BOARD STAFF INTERROGATORY #1

INTERROGATORY

Ref: A1/T5/S1/para4

At paragraph 4 the evidence states:

> "However, if the Base Pressure Gas and LUF costs are treated on a fully allocated cost basis, then all storage capital costs should be treated on a fully allocated cost basis in order to be consistent and equitable. The cost consequence of using a fully allocated approach to all storage capital would be an increase in utility regulated rate base of approximately $32M to $49M, with an associated increase in revenue requirement for the regulated utility which would more than offset the reduction set out in the following table."

a/ Please explain why regulated rate base would increase under the fully allocated cost approach described above, when it would seem intuitive that rate base should decrease because all the capital costs are spread over all storage assets, both regulated and unregulated.

b/ Please compare and contrast the existing Enbridge allocation approach with the methodology in use today for Union's non-utility storage cost allocations.

c/ Staff is interested in understanding the theory of incremental versus fully allocated costing in the context of separating utility from non-utility businesses. Please discuss the theoretical underpinnings of using an incremental versus a fully allocated costing methodology in creating a fair separation of utility and non-utility storage to avoid, to the greatest extent possible, cross-subsidization between the 2 businesses. Please include a discussion of the advantages and disadvantages of each approach.

RESPONSES

a) Under a fully allocated cost sharing method, all customers would be allocated a portion of the total storage capital based upon their relative shares of the total storage capacity or deliverability available. Because the relative investment in Enbridge's unregulated storage is larger than its share of the overall storage capacity and deliverability, a fully-allocated approach would reduce the allocation of capital costs to the unregulated line of business and increase the allocation to regulated storage.

   On page 15 of its 2012 cost allocation study, Black & Veatch described the range of cost sharing outcomes that would have resulted from the use of full cost allocation of

Enbridge's storage capital, at that time. Despite the fact that Enbridge had booked some $84 million dollars of additional plant as it built the capacities for its unregulated storage business, only about $32 to $49 million of the total storage plant would have been allocated to the unregulated storage business under a fully allocated cost sharing methodology. The implication of this is that the remaining portion of that $84 million would have been allocated to utility storage. The utility, and its customers, would have had to carry a higher amount of rate base than it would have if the unregulated storage development had not occurred.

Under the Incremental cost sharing model, all of the $84 million is allocated to the unregulated storage business, with no impact for the utility customers.

b) Enbridge is not familiar with how Union Gas allocates its storage costs today.

c) Enbridge has described the nature of incremental and fully allocated costing in its pre-filed evidence (Exhibit A1, Tab 5, Schedule 1) and in response to VECC Interrogatory #1 at Exhibit I.A1.EGDI.VECC.1.

As explained, Enbridge believes that it not appropriate to use both of these two separate and distinct cost allocation methodologies for costs of a similar nature within its integrated storage facility. Enbridge's current allocation of its unregulated storage capital, under the incremental methodology, respects this principle. The use of incremental costing for some elements of capital costs, and full allocation for others would depart from this principle.

As explained above, in response (a), if Enbridge were to use fully allocated costing for all storage capital expenditures, then there would be more capital costs allocated to the regulated storage operation, and less allocated to the unregulated line of business. This is because the unregulated line of business has made disproportionately larger investments in recent years on capital expenditures to modernize and renew and expand the integrated storage operation. Therefore, to the extent that there is cross-subsidization, it could be said that the regulated storage operation is the beneficiary. As explained in evidence and in response to SEC Interrogatory #2 at Exhibit I.A1.EGDI.SEC.1, any change to fully allocated costing for all storage capital expenditures is appropriately addressed at rebasing.

BOARD STAFF INTERROGATORY #5

INTERROGATORY

Ref: D1/T2/S1/para 12

Paragraph 12 speaks to the main changes in the gas supply plan for 2016. For example it says:

> "The completion of the GTA Project enables the Company to make a number of changes in the Enbridge CDA. The primary change that occurs is an increase in the contracted M12 capacity for transport between Dawn and Parkway that the Company has with Union Gas. This amounts to an increase in Union M12 capacity of 400,000 GJs per day. Coinciding with the increase in available transport from Union Gas, the Company was able to de-contract 266,000 GJs per day of long haul TCPL capacity from Empress to the Enbridge CDA."

What is the net cost impact (or benefit) to the transportation portfolio associated with the changes in Union's M12 contracted capacity and the de-contracting with TCPL?

RESPONSE

Enbridge addressed the gas supply cost benefits associated with the GTA Project in the Leave to Construct Application (EB-2012-0451). The annual average expected gas supply benefits for Enbridge's ratepayers from the GTA Project were set out in response to Exhibit J6.X in that proceeding. As seen in that document (see pages 2-4), these benefits (for the CDA) were estimated to be as much as $109 million per year, depending on the Empress-Dawn basis. A copy of Exhibit J6.X is included as an Attachment to this response.

In response to Board Staff Interrogatory #3 at Exhibit I.D1.EGDI.STAFF.3, Enbridge has explained that Segment A of the GTA Project will now be in service in March 2015. The gas supply impacts (cost benefits) to ratepayers from the GTA Project will begin as of that time.

