

IGUA INTERROGATORY #1

INTERROGATORY

Reference: Ex. C-1-3.

The evidence indicates that: i) EGD proposes to increase its Rider G service charges for services to distribution customers the pricing of which is founded on a "Labour Hourly Charge"; ii) the Labour Hourly Charge has increased as a result of entry by EGD into a new field operation service contract; iii) the new service contract was entered into following an RFP process to which there were 32 respondents; and iv) the Labour Hourly Charge in the new service contract has increased 9% from the charges in the service contract that expired December 31, 2008 (which was entered into in 2004).

- (a) Did the RFP process result in one or more service contracts being entered into with an EGD affiliate? If so, which affiliate(s)?
- (b) If so, which services (with reference to Table 1 at page 2 of the referenced evidence) are to be provided by the EGD affiliate, and how are the costs for such services determined?
- (c) If so, please file each of the new field service agreements entered into with an EGD affiliate.

RESPONSE

- a) There are no service contracts entered into with EGD affiliates. See the response to VECC Interrogatory #14 (e) at exhibit I, Tab 7, Schedule 14.
- b) n/a
- c) n/a

Witnesses: D. Broude
A. Welburn

IGUA INTERROGATORY #2

INTERROGATORY

Reference: Ex. C-1-4, para. 4.

Does EGD adopt the position put forward in the referenced evidence that the new Section O, Part III of its Terms and Conditions Applicable to All Services, limits liability to customers for distribution service failure, interruption, defect or fluctuation only in the event that such failure, interruption, defect, or fluctuation is the result of action by EGD in the face of system safety and reliability concerns, or the result of Force Majeure?

RESPONSE

Please note that the proposed changes to the Rate Handbook are only meant to apply to Rates 1, 6 and 9. As such, the Company proposes to add the following additional sentence at the beginning of Section O:

“This Section O applies only to gas distribution service under Rates 1, 6 and 9, and does not replace or supercede the terms in any applicable Service Contract.”

The new Section O makes two statements that can be paraphrased as follows:

- 1) the Company cannot guarantee continuity of service, and may interrupt service to maintain safety and reliability of the system, or for force majeure; and
- 2) the Company is not liable for damages caused by interrupted service, unless such interruption is caused by the Company's negligence.

The limitation on liability is not specifically conditioned on EGD's actions in relation to safety and reliability concerns, or force majeure.

Witnesses: A. Kacicnik
M. Giridhar
I. MacPherson

IGUA INTERROGATORY #3

INTERROGATORY

Reference: Exhibit C-1-4, paragraphs 4-5 and Exhibit B-3-2.

EGD indicates the proposed Section O – Company Responsibility and Liability and the proposed definition of Force Majeure included in the Rate Handbook reflect the general terms and conditions contained Enbridge's service contracts. Please specifically identify which service contracts are referred to, and any differences between the provisions of those service contracts and the proposed Rate Handbook changes. Please explain any such differences.

RESPONSE

Please note that the proposed changes to the Rate Handbook are only meant to apply to Rates 1, 6 and 9. The primary difference between the service contract provisions, attached as part of the Company's response to CME Interrogatory #14 (Exhibit I, Tab 4, Schedule 14), and the proposed Section O is that the corresponding service contract provisions are written as reciprocal rights.

The reciprocal nature of the service contracts reflects the fact that transportation service and large volume customers have more onerous obligations than small volume gas distribution customers, such as daily and annual gas delivery requirements. Reciprocal rights are therefore appropriate for such customers. It should be noted that where a Rate 1 or 6 customer is delivering gas through an agent, it has the same reciprocal rights, as set out in the Gas Delivery Agreement.

Witnesses: M. Giridhar
A. Kacicnik
I. MacPherson

IGUA INTERROGATORY #4

INTERROGATORY

Reference: Ex. C-1-5.

With regard to the proposal to discontinue annual reporting on the Envision project:

- (a) Please indicate the costs involved in *"the tasks of tracking and reporting benefits"* (paragraph 3) of the Envision project.
- (b) Please indicate what has changed since February 2008 when EGD agreed to continue Envision reporting through 2014.

