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By electronic filing

July 5, 2013

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Dear Ms Walli,

Enbridge Gas Distribution Inc. ("EGD")
2012 Earnings Sharing Mechanism, Deferral and Variance Accounts
Board File No.: EB-2013-0046
Our File No.: 339583-000162

Attached are the Interrogatories of Canadian Manufacturers & Exporters ("CME") related to the above proceeding. We have attempted to refrain from duplicating Interrogatories already submitted by Energy Probe, Building Owners and Managers Association – Greater Toronto ("BOMA"), and Board Staff.

Yours very truly,

Peter C.P. Thompson, Q.C.

PCT\slc
enclosure
c. Norm Ryckman (EGD)
Fred Cass (Aird & Berlis)
Paul Clipsham

OTT01: 5781476: v1

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

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

INTERROGATORIES OF CANADIAN MANUFACTURERS & EXPORTERS ("CME")

Deferred Rebate Account ("DRA")

Ref: Exhibit A, Tab 2, Schedule 1, Appendix A, line 4

1. Please describe the activities which are covered by the 2012 DRA and explain how the credit balance of $940,800 is derived.

Gas Distribution Access Rule Cost Deferral Accounts ("GDARCDA")

Ref: Exhibit A, Tab 2, Schedule 1, Appendix A, line 6
Exhibit C, Tab 1, Schedule 2, pages 1 to 8

2. Please provide a high level description of the activities which this deferral account covers and provide details of the following items which are included in the revenue deficiency calculations for the 2012 GDARCDA:

    (a) The utility assets having a Rate Base value of $240,000.

    (b) The negative revenues for gas sales of $915,600.

    (c) The OM&A expenses of $200,200.

The Electric Program Earnings Sharing Deferral Account ("EPESDA")

Ref: Exhibit A, Tab 2, Schedule 1, Appendix A, line 12

3. Please provide a brief description of the activities which this deferral account covers and provide information to show how the credit of $281,700 is derived.

<u>Transactional Services Deferral Account ("TSDA")</u>

Ref: Exhibit A, Tab 2, Schedule 1, Appendix A, line 16
Exhibit C, Tab 1, Schedule 6, pages 1 to 21, Appendices A to D

4. The Board's Decision and Order in the EB-2012-0055 proceeding indicates that revenues EGD recorded in the TSDA in 2011 included the following:

• Base Exchanges of	$11.8M
• Capacity Release Exchanges	$3.0M
• STS-RAM Third Party Exchanges	<u>$0.8M</u>
For a total of	$15.6M

The information at Exhibit C, Tab 1, Schedule 6, Appendix B, page 1 under the heading "Transportation Optimization" indicates that EGD achieved $39.4165M of exchange related revenue in 2012. This information suggests that 2012 Base Exchange revenue was in the order of $20.8148M and up from $11.8M in 2011. Capacity Release Exchanges appear to have increased more than six fold from about $3M in 2011 to $18.6298M in 2012. In connection with this evidence, please provide the following additional information:

(a) Please describe the changes in circumstances between 2011 and 2012 which operated to produce such a significant increases in Base and Capacity Release Exchanges.

(b) Please provide the breakdown of the Transportation Optimization revenue recorded by EGD in each of the years 2008, 2009, and 2010 segregated between Base Exchanges, Capacity Release Exchanges, and STS-RAM Third Party Exchanges.

(c) Please provide the total number of exchange transactions in which EGD engaged in each of the years 2008 to 2012 segregated between Base Exchanges, Capacity Release Exchanges and ST-RAM Third Party Exchanges.

(d) Are the amounts related to 2012 Capacity Release Exchanges, which EGD has recorded in the TSDA rather than as gas costs reductions, nevertheless, being allocated in the same proportion and to the same rate classes to whom EGD allocates its Upstream Pipeline Transportation costs? If so, then to what classes are these amounts allocated and in what proportions?

5. In the evidence at para.20 of Exhibit C, Tab 1, Schedule 6, EGD provides an example of a Base Exchange where a third party has gas available at a particular point (Dawn) and needs the gas at another point (Iroquois) but does not have a way of getting the gas there. In this scenario where EGD has transportation between Dawn and Iroquois which can accommodate the exchange, EGD will provide the point-to-point exchange of the commodity with the pricing of the service linked to the commodity price spread between the two points. In connection with this example, please provide the following information:

(a) Is the "buyer" of the commodity exchange the person who has commodity at point A and needs commodity at another point B but has no way to get the commodity from point A to point B?

(b) Is the "seller" of the exchange service the person who holds commodity at point B and the transportation to support the carriage of the exchange buyer's gas from points A to B to replace the exchange seller's gas which has been provided to the buyer at point B?

