

BOARD STAFF INTERROGATORIES**Union Gas Limited****EB-2014-0261**

1. Ref: Exhibit A / Tab 3 / Page 2

Preamble:

Union Gas Limited ("Union") has noted in its application that Enbridge, Gaz Metro and Union will first require the completion of the Enbridge GTA Project Segment A, TransCanada's King North Connection Pipeline Project and Union's Brantford to Kirkwall Pipeline and Parkway D Compressor.

Questions:

What would be the impact on Union's proposed Dawn-Parkway expansion if TransCanada's King North Project obtains approval from the National Energy Board in October 2015?

2. Ref: Exhibit A / Tab 3 / Page 3. Lines 14-18

Preamble:

Union stated in the application that Board's pre-approval of the recovery of cost consequences of "...all facilities associated with the Project..." is sought because "...given the magnitude of the Project, Union is not able to proceed with the development of the Project without reasonable certainty of cost recovery."

Union also stated that the Project meets the capital pass-through criteria as determined by the Board in Incentive Regulation Mechanism proceeding EB-2013- 0202.

Questions:

- a) Please discuss the rationale behind Union's statement that it would not be able to proceed with the Project without the Board's pre-approval of cost recovery.
- b) Since there is a regulatory mechanism in place for Union to recover the capital costs through Board approved capital pass-through mechanism for projects that

meet the capital pass-through mechanism criteria, why is this pre-approval of cost recovery critical to Union's proceeding with the Project development?

3. Ref: Exhibit A / Tab 9 / Page 3

Preamble:

Union has indicated that it has completed a project specific Discounted Cash Flow ("DCF") analysis. The analysis requires net impact of the gas cost savings and revenue requirement of the Project.

Questions:

- a) Please confirm whether Union has used 2013 Board-approved rates or the current Board-approved rates for calculating revenues.
- b) If Union has used 2013 Board-approved rates, please provide reasons for doing so.

4. Ref: Exhibit A / Tab 10 / Page 4

Preamble:

In its application, Union has noted that it has used Union's 2013 Board-approved cost allocation methodology to allocate costs of the Dawn-Parkway system expansion. The cost allocation methodology recognizes that the Dawn to Parkway transmission system is designed to meet easterly design day requirements.

Questions:

Please confirm that the additional volumes transported as a result of the Dawn to Parkway system expansion in this application will move in an easterly direction on a design day.

5. Ref: Exhibit A / Tab 10 / Page 6

Preamble:

Union has indicated that as a result of the allocation of the Dawn-Parkway expansion revenue requirement, the ex-franchise rate classes will experience the

largest increase. However, re-allocation of the existing Dawn-Parkway System results in a decrease to the allocation of Dawn-Parkway costs to the M12 rate class.

Questions:

Please explain the reasons for the divergent shift in the cost allocation with respect to the Dawn-Parkway expansion costs and the existing Dawn-Parkway system costs for the ex-franchise rate classes.

6. Ref: Exhibit A / Tab 13 / Page 1

Preamble:

For the location of the 20 kilometer pipeline which is part of the Project, Union needs 39 hectares of land rights for permanent easement and acquired 27.6 hectares so far. For the pipeline construction and location of top soil, Union requires about 31 hectares of temporary easement. Union stated that the negotiations with landowners are ongoing.

Questions:

- a) Please describe the prospects of acquiring all of the permanent and temporary land rights in time to adhere to the planned construction schedule for the pipeline.
- b) Please provide any updates to the land rights acquisition since filing of the application.

7. Ref: Exhibit A / Tab 14 / Page5

Preamble:

Regarding First Nations and Metis Nations consultation, Union described in the pre-filed evidence a number of concerns raised and proposed actions to address these concerns.

Questions:

Referring to the four items listed in the pre-filed evidence Exhibit A/Tab 14/page 5 lines 11-20, please provide an update on the progress of Union's actions to address the concerns raised by First Nations affected by the proposed project.

8. Ref: Exhibit A / Tab 3 / Page 3

Preamble:

Union applied for two Board orders for leave to construct facilities-under section 90 and under section 91 of the OEB Act.

Questions:

Please comment on the attached Board staff proposed draft conditions of approval and for section 91 order. Please note that these conditions are standard conditions and are a draft version subject to additions or changes.

**Union Gas
Limited
Leave to Construct Application under section 90 and
section 91 of OEB Act
EB-2014-
0261
Board Staff Proposed
Draft
Conditions of
Approval**

1 General Requirements

- 1.1 Union Gas Limited ("Union") shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2014-0261 except as modified by this Order and these Conditions of Approval.

- 1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate December 31, 2016, unless construction has commenced prior to that date.
- 1.3 Union shall implement all the recommendations of the Environmental Report filed in the pre-filed evidence, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee ("OPCC") review.
- 1.4 Union shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Union shall not make such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board shall be informed immediately after the fact.
- 1.5 Within 15 months of the final in-service date, Union shall file with the Board Secretary a Post Construction Financial Report. The Report shall indicate the actual capital costs of the project and an explanation for any significant variances from the estimates filed in this proceeding.

2 Project and Communications Requirements

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Natural Gas Applications.
- 2.2 Union shall designate a person as project engineer and shall provide the name of the individual to the Board's designated representative. The project engineer will be responsible for the fulfillment of the Conditions of Approval on the construction site. Union shall provide a copy of the Order and Conditions of Approval to the project engineer, within seven days of the Board's Order being issued.
- 2.3 Union shall give the Board's designated representative and the Chair of the OPCC ten days written notice in advance of the commencement of the construction.

- 2.4 Union shall furnish the Board's designated representative with all reasonable assistance for ascertaining whether the work is being or has been performed in accordance with the Board's Order.
- 2.5 Union shall file with the Board's designated representative notice of the date on which the installed pipelines were tested, within one month after the final test date.
- 2.6 Union shall furnish the Board's designated representative with five copies of written confirmation of the completion of construction. A copy of the confirmation shall be provided to the Chair of the OPCC.

3 Monitoring and Reporting Requirements

- 3.1 Both during and after construction, Union shall monitor the impacts of construction, and shall file four copies of both an interim and a final monitoring report with the Board. The interim monitoring report shall be filed within six months of the in-service date, and the final monitoring report shall be filed within fifteen months of the in-service date. Union shall attach a log of all complaints that have been received to the interim and final monitoring reports. The log shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- 3.2 The interim monitoring report shall confirm Union's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.
- 3.3 The final monitoring report shall describe the condition of any rehabilitated land and the effectiveness of any mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

4 Other Approvals

- 4.1 Union shall obtain all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project, and shall provide an affidavit that all such approvals, permits, licences, and certificates have been obtained.