EB-2013-0046

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an order or orders approving the clearance or disposition of amounts recorded in certain deferral or variance accounts.

BOMA Interrogatories

Issue #1

1. B, 1, 1, P5 - par. Explanation of Terms

   (a) Please explain what the "EGD Ontario corporate trial balance" is. Is that document the same as the publicly filed EGD corporate financial statements, which are included in evidence? If not, where can the document be found in evidence?

   (b) Par. 17 - Please provide a description of each "adjustment, regrouping, and elimination required" to derive the Ontario utility rate base, income, and capital structure results, referencing for each step the pertinent regulatory rule(s).

2. B.1.4, P3

   (a) Please provide a breakdown of the individual amounts for each of the regrouped items. Show where the amounts are being regrouped to, and how that impacts utility numbers. For example, in (d), line 2, "Amounts related to St. Lawrence

Gas, unregulated storage, oil and gas" provide the individual amounts that make up the $22.8 million.

(b) Please explain each item, and if regrouped, how that is done.

(c) Please explain fully what is meant by the income taxes on a utility "stand-alone" basis.

3. Deferral and Variance Accounts

In C1, T1, Schedules 1 through 6 - Enbridge has provided brief explanatory notes on the Earnings Sharing Account, the Gas Distribution Access Rate Cost Deferral Account, and the Tax Rate and Rule Change Deferral Account and a lengthy discussion of the Transactional Services Deferral Account. Could Enbridge provide comparable brief background notes on each of the remaining Non-Commodity and Commodity Deferral Accounts, including, for each account:

- Reference to the decision that authorized the account, and the pertinent excerpt from that decision.
- A copy of the approved wording of the account.
- How long the account has been in existence.
- A description of the rationale for the account.
- A description of the operation of the account.
- Any other pertinent aspects of the account.

4. <u>C, T1, Sch 2, pp 1-8, Preamble</u>

BOMA is having difficulty following the determination of the amount of the GDARCDA.

Can Enbridge provide a description of the expenditures that comprise the amount ($1,097.8 M) that it wishes to clear, including why the expenditures are required, and whether they were capital and operating. From tables 4 to 8 of C, T1, Sch 2, Enbridge suggests the impacts on the revenue requirement include an increase to rate base, decrease in gas sales, and increase to O&M. Please explain how and why these changes arise. First, what are the monies actually spent on, and second, how do they get incorporated into the revenue requirement calculation in Tables 4 through 8?

5. <u>C, T1, Sch 4, p1</u>

Has Bill 114 been enacted into legislation? When?

<u>Issue #2</u>

1. <u>C, T1, Sch 6 (general)</u>

(a) Please confirm that Enbridge is, in effect, seeking a rehearing and/or review of the Board's decision in EB-2012-0055 that revenues earned through capacity release activities should be treated as gas cost reductions ("0055", p14) and that, accordingly, Enbridge would not receive a share of the net revenues received from capacity release activities in 2011.

(b) Apart from the fact the present case deals with the TSDA from 2012, rather than 2011, please confirm there are no material changed circumstances in the nature of the capacity release activities in 2012 from those in 2011, which would underpin the request for a different characterization of the revenues from those activities.

2. <u>Ibid. P11</u>

(a) Please provide a table equivalent to Table 2 for Enbridge's Central Delivery Area.

(b) Please explain whether the "Direct Purchase Deliveries", as referenced on page 2, line 4, are all consumers taking delivery of gas at Empress/AECO and redelivering that gas to either the CDA or EDA. In other words, are these all Western Bundled-T services?

(c) Please relate the answer in (a) to Table 1 on p5, and Table 2 on p11, in which Direct Purchase (Ontario T-service) is shown as 349,653 (CDA) and 32,693 (EDA), respectively. Are these the same DP transactions that are referred to on p2?

(c) What is meant by Direct Purchase (Ontario T-Service) on the two tables? Are these customers (or marketers) that hold their own transportation service on TCPL or some other pipeline, or is the term being used more generally to describe the volume of gas that is purchased by customers from suppliers other than Enbridge? If the latter, what volumes are represented by customers with their own upstream transportation services, and what volumes are customers that take a Bundled-T service from Enbridge?

3. <u>Ibid, p2</u>

Preamble - In the stylized picture on p2, Enbridge shows the Base Load supply well in excess of Base Load Demand. It appears to be used to meet about two-thirds of average day demand as well. What percentage of base load supply volumes are transported through TCPL and Alliance/Vector, respectively?

(a) Why is base load supply not contracted in an amount just equal to base load (summer) demand? What percentage of average day demand in 2012 was covered by base load supply in each of the last five years?

