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BY EMAIL

June 4, 2015

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
2014 Deferral Account Disposition Application
OEB File No. EB-2015-0010

Dear Ms. Walli:

Please find attached the interrogatories of OEB staff in relation to the above proceeding.

Yours truly,

Original signed by

Colin Schuch

/ attach.

cc: All Parties EB-2015-0010

UNION GAS LIMITED

DISPOSITION OF 2014 DEFERRAL ACCOUNT BALANCES

EB-2015-0010

BOARD STAFF INTERROGATORIES

Interrogatory #1

Ref: Exhibit A / Tab 1 / Page 2

The evidence indicates that Union is seeking disposition of the $1.271 million credit balance in the Spot Gas Variance Account for spot gas purchased to manage weather and consumption variances in February and March for Union South bundled direct purchase customers.

a) Please confirm that Union is seeking disposition of amounts related to spot gas purchases made in February and March of 2015.

b) Has Union on prior occasions requested clearance of out of period amounts for spot gas purchases? If yes, has the OEB approved out of period dispositions? Please provide reference to relevant OEB Decisions.

Interrogatory #2

Ref: Exhibit A / Tab 1 / Page 10

In Union's 2013 Cost of Service proceeding (EB-2011-0210), Union reflected the contracted capacity on CTHI / CPMI to move gas into Union's Manitoba Delivery Area of 8,473 GJ/day. Union has since reduced the contracted capacity on these pipelines to 5,572 GJ/day for a reduction of 2,143 GJ/day effective November 1, 2012 and a further reduction of 758 GJ/day effective November 1, 2014.

Why has Union reduced the contracted capacity on these pipelines?

Interrogatory #3

Ref: Account No. 179-70 – Short-Term Storage and Other Balancing Services

Exhibit A / Tab 1 / Page 16-17

In Union's 2013 Cost of Service Application (EB-2011-0210), it proposed to split margins from short-term peak storage services proportionately between utility and non-utility customers based on the utility and non-utility share of the total quantity of short-term peak storage sold each year. The Board, in its Decision, accepted Union's proposal.

a) Please provide the simple average term of the short-term peak storage services sold in 2014.
b) Please provide the volume weighted average term of the short-term peak storage services sold in 2014.

Interrogatory #4

Ref: Exhibit A / Tab 1 / Page 31

Union has indicated that there is no balance in Account No. 179-135, the Unaccounted for Gas (UFG) Volume Deferral Account. In the EB-2013-0202 Settlement Agreement, Union agreed that the amount of the UFG volume deferral account to be cleared to customers will be subject to a symmetrical dead band of $5 million, with amounts within such dead band being to Union's account only.

What is the difference between Union's actual UFG costs in 2014 and the OEB approved UFG costs included in Union's rates?

Interrogatory #5

Ref: Exhibit A / Tab 2 / Page 2 – Transportation Revenue

The evidence notes that the decrease in transportation revenue of $8.7 million relative to 2013 was mainly driven by a cancellation fee in 2013 for early termination of an M12 contract.

Why was the M12 contract terminated early and what was the cancellation fee that was incurred?

Interrogatory #6

Ref: Exhibit A / Tab 2 / Appendix D

Please confirm that the average call answering service level was below the OEB approved standard in the second and third quarter of 2014. Please provide reasons for the below average performance and describe the steps that Union has taken to restore the call answering level to the OEB approved standard.

Interrogatory #6

Ref: Exhibit A / Tab 4 / Appendix A / Schedules 1 and 2

Union has provided Transportation Contracting Analysis for the period 2014-2018 and for 2014-2017. For the Alliance/Vector route (2000-2015), the data shows a unitized demand charge of $1.7023 and a commodity charge of negative 0.4048. The unitized demand charge is significantly higher than other routes provided in the schedules. Please provide clarification with respect to the demand and commodity charges for this route.

Interrogatory #7

Ref: Exhibit A / Tab 5 – 2014-2015 Gas Supply Plan Memorandum, Page 6

Union has indicated that in the future it anticipates serving a portion of Union North delivery areas with short haul firm transportation from Dawn replacing long haul transportation from Empress.

a) Please confirm whether Union's plan to serve the North delivery areas with short haul firm transportation is dependent on TransCanada's Kings North project.

b) If Union is able to serve a portion of Union North delivery areas with short haul firm transportation in the future, would that lead to a reduction in the Unabsorbed Demand Costs for Union North?

Interrogatory #8

Ref: Exhibit A / Tab 5 – 2014-2015 Gas Supply Plan Memorandum, Page 31

Union has indicated that it is evaluating a change to the reference price to be Dawn-based for some customers and Empress-based for the remaining customers for purposes of setting commodity rates under the Quarterly Rate Adjustment Mechanism (QRAM).

a) Please confirm that if Union requests approval of changes to setting the reference price, the QRAM process would involve the OEB setting two reference prices, one Dawn-based and the other Empress-based.

b) Please provide the benefits and drawbacks of using two reference prices for setting commodity rates under the QRAM process.

c) Will Union's proposed approach make the QRAM process more complicated considering that the rate setting mechanism would involve the OEB setting two reference prices every quarter for different customer classes?