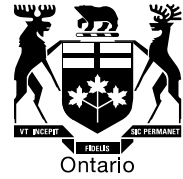


**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

December 18, 2014

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
BoardSec@ontarioenergyboard.ca

Dear Ms. Walli:

**Re: Union Gas Limited ("Union")
Sarnia Expansion Pipeline Project
Board Staff Interrogatories
Board File No. EB-2014-0333**

In accordance with Procedural Order #1, please find attached Board Staff's interrogatories in the above noted proceeding. The applicant and the intervenor have been copied on this filing.

Union's responses to interrogatories are due on January 9, 2015.

Yours truly,

Original Signed By

Daniel Kim
Analyst

Encl.

BOARD STAFF INTERROGATORIES**Union Gas Limited****EB-2014-0333**

1. Ref: Section 1 / Page 3. Line 14

Preamble:

Union Gas Limited ("Union") has noted in its application that it has or will obtain all necessary land rights prior to construction.

Question:

- a. Please provide any updates to the land rights acquisition since filing of the application.
- b. 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.

2. Ref: Section 3 / Page 1. Lines 11-13

Preamble:

Union noted that it does not have sufficient capacity available on the Sarnia Industrial Line ("SIL") System to meet the recent requests for incremental firm T2 Storage and Transportation Carriage Service.

Question:

Does Union have sufficient capacity available on the existing SIL System to meet the projected demand excluding the recent requests for the incremental firm T2 Storage and Transportation Carriage Service?

3. Ref: Section 3 / Page 6. Lines 14-20

Preamble:

Union noted that NOVA and Shell Canada have requested new firm T2 Storage and Transportation Carriage Service totaling 53,300 GJ/d. According to Union

these new service requests increases design day demand beyond existing capacity, therefore is requiring an immediate expansion of the SIL system. Union also noted expansion facilities designed for the SIL System will also need to consider the estimated incremental T2 Storage and Transportation Carriage Service demand of nearly 70,000 GJ/d that is expected to be requested between 2015 and 2019. Board staff notes that the total increase in capacity expected is 123,300 GJ/d.

Question:

Please provide a breakdown of the 70,000 GJ/d Union allocates between forecasted load growth and what Union determines to be for security of supply.

4. Ref: Section 5 / Pages 8 – 10 and Section 6 / Pages 1 – 2

Preamble:

Union noted that the proposed facilities were assessed against facility alternatives, commercial alternatives and a combination of both. Union noted that facility alternatives are physical solutions involving the construction of additional pipeline and/or station infrastructure to increase capacity from existing or new supply sources. Commercial alternatives provide incremental supply from the four third-party interconnecting pipeline systems through firm transportation or exchange service contracts. Union considered three alternatives:

- 1) Incremental Supply at Courtright and SIL System Capacity Expansion;
- 2) Incremental Supply from Other Third-Party Interconnecting Pipelines and, where required, SIL System Capacity Expansion; and
- 3) Incremental Supply from Union's Existing Facilities.

Union also provided a Discounted Cash Flow ("DCF") analysis and Profitability Index ("PI") for the proposed alternative.

Questions:

- a. Please provide for each alternative, all applicable, total estimated pipeline capital costs; total estimated station capital costs; and/or total estimated contract for transportation of supply costs.
- b. Please provide DFC and PI analyses for the other two alternatives not selected.

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

Preamble:

Union applied for a Board order for leave to construct facilities under section 90 of the OEB Act.

Question:

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-2014-0333
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-2014-0333 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.