Issue B.1 Is Enbridge's forecast level of capital spending in 2013 appropriate?

Reference: B1, Tab 3, Schedule 3, pages 3-4

1. Please provide EGD studies which support the need for the GTA Reinforcement and provide a high level assessment of the alternatives considered.
    a. Please provide any analyses performed on the impact on rates of the completed project.
    b. Did the alternatives consider a new line in the vicinity of Highway 50 being feed from TCPL west of the Maple compressor station? If not, why not?
    c. If not, using the model prepared for the chosen alternative, please simulate the alternative of a Highway 50 line feed providing the pressures and flows at the major connections and gate stations in the GTA high pressure system.
    d. Please provide a high level assessment of the pros and cons of the Highway 50 alternative versus the EGD recommended alternative.
    e. If the resulting flows for a Highway 50 alternative were considered to be delivered by TCPL at Maple, please provide:
        i. The increase in peak day flows at Maple in GJ/day.
        ii. If that increase were contracted for as FT, please describe and estimate the impact on the CDA toll.

Reference: B1, Tab 3, Schedule 3, page 3

2. Please provide EGD studies which support the need for the Ottawa Reinforcement and provide a high level assessment of the alternatives considered. Please include:
    a. When the need was initially identified.
    b. What interim steps may have been taken to defer the project.
    c. Any mitigation steps considered to defer the reinforcement.

Issue B.2 Is the proposed Test Year Rate Base appropriate?

Reference: B2, Tab 2, Schedule 1, page 7

Preamble: One of the key initiatives listed states: In-line inspect targeted XHP pipelines operating over 20% Specified Minimum Yield Strength (SMYS)

1. Please confirm that the standard criteria for in-line inspection is for pipelines operating at over 30% Specified Minimum Yield Strength (SYMS) .
   a. If so, please provide EGD's justification for using a higher standard?
   b. What is the level of incremental investment required by the 20% versus 30% standard?

Issue B.3 Is the proposed Information Technology Capital Budget appropriate?

Reference: B1, Tab 4, Schedule 1, page 2

Preamble: The Company will also assess opportunities to migrate the functionality related to meter management and billing and broker and large volume contract management.

1. Please provide the O&M impact if these opportunities are realized.

Issue B.4 Is the proposed budget for Storage Capital Expenditure appropriate?

Reference: B1, Tab 5, Schedule 1, page 2-3, paragraph 6,7

1. Please provide the business case (s) that supported the investment in Metering Replacement and the 3-D Seismic Program.
2. If not included in the business case, please provide the anticipated effect on Lost and Unaccounted for Gas ("LUF).

Issue B.4 Is the forecast of Customer Additions appropriate?

Reference: B2, Tab 1, Schedule 1, page 4, paragraph 16

1. Please provide a table showing the monthly Rolling Project Portfolio ("RPP") from 2007 to the most recently completed month.

B.6. Is the allocation of the cost and use of capital assets between utility and non-utility ("unregulated") operations appropriate?

Ref: Exhibit B1, Tab 2, Schedule 2, Lines 100-117

1. We require additional information about EGD's utility and non-utility storage capital expenditures.

   a) For each storage plant project, for each year, provide the total project cost, the project cost allocated to utility storage, and the cost allocated to non-utility ("unregulated") storage. Provide a detailed explanation of how EGD has allocated the costs between utility and non-utility storage for each project.

   b) For each storage plant project, identify the portion of the total project cost (in dollars) that is a like-for-like replacement of existing equipment.

   c) Please provide the same information requested in (a) and (b) for each utility and non-utility storage plant capital expenditure project exceeding $500,000 for the years 2007, 2008, 2009 and 2010.

   d) Please complete the table below.

