

BOARD STAFF INTERROGATORY #64

INTERROGATORY

Ref. ExhA6/Tab4/Sch1/table 1


Please provide an updated table 1 expanded to include actual data for the years 1997 to 2003. Where available please provide the budget and actual data for these years.

RESPONSE

Please see the following table.

		Customer Support O&M Fiscal Years 1997 - 2003 (\$ Millions)								
Item No.	Components	1997 Actual	1998 Actual	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Estimate	2005 Budget
Contract Service Charges										
1.1	Meter Reading	-	-	-	6.1	8.4	8.7	8.2	9.5	9.9
1.2	Credit & Collection	-	-	-	11.1	15.2	15.5	15.4	15.3	15.4
1.3	Call Centre	-	-	-	21.1	28.1	23.2	22.6	22.4	24.0
1.4	Billing	-	-	-	16.3	21.8	27.5	29.9	31.2	33.0
1.5	CIS Fee	-	-	-	9.8	16.6	17.4	18.3	19.1	19.9
1.	Total Contract Service Charges	-	-	-	64.4	90.1	92.3	94.4	97.5	102.2
In-house Customer Support Costs										
2.1	Supervision & Planning	0.8	1.0	1.3	0.4	-	-	-	-	-
2.2	Customer Support	13.1	14.6	15.7	2.5	0.5	0.5	1.5	0.9	0.8
2.3	Billing Services	18.9	19.3	19.6	4.6	-	-	-	-	-
2.4	Credit & Collection	5.1	5.8	6.1	1.6	-	-	-	-	-
2.5	Customer Systems	1.4	1.1	1.2	0.3	-	-	-	-	-
2.	Total In-house Customer Support Costs	39.3	41.8	43.9	9.4	0.5	0.5	1.5	0.9	0.8
3.	Provision for Uncollectibles	5.7	4.8	5.4	7.2	12.5	11.5	14.8	14.2	14.6
4.	Total Customer Support O&M	45.0	46.6	49.3	81.0	103.1	104.3	110.7	112.6	117.6
5.	Non-Utility Adjustment				(0.3)	(0.4)	(0.5)	(0.5)	(0.6)	(0.5)
6.	Interest on Security Deposits	1.2	0.8	1.0	1.1	1.0	0.9	0.8	0.9	1.1
7.	Net Customer Support O&M	46.2	47.4	50.3	81.8	103.7	104.7	111.0	112.9	118.2
*										
8.	Board Approved Budget	47.0	49.6	55.8	56.9 PBR	60.4 PBR	63.6 PBR	112.3		

\* Note: Customer care outsourcing began January 1, 2000.

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Witness: S. H. McGill

TABLE 1  
 ENBRIDGE GAS DISTRIBUTION  
 & TECC BENCHMARKS CUSTOMER CARE  
 COST PER CUSTOMER  
 FISCAL YEARS 1996 - 2005

	1996 Actual	1997 Actual	1998 Actual	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Budget	2005 Budget
Enbridge	\$ 68.36	\$ 63.55	\$ 64.70	\$ 65.42	\$ 66.63	\$ 68.34	\$ 67.34	\$ 68.23	\$ 67.34	\$ 68.42
<b>Gas Utility Industry Benchmarks</b>										
<i>Average Cost per Customer - Gas Only Utilities (in Canadian \$)</i>										
Overall	\$ 57.80	\$ 67.96	\$ 69.54	\$ 73.46	\$ 76.10	\$ 79.57				
Northeastern U.S.	\$ 65.63	\$ 74.37	\$ 76.87	\$ 76.16	\$ 78.85	\$ 82.78				
NE U.S. & Over 1 Million Customers	\$ 58.90	\$ 65.92	\$ 70.66	\$ 62.48	\$ 68.14	N/A				
<i>Sample Size - No. of Companies (does not include Enbridge)</i>										
Overall	41	32	35	28	22	21				
Northeastern U.S.	30	27	30	26	18	17				
NE U.S. & Over 1 Million Customers	4	4	2	3	3	N/A				

Notes:

1. Customer Support O&M include in-house and outsourcing costs
2. Fiscal 1996-2002 data was adjusted accordingly to Fiscal 2003-2005 Customer Support O&M
  - Remove Other Customer Service Charge revenues from Fiscal 1996-2002 O&M. These revenues are reclassified as "Other Operating Revenues" instead of credits to Customer Support O&M.
  - Remove Customer Communication, website hosting, and website maintenance costs from Fiscal 1996-2002 Customer Support O&M, as these costs have been reclassified as Opportunity Development
  - Include an estimated allocation of CIS costs, employee benefits, and overhead in years 1996-2000 (for pre-outsourcing)
3. 1998-2000 industry data is collected and summarized by TECC Group Inc., and the source is from FERC reports.

7. In terms of the overall sample and the sample of utilities located in the North Eastern United States, the Company's customer care cost per customer has been consistently lower than the entities included in the TECC survey since 1997. With respect to utilities serving in excess of one million customers, Enbridge Gas Distribution's customer care cost per customer was lower than average in three out of the five years for which data is available.
8. Table 2 compares Enbridge Gas Distribution's historic customer care cost per customer against comparable cost per customer data gathered by the American Gas Association and Edison Electric Institute for 1999 through 2002. This survey does not include customer information services costs as part of reported customer

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