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April 2, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

RE: EB-2011-0210 - Interrogatories of London Property Management Association

Please find attached the interrogatories of the London Property Management Association in the above noted application.

Sincerely,

Randy Aiken

Randy Aiken
Aiken & Associates

Encl.

cc: Chris Ripley Union Gas Limited (e-mail)
Crawford Smith, Torys (e-mail)
Intervenors, (e-mail)

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

AND IN THE MATTER OF an Application by Union Gas Limited, pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2013.

INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT ASSOCIATION

B. Rate Base

1. Is Union's forecast level of capital spending in 2013 appropriate?

Interrogatory # 1

Ref: Exhibit B1, Tab 1, Table 2, Updated

a) Please add columns to Table 2 for 2007 through 2009 actual data.

b) Is there any change to capital expenditures, transfers or retirements forecast for 2012 and/or 2013 as a result of the actual figures for 2011? If yes, please explain.

Interrogatory # 2

Ref: Exhibit B1, Tab 2, Updated

a) Please expand Table 1 to include actual data for 2008 and 2009.

b) Are the storage figures shown in Table 1 for regulated storage only? If not, please provide the storage capital budget for each of the years for the regulated component of storage only.

Interrogatory # 3

Ref: Exhibit B1, Tab 4, Updated

a) Please provide a table that shows the distribution capital spending for 2007 through 2011 actual and the 2012 and 2013 forecast for each of the 6 types of expenditures shown on page 2. Please also include a total line in the table.

b) Please provide a table that shows the New Business total spending for the 2007 through 2013 period, including 2011 actuals, along with the customer attachments and the average cost per customer attachment.

c) When is the OPG Thunder Bay plant forecast to be in service?

d) What is the status of the provincial and federal funding related to the Red Lake project?

e) What is the current status of the Lambton Power Plant project?

f) What is the current status of the OPG Guelph plant project?

g) Please provide Union's vehicle replacement policy and the Spectra Energy Vehicle Replacement Guidelines.

h) Please provide a copy of the review of PHH Strategic Consulting.

Interrogatory # 4

Ref: Exhibit B1, Tab 5, page 5, Updated

With respect to the Owen Sound Replacement project:

a) Please provide more details around the integrity issues from the Owen Sound Take-Off to the Waterloo Gate station.

b) How old is the pipe that is forecast to be replaced?

c) What is the net book value of the pipe that is forecast to be replaced? How will the remaining net book value of the pipe being replaced be treated for rate base purposes?

Interrogatory # 5

Ref: Exhibit B1, Tab 5, pages 5-7, Updated

a) If the Bristol 3330 remote terminal units became obsolete in 2009, why is Union only replacing them in 2012 and 2013?

b) Please describe the integrity issues associated with the Leamington Line Replacement. In particular, when were these issues first identified?

c) Please explain the need for the Bright A Silencer Relocation project.

d) Please provide the amounts associated with the depth of cover survey to lower or replace sections of the NPS 26 Dawn-Parkway pipeline in each of 2007 through 2011.

Interrogatory # 6

Ref: Exhibit B1, Tab 9

a) What amount has been included in the 2013 test tear rate base associated with the Parkway West project. Please show the derivation of this amount based on the average of monthly averages approach.

b) Please show the allocation of the rate base associated with the Parkway West project expenditures by rate class. Please explain any amounts allocated to in-franchise rate classes.

c) Please explain when each of the capital expenditures shown on page 5 would be closed to rate base.

2. Are the proposed updates to Union's lead/lag study appropriate?

Interrogatory # 1

Ref: Exhibit B1, Tab 8

a) Does Union have any customer classes that are billed on an other than monthly basis? If yes, please describe the billing frequency.

b) For each rate class shown in Schedule 3, lease provide the service lag, billing lag and collection lag.

c) How is the collection lag calculated based on the payment date that was obtained from each customer payment transaction? In particular, is the collect lag weighted equally for each customer payment transaction of is it weighted by the dollar amount associated with each customer payment transaction?

d) Is there any impact on the lead/lag study associated with payment of long-term debt or short-term debt? If not, why not?

e) What is the difference between the Rate M2 (contract) and Rate 01/M2 (Banner) lines shown in Schedule 3? Has this split changed in 2011? Is the split expected to be different in 2013 than that shown for 2010? If yes, please provide details.

f) Have there been any changes between 2010 and 2013 that would have a significant impact on the calculation of either the revenue lag or the expense leads? If yes, please provide details.

Interrogatory # 2

Ref: Exhibit B1, Tab 8, Schedule 3

a) Please explain why there are no lines for Rates M7 and M9.

b) Please explain what is included under rates T-9 and T-10.

c) Please explain how the figures in the total remittance column have been calculated as compared to the revenues figures shown by rate class in Exhibit C6, Tab 2, Schedule 1. For example, why is the Rate M1 remittance shown as $11 (thousand) in Schedule 3 as compared to $836 (thousand) in Schedule 1 of Exhibit C6, Tab 2?

Interrogatory # 3

Ref: Exhibit B3, Tab 3, Schedule 2 & Exhibit B1, Tab 8, Schedules 6 & 7

a) Please provide a breakdown of the total utility operating and maintenance expenses other than gas purchases costs of $372,559 shown in Exhibit B3, Tab 3, Schedule 2 into the components shown in Exhibit B1, Tab 8, Schedule 7.

b) Please provide a breakdown of the adjusted cost of gas of $707,192 shown in Exhibit B3, Tab 3, Schedule 2 into the components shown in Exhibit B1, Tab 8, Schedule 6.

Interrogatory # 4

Ref: Exhibit C3, Tab 1, Schedule 1

a) Please provide a table that shows the monthly composition of the total operating revenue of $1,598,544 shown in the schedule broken down into the four components shown on the schedules in lines 1 through 4, along with the total shown in line 5.

b) Please explain how any significant difference in the monthly revenues has been accounted for in through the lead/lag study.

4. Is the proposed Test Year Rate Base appropriate?

Interrogatory # 1

Ref: Exhibit A2, Tab 4, pages 5-6

a) What is the forecast volume of base LPG gas for 2012 and 2013?

b) What was the corresponding actual volume of base LPG in 2007 through 2011?

c) When does Union propose to stop the quarterly revaluation and keep the base LPG recorded at historical cost?

d) What is the historical cost proposed by Union for 2013?

e) What is the cost for 2013 if the LPG is valued based on the most recent quarterly revaluation?

Interrogatory # 2

Ref: Exhibit B3, Tab 1, Schedule 1

a) Please identify the line items in Schedule 1 that are impacted by the gas cost forecast.

b) Please identify the gas cost forecast used in Schedule 1.

c) Please update Schedule 1 to reflect the most recent gas cost forecast available.

5. Is the proposed working capital allowance appropriate?

Interrogatory # 1

Ref: Exhibit B1, Tab 1, Table 4, Updated

a) What is driving the increase in gas in storage and line pack gas in 2012 and 2013 relative to the actual 2011 level? Please disaggregate the increase into the component due to the change in volume and the change due to a change in the cost of gas.

b) Please explain the increase noted in (a) above in relation to the reduction shown for balancing gas.

c) Please explain the change in ABC Receivables (gas in storage) shown for 2012 and 2013 relative to the actual level for 2013. Please disaggregate the change into components related to the volume of gas in storage and the cost of the gas.

d) Please explain the reason for the increase in the value of inventory of stores and spare equipment forecast for 2012 and 2013 relative to the levels recorded in 2010 and 2011.

e) Please explain the reduction in customer deposits of about $2 million in 2012 and 2013 relative to the actual level for 2011.

C. Operating Revenues

1. Is Union's general service demand forecast appropriate?

Interrogatory # 1

Ref: Exhibit C1, Tab 1, Table 1, Updated

The footnote to Table 1 indicates that the 2010 actual throughput volumes are weather normalized according to the 2013 weather normal which is based upon the 20-year declining trend weather normal methodology.

a) Please clarify whether the 2010 actual throughput volumes have been normalized to the same degree forecast level as used to forecast 2013 (i.e. 3,599 and 4,626 degree days, respectively for the south and north) or whether the 2010 actual throughput volumes have been normalized to a level of heating degree days that would have been forecast for 2010 had the 2013 degree day forecasting methodology been used. If the latter, please provide the 2010 degree days figures used for normalization purposes.

b) Please provide the weather normalized throughput in the same level of detail for rate & service customer class shown in Table 1 for 2007 through 2011 and the forecast for 2012 and 2013, using the 2013 forecast of degree days (3,599 for south, 4,626 for north).

Interrogatory # 2

Ref: Exhibit C1, Tab 1, Table 3, Updated

a) Please expand Table 3 to reflect actual total billed customers for 2007 through 2011, along with the forecast for 2012 and 2013.

b) Based on the response to part (a) above and part (b) of the previous interrogatory, please provide a table that shows the average use per customer for each of the service/rate class categories shown in Table 3.

Interrogatory # 3

Ref: Exhibit C1, Tab 1, pages 14-15, Updated

a) With respect to the furnace energy efficiency index (FEI), please provide the following:

i) a table that reflects the data points shown in Figure 2 for 1990 through 2013. If Union has a Survey Result for 2011, please also provide that figure.

ii) an explanation of how Union has estimated the FEI in those years that it does not have survey results.

iii) an explanation of how the forecast for 2012 and 2013 has been derived, including any equation used for this purpose, along with the regression statistics.

b) With respect to the persons per household estimates, please provide the following:

i) a table that reflects the data points used by Union for 1990 through 2013. If Union has a Survey Result for 2011, please also provide that figure. Please also indicate which data points are based on the survey results and which data points have been estimated.

ii) an explanation of how Union has estimated the persons per household in those years that it does not have survey results.

iii) an explanation of how the forecast for 2012 and 2013 has been derived, including any equation used for this purpose, along with the regression statistics.

