

BOARD STAFF INTERROGATORIES

UNION GAS LIMITED

2013 RATES

EB-2011-0210

MR. ROSENKRANZ EVIDENCE

Interrogatory #1

Ref: Rosenkranz Evidence

Preamble: Mr. Rosenkranz's 4th recommendation is as follows:

Union should provide a more detailed description of its proposed methodology for assigning replacement project costs to non-utility storage and utility storage.

Questions / Requests:

- a) Please provide a suggested methodology for assigning replacement project costs to non-utility storage and utility storage.

Interrogatory #2

Ref: Rosenkranz Evidence

Preamble: Mr. Rosenkranz noted that of the \$419,000 of system integrity costs that are allocated to the Excess Utility Storage Space, Union reports that \$75,300 is associated with the 13 PJ of Excess Utility Storage Space and \$343,500 is associated with the 66.5 PJ of non-utility storage space. All of this cost is included in the Excess Utility Cross Charge. However, because the Excess Utility Cross Charge is subtracted from utility storage revenue to calculate the storage margins that will be shared with ratepayers, this charge is borne by the Union's utility customers, not the non-utility storage business.

Union noted in Exhibit J.D-16-10-1 that it has allocated system integrity costs associated with the non-utility storage business to the Excess Utility Storage Space category in the cost allocation study. The system integrity costs of the non-utility storage business are included in the non-utility cross charge and paid for by the non-utility. This approach recognizes that system integrity space is a utility function required to support the integrity of the system as a whole for all customers.

Questions / Requests:

- a) Please explain your understanding of how the system integrity costs related to the non-utility storage business are recovered from ratepayers.

Interrogatory #3

Ref: Rosenkranz Evidence

Preamble: Mr. Rosenkranz noted that Union included a new proposal to allocate total Short Term Peak Storage revenue between utility storage and non-utility storage on a calendar year basis. Under Union's proposal, Excess Utility Storage Space would be sold as Short Term Peak Storage and Union would sell additional Short Term Peak Storage from its non-utility storage assets. The total Short Term Peak Storage revenue for each calendar year would be allocated pro-rata between utility storage and non-utility storage. Mr. Rosenkranz argued that Union's proposal is flawed and should be rejected by the Board.

Questions / Requests:

- a) Please provide a proposed alternative methodology for allocating short term peak storage revenue between utility and non-utility storage operations that would, in your opinion, result in a more reasonable outcome for ratepayers.