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Our File # 339583-000192

By electronic filing

January 29, 2015

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

Dear Ms. Walli

Re:	**Enbridge Gas Distribution Inc. ("EGD")**
	2015 Rates Application
Board File #:	**EB-2014-0276**

Pursuant to Procedural Order No. 1 dated January 12, 2015, please find attached the Interrogatories of Canadian Manufacturers & Exporters ("CME") for EGD in the above-noted proceeding.

Yours very truly

Borden Ladner Gervais LLP

Peter C.P. Thompson, Q.C.

PCT\slc
enclosure
c. Andrew Mandyam (EGD)
Fred Cass (Aird & Berlis)
Intervenors EB-2014-0276
Paul Clipsham (CME)

OTT01: 6787897: 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 by Enbridge Gas Distribution Inc. for an order or orders approving or fixing rates for the sale, distribution, transmission and storage of gas commencing January 1, 2015.

INTERROGATORIES OF CANADIAN MANUFACTURERS & EXPORTERS ("CME") TO ENBRIDGE GAS DISTRIBUTION INC. ("EGD")

Reference: Exhibit A1, Tab 3, Schedule 1, Appendix B, page 1

1. Please provide a brief narrative of the major causes for the EB-2012-0459 2015 Allowed "Placeholder" Revenue Sufficiency of \$1.7 M decreasing by \$49.6 M to produce a requested 2015 Revenue Deficiency of \$47.9 M.

2. Using the Board's currently approved QRAM rates as the baseline, rather than the 2015 Placeholder amount, please advise of the total "Revenue at existing rates" compared to the \$2,676.0 M amount shown at line 27 of Column 3 of Exhibit A, Tab 3, Schedule 1, Appendix B.

3. To what extent would the \$47.9 M Revenue Deficiency amount, shown at line 28, Column 3 of Exhibit A, Tab 3, Schedule 1, Appendix B, be reduced had EGD acquired incremental gas during the severe 2013/14 winter unit costs comparable to the unit costs Union Gas Limited ("Union") incurred? For the purpose of responding to this question, please assume that the unit costs of the incremental gas acquired by Union were 30% lower than the unit costs incurred by EGD.

4. To what extent is the Customized Incentive Regulation ("IR") Framework approved in the EB-2012-0459 proceeding expected to produce benefits for ratepayers for the 2014 year? If there are any expected ratepayer benefits for 2014, then please describe and quantify them.

Reference: Exhibit B1, Tab 1, Schedule 2

5. For information tracking and comparative purposes, please provide, for 2014, the EB-2012-0459 Board approved amounts, along with the 2014 year-end actual amounts or as much actual information as is available for 2014 plus estimated actuals for the balance of the year, in a format identical to the format of Columns 1, 2 and 3 of Exhibit B1, Tab 1, Schedule 2. We wish to use that information to evaluate the extent to which the amounts shown in lines 1 to 12 of Column 8 of Exhibit B1, Tab 1, Schedule 2 exceed 2014 actuals.

6. The CIS Rate Base Placeholder amounts of $127.1 M in line 1 and a credit amount of $82.0 M in line 2 of Column 2 are unchanged for the purposes of 2015 rate-setting. Yet, as described in Exhibit D1, Tab 3, Schedule 1 at page 3, the 2015 CIS and Customer Care Operating Costs are lower than the placeholder amount. Please provide the following additional information:

   (a) What were the actual amounts for each of these line items in 2014 compared to the 2014 Board approved amounts?

   (b) To what extent have 2014 actuals been considered by EGD when determining the absence of any adjustments in the Rate Base amounts at lines 1 and 2 of Column 7 of Exhibit B1, Tab 1, Schedule 2?

Reference: Exhibit C1, Tab 1, Schedule 1, Table 1
Exhibit C1, Tab 2, Schedule 1, Tables 1, 2 & 3, Figures 1, 2 & 3
Exhibit C1, Tab 2, Schedule 1, Appendix A, pages 2, 3, 4 & 5
Exhibit C1, Tab 2, Schedule 1, Appendix B, Tables 1, 2 & 3
Exhibit C3, Tab 2, Schedules 1, 2, 3 & 4

7. For each of the above referenced Exhibits, please add columns to show 2014 actual amounts for each line item in each Exhibit.

Reference: Exhibit D1, Tab 1, Schedule 1, Table 1

8. Please add a column to Table 1 to show 2014 actuals for each line item.

Reference: Exhibit D1, Tab 2, Schedule 1, page 2, question 3

9. Of the total forecast supply for 2015 of 270.4 Bcf, please provide the following additional information:

   (a) The approximate volume of supply which will be sourced from the Appalachian Basin; and

   (b) A description of the extent to which the 2015 Gas Supply Plan will produce gas savings for Ontario consumers as a consequence of a greater proportion of supply being acquired from the Appalachian Basin. Please quantify the approximate value of those savings.

