CCC INTERROGATORY #1

INTERROGATORY

Please provide an estimate of the incremental annual costs that would be incurred if the LDCs were required to move to a monthly price adjustment mechanism.

RESPONSE

Please see the response to Board Staff Interrogatory #1 at Exhibit IR24, Schedule 1.

Witnesses: I. Abbasi
A. Kacicnik

CCC INTERROGATORY #2

INTERROGATORY

Please provide a detailed description of the potential benefits and costs associated with moving to a mechanism that would adjust the commodity cost of gas every six months. Would the LDCs be supportive of such an approach? If not, why not?

RESPONSE

As outlined at the Company's evidence at Exhibit E1, page 2, Paragraphs 6 to 8 the parties established the current QRAM process to achieve an enhanced reflection of gas supply prices on a regular basis while mitigating large annual adjustments to customer bills.

In Enbridge's view a quarterly price adjustment based upon 12 month forecast period provides appropriate balance between the two objectives of price change frequency and retroactive adjustments to customer bills.

A semi-annual price change would represent a partial return to the methodology used prior to the implementation of QRAM when price volatility in the test year was entirely captured in the PGVA and cleared once a year. Consequently, the Company does not see merits that would warrant introducing a semi-annual price change mechanism.

Witnesses: I. Abbasi
M. Giridhar
A. Kacicnik

CCC INTERROGATORY #3

INTERROGATORY

Please discuss the pros and cons of determining the system gas fee and the DPAC on a fully allocated basis. What would be the impact of determining the fees this way on the competitive retail market?

RESPONSE

Please see the response to VECC Interrogatory #9 at Exhibit IR23, Schedule 9.

Witnesses: J. Collier
A. Kacicnik
M. Suarez

CCC INTERROGATORY #4

INTERROGATORY

With respect to the QRAM process what changes could be made to create a more competitive market for energy consumers?

RESPONSE

In the Ontario natural gas market customers have a choice between the regulated supply and direct purchase (i.e., competitive) options. This is reflected in about 40% of Enbridge's customers having direct purchase contracts representing about 60% of the annual volume throughput. Customers generally choose between the two options based on their preference / need for a stable price, and therefore a fixed price contract of a specific duration, or willingness to manage price changes / impacts resulting from the QRAM process. Enbridge is neutral as to the customer election of either option and simply fulfills the service option requirements.

In Enbridge's view, ongoing plain language consumer education about marketplace options and associated pros and cons, rights and obligations, would further increase customer awareness about regulated supply and direct purchase (i.e., competitive) options, as well as differentiation among various competitive options.

Witnesses: M. Giridhar
A. Kacicnik
I. MacPherson

CCC INTERROGATORY #5

INTERROGATORY

How can EGD and Union Gas ensure that the “commodity cost” as set out on their bills is comparable to the offerings provided by retail marketer? Are changes required? If, so please explain what changes should be made?

RESPONSE

EGD’s “commodity cost”, as set out on its bills, reflects the forecasted cost of procuring supply at Empress over a twelve month period as per the Board approved QRAM methodology (i.e., the regulated gas supply option). Retail Marketers tend to offer a fixed price for a term of one, three or five years. Enbridge does not have input into or an oversight of retailers’ offerings or their pricing.

Also, see the response to CCC Interrogatory #4 at Exhibit IR7, Schedule 4.

Witnesses: M. Giridhar
A. Kacicnik
I. MacPherson
D. Small

CCC INTERROGATORY #6

INTERROGATORY

Please explain why a 21-day strip is the optimal way to undertake a gas cost forecast relative to other models,

RESPONSE

Typically a gas supply contract trades for a 21-day period. For example, the October 2008 AECO contract traded as the near month contract from August 28, 2008 to September 26, 2008. Using this time frame is representative of the expected price for a future forecast month.

Witnesses: M. Giridhar
D. Small

CCC INTERROGATORY #7

INTERROGATORY

Please provide, to the extent possible, evidence that the 21-day strip approach is used in other jurisdictions. To the extent is not, what are the most common approaches applied?

RESPONSE

Enbridge has not conducted a survey of other jurisdictions with respect to the 21-day strip approach.

As outlined in Enbridge's evidence at Exhibit E1, page 2, the 21-day strip approach, as part of the QRAM process, was originally established by the parties and then approved by the Board on May 30, 2001 as part of RP-2000-0040 and subsequently modified in RP-2002-0133 and RP-2003-0203.

As noted in the response to CCC Interrogatory #6 at Exhibit IR5, Schedule 6, a gas supply contract typically trades for a 21-day period. Using the 21-day time frame is representative of the expected price for a future forecast month.

Witnesses: M. Giridhar
D. Small

CCC INTERROGATORY #8

INTERROGATORY

Please indicate, specifically, how EGD allocates its invoicing and payment processing costs between the system gas fee and the direct purchase administration fee.

RESPONSE

The incremental costs associated with invoicing and payment processing are allocated between the system gas fee and direct purchase administration fee based on the staffing costs associated with supporting either the system gas or direct purchase function. The costs for the system gas function include receiving invoices, verifying accuracy, and submitting payment. The costs for the direct purchase function include verifying and submitting payment for direct purchase agreements.

Witnesses: J. Collier
A. Kacicnik
I. MacPherson
M. Suarez
B. Vari

CCC INTERROGATORY #9

INTERROGATORY

(E1/p. 51) Please provide the detailed back-up calculations for the new DPAC charge of $75.

RESPONSE

The fixed fee was based on what would be a reasonable annual fee for a pool that only had one account; in most cases this represented the customer type pools.

On an annual basis the fee for a one account pool would be approximately $900 per year which represents a fair and reasonable level of incremental cost effort to support.

The fixed fee represents providing all DPAC services for a single account customer for all customer groups. As the number of customers per pool increases, it was considered that the level of administrative services provided would increase proportionately. This is what the variable account fee recovers.

Witnesses: J. Collier
A. Kacicnik
I. MacPherson
M. Suarez
B. Vari