Witness: D. Small

UNDERTAKING J6.X

UNDERTAKING

On Hearing Day 2 (September 13, 2013)[1] and Hearing Day 3 (September 16, 2013)[2], the Joint Panel committed to provide an indicative impact of the Settlement Term Sheet with TransCanada. On Hearing Day 4 (September 17, 2013)[3], Union committed to provide the impact through Undertaking J4.5 and Enbridge committed to respond to the same request on Hearing Day 6 (September 26, 2013)[4], however no separate undertaking number was assigned. The following response is provided on behalf of Enbridge.

This is an update to the October 10, 2013 undertaking and is based on information from the Settlement Agreement filed on October 31, 2013.

RESPONSE

This response provides the impact of the Settlement Agreement with TransCanada. Impacts of the Settlement Agreement include an increase in transportation costs as a result of higher TransCanada tolls and a decrease in transportation costs as a result of access to short haul transport to the Enbridge EDA, made possible as a result of the Settlement Agreement.

The toll impacts of the Settlement Agreement provided by TransCanada are a 55% increase in short haul tolls to the Enbridge Franchise and a 19% increase in long haul tolls to the Enbridge Franchise. The tolls contained in the Settlement Agreement are within the ranges Enbridge provided in its original response to J6.X.

The impact on tolls stemming from the Settlement Agreement relative to compliance tolls and the tolls provided in the original response to J6.X for transportation service utilized by Enbridge are as follows:

[1] Refer to Hearing Day 2 (September 13, 2013) transcript at page 120, line 28 to page 121, line 7.
[2] Refer to Hearing Day 3 (September 16, 2013) transcript at page 127, lines 4 to 16.
[3] Refer to Hearing Day 4 (September 17, 2013) transcript at page 54, line 22 to page 55, line 21.
[4] Refer to Hearing Day 6 (September 26, 2013) transcript at page 63, lines 10 to 17.

Witnesses: J. Denomy
M. Giridhar

$/GJ	Compliance Filing Toll	13% Increase in Long Haul & 45% Increase in Short Haul	20% Increase in Long Haul & 55% Increase in Short Haul	Settlement Agreement Toll
Empress to Enbridge CDA	1.57	1.77	1.88	1.86
Empress to Enbridge EDA	1.62	1.83	1.94	1.92
Dawn to Enbridge CDA	0.24	0.34	0.37	0.37
Dawn to Enbridge EDA	0.44	0.63	0.68	0.68
Dawn to Iroquois	0.42	0.61	0.65	0.65
Parkway to Enbridge CDA	0.12	0.18	0.19	0.20
STS to Enbridge CDA	0.12	0.18	0.19	0.20
STS to Enbridge EDA	0.32	0.47	0.50	0.50
Parkway to Enbridge CDA SN	0.13	0.19	0.20	0.20

The annual increase in gas costs resulting from the Settlement Agreement tolls provided above relative to the compliance tolls and using the October 2013 QRAM gas supply portfolio is approximately $66.4 million. This calculation is provided in the table below. The bridging contribution accounts for approximately 1/3rd of the impact on gas costs with the remaining impact accounting for cost recovery of the Eastern Ontario Triangle.

$ Millions	Total TCPL Transportation Costs October 2013 QRAM	Total TCPL Transportation Costs Settlement Agreement Tolls
	234.7	301.0
Difference Relative to October 2013 QRAM		66.4

The average annual decrease in gas supply costs resulting from the ability to displace 170,000 GJ/d of long haul transport to the Enbridge EDA with short haul transport in 2016 is estimated to be approximately $49 million per year. This expected benefit was calculated using TCPL Compliance Filing Tolls, an average Empress to Dawn basis differential of $0.51 /GJ and 100% utilization of long haul capacity.

The table below shows the annual average expected gas supply benefits for Enbridge's ratepayers arising from the GTA Project over the 2015 to 2025 timeframe for a range of basis and utilization scenarios.

Witnesses: J. Denomy
M. Giridhar

Annual Average GTA Project Benefits Calculations for Current Base Case - Basis and Utilization Scenarios @ Compliance Filing Tolls - 2015-2025

$ Millions		Average Empress-Dawn Basis = 0.51 $/GJ	Average Empress-Dawn Basis = 0.92 $/GJ	Average Empress-Dawn Basis = 1.50 $/GJ
Enbridge CDA				
Long Haul Load Factor = 100% (January to December)	System Gas	109	62	(2)
	Direct Purchase	64	39	5
	Total	173	101	3
Long Haul Load Factor = 42% (November to March)	System Gas	138	119	92
	Direct Purchase	64	39	5
	Total	202	158	96
Long Haul Load Factor = 25% (December to February)	System Gas	145	134	118
	Direct Purchase	64	39	5
	Total	210	173	122
Enbridge EDA				
Long Haul Load Factor = 100% (January to December)	System Gas	49	21	(15)
Long Haul Load Factor = 42% (November to March)	System Gas	65	53	38
Long Haul Load Factor = 25% (December to February)	System Gas	69	62	53
Grand Total				
Long Haul Load Factor = 100% (January to December)		222	122	(12)
Long Haul Load Factor = 42% (November to March)		267	211	134
Long Haul Load Factor = 25% (December to February)		279	235	175

Enbridge has not updated the benefits resulting from the GTA Project using the tolls provided in the Settlement Agreement. With other assumptions held constant, the expected gas supply benefits using the tolls in the Settlement Agreement would be higher. However, the reason why Enbridge has not updated the benefits using tolls in the Settlement Agreement is because, while the unit increase in long haul tolls is higher than the unit increase in short haul tolls, these increases are based on a six year surcharge recovery for long haul vs. a sixteen year surcharge recovery for short haul. Over the term of the Settlement Agreement the differential in tolls is expected to be approximately the same as the differential in compliance tolls.

