

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

Borden Ladner Gervais LLP  
World Exchange Plaza  
100 Queen St, Suite 1300  
Ottawa, ON, Canada K1P 1J9  
T 613.237.5160  
F 613.230.8842  
blg.com



By electronic filing

June 3, 2014

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

Dear Ms. Walli,

**Union Gas Limited (“Union”)**  
**Application to Reduce Certain Penalty Charges Applied to its Direct Purchase Customers**  
**Board File No.: EB-2014-0154**  
**Our File No.: 339583-000176**

We are enclosing the Interrogatories of our client, Canadian Manufacturers & Exporters (“CME”) pursuant to Procedural Order No. 1 dated May 27, 2014.

Yours very truly,

A handwritten signature in blue ink, appearing to read 'Peter C.P. Thompson', is written over a faint, larger version of the same signature.

Peter C.P. Thompson

PCT\slc  
enclosure

c. Chris Ripley (Union)  
Intervenors EB-2014-0154  
Paul Clipsham and Ian Shaw (CME)  
Vince DeRose Emma Blanchard (BLG)

OTT01: 6361080: 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 approving a one-time exemption from Union Gas Limited's approved rate schedules to reduce certain penalty charges applied to direct purchase customers who did not meet their contractual obligations.

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

**Interrogatory #1**

Reference: Union letter dated April 3, 2014

In its April 3, 2014 letter to the Board, Union states that over 95% of Union's direct purchase customers met their contractual obligations during the course of the unprecedented cold snap this past winter. With respect to this statement, please provide the following additional information:

- (a) What are the total volumes served under the auspices of direct purchase arrangements and what percentage of these volumes were in compliance with the contractual obligations of direct purchasers?
- (b) What measures were the compliant direct purchasers required to take to satisfy their contractual obligations; and what is the range of costs/Gj that they would likely have incurred to comply with those obligations?

**Interrogatory #2**

Reference: Union letter dated April 10, 2014

To help us better understand the circumstances pertaining to the direct purchasers who did not comply with their contractual obligations, please provide the following information in addition to that shown in Tables 1, 2 and 3 of Attachment 1 of Union's letter to the Board dated April 10, 2014:

- (a) A breakdown of the customers in Tables 1 and 2 of Attachment 1 between marketers which hold bundled T-contracts with Union and contract customers which hold such contracts in their own names, including a breakdown of penalty amounts charged to such customer sub-sets.

- (b) Segregate the information to be provided in response to sub-paragraph (a) above between the rate classes on which the direct purchase customers take service from Union.
- (c) List separately the penalty amounts charged to each of the 21 defaulting customers shown in Tables 1, 2 and 3, and show the extent to which such charges to each of those customers have not yet been paid.
- (d) The major defaults were by 11 BT February Checkpoint customers and 3 T1 customers. Please identify the nature of each of these defaulting customers. For example, were they a distributor, a power generator, a manufacturer, etc.?
- (e) Please provide a breakdown by customer class in each of Union's Northern and Southern Operation Areas of the total number of customers in each class, as well as the number of customers in each class who are served under the auspices of direct purchase arrangements.

### **Interrogatory #3**

Reference: Board letter dated May 10, 2014

In the Board's letter dated May 10, 2014, to counsel for Natural Resource Gas Limited ("NRG"), it is stated that the Board intends to hear NRG's Application to limit Union's recovery for NRG's failure to comply with its contractual obligations as a direct purchaser to \$12.31/Gj together with this Application. NRG's Application is premised on the notion that Union's penalty charges are unenforceable. In connection with NRG's claims, please provide the following information:

- (a) If the Board finds that the penalty charges are unenforceable, as NRG alleges, then do the customers who paid more than \$12.31/Gj, so as to avoid the penalty charges in their direct purchase contractual arrangements with Union, have a claim against Union for the difference between the \$12.31/Gj and the amount they actually paid?

### **Interrogatory #4**

Reference: Union letter dated April 10, 2014

Please provide the following additional information with respect to matters pertaining to the penalty amounts which Union actually recovers from non-compliant direct purchasers being either the \$9M or \$6M shown in Table 3 of Attachment 1 to Union's April 10, 2014 letter to the Board or some other amount determined by the Board to be appropriate:

- (a) Are penalty amounts related to a direct purchaser's failure to comply with its delivery obligations classified by Union as gas costs? If not, then how does Union classify such costs?
- (b) What penalty amounts, if any, are embedded in 2013 Base Rates?
- (c) Does the entire amount by which the actual penalty charges Union recovers exceed the amount of such charges embedded in rates flow to the exclusive benefit of ratepayers through the operation of one or more of the gas cost deferral accounts?

- (d) If not, then does the entire amount of such excess accrue to the benefit of Union's shareholder subject to the Earnings Sharing Mechanism ("ESM") under the Incentive Regulation Mechanism ("IRM") Plan?

**Interrogatory #5**

Reference: NRG letter dated April 23, 2014

On the Board's website for this case, there is a letter from counsel for NRG to counsel for Union dated April 23, 2014, which refers to counsel for Union's letter of April 21, 2014. Please produce a copy of that April 21, 2014 letter.

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