

**TransCanada PipeLines Limited Response to
School Energy Coalition Interrogatory #1**

Request: [p.5] TransCanada states that as a result of the RH-003-2011 Decision, “TransCanada requires greater assurances than it has had in the past that it will recover its investment in any new facilities and its existing rate base from customers”.

What type of additional assurances does TransCanada now require that it did not require before the RH-003-2011 Decision?

Response:

Prior to the RH-003-2011 Decision, TransCanada operated the Mainline under a cost of service model functionally the same as that applicable to Ontario LDCs, where tolls are set to recover a forecast of costs based on forecast system usage. Under this model, the costs of any new facilities are included in the rate base and collected through tolls.

In the RH-003-2011 Decision, the NEB established multi-year fixed Firm Transportation (FT) tolls at a level below that required to recover forecast costs incurred during the multi-year period. Because tolls are fixed, there is no ability to increase tolls to recover additional costs during the fixed toll period. The RH-003-2011 Decision also entails some uncertainty about the extent to which costs can be recovered after the fixed toll period.

As a result, the terms under which TransCanada is willing to invest needed to be revised. Contracts that underpin new facilities now require 15 year terms and tolls that provide TransCanada with a reasonable opportunity to recover its revenue requirement.

**TransCanada PipeLines Limited Response to
School Energy Coalition Interrogatory #2**

- Request:** [p.6] With respect to TransCanada’s intention to apply “to the NEB by the end of the 2013 to construct the interconnections required to accommodate Segment A of Enbridge’s GTA Project and the facilities associated with TransCanada’s King’s North Project.”
- a) What has changed since the TransCanada’s Board of Directors’ cancelled the Eastern Mainline Expansion Project?
 - b) What assurances can TransCanada provide that it will file for NEB approval of the facilities?
 - c) When would the expected in-service date be for these facilities?

Response:

- a) TransCanada is proposing to use the capacity to meet current contractual commitments from Dawn to markets downstream of Maple and/or to meet bids arising from its current new capacity open season. TransCanada is also working with the Eastern LDCs on an agreement for providing incremental short-haul capacity on a commercially reasonable basis.
- b) In accordance with the MOU, TransCanada will construct the King’s North Project and interconnections required to accommodate Segment A of Enbridge’s GTA Project. However, TransCanada cannot provide definitive assurances of a filing date, other than what is currently planned, until TransCanada knows the status of the MOU, when capacity will be available on Union Gas from Dawn to Parkway if TransCanada is to build for the existing system requirements, the outcome of the current new capacity open season if TransCanada is to build for new capacity requests, in addition to the outcome of the current proceedings before the OEB and the Eastern LDC July 10, 2013 complaint to the NEB.
- c) The proposed in-service date for the King’s North Pipeline is November 1, 2015.

IR Number: SEC 3 – TCPL

Request: Please provide a copy of the reply to Enbridge’s July 5, 2013 letter to TransCanada that was referenced by its counsel during the hearing on July 11, 2013 (Transcript page 20).

Response:

Please refer to the response to IGUA 1 c.

**TransCanada PipeLines Limited Response to
School Energy Coalition Interrogatory #4**

Request: Please provide TransCanada's position on the status on the Memorandum of Understanding between itself and Enbridge. Please detail all legal and and/or commercial steps TransCanada is taking as a result of Enbridge's letter of July 10, 2013.

Response:

TransCanada's position is that Enbridge does not have the right to terminate the Memorandum of Understanding (MOU). TransCanada views Enbridge's July 10, 2013 letter purporting to terminate the MOU as an intentional anticipatory breach and repudiation by Enbridge of the MOU. TransCanada has not accepted Enbridge's repudiation and thus, as TransCanada stated before the OEB at the July 12, 2013 hearing, it is TransCanada's position that the MOU remains in full force and effect and can be enforced by TransCanada in accordance with its terms.

TransCanada's legal and commercial reaction to Enbridge's July 10, 2013 letter is at this time confidential.