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Enbridge Gas Inc.
500 Consumers Road
North York, Ontario M2J 1P8
Canada

November 27, 2019

VIA RESS, EMAIL and COURIER

Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Re: Enbridge Gas Inc. ("Enbridge Gas")
Ontario Energy Board ("Board") File: EB-2019-0183
Owen Sound Reinforcement Project Leave to Construct & Rate M17 Application – Interrogatory Responses

In accordance with Procedural Order No. 1 dated November 1, 2019 enclosed please find the interrogatory responses of Enbridge Gas.

This submission has been filed electronically through the Board's RESS and is available on our website: https://www.uniongas.com/projects/owen-sound-expansion.

Please contact the undersigned if you have any questions.

Sincerely,

(Original Signed)

Brandon Ott
Technical Manager, Regulatory Applications

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit A/Tab 1/ Schedule 2/ p.2

Question:

Enbridge Gas has applied for leave to construct facilities under section 90(1) of the OEB Act.

a) Please comment on the draft conditions of approval proposed by OEB staff in Appendix A. If Enbridge Gas does not agree to any of the draft conditions of approval, please identify the specific conditions that Enbridge Gas disagrees with and explain why. For conditions in respect of which Enbridge Gas would like to recommend changes, please provide the proposed changes.

Response:

a) Enbridge Gas has reviewed the draft conditions of approval proposed by Board Staff and has no changes to recommend. All conditions set out by the Ontario Energy Board will be adhered to by Enbridge Gas.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit A/Tab 1/Schedule 2/p. 2

Question:

Enbridge Gas has requested the Ontario Energy Board (OEB) to hear its application for a new M17 service in an expedited fashion in order to implement rates effective December 1, 2019. In the event that the review is not completed by the end of November 2019, Enbridge Gas has requested an interim order approving interim rates to allow for the M17 service an effective date of December 1, 2019.

a) Please provide an update on whether the M17 service is still required as of December 1, 2019. If not, please indicate when natural gas is scheduled to flow on EPCO Southern Bruce distribution system and when OEB approval of the M17 service would be required. Please also indicate whether there are any changes to the requested approval date of February 1, 2020 for the leave to construct.

b) Is there an existing rate that Enbridge Gas can use to provide service to EPCOR Natural Gas Limited Partnership (EPCOR Southern Bruce) on an interim basis pending approval of the requested rates? If yes, please provide the appropriate rate class. If no, please provide reasons for not being able to provide an existing rate.

Response:

a) EPCOR has advised Enbridge Gas that service will not be required until May 1, 2020 at the earliest. Enbridge Gas provided a letter to EPCOR on November 7, 2019 to inform EPCOR that the required customer station has been completed. The letter also indicates that Enbridge Gas requires a minimum of 30 days notice to provide natural gas service to EPCOR. The letter has been provided as Attachment 1.

   There are no changes to the requested approval date of February 1, 2020 for Enbridge Gas's leave to construct application.

b) Please see a). Enbridge Gas believes that EPCOR's revised in-service date will negate the need for use of an interim rate.

ENBRIDGE

Enbridge Gas Inc
50 Keil Drive N
Chatham, Ontario N7M 5M1
Canada

November 7, 2019

Mr. Bruce Brandell
Director, Commercial Services
EPCOR Natural Gas Limited Partnership
2000, 10423 – 101 Street
Edmonton, Alberta

Dear Bruce,

This letter is written to inform EPCOR Natural Gas Limited Partnership (ENGLP) that Enbridge Gas Inc. (Enbridge) has built and installed the customer station and met the target completion date of November 1, 2019.

Enbridge will require notice from ENGLP 30 days in advance of requiring natural gas delivery at Dornoch in order to introduce gas, pressurize the station and complete final equipment commissioning.

It is Enbridge's understanding that delivery of natural gas at Dornoch will not be required until May 2020 and that the number of days required to complete the final equipment commissioning has been estimated based on non winter working conditions.

Sincerely,

Chris Shorts
Director, Energy Services
Enbridge Gas Inc.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit A/Tab 3/Schedule 1/p. 3/para 8

Question:

In its application, Enbridge Gas has confirmed that at the time of filing this application construction of a customer station is ongoing and will be complete in time to facilitate EPCOR Southern Bruce's in-service date of December 1, 2019.

a) Please provide the purpose of the customer station.

b) Is EPCOR Southern Bruce required to pay for the customer station? If yes, what is the agreed to amount that EPCOR Southern Bruce is required to pay?

c) Is any portion of the cost of the customer station included in the proposed Owen Sound pipeline reinforcement costs? If yes, please provide details.

Response:

a) The purpose of the customer station is to provide gas to the customer from an existing Enbridge Gas pipeline. The customer station is the interconnection point with EPCOR and regulates the pressure to the pressure required by EPCOR and provides measurement for billing purposes.

b) EPCOR is required to pay for the station. EPCOR has agreed to pay all costs for the station currently estimated to be $4.02 Million.

c) No costs for the customer station are included in the Owen Sound Reinforcement Project costs.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit A/Tab 3/Schedule 1/p. 4/para 13

Question:

Enbridge Gas notes that despite numerous meetings and various contract revisions, Enbridge Gas has not been able to secure the execution of commercial agreements with EPCOR Southern Bruce prior to the submission of the application.

a) Please provide an update on the execution of the commercial agreements referred to in the application.

b) Will Enbridge Gas be able to provide service to EPCOR Southern Bruce if it receives approval for a rate but the commercial agreements are still not executed?

Response:

a) The commercial agreements necessary to support this application have been executed.

b) Please see a).

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit B/Tab 1/Schedule 1/pp. 2-3 and NGEIR Decision with Reasons, EB-2005-0551, November 7, 2006, p. 66

Question**:**

In the Natural Gas Electricity Interface Review (NGEIR) Decision with Reasons, the OEB on page 66 noted:

> As outline 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.

a) Please confirm whether Gazifère currently receives regulated cost-based service from Enbridge Gas.

b) The OEB in the NGEIR Decision determined that Gazifère does not have access to alternatives as it is connected to the Enbridge system. Please describe how the situation of Gazifère is different from EPCOR Southern Bruce that will also be connected only to the Enbridge Gas system.

c) Do the findings in the NGEIR Decision prevent Enbridge Gas from offering regulated cost-based service (bundled or semi-bundled) to EPCOR Southern Bruce? If yes, please provide the appropriate reference in the NGEIR Decision.

Response:

a) Confirmed.

b) The difference in situation between Gazifere at the time of the NGEIR Decision and EPCOR today is the existence of the proposed Rate M17 service. The M17 rate is not a bundled transportation service. As described on pages 3 and 4 of Exhibit B, Tab 1, Schedule 1:

> The proposed service will provide gas distributors with a transportation service similar to other ex-franchise transportation services, and similar to the services held by existing utilities that were identified as having competitive storage options within the NGEIR proceeding (i.e. legacy Enbridge Gas Distribution, Énergir (formerly Gaz Métro), and Utilities Kingston). With the introduction of the Rate M17 transportation service, new gas distributors will have access to competitive storage options and will be able to buy storage services on behalf of their customers.

To the degree the Board found in the NGEIR Decision that legacy Enbridge Gas Distribution, Énergir, and Utilities Kingston had access to competitive storage options Rate M17 customers will now provide that same access to EPCOR and others. In fact, the M17 transportation service provides access to Dawn, Parkway and Kirkwall receipt points in order to provide flexibility, including access to any balancing options.

c) No. Enbridge Gas notes that the services available at the time of the NGEIR Decision did not allow certain utilities access to competitive storage options. As described in the response at part b), the new Rate M17 service is not a bundled transportation service, but rather a regulated transportation service. New gas distributors, embedded or otherwise, have access to competitive storage options.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit B/Tab 1/Schedule 1/pp. 3-4/para 8 and NGEIR Decision with Reasons, EB-
2005-0551, November 7, 2006, pp. 82-83

Question:

In response to the entrance of new gas distributors in Ontario, Enbridge Gas is introducing the Rate M17 transportation service. The proposed service will provide gas distributors with a transportation service similar to other ex-franchise transportation services, and similar to the services held by existing utilities that were identified as having competitive storage options within the NGEIR proceeding (i.e. legacy Enbridge Gas Distribution, Énergir and Utilities Kingston). Enbridge states that with the introduction of the Rate M17 transportation service, new gas distributors will have access to competitive storage options and will be able to buy storage services on behalf of their customers.

In the NGEIR Decision, the OEB determined that there should be a cap on Union Gas Limited's existing storage space that is reserved for in-franchise customers at cost based rates. Accordingly, the OEB determined that Union Gas should be required to reserve 100 PJ (approximately 95 bcf) of cost-based rates for in-franchise customers.

Enbridge Gas (the amalgamated utility) will next rebase for 2024 rates.

a) Will the 100 PJ of storage space be sufficient to serve all in-franchise customers (legacy Enbridge Gas Distribution and Union Gas Limited) of Enbridge Gas in 2024 or will in-franchise customers require storage at market-based rates?

Response:

a) As outlined in Enbridge Gas's 5 Year Gas Supply Plan the EGD rate zone currently has a 126.1 PJ in-franchise storage requirement; 99.7 PJs of which is provided through legacy EGD cost-based storage with the remaining 26.4 PJs purchased at market-based rates.[1] The Union rate zones' in-franchise storage requirement for the

[1] EB-2019-0137, 5 Year Gas Supply Plan, Enbridge Gas Inc., p.43

winter of 2019/2020 is 97.1 PJ's[2]. The combined 199.7 PJs of cost-based storage owned by Enbridge Gas is not sufficient to meet current storage needs for in-franchise customers. No material changes to this situation are anticipated prior to 2024.

[2] Based on most recent calculation of storage requirement subsequent to May 1, 2019 filing of 5 Year Gas Supply Plan in EB-2019-0137

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit B/Tab 1/Schedule 3/p. 1

Question:

In its application, Enbridge Gas has proposed to introduce a new Rate M17 rate schedule to accommodate firm transportation service from Dawn, Kirkwall or Parkway to the gas distributor's delivery area. Enbridge Gas' proposed rate design includes a monthly charge, firm monthly transportation demand charge, commodity charges to recover incremental compressor fuel and unaccounted for gas and overrun charges. The proposed rates are based on current approved interim 2019 rates and will be subject to changes based on the outcomes of Enbridge Gas' 2019 rates proceeding.

a) The OEB issued the final rate order related to Enbridge Gas' 2019 rates (EB-2018-0305) on October 24, 2019. As a result, please provide the updated rates for each of the rate design components referred to in this application.

Response:

a) Please see Attachment 1 for an updated Rate M17 rate schedule based on approved 2019 Rates.

ENBRIDGE GAS INC.
UNION SOUTH
TRANSPORTATION RATES

(A) Applicability

The charges under this rate schedule shall be applicable to a distributor in Union South who is located east of Dawn and who enters into a contract with Enbridge for the transportation of gas for distribution to its customers. Transportation Services under this rate schedule is transportation on Enbridge's pipeline facilities from any Applicable Receipt Point to the distributor's delivery area.

Applicable Receipt Points
Dawn*
Kirkwall
Parkway (TCPL)

* Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities) and Dawn (Vector).

(B) Rates

The identified rates represent maximum prices for service. These rates may change periodically.
Multi-year prices may also be negotiated, which may be higher than the identified rates.

1. Monthly Charge

A Monthly Charge shall be applied to each distributor and is applicable to such distributor's delivery area. Should a new delivery area be served under this rate schedule, a distributor specific charge would be established at that time.

	Monthly Charge
South Bruce	$ 1,998.71

2. Firm Transportation

	Monthly Demand Charge(s) (applied to daily contract demand)	Fuel and Commodity Charges: Utility Supplied Fuel – Fuel and Commodity Charge		Shipper Supplied Fuel – Fuel Ratio			Commodity Charge
	Rate/GJ	Apr.1-Oct.31 Rate/GJ	Nov.1-Mar.31 Rate/GJ	Apr.1-Oct.31 %	Nov.1-Mar.31 %	AND	Rate/GJ
Dawn to Delivery Area	$4.398	$0.009	$0.023	0.323%	0.772%		
Kirkwall to Delivery Area or Dawn	$2.739	$0.005	$0.005	0.160%	0.160%		
Parkway (TCPL) to Delivery Area or Dawn	$2.739	$0.009	$0.005	0.304%	0.160%		
Facility Carbon Charge (applied to all quanities transported)		$0.002	$0.002				$0.002

3. Authorized Overrun

Authorized overrun will be payable on all quantities tansported in excess of Enbridge's contractual obligation on any day. The authorized overrun charges payable will be calculated at the following rates. Overrun will be authorized at Enbridge's sole discretion.

	Fuel and Commodity Charges: Utility Supplied Fuel – Fuel and Commodity Charge		Shipper Supplied Fuel – Fuel Ratio			Commodity Charge
	Apr.1-Oct.31 Rate/GJ	Nov.1-Mar.31 Rate/GJ	Apr.1-Oct.31 %	Nov.1-Mar.31 %	AND	Rate/GJ
Dawn to Delivery Area	$0.172	$0.185	0.949%	1.399%		$0.145
Kirkwall to Delivery Area or Dawn	$0.113	$0.113	0.786%	0.786%		$0.090
Parkway (TCPL) to Delivery Area or Dawn	$0.117	$0.113	0.930%	0.786%		$0.090
Facility Carbon Charge (applied to all quanities transported)	$0.002	$0.002				$0.002

4. Unauthorized Overrun

Authorized Overrun rates payable on all transported quantities up to 2% in excess of Enbridge's contractual obligation. The unauthorized overrun charges payable will be calculated at the followig rates for all usage on any day in excess of 102% of Enbridge's contractual obligation.

Unauthorized Overrun Transportation Charge	$9.236	per GJ
Facility Carbon Charge (in addition to Overrun Transportation Charge)	$0.002	per GJ

(C) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule “A".

(D) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule “B”.

(E) Receipt and Delivery Points and Pressures

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with the attached Schedule “C”.

Effective December 1, 2019
Implemented December 1, 2019
O.E.B. Order # EB-2019-0183

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit B/Tab 1/Schedule 3/p. 2

Question:

Enbridge Gas has proposed a fixed monthly charge as part of its rate design that will be unique for each customer that takes service under Rate M17, specific to the delivery area. Enbridge Gas has proposed a fixed monthly charge of $1,998.71 for EPCOR Southern Bruce based on estimated annual customer-related O&M costs of approximately $24,000. The proposed monthly charge assumes that EPCOR Southern Bruce has paid for the required customer station facilities in whole through a contribution in aid of construction (CIAC).

a) Please confirm if a shipper or direct marketer wishing to transport gas into South Bruce will be eligible to take service under Rate M17. If not, what rate would be applicable to a shipper or direct marketer that wishes to transport gas into the South Bruce area?

b) Would a shipper or direct marketer that transports gas into South Bruce be required to use the customer station facilities that EPCOR Southern Bruce has paid for in full?

Response:

a) Not confirmed. The Rate M17 service is applicable to gas distributors in Union South.

   To the degree gas marketers or direct purchase customers have an interest in providing gas supply within South Bruce Enbridge Gas expects they would engage EPCOR to arrange for appropriate services; similar to services currently made available by gas distributors to gas marketers and direct purchase customers in Ontario within their respective franchise areas.

   For example, EPCOR could provide a service in which direct purchase customers provide their gas supply to EPCOR at Dawn, with EPCOR responsible for transporting that gas supply to South Bruce and distributing it to the customer. Such an arrangement would be consistent with existing services made available by Enbridge Gas, such as its Dawn Transportation Service in the EGD rate zone.

Ultimately EPCOR will be responsible for facilitating direct purchase and/or gas marketing arrangements within South Bruce, consistent with current arrangements offered by Ontario gas distributors today.

b) Please see part a).

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit B/Tab 1/Schedule 3/p. 4

Question:

As one of the rate design components, Enbridge Gas has proposed a firm monthly transportation demand charge for easterly service from Dawn to the delivery area and westerly service from Parkway or Kirkwall to the delivery area. The rate design for each of the transportation options includes two parts. The first part of the charge provides a contribution towards the recovery of Dawn-Parkway demand costs and the second part provides a contribution to the recovery of Other Transmission demand costs.

In Enbridge Gas' OEB-approved cost allocation study for the Union Gas rate zones, the Owen Sound line is categorized as Other Transmission demand and is allocated to Union Gas in- franchise rate classes in proportion to design day demands. Enbridge Gas has proposed the Other Transmission demand average unit rate at $1.844 per GJ based on Enbridge Gas' current approved rates. Enbridge Gas has indicated that this component of Enbridge Gas' proposed rate design provides for a reasonable contribution to the recovery of fixed costs associated with the assets used to provide the transportation service from the Dawn Parkway system to the delivery area.

a) In OEB staff interrogatory response # 5a in EB-2018-0244 (the withdrawn M17 rate application), Union Gas Limited (now, Enbridge Gas) confirmed that it has used the Other Transmission demand average unit rate as a reasonable proxy to serve the South Bruce area from the Dawn-Parkway system. Why is it not appropriate to design a rate that reflects the specific cost to serve the South Bruce area? Please contrast your response with Enbridge Gas' proposal to establish the level of the monthly charge based on a distributor's delivery area.

b) Does Enbridge Gas have the required cost information to design a rate that captures the specific transportation cost from the Owen Sound lateral on the Dawn-Parkway system to the interconnect where EPCOR Southern Bruce would take the delivery of gas?

c) What would be the rate (M17) if Enbridge Gas uses a direct assignment of the Owen Sound lateral costs as compared to Other Transmission demand costs?

Response:

a) Enbridge Gas used existing cost allocation methodologies in the design of the Rate M17 firm transportation demand charge to represent the allocation of costs that would occur through a cost allocation study. It is not appropriate to design the Rate M17 transportation demand charge based on specific costs as there are no identifiable specific costs of the Dawn-Parkway or the Owen Sound Line to service the South Bruce area only.

   The proposed rate design is the equivalent of identifying the costs to serve Rate M17 based on Enbridge Gas's approved cost allocation for Dawn-Parkway and Other Transmission demand costs.[1] By applying the proposed rate design to Rate M17, Enbridge Gas is pricing the Rate M17 services consistent with other similar services for the use of the same assets.

   A direct assignment of costs may be an appropriate methodology when there are specific costs attributable to a specific customer or rate class, such as the proposed rate design of the Rate M17 monthly charge. This approach is different than the allocation of transmission asset costs for assets that are used by more than one customer or rate class. The cost of shared assets is generally allocated to rate classes based on the use of those asset, whereas direct assignment of costs is more appropriate for specific assets that can easily be tracked individually for a customer or rate class over time.

   As part of a cost of service proceeding, the use of an explicit average unit rate for the recovery of Other Transmission demand costs in the Rate M17 rate design would no longer be required as Enbridge Gas would allocate Other Transmission demand costs to Rate M17 in its cost allocation study in the same manner as those costs are allocated to other rate classes.

b) No. Enbridge Gas is not able to identify the actual costs on the Owen Sound lateral to transport gas from the Dawn-Parkway system to the interconnect at Southern Bruce.

c) Please see part b).

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[1] Cost allocation for Dawn-Parkway and Other Transmission demand costs was last approved by the Board in Union's 2013 Cost of Service proceeding (EB-2011-0210),

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit B/Tab 1/Schedule 3/pp. 3-6

Question:

Enbridge Gas has proposed a firm monthly transportation demand charge for easterly service from Dawn to the delivery area and westerly service from Parkway or Kirkwall to the delivery area. To calculate the easterly demand charge from Dawn to the delivery area, Enbridge Gas has adjusted the current approved Rate M12/C1 Dawn-Parkway demand rate based on the distance from Dawn to the Owen Sound lateral. This proration recognizes the distance gas would be required to travel on the Dawn Parkway system on design day to serve the South Bruce expansion area. For the westerly service, Enbridge Gas has proposed a demand charge from Parkway or Kirkwall to the delivery area based on the Rate C1 westerly Dawn-Parkway demand charge for transportation from Parkway to Dawn.

In OEB staff interrogatory response # 4 in the withdrawn M17 rate application, Union Gas Limited (now, Enbridge Gas) confirmed that unlike the easterly service that uses a distance- weighted rate, the westerly service rate is set based on the current Rate C1 westerly transportation rate from Parkway to Dawn or Parkway to Kirkwall which is common regardless of the distance travelled from Parkway. The response did not provide specific reasons for the different treatment based on the direction the gas travels.

a) Please explain the reasons for different rate design treatment for easterly and westerly flows and identify if the difference in treatment is related to how gas flows on a design day on the Dawn-Parkway system.

Response:

a) Enbridge Gas has applied Board-approved Dawn-Parkway cost allocation and rate design to determine the Rate M17 demand charge.[1]

[1] The cost allocation methodologies and rate design of the Dawn-Parkway system was last approved by the Board in Union's 2013 Cost of Service proceeding (EB-2011-0210).

Dawn-Parkway demand costs are allocated in proportion to easterly peaking distance weighted design day demands. This cost allocation is based on the firm transportation requirements of each rate class on design day. In response to a study conducted on Dawn-Parkway cost allocation in Union's 1997 rate case (EBRO 493/494), the Board supported the cost allocation and stated that the system has a distinct west to east orientation and the location of customer demands imposed on the system has an impact on the amount of system capacity provided by the facilities.

Westerly transportation services on the Dawn-Parkway system are not allocated costs in the cost allocation study, as these services do not require Dawn-Parkway capacity on design day. In lieu of directly allocated costs, the westerly service rate from Parkway to Dawn or Kirkwall to Dawn is designed to provide a contribution towards the recovery of Dawn-Parkway costs allocated to Rate M12/C1. The westerly service rates are set based on a proration of the easterly firm Dawn-Parkway rates.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit D/Tab 1/Schedule 2/p. 2

Question:

Enbridge Gas has indicated that EPCOR Southern Bruce will require 10,648 m^3 per hour of natural gas.

EPCOR Southern Bruce is expected to connect customers in a phased manner.

a) When is the demand of 10,648 m^3 per hour likely to materialize?

Response:

a) Enbridge Gas is not in a position to commit to a pace of customer connections on behalf of EPCOR. As described in paragraph 5 of Exhibit D, Tab 1, Schedule 3, page 2 it is Enbridge Gas's understanding based on EPCOR's leave to construct and rates applications (EB-2018-0263 and EB-2018-0265 respectively) that "EPCOR has assumed a ten-year demand forecast of 10,648m^3."

