REF: Exhibit B / Tab 1 / Sch. 1 / p. 4 and EB-2018-0244 Exhibit B.Staff.2

Preamble: EGI's evidence states: "*In light of the drivers described above, Enbridge Gas is proposing a regulated transportation service under Rate M17 for new gas distributors, similar to the exfranchise service offerings available to gas distributors that have competitive storage and gas supply options, as described further in Exhibit B, Tab 1, Schedule 2. Consistent with other ex-franchise transportation services, such as Rate M12 and Rate C1, these gas distributors will transport gas on Enbridge Gas's system under regulated transportation services and will be responsible for securing their own market-based gas supply, upstream transportation arrangements and storage services.*

In its response in EB-2018-0244, Union provided a comparison between the cost-based storage rate and short-term contract prices. However, utilities like the former EGD, Gaz Metro (Energir) and other tend to contract for storage for longer terms. We would like to understand the difference between the cost-based rate and longer-term storage costs.

1) Please update Staff.2 referenced above with cost-based rates and the average long-term rates for:
   a) LDC's only as a generic group
   b) All Long-term Storage Contracts

REF: Exhibit B / Tab 1 / Sch. 3 / p. 2 and EB-2018-0244 Exhibit B.Staff.3

Preamble: EGI's evidence states: "*Enbridge Gas is proposing a fixed monthly customer charge to recover the costs associated with having the gas distributor attached to Enbridge Gas's system. The customer-related costs primarily include the revenue requirement for the rate base, net of any contribution in aid of construction ("CIAC"), and O&M associated with the customer station. Offering a monthly customer charge is consistent with Enbridge Gas's rate design for other in-franchise and ex-franchise services with customer-specific stations and ensures recovery of fixed costs irrespective of variations in firm transportation demands and annual throughput volumes. To set the monthly charge, Enbridge Gas is proposing a unique charge for each customer that takes service under Rate M17, specific to the delivery area. This approach ensures that the appropriate customer charge is recovered from each customer. This unique charge also recognizes that cost differences can exist amongst different customers based on the facilities required to serve a customer and whether the customer-related costs are paid in part or in whole by a CIAC. The proposed monthly charge for EPCOR to serve the South Bruce expansion area is $1,998.71, based on estimated annual customer-related O&M costs of approximately $24,000. The proposed monthly charge assumes that EPCOR has paid for the required customer station facilities in whole through a CIAC.*

Further, in response to Board Staff in the above noted EB-2018-0244 reference, EGI stated: "*a) Yes. Union has a unique monthly charge applicable to each specific customer eligible for Rate T3 listed on the Rate T3 rate schedule. The unique monthly charge is determined for the existing utilities that are eligible for service under Rate T3, including the utilities that have elected bundled service under Rate M9. The specific Rate T3 monthly charge by customer is listed at Exhibit A, Schedule 3, p. 5 of 5 under Other Services and Charges.*

2) Please provide the derivation of the costs included and estimates of those costs to serve the existing T3 customer from the 2013 rebasing application.
   a) Please ensure the costs and derivation provide substantiation to the applied for T3 rate for the customer.

REF: Exhibit B / Tab 1 / Sch. 1 / p. 3, EB-2018-0244 Exhibit B.FRPO.2
And EB-2005-0551 Decision with Reasons, page 66

Preamble: EGI evidence states: "*Existing utilities taking bundled or semi-unbundled service from another utility (i.e., Kitchener Utilities, EPCOR Natural Gas Limited Partnership (formerly NRG), Six Nations Natural Gas, and Gazifére) do not have sufficient access to competitive storage options under these service offerings to protect the public interest and will continue to receive access tocost-based storage services;*

Further, the above noted reference in EB-2018-0244 provided:

> How would the proposed M17 rates be subject to competition?
> a) What alternatives would EPCOR Southern Bruce Gas have other than Union's M17 rate under Union's proposal?
> **Response**:
> The proposed Rate M17 service is not subject to competition. The proposed Rate M17 service is for a regulated transportation rate which is subject to Board approval.
> a) As a new distributor, EPCOR Southern Bruce Gas (or EPCOR Natural Gas L.P. serving Southern Bruce service area) is only eligible for service under Rate M17 subject to Board approval. They would have no other transportation alternative for service from Union to deliver gas to their delivery area.

