



PUBLIC INTEREST ADVOCACY CENTRE
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November 16, 2015

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: EB-2015-0179 – Union Gas Limited Community Expansion Program
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)**

In accordance with Procedural Order No. 1 please find enclosed the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

M. Garner/for

Michael Janigan
Counsel for VECC

Mr. Chris Ripley, Manager Regulatory Initiatives
CRipley@uniongas.com

REQUESTOR NAME
TO:
DATE:
CASE NO:
APPLICATION NAME

VECC
Union Gas Limited
November 16, 2015
EB-2015-0179
Community Expansion

A-VECC-1

Reference: A/T1/pg.13 & A/T1/Appendix D

- a) Please provide the criteria used to include potential communities in the Opportunity Assessment list.
- b) Does the list of 103 candidates shown in Appendix D represent all the communities in Ontario without natural gas service?

A-VECC-2

Reference: A/T1/Appendix D

- a) Please explain why Sioux Lookout and Terrace Bay were excluded from the Community Expansion projects
- b) Please provide a map which shows Union Gas service for communities along the TransCanada Highway (17) between Thunder Bay and Sault Ste. Marie.
- c) Has Union considered extending service to communities along Highway 17? Please explain what impediments there are to extending service in this area.

A – VECC- 3

Reference: A/T1/Appendix H

- a) In 2012 Union proposed natural gas service to the Municipalities of Chelsey, Paisley, Tiverton, Kincardine, Point Clarke and Inverhuron. The first 4 of these communities are listed in Opportunity Assessment (line 29). Why does the Community Expansion program not include any of these communities in the first tranche of projects?
- b) When does Union Gas expect to propose service to these communities?

A-VECC-4

Reference: A/T1/pg.17 & A/T1/Appendix E

- a) How does actual attachment rate affect the calculation of the Temporary Expansion Surcharge?
- b) Please explain why the TES is not accounted for as a contribution in-aid of construction.

A-VECC-5

Reference: A/T3

- a) Please provide the eligibility criteria for the Temporary Connection Surcharge.
- b) Please explain how the collection period is determined for any specific project.
- c) Please explain what economic feasibility study are completed for services eligible for the TCS. How are the costs of these studies recouped?
- d) Please explain why the TCS amounts are not accounted for as contribution in aid of construction.

A-VECC-6

Reference: A/T1/

- a) Please explain what (if any) incremental changes need to be made to Union's CIS/Billing systems in order to accommodate the TES/TCS surcharges. Please provide the estimated cost of these changes.

A-VECC-7

Reference: A/T1/pg.22

- a) Please explain what (if any) impediments currently exist for letting municipalities making a contribution-in-aid of construction.
- b) Has Union discussed the Incremental Tax Equivalent contribution with any of the municipalities it is proposing to provide service in within the next 5 years? If yes, please provide a summary of those discussions. If no please explain why not.

A-VECC-8

Reference: A/T1/

- a) Under Union's proposal are the all the revenues collected under the TES, TCS and ITE to be subject to earning sharing?
- b) If yes please explain the rationale for this treatment.
- c) Please provide the annual amount for each of these contribution methods for each of the next 5 years.

A – VECC - 9

Reference: A/T1/pg.40

Pre-amble: The Allocation methodology chosen by Union results in different amounts of costs allocated to Union North and Union South customers and a small decrease in costs to ex-franchise customers. Union has used the Board approved costs allocation study (updated) to achieve these results.

- a) In light of the fact that Union is seeking exemptions from the E.B.O. 188 guidelines please explain the rationale for applying the existing cost allocation methodology for the costs of the Community Expansion projects. Please explain the principles that support this as a fair and reasonable allocation of the subsidy required for the projects.
- b) Specifically address why it was not considered more appropriate to collect the subsidy equally from among all customers (by number and/ or volume).
- c) Please explain the underlying principal or rationale for ex-franchise customers to see a reduction in costs as part of the Community Expansion projects.

A – VECC - 10

Reference: A/T1/pg. 42

- a) As noted by Union the specifics as to the government announced loan and grant support have yet to be provided. Union notes that this introduces some uncertainty as to the objectives of the government policy. Given these factors why would it not be prudent to wait for the details as to how the Natural Gas Access Loans and the Economic Development grants before proceeding with any specific projects.

- b) How would Union propose to treat any grants provided as part of the Community Expansion program?

A-VECC-11

Reference: A/T1/pg.1-2 / Appendix D / T1Appendix H

- a) The footnote to Appendix D notes projects which do not “*meet the definition of Community Expansion Project so would not be eligible for reduce PI without additional project scope.*” Is the definition referred to that provided at page 1 of Appendix H?
- b) Is the definition Union’s construct or taken from government or Board policy? If the latter please provide the reference. If it is Union’s definition please explain why a minimum of 50 customers was chosen.
- c) Under this definition how do any customers become eligible for the TCS?
- d) Does a definition of a Community Expansion project include a minimum or maximum PI?

A – VECC - 12

Reference: A/T1/Appendix F

- a) Please explain how the incremental OM&A expenses were estimated for the proposed projects.

A – VECC - 13

Reference: A/T2/ Sections A-E

- a) For the five projects included in this application please create a table which shows the unit costs of:
- (1) Pipe per meter (NPS 2,4,6 ST & PE);
 - (2) Construction and Labour for laying of the pipeline by type of pipe
 - (3) Please explain any variation in unit cost and station costs as between the different projects.
- b) Please provide the Environmental Assessment & Archeological Cost separately for each project.
- c) Please explain the derivation of overheads for each project.
- d) Please explain the derivation of Company Labour, X-Ray, Construction Survey, Legal, Mill Inspection and Consultants. Please also explain why some projects have this costs and other do not.

- e) Please explain the variation in contingency costs (5%, 10% dollar amounts) as between the projects?

A – VECC - 14

Reference: A/T1/Appendix H

- a) Please provide a redline version of the revised Distribution New Business Guidelines.

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