Interrogatory # 4

Ref: Exhibit C1, Tab 1, Figures 5 - 8, Original & Updated

For each of Figures 5 through 8, please explain the difference in the 2011 forecast average use as compared to the normalized actual use. For example, why is the actual residential old rate M2 normalized actual use of 2,264 m3 1.7% or 37 m3 higher than the 2011 forecast? How many months of actual data were included in the 2011 forecasts?

Interrogatory # 5

Ref: Exhibit C1, Tab 1, Updated

a) Please update the general service forecast to reflect the latest forecasts available for the explanatory variables, actual 2011 data, total bill amounts based on the most recent Board-approved delivery and gas supply commodity rates and the DSM plan that results from the EB-2011-0327 proceeding. Please provide the total forecast throughput for 2013 in the same level of detail as shown in Table 1 and the total billed customer forecast for 2013 in the same level of detail as shown in Table 3.

b) Please provide the equations and regression statistics used in (a) above that include actual 2011 data.

c) Please provide all the historical and forecast data used in the updated forecast in an live Excel spreadsheet.

Interrogatory # 6

Ref: Exhibit C1, Tab 1, Appendix A, Updated

a) Please confirm that Table 2 includes normalized average consumption by rate and service class that have been normalized to 2013 forecast of heating degree days. If this cannot be confirmed, please provide the South and North heating degree days that the volumes have been normalized to for each year shown.

b) Please provide a separate live Excel spreadsheet that includes all the data used to estimate each of the equations in Tables 5, 6 and 7. Please add actual 2011 data for each of the equations.

c) Please provide the 2011, 2012 and 2013 volume forecast that results from both of the residential equations noted on pages 6 and 7.

2. What is the appropriate methodology to be used to forecast degree days for the Test Year?

Interrogatory # 1

Ref: Exhibit C1, Tab 5

a) Has Union investigated whether or not the current definition of a heating degree day (temperatures below 18^{o} C) is still the appropriate balance point for calculating heating degree days? If not, why not? If yes, please provide the results of the investigation.

b) Please provide all the data used to calculate the 20 year trend and 30 year average forecasts shown in Figure 1 in a live Excel spreadsheet. Please also provide all the equations used to forecast the 20 year average forecast figures shown in Figure 1, along with the associated regression statistics.

c) Please provide a similar figure for the Northern Region HDD forecasts as has been provided in Figure 1 for Toronto Pearson Airport. Please also provide all the data used to calculate the 20 year trend and 30 year average forecasts shown in the requested figure in a live Excel spreadsheet. Please also provide all the equations used to forecast the 20 year average forecast figures shown in Figure 1, along with the associated regression statistics.

d) Please provide the equations and regression statistics used by Union to forecast the 2013 South and North HDD forecasts.

e) Please confirm that the figures shown in Figure 1 are based on forecasts determined using data that ends 3 years in advance of the forecast period. For example, the 2010 forecasts are based on actual data up to and including 2007.

f) Is the data shown in Table 1 based on the Toronto Pearson Airport data shown in Figure 1? If yes, please provide a similar table that is based on the data used for the Northern Region.

g) Please provide a table similar to Table 1 that does the comparison of the 2 year ahead forecast, rather than the 3 year ahead forecast based on the Pearson Airport data and the Northern Region data.

h) Please provide the forecasts for the South, North and combined HDD for the 2011, 2012 and 2013 years that result from the methodology used by Union.

i) Please provide a copy of the source of the historical degree day information used to forecast the HDD forecasts for 2013.

j) Please explain and provide an example of how the annual HDD forecast is split into the monthly HDD forecasts used in the various use per customer and volumetric equations.

3. Is the 2013 Contract Customer Demand forecast appropriate?

Interrogatory # 1

Ref: Exhibit C1, Tab 2, Original & Updated

a) Please explain the increase of about 4.1% in the volumes in Table 1 and the corresponding 2.8% increase in revenues in Table 2 between the forecast for 2011 and the actual 2011 figures. Does this reflect a stronger than expected economic recovery? If not, what does it reflect?

b) How many months of actual data was included in the original 2011 forecast?

Interrogatory # 2

Ref: Exhibit C1, Tab 2, Figure 1, Updated

Please explain the reduction in the forecast for power generation in 2012 and 2013 as compared to both the growth experienced between 2007 and 2011 and the level shown for 2011.

Interrogatory # 3

Ref: Exhibit C1, Tab 2, page 14, Updated

Has Union included any volumes, revenues, capital expenditures and/or OM&A costs in the 2013 revenue requirement associated with the conversion of coal facilities at Nanticoke or Lambton or the peaking facility in the Waterloo-Cambridge area? If yes, please provide the details including the net impact on the 2013 revenue requirement.

Interrogatory # 4

Ref: Exhibit C1, Tab 2, Appendix A

a) Please explain how the HDD variable has been calculated for the total company franchise area based on the north and south HDD variables used in the general service volume equations.

b) Please update the equations by including actual data for 2011. Please provide the regression analysis summary output provided in Tables 1 and 2. Please provide the resulting forecasts for 2012 and 2013 in the same format as shown in Tables 1 and 2 in Exhibit C1, Tab 2, Updated.

c) Please provide all of the data (actual and forecast) used to estimate the equations in Tables 1 and 2 in a live Excel spreadsheet. Please include actual 2011 data in the spreadsheet.

Interrogatory # 5

Ref: Exhibit C1, Tab 2, Updated

a) How are the volumes by sector shown in Table 1 translated into volumes by rate class in Table 3 for the non T1 and 100 rate customers? Please explain why the M4 volumes are forecast to decline in 2013 as compared to 2012, while the M5 volumes are forecast to increase.

b) How are the revenues calculated for each of the rate classes in terms of the volumes, contract demands and fixed customer charges? For example, please show how the forecast of $10.8 million for Rate M4 in 2013 shown in Table 4 has been derived based on volume forecast of 380 10^6 m^3 shown in Table 3.

c) Please provide a table in the same level of detail as Table 3 that shows this historical (including 2011) and forecast contract demand levels.

d) Does the Wholesale/REM forecasts reflect the increase in the distribution contract demand associated with an ethanol plant at one of the wholesale accounts?

4. Is the 2013 S&T forecast appropriate?

Interrogatory # 1

Ref: Exhibit C1, Tab 3, Original & Updated

a) Please provide further details on the capacity forecast to be turned back in 2013 at lines 17-19 of page 6. In particular, please provide the details of the amounts to be turned back and the current status of this forecast turn back.

b) Please explain the drop from $3.5 million to $1.8 million in the St. Clair/Bluewater system short-term transportation revenue shown in Table 3 of the updated evidence.

c) Please explain the increase in exchange revenue shown in Table 4 for 2011 of $31.7 million versus the original forecast of $25.3 million. How many months of actual data were included in the original forecast for 2011?

d) Does Union have any more recent forecasts for the average price for short-term storage space in 2012 and 2013? If yes, please provide these forecasts and the information/assumptions used to generate these forecasts.

5. Is the proposed amount for Test Year Other Revenues, including the methodologies used to cost and price those services, appropriate?

Interrogatory # 1

Ref: Exhibit C1, Tab 4, Updated

a) The evidence at line 13 of page 1 indicates that there was 315,202 direct purchase customers at January, 2011. Please provide the number of direct purchase customers for the most recent month where the information is available.

b) The evidence at lines 2 through 5 of page 2 indicates the methodology used to forecast billing revenues related to direct purchase customers. Please update the forecast to reflect the most recent direct purchase customer count. What is the impact on the 2012 revenue forecast of this update?

Interrogatory # 2

Ref: Exhibit C1, Summary Schedule 6, Updated

a) Please explain the significant drop for delayed payment charges shown for 2010 in Summary Schedule 6.

b) Please explain what is driving the reduction in mid market transaction revenues shown in Summary Schedule 6 for 2011 through 2013 relative to the levels recorded in 2007 through 2010.

c) Please explain the significant increase in 2011 for other operating revenue and explain why the level is forecast to drop in 2012 by about 50%.

Interrogatory # 3

Ref: Exhibit A1, Tab 13, Schedule 2

a) The evidence indicates that Union is not proposing any changes to the fee schedule shown. When has Union last reviewed the costs associated with each of the charges shown to ensure that these costs are being recovered through the fees shown? Please provide the results of this last review for each of the charges shown.

b) Please provide table at the same level of detail as the charges shown that shows the total actual revenue generated for each of the charges for 2010 and 2011, along with a forecast for 2012 (including as many months of actual data as are available) and the forecast for 2013.

D. Cost of Service

1. Is the 2013 O&M budget appropriate?

Interrogatory # 1

Ref: Exhibit A2, Tab 5, page 6, Updated

Please provide Union's policies and practices with respect to transportation, mileage reimbursement, accommodations and meals, training & conferences, telecommunications, promotional items and office supplies.

Interrogatory # 2

Ref: Exhibit D1, Tab 2, Table 1 & page 3, Updated

a) Please provide a version of Table 1 with the DSM related O&M costs removed from both the 2013 OM&A forecast and the Board-approved 2007 utility O&M.

b) Does the 15.5% reflect a level of DSM spending in 2013 equal to that included in the 2007 Board-approved figure? If yes, please re-calculate the increase in 2013 over the 2007 Board-approved figure with all DSM costs removed from both figures.

c) Please provide the 2007 Board-approved O&M figure excluding all DSM related costs, the 2013 forecast figure based on CGAAP (i.e. no changes for USGAAP) and the corresponding percentage increase between these two figures. Other than the impact on Benefits of difference between CGAAP and USGAAP, do any of the other major drivers change?