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit D/Tab 1/Schedules 1 and 2

Question:

Enbridge Gas has completed an economic analysis in accordance with the recommendations of the OEB's E.B.O. 134 report on Economic Tests for Transmission Pipeline Applications and the Filing Guidelines on the Economic Tests for Transmission Pipeline Applications. The application further states that EPCOR Southern Bruce will be required to pay a CIAC for the capacity it uses on the new pipeline.

a) Please provide a reference to other infrastructure projects wherein Enbridge Gas completed an economic analysis on the basis of the OEB's E.B.O. 134 report on Economic Tests for Transmission Pipeline Applications but required a CIAC from a customer.

Response:

The Stelco Lake Erie Works (LEW) Reinforcement Program (EBLO 249) constructed by Union Gas represented a relevant example where a three-stage analysis was used to assess the economic feasibility of a project in accordance with E.B.O. 134 and a CIAC was paid. In this example the customer agreed to pay a CIAC to improve the PI of the project. The project was approved by the Board in an oral Decision on March 24, 1995, with a Decision with Reasons following February 14, 1996.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit D/Tab 2/Schedule 3/p. 2/para 5 and Exhibit E/Tab 4/Schedule 1/p. 1

Question**:**

EPCOR Southern Bruce is required to pay $5.34 million as a capital contribution (CIAC) towards the cost of the project. Enbridge Gas has indicated that the proposed CIAC is an appropriate mechanism to ensure that Enbridge Gas' existing ratepayers are not harmed by payment of an undue subsidy.

a) Please explain how the CIAC amount was derived and the rationale for the allocated amount.

b) Please explain the meaning of "undue subsidy". Will Enbridge Gas customers be subsidizing a portion of the costs to serve EPCOR Southern Bruce customers?

Response:

a) Enbridge Gas performed a Discounted Cash Flow ("DCF") analysis specific to EPCOR. All incremental cash inflows and outflows attributable to EPCOR were identified. The net present value ("NPV") of the cash inflows is divided by the NPV of the cash outflows to arrive at a profitability index ("PI"). A Goal Seek function was used to determine the amount of CIAC required in order to achieve a PI of 1. Please refer to Attachments 1 and 2 for the Discounted Cash Flow ("DCF") analysis and assumptions used to determine the CIAC. The DCF analysis, assuming a payment date of November 1, 2019, shows a $5.19 million CIAC was necessary to achieve a PI of 1. Interest is accrued at the OEB Prescribed CWIP interest rate to arrive at the CIAC applicable to the Project at November 1, 2020 of $5.34 million. To the degree the start date of EPCOR's M17 contract differs from November 1, 2019, and M17 revenue collection begins at a later date, the CIAC amount will change accordingly.

   Please see response at Exhibit I.EPCOR.2 a), for the rationale of the allocation of costs.

b) As noted on page 1 of Exhibit D, Tab 1, Schedule 3, absent the addition of EPCOR to the system the Project would not be required at this time to serve the combined needs of existing customers and forecast in-franchise growth. The intent of the CIAC is to more closely align with the principle of cost causation by having the customer(s) that cause the costs pay their proportionate share of the costs where possible. As stated in Exhibit D, Tab 1, Schedule 3, the revenue from the Rate M17 service is insufficient to recover EPCOR’s proportionate share of the cost of constructing this reinforcement of the Owen Sound System. Without a CIAC, the remainder of EPCOR’s proportionate share will be paid by Enbridge Gas customers, who would then be subsidizing EPCOR’s Southern Bruce customers.

Owen Sound Reinforcement
Epcor Specific DCF Analysis
InService Date: Nov-01-2020

Project Year ($000's)	1	2	3	4	5	6	7	8	9	10
Cash Inflow										
Revenue:										
Monthly Customer Charge	24	24	24	24	24	24	24	24	24	24
Transmission Margin	231	471	471	471	471	471	471	471	471	471
Revenue	255	495	495	495	495	495	495	495	495	495
Expenses:										
O & M Expense	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)
Municipal Tax	(2)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
Income Tax	(58)	188	(19)	(30)	(37)	(44)	(50)	(55)	(60)	(65)
Net Cash Inflow	181	633	427	415	408	401	395	390	385	380
Cash Outflow										
Incremental Capital	433	10,139	349	-	-	-	-	-	-	-
CIAC	(5,191)	-	-	-	-	-	-	-	-	-
Change in Working Capital	1	-	-	-	-	-	-	-	-	-
Cash Outflow	(4,757)	10,139	349	-	-	-	-	-	-	-
Cumulative Net Present Value										
Cash Inflow	177	764	1,141	1,489	1,815	2,120	2,406	2,674	2,926	3,162
Cash Outflow	(4,757)	4,886	5,202	5,202	5,202	5,202	5,202	5,202	5,202	5,202
NPV By Year	4,934	(4,122)	(4,061)	(3,713)	(3,387)	(3,082)	(2,797)	(2,528)	(2,277)	(2,040)
Project NPV	6									
Profitability Index										
By Year PI	-0.04	0.16	0.22	0.29	0.35	0.41	0.46	0.51	0.56	0.61
Project PI	1.00									

Owen Sound Reinforcement
Epcor Specific DCF Analysis
InService Date: Nov-01-2020

Project Year ($000's)	11	12	13	14	15	16	17	18	19	20
Cash Inflow										
Revenue:										
Monthly Customer Charge	24	24	24	24	24	24	24	24	24	24
Transmission Margin	471	471	471	471	471	286	286	286	286	286
Revenue	495	495	495	495	495	310	310	310	310	310
Expenses:										
O & M Expense	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)
Municipal Tax	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
Income Tax	(69)	(73)	(77)	(80)	(83)	(37)	(39)	(41)	(44)	(46)
Net Cash Inflow	376	372	369	365	362	223	221	218	216	214
Cash Outflow										
Incremental Capital	-	-	-	-	-	-	-	-	-	-
CIAC	-	-	-	-	-	-	-	-	-	-
Change in Working Capital	-	-	-	-	-	-	-	-	-	-
Cash Outflow	-	-	-	-	-	-	-	-	-	-
Cumulative Net Present Value										
Cash Inflow	3,385	3,594	3,792	3,978	4,153	4,256	4,353	4,444	4,529	4,610
Cash Outflow	5,202	5,202	5,202	5,202	5,202	5,202	5,202	5,202	5,202	5,202
NPV By Year	(1,817)	(1,608)	(1,410)	(1,224)	(1,049)	(946)	(849)	(758)	(673)	(592)
Project NPV										
Profitability Index										
By Year PI	0.65	0.69	0.73	0.76	0.80	0.82	0.84	0.85	0.87	0.89
Project PI										

Owen Sound Reinforcement
Epcor Specific DCF Analysis
InService Date: Nov-01-2020

Project Year ($000's)	21	22	23	24	25	26	27	28	29	30
Cash Inflow										
Revenue:										
Monthly Customer Charge	24	24	24	24	24	24	24	24	24	24
Transmission Margin	286	286	286	286	286	286	286	286	286	286
Revenue	310	310	310	310	310	310	310	310	310	310
Expenses:										
O & M Expense	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)
Municipal Tax	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
Income Tax	(48)	(49)	(51)	(52)	(54)	(55)	(56)	(57)	(58)	(59)
Net Cash Inflow	212	210	209	207	206	205	204	203	202	201
Cash Outflow										
Incremental Capital	-	-	-	-	-	-	-	-	-	-
CIAC	-	-	-	-	-	-	-	-	-	-
Change in Working Capital	-	-	-	-	-	-	-	-	-	-
Cash Outflow	-	-	-	-	-	-	-	-	-	-
Cumulative Net Present Value										
Cash Inflow	4,686	4,758	4,826	4,890	4,951	5,008	5,062	5,114	5,162	5,208
Cash Outflow	5,202	5,202	5,202	5,202	5,202	5,202	5,202	5,202	5,202	5,202
NPV By Year	(516)	(444)	(376)	(312)	(251)	(194)	(140)	(89)	(40)	6
Project NPV										
Profitability Index										
By Year PI	0.90	0.91	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
Project PI										

Owen Sound Reinforcement
InService Date: Nov-01-2020
(EPCOR Specific DCF Analysis)

Listing of Key Input
Parameters, Values and Assumptions
($000'S)

Discounting Assumptions	
Project Time Horizon	30 years commencing at contract start date of Nov 1, 2019
Discount Rate	Incremental weighted average after tax cost of capital of 5.12%
Construction Work in Progress (CWIP) rate	2.88% - Q3 2019 OEB Prescribed Rate
Key DCF Input Parameters, Values and Assumptions	
Net Cash Inflow:	
Incremental Revenue:	
Transmission portion of customer rates	4.43100 $/GJ/month applied to M17 contract demand
Monthly Charge	1,998.71 $/month
Operating and Maintenance Expense	Estimated incremental cost
Incremental Tax Expenses:	
Municipal Tax	Estimated incremental cost
Income Tax Rate	26.50%
CCA Rates:	

CCA Classes:	CCA Class	CCA Rate	
Land Rights	14	5%	Declining balance rates by CCA class Accelerated CCA (Bill C-97) included.
Steel Mains	49	8%	

Cash Outflow:	
Incremental Capital Costs Attributed	18% of Owen Sound Reinforcement
Change in Working Capital	5.051% applied to O&M

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit D/Tab 1/Schedule 1/p.1

Question:

Enbridge Gas requests leave to construct approximately 34 kilometres of Nominal Pipe Size (NPS)12 pipeline (the Project) in the County of Grey.

a) Enbridge Gas has indicated that construction is planned in the following geographic areas:
   - Municipality of West Grey
   - Township of Chatsworth

   If an area has been omitted, please revise your response.

b) Please provide the reference number for the applicable Municipal Franchise Agreements of the areas identified in part (a).

c) Please provide the reference number for the applicable Certificate of Public Convenience and Necessity of the areas identified in part (a).

Response:

a) The statement in the question is correct and does not have any omissions. The Project is in the Municipality of West Grey and the Township of Chatsworth, both of which are located in the County of Grey.

b) The Municipal Franchise Agreements are as follows:

   - Municipality of West Grey - EB-2007-0818
   - Township of Chatsworth - EB-2008-0082

   Enbridge Gas also has franchise agreements with the County of Grey that were approved for Union Gas (EB-2008-0117) and Enbridge Gas Distribution (EB-2015-0263).

c) The Certificates of Public Convenience and Necessity are as follows:

- Municipality of West Grey - EB-2007-0819
- Township of Chatsworth - EB-2008-0081
- County of Grey – EBC 32

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Ref: Exhibit D/Tab 2/Schedule 5/p.2

Question:

Enbridge Gas states that it requires permanent and temporary easement rights as well as two fee simple land right purchases for the Project.

Enbridge Gas has provided Forms of Permanent Easement and Temporary Land Use Agreements that it says were previously approved by the OEB.

a) Please confirm whether the purchase of lands required for the Project is now complete. If not, please provide an update on the negotiations with private landowners for the purchase of lands, including any concerns that have been expressed by landowners with respect to the proposed Project. Please comment on when Enbridge Gas expects these agreements to be executed.

b) Please provide an update on the status of the temporary land use (TLU) rights required for the Project, including any concerns that have been expressed by landowners. Please indicate the number of TLU rights that are required.

c) Please discuss any concerns that Enbridge Gas has with respect to obtaining any of the required land rights for the Project.

d) Please provide the file numbers for the OEB decisions approving the forms of agreements provided in this application.

Response:

a) Confirmed. The purchase of lands required for the Project is complete.

b) Since the application and evidence was filed for the Project (dated September 3, 2019), Enbridge Gas submits there have been changes to the temporary land use ("TLU") requirements for the Project. Specifically, one new property was added. In addition, the proposed TLU footprints have been enlarged at three different properties in order to better accommodate and facilitate construction. Enbridge Gas requires a total of 7.815 hectares or 19.31 acres of TLU. Signed agreements have been secured for 41 of 55 properties where TLU is required. Enbridge Gas is actively negotiating with the affected landowners for the remaining 14 properties where TLU is required. As a result of these changes, Enbridge Gas has filed with the Board and parties under separate cover an updated Exhibit E, Tab 1, Schedule 3 (Detailed Map of Pipeline Route) and Exhibit E, Tab 6, Schedule 1 (Landowner Listing). The Detailed Map of Pipeline Route is not materially different from the original filed version. The names and addresses of landowners have been removed on both updated exhibits to safeguard landowner privacy.

c) The affected landowners have been supportive. However, a few landowners have raised concerns about the prospect of losing mature trees located within proposed TLU areas on their respective properties. Enbridge Gas will continue to meet with landowners to further discuss with the intent of resolving whatever questions and/or concerns they may have.

d) The OEB file numbers are EB-2014-0261 (2016 Dawn Parkway Expansion), EB-2016-0186 (Panhandle Reinforcement) and EB-2018-0013 (Kingsville Transmission Reinforcement).

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit D/Tab 2/Schedule 6/p.1

Question:

Enbridge Gas states that its Environmental Report was provided to the Ontario Pipeline Coordinating Committee (OPCC) on August 31, 2018. A summary of the comments received from the OPCC review and Enbridge's responses is provided with the application.

a) Please provide an update of the OPCC summary of comments and concerns received from the public consultation since the application was filed. Please include Enbridge Gas' responses and actions to address the issues and concerns.

Response:

a) An update of the OPCC Summary of comments will be filed under separate cover as an update to Exhibit E, Tab 7, Schedule 2 of the pre-filed evidence.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit D/Tab 2/Schedule 6/p.3,4

Question:

The Project crosses approximately 20 water courses requiring permits to be acquired.

a) Please provide details of the planned AA, including the steps required to meet all of the provincial requirements for the AA.

b) Please confirm whether a Stage 1 AA has been completed. Please confirm whether the Ministry of Tourism, Culture and Sport (MTCS) has reviewed the Stage 1 AA and when Enbridge Gas expects to receive a response from the MTCS with respect to the Stage 1 AA.

c) Please provide an update on the status of Enbridge Gas' Stage 2 AA, indicating if Enbridge Gas has submitted its Stage 2 AA to the MTCS, whether the Stage 2 AA field work is underway and when this will be completed.

d) Please indicate when Enbridge Gas anticipates a response from the MTCS with respect to the Stage 2 AA.

e) Please indicate the latest timeline by which Enbridge Gas must receive a response from the MTCS to start the Project on time.

f) Please comment on the implications for the Project if Enbridge Gas does not receive a response from the MTCS before the timeline specified in part (e).

g) Please discuss any concerns that Enbridge Gas has with respect to obtaining any permits required for the Project.

Response:

a) All provincially required AA have been conducted, consisting of Stage 1 AA, Stage 2 AA, and Stage 3 AA.

b) Confirmed. The first Stage 1 AA was completed, submitted to the Ministry of Heritage, Sport, Tourism and Cultural Industries (MHSTCI) and accepted into the register (P438-0115-2017). A second Stage 1 AA was completed, submitted to the MHSTCI and accepted into the register (PIF P438-0158-2018).

c) Stage 2 AA report was submitted to the MHSTCI and has been accepted into the register (PIF P131-0084-2018). A second Stage 2 AA was completed and submitted to the MHSTCI on 10 October, 2019 and is awaiting review.

d) Anticipated date of review is before January 2020.

e) March 2020, in accordance with the anticipated construction start date.

f) Enbridge Gas foresees that all MHSTCI responses will be received prior to the construction start date. However, should MHSTCI responses not be received prior to the anticipated construction start date Enbridge may consider initiating construction in areas that have been included in the Stage 1 and Stage 2 AA reports that have received MHSTCI acceptances.

g) Enbridge Gas does not have any concerns with respect to receiving any permits required for this project.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit D/Tab 2/Schedule 7/p.1

Question:

Enbridge Gas' evidence indicates that on April 20, 2017, it received a letter from the Ministry of Energy, Northern Development and Mines (MENDM) indicating that Enbridge Gas had been delegated the procedural aspects of consultation for the Project. On August 29, 2019, Enbridge Gas provided its Indigenous Consultation Report to the MENDM, requesting that the MENDM determine if the procedural aspects of the duty to consult for the Project are sufficient.

a) Please provide an update on Indigenous consultation activities since August 29, 2019 and identify any concerns and issues raised in the consultation process and steps that Enbridge Gas has committed to undertake to address any concerns or issues.

b) Please update the evidence with any correspondence between the MENDM and Enbridge Gas after August 29, 2019, regarding the MENDM's review of Enbridge Gas' consultation activities.

c) Please indicate when Enbridge Gas expects to receive the consultation sufficiency letter from the MENDM.

Response:

a) On November 5, 2019, an email was received from a representative from the Metis Nation of Ontario (MNO). The MNO representative had been contacted by one of their MNO citizens. The citizen had concerns about the ongoing construction in the area as he viewed two gas lines under construction rather than the one that was consulted on for the Owen Sound Reinforcement Project. There was also a concern about sediment leaving the construction area.

On November 6, 2019, the Enbridge Gas representative called the MNO representative to clarify the details and advised that he would follow up with more information once it was obtained. The Enbridge Gas representative sent an email to the MNO representative on the same day to advise the same.

On November 18, the Enbridge Gas representative called the MNO representative to speak about the issue raised on November 5, 2019. After looking into the concerns, the Enbridge Gas representative advised that the work that was viewed by the MNO citizen was not being completed by Enbridge Gas but by another company completing work in the area. The MNO representative was satisfied with the response and both parties agreed to continue to communicate if concerns arise.

b) Please see Attachment 1 for a copy of the correspondence with the MENDM after August 29, 2019.

c) Enbridge Gas received the consultation sufficiency letter from the MENDM for the Project. This letter will be filed under separate cover as an update to Exhibit E, Tab 8, Schedule 3 of the pre-filed evidence.

From: Ken McCorkle
Sent: November-06-19 9:17 AM
To: Justin Hunt
Cc: Caryn MacLoghlin; Lauren Whitwham
Subject: RE: Owen Sound Reinforcement Project

Hello Justin:
Thank you for taking my call this morning and welcome to the Region 7 Métis office. I am looking into the concern and will respond as soon as I can. Again thank you for bringing this to my attention.

Miigwech,
Ken

Ken McCorkle
Sr Advisor, Indigenous & Stakeholder Relations SW
—
ENBRIDGE GAS INC.
TEL: 519-436-4600 x 5002243 | CELL: 519-365-0584 | ken.mccorkle@enbridge.com
50 Keil Dr. N, Chatham, ON N7M 5M1

From:	Ken McCorkle
To:	Lauren Whitwham
Subject:	RE: Read Me: Did we follow up with MNO on Owen Sound Re: EPCOR
Date:	November-21-19 8:38:23 AM

Hello Lauren:
I spoke with Justin on Monday Nov 18th by phone. After looking into his concern about a second line being run I found out that is it the EPCOR project he was referring to and not the work that is being done inside the station by Enbridge. He was satisfied with the response and appreciated the call. I stated to him that if any other questions or concerns came up to please contact me at any time.

Regards,
Ken

From: Brandon Ott <Brandon.Ott@enbridge.com>
Sent: August 29, 2019 3:32 PM
To: Schlag, Michelle (IAO) <Michelle.Schlag@ontario.ca>
Cc: McCabe, Shannon (ENDM) <Shannon.McCabe@ontario.ca>; Chris Gagner <CGagner@uniongas.com>; Ken McCorkle <KMcCorkle@uniongas.com>; Lauren Whitwham <LWhitwham@uniongas.com>
Subject: Enbridge Gas Inc. - Owen Sound Reinforcement Project: Indigenous Consultation Report

Good afternoon Michelle,

Today Enbridge Gas Inc. ("Enbridge Gas") filed with the Ontario Energy Board, an application for leave to construct the Owen Sound Reinforcement Project (the "Project"). Included in the application for leave to construct is the Indigenous Consultation Report for the Project which I have attached for your review. Enbridge Gas is requesting the Ministry of Energy, Northern Development and Mines provide its assessment of the adequacy of Enbridge Gas' Indigenous consultations for the Project by mid October 2019.

Should you have any questions please do not hesitate to contact me.

All the best,

Brandon Ott, MA
Technical Manager Regulatory Applications

From:	McCabe, Shannon (ENDM)
To:	Brandon Ott
Cc:	Chris Gagner; Ken McCorkle; Lauren Whitwham; McCullough, Jason (ENDM)
Subject:	[External] RE: Enbridge Gas Inc. - Owen Sound Reinforcement Project: Indigenous Consultation Report
Date:	August-29-19 3:46:46 PM

Thank you, Brandon. We will get in touch if we have any questions.

Just an FYI, Michelle Schlag is no longer with the Ministry of Energy, Northern Development and Mines. I will be your main point of contact for this file.

Thank you and talk to you soon,

Shannon
Shannon McCabe
Indigenous Energy Policy
Ministry of Energy, Northern Development and Mines
(647) 924-8139
77 Grenville Street, 6th Floor, Toronto, ON M7A 2C1

From: McCabe, Shannon (ENDM) <Shannon.McCabe@ontario.ca>
Sent: Wednesday, September 18, 2019 11:41 AM
To: Brandon Ott <Brandon.Ott@enbridge.com>
Subject: [External] RE: Enbridge Gas Inc. - Owen Sound Reinforcement Project: Indigenous Consultation Report

Hi Brandon,

Thanks again for providing the Indigenous Consultation Report (ICR) for the Owen Sound Reinforcement Project.

I just wanted to follow up on a couple of items:

- MNO – there was an email from MNO indicating that they would respond within a week to confirm that there were no outstanding concerns. I wanted to check in to see if any further communication has been received from MNO since that last email?
- SON – has there been any further communication received from the SON since the last email sent from Enbridge on July 4, 2019?

Thanks very much, and happy to chat if that's easier.

Best,

Shannon

Shannon McCabe
Indigenous Energy Policy
Ministry of Energy, Northern Development and Mines

From: Brandon Ott <Brandon.Ott@enbridge.com>
Sent: September 23, 2019 7:17 AM
To: McCabe, Shannon (ENDM) <Shannon.McCabe@ontario.ca>
Subject: RE: Enbridge Gas Inc. - Owen Sound Reinforcement Project: Indigenous Consultation Report

Morning Shannon,

My apologies I was not able to get back to you on Friday. Further to your VM, do you have any additional questions we can assist with beyond those listed below? I have our Indigenous Affairs team getting answers on the below and would be happy to engage them (or other experts) on further questions. If on the other hand you would prefer to discuss over the phone that works as well; I just may not have all the answers at my fingertips.

