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



Barristers & Solicitors / Patent & Trade-mark Agents

Norton Rose Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4 CANADA

F: +1 416.216.3930
nortonrose.com

On January 1, 2012, Macleod Dixon joined
Norton Rose OR to create Norton Rose Canada.

Your reference
EB-2011-0210

Direct line
+1 (416) 216-1927

Our reference
01015413-0025

Email
john.beauchamp@nortonrose.com

Dear Ms. Walli:

**Association of Power Producers of Ontario ("APPrO")
Union Gas Limited ("Union") – 2013 Rebasing Application (EB-2011-0210)**

In advance of the upcoming technical conference, please find enclosed certain clarification questions relating to interrogatory responses filed by Union.

Yours very truly,

Original signed by

John Beauchamp

JB/mnm

Encl.

Cop(y/ies) to: All interested parties

DOCSTOR: 2434345\1

Union Gas 2013 Rebasing Application

EB-2011-0210

Clarifications to Interrogatory Responses

1. References: J.B-1-1-2, J.B. 1-13-4

Attachment 1 to J.B-1-1-2 and J.B. 1-13-4 b) iii) each provides a schematic illustrating the Parkway piping. Attachment 1 to J.B-1-1-2 shows that none of the gas being delivered to Enbridge is compressed by either of Parkway A or Parkway B. The response to J.B. 1-13-4 b) iii) shows that the 'non-Lisgar' Enbridge connection does go through the Parkway Compressor Station, but it is unclear if the gas is compressed. Union also indicates in J.B. 1-13-4 b) i) that a compressor outage may or may not impact deliveries to either Parkway (Consumers) or Lisgar.

- a. Please clarify if any deliveries to Enbridge are required to be compressed at Parkway A or B.
- b. If volumes are not compressed for deliveries to Enbridge, please explain under what specific conditions a Parkway compressor failure affects deliveries to Enbridge.
- c. If the answer to a) above is that some volumes are compressed then please provide the following:
 - i. Details on the contractual arrangements with Enbridge at each delivery location including: minimum delivery pressure, contractual peak flows, and term.
 - ii. Please provide minimum suction pressure at Parkway A & B.

2. References: Exhibit B1, Tab 6, Page 19, J.B.-1-13-2, J.B-8-10-3 a) & b), RH-3-2011 attachment to APPrO 45 i).

Union is proposing to replace the GLGT NPS 16 control valve. In J.B.-1-13-2 b) Union was asked about the specific system benefits of the valve replacement and the response refers to J.B-8-10-3 a) & b). This response indicates that the benefit relates to flows of the nature that occurred on February 18, 2011, that the pressure drop would have been 80% less with the new valve, and that throughput efficiency is a general benefit when GLGT flows are high. The response to J.B.-1-13-2 d) suggests that flows on GLGT are declining and this

decline in throughput is also evident in TCPL NEB's response in RH-3-2011 to APPrO 45 (see attachment 45 i).

- a. Given that Union has indicated that they have not included any additional revenues associated with this expenditure (and from attachment to J.B.-1-13-2 d), flows appear to be declining on this system), is there any additional rationale why it is critical to replace this valve at this time?
- b. Please identify the actual pressure loss (in psig or kPa) across the NPS 16 valve that incurred on February 18, 2011. If actual information is not available, provide an estimate through engineering calculation or from manufacturing product literature.
- c. Is Union aware of any demand that was curtailed as a result of this 'pressure bottleneck' on February 18, 2011?
- d. Please confirm that peak flows were higher 5 years ago in comparison to the 48,737 $10^3\text{m}^3/\text{d}$ flows observed on February 18, 2011 (see last reference).

3. References J.B.-1-13-4

Question d) requests details on prior compressor failures to help support the need for the \$200 million Parkway West expenditure. The response refers to the response under question c). However, the response to c) provides no data on system failures.

- a. Please confirm that no Parkway A or B failures occurred in the last 3 years where the system flows were within 10% of a design day.
- b. If there were failures, please provide the details requested in J.B.-1-13-4 d) i).

4. Reference J.D. – 16-13-1

In the response to b) iii), Union implies that the increased integrity space is required because of a change in modeling assumptions.

- a. Please describe the assumption changes and if the modeling changes are intended to reflect actual storage performance.
- b. Please indicate why these modelling changes are required at this time.

- c. Please confirm that the additional hysteresis affects have not been influenced in any way by any of the storage development programs on existing pools (including, but not limited to, adding additional wells, delta pressuring, lowering cushion, down hole simulation programs, adding compression or de-bottlenecking gathering lines etc.) that Union has implemented over the last 10 years? If Union cannot confirm this, please explain why in detail.

5. Reference: J.H.-1-13-1, J.H.-1-1-2

In the first reference Union was asked to provide a detailed explanation to support the increases for Rate classes 20, 25 and 100 of 43.5%, 43.4% and 29.1% respectively. These increases are relative to the rates currently in effect. Union's response was to see the response to J.H.-1.1.2 a) J.H.-1.1.2a). These responses provide general aggregate information about revenue requirement in the North and limit the comparison to changes from 2007, and do not provide any rate specific information for the rates requested.

- a. Please provide a detailed explanation by rate class for these significant rate increases as requested. Please include (but do not limit the response to) the impact of the following items in explaining the overall increases:
 - i. Forecast volumes by rate class.
 - ii. The impact by rate class of the increase in rate of return.
 - iii. The impact by rate class of the increase in the additional equity.
 - iv. The impact by rate class of the \$22.7 increase in O&M from 2007 (see Attachment 1 to J.H.-1-1-2 line 10).
 - v. The impact by rate class of Union's elimination of the FT-Ram Credits.
 - vi. Changes by rate class referenced in G1 Tab 1 pages 11-15.
 - vii. The impacts of DSM programs by rate class (include both the program costs and lost revenue impacts).
 - viii. The impact by rate class of proposed changes to depreciation expense.