The combined benefits of the GTA Project and the Settlement Agreement are substantial and far exceed the increase in short haul and long haul tolls resulting from the Settlement Agreement under all but the scenario where Enbridge uses all its contracts at a 100% load factor and the basis differential between Alberta and Dawn is $1.50 or more.

As noted in evidence, 100% utilization is an unrealistic assumption given that Enbridge operates its distribution system at approximately 30% utilization factor. In addition, Enbridge has not included upstream arrangements necessary to meet growth in peak demand. The absence of short haul supply will result in ever decreasing utilization of long haul transport increments resulting in a transfer of wealth from Enbridge rate payers to other shippers on the TransCanada system. Enbridge has or is in the process of firming up approximately 360 TJ/d of long haul transport in lieu of previously contracted STFT for 2014. Enbridge would note that while the determination of final

Witnesses: J. Denomy
M. Giridhar

Mainline tolls were based on an average throughput from Alberta they did not explicitly incorporate firming up of Enbridge's 2013 peak day demand or growth in Enbridge's peak day demand over time.

Finally, the basis differentials reflected in the table do not reflect changes in Marcellus basis relative to Alberta. Enbridge notes that at TGP Zone 4 Marcellus, a trading point in the Marcellus formation, gas is currently trading at approximately $2.60 /GJ, a discount of approximately $0.60 /GJ relative to AECO in Alberta. Enbridge's analysis has assumed that Marcellus basis would trade above Alberta basis. In addition, Enbridge would note that current basis differential between AECO and Dawn is approximately $0.45 /GJ.

Witnesses: J. Denomy
M. Giridhar

APPrO INTERROGATORY #1

INTERROGATORY

Reference: i) Exhibit A1 Tab 5 Schedule 1 paragraph 4

Preamble: APPrO would like to better understand Enbridge's position on utility/nonutility cost allocation as well as Enbridge's statement *"that if Base Pressure Gas and LUF are treated on a fully allocated basis, then all capital storage capital costs should be treated on a fully allocated basis in order to be consistent and equitable."*

a) Please confirm that LUF is an operating cost. If not confirmed, please explain.
b) Has Enbridge ever reclassified any LUF as Base Pressure Gas? If so, please explain, and provide the last five years of volumes that have been reclassified.
c) Is it Enbridge's position that if either Base Pressure Gas or LUF is allocated on a fully allocated basis, that all storage capital costs associated with utility and nonutility storage should be allocated on a fully allocated basis? Please explain.
d) Please show how the values in the table in paragraph 4 page 2 of 6 were derived and include all related assumptions.

RESPONSE

a) LUF is a provision for expected losses included in the Company's gas volume budget.

b) No, Enbridge has not reclassified any LUF as Base Gas.

c) Yes. The reasons why all storage capital costs should be allocated on a consistent basis are explained at Exhibit A1, Tab 5, Schedule 1, paragraphs 4 and 6 (b) (v).

The treatment of LUF is somewhat different in that, as stated in the response to b) above, LUF is not a capital cost. This is explained at paragraph 6 (a) of the evidence at Exhibit A1, Tab 5, schedule 1. Enbridge submits that gas costs associated with the current LUF provision should not be allocated between the utility and unregulated businesses as the provision was determined based upon only the pre-NGEIR utility storage volumes and activity and that has not changed. There is no additional recovery from utility customers for any LUF that has been experienced for the activity associated with the unregulated storage business. The cost of that additional LUF, no matter how great or small will be borne entirely by the shareholder. For this reason, Enbridge does

not feel that the allocation of any of the previous amount of LUF should be recovered from the unregulated business.

d) The current book value of Base Gas is $38.9 million. Under the current Incremental Cost Allocation method, all of this is carried by Regulated Storage.

Under a Full Cost Allocation method, and based upon an 85.7% Capacity share, $33.3 million would be carried by Regulated Storage and the balance of $5.6 million (14.3%) would be carried by Unregulated Storage. The Revenue Requirement amount shown is the utility Revenue Requirement reduction that would result from the allocation of the $5.6 million at the 2016 forecast return rate.

The 0.84 Bcf of LUF is the volume of LUF recovered from Regulated Storage customers through a Provision for LUF under the current Incremental Cost Allocation method. Any LUF experienced by the Company in excess of this 0.84 Bcf will be borne by Unregulated Storage or, effectively, the shareholder under the Incremental method.