Unfortunately I am in hearings at the Ontario Energy Board today and tomorrow. If you would like to have a chat would Wednesday work?

All the best,

Brandon Ott, MA
Technical Manager Regulatory Applications
—

From: McCabe, Shannon (ENDM) <Shannon.McCabe@ontario.ca>
Sent: Monday, September 23, 2019 10:19 AM
To: Brandon Ott <Brandon.Ott@enbridge.com>
Subject: [External] RE: Enbridge Gas Inc. - Owen Sound Reinforcement Project: Indigenous Consultation Report

Thanks, Brandon.

My main questions are really if there have been any further dialogue with MNO and the SON since the ICR was submitted? If there has been, could you please provide copies of that correspondence?

Thanks very much, and take care.

Shannon

From: Brandon Ott
Sent: Tuesday, September 24, 2019 2:09 PM
To: McCabe, Shannon (ENDM) <Shannon.McCabe@ontario.ca>
Subject: RE: Enbridge Gas Inc. - Owen Sound Reinforcement Project: Indigenous Consultation Report

Morning Shannon,

Thank you for your patience with these follow up questions.

With regards to the MNO we have not received any written communication from them subsequent that what was outlined in the ICR, or subsequent to our providing the ICR. I have been told however that a member of the Enbridge team spoke with a representative of the MNO since the email communication outlined in the ICR and that representative did not highlight any concerns with the Project.

With regards to SON we have not received any response since our email dated July 4, 2019.

Should you have any further questions please do not hesitate to contact me, and thank you again for your patience!

All the best,

Brandon Ott, MA
Technical Manager Regulatory Applications

From:	McCabe, Shannon (ENDM)
To:	Brandon Ott
Cc:	Ken McCorkle; Lauren Whitwham; Delaquis, Dan (ENDM); Zora Crnojacki
Subject:	[External] Owen Sound Reinforcement Project
Date:	November-19-19 5:31:54 PM
Attachments:	LtrofOpinion-OwenSoundReinforcement11192019.pdf

Hello Brandon,

Please see the attached letter regarding Enbridge's proposed Owen Sound Reinforcement project and the sufficiency of consultation.

If you have any questions, please do not hesitate to contact me.

All the best,

Shannon

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit E/Tab 3/Schedule 3/p.1

Question:

Enbridge Gas states that the proposed facilities are required to reinforce the Owen Sound System and to provide service to EPCOR Southern Bruce. Enbridge Gas has forecasted in- franchise growth on the Owen Sound System of 13,864 m^3/hr over the next four years.

Enbridge Gas states that the in-franchise growth forecast is based on historic customer attachments and local knowledge. Enbridge Gas provided a table reflecting customer attachment forecast relevant to the Owen Sound System for 2019-2023 based on historical attachments.

a) Please replicate the table showing the customer attachments for the past four years for the Owen Sound System.

b) Please provide any other information available to support Enbridge Gas' forecast of the in-franchise growth.

Response:

a) Please see the table below showing four years of customer attachments to the Owen Sound System, from 2014 to 2017. 2018 figures have not yet been finalized to achieve the same level of accuracy as those provided below.

Regular Rate Attachments on Owen Sound System					
Residential	**Total Attachments**	**2014**	**2015**	**2016**	**2017**
New	7860	1824	1818	2023	2195
Commercial	**Total Attachments**				
Small	646	177	203	148	118
Large	65	25	18	11	11
Industrial	**Total Attachments**				
Small	1	1	0	0	0
Large	2	2	0	0	0

b) Enbridge has found that using historical trends from the previous ten years provides a realistic and accurate forecast of in-franchise growth. As noted in the response to Exhibit I.FRPO.11, the Board has found this approach appropriate in approving similar applications in recent years.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference:

Exhibit E/Tab 4/Schedule 1/p.1

Question:

The total estimated cost of the Project is approximately $69M.

a) Please provide an estimate of the costs of consultation for the Project. Please confirm whether consultation costs have been included in the total estimated costs of the Project. If this is not included in the Project costs, please explain how Enbridge Gas intends to fund the costs of consultation.

b) Please provide comparable projects that Enbridge Gas has completed in the past and that were approved by the OEB. Please provide a breakdown of the costs for these projects.

c) Please confirm whether the Project is included in Enbridge Gas' Utility System Plan and Asset Management Plan that has been accepted by the OEB.

Response:

a) Consultation costs have been included as part of the overall Project budget. Areas where consultation funds have been allocated include engineering, environment, archeology, indigenous engagement as well as the cost of external consultants. The costs of consultation for the Project is approximately $3.4 million.

b) Though no two projects are the same, comparable projects may include the Kingsville Transmission Pipeline Reinforcement project and the Stratford Pipeline Reinforcement project. Please see Attachment 1 for a copy of the breakdown in costs filed for these projects.

c) Confirmed.

Kingsville Transmission Reinforcement Project

Total Estimate Pipeline & Station Costs

	Mainline	Station	Total
Materials	$ 5,514,000	$ 2,210,000	$ 7,725,000
Construction and Labour	$ 76,917,000	$ 6,014,000	$ 82,931,000
Contingencies	$ 12,365,000	$ 1,234,000	$ 13,598,000
Interest During Construction	$ 1,332,000	$ 130,000	$ 1,462,000
Total Estimated Capital Costs - 2019 Construction	$ 96,128,000	$ 9,588,000	$ 105,716,000

Stratford Reinforcement Project

Total Estimated Capital Costs

	Mainline	Stations	Total
Materials	$2,478,000	$519,000	$2,997,000
Construction and Labour	$19,176,000	$2,444,000	$21,620,000
Contingencies	$3,179,000	$444,000	$3,623,000
Interest During Construction	$261,000	$39,000	$300,000
Total Estimated Capital Costs –	**$25,094,000**	**$3,446,000**	**$28,540,000**

ENBRIDGE GAS INC.
Answer to Interrogatory from
Energy Probe (EP)

Reference:

Exhibit D, Tab 1, Schedule 3, page 2

Preamble:

“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.”

Question**:**

a) Please confirm that EPCOR is the only customer that is expected to provide a contribution-in-aid of construction (“CIAC”) for this project. Please explain your answer.

b) Has EPCOR agreed to pay the $5.34 million CIAC to Enbridge? If the answer is no, will the start of construction be delayed until EPCOR agrees to pay this amount. If the answer is yes, when is Enbridge expecting to receive it.

c) If the actual project cost exceeds the $63.625 million estimate, will Enbridge request that EPCOR pay a higher CIAC amount or does Enbridge expect to recover the excess cost from its other ratepayers?

Response:

a) Confirmed. As outlined on page 2 of Exhibit D, Tab 2, Schedule 3, Enbridge Gas is requesting a CIAC in light of the “known and specific nature of EPCOR’s contribution to the need for the Proposed Facilities…” Please also see Exhibit I.STAFF.13 b).

b) EPCOR has not agreed to pay the CIAC. Should the Board approve this application as filed, Enbridge Gas anticipates EPCOR will comply with the Board’s Decision and pay the amount required in a timely manner, in which case the start of construction will not be delayed. Also, to the degree the start date of EPCOR’s M17 contract differs from November 1, 2019, and M17 revenue collection begins at a later date, the CIAC amount will change accordingly.

c) If the actual project costs exceed $63.25 million, Enbridge will not seek a higher CIAC as a result. Consistent with other facility projects, the costs would be included in Enbridge Gas's rate base and recovered in rates as part of the Company's next rebasing proceeding, subject to Board approval. For added detail, please see the response at Exhibit I.EPCOR.9 b).

ENBRIDGE GAS INC.
Answer to Interrogatory from
Energy Probe (EP)

Reference:

Exhibit D, Tab 2, Schedule 3, page 7

Preamble:

"The rate and rate impacts of the Project will be determined in a future proceeding. Enbridge Gas expects the Project will meet the criteria for rate recovery during the deferred rebasing period through the use of the Board's approved ICM mechanism."

Question**:**

a) Please confirm that Enbridge is not seeking ICM approval for this project in its 2020 Rates application, EB-2019-0194.

b) Since the project is expected to be in-service in 2020, and Enbridge has not applied for ICM approval for 2020, and since the OEB does not approve ICM riders for completed projects, in which proceeding would Enbridge apply for ICM treatment for this project?

c) Should Enbridge file an application for ICM approval in a future proceeding and obtains OEB approval, what impact would that have on the CIAC paid by customers and on the proposed M17 rate? Please explain your answer.

Response:

a) Confirmed. Upon finalizing its 2020 ICM threshold after the Board rendered its 2019 Rates Decision in September 2019 (EB-2018-0305), Enbridge Gas determined that it would not seek ICM treatment for the Project.

b) Please see a) above.

c) Please see a) above.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Energy Probe (EP)

Reference:

Exhibit D, Tab 2, Schedule 4, page 2

Question**:**

a) Please explain the incentives that Enbridge has in place to ensure that this project is completed on time and on budget.

b) Are there any incentives for the project manager of this project to complete the project ahead of schedule or under budget? If the answer is yes, please describe the incentives. If the answer is no, please explain why not.

Response:

a) Enbridge Gas does not have specific incentives in place to ensure that capital projects are completed on time and/or on budget. Completion of projects on time and on budget is in the best interests of Enbridge Gas and its customers.

b) There are no specific incentives for the project manager to complete the Project ahead of schedule or under budget. Enbridge Gas and its employees are committed to the safe, reliable, cost effective and environmentally responsible provision of natural gas service to customers. Optimal value is delivered through a sustainable investment plan that balances cost, risk and performance, which connects to the interests of customers, stakeholders and Enbridge Gas.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Energy Probe (EP)

Reference:

Exhibit E, Tab 4, Schedule 1, page 1

Question:

a) Please provide supporting information for the following cost estimates including back-up calculations and sources of data.
   i. Materials $5,518,000
   ii. Construction and Labour $46,343,000
   iii. Contingencies $7,439,000
   iv. Interest During Construction $770,000
   v. Indirect Overhead $8,895,000
   vi. Contributions in Aid of Construction $5,340,000

b) Does the Project have any direct service connections? If the answer is yes, why is there no estimate for services?

c) Do project costs in Exhibit E, Tab 4, Schedule 1, page 1, include the costs of stations. If the answer is yes, please provide the cost of stations. If the answer is no, please explain why not.

d) The cost estimate does not include the following items: engineering, land, and regulatory costs. Are they included in other categories of costs? If they are, please explain where and provide estimates. If they are not, please explain why not.

e) What costs are included in Indirect Overhead?

f) Why is there no Direct Overhead?

g) Please explain the conditions under which contingency funds of $7.439 million would be released.

Response:

a)

- Materials: $5,518,000
  - This cost consists of the pipe mill quote for new NPS 12 pipe and the mainline and station fittings which are based on recent vendor pricing.
- Construction and Labour: $46,343,000
  - Costs are based on vendor and contractor courtesy quotes.
- Contingencies $7,439,000
  - Contingency is 15% per class 4 estimate. A 15% contingency is Enbridge Gas's standard.
- Interest During Construction $770,000
  - Calculated using estimated cashflow with an interest rate of 3.39% (Board prescribed interest rate in effect at the time the estimate was completed).
- Indirect Overhead $8,895,000
  - Calculated using indirect overhead rate of 15% on materials, construction and labour, and contingencies estimates.
- Contributions in Aid of Construction $5,340,000
  - Please see Exhibit I.STAFF.13 a).

b) There are no direct service connections.

c) Yes. Station costs are included. The total cost for stations is $4,162,000. For clarity, these station costs are separate and distinct from the cost of the customer station required to facilitate connection of EPCOR discussed in Exhibit I.EPCOR.5 a).

d) Yes. These costs are captured in the Construction and Labour budget of $46,343,000 and are detailed as follows:

- Engineering – $1,785,000
- Land – $1,457,000
- Regulatory – $450,000

e) Indirect overhead allocations (OH) are costs that support the delivery of capital projects but cannot be tied directly to a particular project. It is the capitalization of support services such as HR, IT, Finance, Legal, etc.

f) Direct overheads are included in the Construction & Labour and Materials line items.

g) As actual costs become known and discrete, the Project Manager will determine whether these contingency funds need to be allocated accordingly. For example, should weather delays impact construction and increase costs the Project Manager will allocate contingency funds to account for those higher costs.

ENBRIDGE GAS INC.
Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Reference:

i. Exhibit A Tab 3 Schedule 1
ii. Exhibit B Tab 1 Schedule 1, paragraph 8
iii. Exhibit B Tab 1 Schedule 4, paragraph 2
iv. Press releases referencing Union Energy Solutions Ltd., an unregulated affiliate of Enbridge and Certarus Ltd. (Certarus) investments in several 'virtual pipelines' to deliver compressed natural gas (CNG) to mining, forestry and industrial customers in Northern Ontario.
   - https://www.redrocktownship.com/certarus-announcement/
   - https://www.globenewswire.com/news-release/2019/05/23/1841584/0/en/Certarus-Ltd-Announces-Strategic-Alliance-and-Commercial-Investment-Agreement-With-Enbridge-Inc-for-the-Expansion-of-Natural-Gas-Supply-to-Remote-Locations-in-Northern-Ontario.html
v. EB-2018-0329 intervention letter dated September 26, 2019 from Certarus stating their desire to deliver gas to five municipalities that have filed an application to develop their own distribution system to serve residential, commercial and industrial customers.
vi. *Ontario Energy Board Act 1998*, S.O. 1998, c. 15, (Schedule B) (OEB Act)
   - *"gas" means natural gas, substitute natural gas, synthetic gas, manufactured gas, propane-air gas or any mixture of any of them; ("gaz")*
   - *"gas distributor" means a person who delivers gas to a consumer and "distribute" and "distribution" have corresponding meanings; ("distributeur de gaz", "distributer", "distribution")*

Preamble

In references i) to iii) Enbridge discusses the rationale to introduce the M17 service as the new default service for new gas distributors and to limit grandfather access to existing services.

In references iv) - v), Enbridge refers to a commercial venture by Certarus to operate a virtual pipeline to deliver CNG to residential, commercial, and industrial customers in Northern Ontario.

In reference vi), the OEB Act defines a gas distributor as a person who delivers gas to a consumer.

EPCOR would like to better understand all of Enbridge's policies and practices with respect to the provision of services by companies targeting to provide natural gas service to previously unserved areas.

Question(s)**:**

a) Please describe the commercial relationship that Enbridge Inc. has with Certarus in Ontario.

b) Please confirm that Certarus has recently begun receiving natural gas service from Enbridge in the Timmins area to produce CNG for delivery in Northern Ontario to customers not served by Enbridge and identify the rate class that Certarus is being serviced under.

c) Please confirm that Enbridge has recently commenced providing service to Certarus or is in discussions with Certarus for service in Red Rock to produce CNG and deliver it to customers in Northern Ontario not served by Enbridge. Please provide either the rate class for service that is either being received or the service that Enbridge has proposed to service the Red Rock location in the event that the Red Rock facility is not currently in service.

d) Please identify all other locations where Enbridge is providing service to Certarus in Ontario.

e) Please confirm that Enbridge has not introduced a new rate class in the Union North Rate Zone, or any other Enbridge Rate Zone to provide service to new CNG customers. If Enbridge has introduced a new rate class, then please provide copies of the respective approved tariffs.

f) Please provide Enbridge's position whether it views Certarus is a gas distributor as defined under the OEB Act, and if not, why not.

g) Please provide a copy of all company policies, practices, guidelines or other internal instructions that Enbridge uses to determine the type of service that a CNG customer is eligible for, including any limitations to any existing service.

h) Please complete a table, as illustrated below, identifying certain limited information about each CNG customer that is either currently receiving service, or committed to receive service from Enbridge in each of Enbridge's rate zones. The table should include locational information, the date that these customers went into service (or anticipated to go into service), the utility rate zone that each customer is in and the specific service rate class that each customer receives, and which of these customers has the ability to purchase gas supply from Enbridge.

Customer Reference	Municipality	Service Date	Utility Rate Zone	Rate Class	Customer has the Right to Purchase to Gas Supply from Enbridge (Y/N)
A					
B					
C					
D					

i) Please provide a copy of each of the Board approved tariff sheets for each of the rate classes noted above.

j) Please indicate if Certarus and all other CNG customers were required to fully pay for the Enbridge customer station feeding the customer independent of any economic test applied to the project. If not, please explain why not.

Response:

a) There are two relationships with Certarus under Enbridge Inc.:
   i) Certarus is a traditional gas utility customer of Enbridge Gas Inc. in Timmins; and,
   ii) An Enbridge Inc. subsidiary has executed agreements with Certarus concerning investments in two natural gas compression hubs and ancillary facilities in Ontario.

b) Confirmed, as this information is available within the public domain. Enbridge will not provide the rate class of Certarus as the disclosure of that information may prejudice the commercial dealings of Certarus, which is operating in the competitive fuel market as discussed in f) below. In any event, because Certarus carries out a non-regulated activity according to the OEB's decision in EB-2014-0012 the consideration of delivery arrangements with Certarus is irrelevant.

c) Confirmed, as this information is available within the public domain. Please see b) above.

d) Enbridge Gas cannot publicly divulge the contract arrangements, rate classes, or locations of any of its customers; this information is confidential.

e) Confirmed.

f) Enbridge Gas does not believe that the definition of a gas distributor under the OEB Act is relevant to this proceeding. For the purpose of the Rate M17 service Enbridge Gas defines gas distributors as natural gas distribution utilities which own traditional gas distribution systems and assets (e.g., pipes, stations); not CNG or similar customers such as Certarus.

Certarus operates across the province and beyond in a competitive market against propane and other fossil fuel providers. Certarus has no underground infrastructure (i.e. pipe) and does not operate a traditional natural gas distribution system. It is Enbridge Gas's understanding the service Certarus provides is point to point (business to business), where the Certarus customer further distributes the CNG delivered within its own facility.

In its Decision and Order in EB-2014-0012 the Board decided to forbear from regulating the provision of liquified natural gas ("LNG") on the basis that there was already a competitive market in place for this service.[1] In light of this decision and the competitive market in which Certarus operates, Certarus is clearly engaged in a non-regulated activity, and is not a regulated gas distributor.

g) A CNG customer is entitled to all relevant rates and services offered by Enbridge Gas. There are no exclusions specific to CNG.

h) Enbridge does not have such a list. CNG is widely deployed throughout the province in hundreds of locations and as such, Enbridge Gas does not have visibility to all end use applications. Given that no such list exists, Enbridge Gas has not provided corresponding rate schedules. Please see EB-2019-0194 for Enbridge Gas's most recently filed rate schedules.

i) See h) above.

j) Enbridge Gas does not differentiate between CNG customers and non-CNG customers when establishing payment terms for Enbridge Gas customer station costs.

[1] EB-2014-0012, Decision and Order, page 3

ENBRIDGE GAS INC.
Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Reference:

i. Exhibit B Tab 1 Schedule 3 paragraph 6-8
ii. Exhibit D Tab 1 Schedules 1-3
iii. Exhibit D Tab 2-3 Schedule 1
iv. Exhibit E Tab 4 Schedule 1

Preamble

In reference i), Enbridge provides a description of the applicable input charges for the M17 service, including a unit charge of $1.844/GJ to recognize the cost for Enbridge's "Other Transmission" assets.

In reference ii) Enbridge describes the proposed capital expansion project as a 34 km NPS 12 reinforcement of their Owen Sound line costing $69 million. Reference ii) also describes the increase in capacity is to facilitate EPCOR's request for 10,648 m3/h of capacity as well as Enbridge's internal growth off the Owen Sound System of 13,864 m3/h. Reference ii) also notes that EPCOR is required to pay a CIAC of $5.34 million. In Reference iii) Enbridge implies that a portion of the EPCOR load is to be met from existing capacity.

EPCOR would like to better understand these inputs and Enbridge's current practices to adjust its rates.

Question(s):

a) Please provide:

    i. The level of unused capacity of the Owen Sound Line at Dornoch as of November 1, 2018, November 1, 2019 and the unused capacity forecast at November 1, 2020 (inclusive of the capacity made available from the reverse open season).
    ii. The amount of unused capacity of the Owen Sound Line that is proposed to be used to meet EPCOR's demand of 10,648 m3/h.
    iii. The level of EPCOR's demand that Enbridge proposes to be provided from the proposed reinforcement facilities.
    iv. The total capacity being added with the Owen Sound Reinforcement Project.

v. The percentage of the EPCOR demand, that is being provided from the proposed reinforcement facilities, represents of the total expansion capacity of the Owen Sound Line.

b) Please provide the detailed calculation illustrating how the CIAC of $5.34 million was determined and list all assumptions.

c) Please confirm that the PI will equal 1.0, for that portion of the Owen Sound Line reinforcement that is required to serve EPCOR capacity.

d) Enbridge notes that the PI for the Owen Sound Line reinforcement is 0.31. Please recalculate the PI assuming that EPCOR was not required to pay a CIAC.

e) How much of the proposed Owen Sound Line reinforcement project costs will be allocated to Other Transmission costs? Please confirm that this allocated amount is net of the CIAC that is proposed to be collected from EPCOR as a CIAC.

f) Please confirm that the resulting revenue requirement from the Owen Sound Line reinforcement costs, that is allocated to Other Transmission costs will be recovered from all Union South Rate Zone customers including M17 customers. If not confirmed please explain in full.

g) Enbridge states that "the CIAC proposed is an appropriate mechanism to ensure that the Enbridge Gas's existing ratepayers are not harmed by the payment of an undue subsidy."
   i. Please provide the generic threshold test used to determine if a Union South project results in an undue subsidy.
   ii. Please specify in detail how Enbridge reached the conclusion that an undue subsidy would exist without a CIAC for the Owen Sound Line expansion.
   iii. Appendix A of the "Filing Guidelines on the Economic Tests for Transmission Line Pipeline Applications, Board File No. EB-2012-0092" requires the applicant to include "an assessment of the impacts on Ontario consumers in terms of cost, rates, reliability and access to supplies". Please provide a reference for this assessment in the application. If it is not included in the application, please provide a copy of such assessment.
   iv. Enbridge states that with a 2020 in-service date, it is not able to provide the bill impacts associated with this project. If Enbridge has not determined the bill impacts, how did Enbridge determine that without a CIAC that there would be an undue subsidy?

h) It appears that approximately half of the Owen Sound Reinforcement Project is situated north of the EPCOR delivery point at Dornoch. If any of the project costs north of Dornoch are included in the CIAC calculation, please explain in full the rationale to include such costs in the CIAC calculation. Please recalculate the CIAC assuming that that no project costs north of Dornoch are included in the CIAC calculation.

i) Please also provide the costs associated with the project north of Dornoch as well as the incremental volumes being served north of Dornoch.

j) Please estimate the annual impact to a Union South residential customer assuming that the proposed $5.34 million in CIAC from EPCOR is reduced to $0 for this reinforcement. Please also specify this as a percentage of a residential customer's total annual bill. If Enbridge is unable to provide the impact to a Union South residential customer, then please provide the following:
   i. An estimate of the annual revenue requirement that would have to be recovered from other customers, if the proposed $5.34 million in CIAC was reduced to $0.
   ii. The approximate percentage of Other Transmission costs currently approved for allocation to residential customers.
   iii. The number of residential customers in Union South Rate Zone.
   iv. Please calculate the product of i), ii) and iii) above. Please confirm that this product is reasonable estimate of the impact to a Union South residential customer, or explain why it would not represent a reasonable estimate of the impact.

