

Ontario Energy Board Staff Interrogatories Related to the Evidence of Union Gas Limited

1. References: Union's Evidence dated October 28, 2014 (EB-2014-0234); Union's Post Construction Financial Report, dated April 22, 2014 (EB-2011-0040); Letter of comment by the Corporation of the Municipality of Red Lake, dated July 10, 2014 (EB-2014-0234); Goldcorp's Response to Board staff IR #2, dated October 14, 2014 (EB-2014-0234).

Preamble:

Union's Post Construction Financial Report summary table for Phase 1 shows the total increase in estimated project costs being \$4.3 million (the difference between the estimated \$26.9 million and actual \$31.2 million total Phase 1 costs). Union confirmed this in its evidence page 4 lines 11 and 12. stating: "The total variance from the original cost estimate was \$4.3 million, of which \$3.3 million were delay cost".

Goldcorp's response to Board staff IR #2 stated that the amount of additional capital contribution that Union requested is \$2.375 million.

In a letter dated July 10, 2014, on page 2 paragraph 2, the Municipality of Red Lake stated that "...under its agreement with Union Gas, the Municipality of Red Lake (and its funding partners) are not responsible for any cost overruns related to the project."

Union stated in the evidence that "...the actual costs used to determine the Contribution in Aid of Construction ("CIAC") were prudently incurred, and should be recovered by Union".

Questions:

Please explain:

- a) How is Union planning to recover \$1.0 million which is the difference between \$4.3 million of the total variance and the \$3.3 million delay costs? If applicable, what would be the projected impact on Union's ratepayers?
- b) Who will bear the cost of \$0.925 million which is the variance between \$3.3 million and \$2.375 million if there is no agreement that the Municipality or its funding partners are responsible for any cost overruns? If this cost is not recovered from the Municipality or from Goldcorp how does Union plan to recover the cost? If applicable, what would be the projected impact on Union's ratepayers?

- c) If the Board were to determine that Union should recover \$2.375 million costs from its ratepayers, what would be the annual estimated impact on the rates of an average residential customer in each of Union's rate zones?
2. Union's Post Construction Financial Report, dated April 22, 2014 (EB-2011-0040)

Referring to the table on page 2 of the Post-Construction Financial report, please identify per each cost item, including total project costs, which variances are caused directly by the construction delay over two seasons and which variances are caused by other reasons. Please provide the variance and a detailed explanation for each cost item and each cause of the variance.