

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

INTERROGATORIES OF
BUILDING OWNERS AND MANAGERS ASSOCIATION, GREATER TORONTO
("BOMA")

July 4, 2014

Interrogatories

1. A, T1, p6

"Union is proposing to recover the \$2.265 million from Union South DP customers who were below the planned BGA balance and drove the need for incremental spot gas purchases based on Union's South customers March 31 DP Status Report."

Please provide a copy of the agreement between Union and its DP customers that sets out the DP customers' obligations with respect to the February 28 checkpoint.

Please provide a simple copy of Union's March 31, 2014 DP Status Report.

2. A1, T1, p4, line 9

"Union retains load balancing obligations for weather variances relative to the February 28 checkpoint (for variances after the establishment of the checkpoint) and March weather and consumption variances".

Please confirm that Union would have bought spot gas to cover March weather and consumption variances for DP customers that were in compliance with the February 28 requirement, as well as those that were not; in other words, DP customers that did not meet the February 28 delivery balances.

3. Id, P5, Table 1

Please explain the nature of the weighted average Summer-Winter differential.

4. Id, P2, Line 18

Why would Union need to purchase additional spot gas for the Northern bundled-T customers? Please explain fully.

5. P5, Table 1

Please provide a description of the calculation of the Ontario Landed Reference Price.

6. P8 (Unaccounted for Gas (UFG) Variances)

Please explain (and show calculation) for how the UFG is calculated for each year.

Please confirm that the amount of UFG variance applies only to price variances and not volume variance.

7. P9

What is the cost to Union in foregone earnings of each million dollar shortfall in Short-Term Transportation Revenue relative to the amount included in rates? Please explain.

8. Treatment of Down-Parkway Capacity

Please confirm that "Union is kept whole" means that Union would have no incentive to contract on a standalone basis from Dawn to Parkway, as opposed to contracting from Dawn to Parkway to set up a proposed exchange transaction which required Parkway to Union EDA service.

If that is not the meaning, please state what does the sentence intend to convey. Please explain fully.

9. Incremental Transportation Contracting Analysis Ex A, T4, p1

One year extension of Vector Pipeline Transportation Contract

The receipt point for the contract is listed as Alliance Pipeline L.P. Interconnect. Does this mean that the gas Union will move on Vector (a) currently, and (b) during the extension period (November 1, 2016 to November 1, 2017) is purchased in Western Canada and moved through the Alliance pipeline to Chicago. Please explain fully.

10. Id, P3

Please describe what is meant by the Chicago Hub. Is it a single facility like Dawn or is it a series of interconnections with various Canadian and US pipelines in the general vicinity of Chicago? Please provide a diagram of the Chicago Hub, showing the pipeline interconnections. Is there storage at the Chicago Hub?

Please provide the route(s) by which gas originating in the Marcellus and/or Utica Shales is transported to the Chicago Hub so as to become one of the competing suppliers mentioned in #3, p3 of 25. Please discuss fully.

There are two Vector contracts listed at Appendix A, Schedule 1. Please confirm that the contract being extended is being proposed for the Vector contract in line 4.

11. Id, Appendix A, Schedule 1; Schedule 2.

(i) At what load factor has Union flowed gas on the Vector pipeline for the period 2008 to date? What load factor does it anticipate flowing for 2014, 2015, 2016, 2017?

(ii) Please redo Schedules 1 and 2 assuming:

