TransCanada PipeLines Limited Response to
Gaz Métro Interrogatory #1

Issue: A3 – Are the costs of the facilities and rate impacts to customers appropriate?

Reference: TransCanada's Evidence, p. 1 of 6, lines 28-36

Preamble: TransCanada affirms:

"Beginning in 2003 and continuing until 2006, TransCanada was able to provide service away from the Dawn area with a combination of Union Gas M12 service and the exchange of Mainline long-haul service to the Dawn area. By serving these contracts using exchanges, TransCanada was able to provide firm service without adding new facilities to the Mainline, and thus provide the service at a lower cost to all Mainline shippers. There was no required expansion of the Union System for these requests."

Request:

a) Please confirm that:

   i) There is incremental demand from shippers to get access to natural gas supply at the Dawn Hub through short-haul capacity.

   ii) An expansion is required on different segments of the Eastern Triangle in order to meet existing and incremental demands from the shippers. If yes, list all segments on which an expansion is required to meet this incremental demand.

Response:

a) i) There is demand for incremental short-haul transportation service however most of that demand is not for new markets but rather to serve existing markets through a conversion from long-haul to short-haul Mainline transportation.

   ii) Expansion for incremental demands is managed through the new capacity open season process. The specific facilities will depend on the quantities bid and the receipt and delivery points requested. TransCanada determines the expansion facilities required based on the aggregate of existing requirements and the requests received in the new capacity open season. Construction of the facilities is subject to all commercial terms being met and regulatory approval.

TransCanada PipeLines Limited Response to
Gaz Métro Interrogatory #2

Issue: A3 – Are the costs of the facilities and rate impacts to customers appropriate?

Reference: TransCanada's Evidence, p. 2 of 6, lines 4-7, 13-16; p. 5 of 6, line 39 – p. 6 of 6, line 2

Preamble: TransCanada affirms:

"Referring to the events in 2012, TransCanada affirmed that: In 2012, while TransCanada was preparing for a new open season to test interest in transporting additional Marcellus shale volumes to market via Niagara and Chippawa, Union Gas and Enbridge Gas Distribution (EGD) proposed their Parkway Extension project to bypass the TransCanada Mainline between Parkway and Maple compressor station.

[…]

In reference to the May 2012 open season, TransCanada stated: TransCanada initially proposed to have the facilities to provide this service for a 2014 in-service date, but subsequently amended the in-service date in the Precedent Agreements to 2015 because TransCanada was in discussions with Enbridge to coordinate our respective expansions, and Enbridge had delayed the in-service date of its facilities.

In reference to the June 2013 open season, TransCanada stated: In addition to discussions with the eastern LDCs, TransCanada has recently posted a new capacity open season for short-haul and long-haul capacity to eastern markets."

Request:

a) Please elaborate on TransCanada's statement that the proposed Parkway Extension project of EDG and Union Gas is to bypass the Mainline and provide the reasons why TransCanada considers that the project is to bypass the Mainline.

b) Please confirm that:

   i) An expansion is required to increase capacity between Parkway and Maple in order to meet existing and incremental demands from the Eastern LDCs, including Gaz Métro and Union, for which they have applied in the May 2012 open season.

   ii) In its June 2013 open season launched on June 28, 2013, TransCanada is offering a lower toll to Union CDA Delivery Point compared to other paths for the same short-haul service.

iii) In its June 2013 open season, TransCanada is offering a lower toll to Enbridge CDA and the new Bram West CDA Delivery Points compared to other paths for the same short-haul service.

iv) In its June 2013 open season, TransCanada is offering a lower toll to the East Hereford Delivery Point compared to other paths for the same short-haul service.

c) In its June 2013 open season, please explain the reasons why TransCanada proposes lower tolls for East Hereford, Union CDA, Parkway Enbridge CDA and the new Bram West CDA Delivery Points compared to other delivery points in the points east.

d) What are the parameters used by TransCanada to determine the tolls for East Hereford, Union CDA, Parkway Enbridge CDA, GMI EDA and the new Bram West CDA Delivery Points and how were they applied by TransCanada.