Under a Full Cost Allocation method, 0.72 Bcf of LUF would be recovered from utility storage customers with the remaining 0.12 Bcf of the estimated 0.84 Bcf being borne by the unregulated storage business, plus any additional LUF resulting from the increased activity caused by the unregulated storage business. The $0.67 million reduction in gas cost is the amount of LUF that would no longer be recovered from utility customers. The calculations for these amounts are shown in footnotes 5 and 6 at page 2 of Exhibit A1, Tab 5, Schedule 1. That amount, plus the cost of any additional LUF caused by the unregulated storage activity, would be recovered from the unregulated business and/or Enbridge shareholders.

APPrO INTERROGATORY #2

INTERROGATORY

Reference: i) Exhibit A1 Paragraph 5

Preamble: Enbridge provides the volumetric drivers of storage; APPrO would like to understand the related deliverability drivers.

a) Please redo the table in paragraph 5 and include the allocation of deliverability between regulated and non-regulated storage.
b) Please provide the aggregate storage deliverability curve over an injection/withdrawal cycle for all storage assets, and also illustrate the respective regulated and non-regulated amounts making up such deliverability curve.

RESPONSE

a) The Volumetric Driver for 'Deliverability' would be added showing 1.94 Bcf/d or 82.9% of deliverability for the utility (includes Union and LINK) and 0.40 Bcf/d or 17.1% for unregulated storage.

b) The table below sets out the Deliverability and Injection entitlements of the various gas storage customer stakeholders. It describes their maximum flow rates and a brief description of when these maximum rates begin to decrease over the Withdrawal or Injection cycle.

		Deliverability (MMcfd)		Injection (MMcfd)	
	Maximum Inventory (Bcf)	Maximum Deliverability Rate	Lowest Flow Rate with Ratchets	Maximum Injection Rate	Lowest Flow Rate with Ratchets
EGD's Bundle Rate Payers	91.25	1,740 MMcfd until remaining inventory falls below 43.8% of Maximum Inventory	Deliverability is reduced from 1,740 MMcfd toward 430 MMcfd as remaining inventory approaches zero.	772 MMcfd until storage balance reaches 75% of Maximum Inventory	Injection Rate is reduced from 772 MMcfd toward 274 MMcfd as storage balance increases from 75% of the Maximum Inventory to 100%.
Union Gas (Dow Moore)	5.72	100 MMcfd until remaining inventory falls below 25% of Maximum Inventory	Deliverability is ratcheted from 100 MMcfd to 86 MMcfd at 25% of Maximum and then to 57 MMcfd as remaining inventory falls below 20% of Maximum.	57 MMcfd until storage balance reaches 100% of Maximum Inventory	
Union Gas (Black Creek)	1.00	10 MMcfd until remaining inventory falls below 85% of Maximum Inventory	Deliverability is ratched down from 10 MMcfd to 8.5 MMcfd at 25% of Maximum Inventory and then to 5 MMcfd as remaining inventory falls below 20% of Maximum.	10 MMcfd until storage balance reaches 80% of Maximum Inventory	Injection Rate is ratcheted from 10 MMcfd to 5 MMcfd as storage balance increases from 80% of the Maximum Inventory to 100%.
Niagara Gas Transmission (LINK)	0.00	86 MMcfd throughout the year	NA	86 MMcfd throughout the year	NA
Aggregated Unregulated Storage	16.33	400 MMcfd	The Unregulated contracts have a number of different ratchet points; some based on inventory and others on time of year. These reduce the overall deliverability rates for Unregulated Storage towasrd about 200 MMcfd.	300 MMcfd	The Unregulated contracts have different ratchet points, some based upon remaining inventory and others on time of year. These reduce the overall contracted injection rate for Unregulated Storage toward about 150 MMcfd.

Witnesses: B. Black
D. Small

APPrO INTERROGATORY #3

INTERROGATORY

Reference: i) Exhibit A1 Schedule 1 paragraph 6

Preamble: Enbridge supports the use of continuation of an incremental cost allocation for LUF during the IRM.

a) Please provide the annual volumes injected and withdrawn from storage for each of the last five years separately showing the volumes for the regulated, unregulated and total volumes. Please include the percentages that the regulated and unregulated represent of the total annual volumes.

RESPONSE

a) The table below shows the injection and withdrawal activity for both regulated and unregulated storage since 2010.

	Total Storage		Regulated Storage		Unregulated Storage		Unregulated Storage	
	Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal
	10^3m^3	10^3m^3	10^3m^3	10^3m^3	10^3m^3	10^3m^3	% of Total	% of Total
2010	2,247,658	2,328,378	2,045,098	2,166,093	202,560	162,285	9.0%	7.0%
2011	2,582,015	2,285,815	2,298,816	2,145,618	283,199	140,196	11.0%	6.1%
2012	2,305,493	2,404,300	2,070,073	2,241,945	235,420	162,355	10.2%	6.8%
2013	2,548,157	2,900,288	2,298,291	2,543,087	249,866	357,201	9.8%	12.3%
2014	3,046,575	2,359,847	2,588,753	2,033,987	457,822	325,861	15.0%	13.8%

Assumes 37.7 Mj/m^3

Witness: B. Black

BOMA INTERROGATORY #1

INTERROGATORY

Ref: Exhibit A, Tab 3, Schedule 1, Appendix B

Please provide revised line 2 incorporating Board's new cost of capital policy, released October 15, 2015.

