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

Reference: Exhibit B1, Tab 9

1. Parkway West Construction Proposal: Union states " Under current system design however, loss of the Parkway A Unit (24,000 HP) results in a loss of delivery capability to Parkway (TCPL) of 1.0 PJ/d. Loss of the Parkway B Unit (47,000 HP) results in a loss of delivery capability to Parkway (TCPL) of 1.8 PJ/d. An outage of either the Parkway A Unit or the Parkway B Unit could result in the loss of key markets east of Parkway in Ontario, eastern Canada and the U.S. Northeast, particularly during periods of peak demand.

    a. Has Union, in conjunction with TCPL, run coordinated simulations (e.g, through the Eastern Canadian Mutual Assistance Program (ECMAP) or other coordination) to determine the impact of the loss of either or both existing compressor units on meeting peak winter demands?

    b. If so, please file the high level results of the exercise?

    c. To Union's knowledge, does TCPL have excess capacity to eastern Canada and the US Northeast? If so, how much?

    d. Please provide the result of how much capacity through Parkway would be limited in a peak day scenario whereby Parkway Compressor A is unavailable and both Lobo and Bright's backup compressors are being run to keep the line pressure as high as possible in that scenario.

    e. What evidence is Union relying on to reach the conclusion of loss of key markets?

2. Union states "Union estimates that design day demand for exports through Parkway compression could exceed 3.0PJ/d by 2015/16" (page 2, lines 15 and 16) and "No capacity created by the LCU protection at Parkway will be sold as firm transmission capacity" (page 6 lines 13 and 14).

    a. Please confirm our understanding that the cumulative capacity at this time is 2.8PJ/day as the simple sum of the capacities of the two existing compressors. If not, please provide the exisiting capacity and explain its derivation.

    b. How does Union propose to feed the 3.0+ PJ/day forecasted demands of 2015/2016?

    c. Please provide the amount of interest submitted during Union's Open Season for the Parkway Extension Project which closes April 25, 2012.

    d. Please provide documentation of communication between Union and Enbridge concerning additional flows out of Parkway to support Enbridge's proposed GTA reinforcement project.

        i. Please ensure the documentation provides the amount of incremental gas sought by Enbridge and required minimum pressures.

        ii. Please comment on how Union would propose to meet those stated needs.

Issue B.5. Is the proposed working capital allowance appropriate?

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

1. Accounting for Line Pack Gas: Union states "Union does not expect any material impact to utility earnings as a result of changing the accounting for base LPG."

   a) What cost was used to move the gas to Property, Plant and Equipment?

   b) Please summarize all changes to accounting and associated ratemaking as a result of this change.

Issue B.6. Are the methods proposed by Union to allocate the cost and use of capital assets between regulated and non-regulated activities appropriate, and are the proposed allocations to the regulated business appropriate for the Test Year?

Reference: Exhibit C1, Tab 6

1. From the overrun figures provided in Appendix A, please provide the total penalty that Union Gas would charge a third party shipper for an Unauthorized Storage Overrun as depicted in October of 2011. Please include both the space and deliverability penalties recognizing that injections were still occurring on days when the non-utility inventory was greater than 100% of its allocation.

Issue B.8. Is the allocation of capital expenditures between utility and non-utility ("unregulated") operations appropriate?

Reference: Exhibit B3, Tab 2

1. Please provide Continuity of Property, Plant and Equipment and Continuity of Accumulated Depreciation tables for Total Plant and Unregulated Plant for 2011, 2012, & 2013.

Reference: Exhibit B1, Summary Schedule 2

2. For each hybrid utility/non-utility project (e.g. lines 1, 3, 4, 10, 11, 12, 13, 14, 15, 19, 20, 21) and General and Other project (e.g. lines 142-174) please describe, in detail, how the total project cost is allocated between utility and non-utility ("unregulated"), including any allocations of utility costs between storage and transmission.

Reference: Exhibit B1 Tab 6, page 19

3. Please a description of the function of the Great Lakes Controller's 36" By-pass.

a) Please provide a quantification of the increased design throughput efficiency expected.

b) Does the expected throughput efficiency increase the total delivery capability of the Dawn plant?

c) If so, why does the non-utility not attract any cost for this upgrade?

