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Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

**Attention: Ms. Christine Long, Board Secretary**

Dear Ms. Long:

**Re: Enbridge Gas Inc. (EGI)  
OEB File No. EB-2019-0194 – Enbridge 2020 Rates – Phase 2  
TransCanada PipeLines Limited (TCPL) Interrogatories**

Enclosed are the interrogatories of TCPL. Should you have any questions, please contact the undersigned.

Yours truly,  
**TransCanada PipeLines Limited**

*Original signed by*

Namrita Sohi  
Legal Counsel  
Canadian Law, Natural Gas Pipelines

cc: Mark Kitchen, Enbridge Gas Inc.  
Rakesh Torul, Enbridge Gas Inc.  
David Stevens, Aird & Berlis LLP

Enclosure

**IR Number:** TCPL-EGI-1

**Reference:**

- 1) Exhibit B, Tab 1, Schedule 1, Appendix C, Pages 2-4 of 30.
- 2) Exhibit B, Tab 1, Schedule 1, Appendix C, Table 1, Page 5 of 30.
- 3) Exhibit B, Tab 1, Schedule 1, Appendix C, Page 6 of 30.
- 4) Exhibit B, Tab 1, Schedule 1, Appendix C, Pages 23-24 of 30.

**Preamble:** In Reference 1, EGI indicates that while it is seeking Board approval of the cost allocation methodology changes as part of the present application, it is not proposing to implement the cost allocation methodology changes until its next rebasing proceeding, and it is not recommending changes to the pre-filed rates for 2020.

In Reference 1, EGI states that it anticipates there will be additional changes at rebasing in 2024 when EGI introduces rate harmonization and integration of the cost allocation studies for the combined utility. EGI also states that implementation of cost allocation changes by rate class without consideration of rate design factors may result in unintended impacts that cannot be predicted without a complete rate design review similar to what is completed as part of a cost of service proceeding.

In Reference 2, Table 1 provides dollar impacts of the Cost Allocation Study proposals by rate class.

In Reference 3, EGI states that the revenue deficiency/sufficiency in Table 1 does not reflect the final rate adjustment that may occur as part of a cost of service proceeding as such adjustment would include rate design and other adjustments that may be required to manage revenue to cost ratios, maintain rate class continuity and address bill impacts.

In Reference 4, EGI provides revenue to cost ratios that compare the company's revenue based on approved 2019 rates to the 2019 revenue requirement by rate class. The revenue to cost ratios illustrate the variance between revenue, calculated at current approved rates, and the fully allocated cost allocation study. Table 3 provides revenue to cost ratios including and excluding the proposed cost allocation methodologies. EGI states that the revenue to cost ratios do not indicate the final rate adjustment that may occur as part of a cost of service proceeding as the ratios do not include any adjustments for rate design and other adjustments that may be required to maintain rate class continuity and address bill impacts.

**Request:**

- a) As part of its next rebasing proceeding for 2024, does EGI intend on filing a full system-wide cost allocation study that will review the allocation of all costs in both the EGD and Union Rate Zones, including costs at Parkway Station? If not confirmed, please explain why not and when such a study will be filed.
- b) Please provide all of the unit rate impacts (\$/GJ) for M12, M12-X and C1 rate classes by transportation path for each of the proposed cost allocation changes in the Cost Allocation Study (Panhandle/St. Clair, Parkway Station, Dawn Station) assuming “no rate design and other adjustments” are required. To display the impact, please provide the applicable unit rates under the current Board-Approved Methodology, the unit rates under the Proposed Methodology, and the resulting net impacts between the cases. Please provide all assumptions relied on in calculating the impacts.
- c) Please confirm whether EGI is currently considering any potential future rate design changes to M12 or C1 rate classes. If confirmed, please describe the changes being considered.
- d) In Reference 3, please explain what EGI means by “manage revenue to cost ratios, maintain rate class continuity and address bill impacts.”

