

SEM INTERROGATORY #1

INTERROGATORY

Would you agree that the current QRAM structure uses a simple average of the forward curve, and that that simple average does not give any weight to the variations in consumption that customers experience throughout the seasons?

RESPONSE

The Company does not agree. The derivation of the commodity charge is based on a simple average of the 12 month forward prices at Empress. The methodology does not give weight to the variations in consumption through out the year, rather it reflects the assumption that the annual consumption is purchased equally over twelve months. This methodology is consistent with the requirement for direct purchase customers that they deliver a mean daily volume of gas equal to annual consumption/365 days and with the fact that long haul transport that is used to transport gas from Empress is used at a 100% load factor.

Witnesses: M. Giridhar
D. Small

SEM INTERROGATORY #2

INTERROGATORY

Reference: General

The term "Load Following Calculation" as it is used in the context of the next question refers to a calculation of the forward curve that weights the future monthly prices against the projected consumption requirements for that month. Would you agree that a Load Following Calculation would be more appropriate as an indication of what customers can expect to pay?

RESPONSE

The Company does not agree that the Load Following Calculation, as described above is representative of what customers can expect to pay. This is because EGD does not necessarily purchase the projected consumption requirements of its customers in the same month. The fallacy of this approach is shown at Exhibit E1, page 11.

Witnesses: M. Giridhar
D. Small

SEM INTERROGATORY #3

INTERROGATORY

Reference: Page 3, pp 9-11

Would you agree that the current QRAM does not carry within it any projected amount for the future cost of storage, transportation, and load balancing ('Additional Non-Commodity Costs', for the purpose of this question) for the forecast period? Would you agree that Additional Non-Commodity Costs would be a more appropriate indicator of what customers should compare to the marketplace than smoothed blended historical costs for out of phase periods?

RESPONSE

The Company does not agree. The forecast cost of storage and load balancing is adjusted through the current QRAM process and is recovered through rates applicable to system supply and bundled service direct purchase customers. The forecast cost of transportation is also adjusted through the current QRAM process and recovered through rates applicable to system supply and Western T service customers. Unforecast storage, transportation and load balancing costs are recovered through deferral account disposition.

Witnesses: M. Giridhar
D. Small

SEM INTERROGATORY #4

INTERROGATORY

Reference: General

In the consideration of an Ontario Wide Reference Price, is there any merit, from your perspective, in considering locational pricing for the various delivery zones in Ontario? If not, what obstacles do you see for such a consideration?

RESPONSE

EGD does not believe that an Ontario Wide Reference Price is appropriate precisely because the delivered cost of gas varies based on each utility's location within the province.

Witnesses: M. Giridhar
A. Kacicnik
D. Small

SEM INTERROGATORY #5

INTERROGATORY

Reference: General

In the consideration of an Ontario Wide Reference Price, is there any merit, from your perspective, in considering locational pricing for the various delivery zones in Ontario? If not, what obstacles do you see for such a consideration?

RESPONSE

Please see the response to SEM Interrogatory #4 at Exhibit IR19, Schedule 4.

Witnesses: M. Giridhar
A. Kacicnik
D. Small

SEM INTERROGATORY #6

INTERROGATORY

Can an Ontario Reference Price be created with the current level of unbundling and assignment of storage and transportation, including load balancing? If not, what are the specific steps which would need to be taken?

RESPONSE

As stated at Exhibit E1, Paragraphs 39 to 43, page 12 and 14 the limitations to a single Ontario reference price relate to geography and the requirement to pass through incurred gas costs rather than the level of unbundling and load balancing.

The issue of greater unbundling and assignment of storage and related transport is not an issue in this proceeding.

Witnesses: M. Giridhar
D. Small