Reference: Exhibit B, Tab 2, Schedule 2

4. Union proposes to adjust transmission plant by negative $9,328,000 and increase underground storage plant an equal amount.

a) What portion of this is related to the reassignment of Oil Springs East costs?

b) Please explain the adjustment Union proposes to make to non-utility storage plant.

c) If Union does not propose to adjust non-utility storage plant, please explain why Union believes that no adjustment is required.

Reference: Exhibit G3, Tab 3, Schedule 1

EB-2005-0520 Exhibit G3, Tab 3, Schedule 1

5. Separation of Base Pressure Gas

a) Please provide total GJ's of Base Pressure Gas and the unit price of that gas as represented by the respective Base Pressure Gas amounts for each of the two cost studies.

b) How was the separation of cost of base pressure gas effected between utility and non-utility storage (i.e., please provide the amount and unit cost of Base Pressure Gas transferred to non-utility storage).

Issue C.3. Is the 2013 Contract Customer Demand forecast appropriate?

Reference: T1 Rate Schedule

1. Certain T1 shippers may elect the Billing Contract Demand option, in which case firm deliveries that exceed the Billing Contract Demand quantity are charged the authorized transportation overrun rate.

a) What amount of authorized overrun revenue did Union receive from T1 customers electing the Billing Contract Demand option in 2010 and 2011?

b) What amount of authorized overrun revenue from T1 customers electing the Billing Contract Demand option is forecast for 2013?

c) Please describe how this authorized overrun revenue is reflected in 2013 rates.

Issue C.4. Is the 2013 S&T forecast appropriate?

Reference: Exhibit C1, Tab 3, Schedule 5

1. Union does not forecast any long-term C1 transportation service revenue for the St. Clair to Dawn or Bluewater to Dawn transportation services. Please reconcile this forecast with the ICF market analysis, which states that there will be economic pressure to increase gas flows from Michigan to Ontario to offset declines on the TCPL Mainline (Exhibit A2, Tab 1, Schedule 4, Page 20).

Reference: Exhibit C1, Tab 3, Page 7, Table 2

2. Please show the annual or forecast M16 transportation revenue for the years 2010 through 2013 year broken out: (a) by customer, and (b) between firm service and interruptible service.

Reference: Exhibit C1. Tab 3, pages 3-8

3. Union has provided the various changes in contracted demand for services on the Dawn-Parkway corridor between 2010 and 2013. In summary, to understand the net effect of these changes on the capacity available, for winters 2012/13 and 2013/14, please provide the forecasted unutilized capacity in the following sections of the system for both a 44 degree day interruptibles off and a 35 degree day interruptibles on:

a) Dawn to Parkway

b) Dawn to Kirkwall

c) Kirkwall to Parkway

Reference: Exhibit A2, Tab 1, Schedule 1, Page 25, Line 12

4. Union states that it "is not projecting optimization revenue as a result of excess Dawn-Parkway capacity due to turnback."

a) Which services does Union include in the definition of "optimization revenue" for transportation assets?

b) Does Union agree that a reduction in the amount of Dawn-Trafalgar capacity sold as long-term firm transportation service will increase the capacity available for sale as short-term firm and interruptible transportation service?

c) Has Union assumed that any Dawn-Trafalgar transportation capacity that will be freed up by non-renewal will have no value as short-term firm or interruptible transportation service? Please explain.

Reference: Exhibit C1, Tab 3, Page 10

5. We require additional information about Union's forecast of short-term transportation service on the St. Clair/Bluewater system.

a) Please provide a table showing the St. Clair/Bluewater short-term transportation contract demands for 2010 and 2011 by month and by service (i.e. St. Clair to Dawn, Dawn to St. Clair, Bluewater to Dawn, Dawn to Bluewater).

b) Please provide a table showing the St. Clair/Bluewater short-term transportation revenue for 2010 and 2011 by month and by service (i.e. St. Clair to Dawn, Dawn to St. Clair, Bluewater to Dawn, Dawn to Bluewater).

c) Is the jump in 2011 revenue for St. Clair/Bluewater transportation service from the Outlook to the Actual amounts an indicator that the forecasts for 2012 and 2013 should be increased? Please explain.

