INTERROGATORIES FOR ENBRIDGE GAS DISTRIBUTION (EGD)
FROM THE CONSUMERS COUNCIL OF CANADA

EB-2012-0451 – GTA Project 2013-07-22 Updated Evidence

Please note the numbering below continues from the first set of interrogatories sent on May 21, 2013. However, numbering is subject to change by EGD in their response.

A.RELATED ISSUES

1. Are the proposed facilities needed?

A.1-CCC-UPDATED 28 Reference: Letter July 24

a) In a letter dated July 24, 2013, Counsel to TCPL indicated that TCPL considers the MOU to be a valid and binding contract and that it will be seeking enforcement of that contract. Please set out EGD's current views regarding the MOU and its status. Please provide the basis for its position. How will EGD ensure that ratepayers are held harmless from any further actions TCPL might pursue regarding the MOU?

b) Please explain why the current proposal is the best option for EGD's customers relative to the previous proposals.

c) Under the prior (2013-04-15) proposal what facilities were available to move gas from Parkway to Bram West interconnect?

A.1-CCC-UPDATED 29 Reference: Ex. A/T3/S9/p. 3

a) The evidence states that, "*Given the economics of the GTA Project, with a NPS 42 Segment A Pipeline are positive and benefit the ratepayer, even if the Albion to Maple path is delayed, the GTA Project approval can be considered in isolation of the broader transmission discussion*." What if the Albion to Maple path is not built? How does this impact the project economics and benefits to EGD's ratepayers?

2. Do the proposed facilities meet the Board's economic tests as outlined in the Filing Guidelines on the Economic Tests for Transmission Pipeline Applications, dated February 21, 2013 and E.B.O. 188 as applicable?

See section 3

3. Are the costs of the facilities and rate impacts to customers appropriate?

A.3-CCC-30 UPDATED Reference: Ex. A/T2/S1/p. 8

a) The evidence indicates that the updated estimated cost of the GTA project is $686.5 million. How does this compare to the costs set out in the original Application of December 21, 2012 and the updated application of 2013-04-15? Please describe how the new proposals compare to the proposals set out in the original Application. Please explain the reason for the differences in cost between the three different proposals.

b) Specifically please show how the current updated proposal differs from that originally filed on December 21, 2012 (Parkway to Albion). Please compare and contrast the DCF analysis of that filing with the current update.

c) Please specifically address the following changes from the 2013-04-15 filing (BramWest to Albion 42 inch pipeline) to the current proposal:
   i) The average O&M costs have been reduced from $14.0 million (May 15 filing) to $13.3 million (July 22 filing) and notwithstanding the longer and larger pipeline. Please explain the reasons for this.
   ii) The total transportation savings have increased from $392,136,859 to $1,732,650,739. Please specify the basis for these savings including the assumptions in respect to Direct Purchase change in current contracting practice once the project is completed.
   iii) Transportation service charges have increased from $382,373,164 to $471,256,624.
   iv) Annual Volumes have changed from 751,758,344 to 706,621,245

A.3-CCC-31 UPDATED Reference: Ex. A/T2/S1/p. 8

a) Please explain more fully what is meant by a “Financial Backstopping Agreement.” What does Enbridge hope to achieve by such an agreement? Has Enbridge previously negotiated any such type of agreement?

b) What will be the impact on the proposal if Enbridge is unable to include Financial Backstopping Agreements with potential shippers?

A.3-CCC-32 UPDATED Reference: Ex. E/T1/S1

a) Please provide a sensitivity DCF analysis using all the same assumptions used in the 2013-04-15 filing other than those related to updated tolls and the capital costs related to the change to the Parkway station connection point.

A.3-CCC-33 UPDATED Reference: Undertaking JT1.3; A/T3/S9/Attachment 3

Pre-amble – Please refer to Technical Conference Undertaking JT2.13. This interrogatory is seeking to update that response, in the same summary format as at page 2of 2 o that response, and under two different scenarios (1) EGD's toll revenue assumptions (2) 50% of the expected toll revenues.

a) Please provide the following sensitivity analysis in the form of the DCF result summary the following individual and combined assumptions and under two scenarios (1) expected shipper contract toll revenue – i.e. current case; and (2) 50% of expected toll revenues.
   i) 10% increase capital and maintenance costs (E/T1/S1/pg.9);
   ii) 10% reduction in Commodity Prices Assumptions (Table A3);
   iii) 10% reduction in forecast Transportation Savings;
   iv) A reduction of 0.5% in average annual customer (all classes) consumption in each year for the first 25 years of the project;

5. Is the proposed timing of the various components of the projects appropriate?

A.5-CCC- 34 UPDATED Reference: Ex. A/T2/S1/p. 7

a) EGD indicates that it is continuing to consult with stakeholders. To what extent could this need to continue consulting with stakeholders impact the timing of the project? Please explain. What is the nature of the remaining stakeholder consultation?

A.5-CCC- 35 UPDATED Reference: Ex. A/T2/S1/p. 9

a) EGD is requesting a Decision and Order from the Board by December 15, 2013. What are the implications for the proposed project timing assuming a Board Decision and Order cannot be granted by December 15?

A.5-CCC- 36 UPDATED Reference: Ex A/T3/S9/p. 13

a) The evidence states that specific items that require firm commitments in Q1 2014 to maintain timeline for a November 2015 in-service date are the pipe and mainline valves, and the contract resources for mainline construction and Horizontal Directional Drilling. Procurement of these items would require an additional commitment of $30-45 million for potential cancellation charges were the project not to proceed. Please explain the significance of the $30-45 million. What are the potential reasons as to why the project would not proceed, once approved?

5. **Should approval of Enbridge's proposed rate methodology for the service to be provided to TransCanada be granted?**

D.5-CCC-37 UPDATED Reference: E/T3/S9/pg.5

Pre-amble: The evidence states that "*In the event there are no shippers for the transport service, distribution ratepayers will be allocated the entire revenue requirement*"

a) Does the required rate of return (shown as 6.81%) include a return on an equity investment to EGD? If yes, please explain how this is calculated. Specifically please indicate whether the return on capital is the same for both notional portions of the pipeline (i.e. distribution and transportation).

b) What financial risk is encountered by EGD if it is guaranteed to receive its equity return on the 60% of the pipeline from distribution ratepayers and irrespective of contract shipper revenues?

c) Why is it just and reasonable for EGD's distribution ratepayers to assume 100% of the risk of the transportation portion of the Albion line?

D.5-CCC-38 UPDATED Reference: E/T3/S9/pg.5

a) Under EGD's toll proposal is it possible for contract tolls to exceed the projected revenue requirement? If yes what, if any, methodology (e.g. variance/deferral accounting), is proposed to account for any toll over earning?

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