

BOARD STAFF INTERROGATORY #1

INTERROGATORY

Ref: Exhibit E1, page 12, paragraph 37

- a) Please provide an estimate, with supporting explanatory comment, of the regulatory, administrative, IT billing system, and communication costs that would arise as a result of introducing a monthly reference price adjustment based on a 12 month forecast period, and a 12 month deferral disposition period.

RESPONSE

The Company is not supportive of a monthly price adjustment frequency.

Should the Board decide in favor of a monthly price change frequency, the Company estimates it would incur incremental annual expenses of at least \$1.5 - \$2.0 million. A high-level breakdown of these estimated costs is as follows:

Customer Care:

Incremental Employee Salaries	\$100K
Application Support	\$240K
CCSA Charges (Call Centre: estimated 100,000 calls @ \$5.00/Call)	\$500K
Customer Communication (Bill Messages, inserts, website updates)	\$30K

Public and Government Affairs:

Incremental Employee Salaries	\$100K
Design Work	\$15K
Translation	\$5K
Printing	\$450K
Recycling	\$5K

Regulatory Affairs:

Incremental Employee Salaries	\$300K
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Gas Cost:

Incremental Employee Salaries	\$100K
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Margin Budgets and Accounting:

Incremental Employee Salaries	\$100K
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Witnesses: I. Abbasi
A. Kacicnik

In addition to the above recurring costs, the Company estimates a one time expense of \$35K for a two panel insert to communicate to customers the Board decision to introduce monthly price change frequency.

Also, the revenue the Company generates from third party bill inserts would be impacted by the monthly price change frequency if the current rule stipulating no third party inserts with rate notices continues to apply. Third parties using bill insert service would also be impacted.

Witnesses: I. Abbasi
A. Kacicnik

BOARD STAFF INTERROGATORY #3

INTERROGATORY

Ref: Exhibit E1, page 18, paragraph 53

- a) Please provide in detail the methodology that EGD would use to determine the balances in the PGVA that are attributable to commodity, transportation and load balancing costs.
- b) Please provide an illustrative example of how this methodology would be applied.

RESPONSE

- a) EGD's methodology for disposing of costs in its PGVA is consistent with the manner in which these costs are recovered in rates. EGD would use its existing Board approved methodology which it uses to clear the balances of its PGVA at fiscal year end. The existing methodology is to clear the projected balance in this account on an interim basis through a sales service rider (Rider C), through quarterly rate adjustments (QRAMs). The one-time year end adjustment allows for a true up of interim collections and a detailed analysis of the variances in individual components of the PGVA and their allocation to different types of service, including sales service. The Company's proposal is to prepare the analysis of the individual components of its PGVA within each QRAM application.

The Board approved methodology for clearing each component of the PGVA is as follows:

The account records:

- i) variances in the purchases of commodity;
- ii) variances in TransCanada PipeLines ("TCPL"), Alliance and Vector tolls;
- iii) amounts related to electronic bulletin boards;
- iv) voluntarily incurred Unabsorbed Demand Charges ("UDC");
- v) variances related to TransCanada Storage Transportation Services ("STS");
- vi) variance in the Inventory Valuation Adjustment Rider ("Rider C");

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

- vii) unforecast penalty revenues received from interruptible customers who did not comply with the Company's curtailment requirements and unauthorized overrun gas revenue;
- viii) costs consequences associated with Vector and Alliance pipelines, net of revenues from the sale of excess capacity to third parties; and
- ix) Banked Gas Account Balance disposition amounts.

Any variance associated with the commodity cost of gas, exclusive of the seasonal supply component identified below, including variances arising as a result of indexed pricing, use of electronic bulletin boards, and voluntarily incurred UDC. These variances will be cleared to all system supply customers, including buy/sell customers on a volumetric basis.

