ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO APPrO INTERROGATORY #15

INTERROGATORY

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

Reference: EB-2012-0451 Exhibit E Tab 1 Schedule 2 Paragraph 7 Updated 2013-07-22
EB-2012-0451Exhibit E Tab 1 Schedule 1 Paragraph 12 Updated 2013-07-22
EB-2012-0451 Exhibit A Tab 3 Schedule 9 Paragraph 33 & 34 Updated 2013-07-22

Preamble: In the first reference, Enbridge indicates that if there are no shippers for the transportation service; that distribution ratepayers will be allocated the entire revenue requirement for Segment A.

a) In the event that Enbridge is successful in its open season and obtains some transportation customers but significantly less than the 1200 TJ/d of capacity that is being allocated to transportation customers, how will Enbridge allocate the costs of Segment A? Discuss all scenarios ranging from a very small volume of transportation customers to the full 1200 TJ/d of new transportation capacity.
b) Enbridge is using part of the 800 TJ/d of capacity of segment A for infranchise 10 year growth, which may result in a portion of Enbridge's distribution capacity not being fully utilized in the initial period:
    i. Given that this corridor has been constrained in the past, will Enbridge sell discretionary services?
    ii. If yes, how will the rate for these services be determined?
    iii. If incremental revenue is generated, what is Enbridge's forecast for the period from in-service to 2018 and how will this revenue be allocated?
c) In the event that no transportation shippers sign up for any capacity, please:
    i. Update the PI and NPV illustrated in the second reference.
    ii. Update the PI and NPV under the assumption that the Board does not agree that unbundled customers should be allocated any of the costs of the GTA project.
    iii. Update the rate impact in the third reference illustrating the rate impacts to all rate categories on a stand-alone basis and net of gas cost savings.
    iv. Please update the rate impact to all rate classes both on a stand-alone basis and net of gas costs using the assumption that the Board does not agree that unbundled customers should be allocated any of the costs of the GTA project.
    v. Please provide Enbridge's intentions with respect to the Segment A design and sizing.
    vi. Explain how costs would be allocated in the future if some transportation contracts were subsequently acquired after Segment A goes into service.

Witnesses: C. Fernandes
M. Giridhar
A. Kacicnik
S. Murray

RESPONSE

a) As part of its Binding Transportation Open Season offering for the Albion Pipeline project, the Company developed range rates for Rate 332 Contract Demand Charge which will be used to recover 60% of the revenue requirement allocated to transportation shippers from Segment A.

   The bottom of the range rate was developed based on the assumption that the entire 1,200 TJ/d would be utilized by transportation shippers. The top of the range was developed based on the assumption that 538 TJ/day would be utilized by Gaz Metro, Union Gas and Enbridge for its Eastern region. The makeup of the 538 TJ/day can be found at Exhibit A, Tab 3, Schedule 9, page 2, paragraph 4.

   The range rates allow the Company to accept bids within the Binding Transportation Open Season offering and then set them depending on the amount of contracted capacity. This will ensure that the cost of the allocated portion of Segment A is recovered from transportation shippers.

b) The 800 TJ/d of capacity for Distribution is expected to be fully utilized at peak system conditions starting in the first year. Growth in GTA area demand will be met through other paths. Enbridge is not forecasting discretionary service revenue along this path, as it does not foresee the opportunities to do so at this point in time. If there are opportunities in the future, the additional revenues can be dealt with under any prevailing arrangement.

c)
   i. Please see Exhibit A, Tab 3, Schedule 9, Attachment 3, Column 5.

   ii. Please see response to APPrO Interrogatory #13 found at Exhibit I.A2.EGD (Update).APPrO.13 a).

   iii. The tables below depict the rate impacts assuming the entire cost of the Segment A pipeline is recovered from EGD distribution customers. Table 1 depicts the estimated rate impacts (relative to April 1, 2013 QRAM rates) based on the 2016 revenue requirement with no gas cost savings. Table 2 depicts the estimated rate impacts (relative to April 1, 2013 QRAM rates) based on the 2016 revenue requirement inclusive of gas cost savings.

Witnesses: C. Fernandes
M. Giridhar
A. Kacicnik
S. Murray

Table 1

		BUNDLED RATES	
Rate Class		**Sales Service**	
1		2.3%	
6		2.3%	
9		1.0%	
100		1.9%	
110		1.9%	
115		1.8%	
135		1.3%	
145		1.8%	
170		1.6%	
200		2.7%	
		UNBUNDLED RATES	
125		23.5%	
300		8.6%	

Table 2

		BUNDLED RATES	
Rate Class		**Sales Service**	
1		-1.5%	
6		-2.5%	
9		-3.8%	
100		-5.0%	
110		-5.0%	
115		-5.6%	
135		-6.3%	
145		-5.4%	
170		-6.5%	
200		-3.7%	
		UNBUNDLED RATES	
125		23.5%	
300		8.6%	

Witnesses: C. Fernandes
M. Giridhar
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S. Murray

iv. The tables below depicts the rate impacts assuming the entire cost of the GTA project is recovered from EGD distribution customers excluding unbundled customers. Table 1 depicts the estimated rate impacts (relative to April 1, 2013 QRAM rates) based on the 2016 revenue requirement with no gas cost savings. Table 2 depicts the estimated rate impacts (relative to April 1, 2013 QRAM rates) based on the 2016 revenue requirement inclusive of gas cost savings.

Table 1

		BUNDLED RATES	
Rate Class		**Sales Service**	
1		2.4%	
6		2.4%	
9		1.0%	
100		1.9%	
110		1.9%	
115		1.8%	
135		1.3%	
145		1.8%	
170		1.6%	
200		2.8%	
		UNBUNDLED RATES	
125		0.0%	
300		0.0%	

Witnesses: C. Fernandes
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Table 2

		BUNDLED RATES	
Rate Class		**Sales Service**	
1		-1.4%	
6		-2.4%	
9		-3.8%	
100		-4.9%	
110		-4.9%	
115		-5.6%	
135		-6.3%	
145		-5.3%	
170		-6.5%	
200		-3.7%	
		UNBUNDLED RATES	
125		0.0%	
300		0.0%	

v. Enbridge is designing the pipeline for current Parkway Transmission pressure in a Class 4 location with a NPS 42 size pipeline. This allows for maximum flexibility, as the pipeline can be used for distribution only purposes, and also for the eventual transmission build out of the Parkway to Maple path.

vi. In the event that no shippers sign up for any capacity for the 2015 in service date of Segment A, and at a future date, shippers were subsequently acquired, Enbridge would expect to allocate costs using the same principles as currently proposed in the Rate 332 methodology.

Witnesses: C. Fernandes
M. Giridhar
A. Kacicnik
S. Murray