Storage Capital Expenditures ($ Millions)

	Utility	Non-Utility
2007		
2008		
2009	4.6	
2010	14.7	
2011	30.1	
2012 (estimate)	26.0	
2013 (budget)	20.1	

Ref: EB-2012-0055, Exhibit B, Tab 1, Schedule 5, Appendix I (Discussion Paper)

2. At the time of the NGEIR Decision, EGD operated 98.0 Bcf of working storage at Tecumseh. Of this total, 6.7 Bcf of storage space at the Dow Moore and Black Creek storage pools was under contract to Union Gas, and the remaining 91.3 Bcf of working capacity and 1.74 Bcf of daily withdrawal deliverability were used to meet the requirements of EGD's in-franchise customers. Since the NGEIR Decision, EGD has created an additional 12.2 Bcf of working capacity and 0.4 Bcf of daily withdrawal deliverability at the same Tecumseh storage pools. The storage working capacity and deliverability that has been developed since the NGEIR Decision is classified as non-utility (or "unregulated") storage, and is sold in the ex-franchise market.

   a) Please confirm that the information in the preamble is accurate, or provide the necessary corrections.

   b) Please provide a table showing, for each storage pool, the total storage capacity, base gas quantity, working gas capacity, and design day withdrawal deliverability at 12/31/2006 and 12/31/2011.

c) Please provide a table showing, for each storage compressor station, the number of compressor units and total installed compression horsepower at 12/31/2006 and 12/31/2011.

Ref: EB-2005-0551 (NGEIR Decision), p. 83

3. In the NGEIR Decision, the Board directed Union Gas to reserve up to 100 PJ of storage space for its in-franchise customers at cost-based rates.

a) Based on the NGEIR Decision, is EGD required to reserve 98 Bcf of Tecumseh storage, less whatever amount is reserved for Union under the storage arrangements that existed at the time of the NGEIR Decision, for its in-franchise customers at cost-based rates? Please explain.

b) Are there any circumstances under which the working storage space in the Tecumseh pools that is allocated to the utility storage operation could increase (i.e. exceed 98 Bcf)?

c) If, as a result of an unforeseen geological event, EGD is required to abandon one of the Tecumseh storage pools, so that the total amount of available working storage space drops below the 110 Bcf that is currently in operation, will the utility storage operation have priority rights to the first 98 Bcf of working capacity? If not, how would the remaining Tecumseh storage be allocated between EGD’s utility and non-utility storage operations?

Ref: EB-2012-0055, Exhibit B, Tab 1, Schedule 5, Appendix I (Discussion Paper)

4. EGD states that “in the event of an equipment failure or outage, any remaining capacities will be pro-rated amongst all of Enbridge’s customers, both regulated and unregulated” (p. 7).

a) Please provide EGD’s curtailment plan that applies to ex-franchise storage services sold rom non-utility storage assets.
b) As a customer of Union, please provide Union’s priority of service schedule that is currently applicable.
c) Please identify the proceeding in which the pro-rata curtailment policy for in-franchise and ex-franchise services that is referred to in the Discussion Paper was approved by the Board.

Ref: EB-2012-0055, Exhibit B, Tab 1, Schedule 5, Appendix I (Discussion Paper)

5. EGD proposes that 100 percent of the capital cost of a new facility that replaces or reconditions a storage asset that was originally installed for EGD’s utility storage operation will be directly assigned to utility storage. However, since EGD operates its storage facilities as a single integrated system, all storage facilities are used by both the utility and non-utility storage operations.

   Please explain how this proposed cost allocation policy is consistent with cost causation principles.

Ref: Exhibit D2, Tab 5, Schedule 1 (B&V Study), p. 18

6. B&V says that the capital costs of new facilities that replace or enhance an existing storage asset “are directly assigned to Enbridge’s accounts and/or entity of the original assets”.

   a) Please confirm that if EGD replaces a piece of equipment that is included in non-utility storage plant, 100% of the capital cost is directly assigned to non-utility storage.

   b) Please provide a table showing for each year from 2007 through 2013 the actual or estimated capital expenditures for “replacement and enhancement of existing storage assets” that EGD has assigned to the non-utility storage operation.

c) Please provide a table showing for each year from 2007 through 2013 the actual or estimated capital expenditures for "replacement and enhancement of existing storage assets" that EGD has assigned to the utility storage operation.