**IR Number:** TCPL-EGI-2

- Reference:**
- 1) Exhibit B, Tab 1, Schedule 1, Appendix C, Pages 17-19 of 30.
  - 2) Exhibit B, Tab 1, Appendix C, Working Papers, Schedule 3, Page 3 of 4.
  - 3) Union's Response to TCPL Interrogatory Exhibit B11.4, Attachment 1, EB-2013-0365.
  - 4) Exhibit B, Tab 1, Appendix C, Working Papers, Schedule 2, Page 6 of 7.

**Preamble:** In Reference 1, EGI states that as part of the existing Board approved cost allocation methodology for Parkway Station, Dawn-Parkway demand costs are allocated to in-franchise and ex-franchise rate classes in proportion to easterly peaking distance-weighted design day demands (also referred to as "commodity-kilometres") on the Dawn-Parkway system.

In Reference 1, EGI states that Parkway Station provides a benefit to Union South in-franchise customers through obligated deliveries at Parkway on design day, which reduces the size of the Dawn-Parkway facilities required to transport gas on the Dawn-Parkway System for Union South customers. According to EGI, without the Parkway obligated deliveries, the Dawn-Parkway facilities would need to be larger and as a result, the Union South in-franchise rates would be higher.

In Reference 1, EGI states that under the proposed cost allocation methodology, it separately classified the Parkway Station demand costs into a new Parkway Station Demand functional classification. These demand costs include the plant assets and O&M expenses related to the measuring and regulating costs and compression costs at Parkway. EGI proposes to allocate the measuring and regulating costs at Parkway in proportion to the bi-directional design day demands of the Parkway Station. EGI proposes to allocate the compressor costs at Parkway in proportion to the easterly design day demands requiring compression at Parkway.

In Reference 2, rate class impacts are provided for the proposed Parkway Station cost allocation methodology.

In Reference 3, a schedule is provided showing commodity-kilometres.

In Reference 4, revenue requirement by rate class is shown for C1 (column r) and M12 (column t) services.

**Request:**

- a) In which proceeding was the existing Board-approved cost allocation methodology for Parkway Station first approved?
- b) Regarding Reference 2), please provide a breakdown by rate class of the following costs allocated to the new Parkway Station Demand functional classification that is shown in column (b) of Schedule 3, Page 3 of 4:
  - i) measuring and regulating costs;
  - ii) compression costs; and
  - iii) any other costs that are included in column (b).
- c) Please provide a table showing the allocation units used in the Cost Allocation Study to allocate Parkway compression costs to the rate classes shown in Reference 2).
- d) What percentage of Parkway Station compression costs are allocated to M12 and C1 rate classes:
  - i) under the current Board-approved cost allocation methodology; and
  - ii) under the proposed cost allocation methodology for Parkway Station in the Cost Allocation Study
- e) What percentage of Parkway Station compression costs are allocated to Union North, Union South, Ex-Franchise and any other applicable rate classes:
  - i) under the current Board-approved cost allocation methodology; and
  - ii) under EGI's proposed cost allocation methodology for Parkway Station in the Cost Allocation Study
- f) Please provide a schedule showing the commodity-kilometres used in the Cost Allocation Study to allocate Dawn-Parkway demand costs to in-franchise and ex-franchise rate classes in the same format as Reference 3).
- g) Please explain how the commodity-kilometres in f) are adjusted to account for Parkway obligated deliveries made by in-franchise customers.