RESPONSE

Please refer to the response to VECC Interrogatory #8 found at Exhibit I.E1.EGDI.VECC.8, which provides updated cost of capital, allowed revenue and deficiency calculations incorporating an ROE of 9.19% (as compared to the forecast of 9.13% included within the pre-filed evidence), as determined in the Ontario Energy Board's *Cost of Capital Parameter Updates for 2016 Applications* published October 15, 2015.

Witnesses: K. Culbert
R. Small

BOMA INTERROGATORY #2

INTERROGATORY

Ref: Exhibit A, Tab 5, Schedule 1, Page 3

Does LUF gas only arise in respect of storage? Is there any LUF in respect of gas that does not enter storage but flows directly to customers? How does this differ from the Unbilled and Unaccounted for Gas discussed at Exhibit D1, Tab 2, Schedule 3? Are the two accounts additive; is there double counting?

RESPONSE

LUF or 'Lost and Unaccounted For' Gas is a term that has been used to describe apparent gas losses only from within the storage activity. There is no LUF resulting from any activity other than from the gas that flows into and out of the storage system.

The Unbilled and Unaccounted for Gas or UUF relates to apparent gas losses that occur from within Enbridge's gas distribution activity. Provisions for UUF and LUF are separate and are not additive nor double counted.

Witnesses: B. Black
M. Suarez

BOMA INTERROGATORY #3

INTERROGATORY

Ref: Exhibit A, Tab 5, Schedule 1, Page 3

Is the revenue EGD earns from managing Dawn Moore and Black Creek storage pools a credit to EGD cost of service? What is the revenue over the last several years? Please provide reference.

RESPONSE

Enbridge recovers the cost to operate Union Gas's 22% share of the Dow Moore Pool, through a direct charge to Union. The amount recovered is credited against the costs used to calculate the cost of storage services and, ultimately, storage rates. The amount recovered from Union for each year from 2012 through 2014 has been $252,900. All other costs associated with operating these two pools are recovered from storage customers, including Union Gas, through Storage, Transmission and Compression rates.

Witnesses: B. Black
R. Small

BOMA INTERROGATORY #4

INTERROGATORY

Ref: Exhibit A, Tab 5, Schedule 1, Page 3

Please explain fully what is meant by "storage turnover rate"?

RESPONSE

The term ‘storage turnover rate’ is used in the Black & Veatch report simply to compare the levels of injection and withdrawal activity of various customers, or customer groups, as a function of their storage capacity.

The storage turnover rate exhibited by Enbridge has traditionally been lower than for unregulated storage which is consistent with Enbridge’s use of storage as an annual load balancing tool. Essentially, Enbridge injects and withdraws its stored gas volumes once a year. Conversely, it is expected that short term, unregulated storage customers would likely cycle their gas more than once a year and that would translate to a higher level of injection and withdrawal activity relative to their contracted storage capacity. This would appear as a higher storage turnover rate.

Witness: B. Black

BOMA INTERROGATORY #5

INTERROGATORY

Ref: Exhibit A, Tab 5, Schedule 1, Page 2

Please explain the derivation of the 14.3% used to determine the $5.6 million for the unregulated storage business's share of the cost of the Base Pressure case; and the same for LUF.

RESPONSE

The 14.3% is the proportion of unregulated storage capacity (16.33 Bcf) compared to the total storage capacity (114.29 Bcf). The total is made up of the 97.96 Bcf of regulated storage capacity and the 16.33 Bcf of unregulated capacity.

Witness: B. Black

BOMA INTERROGATORY #6

INTERROGATORY

Ref: Exhibit A, Tab 5, Schedule 1, Page 2

What is the derivation of the Base Pressure Gas cost of $38.9 million? How was the amount of Base Pressure Gas determined? Please provide EGD's definition of Base Pressure Gas, and the history of its use, including the determination of Base Pressure Gas amounts.

RESPONSE

The cost of Base Pressure Gas is the accumulated figure in the Company's asset accounts for gas purchased to be used as Base Pressure Gas. It reflects the historical cost of the Base Pressure Gas.

Base Pressure Gas is the quantity of gas required to achieve a targeted minimum Base Pressure for each of the storage reservoirs. The volume of Base Pressure Gas is set based upon a number of considerations including Enbridge's understanding of the reservoirs, and overall system design, safety and operational considerations.

Witness: B. Black

BOMA INTERROGATORY #7

INTERROGATORY

Ref: Exhibit A, Tab 5, Schedule 1, Page 2

Does each of EGD's pools have the same level of Base Pressure Gas relative to its capacity? Please provide amounts of Base Pressure Gas for each pool, and an explanation for any differences. Please show the annual amount of Base Pressure Gas in place over the last five years, both for EGD storage as a whole and for each pool.

RESPONSE

Most of Enbridge's storage pools have been operated to the same Base Pressure of 350 psig until this year's reduction in Base Pressure in some pools. The table below shows the Base Pressure Gas volumes and pressures, by pool, both before and current.