Reference: Exhibit C1, Tab 3, Pages 11-13

6. We require additional information about Union's Exchange Revenue forecast.

a) Is Exchange Revenue derived entirely from the use of Union's contracted capacity on upstream transporters, or does it also involve the use of Union's own transmission assets?

b) For each year from 2010 through 2013, please provide the actual or forecast net revenue from upstream transportation capacity release or assignment, by pipeline.

c) For each year from 2010 through 2013, please provide the actual or forecast net revenue from third-party exchanges.

d) For each year from 2010 through 2013, please provide the portion of the total net revenue from third-party exchanges that resulted from the TCPL FT RAM program.

Reference: Exhibit A2, Tab 1, Schedule 1, Page 7, Line 7

7. Union states that "[w]ith the expected elimination of TCPL FT RAM credits in November, 2012, Union's ability to earn revenue from upstream capacity is severely limited."

a) Please provide Exchange Revenue forecasts for 2012 and 2013 with the assumption that the FT RAM program continues in its current form through the end of 2013.

Reference: Exhibit C1, Tab 3, Page 11

8. Union states "In order to mitigate this trend, TCPL introduced the Firm Transportation Risk Alleviation Mechanism ("FT RAM") program. This program gives firm shippers of long-haul capacity (or short-haul capacity linked to long-haul capacity) credits for any capacity left unutilized. These credits can then be spent, in the same month upon which they are earned, on any interruptible service on TCPL's system. The program was designed to encourage shippers to remain contracted on TCPL's system."

Since the purpose of FT-RAM is to mitigate the cost of holding long-haul transportation capacity, please provide:

a. Union's explanation of why the net revenues generated from RAM are streamed to Exchange Revenue as opposed to being recognized as a credit to the cost of long-haul TCPL service that is charged to customers.

b. The specific Board approval of a Union Gas request for this treatment of FT-RAM credits.

Reference: Exhibit C1, Tab 3, Pages 14-17

9. We require additional information about Union's short-term peak storage revenue forecast.

a) Please explain why Union has assumed that all of the 13.0 PJ of Excess Utility storage space will be sold as short-term peak storage in 2013.

b) Given that the in-franchise requirement for storage has decreased since the NGEIR Decision was issued in 2006, is there anything that prevents Union from selling a portion of the Excess Utility space as long-term firm storage service?

c) Is the value of the available Excess Utility storage space maximized by selling all of the capacity as short-term peak storage service, or would Union be able to obtain greater value for the available Excess Utility storage space on behalf of ratepayers by selling this capacity using a mix of short-term peak storage service and long-term firm storage service?

d) Union states that the average price for short-term peak storage contracts was $1.39/GJ in 2010 and $0.66/GJ in 2011, and that it expects the average price to be $0.55/GJ in 2012 and

$0.85/GJ in 2013. Please provide the corresponding actual and projected average prices for long-term firm storage contracts (i.e. 2 years or longer) for each of these years.

e) Please describe how Union optimizes utility storage assets that are required for in-franchise services on a design-year planning basis (i.e. are not included in Excess Utility storage space), but are available for sales as ex-franchise services on daily, monthly, or seasonal basis.

f) Please identify, by service, the storage and balancing service revenue that Union received in 2010 and 2011 using utility storage space that is not included in Excess Utility storage space.

Reference: Exhibit C1, Tab 3, Pages 14-17

10. We require additional information about Union's revenue forecast for off-peak storage, balancing and loans.

a) For Table 5 on Page 15, please break out the revenue for "Off-peak storage, Balancing and Loans" to show each of the individual services (i.e. Off-Peak Storage, Supplemental Balancing Services, Gas Loans, Enbridge LBA).

b) Please provide a table showing actual Short-term storage revenue by month for 2011, using the same format as Exhibit B3.5 in EB-2011-0038.

c) Please provide a table showing actual Short-term storage services quantities by month for 2011, using the same format as Exhibit B3.6 in EB-2011-0038.

d) Please describe the services that are included in Supplemental Balancing Services. Who are the customers for these services?

