unionGas
A Spectra Energy Company

November 6, 2015

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

Dear Ms. Walli:

RE: EB-2015-0116 – Union Gas Limited – 2016 Rates – Interrogatory Responses

Please find attached Union's responses to the interrogatories for the above proceeding.

If you have any questions with respect to this submission please contact me at (519) 436-5476.

Yours truly,

[original signed by]

Chris Ripley
Manager, Regulatory Applications

cc: Crawford Smith (Torys)
EB-2015-0116 Intervenors

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Reference: 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.

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.

Response:

a) Yes, the Board has previously allowed for the recovery in rates of costs associated with projects and initiatives that have not been approved by the Board.

   In EB-2014-0271 (Union's 2015 Rates proceeding), Union did not have a Board-approved 2015 DSM plan or budget to include in rates. Union proposed a DSM budget in the 2015 Rates proceeding and the Board approved the 2015 Rates Settlement Agreement which included the recovery of Union's proposed DSM budget prior to receiving the final DSM Framework for Natural Gas Distributors (2015-2020) (EB-2014-0134).

   In addition, Union proposed to include the costs of its Brantford-Kirkwall and Parkway D major capital project in 2015 rates. The Board approved the Brantford-Kirkwall and Parkway D project in EB-2013-0074 on the condition that Union received a written commitment from TransCanada that it would proceed with the King's North project. When Union filed its 2015 rate application and evidence, Union had not received the commitment letter from TransCanada. However, the Board approved the 2015 Rates Settlement Agreement which included the recovery of Union's proposed Brantford-Kirkwall and Parkway D costs.

b) and c) In Union's view, the Board should approve Union's 2016 rates on a final basis and not on an interim basis. If the Board approved Union's 2016 rates on an interim basis, and then subsequently approved different final rates for 2016, Union would need to rebill customers for the variance. This results in confusion for the customers.

Union will manage any variances between the amounts included in 2016 rates and the Board-approved amounts in the DSM and major capital projects proceedings through Union's non-commodity deferral account disposition proceeding.

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Reference: 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.

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.

Response:

a) and b)

Capital Project	**Deferral account to capture variance between actual revenue requirement and revenue requirement included in rates**	**In-service dates**
Parkway West Project (EB-2012-0433)	Yes (Parkway West Project Costs Deferral Account – No. 179-136)	Construction was staged and placed into service over a two-year period with targeted final in-service of November 2015
Brantford-Kirkwall/Parkway D Project (EB-2013-0074)	Yes (Brantford-Kirkwall/Parkway D Project Costs Deferral Account - No. 179-137)	November 2015
Dawn Parkway 2016 System Expansion Project (EB-2014-0261)	Yes (Lobo C Compressor/Hamilton to Milton Pipeline Project Costs Deferral Account - No. 179-142)	Construction will be staged and placed into service over a two-year period with targeted final in-service of November 2016
Burlington Oakville Pipeline Project (EB-2014-0182)	Requested in EB-2014-0182 (Burlington Oakville Project Costs – No.179-XXX)	November 2016
2017 Dawn Parkway Project (EB-	Requested in EB-2015-0200 (Dawn	Construction will be staged and

2015-0020)	H/Lobo D/Bright C Compressor Project Costs Deferral Account – No.179-XXX)	placed into service over a two-year period with in-service dates of November 2016 and November 2017

Please see Attachment 1 for the accounting orders for each of the capital project-related deferral accounts. Union has confirmed that all of the accounting orders for deferral accounts that have been approved by the Board are listed in Union's Updated Exhibit A, Tab 1, Appendix F.

Union is proposing to include the 2016 revenue requirement of all capital projects eligible for Y factor treatment in 2016 rates. Each capital project included in 2016 Rates is expected to be in-service or have a component of the project in-service in 2016. Please see Attachment 2 for the 2016 revenue requirement associated with each capital project included in 2016 rates.

c) Confirmed. Please see Exhibit A, Tab 1, Appendix G.

UNION GAS LIMITED

Accounting Entries for
Parkway West Project Costs
Deferral Account No. 179-136

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit - Account No.179-136
Other Deferred Charges – Parkway West Project Costs

Credit - Account No. 579
Miscellaneous Operating Revenue

To record, as a debit (credit) in Deferral Account No. 179-136, the difference between the actual revenue requirement related to the costs for the Parkway West Project and the revenue requirement included in rates as approved by the Board.

Debit - Account No.179-136
Other Deferred Charges – Parkway West Project Costs

Credit - Account No. 323
Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-136, interest on the balance in Deferral Account No. 179-136. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

Accounting Entries for
Brantford-Kirkwall/Parkway D Project Costs
Deferral Account No. 179-137

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No.179-137 Other Deferred Charges – Brantford-Kirkwall/Parkway D Project Costs
Credit	-	Account No. 579 Miscellaneous Operating Revenue

To record, as a debit (credit) in Deferral Account No. 179-137, the difference between the actual revenue requirement related to the costs for the Brantford-Kirkwall/Parkway D Project and the revenue requirement included in rates as approved by the Board.

Debit	-	Account No.179-137 Other Deferred Charges – Brantford-Kirkwall/Parkway D Project Costs
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-137, interest on the balance in Deferral Account No. 179-137. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UPDATED

UNION GAS LIMITED

**Accounting Entries for
Lobo C Compressor/Hamilton to Milton Pipeline Project
Costs Deferral Account No. 179-142**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit - Account No.179-142
Other Deferred Charges – Lobo C Compressor/Hamilton to Milton Pipeline Project Costs

Credit - Account No. 579
Miscellaneous Operating Revenue

To record, as a debit (credit) in Deferral Account No. 179-142, the difference between the actual revenue requirement related to the costs for the Lobo C Compressor/Hamilton to Milton Pipeline Project and the revenue requirement included in rates as approved by the Board.

Debit - Account No.179-142
Other Deferred Charges – Lobo C Compressor/Hamilton to Milton Pipeline Project Costs

Credit - Account No. 323
Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-142, interest on the balance in Deferral Account No. 179-142. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

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UNION GAS LIMITED

Accounting Entries for
Burlington Oakville Project Costs
Deferral Account No. 179-XXX

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No.179-XXX Other Deferred Charges – Burlington Oakville Project Costs
Credit	-	Account No. 579 Miscellaneous Operating Revenue

To record, as a debit (credit) in Deferral Account No. 179-XXX, the difference between the actual revenue requirement related to the costs for the Burlington Oakville Project and the revenue requirement included in rates as approved by the Board.

Debit	-	Account No.179-XXX Other Deferred Charges – Burlington Oakville Project Costs
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-XXX, interest on the balance in Deferral Account No. 179-XXX. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

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UNION GAS LIMITED

Accounting Entries for
Dawn H/Lobo D/Bright C Compressor Project Costs
Deferral Account No. 179-XXX

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No.179-XXX Other Deferred Charges – Dawn H/Lobo D/Bright C Compressor Project Costs
Credit	-	Account No. 579 Miscellaneous Operating Revenue

To record, as a debit (credit) in Deferral Account No. 179-XXX, the difference between the actual revenue requirement related to the costs for the Dawn H/Lobo D/Bright C Compressor Project and the revenue requirement included in rates as approved by the Board.

Debit	-	Account No.179-XXX Other Deferred Charges – Dawn H/Lobo D/Bright C Compressor Project Costs
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-XXX, interest on the balance in Deferral Account No. 179-XXX. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED
Parkway West Project Revenue Requirement

Line No.	Particulars ($000's)	Revenue Requirement 2014	2015	2016	2017	2018
		(a)	(b)	(c)	(d)	(e)
	Rate Base Investment					
1	Capital Expenditures	73,978	144,652	800	0	0
2	Average Investment	8,969	102,133	213,094	208,357	203,254
	Revenue Requirement Calculation:					
	Operating Expenses:					
3	Operating and Maintenance Expenses (1)	0	739	1,615	1,649	1,683
4	Depreciation Expense (2)	485	3,026	5,094	5,105	5,105
5	Property Taxes (3)	236	290	510	521	532
6	Total Operating Expenses	721	4,055	7,218	7,274	7,320
7	Required Return (4)	518	5,898	12,306	12,032	11,737
8	Total Operating Expenses and Return	1,239	9,953	19,524	19,306	19,057
	Income Taxes:					
9	Income Taxes - Equity Return (5)	104	1,182	2,466	2,411	2,352
10	Income Taxes - Utility Timing Differences (6)	(1,618)	(4,762)	(5,534)	(4,536)	(3,672)
11	Total Income Taxes	(1,515)	(3,580)	(3,068)	(2,124)	(1,320)
12	Total Revenue Requirement (7)	(276)	6,373	16,457	17,182	17,737
13	Incremental Project Revenue	0	0	0	0	0
14	Net Revenue Requirement	(276)	6,373	16,457	17,182	17,737

Notes:
(1) 2018 O&M expenses include $0.488 million in salary, wages and employee expenses, $0.711 million in contract services and $0.485 million in materials, utility cost, and company used fuel.
(2) Depreciation expense at 2013 Board-approved depreciation rates.
(3) Property taxes include $0.247 million for land purchases, $0.195 million for LCU compression and $0.090 million for pipeline and building taxes.
(4) The required return for 2018 assumes total rate base of $203.254 million and a capital structure of 64% long-term debt at 4% and 36% common equity at the 2013 Board-approved return of 8.93%. The 2018 required return calculation is as follows:

$203.254 million * 64% * 4% = $5.203 million plus
$203.254 million * 36% * 8.93% = $6.534 million for a total of $11.737 million.

(5) Taxes related to the equity component of the return at a tax rate of 26.5%.
(6) Taxes related to utility timing differences are negative as the capital cost allowance deduction in arriving at taxable income exceeds the provision of book depreciation in the year.
(7) As per EB-2012-0433 Schedule 12-1, Updated August 2013, line 9.

UNION GAS LIMITED
Brantford to Kirkwall and Parkway D Compressor Project Revenue Requirement

Line No.	Particulars ($000's)	Revenue Requirement 2015	2016	2017	2018
		(a)	(b)	(c)	(d)
	Rate Base Investment				
1	Capital Expenditures	200,069	4,007	0	0
2	Average Investment	23,533	197,123	193,535	188,206
	Revenue Requirement Calculation:				
	Operating Expenses:				
3	Operating and Maintenance Expenses (1)	107	642	642	642
4	Depreciation Expense (2)	2,622	5,287	5,329	5,329
5	Property Taxes (3)	142	853	853	853
6	Total Operating Expenses	2,871	6,782	6,824	6,824
7	Required Return (4)	1,359	11,383	11,176	10,868
8	Total Operating Expenses and Return	4,230	18,165	18,001	17,693
	Income Taxes:				
9	Income Taxes - Equity Return (5)	272	2,281	2,240	2,178
10	Income Taxes - Utility Timing Differences (6)	(4,580)	(5,726)	(4,808)	(3,969)
11	Total Income Taxes	(4,307)	(3,445)	(2,568)	(1,791)
12	Total Revenue Requirement (7)	(77)	14,720	15,433	15,902
13	Incremental Project Revenue (8)	1,534	9,204	9,204	9,204
14	Net Revenue Requirement	(1,611)	5,516	6,229	6,698

Notes:

(1) O&M expenses include $0.012 million for pipeline related O&M and $0.630 million of annual Parkway Compressor maintenance.

(2) Depreciation expense at 2013 Board-approved depreciation rates.

(3) Property taxes include $0.187 million for compression and $0.665 million for pipeline and building taxes.

(4) The required return for 2018 assumes total rate base of $188.206 million and a capital structure of 64% long-term debt at 4% and 36% common equity at the 2013 Board-approved return of 8.93%. The 2018 required return calculation is as follows:

$188.206 million * 64% * 4% = $4.818 million plus
$188.206 million * 36% * 8.93% = $6.050 million for a total of $10.868 million.

(5) Taxes related to the equity component of the return at a tax rate of 26.5%.

(6) Taxes related to utility timing differences are negative as the capital cost allowance deduction in arriving at taxable income exceeds the provision of book depreciation in the year.

(7) As per EB-2013-0074 Schedule 10-1 line 9.

(8) As per EB-2013-0074 Schedule 9-4.

UNION GAS LIMITED
Hamilton-Milton Pipeline and Lobo C Compressor Project Revenue Requirement

Line No.	Particulars ($000's)	2016 (a)	2017 (b)	2018 (c)
	Rate Base Investment			
1	Capital Expenditures	378,233	12,482	-
2	Average Investment	44,292	376,925	372,457
	Revenue Requirement Calculation:			
	Operating Expenses:			
3	Operating and Maintenance Expenses (1)	187	1,128	1,150
4	Depreciation Expense (2)	4,528	9,158	9,261
5	Property Taxes (3)	191	1,149	1,172
6	Total Operating Expenses	4,906	11,435	11,583
7	Required Return (6.031% x line 2) (4)	2,671	22,732	22,462
	Income Taxes:			
8	Income Taxes - Equity Return (5)	487	4,147	4,097
9	Income Taxes - Utility Timing Differences (6)	(7,381)	(9,192)	(7,892)
10	Total Income Taxes	(6,894)	(5,046)	(3,795)
11	Total Revenue Requirement (line 6 + line 7 + line 10)	683	29,121	30,251
12	Incremental Project Revenue (7)	1,559	9,357	9,357
13	Net Revenue Requirement (line 11 - line 12)	(876)	19,764	20,894

Notes:

(1) Expenses include salaries and wages, employee-related expenses, fleet costs, materials and operating expenses.

(2) Depreciation expense at 2013 Board-approved depreciation rates.

(3) Property taxes in 2018 include $0.792 million for the Hamilton-Milton pipeline and $0.380 million for Lobo C compressor and facilities.

(4) The required return of 6.031% assumes a capital structure of 64% long-term debt at 4.4% and 36% common equity at the 2013 Board-approved return of 8.93% (0.64 * 0.044 + 0.36 * 0.0893)

The 2018 required return calculation is as follows:
$372.457 million * 64% * 4.4% = $10.488 million plus
$372.457 million * 36% * 8.93% = $11.974 million for a total of $22.462 million.

(5) Taxes related to the equity component of the return at a tax rate of 25.5%.

(6) Taxes related to utility timing differences are negative as the capital cost allowance deduction in arriving at taxable income exceeds the provision of book depreciation in the year.

