



June 29, 2017

BY RESS & Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited (“Union”)
Kimpe Storage Compensation
Board File # EB-2016-0030**

Further to the interrogatories received in the above noted matter, please find attached two copies of Union’s responses.

Sincerely,

[original signed by]

Mary Jane Patrick
Analyst, Land Services
Encl.

cc: Zora Crnojacki
Nancy Marconi

UNION GAS LIMITED

Answers to Interrogatories from
Board Staff

Interrogatory # 1

Ref: EB-2016-0030 Submission of Union Gas Limited, April 13, 2017, page 8, paragraphs 35-37; page 10, paragraph 44, Notice of Application and Procedural Order No. 1 (EB-2016-0030), dated March 31, 2017

Preamble:

The OEB confirmed in EB-2016-0030 Notice of Application and Procedural Order No. 1 that it will not examine storage rights compensation for the periods already covered by earlier OEB decisions where Mr. Kimpe was an applicant. The OEB set the period from January 1, 1991 to December 31, 1999 and for the period from January 1, 2009 to present as a Relevant Time Period to be considered in the current proceeding.

Question:

Union Gas' view is that the Relevant Time Period set by the OEB should be restricted to exclude period from 1991 to 1999 and period from 2009 to 2015. Union Gas proposed that the OEB order that Mr. Kimpe be compensated for the period from December 18, 2015 to December 31, 2018 at the same rate as the other landowners in the Bentpath Pool.

Please clarify the rationale for Union Gas views regarding the Relevant Time Period for compensation.

Response:

As stated in Union's submission dated April 13, 2017 at paragraphs 29 to 33, Union does not believe that Mr. Kimpe is eligible for any additional Board-ordered compensation for the period 1991 to 1999. The RP-2000-0005 Decision and Order stated that "the [Represented Applicants] have reached a settlement with Union covering all claims for compensation asserted in or which could have been asserted in the amended application". Mr. Kimpe was a Represented Applicant in that proceeding, and his compensation is set out specifically at Appendix "A" to the Board's Decision. Compensation for the period 1991 to 1999 clearly could have been asserted in the amended application. It is not appropriate for Mr. Kimpe to attempt to re-open the issue of compensation for that period in this application, which is now 25 years later.

For the period 2009 to the present, Mr. Kimpe is eligible for Board-ordered compensation, as he did not sign the amending agreements which were offered to the landowners. Mr. Kimpe has received compensation from 2009 to the present at the same rate as was offered to those landowners in the Bentpath Pool who did sign the amending agreements.

It is Union's position that the Board should order Union to compensate Mr. Kimpe for the period 2009 to 2018 consistent with the current amending agreement accepted by over 90% of Union's storage landowners.

UNION GAS LIMITED

Answers to Interrogatories from Kimpe

Question:

Is Union in a position that it can legally provide me a copy of “J.C. Hunter’s Storage Development Task Force Report” dated 21st day of Feb. 1989 and please do so and if not, how can I obtain this report.

Response:

As set out in the order of the Hon. Mr. Justice Van Camp dated September 19, 1989 in the *Peter Gout v. Union Gas Limited et al.* proceeding (Court file no. 343/88), the report was sealed by the Court for confidentiality reasons. Any copy the Court has in its files would only be available to Mr. Kimpe with leave of the Court.

UNION GAS LIMITED

Answers to Interrogatories from Kimpe

Question:

Provide a copy of the attendance list put forward by Union of the landowners who were present in the negotiations for new gas storage compensation R.P. 2000-0005 and an arbitrator was used in the proceedings.

Response:

Union does not have an attendance list of the landowners who were present at the ADR conference for the RP-2000-0005 proceeding.

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Answers to Interrogatories from Kimpe

Question:

Upon the discovery of the Bentpath cavern, what is the most valuable component, the gas discovered out of the cavern or the cavern itself and why.

Response:

At the time the Bentpath Pool was discovered the natural gas located in the pool was the most valuable component since the primary purpose of the exploration process is the discovery of natural gas reserves. Subsequently, it was determined that the Bentpath Pool was suitable for conversion to natural gas storage. After the Bentpath Pool was converted to natural gas storage, the pool itself became the most valuable component as the natural gas reserves had been extracted and additional value could now be attained by conversion to storage.

