

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an Application by Union Gas Limited, pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2016.

EB-2015-0181

Interrogatories From

The Association of Power Producers of Ontario (APPrO)

To

Union Gas Limited

October 13, 2015

Question 1:

Reference: i) Exhibit A Tab 3 North T-Service Transportation from Dawn Service
ii) August 24, 2015, Settlement Term Sheet between TransCanada and Eastern Canadian LDCs
iii) Iroquois Pipeline's proposed 'So-No' Project to deliver gas into Canada

Preamble: Union notes that one of the reasons that Union is pursuing North T-Service is the reduction in expected TransCanada Mainline capacity in the EDA due to its Energy East Project. APPrO would like to better understand the Mainline capacity implications to the EDA as a result of the recent Settlement in Reference ii) and how this and other gas supply developments may impact the need for the proposed Dawn T-Service.

- a) Please provide a copy of the agreement in Reference ii).
- b) Please discuss how the Settlement with TransCanada will impact future capacity in the EDA and provide your understanding and estimates of the quantitative impacts of the Settlement on capacity and reserves. Please advise if the capacity reduction rationale for providing this Dawn T-Service is as significant as it was prior to the Settlement and all supporting calculations.
- c) Please provide Union's understanding of the status of the proposed reversal of the Iroquois line to deliver gas into the TransCanada EDA via Waddington.
- d) If Waddington becomes a new receipt point into the TransCanada Mainline, please discuss how this may impact the supply options for Union's customers situated in the EDA, and further if this may impact such customers' interest in additional Dawn T-Service if such service is more competitive with Dawn supply.

Question 2:

Reference: i) Exhibit A Tab 3 pages 2-4

Preamble: In Reference i), Union notes that 17 customers representing over one-third of the customers have committed to Union's proposed optional service. APPrO would like to better understand customers' interest in this new service.

- a) For each rate class that is eligible to receive access to this service, please complete the following table:

Rate Class	Total Number of Customers		Contract Demand (CD) for all Customers in the Class		Number of Dawn T-Service Customers		Firm Daily Quantity (FDQ) of Dawn T-Service Customers
	Firm	Interruptible	Firm	Interruptible	Firm	Interruptible	Firm
TOTALS							

- b) For each of the 17 customers that have committed to the current Dawn T-Service please complete the following table (note: please include column totals in the last row), without revealing the identity of the customers:

[illegible]

- c) Please summarize the percentage of customers within each of the groupings in the table below that have signed up for Union's new Base Dawn T-Service:

Customer's Firm CD (GJ/d)	Number of Eligible Customers Falling within each CD Grouping	Percentage of Eligible Customers Falling within each CD Grouping	Number of Committed Customers within each CD Grouping	Percentage of Committed Customers within each CD Grouping
Under 1,000				
Between 1,000 and 2,000				
Between 2,000 and 3,000				
Between 3,000 and 5,000				
Between 5,000 and 10,000				
Between 10,000 and 25,000				
Over 25,000				
Total				

Question 3:

Reference: i) Exhibit A Tab 3 pages 6-10

Preamble: Union is seeking a Deferral Account to collect the difference between revenues and costs associated with the provision of this new service. Union is asking to recover the balances in this Deferral Account from all eligible customers. APPrO would like to understand the risks and implications to those eligible customers that do not avail themselves of this service.

- a) Please confirm that a customer that already has arranged a long term transportation contract with TransCanada to feed its facility requirements has no need to contract for Union's Dawn T-Service during the currency of its contract with TransCanada. If not confirmed, please explain.
- b) Please confirm that a large power generation customer situated in Union's North East zone, without a power purchase agreement for baseload or dispatchable power, is unlikely to be able to commercially contract for any new firm transportation either with Union using its Dawn T-Service or directly with TransCanada. If not confirmed, please explain.
- c) Please indicate if costs within the Deferral Account will be managed collectively or by rate class.
- d) Please confirm that all customers, including those customers that have not availed themselves of the use of this service, bear the risk of "excess capacity," even if, commercially, they are unable to contract for such service. If not confirmed, please explain.
- e) In the event that excess capacity existed, please explain how the Deferral Account would be impacted in each of the following circumstances:

- i. Union had a need to contract for additional capacity for system customers, and alternative sources of transportation and/or supply were available at a lower cost; and
 - ii. Union had an opportunity to resell the transportation capacity on a permanent basis and for a price less than the sum of the tolls.
- f) Please explain Union's cost causation or other rationale for exposing customers that do not contract for the Dawn T-Service to be exposed to the Deferral Account costs.
- g) Please detail all other options Union considered to address and alleviate the costs associated with the Deferral Account, and the rationale for rejecting each such option.
- h) Please provide a numerical estimate of the rate impact on eligible customers by rate class in 2018 if excess capacity was equal to: (i) 20% of the proposed aggregate FDQ assuming that there was no other option to mitigate the upstream transportation costs; and (ii) 50% of the proposed aggregate FDQ assuming that there was no other option to mitigate the upstream transportation costs.
- i) Please explain why Union is not asking the customers subscribing for the Dawn T-Service to contract with Union for a similar term as required for the upstream transportation commitments.