(7) Project revenue assumes an estimated M12 Dawn-Parkway rate of $2.546 GJ/mth and an M12 Kirkwall-Parkway rate of $0.450 GJ/mth.

The 2018 revenue is calculated as follows:
M12 Dawn-Parkway demands of 270,733 GJ x $2.546 x 12 / 1000 = $8.271 million plus
M12 Kirkwall-Parkway demands of 36,301 GJ x $0.450 x 12 / 1000 = $0.196 million plus
Union North T-Service demands of 29,115 GJ x $2.546 x 12 / 1000 = $0.890 million

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Reference: 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.

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.

Response:

a) Confirmed.

b) As outlined in its 2015-2020 DSM Plan evidence and interrogatory responses[1] (EB-2015-0029), Union's contract customers (e.g. automotive, manufacturing and greenhouse sectors) have expressed interest in including the DSM Incentive in rates to avoid large out-of-period adjustments when Union disposes of its non-commodity deferral account balances. Including the DSM utility incentive in rates at Target (100%, or $4.2 million) allows a smaller amount to be either credited/or debited as a true-up based on actual performance, rather than the full out-of-period charge being applied when actual results are available. As noted at Exhibit A, Tab 1, pp. 5-6, the variance between the DSM Incentive built into rates and the actual DSM Incentive achieved by Union will be captured in the DSM Incentive Deferral Account ("DSMIDA").

[1] Please see EB-2015-0029, Exhibit A, Tab 3, p. 37 and EB-2015-0029, Exhibit B.T4.Union.CCC.4.

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Reference: 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.

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.

Response:

a) The 2014 post-audit LRAM volumes will be available after the conclusion of the audit process (which is ongoing) and will be filed with the Board by December 2015.

b) Union will update the 2016 Rates draft rate order with the post-audit 2014 LRAM volumes when they are available.

c) Please see Attachment 1 for the LRAM section of evidence from 2013 DSM Deferrals (EB-2014-0273), Exhibit A, Tab 4, pp. 1-5. Union addresses 2011 LRAM volume savings at p. 2, lines 7-14 and at p. 3, lines 12-16. In its June 4, 2015 Decision and Order, the Board approved the amounts in Union's 2013 DSM deferral accounts, including the LRAM deferral account which included the 2011 LRAM volume savings.

d) When Union prepared the 2013 contract rate class volume forecast in early 2011, the 2011 LRAM volume savings were not available to be included in the contract rate class volume forecast. Union inadvertently omitted the 2011 LRAM volume savings from the subsequent 2014 and 2015 rates applications. As described at Attachment 1, p. 3, lines 12-16, Union will record the lost revenues related to the 2011 LRAM volume savings at 2014 rates and at 2015 rates and will bring the balances forward in each year's respective deferral disposition proceeding.

DSM DEFERRAL AND VARIANCE ACCOUNT BALANCES

Account No.179-75 Lost Revenue Adjustment Mechanism ("LRAM")

The LRAM deferral account has a debit balance of $1.311 million. This balance includes volume variances for contract rate classes related to 2011 and 2012 audited full year demand side management ("DSM") activities at 2013 rates and the audited monthly volumes related to 2013 DSM activities at 2013 rates. The balance does not include volume variances for general service rate classes, as the LRAM volume impacts were captured in the Average Use deferral account that was disposed of in EB-2014-0145, Union's 2013 Disposition of Deferral Account Balances proceeding. The treatment of the volumes in the Average Use deferral account balance is described in further detail below.

Exhibit A, Tab 4, Schedule 2 Corrected, page 1 provides the breakdown of the LRAM deferral account balance. Exhibit A, Tab 4, Schedule 2 Corrected, pages 2 through 4 provide the LRAM volumes and the corresponding revenue impacts related to 2011, 2012 and 2013 DSM activities respectively. There were no contract rate class LRAM volumes for 2011, 2012 or 2013 included in 2013 rates.

The calculation for lost revenues for 2013 reflects the EB-2011-0327 Settlement Agreement (page 34) which states that for each measure implemented in any given month, the volumetric reductions for that month and the remaining months of the year will be calculated on a rate class basis. The volumetric reductions will be multiplied by the volumetric distribution rate per m^3 for the rate class for that year. For example, the natural gas savings implemented in March 2013 have ten months of LRAM calculated based on the average rate for that rate class for the year whereas natural gas savings implemented in November have two months of LRAM calculated based on the average rate for that rate class for the year.

When Union prepared the contract rate class volume forecast included in 2013 rates, no 2011 LRAM volumes were reflected. This volume forecast was completed in early 2011. The unaudited LRAM volume savings were not available until April 2, 2012 and the audited LRAM volume savings were not available June 29, 2012. Accordingly, they could not be included in the forecast. The amount Union proposes to dispose of related to 2011 contract rate LRAM volume savings is a debit balance of $0.524 million (Exhibit A, Tab 4, Schedule 2 Corrected, page 2, line 19, column (c)) which represents lost revenues from contract rate class volume savings[1] of 113,812 $10^3 m^3$ at 2013 rates.

The amount Union proposes to dispose of for 2012 is a debit balance of $0.409 million (Exhibit A, Tab 4, Schedule 2 Corrected, page 3, line 19, column (c)) which represents lost revenues from audited 2012 contract rate class volume savings for the year of 114,129 $10^3 m^3$ at 2013 rates.

[1] 113,812 $10^3 m^3$ is the audited 2011 contract rate class volume savings for the year adjusted to reflect the Board's EB-2013-0109 Decision.

In 2013, the variance is a debit balance of $0.378 million (Exhibit A, Tab 4, Schedule 2 Corrected, page 4, line 19, column (c)), comprising of total monthly contract rate class volume savings of 112,295 $10^3 m^3$ at 2013 rates. The 2013 variance represents the volumetric reductions for the month the volume savings were realized and for the remaining months of the 2013 year.

Union is proposing to dispose of the LRAM balance related to audited, 2013 DSM activities. Since this is a different process than in previous applications, there will be no true-up amount between unaudited and audited amounts to be captured in the deferral account for future disposition.

The 2011 contract rate class volume savings of 113,812 $10^3 m^3$ are also not reflected in the volumes included in delivery rates for 2014 or 2015. Union intends to reflect the 2011 volume savings in delivery rates beginning January 1, 2016. In the meantime, Union will record the lost revenues at 2014 rates and at 2015 rates and will bring the balances forward in each year's respective deferral disposition proceeding.

The 2012 contract rate class volume savings were reflected in delivery rates beginning January 1, 2014. As such, Union will not record any further lost revenues related to these volumes in the LRAM deferral account. The 2013 contract rate class volume savings were reflected in the volumes included in delivery rates beginning January 1, 2015.

Union will record the full year impact of the lost revenues related to these volumes at 2014 rates and will bring this balance forward in Union's 2014 Disposition of DSM Deferral Account Balances proceeding, in accordance with normal practice.

For the general service rate classes no volumes are included in the corrected calculation of the LRAM deferral account balance. Union included an assumption for 2011, 2012 and 2013 LRAM volumes based on Union's 2010 DSM Plan when Union prepared the general service volume forecast included in 2013 rates.

In EB-2014-0145, within the Average Use deferral account Union recorded the difference between the Board-approved forecast average use per customer included in 2013 rates and the actual weather normalized average use experienced in 2013.

To include the general service LRAM volumes in the calculation of the LRAM deferral account balance would be double counting as the LRAM volume has already been captured through the 2013 Average Use deferral account.

Within the Average Use deferral account balance in EB-2014-0145, Union made an adjustment for a DSM usage variance for 2013. Upon further review, Union has determined that the adjustment was not necessary, as the LRAM volume was embedded within the actual rate of decline experienced in 2013. The adjustment resulted in a net credit to ratepayers of $0.006 million. Union is not proposing to make any changes to the Average Use deferral account balance as the amount in question is immaterial, and the deferral account balance will be fully disposed of by June 30, 2015.

Account No.179-111 Demand Side Management Variance Account ("DSMVA")

This account records the difference between actual DSM costs incurred and the DSM budget included in rates. The debit balance of $1.198 million (Exhibit A, Tab 4, Schedule 3, line 14, column (c)) represents the difference between actual 2013 DSM expenditures of $32.839 million and $31.641 million included in rates.

Union has followed the methodology filed in the Settlement Agreement approved by the Board in the EB-2011-0327 Decision and Order dated February 21, 2012. Union has tracked the variance between actual DSM spending by rate class, relative to the DSM budget included in rates by rate class, in the DSMVA. With the exception of low-income costs, all program costs were allocated by program and assigned by rate class based on the percentage allocation of the actual customer incentive costs. All portfolio-level costs were allocated to a rate class based on the percentage allocation of the program costs by rate class, as outlined on page 36 of the Settlement Agreement.

The variance spent on low-income DSM programming has been allocated in proportion to the most recent Board-approved distribution revenue by rate class, as outlined in

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Reference: 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/m3 (\$100/GJ).

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/m3 (\$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?

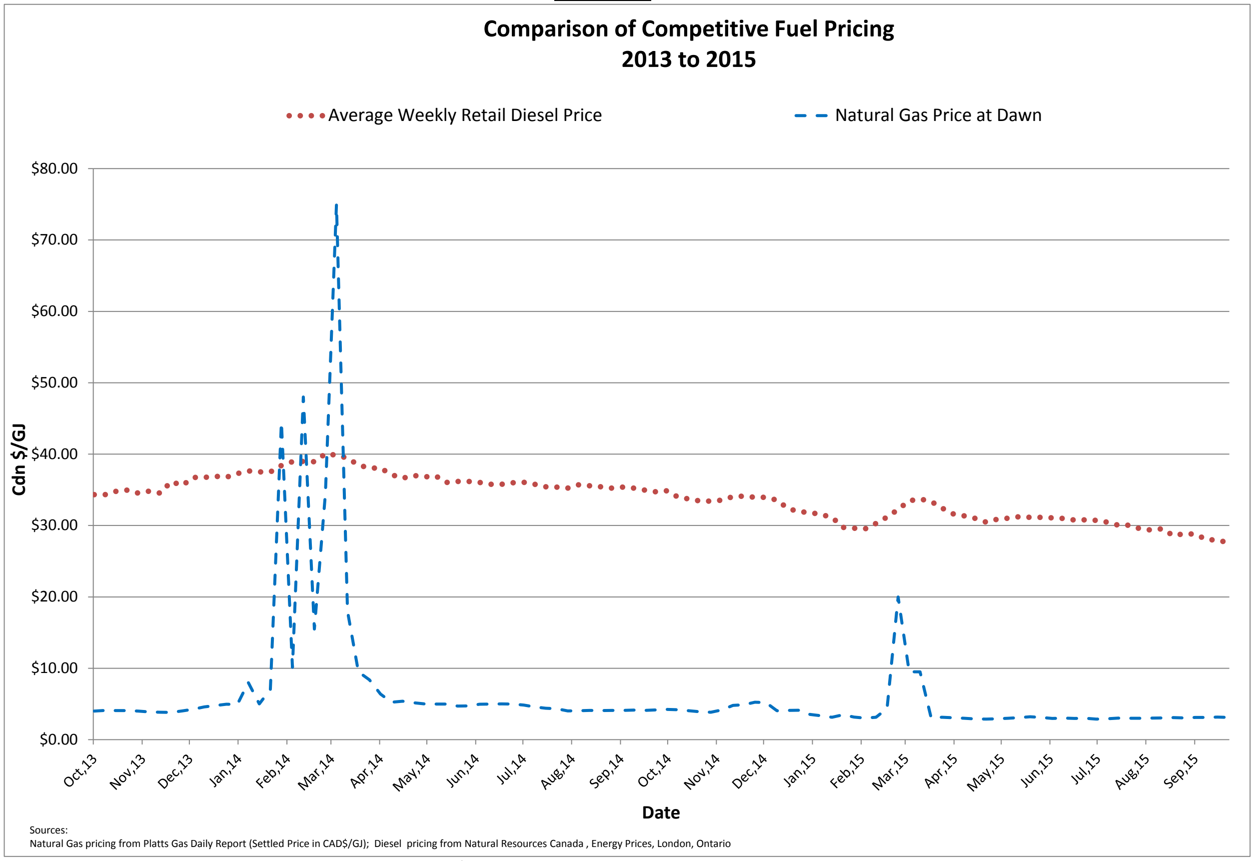
Response:

a) Please see Attachment 1 for the number of customers required to interrupt service and number that failed to interrupt. Please note that for Rate 25 customers, the schedule has been prepared reflecting only the unauthorized overrun distribution rate (150% of the maximum Rate 25 delivery rate) and excludes any unauthorized overrun gas supply charges.

b) Over the past two winters, 75% of customers in 2014 and 81% of customers in 2015 did not comply when Union issued notices of interruption. While the reasons for non-compliance are customer specific, it became clear to Union that customers were viewing it more economical to choose not to comply with the interruption than it was to consume an alternate fuel (as seen in Table 1).

Union has proposed an Unauthorized Overrun Non-Compliance Rate of \$3.855/m^3 (\$100/GJ) to ensure that customers are financially incented to comply with their contractual obligations when a distribution interruption is called. To promote a higher level of customer compliance with an interruption, the penalty rate must be higher than other options available to customers. Therefore, Union proposed a rate that is higher than the historic price of alternate fuels and the recent historic price of gas at Dawn (see Table 1 below which compares the price of a representative alternate fuel, diesel, with natural gas at Dawn over the last two years).

Table 1



Source: Platts Gas Daily (Settled Price in CAD$/GJ).

Given the high level of non-compliance, and the potential implications that non-compliance can have on Union's operation of the distribution system, it was determined that the penalty rate needed to substantially increase. By setting the Unauthorized Overrun Non-Compliance Rate at $3.855/m^3$ ($100/GJ), customers will be financially incented to comply with the interruption notice.

c) Revenues arising from the Unauthorized Overrun Non-Compliance Rate will be treated as utility revenue, consistent with the treatment of other unauthorized overrun revenue from distribution services. The revenue will be included in utility earnings, which are subject to earnings sharing with ratepayers.

