

LEAVE TO SELL ST. CLAIR PIPELINE

2.0 Impact on Union's Transmission and Distribution Systems and Union's Customers

2.1 What impact would the proposed change in the ownership and operating control of the St. Clair Line have on the integrity, reliability, and operational flexibility of Union's transmission and distribution systems?

Ref: Prefiled Evidence, paragraph 24

Question 1:

Has Union ever submitted an application to the Board for the looping of the Bickford to Dawn line under any facilities application in the past? If so, please summarize the economics submitted in that period and the Board's decision with reasons in the matter.

Question 2:

What impact will the proposed sale have on Union's ability to provide firm high-deliverability storage at peak winter periods and non-peak winter periods?

Question 3:

Will the proposed sale have any implications on Union's cushion gas or control point variance gas in its forecasting models? If so, what is the quantity of gas and what is Union's proposed disposition?

2.3 How would the proposed sale impact Union's ability to provide services to its existing customers, and what would be the impact on its rates? How should the proceeds of the proposed sale be treated for future rate making purposes?

Question 4:

What was the original cost of the pipeline when constructed?

Question 5:

How was the pipeline moved into Union Gas ownership and what value was added into rate base in what year? What were the commercial arrangements with St. Clair Pipelines?

Ref: Prefiled Evidence, paragraph 21

Question 6:

Union has stated that the volumes through the line have significantly less than the capacity of the line. Please extend the table in paragraph 21 adding columns showing:

- a) the net depreciated value of the pipeline
- b) the revenues associated with the annual throughput
- c) the resulting margin from those revenues
- d) the determined rate of return for those years
- e) the OEB approved rate of return for Union Gas in those respective years

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Question 7:

What would Union's experienced but round number estimate be for the cost of a pipeline looping the Bickford to Dawn line that would carry the 385,000 GJ/day stated in paragraph 33 of the evidence? With using these costs and the anticipated incremental revenues at the margin, what would the expected rate of return on a Union Gas-owned St. Clair Line to Dawn?

5.0 Appropriate Test

5.1 Will the proposed transaction have an adverse effect on balance relative to the status quo in relation to the Board's statutory objectives?

Ref: Prefiled Evidence, paragraph 37, footnote 1

Question 8:

Please provide a summary of the publicly available information on the competing proposals referenced at this footnote.

Question 9:

Please provide Union's position on the effect of Spectra and DTE having a four year option on purchasing this pipe at book value on the competing proposals?