

June 5, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

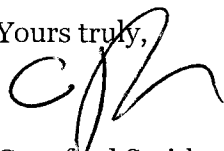
Dear Ms. Walli:

**Re: Union Gas Limited – TCPL’s motion to compel further answers
EB-2011-0210**

We are counsel to Union Gas Limited (“Union”) in the above-noted matter.

Enclosed please find Union’s response with respect to TCPL’s motion to compel further answers to certain interrogatory questions.

Yours truly,



Crawford Smith

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CS/tm
Enclosure

cc: All EB-2011-0210 Intervenors
Michael Millar, Board Staff

ONTARIO ENERGY BOARD

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.

SUBMISSION OF UNION GAS LIMITED

A. OVERVIEW

1. TransCanada Pipelines (“TCPL”) has brought a motion to compel further answers to certain interrogatory questions. This is Union Gas Limited’s response.
2. In substantial part, TCPL’s motion is directed at Union’s Parkway West project. Nine of the twelve questions covered by the motion address this subject. The stated premise for the motion is that Union, having asked the Board to authorize the capital expenditures in relation to the project, should be required to provide the requested information. That premise is faulty; the Board has not been asked to authorize the project. Parkway West is not scheduled to come into rate base until the end of 2014; it is not a test year project and the project will have no impact on 2013 rates. The requested information is not relevant to Union’s application. Further, the Board and intervenors will have an opportunity to review the project in subsequent proceedings.

B. THE TCPL MOTION

3. TCPL’s motion relates to twelve interrogatories. As set out above, the bulk of the questions relate to the Parkway West project. In relation to each of these questions, TCPL bases its position, explicitly or otherwise, on the assertion that the Board has been asked in this proceeding to authorize the Parkway Project. For example, TCPL says:

- “*In order to assess the need for LCU protection at Parkway, the Board will need to understand the flows at Parkway by service class ...*” (Question 1, Ex. J.B-1-7-21(b));
- “*The question is whether the new facilities, which will exist and be paid for by customers for many years beyond the year in which the applied for tolls will be charged, are justified*” (Question 2, Ex.J.B-1-7-5(d) and (g));
- “This information is necessary for the *Board to evaluate* the reasonableness of Union’s capital expenditures...” (Question 4, Ex. J.B-1-7-8(b);
- “Rate impacts are a relevant factor in assessing the appropriateness of capital expenditures. The Board should not be told that these matters will be dealt with in a subsequent proceedings *when the expenditures have already been authorized.*” (Question 5, Ex. J.B-1-7-8(c) (d));
- “It is submitted that the capabilities of the existing facilities are self-evidently relevant to the Board’s consideration of this application, *because they pertain to the need for the facilities to which the requested Board approval pertains*” (Question 8, Ex. J.B-1-7-1(3));

4. TCPL also moves in relation to three additional questions. These questions are discussed further below.

C. UNION’S APPLICATION

5. *The Parkway West Project.* The Board’s Minimum Filing Guidelines for Natural Gas Distribution Cost of Service Application require utilities to specify all capital projects with a budget greater than \$500,000 and to provide information in relation to the in-service dates for those projects (Filing Guidelines, p. 8.) Parkway West satisfies this criterion and is discussed in the application.

6. In brief, the Parkway West project consists of facilities designed to allow Union to meet export demand on a design day to Parkway (TCPL) and Parkway (Consumers) under an outage of the major components of the existing Parkway compression station (See Ex. B1, T9 and Ex. J.B-1-1-2).

7. *Parkway West Metering and Headers.* To increase reliability for deliveries to the GTA and to markets east, Union proposes to install headers and custody transfer metering to connect the Dawn to Parkway system to the EGD system at the proposed Parkway West station, which

will provide EGD with a secure feed in the event of an outage of the existing Parkway (Consumers) feed; and ii) headers to connect the LCU compression to the Dawn to Parkway system and the TCPL system at the proposed Parkway West station, which will provide TCPL with a secure feed in the event of an outage of an existing Parkway compressor or associated piping.

