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File No. 339583-000187

By electronic filing

November 28, 2014

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli

**Re: Union Gas Limited ("Union")
Dawn Parkway 2016 Expansion Project**
Board File No.: EB-2014-0261

In this proceeding, we have joined with the entities represented by Mr. Dwayne Quinn to retain Mr. John Rosenkranz whose expertise we require to help us analyze the implications of Union's application for its in-franchise manufacturer and other customers.

Mr. Quinn will present the Interrogatories which Mr. Rosenkranz needs to have answered before he can provide us with his recommendations.

The few Interrogatories which we are posing to Union on behalf of Canadian Manufacturers & Exporters ("CME") are enclosed.

Yours very truly
Borden Ladner Gervais LLP

A handwritten signature in black ink, appearing to read 'Peter Thompson', followed by a long horizontal flourish line.

Peter C.P. Thompson, Q.C.

PCT\slc
enclosure

c. Karen Hockin (Union)
Crawford Smith (Torys LLP)
Intervenors EB-2014-0261
Paul Clipsham (CME)

OTT01: 6677492: v1

AND IN THE MATTER OF *The Ontario Energy Board Act, 1998, S.O. 1998, c.15, 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.

**INTERROGATORIES OF
CANADIAN MANUFACTURERS & EXPORTERS ("CME")
TO UNION GAS LIMITED ("UNION")**

CME #1

Reference: Exhibit A, Tab 3, pages 3 and 4

To what extent are the proposed incremental facilities to serve incremental demands of 519 Tjs/day at an estimated project cost of \$415M being constructed to meet incremental demands of Union's transportation customers?

CME #2

Reference: Exhibit A, Tab 3, page 2, lines 3 to 5; page 3, lines 10 and 11; page 8, lines 8 to 11

In the Board's EB-2012-0451, EB-2012-0433 and EB-2013-0074 Decision and Order dated January 13, 2014, the Board found that distribution customers should not automatically be responsible for incremental capacity added to serve transportation customers which turns out to be unutilized. In this connection, please provide the following information:

- (a) Explain how Union proposes to ensure that the incremental demands of 519 Tjs/day remain committed to the system over the long term.

- (b) Explain how Union proposes to ensure that the costs of incremental capacity added to serve transportation customers are not recovered from its distribution customers if those facilities turn out to be unutilized.
- (c) What are the implications of Union's request for "pre-approval" of costs if it turns out that it builds facilities which are not utilized?
- (d) What change, if any, will Union make to its construction schedule if the Board declines to grant the requested pre-approval?

CME #3**Reference: Exhibit A, Tab 9, Schedule 3**

In the calculation of incremental Dawn-Parkway transportation revenues at Exhibit A, Tab 9, Schedule 3, the monthly demand charge revenue at line 1 is derived from a M12 Dawn to Parkway rate from which Dawn compression charges are deducted as shown in Footnote 1. Please provide the following information with respect to this evidence:

- (a) A detailed explanation of why Dawn compression revenues are deducted when determining incremental revenues in the economic feasibility analysis.
- (b) Has the Board ever specifically addressed the appropriateness of this deduction in any prior decisions? If so, please provide excerpts from such decisions pertaining to this matter.
- (c) Are there any incremental Dawn compression costs associated with this project?
- (d) How are revenues related to other compressors on Union's transmission system treated in the economic feasibility analysis?
- (e) How does the National Energy Board determine incremental revenues associated with a pipeline expansion which does not cause a need for incremental compression?