

APPRO INTERROGATORY #1

INTERROGATORY

G - Cost Allocation

Issue G1: Is Enbridge's utility Cost Allocation Study, including the methodologies and judgements used and the proposed application of that study with respect to Test Year rates, appropriate?

Reference: Exhibit G2, Tab 1, Schedule 1, Appendix B

Enbridge uses a volume peak day allocator to allocate the costs of its transmission pressure (TP) mains to rate classes. Rate 125 generators are generally situated near TCPL gate stations in order to obtain the required pressure for their operation. Has Enbridge considered a volume-distance allocation methodology for allocating the costs of TP mains? Explain.

RESPONSE

The Company employs a postage stamp rate design approach, whereby all customers in a rate class are charged the same average rates regardless of geographical location. A volume-distance allocation methodology for the Company's approximately two million customers would be inefficient to track and administer.

TP mains costs are allocated using the Delivery Demand TP allocator, which is based on the peak day estimate for each rate class. The peak demand allocator is used given that mains are designed, built, and operated to meet peak demand for the system. Classification of Company's mains as TP, HP, LP ensures that the customers are charged for the main types they are using. Rate 125 customers are located off TP mains and, therefore, they are allocated none of the HP and LP costs.

Witnesses: A. Kacicnik
M. Kirk

CCC INTERROGATORY #1

INTERROGATORY

G - Cost Allocation

Issue G1: Is Enbridge's utility Cost Allocation Study, including the methodologies and judgements used and the proposed application of that study with respect to Test Year rates, appropriate?

Ref: G1/T1/S1

Please explain, in detail, how EGD allocates TS revenue to each of the rate classes.

RESPONSE

The 2013 TS revenue forecast amount is \$6.0 million. The Company assigns 50% of this amount to Storage and 50% to Transportation.

The \$3.0 million in TS revenues assigned to storage is allocated to the customer classes using deliverability and space allocation factors. Since storage is used for daily demand as well as seasonal demand, it is important to account for both uses in the allocation. All bundled customers (sales, western T-service and Ontario T-service) are allocated these revenues given that bundled storage service is provided to all bundled customers on the system.

The \$3.0 million for transportation-related TS is allocated to the customer classes using the bundled transportation deliveries allocation factor. Using the bundled transportation allocation factor ensures that System and Western T-Service customers are allocated these revenues given that they pay for transportation service in their rates.

The tables below summarize how the \$6.0 million of TS revenue is allocated to each rate class.

Witnesses: A. Kacicnik
M. Kirk

Transportation	
	(million \$)
Rate 1	1.58
Rate 6	1.27
Rate 9	0.00
Rate 100	0.00
Rate 110	0.05
Rate 115	0.00
Rate 125	0.00
Rate 135	0.01
Rate 145	0.02
Rate 170	0.03
Rate 200	0.05
Rate 300	0.00
Total	3.00

Storage	
	(million \$)
Rate 1	1.55
Rate 6	1.34
Rate 9	0.00
Rate 100	0.00
Rate 110	0.03
Rate 115	0.01
Rate 125	0.00
Rate 135	0.00
Rate 145	0.01
Rate 170	0.02
Rate 200	0.03
Rate 300	0.00
Total	3.00

Witnesses: A. Kacicnik
M. Kirk

ENERGY PROBE INTERROGATORY #1

INTERROGATORY

G – Cost Allocation

Issue G1: Is Enbridge's utility Cost Allocation Study, including the methodologies and judgements used and the proposed application of that study with respect to Test Year rates, appropriate?

Ref: Exhibit G1, Tab 1, Schedule 1

Has EGD made any changes to its cost allocation methodology from the last Board approved cost allocation study? If yes, please provide details including the impact (of dollars) on the change in the allocation of costs to each rate class. Please also provide a rationale for the change in the cost allocation methodology proposed.

RESPONSE

The Company has not made changes to the cost allocation methodology since the last Board approved cost allocation study. The Company has, however, highlighted the treatment of Customer Care / CIS within the study, as its revenue requirement reflects the Customer Care / CIS Settlement Agreement and is separate from the derivation of the Company's other 2013 revenue requirement components (i.e. – it is shown as a stand-alone item at Exhibit M1, Tab 2, Schedule 2, Page 1). A description of how Customer Care / CIS is treated within the Cost Allocation methodology is outlined at exhibit G1, Tab 1, Schedule 1.

Also note that during the IR period, the Company identified Y-factors separately within the cost allocation evidence, but the allocation methodology for these items reflected the Board approved cost allocation methodology.

Witnesses: A. Kacicnik
M. Kirk

VECC INTERROGATORY #1

INTERROGATORY

G - Cost Allocation

Issue G1: Is Enbridge's utility Cost Allocation Study, including the methodologies and judgements used and the proposed application of that study with respect to Test Year rates, appropriate?

Interrogatory # 1

Reference: Exhibit G1 Tab 1 Schedule 1

- a) Identify and list any and all cost allocation methodology changes from the last Board approved cost allocation study. Provide explanatory notes.
- b) Please provide the impact (dollars) of each change in the allocation to each rate class.

RESPONSE

a) and b)

The Company has not made changes to the cost allocation methodology since the last Board approved cost allocation study. The Company has, however, highlighted the treatment of Customer Care / CIS within the study, as its revenue requirement reflects the Customer Care / CIS Settlement Agreement and is independent from the derivation of the Company's other 2013 revenue requirement components (i.e. – it is shown as a stand-alone item at Exhibit M1, Tab 2, Schedule 2, Page 1). A description of how Customer Care / CIS is treated within the Cost Allocation methodology is outlined at Exhibit G1, Tab 1, Schedule 1.

Also please note that during the IR period, the Company identified Y-factors separately within the cost allocation evidence, but the allocation methodology for these items reflected the Board approved cost allocation methodology.

Witnesses: A. Kacicnik
M. Kirk