IGUA INTERROGATORY #1

INTERROGATORY

Issue 4.3

Ref: Exhibit E1, pages 16-18

a. EGD indicates at paragraph 53 that under its proposal to adopt Union's methodology for disposing of amounts in the PGVA, it will identify on a quarterly basis the elements of the PGVA attributable to commodity, transportation and load balancing and then determine individual riders to apply to sales service, western bundled T-service and Ontario T-service customers. Please list the elements of the PGVA that would be included in the riders for western bundled T-service customers and for Ontario T-service customers.

b. With reference to paragraph 51, please provide for the years 2005 to 2007 the amounts by PGVA component that were determined to be attributable to direct purchase customers. Please provide an estimate of these same components for 2008.

c. Has EGD discussed with its large-volume T-service customers, its proposal to adopt Union's methodology for disposing of amounts in the PGVA? If yes, please summarize the feedback received from those customer discussions. If no, what are EGD's plans for communicating with its customers on this proposal?

RESPONSE

a) Please see the response to Board Staff Interrogatory #3 at Exhibit IR24, Schedule 3.

b) Please see the total year end PGVA balance which was cleared as a year end adjustment to customers and the amount attributable to direct purchase customers for the years 2005, 2006 and 2007. The Company does not have the information available for 2008.

Witnesses: K. Culbert
M. Giridhar
A. Kacicnik
D. Small
M. Suarez

COMMODITY	(87,988)	-
SEASONAL PEAKING-LOAD BALANCING	6,254	3,108
SEASONAL DISCRETIONARY-LOAD BALANCING	3,528	1,854
TCPL TOLL CHANGE	4,454	2,152
CURTAILMENT REVENUE	(347)	(173)
RIDER ADJUSTMENT DIRECT ALLOCATION	126,209	-
INVENTORY ADJUSTMENT	(58,594)	-
Total PGVA	(6,484)	6,941

2006 PGVA Balance Including Interest

	Total PGVA ($000)	**Direct Purchase ($000)**
COMMODITY	660	-
SEASONAL PEAKING-LOAD BALANCING	(1,257)	(637)
SEASONAL DISCRETIONARY-LOAD BALANCING	(22,536)	(11,918)
LINK PIPELINK-LOAD BALANCING	(288)	(90)
CURTAILMENT REVENUE	(336)	(336)
RIDER C ADJUSTMENT DIRECT ALLOCATION 2006	33,256	-
INVENTORY ADJUSTMENT	8,128	-
TCPL TRANSPORTATION CAPACITY CREDIT	(73)	(35)
Total PGVA	17,554	(13,016)

2007 PGVA Balance Including Interest

	Total PGVA ($000)	**Direct Purchase ($000)**
COMMODITY	(21,502)	-
SEASONAL PEAKING-LOAD BALANCING	340	180
SEASONAL DISCRETIONARY-LOAD BALANCING	3,663	1,947
LINK PIPELINE	(93)	(56)
TCPL TOLL CHANGE	17	8
CURTAILMENT REVENUE	(19)	(19)
RIDER C 2007 DIRECT ALLOCATION	20,925	-
INVENTORY ADJUSTMENT	4,286	-
Total PGVA	7,617	2,060

Witnesses: K. Culbert
M. Giridhar
A. Kacicnik
D. Small
M. Suarez

c) No, the Company has not had discussions with its large volume customers. The Company is proposing to implement any changes relating to the proposed PGVA clearing as part of its 2010 rate adjustment application (this would be the earliest opportunity depending on the timing of the Board decision in this proceeding). If approved, the Company would inform its large volume customers during its annual large volume customer meetings which are typically held in June.

Witnesses: K. Culbert
M. Giridhar
A. Kacicnik
D. Small
M. Suarez

IGUA INTERROGATORY #2

INTERROGATORY

Issues 5.1 and 5.2

Ref: Exhibit E1, pages 20-25

Please list all of the components of the revenue requirement that are adjusted as part of the quarterly rate adjustment mechanism and categorize them according to delivery, load balancing, transportation, and gas supply.