Response:

a)
   i) The approximate unused capacity at Dornoch is shown below for the 2018/2019 and 2019/2020 winters excluding the reverse open season. The unused capacity forecast for the 2020/2021 winter is inclusive of the capacity made available from the reverse open season.

18/19 Winter	19/20 Winter	20/21 Winter
5700 m3/hr	3800 m3/hr	3050 m3/hr

   ii) The amount of unused capacity proposed to be used to meet EPCOR's demand of 10,648 m3/hr, is 6,800 m3/hr. This assumed the reverse open season is in effect, and EPCOR is utilizing their full demand.
   iii) The level of EPCOR's demand that Enbridge proposes to be provided from the reinforcement facilities is 3,848 m3/hr.
   iv) The capacity being added with the Owen Sound Reinforcement Project is approximately 20,831 m3/hr based on the existing forecast. This assumed the reverse open season is in effect, and EPCOR is using their full demand.

v) The percent of the EPCOR demand that is being provided by the reinforcement facilities, is approximately 18%.

b) Please see response at Exhibit I.STAFF.13 a). Also, to the degree the start date of EPCOR's M17 contract differs from November 1, 2019, and M17 revenue collection begins at a later date, the CIAC amount will change accordingly.

c) Confirmed.

d) Assuming that EPCOR was not required to pay a CIAC the Owen Sound Reinforcement Project PI would be 0.30 and the Stage 1 Project NPV would be negative $42.2 million.

e) The Owen Sound Line Reinforcement Project costs net of CIAC will be classified as Other Transmission demand costs, based on current approved cost allocation methodology for the Union rate zones.

f) Confirmed. The Owen Sound Line Reinforcement Project costs will be included in rates as part of Enbridge Gas's next rebasing proceeding in 2024.

g)

i. Please see Exhibit I.STAFF.2 b).

ii. Please see Exhibit I.STAFF.2 b).

iii. With respect to costs, and associated benefits, please see Exhibit D, Tab 2, Schedule 3, as well as Exhibit E, Tab 4, Schedules 1 through 6. With respect to rates, please see iv) below. With respect to reliability please see Exhibit B, Tab 1, Schedule 3 as well as Exhibit E, Tab 3, Schedule 1. Access to supplies was not a relevant consideration with respect to the Project, so no assessment has been provided.

iv. Bill impacts are not related to the concept of "undue subsidy". Rather, a Stage 1 DCF analysis is the Board recognized test that determines a project's feasibility and any undue subsidy that may result. Please see the pre-filed evidence at Exhibit D, Tab 2, Schedule 3, page 7 for further detail regarding the Stage 1 DCF analysis of the E.B.O. 134 economic test.

h) The entire project serves the combined needs of EPCOR and Enbridge Gas's in-franchise load growth on the Owen Sound System, as any growth affects the entire system.

i) Further to h) above costs north or south of EPCOR's connection point at Dornoch are not relevant as EPCOR's load contributes to the need for the Project both north and south of Dornoch. The entire project length serves the combined needs of EPCOR and Enbridge Gas's in-franchise load growth.

j) If the project costs were increased by $5.34 million, the estimated annual bill impact for a Union South residential customer would increase by approximately $0.12, which represents less than 0.1% of their total annual bill.

ENBRIDGE GAS INC.
Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Reference:

Exhibit D Tab 1 Schedule 1

Preamble

In Exhibit D Tab 1 Schedule 1, Enbridge states that it has filed for approval of the facilities pursuant to EBO 134. EPCOR would like to better understand how this economic test was applied, and whether it has been applied consistently.

Question(s):

a) Enbridge appears to rely at least partially on the collection of a CIAC from EPCOR in the application of this EBO 134 economic test rather than use the outcome of a stage 2 and stage 3 economics to support the feasibility of the Owen Sound Line reinforcement. Please provide the appropriate references in EBO 134 that discusses the ability for the utility to charge a CIAC, and how the utility uses its discretion to rely on a CIAC vs relying on a stage 2 and stage 3 economic test to support a project.
b) Please confirm that Enbridge does not charge a CIAC for transmission expansions costs related to the Dawn-Parkway system and that both in-franchise and ex-franchise rates are adjusted to reflect the new facility costs independent of the subsidy that may be required from existing customers. If not confirmed, please explain in full.
c) For each transmission project expansion that Enbridge has undertaken in Union South (both Dawn-Parkway and Other Transmission assets) in the last 10 years please provide the following information:
   i. The capital cost.
   ii. The incremental volume added to the system for each of:
      - In-franchise contract rate classes,
      - In-franchise general service customers, and
      - M12 capacity (i.e. capacity used to serve ex-franchise customers).
   iii. Details on any CIAC payable directly by expansion customers, and the respective amounts.
   iv. The Stage 1 PI for each project, both before and after the application of any CIAC.
   v. The economic test used to evaluate the feasibility of each project, and whether Stage 2 or Stage 3 economics were relied on to justify the project's feasibility.

vi. The annual rate impact to a typical Union South residential customer (please include residential customers in Union North residential customers if their rates have been affected by the projects) resulting from each expansion project.
vii. In each case where residential rates were increasing as a result of an expansion project, please explain how Enbridge reached the conclusion that there was no undue subsidy to existing customers from the transmission expansion project.

Response:

a) Section 7.29 of E.B.O. 134 reads as follows:

> The Board finds that a contribution-in-aid of construction should be required for those projects where the sole purpose is to supply gas into a new area and where the evaluation process demonstrates an undue burden on existing customers*.*

Please see Exhibit I.STAFF.13 b).

b) Confirmed. Enbridge Gas submits that the collection of CIAC is not determined by whether a project's economics are evaluated under the OEB's E.B.O. 188 or E.B.O. 134 methodology. Under E.B.O. 188 it is mandatory to charge a CIAC in order to meet the minimum P.I. of 0.8 for an individual project. Charging a CIAC under EBO 134 is not mandatory; it is project-specific. In Enbridge Gas's submission the key determinant in charging a CIAC is whether there is a specific customer driving the need or timing of a project

The Dawn-Parkway system is not comparable to the Project as additional capacity on the Dawn-Parkway system increases the liquidity of the Dawn trading hub, creating long-term economic benefits for customers.

c) See part b) above; Dawn-Parkway expansions are not a relevant comparison to the Project. With respect to Other Transmission projects please see the table below. Enbridge Gas has made all reasonable efforts to assemble the requested information in the time permitted in Procedural Order 1. All projects listed were the subject of Board review and approval. As such all evidence and decisions for these decisions are publicly available.

Table 1

Project Name	Case No.	Date of Board Decision & Order	Estimated Capital Cost (millions)	Economic Test	CIAC Paid (millions)	Stage 1 PI (Post-CIAC where Applicable)	Stage 2 & 3 Benefits Relied on for Feasibility
Guelph Line Reinforcement	EB-2008-0364	24-Mar-09	$2.3	EBO 188	None	1.17	No
London Line Reinforcement	EB-2010-0381	13-Jul-11	$2.3	EBO 188	None	1.35	No
Leamington Expansion Pipeline Project – Phase I	EB-2012-0431	28-Mar-13	$8.2	EBO 188	$2.09	1.00	No
Burlington Oakville Pipeline Project	EB-2014-0182	17-Dec-15	$119.5	Build vs. Buy Analysis	None	N/A	No
Sarnia Industrial Line Expansion Project	EB-2014-0333	26-Feb-15	$24.3	EBO 188	None	1.06	No
2016 Leamington Expansion Project – Phase II	EB-2016-0013	29-Jun-16	$12.3	EBO 188	Optional[1]	1.11	No
Stratford Reinforcement	EB-2018-0306	28-Mar-19	$28.5	EBO 134	None	0.29	Yes

[1] EB-2016-0013, Application & Evidence, page 2-3 of 15, January 14, 2016. Approval of CIAC proposal shown in Decision & Order, p.12

ENBRIDGE GAS INC.
Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Reference:

i. Exhibit D Tab 1 Schedule 2
ii. Exhibit D Tab 1 Schedule 3

Preamble

In reference i) Enbridge references EPCOR's requested capacity of 10,648 m3/h, Enbridge also notes that there has been turnback capacity of 2,508 m3/h. Enbridge's also states that their internal growth over the next four years is forecast to be 13,864 m3/h.

In reference ii) Enbridge indicates that the CIAC is $5.34 million.

Question(s):

a) Please confirm that on July 26, 2018, Enbridge (formerly Union Gas), advised EPCOR in writing (email from M. Hagerman) that only the requested capacity in excess of 9,400 m3/h would be subject to direct assignment of costs, as well as any resulting CIAC calculation. In other words, only the difference between the 10,648 m3/h and the 9,400 m3/h (i.e. 1,248 m3/h) would be subject to a CIAC. Please provide a copy of that correspondence.

b) Please explain any difference between the volume that is subject to the CIAC in the Hagerman email (i.e. the volume in excess of 9,400 m3/h) and the actual volume used to determine the CIAC.

c) Please further confirm that the 1,248 m3/h of expansion capacity required to service EPCOR represents 5.67% of the total expansion capacity (1,248 m3/h /22,004 m3/h).

d) Please confirm that Enbridge (formerly Union Gas) advised EPCOR that the capacity in the Owen Sound Line was being reserved for the successful party in the Common Infrastructure Plan franchise competition for Southern Bruce.

e) To the extent that the EPCOR expansion capacity used to the determine the CIAC of $5.34 million is different than the 1,248 m3/h of expansion capacity indicated on July

26, 2018, please recalculate the CIAC using 1,248 m3/h as the Owen Sound Line expansion capacity necessary to serve EPCOR.

Response:

a) On April 6, 2017 Union Gas provided in writing (email from M. Hagerman) that "depending on the duration of delay the available capacity on the system may change as Union's growth would continue and new industrial load could request capacity (see EPCOR 4 attachment 1). It would also be likely that EPCOR's costs in regards to direct and advanced reinforcement would change." The email correspondence on July 26, 2018 was based on the project being in-service November 1, 2019 (see EPCOR 4 attachment 2). EPCOR did not execute the commercial agreements until September 27, 2019. During this period of time, additional load was added to the Owen Sound system changing the amount of available capacity for EPCOR.

b) See EPCOR 2a)iii). The volume subject to the CIAC changed from July 2018 to May 2019 with firm contract conversion and other system changes on the Owen Sound system.

c) See EPCOR 2a)iii). The expansion capacity required to serve EPCOR is 3,848 m^3/hr.

d) Not confirmed. In correspondence with EPCOR in April 2017, Enbridge Gas communicated that depending on the timing of executing the contract that system capacity is subject to change.

e) Holding all other assumptions constant but revising capacity to service EPCOR to 1,248 m3/hr, results in no requirement for a CIAC.

Hagerman, Max

rom:	Hagerman, Max
Sent:	April-10-17 1:55 PM
To:	'jwolnik@gsaenergyco.com'
Subject:	RE: EPCOR-South Bruce Project

Thanks John, I should have included in my original note a request for feedback to make sure we were clear and aligned.

- Agreed that you did not directly request that Union put any further work on hold but the consequence of not executing the LOI is just that. The next steps for Union require that Union initiate the EA as well as further engineering design work and potentially moving forward to acquire lands as necessary to service EPCOR. There are costs associated with each of the aforementioned next steps and Union requires the LOI to mitigate our risk.
- Union did commit to continuing our work on the design of the service proposal for EPCOR and we have heard your concerns about a level playing field for similar customers. This potentially uneven playing field exists today when you review Union's provision of service to existing customers such as Kingston and NRG.

Thanks again John.

Max Hagerman
Manager, Strategic Accounts and Marketer Services
,siness Development Storage and Transmission

Union Gas Limited | An Enbridge Company
TEL: 519-436-4624 | CELL: 519-495-9789 | mhagerman@uniongas.com
50 Keil Drive North Chatham, ON N7M 5M1

From: John Wolnik [mailto:jwolnik@gsaenergyco.com]
Sent: April-06-17 4:32 PM
To: Hagerman, Max
Cc: Piett, Patti
Subject: RE: EPCOR-South Bruce Project

My mistake, I did find the correspondence with the hard dates of the 7th & 14th.

From: John Wolnik [mailto:jwolnik@gsaenergyco.com]
Sent: Thursday, April 06, 2017 4:29 PM
To: 'Hagerman, Max'
Cc: 'Piett, Patti'
Subject: RE: EPCOR-South Bruce Project

ıanks Max
A couple of things concerning your note below:

- I am not sure anything turns on it, but I do not recall having discussed the hard dates of April 7th & 14th in the past, but I acknowledge that you did indicate that you needed a response in the very near future

- Secondly, I did not request that Union put any further work on hold, but rather stated that EPCOR was not in a position to sign the LOI at this time, Union indicated the consequence of not signing the LOI was that it would not commit to prepare the EA. Further, we talked about the nature of the most recent service proposal (T3) and the concerns that I had that it could be considered discriminatory and Union noted it would continue to work on the this element of the service offering.

John

From: Hagerman, Max [mailto:MHagerman@uniongas.com]
Sent: Thursday, April 06, 2017 2:28 PM
To: jwolnik@gsaenergyco.com
Cc: Piett, Patti
Subject: FW: EPCOR-South Bruce Project

John, below is a summary of our discussion earlier today for your records...

EPCOR Project Update

- Conference call between John Wolnik, Patti Piett, Max Hagerman – April 6, 2016

Background

- Union had provided John /EPCOR notice in a previous communication that there were some critical commitments that Union required from EPCOR in order for Union to meet EPCOR's requested in-service date of 2018. (See attached). We had indicated that Union required an executed Letter of Indemnity (LOI) to cover pre-engineering work and Environmental Assessment costs by April 7th.
- Union further communicated that we also needed a finalized project request (volumes, service areas, etc.) by April 14th to meet the 2018 in-service request.

John communicated to Union this morning that EPCOR is not currently in a position to make a commitment to the LOI; John provided no solid reason (other than uncertainty of both the provincial funding and the regulatory process) and he requested that we put on hold any further work by Union on the project for the benefit of EPCOR. John wanted to be clear that EPCOR is still moving forward with the project internally and they are still performing distribution engineering design and marketing the project in the community.

Union communicated to John that Union will not move forward with any further pre-work for EPCOR such as the Environmental Assessments/Pre-Engineering and he recognized that this delay will compromise the 2018 in-service date.

Union did indicate to John that it will continue with the development of the commercial service/contracting (a T3-like transportation only service) requirements as part of the project development. John also advised that their ultimate volume requirement would be less than the initial forecast of 10,900 m3/Hr. John didn't provide a hard number but indicated that the reduction would be in the 10-20% range. John also thought that they would be looking for service from the Dornoch point only and would not look for any capacity at Wingham.

Union also communicated to John that depending on the duration of this delay the available capacity on the system may change as Union's growth would continue and new industrial load could request capacity. It would also be likely that EPCOR's costs in regards to direct and advanced reinforcement would change.

John will re-engage with Union once he has more information or at the time that EPCOR has more certainty on the project. John thought that he may know more in approximately 6 weeks.

Hagerman, Max

From: Hagerman, Max
Sent: April-06-17 1:50 PM
To: Piett, Patti; Mastronardi, Paolo
Subject: EPCOR-South Bruce Project
Attachments: Letter of Indemnity/EPCOR Service Requirements - South Bruce

? 2017 ?

EPCOR Project Update

- Conference call between John Wolnik, Patti Piett, Max Hagerman – April 6, 2016

Background

- Union had provided John /EPCOR notice in a previous communication that there were some critical commitments that Union required from EPCOR in order for Union to meet EPCOR's requested in-service date of 2018. (See attached). We had indicated that Union required an executed Letter of Indemnity (LOI) to cover pre-engineering work and Environmental Assessment costs by April 7th.
- Union further communicated that we also needed a finalized project request (volumes, service areas, etc.) by April 14th to meet the 2018 in-service request.

John communicated to Union this morning that EPCOR is not currently in a position to make a commitment to the LOI; John provided no solid reason (other than uncertainty of both the provincial funding and the regulatory process) and he requested that we put on hold any further work by Union on the project for the benefit of EPCOR. John wanted to be clear that EPCOR is still moving forward with the project internally and they are still performing distribution engineering design and marketing the project in the community.

Union communicated to John that Union will not move forward with any further pre-work for EPCOR such as the Environmental Assessments/Pre-Engineering and he recognized that this delay will compromise the 2018 in-service date.

Union did indicate to John that it will continue with the development of the commercial service/contracting (a T3-like transportation only service) requirements as part of the project development. John also advised that their ultimate volume requirement would be less than the initial forecast of 10,900 m3/Hr. John didn't provide a hard number but indicated that the reduction would be in the 10-20% range. John also thought that they would be looking for service from the Dornoch point only and would not look for any capacity at Wingham.

Union also communicated to John that depending on the duration of this delay the available capacity on the system may change as Union's growth would continue and new industrial load could request capacity. It would also be likely that EPCOR's costs in regards to direct and advanced reinforcement would change.

John will re-engage with Union once he has more information or at the time that EPCOR has more certainty on the project. John thought that he may know more in approximately 6 weeks.

Max Hagerman
Manager, Strategic Accounts and Marketer Services
Business Development Storage and Transmission
-
Union Gas Limited | An Enbridge Company
TEL: 519-436-4624 | CELL: 519-495-9789 | mhagerman@uniongas.com
50 Keil Drive North Chatham, ON N7M 5M1

From:	Max Hagerman
To:	jwolnik@gsaenergyco.com; "Bruce Brandell"
Subject:	EPCOR CIAC Calculations
Date:	Thursday, July 26, 2018 8:12:53 AM
Attachments:	2018-07-25 Epcor Cases (10-20 + 15-30).xlsx ATT00001.txt

John, as a follow-up to your request.

- The 7% is the amount of the 10,648 that is in excess of the 9,400 m3/hr, 9400 m3/hr is the threshold before we get to direct assignment costs.
- The station costs are part of the CIAC…I have just separated them for clarity. So the total aid would need to include the station costs.
- Attached in excel are 2 sheets…one referencing the 10/20 year load calculations and the other 15/30 year calculations.
- Discount rate is 5.2% (after tax WACC)

I trust this answers most of your questions.

We are currently working through some material with respect to the M17 service for our meeting next week. We are looking forward to our meeting next week to walk through some detail.

Best Regards,

Max Hagerman
Manager, Strategic Accounts and Marketer Services
Business Development Storage and Transmission
-
Union Gas Limited | An Enbridge Company
TEL: 519-436-4624 | CELL: 519-495-9789 | mhagerman@uniongas.com
50 Keil Drive North Chatham, ON N7M 5M1

From: jwolnik@gsaenergyco.com [mailto:jwolnik@gsaenergyco.com]
Sent: July-16-18 9:51 AM
To: Max Hagerman; 'Bruce Brandell'; 'Susannah Robinson'
Cc: Chris Shorts; Paolo Mastronardi
Subject: [External] RE: CIAC Calculations

Thanks Max
Can you provide the full calculation of how these were determined, including:

- all the input assumptions (e.g. translating m3/h to CD for each of the contract and GS loads, discount rate and other input assumptions used.

I also didn't understand a couple of points:

- You note that the 10,648 m3/h represents 7% of the total project costs, but you previously indicated that approximately 7500 m3/h already existed and this was being assigned to

EPCOR. Is the 7% the full 10,648 m3/h or the is the 7% the difference between the 10,648 m3/h and the existing capacity of ~ 7500 m3/h?

- You also note that the $2.9 m station cost is excluded from the CIAC calculation. I had previously understood that was included? So this the $2.9 m additive to the CIAC?

Thanks
John

From: Max Hagerman <MHagerman@uniongas.com>
Sent: July 16, 2018 9:28 AM
To: jwolnik@gsaenergyco.com; 'Bruce Brandell' <bbrandell@epcor.com>; 'Susannah Robinson' <SRobinson@epcor.com>
Cc: Chris Shorts <CShorts@uniongas.com>; Paolo Mastronardi <pmastronardi@uniongas.com>
Subject: CIAC Calculations
Importance: High

Good morning all….as promised CIAC figures attached for 10/20 years and 15/30 year term.

Common costs for both cases;

- Advancement Costs - $3.4 Million (advancement costs required for timing change of the OS reinforcement)
- Direct Assignment Costs- $3.8 Million (EPCOR share of the OS system—approximately 7% of the $ 55 Million project cost based on the 10,648 m3/Hr load)
- Transfer Station Costs- $2.9 Million (not included in CIAC Calculation)

Case 1

- 10 year Contract/20 year General Service
- Aid to PI 1.0= $3.4 Million + Station Costs
- Total = **$6.3 Million**

Case 2

- 15 year Contract/30 year General Service
- Aid to PI 1.0 = $2.1 Million + Station Costs
- Total = **$5 Million**

These costs are still estimated as we have some work to do on the project cost and the service costs but they are quite close to what would be final numbers. We can review more background on the underpinning of the costs if necessary when we meet in Toronto on July 31st.

Regards,

Max Hagerman
Manager, Strategic Accounts and Marketer Services

Business Development Storage and Transmission
-
Union Gas Limited | An Enbridge Company
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ENBRIDGE GAS INC.
Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Reference:

Exhibit B Tab 1 Schedule 3 paragraph 3

Preamble

In Exhibit B Tab 1 Schedule 3 paragraph 3, Enbridge references the need for a customer specific charge to cover off the capital and O&M costs associated with the station net of any contribution in aid of construction (“CIAC”).