Interruptions by Rate Class for 2013, 2014 and 2015

Winter 2015

Rate Class		Interrupted Customers	Compliant Customers	Non-Compliant Customers	Non-Compliant Volume (m³)	Unauthorized Overrun Distribution Rate ($/m³)
Union South	M5	54	9	45	1,558,111	0.046757
	M7	14	3	11	846,761	0.046757
	T1	-	-	-	-	0.046757
	T2	4	3	1	960,176	0.046757
		72	15	57	3,365,048	
Union North	25	9	-	9	473,101	0.071444
Total		81	15	66	3,838,149	

Winter 2014

Rate Class		Interrupted Customers	Compliant Customers	Non-Compliant Customers	Non-Compliant Volume (m³)	Unauthorized Overrun Distribution Rate ($/m³)
Union South	M5	69	16	53	1,740,109	0.044719
	M7	10	1	9	736,504	0.044719
	T1	-	-	-	-	0.044719
	T2	4	4	-	-	0.044719
		83	21	62	2,476,613	
Union North	25	-	-	-	-	-
Total		83	21	62	2,476,613	

Winter 2013

Rate Class		Interrupted Customers	Compliant Customers	Non-Compliant Customers	Non-Compliant Volume (m³)	Unauthorized Overrun Distribution Rate ($/m³)
Union South	M5	62	4	58	855,612	0.045164
	M7	4	4	0	-	0.045164
	T1	-	-	-	-	0.045164
	T2	-	-	-	-	0.045164
		66	8	58	855,612	
Union North	25	-	-	-	-	-
Total		66	8	58	855,612	

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Reference: 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.

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.

Response:

a) In addition to the section titled "Natural Gas Liquefaction Service ($/GJ)" and related Note, Union also updated the Applicability section (B) on p. 1 to include Natural Gas Liquefaction Service. A Blackline copy of the Union North Schedule "A" is provided at Exhibit A, Working Papers, Schedule H.

b) In its Hagar Liquefaction Service Rate (EB-2014-0012) Decision, the Board decided to forebear from regulating Union's Natural Gas Liquefaction Service ("LNG"). However, Union requires a regulated gas supply rate expressed in $/GJ on its North Schedule "A" for customers who choose a gas supply service option from Union. Union is proposing to express the gas supply rate in $/GJ consistent with the invoicing of the unregulated liquefaction service.

c) Union is proposing to offer the gas supply service option to LNG customers based on the Board-approved Rate 25 minimum and maximum gas supply charges. The gas supply charges reflect the potential range of costs of providing interruptible gas supply service to Union North customers. With the proposed changes to the Union North Schedule "A", Union can negotiate a gas supply service rate for LNG customers on an interruptible basis consistent with the Rate 25 gas supply service option.

UNION GAS LIMITED

Answer to Interrogatory from
The Association of Power Producers of Ontario ("APPrO")

Reference: i) Exhibit A Tab 1 Section 3.5

Preamble: Union lists several major reinforcement projects. APPrO would like to understand the status of these projects.

a) Please provide the status of development of each of the projects listed in this section, as well as the status of any interconnecting pipeline project that will be accepting gas from the project. Please include the current expected in-service date for each of Union's and any downstream projects in the current table format:

Reinforcement or other project (Ex A, Tab 1, s. 3.5 list and others) ("Pipeline Projects")	**Expected in-service date of Pipeline Projects**	**Contingent on the following interconnecting or other projects being constructed, completed, or in service ("Contingent Projects")**	**Expected in-service date of Contingent Projects**	**Pipelines downstream of and interconnected to Pipeline Projects ("Downstream Projects")**	**Expected in-service date of Downstream Projects**

Response:

a) Please see Table 1.

Table 1

Reinforcement or other project (Ex A, Tab 1, s. 3.5 list and others)("Pipeline Projects")	**Expected in service date of Pipeline Projects**	**Contingent on the following inter-connecting or other projects being constructed, completed, or in service ("Contingent Projects")**	**Expected in service date of Contingent Projects**	**Pipelines downstream of and interconnected to Pipeline Projects ("Downstream Projects")**	**Expected in service date of Downstream Projects**
Parkway West Project (EB-2012-0433)	Construction was staged and placed into service over a two-year period with targeted final in-service of November 2015	n/a	n/a	n/a	n/a
Brantford-Kirkwall/Parkway D Project (EB-2013-0074)	November 2015	n/a	n/a	- Enbridge GTA Project - TransCanada King's North Project	- As early as December 31, 2015 - As late as November, 2016
Dawn Parkway 2016 System Expansion Project (EB-2014-0261)	Construction will be staged and placed into service over a two-year period with targeted final in-service of November 2016	n/a	n/a	TransCanada 2016 Expansion – Maple Compressor	November 2016
Burlington Oakville Pipeline Project (EB-2014-0182)	November 2016	n/a	n/a	n/a	n/a
2017 Dawn Parkway Project (EB-2015-0020)	Construction will be staged and placed into service over a two-year period with targeted final in-service date of November 2017	n/a	n/a	TransCanada Vaughan Mainline Expansion	November 2017

UNION GAS LIMITED

Answer to Interrogatory from
The Association of Power Producers of Ontario ("APPrO")

Reference: i) Exhibit A Tab 1 pages 18-19

Preamble: Union is proposing to change the description of the Aggregate Excess option for the calculation of the storage space allocation from:

> *Aggregate excess is the difference between a customer's gas consumption in the 151- day winter period and consumption during the balance of the year.*

to

> *Aggregate excess is the difference between the customer's total 151-day winter consumption (November 1 through March 31) and the customer's average daily consumption (Daily Contract Quantity) for the contract year multiplied by 151 days of winter.*

Union indicates that the current description does not accurately describe the calculation that is currently being performed; however, it appears that the written descriptions of the two methodologies result in quite different formulae. APPrO would like to better understand the Aggregate Excess storage allocation methodology.

a) Please confirm that the description of the current methodology implies that the customer's storage entitlement is the difference between its winter consumption and its summer consumption.

b) Please confirm that the description of the methodology that is being proposed by Union results in a calculation that is the difference between a customer's total winter consumption and its average (annual) daily consumption, multiplied by 151 days.

c) Please provide Union's proposed mathematical formulae that would apply to each method and sample calculations of the Aggregate Excess for an average industrial load using each of the methods.

d) Please provide excerpts from the proceeding in which the Ontario Energy Board (the "Board") originally approved the Aggregate Excess description, the corresponding formula and any subsequent modifications by Union or otherwise.

e) Union notes that it is not proposing any changes to the calculation; however, the descriptions suggest that these methodologies rely on different formula. Was the original description of the formula not accurate or did the formula evolve over time without the description being changed? Please explain.

f) If Union were to apply the current methodology as described, what is the impact to the total amount of storage allocated to the customers using the Aggregate Excess methodology?

g) How many customers by rate class currently rely on the Aggregate Excess methodology?

Response:

a) Confirmed. The description on the rate schedules implies that the customer's storage entitlement is the difference between its winter consumption and its consumption during the balance of the year. This description does not accurately reflect the Board-approved aggregate excess storage allocation methodology.

b) Confirmed. Union is proposing to the correct the description on the rate schedules to reflect the aggregate excess storage methodology formula as approved by the Board in the Natural Gas Storage Allocation Policies (EB-2007-0725) proceeding. The Board-approved aggregate storage allocation methodology is the difference between the customer's total 151-day winter consumption (November 1 through to March 31) and the customer's average daily consumption for the contract year multiplied by 151 days of winter.

c) This question is not relevant. Union is not proposing to change the Board-approved mathematical aggregate excess formula. The Board-approved aggregate excess formula is:

   Aggregate Excess = [Total Winter Consumption – (151/365)*Total Annual Consumption]

d) In the RP-1999-0017 Settlement Agreement, the Board approved to allocate storage space in Union South according to its existing cost allocation methodology. This methodology allocates storage space and the associated costs to bundled rate classes in proportion to each rate class' "aggregate excess" or difference between winter demand and average annual demand for a 151-day winter period. The formula included a 2.4% reduction factor in order to not over allocate storage to unbundled customers. The Board approved the Settlement Agreement on July 21, 2001.

   In EB-2007-0725, Union proposed to modify the forecasts used in the aggregate excess formula and to eliminate the 2.4% reduction factor. In its EB-2007-0725 Decision, the Board stated:

   > *"The Board finds that the proposed revisions to Union's A/E Method are appropriate and should be implemented"*. (p.37)

e) The description currently on the rate schedules is not consistent with the Board-approved aggregate excess storage allocation methodology. Union is updating the rate schedules to be consistent with the Board-approved methodology.

f) This question is not relevant. Union allocates storage space based on the Board-approved storage allocation methodology.

g) All customers' storage allocations are calculated using the Board-approved aggregate excess formula with the exception of 27 customers. These 27 customers have elected to have their storage space allocations to be calculated based on the two additional Board-approved storage allocation methodologies; either

1. Obligated daily contact quantity multiple of 15 (25 customers); or,
2. Peak hourly consumption x 24 x 4 days (2 customers).

UNION GAS LIMITED

Answer to Interrogatory from
The Association of Power Producers of Ontario ("APPrO")

Reference: i) Exhibit A Tab 1 pages 21-22

Preamble: Union notes that it is removing the reference to specific nomination cycle timelines in the various rate schedules and will instead be including a reference to Union's website, where this information will continue to reside. APPrO would like to understand the implication of this change.

a) Please confirm that, if the nomination cycle timelines are included in the rate schedules, and if this information is subject to the Board's approval along with other information in the rate schedules.

b) If this information is only resident on the company's website, is it still subject to the Board's approval or does Union have the flexibility to make future changes without Board approval?

c) Will Union reflect all future changes in nomination cycle timelines approved by the North American Energy Standards Board ("NAESB") in their nomination cycle timelines?

d) Please explain why this tariff condition should not be subject to Board approval.

Response:

a) Confirmed.

b) Union would have the flexibility to make future changes without Board approval.

c) Yes.

d) Union's system has interconnects to other NAESB compliant pipeline operators and Union's customers nominate gas across multiple pipelines. Union does adopt changes to NAESB nomination timelines to facilitate the flow of gas by its customers across the North American transportation grid. There is no reason why changes to NAESB standards should be subject to Board approval. In addition to the reasons outlined at Exhibit A, Tab 1, p.21, removing the nomination cycle timelines from the Nominations schedules reduces the risk of inconsistency between Union's nomination cycle timelines and NAESB standards.

UNION GAS LIMITED

Answer to Interrogatory from
The Association of Power Producers of Ontario ("APPrO")

Reference: i) Exhibit A Tab 2 page 2
ii) EB-2015-0200 Exhibit A Tab 8 page 9 Table 8-2

Preamble: In Reference i), Union indicates that it forecasts an additional Parkway Delivery Obligation ("PDO") reduction of 23 TJ/d as of November 1, 2017. In Reference ii) Union notes that it will have a surplus Dawn-Parkway capacity of 30 TJ/d as a result of Union's 2017 Dawn-Parkway expansion program. This amount is inclusive of the forecasted 23 TJ/d PDO reduction.

a) In light of the forecasted 30 TJ/d of surplus Dawn-Parkway capacity as of November 1, 2017, will Union make all or a portion of this capacity available to increase the PDO reduction of 23 TJ/d up to 53 TJ/d? Please explain.

Response:

a) Since submitting the 2017 Dawn Parkway Project evidence and interrogatories (EB-2015-0200) and the 2016 Rates evidence for this proceeding, Union has received notice of additional turnback for both the Dawn-Kirkwall and Dawn-Parkway paths, effective November 1, 2017.

Impact of Dawn-Kirkwall Turnback:
Please see Attachment 1 for an update to the filed Exhibit A, Tab 2, Attachment 1, Parkway Delivery Obligation Schedule.

The additional Dawn-Kirkwall capacity turned back is 60 TJ/d, equating to an additional 38 TJ/d of Dawn-Parkway equivalent capacity. The 38 TJ/day of capacity is in addition to the 29 TJ/d already forecasted by Union for a total of 67 TJ/d of Dawn-Parkway capacity as of November 1, 2017 (Attachment 1, line 1, column (i)). This capacity will reduce the Parkway Delivery Obligation ("PDO") for customers without M12 service, per the 2014 Rates Settlement Agreement (EB-2013-0365). When this same proportion of PDO reduction is applied for customers with M12 Service and TCE Halton Hills, the total impact of this additional turnback is 56 TJ/d. The 56 TJ/d is in addition to the 23 TJ/d of PDO reduction forecasted by Union, and which has been confirmed by customer election. The PDO reduction as of November 1, 2017 will therefore be 79 TJ/d, and the forecasted remaining PDO after this change will be 290 TJ/d (Attachment 1, lines 8 and 9, column (i)).

Impact of Dawn-Parkway Turnback:
Confirmed Dawn-Parkway turnback for November 1, 2017 is now 84 TJ/d. This additional turnback capacity, plus changes that have been forecasted since EB-2015-0200, result in an updated forecast surplus of 98 TJ/d as of November 1, 2017. Union expects future growth on the Dawn-Parkway System as soon as the year 2018 and will be in a position to quantify market interest following a planned open season to be held late 2015. Following the results of the open season, Union will determine if the surplus is required to serve this long-term market demand (and reduce facilities requirements), or if it can be used to further reduce the PDO as early as November, 2017.

The Dawn-Parkway turnback does not impact Union’s facility requirements in 2017.