Interrogatory # 3

Ref: Exhibit D1, Tab 2, pages 9 - 10, Updated

a) The evidence indicates that the most significant contributor to the increase of 37 FTEs between 2010 and 2013 relates to seasonal employees that are budgeted in future years but that do not appear in the year end actual FTE count due to the timing of their work engagement. However, the increase of 37 FTE's is based on a 2010 year-end figure. Please explain how the increase of 37 FTE's reflects the seasonal employees if they are not in the 2010 year-end figure? Is the forecast for 2013 FTE's also based on year-end figures or on the year as a whole?

b) Please provide a table for 2007 through 2011 actual and forecasts for 2012 and 2013 for the number of FTE's. If the actual figures are not done on the same basis as the forecasts, please explain the difference (for example year-end vs. annual average).

c) Please provide a further break down of the FTE's in the table requested in part (b) above, into the categories of executive, management, unionized and non-unionized employees.

d) Please provide a further break down of the FTE's in the table requested in part (c) that reflects total FTE's by category, FTE's associated with unregulated activities by category and the net number of FTE's by category related to the operation of the regulated utility.

Interrogatory # 4

Ref: Exhibit D1, Tab 2, Original & Updated

a) Please explain the following changes between the forecasted and actual results for 2011:

i) an increase of $11.1 million for salaries/wages;
ii) an increase of $2.5 million for benefits;
iii) an increase of $2.8 million for contract services;
iv) a reduction of $1.1 million for consulting;
v) a reduction of $1.0 million for affiliate services; and
vi) a reduction of $2.7 million for bad debt.

b) How many months of actual data were included in the 2011 forecast?

c) How much of the increase in salaries/wages of $11.1 million compared to the original 2011 forecast is related to incentive payments?

Interrogatory # 5

Ref: Exhibit D1, Tab 2, Table 4, Original & Updated

The updated evidence shows an increase in OM&A between 2010 and 2013 of $65.4 million, as compared to the original evidence of $49.3 million. Union's March 27, 2012 cover letter for the updated and corrected evidence indicated that the pension expense had been increased by $18.5 million.

Please explain the following changes in Table 4 between the updated and original evidence:

i) an increase of $19.4 million for benefits (i.e. $0.9 million above the $18.5 million pension increase);
ii) an increase of $2.2 million for Other;
iii) the $4.9 million decrease for Capitalization;
iv) the $0.8 million decrease for Non-Utility & Excess Utility Cross Charge as compared to the original line item of Non-Utility Allocation.

Interrogatory # 6

Ref: Exhibit D1, Tab 2, pages 4 - 9, Updated

a) Please provide the Ontario and Canada CPI for each of 2007 through 2011, along with the most current forecasts available for 2012 and 2013.

b) Please provide the figures, including the 2007 base, used to derive the $17.5 million increase related to inflation. Please show the derivation of 2007 base based on the Board-approved 2007 figures, along with the deductions (shown separately) for DSM, salary and pension/benefit costs.

c) Please update the increase in the total number of general service customers of 110,250 forecast for 2007 to 2013 to reflect actual 2011 data.

d) Please provide a table for 2007 through 2011 actual and the forecasts for 2012 and 2013 that shows the total O&M associated with the regulated utility, the number of customers of the regulated utility and the associated O&M per customer for the regulated utility.

e) Please provide a table for 2007 through 2011 actual and the forecasts for 2012 and 2013 that shows the costs associated with each of the cost drivers shown in lines 6 through 14 in Table 2.

f) Please provide a table for 2007 through 2011 actual and the forecasts for 2012 through 2013 for the number of line locates.

g) Please provide the actual productivity gains for each of 2008 through 2011 in both dollars and percent of OM&A.

h) Please provide a table for 2007 through 2011 actual and the forecasts for 2012 trough 2013 of the percentage capitalized overhead costs of total utility O&M costs.

i) Please provide the yearly percentage figures for 2006 through 2010 that result in the 0.31% noted on page 8 for bad debt.

j) Please provide the yearly figures for the contract bad debt for 2006 through 2010 that range from $0.0 million to $0.6 million noted on page 8.

Interrogatory # 7

Ref: Exhibit D1, Tab 3, page 15, Updated

a) Please provide the total cost of SAP that is to be implemented across Spectra Energy business units.

b) Please provide the total cost of SAP that has been allocated to Union Gas.

c) Please provide the total cost of SAP that has been allocated to the regulated component of Union Gas.

d) Please provide details on how the allocation to Union Gas and the allocation to the regulated component of Union Gas have been done.

Interrogatory # 8

Ref: Exhibit D1, Summary Schedule 2, Updated

a) Please confirm that the figures provided for 2007 through 2011 are based on CGAAP. If this cannot be confirmed, please indicate which years in the table are based on CGAAP and which are based on USGAAP.

b)Please provide a version of Summary Schedule 2 that includes actual data for 2011 but also uses CGAAP to forecast the 2012 and 2013 costs associated with benefits and any other costs that are different between USGAAP and CGAAP.

Interrogatory # 9

Ref: Exhibit D3, Tab 3, Schedule 2, Updated

a) Do the donations shown on line 15 of the table on page 1 include LEAP funding? If yes, please provide the amount of the LEAP funding and a breakdown of any remaining components of the donations. If no, please provide a breakdown of the donations expenses and indicate where and the amount of any LEAP funding has been included in costs.

b) Please explain the reduction in Cost Recovery from Third Parties in 2013 relative to 2012 shown in line 18 of the table on page 1.

c) Please explain the reduction in forecasted costs in 2013 relative to 2012 for Regulatory Hearing & OEB Cost Assessment shown on line 20 of the table on page 1 and the "rebasing" explanation provided on page 7.

d) Please provide a breakdown of the forecast cost of this proceeding between the various components (legal, consulting, intervenors, OEB, etc.). Has Union included all of these costs in the 2013 revenue requirement or have the costs been amortized over a longer period? Please provide details.

e) Please provide the actual OEB cost assessment for each of 2007 through 2011 and the forecast for 2012 and 2013.

Interrogatory # 10

Ref: Exhibit D5, Tab 1, Schedule 1

a) Please explain what the negative Other expense of $709 shown for 2011 is related to.

b) Has Union had negative Other expenses in 2007 through 2010? If yes, please provide details.

Interrogatory # 11

Ref: Exhibit D3, Tab 3, Schedule 2, Updated

What is the impact on the forecast cost for Employment Insurance premiums as a result of the March 29, 2012 federal budget that limits the increase in premiums to no more than 5 cents per year?

2. Are the 2013 affiliate charges appropriate?

Interrogatory # 1

Ref: Exhibit A1, Tab 10

a) For each of the employees on the utility organization charts that are shown as not a Union Gas employee, please provide the amount of cost that are included in the requested revenue requirement for 2013, the forecast for 2012 and the actual expense for 2010 and 2011.

b) For each employee shown as not a Union Gas employee, please provide the total compensation paid to the employee broken down by component (for example salaries, incentives, benefits, etc.) and show the amount of each component that has been allocated to Union Gas for recovery from ratepayers for 2013, the forecast for 2012 and the actual expense for 2010 and 2011. Please explain any changes made in the allocation methodology between 2010 and 2013.

c) For each employee shown as not a Union Gas employee, please indicate what company or companies they are employees of.

d) Do any of the positions that report to the VP Bus Dvlpt Stor Trans shown on pages 2 & 3 do work related to companies other than Union Gas? If yes, please provide the allocation of the total compensation for all the positions reporting to the vice president between Union Gas and any other affiliates for 2013, the forecast for 2012 and the actual expense for 2010 and 2011. Please explain how the allocation has been determined and any changes that have been made between 2010 and 2013.

e) Do any of the positions that report to the Mgr Underground Storage Canada shown on page 2 do work related to companies other than Union Gas? If yes, please provide the allocation of the total compensation for all the positions reporting to the manager between Union Gas and any other affiliates for 2013, the forecast for 2012 and the actual expense for 2010 and 2011. Please explain how the allocation has been determined and any changes that have been made between 2010 and 2013.

f) Do any of the positions that report to the Manager Commodity Tax and/or Manager Research and Planning shown on page 12 do work related to companies other than Union Gas? If yes, please provide the allocation of the total compensation for all the positions reporting to the these positions between Union Gas and any other affiliates for 2013, the forecast for 2012 and the actual expense for 2010 and 2011. Please explain how the allocation has been determined and any changes that have been made between 2010 and 2013.

g) Do any of the positions that report to the VP Finance shown on pages 11 - 13 do work related to companies other than Union Gas? If yes, please provide the allocation of the total compensation for all the positions reporting to the vice president between Union Gas and any other affiliates for 2013, the forecast for 2012 and the actual expense for 2010 and 2011. Please explain how the allocation has been determined and any changes that have been made between 2010 and 2013.

h) Do any of the positions that report to the VP Human Resources Canada shown on page 14 do work related to companies other than Union Gas? If yes, please provide the allocation of the total compensation for all the positions reporting to the vice president between Union Gas and any other affiliates for 2013, the forecast for 2012 and the actual expense for 2010 and 2011. Please explain how the allocation has been determined and any changes that have been made between 2010 and 2013.

