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November 28, 2014

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

Re: EB-2014-0261- Dawn Parkway 2016 Expansion Project on behalf of the Association of Power Producers of Ontario ("APPrO")

We are the solicitors for APPrO in the above mentioned matter. Please find attached Interrogatories on behalf of APPrO with respect to same.

Should you have any further questions on this matter, please do not hesitate to contact us.

Sincerely,

Norton Rose Fulbright Canada LLP

Elisabeth (Lisa) DeMarco

Attachments

c. David Butters

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.I5, Schedule B (the "Act");

AND IN THE MATTER OF an application by Union Gas Limited for an order or orders granting leave to construct natural gas pipelines and ancillary facilities in the City of Hamilton, the City of Burlington, and the Town of Milton;

AND IN THE MATTER OF an application by Union Gas Limited for an order or orders granting leave to construct a compressor station in the Municipality of Middlesex Centre;

AND IN THE MATTER OF an application by Union Gas Limited for an order or orders for pre-approval of recovery of the cost consequences of all facilities associated with the development of natural gas pipelines and ancillary facilities and the compressor station.

EB-2014-0261

Interrogatories From

The Association of Power Producers of Ontario (APPrO)

November 28, 2014

Question: 1

Reference:

i. Exhibit A Tab 3 page 2

Preamble:

Union indicates that certain related transmission projects are required to facilitate flow downstream of the proposed Union expansion project.

a) Please identify all downstream pipeline projects, including any projects that may be situated in the United States that rely on this expansion project and any estimate of expected flows.
b) Please provide the status of the commercial readiness of these downstream projects as well as the status of all major approvals that are required.
c) Please indicate which, if any, of these downstream projects could be delayed, and therefore delay Union's expansion project, as result of either commercial or other major approval requirements.
d) Please identify all pipeline projects upstream of Union, including projects in the United States that are required to supply gas to the proposed expansion project.
e) Please provide the status of the commercial readiness of these projects as well as the status of all major approvals that are required.
f) Please indicate which, if any, of these upstream projects could be delayed, and therefore delay Union's expansion project, as result of either commercial or other major approval requirements.

Question: 2

Reference:

i. Exhibit A Tab 3 page 6

Preamble:

Union indicates that the M12 rate will increase from \$0.08/GJ to \$0.102/GJ by 2018 from various expansion projects.

a) Please provide an annual projection of the M12 rate from 2015 to 2018.

Question: 3

Reference:

i. Exhibit A Tab 4 page 4

Preamble:

Union describes the upstream transmission pipeline systems that presumably will provide the source supply for this expansion project.

a) Please provide an analysis of the pipeline infrastructure upstream of Union, to illustrate that adequate upstream peak day pipeline capacity currently exists from the various supply basins, or is under development and will be in service by November 2016 and provide the annual flows for each of the past three years for the upstream pipeline by completing the following chart.

Upstream Pipelines	Peak Day Pipeline Capacity			
	2011	2012	2013	2014

Question: 4

Reference:

i. Exhibit A Tab 7 Table 7-3

Preamble:

At line 3 of Table 7-3 Union has proposed that 60,000 GJ/d of the proposed expansion capacity is intended to replace an existing Dawn-Union CDA transportation.

a) Please confirm that the Dawn-Union CDA contract is an existing FT contract with TransCanada.
b) For this 60,000GJ/d:
   i. Please provide the TransCanada contract number for this contract.
   ii. Please confirm that the expiry date of this contract is October 31, 2017.

iii. Please explain why Union is developing facilities to replace an existing contract one year prior to the existing contract expiring.
iv. Please confirm that Union has ongoing renewal rights under this FT contract and provide the detail and nature of such renewal rights.
v. Please confirm that Union also needs additional downstream facilities to transport this volume from Parkway to Burlington and Oakville.

Question: 5

Reference:

i. Exhibit A Tab 7 page 23
ii. ICF Report Exhibit A Tab 5 Attachment 1 Exhibits 2-11and 3-3
iii. RH-1-2014 NEB Application

Preamble:

In the first reference, Union indicates that there is risk of turnback primarily from Northeast utilities.

