

PETER C.P. THOMPSON, Q.C.
T 613.787.3528
pthompson@blg.com

Borden Ladner Gervais LLP
World Exchange Plaza
100 Queen St, Suite 1100
Ottawa, ON, Canada K1P 1J9
T 613.237.5160
F 613.230.8842
blg.com



By electronic filing

July 12, 2013

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

Dear Ms Walli,

Union Gas Limited ("Union")
2012 Earnings Sharing & Disposition of Deferral Accounts
Board File No.: EB-2013-0109
Our File No.: 339583-000157

We are enclosing a Supplementary Interrogatory of Canadian Manufacturers & Exporters ("CME") with respect to matters pertaining to Union's Incremental Transportation Contracting Analysis described at Exhibit A, Tab 4, and its Gas Supply Planning which is the subject matter of testimony from Union at Exhibit B, Tab 3, and from expert witnesses at Exhibit C, Tabs 2 and 3.

We believe that responses to the questions contained in the Interrogatory are required in order for the Board to evaluate the reasonableness of Union's five (5) year rolling Gas Supply Planning process for 2013 and beyond.

This Interrogatory is being delivered today, some two (2) days after the July 10, 2013 deadline date specified in paragraph 2 of Procedural Order No. 1. The delivery of this Interrogatory is late because the facts which prompted it were revealed in the combined Leave to Construct proceedings brought by Union and Enbridge Gas Distribution Inc. ("EGD") late in the day on July 10, 2013, and in the proceedings before the Board pertaining to that matter held on July 11, 2013.

We accordingly seek the Board's indulgence for our late delivery of the Interrogatory and respectfully request that Union provide responses to the additional questions contained therein.

Yours very truly,

A handwritten signature in blue ink, appearing to read "Peter C.P. Thompson", with a long, sweeping flourish extending to the right.

Peter C.P. Thompson, Q.C.

PCT\slc
enclosure

c. Karen Hockin (Union)
Paul Clipsham
Vince DeRose

OTT01: 5796011: v1

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 for an order or orders clearing certain non-commodity related deferral accounts and sharing utility earnings pursuant to a Board approved earnings sharing mechanism;

AND IN THE MATTER OF an Application by Union Gas Limited for an order approving a deferral account to capture variances between earnings sharing, deferral account and other balances approved for disposition and amounts actually refunded/recovered.

**SUPPLEMENTARY INTERROGATORY OF
CANADIAN MANUFACTURERS & EXPORTERS ("CME")
TO UNION GAS LIMITED ("UNION")**

Incremental Transportation Contracting and Gas Supply Planning

Ref: Exhibit A, Tab 4
Exhibit B, Tab 3
Exhibit C, Tab 2
Exhibit C, Tab 3

1. The Gas Supply Planning evidence at Exhibit B, Tab 3, at page 4 and 5 indicates that the territory Union labels as "Union North" includes communities located in the following delivery areas of the TransCanada PipeLines Limited ("TCPL") Mainline system:
 - (i) Manitoba Delivery Area ("MDA");
 - (ii) Western Delivery Area ("WDA");
 - (iii) Northern Delivery Area ("NDA");
 - (iv) Sault Ste. Marie Delivery Area ("SSMDA");
 - (v) North Central Delivery Area ("NCDA"); and
 - (vi) East Delivery Area ("EDA").

This evidence, at pages 5 and 6, also indicates that Union uses a portfolio of contracted firm assets, including TCPL long-haul transportation, TCPL short-haul transportation and TCPL firm Storage Transportation Service ("STS") to meet the needs of Union North.

The experts' reports, which Union has provided at Exhibit C, Tabs 2 and 3 with respect to Union's Gas Supply Planning, appear to be premised on the continued use of this

traditional mix of transportation assets to support Union's delivery of gas to areas within Union North.

The evidence pertaining to Union's Incremental Transportation Contracting Analysis at Exhibit A, Tab 4, suggests that, as of November 1, 2013, Union will only be holding 8,145 Gjs/day of TCPL long-haul capacity from Empress to the Union Central Delivery Area ("CDA") which is located in territory designated by Union as "Union South".