Issue C.6. Has Union levied proper charges and allocations to non-regulated businesses and affiliates, and provided proper credit for those charges and allocations in calculating revenue requirement to be recovered from regulated ratepayers?

Reference: Exhibit H1, Tab 1, Page 10

1. Please explain why Union has determined that the interruptible M16 rate is the applicable charge for Union's use of utility transmission assets to transport gas between Heritage storage and Dawn.

2. Please show what the credit amount would be using the M16 firm transportation rates and the maximum daily withdrawal and maximum daily injection capacities of the Heritage pool.

3. For each winter since the pool was in service, please provide the specific number of interruptions that were called on the following pools:

a) Heritage Pool

b) Sarnia Airport Pool

Reference: Exhibit A1, Tab 9, Page 1

4. We require additional information about the S&T services Union provides to its affiliate Sarnia Airport Pool, L.P.

a) At what location do Union's facilities interconnect with the Sarnia Airport Storage Pool transmission line?

b) Please describe the firm and/or interruptible transportation and compression services that Union provides for Sarnia Airport Storage Pool.

c) Please describe any other services that Union provides for Sarnia Airport Storage Pool.

d) What facilities does Union utilize to provide transportation and balancing services for Sarnia Airport Storage Pool?

e) What was the total quantity of gas that Union delivered to Sarnia Airport Storage Pool in 2011?

f) What was the total quantity of gas that Union received from Sarnia Airport Storage Pool in 2011?

g) What revenue did Union received from Sarnia Airport Storage Pool in 2011 for (a) transportation services under Rate Schedule M16, (b) transportation service under other rate schedules, (c) storage and balancing services, and (d) other services?

Reference: Exhibit C3, Tab 4, Schedule 3

EB-2011-0038, Exhibit B3.4

5. We require additional information about the company-owned storage and 3rd party storage services that comprise Union's integrated storage operation.

a) Please fill in the empty cells in the table below:

(TJ)	2010	2011	2012	2013
Base	163,700			
(Unavailable)	(700)			
LNG	600	600	600	600
3rd Party	14,600			
Total Storage Space	178,300			
Union Requirement	60,500	63,856	61,659	61,383
Contract Carriage	19,700	16,594	16,188	16,113
System Integrity	9,700	9,527	9,527	9,527
Excess Utility Storage	10,100	10,023	12,627	12,977
Total Utility Storage	100,000	100,000	100,000	100,000
Non-Utility Storage	78,300			

b) Please identify each of the storage operators from whom Union purchased 3rd party storage services in 2011.

c) For each 3rd party storage service, please identify the location(s) at which natural gas is delivered to, or received from, the 3rd party storage operator.

d) For any 3rd party storage services for which the receipt point or delivery point is not Dawn (e.g. MichCon, Washington 10), please describe the transportation arrangements used to transport gas between the 3rd party storage service and Dawn. Please state whether deliveries for withdrawal and injection are firm or interruptible, the maximum daily quantity of firm transportation used to transport gas to and from Dawn, the transportation contracts that are used, and whether Union has acquired separate transportation contracts for its non-utility storage operation.

Reference: Exhibit C1, Tab 6, Page 2, Line 18

6. If Union's non-utility storage operation encroached on utility storage space, and Excess Utility storage space was available, as Union states, please explain why Union's non-utility storage operation did not purchase a short-term storage or parking service from the utility storage operation.

Reference: Exhibit C1, Tab 7

7. We require additional information about Union's proposal to allocate short-term storage revenue between utility and non-utility operations.

a) Please explain why this proposed allocation is necessary if Union is able to track the short-term storage sold from non-utility storage space.

b) Is Union proposing to make the same allocation for long-term firm storage services?

c) Under the current regulatory construct, how can the Board be assured that revenues from short-term storage services sold from excess utility storage to shippers who have long-term storage and/or HUB contracts are collected in deferral account 179-70?

d) Under Union's proposed allocations, please provide Union's specific proposal on to deem how much space was used for each of Off-peak Storage, Gas Loans, Enbridge LBA, Supplementary Balancing Services and C1 Firm Short-Term Deliverability? Please provide a description and specific numeric examples for each.

