

From: Thompson, Peter C. P.
Sent: Wednesday, May 30, 2012 5:29 PM
To: Aiken, Randy; 'Bartlett, James'; 'Beauchamp, John'; 'Berg, Laura-Marie'; 'Berge, Nadine'; 'Brett, Thomas'; Buonaguro, Michael; Butters, David; Cameron, Gord; Cass, Fred; Clipsham, Paul; DeRose, Vincent J.; 'Fraser, Marion'; 'Girvan, Julie'; Gruenbauer, Jim; 'Higgin, Roger'; Hughes, Jack; 'Kerr, Paul'; MacIntosh, David; 'McNally, Wayne'; Mondrow, Ian; 'Nadeau, Eric'; 'Newton, Murray'; 'Ott, Brandon'; 'Petruzzella, Nick'; 'Quinn, Dwayne'; Ripley, Chris; Ross, Murray; 'Rubenstein, Mark'; Ruzyski, Nola; Ryckman, Norm; 'Serafini, Pete'; Shepherd, Jay; Smith, Crawford; Stacey, Jason; Thompson, Peter C. P.; Warren, Robert; Wightman, James; 'Wolnik, John'; 'Wong, Angela'; Young, Valerie
Subject: EB-2011-0210 CME Technical Conference Questions
Attachments: CME Tech Conf Questions 20120530.pdf

Attached are a list of topics that we expect to explore during the course of the Technical Conference. Like counsel for School Energy Coalition ("SEC"), we will also likely have additional questions as other areas requiring clarification become apparent and by way of follow-up questions from others.

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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.

**TECHNICAL CONFERENCE QUESTIONS
FROM CANADIAN MANUFACTURERS & EXPORTERS ("CME")**

B. Cost of Service

1. [J.B-1-14-6 and 7] The information provided in Attachment 1 to Question 6 indicates that the average capital spend for the 5 years 2008 to 2012 inclusive was about \$257.8M or about \$55M per year below the \$313M approved for recovery in rates for 2007.

The information that we are seeking in these two questions is the full year revenue requirement impact of a reduction in capital spending in 2013 of \$275M. Would the company please provide that information.

C. Operating Revenues

2. [J.C-1-14-1] The revenue impacts of different weather normalization blends are provided in this exhibit. Please provide the 2013 revenue requirement reductions associated with the adoption of each of these scenarios.
3. [J.C-3-14-1 Attachment 3] This exhibit indicates that there are 261 customers in various rate classes that Union classifies as manufacturers. This exhibit does not refer to either M2 or Rate 10 customers. By way of clarification, are there any customers served under the auspices of Rate M2 and Rate 10 that Union would classify as manufacturers? If so, please provide the number of such customers in each rate class.

By cross-referencing the information in this exhibit pertaining to the number of manufacturers served by Union and the rate impact information shown in Exhibits J.F-2-5-1 and J.H-1-14-2, please indicate the number of manufacturers being served by Union in each rate class who will be facing a rate increase greater than 2% if all of the relief requested by Union in this application is approved.

4. [J.C-3-14-2 and -3] The information provided in this exhibit indicates that Union does not request "detailed" consumption estimates from its customers. Please explain the nature of the consumption information that Union obtains from its customers, if any, and explain how the information from customers is utilized in the "bottoms up" process to which Union refers in other interrogatory responses.

