

ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO  
CONSUMERS COUNCIL OF CANADA INTERROGATORY #12

INTERROGATORY

2. Do the proposed facilities meet the Board's economic tests as outlined in the Filing Guidelines on the Economic Tests for Transmission Pipeline Applications, dated February 21, 2013 and E.B.O. 188 as applicable?

Issue: A.2-CCC-12

Reference: E/T1/S1/pg.2

- a) Please provide the following sensitivity analysis in the form of the DCF result summary shown on pages 2-5 and using the following assumptions:
- i) 10% increase capital and maintenance costs (E/T1/S1/pg.9);
  - ii) 10% reduction in Commodity Prices Assumptions (Table A3);
  - iii) 10% reduction in forecast Transportation Savings;
  - iv) A reduction of 0.5% in average annual customer (all classes) consumption in each year for the first 25 years of the project;
  - v) Removal of the Transportation Service Charge revenue after year 15 (i.e. to match the initial TCPL contract period);
  - vi) April 15 filing (original) transportation assumptions with respect to DP and STFP.
- b) Please provide another analysis using assumption changes in i) through iv), but removing adjustment (v) and using the transportation assumptions in the updated (May 15) filing.

RESPONSE

As discussed in the response to interrogatory Board Staff #48 in Exhibit I.D5.EGD.STAFF.48, the 36" shared use option with TransCanada is the base case assumption for the GTA Project and hence is used for the sensitivities requested herein.

As requested, DCF schedules have been provided as attachments for the above sensitivities. In addition, included below is a table with a summary of the results.

Witnesses: J. Denomy  
S. Murray

Please note the following:

- 1) Item a (ii) would only marginal impact Transportation Savings and thus this scenario has not been included in the response;
- 2) Item a (iv) has been included as requested. However, the economic feasibility assumes all costs and distribution revenue rates are held constant in current year terms. This is consistent with past LTC applications.
- 3) Item a (v) has been included as requested. However, as per Exhibit E, Tab 1, Schedule 2, paragraph 6, the cost to terminate the TSA after the initial term or any subsequent term will be TransCanada's proportionate share of the Shared Pipeline's net book value as of the termination date. This value has not been included here but would afford an offsetting impact.

Witnesses: J. Denomy  
S. Murray

SUMMARY OF INPUTS

		Attachment 1	Attachment 2	Attachment 3	Attachment 4	Attachment 5	Attachment 6
	Base Case	A.2-CCC-12(a)(i)	A.2-CCC-12(a)(iii)	A.2-CCC-12(a)(iv)	A.2-CCC-12(a)(v)	A.2-CCC-12(a)(vi)	A.2-CCC-12(b)
	36" Shared	10% increase in Capital	10% reduction in Transp. Savings	0.5% reduction in Annual Volumes	Remove Transp. Serv. Charge after Yr. 15	April 15 filing transportation assumpt.	Combination of (i), (iii), and (iv)
<b>Capital Investment</b>							
Mains							
Stations							
Land/Land Rights							
<b>Total</b>	\$554,575,341	\$610,032,875	\$554,575,341	\$554,575,341	\$554,575,341	\$554,575,341	\$610,032,875
<b>Future Reinforcement Projects</b>							
2017	\$21,000,000	\$23,100,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$23,100,000
2018	\$16,400,000	\$18,040,000	\$16,400,000	\$16,400,000	\$16,400,000	\$16,400,000	\$18,040,000
2019	\$13,000,000	\$14,300,000	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$14,300,000
2020	\$250,000	\$275,000	\$250,000	\$250,000	\$250,000	\$250,000	\$275,000
<b>Capital Maintenance Costs<sup>1</sup></b>	\$5,218,238	\$5,740,062	\$5,218,238	\$5,218,238	\$5,218,238	\$5,218,238	\$5,740,062
<b>Services<sup>2</sup></b>	\$379,533,696	\$417,487,066	\$379,533,696	\$379,533,696	\$379,533,696	\$379,533,696	\$417,487,066
<b>Total Capital</b>	\$989,977,275	\$1,088,975,003	\$989,977,275	\$989,977,275	\$989,977,275	\$989,977,275	\$1,088,975,003
<b>Total Transportation Savings<sup>1</sup></b>	\$1,632,014,615	\$1,632,014,615	\$1,468,813,153	\$1,632,014,615	\$1,632,014,615	\$392,136,859	\$1,468,813,153
<b>Total Transportation Services Charge<sup>1</sup></b>	\$277,595,905	\$304,607,380	\$277,595,905	\$277,595,905	\$152,102,980	\$277,595,905	\$304,607,380
<b>Total Customer Additions (2015 - 2024)</b>	146,337	146,337	146,337	146,337	146,337	146,337	146,337
<b>Total Volumes (10<sup>3</sup>m<sup>3</sup>)<sup>1</sup></b>	24,709,032	24,709,032	24,709,032	22,537,605	24,709,032	24,709,032	22,537,605
<b>SUMMARY OF RESULTS</b>							
<b>Net Present Value (40 years)</b>	\$633,574,507	\$568,512,325	\$553,041,440	\$592,612,955	\$609,619,381	\$22,547,856	\$447,017,707
<b>Profitability Index (40 years)</b>	1.77	1.63	1.67	1.72	1.74	1.03	1.49

<sup>1</sup>Total for the 40 year horizon of analysis.

<sup>2</sup>Services include the costs for distribution mains, services and meters based on the 2013 capital budget.

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 S. Murray