	Prior to 2015		Current 2015	
	Base Pressure at Wellhead (psig)	Base Pressure Volume (Bcf)	Base Pressure at Wellhead (psig)	Base Pressure Volume (Bcf)
Black Creek	350	0.331	350	0.331
Corunna	350	2.310	350	2.310
Coveny	350	1.936	312	1.811
Dow Moore	350	7.883	350	7.883
East Kimball	350	2.590	350	2.590
Ladysmith	350	1.926	350	1.926
Mid-Kimball Colinville	350	8.390	312	7.466
Seckerton	350	6.454	350	6.454
South Kimball Colinville	350	5.727	312	5.168
Wilkesport	350	2.858	312	2.537
Chatham D	500	1.129	500	1.129
Total		41.534		39.605

Witness: B. Black

BOMA INTERROGATORY #8

INTERROGATORY

Ref: Exhibit A, Tab 5, Schedule 1, Page 2

Please confirm the Base Pressure Gas is a rate base item.

RESPONSE

The Company confirms that Base Pressure Gas is a capital asset included within utility rate base.

Witnesses: B. Black
R. Small

BOMA INTERROGATORY #9

INTERROGATORY

Ref: Exhibit A, Tab 5, Schedule 1, Page 2

Please explain the role of Tecumseh Gas Storage. Is it a separate corporation, a division of EGD, or some other entity? Are its accounts part of the regulated utility's accounts? Does it hold all of EGD's regulated and unregulated storage assets? Please explain fully.

RESPONSE

Tecumseh Gas Storage Ltd. is the name by which Enbridge's Gas Storage operations were conducted from inception in the early 1960s through until wind-down into Consumers' Gas in the early 1990s. Since that time, Gas Storage Operations have been part of Enbridge Gas Distribution. The accounts associated with the unregulated storage business are segregated within a separate non-utility line of business.

Witnesses: B. Black
R. Small

BOMA INTERROGATORY #10

INTERROGATORY

Ref: Exhibit A, Tab 5, Schedule 1, Page 2

(a) Please explain fully the sale of 1.93 Bcf of Base Pressure Gas in the storage facility in 2015 (see footnote 7).

(b) What is the total volume of Base Pressure Gas before and after the sale of 1.93 Bcf?

(c) Why was the decision made to reduce the amount of Base Pressure Gas in 2015? Was the sole reason to create more unregulated storage capacity? Have other changes to the level of Base Pressure Gas been made over the last ten years? What are the impacts of the reduction(s) on storage operations and costs?

(d) What were the proceeds of the sale? How were the proceeds accounted for? Were the proceeds credited to the revenue requirement, or retained by the shareholder?

RESPONSE

(a) In the spring of 2015, Enbridge sold 1.93 Bcf of Base Gas from within its Gas Storage facility. As a result of this sale, Enbridge reduced the Base Gas volume in four of its ten storage reservoirs, which resulted in a reduction to the targeted minimum or 'base' pressure for the respective pools and an offsetting increase in the storage volumes of the unregulated storage business.

(b) Prior to the sale of Base Gas in 2015, Enbridge held 41.53 Bcf of Base Pressure Gas. After the sale the volume was reduced to 39.60 Bcf.

(c) Enbridge decided to reduce the volume of Base Gas in order to increase Working Gas capacity in the pools and create more Unregulated storage capacity.

There have not been any other acquisitions or dispositions of Base Gas in the last ten years.

Witnesses: B. Black
R. Small

These reductions in Base Gas will not add to the regulated storage operations costs. In fact, the costs will be reduced in the future as the space allocator for operating costs to Unregulated storage will increase, and the utility rate base value for Base Gas will be smaller at rebasing. These benefits will be reflected within the earnings sharing results starting in 2015.

(d) The profit from the sale of the Base Gas (proceeds less book value) was $5.8 million. This amount will be included as part of Enbridge Gas Distribution's corporate financial results for 2015.

Witnesses: B. Black
R. Small

CCC INTERROGATORY #1

INTERROGATORY

Reference: Ex.A1/T5/S1/p. 5

The evidence states that the ongoing use of the current Enbridge methodology was endorsed by an independent review by Black & Veatch, who agreed that it was appropriate for the storage assets that existed at the time of the NGEIR decision to be allocated to the utility operations, with any incremental assets to be allocated to the business unit that requires those assets. Under this approach, pre-existing assets (which include Base Pressure Gas) are allocated to regulated storage.

Was Black & Veatch asked to update its study undertaken in 2012 in light of the Board's Decision in the EB-2012-0459 proceeding directing Enbridge to file evidence regarding the allocation of base pressure gas and lost and unaccounted for gas to non- utility storage on a fully allocated basis? If so, please provide the updated study. If not, why not?

RESPONSE

Enbridge did not ask Black & Veatch to update its study following the Direction given in the Board's EB-2012-0459 Decision. Enbridge does not interpret the Board's direction (see pages 75 to 76 of the EB-2012-0459 Decision) as requiring or directing an update to the Black & Veatch study. Enbridge has provided the information required by the Board and has provided additional evidence to support its position.