Interrogatory # 2

Ref: Exhibit D1, Tab 7, Updated

a) Please provide the depreciation study used to set the depreciation rates for line items 5 through 8 in Table 2. Please indicate when this depreciation study was last updated.

b) Have the depreciation rates used to arrive at the depreciation expenses shown in lines 5 through 8 in Table 2 been approved in any regulatory jurisdiction that Spectra operates? If yes, please provide details.

4. Are the provisions for depreciation, amortization and depletion proposed in the 2011 Depreciation Study appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 6, Appendix A

a) Do the figures shown in the table in Appendix A reflect both the regulated and unregulated assets of Union Gas?

b) If the response to the part (a) above indicates that the figures reflect both regulated and unregulated assets, please provide a revised Appendix A that reflects only the regulated assets of Union Gas that are included in rate base.

Interrogatory # 2

Ref: Exhibit D2

a) Please provide a summary of the changes that result in the increase in the depreciation rate from 10.07% to 13.27% for 48400 Transportation Equipment as shown on page 17.

b) Please provide a summary of the changes that result in the increase in the depreciation rate from 4.55% to 6.92% for 48500 Heavy Work Equipment.

c) What is the impact on the depreciation expense and on the revenue requirement (including the change in rate base) if 48320 Office Equipment - Computers was amortized over 3 years rather than 4.

5. Are the changes to unaccounted for gas appropriate?

Interrogatory # 1

Ref: Exhibit D3, Tab 2, Schedule 2, Updated

a) Does Union have any explanation for the high volume of UFG in 2009 relative to 2010 and 2011 even though the actual throughput in 2009 was lower than in 2010 and 2011?

b) Please update the cost of the estimated UFG to reflect the most recent QRAM reference price available.

Interrogatory # 2

Ref: Exhibit D3, Tab 2, Schedules 1 & 2 , Updated

a) Please reconcile the estimated UFG cost shown on Schedule 2 of $14,234 with the UFG adjustment shown on line 10 of Schedule 1, page 2.

b) Please reconcile the unregulated allocation for short-term and long-term figures of (358) and (1,001) shown on Schedule 2 with the with unregulated costs of (2,252) shown on line 13 of Schedule 1, page 2.

6. Is the proposed community investment funding appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 8

a) The evidence at the bottom of page 1 indicates that the forecast expense is consistent with historical investment levels. Did the revenue required approved by the Board in setting 2007 rates include any costs related to community investments? If so, please quantify.

b) Are any of the community investment expenses (actual and/or forecast) eligible as income tax deductions? If yes, please explain and indicate whether or not an adjustment has been made to the 2013 income tax calculation.

c) If the community investments enhance Union's reputation, to the benefit of the shareholder, please explain why the shareholder should not bear these costs.

7. Is the proposed Energy Technology Innovation Canada program funding appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 10

a) Please provide the actual 2011 ETIC expenditure.

b) Please provide most recent estimate of the ETIC expenditure that will take place in 2012.

c) Please provide a list of the current ETIC projects being considered for evaluation.

d) Please comment on the overlap of ETIC funding for any DSM related projects such as high efficiency water heaters with DSM expenditures.

8. Is the forecast of Employee Future Benefit costs which will be incurred under USGAAP appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 2, page 12, Original & Updated

In the original version of Exhibit D1, Tab 2, at page 12 it was noted that there was a reduction of $10.6 million related to USGAAP for pension costs between 2012 and 2013. In the updated evidence, the Benefits variance is now a reduction of $1.1 million between 2012 and 2013 and there is no mention of a decrease in costs related to the conversion to USGAAP. Please provide a table that shows now the net reduction of $1.1 million between 2012 and 2013 has been derived, including the impact of moving from CGAAP to USGAAP on pension costs.

Interrogatory # 2

Ref: Exhibit D1, Tab 3, Addendum &Exhibit D1, Tab 3, Table 4, Original & Updated

a) The total cost of employee future benefits has increased by $19.4 million, as shown in Table 4 of the updated evidence as compared to the original evidence. Please provide a breakdown of this increase into the three components noted in the Addendum: changes in the expected return on plan assets, changes to the discount rate and changes to the mortality assumption.

b) Is Union proposing to update the expected return on plan assets and/or the discount rate to reflect actual data at the same time that the Board calculates the return on equity to be used for January 1, 2013 rates, which is likely to be based on September, 2012 data. If not, please explain why not.

9. Are the Test Year Human Resources related costs (wages, salaries, benefits, incentive payments, labour productivity and pension costs) including employee levels, appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 2, page 4, Updated

a) What is the impact on the human resources related costs in the 2013 test year if the salary increases contained in the 2012 and 2013 forecast were 2.0% in each year?

b) Please provide the corresponding percentage salary increases for each year of 2007 through 2011.

c) What is the impact on the human resources related costs in the 2013 teat year if the salary increases for 2012 is set at 2.5% with a freeze on wages and salaries for 2013?

Interrogatory # 2

Ref: Exhibit D1, Tab 3, Updated

a) Please provide a table for 2007 through 2011 actual and forecasts for 2012 and 2013 that shows the total variable pay paid (or forecast to be paid), the total variable pay available (assuming 100% payout to all employees) and the corresponding ratio of the actual variable pay to the potential variable pay.

b) Please provide a table the splits the variable pay (both actual and potential) between STIP and LTIP for each of 2007 through 2011 actual and the forecasts for 2012 and 2013.

c) How does Union determine or allocate variable pay between the regulated and unregulated components of its business?

d) Please provide the variable pay related to the unregulated business in each of 2007 through 2011 actual and the forecasts for 2012 and 2013 and please confirm that these figures are not included in the figures shown in Table 1.

e) With respect to the pension choices noted on page 7, please provide the number of employees that selected the Defined Benefit plan and the number that selected the Defined Contribution plan for each of the last three years of historical data and the forecast for the 2012 and 2013 years that underpins Union's cost forecasts for these programs. Please also provide the current number of employees in each plan.

Interrogatory # 3

Ref: Exhibit D1, Tab 3, pages 15-16, Updated

a) Has Union done any surveys or interviews with the employees that are eligible to retire within the next five years to see if the employees intend to retire as soon as they are eligible? If not, why not? If yes, please provide a summary of the results.

b) Eligibility for Old Age Security has been pushed back from age 65 to 67 with a phase in over a number of years that impacts employees that are currently less than 54 years of age the most. Based on the average age of employees in the defined contribution pension plan shown in Table 5 of 45.6 years, what impact does Union believe this will have on the retirement timing of its employees?

Interrogatory # 4

Ref: Exhibit D1, Tab 3, Appendix A

a) The Towers Watson report was based on using 2010 as the base year. Is information now available to use 2011 as a base year? If so, please update the report using 2011 as the base year.

b) Please update the evidence at pages 3 and 4 to reflect the most recent information available from the sources quoted.

c) What is the impact on the 2013 revenue requirement if the 2011 average actual salary increases shown in Appendix I for each of the four employee groups were used for both 2012 and 2013?

Interrogatory # 5

Ref: Exhibit D1, Tab 3, Appendix B

a) Has Union made any changes to the STIP plan for 2012? If yes, please describe the changes made.

b) Please provide a breakdown of the total STIP payment made for 2011 and the forecasts for 2012 and 2013 into the dollar amount associated with each of the measures shown in the table at the top of page 4. If this breakdown is not possible, please provide an estimate of the 2013 STIP payment broken down based on each of the measures.

c) For each of the measures shown in the table at the top of page 4, please explain the benefits to ratepayers of the regulated portion of Union Gas of achieving the targets.

d) Please explain why ratepayers should be expected to pay the cost associated with incentives for any result less than the target?

e) Please explain why the award achievement range is asymmetric in that the minimum results in a 50% achievement while the maximum results in a 200% achievement.

f) Please provide an example of the calculation of the total achievement percentage using the following parameters: Spectra Energy EPS of $1.75, SET EBIT of $1,700, Union Gas EBIT of $410, SET EHS Blended Scorecard equal to the target, Union Gas Operations Scorecard equal to the target and Individual or Team set equal to the target.

g) Please define SET and SET EHS.

Interrogatory # 6

Ref: Exhibits D3-D6, Tab 6, Schedule 1, Updated

a) Are the FTE's shown in Schedule 1 of Tab 6 in Exhibits D3 through D6 based on the regulated portion of Union Gas or do these FTE's include the unregulated business as well? If the figures include the unregulated business, please provided revised tables that reflect only the regulated business.

b) Please explain the type of employees that are included in the Management category. In additions to Vice-Presidents, Directors, Managers and Team Leaders (as shown in Exhibit A1, Tab 10), what other types of employees are included?

c) Please provide a further breakdown of the Management category for 2010 through 2013 into Executive, Directors, Managers and Other Management. If necessary for confidentiality purposes, two of the proposed categories can be merged into one.

Interrogatory # 7

Ref: Exhibit D3, Tab 6, Schedules 1 & 2, Updated

a) If the table includes FTE's associated with the unregulated business, please provide a table that includes 2011 actual data for the regulated business only.

b) Please provide the actual number of vacancies in each of 2007 through 2011.

c) Please explain how the 69 vacancies forecast for 2013 have been reflected in the calculations of the averages shown in Schedule 1 of Exhibit D3, Tab 6, Updated. In particular, have the costs associated with the 69 vacancies been included in the total salaries, variable pay and benefit costs? If yes, please explain why these costs should be included.

d) Have any costs associated with the 69 vacant positions in 2013 been included in O&M and/or Capital components included in the 2013 revenue requirement? If yes, please explain why.

e) Please provide the total number of FTE's for each of 2007, 2008 and 2009 that are comparable to the 2,211 shown for 2010.

