

**TransCanada PipeLines Limited Response to
Consumers Council of Canada Interrogatory #1**

Request: a) What is TransCanada's position in regards to the request by Union Gas and Gas Metro to interconnect with TCPL's Mainline facilities at Vaughn (reference: NEB MH-002-2013)?

Response:

a) TransCanada is participating in the MH-002-2013 hearing and opposes the interconnection request.

**TransCanada PipeLines Limited Response to
Consumers Council of Canada Interrogatory #2**

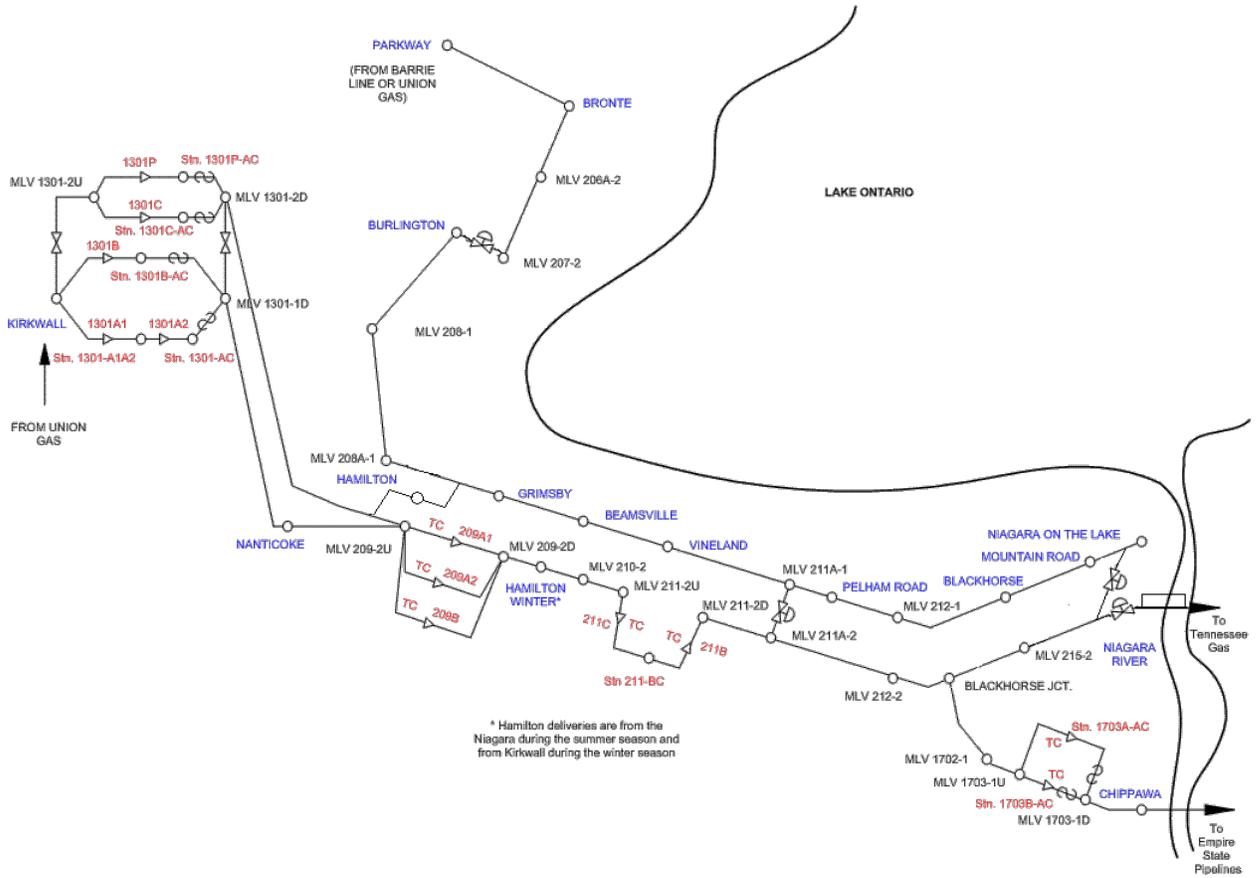
Request:

