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September 7, 2015

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

Dear Ms. Walli,

RE: EB-2015-0200 - Interrogatories of London Property Management Association

Please find attached the interrogatories of the London Property Management Association for Union Gas in the above noted application.

Sincerely,

Randy Aiken

Randy Aiken
Aiken & Associates

Encl.

cc: Karen Hockin, Union Gas Limited (e-mail)

Union Gas Limited

**Application for pre-approval of the recovery of the cost
consequences associated with the installation of three
new compressors along Union's Dawn to Parkway
pipeline transmission system**

**INTERROGATORIES
OF
LONDON PROPERTY MANAGEMENT ASSOCIATION**

LPMA.1

Ref: Exhibit A, Tab 3

What is the relationship, if any, between the need for additional capacity on the Dawn to Parkway system related to:

- a) The Burlington to Oakville project (EB-2014-0182),**
- b) approval of the NEXUS gas transportation contract (EB-2015-0166), and/or**
- c) Union's community expansion projects (EB-2015-0179).**

LPMA.2

Ref: Exhibit A, Tab 3, page 2

Given the decline in oil prices over the past year and the expectation of low prices for an extended period of time, what impact has this had on the demand for natural gas from western Canada and the relative price declines for Marcellus and Utica supplies relative to other North American supply centres?

LPMA.3

Ref: Exhibit A, Tab 3, page 4

- a) What is the forecasted net book value associated with Dawn Plant B when it is functionally removed from service?**
- b) Does Union propose to treat the removal of this asset from rates in the same manner as the inclusion of Dawn H in rates? Please explain fully.**

LPMA.4

Ref: Exhibit A, Tab 3

What is the status of the work to be done at each of the Dawn, Lobo and Bright sites? If any work (including site preparation) has been initiated, please provide the amount spent to date for each of the sites.

LPMA.5

Ref: Exhibit A, Tab 4, Schedule 3

Will the new compressors at Lobo and Bright result in any of the existing compressors at those sites being removed from service? If yes, please indicate which ones and the date of removal.

LPMA.6

Ref: Exhibit A, Tab 4, Schedule 3

Please provide two versions of Schedule 3 that:

- a) shows the loss of critical unit (LCU) based on the existing compressors, and**
- b) shows the LCU based on all of the proposed compressors being in service.**

LPMA.7

Ref: Exhibit A, Tab 6

Please provide the current status of each of the related projects noted at pages 11 through 15.

LPMA.8

Ref: Exhibit A, Tab 6, page 13

Please confirm that Union has ordered the three compressors. If this is confirmed, please provide the expected cost of each compressor based on the most recent information available. If not confirmed, please indicate when Union plans to order the compressors.

LPMA.9

Ref: Exhibit A, Tab 6, pages 13-14

If Union goes ahead with its proposed facilities and some of the downstream projects are delayed, please confirm that Union could delay the completion of their projects and keep the capital expenditures in CWIP until the projects were completed. If this cannot be done, please explain fully why not.

LPMA.10

Ref: Exhibit A, Tab 6, pages 15-19

- a) Please provide a list of all Dawn to Parkway related projects that Union foresees over the next 10 years. For each project, please provide a description of the project, the need for the project and the interrelation with other projects, including upstream or downstream projects by other parties.**
- b) Please discuss how the current project in this proceeding is related to or required for any of the projects listed in part (a) above.**

c) What is the timing of the proposed binding transportation open season for transportation capacity commencing November 1, 2018?

d) Has Union taken into consideration the impact of CDM on its Dawn to Parkway system? Please explain fully the impact CDM is projected to have on the system.

LPMA.11

Ref: Exhibit A, Tab 8, page 9

Did Union consider any non-facility alternatives to replace a portion of the proposed additional new capacity? If not, why not? If yes, please explain why these alternatives were not used to reduce the scope of the project.

LPMA.12

Ref: Exhibit A, Tab 9, Schedules 1, 2 and 3

a) Please update the costs shown in these schedules if Union has more up to date information on the costs.

b) Has Union factored in any potential reduction in construction and labour costs due to the decline in oil prices and the resulting reduction in projects related to oil pipelines in Canada?

LPMA.13

Ref: Exhibit A, Tab 9, Schedules 1, 2 and 3

a) Please confirm that the contingency for the Lobo and Bright stations is 15% of the materials and construction and labour costs.

b) Please explain why the contingency for the Dawn station appears to be higher than 15% of the materials and construction and labour costs.

c) What interest rate has Union used to calculation the IDC for each of the stations?

d) Please break down the costs in Schedule 1 for the Dawn H compressor between costs associated with Dawn H and costs associated with the Plant B retirement and removal.

LPMA.14

Ref: Exhibit A, Tab 10

Has Union taken into account the removal of Dawn Plant B in the calculation of the revenue requirement. If not, please explain why not.

LPMA.15

Ref: Exhibit A, Tab 10

a) Please explain why there are no project demands shown on line 3 in Table 10-1 for Union North in-franchise customers when Table 8-1 in Exhibit A, Tab 8 shows incremental demand of 5,975 GJ/day for these customers.

b) Similarly, please explain why there are no figures in line 5 in Table 10-2 for Union North in-franchise customers.

LPMA.16

Ref: Exhibit A, Tab 10, Schedule 3

Please provide the estimated impact on average M2 and M4 customers.

LPMA.17

Ref: Exhibit A, Tab 10, Schedule 5

a) Please explain why some rate classes see a reduction in their revenue requirement (notably rates M2 and M4) in 2016 and 2017, followed by small increases in 2018.

b) Please explain why the M5 rate class is the only Union South rate class that sees a further reduction in their revenue requirement in 2018 as compared to 2017.

c) Are the expected revenue requirement impacts beyond 2018 similar to 2018? Please explain fully.