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Ms. Kirsten Walli
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On January 1, 2012, Macleod Dixon joined
Norton Rose OR to create Norton Rose Canada.

Your reference
EB-2012-0055

Our reference
01015413-0029

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Dear Ms. Walli:

Enbridge 2011 Earnings Sharing and Deferral & Variance Accounts (EB-2012-0055)

Please find attached the information requests of Association of Power Producers of Ontario for the above-noted proceeding.

Yours very truly,

Original signed by

John Beauchamp

JB/mnm

Enclosure

Cop(y/ies) to: All parties to the proceeding

DOCSTOR: 2470872\1

Enbridge 2011 ESM and
Other Deferral and Variance Accounts Clearance Review
EB-2012-0055

Interrogatories from the Association of Power Producers of Ontario

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Interrogatory #1

Reference: Exhibit B, Tab 1, Schedule 5, Paragraph 5 and Appendix IV

Enbridge indicates that it has accepted Black and Veatch's recommendation to use deliverability as the basis for sharing some of the O&M costs. O&M costs are usually a function of the assets installed. Please indicate if the deliverability component is based on the contracted level of deliverability actually employed by the non-utility operation, or if it is based on the level of deliverability that was designed and constructed for the utility operation. Please explain.

Interrogatory Interrogatory # 2

Reference: Exhibit C, Tab 2, Schedule 2, Page 3 of 6

Enbridge has proposed to allocate $8,642,000 to most customer rate classes using 'number of customers' as the allocator, resulting in $75,800 being allocated to Rate 125. Please provide:

a) The total number of customers in Enbridge's franchise area.

b) The total number of Rate 125 customers.

c) Please explain how the allocation of $75,800 was made to Rate 125 customers, and include the calculation.

d) Please explain the nature and purpose of the 'Mean Daily Volume D/A' and why it is being allocated on a per customer basis.

Interrogatory # 3

Reference: Exhibit C Tab 2 Schedule 2 page 5 of 6

The second footnote to the chart indicates:

> "The Company indicated that it incurred $75.2 k in additional staffing costs in 2011 associated with the additional upstream (such as FT-SN) nomination windows for unbundled customers. As specified in the NGEIR Settlement Agreement (EB-2005-0551 Ex S T1 S1 p13), the costs are to be recovered from the parties who availed of the service. Three customers on Rate 125 utilized the additional nomination windows in 2011 and the costs were allocated equally among the three customers."

a) Enbridge indicates that it incurred $75.2 k in additional staffing costs related to unbundled customers for additional upstream nomination windows such as FT-SN.

   i. Please provide a list of all other unbundled services that use additional nomination windows.

   ii. Please provide the number of non-utility storage customers that use nomination windows that are different than the standard NAESB nomination windows.

iii. Please confirm that Enbridge utilizes a F24-T contract with Union that has 13 nomination windows.

iv. Please confirm that Enbridge has multiple STS contracts with TCPL that has 4 nomination windows in excess of the standard NAESB windows.

v. Please confirm that Enbridge is the contracting party to TCPL's contract number 37017 that is a FT-SN contract that commenced January 2009 and has a Contract Demand of 85,000 GJ/d with a receipt point of Parkway and a Delivery Point of Victoria Square 2.

vi. Please confirm that the nomination resources that provide nominations to unbundled customers are the same resources that provide nominations for the above services.

b) For each of the calendar years from 2009 to 2011, please provide a chart that separately shows the number of customers using the FT-SN services and other storage and transportation services using more than the standard NAESB nomination windows delivering gas to Enbridge's franchise area or using Enbridge storage, the total staffing or other costs associated with Enbridge accommodating the service costs, and the per customer charge actually levied for each category to recover the costs.

c) Please explain how staffing costs related to nominations for FT-SN and other services were recovered from 2009 to 2011.

d) Enbridge indicates that an additional $75.2 k was incurred in 2011 to accommodate the additional nomination windows associated with FT-SN and other services. Please explain in detail the nature of these costs. Please also detail the base costs that were being incurred to provide these nomination windows before this incremental amount was added.

e) Please explain what other duties these personnel perform in addition to accepting nominations for such customers.

f) Given that TCPL's public records only show 4 FT-SN shippers all commencing in 2009 and Enbridge has been accepting these nominations since 2009, please advise what precipitated these additional costs in 2011.

g) Please confirm that this Enbridge FT-SN contract is used to manage the balancing requirements for all customers in the GTA area and/or deliver gas to system customers in the GTA, and is not related in any way to Rate 125 customers. If not, please explain how this contract is utilized.