- a) If the Union-Gaz Metro project does not proceed will TCPL build between Parkway and Maple at some future date? Please explain why or why not. If so, please explain why TCPL would be better suited, from the perspective on Ontario, consumers to build the pipeline.
- b) Please provide a detailed map of TCPL's pipeline system and other major infrastructure (e.g. compressor, major interconnections and stations) between Schomberg Gate, Victoria Square 2 and Niagara/Chippewa. Please show the proposed King's North and (if contemplated) Parkway-Maple projects on this map. Please also show capacity and path flow.
- c) Using the response to (b) please explain the relationship (if any) between the proposed King's North NPS30 and the Union-Gaz Metro proposal for Parkway to Maple.

Response:

- a) TransCanada and Enbridge have entered into a MOU that in TransCanada's view remains in full force and effect. Under the terms of the MOU, TransCanada is to add infrastructure between Albion and Maple. Should the Ontario Superior Court uphold the MOU, TransCanada will proceed with adding the infrastructure as contemplated in the MOU. TransCanada is better suited to build this infrastructure as it will form part of TransCanada's integrated system resulting in a more efficient infrastructure addition.
- b) Please refer to the first round Union IR 9 (Attachment B), for capability from Parkway to Les Cedres, which would include the proposed King's North project. For a schematic of the Niagara/ Chippawa system, please see diagram below.

NIAGARA / KIRKWALL SECTION



- c) The Union-Gaz Métro pipeline proposal appears to be planned to use a similar right-of-way to TransCanada's Kings North project. However, if the Union-Gaz Métro proposal were to proceed, it would not be part of the integrated TransCanada system and thus would have none of the operational benefits of that integration.

**TransCanada PipeLines Limited Response to
Consumers Council of Canada Interrogatory #3**

Reference: page 3 of 17

Request: a) The evidence states that the savings provided by Union, Gaz Metro and Enbridge do not take into consideration the impact of the approval of these applications will have on TransCanada's existing infrastructure and the consequential impact they will have on Ontario consumers. Please quantify all of these impacts.

Response:

Please refer to the responses to SEC 11 and Energy Probe 7.

**TransCanada PipeLines Limited Response to
Consumers Council of Canada Interrogatory #4**

Reference: page 4 of 17

- Request:**
- a) Please provide the amount of revenue loss TCPL projects to incur if Union/Gaz Metro complete a pipeline path from Parkway to Maple. Please provide this estimate on an annual basis and at the current and proposed tolls and segregated into losses on short and long haul contracts. Please provide all assumptions and detailed calculations.
 - b) Please explain how the \$455 million/year amount was calculated. Please provide all assumptions and detailed calculations.
 - c) Please provide a table setting out the components of the \$960 million which, from TransCanada's perspective, represents the potential exposure of Ontario gas consumers when the TSA is disposed of.
 - d) Please explain the circumstances under which TCPL believes that it would be required to absorb any revenue deficiency in the Toll Stabilization Account (TSA). Please explain, in detail, how the amounts in the TSA are to be derived.

Response:

- a) Please refer to the response to Energy Probe 7.
- b) The \$455 million/year is a quantification of the expected reduction to Mainline revenues as result of the first phase of the proposed Union / Gaz Métro bypass. This will be partially offset by replacement revenues from short haul service of approximately \$55 million per year, resulting in a net revenue reduction of approximately \$400 million per year. Please refer to the response to SEC 11(a) for the detailed calculation of these revenue losses, gains and overall impact.
- c) Please refer to the response to SEC 1(a).
- d) Pursuant to the Decision in RH-003-2011, fixed tolls on the Mainline were established for the period from 2013 to 2017. In doing so, the TSA (or "Toll Stabilization Account"), was also established. From 2013 to 2017, annual revenue surpluses or deficits relative to the costs of service are placed in the TSA. The account tracks the cumulative surplus or deficiency resulting from charging fixed tolls over this period. To the extent actual Mainline contracts and throughput are different from that assumed when establishing the fixed tolls, the resulting revenue variances are captured in the TSA. Therefore, further shifts from long haul

contracting to short haul contracting would result in increased revenue deficiencies on the Mainline which would also accumulate in the TSA.

