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By Electronic Filing and By E-mail

November 17, 2010

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

Dear Ms Walli

**Union Gas Limited – Pre-Approval of the Cost Consequences of Three Long-Term
Transportation Contracts**

Board File No.: EB-2010-0300

Our File No.: 339583-000090

Pursuant to Procedural Order No. 1 dated November 1, 2010, please find attached the Interrogatories of Canadian Manufacturers & Exporters ("CME").

Yours very truly,

A handwritten signature in black ink, appearing to read 'Peter Thompson', followed by a period.

Peter C.P. Thompson, Q.C.

PCT/kt

Encl.

c Karen Hockin (Union)
Emily Kirkpatrick (Torys)
Paul Clipsham (CME)

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

AND IN THE MATTER OF an Application by Union Gas Limited for an order or orders pre-approving the cost consequences associated with three long-term natural gas transportation contracts.

INTERROGATORIES OF CANADIAN MANUFACTURERS & EXPORTERS ("CME")

1. Please provide copies of the materials TransCanada Pipelines Limited ("TCPL") provided to bidders with respect to the July 5 to August 25 Open Season referenced in paragraph 4 of the Application.
2. What were the overall results of the Open Season in terms of bids for existing unutilized TCPL capacity and yet to be constructed facilities?
3. The evidence at Exhibit A, pages 3 and 11 indicates that TCPL is expected to apply to the National Energy Board ("NEB") for approval of new facilities to accommodate Union's proposed 10-year contract for firm service from Niagara to Kirkwall, its proposed 10-year firm service contract for short haul services from Parkway to Union's Eastern Delivery Area ("EDA") and its proposed 10-year short haul contract for service from Parkway to Union's Northern Delivery Area ("NDA"). In connection with this evidence, please provide the following information:
 - (a) What is Union's current understanding of the total capacity of the incremental facilities TCPL proposes to add between Niagara and Kirkwall?
 - (b) What is Union's current understanding of the total capacity TCPL is planning to add to accommodate incremental Parkway to EDA firm service? and
 - (c) What is Union's expectation of the total capacity TCPL plans to add to accommodate incremental Parkway to NDA firm service?
4. Under the contract documents Union proposes to execute with TCPL that are found at Appendices B and C of Exhibit A, are the TCPL tolls Union is agreeing to pay subject to change from time to time by the NEB?
5. We understand that the issue of TCPL tolling is a matter under intense discussion at the TCPL Tolls Task Force ("TTF") having regard to the increasing degree of underutilization of TCPL long haul capacity. In this connection, please provide the following information:

- (a) Is Union a member of the TCPL TTF? And if so, please describe what Union is doing to protect the interests of its ratepayers with respect to TCPL tolling alternatives being discussed?
 - (b) Please provide copies of any documents pertaining to the tolling options under discussion at the TCPL TTF as soon as the outcome of those discussions can be disclosed on the public record.
- 6. Assume that there is a possibility that, at the request of some interested parties, the NEB could follow the Federal Energy Regulatory Commission ("FERC") approach and require incremental tolling of the new TCPL facilities that Union describes in its evidence. Under this assumption, please provide Union's best estimates of the incremental tolls that would be payable for the following:
 - (a) The Niagara to Kirkwall facilities for which the current TCPL toll is \$2.75281/GJ per month;
 - (b) The Parkway to the Union EDA toll compared to the current toll of \$5.889043/GJ per month; and
 - (c) The Parkway to NDA incremental toll compared to the current toll of \$8.93682/GJ per month.
- 7. Assume that there is a possibility that, at the request of some interested parties, the NEB could materially decrease the TCPL rolled-in toll for long haul service and materially increase the TCPL rolled-in tolls for short haul services. Under this assumption, please provide copies of Appendix D and Appendix F to show the results in a scenario where TCPL long haul tolls decrease by 25% and its short haul tolls increase by 25%.
- 8. What degree of utilization does Union expect to make of the incremental facilities that it has contracted to acquire from TCPL under all of these assumptions, including the landed cost assumptions described in the evidence?
- 9. How is the degree of Union's utilization of the incremental TCPL facilities likely to change if the landed cost assumptions Union has made are materially low?
- 10. Has Union made commitments to obtain gas supply to support the incremental TCPL facilities on which it has contracted service? If so, then please provide complete details of those incremental gas supply commitments.
- 11. If Union has not yet made any gas supply commitments to support its use of the incremental TCPL facilities, then please describe the source and quantity of supply that Union expects to be available to respond to its needs and how and when it proposes to contract for those supplies.
- 12. Please provide a complete list of each contract in Union's gas supply portfolio showing, for each gas supply contract, the date of the contract, the gas supplier, the volume purchased, the point of purchase, the adjustment dates, if any, over the duration of the contract and the termination date of each contract.

13. With respect to natural gas demand and supply within Union's franchise area, please provide the following information:
 - (a) Union's long term (at least 10 years) forecast of demand within its franchise area; and
 - (b) Union's year-by-year forecast of the extent to which it expects the demands in its franchise area to be satisfied with system gas and non-system gas respectively.
14. Please provide a complete list of each contract in Union's transportation contract portfolio showing, for each contract, the date of the contract, the shipper, the receipt and delivery points, the capacity contracted for, the possible adjustment dates, if any, over the duration of the contract, the termination date of each contract, and an estimate of the extent to which Union is currently utilizing the capacity under each contract.
15. What is Union's current expectation with respect to the extent to which its existing gas supply and transportation arrangements will be adjusted or terminated when the services that it has contracted for on the incremental facilities to be constructed by TCPL become available?
16. Please describe the adjustments Union expects to make to each of these arrangements, on any adjustment date that is available therein or on their termination dates, as a result of service becoming available on the incremental TCPL facilities described in the evidence.
17. Please describe how Union's current expectations pertaining to adjustments to or termination of existing gas supply and/or transportation contracts would likely change in a scenario where the landed costs at Niagara and in Union's EDA and NDA are materially higher than the amounts Union presents in its evidence.
18. Please elaborate upon the "sufficient flexibility within the balance of its portfolio", described at Exhibit A, page 6, that Union has to decontract in both its gas supply and transportation portfolios.
19. What are the supply risks relating to the production of Marcelles Shale gas (as opposed to the delivery of such gas to Niagara)?
20. What conditions should attach to any approvals that the Board grants in order to assure that Union's shareholder is exposed to the risk that Union's utilization of the incremental TCPL facilities is materially lower than it currently estimates?
21. Union has made a 100,000 GJ/day commitment for service on the proposed Dawn Gateway Pipeline. Please explain why that transportation contract does not appear in Appendix E?