ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO
ENERGY PROBE RESEARCH FOUNDATION INTERROGATORY #87

INTERROGATORY

Issue D5 Should approval of Enbridge's proposed rate methodology for the service to be provided to TransCanada be granted?

Ref: EB-2012-0451 Exhibit E, Tab1, Schedule 2, Attachment

a) Confirm calculation shown in reference is for NPS 42" full shared use option.
Provide an equivalent calculation of the revenue requirement for the standalone (EGD sole use).

b) Please provide a Revenue Requirement for the other partial shared use options.

c) Assume TCPL does not renew the TSE after 15 years provide the Revenue
Requirement impact on EGD.

d) For each of the revenue requirement calculations provide the annual revenue from TCPL rate 332 service and the transportation margin to EGD.

e) Please provide full details of the Costs allocated to Rate 332.

f) Please provide details of the rate design for Rate 332.

RESPONSE

a) The calculation shown in Exhibit E, Tab 1, Schedule 2, attachment was for a 42" shared option. The Company has provided a 36" Segment A option for Transmission services which would be shared equally 50/50 by Enbridge and TranCanda in the attached Table 1[1]. Also provided in Table 2, is the Enbridge only Distribution services portion of a 36" Segment A option.

[1] Please see the response to Board Staff Interrogatory #48 at I.D5.EDG.STAFF.48.

Witnesses: K. Culbert
A. Kacicnik

b) This is currently the only shared use option.

c) If TransCanada were not to renew after 15 years, as per the MOU filed in CME Interrogatory Response #6 at Exhibit I.A1.EGD.CME.6, TransCanada would reimburse Enbridge its share of the residual net book value of the Segment A pipeline.

d) through f)

The proposed Rate 332 monthly charge is based on the annual cost (i.e. revenue requirement) to provide transportation service to TransCanada on the shared pipeline.

Enbridge proposes that the methodology for derivation of the Rate 332 monthly charge (i.e. rate) be based on the following;

- For the purposes of annual revenue requirement derivation and determination of Rate 332 monthly charge, the shared pipeline will be considered as a stand-alone cost item.
- The revenue requirement for the shared pipeline will be based on a cost-of-service methodology and will include costs for administration, operation, maintenance, depreciation, cost of debt, return on equity, and municipal and income taxes.
- The revenue requirement and the Rate 332 monthly charge will be updated annually.
- 50% of the annual revenue requirement for the shared pipeline will be recovered from TransCanada.
- The Rate 332 monthly charge will recover TransCanada's share of the annual revenue requirement through 12 (equal monthly) payments.

Therefore, as per the proposed approach, the annual revenue from TransCanada will match 50% of the annual revenue requirement for the shared pipeline. The Company will not incur any gas costs under the proposed Rate 332 service. Hence, the annual revenue from TransCanada will represent annual margin to Enbridge.

Witnesses: K. Culbert
A. Kacicnik