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May 21, 2013

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Dear Ms Walli,

Enbridge Gas Distribution Inc. – GTA Project (EB-2012-0451)
Union Gas Limited – Parkway West Project (EB-2012-0433)
Union Gas Limited - Brantford-Kirkwall/Parkway D (EB-2013-0074)
Our File No.: 339583-000146

Further to Procedural Order No. 2 dated May 8, 2013, please find enclosed the Interrogatories on behalf of Canadian Manufacturers & Exporters.

Yours very truly

A handwritten signature in blue ink, appearing to be 'VJ DeRose', with a long horizontal flourish extending to the right.

Vincent J. DeRose
VJD/kt
Encl.

- c. Shari Lynn Spratt (EGD)
Scott Stoll (Aird & Berlis LLP)
Karen Hockin (Union Gas)
Crawford Smith (Torys LLP)
Intervenors in EB-2012-0451, EB-2012-0433 and EB-2013-0074
Paul Clipsham

OTT01: 5693703: v1

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
CANADIAN MANUFACTURERS & EXPORTERS (“CME”)**

Issue A.1. 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 – CME 1

Ref: EB-2012-0451, Exhibit A, Tab 2, Schedule 1

- (a) What would be the impact, if any, on the GTA Project if the Parkway West Project requested in EB-2012-0433 is not approved or is modified, or the timing is changed?
- (b) What would be the impact, if any, on the GTA Project if the Union Brantford-Kirkwall and Parkway D Compressor expenditures as requested in EB-2013-0074 is not approved or is modified, or the timing is changed?

- (c) What would be the impact, if any, on the GTA Project if TCPL does not obtain NEB approval for the Bram West Interconnect point, or if the NEB modifies TCPL's proposal or the timing is changed?

A.1 – CME 2

Ref: EB-2013-0074, cover letter, and Interrogatory A.1-LPMA 3

LPMA has asked whether Union intends to file updated evidence as a result of the TCPL Toll Decision (RH-003-2011) which was issued on March 27, 2013. In answering that question, CME requests that Union also advise whether it intends to file updated evidence addressing TCPL's application, which was filed on or about May 1, 2013, for review and variance of that decision.

A.1 – CME 3

Ref: EB-2012-0451, Exhibit A, Tab 3, Schedule 5, page 23-26 of 26

In this section of its updated evidence, EGD addresses the implications of the TCPL restructuring proposal decision and recent open season. Specifically, EGD addresses the implications of the March 27, 2013 NEB decision (RH-003-2011). CME understands that on or about May 1, 2013, TCPL filed an application for review and variance of that decision. Has EGD undertaken an analysis of the impact which the review and variance application will have, if any, on the GTA Project? If so, please provide that analysis. If not, why not?

A.1 – CME 4

Ref: EB-2012-0451, Exhibit A, Tab 3, Schedule 1, page 4 of 14, Table 2: Historic and Forecast Customer Growth

Table 2: Historic and Forecast Customer Growth sets out the cumulative historic customer growth for the years 2004 to 2014 for residential, commercial, apartment and industrial customers. Please expand that table to show the historic customer growth for each of those years (2004-2014) for residential, commercial, apartment and industrial customers, as well as an annual total for all customers.

A.1 – CME 5

Ref: EB-2012-0451, Exhibit A, Tab 3, Schedule 1, page 10 of 14

EGD confirms that it has had discussions with Union centering on Dawn Supply, incremental transportation on the Dawn Parkway system and reliability concerns with supply concentration at Parkway.

- (a) Please provide all written communications, memoranda, papers or PowerPoint/slide presentations provided by Union to EGD, or provided by EGD to Union, addressing any or all of these issues;
- (b) Without limiting the generality of subparagraph (a), CME requests that EGD and Union provide all written documents exchanged that address:
 - (i) Incremental compression as a result of additional volumes contracted from Dawn and Niagara;
 - (ii) Back-up feed into EGD's system; or
 - (iii) Loss of critical unit protection at Parkway West.

A.1 – CME 6

Ref: EB-2012-0451, Exhibit A, Tab 3, Schedule 1, page 11 of 14

EGD confirms that it has had ongoing discussions with TCPL which centred on bringing Marcellus Supply from Niagara using TCPL's line, increased use of TCPL's existing infrastructure in the vicinity of Parkway and coordinated planning of infrastructure east of Parkway. To this end:

- (a) Please provide all written communication, memoranda, papers or PowerPoint/slide presentations provided by TCPL to EGD, or provided by EGD to TCPL, addressing these issues;
- (b) Without limiting the foregoing, CME requests that EGD provide all written documents exchanged with TCPL that that address:
 - (i) The "Bram West" interconnection; or
 - (ii) Shared use by TCPL and EGD of the pipeline from Bram West to Albion.