All of this evidence suggests that, for the period commencing November 1, 2013, the portfolio of firm transportation assets to be used to meet the needs of customers located in Union North may be materially different from the historic mix of transportation assets which the experts considered in the course of providing their evidence at Exhibit C, Tabs 2 and 3.

The evidence at Exhibit B, Tab 2, page 17 indicates that Union's Gas Supply Plan is a five (5) year rolling plan prepared annually with the primary focus being on the first two (2) years of the five (5) year planning horizon.

In connection with all of this evidence, please provide the following information:

- (a) Please advise whether the 2013 update of the annual five (5) year rolling Gas Supply Plan has been completed, and if so, the date on which that process was completed.
- (b) If the 2013 update of the annual Gas Supply Plan has not yet been completed, then on what date is it likely to be completed?
- (c) Please produce, in confidence if necessary, the currently approved version of the Union's five (5) year rolling Gas Supply Plan and advise of the date on which the Plan was approved by Union's management and its Board of Directors if director approval of the Plan is required.
- (d) For the period November 1, 2013 and beyond, please list each of the points at which Union plans to purchase the commodity it needs to satisfy the requirements of its system supply customers and its bundled T customers in its Northern and Southern operations areas, and specify the volume of commodity Union is planning to acquire at each of those points.
- (e) Please describe and list each firm transportation contract Union holds as of November 1, 2013, which Union plans to use to transport and deliver gas commodity to its system gas and bundled T customers in all of the delivery areas within Union North for the period November 1, 2013 and beyond.
- (f) What incremental TCPL short-haul capacity or other transportation services has Union acquired to replace the 67,327 Gjs/day of firm transportation on TCPL from Empress to Union CDA under the auspices of a contract which expires on October 31, 2013, as described at Exhibit A, Tab 4, page 12?
- (g) Do the Gas Supply Plans completed in either 2012 or 2013 contain Union's analysis of the economic feasibility of decreasing its use of TCPL long-haul and

increasing its use of TCPL short-haul to provide delivery services to all delivery areas located in Union North?

- (h) If such an economic feasibility analysis is not in either of the 2012 or 2013 Gas Supply Plans, production of which has been requested under subparagraph (c) of this Supplementary Interrogatory, then please produce the document which contains that analysis and include therein the assumptions with respect to the pricing of TCPL short-haul services on which that analysis is based.
- (i) What assumptions have been made in the economic feasibility analysis of providing transportation of gas to delivery areas in Union North under the auspices of more TCPL short-haul services and less TCPL long-haul services with respect to the extent to which gas transportation will continue to be available from TCPL on its existing Northern line, including its North Bay Short Cut?
- (j) If the current economic feasibility analysis of using more short-haul and less long-haul services from TCPL does not reflect TCPL's plan to convert parts of its Northern line and the North Bay Short Cut to carry oil rather than gas, then please update and produce the results of the economic feasibility analysis to reflect such an assumption.
- (k) What assumption does the current economic feasibility analysis pertaining to the transportation of gas to delivery areas located in Union North make with respect to the pricing of incremental facilities that TCPL must either build or acquire to provide additional short-haul services from Dawn, Parkway and/or Maple to delivery points in delivery areas located within Union North?
- (l) What is the sensitivity of the outcome of these economic feasibility analyses to increases in the costs of such incremental short-haul services?
- (m) Did Union share its five (5) year Gas Supply Plan for the period commencing November 1, 2013, with the experts who have provided evidence at Exhibit C, Tabs 2 and 3? If so, were either of the experts asked to evaluate the costs and risks to Union and its customers associated with that five (5) year Gas Supply Plan?
- (n) If the experts were asked to provide such an evaluation, then please supplement the evidence provided by each expert at Exhibits C, Tab 2 and C, Tab 3 with their evaluations of the economic feasibility of Union's five (5) year Gas Supply Plan for the period commencing November 1, 2013.