Any variance associated with seasonal supplies within the commodity component of the PGVA will be separated into a commodity and a load balancing component, based on the methodology established for the classification of purchases and receipts. This methodology essentially consists of deeming the commodity component of all supplies in its portfolio to be equal to the amount derived by reducing its FT-WACOG by the TCPL 100% load factor demand and commodity tolls. The seasonal supplies are defined as the sum of the forecast variance associated with peaking supplies and Ontario and U.S. discretionary supplies offset by unauthorized overrun gas revenue. The load balancing portion of seasonal service supplies will be cleared to all customers, including T-service customers. The load balancing variance associated with peaking supplies will be classified as peak and allocated based on the rate class responsibility for bundled peak deliveries. The load balancing variance related to discretionary supplies will be classified as pipeline seasonal and allocated to all customers using the seasonal space allocator. The remaining seasonal commodity balance will be cleared to system sales customers on a volumetric basis.

Any variance in TCPL tolls will be cleared to all customers except for non ABC Ontario Bundled T-service customers since they already have been subjected to the new transportation tolls and have been compensated for transportation at the Company's budgeted level through the Transportation Service Rider. The commodity and demand toll variance will be allocated volumetrically to the above group of customers.

Witnesses: M. Giridhar
A. Kacicnik
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Non-compliance revenues included in the PGVA will be applied as an offset to the peaking supply variance and to interruptible customers, using a 50/50 ratio. This recognizes that as a result of non-compliance, in the case of both curtailment for seasonal and daily balancing, additional delivered supplies may be purchased, the incremental costs of which are included in the PGVA. Failure to comply could also cause additional curtailment on the part of other complying interruptible customers. The relative proportions to which each of these options is employed will vary depending on the particular circumstances experienced and is virtually impossible to quantify. This methodology directs the non-compliance revenues to both firm and interruptible customers. The revenues offsetting the peaking supply variance will be allocated to all customers using the bundled peak delivery allocator. The revenues flowing to interruptible customers will be apportioned between Rate 145 and Rate 170 prorata to their respective global contract demand, as the use of the bundled peak delivery allocator for these rate classes would result in allocating disproportionate benefits to Rate 145.

The variance stemming from STS will be cleared to all customers using the deliverability allocator.

The forecast amounts to be collected from (or refunded to) all customers through Rider C during the QRAM process will be allocated to customers by component. These components include forecast commodity variance and the forecast inventory adjustment. The forecast commodity variance is allocated to system and buy/sell customers based on volumetric consumption. The forecast inventory adjustment is allocated to system and buy/sell customers based on the rate class responsibility for inventory space. The actual amounts recovered through Rider C will be directly assigned to the applicable customer rate class and credited to all customers.

Vector and Alliance costs will be recorded as an offset to the revenue received for marketing its capacity to third parties through its Transactional Service offerings. The net balance will be classified and allocated on the basis of 100% annual deliveries.

- b) Please see the response to IGUA Interrogatory #1 at Exhibit IR11, Schedule 1, part b) for an illustrative example.

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

BOARD STAFF INTERROGATORY #4

INTERROGATORY

Ref: Exhibit E1, page 36, paragraph 117

- a) Please provide the proposed threshold for changes to the MDV and the rationale for the proposed threshold.
- b) If the proposed threshold is not available at this time, please indicate when Enbridge expects that it will become available.
- c) Is Enbridge proposing that the threshold be set at its discretion? If so, what is the benefit of that approach relative to an approach where the threshold would be pre-defined?

RESPONSE

- a) A threshold has not been developed at this time.
- b) It is expected that a threshold would be determined (after having sought input from stakeholders and interested parties) during design sessions which would not be scheduled until Enbridge has received approval to proceed with this initiative by the Board. Enbridge is cognizant of harmonization objective, so anticipate establishing the threshold at similar or the same value as Union's threshold unless there are considerations that make doing so impractical.
- c) See response to b).

Witnesses: B. Manwaring
D. Small

BOARD STAFF INTERROGATORY #6

INTERROGATORY

Ref: Exhibit E1, page 50, paragraph 173

- a) Please confirm that Enbridge will be seeking Board approval to adjust the system gas fee and direct purchase management costs in its 2010 rate adjustment application.

RESPONSE

The Company supports the incremental costing approach and will seek Board approval of its updated system gas and direct purchase management fees in its 2010 rate adjustment application.

