

EB-2011-0038

Additional Questions for Union Gas in Preparation for the Technical Conference

References: Exhibit B3.16 and Exhibit B3.53

1. In Exhibit B3.16 Union states reports that the 3rd party storage costs paid in 2010 were \$10.7 million and the “return on purchased assets” as \$6.6 million. These costs sum to \$17.3 million. Please reconcile this \$17.3 million with the “Incremental Storage” amount of \$18.727 million shown on Line 8 of Exhibit B3.53.
2. Please confirm that \$10.7 million is the actual amount paid to 3rd party storage operators for storage services in 2010.

Reference: Exhibit B3.52

3. Please provide the “return on purchased assets” that were included in the storage deferral account margin calculations for 2008 and 2009. Please present the information similar to Union response to B3.15.

Reference: Exhibit B3.53

4. Please prepare the costs for 2008 and 2009 as requested. The issue of relevance can be addressed later.

Reference: Exhibit B3.54

5. Post Tax Hurdle Rate
 - a. Please provide the requested response of B3.54 (d).

- b. Was the Post Tax Hurdle Rate applied only to new investments? Very specifically, was this Hurdle Rate applied to existing assets deemed non-utility at the time of separation?

Reference Exhibits B3.32 and B3.57

- 6. In responding to B3.32, Union presented a table that provided the allocation of space. In IR B3.57, Union was asked to provide the corresponding deliverability associated with the space and Union responded that it does not allocate the actual deliverability requirement by service type. Union, however, must be able to determine how much in-franchise deliverability is required to meet in-franchise needs and thus determine how much excess deliverability is available for ex-franchise sale.
 - a. Please explain how the numbers in the table were derived and show a sample calculation.
 - b. Please provide a description of how Union goes through the annual exercise of determining deliverability for in-franchise needs and resulting excess available for ex-franchise sale.
 - c. For each of the years in B3.32, provide the determined in-franchise deliverability requirement and resulting ex-franchise deliverability available.
 - d. Please include the total the deliverability available for the integrated pool for each of those years to demonstrate the proportionality.
- 7. What was the total revenue Union received from Market Hub Partners Canada L.P. (contract M16004) and Huron Tipperary Storage Limited Partnership I (contract M16002) for M16 transportation service in 2010?
- 8. If Union had not developed any new non-utility storage assets after the date of the NGEIR Decision, or acquired any additional 3rd party storage contracts, would the Demand O&M cost used for the long-term deferral account calculation for 2010 would be equal to the 2007 Forecast amount? If not, please explain.