Exchange rate of US\$1 = \$1.10 CDN

Exchange rate of US\$1 = \$1.15 CDN

- (iii) Please confirm that the "Basis Differential" in Schedule 1 is the basis differential from the Henry Hub.
 - (iv) Please provide the average monthly basis differentials between AECO and Dawn, from January 1, 2013 to date, and forecast for the next 24 months.
 - (v) What point of supply is "CREC"?
 - (vi) Has Union decided not to renew the Alliance/Vector (2000-2015) contract listed in Schedule 1? If so, what was the basis?
 - (vii) Why is the supply cost of gas at Niagara presumably from the Marcellus shale, so high relative to gas transported much greater distances? (See assumption, lines 4 and 5). Please discuss.
 - (viii) What is the cost of Marcellus gas at the major receipt point(s) in the Marcellus Shale, currently, forecast on the period 2014-2017? Please identify the supply points and the indices that track prices at those points.
 - (ix) Please provide the basis for the commodity price forecast in the assumption. Please provide a copy of the ICF report if the forecasts are grounded on their work.
 - (x) What accounts for the fact that Dawn and commodity costs are substantially higher than forecast Niagara prices for the 2013-2017 period (Assumption, Schedule 1). Why does Union purchase so little gas at Niagara, or Kirkwall.
12. Ex A, T4, P3 - Please provide details of receipt and delivery points flexibility in Vector.
13. Panhandle Extension
- (i) P5 - We are already half way through 2014 gas year. Does Union intend to extend the Panhandle/Field Zone to Ojibway contract beyond October 31, 2014? Please provide a detailed cost analysis.
 - (ii) Please provide details of structure of demand charge and UDC exposure to this contract.
 - (iii) Is the first rate for the one year period only? Is there a right to renew; at same or different price?
 - (iv) What is existing average combined load factor? What is forecast for 2013-2014?
 - (v) Please explain the details of the receipt point.
 - (vi) What did Union contract for the renewal? What led to the substantial drop in tariff for Schedule 2 analysis to contract price?

14. TCPL Transportation Contract

Please provide a copy of the contract.

The term of the contract is for less than one year. Is the rate fixed for the period? Is it renewable?

Is the contract linked with an STS contract? Please explain fully.

P9 - Plan to Extend Vertical Slice

15. A, T4, p13

"Second, a continued and steady reduction in the number of customers moving from sales service to direct purchase will allow Union to manage this migration within the sales service portfolio, without requiring an allocation of upstream transportation capacity going forward, provided it remains small and/or predictable"

- (i) Please explain fully how Union will manage the migration within the sales service portfolio, without requiring an allocation of upstream transportation capacity going forward. What % of volume of DP has returned to system sales (p13) in the last three years. What is the total DP volume remaining.
- (ii) The evidence states that 84 TJ/d of Alliance/Vector capacity will expire December 1, 2015. How will Union replace the gas and the transportation capacity? Please provide details. Is it being replaced by additional purchase at Dawn? Please explain fully.
- (iii) Please explain how the turnback referred to at p14, line 2 will work. Will the DP customer that turnback their capacity be returning to sales service? Please explain fully.
- (iv) P15, line 2 - How will Union manage the movement to DP within the upstream transportation portfolio? Does the change mean the DP customer can choose its upstream capacity. For example, can DP customer acquire Marcellus gas on a bundled basis; via an unbundled service.
- (v) P16 - Can Union provide a table showing the evolution of its upstream transportation portfolio over the last five years and the forecast modification to 2017.
- (vi) P24 - Are all DP customers that have a receipt point of Panhandle/Field Service capacity currently delivering at Parkway to the extent of that obligation?

16. ExA, T4, Appendices B and C - 2013-2014 Gas Supply Plan

The gas supply plan and the 2013-2014 Gas Supply Memorandum dated April 2014 are for the gas year November 1, 2013 to October 31, 2014. The major gas consumption for the 2014 year is over, so the document is more of a report of what has happened rather than a prospective document.

Please provide the Gas Supply Plan and Memorandum for 2014-2015, or confirm that the Gas Supply Plan (the "plan") and Gas Supply Memorandum (the "memorandum") for 2014-2015 (the period November 1, 2014 to October 31, 2015) will be filed later in 2014 but in time for comments from intervenors and Board review prior to its execution.

Please indicate in which proceeding the 2014-2015 plan and memorandum will be reviewed and approved.

17. April 9, 2014 – Stakeholder Meeting

- (i) Please explain in detail the "two methods" to Union's Use per Customer Factor and Multiple Winter Average referred to at p16 of the April 2014 Stakeholder Meeting Presentation (the "presentation").
- (ii) Please file a copy of the process to review the cost of service, rate level, and rate design for the St. Clair Pipeline and the Bluewater Pipeline (see p18 of the presentation). When and where will the process take place?
- (iii) Please provide a description of each of the bundled and unbundled DP services provided in its Northern and Southern systems.
- (iv) P21 – "Deliver gas to various receipt points on Union's system to maintain system integrity"

Please provide a breakdown showing volume for sales gas and DP gas at each Union receipt point, for the 2013-2014 plan.