Reference: Exhibit D1, Tab 2, Schedule 1, pages 6 & 7, questions 15 and 16

10. At Exhibit D2, Tab 1, Schedule 1, page 23, EGD forecasts that, subject to its mitigation efforts, its customers will be called upon to pay about $130 M for unutilized TransCanada PipeLines Limited ("TCPL") pipeline capacity. In connection with this evidence and all of the upstream pipeline capacity EGD holds, please provide the following information:

(a) Are EGD's customers expected to pay for any other upstream pipeline capacity held by EGD which the company does not expect to fully utilize in 2015? If so, then please estimate the total UDC costs which EGD's customers face on all of the upstream pipeline capacity to be held by EGD in 2015; and

(b) To what extent are the costs for unutilized upstream capacity on TCPL attributable to the Tolls and Tariffs Settlement Agreement which EGD and other distributors entered into with TCPL?

Reference: Exhibit D, Tab 2, Schedule 1, page 7, question 17

11. EGD includes in its 2015 Revenue Requirement costs associated with its Segment A of the GTA Project on the basis of a forecast that these transmission facilities will be in service on November 1, 2015. We understand that this transportation capacity cannot be utilized until incremental inter-connecting facilities have been constructed by TCPL. In the recently concluded Natural Gas Market Review proceeding, TCPL indicated that it would be impossible for it to meet a November 1, 2015 in-service date for its facilities. In these circumstances, please provide the following information:

    (a) If the Board finds that Segment A will be unable to provide any transportation service before 2016, is it correct to conclude that the 2015 Revenue Requirement and Rates will be reduced by the $3.54 M shown at Exhibit G1, Tab 1, Schedule 1, page 4? If this is not the correct amount, then please provide a calculation of the extent to which the 2015 Revenue Requirement would be reduced if transportation service on the GTA Project cannot actually be provided by EGD in 2015.

Reference: Exhibit D2, Tab 1, Schedule 1, pages 22 and 23

12. To what extent was EGD able to mitigate UDC costs in 2014? Please provide information which will demonstrate the total amount of secondary market assignment activity which took place in 2014 on upstream transportation systems on which EGD incurred UDC and indicate the approximate proportion of that secondary market activity in which EGD was involved.

13. Using EGD's estimate of the maximum UDC exposure its customers faced in 2014, please describe the activities in which EGD engaged to mitigate UDC and quantify the total value of those mitigation efforts in reducing UDC.

14. What is EGD's estimate of the extent to which it will likely be able to mitigate the $130 M of UDC exposure if faces in 2015? Please include with that estimate the assumptions on which it is based.

Reference: Exhibit D, Tab 1, Schedule 2, page 3, question 6

15. Does the $9 M credit amount, which, according to the evidence, originated in 2009, include interest over the years 2009 to 2014? If not, then please recalculate the amount with interest included.

16. What were the credit balances related to this item in each of the years 2009 to 2014?

17. Please describe the regulatory treatment ascribed to these credit balances over each of those years. In particular, did the credit balances contribute to earnings subject to sharing, or were the amounts credited in full to customers in some other fashion since they were not recorded in a deferral account in any of those years?

18. Why did EGD wait 5 years before proposing deferral account treatment for this credit balance?

Reference: Exhibit E1, Tab 1, Table 3
Exhibit E1, Tab 3, Schedule 1, Table 1

19. The total of EGD's debt and preference capital outstanding for 2015 of $3,372.7 M exceeds the company's level of debt for rate-making purposes by $229.4 M. This strongly suggests that, for 2015, EGD will actually be operating under the auspices of an equity ratio less than 36%. Please provide the following information:

    (a) Confirm that deducting the excess long-term debt of $229.4 M from the common equity of $1,768.1 M produces an equity ratio of 31.33%.

    (b) Please provide a calculation of the extent to which the 2015 gross revenue sufficiency of $47.9 M shown in Exhibit E2, Tab 1, Schedule 1, page 1 at line 14 reduces under the following capital structure for EGD:

Long-term debt	66.63%
Preference shares	2.04%
Common equity	31.33%
Total	100.00%

    (c) Please provide a calculation of the extent to which the 2015 gross revenue deficiency decreases under the following capital structure for EGD:

Long-term debt	61.96%	(cost at 4.88%)
Preference shares	2.04%	
Common equity	36.00%	
Total	100.00%	

Reference: Exhibit H1, Tab 1, Schedule 1, page 3, Table 1, and page 6

20. Do the rate impacts shown in Table 1 reflect the Site Restoration Credit ("SRC") for 2015 of $90.4 M? If so, then please restate the rate impacts, excluding the 2015 SRC credit.

Reference: Exhibit H, Tab 1, Schedule 1, page 8

21. From what transportation customers does EGD expect to recover the $2.1 M for providing transportation service on Segment A of the GTA Project in 2015 when it will be unable to provide any transportation service on those facilities before a date in 2016, being the earliest date upon which construction of the inter-connecting TCPL facilities can reasonably be expected?