

January 21, 2014

VIA RESS AND COURIER

Ms. Kirsten Walli
ONTARIO ENERGY BOARD
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Ian A. Mondrow
Direct: 416-369-4670
ian.mondrow@gowlings.com

Assistant: Cathy Galler
Direct: 416-369-4570
cathy.galler@gowlings.com

File No. T998376

Dear Ms. Walli:

Re: EB-2013-0365 – Union Gas Limited (Union) 2014 Rates Application.

Interrogatories to Union from Industrial Gas Users Association (IGUA).

On behalf of IGUA, we are submitting with this letter interrogatories to Union in respect of the captioned application.

The interrogatories submitted are focussed on the topic of Union's proposal to eliminate the Parkway delivery obligation for direct purchase contract distribution customers. The issue of the Parkway delivery obligation was raised by IGUA in Union's 2013 rate application (EB-2011-0210), and is before the Board in this proceeding as a result of the settlement of that proceeding as ultimately accepted by the Board and the intervening working group process in which IGUA took an active role.

Procedural Order No. 1 in this proceeding directed that intervenor interrogatories be filed by January 15th (last Wednesday), and the interrogatories filed with this letter are thus late. We have been in contact with Union in the interim, and we provided Union with a copy of the attached interrogatories late yesterday. Further, as we have had the benefit of reviewing the interrogatories filed by other parties, we have been able to reduce the number of interrogatories submitted herewith.

We ask that the Board accept these interrogatories, though late, and that Union provide responses to them when reasonably possible, whether by the response date specified in Procedural Order No. 1 (January 30th) or thereafter.

Yours truly,



Ian A. Mondrow

c: C. Ripley (Union)
C. Smith (Torys)
S. Rahbar (IGUA)
K. Viraney (Board Staff)
Intervenors of Record

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ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*;

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, 2014.

INTERROGATORIES TO UNION GAS LIMITED (Union)

From

INDUSTRIAL GAS USERS ASSOCIATION (IGUA)

1. [ExA/T4/p3, lines 1-2] The evidence explains that Union relies on obligated deliveries at Parkway from direct purchase customers and sales service customers in the design of the Dawn-Parkway transmission system.
 - a. Please provide a map of Union's Dawn-Parkway system with each of the laterals off of that system indicated, and with the Union-South and Union-North service areas indicated.
 - b. Please explain, with specific reference to the map provided in response to part a. if possible, how the delivery of gas at Parkway supports the physical operation of: i) Union's gas distribution system for Union South customers; ii) Union's gas distribution system for Union North customers; and iii) Union's gas transportation system.
 - c. Please populate the following table for each of the 5 years ending in 2013:

<i>Year</i>	<i>Gas Delivered at Parkway (Gj) (a)</i>	<i>Gas Leaving Union's System at Parkway (Gj) (b)</i>	<i>b as a percentage of a</i>

2. [ExA/T4/p3, lines 17 through 22] The evidence indicates that the Parkway delivery obligation primarily resides with Union's large volume contract rate classes.

Please explain the physical or financial gas supply options available to large volume contract rate class customers for delivery of gas to Parkway, and the current cost of each of those options relative to the cost of delivery of gas to Dawn.

3. [ExA/T4/p4, lines 14 through 15] The evidence states: "...the primary beneficiary of the "distance credit" are Union South general service rate classes (Rate M1 and Rate M2).

Please quantify:

- a. The amount of the distance credit allocated to each rate class in 2013.
 - b. The cost of Union's deliveries to Parkway (vs. Dawn) allocated to each rate class in 2013.
4. [ExA/T4/p4, table 1 and p6, lines 10 through 17] The evidence indicates a shortfall of 185 Tj/day of Dawn-Parkway capacity to displace Parkway obligated deliveries as of November, 2018. Union proposes to address this shortfall by: i) the use of 62 Tj/day of Dawn Parkway capacity held by in-franchise customers; and ii) options to be evaluated and addressed at the time of Union's 2019 cost-of-service rebasing for the remaining 123 Tj/day.
- a. Please explain why the 62 TJ/day mentioned in this evidence appears as an offset to the Parkway obligation only in 2018 and not earlier (given that the capacity is needed to relieve the customers currently holding that capacity of their Parkway delivery obligation).
 - b. Please explain what options may be available to Union in 2018/19 to address the remaining 123 Tj/day of Parkway obligation.
5. [ExA/T4/p14, lines 2 through 8] The evidence explains that as of late 2007, a Direct Purchase customer with new load located west of Dawn are able to deliver gas to meet that load to Dawn (at the customer's option).

Please confirm that, in the result, there are currently some Direct Purchase customers located west of Dawn who deliver to Dawn, while other customers similarly located continue to be obligated to deliver to Parkway.

6. [ExA/T4/p16, lines 14 through 16] The evidence states: *“The relative proportions of Dawn and Parkway deliveries between sales service customers and direct purchase customers are different. This is primarily due to the grandfathering of DCQ obligations for direct purchase customers, as described earlier, and the evolution of the DCQ delivery obligation policies over time.”*

Is there any principled basis upon which deliveries to Parkway on behalf of system supply customers should continue to be proportionately lower than deliveries to Parkway by direct purchase contract customers? If there is, please explain.

7. [ExA/T4/p21, lines 4 through 8] The evidence indicates Union’s reliance on future (October 2015 and beyond) Dawn-Kirkwall and Dawn-Parkway M12 turnback to definitively address the Parkway delivery obligation of large volume direct purchase customers.

- a. Please explain the basis for Union’s confidence that the capacity to be used to address the Parkway delivery obligation will in fact be turned back.
- b. What does Union propose to do to address the Parkway delivery obligation should the turnback relied upon not in fact materialize?

8. [ExA/T4/p26, lines 4 through 6] The evidence indicates that Union assumes that in-franchise M12 shippers with Parkway obligations will turn back their M12 capacity as the Parkway obligation is removed.

Could these shippers continue to hold their M12 capacity and assign it to third parties rather than turn it back? Has Union considered this possibility?

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