ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO ASSOCIATION OF POWER PRODUCERS OF ONTARIO INTERROGATORY #12

INTERROGATORY

D.5 Should approval of Enbridge's proposed rate methodology for the service to be provided to TransCanada be granted?

Reference: EB-2012-0451 Exhibit E Tab 1Schedule 2 and Schedule 2 Attachment 1

Preamble: Enbridge provides a stand-alone rate for the capacity under contract to TransCanada and revenue requirement for Rate 332 for the Share Pipeline

a) Please provide the status of Enbridge's negotiations with TransCanada for both TransCanada's transportation agreement on Enbridge related to Segment A, as well as the status of the transportation agreement that Enbridge will have on TransCanada for the transportation between Parkway and Bram West.
b) Please describe how the revenue requirement will be re-determined through time if there are changes in: the actual installed capital cost, return, O&M expenses, taxes, depreciation rates, etc.
c) How will this service and its respective rates and other charges/credits be affected by future incentive rate proceedings?
d) In the event that this section of pipe requires some form of capital outlay in the future (such as a partial replacement, due to age, location or condition, abandonment etc. or reinforcement for growth) or a major O&M expense, how will the future revenue requirement be affected?
e) In the event that other parties are interested in contracting over the same path or other paths on the XHP system is this methodology rate available to other shippers? Explain.
f) Will Albion become a receipt point on the Enbridge system for deliveries by TransCanada for Enbridge's direct purchase customers?

Witness: M. Giridhar

RESPONSE

a) Please see the response to Board Staff Interrogatory #49 g) at Exhibit I.D5.EGD.STAFF.49.

b) The revenue requirement calculation for TransCanada will mimic the cost consequences of joint ownership under a single regulatory jurisdiction. As such, the revenue requirement calculation will be updated each year for the cost elements.

c) The service and rate offering will not be impacted by future incentive regulation proceedings for the reason outlined in b) above.

d) As noted in b) above, the revenue requirement calculation will be updated for increases in capital or O&M expense.

e) Enbridge does not have any other shippers who receive a similar service as contemplated for TransCanada. The methodology is not available for distribution service customers shippers for the reasons outlined below:
   - As noted in b) above, the Transportation Service Agreement reflects the cost consequences of joint ownership and therefore does not apply to the Company's distribution customers.
   - Secondly, the Transportation Service Agreement is inherently different from the distribution services offered by the Company to its customers in that it:
      i. Is a shared use facility by two entities;
      ii. Interconnects two transmission pipeline facilities;
      iii. Provides for a first right of refusal upon sale; and,
      iv. Is the product of an OEB direction to work with other industry participants to optimize assets in the region.

f) As outlined in Environmental Defence Interrogatory #1 at Exhibit I.A1.EGD.ED.1, the Company plans to consult on the specifics of the delivery point flexibility sought by direct purchase customers after the GTA Project receives regulatory approval.

Witness: M. Giridhar