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

Dear Ms. Walli:

**Re: Union Gas Limited (“Union”)
Application for 2016 Dawn Parkway Expansion Project
Association of Power Producers of Ontario (“APPrO”)—Request for
Direction to Union to Provide Required Answers to APPrO Interrogatories
Ontario Energy Board (“Board”) File No. EB-2014-0261**

We are counsel to APPrO, an intervenor in the above-referenced matter. We write with respect to Union’s failure to respond to APPrO’s November 28, 2014 interrogatories. In particular, we write to request that the Board direct Union to provide the information and evidence sought in APPrO’s interrogatories numbered 7f and g (the **“Subject Interrogatories”**).

In accordance with the Board’s Procedural Order No. 1 issued November 18, 2014, which granted APPrO full intervenor status, APPrO filed its written interrogatories on November 28, 2014. In the Subject Interrogatories, APPrO asked Union to provide the following information:

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:

(The aggregate Contract Demand all FT contracts with an Ontario Delivery Point)

(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.

In Union's December 19, 2014 response, it refused to provide the estimate requested in interrogatory 7f) and the recalculation requested in interrogatory 7g), stating

f)-g) Since the shift by Eastern LDCs from long haul transportation to short haul transportation in both 2015 and 2016 was contemplated in the Settlement Agreement and included in the resulting toll calculations, Union is unable to answer part f) or g).

In failing to even attempt to provide the information requested, Union relies on the argument that some of the cost impacts of the proposed project are associated with TransCanada's costs. Even if this is true, the Board's guidance clearly requires Union to make best efforts to obtain necessary information and data and to consult with other transmitters operating in the Province. By failing to do so, Union has not met its requirements and is hindering the Board's ability to fully consider its application.

The Board has clearly held that an assessment of the potential impacts of a natural gas transmission pipeline within its jurisdiction must include information on overall customer impacts, not just the impacts under an applicant's control. In EB-2012-0092—a decision explicitly cited by Union in its pre-filed evidence—the Board set out filing guidelines regarding the test to evaluate transmission pipeline applications. Under this test, projects such as the one proposed in this proceeding must be supported by an "...assessment of the potential impacts of the proposed natural gas pipelines on the existing transportation pipeline infrastructure in Ontario, including an assessment of the impacts on Ontario consumers in terms of cost, rates, reliability and access to supplies." (see the Board's Filing Guidelines on the Economic Tests for Transmission Pipeline Applications, which Union cites on Exhibit A, Tab 9 Page 11 of its pre-filed evidence).

In Table 9-2 of its pre-filed evidence "Project Impact to Customers", Union states that it is "not in a position to evaluate the possible effects of this project on TransCanada's costs. TransCanada transportation rates in this Application reflect those in the Settlement Agreement which expressly consider Union's portfolio change (shift from long haul transportation to short haul transportation)." But, as discussed above, Union's obligation to provide an assessment of potential impacts is not limited to its own operations, even if this requires consultation with other transmitters. The term "existing pipeline infrastructure in Ontario" goes beyond an applicant's own infrastructure. This requirement reflects the integral linkage of Ontario's gas transmission network.

In EB-2012-0092, the Board stated:

“The Board recognizes the difficulties an applicant may encounter in obtaining reliable and accurate information to conduct an assessment as defined in the new filing requirement. However, the Board expects the applicants to employ the best efforts to obtain the necessary information and data. In the Board’s view, consultation with other transmitters operating in the Province is an appropriate vehicle for an applicant to use to assess the impact of its proposal on existing pipelines. The results of these consultations should be filed with the Board as part of the application pre-filed evidence. [Emphasis added]

If Union continues to refuse to provide the information requested in the Subject Interrogatories, the Board cannot fully understand the impacts of the proposed project. As a result, the Board will be unable to fulfill its jurisdictional mandate and to give full effect to the requirements of EB 2012-0092 in assessing the proposed project’s impacts on Ontario consumers in terms of cost, rates, reliability and access to supplies.

For the foregoing reasons, APPrO requests that the Board direct Union to provide a full and adequate response to the Subject Interrogatories, including, where necessary, information obtained by consulting with other transmitters such as TransCanada.

Given the relief requested, APPrO thought it appropriate at this time to proceed by way of a letter. Should the Board so require, APPrO would be pleased to make this request in the form of a notice of motion for further and better responses to interrogatories.

Sincerely,

Signed original sent to Board

Lisa (Elizabeth) DeMarco

CC: Karen Hockin (Union Gas Limited)
Crawford Smith (Torys LLP)
David Butters (APPrO)
John Wolnik (Elenchus Research Associates Inc)