(b) How does Enbridge decide what percentage of average day demand (see diagram) should be covered by base load supply? Please provide a detailed answer, with calculations, if possible.

(c) The diagram shows the "Dawn discretionary" service being used to provide the remaining one-third (approximately) of average day demand, plus a portion (of about thirty percent) of average winter day demand. How much of average winter day demand was covered by Dawn discretionary service in 2012, and in each of the last five years? What does the term "Dawn discretionary" supply mean? Why are the terms "Dawn" and "discretionary" linked together? Is discretionary being juxtaposed against "firm supply"? Must all "discretionary" supply be taken at Dawn?

(d) Please explain what "discretionary supply" means in the above context. Does it refer to the commodity, transportation, or both? If the commodity, what does it mean?

(e) What is included in "Dawn discretionary" supplies? Please provide a breakdown, according to various sources of gas/transportation mode.

- Volumes delivered on the Alliance/Vector pipeline system for WCSB, on capacity held by Enbridge.
- Volumes delivered by Vector on capacity held by Enbridge, but purchased in the US.
- Volumes delivered at Dawn by third parties, which held capacity on Alliance/Vector or Vector, and purchased by Enbridge at Dawn. Please provide a percentage breakdown of each form of arrangement.

(f) What are "winter supplies" (aside from storage withdrawals) which are shown as providing that part of average winter demand not supplied by Dawn discretionary demand, and part of the demand on colder than average winter days. What percentage of winter supplies, in total, and for each of the last five years, are supplied from storage, and from gas delivered directly to the customers?

(g) Pursuant to what transportation arrangements are winter supplies provided to the EDA; the CDA, in total? Please show the paths used to provide the winter supply in each case.

(h) Please show the paths and the contractual arrangements by which base load, Dawn discretionary, and winter supply, are transported to and from storage, and show what percentage of winter average, and peak demand are supplied from storage.

4. <u>Ibid, P5, Table 1</u>

(a) Please confirm that "TCPL FT" capacity is Empress to CDA and Empress to EDA, respectively. If not, explain what are the paths in which this gas flows.

(b) Please confirm that the "TCPL-STFT" is also on Empress - EDA or Empress to CDA. If the STFT capacity, or part of it, is on other "TCPL" paths, such as Great Lakes (Empress to Dawn), please indicate, with percentage breakdown of contracted capacity. Please provide the periods over which the STFT volumes are taken, i.e. the term of each STFT contracts, with the corresponding contract demand and daily volumes.

(c) TCPL Short Haul - Please provide details on which pipeline segments this capacity is held, and give a percentage volume breakdown, for each segment, for example, Dawn/Parkway, Parkway/EDA. Is all the TCPL short-haul firm service? If not, please specify.

(d) Please explain how the STS service is used to supply the CDA and EDA on colder winter days and the peak day, on what paths does the gas travel, using which pipeline capacities held by either TCPL or Enbridge.

(e) Storage and Delivered Services

(i) Please provide a breakdown as between storage, and Delivered Services, in total, for each of the CDA and EDA. What does "Storage" mean in the table, given that a separate item TCPL STS is also shown? Is "withdrawals from storage" what is meant? Is there not duplication?

(ii) Delivered Services are shown in the CDA but not the EDA, on peak day. Please explain fully.

(iii) What are Delivered Services in this context? Please discuss fully, including providing the various receipt points at which "delivered services" are acquired by Enbridge and the volume at each point. For example, how much of the service is gas that Enbridge purchases from third parties at the CDA, which has been delivered to the CDA by third parties? What is percentage of Delivered Services for which Enbridge holds transportation, and what percentage is moved or delivered by transportation rights held by the vendors?

(iv) What are the paths over which these "delivered services" travel? Please provide percentages including:

Alberta to Dawn via Alliance/Vector; Vector only

Niagara to CDA

Empress to CDA

Other

(v) What percentage of delivered services supplies gas which has been transported via the Alliance pipeline?

(vi) How does Enbridge determine (calculate) the amount of discretionary services that is appropriate to acquire as part of its gas supply plan? Please provide a complete response.

5. Ibid, P4

Enbridge stated that:

> "it is important to note that base load transportation exceeds base load demand (also known as average summer daily demand) and the combination of all transportation components exceeds the average winter day demand. It is therefore expected at a general level that there will be surplus transportation capacity that can be made available for optimization on certain days throughout the year. This is considered in the annual ratemaking process. For 2012 an amount of $8 million was incorporated into rates to reflect the ratepayer's share of the generation of transactional services revenue in some form".