h) Please detail how much of the costs included in b) above were allocated to Enbridge to manage its FT-SN contract for each year from 2009 to 2011. If Enbridge has not paid its proportionate share of the expenses to accommodate FT-SN service in each of these 3 years, please explain why. If Enbridge has not picked up its share of the expenses to accommodate FT-SN services since 2009, please total the over-contribution by each customer and similarly the under-contribution by Enbridge over the period 2009-2011.

i) Enbridge indicates that it proposes to charge each of the 3 customers in its franchise area that uses FT-SN a one-time charge of $25,075. Please confirm that if Enbridge's contract is included in the overall base of customers using FT-SN that the individual customer charge will be reduced to $18,806.

j) Please explain, in the context of an IRM, why these costs are being requested to be passed on to customers.

Interrogatory # 4

Reference: Exhibit D Tab 1 Schedule 3 page 4 of 6, Paragraphs 12-16

Enbridge discusses its hybrid fuel cell plant and indicates that further development plans are not being pursued further at this time and that 2011 annual operating costs for O&M and Administrative costs are $114,159 and $78,665 respectively.

a) Please describe the nature of the administration costs being assigned to this project.

b) Please provide the 2011 electricity savings incurred at the VPC as a result of using this technology.

c) Please indicate if these costs include all fuel related costs to operate the equipment. If not, please detail the 2011 fuel costs associated with the plant.

d) Please provide Enbridge's expectations for the future operation of this facility.

e) Please provide a 5 year OM&A cost projection and electricity saving for the period 2012 - 2017.

f) Since Enbridge has no further development plans for the technology is there a business case to continue with this pilot? Please explain.

Interrogatory # 5

Reference: Exhibit D Tab 2 Schedule 1

a) Cushion gas is required by storage facilities to maintain a minimum pressure in the reservoir to enable injections and withdrawals. Please identify how cushion gas has been apportioned between utility and non-utility storage for those pools that provide both utility and no-utility services.

b) Please identify if any enhanced deliverability sold to non-utility customers is based on gas in inventory and provided by utility customers or if all enhanced deliverability is based on stand-alone assets and stand-alone gas in inventory that can operate independent of utility customers gas in inventory.

c) The B&V report has indicated that the costs for several projects such as the Seckerton #20 observation well (page 18 of the report) should be charged to the utility operation as it enhances the operation of the storage pool.

   i. Has this well been drilled? If so, has this confirmed the presence of commercial quantities of porous rich zones?

   ii. If the observation well confirms a porous zone, can the observation well be converted into an injection/withdrawal well?

   iii. If this observation well confirms a porous zone, is it Enbridge's intention to evaluate this porous zone as a possible expansion in reservoir size for the Seckerton pool or an enhancement of deliverability?

iv. If it is Enbridge's intention to use all incremental space developed as non-utility space? If so, please explain why this this initiative is not considered a non-utility storage expense?

d) The B&V report indicates that when certain assets are being replaced at the end of the useful life, the replacement costs of assets would be charged to utility operations and the non-utility would be responsible for the incremental costs of any additional capacity added.

i. Currently there is a portion of the total space and deliverability that is being used by utility and the balance is used by non-utility. B&V also acknowledge that assets usually provide both space and deliverability functions. To the extent that an asset needs to be replaced at the end of its useful life, rather than charge the like-for-like replacement costs sole to the utility operation, why would the replacement costs not be charged to the integrated operation firstly using the space and deliverability allocators and then the respective use of these by utility and non-utility operations? As Enbridge non-utility operations growth will the proportion of usage by non-utility operations grow over time?

ii. As all incremental space or deliverability is being developed for non-utility functions, it appears that to the extent that an asset is being replaced and the non-utility operation is offered the opportunity to get the economies of scale of additional capacity, then this is an asymmetric advantage to the non-utility operation. Please explain why the costs of the replacement, including the costs of adding capacity should not simply be allocated on the basis of capacity being allocated to each of the utility and non-utility operations?

Interrogatory # 5

Reference Exhibit D Tab 2 Schedule 1

For non-utility transportation costs:

a) Please explain how the non-utility operation pays for costs to transport storage related gas to and from storage where Enbridge owns the pipeline assets, such as between Tecumseh and Dawn. Please explain.

b) Please indicate if the non-utility operation pays its proportionate share of any costs that Enbridge might incur under any commercial arrangements with Union related to Dawn operations, such as dehydration costs. Please explain.