Updated Schedule 1
Parkway Delivery Obligation (PDO) for 2014 - 2017
(TJ/day)

Line No.	Particulars	2015 Rates As Filed (EB-2014-0271) (1) Nov-14 (a)	Nov-15 (b)	Nov-16 (c)	2016 Rates As Filed (EB-2015-0116) Nov-15 (d)	Nov-16 (e)	Nov-17 (f)	2016 Rates IR As Filed (EB-2015-0116) Nov-15 (g)	Nov-16 (h)	Nov-17 (i)
	CAPACITY AVAILABLE FOR PDO SHIFT									
1	Ex-Franchise M12 Dawn to Kirkwall Turnback (2)	0	-123	-11	-123	-10	-29	-123	-10	-67
	Allocation of Capacity Available (turnback):									
2	Opening Balance	-146	-146	-23	-146	-23	-13	-146	-23	-13
3	Temporary Capacity Provided	0	0	0	0	0	0	0	0	0
4	Replacement of Temporary Capacity	0	123	11	123	10	13	123	10	13
5	Closing Balance	-146	-23	-12	-23	-13	0	-23	-13	0
6	Available for PDO Shift	0	0	0	0	0	-16	0	0	-54
	TOTAL DIRECT PURCHASE PDO									
7	Beginning PDO (3)	345	345	345	369	369	369	369	369	369
8	Annual PDO Shift *line 11 + line 17 + line 21*	0	0	0	0	0	-23	0	0	-79
9	Remaining PDO	345	345	345	369	369	346	369	369	290
	DIRECT PURCHASE PDO DETAIL BY CUSTOMER GROUP									
	PDO for Customers without M12 Service:									
10	Beginning PDO	228	228	228	254	254	254	254	254	254
11	PDO Shift	0	0	0	0	0	-16	0	0	-54
12	Remaining PDO	228	228	228	254	254	238	254	254	200
13	Annual PDO Shift	0	0	0	0	0	16	0	0	54
14	Allocation to those with PO < 100 GJ/day	0	0	0	0	0	0	0	0	0
15	Percentage Reduction for those with PO > 99 GJ/day	0%	0%	0%	0%	0%	6%	0%	0%	21%
	PDO for Customers with M12 Service (except TCE):									
16	Beginning PDO	33	33	33	31	31	31	31	31	31
17	In-Franchise M12 Dawn to Parkway Turnback *line 15 * line 16*	0	0	0	0	0	-2	0	0	-7
18	Remaining PDO	33	33	33	31	31	29	31	31	24
19	Annual PDO Shift	0	0	0	0	0	2	0	0	7
	PDO for TCE Halton Hills:									
20	Beginning PDO	84	84	84	84	84	84	84	84	84
21	In-Franchise M12 Dawn to Parkway turnback *line 15 * line 20*	0	0	0	0	0	-5	0	0	-18
22	Remaining PDO	84	84	84	84	84	79	84	84	66
23	Annual PDO Shift	0	0	0	0	0	5	0	0	18
24	**PDO for Sales Service**	103	103	11	103	11	11	103	11	11

Notes:

(1) EB-2014-0271, Exhibit B.BOMA.1

(2) Dawn Parkway equivalent capacity

The difference between column (c) and column (e) reflects changes in the Dawn to Parkway equivalency factor.

(3) The difference between column (b) and column (d) reflects actual contract changes.

UNION GAS LIMITED

Answer to Interrogatory from
The Association of Power Producers of Ontario ("APPrO")

Reference: i) Exhibit A, Appendix B

Preamble: Union includes a Parkway Delivery Commitment Incentive of $0.134/GJ that will be effective November 1, 2016. APPrO would like to better understand the nature of this incentive credit.

a) Please provide how Union determined, derived, or the source of, this incentive credit amount.

b) Please describe how this credit will be applied to customers that have a Parkway Obligation.

Response:

a) The incentive credit amount was calculated per the Board-approved 2014 Rates (EB-2013-0365) Settlement Agreement, Appendix B, p.4:

"4. From and after November 1, 2016, all PDO volumes (DP and sales service gas) will attract a PDCI. The PDCI will be set at the Board approved M12 Dawn to Parkway toll at 100% load factor including fuel based on the fuel cost included in Union's October 1 QRAM each year."

b) The credit will be applied to customers that have a Parkway Obligation per the EB-2013-0365 Settlement Agreement, Appendix B, p.4:

"5. The PDCI will be paid on the Parkway deliveries Union requires from DP customers, for which they commit to deliver their DCQ volumes at Parkway, and requires from its sales service customers. For greater clarity, volumes voluntarily delivered to Parkway, rather than delivered pursuant to a PDO required by Union, will not attract the PDCI."

"6. The payment of the PDCI to sales service customers will be made by way of a credit to the Union South gas supply transportation rate. The payment of the PDCI to DP customers will be by way of a credit on the bill to the Bundled Transportation contract holder."

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association Toronto ("BOMA")

Reference: Exhibit A, Tab 1, Page 10

Is Union including the revenue requirement's impacts of the Burlington-Oakville Pipeline project in 2016 rates? If so, why, given that the project has not been approved (LTC) by the Board?

Response:

Yes, Union is including the revenue requirements impact of the Burlington Oakville Pipeline project in 2016 rates because the project has been proposed to the Board with a 2016 in-service date (November 2016). Please see the response at Exhibit B.Staff.2.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association Toronto ("BOMA")

Reference: Exhibit A, Tab 1, Page 17, Line 19 – Unauthorized Overrun non-compliance rate

a) How would the revenue from the penalty rates be treated?

b) What is the notice procedure whereby Union calls interruptions?

c) What due diligence does Union conduct before qualifying a customer for interruptible service? Does Union have the right to refuse interruptible service to a customer and insist that it take firm service in whole or in part? Has it done so in the recent past?

d) Is there more than one level of interruptible service? If so, please explain the priority of service.

Response:

a) Please see the response at Exhibit B.Staff.5 c).

b) Please see the response at Exhibit B.OGVG.1 d).

c) Union does not prequalify a customer's qualification for the interruptible service but does explain the obligations and rights of the service and it's the customer decision to take an interruptible service based on their ability and commitment to comply with the contract. Union has the right refuse an interruptible contract if Union cannot honour the contract or if Union believes the customer cannot honour the contract. Union has refused to enter into interruptible contracts in the past.

d) There is only one level of interruptible service for in-franchise distribution service. Please see Attachment 1 at Exhibit B.OGVG.1 for the Priority of Service policy.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association Toronto ("BOMA")

Reference: Exhibit A, Tab 1, Page 23

a) Please provide the revenue requirement impact of the payment of PDCI to direct purchase customers and sales customers in 2016. Is the cost a Y-factor? More generally, how is it treated in rates under IRM?

b) Please provide the number (and volume) of Dawn Parkway customers who will be required to deliver at Parkway in 2016.

c) Is Union South's sales (system) gas all deemed to be delivered at Parkway, or is it actually delivered to Parkway? Please explain fully.

Response:

a) Per Union's 2014 Rates (EB-2013-0365) Settlement Agreement, the direct purchase and sales service Parkway Delivery Commitment Incentive ("PDCI") becomes effective November 1, 2016. The PDCI credit will be paid to direct purchase customers based on their remaining Parkway Delivery Obligation ("PDO") beginning November 1, 2016. The two months (November-December) of the 2016 revenue requirement associated with the direct purchase and sales service PDCI credit will be included in the Parkway Obligation rate variance deferral account, and filed as part of Union's 2016 non-commodity deferral account disposition proceeding. Union will record the PDCI revenue requirement associated with the timing differences between the effective date of the PDCI changes and the inclusion of the cost impacts in approved rates (January 1 of the following year) in the Parkway Obligation rate variance deferral account, as per the EB-2013-0365 Settlement Agreement.

   In 2016, to account for the initial PDCI effective date of November 1, 2016, Union will propose to recover approximately $2.3 million from ratepayers for the November 1, 2016 to December 31, 2016 period in the Parkway Obligation rate variance deferral account. The $2.3 million includes an estimate of $1.6 million of Dawn-Parkway demand costs and $0.7 million of Dawn-Parkway commodity (compressor fuel) costs, as calculated per the Settlement Agreement (please see the response at Exhibit B.APPrO.5).

   To estimate the Dawn-Parkway demand costs of $1.6 million, Union applied two months of the proposed 2016 monthly M12 Dawn-Parkway transportation rate of $2.883/GJ/day/month to 285 TJ/day, which reflects the remaining PDO of 369 TJ/day, excluding the remaining Rate T2 PDO of 84 TJ/day for Halton Hills Generating Station (per Exhibit A, Tab 2, Attachment 1, line 7 and line 20).

To calculate the Dawn-Parkway commodity (compressor fuel) costs of $0.7 million, Union applied the average proposed 2016 M12 Dawn-Parkway fuel rate of $0.0388/GJ, as per M12 Schedule 'C', to two months of the remaining PDO at 100% load factor.

The total estimated revenue requirement of $2.3 million will be offset by two months of the direct purchase PDCI credit of approximately $2.2 million, which will be paid to direct purchase customers effective November 1, 2016 and two months of the sales service PDCI credit of approximately $0.1 million, which will be included in the Parkway Obligation rate variance deferral account in 2016.

The PDO is not a Y factor adjustment. Union is including the costs in rates in accordance with the Settlement Agreement.

b) The number of contracts in 2016 with a Parkway delivery obligation is 575. The daily quantity of 346 TJ/day is shown at Exhibit A, Tab 2, Attachment 1, column (e), line 9 (sum of lines 12, 18 and 22).

c) A portion of Union South sales service volumes are actually delivered to the Union CDA (i.e. Parkway). As indicated in Union's 2014 Rates proceeding (EB-2013-0365), Exhibit B1.9, p. 3, Table 1, the Union South sales service volumes actually delivered to the Union CDA represented 103 TJ/day, or 32%, of the total deliveries in 2014/15. At that time, Union was projecting that these deliveries would decline to 11 TJ/day, or 3%, by 2016.

   The 2015/16 Gas Supply Plan is forecasting 100 TJ/day, or 26%, of the total Union South sales service volumes to be delivered at the Union CDA.

   Union has contracted transportation capacity for those volumes to be delivered to the Union CDA. The volumes delivered include volumes purchased at Empress and transported on TransCanada to Union CDA (Parkway), as well as volumes purchased and transported on Trunkline and Panhandle to Dawn and then from Dawn to the Union CDA on transportation capacity contracted with TransCanada.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association Toronto ("BOMA")

Reference: Rate Order, Appendix A, Page 7

Please provide details of each of Notes (1) through (4).

Response:

Notes (1) and (2) refer to Union's Rate M1 delivery price adjustments at October 1, 2015 and January 1, 2016, respectively.

Regarding Note (1), the temporary charge of $0.2968/m³ expiring December 31, 2015 relates to Union's 2013 Disposition of DSM Deferral and Variance Accounts (EB-2014-0273) proceeding. The unit rate for disposition was calculated at the July 1, 2015 QRAM (EB-2015-0187), Working Papers, Schedule 4, p. 3. The temporary charge of $0.0629/m³ expiring March 31, 2016 relates to Union's 2014 Disposition of Deferral Account Balances (EB-2015-0010) proceeding. The unit rate for disposition was calculated at EB-2015-0010 Rate Order, Appendix D, p. 1.

Note (2), the temporary charge of $0.0629/m³ expiring March 31, 2016, as discussed above, relates to the EB-2015-0010 proceeding which will continue to be reflected in 2016 rates until it expires March 31, 2016.

Notes (3) and (4) refer to Union's Rate M2 delivery price adjustments at October 1, 2015 and January 1, 2016, respectively.

Note (3), a temporary charge of $0.3859/m³ expiring December 31, 2015 relates to Union's 2013 Disposition of DSM Deferral and Variance Accounts (EB-2014-0273) proceeding. The unit rate for disposition was calculated at EB-2015-0187, Working Papers, Schedule 4, p. 3. The temporary credit of $(0.0946)/m³ expiring March 31, 2016 relates to Union's EB-2015-0010 proceeding. The unit rate for disposition was calculated at EB-2015-0010 Rate Order, Appendix D, p. 1.

Regarding Note (4), the temporary credit of $(0.0946)/m³ expiring March 31, 2016, as discussed above, relates to the EB-2015-0010 proceeding which will continue to be reflected in 2016 rates until it expires March 31, 2016.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association Toronto ("BOMA")

Reference: Exhibit A, Tab 2, Page 4

a) Please assess the costs (including, if appropriate, the opportunity costs) of each of the three options Union has to manage the shortfall at Parkway.

b) Has Union already implemented one of the options? Please provide details.

Response:

a) The three options to manage the shortfall at Parkway include: requesting early turnback, purchasing a service from a third party (annual, seasonal or shorter terms), and allocating a portion of a future build that is not sold out. Union estimates the opportunity cost associated with early turnback or a portion of the future build to be approximately $0.121/GJ/day, or Union's 2018 forecasted M12 rate (as per the 2017 Dawn Parkway Project (EB-2015-0020), Exhibit A, Tab 10, Schedule 4). Should Union need to purchase a service from a third party to manage the shortfall at Parkway it would be a market based service. Union's best estimate of market cost at this time is also the M12 rate of $0.121/GJ/day if purchased on a yearly basis.

b) Union assumes this question refers to options to manage the projected shortfall of 23 TJ/d for November, 2015 and 13 TJ/d for November, 2016 per Exhibit A, Tab 2, Attachment 1. Union has not yet implemented any of these options because the shortfalls are immaterial.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association Toronto ("BOMA")

Reference: Exhibit A, Tab 3, Page 8

a) Figure 3 (The Appalachian Shale Region) shows parts of Ontario, including parts within Union's franchise area, hosting Utica shale gas, and to a lesser extent, Marcellus shale gas. Has Union assessed the technical and/or economic potential of deposits of these (or other) shales in Ontario? If so, can it produce such studies? If not, why not?

b) Is Union aware of studies by other parties that have assessed the Utica/Marcellus (or other) shales in Ontario?

Response:

a) Union has not assessed the technical and/or economic potential of oil/gas production within the Marcellus/Utica shale formations in Ontario. Based on publically available information, Union understands that there is no potential for production from the Marcellus and Utica shale formations in Ontario.

b) The Ontario Geological Survey has completed multiple studies on the potential for shale oil/gas production in Ontario. The following is a link to a listing provided by the Ontario Oil, Gas and Salt Resources Library for available Open File Reports.

http://www.ogsrlibrary.com/publications_open_file_reports.html

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association Toronto ("BOMA")

Reference: *Ibid, Page 12*

In its evidence in the "NEXUS case", Union goes to some length to stress that Ontario should access Appalachian shale gas both at Niagara and from Michigan. However, aside from one small (22,101 GJ/day) contract from Niagara to Kirkwall on TCPL, starting November 2012, Union has not sought to access additional volumes at Niagara. This, notwithstanding that the shortest route for Marcellus/Utica shale gas to many of Union's customers is through Niagara rather than via Ohio and Michigan to Dawn. Moreover, Dominion North and Dominion South commodity prices are generally significantly lower than at Dawn. These two factors combined will often result in lower landed costs to Union's Ontario customers if Union were to bring Marcellus/Utica shale gas to Ontario through Niagara rather than through Michigan and Ohio. In light of these facts, please explain why Union has not accessed additional supplies at Niagara or at Dominion North, Dominion South, or other Marcellus "hubs" through Niagara.

Response:

There are a number of reasons why Union has not contracted for additional capacity at Niagara or upstream of Niagara. These have been previously discussed in both the Burlington Oakville Pipeline Project proceeding (EB-2014-0182) and in the NEXUS Pre-Approval proceeding (EB-2015-0166).

