

FRPO INTERROGATORY #21

INTERROGATORY

REF: Exhibit G1, Tab 1, Schedule 1, page 4

Preamble: We would like to understand better the cost recovery for Segment A of the GTA Reinforcement Project.

Please provide the components of Revenue requirement that contribute to the recovery of Segment A.

- a) Who is at risk for the recovery of under-utilized capacity on Segment A?

RESPONSE

The forecast annual revenue requirement for Segment A consists of interest and return on rate base, income tax, depreciation expense, municipal tax, and operating and maintenance expense.

The revenue requirement for Segment A is forecast to be recovered through Contract Demand ("CD") charges for shippers under Rate 332 transportation service (60% of Segment A revenue requirement) and through volumetric charges for EGD's bundled customers (40% of Segment A revenue requirement).

The Company is at risk for full recovery of Segment A revenue requirement if actual CD charges and / or actual volumes end up being lower than the forecast CD and / or forecast volumes.

Witnesses: A. Kacicnik
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