Question(s):

a) Please confirm that EPCOR has paid or committed to pay Enbridge $4.023 to cover the forecasted cost of the customer station at Dornoch.

b) In the event that the Board were to decide that EPCOR was not required to pay a CIAC related to the Owen Sound Line reinforcement costs, please provide:
   i. The net present value (NPV) of the proposed M17 transmission revenue that would be collected from EPCOR over the 40-year life of the project.
   ii. Assuming that the Board agreed that the NPV of the transmission revenue ought to apply to offset the costs of the Dornoch customer station, please recalculate the amount owning by EPCOR for the Dornoch customer station and confirm that Enbridge would refund such amounts.

Response:

a) Confirmed.

b)

i) The NPV of the proposed M17 transmission revenue as shown at Exhibit E, Tab 4, Schedule 4, Line 3 is $6.25 million.

ii) As stated in pre-filed evidence at Exhibit B, Tab 1, Schedule 3, Pages 2 and 3, 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. This includes costs associated with customer-specific stations. The proposed monthly charge assumes that EPCOR has paid for the required customer station facilities in whole through a CIAC.

The proposed firm monthly transportation demand charge, as referenced in i) above, provides a contribution toward the recovery of demand-related costs associated with the pipeline assets that will be used to transport gas on behalf of EPCOR.

No refund would be warranted to EPCOR.

ENBRIDGE GAS INC.
Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Reference:

i. Exhibit A Tab 3 Schedule 1
ii. Exhibit B Tab 1 Schedule 1

Preamble

In reference i) as part of the background to the original application for approval of the new M17 service, Enbridge discusses the Board's approach for serving new communities and that it would be subject to competition. Enbridge also states that "the creation of the Rate M17 as proposed was appropriate given the arrival of the first new entrant to the gas distribution market in Ontario since the Board's Decision in the Natural Gas Electricity Interface Review"

In reference ii) Enbridge states:

Enbridge Gas developed the Rate M17 transportation service for gas distributors in response to changes in the competition for natural gas distribution in Ontario. Enbridge Gas is proposing the M17 service to EPCOR in response to EPCOR's request to provide transportation to the South Bruce expansion area. In addition to making this service available to other potential new entrants, existing customers who are gas distributors will also have the option to take transportation service under Rate M17.

Question(s)**:**

a) Please confirm the following features of the proposed M17 service (or otherwise explain why Enbridge is unable to confirm these features):
    i. Point to point cost-based transportation, requiring receipts and deliveries to be balanced daily.
    ii. No cost based seasonal storage.
    iii. Requires daily nominations.
    iv. No daily balancing rights.
    v. No access to gas supply.

b) Please explain if the intention of the M17 service is solely for non-Enbridge distributors (as well as any existing distributors wishing to change from an existing service) wishing to service unserved areas, or is it Enbridge's intention to also service new communities under the same terms, conditions, costs, and risks as would be incurred by a non-Enbridge distributor. If no, please fully explain why and further detail the service that such customers would receive from Enbridge in lieu of a M17 type service.

c) Please confirm that in the event that Enbridge is not intending to service new communities under M17 type terms, that this could provide a competitive advantage to Enbridge over other distributors.

Response:

a) Confirmed.

b) The Rate M17 transportation service was developed for gas distributors in Ontario. It is applicable to any gas distributor in Union South which enters into a contract with Enbridge Gas for the transportation of gas to its independent distribution system. It is not applicable to communities served by Enbridge Gas as those customers would be in-franchise and served under the applicable in-franchise rates that have been approved by the Ontario Energy Board (e.g., Rate M1, Rate 01, etc.).

c) Not confirmed. Enbridge Gas is providing Rate M17 as a regulated cost-based transportation service that EPCOR or other gas distributors in Ontario can utilize and pair with other market-based services to serve their customers.

ENBRIDGE GAS INC.
Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Reference:

Exhibit B Tab 1 Schedule 2

Preamble

In Exhibit B Tab 1 Schedule 2, Enbridge states the following:

…

3. Enbridge Gas's proposed Rate M17 transportation service for gas distributors includes transportation from Dawn, Kirkwall or Parkway (the points of receipt) to the customer's custody transfer point(s) with Enbridge Gas (the delivery area). The service offers transportation within Union South to transport gas East of Dawn on the Dawn Parkway system in combination with transportation on other Union South transmission lines to the delivery area.

4. The proposed service under the Rate M17 rate schedule is a firm point-to-point transportation service between an applicable receipt point and the delivery area. Similar to Enbridge Gas's other ex-franchise transportation services under Rate M12 and Rate C1, the M17 customer, also referred to as a shipper, will contract with Enbridge Gas to transport gas from Dawn, Kirkwall or Parkway to the delivery area. The ability to choose a path provides added flexibility and choice for the shipper.

Question(s)**:**

a) Enbridge states that M17 service allows for receipt points of Dawn, Kirkwall or Parkway. Is a M17 customer allowed to have more than one receipt point within a M17 contract? If not, please explain why.

b) Please confirm that a M17 customer that delivers gas to a Parkway delivery point is eligible for Parkway Delivery Commitment Incentive ("PDCI") payment. If not confirmed please explain why not.

c) Please confirm that under the terms of a M17 contract with a gas distribution customer, that once the gas is nominated to be delivered to Enbridge at a receipt point that until Enbridge delivers the gas at the delivery point, there are no other service providers that can provide a daily balancing service to manage any differences between gas nominated to Enbridge and the actual gas consumption at the delivery point.

d) Please confirm that the only firm nomination window for the M17 contract is at 1:30 pm for flow to commence the following gas day at 9:00 am (all time references are Central Time Zone).

e) Please explain in detail how the Enbridge nomination process works through a normal 2-day weekend and a 3-day long weekend (where Monday is observed as a holiday). Please also include when firm nominations are required for the first business day following a weekend and the effective time of such firm nomination.

f) When specifically does Enbridge make actual daily receipts and delivery information available for a gas day under a M17 contract? When is the next first firm nomination window subsequent to this information being made available and when is the effective period for such firm nomination after such imbalance information is made available:
   i. On a normal weekday.
   ii. Over a 2-day weekend.
   iii. Over a 3-day long weekend.

g) Please confirm that under the M17 service, daily receipts and deliveries must continue to be in balance each day even if there are no firm nomination windows to accommodate such volumes being in balance. If not, please explain.

<u>Response:</u>

a) No. The M17 service is designed for one receipt point per contract. If a secondary receipt point is required, a second contract is required.

b) The PDCI is only applicable to Union South in-franchise customers for obligated deliveries at Parkway. As the Parkway deliveries are obligated, Enbridge Gas can rely on these deliveries to reduce the amount of gas that is required to be transported easterly from Dawn on design day. The PDCI is not applicable to the Rate M17 service as the ex-franchise service does not have obligated deliveries.

c) EPCOR has the option to contract for storage balancing services from Enbridge Gas, an agent or marketer to balance differences between nominated and actual gas consumption at the receipt point.

d) Confirmed. This window is referred to as the Timely Window per NAESB standard nomination cycles.

e) Shippers may nominate on the Friday of a weekend for the entire weekend or they may nominate on the weekend each day before the Timely window for the next gas day. This applies whether it is a 2-day or 3-day long weekend. The Timely deadline is always 2:30 Eastern Time day before flow regardless of day of week or holiday.

   Also, as stated in the Proposed M17 Rate Schedule B – "All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are within the term of the Transportation Agreement".

f) Consumption and resulting imbalance information is available on Unionline by 2 pm Eastern Time at the latest on the day following flow. The next available firm window is the Timely at 2:30 Eastern Time for the next day of flow, again, regardless of weekend or holiday.

g) Yes, subject to the balancing tolerances laid out in the storage contract, receipts must match as closely as possible to deliveries. The M17 service allows the customer to nominate full firm at the Timely window and reduce the nomination on subsequent NAESB windows.

ENBRIDGE GAS INC.
Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Reference:

i. Exhibit B Tab 1 Schedule 3 paragraph 1
ii. Exhibit C Tab 1 Schedule 1

Preamble

In reference i) Enbridge states that the M17 charges include: “Commodity charges to recover incremental Dawn-Parkway compressor fuel and UFG associated with providing the transportation service.” [Emphasis added]

EPCOR would like to better understand this commodity charge calculation.

Question(s):

a) In reference i) Enbridge notes that M17 commodity charges, among other things, is intended to recover the incremental Dawn-Parkway compressor fuel and UFG (unaccounted for gas). Please confirm that the reference to incremental fuel only relates to the incremental compressor fuel and not incremental UGF.

b) Please explain the base from which incremental fuel is determined and how this incremental fuel calculation could change over time?

c) Reference ii) is the rate schedule that illustrates the proposed commodity charges and provides an option for “Utility Supplied Fuel” and “Shipper Supplied Fuel”. Please confirm that all incremental compressor fuel commodity costs are excluded in the Shipper Supplied Fuel commodity costs.

d) Please explain if the Shipper Supplied Fuel – Fuel Ratios are in fact incremental fuel ratios or average fuel ratios.

e) Since the M17 Dawn-Delivery service excludes any service easterly from the Owen Sound Line take-off, please confirm that there are no fuel requirements downstream of the Owen Sound Line take-off included in the M17 fuel ratios.

f) EPCOR understands that the Dawn-Parkway system is predominantly an easterly flow system. If so, one might expect that a either a Kirkwall to Delivery area or a Parkway to Delivery area M17 service would be a counter flow service which would actually save fuel for the Dawn-Parkway system, resulting in negative fuel ratios.

Please explain how the incremental fuel ratios were determined for the Kirkwall to Delivery Area and the Parkway to Delivery area service.

g) Please provide a graph showing daily flows and direction of travel on the Dawn-Parkway System for the last 2 calendar years for:
   i. Flows at Dawn.
   ii. Flows at Kirkwall.

h) For the Dawn-Delivery Area service, please provide a table that compares the proposed M17 fuel ratios in reference ii), for each of the April 1 – October 31 and November 1 – March 31 time periods to the actual fuel ratios experienced in each of the last 2 years during these same two time periods for Enbridge's M12 service between Dawn and Parkway.

i) Please list all of the other services offered by Enbridge where the fuel ratios are determined on an incremental basis.

Response:

a) Not confirmed. Fuel ratios on the Dawn-Parkway system include recovery of compressor fuel requirements and UFG. UFG is recovered from all storage and transportation volumes.

b) Fuel requirements are identified in the compressor fuel budget, which is set as part of a cost of service proceeding. The compressor fuel requirements are allocated to rate classes based on forecast compressor fuel usage.

   The fuel requirements are escalated annually throughout the deferred rebasing period based on Enbridge Gas's approved price cap index. The fuel requirement may also change as a result of the Parkway Delivery Obligation adjustments. Changes to fuel requirements during the deferred rebasing term require approval by the Board through Enbridge Gas's annual rate setting application.

c) Not confirmed. The fuel ratios and fuel rates are set to recover an equivalent amount of compressor fuel and UFG. The only difference between utility and shipper supplied fuel options is how the customer elects to pay for these charges. Under the utility supplied fuel option, the customer pays a fuel rate and under the shipper supplied fuel option, the customer provides fuel in kind.

d) Compressor fuel requirements are deemed to be incremental as compressor fuel is a variable cost that varies with the amount of volumes that require compression.

The fuel rate (or ratio) is not set on an incremental basis. Please see b) above.

e) Confirmed.

f) As described in part b), the compressor fuel budget is allocated based on compressor fuel usage. The forecast compressor fuel usage at each compressor is allocated to rate classes based on the annual throughput volumes that use each compressor.

The fuel ratios found on the M17 rate schedule for westerly transportation from Parkway and Kirkwall to the Delivery Area or Dawn are the same fuel ratios found on the Board approved C1 rate schedule for westerly transportation services from Parkway to Dawn and from Kirkwall to Dawn. Transportation fuel ratios from Kirkwall to Dawn simply recover UFG as there is no compression at Kirkwall requiring fuel. Transportation fuel ratios from Parkway to Dawn from Nov.1 through Mar.31 also recover UFG only. During this time forecast flows are easterly and compression required at Parkway is to export, therefore transportation services moving in the opposite direction do not cause any fuel requirements. Transportation fuel ratios from Parkway to Dawn from Apr.1 through Oct.31 are comprised of UFG and forecast fuel at Parkway.

g) Please see Attachment 1 regarding flows at Dawn and Attachment 2 regarding flows at Kirkwall.

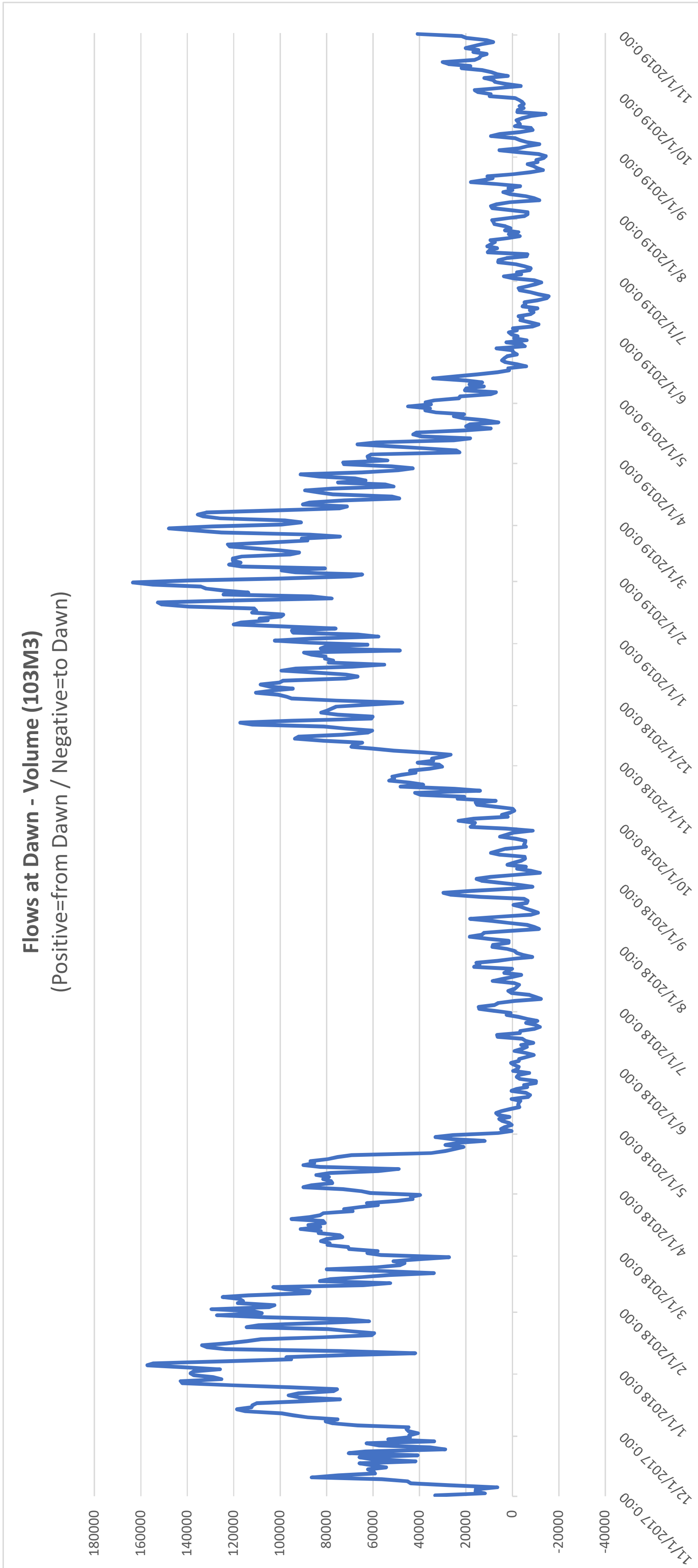
h) Please see Table 1 below.

Table 1
Rate M17 Proposed vs. Actual Rate M12 Fuel Ratios

Line No.	Particulars	Fuel Ratio Apr.1-Oct.31	Fuel Ratio Nov.1-Mar.31
1	Rate M17 Proposed - Dawn to Delivery Area (1)	0.319%	0.764%
2	Rate M12 Average Actual - Dawn to Parkway 2017/18 (2)	0.433%	0.918%
3	Rate M12 Average Actual - Dawn to Parkway 2018/19 (2)	0.465%	0.908%

Notes:
(1) Exhibit C, Tab 1, Schedule 1, p. 1.
(2) UFG assumed to be 0.158% to match Rate M17 proposed rate.

i) All fuel rates (or ratios) are set based on an approved compressor fuel budget, as described in part b).


Flows at Dawn - Volume (103M3)
(Positive=from Dawn / Negative=to Dawn)
180000
160000
140000
120000
100000
80000
60000
40000
20000
0
-20000
-40000
11/1/2017 0:00
12/1/2017 0:00
1/1/2018 0:00
2/1/2018 0:00
3/1/2018 0:00
4/1/2018 0:00
5/1/2018 0:00
6/1/2018 0:00
7/1/2018 0:00
8/1/2018 0:00
9/1/2018 0:00
10/1/2018 0:00
11/1/2018 0:00
12/1/2018 0:00
1/1/2019 0:00
2/1/2019 0:00
3/1/2019 0:00
4/1/2019 0:00
5/1/2019 0:00
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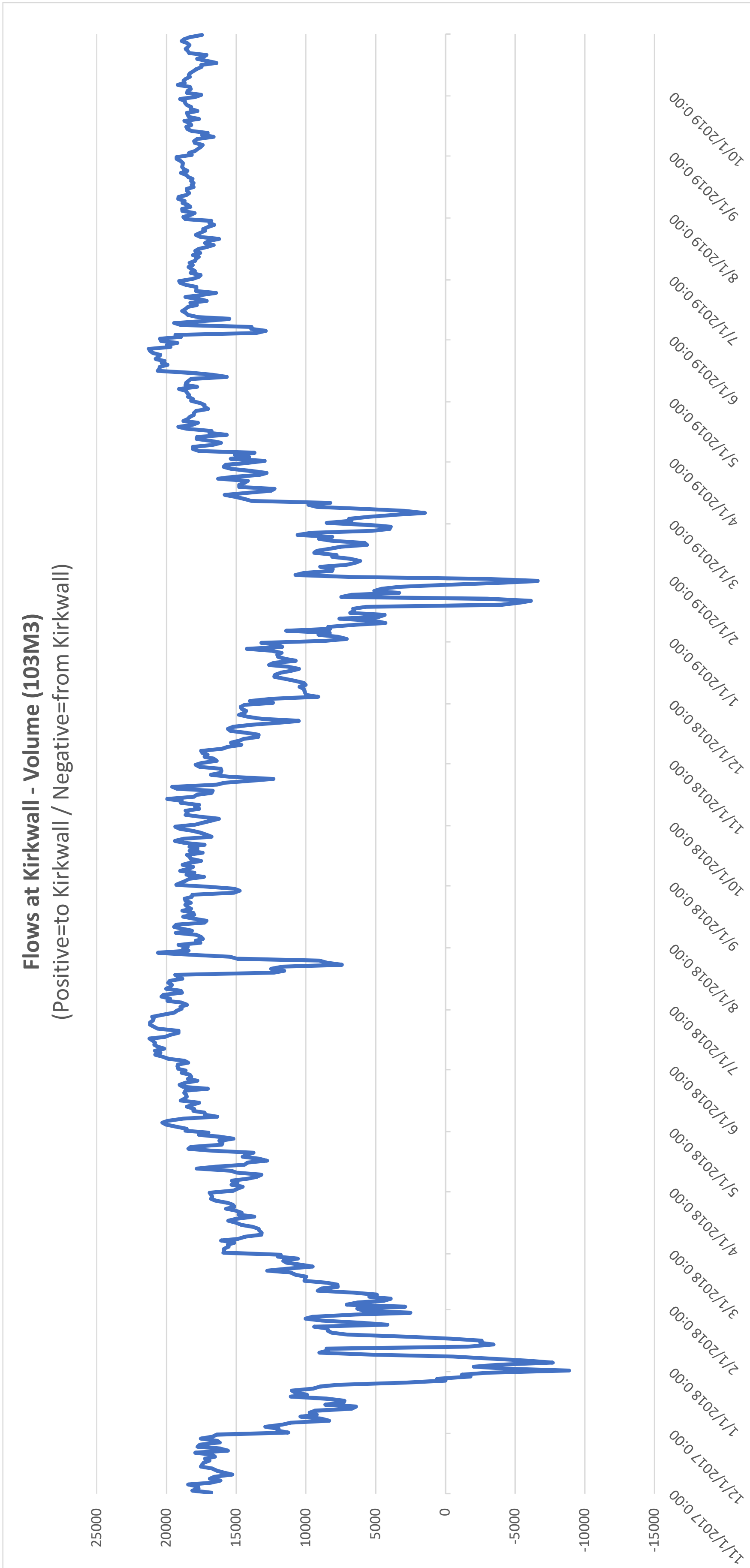
11/1/2019 0:00


Flows at Kirkwall - Volume (103M3)
(Positive=to Kirkwall / Negative=from Kirkwall)
25000
20000
15000
10000
5000
0
-5000
-10000
-15000
11/1/2017 0:00
12/1/2017 0:00
1/1/2018 0:00
2/1/2018 0:00
3/1/2018 0:00
4/1/2018 0:00
5/1/2018 0:00
6/1/2018 0:00
7/1/2018 0:00
8/1/2018 0:00
9/1/2018 0:00
10/1/2018 0:00
11/1/2018 0:00
12/1/2018 0:00
1/1/2019 0:00
2/1/2019 0:00
3/1/2019 0:00
4/1/2019 0:00
5/1/2019 0:00
6/1/2019 0:00
7/1/2019 0:00
8/1/2019 0:00
9/1/2019 0:00
10/1/2019 0:00

ENBRIDGE GAS INC.
Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Reference:

Exhibit D Tab 1 Schedule 3

Preamble

Enbridge proposes to collect a CIAC from EPCOR in an amount $5.34 million. EPCOR would like to better understand the risks associated with this proposed cost.

Question(s):

a) Please describe the level of accuracy of the capital cost estimate that was used to determine the overall capital cost of the reinforcement project.

b) Please state Enbridge's policy on who bears the capital cost risk if there are spending variances.

c) Please explain how the CIAC or the M17 rates would be affected if the capital cost for the entire project are different than what has been estimated.