Transportation capacity upstream of Niagara is largely sold out as previously discussed in EB-2015-0166, Exhibit B.T2.Union.Staff.17:

> "*It is Union's understanding that with the current commitments, the upstream pipelines that provide supply to Niagara are largely sold out and significant incremental infrastructure would be required to import any substantial additional Marcellus and Utica natural gas into Ontario (beyond 2015/2016) at Niagara or Chippawa. Union expects that significant incremental infrastructure would also be required on the TransCanada system to move natural gas from Niagara further into Ontario (beyond the current 2015/2016 volume of 1.4TJ/d).*"

For more information on the history of capacity upstream of Niagara, and why Union has not contracted for incremental capacity, please see the response at EB-2015-0166, Exhibit B.T4.Union.TCPL.8.

Union has also previously discussed the illiquid nature of Niagara and the risk that it poses to Union's customers if Union were to purchase a large volume of supply at that point. As stated in EB-2014-0182, Exhibit C, p. 10

> "*Niagara is a trans-shipment point between TransCanada and three U.S. pipelines: National Fuel Gas, Dominion Transmission and Tennessee Gas Pipeline. Historically, natural gas was exported at Niagara from Canada via the TransCanada system through a pipeline crossing the Niagara River to the United States. Flow through Niagara to the three U.S. pipelines historically reached as much as 1.2 PJ/d; however, Niagara was not considered liquid.*
>
> *Since 2012, flow has primarily reversed from the United States to bring Marcellus production through Niagara into Canada. Despite its proximity to the Marcellus region, Niagara is not a liquid point. Liquidity at Niagara is low due to its limited pipeline connectivity, distance from storage, limited number of counterparties who buy and sell at that point and limited price discovery. Even with TransCanada transportation contracts expected to exceed 1 PJ/d from Niagara to points in Ontario and Quebec, Niagara remains a trans-shipment point and is not expected to develop into a liquid trading point.*"

The impact of the non-competitive and non-efficient market at Niagara that results from this lack of liquidity was described by Mr. Shorts during the Burlington Oakville Pipeline oral hearing (EB-2014-0182, Oral Hearing Transcript Volume 1, p. 153, line 23)

> "*… if I look at all of the points we [buy] gas at today and I compare when we go out for an RFP to fill those supplies, when I look at the high price and the low price of all of the bids that we get, I should say 2012, when Niagara starting to come the other way, what we see is that the average difference between that high and low is about five cents for just about all the other basins we buy in, but when you look at Niagara, that variation, because of the illiquid nature, has been more like 25 cents. It's five times everywhere else, and it creates a non-competitive and a non-efficient market, and when there is more competitors, there is more options, there is more price transparency, you get a better -- you know you are going to get a more competitive value for your gas or a better deal for your gas.*"

Union also expects that due to the illiquid nature of the Niagara market and the infrastructure projects going into service at that point, the price of gas at Niagara will increase and more closely align with prices at Dawn. This market change has started to occur. When Union purchased a winter strip (November 1, 2015 to March 31, 2016) at Niagara in September 2015 for approximately one half of its TransCanada Niagara to Kirkwall transportation capacity, the cost of that gas was comparable to the cost of Dawn gas for the same period, less the TransCanada toll between Dawn and Niagara. As well, when Union went to market to fill the remainder of the Niagara transportation capacity for the month of November 2015, that gas was priced higher than the equivalent Dawn price less the TransCanada Niagara to Dawn toll.

This market change was described by Mr. Isherwood during the Burlington Oakville Pipeline oral hearing (EB-2014-0182, Oral Hearing Transcript Volume 1, p. 152, line 18)

> *"Historically Niagara has traded higher than Dawn. That is when Niagara was an export point. It is now an import point, so I would expect it to maybe trade potentially a bit below Dawn, because it takes -- it costs money to go from Niagara to Dawn, so you would expect that Niagara should be discounted to Dawn, but I have talked to people in the last few weeks. They may see it go back above Dawn again, so we'll have to wait and see. It is kind of -- it is new point, so we still want to kind of see where it stabilizes and where it all shakes out. But the days of deep discount I think are gone. I think producers and marketers have bought capacity to take it away from [Niagara] to better markets."*

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers & Exporters ("CME")

Reference: Unauthorized Overrun Non-Compliance Rate, Exhibit A, Tab 1, page 15 of 26

Union states that during the previous two winters, some customers with contracted interruptible distribution service in both Union North and Union South elected to not comply with interruption notices. These customers elected to pay the Unauthorized Overrun Rate because it was cheaper than the cost of using an alternate fuel. CME would like to better understand this issue. As such, please provide the following information:

a) Please provide the number of customers in both Union North and Union South that failed to comply with interruption notices for each of the past two years;

b) Please set out the Unauthorized Overrun Rate charged to each of these customers in both Union North and Union South that failed to comply with the interruption notice;

c) If possible, please identify the alternate fuels used by these customers and the approximate cost of those fuels during the relevant periods of time;

d) Please confirm whether the customers that failed to comply with the interruption notices continue to receive contracted interruptible distribution service. In this regard, does Union have the ability to terminate or to no longer offer interruptible distribution service to customers that fail to comply with interruption notices? If yes, has Union terminated the interruptible distribution service for any of these customers?

Response:

a) and b) Please see the response at Exhibit B.Staff.5.

c) Union does not collect customer specific alternative fuel prices or customers' alternative fuel capabilities.

It is Union's understanding that customers have used the following alternative fuels:

1) Off gases from processes
2) Propane
3) Oil
4) Diesel

5) Wood
6) Coal
7) Steam from a third party
8) Bio Mass

d) Union has contracted for interruptible service with all of the customers that failed to comply. Please see the response at Exhibit B.BOMA.2 c).

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers & Exporters ("CME")

Reference: Unauthorized Overrun Non-Compliance Rate, Exhibit A, Tab 1, page 16 of 26

CME wishes to better understand Union's justification for using an Unauthorized Overrun Non-Compliance Rate of $3.855/m^3$ (or $100/GJ). CME understands that Union invoices Rate T1/T2 Supplemental Inventory, and Rate 25 Unauthorized Overrun Gas Supply Commodity using the highest spot cost at Dawn in the month it was used. Please provide an explanation as to why the proposed Unauthorized Overrun Non-Compliance Rate applicable to customers with contracted interruptible distribution service would not be calculated in the same manner as the penalties applicable to Rates T1/T2 Supplemental Inventory and Rate 25 Unauthorized Overrun Gas Supply Commodity charges.

Response:

Both the Rate T1, Rate T2 and Rate T3 supplemental charge and the Rate 25 unauthorized overrun gas supply commodity charge are for customers that burn Union's gas supply without authorization. The gas is sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence.

The proposed Unauthorized Overrun Non-Compliance rate is a charge meant to ensure that customers are financially incented to comply with their contractual distribution service parameters and discontinue consuming gas in excess of firm during periods where interruptible distribution service has been interrupted as described in the response at Exhibit B.Staff.5.

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Reference: Exhibit A, Tab 1, Page 5 UPDATED
EB-2015-0029, Exhibit A, Tab 3, Appendix E, Schedule 1, Rate Order
Appendix F, Page 10, Deferral Account No. 179-

Preamble: The total cost associated with DSM in 2016 rates is $61.4 million. The difference between the 2016 DSM budget and actual 2016 DSM budget will be captured in the Demand Side Management Variance Account ("DSMVA").

a) Please provide Union's historical performance ($ and %) for the years 2011 to 2014 and specifically the forecast for 2015 related to DSM budget spend, shareholder incentive and achievements of Resource Acquisition Targets and compare relative to the 2015 filed proposal and Scorecard.

b) Please confirm that the 2016 $61.4 million DSM Budget is *proposed* and not approved.

c) Please confirm that the DSMVA is for recording the amount/difference between the *Approved* 2016 Annual DSM Budget and Actual Budget.

d) Confirm that the use and disposition of Approved funds in the DSMVA is proscribed by the OEB EB-2014-0134 DSM Filing Guidelines Section 11.2.

e) Please indicate if Union agrees that any difference between the Proposed $61.4 million Budget (including inflation budget) and the yet to be Approved 2016 Budget should be returned to Ratepayers rather than be used via the DSMVA to achieve 2016 Targets as allowed for Approved Budgets. If not explain in detail why not.

Response:

a) Please refer to Table 1 below for Union's historical performance from 2011 to 2014.

Table 1

Year	DSM Spend including DSMVA ($000)	DSM Incentive Earned ($000)	Percentage of DSM Shareholder Incentive Earned to Maximum DSM Incentive
2011	$27,970	$7,640	83%
2012	$31,322	$8,210	79%
2013	$32,839	$7,784	73%
2014 (Pre-Audit)	$33,714	$8,988	83%

Union provided information regarding its 2015 budget, targets and incentive in its 2015-2020 DSM Plan proceeding (EB-2015-0029). Further information on 2015 cannot be provided until 2014 Post-Audit results and the Board's EB-2015-0029 Decision are available. In any event, the 2015 information does not impact Union's 2016 Rates application.

b) The total cost of $61.4 million includes the proposed 2016 DSM budget of $57.2 million plus the proposed target incentive of $4.2 million.

c) Confirmed. The purpose of the Demand Side Management Variance Account ("DSMVA") is to record the difference between actual and the approved direct DSM expenditure budget currently approved for recovery in rates.

d) Section 11.2 of the Filing Guidelines to the 2015-2020 DSM Framework provides guidance on how the DSMVA should operate during the 2015-2020 DSM Plan. In its EB-2015-0029 evidence, Union stated, "As outlined in Section 11.2 of the Guidelines, Union will continue to use the Demand Side Management Variance Account ("DSMVA") in 2015-2020 to track the variance between actual DSM spending by rate class versus the budgeted amount included in rates by rate class".

e) The variance between the proposed budget included in Rates and the approved budget will be addressed through the DSMVA. If the approved budget is lower than the proposed budget, Union will refund the difference through the DSMVA and will not use it to achieve 2016 targets.

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Reference: Exhibit A, Tab 1, Page 6 UPDATED
Rate Order, Appendix F, Page 15, Deferral Account No. 179-126

Preamble: The difference between the 2016 DSM Utility Incentive and the actual 2016 DSM Utility Incentive will be captured in the Demand Side Management Incentive Deferral Account ("DSMIDA"). The allocation to rate classes can be found at Working Papers, Schedule 11.

a) Please confirm the DSM Utility Incentive is *proposed* not Approved.

b) Please confirm the DSMIDA is to record the difference between the Approved and Actual DSM Utility Incentive, not the proposed and actual amount.

c) Please indicate if Union agrees that any difference between the proposed and approved 2016 DSM Utility Incentive Amount should be returned to ratepayers rather than be treated in accordance with the provisions regarding the DSMIDA in Section 11.4 of the OEB EB-2014-0134 DSM Filing Guidelines.

d) Confirm the allocation to rate classes at Working Papers, Schedule 11 includes:

   i) the *proposed* not the approved 2016 DSM Utility Incentive amount
   ii) the (yet to be approved) DSM Utility Incentive is subject to audit/true up per section 11.4 of the Filing Guidelines.

e) Please explain why any 2016 DSM Utility Incentive amount should be recovered in rates, until it has been earned and audited.

Response:

a) Confirmed.

b) The current DSMIDA accounting order is to record the actual shareholder incentive earned by Union in relation to its Demand Side Management ("DSM") Programs. Union has proposed in its 2015-2020 DSM Plan proceeding (EB-2015-0029), that it will include the DSM incentive at Target (100%, or $4.2 million) in rates and record the variance between this amount and the actual DSM incentive in the DSMIDA. Please also see the response at Exhibit B.IGUA.1 b).

c) Union will capture the variance between the DSM Incentive included in 2016 rates and the actual 2016 DSM Incentive in the DSMIDA. Please also see the response at Exhibit B.IGUA.1.

d) i) Confirmed. Working Papers, Schedule 11 includes the proposed 2016 DSM Incentive at Target.

   ii) Confirmed.

e) Please see the response at Exhibit B.Staff.3 b).

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Reference: Exhibit A, Tab 1, Pages 8-12

Preamble: To date, Union's 2016 DSM budget, 2016 DSM incentive, the Burlington Oakville Pipeline Project and the 2017 Dawn Parkway Project have not been approved by the Board. Union proposes to recover in 2016 rates the 2016 revenue requirement associated with these projects.

a) In terms of setting rates, please discuss how the Board has previously treated project costs that have not been approved by the Board, but have been proposed by Union for recovery in rates.

b) Please explain why Union believes it is appropriate to include recovery of these projects in rates in advance of Board approval.

Response:

a) Please see the response at Exhibit B.Staff.1 a).

b) Please see the response at Exhibit B.Staff.2 and the response at Exhibit B.BOMA.1.

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Reference: Exhibit A, Tab 1, Page 12: Working Papers Schedule 10

Preamble: Union will allocate the 2017 Dawn Parkway Project net revenue requirement using the 2013 Board-approved cost methodology. Please see Working Papers, Schedule 10, for the 2016 rate adjustments by rate class associated with the 2017 Dawn Parkway Projects; and,

In the 2017 Dawn Parkway Project proceeding, Union is proposing to track any variance between what is approved in rates for the Project and actual revenue requirement in a *new deferral account* and will dispose of any balances as part of Union's annual non-commodity deferral account disposition proceeding.

In the event that there is a settlement reached in EB-2015-0200, once the agreement is complete please:

a) Please file a copy of the Settlement Agreement;

b) Please indicate which elements of the Settlement Agreement are expected to have an impact on the deferral account for 2016 and explain the expected impacts of each such element; and

c) Provide a copy of the draft accounting order for the proposed 2017 Parkway Projects deferral account.

Response:

a) and b) No Settlement Agreement has been filed with the Board for 2017 Dawn Parkway Project proceeding (EB-2015-0200).

c) Please see the response at Exhibit B.Staff.2 Attachment 1.

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Reference: Exhibit A, Tab 1, Page 13; Working Papers Schedule 12; Rate Order Appendix F, Page 19, Deferral Account No. 179-133

Preamble: Consistent with the 2015 methodology, Union adjusted the general service storage and delivery rates for the 2014 actual NAC, using the Board-approved weather normal methodology blend of 50:50 (30-year average and 20-year declining trend). For 2016, the NAC adjustment is the variance between 2013 Actual NAC and 2014 Actual NAC, as seen in Working Papers, Schedule 12.

a) Please provide details on the drivers/reasons for the 2015 and 2016 increase in NAC for Rates M1 (3.2%) and R01 (3.9%)

b) Please provide a discussion/analysis/estimate of the direction of 2015-2019 NAC adjustments assuming approval of Union's DSM plan and achievement of 100% of proposed Residential/Commercial Resource Acquisition DSM targets, other assumptions unchanged.

