

BOMA INTERROGATORY #1

INTERROGATORY

Ref: Exhibit E1, page 2

If Enbridge were to purchase some of its system gas supply at a fixed price for any of the months included in the next 12 months, would this price and the associated volume be taken into account when setting the gas supply reference price? Please explain.

RESPONSE

EGD does not have a physical fixed price purchasing program in place. EGD discontinued its financial gas supply risk management program in 2007 pursuant to a Board decision on the issue.

EGD budgets its natural gas purchases based on indices and not fixed prices. The gas supply reference price is based upon budgeted volumes from various markets. Normally when the budget is prepared the specific supplier of the gas is not known. If EGD has a supply arrangement with a particular supplier for the budgeting period, then the associated volumes are incorporated at the index price for the appropriate future months.

Witnesses: M. Giridhar  
D. Small

BOMA INTERROGATORY #2

INTERROGATORY

Ref: Exhibit E1, page 19 – 20

How will Enbridge determine the volume for the next 12 months that is used to calculate the rate riders associated with the debits/credits that are to be recovered prospectively? Are these volumes based on the most recent Enbridge forecast or fixed at the levels included in the last Board approved IRM filing? Are there separate rate riders and 12 month volume forecasts by rate class?

RESPONSE

Within a fiscal year there are four QRAM rate adjustments. The volume used to develop the Riders within the fiscal year will be based on the Board approved forecast for that fiscal year and therefore will be fixed. There will be a separate rider for each rate class based on the 12 month Board approved forecast for each rate class.

Witnesses: J. Collier  
M. Giridhar  
A. Kacicnik  
D. Small

BOMA INTERROGATORY #3

INTERROGATORY

Ref: Exhibit E1, page 20

In calculating the effect of a change in the reference price on the revenue requirement, Union Gas includes the changes related to compressor fuel and unaccounted for gas in the Intra-period WACOG deferral account (Exhibit E2, page 12). Does Enbridge include the change in costs related to compressor fuel and/or unaccounted for gas in its calculation of the impact on the revenue requirement?

RESPONSE

Yes. The change in the reference price in relation to unaccounted for gas and compressor fuel is captured within the calculation of the impact on revenue requirement.

Witnesses: K. Culbert  
D. Small

BOMA INTERROGATORY #4

INTERROGATORY

Ref: Exhibit E1, page 43

Union appears to include commodity related bad debt expense and the carrying cost on the gas purchase working capital as part of their system administration fee, while Enbridge appears to account for these costs outside of the system gas fee (paragraph 142).

- a) Is there any implication in terms of the allocation methodology or any other difference in determining the amount of bad debt expense and/or the carrying cost on the gas purchase working capital outside of the system gas fee which is done on an incremental basis?
- b) Why are any costs related to demand forecasting included in the system gas fee? What incremental function related to system gas are these costs related to?
- c) How does Enbridge determine the portion of the bad debt expense to allocate to the system gas fee?
- d) Does Enbridge allocate any of the investment carrying costs associated with customer deposits to the system gas fee? If not, why not?
- e) What is the level of Enbridge's current system gas fee?
- f) Does the system gas fee change during an incentive regulation period, or does it only change at a cost of service rebasing application?
- g) Does Enbridge adjust the cost related to the commodity-related working cash that would result from a change in the cost of gas? If not, why not?
- h) Please confirm that the system gas fee and DPAC fees do not include any allowance for costs or assets used by the employees directly involved in providing these services, such as computer hardware, software, office equipment and furniture.
- i) Does the system gas fee include any regulatory costs associated with the preparation, filing and implementation of QRAM filings? If not, please explain why not.

Witnesses: J. Collier  
A. Kacicnik  
M. Suarez

RESPONSE

- a) No. The impact is the same. The difference is that Enbridge breaks out the components of the gas supply charge.
- b) Demand forecasting is an integral part of supply planning. By forecasting the demands of the system, Enbridge is able to optimize supply sources and transportation arrangements to ensure availability of gas supply for system gas customers.
- c) Bad debt expense is allocated to system gas customers and forms part of their gas supply charge. It is allocated to the gas supply charge based on the proportion of total commodity revenues relative to total revenues. The remaining portion of the bad debt expenses is recovered in the delivery charge from all customers.
- d) EGD is not certain what is meant by the term "investment carrying costs for security deposits". If it is intended to refer to the security deposit amounts which form part of rate base then this amount is not allocated to the system gas fee. As mentioned in part c) above, a portion of the bad debt expense which forms part of Company's operating and maintenance expenses is allocated to system gas customers and forms part of their gas supply charge.
- e) Enbridge's system gas fee is 0.0185 cents per m<sup>3</sup> based on rates effective from October 1, 2008.
- f) Enbridge would propose to update the level of the fee during its Incentive Regulation period as well as during the re-basing year. Please note that the update of such fee is revenue neutral for the Company.
- g) Yes, Enbridge reflects any gas cost changes in the commodity-related working cash component during the QRAM process.
- h) System Gas and Direct Purchase management costs are determined on an incremental basis which do not include general overhead costs associated with assets or activities that support the general functioning of the utility.
- i) The system gas fee does not include any regulatory costs which are treated as general overhead costs. Whether the utility continues to provide system gas or not, the preparation, filing, and implementation of QRAM would continue to reflect other non-commodity gas costs (i.e., non gas supply charge related) and would not be considered incremental to the system gas management function.

Witnesses: J. Collier  
A. Kacicnik  
M. Suarez