RESPONSE

As part of a QRAM application, the following rate base related components of revenue requirement are adjusted and classified in the following manner.

Expense	Classification
Return in Gas in Inventory	Load Balancing
Gas Costs Working Cash and GST	Gas Supply
Capital and Large Corporation Taxes	Load Balancing

Witnesses: J. Collier
K. Culert
A. Kacicnik

IGUA INTERROGATORY #3

INTERROGATORY

Issue 8.1

Ref: Exhibit E1, pages 31-39

a. In paragraphs 101 and 104, EGD refers to gas being purchased or sold at a price that compensates EGD for sourcing or disposing of gas remaining in a customer's BGA. Please demonstrate how the formula for pricing this gas compensates EGD.

b. With reference to paragraphs 110 and 111, please confirm that if half of the Rate 110 or Rate 115 customers by volume took substantially more than forecast in a cold period of the winter season while the other half took exactly their forecast volumes, all Rate 110 or Rate 115 customers would share equally in the cost of balancing.

c. With reference to paragraph 115, direct purchase customers of Union generally have an obligation to deliver gas at Union CDA. Please explain in what material way a suspension/make-up at Union CDA differs from a suspension/make-up at Enbridge CDA with respect to the benefits of trading at Dawn.

d. With reference to paragraph 120, for a February checkpoint for example, mandatory mitigation would be make-up (incremental supply) since a customer can be long but not short. Please explain how this mitigation measure would put the system supply at risk.

e. With reference to paragraph 122, please explain how there would be no benefit to ratepayers with an approach to load balancing that results in customers who have balanced their loads not having to share the cost of balancing other customers' loads.

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

RESPONSE

a) As indicated at Exhibit E1, paragraphs 101 through 105, direct purchase customers are encouraged to manage the Banked Gas Account ("BGA") balances throughout the course of a year. At the end of the contract year, if a customers BGA balance exceeds the tolerance of +/- 20 times their Mean Daily Volume ("MDV"), the Company deems to have purchased or sold that amount of gas from/to the customer. Similarly, any volume within the tolerance band must be disposed of within 180 days of the contract expiry date or it also is deemed to have been purchase or sold from/to the customer by the Company. The purchase price is Board approved, as listed in the Rate Handbook, and is equal to 80% of the average price over the contract year, based on the published index price for the Monthly AECO/NIT supply adjusted for Nova's AECO to Empress transportation tolls and compressor fuel costs, less the average Ontario Transportation Service Credit over the contract year. If the gas is deemed to have been sold it is priced at 120% of the average price over the contracted year, based on the published index price for the Monthly AECO/NIT supply adjusted for Nova's AECO to Empress Transportation tolls and compressor fuel costs. The intent of this pricing is to not only keep EGD and rate payers whole with respect to its gas costs purchases but to encourage customers to actively manage their BGA balances.

b) All customers within a rate class pay the same per unit rate for load balancing. This reflects the fact that rates are developed based on class rate making principles. These principles reflect cost causality, load/cost characteristics of each rate class, and ensure that revenues from each rate class recover costs incurred to serve each rate class. The same class rate making principles are used to determine the responsibility of a rate class as it relates to the disposition of the PGVA account. Any load balancing purchase variances between forecast and actual gas costs would get captured in the PGVA and disposed of to both system gas and direct purchase customers. All system gas and direct purchase customers within a rate class would be charged the same unit rate from PGVA disposition which would be applied to their actual volumes from the previous year.

   This approach is further illustrated below by discussing the specific scenario posed in question b).

   The average annual demand is met through MDV deliveries (i.e., the amount of gas being delivered into the franchise area through upstream pipelines is the same each and every day of the year). Hence, Enbridge needs to take action every day to balance supply and demand (see Enbridge's evidence at Exhibit E1, page 34, Figure 2).

