FRPO INTERROGATORY #5

INTERROGATORY

REF: Exhibit D1, Tab 2, Schedule 3, page 4

Preamble: We would like to understand EGD's approach to contingency planning that lead to the decision to contract for additional capacity from Chicago on Vector to replace the delayed capacity on Nexus. The above reference contains the following: *"In order to mitigate the impact of the NEXUS in-service delay, Enbridge will continue to fill its Vector capacity with supply from Chicago until the contracted capacity on NEXUS comes into service. For the purposes of 2018 the Company is proposing that any variances associated with a delay will be captured as a part of the 2018 PGVA."*

How much capacity was purchased from Chicago on Vector to replace the Nexus capacity?

a) Please provide a schedule which shows the incremental impact of contracting for supply on Vector for the quantity contracted.

    i) Please ensure any costs associated with mitigating Dominion supply arranged for Nexus and any incremental pipeline costs are included but highlighted separately.

    ii) Who will bear responsibility for the above mitigation costs in i)?

b) What is the forecasted landed cost of the supply at Dawn of the incremental Vector capacity in C$/GJ using the July 1, 2017 QRAM prices for each month in the time-frame that has been contracted for?

    i) Using the same July 1, 2017, what is the forecasted cost for Dawn-landed supply for each of those same months?

c) How was the decision to contract for incremental Vector capacity arrived at versus Dawn purchases?

    i) Please provide the quantitative and potentially qualitative analysis including forecasted costs supporting this approach.

d) In addition to Board Staff IR 7c), why were these costs not evidenced in this proceeding as opposed to deferring to the mechanistic QRAM proceeding?

Witness: D. Small

RESPONSE

a), b) & c) EGD did not contract for incremental capacity on Vector. EGD currently has two transportation contracts with Vector Pipeline for a total of 175,000 Mmbtu/day. Prior to June 1, 2016 the contracts were for 96,000 Mmbtu/day and for 79,000 Mmbtu/day with primary receipt points at the Alliance/Northern Border interconnect on the Vector system and a primary delivery point at the Dawn interconnect. As of June 1, 2016, EGD restructured its contracts with Vector such that 65,000 Mmbtu/day would flow from Alliance/Northern Border to Dawn and 110,000 Mmbtu from Alliance/Northern Border to Dawn. The purpose of the restructuring was to enable to conversion of the main receipt point on the second contract to go from Alliance/ Northern Border to the Milford Junction receipt point. The delivery point would remain at Dawn. In response to FRPO Interrogatory #2 in the July 2017 QRAM (EB-2017-0181 Exhibit I, Tab 1, Schedule 2) the Company stated:

> The Company has contracted to transport 110,000 Dth per day on NEXUS from Kensington, Ohio to the Milford Junction interconnect with Vector. The Company will then use a portion of its existing 175,000 Dth per day of Vector capacity to transport the NEXUS supply from Milford Junction to Dawn. As part of the Company's risk management strategy, the Company has restructured its Vector agreement with a provision to coordinate the change of receipt point from Chicago to Milford Junction with the in-service date of NEXUS. As a result, if NEXUS is delayed, the Company will maintain its ability fill the Vector capacity designated for NEXUS supply with supply from Chicago.

EGD has not yet entered into any supply arrangements for supplies at Dominion South and as such does not have any supply costs to mitigate nor will Enbridge incur any Nexus Pipeline costs until the pipeline is in-service.

As mentioned above the Vector capacity is not incremental and therefore a cost comparison of incremental Chicago supply versus Dawn supply is not warranted.

d) At the time the 2018 Gas Cost budget was prepared, EGD was aware that there would be a delay in the in-service date of the Nexus Pipeline until 2018. However, the length of the delay was unknown (i.e., January 1, February 1, March 1 etc.). Rather than speculating on the timing of the in-service date, the Company chose to assume a January 1/18 start. Please note that if the Company had assumed a date other than January 1/18 (i.e., March 1) and if the actual in-service date was different than forecast, then the Company would still record any variance associated with a timing variance in the 2018 PGVA.

Witness: D. Small