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BY E-MAIL

December 14, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli:

Re: Board Staff Interrogatories
Enbridge Gas Distribution Inc. - Board File No. EB-2010-0333
Pre-Approval of the Cost Consequences of a Long-Term Transportation Contract

In accordance with Procedural Order No. 1, please find attached Board staff's interrogatories in this proceeding. Please forward the attached to Enbridge Gas Distribution Inc. and to all intervenors in the proceeding.

Sincerely,

Original Signed By

Hima Desai
Advisor

Attachment

Board Staff Interrogatories
Enbridge Gas Distribution Inc.
Pre-Approval of the Cost Consequences
of a Long-Term Transportation Contract
EB-2010-0333

Compliance with the Filing Guidelines for the Pre-Approval of Long-Term Natural Gas Supply an/or Upstream Transportation Contracts
Reference: EB-2008-0280 Filing Guidelines for the Pre-Approval of Long-Term Natural Gas Supply and/or Upstream Transportation Contracts

Other Considerations

1) As per Part V of the filing guidelines, please provide an assessment of the potential impacts on existing transportation pipelines in the market (in terms of Ontario customers).

    a) Is Enbridge Gas Distribution Inc. ("Enbridge") planning to decontract transportation for the equivalent volume associated with the proposed long-term transportation contract (i.e., 30,000 GJ/d)? If so, when?

    b) Please identify the pipeline(s) and route(s) for decontracting transportation.

        i) What is the potential financial impact of decontracting transportation capacity of over 30,000 GJ/d on existing transportation pipeline facilities (in terms of Ontario customers)?

        ii) Please confirm that Enbridge is aware that TransCanada PipeLines Limited ("TCPL") Mainline long-haul capacity from Empress to Enbridge's CDA and Enbridge's EDA is currently available.

2) As per Part V, 5.2 of the filing guidelines please provide an assessment of the impacts of the long term contract on retail competition (in terms of Ontario customers).

Risk Assessment

3) As per Part IV of the filing guidelines, please identify the risks associated with underutilized transportation capacity in relation to the proposed long-term contract. In particular, what will happen if the anticipated production at Marcellus does not materialize and as a result the natural gas flows into Niagara decline?

    a) Does Enbridge have a risk mitigation plan in place that addresses the risk(s) of underutilized transportation capacity in relation to the proposed long-term transportation contract? Please explain.

i) How will Enbridge minimize this transportation risk?

ii) Please explain how this risk (of underutilized transportation capacity) will be allocated between ratepayers and/or Enbridge's shareholder.

4) As per Part IV of the filing guidelines, please identify the risks associated with a decline in system supply demand during the course of the Niagara supply contract.

a) Does Enbridge have a risk mitigation plan in place that addresses the risk of excess system supply (due to a decline in system supply demand) in relation to the Niagara supply contract? Please explain.

i) How will Enbridge minimize this system supply risk?

ii) Please explain how this risk (of excess system supply to meet in-franchise requirements) will be allocated between ratepayers and/or Enbridge's shareholder?

Enbridge's In-Franchise Customers
Reference: Exhibit B, Tab 1, Schedule 1, page 3 of 11, #10

5) Enbridge states that "the Niagara to Enbridge CDA contract will improve security and diversity of supply and provide Enbridge with operational and contractual flexibility to meet natural gas demand in its franchise area".

a) Please confirm that the proposed long-term transportation contract is to serve in-franchise customers system supply demand <u>only</u>.

b) If not, please explain how serving ex-franchise customers under the proposed long-term transportation contract improve security for Enbridge's in-franchise customers.

Landed Cost Analysis
Reference: Exhibit B, Tab 1, Schedule 1, Appendix F

6) Please provide a table representation of the graph. Please breakdown Enbridge's natural gas supply portfolio itemized by: name of pipeline, route, service, term, volume (GJ/day), receipt / delivery points, cost per year in CDN$, effective date, and expiration date for each of its supply contracts in its portfolio.

Enbridge's Upstream Transport Contract Demand (or Transportation Portfolio)
Reference: Exhibit B, Tab 1, Schedule 1, Appendix E

7) Please provide a detailed table that itemizes Enbridge's transportation portfolio. Please include the following information: name of pipeline, route, service, term,

volume (GJ/day), receipt / delivery points, cost per year in CDN$, effective date, and expiration date for each of the transportation contracts.

8) Please confirm that the chart shows TCPL-STFT capacity expiring in 2012.

9) Please confirm that the chart shows TCPL-FT capacity will be reduced to less than 10% of Enbridge's total transportation capacity starting in 2015.

10) Please provide the current status of Enbridge's contract with TCPL including renewal options and associated timelines.

11) Please confirm that the chart shows Alliance and Vector capacity expiring in 2016.

