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File No. 339583/000233

June 8, 2016

By Electronic Filing

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)** **Storage and Transportation Access Rule (STAR) Application**
Board File No.:	**EB-2016-0028**

Please consider this correspondence as the written submissions of Canadian Manufacturers & Exporters (CME) on the Application filed by EGD for an Order approving the Tariff for Rate 332 Transportation Service pursuant to sections 2.1.1 and 2.3.3 of the STAR Rule.

As the Board will be aware, CME participated in EB-2012-0451, which was the Application in which the Board granted leave to construct for EGD's GTA Project. The approval from EB-2012-0451 addressed the construction of two segments of pipeline referred to as "Segment A and Segment B". Segment A, referred to as the Albion Pipeline, extends from EGD's Parkway Gate Station to the Albion Road Station where it will connect with the King's North Pipeline being constructed by TransCanada Pipeline Limited (TCPL).

CME's interrogatories focussed on the impact, if any, that the approval sought in this Application could have on in-franchise distribution customers being served from the Albion Pipeline. In this regard, in EB-2012-0451, EGD advised the Board and interested parties that it intended to use 800 TJ/day of capacity on the Albion Pipeline to serve its in-franchise distribution customers, and to make the remaining 1,200 TJ/day of capacity available for transportation purposes.

In Exhibit I.EGDI.CME.1, EGD confirmed that it still intends to use 800 TJ/day of capacity on the Albion Pipeline to serve its in-franchise distribution customers. On this basis, CME agrees that the allocation of revenue requirement approved in EB-2012-0451 (40% to in-franchise customers and 60% to Rate 332 customers) remains appropriate.

Recognizing that the approval of EGD's proposed Tariff for Rate 332 is based on the fact that 1,200 TJ/day of capacity of the Albion Pipeline will be used for transportation services, and 800 TJ/day will be used to serve EGD's in-franchise distribution customers, the remaining focus of CME's interrogatories were on understanding if there is any potential impact on in-franchise distribution customers flowing from the utilization of the 1,200 TJ/day of transportation capacity. Put another way, CME wanted to understand whether the utilization of the Albion Pipeline in excess of 800 TJ/day can have any financial impact on EGD's in-franchise distribution customers.

Based on Exhibit I.EGDI.CME.3(d), Exhibit I.EGDI.CCC.1 and Exhibit I.EGDI.CCC.3, we are satisfied that in-franchise distribution customers will not pay for any of the costs of Rate 332 (i.e. 60% of the annual revenue requirement for Segment A) even if the pipeline is undersubscribed. EGD has confirmed that if this were to occur, 60% of the revenue requirement would continue to be paid for by Rate 332 customers only via higher unit rate (the same amount of revenue requirement would be divided over a smaller denominator/contract demand). On this basis, CME does not oppose the relief sought by EGD in this Application.

CME does, however, wish to highlight one concern which is raised by Exhibit I.EGDI.CCC.4. In the response to that interrogatory, EGD states as follows:

> The total GTA project capital costs examined and approved in EB-2012-0451 and EB-2012-0459 were $686.5 million, of which $336.7 million was forecast in relation to the Albion Pipeline (shared Segment A of the GTA project). The current forecast of total GTA project capital costs is $922 million, of which $413.3 million relates to the Albion Pipeline.

In its IR response, EGD references evidence filed in its 2015 Earnings Sharing Mechanism and Other Deferral and Variance Accounts Clearance Review Application EB-2016-0142 (ESM Application).

CME's conclusion that EGD's STAR Application should be approved is premised on the belief that the prudence of the increase in capital costs for the GTA Project from $686.5 million to $922 million will be considered in the upcoming ESM Application, or in another future proceeding. To this end, if EGD believes that the approval of the STAR Application will in any way limit the entitlement of parties to scrutinize these increased capital costs, then CME requests that EGD address this issue in its reply argument.

Yours very truly,

Vincent J. DeRose
VJD/kt

c. Andrew Mandyam (EGD)
Fred Cass (Aird & Berlis)
All Interested Parties EB-2016-0028
Paul Clipsham and Ian Shaw (CME)

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