Issue D.15. Is the allocation of O&M costs between utility and non-utility operations appropriate?

Reference: Exhibit D3, Tab 3, Schedule 2, Page 1, Line 29

1. Please break out the Non-Utility Operation and Maintenance allocation of $13,625,000 by Account Code, using the same format as Exhibit B3, Tab 3, Schedule 1.

Reference: Exhibit H1, Tab 1, Appendix B

2. Please break out the Unregulated Forecast amounts in column (b) by Account Code, using the same format as Exhibit B3, Tab 3, Schedule 1.

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

Reference: Exhibit G1, Tab 1, Page 4, Line 1

1. Union states that the "Excess Utility Storage category includes the system integrity space costs for short-term storage and non-utility storage operations."

a) Please explain why storage integrity space costs for non-utility storage space are allocated to the Excess Utility Storage.

b) Please break out the Revenue Requirement of $419,000 that has been allocated to Excess Utility Storage Space for System Integrity costs (Exhibit G3, Tab 2, Schedule 11, Page 2) to show (a) the System Integrity costs associated with the 13.0 PJ of Excess Utility Space that is included in the Excess Utility Storage Cross Charge and (b) the System Integrity costs associated with the 66.5 PJ of non-utility storage space (see Table 1, Line 2 in Exhibit G1, Tab 1, Page 6).

Reference: Exhibit G1, Tab 1, Page 4, lines 8 to 12

2. Union states "Union requires 6.0 PJ of filled space to meet winter operational requirements resulting from system upsets, imbalances and forecast variances. Of the 6.0 PJ filled space, Union requires 1.2 PJ for storage operating constraints (hysteresis). Union also requires 3.5 PJ of empty

space on November 1st to manage late season injection demands, of which 0.7 PJ of empty space is reserved to manage storage operating constraints (hysteresis)."

a) Is the 3.5 PJ left empty in the fall, subsequently filled in December to become part of the 6.0 PJ of storage needed full in the winter to handle operational requirements?

b) If not, why, not?

Issue G.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?

Reference: Exhibit G3, Tab 1, Schedule 1, Page 14

1. Union explains that under its cost allocation methodology Union South in-franchise rate classes receive a credit for firm deliveries at Parkway. Please explain how the commodity-kilometres for the T1 and T3 rate classes are adjusted for the purpose of allocating Dawn-Trafalgar Easterly demand costs for:

a) obligated DCQ deliveries, and

b) Union firm winter peaking service purchases at Parkway,

c) For each of the responses a) and b) above, please illustrate by showing exactly how the adjustment is calculated for the T3 rate class.

Reference: Exhbiit D3 Tab 2 Schedule 6

2. Allocation of Assets (Storage) - Southern Operations Area

a) For each of the respective rate classes, please provide the associated deliverability for the rate class expressed as a percentage of the total space allocated.

b) Line 11 provides the storage space per customer will equal 579 m3. Please provide the monthly volumes used by Union for an average residential customer in the forecast.

c) Please provide the total forecasted volumes by month for the non-contract commercial/industrial customers.

d) Please provide a description of the genesis of the SPS factor and the proceeding that approved Union's use of the 16% SPS factor.

e) Please provide how Union allocates this SPS storage from a cost point of view and the operational adjustments associated with SPS.

f) Please provide any studies that Union has submitted to the Board that support the continued use of the 16% SPS factor.

g) How has Union confirmed the on-going appropriateness of this allocation practice?

Reference: Exhibit G3, Tab 3, Schedule 1, Page 10

2. Please explain the costs that are included in the Transmission M&R Operating Expense of $4,899,000 and why nearly all of this cost ($4,826,000) allocated to Other Transmission?

Issue G.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?

Reference: Exhibit B1, Tab 5, Page 2 and EB-2005-0550 Decision and Order, Page 3

1. We require additional information about the capacity and utilization of the Dawn-Trafalgar transmission system.

a) Please fill in the empty cells in the table below.

