

ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO
APPrO INTERROGATORY #16

INTERROGATORY

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

Reference: EB-2012-0451 Exhibit A Tab 3 Schedule 9 Paragraph 4 Updated 2013-07-22

Preamble: Enbridge indicates that 170 TJ/d of capacity in Segment A will be used to serve Enbridge's Eastern Region

- a) This new capacity of 170 TJ/d does not appear to be in Enbridge's initial filing for the GTA Reinforcement Project. Please discuss the rationale for this capacity to be added at this time.
- b) Please explain if this will be used to serve Enbridge's system supply and the balancing requirements of Enbridge's bundled customers or if Enbridge is using this for some other reason.
- c) If this capacity is to be utilized by Enbridge, is it Enbridge's intention to enter into a transportation contract for this capacity, or allocate capacity and its related costs to the customers in Enbridge's Eastern Region without a contract? Explain.
- d) In the event that Enbridge enters into a transmission contract and allocates capacity to the Eastern Region, discuss how the cost of this capacity will be allocated to the various rate classes and please show the rate impact to all rate classes.
- e) Please discuss Enbridge's plan to access downstream capacity from Albion to Maple and on the TransCanada system.
- f) Please discuss how the costs of this 170 TJ/d of capacity downstream of Albion will be allocated to the various rate classes.

RESPONSE

Please note there are two Interrogatories from APPrO that are number 16, I.A3.EGD (Update).APPrO.16 and I.D5.EGD (Update).APPrO.16.

- a) Enbridge recently contracted for non-renewable long haul firm transportation from Empress to the Enbridge EDA. This non-renewable capacity expires in 2015. The 170 TJ/d of new short haul capacity will be used to displace the incremental non-renewable long haul firm transportation recently contracted for on the TransCanada system and peaking supplies. When contracting for this non-renewable firm transportation capacity, Enbridge was concerned about the availability of

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discretionary transportation to the Enbridge EDA over the next two years and the pricing of discretionary service given the pricing discretion granted to TransCanada by the NEB in the RH-003-2011 Decision. TransCanada has priced monthly blocks of STFT, which would have been utilized to supply the Enbridge EDA, at 1200% of the corresponding FT toll from Empress to the Enbridge EDA in addition to deeming a portion of existing firm capacity currently serving markets in eastern Ontario and Quebec as required for the Energy East Pipeline Project.

- b) Enbridge will use this capacity to provide transportation and seasonal balancing services to its bundled customers.
- c) Enbridge intends to enter into a contract for this capacity. Costs related to this capacity will be allocated to Enbridge's bundled customers according to the Board-approved cost allocation and rate design methodology for transportation and seasonal balancing service costs. Note that Board-approved cost allocation and rate design methodology are based on postage stamp principles. Postage stamp rates result in the same gas supply or transportation or load balancing or delivery rates for all customers within the same customer rate class regardless of the customer's location within the Enbridge's franchise area.
- d) N/A. This question is not applicable. Please see the response to c) above for allocation and recovery of this capacity costs from Enbridge's bundled customers.
- e) Please see the response to a) above.
- f) Costs related to 170 TJ/d of capacity downstream of Albion will be allocated to Enbridge's bundled customers according to the Board-approved cost allocation and rate design methodology for transportation and seasonal balancing service costs. Note that Board-approved cost allocation and rate design methodology are based on postage stamp principles. Postage stamp rates result in the same gas supply or transportation or load balancing or delivery rates for all customers within the same customer rate class regardless of the customer's location within the Enbridge's franchise area.

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