

BOARD STAFF INTERROGATORIES
2017 Dawn Parkway Project – Union Gas Limited
EB-2015-0200

Interrogatory # 1

Ref: Exhibit A / Tab 5 / Schedule 1 / Page 9 / ICF Report on Impact of Natural Gas Market Trends on Utilization of the Union Gas Dawn Parkway System

What percentage of the total supplies does Union envision to procure from the Marcellus and Utica shale basins in the long-term (10 years)?

Interrogatory # 2

Ref: Exhibit A / Tab 5 / Schedule 1 / Page 21 / ICF Report on Impact of Natural Gas Market Trends on Utilization of the Union Gas Dawn Parkway System

The ICF Report notes that between 2016 and 2020, the basis between Henry Hub and Dawn is projected to fall from \$0.35/MMBtu to an average of about \$0.25/MMBtu.

Is the price differential quoted in US dollars or Canadian dollars?

Interrogatory # 3

Ref: Exhibit A / Tab 6 / Pages 7-10

Union has indicated that Enbridge Gas Distribution Inc., Gaz Métro, St. Lawrence Gas, Utilities Kingston, TransCanada Energy and DTE Energy Trading have executed an M12 transportation contract, a Precedent Agreement and Financial Backstopping Agreement and has waived or satisfied all shipper conditions precedent. Please explain the meaning of “waived or satisfied all shipper conditions precedent”.

Interrogatory # 4

Ref: Exhibit A / Tab 6 / Page 14 / Lines 9-11

Union has noted that the proposed expansion of the Dawn-Parkway System is not dependent upon the NEXUS pipeline or ETP Rover Pipeline projects.

- a) If the NEXUS pipeline and Union's long-term contract with NEXUS are approved, how would Union move the NEXUS volumes from Dawn to Parkway?
- b) Are any of the M12 contracts described in Exhibit A / Tab 6 / Pages 7-10, refer to volumes that would also be transported through the NEXUS pipeline?
- c) Would Union require further expansion of the Dawn-Parkway system if the NEXUS long-term contract is approved by the Ontario Energy Board?

Interrogatory # 5

Ref: Exhibit A / Tab 9 / Pages 2-3

Union has completed a discounted cash flow (DCF) analysis for the proposed project. The results indicate a net present value of \$344.2 million and a profitability index of 0.43.

- a) Please confirm if the DCF analysis takes into account the costs of installing the replacement compressor (Plant B).
- b) If the compressor to replace Plant B has been included in the DCF analysis, please provide a revised analysis that excludes replacement of Plant B.

Interrogatory # 6

Ref: Exhibit A / Tab 11 / Page 2 / Lines 8-10

Union has indicated that with the addition of the three compressors requested in the Application, Union will have nine similar plants across the Dawn Parkway system. Union has further noted that it will be purchasing a spare RB211 gas generator turbine engine to support the nine plants.

- a) Why does Union need a spare gas generator turbine engine?
- b) How old is the current gas generator turbine engine?
- c) Is the cost of the spare RB211 gas generator turbine engine included in this Application? If yes, please provide details.

Interrogatory # 7

Ref: Exhibit A / Tab 11 / Page 3 / Lines 18-20

Union has provided information with respect to the retirement and removal of Plant B. The scope of retirement and removal includes decommissioning the compressors and removal of piping, building and all other auxiliary facilities.

What is the total cost of decommissioning and removal of Plant B? Is the cost included in the current application?