EB-2011-0210

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF an Application by Union Gas Limited, pursuant to section 36(1) of the *Act* 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 FOR UNION GAS LIMITED
from
INDUSTRIAL GAS USERS ASSOCIATION (IGUA)

B. Rate Base

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

1. **Reference: Ex. B1/T9.** The evidence provides details on Union's Parkway West construction project, scheduled for completion in 2014 and expected to cost $215 million in aggregate.

   a. Please detail the rate impact, by rate class, in each of 2012, 2013 and 2014, of the evidenced capital expenditures.

   b. Please file a copy of Union's March 13, 2012 *Union Gas Limited Parkway Extension Project and Dawn to Parkway Binding Transportation Open Season* document.

   c. Please explain the extent to which the facilities addressed in the referenced evidence will be used to deliver, or in support of, services described in the open season document filed in response to part b. of this interrogatory.

C. Operating Revenues

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

1. **Reference: Ex.C1/Summary Schedule 6.** One source of other revenue included on the table referenced is labelled “Mid market transactions”.

   a. Please explain what “mid market transactions” are.

   b. In the initial filing, “mid market transactions” revenues for 2011 were forecast at $1.9 million. In the March 27th update, 2011 revenues for this line item are reported at approximately $1.3 million. Please explain the drivers for the change.

D. Cost of Service

17. Is the proposed Parkway commitment for direct purchase customers appropriate?

18. Is the existing Parkway obligated delivery requirement for direct purchase customers appropriate?

1. **Reference: Ex. B1/T5/p.8, lines 19-20:** *“The operation of Union’s Dawn-Parkway system continues to rely on firm deliveries to Union at Parkway.”*

   a. Please explain fully how the operation of Union’s Dawn-Parkway system relies on firm deliveries to Union at Parkway.

   b. Please provide the volume of deliveries to Parkway that Union will require, by rate class, in each of 2012 and 2013.

   c. Please quantify, by volume, the extent to which Union relies on Parkway deliveries to service in-franchise customers, and the extent to which Union relies on Parkway deliveries to serve ex-franchise customers.

   d. What is the value to Union’s customers, in each of 2012 and 2013, of the cost savings associated with Parkway obligated firm deliveries? Please disaggregate this value as between in-franchise and ex-franchise customers.

   e. Please provide the volume of deliveries to Parkway that Union will require, by rate class, from or on behalf of customers located;

      (i) West of Parkway but east of Dawn.

(ii) West of Dawn.

f. What is the current cost of transporting gas from Dawn to Parkway?

g. What is the current cost differential for buying gas delivered at Parkway versus buying gas delivered at Dawn?

2. **Reference: Ex.H3/T3/S1:** Rate M4; Rate M5A; Rate M7.

a. Please confirm that Rate M4, M5A and M7 direct purchase customers must obligate to deliver gas to Union at points specified by Union.

b. On what basis does Union determine the points to which M4, M5A and M7 direct purchase customers will be obligated to deliver, and the quantities which these customers will be required to deliver to each such delivery point?

c. What is the process used to communicate to the customer their delivery point obligations? Is there any scope for input from the customer during that process?

d. What is the current annualized volume of gas obligated for delivery to Parkway for each of Union's M4, M5A and M7 customer classes?

e. How much of the volume provided in response to part d. is delivered by customers in each of Union's M4, M5A and M7 rate classes who are located;

(i) West of Parkway but East of Dawn?

(ii) West of Dawn?

3. **Reference: Ex.H3/T3/S2:** Rate T1.

a. Please confirm that Union will continue to require T1 direct purchase customers to deliver gas to Union at delivery points specified by Union.

b. On what basis will Union determine the points to which T1 direct purchase customers will be obligated to deliver, and the and the quantities which these customers will be required to deliver to each such delivery point?

c. What process will be used to communicate to the customer their delivery point obligations? Is there any scope for input from the customer during that process?

d. What is the current annualized volume of gas obligated for delivery to Parkway for Union's T1 customer class?

e. What annualized volume of gas is expected to be obligated for delivery to Parkway for Union's T1 customer class in 2013 if Union's proposal to establish at T2 rate class is accepted?

f. How much of the volume provided in response to part d. is delivered by T1 customers who are located;

(i) West of Parkway but East of Dawn?

(ii) West of Dawn?

4. **Reference: Ex.H3/T3/S2:** Rate T2. The proposed T2 rate schedule provides (item 3) that direct purchase customers *"with incremental daily firm demand requirements in excess of 1.2 million m3/day* <u>*may*</u> *be entitled to non-obligated deliveries"*. [emphasis added] The proposed rate schedule goes on to specify that, unless authorized by Union, direct purchase customers must obligate to deliver at points specified by Union.

a. Please explain what "non-obligated deliveries" are.

b. Please explain the basis on which T2 direct purchase customers would be entitled to non-obligated deliveries, and the rationale for that basis.

c. For T2 direct purchase customers other than those entitled to non-obligated deliveries, on what basis will Union determine the points to which such customers will be obligated to deliver, and the quantities which these customers will be required to deliver to each such delivery point?

d. What process will be used to communicate to the customer their delivery point options/obligations? Is there any scope for input from the customer during that process?

e. What annualized volume of gas is expected to be obligated for delivery to Parkway in 2013 for Union's proposed T2 direct purchase customer class?

(i) How much of the volume provided in response to part e. is expected to be delivered by customers in Union's proposed T2 rate class who are located;

(ii) West of Parkway but East of Dawn?

(iii) West of Dawn?

5. **Reference: Ex. B1/T9/p.6, pp. 3–4:** Union expects excess capacity on the Dawn-Parkway system for the winter of 2012/2013 and the winter 2013/2014.

   a. Please explain the extent to which the expected excess Dawn-Parkway capacity mitigates Union's need to rely on Parkway deliveries.

   b. Please explain how Union has/will adjust Parkway delivery commitments for its customers as result of the expected excess Dawn-Parkway capacity.

6. **Reference: Ex. G3/T1/S1/p. 14:** Union describes how it allocates Transmission – Dawn Station – Demand costs. In-franchise customers in the South receive a credit for firm deliveries at Parkway.

   a. Please describe the rationale for the credit referenced.

   b. Please detail how the credit is determined and allocated to customers.

7. **Reference: Ex. B1/T9/p.9, line 6 *et seq.***

   a. Please explain what the "Parkway call" is.

   b. What is the difference, in intent and effect, between the "Parkway call" and Parkway firm delivery obligations.

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