**EB-2012-0451**
**EB-2012-0433**
**EB-2013-0074**

**IN THE MATTER OF** an application by Enbridge Gas Distribution Inc. for: an order or orders granting leave to construct a natural gas pipeline and ancillary facilities in the Town of Milton, City of Markham, Town of Richmond Hill, City of Brampton, City of Toronto, City of Vaughan and the Region of Halton, the Region of Peel and the Region of York; and an order or orders approving the methodology to establish a rate for transportation services for TransCanada Pipelines Limited;

**AND IN THE MATTER OF** an application by Union Gas Limited for: an Order or Orders for pre-approval of recovery of the cost consequences of all facilities associated with the development of the proposed Parkway West site; an Order or Orders granting leave to construct natural gas pipelines and ancillary facilities in the Town of Milton; an Order or Orders for pre-approval of recovery of the cost consequences of all facilities associated with the development of the proposed Brantford-Kirkwall/Parkway D Compressor Station project; an Order or Orders for pre-approval of the cost consequences of two long term short haul transportation contracts; and an Order or Orders granting leave to construct natural gas pipelines and ancillary facilities in the City of Cambridge and City of Hamilton.

# INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT ASSOCIATION

## Issue A1. Are the proposed facilities needed? Considerations may include but are not limited to demand, reliability, security of supply, flexibility, constraints, operational risk, cost savings and diversity as well as the Board's statutory objectives.

### A.1 - LPMA 1

Ref: EB-2012-0433, Section 1

a) What would be the impact, if any, on the Parkway West project if the Enbridge pipelines as requested in EB-2012-0451 were not approved or modified or the timing was changed?

b) What would be the impact, if any on the Parkway West project if the Union Brantford to Kirkwall and Parkway D compressor expenditures in EB-2013-0074 were not approved or modified of the timing was changed?

### A.1 - LPMA 2

Ref: EB-2013-0074, Schedule B

a) What would be the impact, if any, on the Brantford to Kirkwall and Parkway D compressor project if the Enbridge pipelines as requested in EB-2012-0451 were not approved or modified or the timing was changed?

b) What would be the impact, if any on the Brantford to Kirkwall and Parkway D compressor project if the Union Parkway West expenditures in EB-2012-0433 were not approved or modified of the timing was changed?

**A.1 - LPMA 3**

Ref: EB-2013-0074, Cover Letter

Does Union intend to file updated evidence as a result of the TCPL Toll Decision (RH-003-2011) on March 27th, 2013?

**A.1 - LPMA 4**

Ref: EB-2013-0074, Section 8, Figure 8-2

Please explain what is driving the increase in in-franchise demand in 2015/2016 despite reductions in the previous three years.

**Issue A2. Do the proposed facilities meet the Board's economic tests as outlined in the Filing Guidelines on the Economic Tests for Transmission Pipeline Applications, dated February 21, 2013 and E.B.O. 188 as applicable?**

**A.2 - LPMA 5**

Ref: EB-2013-0074, Schedules 9-3A & 9-5

Please explain the decrease in gas supply cost savings from $28,200 in years 1 through 10 to $1,775 in years 11 through 30.

**A.2 - LPMA 6**

Ref: EB-2013-0074, Schedules 9-2 & 9-3A

a) Please explain why there is no land cost associated with the Parkway D compressor shown in the schedule.

b) Please recalculate the profitability index shown in Schedule 9-3A if the Parkway D compressor costs includes a pro-rata share of the land costs shown the Parkway West filing based on the percentage of the land that will be utilized by the Parkway D compressor and associated infrastructure.

c) Please confirm that there is no impact on the forecasted rate impacts for any rate class (in-franchise or ex-franchise) of allocating a portion of the Parkway West land costs to the Parkway

D compressor costs. If this cannot be confirmed, please provide a table that shows the rate impacts (in dollars and percentages) of the two scenarios.

**<u>Issue A3. Are the costs of the facilities and rate impacts to customers appropriate?</u>**

**<u>A.3 - LPMA 7</u>**

Ref: EB-2012-0433, Section 1, First Paragraph 14 (between paragraphs 8 and 9)

a) Please provide a schedule that shows that amount of the capital expenditures that are forecast to be closed to rate base in each of 2013 through 2016. For each year, please show the revenue requirement associated with the amounts closed to rate base (similar to Schedule 10-1 in EB-2013-0074), along with the amount in each year allocated to in-franchise customers and to ex-franchise customers.

b) Please provide a breakdown of the amounts for each year in 2013 through 2016 that is allocated to in-franchise customers to amounts allocated to Union North and East in-franchise customers and to Union South in-franchise customers.

c) How does Union propose to recover/rebate any revenue requirement for 2013 through 2015, prior to the January 1, 2016 proposal to build the impact into in-franchise and ex-franchise rates?

