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December 14, 2017

**Delivered by Email, RESS & Courier**

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

Dear Ms. Walli:

**Re: Board File No. EB-2016-0137, EB-2016-0138, EB-2016-0139  
Interrogatories of Southern Bruce Municipalities to Union Gas Limited  
and EPCOR**

Enclosed are Southern Bruce Municipalities' Interrogatories to Union Gas Limited and EPCOR.

An electronic copy of this cover letter and the interrogatories will be filed through the Ontario Energy Board's Regulatory Electronic System (RESS) concurrently.

Yours truly,

**BORDEN LADNER GERVAIS LLP**

*Original signed by J. Mark Rodger*

J. Mark Rodger  
Incorporated Partner\*  
\*Jonathan Rodger Professional Corporation

Encl.

Copy to: Applicant and all Intervenors of record in EB-2016-0137, EB-2016-0138,  
EB-2016-0139

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# **SOUTHERN BRUCE MUNICIPALITIES: CIP APPLICATIONS**

## **Interrogatories to Union Gas Limited**

**EB-2016-0137 | EB-2016-0138 | EB-2016-0139**

**December 14, 2017**

**Southern Bruce: Union 1**

**Ref: Union Gas' CIP Proposal - Page 20**

### **Preamble:**

On page 20 of its CIP proposal Union indicates that is has entered into a 15 year term contract with the largest industrial customer to be served by the gas expansion project. Union further states the related natural gas volumes represent approximately 50% of the total project volumes over 10 years. Finally, Union indicates that the contract is conditional on Board approval of Union's CIP and the "inclusion of this significant contracted volume results in a reduction to the Revenue Requirement per m3 relative to the same load being excluded."

### **Question:**

Please provide a copy of this contract (including all schedules or other attachments) to allow the Board to assess the portion of the 10 year revenue requirements allocated to 50% of the large industrial volume. This information is needed to allow the Board to quantify the balance of the revenue requirements allocated to all other customers. This information is also needed to allow the Board to confirm the difference between those customers average \$/m3 rate without confounding the removal of additional revenue requirement and/or additional other industrial user volumes.

**Southern Bruce: Union 2**

**Ref:            Union Gas' CIP Proposal**

**Preamble:**

Southern Bruce understands that the CIP application was deliberately kept at a high level in advance of the full Leave to Construct (LTC) Application with key information related to contributed assets to be derived from the award of the provincial grant funding or potential reinforcement costs implications deliberately excluded as they were yet to be confirmed. Any commitments or contracts entered into appear to have be premature given the absence of this information to undertake a full cost allocation that is subject to Board approval at the LTC Application stage. This has the potential to pose a challenge if the selected party, having raised expectations of its customer class, fail to receive approval putting the project construction at risk. The Board needs to understand this risk and make an assessment on the reasonableness of this commitment and the risk related on this matter.

**Question:**

Please provide any related correspondence or agreements pertaining to the supply of gas to this same large industrial customer referred to in Union IR 1 above that references price, payment terms, volume commitments and/or reinforcement costs including the interim supply of gas from non-South Bruce and/or non-pipeline sources.

**Southern Bruce: Union 3**

**Question:**

Has Union offered pricing, payment terms, volume commitments and/or reinforcement cost quotes or entered into other contracts or contingent contracts with other customer(s) to be served by the Southern Bruce gas expansion project? If yes, please provide copies of those offers, agreements or contingent agreements.

**Southern Bruce: Union 4**

**Ref: Union Gas' CIP Proposal - Page 6**

**Preamble:**

On page 6 of 35 of its CIP proposal, Union has identified CIP Comparison Criteria as follows:

Year	Annual Revenue Requirement (\$000's)	Cumulative Volume (10 <sup>3</sup> m <sup>3</sup> )
1	471	19,124
2	5,234	44,617
3	7,361	73,936
4	7,801	105,620
5	8,030	138,729
6	8,143	172,602
7	8,205	208,176
8	8,252	243,649
9	8,293	279,249
10	8,327	315,403

**Question(s):**

- (a) Please provide further information regarding Union's forecasted Annual Revenue Requirement as compared to its forecasted Cumulative Volume since the volumes provided do not reflect the corresponding revenue requirement.
- (b) Do the large increase in Annual Revenue Requirement year over year indicates that Year 1 may be considered a partial service year, or they are underestimated? The Southern Bruce municipalities seeks more background on Union's forecast to understand the likely costs borne by our residential ratepayers and the potential impact in CIP metrics such as Cost per Cubic Meter.

**Southern Bruce: Union 5**

**Question(s):**

- (a) If Union were to be selected as the successful proponent, how soon after would Union commit to submitting its Leave to Construct application with the Board?
- (b) Please elaborate on what outstanding activities Union needs to undertake, including the EIA and community consultation process, to be in a position to submit an LTC Application.

**SOUTHERN BRUCE MUNICIPALITIES:  
CIP APPLICATIONS**

**Interrogatories to EPCOR**

**EB-2016-0137 | EB-2016-0138 | EB-2016-0139**

**December 14, 2017**

**Southern Bruce: EPCOR 1**

**Question(s):**

- (a) If EPCOR were to be selected as the successful proponent, how soon after would EPCOR commit to submitting its Leave to Construct application with the Board?
- (b) Please elaborate on what outstanding activities EPCOR needs to undertake, including the EIA and community consultation process, to be in a position to submit an LTC Application.