



By electronic filing and e-mail

February 16, 2010

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

Dear Ms Walli,

Dawn Gateway Pipeline Limited Partnership
Leave to Construct – Bickford Dawn Pipeline
Board File No.: EB-2009-0422
Our File No.: 339583-000059

Please find attached the Interrogatories of Canadian Manufacturers & Exporters ("CME") for Dawn Gateway Pipeline Limited Partnership in this proceeding.

Paper copies are being sent as required.

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.

PCT\slc
enclosure

c. Sharon Wong (Blakes)
Mark Murray (Dawn Gateway c/o Union Gas Limited)
Intervenors in EB-2009-0422
Paul Clipsham (CME)

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

AND IN THE MATTER OF an Application by Dawn Gateway Pipeline Limited Partnership for an Order or Orders granting leave to construct a natural gas pipeline and ancillary facilities in the Townships of St. Clair and Dawn-Euphemia, all in the county of Lambton, and approving the regulatory framework and the tariff for the transmission of gas on the Ontario portion of the Dawn Gateway Pipeline.

**INTERROGATORIES OF
CANADIAN MANUFACTURERS & EXPORTERS ("CME")
TO DAWN GATEWAY PIPELINE LIMITED PARTNERSHIP
("DAWN GATEWAY LP")**

Interrogatory 1

Issue 1 – Regulatory Framework

References: Evidence, Section 2, page 3
Evidence, Section 4, Schedule 3
EB-2008-0411 Decision and Order, page 13, subparagraph (1) of paragraph 44

Questions

- (a) Please provide a complete description of the regulatory framework that will apply to the Dawn Gateway Pipeline in Michigan.
- (b) Without limiting the generality of the foregoing, please provide the following:
 - (i) The rate schedules and/or tolls and tariffs that Dawn Gateway Pipeline LLC expects to file with the Michigan State Public Utilities Commission ("MSPUC");
 - (ii) The filing guidelines or rules of the MSPUC describing the financial information that Dawn Gateway LLC will be required to file to support its request for relief from the MSPUC and subsequently;
 - (iii) The filing guidelines or rules of the MSPUC that apply to prevent Dawn Gateway LLC from conferring preferences on related entities such as Union Gas Limited ("Union") and Michigan Consolidated Gas Company ("MichCon"); and
 - (iv) The filing guidelines or rules of the MSPUC that apply to assure that all shippers will enjoy open access to the Dawn Gateway Pipeline under the auspices of non-discriminatory tolls and tariffs.
- (c) Please provide blackline versions of the General Terms and Conditions, the Firm Transportation Agreement, including its Toll Schedule, and the Interruptible Transportation Agreement, including its Toll Schedule, all found at Section 4, Tab 3 of

the evidence, to show the changes that will be made to these documents for the purposes of the application for relief by Dawn Gateway LLC to the MSPUC.

- (d) Is the plan to continue to have shippers sign two (2) substantially identical agreements, one with Dawn Gateway LLC and the other with Dawn Gateway LP?

Interrogatory 2

Issue 1 – Regulatory Framework

References: Evidence, Section 3, page 7, paragraph 16
Board Staff Interrogatory No. 2, subparagraph (a)

- (a) When were each of the five (5) Precedent Agreements amended and executed by the parties thereto?
- (b) When responding to Board Staff's Interrogatory No. 2, please produce and file unredacted copies of the amended Precedent Agreements.

Interrogatory 3

Issue 1 – Regulatory Framework

Issue 2 – Compliance with Board's Storage and Transportation Access Rule ("STAR")

References: Evidence, Section 4, pages 9 to 13, paragraphs 20 to 37
Evidence, Section 4, Schedules 1 and 2
Evidence, Section 4, Schedule 3, page 14, article 21

- (a) Please provide a list of all of the Group 2 National Energy Board ("NEB") pipelines.
- (b) From that list, identify the transportation pipelines that have about 360,000 Dth or about 380,000 GJs per day or more of capacity, and provide services to five or more third party shippers.
- (c) For each of the Group 2 pipelines in the subset of companies listed in response to the question in subparagraph (b) above, please indicate whether the following information is filed with the NEB and available to interested parties:
 - (i) Audited Financial Statements filed annually within 120 days after the end of each fiscal year, with such statements showing the details of revenues and costs associated with the regulated pipeline;
 - (ii) The identify of each of the shippers on each pipeline;
 - (iii) The transportation contracts between each pipeline and each of its shippers; and
 - (iv) The approved tolls and tariffs for each of the pipelines and the number of these pipelines that operate under the auspices of negotiated tolls subject to a NEB approved cap or ceiling.

- (d) For one of the NEB Group 2 pipelines described in the responses to the questions in subparagraphs (b) and (c) above that is operating under the auspices of negotiated transportation contracts (other than the Vector Pipeline), please obtain and produce a copy of its most recent audited financial statement filed with the NEB and a copy of that utility's NEB approved tolls and tariffs.
- (e) Please produce a copy of the current NEB approved toll for the Vector Pipeline referenced in paragraph 23 on page 10 of Section 4 of the Evidence.
- (f) Please confirm that Vector's toll methodology is based on a negotiated toll settlement with its shippers and calculates tolls on a postage stamp basis for all movements from the international boundary near Sarnia to the delivery point near Dawn, a distance of approximately 24 kms.
- (g) Please describe the "supporting financial information" that Dawn Gateway LP proposes to provide to prospective shippers to help them resolve traffic, toll and tariff issues with the pipeline pursuant to Article 21 of the proposed General Terms and Conditions and indicate whether the supporting financial information to be made available includes:
 - (i) The audited financial statements for the Dawn Gateway Pipeline providing details of the revenues and costs associated with the regulated pipeline;
 - (ii) The amounts charged to other shippers for Firm and Interruptible Transportation Service; and
 - (iii) Copies of the contracts Dawn Gateway LP has executed with each of its shippers.
- (h) If none of the information described in the question in subparagraph (g) above is to be made available to prospective shippers, then what is the "supporting financial information" that Dawn Gateway LP proposes to provide?