Response:

a) TransCanada has existing facilities in place to transport gas from its interconnect with Union Gas at Parkway to domestic and export markets in the Eastern Triangle. Since 2006 TransCanada has been adding capacity to its integrated system (which includes these facilities) to meet new and existing transportation requests from Dawn or Parkway when requested to do so by customers willing to enter into long-term Firm Transportation Agreements. Rather than exploring all alternatives and requesting TransCanada to expand its integrated system capacity to meet their transportation requirements, Union and Enbridge proposed the Parkway Extension project, which would have resulted in duplicative facilities and would have bypassed TransCanada's existing Parkway to Maple facilities along that corridor.

b) i) Not confirmed. An expansion is required to meet the new short haul transportation requests of Gaz Métro and Union from the 2012 open season. A majority of what was bid for, however, is already contracted as long-haul, so an expansion is not required if the contracts remain long-haul contracts.

ii) Not confirmed. Transportation on different paths is not the "same short haul service". For the tolls offered in the open season, please refer to the response to Union 6 a).

iii) Please refer to the response to ii) above. Note that it is the Parkway Enbridge CDA (a new distributor delivery area) and not the entire Enbridge CDA that is being offered.

iv) Please refer to the response to ii) above.

(c) and (d)

The rates offered in the open season ending July 29, 2013 provide TransCanada with a reasonable opportunity to collect its revenue requirement, with some rates being set lower than others to take into consideration the presence of competing alternatives.

TransCanada PipeLines Limited Response to
Gaz Métro Interrogatory #3

Issue: A3–Are the costs of the facilities and rate impacts to customers appropriate?

Reference: TransCanada's Evidence, p.3 of 6, lines10-13

Preamble: TransCanada affirms:

"In an effort to collaborate and build the most efficient expansion to meet market needs, TransCanada and Enbridge came together to discuss joint ownership of Segment A to provide both economic and environmental benefits."

Request:

a) Please define what TransCanada means by "the most efficient expansion to meet market needs"?

b) Specify whether "market needs" include only firm capacity needs, all current capacity needs or current and incremental capacity needs.

c) Please describe what would be, in TransCanada's view, the economic benefits for Eastern LDCs at the compliance tolls provided by the NEB's decision RH-003-2011 and the economic benefits at the tolls offered by TransCanada in its new capacity open season launched June 28, 2013.

Response:

a) TransCanada defines this as an expansion of facilities that meets market needs at the lowest cost to stakeholders, with the lowest impact to the environment and landowners, provided that there is a reasonable expectation of a long term requirement for the increase in capacity.

b) "Market needs" refers to the aggregate commitments from shippers for firm long term transportation service.

c) Without knowing specific transportation paths and volumes that the Eastern LDCs may be considering for bids into TransCanada's new capacity open season, TransCanada cannot calculate the economic impact of new capacity open season tolls compared to current (Compliance) tolls on the Eastern LDCs. TransCanada would expect that the Eastern LDCs would have this information and would be able to make the appropriate calculations themselves.

Overall, using the current (Compliance) tolls in the new capacity open season would likely have a negative impact on the Eastern LDCs. This is because the revenue deficiency resulting from such tolls for some short haul paths (caused by both the long-haul revenue loss and the cost of incremental facilities) would accrue in the TSA deferral account, which could be recovered from Mainline shippers when that account is disposed of at the conclusion of the fixed tolls period. In that event, shippers did not save under the compliance tolls, they merely deferred paying it.

TransCanada PipeLines Limited Response to
Gaz Métro Interrogatory #4

Issue: A3 – Are the costs of the facilities and rate impacts to customers appropriate?

Reference: TransCanada's Evidence, p. 3 of 6, lines 20-22

Preamble: TransCanada affirms:

"TransCanada intended to utilize its share of capacity on the new Segment A and new TransCanada facilities from Albion to Maple (TransCanada's King's North project) to satisfy the capacity requirements in the precedent agreements with Union and Gaz Métro."

Request:

a) Please provide a breakdown of the capacity requirements TransCanada intended to provide to Gaz Métro on Segment A in Gj/d for each DDA by receipt point for the year a) 2015; b) 2016; c) 2017 and d) 2018.

Response:

The capacity provided via Segment A would be incorporated into TransCanada's integrated system capacity to meet TransCanada's aggregate transportation requirements. TransCanada does not specifically allocate the gas molecules it transports to any particular path. Therefore, TransCanada cannot breakdown how the Segment A capacity would be used to meet Gaz Métro's transportation requirements from Empress, Dawn and Parkway. What TransCanada can say is that its share of the Segment A capacity, along with the capacity created by the proposed Kings North project will be incorporated into TransCanada's integrated system capacity to meet Gaz Métro's firm transportation requirements for November 1 2015. These included 239,148 GJ/d from Parkway to the GMi EDA and 15,327 GJ/d from Parkway to GMi NDA.