Response:

a) The main driver for the increase in Normalized Average Consumption ("NAC") is colder than normal winters primarily for Rate M1 and Rate 01.

   The two past winters have been colder than normal and have resulted in an increase in heating degree days from the actual 2013 NAC (2015 Rates) to the 2014 NAC (2016 Rates). The higher heating degree days result in higher consumption. Please see Table 1 for a breakdown of the change in NAC.

Table 1

	Due to Weather*	**Due to Other Variables**	**Total Change in NAC**
Rate M1	1.8%	1.5%	3.3%
Rate 01	1.3%	2.7%	3.9%

* The weather normal has changed from 2015 Normal to 2016 Normal by 2.7% in Union South and 2.0% in Union North

b) Assuming that during the period of 2016 to 2019 the general service total throughput is the same as the 2014 results (weather normalized at the 2014 weather normal) then the total savings by the end of 2019 would be about 2.4% less volume (1.5% in residential and 3.5% in non-residential).

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Reference: Exhibit A, Tab 2, Page 4 and Attachment 1
EB-2015-0200 Exhibit A, Tab 8, Schedule 1: Rate Order Working Papers
Schedule 20 Pages 1&2

Preamble: Union projects a shortfall at Parkway, as a result of the PDO shift, of 23 TJ/d between November 1, 2015 and October 31, 2016 and 13 TJ/d between November 1, 2016 and October 31, 2017 until sufficient M12 Dawn to Kirkwall capacity has been turned back. Union's foreseeable options to manage the shortfall are:

- Request early ex-franchise turn-back of Dawn-Kirkwall contracts;
- Purchase a service from a third party; and,
- Allocate some portion of a future build that may not be completely sold out.

a) Please provide the actions Union has taken to address the potential shortfall and provide estimates of the related costs.

b) Please explain/reconcile the remaining PDO data in Attachment 1 lines 7-9 to EB-2015-0200 A, Tab 8, Schedule 1.

c) What are the actual 2015 (estimate) and basis of the forecast rate year M12 turn-back 2016 estimates generating the $3.2 million cost to M1 customers?

Response:

a) Please see the response at Exhibit B.BOMA.5.

b) The difference between the 2017 Parkway Delivery Obligation ("PDO") in the 2017 Dawn to Parkway proceeding (EB-2015-0200), Tab 8, Schedule 1, and Exhibit A, Tab 2, p.4 and Attachment 1, is due to timing. The EB-2015-0200 evidence included forecast contract changes for Union South direct purchase ("DP") and T-service customers up to January 31, 2015. The starting PDO in Attachment 1 reflects further contract changes for Union South DP and T-service customers from February 1, 2015 to August 1, 2015.

c) The $3.2 million of PDO costs allocated to Rate M1 (Rate Order, Working Papers, Schedule 20, line 1), is based on the PDO shift of 165 TJ/day, which reflects the 212 TJ/day reduction in PDO excluding the Rate T2 reduction of 48 TJ/day for Halton Hills Generating Station, as per Union's PDO Settlement Agreement (EB-2013-0365). Union was able to shift 212 TJ/day of PDO using 146 TJ/day of temporarily available excess Dawn-Parkway capacity and 67 TJ/day of M12 Dawn-Parkway capacity held by direct purchase customers.

Union anticipates that the PDO costs included in rates will continue to be based on 165 TJ/day until November 1, 2017. At this time, additional capacity is forecasted to become available to further reduce the PDO and Union will no longer be managing a shortfall at Parkway associated with the 146 TJ/day of temporary capacity.

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Reference: Exhibit A, Tab 1, page 15

Preamble: Union proposes an increase in its Unauthorized Overrun Non-Compliance rate to $100/GJ from its current level of $1.204/GJ.

a) Please provide detail on the average amount of gas used by each customer when they were charged the Unauthorized Overrun Non-Compliance rate in 2015, 2014, 2013 and 2012.

b) Please detail the number times individual customers were charged the Unauthorized Overrun Non-Compliance rate in those years.

c) Please detail the number of customers from each rate class that were charged the Unauthorized Overrun Non-Compliance rate in those years.

d) What does Union propose to do with the revenue from the Unauthorized Overrun Non-Compliance rate, if the new, higher rate is allowed? Will that revenue be placed a deferral account or be dealt with as Utility Earnings and/or shared under the Earnings Sharing Mechanism?

e) Please provide more evidence for how Union reached a figure of $100/GJ for the new Unauthorized Overrun Non-Compliance? The change from $1.204/GJ to $100/GJ is significant, to say the least. According to Union's evidence, it is also 150% more than the most commonly used alternative (diesel).

f) Please provide evidence for the average monthly cost of diesel (converted to GJs) in Ontario over the last two years?

Response:

a) The Unauthorized Overrun Non-Compliance rate is a new rate proposed in this proceeding. Customers that exceeded their firm contract parameters, if any, after having received notice of interruption were charged the existing rate for unauthorized overrun of distribution service. Please see the response at Exhibit B.Staff.5 Attachment 1 for winter 2013, 2014 and 2015 volumes for non-compliant customers. There were no interruptions of distribution service in the winter of 2012.

b) Customers are billed based on the total unauthorized overrun regardless of the number of interruption days or interruption events that occurred. Please see the response at Exhibit

B.Staff.5 for the volume of unauthorized overrun consumed by non-compliant customers during interruptions.

c) Please see the response at Exhibit B.Staff.5 for the number of non-compliant customers from each rate class.

d) Please see the response at Exhibit B.Staff.5 c).

e) Please see the response at Exhibit B.Staff.5 b).

f) Please see Table 1 below for the average retail monthly cost of diesel, as priced at London, Ontario, over the last two years.

Table 1

	Price (¢/L)	Conversion Factor	Price ($/GJ)
Nov-13	127.4	27.7	$35.29
Dec-13	133.1	27.7	$36.87
Jan-14	136.3	27.7	$37.76
Feb-14	141.6	27.7	$39.22
Mar-14	140.7	27.7	$38.97
Apr-14	134.0	27.7	$37.12
May-14	131.2	27.7	$36.34
Jun-14	129.6	27.7	$35.90
Jul-14	128.5	27.7	$35.59
Aug-14	128.1	27.7	$35.48
Sep-14	126.5	27.7	$35.04
Oct-14	121.4	27.7	$33.63
Nov-14	122.4	27.7	$33.90
Dec-14	118.2	27.7	$32.74
Jan-15	110.2	27.7	$30.53
Feb-15	111.2	27.7	$30.80
Mar-15	118.9	27.7	$32.94
Apr-15	111.6	27.7	$30.91
May-15	112.4	27.7	$31.13
Jun-15	111.4	27.7	$30.86
Jul-15	108.4	27.7	$30.03
Aug-15	105	27.7	$29.09
Sep-15	101	27.7	$27.98
Oct-15	99.3	27.7	$27.51

Source for Diesel Pricing: http://kentreports.com/wpps.aspx.

Source for Conversion Factor: http://www.gowithnaturalgas.ca/getting-started/understanding-energy-equivalency/

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Reference: Exhibit A, Tab 4, page 24

Preamble: In the Report EnergyTools says that the load characteristics of Union South customers is “exactly the opposite of the pattern exhibited by similar customers” in Union North. Later, In Exhibit A, Tab 4, page 104, the report says that a declining block rate for Union South customers is “not appropriate.”

Does Union have any plans to address the difference in consumptions patterns between Union South and Union North customers and the types of rates and rate structures charged to these customers? Please discuss.

Response:

No. Union addressed the differences between Union South and Union North general service forecast volumes as part of the Volume Breakpoint working group meetings.

As a result of the energytools, llc. findings, energytools recommended Union perform a full review of load factors for each general service rate class. Union responded to this recommendation on April 30, 2015 by conducting a review of the 2013 Board-approved general service load factors compared to the actual 2013 load factors by rate class, based on actual weather normalized volumes and design day demands. Union concluded that the actual 2013 Rate M2 load factor is higher than the 2013 Board-approved Rate M2 load factor (27.7% vs. 29.9%) and the 2013 forecast load factors were anomalous, as described at Exhibit A, Tab 4, pp.7-8. The higher load factor is driven by higher actual weather normalized Rate M2 volumes, as compared to the 2013 Board-approved forecasted volumes.

Based on the rate impacts and rate continuity issues with the original proposal, Union will not implement the volume breakpoint changes for the general service rate classes. Union will review the volume breakpoints and the load factor results as part of its 2019 cost of service proceeding.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")

Reference: Exhibit A, Tab 1, page 8

Preamble: "*The 2016 LRAM volume adjustment of 234,127 10^3m^3 includes 2014 LRAM volumes of 120,313 10^3m^3 and 2011 LRAM volumes of 113,813 10^3m^3, as provided at Working Papers, Schedule 17.*"

Is Union aware of any precedent for this proposed approach?

Response:

Union makes LRAM volume adjustments annually. Due to timing of the 2014 DSM audit process, the 2014 LRAM volumes included in this application reflect pre-audit results and will be adjusted with post-audit results when available, which is different than Union's past practice. Union's 2011 LRAM volume adjustment is based on a unique circumstance and there is no precedent for this approach. Please see Exhibit B.Staff.4 b) for further detail on the 2011 LRAM volume adjustment.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")

Reference: Exhibit A, Tab 1, page 13

Preamble: "*Consistent with the 2015 methodology, Union adjusted the general service storage and delivery rates for the 2014 actual NAC, using the Board-approved weather normal methodology blend of 50:50 (30-year average and 20-year declining trend). For 2016, the NAC adjustment is the variance between 2013 Actual NAC and 2014 Actual NAC, as seen in Working Papers, Schedule 12*."

Please provide the weather data, consumption by rate class and the underlying working papers in support of the NAC values.

Response:

Please see Attachment 1 for the historic weather data for Union South and Union North from 1984 to 2014. Please see Attachment 2 for the calculated weather normal for 2015 and 2016. Please see Attachment 3 for the actual volumes and customer count for 2014 and the weather normalized volumes.

UNION GAS LIMITED
ACTUAL HEATING DEGREE DAYS FOR UNION SOUTH AND UNION NORTH

UNION SOUTH ACTUAL HEATING DEGREE DAY

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Htg. Deg.Days
1984	836	553	683	323	229	23	13	11	117	208	442	560	3,997
1985	793	667	523	279	126	62	8	12	80	240	413	722	3,926
1986	724	665	528	300	126	53	9	37	87	260	491	603	3,882
1987	707	634	492	282	131	24	5	26	70	339	407	566	3,684
1988	720	703	560	340	127	53	3	15	86	344	397	640	3,986
1989	614	679	581	382	168	35	3	17	101	252	472	849	4,154
1990	583	586	503	303	195	39	6	8	99	269	394	586	3,572
1991	735	562	498	276	101	17	4	5	118	230	469	616	3,631
1992	677	623	575	376	168	72	27	41	109	315	447	602	4,031
1993	666	715	619	343	167	50	2	9	143	305	448	637	4,105
1994	906	730	578	318	206	38	4	27	81	238	369	559	4,055
1995	647	696	499	403	152	21	11	2	116	217	514	708	3,987
1996	758	683	651	393	201	21	11	3	80	258	518	577	4,153
1997	743	573	559	371	266	30	14	27	84	264	481	595	4,005
1998	596	502	482	286	68	52	1	6	41	224	385	533	3,175
1999	743	537	556	302	101	29	2	14	64	262	373	572	3,554
2000	720	573	420	339	128	37	11	17	105	222	435	785	3,792
2001	677	585	571	287	118	36	12	2	95	236	322	526	3,469
2002	578	538	544	322	221	36	1	3	32	298	447	632	3,652
2003	796	699	568	361	196	48	5	5	74	277	386	575	3,988
2004	831	626	493	314	149	47	8	28	51	233	392	635	3,807
2005	762	611	612	312	189	12	2	4	33	228	396	677	3,838
2006	543	598	517	286	143	26	3	8	94	296	388	505	3,407
2007	644	735	518	353	120	19	8	9	55	151	460	627	3,700
2008	639	670	597	268	190	27	2	17	60	281	453	662	3,869
2009	819	596	518	308	144	50	17	20	67	296	361	629	3,824
2010	716	605	448	225	120	24	2	5	88	242	417	683	3,574
2011	779	636	573	337	142	26	0	4	77	243	344	534	3,695
2012	615	546	333	323	82	30	0	9	98	252	456	529	3,274
2013	645	633	572	359	123	41	8	16	95	227	479	677	3,875
2014	825	753	684	352	142	20	21	17	97	248	494	568	4,221

UNION NORTH ACTUAL HEATING DEGREE DAY

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Htg. Deg.Days
1984	1,027	670	799	356	296	90	35	36	208	311	554	793	5,175
1985	995	816	672	428	225	137	52	65	156	343	615	934	5,438
1986	947	815	671	363	192	132	37	77	198	384	630	730	5,175
1987	846	741	619	322	218	70	28	62	135	417	550	714	4,722
1988	934	904	728	427	192	100	16	52	166	422	514	863	5,317
1989	855	874	799	482	209	105	22	65	159	348	659	1,079	5,654
1990	780	785	662	410	274	96	34	47	186	386	527	807	4,994
1991	972	733	667	371	176	53	31	38	201	369	586	822	5,019
1992	906	811	766	480	232	136	93	94	181	411	592	789	5,489
1993	904	888	704	451	255	110	23	34	236	432	622	804	5,460
1994	1,180	903	675	463	258	75	33	82	136	306	503	680	5,294
1995	832	862	643	516	238	60	32	29	210	329	702	906	5,358
1996	1,016	875	793	526	294	67	50	39	130	366	634	761	5,550
1997	987	799	764	467	337	51	47	77	154	363	595	743	5,384
1998	852	610	646	361	141	87	24	29	131	327	517	732	4,457
1999	956	687	677	383	165	64	16	58	134	389	482	742	4,754
2000	936	726	559	440	212	114	42	47	179	330	533	948	5,065
2001	825	798	686	395	171	68	45	29	155	339	448	655	4,613
2002	784	707	744	449	303	84	14	29	101	442	614	736	5,007
2003	976	883	721	489	210	75	25	27	122	368	524	728	5,147
2004	1,090	743	637	456	268	111	39	85	95	332	509	851	5,216
2005	973	723	723	378	241	34	24	26	96	310	543	796	4,866
2006	728	786	628	356	183	59	14	45	166	381	485	641	4,473
2007	836	871	652	439	203	67	31	39	117	261	572	802	4,888
2008	807	822	736	379	271	68	20	37	142	349	537	871	5,040
2009	993	762	666	419	264	96	51	60	107	396	434	800	5,049
2010	851	718	505	318	162	77	8	25	170	338	506	784	4,462
2011	963	759	696	430	198	70	9	21	127	296	467	705	4,741
2012	795	663	487	417	160	45	7	31	161	329	551	721	4,367
2013	841	768	675	476	219	89	32	39	150	317	579	946	5,131
2014	989	859	814	474	219	67	47	48	161	331	622	730	5,361