Ref: Exhibit D2, Tab 5, Schedule 1 (B&V Study), p. 18

7. B&V says that the project to drill the Tecumseh Seckerton #20 observation well enhances EGD's understanding of the storage pool and helps raise the quality of its gas inventory management. Because the Seckerton storage pool is a utility asset, the cost of this well is charged entirely to the utility storage operation.

   a) If EGD's improved understanding of the Seckerton storage pool creates opportunities to increase the working capacity and/or deliverability of the Seckerton pool, will the resulting working capacity and/or deliverability be a non-utility asset?

   b) Is gas inventory management required only for utility storage operations, or is it necessary for both utility and non-utility storage operations?

   c) Since the Seckerton storage pool is now part of EGD's integrated storage operation, please explain why all of the costs of a project that "enhances" this asset should be borne entirely by EGD's utility storage operation.

Ref: Exhibit D2, Tab 5, Schedule 1 (B&V Study), p. 16

8. B&V states that through 2011 EGD has invested approximately $88 million in gross plant additions in four major storage-related capital programs. Please describe the four major storage related-capital programs identified by B&V. For each program, identify the OEB case number(s) in which EGD received authorization to construct facilities or drill additional storage wells, the amount of working storage capacity and daily withdrawal deliverability that was added by the project, the total cost, and the date facilities were placed in service.

Ref: Exhibit D2, Tab 5, Schedule 1 (B&V Study), p. 21

9. B&V recommends that EGD change its methodology for allocating general storage plant.

   a) Please explain in detail the cost allocation methodology EGD proposes to use for general storage plant additions.

   b) Please provide the calculations showing how EGD will allocate the costs for the Sombra Storage Building that is discussed in the B&V report.

Ref: Exhibit D2, Tab 5, Schedule 1 (B&V Study)

10. EGD calculates the cost of fuel gas used for non-utility storage operations using the fuel ratio charged to non-utility storage customers (currently 0.35%) and the QRAM reference price from the previous October.

    a) Please provide a table showing the actual compressor fuel usage at the Tecumeseh Storage facilities for 2009, 2010 and 2011.

    b) What is the source of the unregulated storage fuel factor of 0.35%?

    c) Please identify the proceeding in which EGD’s fuel factor for non-utility storage was approved by the Board.

    d) Please explain why the historical QRAM price is a better measure of the cost of gas used for Tecumseh Storage operations than the contemporaneous Dawn index price.

Ref: Exhibit D2, Tab 5, Schedule 1 (B&V Study), p. 20

11. Please provide the study performed by EGD that dictated that the Pool Metering Upgrades project should be undertaken.
    a. Please provide the two cost assessment of the two scenarios referenced “with and without the incremental asset requirements.

Ref: EB-2012-0055, Exhibit B, Tab 1, Schedule 5, page 3

11. EGD states that it has reconsidered some of its cost allocation methods and has taken it upon itself to proactively accept and implement each of the recommendations that B&V has made.

    a) Please update Table 3 and Table 4 on page 23 of the B&V Study to reflect the changes in EGD’s cost allocation methodology.

    b) Please expand Table 3 and Table 4 to include 2012 estimates and 2013 budget numbers.

    c) Please identify and explain how the adoption of B&V’s recommendations changes EGD’s rate rebasing evidence.

Issue C.2 Is Enbridge’s gas volume forecast appropriate?

Reference: C1 , Tab 3, Schedule 1, page 10, Table 3

1. Please explain the Gas Prices impact on Total Volume.
    a. Please ensure that the explanation provides the underlying assumptions in gas prices and the elasticity used including the basis for that figure.

Reference: C1 , Tab 3, Schedule 1, page 11-12, paragraph 21

2. For the large distributed energy plant, what are the prospects with continued low natural gas prices that this plant could be bought and continue to consume.
    a. Please provide the information that the company currently has on this plant.