The RH-003-2011 Decision states that a revenue deficiency in the TSA will be borne by TransCanada's shippers (i.e. the LDCs and end-users with direct contracts) provided that the Mainline's fundamental risk has not materialized. The particular circumstances that would constitute the materialization of the Mainline's fundamental risk are not defined in the Decision.

**TransCanada PipeLines Limited Response to
Consumers Council of Canada Interrogatory #5**

Reference: page 6 of 17

Request: a) Please explain how the cost differential of NPS 24 pipeline (\$178 million) and the NPS 42 pipeline (\$313 million) is derived. Specifically please breakdown these costs into: (1) pipe; (2) other infrastructure – please specify; (3) incremental construction costs; (4) other costs – please specify.

Response:

a) The NPS 24 and NPS 30 costs shown in table 4.2 of TransCanada's evidence are based on an examination of Enbridge's provided NPS 42 and NPS 36 costs, TransCanada's experience on the relative costs of NPS 24 projects vs NPS 42 projects, and TransCanada's experience on building similar projects in the area, namely the two portions of the recently completed Parkway Loop project. A breakdown of TransCanada's estimate was not performed.

**TransCanada PipeLines Limited Response to
Consumers Council of Canada Interrogatory #6**

Reference: page 6 of 17

- Request:**
- a) In the event the OEB either approves Enbridge building on Segment A an NPS 24 line or fails to approve the EDG project in its entirety what alternative projects does TCPL consider necessary? In order to be clear as possible please provide in your response all the anticipated TCPL EOT projects in the 2013-2018 period with and without a joint use TCPL-EDG pipeline.
 - b) Please provide TCPL's estimated costs of these the two options (shared and no sharing of Segment A).

Response:

a) and b)

Under the terms of the MOU with Enbridge, TransCanada will share use of Enbridge's Segment A NPS 36 pipeline and will construct facilities from Albion to Maple to meet its existing customer requirements. In the event that the OEB approves construction of Segment A as an NPS 24 line to meet Enbridge's distribution needs, or if the GTA project is not approved by the OEB, TransCanada will continue to reliably serve the GTA market with its existing facilities.

With respect to infrastructure projects in the 2013 to 2018 time-frame for that segment of the Eastern Ontario Triangle (EOT) downstream of Parkway, TransCanada is currently installing two new compressor units at Station 130 (Maple) to meet requests for incremental transportation service between Niagara and the Enbridge CDA commencing November 1, 2013. There are no definitive plans for facilities beyond 2013.

**TransCanada PipeLines Limited Response to
Consumers Council of Canada Interrogatory #7**

Reference: page 7 of 17

Request: a) Please provide any studies or analysis undertaken by TransCanada which examine the impact of Marcellus shale supplies to eastern Canada on the Empress-Dawn price differential.

Response:

TransCanada has not undertaken any such study.

**TransCanada PipeLines Limited Response to
Consumers Council of Canada Interrogatory #8**

Request: a) From TransCanada's perspective what is the total potential exposure to EGD's customers as a result of its termination of the MOU. What is the current status of the legal actions being pursued by TransCanada regarding EGD's decision to terminate the MOU? When does TransCanada expect a Decision by the Courts?

Response:

a) While Enbridge purported to terminate the MOU, it did not have a right to do so under the terms of the MOU and the applicable law of contract. TransCanada has commenced an action in the Ontario Superior Court for enforcement of the MOU.

It is very difficult to say what potential exposure Enbridge's customers have as the result of Enbridge's actions in relation to the MOU. If Enbridge decides to honour its obligations under the MOU, or if the MOU is enforced as a result of TransCanada's lawsuit in the Ontario Superior Court, TransCanada cannot foresee any negative exposure for Enbridge's customers, other than potential delays in the project related to litigation. If instead of enforcement, Enbridge is ordered to pay TransCanada's damages (estimated to be \$4.5 billion), it would be for the OEB to decide whether such a payment should have any impact on EGD's customers.

TransCanada expects a decision on its lawsuit in time for the in-service date of Segment A.