UNION GAS LIMITED
WEATHER NORMALS FOR 2015 AND 2016

2015 50:50 Weather Normal

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Union South	*692*	*609*	*523*	*316*	*149*	*34*	*6*	*12*	*77*	*247*	*413*	*603*	3,681
Union North	*882*	*753*	*651*	*410*	*217*	*76*	*28*	*44*	*142*	*339*	*527*	*762*	4,832

2016 50:50 Weather Normal (leap year)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Union South	*703*	*646*	*535*	*323*	*149*	*34*	*7*	*12*	*79*	*253*	*425*	*615*	3,780
Union North	*890*	*793*	*663*	*418*	*218*	*76*	*29*	*44*	*144*	*345*	*538*	*772*	4,930

UNION GAS LIMITED
ACTUAL BILLED CUSTOMERS AND TOTAL THROUGHPUT 2014

TOTAL BILLED CUSTOMERS

Service Class	Rate Class	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Rate M1		1,064,153	1,064,761	1,065,986	1,066,771	1,069,442	1,068,789	1,070,711	1,071,685	1,072,755	1,073,649	1,075,177	1,078,289	12,842,168
Total Rate M2		6,741	7,222	6,826	6,914	6,939	6,938	6,942	6,920	7,049	6,974	6,919	6,940	83,324
Total Rate 01		325,346	325,723	325,770	326,202	326,420	326,605	327,280	327,595	328,048	329,461	330,523	331,780	3,930,753
Total Rate 10		2,013	1,994	2,120	2,032	2,025	2,009	2,013	2,028	2,013	2,024	2,034	2,019	24,324
TOTAL		1,398,253	1,399,700	1,400,702	1,401,919	1,404,826	1,404,341	1,406,946	1,408,228	1,409,865	1,412,108	1,414,653	1,419,028	16,880,569

TOTAL THROUGHPUT VOLUMES: m^3

Service Class	Rate Class	January	February 29days	March	April	May	June	July	August	September	October	November	December	Total
Total Rate M1		631,102,373	579,386,603	504,376,038	275,190,960	125,960,319	76,913,428	64,190,353	69,244,947	75,699,041	147,560,317	346,506,587	452,540,354	3,348,671,321
Total Rate M2		185,406,365	193,879,296	174,313,070	107,144,365	66,580,515	42,238,803	35,475,674	38,073,208	50,134,625	88,139,710	150,578,435	159,149,348	1,291,113,413
Total Rate 01		193,958,064	163,207,373	154,853,997	98,501,712	52,460,974	21,468,818	18,666,896	18,286,027	23,203,412	52,957,256	116,542,815	144,587,888	1,058,695,233
Total Rate 10		57,632,242	52,640,852	48,610,809	33,109,548	21,417,536	12,987,125	11,926,686	12,762,274	14,778,363	25,059,803	43,911,092	46,409,301	381,245,630
TOTAL		1,068,099,044	989,114,124	882,153,915	513,946,585	266,419,344	153,608,173	130,259,609	138,366,456	163,815,440	313,717,086	657,538,929	802,686,892	6,079,725,597

Actual USAGE: m^3 / customer

Service Class	Rate Class	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Rate M1		593	544	473	258	118	72	60	65	71	137	322	420	3,133
Total Rate M2		27,504	26,846	25,537	15,497	9,595	6,088	5,110	5,502	7,112	12,638	21,763	22,932	186,125
Total Rate 01		596	501	475	302	161	66	57	56	71	161	353	436	3,234
Total Rate 10		28,630	26,400	22,930	16,294	10,577	6,464	5,925	6,293	7,341	12,381	21,589	22,986	187,810
TOTAL		764	707	630	367	190	109	93	98	116	222	465	566	4,326

NAC: m^3 / customer at 2016 Weather Normal

Service Class	Rate Class	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Rate M1		509	470	374	238	123	72	60	65	70	139	280	452	2,852
Total Rate M2		23,941	23,535	20,692	14,604	9,839	6,088	5,110	5,502	6,920	12,788	19,224	24,451	172,694
Total Rate 01		540	466	394	271	160	66	57	56	70	166	310	459	3,015
Total Rate 10		26,053	24,630	19,178	14,876	10,549	6,464	5,925	6,293	7,209	12,768	19,171	24,097	177,214
TOTAL		666	622	506	338	194	109	93	98	114	226	407	604	3,979

TOTAL WEATHER NORMALIZED 2014 VOLUMES AT 2016 NORMAL: 10^3 m^3

Service Class	Rate Class	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Rate M1		541,535	500,426	399,031	254,237	131,029	76,913	64,190	69,245	75,079	149,740	301,340	487,150	3,049,916
Total Rate M2		161,385	169,971	141,245	100,969	68,274	42,239	35,476	38,073	48,779	89,181	133,010	169,690	1,198,292
Total Rate 01		175,618	151,682	128,383	88,504	52,292	21,469	18,667	18,286	23,054	54,707	102,612	152,179	987,455
Total Rate 10		52,445	49,112	40,657	30,228	21,362	12,987	11,927	12,762	14,512	25,843	38,994	48,651	359,481
TOTAL		930,984	871,192	709,317	473,939	272,957	153,608	130,260	138,366	161,424	319,471	575,956	857,670	5,595,144

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")

Reference: Exhibit A, Tab 1, page 24

Is the Parkway (EGT) Point the new takeoff point that is also served by the TCPL Domestic Line.

a) Please a pipeline schematic of the Parkway plants showing the Enbridge and TCPL feeds emanating from the Dawn-Parkway or TCPL Domestic Lines.

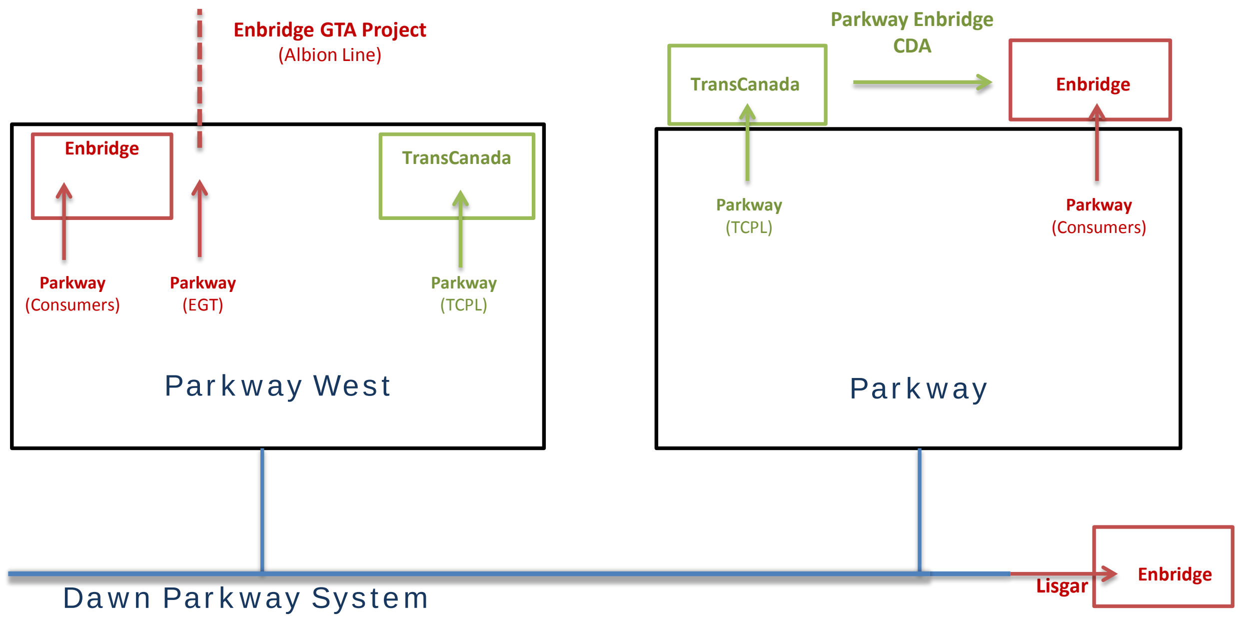
Response:

No. Union's Parkway (EGT) point is at the connection of the Enbridge GTA Project (Albion Line) to Union's Parkway West Compressor Station. TransCanada's Parkway Enbridge CDA point is at the connection between the TransCanada Domestic Line and Enbridge's facilities adjacent to the existing Parkway site.

a) Please see Attachment 1 for a schematic showing the various delivery points at Parkway.

Filed: 2015-11-06
EB-2015-0116
Exhibit B.FRPO.3
Attachment 1

Schematic of Delivery Points at Parkway



UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")

Reference: Exhibit A, Tab 2, page 2

Preamble: "*As of November 1, 2017 Union forecasts additional PDO reduction of 23 TJ/d, of which 16 TJ/d is for customers without M12 service and 7 TJ/d is for customers with M12 service (including TCE Halton Hills)*".

Do the above numbers assume the completion of the 2017 Dawn-Parkway build?

a) If not, please any differences.

b) If so, what limitations does Union have to offering the surplus capacity from that build to further reductions to the Parkway Delivery Obligation.

Response:

a) The Parkway Delivery Obligation ("PDO") reduction is independent of the Dawn-Parkway expansion capacities. PDO relief is created by turnback of existing Dawn-Kirkwall contracts. Please see the response at Exhibit B.APPrO.4.

b) Please see the response at Exhibit B.APPrO.4.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")

Reference: Exhibit A, Tab, 3, page 27 & EB-2015-0166 Exhibit B.T1.Union.LPMA.7

Please add the DTE Energy (MichCon) and Market Based Contracts to the Landed Cost Analysis previously provided in the Nexus proceeding.

a) How were the rates for the DTE Energy established?

Response:

The NEXUS landed cost analysis filed in Union's NEXUS Pre-Approval proceeding (EB-2015-0166) is for a 15-year term. The DTE Energy (MichCon) negotiated rate is for a 3-year term only, and the Market Based Transportation negotiated rate is for a 1-year term only. Union does not have 15-year negotiated rates for those paths. As a result, including those paths on a single landed cost analysis is not an appropriate comparison.

Please see Attachment 1 for the 15-year landed cost analysis on NEXUS, as filed in EB-2015-0166, Exhibit A, Schedule 5.

For the 1-year landed cost analysis for the 20,000 Dth/d of Market Based transportation service starting November 1, 2015, please see EB-2015-0166, NEXUS Technical Conference Undertaking Response JT1.2.

Please see Attachment 2 for the 3-year landed cost analysis for the 60,000 Dth/d of DTE Energy (MichCon) transportation capacity starting December 1, 2015.

a) The rate for the DTE Energy transportation contract was negotiated between Union and DTE.

January 2015 Landed Cost Analysis (Nov 2017 to Oct 2032 Transportation Contracting Analysis)

	Route	Point of Supply	Basis Differential $US/mmBtu	Supply Cost $US/mmBtu	Unitized Demand Charge $US/mmBtu(1)(7)	Commodity Charge $US/mmBtu (1)	Fuel Charge $US/mmBtu (1)	100% LF Transportation Inclusive of Fuel $US/mmBtu	Landed Cost $US/mmBtu	Landed Cost $Cdn/GJ	Point of Delivery	Comment
	(A)	(B)	(C)	(D) = Nymex + C	(E)	(F)	(G)	(I) = E + F + G	(J) = D + I	(K)	(L)	
(6)	**TCPL Niagara to Kirkwall**	Niagara	-0.449	7.0511	0.2008	0.0000	0.0103	0.2111	$7.26	**$8.10**	Kirkwall	
(3)	**Rover**	Southwest PA	-0.954	6.5455	0.8000	0.0000	0.1577	0.9577	$7.50	**$8.36**	Dawn	
*	**NEXUS / St. Clair**	Southwest PA	-0.954	6.5455	0.8030	0.0000	0.1728	0.9758	$7.52	**$8.38**	Dawn	Includes St. Clair to Dawn costs
(5)	**NEXUS/St. Clair (Increase Upper end of toll by 15%)**	Southwest PA	-0.954	6.5455	0.8984	0.0000	0.1728	1.0712	$7.62	**$8.49**	Dawn	Toll is $ 0.77+ $ 0.635*15%. Includes St. Clair to Dawn costs
(6)	**Vector (2014 - 2017)**	Chicago	-0.103	7.3972	0.1893	0.0018	0.0732	0.2643	$7.66	**$8.54**	Dawn	
(2)	**Dawn**	Dawn	0.177	7.6769	0.0000	0.0000	0.0000	0.0000	$7.68	**$8.56**	Dawn	
(6)	**Michcon (2014-2015)**	Michcon Generic	0.023	7.5229	0.0663	0.0000	0.1398	0.2061	$7.73	**$8.62**	Dawn	Includes St. Clair to Dawn costs
(6)	**Vector (2012 - 2016)**	Chicago	-0.103	7.3972	0.2500	0.0990	0.0732	0.4222	$7.82	**$8.72**	Dawn	
(6)	**Trunkline / Panhandle**	Trunkline Field Zone 1A	-0.092	7.4075	0.2245	0.0268	0.2995	0.5508	$7.96	**$8.87**	Dawn	Includes Ojibway to Dawn costs
(6)	**Panhandle (2012-2017)**	Panhandle Field Zone	-0.377	7.1230	0.3524	0.0439	0.4687	0.8650	$7.99	**$8.91**	Dawn	Includes Ojibway to Dawn costs
(6)	**Alliance / Vector**	CREC	-1.067	6.4335	1.6460	-0.3643	0.3593	1.6409	$8.07	**$9.00**	Dawn	
(6)	**Panhandle (2014-2015)**	Panhandle Field Zone	-0.377	7.1230	0.4579	0.0439	0.4687	0.9705	$8.09	**$9.02**	Dawn	Includes Ojibway to Dawn costs
(6)	**Panhandle (2010-2017)**	Panhandle Field Zone	-0.377	7.1230	0.4579	0.0439	0.4687	0.9705	$8.09	**$9.02**	Dawn	Includes Ojibway to Dawn costs
(2)	**TCPL Empress to Dawn**	Empress	-0.722	6.7782	1.6246	0.0000	0.2745	1.8992	$8.68	**$9.67**	Dawn	
(6)	**TCPL Empress to Union CDA**	Empress	-0.722	6.7782	1.7631	0.0000	0.2793	2.0423	$8.82	**$9.83**	Union CDA	

