

UNION GAS LIMITED
DISPOSITION OF 2013 DEFERRAL ACCOUNT BALANCES
EB-2014-0145
BOARD STAFF INTERROGATORIES

Interrogatory #1

Reference:

Account No. 179-107 – Spot Gas Variance Account
Exhibit A / Tab 1 / Page 4-6 & Exhibit A / Tab 3 / Page 2

Union stated that it 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. Union's load balancing obligation is required to ensure there is sufficient gas in storage at March 31 to maintain system integrity.

- a) Please explain what Union means by load balancing obligations "for weather variances relative to the February 28 checkpoint (for variances after the establishment of the checkpoint)."

Union stated that load balancing costs are calculated by applying the summer / winter differential (current winter prices versus next summer price) to the incremental volumes purchased. The difference between the spot price paid and the forecast summer price (winter / summer differential) is based on the forecast summer price at the time each spot gas purchase was made. Union noted that the forecast summer cost used in its calculation is \$4.29/GJ.

- b) Please provide the detailed calculation for the summer natural gas price forecast cited in the evidence.

Union proposed to allocate the portion of the Spot Gas Variance Account related to Union South bundled direct purchase load balancing costs on a contract specific basis, based on the March 31, 2014 shortfall position. Each direct purchase contract's shortfall position, as a proportion of the total March 31, 2014 shortfall, will be used to determine its allocation of Union South load balancing costs.

- c) Please confirm that this allocation will be based on the direct purchase contract's actual shortfall position on March 31, 2014.

Interrogatory #2

Reference:

Account No. 179-131 – Upstream Transportation Optimization
Exhibit A / Tab 1 / Page 18-19 & 22-23

Union stated that, on an actual basis, consistent with the method approved in its EB-2011-0210 Decision and Rate Order, Union has credited \$15.697 million in rates to ratepayers during 2013. This is \$2.271 million greater than the Board-approved amount of \$13.426 million. This difference occurs when Union's actual sale service volumes are greater than the forecast sales service volumes in 2013 rates.

- a) Please provide supporting evidence highlighting the increased optimization credit of \$15.697 million included in 2013 rates.

Union noted that it often requires the use of its own transmission system, primarily Dawn to Parkway transportation to facilitate transportation exchange services.

Union noted that, beginning in 2013, it has started tracking Dawn to Parkway transportation revenue separately from revenue related to upstream transportation optimization. Union stated that the Dawn to Parkway revenue is not included in the Upstream Transportation Optimization deferral account.

- b) Please confirm that the revenues arising from the exchange portion of an exchange service that utilizes Dawn to Parkway transportation are recorded in the Upstream Transportation Optimization deferral account.

Interrogatory #3

Reference:

Account No. 179-70 – Short-Term Storage and Other Balancing Services
Exhibit A / Tab 1 / Page 28-29

Union noted that 2013 was the first year that it sold non-utility storage space on a short-term basis (terms of less than 2 years). In Union's 2013 Cost of Service Application, it proposed to split margins from short-term peak storage services proportionately between utility and non-utility customers based on the utility and non-utility share of the total quantity of short-term peak storage sold each year. The Board, in its EB-2011-0210 Decision, accepted Union's proposal.

- a) Please provide the simple average term of the short-term peak storage services sold in 2013.
- b) Please provide the volume weighted average term of the short-term peak storage services sold in 2013.

Interrogatory #4

Reference:

Vertical Slice Methodology

Union stated that the purpose of its evidence related to the vertical slice methodology is to “inform” the Board and interested parties of its proposal to suspend the utilization of the methodology.

- a) Please confirm whether Union is requesting Board approval, in this proceeding, of its proposal to suspend the vertical slice methodology. If not, please discuss where this approval will be sought or explain why no approval is necessary.