- h) Please provide a schedule showing the commodity-kilometres used to allocate Dawn-Parkway demand costs to in-franchise and ex-franchise rate classes in the same format as Reference 3), except assume that all in-franchise customers are served from Dawn with no regard for Parkway obligated deliveries.
- i) Please provide the Parkway obligated delivery volumes by year from 2015 to 2020, and any forecast EGI may have of such volumes for future years.
- j) Please provide the design day capacity reduction on the Dawn-Parkway system as a result of Parkway obligated deliveries.
- k) Please provide an approximation of the reduction in utility plant rate base of the Dawn-Parkway system made possible by Parkway obligated deliveries.
- l) Please quantify the impact to Union South in-franchise rates without Parkway obligated deliveries on a \$/GJ basis.
- m) Please confirm that Parkway obligated deliveries are provided at the discharge side of the Parkway compression facilities. If not confirmed, please explain.
- n) Please confirm there are no impacts to EGD Rate Zone rate classes as a result of the Cost Allocation Study. If not confirmed, please explain.
- o) Does the proposed cost allocation change to Parkway Station impact the costs allocated to volumes/services flowing through Parkway Consumers 1 and 2, Parkway EGT and/or the Lisgar custody transfer station? If so, please quantify the cost impact for the volumes/services utilized at each location, and quantify how the measuring and regulating costs, compression costs, and any other costs at Parkway Station are allocated to these volumes/services.
- p) Regarding Reference 4), please detail what is included in the Total Cost of Gas and Underground Storage amounts listed for C1 and M12 services on lines 4 and 6. If applicable, please explain how these costs are differentiated between those shippers providing fuel in-kind and those who do not.

**IR Number:** TCPL-EGI-3

**Reference:** 1) Exhibit B, Tab 1, Schedule 1, Appendix C, Pages 18-19 of 30.

**Preamble:** In Reference 1, EGI states that compressor equipment is used on design day to move volumes to markets east of Parkway and includes ex-franchise Rate M12/C1 and Union North in-franchise rate classes. EGI also states that there is no allocation to Union South rate classes as Parkway Station is not used to provide compression for Union South in-franchise customers on design day.

TCPL requires more information regarding the effect of Union South deliveries on compression usage at Parkway.

- Request:**
- a) Would the requirement for, and/or utilization of, compression facilities at Parkway Station on design day be reduced if there were no Union South in-franchise customer deliveries (flowing or contracted) along the Dawn Parkway system, and the only volumes flowing were the ex-franchise Rate M12/C1 and Union North in-franchise volumes described in Reference 1)? If so, please quantify the reduction in the requirement for, and/or utilization of, compression facilities at Parkway Station. If not, please explain why not.
  - b) Please provide a current Winter Design Day schematic similar to that provided in the EB-2013-0074 Application, Schedule 8-2, Page 1.
  - c) Please provide a similar Winter Design Day schematic as in b) assuming the same discharge pressure at the Bright compressor station, but also assume no volumes flow under any Union South rate class (i.e. only flowing contracted volumes as described in a)).
  - d) For the scenarios in b) and c), please provide a table summarizing delivered quantities by service class and delivery location.
  - e) Please provide individual graphs of daily historical flows in the Parkway area, separated by meter (i.e. Lisgar, Parkway Consumers 1 and 2, EGT and the Parkway interconnect with TC Energy) from November 1, 2012 to Jan 31, 2020.
  - f) Please indicate the applicable Rate Zone and service class(es) for the volumes that utilize the Lisgar custody transfer station.

**IR Number:** TCPL-EGI-4

**Reference:** 1) Exhibit B, Tab 1, Appendix C, Working Papers, Schedule 7.

**Preamble:** In Reference 1), EGI provides the derivation of Rate C1 Dawn to Dawn TCPL service for 2020 proposed rates and the 2019 Cost Allocation Study. TCPL requires further information on Schedule 7.

**Request:**

- a) Please provide an explanation for the increase in Dawn Compression Revenue Requirement (Line 1) from the \$1.198 million in column (a) for 2020 Proposed to the \$1.843 million in column (b) for 2019 Cost Study.
- b) Please provide an explanation for the increase in Maximum Day Demand (GJ) (Line 2) from the 573,357 GJ in column (a) for 2020 Proposed to the 806,551 GJ in column (b) for the 2019 Cost Study.
- c) Please provide the component amounts that make up the \$548,000 on line 5 related to the Dawn Station Demand Revenue Requirement in column (a).