UNION GAS LIMITED

Answers to Interrogatories from Kimpe

Question:

Does Union believes my situation is unique and why?

Response:

Union does not believe that Mr. Kimpe's situation is unique. Mr. Kimpe has received compensation for the storage of natural gas under his property according to the same terms as have all other landowners in the Bentpath Designated Storage Area. Approximately 2% of the landowners in Union's storage pools do not have signed gas storage leases. Union compensates all landowners at the same rate whether they have executed a gas storage lease or not.

UNION GAS LIMITED

Answers to Interrogatories from Kimpe

Question:

Does Union buy's ships, transfers, stores gas for others on an acreage basis.

Response:

No

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Answers to Interrogatories from Kimpe

Question:

Did Union in E.B.O. 64 (1) and (2) professed that gas storage is part of integrated gas business it operates?

Response:

In the EBO 64 (1) & (2) Decision, Union cannot find any references to an “integrated gas storage being part of an integrated storage business”. Union’s integrated business includes the transportation, distribution and storage of natural gas.

UNION GAS LIMITED

Answers to Interrogatories from Kimpe

Question:

Why is Union supporting discrimination by not recognizing and not letting the gas cavern owners participating in the integrated gas storage business.

Response:

Union disagrees with Mr. Kimpe's assertion that it is "supporting discrimination". It is unclear from Mr. Kimpe's question what he means by "not recognizing and not letting the gas cavern owners participate in the integrated gas storage business." The landowners in the Bentpath Pool receive compensation in accordance with the terms of their Board-approved leases, or, in Mr. Kimpe's case, on the same terms as the landowners who have signed Board-approved leases.

In any event, Mr. Kimpe recognized in his May 8, 2017 letter to the Board that he is not in a position to develop an underground gas storage business himself, because:

- He is not in the gas storage business
- He is not financially able to run such a business
- He has no experience in the business
- He could be of no help to the Ontario gas consumers

UNION GAS LIMITED

Answers to Interrogatories from Kimpe

Question:

Describe what is a truly integrated gas business.

Response:

Please see Union's response to Interrogatory 6.

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Answers to Interrogatories from Kimpe

Question:

Can Union store gas in non-porous rock.

Response:

Union does not store gas in non-porous rock. The non-porous cap rock surrounding the Bentpath Pool is an integral component of the storage pool and ensures the natural gas is contained within the porous reservoir.

UNION GAS LIMITED

Answers to Interrogatories from Kimpe

Question:

Does Union really believe that on page 26 of the Crozier Report Point (e) is fair to the cavern owners and why.

Response:

Yes. Union believes that all landowners within a Designated Storage Area hold the same storage designation and should be compensated equivalently.

UNION GAS LIMITED

Answers to Interrogatories from Kimpe

Question:

What is the real reason why Union supports “The Trend” set forward in the Crozier report?

Response:

The Crozier report put forward nine principles which the Board has followed in many past decisions. Union believes that these principles are still applicable today

UNION GAS LIMITED

Answers to Interrogatories from Kimpe

Question:

Did it ever occur that Union assemble all cavern owners in a hall to establish better public relations.

Response:

It is Union's practice to invite all storage landowners every two years to an open meeting, which provides landowners the opportunity to meet with Union staff and identify and discuss any issues. Union is planning to continue these meetings.

UNION GAS LIMITED

Answers to Interrogatories from Kimpe

Question:

Please provide all the names and addresses of all the gas cavern owners that Union stores natural gas in.

Response:

The information requested is personal information which Union is prohibited from disclosing without consent, pursuant to the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5.

UNION GAS LIMITED

Answers to Interrogatories from Kimpe

Question:

Would it be fair that I negotiate a confidential agreement assuming that the other 4% landowners are cavern owners and have no storage agreement and identify the 4%.

Response:

After the term of a Board ordered compensation, or an amending agreement has expired, a landowner has two options:

- A landowner can negotiate either individually, or as a member of a committee, with Union, or;
- A landowner can make an application to the Board, for the Board to determine just and equitable compensation.

These options are available to Mr. Kimpe if he wishes to negotiate a future agreement.