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BY E-MAIL

March 10, 2011

Ms. Karen Hockin
Manager, Regulatory Initiatives
Union Gas Limited
P.O. Box 2001
Chatham ON N7M 5M1

Dear Ms. Walli:

**Re: Board Staff Interrogatories
Union Gas Limited - Board File No. EB-2010-0039
Request for Declaratory Relief**

In accordance with the Notice of Hearing and Procedural Order No. 4, dated March 7, 2011, please find attached Board staff's interrogatories in this proceeding. Please forward the attached to Union Gas Limited and to all intervenors in the proceeding.

Sincerely,

Original Signed By

Hima Desai
Advisor

cc. Crawford Smith, Torys
Mark Kitchen, Union Gas
Ms. Kirsten Walli, Board Secretary
All Intervenors

Attachment

Board Staff Interrogatories

Union Gas Limited EB-2010-0039

Re: Request of Declaratory Relief dated February 4, 2011

1. Reference: Exhibit B 3.31

Please update this interrogatory response and related attachments for most recently available data.

2. Please provide an update with respect to the status of any negotiations regarding the sale of the St. Clair Line. Is the sale of the St. Clair Line still possible? If so, does Union have any information regarding when the sale might occur?
3. Please provide an itemized breakdown of the balances in deferral accounts 179-121 and 179-122 as established for:

(a) March 1, 2010; and

(b) based on the most recently available data.

4. Reference: Exhibit B 3.31 attachment 2

(a) With respect to amounts in the deferral accounts which could be allocated to rate payers, is there any change to Union's proposal for account 179-121 outlined in attachment 2?

(b) Please provide a similar breakdown for account 179-122.

5. What is the current utilization of the St. Clair Line in terms of average use and peak day use? What is the capacity of the Line? Please explain how the utilization estimates were determined.
6. How many shippers are currently utilizing the St. Clair Line? What alternate pipeline transportation routes could be used to serve the needs of those shippers?

7. Reference: Exhibit C, Page 4

In its evidence Union indicates:

In the event the Dawn Gateway project does not proceed and the St. Clair Line is not sold, Union will file a motion with the Board requesting orders to close the deferral accounts and to return the St. Clair Line to rate base. If the

Dawn Gateway project does not proceed, no deferral account credits would be disposed of to ratepayers.

- (a) Please provide an explanation regarding the return of the St. Clair Line to rate base. Has the St. Clair Line been taken out of rate base?
 - (b) If so, please explain the mechanics behind removing it from rate base, including the relevant impacts on rate base and revenue requirement.
 - (c) Please also indicate when this was done.
8. Please explain the implications and consequences to Union and its ratepayers of disposing of accounts 179-121 and 179-122.
9. Reference: Exhibit C, Page 13
- (a) In the event that Union is ordered to dispose of accounts 179-121 and 179-122 to the benefit of Union's ratepayers prior to the sale of the St. Clair Line or the cancellation of the project what would be Union's plans for its use of the St. Clair Line and the future utilization of that line.
 - (b) Would the St. Clair Line remain in Union's rate base if underutilized? What options would Union consider in such a case?
10. In Union's opinion, are there any barriers, regulatory or otherwise that mitigate against the disposition of accounts 179-121 and 179-122 prior to the sale of the St. Clair Line or the cancellation of the project?