UNION GAS LIMITED

2016 RATES

EB-2015-0116

OEB STAFF INTERROGATORIES

October 23, 2015

Interrogatory #1

Ref: Exhibit A / Tab 1 / pp. 5, 9-12

Preamble: Union proposes to recover the 2016 revenue requirement associated with its 2016 DSM budget / incentive, the Burlington Oakville Pipeline Project, and the 2017 Dawn Parkway Project in 2016 rates. The DSM budget / incentive and these major capital projects have not yet been approved by the OEB.

Questions:

a) Please confirm whether the OEB has previously allowed for the recovery in rates of costs associated with projects and initiatives that have not been approved by the OEB.

b) In the event that approval is still pending from the OEB regarding these projects and initiatives at the time a decision is ready to be issued in this proceeding, what are Union's views on the OEB approving the proposed rates on an interim basis pending the outcome of the OEB's decisions in the related proceedings?

c) In the event that approval is still pending from the OEB regarding these projects and initiatives at the time a decision is ready to be issued in this proceeding and the OEB does not approve their recovery in rates on a final or interim basis, please indicate Union's preferable treatment for future recovery of these costs.

Interrogatory #2

Ref: Exhibit A / Tab 1 / pp. 8-12 & Appendix F

Preamble: Union proposes to recover, in 2016 rates, the 2016 revenue requirement associated with a number of major capital projects including: the Parkway West Project; the Brantford-Kirkwall / Parkway D Project; the Dawn Parkway 2016 System Expansion Project; the Burlington Oakville Pipeline Project; and the 2017 Dawn Parkway Project.

Questions:

a) For each capital project, please advise whether Union has an OEB-approved deferral account to capture the variance between the actual revenue requirement and the revenue requirement included in rates. Please provide the Accounting Order for each capital project-related deferral account. Please confirm that each of these accounts is listed in Appendix F.

b) For each major capital project, please provide the latest estimate of the expected in-service date. For any project that is not likely to be in-service in 2016, please explain why Union is proposing to include the revenue requirement associated with the project in 2016 rates.

c) Please confirm that the 2016 revenue requirement impact of the Burlington Oakville Pipeline Project is $77,000 and the 2017 Dawn Parkway Project is -$1,716,000.

Interrogatory #3

Ref: Exhibit A / Tab 1 / p. 5

Preamble: Union proposes to recover its proposed 2016 DSM budget ($57.2 million) and 2016 DSM Utility incentive ($4.2 million) in 2016 rates.

Question:

a) Please confirm that the DSM Utility Incentive has never previously been included in rates.

b) Please explain the rationale for Union seeking recovery of the 2016 DSM Utility Incentive in rates given that it is not known at this time whether Union will meet its DSM targets.

Interrogatory #4

Ref: Exhibit A / Tab 1 / pp. 6-7 & Working Papers / Schedule 17

Preamble: Union proposes to adjust its 2016 volumes and rates to reflect the 2014 LRAM volume savings using its 2014 pre-audited results.

Union also proposes to adjust its 2016 volumes and rates to reflect the 2011 LRAM volume savings using 2011 audited results. Union noted that the 2011 LRAM volume savings were not included in its 2013 (cost of service) volume forecast due to timing issues. Union noted that the 2011 LRAM savings were also not reflected in the volumes included in delivery rates for 2014 or 2015.

Questions:

a) Please advise when the 2014 audited LRAM volumes will be available.

b) If the audited 2014 LRAM volumes are available, please provide an update to the evidence.

c) Please provide the evidence from EB-2014-0273 that discusses the 2011 LRAM volume savings. Please advise whether this issue was addressed by the OEB in its EB-2014-0273 Decision and Order.

d) Please explain why the 2011 LRAM volume savings were not reflected in either 2014 or 2015 rates.

Interrogatory #5

Ref: Exhibit A / Tab 1 / pp. 14-17

Preamble: Union noted that over the previous two winters it notified interruptible distribution customers of required interruptions to their service. Union noted that some customers did not comply with the ordered service interruptions.

Union proposes to increase the Unauthorized Overrun Non-Compliance rate to \$3.855/m^3 (\$100/GJ).

Questions:

a) For each of the previous 2 winters, please provide the number of customers that were required to interrupt service and the number of customers that did not comply with the service interruption. Please provide this information by rate class.

b) Please provide further rationale for setting the Unauthorized Overrun Non-Compliance rate at $3.855/m^3$ ($100/GJ) in the context that it is significantly higher than recent alternative fuel prices.

c) Please discuss the treatment of the revenues arising from the Unauthorized Overrun Non-Compliance charges. Do the revenues accrue to ratepayers or the shareholder? If the revenues accrue to ratepayers, on what basis are these revenues allocated?

Interrogatory #6

Ref: Exhibit A / Tab 1 / p. 18 & Appendix B / North Schedule "A"

Preamble: Union stated that in order to provide LNG customers with a gas supply service option, it requires modifications to the Union North Schedule "A" to accommodate minimum and maximum gas supply charges express in $/GJ. Union stated that this modification will enable Union to invoice the gas supply service option in energy, consistent with the invoicing of the unregulated liquefaction service.

Questions:

a) Please confirm that the only changes made to the Union North Schedule "A" are found at the bottom of page 2 under the section titled "Natural Gas Liquefaction Service ($/GJ)."

b) Please explain why it is necessary to include minimum and maximum rates for the LNG service in Union's North Schedule "A" given that the OEB has decided to forebear from regulating these charges.

c) Please explain why Union is setting the minimum / maximum band for the LNG gas supply service option based on OEB-approved Rate 25 gas supply charges.