

OGA INTERROGATORY #10

INTERROGATORY

Issue 1.2 - Should the new business activity – Geothermal Energy Service Program – be considered as part of the utility’s regulated business?¹

Reference: Ex. B, Tab 1, Schedule 1, p. 27-30 & Appendix 11

Preamble:

The final report of the Board in EBO 188 states that: “A maximum 10 year forecast horizon will be utilized. For customer attachment periods of greater than 10 years an explanation of the extension of the period will be provided to the Board.” See section 3.2.1.

Interrogatory:

Please recalculate Appendix 11 based on a 40 year customer forecast. Please make assumptions as needed, state all assumptions, and include any caveats as needed.

If Enbridge believes that a forecast in between 10 and 40 would be more reasonable (e.g. 20 or 30), please also recalculate Appendix 11 based on that longer period.

RESPONSE

Please see table below and the Attachment to this response. Enbridge has assumed a steady state of customer additions from years 11 to 40 and has kept the capital and O&M costs the same. The difference in service fee is minimal.

Enbridge does not believe that forecasting beyond 10 years of customer additions is appropriate for setting the service fee.

| | | Base Case | OGA-10 | OGA-11 |
|------------------------------|------------------|---------------|---------------|---------------|
| Customer Add forecast | [Years] | 10 | 40 | 40 |
| Customer Revenue Horizon | [Years] | 30 | 30 | 30 |
| Economic Feasibility Horizon | [Years] | 40 | 70 | 70 |
| Service Fee | [\$/month/tonne] | \$ 25.07 | \$ 25.07 | \$ 24.20 |
| Profitability Index | | 1.10 | 1.13 | 1.10 |
| Net Present Value | | \$ 16,679,865 | \$ 72,820,011 | \$ 54,148,141 |

¹ Note that these interrogatories also relate to issue 2.3 - Are the services fees for the Geothermal Energy Service Program reasonable and appropriate?