RESPONSE

- a) Please see the response to Board Staff Interrogatory #11 at Exhibit I, Tab 1, Schedule 11.
- b) Please refer to the responses to Board Staff Interrogatory #11 at Exhibit I, Tab 1, Schedule 11 and VECC Interrogatory #16 at Exhibit I, Tab 7, Schedule 16.

Witnesses: D. Broude
A. Welburn

IGUA INTERROGATORY #5

INTERROGATORY

Reference: Ex. C-1-7.

The evidence describes a fee proposed to be charged on in-franchise title transfers. The evidence describes the fee as intended to recover the costs associated with managing a transportation cost debit and credit system intended to ensure that customers engaging in-franchise title transfers involving transfers between the western delivery point and the Ontario delivery point are charged appropriately for transportation costs.

- (a) Please describe the settlement process on a hypothetical in-franchise title transfer between a customer delivering gas at the western transportation point and a customer taking transfer of the gas at the Ontario delivery point, including the transportation charge settlements applicable.
- (b) Please clarify whether the proposed 2.5 cent per gigajoule fee is proposed to be charged to customers engaged in load balancing activities entirely within EGD's franchise area (either with other customers or between two or more of their own BGA pools). If the proposed fee is to be charged to such activities, please explain what costs the fee is intended to cover for transactions that do not engage the transportation cost debits/credits described in the evidence.
- (c) What is the currently proposed effective date for the in-franchise title transfer fee?
- (d) Was a transaction-based in-title transfer fee rather than a volume-based fee considered? If not, why not? If it was considered, please provide the reasons for selecting a volume-based fee instead.

RESPONSE

- (a) If a customer has a Western pool, Enbridge has paid for the transportation to bring the gas to Ontario for use in its franchise area. Enbridge will collect from the customer as they are billed.

For customer with an Ontario pool, this customer has already paid for the

Witnesses: I. MacPherson
B. Vari

transportation to bring the delivery to Ontario. Enbridge will not collect any transportation from the customer as it will not be on the monthly gas bill.

For a Sale from a Western pool to an OTS pool

Should the Western customer want to sell (title transfer) gas volumes to an Ontario customer, all the volumes are now all based in Ontario. Enbridge has to charge the Western customer for the transportation paid to bring it to Ontario.

It is assumed that Western volumes delivered would all be consumed by Western customers so Enbridge would normally have collected all of the tolls through billing out the same amounts as delivered. In this example, there is excess delivery for this pool that has not been consumed nor billed by Enbridge. Enbridge has not collected the costs of transport on this excess by the time a Title Transfer request is made.

A financial transaction to charge the Western pool customer will compensate Enbridge for this imbalance.

The OTS buyer does not require a true-up as the gas they are buying is already in Ontario.

For a sale from an OTS pool to a Western pool

The financial true-up would be done in reverse should a Western pool customer buy gas from an Ontario pool customer. Enbridge will pay the Western customer for the transportation of that gas to bring it to Ontario.

The Western pool customer has consumed more gas than originally contracted in the pool. Enbridge has collected additional tolls through its billing of the additional consumption.

The OTS pool customer has used less so there is excess to sell but there was no transportation provided by Enbridge; no financial true-up is required.

In both circumstances, the customer and Enbridge will be kept financially whole through these true-up transactions for transportation costs between Western/Ontario pools.

- (b) The fee is intended to be charged on all title transfer activities. It will involve review of all activities between buyers and sellers to determine the types of pools. The fee was calculated by dividing the total estimated volume for all transactions regardless of pool type (OTS/WTs).

Witnesses: I. MacPherson
B. Vari

- c) The fee would go into effect in the month following Board approval of the rate or coincident with the launch of the new billing system, whichever is later. It will apply to any Title Transfers that occur from that point forward.
- d) A volumetric fee is consistent with that of Union Gas and Enbridge is trying to harmonize its approach where appropriate.

Witnesses: I. MacPherson
B. Vari

IGUA INTERROGATORY #6

INTERROGATORY

Reference: Exs. C-1-8 and C-1-10.