(c) Please provide a copy of the contract which EGD enters into to support a Dawn/Iroquois Base Exchange and include the pricing for the service, along with a demonstration of how that pricing is derived from a commodity price spread between Dawn and Iroquois which is realistically representative.

(d) Similarly, please provide a copy of the contract which EGD would use to support an Empress/Dawn Base Exchange, whereby EGD receives a third party's gas at Empress and delivers an equivalent amount of gas to the third party at Dawn. Include with this representative contract the price which would be charged for the service based on information which is representative of a typical price spread between the two points.

6. Assume EGD has some excess FT capacity on TransCanada PipeLines ("TCPL") between Empress and Dawn, and proposes to mitigate the costs of that excess capacity by temporarily assigning the FT to a third party. In connection with this scenario, please provide the following information:

(a) Please provide a copy of all of the documentation which EGD as assignor and the third party as assignee would execute to support the assignment, together with a description of how the pricing for the assigned space would be determined, along with the information which is used to determine that pricing.

(b) Do the benefits which EGD derives from a stand-alone temporary assignment of FT capacity made to mitigate unabsorbed demand charges get recorded in a gas supply related deferral account, or in the TSDA?

(c) Assume that the FT capacity is assigned by EGD to the third party for a price equal to 50% of the value of the TCPL FT demand charge. In this scenario, please advise as follows:

(i) Is it EGD or the assignee who pays the full demand charge to TCPL during the period that EGD's capacity is held by the assignee?

(ii) If the assignee pays the full demand charge, then how does EGD's payment for 50% of the demand charge related to the assigned capacity recorded in EGD's books?

(iii) Please provide a step-by-step description of the manner in which the benefit EGD receives from temporarily assigning away FT capacity is determined and then recorded in the deferral account EGD uses for such transactions.

7. In connection with Capacity Release Exchanges, please provide the following information:

   (a) Is an Empress/Dawn Capacity Release Exchange a "bundled" transaction consisting of:

      (i) A commodity exchange acquired by EGD from a third party whereby EGD delivers its own gas to a third party at Empress in exchange for the third party providing an equivalent amount of gas to EGD at Dawn; and

      (ii) A concurrent capacity assignment by EGD of the capacity it held to carry its own gas from Empress to Dawn, which capacity has been rendered idle as a result of EGD's decision to use the commodity exchange provided by the third party by taking EGD's gas at Empress and providing an equivalent amount of gas to EGD at Dawn;

   (b) The evidence noted in question 5 above states that EGD's engagement in a Base Exchange is prompted by the fact that the person seeking the commodity exchange has no way to get his gas from point A to point B. This situation does not prevail when EGD enters into a Capacity Release Exchange because, before acquiring the commodity exchange service from the third party, EGD does in fact have capacity to carry its gas from point A to point B. In these circumstances, please provide the following:

      (i) An explanation of all of the factors which prompt EGD to decide to engage in a Capacity Release Exchange; and

      (ii) Copies of all internal manuals/guidelines or other documents which describe the criteria that are to be applied by EGD personnel before engaging in Capacity Release Exchanges;

   (c) The evidence at Exhibit C, Tab 1, Schedule 6, para.33 indicates that EGD's participation in Capacity Release Exchanges is not a pre-planned component of EGD's Gas Supply Planning Process. In connection with that evidence, please confirm that EGD's decisions to engage in Capacity Release Exchanges, as an alternative to itself using the capacity it holds to carry its gas from points A to B and, instead, assigning away that capacity as part of the Capital Release Exchange transaction, are decisions that are entirely within EGD's control.

   (d) Please provide a copy of all contractual documents pertaining to an Emerson/ Dawn Capacity Release Exchange transaction, including documents that will show how the third party and EGD "agree on pricing that allows for a sharing of value generated by the third party having access to the FT-RAM credits" as described in para.28 of Exhibit C, Tab 1, Schedule 6. Please include in this response a detailed description of the information which the contracting parties use to derive the pricing under these transactions.

(e) Is EGD challenging the Board's 2012-0055 Decision and Order classifying as gas cost reductions the benefits EGD derives from Capacity Release Exchanges, or is EGD indifferent to the classification of the amounts?

8. With respect to EGD's request to be paid an incentive for engaging in Capacity Release Exchanges which operate to reduce the costs of Upstream Transportation embedded in rates, please provide the following additional information:

(a) Please explain why EGD plans and acts, to the extent possible, to mitigate the commodity costs it acquires for utility purposes without receiving any incentive payment for such activities.

(b) Does EGD accept that it has an obligation to mitigate the commodity costs of gas and other "pass-through" costs for items it acquires for utility purposes without receiving any incentive payment for discharging that obligation?