Board Staff Interrogatories
Union Gas Limited (EB-2010-0207)

Ref: Exhibit A – Introduction

1. Union stated that the proposed new service is a direct response to the changing North American natural gas market. Union noted that the continued decline in gas supplies from the Western Canadian Sedimentary Basin (“WCSB”) and growth in new sources of supply in the US Northeast are impacting the flows of natural gas both into and out of Dawn.

    a) Please provide evidence of declining WCSB natural gas supply to Ontario.

    b) Please provide evidence of the growth in US Northeast natural gas supplies.

    c) Is Union aware of any plans for a new transportation service which moves gas from the US Northeast into Ontario?

    d) Is the transportation system in the US Northeast sufficiently robust to support long-term supply to the Ontario market?

    e) Does Union believe that the above noted market changes are short-term (<5 years) or long-term in nature (>5 years)?

Ref: Exhibit A – Customer Need

2. Union noted that it conducted an open season for the proposed firm Dawn to Dawn-TCPL transportation service.

    a) Please confirm that the open season was offered in response to a request from TransCanada.

    b) Did any companies, other than TransCanada, make a bid for Dawn to Dawn-TCPL transportation service?

c) If other bids were received, please describe the basis upon which the bids were evaluated.

Ref: Exhibit A – Rate Design

3. Union noted that in order to provide the proposed transportation service, modifications to its existing facilities would be required. The capital costs associated with the station and metering modifications will be approximately $3.3 million.

   a) Please provide a detailed breakdown of the capital costs associated with the proposed Dawn to Dawn-TCPL transportation service.

   b) Please provide a map highlighting the following related to the Dawn to Dawn-TCPL transportation service:

      i) The receipt point;
      ii) The delivery point;
      iii) The facilities that require upgrades/modifications.

4. Union noted that the proposed firm monthly demand charge of $0.309/GJ is comprised of two parts.

   The first component provides for a reasonable contribution to the recovery of fixed costs associated with the assets used to provide the Dawn to Dawn-TCPL transportation service. This part of the monthly demand charge is calculated using Dawn transmission compression-related costs included in the firm rate for transportation service on the Ojibway / St. Clair transmission system, adjusted for the estimated number of days on which compression is required. Union estimated that there will be approximately 211 days per year (151 days in winter and 60 days in summer) when gas requiring Dawn compression flows through the Dawn-TCPL interconnect.

   a) Please describe Union's methodology for estimating the number of days on which compression will be required.

5. The second component of the proposed firm monthly demand charge recovers the costs associated with the capital investment of $3.3 million required to provide the firm transportation service. Union noted that all costs associated with the capital investment will be recovered solely from TransCanada in the proposed firm monthly demand charge over the five-year term of the contract.

   a) Was TransCanada informed, prior to the filing of this Application, that all costs associated with the capital investment for the proposed service would be recovered solely from TransCanada over the five-year term of the contract?

   b) Will Union hold an open season for the proposed service at the time that TransCanada's contract expires?

   c) If there is no interest in the proposed service after TransCanada's contract expires:

      i) What does Union propose to do with the service?
      ii) If Union decides to discontinue the service, will any costs be incurred?
      iii) Do the system upgrades, which are to be implemented to facilitate the proposed service, provide any value to Union if the service is discontinued?

   d) How does Union intend to treat cost recovery if there is demand for the proposed service after TransCanada's contract expires?

   e) Does Union intend to provide a reduction to TransCanada in rates if the firm transportation contract is renewed or refund a portion of the capital expenditure to TransCanada if new contracts with other shippers are entered into after the 5-year term of TransCanada's contract?

   f) Will adjustments be made to this component of the monthly demand charge if the capital investment is higher or lower than the estimated $3.3 million?