A.1 – CME 7

Ref: EB-2012-0451, Exhibit A, Tab 3, Schedule 5, page 12 of 26, paragraph 27

EGD states that TransCanada recently indicated that it would not be continuing integrity work on certain Mainline assets for the remainder of 2012 and that it is currently evaluating the possibility of converting certain Mainline assets to oil service. Please provide any written material, memoranda, paper or emails in which TCPL has indicated this to EGD. If TCPL's indication of these facts was not made directly to EGD, but instead in a public statement, please provide that statement.

A.1 – CME 8

Ref: EB-2013-0074, Section 1, page 2 of 7

Union states that its Brantford-Kirkwall/Parkway D Project is predicated on the completion of TCPL's proposed expansion to relieve the current transportation capacity constraint on the TCPL system between Parkway and Maple.

- (a) What would be the impact, if any, on the Union Brantford-Kirkwall/Parkway D Project if TCPL's proposed expansion between Parkway and Maple were not approved by the NEB, or modified, or the timing was changed?
- (b) What would be the impact, if any, on the Parkway West Project if TCPL's proposed expansion of its system between Parkway and Maple were not approved by the NEB, or modified, or the timing was changed?

A.1 – CME 9

Ref: EB-2013-0074, Section 1, page 4 of 7

Union is seeking an Order from the Board, pursuant to section 36 of the *Act*, for pre-approval of the cost consequences two long-term short-haul transportation contracts on the TCPL system. Union states that the pre-approval is sought because:

- (a) The significant construction plan by TCPL, EGD and Union, along with the long-term contracting for transportation capacity supports a fundamental change in how the Union North operating area will be served;
- (b) The long-term TCPL contracts are directly related to and support the construction of new facilities planned by EGD and TCPL;
- (c) There are significant economic benefits of \$18-28 million annually to ratepayers in Union North that would otherwise not occur;
- (d) The contracts represent significant financial and term commitments by Union; and
- (e) There is no other forum for the Board to review the prudence of this fundamental change to Union's gas supply portfolio prior to Union making the contractual commitment to the change.

Within this context, please answer the following questions:

- (a) What would be the impact, if any, on the economic benefits of \$18 million to \$28 million annually to the ratepayers in Union North if the construction plans by

TCPL, EGD or Union are not approved, or are modified, or the timing is changed?

- (b) If EGD's GTA Project, Union's Brantford-Kirkwall/Parkway D Project or Union's Parkway West Project is not approved, will the two long-term short-haul transportation contracts on TCPL's systems still produce significant economic benefits? If yes, please explain how the contracts will provide economic benefit in the absence of the planned construction. If no, please set out the potential economic burden that the two long-term short-haul transportation contracts represent.
- (c) If the Board approves EGD's GTA Project, Union's Parkway West Project and Brantford-Kirkwall/Parkway D Project, but the NEB does not approve the TCPL expansion between Parkway and Maple, will the two long-term short-haul transportation contracts in the TCPL systems still provide significant economic benefits? If yes, please explain what those economic benefits would be. If no, please set out the potential economic burden of these two contracts.
- (d) What distinguishes the two long-term short-haul transportation contracts in this Application from the three long-term natural gas transportation contracts that were the subject matter of Union's Application in EB-2010-0300. In EB-2010-0300 the Board concluded that the long-term transportation contracts did not qualify for pre-approval of their cost consequences.

Issue A.3. Are the costs of the facilities and rate impacts to customers appropriate?

A.3 – CME 10

Ref: EB-2012-0451, Exhibit C, Tab 2, Schedule 1

- (a) Please provide a schedule that shows the amount of capital expenditures that are forecasted to be closed to rate base in each of 2013 through to 2016;
- (b) For each year 2013 through to 2016, please show the revenue requirement associated with the amounts closed to rate base, along with the amount that would be allocated to each rate class.

A.3 – CME 11

Ref: EB-2012-0451, Exhibit C, Tab 2, Schedule 1

Union states at EB-2012-0433, page 101 of 121 that it is seeking pre-approval of the recovery of cost consequences because:

- (a) Given the magnitude of the project, Union is not able to proceed with the development of the project without reasonable certainty of cost recovery;
- (b) It would be more efficient for the Board to address all known impacts from the project at once, and provide a predictable rate impact to Union's customers and other stakeholders;
- (c) An early finding by the Board will allow ex-franchise customers, who are primarily utilities, to incorporate the service and rate impacts into their future regulatory filings as needed; and
- (d) A finding of the rate impacts from the project will help inform the parameters of Union's next regulatory framework.

