



By Electronic Filing and By E-mail

April 14, 2009

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto ON M4P 1E4

Dear Ms Walli,

Union Gas Limited ("Union")
Leave to Sell – St. Clair Valve Site
Board File No.: EB-2008-0411
Our File No.: 339583-000036

Enclosed please find the Interrogatories of Canadian Manufacturers & Exporters ("CME") to Union Gas Limited ("Union") in this proceeding.

Please contact me if you require any further information.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Peter Thompson', is written over a horizontal line.

Peter C.P. Thompson, Q.C.

\slc
enclosure

c. Intervenor EB-2008-0411
Paul Clipsham (CME)

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

AND IN THE MATTER OF an Application by Union Gas Limited pursuant to section 43(1) of the *Act*, for an Order or Orders granting leave to sell 11.7 kilometers of natural gas pipeline between the St. Clair Valve Site and Bickford Compressor Site in the Township of St. Clair, all in the Province of Ontario.

**Interrogatories of
Canadian Manufacturers & Exporters ("CME")
to Union Gas Limited ("Union")**

Ref: Issue 2.0 and Application of Union Gas Limited ("Union"), Schedule A thereto, and Pre-Filed Evidence

1. The evidence indicates that the St. Clair line, which extends from its westerly St. Clair Valve Site to its terminus at the Bickford Compressor Station and existing connecting facilities which extend from Bickford to Dawn are currently part of Union's integrated Ontario transmission, distribution and storage system. The evidence indicates that currently, third party deliveries from the St. Clair Valve to Dawn are provided by Union under the auspices of its C1 Rate Schedule, or Hub services.

The proposed Dawn Gateway Joint Venture ("JV") plans to construct a pipeline from storage facilities in Michigan to the Dawn Compressor Station. The St. Clair line is proposed to be one segment of this new international pipeline. The Dawn Gateway JV proposes to build a new line from Bickford to Dawn, thereby looping Union's existing facilities connecting the St. Clair Pipeline to Dawn. The capacity of the proposed Dawn Gateway JV Pipeline is 385,000 GJs/day.

A footnote in Union's evidence indicates that Union is aware that other pipeline projects similar to the Dawn Gateway line, are under consideration and that Vector, Great Lakes Gas Transmission ("GLGT") and A&R Pipeline Company ("A&R") have each conducted an open season for proposed pipelines from Michigan to Dawn.

In the context of this evidence, please provide the following information:

- (a) Under an assumption that the proposed Dawn Gateway JV line terminates at the St. Clair Valve and the St. Clair line and incremental Dawn to

Bickford facilities remain part of Union's integrated system, how much incremental annual revenue would Union realize under its C1 Rate Schedule and/or the M16 Rate Schedule (if it applies) for 385,000 GJs/day of transportation from the St. Clair Valve to Dawn?

- (b) Provide a current status report on each of the Vector, GLGT and A&R projects, including the capacity of each of those proposed pipelines.
 - (c) Will the competing Vector, GLGT and A&R projects need to acquire Rate C1 and/or M16 Services from Union to transport gas from their proposed interconnections with the Union system to Dawn? If so, approximately how much incremental annual revenue would Union receive under each of the proposals being considered by Vector, GLGT and A&R?
 - (d) If the St. Clair line and the incremental Bickford to Dawn facilities remain part of Union's integrated system, will these facilities continue to be operated in the same manner as they would under the proposed federally regulated Dawn Gateway JV pipeline?
2. Please provide the following information with respect to the Dawn Gateway JV proposal to connect Michigan storage to Dawn:
- (a) An explanation of the need for the facilities connecting Michigan storage to Dawn, including the production of any documents in which the Dawn Gateway JV proponents have described the public interest need and rationale for the proposed pipeline.
 - (b) A description of the extent to which existing transmission connections between Michigan storage and Dawn are currently capacity constrained.
 - (c) A description of the extent to which Union and/or its affiliates expect to transmit gas on the Dawn Gateway JV pipeline, if approved, to support regulated services Union provides to its in-franchise and ex-franchise customers, including commodity sales to system gas users.
 - (d) A description of the extent to which third party shippers, unaffiliated with Union, are expected to be shippers on the pipeline, if it is approved.
 - (e) A description of the extent to which a 385,000 GJ/day pipeline connection between Michigan storage and Dawn is likely to change the price of unregulated storage services Union provides using its Ontario based storage assets.

Ref: All Issues and OEB Issues Decision and Order, including Final Issues List dated April 6, 2009

3. Please provide Union's response to each of the nine (9) questions contained in the Board's Final Issues List (reproduced below), along with the rationale for each response.
- (a) If the proposed sale is approved, should the St. Clair Line be under the jurisdiction of the Ontario Energy Board ("OEB") or the National Energy Board ("NEB")?
 - (b) If the proposed Dawn Gateway Line is ultimately completed, should it be under the jurisdiction of the OEB or the NEB?
 - (c) 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?
 - (d) How would the proposed sale of the St. Clair Line impact Union's ability to connect future customers that are in proximity to the St. Clair Line?
 - (e) 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?
 - (f) How would a change in ownership and regulatory oversight impact the landowners' interests including any land use restrictions, rights under existing agreements, abandonment obligations, and availability of costs awards related to regulatory proceedings?
 - (g) Have all Aboriginal Peoples whose existing or asserted Aboriginal or treaty rights may be affected by the proposed sale been identified, have appropriate consultations been conducted with these groups, and if necessary, have appropriate accommodations been made with these groups?
 - (h) Will the proposed transaction have an adverse effect on balance relative to the status quo in relation to the Board's statutory objectives?
 - (i) What is the appropriate test to be applied by the Board in this application?