- (v) P18 - Documentation of the Alternatives analyzed and not arranged

Union seems to have decided not to procure significant quantities of Marcellus Shale gas at Niagara (6% of 2013-2014 sales supply). Please discuss why Union has not elected to utilize more Marcellus basin gas via Niagara.

- (vi) P22, Bullet 5

Please describe in detail what are existing obligated Ontario deliveries for the "bundled DP market".

- (vii) P24

Has the return to system of 90,000 customers happened, or is it forecast to happen? Over what period of time? What is the actual number of customers that have returned to sales

in the plan year to date? Are they mainly residential and very small commercial customers. What volumes of DP gas have returned.

(viii) P25

"Supplier of last resort for sales service and bundled DP customers." Please provide a reference for a Board decision that makes Union a supplier of last resort for bundled DP customers.

(ix) P27

What is the difference between bundled Direct Purchase T-service, and "Unbundled" service in Union South? Please describe fully.

(x) What is meant by Non-Obligated (e.g. Power Plants), 220 TJ/day in the table on that page? Do all power plants have non-obligated deliveries to Union or only some of them. How does Union determine which DP power plant customers are obligated to deliver gas and which are not. Please discuss fully. Do any non-power plant DP customers have no obligation to deliver gas to Union, how many, what volumes, in which rate classes.

(xi) P30

Please explain what Union North "T-service redelivery" demands are.

(xii) P33

Please elaborate on the sentence using contracted pooling rights to group STS rights serving the various Union North delivery areas."

(xiii) P34

Explain the "subject to TCPL's downstream diversions". What has been TCPL's practice? Please discuss whether TCPL still allows such divisions, and whether the Settlement Agreement currently before the NEB will affect downstream diversions in any way, and how.

(xiv) P35

Explain what a "market-based contract" for Union CDA is. Please discuss.

Why are CDA market-based contracts lower in 2014 than in 2013? Why is the 2014 contract only for a five month period.

Why are Dawn delivered supplies substituting for The Vector Pipeline one year contract?

(xv) P36

When did the Board last approve the storage plan?

(xvi) P37

Confirm Gas Supply Plan 2013-2014.

What is the breakdown by rate class of the volumes returned to sales service in 2013-2014?

How much of 44,000 is to be purchased at Dawn? How much will be using new transportation capacity, and provide a breakdown of that capacity.

(xvii) B. Industry Trends

P40 - Please summarize the extent to which Union has shifted its supply from WCSB or Dawn to Marcellus supply in 2013-2014. Does Union intend to increase its transportation capacity on the TCPL's Niagara Line in the next five years, and, by how much per year?

Please show, by a table, for the period 2005 to date, and for the five years commencing in 2015, the evolution of Union's upstream transportation contracts from mostly long haul to mostly short haul. Please explain fully.

Please provide an update on Sempra's Nexus project

(xviii) C. Facilities

- (a) Please expand the graph on p46 to June 30.
- (b) Please provide the amount of firm customer contract signed to date for the 2016 Dawn Parkway expansion.
- (c) P52 - Please provide justification for the forecasts of Kirkwall receipts for 2015-2016 and 2016-2017 of >0.7 PJ/d and ≤ 1.4 PJ/d, respectively.
- (d) Do you expect any Marcellus or Utica supplies at Dawn over the 5 year plan period? What volumes do you anticipate. How does the cost compare to the landed cost of Marcellus/Utica gas at Niagara, at Kirkwall, and Parkway, either by way of Dawn, or without going to Dawn.

18. G. Gas Supply Memorandum

- (i) Please provide a comparison of the daily and monthly firm prices at AECO and Dawn over the period November 1, 2013 to today.
- (ii) Please provide a comparison of monthly and one year forward contract prices over the same period.

- (iii) Please provide comparable data on gas futures at Henry Hub, Dawn, and AECO for the next five years.
- (iv) Union has contracted for how much Marcellus and Utica Shale gas to date?
- (v) Union has 26 TJs of transport on TCPL's Niagara line - is this gas for Union system supply only, or can DP customer access this capacity. Does Union intend to increase purchases at Kirkwood or at Niagara.
- (vi) P52 of the Gas Supply Plan

Please provide history of Union decontracting TCPL long haul service used to underpin service to its sales and bundled DP customers from 2000 to date.