	2007/08	2010/11	2011/12	2012/13	2013/14
Dawn-Parkway Demand					
In-franchise		1,703,368	1,690,925	1,657,697	1,648,695
Ex-franchise		5,118,197	5,012,745	4,860,004	4,681,558
Total	6,535,326	6,821,565	6,703,670	6,517,701	6,330,253
Physical Design Capacity	5,805,444				
Obligated Parkway Deliveries	639,419				
Total Physical Capacity	6,535,326				
Shortfall	90,463	383,382	187,141	(30,798)	(209,812)

b) For each year from 2010 through 2013, please provide the actual or forecast quantities of in-franchise design day demand that utilize Parkway compression facilities, by rate schedule.

c) For each year from 2010 through 2013, please provide the actual or forecast quantities of ex-franchise design day demand that utilize Parkway compression facilities, by service.

d) For each year from 2010 through 2013, please provide the actual or forecast quantities of in-franchise design day demand that utilize Parkway metering facilities, by rate schedule.

e) For each year from 2010 through 2013, please provide the actual or forecast quantities of ex-franchise design day demand that utilize Parkway metering facilities, by service.

Reference: Exhibit C1, Tab 3, Page 6

2. We require additional information about the winter peaking services at Parkway that have been used to supplement physical transportation capacity on the Dawn-Trafalgar system.

a) Please provide the amount of winter peaking service purchased by Union in each winter season from 2007/08 through 2011/12.

b) What was the cost of this service for each of these years?

c) How is this cost recovered from in-franchise customers?

3. On its website, Union has posted a map that lists recent expansions to the Dawn-Parkway transmission system. This list includes the following projects:

2006 – Dawn Station – Additional Compression

2007 – Parkway Station – Additional Compression

2008 – Bright Station – Additional Compression

2008 – Dawn Deliverability Expansion

2006 – NPS 48 Brooke to Strathroy (18.2 km)

2006 – NPS 48 Hamilton to Milton Tie-in (17.1 km)

2007 – NPS 48 Strathroy to Lobo (18.1 km)

For each of the projects listed above, please provide the following information:

(a) The case number for the applicable OEB leave to construct proceeding;

(b) The number of compression units and total horsepower added;

(c) The estimated project cost included in the leave to construct application;

(d) The actual final cost of the project;

(e) The amount of plant addition entered to Union's storage and/or transmission accounts by year;

(f) The increase in Dawn-Parkway system design day capacity resulting from the project.

Reference: Exhibit G3, Tab 3, Schedule 1

4. For each account, please break out separately the gross plant and accumulated depreciation amounts for the Parkway Station from the total Dawn-Trafalgar Easterly amounts.

Reference: Exhibit B1, Tab 9, Page 2, Line 15

5. Union states that firm design day demand through Parkway compression could increase from approximately 2.0 PJ/day in 2011 to over 3.0 PJ/day by 2015/2016.

a) Please explain the relationship between the Parkway compression demand of about 2.0 PJ/day in 2011 and the total M12, M12-X, and C1 contract demands for firm transportation service to Parkway shown in Exhibit C1, Tab 3, Schedule 1 and Exhibit C1, Tab 3, Schedule 4.

b) For each year, please break out the total contract demands for each transportation service with delivery at Parkway to show (a) the total contract demands for contracts that have firm rights to deliver into TCPL through Parkway compression, and (b) the total contract demands for contracts that do not have firm rights to deliver into TCPL through Parkway compression.

Reference: Exhibit C1, Tab 3, Schedule 1

6. We require additional information about the contract demands for M12 Dawn-Parkway transportation service.

a) What portion of the M12 Dawn-Parkway contract demand for each year is made up of contracts held by in-franchise customers that are using M12 service to meet Parkway obligated DCQ requirements?

b) What portion of the M12 Dawn-Parkway contract demand for each year is made up of contracts held by in-franchise customers that have elected to avoid Parkway obligated DCQ requirements by assigning M12 capacity to Union under Union Gas Policy #10-DP-DCQS-009?