Witness: B. Black

CCC INTERROGATORY #2

INTERROGATORY

Reference: Ex.A1/T5/S1/p. 5

The estimated cost consequence of the use of a fully allocated approach to all storage capital contained in the 2012 Black & Veatch Study would be an increase in utility rate base of approximately $32 to $49 million. What is the current estimate based on existing assets?

RESPONSE

Enbridge has identified the net plant balances for both regulated and unregulated storage at the end of the second quarter in 2015. They are $245 million and $77 million, respectively (a total of $322 million). The unregulated storage business currently uses 14.3% of total storage capacity and 17.1% of total storage deliverability. Based upon these, a fully allocated approach would result in asset values of $46 million to $55 million for unregulated storage which is between $22 million to $31 million less than the current level using incremental costing.

The implication of this is that utility rate base would increase by between $22 million and $31 million based upon the 2015 numbers.

Witness: B. Black

FRPO INTERROGATORY #1

INTERROGATORY

REF: Exhibit A1, Tab 5, Schedule 1, Page 3

How is LUF cost allocated to rate classes?

RESPONSE

The cost of LUF is allocated to the customer classes using the space allocation factor.

The space allocator represents the average winter demand in excess of the average annual demand for each customer class. In other words, the space allocator represents the difference between the average winter day consumption and the average daily consumption for each customer class.

Witnesses: A. Kacicnik
M. Kirk

SEC INTERROGATORY #1

INTERROGATORY

Ref: [A1/2/1/p.3]

Preamble: Enbridge has requested that its 2016 rates be effective as of January 1, 2016, and has requested interim rates if new rates cannot be in place by January 1, 2016. In EB-2012-0459 the Board ordered Enbridge to file full evidence with respect to the allocation of base pressure gas and LUF gas in either its 2015 or 2016 rate application, so that the Board could determine whether to reallocate those costs on a fully-allocated basis for ratemaking purposes. That evidence was filed for the first time in this proceeding on September 30, 2015.

Please explain why Enbridge did not file this evidence earlier, so that the Board would have time to make a determination with respect to this allocation prior to January 1, 2016. Please provide details of any factors outside of the control of Enbridge that prevented Enbridge from filing this evidence in a more timely manner.

RESPONSE

Within Enbridge's Custom IR application (the EB-2012-0459 proceeding), Enbridge's evidence indicated that annual rate adjustment applications for each of the years 2015 through 2018 of the five year customized incentive plan term would be filed in September of the fiscal year prior to the rate year application. As explained at Exhibit A2, Tab 2, Schedule 1, paragraphs 21 to 23 in the EB-2012-0459 proceeding, this approach would allow for the supporting evidence to be the most up-to-date as possible for the following year's rates. Also, as explained, this approach is the same as was used in Enbridge's first generation IR plan.

No party objected to Enbridge's proposed timing for rate adjustment proceedings, and the Board's Final Rate Order in the EB-2012-0459 proceeding did not require any change to the indicated timeline. The Board's Decision in the EB-2012-0459 proceeding stated that Enbridge was to file necessary evidence and a proposal related to the Allocation of LUF and Base Gas Costs to Non-Utility Storage in time for a 2015 or 2016 rate application. The Board's Decision did not indicate any requirement to file such evidence on a different timeline from the balance of the relevant rate adjustment application.

Witness: K.Culbert

Enbridge's proposal and supporting evidence in relation to Allocation of LUF and Base Gas Costs to Non-Utility Storage was filed in September 2015, along with the rest of the evidence for the 2016 rate adjustment application. Enbridge believes that issues around allocation of the LUF and Base Gas costs can be resolved at the same time as any other issues in this proceeding, in time for implementation effective January 2016. However, if the Board feels it necessary to opine separately on the Allocation of LUF and Base Gas Costs to Non-Utility Storage on a different timeline from the other elements of the application, Enbridge believes that the remaining evidence supports the approval of interim rates which could be implemented in January 2016. Any outstanding impact of the Cost Allocation element could be included into final rates if necessary at a later time following a subsequent Final Board Decision. In this regard, it may be relevant to note (as explained at Exhibit A1, Tab 5, Schedule 1, paragraph 4) that the 2016 revenue requirement impact of adopting a different Cost Allocation approach for LUF and Base Gas is around $1 million, which is a relatively minor amount in relation to the Company's proposed 2016 Allowed Revenue of $2,919 million.

SEC INTERROGATORY #2

INTERROGATORY

Ref: [A1/5/1, p. 6]

Preamble: Enbridge has proposed that any review of the cost allocation methodology for storage costs be done at the time of its next rebasing application. In EB-2012-0459, the Board ordered Enbridge to file the appropriate evidence for this review in its 2015 or 2016 rate application, rather than in its rebasing application.

Please provide full details of any changes in circumstances, or other such factors, since the EB-2012-0459 proceeding, that form the basis to defer this review further, until the next rebasing application. If there are no such changes in circumstances, please explain why the Board should alter the conclusion it reached in the EB-2012-0459 proceeding that this application would be the appropriate timing for this review.

RESPONSE

The Company has provided the information requested in the Board's Direction EB-2012-0459. Enbridge is not suggesting that the review of that information be deferred until rebasing. However, as explained in evidence, Enbridge's position is that if any storage capital expenditures are subject to a fully allocated cost methodology then that should apply to all storage capital expenditures. That change would require a wider review than what is being undertaking in this case and is an item better suited to a rebasing application.

