

ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO
ENERGY PROBE RESEARCH FOUNDATION INTERROGATORY #93

INTERROGATORY

Issue A4 - What are the alternatives to the proposed facilities? Are any alternatives to the proposed facilities preferable to the proposed facilities?

Ref: EB-2012-0451 Exhibit C, Tab 2, Schedule 1, page 1, Table 1 (filed 15/04/2013) & Updated Exhibit C, Tab 2, Schedule 1, Table 2

- a) Please provide a consolidated/comparison copy of Table 2 based on the data in each referenced filing.
- b) Please provide line-by-line explanations of material Cost changes.
- c) Please discuss the basis of the Contingency amount(s) in context of the Board's Guidelines and previous practice.
- d) Indicate what will happen to any Capital Cost over/under amounts?
- e) Is a capital cost variance account being considered given the materiality of the costs? Please discuss.

RESPONSE

- a) Please refer to the attachment to CCC response #30 at Exhibit I.A3.EGD (Update).CCC30.
- b) Please refer to the attachment to CCC response #30 at Exhibit I.A3.EGD (Update).CCC30.
- c) Please refer to Exhibit C, Tab 2, Schedule 1, page 2, paragraph 5 for an explanation on how contingency was assessed. The Board has no guidelines regarding how contingency is assessed. The methodology used to assess contingency for this

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project is the same used in previously Board approved projects, e.g. EB-2012-0382 and EB-2012-0099.

- d) The EB-2012-0451 application is for leave to construct the proposed facilities and does not seek cost recovery. However, please refer to e) below.
- e) Enbridge has considered and applied for variance account treatment for the GTA Project in the rate application EB-2012-0459. This is due to the materiality of the costs of the project and potential variances. It should be noted that significant capital projects such as the GTA Project are typically authorized with project definition levels of 10-40%¹.

¹ www.aacei.org/non/rps/56R-08.pdf, page 9 of the PDF document (page 3, Table 1, of the AACE International Recommended Practice No. 56R-08 “*Cost Estimate Classification System – As Applied For The Building and General Construction Industries*”).

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