Issue C. 4 Is the Average Use forecast appropriate?

Reference: C1, Tab 3, Schedule 1, page 6-7

Preamble: At the end of paragraph 6, EGD states: It is expected that the mass rate migration has come to an end, and, therefore, that the Rate 6 average use per customer will decrease slightly in 2013 compared to 2012.

At the end of paragraph 7, EGD states: Therefore, the impact of rate migration is layered onto the regression model's average use forecast at a later stage.

1. Please update the figure for 2011 Actuals including any adjustments to forecast.
2. Please provide the evidence or analysis upon which EGD is relying to project a decrease in Normalized Average Use.
3. What level of migration is layered on for the resulting 2013 forecast?
4. What is the revenue requirement impact if 2013 values were projected to remain constant at 2012 estimated levels?
5. What is the revenue requirement impact if 2013 values were projected assuming a layering of migration realized in the 2010-2011 actuals?

Issue C. 5 Is the forecast level of Unaccounted For (UAF) gas volumes appropriate?

1. Given EGD's "Pool Metering Upgrades" what is resulting expectation in UAF?
    a. As a result, what is EGD proposing in terms of adjusting the formula for sharing with ratepayers, the cost of UFG?

C.6. Is the proposal for the treatment and sharing of Transactional Services revenues, and the forecast for those revenues, appropriate?

Ref: Exhibit D1, Tab 13, Schedule 1, Page 2

1. EGD states that the Gas Supply group has responsibility for Transactional Services.

    a. Are any of the individuals involved in the sale of Transactional Services also involved in the sale of storage services from EGD's non-utility ("unregulated") storage operation? If so, please explain.
    b. How are ex-franchise storage service transactions that are underpinned by utility storage assets (i.e. Transactional Services) kept separate from ex-franchise storage service transactions that are underpinned by non-utility storage assets?
    c. Beyond the delivery and/or receipt point of Tecumseh, what are the points at which EGD offers exchange points for non-utility storage transactions (for example Parkway)?

        i. How does EGD non-utility effect transportation to and from Tecumseh to those locations?
        ii. What assets or transportation rights does EGD use to effect these transactions?
        iii. How is the utility compensated for any assets owned by or rights contracted by the utility?

Ref: EB-2005-0551 (NGEIR Decision), p.102.

2. In the NGEIR Decision, the Board found that EGD's retention of 25% of the margin on storage-related Transactional Services was "excessive", and required EGD to change the sharing formula to 90/10. Since EGD ratepayers pay all of the costs of the transmission

assets supporting transportation-related transactional services, please explain why the Board should continue to allow EGD to retain 25% of the margin on these transactions.

Issue D.2 Is Enbridge's gas supply plan, including the forecast of gas, transportation and storage costs appropriate?

Reference: D1, Tab 2, Schedule 1,

1. Please update the gas supply forecast using the OEB approved forecast for July 1, 2012.
    a. Please highlight the major changes in cost identified in the revised forecast.
    b. Please detail how the proposed costs for the non-commodity components of the Gas Supply plan with the updated commodity costs.
    c. Does EGD forecast any planned UDC?

Reference: Exhibit D1, Tab 2, Schedule 1, Page 7

Preamble: The Company had taken a one year assignment of TCPL-FT Empress to Iroquois capacity effective November 1, 2011 and for purposes of the 2013 forecast has assumed that it will contract for long haul TCPL – FT Empress to CDA in the amount of 25,000 Gj's per day effective November 1, 2012.