12) Please provide the current status of Enbridge's contract with Alliance and Vector including renewal options and associated timelines.

13) If Enbridge's Alliance and Vector capacity is expected to continue beyond 2016, please provide the justification for these decisions including the detailed economic calculations supporting this decision.

14) Please confirm that the chart shows peaking services capacity expiring in 2012. Please explain what is the "peaking service" listed in the chart and who provides this service?

The Niagara to Enbridge CDA Contract
Reference: Exhibit B, Tab 1, Schedule 1, pages 5, 6 and 7of 11, #15-17
Reference: Exhibit B, Tab 1, Schedule 1, Appendix E

15) Enbridge indicates that in 2011 Niagara supply will account for 4.79% of the budgeted supply acquisition and that this assumes some displacement of Dawn purchases.

    In the Report of the Board entitled *Draft LTC Filing Guidelines for the Pre-Approval of Long-Term Natural Gas Supply and/or Upstream Transportation Contracts* (the "LTC Report") dated February 11, 2009, the Board indicated that it needed to understand "how the contract fits into the utility's overall transportation and natural gas supply portfolio".

    a) Will this percentage (of 4.79%) change over the 10-year term of the proposed long-term transportation contract? Please explain.

        i) Will the size of the overall supply portfolio change over the 10-year term of the proposed long-term transportation contract? Please explain

b) Please provide the contract length, price, effective date, and expiration date for each of the supply contracts listed in Table A.

c) Please provide the types of transportation services, receipt / delivery points, cost per year (in CDN $), effective date for each of the transportation contracts listed in Exhibit B, Tab 1, Schedule 1, Appendix E.

d) What is the percentage of Enbridge's proposed long-term transportation contract (in terms of volume (GJ/d)) compared to Enbridge's total portfolio of transportation contracts for firm transportation service? Will the percentage change over the 10-year term of the proposed long-term transportation contract?

   i) Will the size of the overall transportation portfolio change over the 10-year term of the proposed long-term transportation contract? Please explain

The Niagara to Enbridge CDA Contract
Reference: Exhibit B, Tab 1, Schedule 1, pages 5 of 11, #15

16) Enbridge states that the delivery point in the contract from Niagara to Enbridge CDA is Enbridge CDA.

   a) Please provide the exact delivery point or points within Enbridge's CDA.

   b) Please provide a map identifying the delivery points and showing the areas that will have direct access to the new supplies.

Benefits and Costs
Reference: Exhibit B, Tab 1, Schedule 1, page 2 of 11, #7

17) Please provide the PIRA study referred to in the evidence. If Enbridge is not able to file the study, please provide an executive summary of the PIRA study.

Reference: Exhibit B, Tab 1, Schedule 1, pages 3 of 11, #10

18) Will all in-franchise customers in Enbridge's CDA have direct access to the Marcellus supplies? Please explain.

19) Enbridge indicates that, in conjunction with Union M12 and TCPL short-haul services, the proposed transportation contract "will provide Enbridge with the option to flow gas to either the Enbridge CDA or the Enbridge EDA in the winter to meet Enbridge's winter requirements. In the summer, Enbridge could utilize its C1/M12x services with Union to move this gas to storage at Dawn".

a) Will all in-franchise customers in Enbridge's EDA have direct access to the Marcellus supplies? Please explain.

20) Will the rate classes that benefit from the proposed long- term contract be responsible for any additional costs related to the contract (e.g., decontracting costs, underutilized transportation capacity, excess system supply to meet in-franchise requirements)?

21) Is Enbridge able to decontract transportation from the proposed long-term contract? (see B1.10 Union)

a) If so, what is the financial impact of decontracting transportation?

i) Will these costs be recovered from Enbridge's in-franchise customers? For example, are these costs allocated evenly across Enbridge's delivery areas and rate classes? Please explain.

22) What are the implications and consequences should the Board decide not to approve this Application.

23) Please provide the financial impact on the long term contract if the TCPL's interim toll application (filed with the National Energy Board on December 9, 2010) is approved.

24) Is Enbridge supportive of the December 9, 2010 TCPL application for 2011 interim tolls and the related settlement agreement filed with the NEB? Please explain.

25) The Canadian Association of Petroleum Producers (CAPP) filed a letter dated December 10, 2010 with the National Energy Board concerning TCPL's 2011 interim toll application. In that letter CAPP indicated that "the trend in the east has been increasingly to use the Mainline for short haul transportation on TransCanada, in particular Dawn, while shedding long haul". The current TCPL cost allocation and toll design methodologies have resulted in excessively high long haul tolls. Taking into consideration CAPP's concerns, please comment on the whether the application presently before the Ontario Energy Board exacerbates or mitigates the issues raised by CAPP in its letter as it relates to the transportation costs paid by Ontario consumers.