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October 31, 2014

BY EMAIL & COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2014-0271**  
**Union Gas Limited – 2015 Rates Proceeding**  
**Energy Probe – Interrogatories to Applicant**

Pursuant to Procedural Order No. 1, issued by the Board on October 23, 2014, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2014-0271 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc: Chris Ripley, Union Gas Limited (By email)  
Crawford Smith, Torys LLP (By email)  
Roger Higgin, Consultant to Energy Probe (By email)  
Shelley Grice, Consultant to Energy Probe (By email)  
Parties of Interest (By email)

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## **Ontario Energy Board**

**IN THE MATTER OF** the Ontario Energy Board Act, 1998,  
S.O. 1998, c.15 (Sched. B);

**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, 2015.

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**Union Gas Limited**

**Interrogatories of**

**Energy Probe Research Foundation**

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**October 31, 2014**

**Union Gas Limited  
Application for 2015 Rates under IRM**

**Interrogatories of Energy Probe Research Foundation**

**Energy Probe-1**

**Ref: Exhibit A, Tab 1, Pages 8-9**

**Preamble: Any qualifying project would be subject to both annual revenue requirement true-ups during the IRM term and an end-of-term qualification assessment. [EB-2013-0202 Exhibit A, Tab 1, Page 31]**

- a) Please provide an update on the Parkway West and Brantford-Kirkwall/Parkway D Projects. Indicate any changes in Capital Expenditures from approved.**
- b) Please provide a Schedule showing forecast Assets In-Service (Pipeline and Compression) by each Quarter of 2015.**
- c) Please provide the associated average 2015 Ratebase addition and Revenue Requirement associated with the projected in service assets. Provide variance explanation (if required).**
- d) Please provide the sensitivity of 2015 Revenue Requirement to a change in Assets in service of \$1million based on the projected 2015 return on Capital.**

**Energy Probe-2**

**Ref: Exhibit A, Tab 1, page 8**

**Preamble: The Board approved a total cost of \$14.7 million for UFG in 2013 base rates (EB-2011-0210) calculated by multiplying the Board-approved total UFG volume of 70,253 103m<sup>3</sup> by a WACOG 10 of \$210.506/ 10<sup>3</sup>m<sup>3</sup> (the cost of gas used in Union's January 1, 2013 QRAM). This means that for 2014 UFG, a volume variance less than \$9.7 million or greater than \$19.7 million would be subject to deferral. To illustrate, if the volume variance is \$25.7 million, \$6 million would be deferred and recovered from ratepayers. [EB-2013-0202 Exhibit A Tab 1 Page 29].**

- a) Please provide the actual and forecast balances in the UFG Variance Account, 179-135.
- b) Confirm Union will clear the 2014 account balance(s) (if any) in the next Deferral and Variance Account clearance proceeding.

### Energy Probe-3

Ref: Exhibit A, Tab 1, Page 11

**Preamble:** Union proposes to eliminate the Normalized Average Consumption (“NAC”) volume adjustment from Union North Rate 01 and Rate 10 gas supply transportation rates for the remainder of its IRM term and keep the billing units associated with these rates at 2014 Board-approved levels.

- a) Please provide more information (admin burden etc.) why this change is necessary.
- b) What are the impact(s) to 2015 rates by continuing with the NAC volume adjustment for Rate 01 and Rate 10?
- c) How does Union’s proposal align with the approved EB-2013-0202 Settlement Agreement?

### Energy Probe-4

Ref: Exhibit A, Tab 2, and PDO Schedule 1

**Preamble:** Union has noted that due to the results of its 2014 January-February Reverse Open Season, Dawn to Kirkwall turnback capacity is likely to be available earlier than forecasted and a further relief of 70 TJ/day is forecast to be available as early as November 1, 2016.

- a) Please provide the actual (not forecast) firm contract elections from the open season as of present and indicate if PDO Schedule 1 and Table 1 correspond to these volumes. If not, please update and indicate the specific change(s) together with an explanation.
- b) Please provide the Cost Impacts of this change in PDO forecast. For each year show the amounts paid by in-franchise and ex-franchise customers North and South by a comparison of the original forecast at the time of the June 2014 Settlement Agreement to the current forecast.

- c) **PDO Schedule 1 (bottom line) shows a transition of Sales Volumes to Dawn in 2016 (103 TJ/D reduced to 11 TJ/d). Please confirm this is the forecast in the Settlement Agreement.**
- d) **Please provide an explanation why/how the timing of this is/is not affected by the new turnback forecast and indicate whether there is a commitment from Union or just a forecast. Relate your answer to that regarding costs in part b) of this IR.**