

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
Federation of Rental-housing Providers of Ontario (FRPO)

Reference: Exhibit B1 / Tab 1 / Schedule 1/ Appendix A/ page 2

Preamble: EGI's evidence states: *The PGVA will record adjustments related to transactional services activities which are designed to record the impact of direct and avoided costs between the PGVA and the TSDA. These adjustments are required to ensure appropriate allocation of costs and benefits to the underlying transactions and appropriate recording of amounts in the PGVA and TSDA for purposes of deferral account dispositions.*

Question:

We would like to understand better how these transactions are distinguished?

Please provide the policy or guidelines followed by staff to differentiate direct and avoided costs between PGVA and TSDA.

- a) Please clarify if this is a new practice or, if it has been in place, for how long.
- b) Please provide a few examples of how this policy or guideline is used.
- c) Are there any financial employee incentives tied to the level of margin for TSDA for those distinguishing the difference?

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**Response**

- a) The practice of recording direct and avoided costs between the PGVA and the TSDA at EGD has been in place for more than 10 years.
- b) An example of Direct and Avoided costs would be in relation to fuel costs. If by entering in a Transactional Services deal the Company avoids fuel costs, the deemed fuel cost would be charged to the PGVA and credited to Transactional Services Revenue.

- c) There are no specific employee incentives tied to the level of margin for Transactional Services Revenue.