In this regard, CME has the following questions for EGD:

- (a) Please confirm that EGD is not seeking pre-approval and recovery of the cost consequences of the GTA Project in EB-2012-0451;
- (b) Please confirm that regardless of the magnitude of the project, EGD is able to proceed with the development of the GTA Project without reasonable certainty of cost recovery. If not, please explain why pre-approval of recovery of the cost consequences is not being sought in this application;
- (c) Does EGD agree with Union that it is more efficient for the Board to address all known impacts from the project at once, and provide a predictable rate impact to Union's customers and other stakeholders. If EGD agrees, please explain why the company is not seeking pre-approval of the cost consequences at this time. If EGD disagrees, please explain why;
- (d) Would a finding of the rate impacts from the GTA Project help inform the parameters of EGD's next regulatory framework? If yes, please explain why pre-approval is not being sought at this time. If no, please explain why a finding on the rate impacts would not help inform the parameters of EGD's next regulatory framework.

A.3 – CME 12

Ref: EB-2012-0451, Exhibit A, Tab 2, Schedule 1, pages 4-5 of 12

At paragraph 10, EGD states that it will be seeking approval of Rate 332 in a subsequent rate proceeding when the rate impact of the GTA Project will be considered. It identifies that rate proceeding as EB-2012-0459. CME has searched the Ontario Energy Board's electronic filing system and EGS's regulatory website, and has been unable to locate any documents for EB-

2012-0459. Has EGD filed that application? If not, when will that application be filed? To this end, please provide an explanation why the rate impact of the GTA Project will be considered in EB-2012-0459 and not in the current GTA Project Application EB-2012-0451.

A.3 – CME 13

Ref: EB-2012-0433, page 106 of 121, paragraphs 17 and 18

Union sets out in these paragraphs its proposal to allocate costs directly attributable to the Parkway West Project between in-franchise and ex-franchise rate classes using the current approved allocation method for Dawn Parkway transmission costs. To this end, Union states that in-franchise customers will bear 16%, or \$3.4 million, of the costs directly attributable to the project. Those costs will be offset by a \$5.5 million reduction in the allocation of overhead costs (indirect costs and taxes).

- (a) Please provide a table that shows the rate impact for both system sales and direct purchase customers for each rate class in both the North and South for the Parkway West Project;
- (b) Please provide a table that shows how the costs directly attributable to the Parkway West Project will be allocated to both system sales and direct purchase customers for each rate class;
- (c) Please provide a table that shows how the \$5.5 million reduction in the allocation of overhead costs (indirect costs and taxes) will be allocated to both system sales and direct purchase customers for each rate class;

A.3 – CME 14

Ref: EB-2013-0074, Section 10, page 4 of 11

Union states that in the event there is any delay in the planned construction of the facilities (which CME understands refers to proposed construction projects by TCPL, EGD and Union), Union may request a deferral account to recover from ratepayers the costs associated with the unutilized Dawn Parkway transmission capacity. CME wishes to better understand the potential costs associated with the unutilized Dawn Parkway transmission capacity.

- (a) Please provide a table that shows the estimated impact associated with unutilized Dawn Parkway transmission capacity if there is a delay in any of the planned construction for three months, six months and one year. In setting out potential costs associated with unutilized Dawn Parkway transmission capacity for these three time periods, please provide a table that shows the rate impact for both system supply and direct purchase customers in both the North and South for all rate classes.

A.3 – CME 15

Ref: EB-2013-0074, Section 10, page 5-10 of 11

Union states that the annual revenue requirement associated with the Brantford-Kirkwall/Parkway D Project ranges from approximately \$0.1 million in 2015 to \$15.9 in 2018.

- (a) Please provide a table that shows the rate impact for both system sales and direct purchase customers for each rate class in both the North and South for the Brantford-Kirkwall/Parkway D Project;
- (b) Please provide a table that shows how the costs directly attributable to the Brantford-Kirkwall/Parkway D Project will be allocated to both system sales and direct purchase customers in both the North and South for each rate class;
- (c) Please provide a table that shows how shifts in indirect costs (excluding those costs directly attributable to the Brantford-Kirkwall/Parkway D Project) will be allocated to both system sales and direct purchase customers, in both the North and the South, for each rate class;