Please explain how Enbridge determined that for 2012 an amount of $8 million was appropriately reflected in rates, in respect of anticipated transactional services revenue. Please provide the calculations and assumptions that Enbridge used to arrive at the $8 million number.

6. Ibid, App C

Please provide a more completely annotated version of Appendix C, which explains the significance of each of lines 1 through 29, and which elaborates on the very brief descriptions in column 1.

7. <u>Ibid, P18</u>

In the recent Union decision, in EB-2011-0210, the Board decided that "90% of all optimization net revenue should accrue to ratepayers and 10% shared with Union as an incentive to continue to undertake the activities".

Does Enbridge agree that a 10% share of such revenue, is an appropriate incentive for Enbridge to continue to carry out optimization activities?

8. <u>Ibid, P9</u>

Please confirm that currently Enbridge receives an incentive of ten percent and twenty-five percent, respectively, of the revenues from transactional services built into rates, and any revenue variance, respectively.

9. <u>Ibid, P8, Par. 18, Storage Optimization Transactions</u>

Please describe in detail what the "gas loan" referred to at line 3 of paragraph 18 refers to. Please include in the explanation answers to the following questions:

(a) What are the typical terms of such gas loans? To whom are the loans typically made? Please provide percentage breakdown if several categories of borrower.

(b) What were the total amounts loaned in GJs in 2012?

(c) What was the "interest rate" on the loan - was it paid as a fee, or in gas?

(d) What was the total compensation Enbridge received for such loans in 2012? If in gas, how was the gas valued?

(e) How was such compensation calculated. On what is it based, on a percentage of the marketer's profit from taking advantage of the price spread?

(f) Is the revenue currently recorded under Transactional Services, or in what fashion is the revenue shown in the utility accounts?

(g) Is the gas that Enbridge loaned to others gas that Enbridge has title to (system gas), or does Enbridge loan gas owned by individual DP customers?

(h) What was the reason for gas loans in each year of the IRM?

(i) How much storage optimization revenue from both, and each of, "gas loans" and "storage" did Enbridge include into rates for 2012 and for each of the last five years? How much revenue did it actually receive from these activities?

10. Ibid, P9, Paragraph 20

Please explain in detail how Enbridge uses one of its transportation contracts to accommodate a point to point exchange of gas between Dawn and Iroquois. If there is more than one way for Enbridge to accommodate the exchange, please identify the alternative(s). I assume the exchange takes place on the same day, that is, Enbridge takes delivery of gas at Dawn, and on the same day, delivers an identical amount of gas to the other party at Iroquois.

11. Ibid, P23

Enbridge notes that in the EDA, EGD is dependent on TCPL pipeline capacity to meet peak and winter demand. This necessitates a large amount of diversion to storage, via STS service in the summer. Enbridge goes on to state:

> "This need for significant diversion to storage provides the opportunity for transactional services. The size of the diversion over a period of time can allow for the capacity release exchanges (described in detail later on), with their enhanced value, to be done rather than bare exchanges, on the day, if the right conditions exist going into the storage injection season" (our emphasis).

(a)(i) Please explain in detail what "the right conditions going into the storage injection season" are, which permit capacity release transactions to be done.

(ii) What is the storage injection season?

(b) Please discuss in detail, noting the months of the year, the range of terms of the capacity released, the magnitude (in 2012) relative to the amounts directed to storage, and the method by which the gas is returned to storage. For clarity, please provide:

- The number of such capacity release exchanges conducted in 2012.
- The number of exchanges of less than one month, one month, two months, three months, and so on up to twelve months; (terms that renew monthly at assignee's option should be shown for the total term).
- The volumes for each term of assignment.

- The method in which compensation was calculated, eg. percentage of the marketer's profit, fee related to capacity, term, or path, or some other manner.

(c) Please provide the percentage of "transactional revenue" included in rates, and actually generated in 2012 from base exchanges, capacity release exchanges, gas loans, and "storage services". Is the TP storage optimization services described in paragraph 18, what is referred to as "parking services"? If not, please distinguish the terms, and discuss what the parking service is, and the revenue from such service in 2012, and where it is recorded in the accounts.

(d) Using the example of a capacity release exchange described at paragraph 28, assuming Enbridge transfers gas to the TP at Empress, and receives it back at Dawn, how does it, or its counterparty, get the gas from Dawn to Iroquois? Assuming the STS is no longer required to move the gas into storage, does it go unused? Please explain fully.

(e) How can the assignment of several months of valuable pipeline capacity be described as a "temporary surplus", or an unplanned activity?