**<u>A.3 - LPMA 8</u>**

Ref: EB-2012-0433, Section 2, Paragraph 27

a) What is the current status of the discussions between Union and TCPL related to the potential of purchasing and installing a used compressor unit from the TCPL compressor fleet?

b) Has Union received the cost information or key technical information required to complete its evaluation of the feasibility of purchasing a used compressor unit from TCPL? If yes, please provide the feasibility evaluation. If no, please indicate when the required information is expected to be received and evaluated by Union.

**<u>A.3 - LPMA 9</u>**

Ref: EB-2013-0074, Section 8, page 9

The evidence states that Union would need to complete the evaluation of the feasibility of a used compressor by the end of April 2013. Please confirm that this evaluation has been completed and please provide the results of the evaluation.

**<u>A.3 - LPMA 10</u>**

Ref: EB-2012-0433, Section 12, Paragraphs 8-10

a) The evidence indicates that 16% of the costs directly attributable to the project are allocated to in-franchise customers. Please disaggregate this 16% into the percentages allocated to Union South in-franchise customers and to Union North/East in-franchise customers.

b) Please provide an explanation for any significant difference in the response to part (a) above and the ratio of the deliveries noted in paragraph 9 for the deliveries to Union customers in the South (140,000 GJ/day) and those in the North/East (400,000 GJ/day).

c) What would be the impact on the associated revenue requirement and/or allocation of costs to in-franchise customers and ex-franchise customers if the Parkway delivery obligation of direct purchase customers was to be eliminated. Please provide all assumptions and calculations.

## A.3 - LPMA 11

Ref: EB-2012-0433, Section 12, Paragraph 17

a) Does the re-allocation of indirect costs from distribution, storage and other transmission-related functional classifications to the Dawn-Parkway function classification result in the 16% (or $0.9 million) allocated to in-franchise customers being significantly different? In particular, please show the allocation to each rate class of the $5.8 million of indirect costs based on the 2013 approved methodology and the $0.9 million that results from the re-allocation.

b) Please provide a schedule that shows for each rate class the percentage and dollar impact on a typical customer in those rate classes.

## A.3 - LPMA 12

Ref: EB-2012-0433, Section 12, Paragraphs 4 and 17

Paragraph 17 indicates that in-franchise customers will bear 16%, or $3.4 million, of the cost directly attributable to the project. This implies a total cost directly attributable to the project of about $21 million. Please reconcile this figure with the $15.3 million revenue requirement noted in paragraph 4.

## A.3 - LPMA 13

Ref: EB-2012-0433, Section 13, Paragraph 21

What is Union's forecast of cost consequences for each of the items listed (and the option on the land) if Board approval is not received by July 25, 2013?

## A.3 - LPMA 14

Ref: EB-2012-0433, Section 13, Paragraphs 51 - 60

a) Please provide the forecasted cost of the 84 acres north of Derry Road that Union had originally intended to purchase.

b) Please provide the estimated cost of the two NPS54 pipelines from the originally proposed site to the Dawn-Parkway lines.

c) Please provide the estimated cost of the 110 acres that Union intends to use as the Parkway West site.

**A.3 - LPMA 15**

Ref: EB-2012-0433, Schedule 12-1

Please confirm that all of the operation and maintenance expenses that total $1.615 million are incremental costs and does not include any re-allocated costs. If this cannot be confirmed, please indicate which costs are re-allocated.

**A.3 - LPMA 16**

Ref: EB-2013-0074, Section 1, page 6

What are the expected cost consequences if Union does not receive the required orders and approvals from the Board by September 15, 2013?

**A.3 - LPMA 17**

Ref: EB-2013-0074, Section 8, Figure 8-3

How are the costs associated with the system capacity shortfall shown in Figure 8-3 allocated? Please show the allocation of the costs associated with this shortfall by rate class.

**Issue A4. What are the alternatives to the proposed facilities? Are any alternatives to the proposed facilities preferable to the proposed facilities?**

**A.4 - LPMA 18**

Ref: EB-2012-0433, Section 13, Paragraphs 5 & 6

a) Is there any benefit of replacing the NPS26 and NDS34 pipelines with larger diameter pipes to accommodate future growth at this time? Please explain.

b) Does the railway referenced in paragraph 6 run through or immediately adjacent to the Parkway West site? If yes, what are the proposed distances between the railway and the various components to be built on the site (eg. LCU, measurement stations, etc.).

c) Does Union have any concerns related to the security of the Parkway West site or of the potential impact on the site of a train derailment if the railway runs through or immediately adjacent to the Parkway West property. Please explain fully.

d) How much of the 110 acres to be purchased by Union will not be used after the Parkway West site is fully operational and the Parkway D compressor is also in operation. Will Union be able to generate any revenue from this unused acreage?

**Issue B5. Should pre-approval to recover the cost consequences of the proposed facilities be granted? (& Issue C5. Should pre-approval to recover the cost consequences of the proposed facilities be granted?)**

**B.5 - LPMA 19**

Ref: EB-2012-0433, Section 12, Paragraph 4 (d) & EB-2012-0074, Section 1, page 4

Please explain how a finding on the rate impacts from the project will help inform the parameters of Union's next regulatory framework.