

UNDERTAKING J6.12

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EGD to provide rate impacts on Rate 332 transmission customers of different scenarios outlined by FRPO related to Brampton west start point of Segment A.

RESPONSE

This answer has been provided to respond to the undertaking. However, the Company does not support this scenario as it believes the scenario is inconsistent with the regulatory principle of cost causality. In the scenario requested, the distribution ratepayer is receiving service along the entire path from Parkway to Albion, but only being allocated the cost from Bram West to Albion – and receiving free service from Parkway to Bram West despite utilizing 40% of the capacity. This would come at the expense of the shippers on the path, as they would be forced to pay 100% of the cost of service for a portion of the path, Parkway to Bram West, in which they are only able to utilize 60% of the capacity. Additionally, while the application did have a Bram West initiation point previously, and the distribution ratepayer was allocated costs for Bram West to Albion, there were the additional toll charges on the TransCanada Mainline that were incurred for the Parkway to Bram West portion of the path under this scenario.

While the Company does not support the scenario case requested by this undertaking, the table below lays out the difference in the recovery of 2016 revenue requirement from Rate 332 transportation service customers between the undertaking scenario case and the base case (July 22, 2013 update evidence) for Segment A NPS 42 transmission pipeline.

The undertaking scenario case assumes that Rate 332 customers be allocated 100% of the difference in revenue requirement for NPS 42 Parkway to Albion versus NPS 42 Bram West to Albion and 60% of the revenue requirement for NPS 42 West Bram to Albion. The undertaking scenario case results in \$22.6M being recovered from Rate 332 transportation service customers.

The base case (July 22, 2013 update evidence) proposes that 60% of the revenue requirement for NPS 42 Parkway to Albion be recovered from Rate 332 customers. The base case results in \$20.2M being recovered from Rate 332 transportation service customers.

Witnesses: A. Kacicnik
S. Murray

Therefore, the difference in recovery of 2016 revenue requirement from Rate 332 transportation service between the undertaking scenario case and the base case is approximately \$2.4 M.

(A) Undertaking Scenario:

Item:	Capital	Revenue Requirement
	\$M	2016 \$M
1 Parkway to Albion (NPS 42)_Update No.6 (7/22/13)		33.7
2 Bram West to Albion (NPS 42)_Update No.2 (4/15/13)		27.8
3 Parkway to Bram West (1 - 2)		5.9
<u>Recovery from Rate 332 Transportation Service Customers:</u>		
Bram West to Albion - 60% of Revenue Requirement for Item 2		16.7
Parkway to Bram West - 100% of Revenue Requirement for Item 3		5.9
Total		22.6

(B) July 22, 2013 Update Evidence:

Item:	Capital	Revenue Requirement
	\$M	2016 \$M
1 Parkway to Albion (NPS 42)_Update No.6 (7/22/13)		33.7
<u>Recovery from Rate 332 Transportation Service Customers:</u>		
Parkway to Albion - 60% of Revenue Requirement for Item 1		20.2
(A) - (B): Difference in Recovery from Rate 332 Transportation Service Customers		2.4

The estimated annual rate impacts for 2016 based on the undertaking scenario case for the GTA project, as well as, the GTA project inclusive of gas cost savings by customer rate class are presented in the tables below:

Witnesses: A. Kacicnik
 S. Murray

<u>Rate Class</u>	<u>BUNDLED RATES</u> <u>Sales Service</u>
1	1.6%
6	1.6%
9	0.5%
100	1.1%
110	1.1%
115	1.0%
135	0.6%
145	0.9%
170	0.7%
200	1.7%

	<u>UNBUNDLED RATES</u>
125	23.5%
300	8.6%

Estimated impacts for GTA project inclusive of gas cost savings:

<u>Rate Class</u>	<u>BUNDLED RATES</u> <u>Sales Service</u>
1	-2.2%
6	-3.3%
9	-4.3%
100	-5.8%
110	-5.8%
115	-6.4%
135	-6.9%
145	-6.2%
170	-7.3%
200	-4.7%

	<u>UNBUNDLED RATES</u>
125	23.5%
300	8.6%

Witnesses: A. Kacicnik
S. Murray