Please show the expiration date of each contract, the volume, and how that gas was replaced.

Show separately for each Union delivery area in the North and for the South.

What transportation capacity or delivered arrangements replaced each of the terminated contracts?

Please show the costs savings achieved by replacement route chosen.

- (vii) P9

"Although shale gas in Alberta and BC is a promising resource with growing production, it is unclear whether these new supplies will be attracted to Eastern markets or to LNG export markets".

Please explain why the new shale gas reserves would not flow to both eastern markets and to offshore markets via LNG exports.

- (viii) P10

Please provide ICF report which included the gas price forecasts?

- (ix) P13 - Union acquired 26-capacity on TCPL's Niagara line effective November 1, 2012.

You mention that you have contracts with over ninety producers/marketers. Have you contracted for any Marcellus gas which you would move through the capacity you hold on the Niagara line? Did you purchase the gas at Niagara. Please discuss.

Please provide the amount of gas acquired by Union at each of its receipt points each year over the last five years, including 2014, including Dawn Ojibway, Kirkwall Parkway, Empress (AECO).

(x) P16 - Five Year Rolling Plan

Please provide a monthly commodity forecast(s) for the next five years. Please file the most recent ICF Report you have received.

(xi) P17

- (a) How much notice does Union get of a customer's desire to return to sales service, by type of customer eg. bundled T, T-Service, Unbundled, in both North and South?
- (b) Please provide a copy of the five year plan for monthly forecasts of return to system.
- (c) What were the actual DP customers (numbers, rate class, volumes) returned to sales service in 2013-2014 to date?
- (d) "Increased use in the residential market driven by a lower rate of decline in residential market compared to forecast." Please discuss.
- (e) "Higher usage in the commercial market" - high relative to EB-2011-0210 approved forecast. Please discuss. What are the reasons for the higher than forecast use in the commercial market?

(xii) P18

Why did 13 PJ return to sales service did bring only 5 PJ of upstream capacity? Why the difference? Please explain fully.

(xiii) P19

I read "44,000 GJ/d of uncommitted supply". What is meant by "uncommitted supply"? Is it new supply?

Supplies moved across the meter - 53,000 GJ of Parkway to Union CDA already acquired "with market-based contracts". Which is meant by market-based contracts. Please explain fully.

What are the peak day requirements in the North for sales, bundled-T, transportation service, and unbundled service?

(xiv) P22, Table 8

- (a) Please explain in detail the T-Service Storage-Redelivery Demand (North) of 14TJ/day, and why Union is responsible, given that is a T-Service customer, who according to 6.1.2, p21, para 2, is responsible for arranging its own transportation.

(b) Will the service to Union MDA, WDA, and NDA via upstream diversion for TCPL-Empress-Union-CDA (67TJ/day) be possible in 2014-2015 and beyond?

(c) P23: 6.2, line 4

Please describe the "general service unbundled customers". What are the contractual arrangements that underpin that group of customers?

(xv) P25, Figure 10

(a) When was the 2013-2014 forecast for Union South sales and DP customers prepared?

(b) Please explain the wide divergence between 2013-2014 forecast and actual return to service in 2013-2014, and between Board approved forecast and 2013-2014 forecast.

(xvi) Appendix B - Union Sales service Gas Supply Demand Balance

Marcellus gas or Niagara line constitute only 7.702/117.913 or 6% of South Sales Supply.

Given the importance Union appears to attach to the Marcellus and Utica supplies, why are those supplies such a small part of Union's South sales service supply?

(xvii) P26, Figure 11 [Note: This is just for Union Sales Customers]

(a) The percentage represents what volume of gas, purchase value of gas, cost of transportation.

(b) What are the actual proportions to May 1, 2014 relative to forecast?

(c) What is meant by "US Mid-Continent"; how is that distinguished from "Chicago"? Please provide the relevant receipt points.

(xviii) Appendix D

(a) Confirm these contracts are for all gas moving into or through the southern operation area, not just sales gas.

(b) Is Kirkwall-Niagara for moving gas to the US or into Canada?

(c) Lines 25 and 26

(d) What do these numbers represent?

Are they for volumes other than those volumes moved on the transportation contracts listed on lines 1 to 24?

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