2. Please confirm the counter-party of this assignment is Union Gas, another rate-regulated utility.
3. Independent of the answer above on the counter-party of the assignment:
    a. Please provide the annualized cost of this assignment to EGD.
    b. For the winter of 2011/2, please provide the actual utilization on a monthly basis broken down by:
        i. Total GJ's delivered
        ii. Total GJ's assigned or optimized
        iii. Value of assignment (total and per GJ)
        iv. Value of optimization (total and per GJ)

Reference: Exhibit D1, Tab 2, Schedule 1, Page 7-8

Preamble: Enbridge also held a storage entitlement with Union Gas Limited for 21,259,700 Gj broken down into three contracts with varied expiry dates. In its decision in the NGEIR proceeding, dated November 7, 2006, the Board ruled that these contracts should be priced at cost of service rates and that a phased in approach to market based storage was in the best interests of customers in Ontario. All three of these contracts have expired and effective April 1, 2010 all of the Company’s contracted third party storage is at market based rates.

4. Please provide the annualized cost per GJ of the replacement contracts contained in 2013 rates.
    a. For comparative purposes, please provide the annualized cost of the legacy contracts that expired to the amount of storage in three contracts referred to above.
    b. Please provide whatever analysis EGD performed to determine the resulting cost and the level of contracting entered into at the time of contract expiry.

Reference: D1, Tab 2, Schedule 1. Page 10

Preamble: In the original evidence the Company also identified that it would be bringing forward a new Design Criteria Study. The Company discussed that given the current transportation available that the only option would be to increase the level of TCPL longhaul STFT. Based on the demand forecast filed at that time, the impact on 2013 gas costs would be an incremental $66.2 million or $74.5 million in total of unutilized transportation costs impacts. Based on the updated volumetric forecast the total cost impact on 2013 gas costs would be $69.0 million.

5. Please provide the detailed analysis that supports the increase in STFT.

a. Please provide the specific level of demand that would be necessitated by the results of the Design Criteria Study.
b. Please provide the specific calculations and supporting assumptions that determined the "$66.2 or $74.5 million in total of unutilized transportation cost impacts."
c. Using April 2011 to March 2012 actual values, please provide monthly values for:
   i. The quantity of daily firm transport contracted in each TCPL delivery zone.
   ii. The quantity of daily firm transport delivered to other EGD delivery zones by other providers.
   iii. The quantity of daily firm TCPL contracts optimized to generate revenue versus recovered in EGD transportation rates?
   iv. The amount of FT-RAM credits accrued.
   v. The amount of revenue generated by utilization of those credits.
   vi. The demand charges for the transportation that was optimized.
d. Please clarify where the demand charge costs were charged and to what account were the revenues accrued.

6. For the above question, please provide in tabular fashion answers to the above inquiries for the years starting in April 2008 to March 2009 and continuing to April 2009 to March 2011.

7. For each of the above years, please provide on a per/GJ basis the results on any bid or inquiry that EGD performed to consider the cost of winter peaking service.
   a. Please provide the number of days, location and physical quantity received by EGD upon inquiry of the service.
   b. Using historical data from the last ten years, please provide the quantity of gas received in each respective years (April to March), the cost paid for the delivery service on a per GJ basis.
   c. Please provide the value of that quantity of delivery service in each year if the deliveries were made via:

i. Annual FT service
ii. Seasonal STFT service (Jan.- Mar.)
iii. Monthly STFT service (Jan.- Mar.)
iv. Weekly STFT service (Jan.-Mar.)

8. Please describe EGD’s utilization of the FT-RAM service provided by TCPL since 2008.
   a. Using the years since 2008, for each year, please provide:
      i. The amount of TCPL provided to each of the EGD TCPL delivery zones.
      ii. The cost of that transport in demand charges to ratepayers.
      iii. The amount of UDC incurred
      iv. The dollar value charged in rates to ratepayers for UDC.
      v. The amount of FT-RAM credits generated, by month, for each of these years.
      vi. The amount of revenue generated by these credits
      vii. Please describe the disposition of this revenue over the respective years.

9. Based upon EGD review of winter seasonal and peaking requirements in the last ten years:
   a. Please provide the number of time that the peak day has occurred in November?
   b. Please provide the number of time that the peak day has occurred in December?
   c. Please provide the number of time that the peak day has occurred in March?
   d. Please discuss the reasons behind EGD’s strategy to purchase its System Reliability from November to March.