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5. [J.C-4-10, Questions 8, 9 and 10] The information provided in response to these questions relates to services upon which Union will be relying to optimize the utility portion of its integrated storage assets. We seek clarification of the storage services that were available from Union, prior to the NGEIR Decision, upon which Union relied to optimize its integrated storage assets and the extent to which each of those services were used after the NGEIR Decision to optimize the value of such assets. In this connection, please provide the following:
- (a) A complete list of the services that were available from Union prior to the NGEIR Decision upon which Union relied to optimize its integrated storage assets.
 - (b) A list of the items in that suite of services that was used after the NGEIR Decision to optimize both the utility and non-utility portion of the integrated storage assets.
 - (c) A list of the suite of services that Union is proposing to apply in 2013 and beyond to optimize the value of the utility and the non-utility portions of integrated storage assets.
6. [J.C-4-14-2] This exhibit shows that increases in the utilization of the Bluewater to Dawn S&T facilities are expected in 2012 and 2013. Attachment 3 in Exhibit J.B-1-7-8 refers to a Bluewater River Crossing Replacement Project as a "Growth Project". From the information provided in interrogatory responses, the Bluewater River Crossing Replacement appears to be a bypass of the Belle River – St. Clair River crossing – St. Clair Line systems that were to form components of the Dawn Gateway Pipeline system to connect Dawn with Michigan Storage. In connection with this information, please provide the following clarifications:
- (a) Will the 250,000 GJs/day capacity of the Bluewater to Dawn facilities provide the same or similar services that the Dawn Gateway Pipeline would provide to connect Michigan Storage and Dawn?
 - (b) To what extent would the demands expected on the Bluewater River Crossing Replacement flow on the St. Clair Line – St. Clair Crossing – Belle River route to connect Dawn and Michigan Storage in the event that regulatory approval for the Bluewater River Crossing Replacement Project was denied?
- D. Cost of Service**
7. [J.D-8-1-1] A redacted document was provided in response to this interrogatory. Please provide an unredacted copy of the document under the auspices of the Confidentiality Undertaking that has been provided to Union.
8. [J.D-11-1-2] Please produce the 2010 Income Tax return, tax assessment and re-assessments under the auspices of the Confidentiality Undertaking that has been provided to Union.

E. Cost of Capital

9. [J.E-2-12-1 and J.E-2-2-2 (e)] In this information, Union indicates that its proposal to increase its equity level to 40% is not based on changes in risk. Please clarify whether Union accepts that its financial and business risk have either remained unchanged or have declined since they were last analyzed by Dr. Paul Carpenter of the Brattle Group.

F. Revenue Requirement

10. [J.F-2-5-1] Slides 5 and 6 in this presentation to Union's Board of Directors contained rate impact information. Please modify those slides to show the rate impacts in a scenario where the revenue deficiency for 2013 is zero. We are interested in obtaining a presentation of this nature that will separate the impact of the cost allocation and rate design changes Union is proposing from the revenue deficiency amount being requested for 2013.

H. Rate Design

11. [J.H-1-14-2] Is the information presented in this interrogatory response compatible with the impacts that were presented to Union's Directors in Exhibit J.F-2-5-1? If not, then please revise the impacts presented to Union's Directors in Exhibit J.F-2-5-1 to reflect the information contained in this exhibit.

O. Other Issues

12. [J.O-4-1-11] In response to this interrogatory, Union has provided a number of benchmarking studies, including American Gas Association ("AGA") documents bearing dates June, August and October 2011, and January and February 2012. We have received copies of these studies under the auspices of the Confidentiality Undertaking that we provided to Union. The Board is currently considering whether unredacted copies of these studies are to be filed on the public record.

The participants in these studies are identified by letter. In each of the AGA studies, please identify the letter that refers to Union.

Another benchmarking study referenced in this interrogatory was prepared by Public Service Electric and Gas ("PSE&G"). In this study, participants are identified by number. Please provide the number in the PSE&G study that refers to Union.

13. [J.O-4-4-2] In this interrogatory response, Union indicates that favourable earnings over the period 2008 to 2011 were, in part, driven by favourable weather. Please quantify the extent to which the over-earnings shown for 2008, 2009, 2010 and 2011 in Exhibit J.E-3-5-1 are attributable to "favourable weather".
14. [J.O-4-15-1] Please provide an unredacted copy of Attachment 1 under the auspices of the Confidentiality Undertaking that we have provided to Union.
15. [J.O-5-3-1] Attachment 1 is a letter pertaining to Union's response to TransCanada PipeLines Limited's ("TCPL") Section 58 Application to the National Energy Board

("NEB") for its 2012 Eastern Mainline Expansion. In this letter, Union states that it believes that the applied for facilities are not adequate to meet the market demand. Please clarify Union's position pertaining to TCPL's Application. Is Union asking that TCPL's Application be enlarged? If not, then what is Union's position with respect to that Application?

Respectfully submitted on behalf of CME this 30th day of May, 2012.

A handwritten signature in black ink, appearing to read "P. Thompson", with a long horizontal flourish extending to the right.

Peter C.P. Thompson, Q.C.
Borden Ladner Gervais LLP