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November 3, 2016

By Email & By Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Ms. Walli:

**Board File No. EB-2016-0245 --- Union Gas Limited
2017 Rates Application
Energy Probe – Interrogatories to Applicant**

Pursuant to Procedural Order No. 1, issued by the Board on October 25, 2016, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2016-0245 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc. Chris Ripley, Union Gas Limited (By email)
Crawford Smith, Torsys LLP (By email)
Brady Yauch, Consultant to Energy Probe (By email)
Roger Higgin, Consultant to Energy Probe (By email)
Parties of Interest (By email)

EB-2016-0245

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998,
S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an Application by **Union Gas Limited**, pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2017.

**Interrogatories of
Energy Probe Research Foundation**

November 3, 2016

EB-2016-0275
Union Gas Limited
Application for 2017 Rates under IRM
Interrogatories of Energy Probe Research Foundation

Energy Probe IR #1

Reference: Exhibit A, Tab 1, Page 7; Working Papers Schedule 10 Rate Order App G

Preamble: The Board approved capital pass-through treatment on Union's Leave-To-Construct (LTC) applications for the LTC projects. Union has included the Board-approved 2017 costs for each of the proceedings in 2017 rates.

a) For each of the projects:

1. Parkway West Project – EB-2012-0433;
2. Brantford-Kirkwall / Parkway D Project – EB-2013-0074;
3. Dawn Parkway 2016 System Expansion Project – EB-2014-0261;
4. Burlington Oakville Pipeline Project – EB-2014-0182; and,
5. 2017 Dawn Parkway Project – EB-2015-0200.
6. H/Lobo D/Bright C Compressor Project (EB-2015-0020)

Please provide in *Tabular Form* for completed projects:

- the actual in-service date(s)
- Approved capital costs
- Capital cost at completion and
- the amounts recorded in each of the associated project deferral/variance accounts that are to be disposed in the 2017 deferral account proceeding

b) For any projects that are scheduled to be completed in 2016 and are forecasted to be completed in 2017, please provide in tabular form:

- The actual or forecast in service date(s)
- Approved capital costs
- Estimated capital cost at completion
- The Revenue Requirement placeholder in 2017 rates; and
- Amounts recorded or forecast to be recorded in the relevant project deferral/variance account(s)

c) Please reconcile the above data to the Working Papers in Schedule 10 and to the relevant project deferral/variance accounts.

Energy Probe IR #2

Reference: Exhibit A, Tab 1, Page 6 UPDATED; Rate Order Appendix F Page 14 Deferral Account No. 179-126; Working Papers / Schedule 11; EB-2015-0116 Exhibit B.Staff.3

Preamble: The difference between the 2016 DSM Utility Incentive and the actual 2016 DSM Utility Incentive will be captured in the Demand Side Management Incentive Deferral Account (“DSMIDA”). The allocation to rate classes can be found at Working Papers, Schedule 11.

- a) Please confirm the 2017 DSM Utility Incentive amount is not included in rates.
- b) Please confirm Union’s proposal is to use the DSMIDA to record the difference between the forecast and actual DSM Utility Incentive,

Energy Probe IR #3

Reference: Exhibit A, Tab 1, Page 8; Working Papers Schedule 12; Rate Order Appendix F, Page 19, Deferral Account No. 179-133; EB-2015-0116 Exhibit B, FRPO.2, Attachments 1 and 2 and EB-2015-0116 Exhibit B, Energy Probe.5

Preamble: Consistent with the 2016 methodology, Union has adjusted the general service storage and delivery rates for the 2015 actual Normalized Average Consumption (NAC) using the Board-approved weather normal methodology blend of 50:50 (30-year average and 20-year declining trend). For 2017, the NAC adjustment is the variance between 2014 Actual NAC and 2015 Actual NAC, as seen in Rate Order, Working Papers, Schedule 12.

- a) Please Update EB-2015-0116 IRR FRPO 2 Attachments 1 and 2 for 2015 actuals.
- b) Please update Table 1 provided in EB-2015-0116 Energy Probe IRR Exhibit B, Energy Probe 5 and provide details on the drivers/reasons for the large 2015 and 2016 change in NAC for Rates M1 (4.0%) and R01 (5.7%).
- c) Please provide a discussion/analysis/estimate of the direction/trends related to 2015-2019 NAC adjustments based on Union’s DSM Plan, weather and other factors.
- d) Please provide any updates to DSM forecasts for the different rate classes.

