

UNION GAS 2014 IRM RATES
EB-2013-0365
BOARD STAFF INTERROGATORIES

Interrogatory #1

Ref: Exhibit A / Tab 1 / Page 9

Union has provided rate adjustments for 2014 by rate class related to the Parkway West project. Union has forecasted the in-service date as 2014 and accordingly included certain rate impacts in 2014 rates.

a) The Parkway West evidence (EB-2012-0433) indicates that the Parkway West project will be in-service in 2015. Please explain the discrepancy between the Parkway West evidence and the evidence in the current proceeding.

b) Please explain the reasons for including rate impacts related to the Parkway West project in 2014 rates if the project is forecasted to be in-service in 2015.

Interrogatory #2

Ref: Exhibit A / Tab 1 / Page 11

Union has provided total bill impacts for typical residential customers for 2014. Schedule 7 of the Working Papers shows a significant decline for residential customers in the Northern and Eastern franchise areas. Please provide reasons for the significant decline in the Northern and Eastern areas as compared to a slight increase for southern customers.

Interrogatory #3

Ref: Exhibit A / Tab 1 / Pages 19-21

In accordance with the Board's directive in EB-2011-0210, Union has reviewed the usage of the Kirkwall Station and the allocation of Kirkwall metering costs. Union in its evidence has indicated that it is not proposing any changes to the allocation of Kirkwall metering costs. Although the Kirkwall Station allows for bidirectional flow, Union has

indicated that the Kirkwall metering facilities are required to meet easterly demands on the Dawn-Parkway transmission system on design day.

With the changing North American gas supply dynamics and customer requests for new services, Union has made modification to some of its infrastructure to accommodate for bi-directional flows of natural gas.

- a) Why does Union consider the cost allocation methodology to be appropriate considering that its assets are being used in a different way than originally intended?
- b) Does Union intend to review the cost allocation methodology at the next rebasing to better reflect actual flows of natural gas within its system?
- c) Please provide a description of the methodology and associated allocated costs by rate class assuming the costs of the Kirkwall metering station are allocated to recognize the bidirectional flow.

Interrogatory #4

Ref: Exhibit A / Tab 2 / Page 5

In its evidence, Union has indicated that it has updated allocators in 2013 as per the directions of the Board in EB-2011-0210. Union has further stated that any changes to the allocators are reflected in the cost allocations for the annual earning sharing calculation.

In the Board's EB-2011-0210 Decision and Order, the Board stated at page 79:

"With respect to FRPO's argument that an update is also required to the general plant allocation, the Board finds that it does not have sufficient evidence on this issue to make this finding. While the Board is of the view that there may or may not be an under-allocation of general plant to Union's non-utility storage operation, the quantum of that under-allocation, if any, is not clear from the evidence in this proceeding. Therefore, the Board will not direct Union to make an update to the general plant allocation for the purpose of setting 2013 rates."

The Board further stated at page 80:

"The Board believes that it should have a robust evidentiary record in Union's 2014 rates proceeding on all issues related to the allocation of storage costs between utility and non-utility storage. The Board notes that, as part of Union's 2014 rates filing, it will revisit the allocation of all storage related costs between Union's utility and non-utility

storage operations. At that time, the Board may also order further updates to the allocation factors (including the general plant allocation factor).”

a) Please indicate whether Union’s updated general plant allocators for non-utility storage have been reflected in base rates. If not, please explain how the impact of the updated general plant allocators is passed onto ratepayers considering the scenarios where (i) there is no earning sharing; and (ii) earning sharing has been triggered. Please provide a detailed response.

b) Please provide the dollar impact to the 2014 revenue requirement based on the updated general plant allocators including O&M expenses.

Interrogatory #5

Ref: Exhibit A / Tab 4

Some direct purchase customers of Union currently purchase capacity mainly to fulfil their Parkway delivery obligation. What capacity is related to customers moving gas from Dawn to Parkway to fulfil their current Parkway delivery obligation?

Interrogatory #6

Ref: Exhibit A / Tab 4

In its evidence, Union has stated that it intends to eliminate the Parkway delivery obligation over time.

a) If Union’s proposal is accepted, would it mean that direct purchase customers would be obligated to deliver at Dawn or would the customers have an option to select their delivery point (Dawn or Parkway)?

b) Has Union contacted its customers to determine whether there is a portion of customers interested in continuing to deliver at Parkway?

c) Has Union conducted any market research to determine if direct purchase customers would be willing to continue delivering at Parkway under certain conditions such as incentives or credits? Has Union explored other options in consultation with direct purchase customers? If not, please provide reasons for not doing so.

Interrogatory #7

Ref: Exhibit A / Tab 4

Please provide the dollar impact of Union's proposal to eliminate or reduce the Parkway delivery obligation on residential customers for each of the years from 2014 to 2018. Please also confirm that there are no rate impacts in 2014 as a result of reducing the Parkway delivery obligation.

Interrogatory #8

Ref: Exhibit A / Tab 4

In its evidence, Union has proposed to eliminate the Parkway delivery obligation for direct purchase customers over the 2014 to 2018 period because large volume direct purchase customers have requested that Union eliminate the Parkway delivery obligation. Please explain how Union's proposal is equitable to all ratepayers considering that Union's residential ratepayers will bear a significant portion of the costs to eliminate the delivery obligation.

Interrogatory #9

Ref: Exhibit A / Tab 4

Please confirm whether there will be any impact on the gas supply plan as a result of Union implementing its proposal to eliminate the Parkway delivery obligation. Please provide a detailed response.