

ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO
CONSUMERS COUNCIL OF CANADA INTERROGATORY #26

INTERROGATORY

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

D.5-CCC-26

Reference: E/T1/S2/pgs. 3-4

- a) Section 36(2) of the *OEB Act* contemplates the Board making order "*approving or fixing just and reasonable rates*" 36(3) states "*In approving or fixing just and reasonable rates, the Board may adopt any method or technique...*" (emphasis added). In this application is Enbridge seeking an order which describes the methodology, but does not prescribe a rate?
- b) If yes, please explain under which specific provision of the *OEB Act* this order will be made. Also provide Enbridge's view as to whether such an order would bind the Board in subsequent proceedings and irrespective of the actual rate that this methodology may produce at some future date?
- c) Please provide the specific rate methodology text Enbridge proposes the Board approve.

RESPONSE

- a) Confirmed. With respect to the proposed Rate 332 transportation service, Enbridge is asking for approval of the proposed Rate 332 transportation service and the methodology that will be applied to develop the monthly charge (i.e. rate) for Rate 332 transportation service. Enbridge is not seeking approval of a specific monthly charge (i.e. rate) for Rate 332 transportation service within this application. Enbridge will ask for such an approval within an annual rate adjustment application.

Witness: A. Kacicnik

- b) To determine the conditions under which TransCanada will be provided service on the shared pipeline, Enbridge is relying on section 36 of the Ontario Energy Board Act, 1998, S.O. 1998, c-15, Schedule B to seek approval of the proposed Rate 332 transportation service to TransCanada and the methodology that will be applied to develop the monthly charge (i.e. rate) for Rate 332 transportation service.

In Enbridge's view, the proposed methodology that will be applied to develop the monthly charge (i.e. rate) for Rate 332 transportation service could be reviewed in front of the Board in a subsequent proceeding if there was a change in circumstances on which this proposal is based.

- c) Enbridge proposes that the specific methodology that will be applied to develop the monthly charge (i.e. rate) for Rate 332 transportation service be based on the following text:

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%¹ 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) payments.

¹ Please see Exhibit I.D5.EGD.STAFF.48.