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

Reference: Exhibit H1, Tab 1, Page 51

1. Union co-sponsored evidence by Mr. Feingold in the TCPL 2012 and 2013 Mainline Tolls proceeding that addressed the classification of transmission costs as distance-based or non-distance based. According to Mr. Feingold:

"My experience is that while there is some latitude in determining if a cost is distance related, the classification is neither arbitrary nor discretionary. Rather, a thorough analysis of the cost is required to determine if a cost is or is not distance-related."

a) Has Union done a cost study of the type described by Mr. Feingold for the Dawn-Trafalgar transmission system to determine which costs are distance-related and which costs are not distance-related? If so, what portion of the Dawn-Trafalgar Easterly costs was found to be not distance-related?

b) If Union has not done such a cost study, please explain why Union considers it appropriate to design transportation rates for C1 services using the Dawn-Trafalgar system that have a Kirkwall receipt point on the basis that all of the costs of providing these services are distance-related.

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

Reference: Exhibit H3, Tab 8, Schedule 7

1. Please describe how the rate design considerations listed on Exhibit H1, Tab 1, Page 11 have been applied to the calculation of the St. Clair to Dawn and Bluewater to Dawn transportation rates.

2. Did Union undertake a review of the rate design for C1 transportation service from St. Clair and Bluewater for this rate proceeding? If so, please describe the results.

Reference: Exhibit H3, Tab 10, Schedule 1

3. Please provide a table showing the portion of the Total S&T Transactional Margin included in 2013 in-franchise rates ($20,852,000) that is credited to each rate class.

Issue H.15. Is the proposal to change the rate design for service originating at Kirkwall to eliminate the Kirkwall measuring and regulating costs appropriate?

Reference: Exhibit B1, Summary Schedule 2

1 We require additional information about capital projects to modify the Kirkwall station.

a) What is the relationship between the $1.6 million "Kirkwall 42-48 East Header" project on line 49 and the $4.7 million "Marcellus – Kirkwall Station Modification" project on line 54?

b) Is the "Marcellus – Kirkwall Station Modification" project the same was the $4.7 million in estimated Kirkwall station modifications described in EB-2010-0296?

c) Is it correct that both the "Kirkwall 42-48 East Header" project and the $4.7 million "Marcellus – Kirkwall Station Modification" project are needed to allow Union to physically receive gas from TCPL at Kirkwall. Is this correct?

d) When both of these projects are completed, what will be Union's design day receipt capacity at the Kirkwall interconnection with TCPL?

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

Reference: Exhibit A2, Tab 1, Schedule 1, Page 8

1. Union states that "the change in flow patterns has created significant uncertainty for gas flows on Union's Dawn-Parkway transmission system. This uncertainty is expected to continue well beyond the 2013 test year."

a) How does this uncertainty affect Union's ability to accurately forecast short-term transportation revenues for 2013?

Issue DV.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?

Reference: Exhibit H1, Tab 4, Appendix C

1. The proposed wording for Deferral Account No. 179-70 refers to Peak Short-Term Storage services that are provided from "excess utility storage assets".

a) How does Union define "excess utility storage assets" in this context?

b) Why does Union propose to exclude revenue from Peak Short-Term Storage services provided from utility storage assets that are not included in the definition of "excess utility storage assets"?

c) Would Union agree to change the proposed wording from "excess utility storage assets" to "utility storage assets"? If Union would not agree to this change, please provide an explanation.

2. Please explain why Deferral Account No. 179-70 should not be modified to include long-term storage services provided from utility assets.

Issue O.1. Has Union responded appropriately to all relevant Board directions from previous proceedings?

Reference: Exhibit H1, Tab 1, Page 51

1. Union states "In the EB-2011-0257 Decision with Reasons, the Board approved Union's proposed rate design for the M12 and C1 Kirkwall to Parkway transportation services. On page 6 of its EB-2011-0257 Decision, the Board directed Union to review the cost allocation and rate design methodology of the proposed M12 and C1 Kirkwall to Parkway transportation services as part of its 2013 rebasing application."

a) By way of schematic showing design day flows and detailed worksheets showing all calculations, please provide the complete calculation of Dawn-Parkway rates including all in-franchise allocations, M12 and M12-X rates, and C1 rates including Dawn-Kirkwall, Kirkwall-Parkway and Dawn-Parkway.

b) Please provide all principles and assumptions and any considerations of alternative means of developing these rates.