Interrogatory 4

Issue 1 – Regulatory Framework

Issue 2 – Compliance with Board's STAR

Issue 3 – Affiliate Relationships Code ("ARC") and Related Party Transactions

References: Evidence, Section 3, page 7, paragraph 18
Evidence, Section 4, paragraphs 20 to 37

- (a) Please confirm that the provisions of the amended Precedent Agreements do not provide shippers with a right to terminate the agreements on grounds that regulators having jurisdiction decide to require contract details to be disclosed on the public record.
- (b) Since Dawn Gateway LP has already sold almost 80% of its capacity under the auspices of long term contracts, how can a requirement that it comply with the provisions of STAR prejudice Dawn Gateway LP?

- (c) If applied to Dawn Gateway LP, will the requirements of STAR with respect to the following:
- (i) The definition, in its tariff, of its methods for allocating transportation capacity;
 - (ii) The offering of service through open seasons that comply with Standards for Transportation Open Seasons contained in STAR;
 - (iii) Standard terms of service and standard forms of contract for transportation services and the posting of deviations therefrom, including negotiated contract deviations therefrom, on the transmitter's website within ten (10) business days from the date the contract is executed or amended;
 - (iv) The provisions that preclude the bundling of storage and transportation in a way that discriminates against parties who only want transportation; and
 - (v) Reporting requirements that provide transparency,
- prevent Dawn Gateway LP from conferring preferences on related parties, such as Union and/or MichCon
- (d) How does the NEB assure that parties contracting for transportation services from Group 2 pipelines obtain open access to the pipeline under non-discriminatory tolls, tariffs and conditions of service?

Interrogatory 5

Issue 1 – Regulatory Framework

References: Evidence, Section 4, Schedule 3, pages 26 and 35
EB-2008-0411 Transcript, Volume 1, pages 169 to 172, and in particular, page 171, line 26 to page 172, line 1
EB-2008-0411 FRPO Interrogatory No. 8, page 2, and proposed rate for Dawn Eclipse
EB-2008-0411 Confidential Precedent Agreements filed October 20, 2009

- (a) Please provide evidence of the total cost of the Dawn Gateway Pipeline project so that the information can be used to estimate investment and equity returns which are relevant to a consideration of the appropriateness of the ceilings being proposed for Firm Transportation tolls of up to \$30 USD per Dth per month for a Reservation Rate, up to \$1.00 USD per Dth per day for a Usage Rate, and up to \$1.00 USD per Dth per day for an Authorized Overrun Charge; and for Interruptible Transportation service tolls of up to \$2.00 USD per Dth per day for a Usage Rate and up to \$2.00 USD per Dth per day for Authorized Overrun.
- (b) Please explain the difference between a "Reservation Charge" and a "Usage Charge". Are the terms "Demand Charge" and "Commodity Charge" synonymous with the terms "Reservation Charge" and "Usage Charge"?

- (c) Please provide the Net Book Value ("NBV") of the Belle River Mills Pipeline segment of the Dawn Gateway Pipeline.
- (d) Please provide the NBV of the St. Clair Crossing.
- (e) Please provide a calculation showing the estimated total return on investment, as well as a separate calculation for Return on Equity ("ROE") that the owners of the Dawn Gateway Pipeline are expected to realize under the auspices of the five (5) Precedent Agreements filed in confidence in the EB-2008-0411 proceeding under the following assumptions:
 - (i) The cost of the new Dawn to Bickford Line will be as estimated in confidential information filed in EB-2008-0411;
 - (ii) The cost of the St. Clair Line will be its NBV of about \$5M, plus an additional amount of about \$8M to be allocated to Union's ratepayers;
 - (iii) The NBV of the Belle River Mills Pipeline is the amount to be provided in response to the question in subparagraph (b) above;
 - (iv) The NBV of the St. Clair Crossing is the amount to be provided in response to the question in subparagraph (c) above; and
 - (v) For the purposes of estimating the ROE, assume financing of 60% debt and 40% equity, at an estimated cost of debt of 6% and an allowed ROE under the Board's December 11, 2009 Cost of Capital Report of 9.75%.
- (f) The evidence provided in EB-2008-0411 indicated that the upper limit of the value of transportation service from Belle River Mills to Dawn was about 15¢ per GJ or almost 16¢ per Dth. Dawn Gateway LP is seeking approval for ceilings for Firm Transportation service that are more than six (6) times this upper limit and for Interruptible Service that are more than twelve (12) times this upper limit. Please explain why the Board should approve a ceiling price for Transportation Services that is any higher than the acknowledged upper limit of the value of that service.
- (g) Are the amended long term Precedent Agreements that Dawn Gateway LP has executed at prices below 15¢ per Dth per day and \$4.50 per Dth per month?