EGD's proposal to require direct purchase customers to demonstrate firm upstream transportation capacity is explained as being a response to a decrease in EGD direct purchase distribution customers contracting on their own for firm upstream transportation on TCPL.

- a. What are the main drivers for the recent declines in firm transportation on TCPL's main line?
- b. Do these drivers themselves indicate security of supply implications for EGD's distribution system?

RESPONSE

- a. EGD presumes that the declines in firm transportation on TCPL's Mainline are attributable to cost savings to shippers from alternative arrangements.
- b. To the extent that these alternative arrangements include non firm transport which reflect a greater probability of being restricted under peak operating conditions, the cost savings to these shippers are achieved by shifting system reliability costs to other customers who continue to contract for and pay for firm transport to the franchise.

Witnesses: M. Giridhar
K. Irani

IGUA INTERROGATORY #7

INTERROGATORY

Reference: Ex. C-1-8, paragraph 2.

The evidence indicates that customers unable to demonstrate firm transportation may be required to use EGD's upstream capacity.

- (a) Please indicate how much firm upstream capacity is currently held by EGD and EGD affiliates which capacity is not currently used to transport gas for system or western T customers.
- (b) Please describe how EGD currently manages the firm upstream capacity described in part a.

RESPONSE

- (a) Please see the response to Direct Energy Interrogatory #2 at Exhibit I, Tab 9, Schedule 2 identifying EGD's long haul transportation portfolio. EGD does not use capacity held by affiliated companies to serve its franchise needs, nor does it hold capacity excess to its requirements to meet peak day demand.
- (b) EGD's TCPL capacity is either assigned to direct purchase customers, or used to transport gas for customers delivering gas to Empress under Western transportation service. Other long haul transport is used to deliver gas for system gas customers. EGD currently does not have a vertical slice methodology in place to assign a portion of its firm transport portfolio to direct purchase customers.

Witnesses: M. Giridhar
K. Irani

IGUA INTERROGATORY #8

INTERROGATORY

Reference: Exs. C-1-8 and C-1-9.

Please provide information on other (non-TCPL) pipeline capacity available to deliver gas to EGD's service territory that is not fully firm contracted, and how such information has been accounted for in determining the need for the proposed requirement for DP customers to evidence firm transportation arrangements.

RESPONSE

EGD requires all direct purchase ("DP") daily deliveries to be made to the Enbridge CDA and EDA which are designated interconnects with TransCanada's Mainline. Accordingly, while DP customers may use alternative pipelines to transport their gas, such gas would require at least some short haul firm transport on the TCPL Mainline.

EGD's interconnect with Union at Parkway is used for load balancing purposes, i.e., to transport gas to and from storage and discretionary purchases from Dawn. EGD has limited ability to use this interconnect to substitute for inadequate deliveries into the CDA and EDA. As such, pipeline capacity on other pipelines is not relevant to the need for DP customers to deliver gas on firm upstream transport.

Witnesses: M. Giridhar
K. Irani

IGUA INTERROGATORY #9

INTERROGATORY

Reference: Ex. C-1-8, paragraph 7.

Has EGD undertaken any analysis on the cost impact on customers of the proposed requirement to demonstrate firm upstream transportation? If so, please describe the results of the analysis and provide any available supporting documentation.

RESPONSE

The proposed requirement applies to agents of customers designated as OTS-ABC (Ontario T service customers receiving supply under an agent type arrangement).

No, EGD has not undertaken this analysis and could not do so, as it is not privy to the costs of its customers' agents. However, customers currently pay for firm upstream transport at EGD's weighted average cost of firm transport. Once EGD implements the new CIS system OTS-ABC customers will be billed the contracted transportation rate with their agent/marketer rather than the weighted average cost of EGD's firm transportation. Given that the OTS-ABC customers pay the cost of firm transportation in EGD's rates today, the requirement to demonstrate firm upstream transportation should not have a considerable impact on these customers.