Response:

a) The capital costs are based on preliminary designs as well as courtesy quotations from equipment suppliers and construction contractors. Enbridge Gas has a high level of confidence in the estimated capital costs for this project.

b) As explained in Exhibit I.EPCOR.2 g) Enbridge Gas is currently operating within an IR rate-setting framework in which rates are largely disconnected from costs. Upon conclusion of the IR term (also referred to as the deferred rebasing term) Enbridge Gas will submit a Cost of Service application to the Board in order to rebase and establish rates effective for 2024. Enbridge Gas anticipates the Board will review any material cost variances at that time for projects, such as the Project, which received Board approval by way of a leave to construct application during the deferred rebasing period.

c) Please see the response at Exhibit I.EP.1 c). A variance in the capital costs as described in the question would not impact the CIAC or the M17 rate.

ENBRIDGE GAS INC.
Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Reference:

Exhibit C Tab 1 Schedule 1

Preamble

Enbridge provides draft tariff sheets and general terms and conditions for the proposed M17 service.

Question(s):

a) Please provide a copy of the contract for the proposed M17 service.

Response:

a) Please see Attachment 1 for a copy of the M17 contract.

PRECEDENT AGREEMENT

THIS PRECEDENT AGREEMENT (**"Precedent Agreement"**) dated this 27th day of September, 2019 by and between **Enbridge Gas Inc.**, an Ontario corporation (**"Enbridge"**), and **EPCOR Natural Gas Limited Partnership**, a limited partnership formed under the laws of the Province of Ontario, (**"Shipper"**) (Enbridge and Shipper may sometimes be referred to separately as **"Party"** or jointly as **"Parties"** in this Precedent Agreement) witness that:

WHEREAS, Enbridge owns and operates a natural gas transmission system in south-western Ontario, through which Enbridge offers firm transportation services;

WHEREAS, Enbridge intends, subject to Shipper's execution of this Precedent Agreement, Shipper's execution of the Transportation Agreement defined below, and Enbridge's determination of capacity requirements, to own, build and operate the Owen Sound Reinforcement facilities necessary to provide the Transportation Services, including 34.2 kilometers of NPS 12 pipeline (the **"Expansion Facilities"**). For greater certainty, Expansion Facilities do not include any Shipper station facilities as funded by Shipper pursuant to a letter agreement between the parties, dated June 13, 2019;

WHEREAS, this Precedent Agreement is executed as evidence of Shipper's binding request for firm transportation service as well as Shipper's acknowledgement that Enbridge requires the benefit of certain construction and regulatory conditions precedent not contained in the tariff applicable to the Transportation Agreement;

WHEREAS, Shipper acknowledges that Enbridge is relying on Shipper's commitments and obligations set forth in this Precedent Agreement in order to own, build and operate the Expansion Facilities;

WHEREAS, Shipper agrees to enter into a transportation agreement whereby Enbridge will provide service and Shipper will receive service in Ontario in accordance with and in the form included in Enbridge's M17 Rate Schedule (such transportation agreement shall be referred to herein as the **"Transportation Agreement"**);

WHEREAS, Shipper, and its affiliate EPCOR Utilities Inc. (**"EPCOR"**), agree to enter into a financial backstopping agreement (**"Financial Backstopping Agreement"**) whereby EPCOR agrees to financially indemnify Enbridge for the costs associated with developing and constructing the Expansion Facilities on the terms and conditions contained therein;

WHEREAS, Shipper agrees to enter into an interconnect operating agreement with Enbridge to facilitate the Transportation Services (such agreement shall be referred to herein as the **"Interconnect Operating Agreement"**); and

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Enbridge and Shipper agree as follows:

1.0 Effective Date and Term

This Precedent Agreement shall become effective as of the date first stated above and shall remain in effect until the earlier of: (a) the date all of the conditions precedent in Section 3.0 have been satisfied or waived by the Party claiming the benefit thereof, or (b) the date either Enbridge or Shipper exercises their respective termination rights pursuant to this Precedent Agreement.

2.0 Firm Transportation Services

Shipper agrees that it will execute the firm Transportation Agreement necessary to satisfy Shipper's firm transportation requirements under the terms set forth below and in the form attached as Schedule 1 M17001. The Transportation Agreement shall provide firm transportation services including, without limitation, the following terms as described in M17001.

(a) Contract Demand
(b) Start and End Dates
(c) Receipt Point(s)
(d) Delivery Point(s)

Shipper shall be responsible for all charges, pursuant to Enbridge's M17 Rate Schedule, as applicable.

3.0 Conditions Precedent

3.1 The obligations of Enbridge to undertake the development and construction of the Expansion Facilities are subject to the following conditions precedent, which are for the sole benefit of Enbridge and may be waived or extended in writing, in whole or in part, in the manner provided in this Precedent Agreement:

(a) Enbridge shall have received from Shipper and EPCOR an executed Financial Backstopping Agreement, in form and substance reasonably acceptable to the Parties on or before October 1, 2019.

3.2 The obligations of Enbridge to provide the Transportation Services (as defined in the Transportation Agreement) are subject to the following conditions precedent, which are for the sole benefit of Enbridge and may be waived or extended, in whole or in part, in the manner provided for in this Precedent Agreement:

(a) Enbridge shall have obtained, in form and substance satisfactory to Enbridge, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to:

i. construct and operate the "**Expansion Facilities**; and
ii. provide the Transportation Services;

under a regulatory framework satisfactory to Enbridge, in its sole discretion

(b) Enbridge shall have obtained all internal approvals that are necessary or appropriate to construct and operate the Expansion Facilities within 7 days of the Ontario Energy Board ("**OEB**") decision rendered pursuant to 3.2 (a)i. above;

(c) Enbridge shall have obtained all internal approvals that are necessary or appropriate to provide the Transportation Services within 7 days of the OEB decision rendered pursuant to 3.2(a)ii. above;

(d) Enbridge shall have completed and placed into service the Expansion Facilities;

(e) Enbridge shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Transportation Agreement (the "**Initial Financial Assurances**") by October 1, 2019. The Initial Financial Assurances, if required, will be as determined solely by Enbridge;

(f) Shipper and Enbridge shall have entered into an Interruptible HUB Service Contract (the "**Facilitating Agreement**") with Enbridge and returned the executed copy to Enbridge by October 1, 2019;

(g) Shipper and Enbridge shall have entered into an Interconnect Operating Agreement in a form satisfactory to Enbridge in its sole discretion and returned the executed copies to Enbridge;

(h) Enbridge shall have received from Shipper the entire contribution in aid of construction as set out in Section 4 (the "**Aid Amount**") on or before the date provided in Section 4, pursuant to Shipper's obligations herein; and

(i) Shipper shall have executed the Transportation Agreement and returned the executed copy to Enbridge on or before October 1, 2019.

3.3 The obligations of Shipper under the Transportation Agreement are subject to the conditions precedent for the benefit of Shipper in the Transportation Agreement and to the following conditions precedent, which are for the sole benefit of Shipper, and which may be waived or extended in whole or in part in the manner provided for in this Precedent Agreement:

(a) Shipper shall, as required, have entered into the necessary contracts with Enbridge and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities to be handled under the Transportation Agreement; and shall, as required, have entered into the necessary firm contract to handle daily imbalances; and,

(b) Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities to be handled under the Transportation Agreement.

3.4 Enbridge and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfill the conditions precedent that are to their respective benefits specified in Section 3.1 (a), Section 3.2 (a),(d),(e),(f),(g),(h) and (i) and in Section 3.3 (a) and (b). Each Party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such Party's benefit. Subject to Section 3.6 herein, if a Party concludes that it will not be able to satisfy a condition precedent that is for that Party's benefit, that Party may, upon written notice to the other Party, terminate this Precedent Agreement and the Transportation Agreement and upon the giving of such notice, this Precedent Agreement and the Transportation Agreement shall be of no further force and effect and each of the Parties shall be released from all further obligations hereunder.

3.5 Subject to Section 3.6 herein, if any of the conditions precedent in Section 3.1 (a) or Section 3.2 (e), (f) or (i) are not satisfied or waived by the Party entitled to the benefit of such condition by the date provided therein, (or if any of the conditions precedent in Section 3.3 are not satisfied or waived by the Party entitled to the benefit of such condition by October 1, 2019), then either Party may, upon written notice to the other Party, terminate this Precedent Agreement and the Transportation Agreement and upon the giving of such notice, this Precedent Agreement and the Transportation Agreement shall be of no further force or effect and each of the Parties shall be released from all further obligations hereunder.

3.6 In the event of termination of the Precedent Agreement and Transportation Agreement pursuant to Sections 3.4 and/or 3.5 herein, then (i) such termination shall be without prejudice to any rights or remedies that a Party may have for breaches of this Precedent Agreement and the Transportation Agreement prior to such termination and any liability a Party may have incurred before such termination shall not thereby be released; and (ii) any obligations and any liabilities that Shipper may have incurred or be liable for pursuant to the Financial Backstopping Agreement shall not thereby be released, affected or diminished.

4.0 Aid to Construct

Shipper will be required to pay to Enbridge the Aid Amount in the following manner:

(a) $5,191,000 on or before the date Enbridge provides to Shipper, which date shall in no event be sooner than two weeks before the Expansion Facilities are anticipated to be placed into service.

Should the OEB determine that a different Aid Amount to that noted directly above is applicable to Shipper (the "**Revised Aid Amount**"), then Shipper shall be required to pay such Revised Aid Amount to Enbridge in accordance with the terms of this Precedent Agreement. In the event that Shipper has already paid the Aid Amount to Enbridge and a Revised Aid Amount is subsequently determined by the OEB, which Revised Aid Amount is less than the Aid Amount, then Enbridge shall refund the difference to Shipper.

Any applicable taxes will be applied to all amounts paid under this section. Shipper warrants and represents that no payment to be made by Shipper under this Precedent Agreement is subject to any withholding tax.

5.0 *[intentionally deleted]*

6.0 Ontario Energy Board Determination

Notwithstanding any provision of this Precedent Agreement, the applicability of the M17 Rate Schedule to this Precedent Agreement and the necessity of a contribution in aid of construction is subject to the jurisdiction of the OEB. Should the OEB determine that Shipper is eligible for a different rate schedule, then, within thirty (30) days of the determination of such eligibility by the OEB, the Shipper may terminate the Precedent Agreement and the Transportation Agreement by providing notice to Enbridge that it has chosen to be served under that other rate schedule determined by the OEB.

In the event of termination of the Precedent Agreement and Transportation Agreement pursuant to this section, then (i) such termination shall be without prejudice to any rights or remedies that a Party may have for breaches of this Precedent Agreement and the Transportation Agreement prior to such termination and any liability a Party may have incurred before such termination shall not thereby be released; and (ii) any obligations and any liabilities that the Shipper may have incurred or be liable for pursuant to the Financial Backstopping Agreement shall not thereby be released, affected or diminished.

Upon such termination of the Precedent Agreement and Transportation Agreement pursuant to this section, Enbridge and the Shipper shall enter into a new contract for service under that other rate schedule.

7.0 Limitation of Damages

The Parties hereto agree that neither Party shall be liable to the other Party for any punitive, special, exemplary, indirect, incidental or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Precedent Agreement, and without regard to the cause or causes thereof or the sole, concurrent or contributory negligence (whether active or passive), strict liability (including, without limitation, strict statutory liability and strict liability in tort) or other fault of either Party. The immediately preceding sentence specifically protects each Party against such punitive, exemplary, indirect, incidental or consequential damages even if with respect to the negligence, gross negligence, willful misconduct, strict liability or other fault or responsibility of such Party, and all rights to recover such damages or profits are hereby waived and released.

8.0 Modification or Waiver

No modification or waiver of the terms and provisions of this Precedent Agreement may be made except by the execution of a written amendment to this Precedent Agreement. The waiver by any Party of a breach or violation of any provision of this Precedent Agreement shall not operate as or be construed to be a waiver of any subsequent breach or violation thereof.

9.0 Supersedes Other Agreements

This Precedent Agreement, the Transportation Agreement, the Financial Backstopping Agreement and the associated Interconnect Operating Agreement reflect the whole and entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings among the Parties with respect to the subject matter hereof.

10.0 Notices

Notices under this Precedent Agreement must be sent,

If to Enbridge:

Enbridge Gas Inc.
P.O Box 2001
50 Keil Drive North

Chatham, ON
N7M 5M1
Attention: Max Hagerman, Manager S&T Sales
Facsimile: 519 436 5218
Email: Max.Hagerman@enbridge.com

If to Shipper:

EPCOR Natural Gas Limited Partnership
c/o EPCOR Utilities Inc.
2000 - 10423 101 Street NW
Edmonton, Alberta T5H 0E8
Attention: Mr. Bruce Brandell
Email: bbrandell@epcor.com

Any Party may change its address by written notice to that effect to the other Party. Notices given under this Section are deemed to have been effectively given upon receipt, if mailed via prepaid overnight mail by a reputable carrier or if delivered by courier. Notices sent by mail will be deemed effectively given on the third (3rd) business day following the day when the notice properly addressed and postpaid is placed in the Canadian mail. It is expressly understood and agreed, however, that any notices must first be delivered by facsimile or other similar means, and if mailed or sent by courier, must be mailed or sent by courier as soon as practicable thereafter.

11.0 Governing Law

This Precedent Agreement shall be interpreted, performed, and enforced in accordance with the laws of the Province of Ontario.

12.0 No Third Party Beneficiaries

This Precedent Agreement shall not create any rights in third parties, and no provision of this Precedent Agreement shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than the Parties.

13.0 No Drafting Presumption

No presumption shall operate in favor of or against any Party as a result of any responsibility that any Party may have had for drafting this Precedent Agreement.

14.0 Recitals

The recitals and representations appearing first above are hereby incorporated in and made a part of this Precedent Agreement.

15.0 Counterparts

This Precedent Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

16.0 Definitions

Capitalized terms used in this Precedent Agreement shall have the meaning given those terms in the Transportation Agreement, unless defined herein.

17.0 Assignment

The Parties hereto shall not assign this Precedent Agreement without the prior written consent of the other Party, which shall not be unreasonably withheld. This Precedent Agreement shall be binding upon and shall enure to the benefit of the Parties hereto and their permitted successors and assigns. In no event will the assignment of this Precedent Agreement be permitted unless the Transportation Agreement, the Financial Backstopping Agreement and the associated Interconnect Operating Agreement are also assigned to the same permitted assignee.

18.0 Conflict

For the period that this Precedent Agreement is in effect, in the event of any conflict between the provisions of the main body of this Precedent Agreement and the Transportation Agreement included as Schedule 1 herein, the provisions of the main body of this Precedent Agreement shall prevail over the Transportation Agreement.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Precedent Agreement to be duly executed by their duly authorized officers as of the date first written above.

ENBRIDGE GAS INC.

By: ______________________________
Authorized Signatory
James G. Redford, VP. Energy Services

EPCOR NATURAL GAS LIMITED PARTNERSHIP,
by its general partner, EPCOR ONTARIO UTILITIES INC.

By: ______________________________
Authorized Signatory Stuart Lee, President & CEO

By: ______________________________
Authorized Signatory Stephen Stanley, SVP, Commercial Services

Schedule 1 to the Precedent Agreement

Transportation Agreement

THIS FINANCIAL BACKSTOPPING AGREEMENT made as of the 27th day of September, 2019

BETWEEN:

ENBRIDGE GAS INC., a company existing under the laws of the Province of Ontario,
(hereinafter referred to as "**Enbridge**")

- and -

EPCOR UTILITIES INC., a company incorporated under the laws of the Province of Alberta,
(hereinafter referred to as "**EPCOR**")

- and -

EPCOR NATURAL GAS LIMITED PARTNERSHIP, a limited partnership formed under the laws of the Province of Ontario
(hereinafter referred to as "**Shipper**")

WHEREAS Shipper has been awarded the right to distribute natural gas in several municipalities in the Southern Bruce area of Ontario and is seeking to build a natural gas distribution system in that area (the "Southern Bruce Project");

AND WHEREAS Shipper has requested the provision by Enbridge of transportation services on Enbridge's pipeline system;

AND WHEREAS Enbridge and Shipper have entered into a Precedent Agreement dated September 27, 2019 (the "**Precedent Agreement**") and an associated firm transportation contract M17001, dated September 27, 2019 (the "**Contract**"), for transportation service on Enbridge's pipeline system;

AND WHEREAS pursuant to the Precedent Agreement, Expansion Facilities, as defined therein, must be constructed in order to enable Enbridge to provide the required transportation service for Shipper by the Commencement Date, as set out in the Contract;

AND WHEREAS the conditions precedent for the benefit of Shipper outlined Section 3.3 of the Precedent Agreement (the "**Shipper Conditions**") must be satisfied or waived by Shipper prior to the applicable date(s) provided in the Contract and the Precedent Agreement, as applicable, (each date a "**Shipper Conditions Precedent Date**");

AND WHEREAS the Contract and Precedent Agreement provide for certain conditions precedent for the benefit of Enbridge;

AND WHEREAS Enbridge is currently engaging in development and construction activities related to the Expansion Facilities and Shipper and EPCOR, on a joint and several basis, have agreed in accordance with the terms and conditions herein to financially indemnify Enbridge, subject to certain limitations as provided herein, for any and all Pre-Service Costs, as defined hereinafter;

THIS CONTRACT WITNESSETH that in consideration of the foregoing and mutual covenants herein contained, the parties hereto agree as follows:

1. DEFINITIONS

"**Indemnity Date**" means June 1, 2017.

"**Pre-Service Costs**" shall mean all reasonable costs consistent with good engineering and operating practices generally accepted in the industry, incurred by Enbridge, or which have accrued to or will accrue to Enbridge, or which have been allocated to or which will be allocated to Enbridge, or for which Enbridge is contractually obligated to pay, which are or have been incurred on or after the Indemnity Date, in conjunction with its efforts to develop and construct the Expansion Facilities. Pre-Service Costs shall include, but shall not be limited to, those expenditures and/or costs (including cancellation costs, carrying costs, costs to mitigate, third party claims and litigation costs), incurred by Enbridge, or which have accrued to or will accrue to Enbridge, or which have been allocated to or which will be allocated to Enbridge, or for which Enbridge is contractually obligated to pay associated with engineering, construction, materials and equipment, environmental, the obtaining of land rights, regulatory, and/or legal activities, interest during construction, internal overhead and administration (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the Ontario Energy Board) and any other costs, expenses, losses, demands, damages and obligations incurred in furtherance of Enbridge's efforts to develop and construct the Expansion Facilities.

2. CONSTRUCTION

Unless the context requires otherwise: (a) any capitalized term used herein not specifically defined shall have the definition given to it in the Precedent Agreement or the Contract; (b) the gender (or lack of gender) of all words used in this Financial Backstopping Agreement includes the masculine and feminine; (c) the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (d) "shall" and "will" have equal force and effect; (e) the words "include," "including," or "includes" shall be read to be followed by the words "without limitation" or words having similar import; and (f) the word "or" will have the inclusive meaning represented by the phrase "and/or".

3. TERMS

a. **Shipper Unable to Satisfy or Waive Conditions Precedent, with Precedent Agreement Terminated**: If Shipper fails to satisfy or waive any Shipper Conditions by the associated Shipper Conditions Precedent Date and the Precedent Agreement is terminated in accordance with the terms thereof, Shipper shall reimburse Enbridge for Shipper's proportionate share of Pre-Service Costs relating to the development and construction of the Expansion Facilities.

b. **Enbridge Unable to Satisfy or Waive Conditions Precedent, with Precedent Agreement Terminated**:

If any of the conditions precedent for Enbridge's benefit set out in Subsections 3.1 and 3.2 in the Precedent Agreement are not satisfied or waived, and the Precedent Agreement is terminated in accordance with the terms thereof, then Shipper shall reimburse Enbridge for Shipper's proportionate share of Pre-Service Costs relating to the development and construction of the Expansion Facilities.

c. **Union Obligation to Minimize Pre-Service Costs:** Enbridge shall use commercially reasonable efforts to minimize all Pre-Service Costs payable by Shipper to Enbridge, including without limitation, mitigating costs by soliciting one or more replacement shippers for excess transportation services, if applicable.

d. **Shipper's Pre-Service Costs Not to Exceed:** Notwithstanding any other provisions in this Financial Backstopping Agreement, Shipper's Pre-Service Costs shall not exceed two-million, two hundred thousand dollars ($2,200,000.00), plus applicable taxes. For greater certainty, if section 182 of the *Excise Tax Act (Canada)* applies to such Pre-Service Costs payment, then the Pre-Service Costs amount payable shall be increased by an amount equal to the GST percentage rate multiplied by the Pre-Service Costs amount payable.

4. FINANCIAL ASSURANCES

a. From time to time, Enbridge may request, and Shipper shall provide to Enbridge, the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of this Financial Backstopping Agreement in the form and amount reasonably required by Enbridge (the "**FBA Financial Assurances**"). The FBA Financial Assurances, if required, will be as determined solely by Enbridge.

b. Notwithstanding the foregoing, in consideration of Enbridge undertaking development and construction activities in relation to Expansion Facilities and incurring Pre-Service Costs, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, EPCOR hereby irrevocably and unconditionally indemnifies and holds harmless Enbridge, and all of Enbridge's affiliates, employees, officers, and directors (collectively, the "**Indemnitees**") from all Pre-Service Costs which the Indemnitees or any of them may incur or suffer in respect of, or in connection with, or in any manner arising out of the development and construction of Expansion Facilities. Except to the extent of any Pre-Service Costs arising out of Shipper's or EPCOR's breach of contract, negligence, fraud, or wilful misconduct, EPCOR's liability under this Financial Backstopping Agreement will not exceed the amount provided in Section 3.d. immediately above.

5. INVOICING PROCESS

Upon final determination by Enbridge of any amounts owing by Shipper under this Financial Backstopping Agreement, Enbridge shall provide an invoice to Shipper, with sufficient supporting evidence, reasonably satisfactory to Shipper, justifying the invoiced amount in relation to the Cancelled Facilities, and Shipper shall pay, such amounts within thirty (30) days following Shipper's receipt of any invoices. Shipper acknowledges and understands that the final determination of any amounts owing by Shipper might not be capable of determination until such time as the Expansion Facilities are completed and placed into service. If Shipper fails to pay any invoice in full within the time herein required, interest on the unpaid portion shall accrue from the date such payment is first overdue until payment is made at a rate of interest equal to an effective monthly interest rate of 1.5%, compounded monthly, for an effective annual interest rate of 19.56%, and such interest shall be immediately due and payable.