Energy Probe IR #4

Reference: Exhibit A, Tab 2, Page 4 and Attachment 1; EB-2015-0200, Exhibit A, Tab 8, Schedule 1: Rate Order Working Papers Schedule 20, Pages 1-5; EB-2015-0116 Exhibit B.APPrO.4.

Preamble: Union is including the Parkway Delivery Commitment Incentive (PDCI) costs of \$16.6 million in rates effective January 1, 2017. Per the Settlement, Union has allocated the PDCI costs to rate classes consistent with the allocation of other PDO costs included in rates.

Union projects a shortfall at Parkway, as a result of the PDO shift, of 23 TJ/d between November 1, 2015 and October 31, 2016 and 13 TJ/d between November 1, 2016 and October 31, 2017 until sufficient M12 Dawn to Kirkwall capacity has been turned back.

- a) Please confirm the turn back volumes now projected for November 1, 2017 (67 TJ/day)
- b) Discuss in more detail changes that have occurred since EB-2015-0200, and provide an updated forecast surplus as of November 1, 2017 (TJ/d)
- c) Please explain the volume(s) used in the Sales Service PDCI Cost Calculation at Working Papers / Schedule 20 / p. 5.
- d) Why is the PDO for sales customers still 11 TJ/d at November 1 2017 as well as November 1 2018, rather than zero?
- e) Please explain Footnote 5: "The actual contract amount for November 1, 2016 is higher, but Union has turn back rights which are effective January, 2017".
- f) What are the actual 2016 (estimate) and basis of the forecast rate year M12 turn back 2016 estimates generating the cost to M1 customers?

Energy Probe IR #5

Reference: Exhibit A, Tab 2, Page 4 and Attachment 1; EB-2015-0200 Exhibit A, Tab 8, Schedule 1: Rate Order Working Papers, Schedule 20, Pages 1-5;

Preamble: Union's foreseeable options to manage the shortfall are:

- Request early ex-franchise turn-back of Dawn-Kirkwall contracts;
- Purchase a service from a third party; and,
- Allocate some portion of a future build that may not be completely sold out.

- a) Please discuss the viability of each of the listed options.
- b) Please provide updated cost estimates for each option and compare to the PDCI

Energy Probe IR #6

Reference: Exhibit A, Appendix B, Rate Order M1 and 01 Rate Schedules and Working Papers, Schedule 3; Exhibit A, Tab 3, Page 35.

Preamble: In order to prepare for customer communications and billing system changes in regards to implementing the province's cap and trade market by on January 1, 2017, Union submitted an interim rate order to the Board on April 15, 2016 to obtain approval for a rate and corresponding separate line item bill presentment. The Board issued its decision on this request on July 29, 2016. In its decision, the Board provided direction on customer communications and also required the natural gas distributors to include the cost of cap and trade in delivery rates.

Union is in the process of complying with this decision. In addition, Union will be requesting approval for rate changes to recover the cost of cap and trade costs (related to customer and facility obligations) in its 2017 rates application.

- a) Please provide a copy of the Board Direction to Union regarding Customer GHG Commitments.
- b) What is the status regarding Union's Customer GHG Charges/Billing implementation?
- c) Please provide an illustration of the Charges for Rates M1 and 01 using Union's "best guess". List relevant assumptions.
- d) What is/are Union's expectation(s) regarding implementation/timing of Customer GHG Charges?
- e) Please provide a copy of Union's GHG Compliance Plan in this proceeding as soon as available.
- f) Please provide any drafts or final versions of customer communications related to cap and trade.
- g) Please provide any analysis or assessments that the company has done in regards to the impact cap and trade will have on NAC going forward.

Energy Probe IR #7

Reference: No reference

Preamble; Union and EGDI are expected to become Affiliates after completion of the sale of Sempra Stock to Enbridge Inc.

- a) Has Union considered the various regulatory Implications in regards to affiliate relations in terms of its transactions with Enbridge Gas Distribution, for example with various services such as M12 and M12X services?
- b) If so please provide a summary of the issues