ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO TCPL INTERROGATORY #24

INTERROGATORY

Issue A3

Reference(s) (i) Exhibit A, Tab 3, Schedule 1
(ii) Exhibit A, Tab 3, Schedule 6

Preamble
TransCanada would like to better understand the specific market requirements and associated capacity for the EGD distribution system.

Request
(a) Please provide what capacity (TJ/d) is required on Segment A to meet:
   (i) Only the current market requirement for EGD distribution purposes
   (ii) current and expected growth in market requirement for EGD distribution out to 2025, itemized by categories such as degree day requirements or other specific requirements

(b) Please confirm that the difference between the capacity requirement (TJ/d) for (i) and (ii) in response (a) is the expected market growth for EGD distribution out to 2025. If not confirmed, please explain why not.

(c) Please provide the minimum facilities and design parameters (including temperatures and inlet/outlet pressure) required and associated capital cost that EGD would need for Segment A to serve only its market requirements for distribution purposes and nothing else for the capacity requirements (TJ/d) indicated for each of (i) and (ii) in response (a).

When providing this information, please differentiate the capital costs into separate line items for each of pipe, compression, metering, odorization, and any other capital costs, as well as the grand total.

(d) For the two facilities sets for Segment A provided in response (c), please provide the detailed annual rate base and annual revenue requirement calculations (by individual cost item) for each year of 15 years starting at the November 1, 2015 in service date. The annual revenue requirement calculations should include all expected costs associated with these facilities, including but not limited to depreciation expense, debt return, equity return, income tax, operations and maintenance, pipeline integrity costs, municipal and other taxes. Also please

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provide all the assumptions used in these calculations, such as depreciation rates for each type of facilities, income tax rate, CCA rate, return on equity %, debt rate, debt to equity ratio, and any escalation or inflation rates used.

RESPONSE

a) Segment A is planned to have 800 TJ/d starting in 2015. This will be used to meet peak day requirements over the 2015 to 2025 period. Growth in GTA demand will be met through other supply paths as the growth occurs.

b) Please see a).

c) The facilities, as proposed, are the minimum facilities required to meet the project objectives. The NPS 42 Segment A pipeline will be designed to meet the prevailing transmission pressure at Parkway/Parkway West, and thus account for the eventual coordinated build out of the Parkway to Maple path, utilizing the current discharge pressure from Parkway/Parkway West. If the Segment A pipeline were to be designed with different parameters, under the hypothetical situation where Enbridge was only going to meet the 800 TJ/d distribution system requirement, there would be many different combinations of inlet pressures and pipe sizes that could be utilized to achieve this flow. For example, a Segment A NPS 42 pipe sizing would meet the distribution only requirement with an inlet pressure of approximately 530 psi. This hypothetical scenario would have no differences in the capital costs as compared to what has been filed in evidence already. Another potential combination would be an NPS 36 with a higher than normal distribution pressure. Capital costs for this scenario have been filed in previous evidence.

d) Please see c).

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