what extent the development of the 2009 NAC forecasts involve judgment on the part of EGD staff. Please indicate the specific steps in the process that involve judgment.

RESPONSE

There is no subjective judgment on the part of the Company staff when developing 2009 general service average use. This is consistent with previous filings when the Company has since 2001 adopted an objective regression model forecast approach in response to RP-1999-0001 Decision with Reasons. Paragraphs 10 to 13 of Exhibit B, Tab 1, Schedule 1 and Exhibit B, Tab 2, Schedule 2, describe the objective forecast development process. Paragraph 16 and Table 3 of Exhibit B, Tab 1, Schedule 5, pages 7-8 illustrate factors that underpin the predicted decline in 2009 residential average uses.

Moreover, both SEC Interrogatory # 2 at Exhibit I, Tab 6, Schedule 2 and VECC Interrogatory # 6 at Exhibit I, Tab 7, Schedule 6 mention that due to lack of sufficient information available from the Government of Ontario in order to apply the estimated energy savings of green technologies to residential average use and changes to Building code to Rate 6 average use, the current general service average use budget numbers do not capture this consumption reduction. The reason is the Company does not want to impose any subjective adjustment to the variables that do not have sufficient actual data since the Company is committed to the objective regression model forecast since 2001. Therefore, all else being equal, the current general service average use budget numbers are on the high side.

Witnesses: I. Chan
T. Ladanyi

CCC INTERROGATORY #5

INTERROGATORY

Ref: B/T1/S5/p. 11

The evidence states that as there is insufficient information available from the Government of Ontario in order to apply the estimated energy savings from certain green technologies, the risk of incurring larger residential volume than budgeted is weighted heavily to the downside. Please explain the implications of this for the budget.

RESPONSE

Please see the response to SEC Interrogatory #2 at Exhibit I. Tab 6, Schedule 2 (c) first paragraph.

Witnesses: I. Chan
T. Ladanyi

CCC INTERROGATORY #6

INTERROGATORY

Ref: B/T1/S6/p. 1

EGD is proposing to recover the revenue requirement impacts of two power generation projects. To what extent is the amount to be recovered impacted by the projected in-service dates? Please provide the latest in-service dates.

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 99, Line 16 and page 103, Line 6.

Witnesses: K. Culbert
T. Ladanyi
T. Tuck

CCC INTERROGATORY #7

INTERROGATORY

Ref: B/T3/S1/p. 7

Please provide a schedule which sets out the rates established through the formula and the rates proposed after considering the objectives set out in the evidence – “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. Please explain how the objectives have been applied in the development of the final rates.”

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 103, Line 14.

Witnesses: J. Collier
A. Kacicnik

CCC INTERROGATORY #8

INTERROGATORY

Please provide a detailed schedule setting out EGD's proposal for the timing of the next IRM filing (2010).

RESPONSE

Please refer to the Technical Conference transcript dated December 4, 2008 at page 104, Line 4.