Reference: D1, Tab 2, Schedule 2

Preamble: In lines 23-26, EGD states that the Vector contracts are a negotiated toll.

10. Please provide the resulting negotiated tolls for the contracts that have been extended or in the process of being committed to through a company process.

Issue D.3 Are the proposed changes to Peak Gas Day Design Criteria (PGDDC) and methods of cost recovery appropriate?

Preamble: Within each 5 day bracket a multi-peak was placed on the day determined to be the coldest average day within that bracket. The peak day HDD value was placed on January 15, historically the coldest day on average in the winter. Additionally, January 15 was designed to occur on a week day. The rationale for imposing peak day HDD to occur during a week day arises from the observation that demand on weekdays is higher than demand on weekends, and therefore weekdays are more suitable for supply planning.

1. By fixing a coldest day on January 15th, statistically, what error is added by assuming that the coldest day is a weekday?
    a. If assumed a weekend, please provide a detailed list of the changes in design requirement changes that would result from a change in the base assumption.

Reference: D1, Tab 2, Schedule 1

Preamble: As a part of its Gas Supply evidence for 2012 (EB-2011-0277, Exhibit B, Tab 4, Schedule 1, page 4, paragraph 11) the Company discussed reasons why it reduced its overall level of traditional Peaking Services as part of its gas supply portfolio for 2012. The Company believes that the failure to deliver during periods of high demand in January and February of 2011 are justification to maintain the same level of Peaking Supplies for 2013 as was forecast for 2012.

2. Please provide the cost consequences of the “failure to deliver during periods of high demand in January and February of 2011" to ratepayers.

Reference: D1, Tab 2, Schedule 4, page 1-2

The Settlement Agreement directed Enbridge to, among other things, change the wording of the Rate Handbook to state that, when a customer takes a material volume of Unauthorized Supply Overrun Gas during a period of ordered curtailment, the customer will forfeit its curtailment credits for the respective winter season of December through March inclusive. Further changes to the wording of the Rate Handbook for Rate 145 and 170 should state that customers have a demonstrated capacity to cease or reduce operations, or to utilize a backup fuel, in order to curtail their consumption of natural gas in accordance with a curtailment notice. The Rate Handbook wording was also changed to state that, when a customer takes Supply Overrun Gas, the customer shall purchase gas at 150% of the highest price on each day on which the overrun occurred. The Settlement Agreement also directed that Interruptible service on 72 hours notice under Rate 145 be eliminated.

3. For the two incidents of 2011, please show the calculations that created the penalties for Unauthorized Overrun Gas.
4. Please provide a table with the same layout that shows the 2012 experience with interruptions of these customers.
    a. If there were no interruptions, please explain why by comparison to 2011 circumstances.

Issue DV.1 Are Enbridge's existing and proposed deferral and variance accounts appropriate?

Reference: D1, Tab 8, Schedule 1, pages 5-8, paragraphs 6-18

1. Using the first quarter of 2011, please show the calculations and resulting entries which would demonstrate the application of the methodology.

Reference: D1, Tab 8, Schedule 1, page 7, paragraph 12
Preamble: 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 2013 PGVA and 2013 TSDA for purposes of deferral account dispositions.

2. Using the first quarter of 2011, please provide the specific transactions that occurred and how the respective direct and avoided costs were calculated. Please show the actual resulting values recorded for each month.

Issue O.1 Has Enbridge responded appropriately to all relevant Board directions from previous proceedings, including any commitments from prior settlement agreements?

Preamble: In EB-2008-0106, EGD provided Undertaking J2.3.

1. Please provide the undertaking response and answers to the following questions:
    a. Is the policy describing how imbalances are handled in the undertaking response still in place?
    b. Please update the table from the end of reported numbers through the end of 2011.

c. Please provide an enhanced response that describes if the economic rents associated with the commodity purchased or sold on behalf of Direct Purchase customers flow to all customers or the system gas program.

All of which is respectfully submitted on behalf of FRPO,

Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD