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BY EMAIL

October 20, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited
Request for Approval to Amend C1 and M12 Rate Schedules
Board File No. EB-2010-0296 – Board Staff Interrogatories**

Please see attached Board Staff Interrogatories for the above noted proceeding.
Please forward the attached interrogatories to Union Gas Limited and all intervenors in
this proceeding.

Yours truly,

Original Signed By

Lawrie Gluck
Case Manager

Enclosure

**Board Staff Interrogatories
Union Gas Limited (EB-2010-0296)**

Ref: Exhibit A – Customer Need

1. Union noted that it conducted two non-binding open seasons for the proposed C1 Kirkwall to Dawn transportation service and the proposed M12-X firm transportation service. The first open season was held in February / March 2010 and the second open season was held in July 2010.

Union stated that the first open season resulted in 800,000 GJ/d of non-binding interest for service beginning September 2011. In addition, following the first open season, Union executed 10 year firm M12-X transportation service contracts with TCPL and Enbridge to convert a total of 328,000 GJ/d of existing M12 service to the new M12-X service.

- a) Please provide a breakdown, by service type, of the 800,000 GJ/d of non-binding interest.
- b) Please confirm whether or not the contracted 328,000 GJ/d of M12-X service is in addition to the 800,000 GJ/d of non-binding interest.
- c) Please confirm that all of the contracted M12-X service is capacity converted from existing M12 service.
- d) Please provide an estimate of the expected contracted demand for C1 Kirkwall to Dawn and M12-X transportation service resulting from the February / March open season.

Union stated that the second open season resulted in 1,200,000 GJ/d of non-binding interest for transportation service commencing as early as July 2012.

- e) Please confirm that the cited 1,200,000 GJ/d of non-binding interest is in addition to the 800,000 GJ/d of interest resulting from the February / March open season.

- f) Please provide a breakdown, by service type and proposed service commencement date, of the 1,200,000 GJ/d of non-binding interest.
 - g) Please provide an estimate of the expected contracted demand for C1 Kirkwall to Dawn and M12-X transportation service resulting from the July open season.
 - h) In total, how much of the estimated M12-X demand (as estimated in part (d) and (g) of Board Staff Interrogatory No. 1) is converted M12 demand.
- 2. Union stated that it executed 10 year firm M12-X transportation service contracts with TCPL and Enbridge to convert a total of 328,000 GJ/d of existing M12 service to the new M12-X service.
 - a) Did any companies, other than TCPL and Enbridge, make a bid for either C1 Kirkwall to Dawn or M12-X transportation service?
 - b) 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 receive volumes at Kirkwall and accommodate the proposed transportation services, Union must make modifications to its existing facilities at Kirkwall to allow for the reversal (and bi-directional flow) of the station. The estimated capital cost of the facilities is approximately \$4.7 million and construction is expected to occur in the summer of 2011 in order to meet contracted requirements.
 - a) Please provide a detailed breakdown of the capital costs associated with the proposed Kirkwall modifications.
 - b) Please confirm whether these facility modifications are required to provide the proposed M12-X service.

- c) Please confirm whether any of the capital costs associated with the Kirkwall modifications will be recovered from M12-X customers. If not, please provide the rationale.