

November 17, 2015

DELIVERED BY EMAIL AND RESS

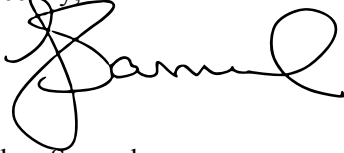
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EB-2015-0179 Interrogatories by Northeast Midstream LP

Please see attached the interrogatories by Northeast Midstream LP, further to Procedural Order 1 in relation to the above-mentioned matter.

Sincerely,



Joshua Samuel
President and CEO of the General Partner

cc Chris Ripley, Union Gas
Parties of Record

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B, and in particular S. 36 thereof;

AND IN THE MATTER OF the Ontario Energy Board Act, 1998, c.15, Schedule B, and in particular, S. 90 thereof;

AND IN THE MATTER OF an Application by Union Gas Limited for an Order or Orders for approval of Union's Distribution System Expansion Project proposals;

AND IN THE MATTER OF an Application by Union Gas Limited for an Order or Orders granting leave to construct natural gas pipelines and ancillary facilities required to serve the communities of Milverton, Prince Township and, the Chippewas of Kettle and Stony Point First Nation and Lambton Shores.

**INTERROGATORIES ON BEHALF OF Northeast Midstream LP (Northeast)
to Union Gas Limited (Union)**

Northeast # 1

**Reference: Exhibit A, Tab 1, Appendix C
Page 21**

The final report of the Ontario Energy Board in EBO 188 states:

The Board requires that for all distribution projects, the utilities prepare a display of alternatives (routes and sites) which would show the various trade-offs between customer attachments and environmental, social and financial costs. The Board expects the utilities to prepare common guidelines on how to conduct and document the evaluation of their route selection and to apply these to all expansion projects.

Please indicate whether Union considered liquefied natural gas (LNG) or compressed natural gas (CNG) when it initiated an Opportunity Assessment in 2014 as an alternative to constructing a lateral pipeline to the community in order to determine what mechanisms could be implemented to mitigate financial and environmental barriers to such expansion. Please explain.

Northeast # 2

**Reference: Exhibit A, Tab 1
Page 35**

Union can complete approximately 30 projects under its Proposal. If additional funding or project contributions are provided, the potential number of projects could expand beyond this.

Union is seeking approval of five projects in this application. For the remaining 25 that can be serviced under its Proposal, Union will continue to file leave to construct (“LTC”) applications for those expansion projects that meet the Board’s LTC criteria. The LTC applications will include the requests for approval of the net revenue requirement associated with the projects. Union will also apply for franchise and certificate applications if necessary. For those projects that do not meet the Board’s LTC criteria, Union will file an application for approval of the forecast net revenue requirements. Union will then include the approved net revenue requirement impacts for all the approved projects in its next annual rate-setting application.

- a. If it can be shown that an alternative, lower cost gas supply solution, such as the use of LNG or CNG, would reduce the gross capital expenditure for certain of the 30 identified as feasible by Union in the Opportunity Assessment, would Union seek to either reduce the proposed Temporary Expansion Surcharge (TES) and Incremental Tax Equivalent (ITE), or maintain these charges but increase the project’s PI (and therefore reduce the amount of cross subsidization from other ratepayers)? Please explain your response.
- b. If it can be shown that an alternative, lower cost gas supply solution, such as the use of LNG or CNG, would reduce the gross capital expenditure for certain projects identified as not feasible by Union in the Opportunity Assessment, and such reductions in capital expenditures raised the profitability index (“PI”) of certain projects to 0.4 or higher after application of the TES and ITE, would Union move to file leave to construct (“LTC”) applications for those certain projects provided they meet the Board’s LTC criteria. Please explain your response.

Northeast # 3

**Reference: Exhibit A, Tab 1, Appendix D
Pages 1 to 5**

Please revise and update the Opportunity Assessment Summary spreadsheet by including the following for each of the 103 communities identified.

- a. Column indicated “Potential Customers”
 - i. The number that are residential users.
 - ii. The number that are commercial users.
 - iii. The number that are contract customers.
 - iv. Source of information (i.e., Statistics Canada, Municipal Property Assessment Corporation, building count, other means).
- b. Column indicated “Forecast Customers”
 - i. Expected attachment rate by customer class (residential, commercial, contract).
- c. Column indicated “Distance from Source”
 - i. Distance of existing facilities requiring system reinforcement.
 - ii. Distance of new lateral pipeline from existing facilities to local delivery services.
 - iii. Confirm the meaning of blank cells.

- d. Column indicated “Annual Volume”
 - i. Expected volumes by customer class (residential, commercial, contract).
 - ii. Expected peak day / peak hour requirement.

- e. Column indicated “Gross Capital Cost”
 - i. Capital cost associated with any upstream system reinforcement, including all related materials, labour, engineering, surveys, environmental costs, legal costs, land and permit costs, internal resources, interest during construction, and contingencies (Indirect Costs).
 - ii. Capital cost associated with any new lateral pipelines, including all Indirect Costs. For sake of clarity, please consider a new lateral pipeline as a facility where the pipe is either steel (ST) pipe of any size or polyethylene (PE) pipe with a nominal pipe size (NPS) greater than 4”, plus meter stations, pressure reduction stations, system valves and the like.
 - iii. Capital cost associated with any new local delivery system, including all Indirect Costs. For sake of clarity, please consider local delivery system as a facility with a maximum operating pressure of less than or equal to 99 psig and a NPS less than or equal to 4” PE, plus customer attachments, service meters, and odorization.

- f. New Columns
 - i. Annual cost of third party gas transportation capacity to supply natural gas to the service area.

- g. Please provide a working copy of Union’s economic feasibility excel spreadsheet for each of the community expansion projects shown in Appendix D, illustrating the economics of the project, cash flows by type, including any CIAC, similar to the schedules provided for the 5 Leave to Construct (LTC) projects (e.g. Exhibit A Tab 2 Section A Schedule 6).