Witnesses: J. Collier
A. Kacicnik

BOARD STAFF INTERROGATORY #7

INTERROGATORY

Ref: Exhibit E1, page 51, paragraph 178

- a) Please confirm that Enbridge will be seeking Board approval to adjust the DPAC structure in its 2010 rate adjustment application.

RESPONSE

This is confirmed.

Witnesses: J. Collier
A. Kacicnik

BOARD STAFF INTERROGATORY #8

INTERROGATORY

Ref: Exhibit E1, page 55, paragraph 193

- a) Did the focus group discussions include feedback on the line item of the bill that deals with the disposition of the PGVA (i.e. gas cost adjustment)?
- b) If so, what was the outcome?

RESPONSE

- a) & b)
The focus groups were provided sample bills for system gas and direct purchase customers that included various combinations of pay as you go, budget billing, pre-authorized payment and charges from other energy companies. Enbridge tested the description of all bill charges. Focus groups did not include scenarios with gas cost adjustment.

BOARD STAFF INTERROGATORY #9

INTERROGATORY

Ref: Exhibit E1, page 58, paragraphs 202-209

- a) Please provide all calculations and supporting documentation in respect of the estimated implementation costs provided under Issue 11.1.

RESPONSE

Trigger Mechanism:

The elimination of the trigger mechanism will not lead to additional costs or savings as the Company will continue to follow processes that it normally carries out every quarter.

Deferral and Variance Accounts and Disposition Methodology:

The Company is proposing to dispose of PGVA balances using a 12-month rolling rider methodology. This change will require communication with customers to inform them about the change. While the Company would use regular communication channels to convey the changes to ratepayers, an additional one time expense of approximately \$100,000 is anticipated to cover the incremental printing, design, and communication costs.

Multipoint Balancing:

The following is based on estimates that would result from adoption of a multi point balancing model. These estimates are high level and the list is not to be interpreted as exhaustive or complete as it was prepared in absence of a formal/detailed evaluation. As noted in the Company's evidence at Section B, the Company is not proposing to implement multipoint balancing.

Design and Development	
Including scoping study, transaction rules, programming development, test and warranty.	\$5,000,000

Witnesses: I. Abbasi
A. Kacicnik

Infrastructure	
Changes to internal processes, documents, staffing, controls (Sox), contracts, training and testing, synchronization with other programs	\$1,250,000
3 rd Party Development, Training and Communications	
Any impacts from integration and testing with other systems and/or programs such as SAP	\$1,250,000
Project Management	\$500,000
Contractor Expenses	
Travel, living, administration	\$500,000
Sum	\$8,500,000

MDV Re-establishment:

The following is based on estimates that would result from adoption of an MDV re-establishment process. These estimates are high level and the list is not to be interpreted as exhaustive or complete as it was prepared in absence of a formal/detailed evaluation.

Design and Development	
Including scoping study, transaction rules, hardware and software development including development of an appropriate weather normalization program	\$2,650,000
Infrastructure	
Changes to internal processes, documents, contracts	\$550,000
Project Management	\$250,000
Contractor Expenses	
Travel, living, administration	\$250,000
Sum	\$3,700,000

Witnesses: I. Abbasi
A. Kacicnik

Price Adjustment Frequency:

Please see the response to Board Staff Interrogatory #1 at Exhibit I24, Schedule 1.

Billing Terminology:

Costs to implement Billing Terminology changes would be at least \$0.6 million. This would include system changes to change Enbridge's current terminology to match with Union Gas (or terminology determined by the Board). Additionally, updates would be required to all of Enbridge's existing communication materials such as new customer packages, changes to the Company's website and change to the Rate Handbook. Training of Company's service providers would also be required.

A high-level breakdown of the estimated costs is as follows:

System Change	100,000	Implementation of code changes
Communication	247,000	Bill inserts re: description of changes
Update Existing Materials	100,000	Cost of updating plus French translation service
Training of Service Providers	<u>200,000</u>	Training costs
	<u><u>647,000</u></u>	

Witnesses: I. Abbasi
A. Kacicnik