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Our File No. 154463

VIA RESS, EMAIL AND COURIER

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attention: Kirsten Walli
Board Secretary

Dear Ms. Walli:

**Re: EB-2015-0200: Union Gas Limited, 2017 Dawn Parkway Project
BOMA Interrogatories**

Pursuant to Procedural Order No. 2, please find attached BOMA's Interrogatories.

Yours truly,

FOGLER, RUBINOFF LLP

Thomas Brett
TB/dd
Encls.

cc: All Parties (*by email*)

ONTARIO ENERGY BOARD

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
BUILDING OWNERS AND MANAGERS ASSOCIATION,
GREATER TORONTO (BOMA)**

September 8, 2015

Interrogatories

Ref: General

1. Please file or provide a link to the recent "Energy East Agreement" between TCPL and Union/EGD, Gaz Metro (detailed agreement). Please explain the impact of the Agreement on the proposed facilities application. Please discuss.

Ref: Exhibit A, Tab 5, Schedule 1 (ICF Report)

2. Page 9 - Please provide a list of and link to all the Reports ICF has prepared for Union, or the Ontario Energy Board ("OEB" or "Board"), beginning with the ICF Report commissioned by the OEB, or Board Staff, beginning with the 2010 Report up to and including the recent ICF Report to the Board on the Energy East Project. Was Mr. Sloan the author of each of these reports? Which ones? Who authored the others? Had ICF done any reports for Union or EGD before it did the 2010 Report for the Board?
3. Page 5 - Please provide a copy of ICF's April 2015 Base Case Outlook.
4. Page 4 – Lower Oil Prices (model)

"Despite the drop in global oil prices, U.S. oil production rose roughly 600,000 barrels per day (b/d) in 2014. Growth in oil production is expected to slow down substantially in 2015 due to the oil price drop. Sustained moderate global oil prices are expected for the next several years due to the ongoing supply glut. Given the oil-indexed nature of a number of LNG export markets, international demand for LNG may be depressed as a result, and ICF has slowed down our forecast for LNG export growth as a result."

Please explain why lower oil prices would depress demand for natural gas (LNG) in European and Asian markets. Which markets and why?

5. Pages 6-9 - Please provide separate Canadian and US supply/demand outlooks for the period in question, given that the drivers of demand are somewhat different in the two countries (eg. oil sands in Canada).
6. Page 60 - Please provide a comparison of full cycle costs between the Montenay, Horn River basins, and the Marcellus and Utica basins.

Ref: Exhibit A, Tab 7

7. Please confirm that your 2017 build is not contingent on Board approval of the Burlington-Oakville line. What would be the impact, if any, on your proposals in this case if the Board were not to approve the Burlington Oakville line?

Ref: Exhibit A, Tab 8, Page 7 of 12

8. "These facilities increase the system capacity by 456,647 GJ/day".
 - (a) Please provide the increase in capacity provided by each of the three compressors.
 - (b) Does Dawn H just replace the capacity provided by Dawn B (when Dawn B is working at full capacity) or does it create additional capacity? Please explain.

Ref: Replacement of Dawn Compressor

9. (a) Please provide the documents in which Siemens "declared" that it would no longer support the Dawn B compressor.

- (b) Please provide a diagram of the Dawn Station which shows how each compressor is used, and the incoming and outgoing flows into the Dawn Parkway System, as well as flows to and from storage.

Ref: Exhibit A, Tab 4, Schedule 3, Page 1 – Table Compressors at Dawn Hub, Bright and Parkway; Exhibit A, Tab 7; Exhibit A, Tab 3, Page 4 – Dawn B, Early Retirement

10. Please confirm that the current time in service of Dawn is currently in the thirty-seventh year of its service life, and that the average service to retirement of all retired Dawn compressors is considerably higher than that, more like fifty years.
11. Why is Union proposing to retire the Dawn B compressor at this time, given its relatively short service life (thirty-seven years versus average fifty)?
12. What revenue has Union recovered or proposed to recover from Siemens in compensation for the fact that Dawn B compressor is a defective unit? Has Union performed an analysis to discover the reason for its poor performance relative to its other compressors? Is the Dawn B unit different in design from other Rolls-Royce (now Siemens) units or other Siemens or other manufacturers' units that Union has used or is using? Why has Siemens not been asked to rebuild the unit, given that the unit would normally be expected to last for at least another ten years?
13. Is Union issuing an RFP to various compressor manufacturers to acquire the machine? If not, why not? Please discuss fully any preferred vendor or sole source arrangements Union has with compressor manufacturers.

Ref: Exhibit A, Tab 9, Page 2

14. Please provide a copy of, or link to, EBO-134, Report on System Expansion. Please explain why the project should proceed given its P/I of 0.43.

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

15. (a) Please explain the very large difference in construction and labour costs for the Dawn H, Lobo D, and Bright L installations.
- (b) Please explain the Dawn Compression Margin, why it is included in the costs, and how it is calculated (in detail).

Ref: Exhibit A, Tab 10, Page 1

16. Please confirm that the capital costs of the project are subject to a full prudency review at rebasing.

Ref: Exhibit A, Tab 3, Page 7 of 8 – Term-Up

17. Why is the term-up provision not implemented immediately rather than being deferred to 2018 expansion "or later"? Please explain the reference to "or later". Why is the term-up being proposed as part of this case if it may never be implemented? Please discuss how the term-up provision reduces the risk of the Dawn Parkway facilities.

Ref: Exhibit A, Tab 4, Page 4

18. Please provide the details of, and a map which shows, the 675 Bcf of Michigan storage that Dawn is connected to by various pipelines. For each of the pipelines, please provide

the route which Union and its Ontario customers would use to access each of those storage areas to which that pipeline connects, and the various storage services, including high deliverability, offered by each of the storage providers.