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

Further, direct purchase market works on the principles of MDV deliveries and BGA management rules which ensure total deliveries match consumption at the end of each contract year (other than the BGA tolerance). Enbridge provides load balancing and distribution service to both system gas and direct purchase customers.

The load of Rate 110 and Rate 115 customers comprises of: heat load (i.e., heating of their manufacturing facilities/work halls and office space), base load (such as water heating) and process load (i.e. use of natural gas in a manufacturing process).

If winter is colder than the forecast, then the heating demand of Rate 110 and Rate 115 customers will be higher than the forecast. Accordingly, Enbridge will need to adjust upward seasonal/spot supplies to meet the demand of its customers each day of the colder than forecast period.

Please note that for half of Rate 110 and Rate 115 customers to take exactly their forecast loads, these customers would have to scale back their base and process loads in order to remain on forecast. Such action would not reflect practical experience.

The cost of the adjusted (i.e., additional) seasonal/spot purchases is captured in the Purchased Gas Variance Account (PGVA). These costs are passed onto both system gas and direct purchase customers through the clearing of the PGVA which is disposed off as per the Board approved methodology.

In the example above, the winter was colder then the forecast. Consequently, the demand of Rate 110 and Rate 115 customers was higher than the forecast. This would create a balance in a direct purchase customers' BGA at the end of the contract year as MDV deliveries would not match consumption over the course of the contract year. Customers can address balances in their BGAs through the mechanisms the Company provides such as make ups, title transfers, enhanced title transfers, or disposition of the BGA balances at the end of the contract year. As discussed in the response to part a), direct purchase customers are encouraged to manage their BGA balances throughout the course of a year.

c) The evidence of Union Gas at Exhibit E2, pages 43, 47 and 48 elaborates on features that allow them to offer check point balancing in the South, but not in the North. The liquidity at Dawn allows Union South customers to make alternate arrangements if their suspensions or make ups to the delivery area are interrupted. Similar to Union North, Enbridge's access to Dawn is via Union's Dawn Trafalgar system and TransCanada's system. Enbridge contracts for this capacity based on

its peak day requirements. Accommodation of make ups and suspensions is subject to Enbridge's ability to meet franchise demand. On a peak day, if a DP customer, who suspended its deliveries, fails to deliver by not adhering to an interruption to the suspension, then Enbridge would be short of supply and unable to meet firm demands because of its lack of transportation capacity. In order to back stop suspensions and make ups, Enbridge would have to over contract in transportation capacity (and Enbridge has no intention/plans of doing so).

d) Paragraph 120 makes reference to a suspension that is interrupted. See point c) above.

e) Paragraph 122 states that there would not be an appreciable benefit to ratepayers of one approach over the other. Also see the response to part b) above.

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

IGUA INTERROGATORY #4

INTERROGATORY

Issue 8.4

Ref: Exhibit E1, page 39; Technical Conference Transcript (November 27, 2008), page 158

a. Please list the provisions associated with EGD's proposed MCV re-establishment process; e.g., who initiates the re-establishment, how is the re-establishment initiated, under what circumstances, the threshold level, etc.

b. If the provisions requested in part (a) are not available, please indicate when the specifics of the proposal will be available and on what their development depends.

RESPONSE

a) The MDV re-establishment process envisioned by Enbridge would be incorporated into the EnTRAC operation making it completely automated. The trigger for a change to the MDV would be the result of a predetermined threshold of change having taken place to the pool, for example number of customers or value of load having migrating to or from a pool. Discussion to determine the criteria for changing the MDV have not yet taken place and will not take place until the Board has determined if Enbridge should proceed. This decision is not anticipated until after April of 2009. Should the Board determine Enbridge should proceed, Enbridge would seek input from interested parties and stakeholders.

b) The provisions requested in part (a) are not available. Enbridge requires a decision by the Board to allow Enbridge to recover the costs of designing, developing and implementing such a program. Commencing the process would not be possible prior to the 4th quarter of 2009 (considering current CIS implementation time lines) due to limitations on internal and (required) contracted resources.

Witnesses: I. MacPherson
B. Manwaring