In addition, the NGEIR decision stated: "*The Board must also consider the application of its findings to Gazifère. Gazifère is a small Quebec distributor, serving 30,000 customers, which is connected to the Enbridge system and is an affiliate of Enbridge. Enbridge proposed to charge market based rates to Gazifère on the basis that it is an ex-franchise customer. Others argued that all customers outside Ontario should pay market-based rates. As outlined earlier in this section, the Board has found that a decision to refrain from regulating storage rates should not be based on an in-Ontario, ex-Ontario approach, but rather on the competitive position of the customer. The appropriate consideration is whether Gazifère has access to alternatives. The evidence*

is that it does not; it is connected to the Enbridge system and takes a bundled distribution service. In all respects, Gazifère is similarly situated to the distributors attached to Union's system (namely, Kitchener, NRG, and Six Nations) which each take bundled or semi-unbundled service. The Board finds that it is appropriate for Gazifère to receive regulated cost-based service, just as Kitchener, NRG and Six Nations do, because the service they receive is not subject to competition sufficient to protect the public interest.

3) Please compare and contrast the Board's view of Gazifere with the EPCOR position.
   a) Please reconcile the provided answer with the referenced response "They would have no other transportation alternative for service from Union to deliver gas to their delivery area" with EPCOR situationnn.
   b) Why would EPCOR not qualify for a T3 rate given the above references?
   c) If EGI were successful in receiving Board approval for M17 rate, would existing M9 and T3 rate customers be deemed by EGI to have "rate alternatives" and no longer be eligible for cost-based storage rates?
      i) Please explain the response with reasons that align or differentiate the respective LDC's.

REF: Exhibit D / Tab 1 / Sch. 2 / p. 1

Preamble: EGI's evidence states: "*The majority of the flow on the Owen Sound System is in a northerly direction from the Dawn Parkway System. Though the system can accept gas from the EGD interconnect and flow gas in a westerly direction from Collingwood, this capability can only be utilized on a very limited basis in the non-peaking seasons, if required.*"

We would like to understand better the alternatives considered by EGI.

4) What is the pipe size and MAOP of the line from the legacy EGD system that interconnects with the legacy EGD system?
   a) Please provide a map including the distance of that segment of same MAOP.
   b) What is the peak day design pressure at the EGD terminus and the Union terminus.
   c) What is the limiting factor on the former EGD system?
      i) What was the design of the alternative that EGI as an alternative to meet the consumption needs beyond the South Bruce request?

REF: Exhibit D / Tab 1 / Sch. 2 / p. 2

Preamble: EGI's evidence states: "*There is currently sufficient capacity to support three years of regular in-franchise growth on the Owen Sound System absent the EPCOR customer addition. We would like to understand better the alternatives considered by EGI.*"

We would like to understand better the basis of this evidence.

5) Please provide the evidence that support this statement which includes:
   a) Design day pressures and flows at the following stations for the Winter of 2019/20 and 2022/23 without the proposed facilities:
      i) Strausburg
      ii) St. Jacob's
      iii) Fergus
      iv) Teviotdale
      v) Durham
      vi) EPCOR
      vii) Owen Sound
      viii) Flow going east of Owen Sound
   b) Please specify ensure the flows provide data on the growth of consumption from the respective laterals.
   c) Please provide the pressures available at the above locations in a) in the winter of 2022/23 with the proposed facilities.
   d) If a steady state simulation was used for the analysis for the above station pressures in a), please provide the results using a transient simulation.