Witnesses: M. Giridhar
K. Irani

IGUA INTERROGATORY #10

INTERROGATORY

Reference: Ex. C-1-10, paragraph 5.

What is the current cost difference between FT and IT services on TransCanada's Mainline? What would be the aggregate cost of requiring customers to move from an aggregate of 8% to an aggregate of 90% of firm daily delivery obligations contracted for firm transportation?

RESPONSE

TransCanada's IT tolls are based on a percentage calculation where the floor bid for IT is 110% of the FT tolls. EGD is unable to determine the incremental cost to customers resulting from its requirement to demonstrate firm upstream transportation, as EGD is unaware of the costs that customers may or may not incur from this requirement relative to their present arrangements. Please also see the response to IGUA Interrogatory #9 at Exhibit I, Tab 11, Schedule 9.

Witnesses: M. Giridhar
K. Irani

IGUA INTERROGATORY #11

INTERROGATORY

Reference: Ex. C-1-8, paragraphs 6 and 8.

Please fully explain the term "design day conditions", including specification of those conditions and the assumptions, including assumptions regarding frequency, underlying them.

RESPONSE

Design day conditions refer to the demand associated with design peak day heating degree days (HDD). The peak design degree days in EGD's Central region is 39.5 HDD and is assumed to occur on January 15 which is, based on analysis of historical temperature data, the coldest day of the year. This HDD level has probability recurrence interval of 1 in 5 years. This means 39.5 HDD has a risk of 20% of being exceeded in any particular year.

The design day conditions used by EGD were reviewed and approved by the Board in the EBRO 490 Rate Proceeding and were endorsed by IGUA in that proceeding. Please refer to EBRO 490 Decision with Reasons, August 29, 1995, section 3.10, pages 63 to 66.

Witnesses: M. Giridhar
K. Irani

IGUA INTERROGATORY #12

INTERROGATORY

Reference: Ex. C-1-8, paragraph 8; Ex. C-1-11, paragraph 3.

Please detail the "*extreme circumstances*" that would have to obtain for EGD's customers to suffer a loss of service (other than a loss of service entailed to interruptible customers upon service interruptions accepted as part of an interruptible service). Please include in the response probability estimates of both frequency and duration for such circumstances, and resulting loss of service. Please indicate any historical experience that EGD has with such types of circumstances.

RESPONSE

To date, EGD has not incurred a significant delivery shortfall that resulted in a loss of service. The extreme circumstance refers to a combination of events including extreme cold weather and operational conditions on TCPL resulting in IT services being restricted in sufficient quantity and over a period of time that result in a supply shortfall. EGD believes that the probability of the event is not zero. For example EGD's design day weather has a probability of occurring or being exceeded of 20%. The greater the use of interruptible services on TCPL, the greater the likelihood of a supply shortfall due to capacity restrictions. Finally, it should be noted that because EGD's distribution system requires a certain proportion of deliveries to be made off TCPL, the ability to bring additional quantities of gas off alternative pipelines (i.e., Union) to maintain distribution system reliability under design day conditions is either non existent or very minimal. Therefore, in EGD's view it is very important that direct shippers use firm transportation services to underpin deliveries, consistent with EGD's supply plan which relies on firm upstream transport, reserved peaking and curtailment supply.

Witnesses: M. Giridhar
K. Irani

IGUA INTERROGATORY #13

INTERROGATORY

Reference: Ex. C-1-8, paragraph 9.

Please explain further the statement: *In extreme situations, EGD's ability to institute curtailment in a timely manner could affect TransCanada's ability to meet firm downstream obligations.*

RESPONSE

The extreme situation refers to a scenario where demand exceeds supply by a significant margin due to extreme cold weather conditions and restrictions of non firm services used by a majority of direct shipper customers. Under these circumstances, if EGD is unable to take immediate steps to reduce demand, particularly as it relates to the large number of small volume customers on direct purchase, excess withdrawals from TCPL's system could result in loss of pressure on TCPL's system. This could then affect TransCanada's ability to meet its firm obligations of shippers located downstream of EGD.