8. *Loss of Critical Unit Protection.* To increase reliability for deliveries into the TCPL system and to provide operational and maintenance flexibility, Union proposes to install approximately 40,000 HP of compression that connects to suction and discharge headers and custody transfer metering. This compression will provide 100% LCU protection for an outage of either of the Parkway A or Parkway B units. The new interconnection will provide a secure feed to the TCPL system at the proposed Parkway West station. The new compression will give Union the flexibility to operate the Parkway and Parkway West compressor stations as efficiently as possible, will offer lower NOx emissions, lower fuel utilization and will be more efficient at lower suction pressures. No capacity created by the LCU protection at Parkway will be sold as firm transportation capacity.

Approvals

9. The approvals requested by Union in this application are set out at Ex. A1, T3, S1. No approvals have been sought in respect of the Parkway West project and Union has not asked the Board to authorize the capital expenditures in relation to the project. There is no revenue requirement impact of the project, and no impact on rates in the test year.

10. Union has advised parties that it presently intends to file a leave to construct application in relation to the project later this year. Parties will have the opportunity to consider the appropriateness of the project at that time. Further, the rate implications associated with the project will also be considered in Union's 2014 rates proceeding, whether that takes the form of an IRM or a cost of service application (Technical Conf. Tr. June 1, pp. 6-8).

D. SUBMISSIONS

11. Union should not be compelled to provide further information in relation to a project, Parkway West, that is not relevant to Union's application and TCPL's motion should be

dismissed. In relation to the non-Parkway West questions asked by TCPL, Union is prepared to provide answers to two of the questions subject to certain minor qualifications. Union has already answered the third question.

Parkway West Questions

12. The purpose of all evidence adduced in a hearing before the Board is to assist the Board in making a decision. Only evidence that is relevant to an issue in the application that must be decided by the Board can be of assistance to the Board in its decision making. The Board will only direct a party to provide a response to an interrogatory if the Board is persuaded that the interrogatory relates to an issue in the application before it, and the response to the interrogatory is likely to adduce evidence that is relevant and helpful to the decision it must make (Toronto Hydro-Electric System Ltd., EB-2009-0139, para. 9)

13. Recently, in EB-2010-0008, the Board considered an analogous situation in relation to OPG's Niagara Tunnel Project. The Board considered intervenor requests for further information in relation to the Niagara Tunnel Project notwithstanding that the project was not scheduled to come into service in the test year. The Board rejected the request. It held that the appropriate course was to hold a thorough review at the time the project was added to rate base, and to give production of the information only at that time (Reasons for Decision, pp. 28-28).

14. In this case, Union has answered interrogations in relation to the Parkway West project, including from TCPL. The answers and pre-filed evidence provide far more information than contemplated, or required, by the Board's filing guidelines. Parties have been provided with detail in relation to the project, its stated justification and current status. As confirmed in Ex. J.B-1-1-2, the project will be placed into service in 2014 and none of the facilities will be completed or placed into service in the test year. Just as in OPG, Union should not be obliged to provide further information that can have no bearing on any issue the Board is required to decide in the application. Production would result in a waste of time and effort, clutter an already considerable record, distract from the issues before the Board.

Other Questions

15. *Question 10 (Ex.J.B.-4-7-1(a)).* In this question, TCPL has asked for the utilization of all NPS12 or greater diameter pipelines on Union's system dating back to 2002. First, the effort required to answer the question is out of proportion to the relevance of the question, if any. Second, Union cannot provide the information requested because Union does not have point to point measurement equipment on all of its distribution lines. As a reasonable compromise, Union is able to provide utilization rates for service laterals off of its transmission system for the years 2008 to 2011 inclusive.

16. *Question 11 (Ex.J.B.-4-7-1(b)(v)).* Union is prepared to provide the requested information subject to one expansion related to high deliverability storage which is not relevant to any of Union's regulated operations.

17. *Question 12 (Ex.J.G.1-7-11).* In answer to this question Union advised that it has contracted capacity of 500 TJ/d. Union has also advised that it has not determined the amount of available, non-contracted capacity and that it does not have the information to answer this question further. That is a full and adequate answer to the interrogatory as required by rule 29(a) of the Board's *Rules of Practice and Procedure*.

E. CONCLUSION

18. Union respectfully requests that the Board dismiss the TCPL motion.

June 5, 2012

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AND TO: All Intervenors