In the second reference, ICF forecasts a decline of 197 MMcfd deliveries to the Northeast US via Iroquois and a further 71 MMcfd decline in deliveries to the Northeast via PNGTS.

a) Please provide a table for all of the shippers exporting on these 2 pipelines that also hold capacity on Union. Please provide the following information:
   i. Customer name
   ii. Contract Quantity
   iii. Contract End Date
b) In light of Union's consultant forecasting a decline in throughput on these systems, and further that shorthaul tolls on the TransCanada system are planned to increase 52% pursuant to the RH-1-2014 application, has Union completed a risk assessment of the likelihood of these shippers not renewing their Union contracts? If so please provide a copy of the assessment. If not, why not.
c) In ICF's report Exhibit 3-3, ICF forecasts increasing imports into Canada from the US mid-Atlantic. Iroquois pipeline is advocating a south to north (SoNo) project that would see up to 300,000 Dth/d (approximately 316,000 GJ/d) being imported at Waddington to the TransCanada Mainline as early as November 2016.
   i. Did ICF project any mid-Atlantic imports into Canada via Iroquois in this Exhibit? Please explain.

ii. What is ICF's opinion on the likelihood of the Northeast utilities, which are shippers on Union and using either the Iroquois or PNGTS system, not renewing their Union transportation contracts over the next 10 years?
iii. In ICF's opinion if the SoNo project is successful in attracting markets for import into Canada at Waddington, does this increase the likelihood of Northeast LDCs not renewing their Union transportation contracts?
iv. Does ICF see PNGTS as a potentially viable import point into the Province of Quebec?

Question: 6

Reference:

i. Exhibit A Tab 9
ii. Exhibit A Tab 7 page 23

Preamble:

In the first reference, Union provides the project economics and the project results in a stage 1Profitability Index (PI) of 0.44. APPrO would like to better understand the need for the current timing.

In the second reference Union describes the risk of contract non-renewal.

a) For the capacity that is being constructed for Union's customers, and in light of the contract non-renewal risk, is Union precluded from delaying all or a portion of the capacity build to meet its infranchise requirements until this risk of non-renewal is better defined?
b) What is Union's understanding of the timing need for Enbridge and GMi to have this capacity developed now? Is it Union's understanding that either of these parties is precluded from maintaining their existing transportation arrangements on TCPL to serve their franchise needs?

Question: 7

Reference:

i. Exhibit A Tab 9 page 11 and Table 9-2
ii. Exhibit A Tab 9 Schedule 6

Preamble

Union recites the Board's evaluation requirements under EB-2012-0092, but fails to provide the necessary information.

a) Union indicates that it is not able to evaluate the possible effects of the project on TCPL costs. Did Union approach TCPL and ask them to calculate the effects on Ontario customers? If so please provide the information that was provided by TCPL. If Union did not approach TCPL please explain why not.

b) Is it Union's intention to provide this information in subsequent facility applications?

c) For the capacity that is being developed for Union's infranchise customers;
   i. For the capacity that is currently under contract from TCPL, please estimate the annual avoided cost (AC) from reduced payments to TCPL that will occur as a result of this project.
   ii. For the capacity that will continue to have some form of contract with TCPL for transportation of the volumes downstream of Parkway, please compute the annual incremental cost (IC).
   iii. Please calculate the net reduction in revenue (NRR) received by TCPL (i.e. AC-IC).

d) For that portion of the project serving each of GMi's and Enbridge's franchise area, please complete a similar calculation showing the net reduction in revenue required. If Union does not have sufficient information, then assume that all of the capacity that is being contracted for by GMi and Enbridge is currently under longhaul FT contracts and will be replaced by shorthaul contracts to their respective franchise areas from Parkway.

e) Please confirm that under the Settlement in RH-001-2014, the parties agreed that TCPL will be allowed to recover its full cost of service.

f) Using the NRR for each of the 3 franchise areas please estimate how much of this would reasonably be paid for by Ontario customers. If Union does not have a superior methodology to prepare such an estimate, then as a proxy assume that all of the NRR is picked up by Ontario, Quebec and Northeast US shippers and the proportion that Ontario would pick up is the following ratio:

$$\frac{\text{(The aggregate Contract Demand all FT contracts with an Ontario Delivery Point)}}{\text{(The aggregate Contract Demand of all FT contracts with an Ontario, Quebec or US Northeast Export Delivery Point)}}$$

g) Please recalculate the project NPV (Exhibit A Tab 9 Schedule 5) including Ontario's share of the total NRR as calculated above.

h) It appears that this project results in a PI >1.0 at Stage 3 after the GDP and related benefits of the project have been in included (Exhibit A Tab 9 Schedule 6). Many existing Ontario natural gas consumers including power generators will not receive any direct benefit from this project but will incur higher tolls on both TCPL and Union. This in turn will reduce economic benefits including income taxes payable. Has Union considered any of the negative economic consequences of the expansion project? Explain.