EGD's utility supply plan is intended to avoid such a scenario through the use of design day criteria to model extreme weather and the use of firm upstream transportation services to meet design day conditions. The use of interruptible upstream transport in place of firm upstream transport, particularly for customers whose distribution service is firm and cannot be curtailed at short notice, jeopardizes the integrity of EGD's supply plan.

Witnesses: M. Giridhar
K. Irani

IGUA INTERROGATORY #14

INTERROGATORY

Reference: Ex. C-1-8, paragraph 10.

Please provide a copy of the terms of reference for the report commissioned from Black & Veatch.

RESPONSE

The scope of work requested by Enbridge of Black & Veatch, extracted directly from the consulting services agreement which contains standard commercial terms and conditions, is provided below.

Preparation of a report providing summaries of the Tariff provisions related to Direct Purchase Customers (or the equivalent concept providing open access retail service to end-use gas customers) and the requirements for upstream pipeline services that match the quality of service at retail. The report should address specifically the use of non-firm service to deliver gas to the city gate for firm deliveries to residential and small general service customers.

In addition to the above scope of work, Enbridge made an oral request of Black & Veatch to review various tariff provisions related to force majeure and summarize its findings in the report.

Witnesses: M. Giridhar
K. Irani

IGUA INTERROGATORY #15

INTERROGATORY

Reference: Ex. C-1-8, paragraph 11.

Please indicate how many of the 40 LDCs researched in Canada and the United States had provisions that allowed for:

- (a) Mandatory assignment of LDC held transport.
- (b) Demonstration of firm upstream transportation arrangements.
- (c) Both.

RESPONSE

Please see Exhibit C, Tab 1, Schedule 10, Appendix 1.

Witnesses: M. Giridhar
K. Irani
E. Overcast

IGUA INTERROGATORY #16

INTERROGATORY

Reference: Ex. C-1-8, paragraph 11.

For the LDCs identified in response 15.(a), please cite the reasons for each such LDC requiring assignment of LDC held transport, providing documentary support for these cited reasons from the respective jurisdictions where possible.

RESPONSE

No effort has been made to determine the reasons for each LDC's requirements. The determination of the policies for each LDC is based on a review of the utility tariffs rather than specific orders. In addition, even reviewing orders may not provide the basis for the acceptance of a specific requirement by the regulatory authority.

Witnesses: M. Giridhar
K. Irani
E. Overcast

IGUA INTERROGATORY #17

INTERROGATORY

Reference: Ex. C-1-9, page 8.

Please indicate how many of the LDCs identified in response to 15.(a) and (b) are located in "*pipeline constrained areas*". Do the report authors consider EGD's franchise territory to be in a "*pipeline constrained area*"?

RESPONSE

Pipeline constrained areas typically are at the end of pipeline systems such as gas LDCs in New England. They may, however, be located along a major interstate pipeline system but have limitations on the amount of gas that will flow through a city gate thus creating an artificial pipeline constraint. No extensive study has been made to determine all of the utilities located in pipeline constrained areas. The observation is based on experience in a number of constrained markets and discussions with other professionals who deal with these issues.

EGD is pipeline constrained because its distribution system physically requires a certain quantity of gas to flow through Enbridge's CDA and EDA delivery areas on the TCPL system. In the event that non-firm deliveries are restricted on the TCPL system, Enbridge only has limited ability to flow additional volumes of gas into its distribution system via the Union Parkway interconnect.

Witnesses: M. Giridhar
K. Irani
E. Overcast

IGUA INTERROGATORY #18

INTERROGATORY

Reference: Ex. C-1-10, paragraph 9.

Please provide more information on the extent to which regulators in other downstream jurisdictions in Eastern Canada and US impose firm transport requirements, recallable rights for utilities and stiff penalties for non-deliveries?