10. Are the amounts proposed for capital and property taxes appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 4 & Exhibit D5, Tab 1, Schedule 1, Updated & Exhibit D6, Tab 1, Schedule 1

a) Please provide a table that shows the actual corporate property taxes paid in 2007 through 2011, along with the forecasts for 2012 and 2013. Please also show the property taxes allocated in each year to the unregulated business and the net property tax amount allocated to the regulated portion of Union Gas. Please do not include any capital taxes in the 2007 through 2010 figures.

b) How much of the reduction in property and capital taxes between 2010 and 2011 shown in Exhibit D5, Tab 1, Schedule 1, Updated was due to the elimination of the capital tax?

c) If the response to part (b) above is less than $4.431 million, please explain the reduction in property taxes between 2010 and 2011.

d) What is the reduction in property and capital taxes between the Board Approved figure and the actual 2010 figure shown in Exhibit D6, Tab 1, Schedule 1 that is due solely to the phase out of the capital tax?

e) What measure of inflation has Union used to adjust the property taxes? Please provide the actual inflation rate based on this measure for each of 2007 through 2011 and the forecasts used for 2012 and 2013.

11. Is the amount proposed for income taxes, including the methodology, appropriate?

Interrogatory # 1

Ref: Exhibit D3, Tab 5, Schedule 1, Updated

a) Please explain the Utility Permanent Differences figure of 4,693 and also explain why it has increased from the figures shown for 2012 and 2011 in the corresponding schedules in Tab 5 of Exhibits D4 and D5.

b) Please explain what is included in the Other figure of (32,921) and also explain why it has decreased in magnitude from the figures shown for 2012 and 2011.

c) Has Union included any tax credits associated with the Co-Operative Education Tax Credit ("CETC"), the provincial Apprenticeship Training Tax Credit ("ATTC")or the federal Apprenticeship Job Creation Tax Credit ("AJCTC") in the calculation of its income taxes? If not, why not? If yes, please provide the calculations of each of the tax credits, including the number of eligible employees and the credit per employee and indicate where in Schedule 1 this deduction is included.

d) Please provide the number of positions eligible for each of the CETC, ATTC and AJCTC credits in each of 2010 and 2011 and the forecast number of eligible positions for 2012 and 2013.

Interrogatory # 2

Ref: Exhibit D3, Tab 5, Schedule 1, Updated

Has Union calculated the maximum CCA deduction available in the 2013 test year?

Interrogatory # 3

Ref: Exhibit D3, Tab 5, Schedule 2

Please update the CCA calculation for 2013 based on the actual CCA calculations for 2011 and any changes made in the forecast of capital expenditures for 2012 and 2013 in the update.

Interrogatory # 4

Ref: Exhibit D3, Tab 5, Schedule 1, Updated

What is the impact on income taxes and on the revenue requirement of the March 27, 2012 Ontario budget that cancels further reductions in the provincial corporate income tax rate and leaves it at 11.50%?

12. Is the proposal to update the bad debt expense as part of the Quarterly Rate Adjustment Mechanism ("QRAM") process appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 2, page 9, Updated

a) Does Union's proposal with respect to updating bad debt as part of the QRAM process, similar to unaccounted for gas, Company used gas, and gas inventory for sale, result in less risk for Union with respect to deviations from forecast for bad debt?

b) Please explain why Union should be able to pass this added risk onto ratepayers.

Interrogatory # 2

Ref: Exhibit D1, Tab 2, page 9, Updated

a) Please provide the cost of gas component of the bad debt expense for each year 2007 through 2011.

b) Please provide the cost of gas component of the bad debt expense that was included in the Board-approved 2007 O&M costs.

c) Please provide the cost of gas forecast used in the 2007 Board-approved costs.

d) Based on the above responses, please show the amounts that would have been accounted for under Union's current proposal to update the bad debt expense as part of the QRAM process had it been in place from the beginning of 2007.

13. Is the proposal to continue to adjust the unaccounted for gas, company used gas and gas inventory for resale costs as part of the QRAM process appropriate?

Interrogatory # 1

Ref: Exhibit D3, Tab 3, Schedule 2, Updated & Exhibit D3, Tab 2, Updated

a) Please show where the test year costs associated with unaccounted for gas, company used gas and gas inventory for resale are shown in Exhibit D3, Tab 3, Schedule 2, Updated, Exhibit D3, Tab 2, Updated and/or whatever other schedule where these cost are reflected. Please identify the line item and indicate if the line item is only for the specified cost or whether other costs are included in a line item that contains one or more of the requested costs.

b) Please provide the 2007 through 2011 actual costs and the forecasts for 2012 and 2013 for each of the unaccounted for gas, company used gas and gas inventory for resale.

c) Are the adjustments for each of these three costs that are done as part of the QRAM process based on variances from the volume forecast only, variance from the cost of gas forecast only, or based on the variances from both the volume and cost of gas forecasts? Please provide an example for company used gas of an adjustment that has been made in a recent QRAM filing.

Interrogatory # 2

Ref: Exhibit D3, Tab 2, Schedule 1, page 2, Updated & Exhibit D3, Tab 3, Schedule 2, page 1, Updated

What is the relationship, if any, between the Company Used Gas shown on page 1 of Exhibit D3, Tab 3, Schedule 2, Updated at line 9 for 2013 of 2,501 and the Company Use Adj. shown on line 7 of page 2 of Exhibit D3, Tab 2, Schedule 1, Updated of (1,960).

14. Is the gas supply plan for 2013 appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 1, pages 7-8

a) Please update the gas supply plan to reflect transportation tolls and gas prices utilized in the development of the plan to those used to set the April 1, 2012 Quarterly Rate Adjustment Mechanism commodity price.

b) What is the impact on the gas supply plan if the direct purchase demand is updated to reflect the number of direct purchase customers as of January 1, 2012?

Interrogatory # 2

Ref: Exhibit D1, Tab 1, page 1

The evidence indicates that the Trunkline/Panhandle contract has a term that expires October 31, 2012. What does Union plan to do to replace/extend this contract? Does the Niagara - Kirkwall contract noted on page 16 replace the Trunkline/Panhandle contract?

Interrogatory # 3

Ref: Exhibit D1, Tab 1, pages 15-16

Is Union able to move gas from the Sault Ste. Marie Delivery Area into other parts of the Union North supply area? Please explain.

Interrogatory # 4

Ref: Exhibit D3, Tab 2, Schedule 5

Does Union propose to update the upstream transportation costs if new tolls are known before the conclusion of this rates proceeding?

16. Is the proposed system integrity space value and its allocation for 2013 appropriate?

Interrogatory # 1

Ref: Exhibit D1, Tab 1, page 3

a) Has the amount of storage integrity space changed during the 2007 through 2012 period? If yes, please provide the amount of storage integrity space in each of 2007 through 2012 that is comparable to the 9.5 PJ.

b) The evidence indicates that one of the key assumptions used is that there is no migration between system sales service and bundled direct purchase customers. Please provide the number of customer and the associated volumes associated with system sales service and bundled direct purchase for each of 2007 through 2011 and the forecasts for 2012 and 2013.

E. Cost of Capital

1. Is the forecast of the cost of debt for the Test Year, including the mix of short and long term debt and preference shares, and the rates and calculation methodologies for each, appropriate?

Interrogatory # 1

Ref: Exhibit E3, Tab 1, Schedule 2

a) Can Union redeem any of the long term debt issues shown in Schedule 2 before their maturity date? If yes, please identify which issues can be redeemed prior to their maturity date.

b) If the response to part (a) is yes, what is the cost of any penalties or other costs associated with each of the issues that can be redeemed?

c) If the response to part (a) is yes, what is the current estimated cost associated with replacing any issues that could be redeemed prior to their maturity date?

d) If the response to part (a) is yes, has Union done any analysis on the impact on its total debt costs or refinancing some of the debt issues before their maturity date? If yes, please provide a copy of the analysis and any recommendations.

e) Please explain how the reduction from 6.51% for the total company debt to 6.50% for the regulated company debt was determined.

Interrogatory # 2

Ref: Exhibit E1, Tab 1, pages 8-9, Updated & Exhibit E3, Tab 1, Schedule 1

The evidence at pages 8-9 of Exhibit E1, Tab 1 indicates that Union proposes to issue $125 million of long term debt in the last quarter of 2012. Exhibit E3, Tab 1, Schedule 1 shows a negative amount of deemed short term debt of approximately $115 million. Please explain why Union needs to issue the $125 million of long term debt in 2012 when it results in the total of the long term debt, preference shares and equity in excess of rate base.

Interrogatory # 3

Ref: Exhibit E1, Tab 1, Updated

If the Board determines that there has been a significant change in the company's business and/or financial risk, does Union agree that in addition to the change in the equity component of the capital structure, the long term debt, short term debt and preference share components of the capital structure should also be reviewed and moved more in line with the electricity distributors? If not, please explain why not.

Interrogatory # 4

Ref: Exhibit E3, Tab 1, Schedules 2 & 3

a) What is the timing and frequency of payment of the interest (carrying costs) on each of the debt instruments shown in Schedule 2?

b) What is the timing and frequency of the payment of the preference share dividends shown on Schedule 3?

2. Is the proposed change in capital structure increasing Union's deemed common equity component from 36% to 40% appropriate?

Interrogatory # 1

Ref: Exhibit E1, Tab 1, Updated

a) What is the forecasted amount of common share dividends to be paid in 2013 based on a 40% equity component as proposed by Union? What would be the forecasted amount to be paid in 2013 if the common equity component of the capital structure remained at 36%?

b) What is the frequency and timing of the payment of common share dividends? Will this change based on the proposed increase in the equity component?

