

UNION GAS LIMITED

Answer to Interrogatory from
TransCanada Energy Ltd. ("TCE")

Reference: Exhibit B, Tab 1

Issue 3.3: What are the expected cost and revenue changes during the IR plan that should be taken into account in determining an appropriate X factor?

Issue 11.1: What information should the Board consider and stakeholders are provided with during the IR plan?

Issue 14.1: Are there adjustments that should be made to base year revenue requirements and/or rates?

Question:

- a) *Please provide the actual daily contracted volumes for M12 and C1 service for the contract years from November 1, 2002 to November 1, 2007 by shipper in a similar format to the one provided by Union in EB-2005-0550, Section 3, Schedule 3.*
- b) *Please provide the remaining term for each of these contracts.*
- c) *Please provide the associated actual annual revenues for M12 and C1 service for the period 2003-2006 and forecasted revenues for 2007.*
- d) *Please provide the forecasted daily contracted volumes and annual revenues for M12 and C1 service by receipt/delivery point pairing for the period 2008-2012. Please provide the forecasted annual revenues for 2008-2012 using both existing rates and rates proposed by Union in this proceeding.*
- e) *Please provide the actual and forecast capital expenditures for the Trafalgar Expansion Program (Dawn to Trafalgar expansion) incurred in order to provide the increases in contracted daily volumes for M12 and C1 service for each of the contract years starting November 1, 2002 to November 1, 2012.*
 - i. *Please provide the estimated annual cost of service associated with the capital expenditures referenced in (d) above for each of the years 2002 to 2012.*
 - ii. *Please calculate the average unit cost of service using the estimated annual cost of service and volumes referenced in (d) above for each of the years 2002 to 2012.*

Question: August 20, 2007

Answer: September 4, 2007

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Response:

- a) and b) Please find the requested M12 information below. Union currently has over 100 contracts that provide C1 transportation. Given market sensitivity, all contracts are considered to be confidential.