Ref: Exhibit A, Tab 4, Page 8

19. "The majority of the facilities (Parkway West) targeted for Fall 2015 in-service".

Please show to what extent the various parts of the Parkway West project is on time and within its budget.

Ref: Exhibit A, Tab 3, Page 1, Line 6

20. "The facilities are largely underpinned by signed long-term contracts..."

- (a) Please list the signed long-term contracts that underpin the proposed facilities.
- (b) Please demonstrate and discuss the extent to which the facilities are not underpinned by long-term contracts.
- (c) Please confirm that the "facilities" referred to in (a) above are those new compressors (and associated facilities) at Dawn, Lobo, and Bright compressor stations.
- (d) Exhibit A, Tab 4, Schedule 3 shows another compressor being proposed at Lobo (Lobo C) when, and in which application was that facility proposed? When was it approved? When will it be proposed?

Ref: Exhibit A, Tab 4

21. Please advise whether the proposed pipeline expansions are contingent on approval of Union/EGD's NEXUS contracts; and indicate if part of the incremental volumes that support the facilities' expansion are volumes that would be delivered to Dawn by the NEXUS project. Please discuss fully.

Ref: Exhibit A, Tab 5, Page 6

22. Please provide the amount of FT and FT-NR service contracts held by all shippers on TCPL in 2014-2015 and 2013-2014. Please list the shippers at the amounts in GJ/day.

Ref: Ibid, Page 16

23. (a) Please explain fully what is being depicted by each component of the graph (Figure 5-3).
- (b) What are the current Union receipts at Kirkwall, monthly, for the years 2013, 2014, 2015 (to date)? What are forecast receipts for 2016, 2017, and 2018?

Ref: Exhibit A, Tab 6, Pages 3-4 of 23

24. Is the proposed expansion required to transport the 452,911 GJ/day beginning on November 1, 2017?

Ref: Ibid, Page 4

25. Please confirm that DTE interruptible service from November 1, 2016 to October 31, 2017 can be used as Union peaking supply requirements in 2016-2017 winter.

Ref: Ibid, Page 5

26. Please discuss the amount of the "slight surplus" position:

- (a) after the proposed 2017 expansion;
- (b) how many years is that surplus position likely to last;
- (c) is Union's general policy not to exempt an accepted turnback of capacity (eg. AG Energy, 1,363 GJ effective November 1, 2017) unless the turn-back, of and by itself, will cause a reduction in facilities and/or the turnback would increase a surplus that Union created by the size of its expansion relative to the stated demand? Please explain fully.

Ref: Ibid, Page 7

27. Why did EGD request a reduction in its capacity allocation from 240,599 to 190,000 GJ/day? Did Union amend the EGD contract?

Ref: Ibid, Page 6

28. Must TCPL complete the Vaughan expansion project prior to the Union expansion project being placed into service and flowing gas?

29. Please confirm that the North T-Service Supply at Dawn's 5,975 GJ/day is the only Union in-franchise incremental demand to be served by the new facilities.

Ref: Ibid, Page 13

30. What assurance, if any, does Union have that TCPL Vaughan Mainline Expansion Project will be completed by November 1, 2017?

31. Has Union signed contracts or letters of intent with Siemens for the compressors? If so, what are the penalties under those contracts if it defers delivery or cancels delivery (specify deferral terms) of one or more compressors?

Ref: Ibid, Page 16

32. Please file the remainder of the text of the [truncated] footnote 17.

Ref: Ibid, Page 17

33. Please identify the party which has indicated it will turn back 31,246 GJ/day of capacity on November 21, 2017.

Ref: Ibid, Pages 17-18

34. Please list the US North-East utilities that hold the 489 TJ/day with Union. For each utility, state the amount of GJ/day of capacity, the expiry date of the contract, termination notice period, renewal rights, and the TCPL delivery points to which they have contracted. Please assess the risk of a partial or full turnback, for each of the utilities.

35. Of the 489 TJ of Dawn Parkway capacity, Union states that North-East utilities have contracted on TCPL 59 TJ/day to East Herford, Quebec. Please provide the volume contract to Waddington (Iroquois) and any other pertinent delivery points.

Ref: Ibid, Page 19

36. Please confirm that any turnback of North-East utilities will increase the currently proposed surplus of capacity on D-T except to the extent PDO customers currently moving gas on TCPL mainline are permitted to acquire gas at Dawn.

Ref: Ibid, Page 22

37. Union does not project substantial growth on its system beyond November 1, 2017. In lower demand scenarios, ICF concludes:

"the proposed Dawn Parkway System expansion facilities should remain fully utilized in peak months".

- (a) Which months are being referred to?
- (b) In assuming the rate impacts of the expansion, how many months of full utilization are assumed, in calculating the annual volumes transported?

Ref: Exhibit A, Tab 5, Schedule 10, Page 1 - ICF Study

38. After 2022, the risk of turnback increases. What is ICF's assessment of the likely amount of turnback which would occur in each of the five years after 2022?
39. Please confirm that there is no Canadian pipeline route connecting Quebec to New Brunswick, Nova Scotia and PEI, and that maritime gas consumers are unlikely to ever purchase gas at Dawn.
40. Please provide ICF's analysis of the likely future growth of Marcellus/Utica volumes brought into Canada at Niagara/Chippewa. When is the Chippewa import gate expected

to be in service? What is the amount of gas currently being imported at Niagara and from which US pipelines? What is the proposed growth of imports at Niagara in 2015, 2016, 2017, 2018, in GJs/day?