

ENBRIDGE GAS DISTRIBUTION INC. (ENBRIDGE)
RESPONSES TO INTERROGATORIES OF VECC

INTERROGATORY #1

Reference: A/T1/pg.17 & A/T1/Appendix E

- a) How does actual attachment rate affect the calculation of the Temporary Expansion Surcharge?
- b) Please explain why the TES is not accounted for as a contribution in-aid of construction.

RESPONSE

- a) Enbridge has assumed that the reference to TES is meant to indicate SES. The attachment rate does not impact the derivation of the SES.
- b) Please refer to the response to SEC Interrogatory #20 at Exhibit S3.EGDI.SEC.20.

ENBRIDGE GAS DISTRIBUTION INC. (ENBRIDGE)
RESPONSES TO INTERROGATORIES OF VECC

INTERROGATORY #2

Reference: Page 3

At the above reference is a discussion which states that in the early years community expansion is a detractor to profitability but at some future point cash flows cross over such that these projects begin to contribute to profitability (see bullet 10).

- a) Is it the intent of EGD's proposed policy to bring all community expansion projects to a PI of 1 or greater through a combination of surcharges, aid to construct and municipal tax credits?
- b) If not please explain how a project which a profitability index of less than 1 (or the equivalent negative NPV) results in net profitability.

RESPONSE

- a) The Company's proposal in this proceeding does not intend that all community expansion projects would achieve a PI value of 1 or greater through a combination of surcharges, aid to construct and municipal tax credits within the forty year time frame of the EBO 188 Project PI calculation.
- b) The Company's evidence states, and Table 9 of the Company's evidence demonstrates, that, at some point in the future, most system expansion projects reach a point where their incremental revenues exceed their incremental costs. At the point in time when this cross over occurs the project becomes a contributor to profitability rather than a detractor from profitability. In the context of EBO 188 a PI level of 1 would not be reached for these projects within the forty year time horizon of the feasibility calculation.

ENBRIDGE GAS DISTRIBUTION INC. (ENBRIDGE)
RESPONSES TO INTERROGATORIES OF VECC

INTERROGATORY #3

Reference: All

- f) Please produce a table which shows the elements of the proposal of EGD and contrasts and compares that with the proposal of Union Gas.
- g) Please provide a column in the above table with EGD's comment as to the reason for the difference in any specific aspect of the two proposals.

RESPONSE

f) and g) Please see the requested comparison Enbridge vs. Union Gas

	Elements of proposal	Enbridge	Union	Comments
1	Revenue surcharge in addition to existing distribution revenue	System Expansion Surcharge (SES) to be charged over 40 years	Temporary Expansion Surcharge (TES) applicable up to a maximum of the first 10 years after in service date of the project	Enbridge proposal provides a better PI, and allows more projects under consideration to go forward.
2	Revenue surcharge rate	\$0.23 / m ³	\$0.23 / m ³	Same
3	Treatment of revenue surcharge	Revenue	Revenue	Same
4	Municipal tax rebate (ITE)	To be applied over 10 years	To be applied up to 10 years	Enbridge proposal fixed ten years.
5	Community Expansion Portfolio (the "CE Portfolio")	Separate rolling portfolio for defined expansion projects	Projects with PI > 0.4 can go forward	Allows a degree of cross subsidy with the CE Portfolio, more projects under consideration by Enbridge can proceed

ENBRIDGE GAS DISTRIBUTION INC. (ENBRIDGE)
RESPONSES TO INTERROGATORIES OF VECC

INTERROGATORY #4

Reference: Page 6

- a) EGD states that it is of the opinion that no changes are required to EBO 188 with respect to the costs that should be included in the economic assessment of projects. However, Union Gas proposes specific changes to the EBO 188 Guidelines and specifically (Union Exhibit A/T1/pg.8-16) seeks to have a number of changes to customer forecast time period.
- b) Please provide EDG's positions to Union Gas' proposed changes to EBO 188.
- c) Does EDG expect the Board to approve multiple guidelines for different utilities or is seeking a uniform set of rules?

RESPONSE

- a) Please see the Company's response to Board Staff Interrogatory #1 at Exhibit S3.EGDI.BStaff.1.
- b) Please see the Company's response to Board Staff Interrogatory #1 at Exhibit S3.EGDI.BStaff.1.
- c) Enbridge expects that the Board would find it desirable to approve a single set of guidelines for all of the gas distributors it regulates, however, the Board may find that some differences in the guidelines between utilities may be appropriate.

ENBRIDGE GAS DISTRIBUTION INC. (ENBRIDGE)
RESPONSES TO INTERROGATORIES OF VECC

INTERROGATORY #5

Reference: Page 13

- a) Please provide the source and date for Table 1. Please explain how the annual bill amount is calculated by showing both the quantity consumed and the prices applied to that quantity.

RESPONSE

Please see the Company's response to CCC Interrogatory #8 at Exhibit S3.EGDI.CCC.8.

ENBRIDGE GAS DISTRIBUTION INC. (ENBRIDGE)
RESPONSES TO INTERROGATORIES OF VECC

INTERROGATORY #6

Reference: Page 20

- a) EGD has proposed a rate impact limit on existing customers of \$24 per year. Please explain the rationale for this figure (why was it chosen).
- b) EGD has forecast costs of approximately \$410 million to attach 16,000 homes under its proposal. This works out to approximately \$25k per customer attached. Please provide the current average attachment costs for: i) an infill customer; (ii) a new subdivision or service territory customer attached under the current EBO 188 rules.

RESPONSE

- a) Please refer to the Company's evidence at Exhibit R3, page 20, paragraphs 58 to 59 and the Company's response to OGA Interrogatory #10 at Exhibit S3.EGDI.OGA.10.
- b) The current average attachment costs based on 2015 actual results are:
 - i. Infill customers; \$8,070
 - ii. New subdivision customer; \$1,760

ENBRIDGE GAS DISTRIBUTION INC. (ENBRIDGE)
RESPONSES TO INTERROGATORIES OF VECC

INTERROGATORY #7

Reference: Page 30, Table 1

- a) Table 1 appears to show the Typical RPP and the RPP after the inclusion of community expansion projects. If this is correct, it would appear that it is theoretically possible to develop community expansion projects at a slower rate and thereby keep the NPV of the RPP at, or approximate to zero. Is this correct?
- b) If so please provide a table which shows the number of projects which could be developed each year while maintain the NPV of the Typical RPP at approximately zero.
- c) If this were done what would be the rate impact of the community expansion program on existing customers?

RESPONSE

- a) The Company's evidence illustrates the rate impacts of rolling out thirty-nine projects over a nine year time horizon as explained in the Company's evidence at Exhibit R3, page 24, paragraph 72. Changing the timing or sequencing of the projects would impact the RPP either upwards or downwards depending on the changes to the sequencing and timing assumed by the Company.
- b) Please see the Company's response to CCC Interrogatory #16 at Exhibit S3.EGDI.CCC.16.
- c) Please see the Company's response to CCC Interrogatory #16 at Exhibit S3.EGDI.CCC.16.