Particulars	Delivery	GJ	End Date
M12 Transportation Contracts as at November 1, 2007			
Bay State Gas Company	Parkway	27,803	31-Oct-17
Boston Gas Company	Parkway	9,282	31-Oct-17
BP Canada Energy Company	Parkway	20,000	31-Oct-22
Central Hudson Gas & Electric Corporation	Parkway	10,792	31-Oct-17
Colonial Gas Company	Parkway	6,475	31-Oct-17
Connecticut Natural Gas Corporation	Parkway	18,077	31-Oct-17
Connecticut Natural Gas Corporation	Parkway	9,170	31-Oct-18
Dynegy Canada Marketing and Trade, a division of Dynegy Canada Inc.	Kirkwall	38,306	31-Oct-15
Enbridge Gas Distribution Inc.	Parkway	10,692	31-Oct-08
Enbridge Gas Distribution Inc.	Parkway	53,455	31-Oct-09
Enbridge Gas Distribution Inc.	Parkway	20,848	31-Oct-10
Enbridge Gas Distribution Inc.	Parkway	107,000	31-Oct-11
Enbridge Gas Distribution Inc.	Parkway	37,400	31-Oct-12
Enbridge Gas Distribution Inc.	Parkway	1,764,678	31-Mar-14
Enbridge Gas Distribution Inc.	Parkway	106,000	31-Oct-18
Enbridge Gas Distribution Inc.	Parkway	57,100	31-Oct-19
Enbridge Gas Distribution Inc.	Kirkwall	35,806	31-Oct-10
Enbridge Gas Distribution Inc.	Kirkwall	32,123	31-Mar-14
Energy Source Canada Inc.	Parkway	2,500	31-Oct-16
Energy Source Canada Inc.	Parkway	2,500	31-Oct-21
EnergyNorth Natural Gas, Inc.	Parkway	4,317	31-Oct-17
Essex Gas Company	Parkway	2,158	31-Oct-17
Ford Motor Company of Canada, Limited	Parkway	14,904	30-Jun-08
Gaz Metro Limited Partnership	Parkway	21,021	31-Oct-16
Gaz Metro Limited Partnership	Parkway	62,109	31-Mar-11
Gaz Metro Limited Partnership	Parkway	70,196	31-Mar-09
Gaz Metro Limited Partnership	Parkway	24,908	31-Mar-10
Gaz Metro Limited Partnership	Parkway	35,000	31-Oct-16
Gaz Metro Limited Partnership	Parkway	26,619	31-Mar-11
Gaz Metro Limited Partnership	Parkway	65,000	31-Oct-27
Greater Toronto Airports Authority	Parkway	7,500	31-Oct-18
KeySpan Gas East Corporation	Kirkwall	138,600	31-Oct-18
KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island	Parkway	17,162	31-Oct-17
KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island	Parkway	22,772	31-Oct-18
KPUC (Kingston Public Utilities Commission)	Parkway	2,113	31-Oct-08
KPUC (Kingston Public Utilities Commission)	Parkway	11,322	31-Mar-14
National Fuel Gas Distribution Corporation	Kirkwall	10,791	31-Oct-17
Nexen Marketing	Parkway	50,000	31-Oct-08
Northern Utilities, Inc.	Parkway	6,333	31-Oct-17
Sithe Global Power Goreway ULC	Parkway	125,000	31-Oct-28
St. Lawrence Gas Company, Inc.	Parkway	10,785	31-Oct-08
Stelco Inc.	Parkway	17,351	31-Oct-18
Suncor Energy Products Inc.	Parkway	15,000	31-Oct-11
The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York	Parkway	12,953	31-Oct-17
The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York	Parkway	30,217	31-Oct-18
The Corporation of the City of Kitchener	Parkway	4,000	31-Oct-16
The Southern Connecticut Gas Company	Parkway	34,950	31-Oct-17
The Southern Connecticut Gas Company	Parkway	13,970	31-Oct-18
TransAlta Cogeneration, L.P.	Parkway	11,809	31-Oct-16
TransCanada PipeLines Limited	Parkway	64,147	31-Oct-08
TransCanada PipeLines Limited	Parkway	248,103	31-Oct-16
TransCanada PipeLines Limited	Kirkwall	533,191	31-Oct-08
TransCanada PipeLines Limited	Kirkwall	108,540	31-Oct-08
TransCanada PipeLines Limited	Kirkwall	58,874	31-Oct-08
TransCanada PipeLines Limited	Kirkwall	267,275	31-Oct-08
TransCanada PipeLines Limited	Kirkwall	125,297	31-Oct-15
TransCanada PipeLines Limited	Kirkwall	28,871	31-Oct-08
TransCanada PipeLines Limited	Kirkwall	53,440	31-Oct-10
Vermont Gas Systems, Inc.	Parkway	20,000	31-Oct-17
Yankee Gas Services Company	Parkway	43,116	31-Oct-17
Yankee Gas Services Company	Parkway	20,560	31-Oct-18
Contracts commencing November 1, 2008			
Portlands Energy Centre L.P., by its General Partner Portlands Energy Centre Inc.	Parkway	100,000	31-Oct-28
Thorold CoGen L.P., by its General Partner Northland Power Thorold Cogen CP I	Kirkwall	49,500	31-Oct-18
TransCanada Energy Ltd.	Parkway	132,000	31-Oct-18

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c)

Union Gas Limited
Summary Revenue from Transportation
For the years ending, December 31

Line No.	Particulars (\$ 000's)	Actual					2007 (Est)
		2003	2004	2005	2006	2007	
1	M12 Transportation	110,131	102,248	104,297	105,787	120,131	
2	M12 Transportation Overrun/Limited Firm	4,665	4,983	3,465	1,917	1,809	
3	Total Transportation M12 Revenue	<u>114,796</u>	<u>107,231</u>	<u>107,762</u>	<u>107,704</u>	<u>121,940</u>	

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d) and e) A forecast is not used under a price cap formula. The X-factor is determined based on historical trends. A high level forecast for 2008 to 2012 can be found at Exhibit C23.52.

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Issue 12 - Rate-Setting Process

Question:

- a) *Under the Rate Cap Proposal, please explain how Union would adjust existing rates to determine rates effective January 01, 2008. Please provide and explain any difference in methodology between rate classes.*
 - b) *Does Union propose to increase the rates for all rate classes by the same percentage each year of the term? If yes, please explain the rationale for this approach.*
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Response:

- a) Please see interrogatory response provided at Exhibit C2.2 a).
- b) No. The inflation factor will change annually. Please see Exhibit B, Tab 1, pp. 21 – 23 of Union's evidence.

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