RESPONSE

As noted, different jurisdictions use different combinations of provisions. Appendix 1 to the report (Ex. C-1-10, App. 1) contains in column three the various combinations of requirements. As a matter of assuring system reliability, LDCs must have firm transport to the city gate plus on-system peaking resources equal to the design day demand and reserve requirements. Regulators have recognized the extreme cost of a failure to deliver gas to customers. As a result, they tend to use all the tools available including firm transport requirements, recallable rights for utilities and stiff penalties for non-deliveries. In addition, some utilities may also require firm standby service where marketers use non-firm delivery for firm customers. Where the customers served by marketers are large and few in number, the service for the individual customer may be interrupted for failure to deliver. All these tools work together to meet the reliability requirements for LDCs.

Witnesses: M. Giridhar
K. Irani
E. Overcast

IGUA INTERROGATORY #19

INTERROGATORY

Reference: Ex. C-1-10, paragraph 21.

Please provide more information on the percentage of firm upstream capacity currently contracted by OTS customers as a group, as opposed to OTS-ABC customers as a group?

RESPONSE

EGD monitors deliveries to its franchise area for all OTS customers which include OTS-ABC customers. OTS customers enter into transportation arrangements with TCPL, or supply and transport with third parties, or have taken a temporary assignment from EGD. OTS-ABC customers are predominantly small volume customers usually represented by an agent who may enter into transportation arrangements with TCPL, supply and transport with third parties, or take a temporary assignment from EGD. For a breakdown of FT with assigned capacity and customers who have entered into their own transportation arrangements (direct shippers) please see the response to BP Canada Interrogatory #10 at Exhibit I, Tab 10, Schedule 10.

Witnesses: M. Giridhar
K. Irani

IGUA INTERROGATORY #20

INTERROGATORY

Reference: Ex. C-1-10, paragraph 26.

Please indicate which EGD rate classes the requirement to demonstrate firm upstream transportation could apply to.

RESPONSE

The requirement to demonstrate firm upstream transport applies to agent type Gas Delivery Agreements or what is known as Ontario ABC arrangements, rather than to rate classes. Typically customers taking these services are small volume customers on Rates 1 (residential), Rate 6 (small volume commercial/industrial), Rate 9 (NGV) and some large volume customers.

Witnesses: M. Giridhar
K. Irani

IGUA INTERROGATORY #21

INTERROGATORY

Reference: Ex. C-1-10, paragraph 27.

Does EGD agree that the proposed requirement to demonstrate firm upstream transportation would impair Ontario delivered gas liquidity? If not, why not? Please provide any analysis of such impacts that EGD has performed or obtained.

RESPONSE

EGD does not agree that its requirement would impair Ontario delivered gas liquidity. Agents could still rely on bundled supply and transport arrangements to the franchise by assigning their firm upstream transport to their suppliers and requiring their suppliers to use the firm transport to meet their supply requirements. Since end use customers currently pay for firm upstream transport through their Board approved rates and agents receive a remittance from EGD equal to the TCPL's long haul FT tolls, it is EGD's belief that the latter will not be adversely affected by EGD's requirement to hold firm transport. At the same time by holding firm transport and assigning it to their suppliers they can ensure that their suppliers contractually use firm transport for Ontario delivered supplies.

Witnesses: M. Giridhar
K. Irani

IGUA INTERROGATORY #22

INTERROGATORY

Reference: Exhibit C-1-10, paragraph 28.

In the last bullet point of the referenced paragraph EGD states it may propose further modifications to its tariff provisions if warranted. What criteria does EGD intend to use to decide if further modifications to its tariff provisions are required?

RESPONSE

The following criteria are reflective of EGD's thinking on the issue and are by no means exhaustive.

- Level of firm Direct purchase transportation relative to firm delivery obligations under direct purchase arrangements as seen on TCPL's, index of customers.
- Review of current contractual provisions for large volume customers on EGD's obligation to deliver to the terminal location when the customer fails to meet the obligation to deliver to the franchise.
- Relative skewness of large volume deliveries and operational ability to quickly target a small number of large volume customers to curtail consumption if there is widespread supply shortfall due to the use of non firm transport.
- Approximate amount of backstopping capability required for non agent type arrangements (i.e., Ontario T Service) who cannot be required to curtail consumption.

Witnesses: M. Giridhar
K. Irani