6. TERMINATION OF AGREEMENT

This Financial Backstopping Agreement shall terminate on the later of the date that the Expansion Facilities are placed into service or the date Shipper has paid all of the Pre-Service Costs, inclusive of any interest, pursuant to Section 5 herein, as applicable; provided however, that any rights or remedies that a party may have for breaches of this Financial Backstopping Agreement prior to such termination and any liability a party may have incurred pursuant to the Financial Backstopping Agreement before such termination shall not thereby be released, and only such liability shall remain due and owing in accordance with the terms hereof and any applicable invoice. Sections 3, 4 and 6 survive the termination of this Agreement.

7. ESTIMATE OF PRE-SERVICE COSTS

Shipper acknowledges that it has been provided an initial estimate for the Pre-Service Costs (the "**Estimated Pre-Service Costs**") and that the initial estimate is attached at Schedule 1. Enbridge shall provide an update of the Estimated Pre-Service Costs within thirty (30) days of the end of each calendar quarter, beginning at the end of the second quarter of 2018 in a form similar to Schedule 1. Shipper and Enbridge acknowledge and agree that the Estimated Pre-Service Costs are estimates provided for information purposes only and that to the extent Shipper's liability pursuant to this Financial Backstopping Agreement is greater than or less than any Estimated Pre-Service Costs, Shipper shall be obligated to pay its share of Pre-Service Costs as calculated pursuant to the provisions of this Financial Backstopping Agreement.

8. MISCELLANEOUS

a. The parties hereto shall not assign this Financial Backstopping Agreement without the prior written consent of the other party, which shall not be unreasonably withheld. This Financial Backstopping Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their permitted successors and assigns. In no event will the assignment of this Financial Backstopping Agreement be permitted unless the Precedent Agreement and Contract are also assigned to the same permitted assignee.

b. This Financial Backstopping Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and each of the parties shall attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

c. This Financial Backstopping Agreement was negotiated and prepared by both parties with the advice and participation of counsel. The parties have agreed to the wording of this Financial Backstopping Agreement and none of the provisions hereof shall be construed against one party on the ground that such party is the author of this Financial Backstopping Agreement or any part hereof.

d. The recitals and representations appearing first above are hereby incorporated in and made a part of this Financial Backstopping Agreement.

e. This Financial Backstopping Agreement may be executed in multiple counterparts (including by means of facsimile or electronic signature pages), each of which shall be deemed an original and all of which shall constitute one and the same instrument.

f. A waiver of any default, breach of non-compliance under this Financial Backstopping Agreement is not effective unless in writing and signed by the party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a party in respect of any default, breach, non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Financial Backstopping Agreement shall not operate as a waiver of the party's rights under this Financial Backstopping Agreement in respect of any continuing or subsequent default, breach or non-compliance (whether of the same or any other nature).

g. This Financial Backstopping Agreement, the Precedent Agreement and the Contract reflect the whole and entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings among the parties with respect to the subject matter hereof.

h. For the period this Financial Backstopping Agreement is in effect, in the event of any conflict between the provisions of this Financial Backstopping Agreement and the main body of the Precedent Agreement and/or the Contract, the provisions of this Financial Backstopping Agreement shall prevail over the main body of the Precedent Agreement and the Contract.

[signature page follows]

IN WITNESS WHEREOF this Financial Backstopping Agreement has been properly executed by the parties hereto by their duly authorized officers effective as of the date first above written.

EPCOR UTILITIES INC.

Name: Stuart Lee

Title: President & CEO

Name: Pamela Zrobek

Title: Treasurer & Director Corporate Development

ENBRIDGE GAS INC.

Name: James G Redford

Title: VICE-PRESIDENT, ENERGY SERVICES

EPCOR NATURAL GAS LIMITED PARTNERSHIP,
by its general partner, EPCOR ONTARIO UTILITIES INC.

Name: Stuart Lee

Title: President & CEO

Name: Stephen Stanley

Title: SVP, Commercial Services

SCHEDULE 1

Estimated Pre-Service Costs

Owen Sound Reinforcement Project (Confidential)
July 16, 2018

The following is an estimate provided for informational purposes only and without prejudice.

Shipper Proportional Share (based on total awarded volumes)

Project Costs ($ 000's)	Pipeline
Total Owen Sound Reinforcement	60,070
EPCOR Allocation	18.2%
[redacted]	

Cumulative Project Costs Cancellation (based on Shipper Proportional Share)
Capped at $2.2 Million

Cancellation ($ 000's)	2019 Cumulative			2020 Cumulative				
	31-Jul	30-Sep	31-Dec	31-Mar	30-May	31-Jul	30-Sep	30-Nov
Pipeline (18.2%)	708	720	1,248	2,200	2,200	2,200	2,200	2,200

Notes:

1. Project Costs estimates to be updated periodically to reflect latest information
2. Gross Project Costs based on Class 4 capital estimate (+25/-15%)
3. Shipper costs capped at $2.2 Million

M17 TRANSPORTATION CONTRACT dated as of the 27th day of September 2019

ENBRIDGE GAS INC., a company existing under the laws of the Province of Ontario,
(hereinafter referred to as "**Enbridge**")

- and -

EPCOR NATURAL GAS LIMITED PARTNERSHIP, a limited partnership formed pursuant to the laws of Ontario,
(hereinafter referred to as "**Shipper**")

WHEREAS, Enbridge owns and operates a natural gas transmission system in south-western Ontario, through which Enbridge offers "**Transportation Services**", as defined in Article II herein;

AND WHEREAS, Shipper wishes to retain Enbridge to provide such Transportation Services, as set out herein, and Enbridge has agreed, subject to the terms and conditions of this Contract, to provide the Transportation Services requested;

NOW THEREFORE, this Contract witnesses that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE I - INTERPRETATION AND DEFINITIONS

1.01 Divisions, Headings and Index: The division of this Contract into Articles, Sections and Subsections, and the insertion of headings and any table of contents or index provided are for convenience of reference only, and shall not affect the construction or interpretation hereof.

1.02 Industry Usage: Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the transportation, storage, and distribution or sale of natural gas have an accepted meaning shall have that meaning.

1.03 Extended Meaning: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein" and "hereunder" and words of similar import refer to the entirety of this Contract, including the Schedules incorporated into this Contract, and not only to the Section in which such use occurs.

1.04 Conflict: In the event of any conflict between the provisions of the main body of this Contract (including Schedule 1) and Enbridge's M17 Rate Schedule, as defined below, the provisions of Enbridge's M17 Rate Schedule shall prevail over the main body of this Contract.

1.05 Currency: All reference to dollars in this Contract shall mean Canadian dollars unless otherwise specified.

1.06 Schedules: Refers to the schedules attached hereto which are specifically included as part of this Contract, and include:
Schedule 1 – Contract Parameters

1.07 Rate Schedule: "**Enbridge's M17 Rate Schedule**" or the "**M17 Rate Schedule**" or "**M17**" shall mean Enbridge's M17 Rate Schedule, (including the Transportation Rates, Schedule "A" (General Terms and Conditions), Schedule "B" (Nominations) and Schedule "C" (Points and Pressures)), or such other replacement rate schedule which may be applicable to the Transportation Services provided hereunder as approved by the Ontario Energy Board, and shall apply hereto, as amended from time to time, and which is incorporated into this Contract pursuant to Section 5.03 hereof.

1.08 Measurements: Units set out in SI (metric) are the governing units for the purposes of this Contract. Units set out in Imperial measurement in parentheses beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (metric) shall prevail.

ARTICLE II - TRANSPORTATION SERVICES

2.01 Transportation Services: Enbridge shall, subject to the terms and conditions herein, transport Shipper's gas on a firm basis on Enbridge's system (the "**Transportation Services**"). Shipper agrees to the following for the provision of the Transportation Services:

(a) Contract Demand, Firm Hourly Quantity, Receipt Point, Delivery Point and Transportation Services Paths shall be as set out in Schedule 1.

(b) Gas Transported by Enbridge:

(i) Enbridge agrees, on any Day, and subject to Sections (b) (ii) and (b) (iii), immediately below, to receive on Shipper's behalf at the Receipt Point, any quantity of gas which Shipper nominates and which Enbridge has authorized for Transportation Service and to deliver that quantity of gas to Shipper at the Delivery Point;

(ii) Under no circumstances shall Enbridge be required to transport a quantity of gas in excess of the Contract Demand and/or the Firm Hourly Quantity; and

(iii) Enbridge agrees that it shall, upon the request of Shipper, use reasonable efforts to transport gas in excess of the Contract Demand as Authorized Overrun, on an interruptible basis.

(c) Fuel:

Shipper shall provide the fuel requirements per the M17 Rate Schedule based on the actual quantity of gas transported.

2.02 Accounting for Transportation Services: All quantities of gas handled by Enbridge shall be accounted for on a daily basis.

2.03 Commingling: Enbridge shall have the right to commingle the quantity of gas referenced herein with gas owned by Enbridge or gas being stored and/or transported by Enbridge for third parties.

2.04 Imbalances: The parties shall deal with any gas imbalances pursuant to the applicable agreement between the parties.

ARTICLE III - CHARGES AND RATES

3.01 Except as otherwise stated herein, the charges and rates to be billed by Enbridge and paid by Shipper for the Transportation Services provided under this Contract will be those specified in Enbridge's M17 Rate Schedule.

ARTICLE IV - NOMINATIONS

4.01 Transportation Services provided hereunder shall be in accordance with the prescribed nominations procedure as set out in Schedule "B" of Enbridge's M17 Rate Schedule.

ARTICLE V - MISCELLANEOUS PROVISIONS

5.01 Notices: All communications provided for or permitted hereunder shall be in writing, personally delivered to an officer or other responsible employee of the addressee or sent by registered mail, charges prepaid, or by facsimile or other means of recorded electronic communication, charges prepaid, to the applicable address or to such other address as either party hereto may from time to time designate to the other in such manner, provided that no communication shall be sent by mail pending any threatened, or during any actual, postal strike or other disruption of the postal service. Shipper contact information, as provided to Enbridge, shall be found on the secured portion of Enbridge's website (the secured portion of Enbridge's website is known as "***Unionline***"). Enbridge's contact information shall be displayed on the unsecured portion of Enbridge's website. Any communication personally delivered shall be deemed to have been validly and effectively received on the date of such delivery. Any communication so sent by facsimile or other means of electronic communication shall be deemed to have been validly and effectively received on the Business Day following the day on which it is sent. Any communication so sent by mail shall be deemed to have been validly and effectively received on the seventh Business Day following the day on which it is postmarked.

Notwithstanding the above, nominations shall be made by facsimile or other recorded electronic means, subject to execution of an agreement for use of *Unionline*, or such other agreement, satisfactory to Enbridge, and will be deemed to be received on the same Day and same time as sent. Each party may from time to time change its address for the purpose of this Section by giving notice of such change to the other party in accordance with this Section.

5.02 Law of Contract: Enbridge and Shipper agree that this Contract is made in the Province of Ontario and that, subject to Article X of the General Terms and Conditions, the courts of the Province of Ontario shall have exclusive jurisdiction in all matters contained herein. The parties further agree that this Contract shall be construed exclusively in accordance with the laws of the Province of Ontario.

5.03 Entire Contract: This Contract (including Schedule 1), the associated Interconnect Operating Agreement, all applicable rate schedules and price schedules, and any applicable Precedent Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. This Contract supersedes any prior or contemporaneous agreements, understandings, negotiations or discussions, whether oral or written, of the parties in respect of the subject matter hereof.

5.04 Time of Essence: Time shall be of the essence hereof.

5.05 Counterparts: This Contract may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original but all of which together shall constitute one and the same agreement. This Contract may be executed by facsimile or other electronic communication and this procedure shall be as effective as signing and delivering an original copy.

5.06 Severability: If any provision hereof is invalid or unenforceable in any jurisdiction, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.

5.07 General Liability: The liability of the parties hereunder is limited to direct damages only and all other remedies or damages are waived. In no event shall either party be liable for consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

[signature page follows]

THIS CONTRACT SHALL BE BINDING UPON and shall enure to the benefit of the parties hereto and their respective successors and permitted and lawful assigns.

IN WITNESS WHEREOF this Contract has been properly executed by the parties hereto by their duly authorized officers as of the date first above written.

EPCOR NATURAL GAS LIMITED PARTNERSHIP, by its general partner **EPCOR ONTARIO UTILITIES INC.**
Authorized Signatory

By: ____________________

Stuart Lee
Title: President + CEO

By: ____________________

Stephen Stanley
Title: SVP Commercial Services

ENBRIDGE GAS INC.
Authorized Signatory

By: ____________________
James G. Redford

Title: VICE-PRESIDENT, ENERGY SERVICES

CONTRACT PARAMETERS

Contract Demand

Enbridge shall transport a quantity of gas, on a firm basis, on any one Day, of up to 8,863 GJ (the "**Contract Demand**").

Enbridge shall transport a quantity of gas, on a firm basis, in any hour, of up to 414 GJ (the "**Firm Hourly Quantity**").

Receipt Point, Delivery Point and Transportation Services Paths

A "**Receipt Point**", as noted in the chart below, shall mean the point where Enbridge shall receive gas from Shipper on a firm basis and a "**Delivery Point**", as noted in the chart below, shall mean the point where Enbridge shall deliver gas to Shipper on a firm basis.

The Transportation Services are available for the following paths:

Path	Receipt Point(s)	Delivery Point(s)
1	Dawn (Facilities)	Dornoch (as defined in the Interconnect Operating Agreement)

Term

This Contract shall be effective as of the date of execution hereof; however, the obligations, terms and conditions for the Transportation Services herein shall commence on the later of:

- November 1, 2020;
- the day following the date that all of the conditions precedent set out in the agreement setting out certain construction and related conditions related to this Contract, dated September 27, 2019 ("**Precedent Agreement**"), have been satisfied or waived by the party entitled to the benefit thereof;

(such later date being referred to as the "**Commencement Date**") and shall continue in full force and effect until the later of:

- October 31, 2034; and
- for fourteen (14) years after the Commencement Date

(such period, the "**Initial Term**").

Conditions Date

[intentionally blank]

ENBRIDGE GAS INC.
Answer to Interrogatory from
EPCOR Natural Gas Resources Limited (EPCOR)

Reference:

Procedural Order Number 1

Preamble

The OEB has adopted the evidence of EB-2018-0244, the prior application where Enbridge sought approval of its proposed M17 service, prior to withdrawing the application.

Question(s)**:**

a) Please identify any portions of the evidence that are no longer applicable and explain why such areas are no longer applicable.

b) Please update interrogatory responses as necessary.

Response:

a) The Board has adopted the evidence in EB-2018-0244. The evidence in that proceeding and application are not supplemental to the current application which has replaced the withdrawn application and Enbridge Gas does not rely on it to establish the relief sought in this proceeding. As such, it is of limited value to either identify the differences or to update the interrogatory responses as neither forms part of the evidentiary basis on which Enbridge Gas relies.

b) Please see a) above.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Reference:

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.

Question:

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

Response:

a) The average rate for long-term LDC storage as of April 1, 2019 was $0.83 Cdn/GJ. This "average" rate would include a variety of customized services at varied terms as well as the standard services offered to LDC's.

b) The average rate for all long-term storage contracts (excluding High Deliverability Storage contracts) as of April 1, 2019 was $0.84 Cdn/GJ. This rate would also include a variety of customized services at varied terms to serve customer requirements.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Reference:

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.

Question:

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.

Response:

Please see Table 1 for the summary of Board-approved customer-related costs allocated to Rate T3. For clarity, Enbridge Gas is not applying for a T3 rate in this application, as appears to be indicated in the question above.

Table 1
Summary of Board-approved Customer-related
Costs Allocated to Rate T3

Line No.	Particulars ($000's)	Total	
		(a)	
	2013 Revenue Requirement		
1	Return and Taxes	56	
2	Depreciation Expense	52	
	Operating Expenses		
3	Distribution (Union South)	10	
4	General Operating & Engineering	8	
5	Sales Promotion and Merchandise	54	
6	Distribution Customer Accounting	1	
7	Administrative & General	64	
8	Total 2013 Revenue Requirement	244	
9	2014-2019 IRM Adjustments	3	
10	Total 2019 Revenue Requirement	247	(1)
11	Annual Billing Units (months)	12	
12	Total Rate T3 Monthly Charge ($/month)	$20,622.21	(2)

Notes:
(1) EB-2018-0305, Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 5, p. 20, line 11, col. (o).
(2) EB-2018-0305, Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 5, p. 20, line 11, col. (r).

ENBRIDGE GAS INC.
Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Reference:

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.

Question**:**

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.

Response:

a) As noted in the reference provided, in the NGEIR excerpt the Board is discussing whether to "refrain from regulating storage rates". In doing so the Board determined that access to cost-based storage was based on whether a utility has sufficient access to competitive storage options. The excerpt referenced from Exhibit B.FRPO.2 in EB-2018-0244 is in reference to the proposed Rate M17 transportation service, which is a regulated transportation service.

b) The Board's EB-2016-0004 (Generic Community Expansion) proceeding fundamentally changed the landscape for natural gas expansion in Ontario by allowing for competition for the distribution of natural gas. It created a situation where new entrants may compete to offer gas distribution services in Ontario without recognition of the economies of scale of existing gas distributors. This change led to the development of the Rate M17 Service.

   As described in part a), the Board in the NGEIR Decision determined access to cost-based storage was based on access to competitive storage options. The bundled or semi-unbundled services offered by Union Gas and/or EGD at the time of NGEIR did not provide utilities which contracted for these services (i.e., EPCOR Natural Gas

Limited Partnership (formerly NRG), Six Nations Natural Gas, and Gazifère) with access to competitive storage options. Other utilities at the time of NGEIR (legacy EGD, Énergir, and Utilities Kingston) were deemed by the Board to have access to competitive storage options, and thus did not receive access to regulated cost-based storage from Union in the Board's NGEIR Decision.

Under the Rate M17 transportation service, gas distributors will have access to competitive storage options by separately contracting for transportation service from Enbridge Gas without the associated gas supply and storage services. Gas distributors will be able to buy competitive storage services on behalf of their customers and do not require the protection of regulation for the acquisition of storage as provided in Rate T3.

Provided this application is approved as filed EPCOR will not quality for Rate T3, which will be only be applicable to existing gas distributors contracted for that service.

c) As noted on page 1 of Exhibit B, Tab 1, Schedule 4, Enbridge Gas proposes to grandfather the existing gas distributors taking service under the Rate M9 and Rate T3 rate schedules. These distributors are not required to convert their contracts when Rate M17 becomes effective. However, M17 provides those distributors with the ability to access a competitive market for storage and balancing services which can be customized for their specific needs. Should an existing gas distributor customer elect to switch from Rate M9 or Rate T3 to Rate M17, they will no longer meet the applicability requirements of their prior service.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Reference:

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."

Question:

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

What is the pipe size and MAOP of the line from the legacy EGD system that interconnects with the legacy EGD system?

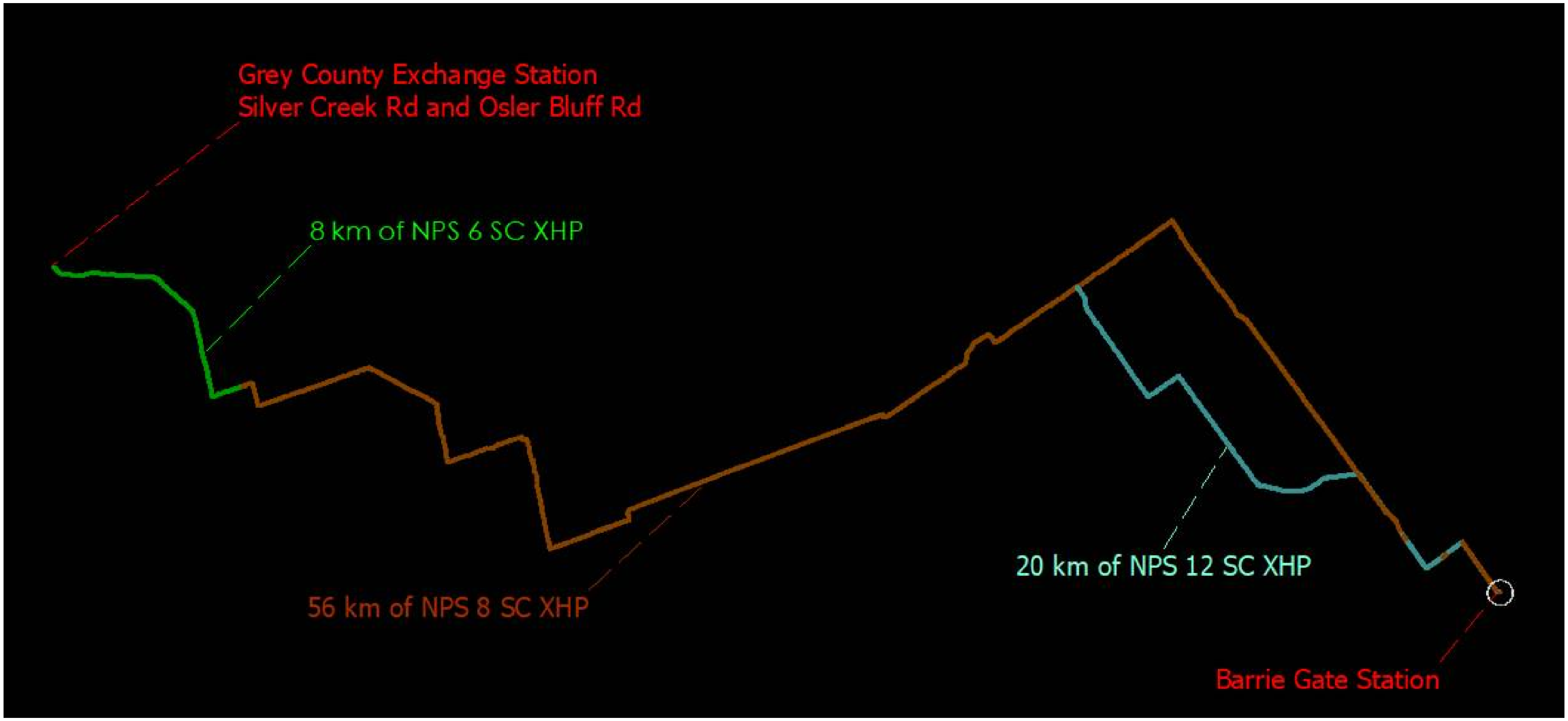
a) Please provide a map including the distance of that segment of same MAOP.