REF: Exhibit D / Tab 1 / Sch. 3 / p. 1

Preamble: EGI's evidence states: "*Based on current forecasts for general in-franchise load growth, which are based on historical growth rates on the system, the Owen Sound System will require reinforcement in 2022 in order to meet the winter demands of 2022/2023. In addition, EPCOR has requested transportation service to feed their South Bruce Project. The proposed in-service date for the EPCOR contract is December 1, 2019. The timing of this additional demand is accelerating the need for the Project to 2020 rather than the forecasted 2022. The Project would be required in 2019 in order to serve EPCOR's entire firm load of 10,648 m3/hr, however the system's current capacity is able to accommodate the first year of EPCOR's anticipated load allowing for an in-service date of the Proposed Facilities in 2020.*"

We would like to understand better the alternatives considered by EGI.

6) What is the pipe size and MAOP of the line from the legacy EGD system that interconnects with the legacy EGD system?
   a) Please provide a map including the distance of that segment of same MAOP.
   b) What is the peak day design pressure at the EGD terminus and the Union terminus.
   c) What is the limiting factor on the former EGD system?
      i) What was the design of the alternative that EGI as an alternative to meet the consumption needs beyond the South Bruce request?

REF: Exhibit D / Tab 1 / Sch. 3 / p. 2

Preamble: EGI's evidence states: "*Appropriate costs have been attributed to EPCOR as a proportionate share of the cost of constructing this reinforcement of the Owen Sound System. The revenue from the Rate M17 service is insufficient to recover these costs and as a result an aid to construct from EPCOR of $5.34 million is required. The aid is credited to the cost of this Project.*"

We would like to understand better the basis for this estimation by EGI.

7) Please provide the calculations that determine that estimation of aid to construct.
   a) Please ensure the calculations provide a list of assumption regarding cost, benefit, consumption, location of existing bottlenecks,etc.

REF: Exhibit D / Tab 2 / Sch. 3 / p. 4

Preamble: EGI's evidence states: "*The Stage 2 NPV of energy cost savings are estimated to be in the range of approximately $269 million over a period of 20 years to $405 million over 40 years. A range is provided as the outcome can vary depending upon the assumptions for alternative fuel mix, energy use, fuel prices, and term. The results and assumptions can be found at Exhibit E, Tab 4, Schedule 5*"

We would like to understand better the results of the independent components of this project.

8) Please provide the results if the EPCOR was removed and project is reduced.
   a) What are results if additional capacity for in-franchise growth is removed and facilities for EPCOR and the consumption growth are calculated?

REF: Exhibit E/ Tab 3 / Sch. 1 / p. 6

Preamble: EGI evidence states: "*The Owen Sound System is supplied by two pipelines with a MOP of 6160 kPa off the Dawn-Parkway system. Starting at a common take-off at the Owen Sound Valve Site, the two pipelines supply natural gas to the north. The NPS 16 Kitchener-Waterloo West Line (KWWL) sends gas north to the St. Jacob's station. There is also an NPS 12 line between the Owen Sound Valve Site and Strausburg Station, feeding north towards Kitchener and Waterloo.*

3.1.2. Pressure Reducing Stations
At Strausburg Station, there is a pressure reduction to a MOP of 3450 kPa that supplies gas to the cities of Kitchener and Waterloo. At St Jacob's Station, there are two pressure reductions. One is south to a MOP of 3450 kPa, supplying the Kitchener/Waterloo market…

9) Please provide the design day pressure at Strausburg for the winter of 2019/20.
10) Please provide the design day pressure at Strausburg for winter of 2022/23:
    i) If the proposed facilities are not added
    ii) With the addition of the proposed facilities

REF: Exhibit E/ Tab 3 / Sch. 3 / p. 1

Preamble: EGI's evidence provides estimates based upon the last 10 years of historical consumption.

We would like to understand better the sensitivity of that forecast.

11) Please provide EGI's market-based forecast as opposed to the historical average.