Witness: B. Black

VECC INTERROGATORY #1

INTERROGATORY

Reference: A1/T5/S1/pg.1-2

a) Please explain why it is inconsistent (rather than simply not being the same) to fully allocate Base Pressure Gas and LUF costs on a fully allocated basis and all other costs on an incremental basis.
b) Please define what EGD understands as the meaning of fully allocated and incremental costing in terms of storage assets. Please explain why incremental costing is better suited as the methodology to be applied in this case.

RESPONSE

a) Please see response to APPrO interrogatory #1(c) at Exhibit I.A1.EGDI.APPrO.1. Discussion of Enbridge's position about appropriate cost allocation is set out in the prefiled evidence (Exhibit A1, Tab 5, Schedule 1) and in response to Board Staff Interrogatory #1 at Exhibit I.A1.EGDI.STAFF.1.

b) Incremental costing will allocate any additional costs incurred by the Unregulated storage business to that line of business. Pre-existing costs already being incurred by the Regulated storage business will continue to be borne by that line of business.

   Fully allocated costing will allocate a portion of all storage costs to each of Unregulated and Regulated storage based on appropriate allocation factors.

   Enbridge has explained why incremental costing is appropriate for Base Gas and LUF in response to APPrO Interrogatory #1(c) at Exhibit I.A1.EGDI.APPrO.1.

Witness: B. Black

VECC INTERROGATORY #2

INTERROGATORY

Reference: A1/T5/S1/pg.2 & D2/T5/S1/pg.15

a) Please provide the derivation of the $32 to $49 million estimated increase in revenue requirement if fully allocated costing were applied to all storage capital.

RESPONSE

a) This reference is incorrect. The 'D2' reference should be to the Black & Veatch report that is found at Exhibit A1, Tab 5, Schedule 1, Attachment.

The indicated numbers do not describe a change in the revenue requirement but instead the level of capital that would be carried by the unregulated storage business under a fully allocated costing approach. Please note that the evidence at Exhibit A1, Tab 5, Schedule 1, paragraph 4 (top of page 2) is incorrect in the way that it describes the impact of a change to fully allocated costing for capital expenditures. The evidence should indicate that the consequence of using fully allocated costing at the time of the Black & Veatch report would have been to reduce the level of capital allocated to the Unregulated business to $32 to $49 million. Under the Incremental cost allocation methodology the Unregulated storage business carried around $84 million in storage capital at that point in time. Using a fully allocated costing approach there would be a reduction of between $35 million and $52 million in the storage capital allocated to the Unregulated business. That amount would be added to the Utility rate base under a fully allocated approach.

The derivation of the $32 to $49 million is based on utilization of Space and Deliverability as allocation factors for the total cost of capital of all storage capital, both regulated and Unregulated.

Total Capital: ($MM, Reference Table 1 & Table 2 for 2011, Black & Veatch report, pages 16 and 17)

$203.5 (Regulated) + $84.4 (Unregulated) = $287.9 (Total Storage Capital 2011)

The lower range number is calculated using a Space allocation factor, which is the ratio of the Unregulated to total storage space available.

98 Bcf (Regulated) + 12.20 Bcf (Unregulated) = 110.2 Bcf (Total Storage space)

Witness: B. Black

11.07% = 12.20 / 110.2 - Unregulated Space allocator

11.07% x $287.9 (Total Storage Capital) = $31.9 (~$32)

The higher range number is calculated using a Deliverability allocation factor, which is the ratio of the Unregulated Deliverability to the total storage Deliverability available.

1.94 Bcf/d (Regulated) + 0.4 Bcf/d (Unregulated) = 2.34 (Total storage deliverability)

17.09% = 0.4 / 2.34- Unregulated Deliverability allocation factor

17.09% x $287.9 = $49.2 (~$49)

This demonstrates that under an incremental methodology, the Unregulated business carried $84.4 million in capital for 2011, but under a fully allocated methodology the Unregulated business would carry between $32 million and $49 million depending the allocation factor chosen to allocate the capital.

VECC INTERROGATORY #3

INTERROGATORY

Reference: D2/T5/S1/pg.23

a) Please confirm that Tables 3 and 4 shown the OM&A costs allocated on an incremental cost basis.
b) Please confirm that the total storage costs are the summation of the "Total" of each of Table 3 and Table 4 (i.e. total storage costs in 2007 are $8,494,180 + $236,803).
c) Please provide the OM&A storage related costs on a fully allocated basis (or if the tables show fully allocated then on an incremental basis).

RESPONSE

Reference should be Exhibit A1, Tab 5, Schedule 1, Attachment, page.23.

a) No, these amounts reflect the cost as allocated under a Full Cost Allocation method.

b) Yes they are.

c) The OM&A costs shown are based on a fully allocated approach. Because of the nature of the OM&A activities it is not possible to show the OM&A for the indicated years on an incremental basis. Enbridge expects that the incremental OM&A that is being incurred for the unregulated business is less than the amounts of O&M that are allocated to the unregulated business using a full cost allocation method.

Witness: B. Black