Interrogatory # 2

Ref: Exhibit E1, Tab 1, pages 5-6, Updated

a) With respect to the weather risk, does the adoption of the proposed 20 year declining trend methodology reduce Union's weather risk relative to the current Board approved methodology? If no, please explain why not.

b) Please provide a table that shows the distribution revenue for each rate class broken into fixed revenues (based on monthly charges and demand charges) and variable revenues (based on delivery charges) based on the Board Approved 2007 rates and volumes and the proposed 2013 rates and volumes.

c) With respect to the consumption risk, please provide a historical analysis of the actual large commercial and industrial customers natural gas distribution revenues relative to the 2 year ahead forecast (i.e. comparable to the test year forecast) for the last three years.

d) With respect to the cost escalation risk, is Union proposing any protection through deferral or variance accounts related to bad debt, vehicle fuel costs, company-used gas, unaccounted for gas or any other cost?

e) Please provide a summary of the significant changes in the company's business and/or financial risk that have occurred since the Board approved Union's last cost of capital parameters.

Interrogatory # 3

Ref: Exhibit E1, Tab 1, page 4, Updated

a) Has Union had any problems raising capital in the markets under reasonable terms and conditions in the last five years? If yes, please provide details.

b) Is Union planning to raise any capital to finance investment growth in the 2013 test year?

Interrogatory # 4

Ref: Exhibit E3, Tab 1, Schedule 2

Has Union done any analysis, or aware of any analysis by other parties, of the impact on Union's financial and/or business risk on its cost of debt or return on equity of its unregulated business relative to its regulated business? If yes, please provide details.

Interrogatory # 5

Ref: Exhibit E1, Tab 1, Updated

In the EB-2009-0084 Report of the Board on the Cost of Capital for Ontario's Regulated Utilities, the Board indicated that its current policy with regard to capital structure for all regulated utilities continues to be appropriate and that the capital structure should be reviewed only when there is a significant change in financial, business or corporate fundamentals. Please provide an exhaustive list of the significant changes in financial, business or corporate fundamentals that is driving the proposed change in the equity component of rate base.

3. Is the proposal to use the Board's formula to calculate return on equity appropriate?

Interrogatory # 1

Ref: Exhibit A2, Tab 1, Schedule 1, Table 3, Updated

Please provide a version of Table 3 that reflects a normalized actual ROE that is based on normalized volumes for 2008 through 2011.

F. Revenue Requirement

1. Are the revenue requirement and revenue deficiency or sufficiency for the Test Year calculated correctly?

Interrogatory # 1

Ref: Exhibit F6, Tab 3, Schedule 1, Updated & Exhibit F3, F4 & F5, Tabs 1 & 2, Updated

Has Union updated Exhibit F6, Tab 3, Schedule 1, Exhibits F3, F4 and F5, Tab 1, Schedules 1 & 2 and Exhibits F3, F4 and F5, Tab 2, Schedule 1 to reflect the Board's EB-2011-0038 Decision and Order on Draft Rate Order dated February 29, 2012 in which the Board found that utility portion of the short-term storage margin is 100%, replacing the 79% used by Union for 2010 sharing purposes. If Union has not updated these schedules for 2010, 2011, 2012 and 2013 please provide revised schedules that reflect the Decision applied to each of these years.

G. Cost Allocation

1. Is Union's utility Cost Allocation Study, including the methodologies and judgments used and the proposed application of that study with respect to Test Year rates, appropriate?

Interrogatory # 1

Ref: Exhibit G1, Tab 1

Did Union investigate any other changes to the allocation of costs other than those discussed in Exhibit G1, Tab 1? If yes, please provide a summary for each of the other changes that were investigated including a description of the cost, the potential changes to the allocation reviewed, the impact by rate class of the potential change in the allocation (similar to Appendix B) and the reasons no changes to the allocation methodology were ultimately proposed.

Interrogatory # 2

Ref: Exhibit G3, Tab 1, Schedule 1, Updated, Appendices A, B, C

a) Please identify any new functionalization factors (Appendix A), classification factors (Appendix B), and/or classification factors (Appendix C) used in the current cost allocation model relative to those used in the Board approved 2007 cost allocation study.

b) For each factor identified in (a) above, please describe the costs that the factor is being used for and any alternatives that were investigated. Please explain why the factor used in the current model was chosen relative to the alternatives investigated.

Interrogatory # 3

Ref: Exhibit G3, Tab 3, Schedule 1, Updated

a) What is included in accounts 401 and 402 (Intangible Plant)? In particular, please provide a breakdown of the other intangible assets in account 402.

b) Are there any franchise and consent costs included in accounts 401 and 402 that are related to transmission and or storage rights?

c) Please explain why the Intangible Plant is all functionalized to Distribution.

d) Please confirm that account 700 (Sales Promotion Supervision) only includes costs associated with in-franchise marketing/sales. Where are the costs associated with sales and marketing to ex-franchise customers included?

Interrogatory # 4

Ref: Exhibit G3, Tab 1, Schedule 3

For each of the line items shown with a Cost Type of Allocator, please provide a brief description of the change/correction and confirm that the changed/corrected allocators are consistent with those approved by the Board in Union's last cost of service proceeding. If this cannot be confirmed, please explain the difference in the allocation methodology being requested in this proceeding.

3. Are the Cost Allocation Study methodology changes to the allocation of Tecumseh metering and regulating costs appropriate?

Interrogatory # 1

Ref: Exhibit G1, Tab 1, page 7

What are the Tecumseh metering assets used for and please explain why they are no longer allocated only to the M12 rate class?

4. Is the Cost Allocation Study methodology to allocate the cost of system integrity appropriate?

Interrogatory # 1

Ref: Exhibit G1, Tab 1, pages 3-6

a) Please provide a table that shows the allocation of the total system integrity costs for hysteresis by rate class, broken down between the 1.2 PJ for the filled space and the 0.7 PJ for the empty space requirements.

b) Please show which figures in Table 1 comprise the 100 PJ of storage space reserved for in-franchise demands per the Board's NGEIR Decision.

5. Are the Cost Allocation Study methodology changes to allocate the cost of North distribution customer station plant appropriate?

Interrogatory # 1

Ref: Exhibit G1, Tab 1, pages 12-13 & Appendix B

Please explain why the proposed change to the Union North Distribution Customer Stations Plant results in increased costs allocated to Rate M1 and M2. In particular, if no Rate 01 customers are being allocated any of these costs, why are Rate M1 customers being allocated greater costs. Similarly if only a small percentage of Rate 10 customers incur this costs, please explain the increase in costs allocated to M2 customers.

9. Is the Cost Allocation Study methodology to allocate the cost of the Dawn to Dawn-TCPL, Dawn to Dawn-Vector and M12 F24-T services appropriate?

Interrogatory # 1

Ref: Exhibit G1, Tab 1, pages 8-11

Please confirm that no costs incurred for the new ex-franchise transportation services have been allocated to any in-franchise rate class in Union's South or North delivery areas. If this cannot be confirmed, please provide details to the costs allocated to these in-franchise rate classes.

10. Should the cost allocation methodology be modified to separate Parkway Station metering and compression costs and Kirkwall station metering costs from Dawn Trafalgar Easterly costs?

Interrogatory # 1

Ref: Exhibit G3, Tab 1, Schedule 1, pages 14-15, Updated

a) Please separate out from the total Dawn Trafalgar Easterly costs any costs associated with the Parkway Station metering and compression and Kirkwall Station metering in the 2013 revenue requirement.

b) Does Union believe that costs for the Parkway Station metering and compression and Kirkwall Station metering should be allocated on the same basis as other Dawn Trafalgar Easterly costs? Please explain.

c) What is the impact on in-franchise customers (South and/or North) of a compression failure at Parkway?

d) What is the impact on ex-franchise customers of a compression failure at Parkway?

11. Is the allocation of all Dawn Trafalgar Easterly costs, including metering and compression costs, based on commodity-kilometres appropriate?

Interrogatory # 1

Ref: Exhibit G3, Tab 1, Schedule 1, pages 14-15, Updated

a) Please provide the commodity-kilometres used to determine the allocation of the Dawn-Trafalgar Easterly transmission demand costs between in-franchise and ex-franchise customers. Please show the demands and distances in the same format used in Exhibit J27.11 of EB-2005-0520.

b) What is the total commodity-kilometres of the Dawn-Trafalgar system assuming it was fully contracted to the design day demand. Please show all calculations.

H. Rate Design

1. Are the rates proposed in Exhibit H just and reasonable?

Interrogatory # 1

Ref: Exhibit H3, Tab 1, Schedule 1, Updated

a) Please explain why there is a revenue sufficiency of $2.227 million shown in line 19 on page 2.

b) Please confirm that the M1 and M2 and 01 and 10 rate classes used in this table are still based on a breakpoint of 50,000 m^3.

c) Please show the rate change (column (i)) if the revenue to cost ratios were all maintained at the EB-2005-0520 approved levels.

Interrogatory # 2

Ref: Exhibit H3, Tab 1, Schedule 1, Updated

Please provide a version of the schedule where the proposed revenue to cost ratios for each rate class are constrained by the EB-2005-0520 Approved Revenue to Cost Ratios as follows. For approved ratios less than 1.00 the proposed ratio cannot be lower than the approved ratio and cannot be higher than 1.00 and for approved ratios greater than 1.00 the proposed ratio cannot be higher than the approved ratio nor can it be less than 1.00. In another words, the proposed ratios cannot be further from 1.00 than the approved ratios and they cannot cross over the value of 1.00.

