

ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO
ENVIRONMENTAL DEFENCE INTERROGATORY #44

INTERROGATORY

Issue A.3 “Are the costs of the facilities and rate impacts to customers appropriate?”

Reference: Ex. A, Tab 3, Schedule 9, Attachment 3

Please reproduce this exhibit assuming the time horizon for calculating the “Total Transportation Savings” and “Total Transportation Services Charge” revenues is limited to the 2015 to 2024 time period.

RESPONSE

For clarity, the original exhibits included upstream “Total Transportation Savings” for the period of 2015 to 2025, with 2015 being a partial year due to the gas year start in November.

The “Total Transportation Services Charge” represents the toll revenue from the transportation service. The initial contracts will be for a 15 year duration as per I.A1.EGD (Update).BOMA.2. The Company therefore views a scenario with less than 15 years, as has been requested, to be unrealistic.

However, the results are presented below. In all scenarios the project is feasible.

Witness: S. Murray

Column #	1	2	3	4	5	6
Document Type:	IR	IR	IR	IR	IR	IR
Scenario Description:	ED-44 Resulting Base Case	ED44 Base Case with 75% Transportation Savings	ED44 Base Case with 50% Transportation Savings	ED44 Base Case with 0% Transportation Services Charges	ED44 Base Case with No Customer Additions	ED44 Base Case with 10% Increase in Capital Cost
	42"	42"	42"	42"	42"	42"
Filed Date:	8/12/2013	8/12/2013	8/12/2013	8/12/2013	8/12/2013	8/12/2013
Reference:	ED-44	ED-44	ED-44	ED-44	ED-44	ED-44

Capital Investment

Total Upfront Capital	\$652,144,124	\$652,144,124	\$652,144,124	\$652,144,124	\$652,144,124	\$717,358,537
Future Reinforcement Projects						
2017	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$0	\$23,100,000
2018	\$16,400,000	\$16,400,000	\$16,400,000	\$16,400,000	\$0	\$18,040,000
2019	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$0	\$14,300,000
2020	\$250,000	\$250,000	\$250,000	\$250,000	\$0	\$275,000
Capital Maintenance Costs¹	\$5,230,240	\$5,230,240	\$5,230,240	\$5,230,240	\$5,230,240	\$5,753,264
Services²	\$379,533,696	\$379,533,696	\$379,533,696	\$379,533,696	\$0	\$417,487,066
Total Capital	\$1,087,558,060	\$1,087,558,060	\$1,087,558,060	\$1,087,558,060	\$657,374,364	\$1,196,313,866
Total Transportation Savings³ (2015-2024)	\$1,561,635,909	\$1,171,226,931	\$780,817,954	\$1,561,635,909	\$1,561,635,909	\$1,561,635,909
Total Transportation Services Charge⁴ (2015 - 2024)	\$175,104,348	\$175,104,348	\$175,104,348	\$0	\$175,104,348	\$192,392,044
Total Distribution Revenues¹	\$4,546,724,222	\$4,546,724,222	\$4,546,724,222	\$4,546,724,222	\$0	\$4,546,724,222
Total Customer Additions (2015 - 2024)	146,337	146,337	146,337	146,337	-	146,337
Total Volumes (10³m³)	24,709,032	24,709,032	24,709,032	24,709,032	-	24,709,032
SUMMARY OF RESULTS						
Net Present Value (40 years)	\$534,351,214	\$336,622,917	\$138,894,620	\$445,281,250	\$316,735,228	\$460,933,849
Variance to ED.44 Base Case NPV (40 years)		(\$197,728,297)	(\$395,456,594)	(\$89,069,964)	(\$217,615,985)	(\$73,417,365)
Profitability Index (40 years)	1.59	1.37	1.15	1.49	1.52	1.46

NOTES:

¹Total for the 40 year horizon of analysis.

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

³Total transportation savings are equal to expected gas supply benefits and incorporate the total cost of landing gas in the Enbridge franchise area including costs associated with tolls, fuel and commodity procurement (i.e. basis differentials) Prepared with TransCanada tolls based on the NEB's Toll Order TG-006-2013 (issued June 11, 2013) which made TransCanada's Compliance Filing tolls final and effective July 1, 2013

⁴Transportation Services Charges to be received from contracted shippers for transportation from Parkway West to to Albion. (Current Base Case)

Witness: S. Murray