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APPRO

ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

October 16, 2009

**Interrogatory Question of the Association of Power Producers of Ontario
To
Union Gas Limited
Union Gas Limited 2010 Rates Application: Board File Number EB-2009-0275**

Question

Union introduced the F24-T & F24-S services in the NGEIR proceedings to allow for more nomination windows. The rate for this new service was based on preliminary cost estimates and volumes and no actual historical information was available to base the rate design on. This service has now been in effect for several years by generators and other shippers. Please:

1. Provide actual capital costs associated with modifying the IT systems to accommodate these enhanced nomination services.
2. Provide an estimate for 2010 of the O&M costs to provide this service.
3. Provide an average annual forecast of F24-T volume under contract for 2010.
4. Provide an average annual forecast of F24-S volume under contract for 2010.
5. Identify how much of the 'Total Cost of Service' associated with the capital and O&M costs has been allocated to providing the F24-S service.
6. Provide update the calculation for 2010 that was originally provided in EB-2005-0551 Appendix O Page 1 of 1 (updated) based on this new information.

APPENDIX O - DERIVATION OF M12

UNION GAS LIMITED
Southern Operations Area
Calculation of Firm All Day Transportation Service Charges

Line No.	Particulars	(\$ 000's)
	<u>Rate Base (1)</u>	
1	Total rate base	2,523
	<u>Cost of Service</u>	
2	Operating & Maintenance Costs (2)	1,035
3	Depreciation Expense	721
4	Return, Income and Capital Taxes	321
5	Total Cost of Service	<u>2,077</u>
6	Demand (GJ's/day) (3)	250,000
7	Rate per GJ ((line 5 * 1000) / (line 6 *12))	0.692
8	Commoditized cost (\$/GJ) (line 7 *12 /365)	0.023

Notes: (1) Based on first full year in service.
(2) Assumes 10 staff at \$94,538 each per EB-2005-0520 Exhibit D3, Tab 7, Schedule 2, line 7 and additional compressor maintenance.
(3) Assumes 50% of available capacity is contracted.