Interrogatory # 3

Ref: Exhibit H3, Tab 1, Schedules 1 & 2 & 3, Updated

Please update Schedules 1 & 2 & 3 to reflect the most recent Board approved rates for 2012.

Interrogatory # 4

Ref: Exhibit H3, Tab 2, Schedule 1, Updated

Please update Schedule 1 to reflect current 2012 rates.

Interrogatory # 5

Ref: Exhibit H3, Tab 4, Schedule 1, Updated

Please update Schedule 1 to reflect approved 2012 rates.

Interrogatory # 6

Ref: Exhibit H3, Tab 10, Schedule 1, Updated & Exhibit C1, Tab 3, Updated

Please reconcile the total revenue figures shown on each line of Exhibit H3, Tab 10, Schedule 1, Updated with the various tables and forecasts provided in Exhibit C1, Tab 3, Updated.

3. Is the proposal to lower the breakpoint between small and large volume general service customers to 5,000 M3 per year effective January 1, 2014 appropriate?

Interrogatory # 1

Ref: Exhibit H1, Tab 1, pages 16-17, Updated

a) Please explain why Union is proposing to implement the annual volume breakpoint in the general service rate classes effective January 1, 2014 rather than January 1, 2013.

b) Has Union considered moving to rate classes based on end-use (similar to electricity distributors) rather than rate classes based on volumes? If not, why not? If yes, why has Union decided not to proceed in that direction?

c) How will the allocation of DSM costs to the existing rate classes be impacted in 2014 under the proposed rate classes?

d) If 2014 rates are set based on some sort of IRM adjustment, how will Union reflect any change in the allocation of DSM related costs to the old classes versus the new classes?

Interrogatory # 2

Ref: Exhibit H1, Tab 1, page 16, Updated

a) What is the accuracy level of the customer breakdown between residential, commercial and industrial customers shown in Table 5?

b) Does Table 5 imply that 214 residential customers use an average of 44,835 m^3 per year, that 41 residential customers use an average of 112,764 m^3 per year and 19 residential customers use an average of 170,728 m^3 per year?

c) Please explain why there are a large number of meters shown under Rate M2 in Table 5 that have an average use per customer of well under 50,000 m^3. Why are these customers still in Rate M2 rather than in Rate M1?

d) Please explain the block of figures under the Rate M2 columns (annual volume, number of meters and average use per customer) in the first section of Table 5 (2,500 m^3) in lines 1 through 4. For example, please explain how the customers noted in the Rate M2 section, which all have average uses greater than 2,500 m^3 are included in the 2,500 m^3 block.

e) Please provide the breakpoint analysis in the same level of detail as shown in Tables 5 and 6 for annual volume breakpoints of 7,500 m^3 and 10,000 m^3.

Interrogatory # 3

Ref: Exhibit H1, Tab 1, pages 24-25, Updated

The evidences states that Union proposes to decrease the monthly customer charge to $35 from the current charge of $70. Please confirm that this decrease is for 2014, not 2013.

Interrogatory # 4

Ref: Exhibit H1, Tab 1, pages 15-27

a) Has Union considered or analyzed the creation of the a third rate class in addition to rates M1 and M2 and rates 01 and 10? If not, why not? If yes, please provide the analysis done on the additional breakdown points.

b) Please provide an analysis that could create 3 general service rate classes in each of Union North and Union South with the following breakpoints: M1 and 01 with an annual volume breakpoint of 5,000 m^3; M1A and 01A with an annual breakpoint of 50,000 m^3 and M2 and 10 for annual volumes in excess of 50,000 m^3 (i.e. no change from the current threshold). Please provide revised evidence that reflects the additional rate class in each of the North and South in terms of Rate Class Homogeneity, Rate Class Size, Proposed Rate Block Structures (if the Board were to approve three classes) and the Proposed General Service Pricing and Bill Impacts (Tables 9 - 12) for the three classes in the North and the three classes in the South.

4. Is the proposal to harmonize the general service rate structures between the North and South operating areas effective January 1, 2014 appropriate?

Interrogatory # 1

Ref: Exhibit H1, Tab 1, pages 16-17, Updated

Please explain why Union is proposing to implement the rate block structure harmonization in the general service rate classes effective January 1, 2014 rather than January 1, 2013.

Interrogatory # 2

Ref: Exhibit H1, Tab 1, Tables 9 & 10

For each rate class shown (M1, M2, 01 ,10), please provide the percentage of the fixed costs recovered through the monthly charge in 2013. Please provide a comparison to the percentage of the fixed costs recovered through the monthly charge based on the Board approved rates for 2007.

5. Is the proposal to lower the eligibility for the M4 and M5A rate classes to a daily contracted demand of 2,400 M3 and a minimum annual volume of 350,000 M3 effective January 1, 2014 appropriate?

Interrogatory # 1

Ref: Exhibit H1, Tab 1, page 29, Updated

a) Please provide a breakdown of the 121 M4 customers forecast for 2013 by industry grouping.

b) Please provide a breakdown by industry grouping of the 595 customers currently taking service under Rate M2 that would qualify for the M4 rate.

c) Please provide a bill impact table, similar to Table 12 that shows the annual cost for the following customer profiles under Rate M2 in 2013 and under Rate M4 in 2014:

i) FCD = 2,400 m^3 & annual volume of 350,000 m^3;
ii) FCD = 2,400 m^3 & annual volume of 500,000 m^3;
iii) FCD = 3,600 m^3 & annual volume of 525,600 m^3;
iv) FCD = 3,600 m^3 & annual volume of 650,000 m^3.

6. Is the introduction of an M4 interruptible service offering effective January 1, 2014 appropriate?

Interrogatory # 1

Ref: Exhibit H1, Tab 1, page 31, Updated

a) What is the difference between Rate M4 and Rate M5A based on Union's proposal to include an interruptible component to Rate M4?

b) Is there still a need for separate Rates M4 and M5A? If yes, please explain.

10. Is the proposal to modify the M1 and M2 rate schedules appropriate?

Interrogatory # 1

Ref: Exhibit H1, Tab 1, page 55, Updated

a) When was the current additional service charge of $15 approved by the Board?

b) What was the monthly charge for the M2 rate class when the current additional service charge of $15 was approved by the Board?

c) What was the basis of the charge of $15? Was it cost based?

d) Please explain why Union proposes to increase the additional service charge to $70 in 2013 and then reduced it to $35 in 2014 for the M2 class? Why not remove the volatility and increase it to $35 in 2013?

e) Please provide the number of accounts that are billed the $15 additional service charge for the last year of actual data available for each of the M1 and M2 rate classes.

f) What is the impact on the revenue forecast for each of the M1 and M2 rate classes based on Union's proposals for 2013? How has this additional revenue been included in the forecast?

g) If two or more M1 accounts qualify to combine their meter readings for billing purposes and the annual volume exceeds 5,000 m^3 in 2014, will they qualify to become an M2 customer? If not, please explain why not?

h) If the response to (g) is no, please confirm that the customer can combine his accounts by having Union provide one meter and providing their own behind the meter piping to serve multiple contiguous pieces of property of the same owner not divided by a public right-of-way. If this cannot be confirmed, please explain why.

i) If two or more M2 accounts qualify to combine their meter readings for billing purposes and the annual volume exceeds 350,000 m^3 in 2014 (and meet the firm CD requirements), will they qualify to become an M4 customer? If not, please explain why not?

j) If the response to (i) is no, please confirm that the customer can combine their accounts by having Union provide one meter and providing their own behind the meter piping to serve multiple contiguous pieces of property of the same owner not divided by a public right-of-way. If this cannot be confirmed, please explain why.

k) Can a customer with multiple M1 and M2 accounts located on contiguous pieces of property of the same owner that are not divided by a public right-of-way combine their accounts for billing purposes into an M2 account? If no, please explain why not.

l) Can a customer with multiple M1, M2 and/or M4 accounts located on contiguous pieces of property of the same owner that are not divided by a public right-of-way combine their accounts into an M4 account assuming the total volumes and firm CD qualify as an M4 customer? If no, please explain why not.

m) In either of the situations described in (k) and (l) above, please confirm that the customer can combine their accounts by having Union provide one meter and providing their own behind the meter piping to serve multiple contiguous pieces of property of the same owner not divided by a public right-of-way. If this cannot be confirmed, please explain why.

n) Does Union actively notify customers that may qualify to combine accounts and take advantage of the supplemental service to commercial and industrial customers under grouped meters? If not, why not?

o) Please confirm that the supplemental service to customers under grouped meters is not available to residential customers in either Rates M1 or M2. If confirmed, please provide Union's description of residential customers as compared to commercial customers.

p) What is the impact on existing customers that are taking advantage of the supplemental service to commercial and industrial customers under grouped meters of the change in the breakpoint between M1 and M2 from 50,000 m^3 to 5,000 m^3? In particular, will any customers that currently take advantage of this service be worse off as a result of the proposed change?

q) Does Union offer a similar supplemental service under Rates 01 and 10? If not, why not?

11. Is the proposal to modify the M12, M13, M16 and C1 rate schedules including Schedule A, Schedule A-2013 and Schedule C appropriate?

Interrogatory # 1

Ref: Exhibit H1, Tab 1, pages 7-8, Updated

a) Does Union have any plans to transport gas from the Heritage Pool to Dawn on a firm basis?

b) If Union were to transport gas from the Heritage Pool to Dawn on a firm basis, what would be the revenue impact from the firm demand charge? Please assume a firm demand level using the same volumetric parameters shown in Exhibit H3, Tab 8, Schedule 14, Updated.