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?

Response:

a)



NPS 12 ST – Barrie Gate to NPS 8 ST (20 km)
NPS 8 ST – Barrie Gate to Collingwood (56 km)
NPS 6 ST – Collingwood to Grey County Station (8 km)

b) The peak day design pressure is 1170 kPa at the EGD terminus and 1009 kPa at the Union terminus.

c) The limiting factor on the former EGD system is the minimum regulator station inlet pressure of 700 kPa.

   i. As noted in Exhibit E, Tab 3, Schedule 1 section 3.5.7, the connection point is meant to help feed either legacy utility in cases of emergency and for operational maintenance under non-peak conditions. There is currently no significant available capacity at the exchange on a design day. Therefore, this option was not pursued further.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Reference:

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."

Question**:**

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

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.

Response:

a) Please see Attachment 1. The results assume the reverse open season is not executed.

b) Please see the response at Exhibit I.Kitchener.5 for growth consumption by area. The increases in flows in the table shown are due to growth.

c) Please see Attachment 1. The results assume the reverse open season is not executed.

d) The results are provided using a transient simulation.

Without Proposed Facilities																									
		Strausburg		St Jacobs				Fergus		Teviotdale				Durham		EPCOR		Owen Sound		Flow East of Owen		Port Elgin	
				North		South				3450 cut 1A		1900 cut 1B											
2019/20	**Maximum Flow**	174860	m3/hr	124254	m3/hr	31697	m3/hr	16338	m3/hr	2954	m3/hr	15312	m3/hr	15550	m3/hr	0	m3/hr	26024	m3/hr	13648	m3/hr	4957	m3/hr
	Minimum Pressure In	4993	kPa		4999	kPa		4354	kPa		4018	kPa		3316	kPa	2947	kPa	2197	kPa			1366	kPa
2022/23	**Maximum Flow**	175849	m3/hr	128765	m3/hr	34738	m3/hr	16983	m3/hr	3069	m3/hr	15897	m3/hr	15897	m3/hr	0	m3/hr	26678	m3/hr	14040	m3/hr	5410	m3/hr
	Minimum Pressure In	4986	kPa		4928	kPa		4337	kPa		3974	kPa		3202	kPa	2787	kPa	1903	kPa			471	kPa
With Proposed Facilities																							
2022/23	**Minimum Pressure In**	4986	kPa	4928	kPa			4336	kPa	3969	kPa			3171	kPa	3095	kPa	2700	kPa			1893	kPa

ENBRIDGE GAS INC.
Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Reference:

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."

Question**:**

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

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?

Response:

Please see Exhibit I.FRPO.4.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Reference:

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."

Question**:**

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

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.

Response:

Please see response at Exhibit I.STAFF.13 a).

ENBRIDGE GAS INC.
Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Reference:

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"

Question:

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

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?

Response:

With respect to NPV of energy cost savings, the Stage 2 analysis considers the estimated energy cost savings that accrue directly to Enbridge Gas' in-franchise customers and therefore does not include the savings that accrue to EPCOR's customers.

a) Enbridge Gas does not have the information specific to EPCOR's franchise area required to calculate the energy cost savings that accrue to EPCOR's customers.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Reference:

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…

Question**:**

Please provide the design day pressure at Strausburg for the winter of 2019/20.

Response:

Please see Exhibit I.FRPO.5 Attachment 1.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Reference:

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…

Question**:**

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

Response:

Please see Exhibit I.FRPO.5 Attachment 1.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Reference:

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

Preamble:

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

Question**:**

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

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

Response:

For clarity, Enbridge Gas's in-franchise growth forecast at the noted reference incorporates "Forecasted attachments based on 10-year historical averages"; not "10 years of historical consumption" as referenced in the question.

Enbridge Gas is unclear what "market-based forecast" is being requested. Enbridge Gas has found its existing forecasting methodology, including the use of an average of the past 10 years of annual attachments, to be effective in forecasting in-franchise load growth. The Board has also found this methodology sufficient to approve other recent leave to construct applications.

For example, in the Kingsville Transmission Reinforcement proceeding (EB-2018-0013), at Exhibit A, Tab 6, page 2, Union Gas stated, "To forecast future Design Day Panhandle System demand, Union used historical attachments for General Service customers in addition to load growth forecast for contract rate customers." In addition, in Union Gas's Stratford Reinforcement Project application (EB-2018-0306), forecast customer attachments were based on 8-year historical averages and known contract increases (see page 4 of pre-filed evidence and response to Exhibit B.Staff.2).

ENBRIDGE GAS INC.
Answer to Interrogatory from
Kitchener Utilities (Kitchener)

Reference:

Exhibit A, Tab 1, Schedule 2 , Page 2 of 4

Enbridge Gas is also seeking Board approval pursuant to Section 36 of the Act to modify the applicability of the existing Rate M9 and Rate T3 rate schedules for existing gas distributors. Enbridge Gas is proposing to limit the applicability of the Rate M9 and Rate T3 rate schedules to existing gas distributor customers.

Question:

Is Enbridge Gas seeking to apply M17 firm transportation service for gas distributors to any existing M9 or T3 gas distributors in the future?

Response:

Enbridge is not seeking to apply M17 transportation service to existing M9 or T3 customers. However as noted on page 1 of Exhibit B, Tab 1, Schedule 4 existing gas distributors currently contracted for Rate M9 or T3 services may elect to switch to an M17 contract. Please also see Exhibit I.FRPO.3 c).

ENBRIDGE GAS INC.
Answer to Interrogatory from
Kitchener Utilities (Kitchener)

Reference:

Exhibit A, Tab 3, Schedule 1, Page 5 of 6

Enbridge Gas submits that the value provided by the Rate M17 service stands on the merits articulated in this pre-filed evidence. In addition, modifications to the Rate M17 service made in order to better meet the needs of EPCOR have further improved the service. The Rate M17 service as proposed would be applicable to all new distributors and any interested existing distributors at their discretion.

Question**:**

Rate M17 would be “applicable to..any interested existing distributors at their discretion.” What the composition of Rate M17 that would entice existing distributors to consider adopting this rate class?

Response:

Existing distributors would need to evaluate the merits of the M17 service based on their own specific needs and requirements. As noted on page 2 of Exhibit B, Tab 1, Schedule 2, Rate M17 will allow gas distributors to manage their own gas supply arrangements, procure competitive storage services, and choose their path on the Dawn-Parkway system, allowing flexibility and choice.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Kitchener Utilities (Kitchener)

Reference:

Exhibit B, Tab 1, Schedule 3, Page 2 of 7

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.

Question**:**

What is the breakdown of costs used towards the calculation of the proposed monthly charge for the estimated annual customer-related O&M costs of approximately $24,000?

Response:

Please see Table 1 below.

Table 1
Summary of Proposed Rate M17 Customer-Related Costs

Line No.	Particulars ($000's)	Revenue Requirement
		(a)
1	Return and Taxes (1)	1
2	Depreciation Expense (1)	1
	Operating Expenses	
3	Transmission	9
4	General Operating & Engineering	3
5	Administrative & General	10
6	Total Revenue Requirement	24

Note:
(1) Return, taxes and depreciation expense related to net general plant.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Kitchener Utilities (Kitchener)

Reference:

Exhibit B, Tab 1, Schedule 3, Page 4 of 7

The second part of the proposed transportation demand charge includes a contribution to the recovery of Other Transmission demand costs. In Enbridge Gas's Board-approved cost allocation study for the Union rate zones, the Owen Sound line is categorized as Other Transmission demand and is allocated to Union South in-franchise rate classes in proportion to Design Day demands. Enbridge Gas's Other Transmission assets include all transmission assets other than those specifically identified as part of the Dawn Parkway System, the Panhandle System or the St. Clair System. Enbridge Gas calculated this part of the proposed transportation demand charge as the Other Transmission demand average unit rate of $1.844/GJ based on Enbridge Gas's current approved rates. This component of Enbridge Gas's proposed rate design provides for a reasonable contribution to the recovery of fixed costs associated with the assets used to provide the transportation service from the Dawn Parkway System to the delivery area.

Question**:**

Please provide the calculation and breakdown of the T3 monthly firm transportation demand charge?

Response:

Please see Table 1.

Table 1

Breakdown of the 2019 Rate T3 Monthly Firm Transportation Demand Charge

Line No.	Particulars	Total
	Rate T3 Demand Charge Revenue ($000's)	
1	Dawn-Parkway Demand	1,994
2	Other Transmission Demand	2,307
3	Parkway Delivery Obligation (1)	1,037
4	Other (2)	(270)
5	Total Revenue	5,069
6	Billing Units (10^3m^3)	28,200
7	2019 Rate T3 Firm Transportation Demand Charge (cents/m^3) (line 5 / line 6 x 100)	17.9741

Notes:

(1) PDO costs are almost entirely offset by the PDCI credit received by Kitchener Utilities on their monthly bill for their Parkway deliveries.

(2) Adjustment includes S&T transactional margin and other IRM adjustments.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Kitchener Utilities (Kitchener)

Reference:

Exhibit D, Tab 1, Schedule 2, Page 2 of 3

The second source of growth is Enbridge Gas's in-franchise growth. Enbridge Gas is forecasting total regular rate growth on the Owen Sound System of 13,864 m3/hr over the next four years.

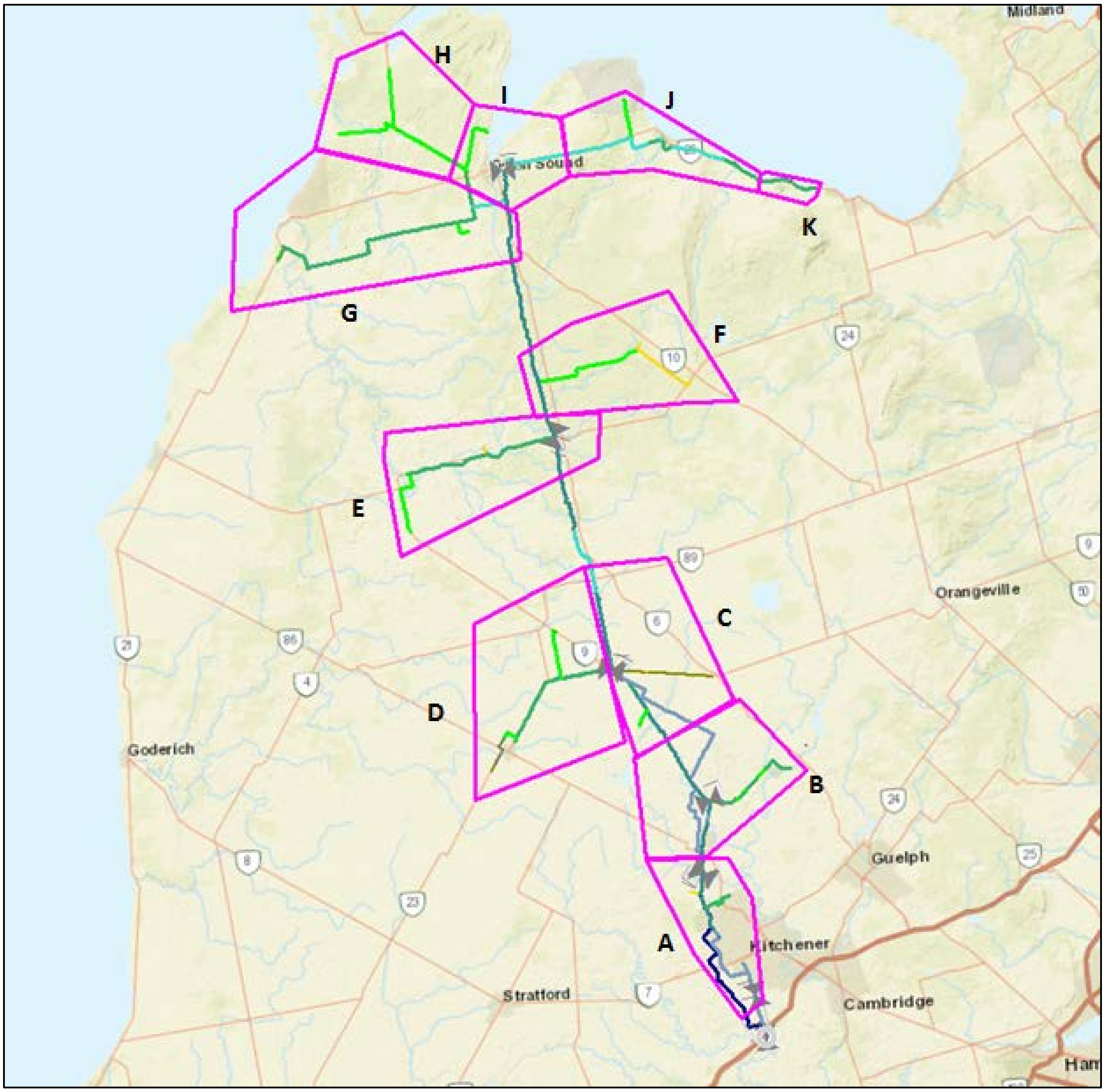
Question:

What is the distribution or breakdown of future flows to specific distribution systems off the Owen Sound Line for the next four years?

Response:

The distribution of the growth is broken up in the following percentages by area. See below.

Area	%
A	49%
B	10%
C	4%
D	6%
E	6%
F	1%
G	9%
H	3%
I	6%
J	3%
K	3%
	100%


H
I
J
K
G
F
E
C
D
B
A
Midland
Orangeville
Goderich
Guelph
Kitchener
Cambridge
Stratford

ENBRIDGE GAS INC.
Answer to Interrogatory from
Kitchener Utilities (Kitchener)

Reference:

Exhibit B, Tab 1, Schedule 1, Page 2 of 4

The granting of Certificates of Public Convenience and Necessity allows EPCOR to construct works and supply gas within specific parts of the South Bruce service expansion area. This represents the first granting of such rights within a previously un-serviced area since the Natural Gas Electricity Interface Review ("NGEIR") (EB-2005-0551) proceeding, in which access to competitive storage services was reviewed. Enbridge Gas has developed the Rate M17 service offering to meet the transportation service needs of new entrants to Ontario's gas distribution market post-NGEIR.

Question:

What market based storage options are available for EPCOR to support the argument for a M17 rate?

Response:

The Dawn Hub is one of the most physically traded natural gas hubs in North America with approximately 100 parties that buy and sell natural gas or related services. The Dawn Hub is also connected to Michigan and other Great Lakes states that create a broader geographic market for storage services. Given the large number of counterparties active at the Dawn Hub and connected markets, multiple products compete in the market. These services may include but are not limited to physical storage, synthetic storage contracts which mimic the characteristics of short or long term physical storage, and a variety of flexible balancing options.

EPCOR also has the ability to contract for the complete range of market-based storage options offered by Enbridge Gas as a participant in the market. These storage services are flexible and can be customized to suit the customer's needs. Enbridge Gas's available services can be viewed at the link below:

https://www.uniongas.com/storage-and-transportation/services/storage

ENBRIDGE GAS INC.
Answer to Interrogatory from
Kitchener Utilities (Kitchener)

Reference:

Exhibit E, Tab 3, Schedule 1, Page 4 of 12

The FBP is an internal planning process used by Enbridge Gas for the identification of reinforcement facilities required to support forecasted growth over a specific geographic area. The FBP includes a year-by-year customer attachment forecast of regular rate demands and their location on the system. Based on this forecast, future peak hourly demands are used to develop long term reinforcement plans.

Question**:**

Please provide the year-by-year customer attachment forecast used to support forecasted growth?

Response:

Please refer to Exhibit E, Tab 3, Schedule 3.

ENBRIDGE GAS INC.
Answer to Interrogatory from
Kitchener Utilities (Kitchener)

Reference:

Exhibit E, Tab 3, Schedule 1, Page 8 of 12

The minimum delivery pressure on the Owen Sound system is 700 kPa, however the current constraint point is an 860 kPa minimum inlet at Port Elgin Station on a design day. The elevated minimum inlet is due to Port Elgin Station feeding an outlet MOP of 550 kPa, therefore the 860 kPa minimum inlet must be maintained to ensure gas delivery to customers in Port Elgin. With the addition of forecasted regular rate growth, it is expected that Port Elgin station would see below the minimum 860 kPa inlet pressure on a design day in the winter of 2022/2023 without the addition of the EPCOR customer. With the addition of the EPCOR customer, the Owen Sound system cannot meet the minimum inlet pressures into Port Elgin, therefore reinforcement is required. The reinforcement would be required in 2019 in order to serve the full firm EPCOR load. However, the Owen Sound System will be able to meet the minimum inlet pressure into Port Elgin Station and all other downstream requirements for 2019/2020 winter based on the EPCOR customer year 1 load forecasts. The reinforcement will be installed in 2020, allowing the Owen Sound System to serve the full firm EPCOR load starting winter 2020/2021.

Question**:**

What would below the minimum inlet pressures expected at Strasburg, Kitchener Gate, Fergus, Teviotdale Station, Listowel and Arthur, Durham Gate Station, Hanover and Walkerton, Owen Sound Gate on a design day in the winter of 2022/2023 with and without the addition of the EPCOR customer?

Response:

Please see Attachment 1.

Without EPCOR											
		Strausburg	**Kitchener Gate**	**Fergus**	**Teviotdale**	**Listowel**	**Arthur**	**Durham Gate**	**Hanover**	**Walkerton**	**Owen Sound Gate**
2022/23	**Minimum**	4986 kPa	2544 kPa	4336 kPa	3969 kPa	982 kPa	1436 kPa	3172 kPa	2134 kPa	2023 kPa	2700 kPa
With EPCOR and 34km reinforcement, reverse open season in effect											
		Strausburg	**Kitchener Gate**	**Fergus**	**Teviotdale**	**Listowel**	**Arthur**	**Durham Gate**	**Hanover**	**Walkerton**	**Owen Sound Gate**
2022/23	**Minimum**	4986 kPa	2544 kPa	4301 kPa	3873 kPa	982 kPa	1436 kPa	2781 kPa	2134 kPa	2023 kPa	2190 kPa

ENBRIDGE GAS INC.
Answer to Interrogatory from
TransCanada Pipelines Limited (TCPL)

Reference:

i. Exhibit A, Tab 3, Schedule 1, Page 5 of 6, Paragraph 15.
ii. Exhibit B, Tab 1, Schedule 3, Page 1 of 7, Paragraph 1.
iii. Exhibit B, Tab 1, Schedule 3, Page 5 of 7, Table 1.
iv. Exhibit D, Tab 2, Schedule 3, Page 7 of 7.

Preamble

In Reference i), EGI states that it has responded to requests from EPCOR to enhance the original service, including the elimination of the mandatory limited balancing agreement ("LBA") service which was based on the TransCanada Pipelines LBA and allowing for the ability for EPCOR to contract for market balancing services, enhancing their flexibility.

In Reference ii), EGI states that the proposed rates are consistent with the rate design principles that underpin EGI's existing ex-franchise rates (Rate M12, Rate C1, Rate M13 and Rate M16), where applicable.

In Reference iii), EGI provides distances from Dawn to Parkway and the Owen Sound lateral.

In Reference iv), EGI states that the rate and rate impacts of the Owen Sound Reinforcement Project will be determined in a future proceeding and that EGI expects the project will meet the criteria for rate recovery through the use of the Incremental Capital Module (ICM) mechanism.

Question(s)**:**

a) Regarding Reference i), please explain which market balancing services are available to EPCOR for contracting and describe the features or characteristics of these services that provide the enhanced flexibility.

b) Please describe the tolling methodology and provide the currently effective toll(s) for the market balancing services discussed in a).

c) Regarding Reference ii), please explain how Rate M12, M12-X and C1 will be impacted by the introduction of Rate M17 service. List any factors that would cause the above listed rates to change and explain why they have an impact.

d) Will the introduction of Rate M17 service impact Rate M12, M12-X and C1 services in terms of quality and reliability of service, or in terms of the fuel ratios applicable to these services? If yes, please list the impacts and explain why there is an impact.

e) Please provide the forecast contract demand quantity (GJ/d) and annual volumes for Rate M17 service.

f) Regarding Reference iii), please provide the total distance from each of Dawn, Kirkwall and Parkway to both EPCOR's custody transfer point with EGI (the delivery area) and the start of the Owen Sound lateral.

g) Regarding Reference iv), please list the Rate Classes for which EGI anticipates it will allocate any portion of the ICM revenue requirement associated with the Owen Sound Reinforcement Project if it is approved as an ICM eligible project.

<u>Response:</u>

a) The services available to EPCOR for balancing are market-based storage services, the services allow the flexibility necessary for EPCOR to balance their daily needs. Please see Exhibit I.Kitchener.6 for further detail.

b) The services in question are not toll based services; they are market-based storage services and are priced based on the current market conditions and service requirements.

c) There is no direct impact to Rate M12, M12-X and C1 rates as a result of the introduction of Rate M17.

Revenue from the proposed Rate M17 service will contribute to utility earnings, which are subject to earnings sharing during the deferred rebasing period.

As part of the next rebasing proceeding, there could be an indirect benefit to these rate classes which utilize the Dawn-Parkway system, as the per unit demand cost of the Dawn-Parkway system may be lower. A Dawn-Parkway transmission system that remains as fully contracted as possible will help ensure transportation rates remain economic for both in-franchise and ex-franchise customers, and M17 contract(s) may contribute to this.

d) No. The quality and reliability for all Union firm transportation services will remain the same. There is also no direct impact to fuel ratios as a result of the introduction of Rate M17 during the deferred rebasing period. As part of the next rebasing proceeding, there could be an indirect impact as the forecast compressor fuel usage at each compressor will be allocated to rate classes, including Rate M17, based on annual throughput volumes that use each compressor.

e) There is currently only one customer forecast for Rate M17 service. For this reason, Enbridge Gas is not able to disclose the requested customer-specific forecast peak day and annual volumes information. EPCOR's Common Infrastructure Plan ("CIP") proposal (dated October 16, 2017) for the area covered by the South Bruce expansion project (EB-2016-0137/0138/0139) may contain some of the details requested.

f) Please see Table 1.

Table 1
Distance to Custody Transfer Point and Owen Sound Lateral

		Distance to	
Line No.	Particulars (km)	EPCOR's Custody Transfer Point	Start of Owen Sound Lateral
		(a)	(b)
1	From Dawn	287.6	159.39
2	From Kirkwall	157.5	29.28
3	From Parkway	197.8	69.55

g) Please see Exhibit I.EP.2 a).