12. Are the proposed changes to the Distributor Consolidated Billing fee to $0.57 per month per customer appropriate?

Interrogatory # 1

Ref: Exhibit H1, Tab 3, page 3, Updated

a) Does Union's proposal that billing system costs be removed from the calculation of the DCB fee mean that a gas vendor that uses Union to bill their customers for the gas supply will get free invoicing and mailing of invoices to their customers? If not, please explain what the gas vendors will be paying to bill their customers for their service.

b) How will the additional costs that remain with the utility be allocated between system gas customers and direct purchase customers under Union's proposal to remove the billing system costs from the calculation of the DCB fee?

c) Please explain how Union's proposal will be cost neutral to system supply customers and direct purchase customers.

d) Please provide the monthly fee for each billed account charged to Union by the third party service provider. Is this fee expected to increase for 2013? If so, please provide details. Please also indicate what costs are included in this monthly fee (invoice printing, envelopes, postage, etc.). Please provide an estimate of the cost to Union for each billed account that is not covered by services provided by the third party provider and included in the monthly fee. Please identify these services.

e) Is Union's proposal to eliminate the billing system costs from the calculation of the DCB fee based on an incremental cost basis or on a fully allocated cost basis? If the former, please explain why this is appropriate.

Interrogatory # 2

Ref: Exhibit H1, Tab 3, Table 1, Updated

a) Please update Table 1 (revenues and proposed costs) to reflect the actual number of direct purchase customers as of January 1, 2012.

b) Please provide the details (volumes, prices, etc.) associated with the bad debt costs shown in Table 1 based on the revised response requested in (a) above.

c) How would the revenue surplus have been reflected in rates if the DCB were not changed? In other words, please show the allocation by rate class of the elimination of the forecasted revenue surplus of $2.9 million.

13. Are the proposed changes to the Gas Supply Administration Fee appropriate?

Interrogatory # 1

Ref: Exhibit H1, Tab 3, Updated

a) Please provide a summary of the changes proposed to the gas supply administration fee.

b) What is the dollar impact by rate class of the changes proposed for the gas supply administration fee?

14. Are rate mitigation measures required to address the rate impacts on some customers as a result of the proposed January 1, 2014 rate design proposals?

Interrogatory # 1

Ref: Exhibit H1, Tab 1, Table 12, Updated

a) Please expand Table 12 to reflect a volume of 5,001 m^3 under the proposed M2 rate for 2014 using the same monthly profile as that used in line 5.

b) Please expand Table 12 to reflect volumes of 60,000 and 70,000 m^3.

c) What is the cross over point in volumes in terms of when Union's proposal goes from an rate increase to a rate decrease for annual volumes in excess of 50,000 m^3?

DV. Deferral and Variance Accounts

1. Are Union's proposed and existing deferral and variance accounts appropriate?

Interrogatory # 1

Ref: Exhibit H1, Tab 4, Appendix B, Updated & Exhibit A1, Tab 6, Updated

a) Please explain why Deferral Account Nos. 179-126 and 179-127 appear in Tab 6 of Exhibit A1, Updated but do not appear in the deferral account summary shown in Appendix B to Exhibit H1, Tab 4, Updated. Have these accounts been closed? If yes, please provide a reference to the Board decisions. If no, what is Union's plan for these accounts?

b) Please explain why Deferral Account No. 179-72 appears in H1, Tab 4, Appendix B, Updated, but not in Exhibit A, Tab 6, Updated.

2. Should deferral accounts for transmission-related transactional services that were eliminated in the EB-2007-0606 incentive ratemaking proceeding be re-established?

Interrogatory # 1

Ref: Exhibit C1, Tab 3, Updated & Exhibits C3, C4, C5 & C6, Tab 4, Schedule 1, as Updated

a) Please provide a table that shows the revenue, costs and margins in the same format as the table shown as Attachment 1 to Exhibit C3/C16/C33.2 in EB-2007-0606 for each of the deferral accounts for transmission-related transactional services that were eliminated in EB-2007-0606 for the period 2010 through 2013, including actual data for 2011.

b) Please provide a reconciliation of the revenues used in the response to part (a) above with the revenues shown in Schedule 1 of Tab 4 in Exhibits C3 through C6, along with those discussed in Exhibit C1, Tab 3, Updated.

4. Is the proposal to modify the wording of the Short-term Storage and Other Balancing Services (No. 179-70), Average Use Per Customer (No. 179-118), and the Inventory Revaluation Account (No. 179-109) deferral accounts appropriate?

Interrogatory # 1

Ref: Exhibit H1, Tab 4, page 3, Updated

a) Please explain why Union Gas wants to maintain the average use per customer deferral account for a cost of service rebasing year.

b) If the Board approves the continuation of the average use per customer deferral account for the general service customer classes, does this eliminate the forecast risk associated with the margin impact of the average use for these general service customer classes? If not, please explain.

Interrogatory # 2

Ref: Exhibit H1, Tab 4, page 3, Updated

Union is proposing to continue the average use per customer deferral account for the general service classes.

a) Please explain why Union is not proposing an average use deferral account for contract rate classes.

b) Does the average use per customer deferral account applied to the general service rate classes have impact on the weather risk? If the answer is yes, please explain.

c) Does the use of an average use per customer deferral account for some rate classes and not for others reduce the business (forecast) risk for some rate classes relative to other rate classes? If the response is no, please explain and confirm that removal of the average use per customer deferral account for the general service rate classes does not increase the business (forecast) risk for those rate classes relative to the other rate classes that do not have a similar deferral account.

Interrogatory # 3

Ref: Exhibit H1, Tab 4, pages 2-3, Updated

Union is proposing to change the working in Account No. 179-70 for Short-term Storage and Other Balancing Services to reflect an updated list of revenues included in the account.

a) Are there any sources of revenue that Union is aware of that may materialize in the future that would be based on the use of utility storage space in excess of in-franchise requirements up to the 100 PJ of space that is not included in the proposed list of revenues? If yes, please provide details and explain why Union has not included these revenues in the proposed list.

b) Does Union agree that any source of revenue that is received based on the use of the regulated utility storage space that is not included in the proposed list should be included in the deferral account? If not, please explain why not.

O. Other Issues

2. Are Union's economic and business planning assumptions for the Test Year appropriate?

Interrogatory # 1

Ref: Exhibit A2, Tab 1, Schedule 2, Updated

a) Please show the sensitivity of the deficiency/sufficiency of an increase in the NAC of 1% for the rates M2 and 10.

b) Please add the sensitivity of the deficiency/sufficiency of a change of 1% for salary and wage increases in 2013. Please also show the impact on the deficiency/sufficiency of a cumulate change of 1% in salary and wage increases in 2012 and 2013 on the 2013 deficiency/sufficiency.

Interrogatory # 2

Ref: Exhibit A2, Tab 3, Schedule 1, page 2 & Appendix A

The evidence at page 2 indicates that the budget assumptions were updated in August 2011 and are reflected in the updated Economic Assumptions which can be found in Appendix A. However, the note in Appendix A indicates that many of the economic and key assumptions are based on the January, 2011 Consensus Economics.

a) Please reconcile the above statements.

b) Please provide a table in the same level of detail as found in Appendix A for 2012 and 2013 that shows the forecasts based on January, 2011 data, August, 2011 data and the most recent data currently available.

c) Please confirm that the budgets were based on the August 2011 assumptions and not the January 2011 assumptions. If this cannot be confirmed, please provide the precise assumptions which are reflected in the application.

d) How does Union determine the housing start forecast for its franchise area?

e) Please provide the forecast of housing starts for Ontario for 2012 and 2013.

f) Please provide actual housing start statistics for Canada, Ontario and the Union Franchise area for each of 2007 through 2011.

g) The Board's current CWIP rate is 3.51%. Please provide the impact on the capital additions closed to rate base in 2012 and 2013 if this rate is used instead of the 4.29% used by Union.

Interrogatory # 3

Ref: Exhibit A2, Tab 3, Schedule 1, Appendix C

a) Please provide the source and date of the inflation indices shown on page 3.

b) Please provide the historical inflation indices for each of the categories shown on page 3 for 2007 through 2011.

Interrogatory # 4

Ref: Exhibit A3, Tab 1, Updated

Please update the tables on pages 1 through 5 to reflect actual 2011 data.

Interrogatory # 5

Ref: Exhibit B1, Tab 3, Updated

a) Please update Table 1 to reflect the most recent forecasts available from each of the forecasters shown.

b) Please provide the actual 2011 housing starts.

c) Please provide the data associated with the market share estimates from 2000 through 2011 noted on page 6.

d) Please provide the number of residential conversions for each of 2007 through 2011.

e) Does Union have any natural gas community expansion projects currently under review? If yes, please provide details on the communities, the potential number of customers and the expected timing of the projects.

f) Please provide the 2008 through 2010 data, along with 2011 actual data used to project the commercial and industrial customer forecast shown on pages 7-8.

5. Are the forecasts of Natural Gas Market Conditions in 2013 and beyond and the impacts on Union, including turn back and mitigation actions by Union, appropriate?

Interrogatory # 1

Ref: Exhibit A2, Tab 1, Schedule 1, Figure 1, Updated

Please update Figure 1 to include all of the data related to 2011 and the data related to months in 2012 that are now available.

Interrogatory # 2

Ref: Exhibit A2, Tab 1, Schedule 1, page 29, Updated

With respect to 2014 and beyond and the significant uncertainty that Union says it faces, does Union propose that the rates set for 2013 will be the base rates for the next IR mechanism or does Union anticipate filing another cost of service application to set 2014 rates that would be used as base rates for the next IR mechanism?