(1) Unitized Demand Charges, Commodity Charges and Fuel Charges per Maximum Applicable Tariff and include capacity required to flow fuel for downstream pipeline segments
(2) For Reference Only
(3) Toll Estimates used in lieu of official toll for portion of path
(5) Sensitivity Analysis
(6) Existing Union Contract
* indicates path referenced in evidence for this analysis

Assumptions used in Developing Transportation Contracting Analysis:

Annual Gas Supply & Fuel Ratio Forecasts	Point of Supply Col (B) above	Nov 2017 - Oct 2018	Nov 2018 - Oct 2019	Nov 2019 - Oct 2020	Nov 2020 - Oct 2021	Nov 2021 - Oct 2022	Nov 2022 - Oct 2023	Nov 2023 - Oct 2024	Nov 2024 - Oct 2025	Nov 2025 - Oct 2026	Nov 2026 - Oct 2027	Nov 2027 - Oct 2028	Nov 2028 - Oct 2029	Nov 2029 - Oct 2030	Nov 2030 - Oct 2031	Nov 2031 - Oct 2032	Average Annual Gas Supply Cost $US/mmBtu Col (D) above	Fuel Ratio Forecasts Col (G) above
Henry Hub (NYMEX)	Henry Hub	$4.62	$5.43	$6.12	$6.59	$6.81	$6.89	$7.06	$7.23	$7.56	$8.03	$8.44	$8.90	$9.26	$9.62	$9.96	$7.50	
TCPL Niagara to Kirkwall	Niagara	$4.62	$5.35	$5.96	$6.37	$6.54	$6.59	$6.71	$6.78	$7.00	$7.33	$7.71	$8.13	$8.56	$8.86	$9.26	$7.05	0.15%
Rover	Southwest PA	$4.09	$4.88	$5.50	$5.89	$6.06	$6.12	$6.25	$6.32	$6.53	$6.85	$7.19	$7.58	$7.98	$8.28	$8.66	$6.55	2.41%
NEXUS / St. Clair	Southwest PA	$4.09	$4.88	$5.50	$5.89	$6.06	$6.12	$6.25	$6.32	$6.53	$6.85	$7.19	$7.58	$7.98	$8.28	$8.66	$6.55	2.64%
NEXUS/St. Clair (Increase Upper end of toll by 15%)	Southwest PA	$4.09	$4.88	$5.50	$5.89	$6.06	$6.12	$6.25	$6.32	$6.53	$6.85	$7.19	$7.58	$7.98	$8.28	$8.66	$6.55	2.64%
Vector (2014 - 2017)	Chicago	$4.63	$5.41	$6.07	$6.52	$6.73	$6.81	$6.97	$7.14	$7.46	$7.91	$8.31	$8.75	$9.09	$9.42	$9.73	$7.40	0.99%
Dawn	Dawn	$4.82	$5.62	$6.29	$6.76	$6.98	$7.07	$7.24	$7.42	$7.75	$8.21	$8.63	$9.08	$9.43	$9.77	$10.09	$7.68	0.00%
Michcon (2014-2015)	Michcon Generic	$4.70	$5.49	$6.16	$6.62	$6.84	$6.92	$7.09	$7.26	$7.59	$8.05	$8.46	$8.91	$9.25	$9.59	$9.90	$7.52	1.86%
Vector (2012 - 2016)	Chicago	$4.63	$5.41	$6.07	$6.52	$6.73	$6.81	$6.97	$7.14	$7.46	$7.91	$8.31	$8.75	$9.09	$9.42	$9.73	$7.40	0.99%
Trunkline / Panhandle	Trunkline Field Zone 1A	$4.56	$5.37	$6.05	$6.51	$6.72	$6.80	$6.97	$7.14	$7.46	$7.93	$8.33	$8.79	$9.14	$9.49	$9.83	$7.41	4.04%
Panhandle (2012-2017)	Panhandle Field Zone	$4.42	$5.20	$5.84	$6.29	$6.48	$6.56	$6.71	$6.88	$7.19	$7.63	$8.02	$8.44	$8.76	$9.07	$9.36	$7.12	6.58%
Alliance / Vector	CREC	$3.69	$4.44	$5.08	$5.54	$5.77	$5.87	$6.04	$6.23	$6.55	$6.99	$7.36	$7.78	$8.09	$8.39	$8.67	$6.43	5.58%
Panhandle (2014-2015)	Panhandle Field Zone	$4.42	$5.20	$5.84	$6.29	$6.48	$6.56	$6.71	$6.88	$7.19	$7.63	$8.02	$8.44	$8.76	$9.07	$9.36	$7.12	6.58%
Panhandle (2010-2017)	Panhandle Field Zone	$4.42	$5.20	$5.84	$6.29	$6.48	$6.56	$6.71	$6.88	$7.19	$7.63	$8.02	$8.44	$8.76	$9.07	$9.36	$7.12	6.58%
TCPL Empress to Dawn	Empress	$4.03	$4.78	$5.42	$5.87	$6.09	$6.18	$6.36	$6.55	$6.88	$7.33	$7.72	$8.15	$8.47	$8.78	$9.07	$6.78	4.05%
TCPL Empress to Union CDA	Empress	$4.03	$4.78	$5.42	$5.87	$6.09	$6.18	$6.36	$6.55	$6.88	$7.33	$7.72	$8.15	$8.47	$8.78	$9.07	$6.78	4.12%

Sources for Assumptions:

Gas Supply Prices (Col D):	ICF Base Case Jan 2015			
Fuel Ratios (Col G):	Average ratio over the previous 12 months or Pipeline Forecast			
Transportation Tolls (Cols E & F):	Union Tolls in Effect Jan 2015			
Foreign Exchange (Col K)	$1 US =	1.1762	CDN	Source: Jan 2, 2015 Bank of Canada Closing
Energy Conversions (Col K)	1 dth = 1 mmBtu =	1.055056		
Union's Analysis Completed:	January 2015			

* indicates path referenced in evidence for this analysis

Landed Cost Analysis
2015-2018 Transportation Contracting Analysis

	Route	Point of Supply	Basis Differential $US/mmBtu	Supply Cost $US/mmBtu	Unitized Demand Charge $US/mmBtu	Commodity Charge $US/mmBtu	Fuel Charge $US/mmBtu	100% LF Transportation Inclusive of Fuel $US/mmBtu	Landed Cost $US/mmBtu	Landed Cost $Cdn/G	Point of Delivery
	(A)	(B)	(C)	(D) = Nymex + C	(E)	(F)	(G)	(I) = E + F + G	(J) = D + I	(K)	(L)
(2)	**Trunkline/Panhandle**	Trunkline Field Zone 1A	-0.049	4.3431	0.1923	0.0275	0.1658	0.3856	$4.73	**$5.73**	Ojibway
(2)	**Vector (2014-2017)**	Chicago	0.151	4.5436	0.1886	0.0018	0.0436	0.2340	$4.78	**$5.79**	Dawn
(2)	**PEPL (2012-2017)**	Panhandle Field Zone	-0.135	4.2572	0.3200	0.0441	0.2052	0.5693	$4.83	**$5.85**	Ojibway
(2)	**Vector (2000-2017)**	Chicago	0.151	4.5436	0.2500	0.0018	0.0436	0.2954	$4.84	**$5.86**	Dawn
(2)	**Vector (2008-2016)**	Chicago	0.151	4.5436	0.2500	0.0018	0.0436	0.2954	$4.84	**$5.86**	Dawn
(2)	**TCPL Niagara**	Niagara	0.257	4.6492	0.1884	0.0000	0.0068	0.1952	$4.84	**$5.87**	Kirkwall
(2)	**DTE to St. Clair (2014-2015)**	SE Michigan	0.329	4.7216	0.0640	0.0000	0.0878	0.1518	$4.87	**$5.90**	Dawn
	DTE to Bluewater	SE Michigan	0.329	4.7216	0.0790	0.0000	0.0878	0.1668	$4.89	**$5.92**	Dawn
*	**DTE to St. Clair (2015-2018)**	SE Michigan	0.329	4.7216	0.0790	0.0000	0.0878	0.1668	$4.89	**$5.92**	Dawn
	Dawn	Dawn	0.527	4.9190	0.0000	0.0000	0.0000	0.0000	$4.92	**$5.96**	Dawn
(2)	**PEPL - (2014-2015)**	Panhandle Field Zone	-0.135	4.2572	0.4251	0.0441	0.2052	0.6744	$4.93	**$5.97**	Ojibway
(2)	**Panhandle Longhaul (2010-2017)**	Panhandle Field Zone	-0.135	4.2572	0.4251	0.0441	0.2052	0.6744	$4.93	**$5.97**	Ojibway
	ANR-Michcon-Union (Gulf)	ANR South East	0.025	4.4178	0.4056	0.0161	0.1888	0.6105	$5.03	**$6.09**	Dawn
	ANR-Michcon-Union (Fayetteville)	Fayetteville	-0.052	4.3406	0.5013	0.0161	0.1839	0.7014	$5.04	**$6.11**	Dawn
	ANR-GLGT-TCPL	Fayetteville	-0.052	4.3406	0.5797	0.0216	0.1291	0.7305	$5.07	**$6.14**	Dawn
	GLGT to TCPL	Northern Michigan	0.329	4.7209	0.3151	0.0074	0.0288	0.3513	$5.07	**$6.14**	Dawn
(2)	**Alliance/Vector (2000-2015)**	CREC	-0.692	3.7004	1.5824	-0.3713	0.2055	1.4166	$5.12	**$6.20**	Dawn
	ANR-GLGT-TCPL	ANR South East	0.025	4.4178	0.6376	0.0233	0.1323	0.7932	$5.21	**$6.31**	Dawn
(1)	**TCPL SWDA**	Empress	-0.581	3.8118	1.4749	0.0000	0.1482	1.6231	$5.43	**$6.58**	Dawn
(2)	**TCPL CDA**	Empress	-0.581	3.8118	1.6006	0.0000	0.1571	1.7577	$5.57	**$6.75**	Union CDA

(1) For Reference Only
(2) Existing Union Gas Contract
* indicates path referenced in evidence for this analysis

Assumptions used in Developing Transportation Contracting Analysis:

Annual Gas Supply & Fuel Ratio Forecasts	**Point of Supply Col (B) above**	**Nov 2015 - Oct 2016**	**Nov 2016 - Oct 2017**	**Nov 2017 - Oct 2018**	**Average Annual Gas Supply Cost $US/mmBtu Col (D) above**	**Fuel Ratio Forecasts Col (G) above**
Henry Hub (NYMEX)	Henry Hub	$3.94	$4.55	$4.69	$4.39	
Trunkline/Panhandle	Trunkline Field Zone 1A	$3.90	$4.50	$4.63	$4.34	3.82%
Vector (2014-2017)	Chicago	$4.14	$4.70	$4.79	$4.54	0.96%
PEPL (2012-2017)	Panhandle Field Zone	$3.83	$4.41	$4.53	$4.26	4.82%
Vector (2000-2017)	Chicago	$4.14	$4.70	$4.79	$4.54	0.96%
Vector (2008-2016)	Chicago	$4.14	$4.70	$4.79	$4.54	0.96%
TCPL Niagara	Niagara	$3.98	$4.92	$5.04	$4.65	0.15%
DTE to St. Clair (2014-2015)	SE Michigan	$4.43	$4.81	$4.92	$4.72	1.86%
DTE to Bluewater	SE Michigan	$4.43	$4.81	$4.92	$4.72	1.86%
DTE to St. Clair (2015-2018)	SE Michigan	$4.43	$4.81	$4.92	$4.72	1.86%
Dawn	Dawn	$4.68	$4.98	$5.10	$4.92	0.00%
PEPL - (2014-2015)	Panhandle Field Zone	$3.83	$4.41	$4.53	$4.26	4.82%
Panhandle Longhaul (2010-2017)	Panhandle Field Zone	$3.83	$4.41	$4.53	$4.26	4.82%
ANR-Michcon-Union (Gulf)	ANR South East	$3.97	$4.57	$4.71	$4.42	4.27%
ANR-Michcon-Union (Fayetteville)	Fayetteville	$3.90	$4.50	$4.63	$4.34	4.24%
ANR-GLGT-TCPL	Fayetteville	$3.90	$4.50	$4.63	$4.34	2.98%
GLGT to TCPL	Northern Michigan	$4.43	$4.81	$4.92	$4.72	0.61%
Alliance/Vector (2000-2015)	CREC	$3.35	$3.74	$4.01	$3.70	5.55%
ANR-GLGT-TCPL	ANR South East	$3.97	$4.57	$4.71	$4.42	3.00%
TCPL SWDA	Empress	$3.46	$3.86	$4.12	$3.81	3.89%
TCPL CDA	Empress	$3.46	$3.86	$4.12	$3.81	4.12%

Sources for Assumptions:

Gas Supply Prices (Col D):	ICF Q1 2015 Base Case		
Fuel Ratios (Col G):	Average ratio over the previous 12 months or Pipeline Forecast		
Transportation Tolls (Cols E & F):	Tolls in effect on Alternative Routes at the time of Union's Analysis		
Foreign Exchange (Col K)	$1 US =	$1.278 CDN	From Bank of Canada Closing Rate March 16, 2015
Energy Conversions (Col K)	1 dth = 1 mmBtu =	1.055056	
Union's Analysis Completed:	March 2015		

Paths included in analysis are those with comparable services available for contracting, as well as relevant benchmarks and currently contracted paths.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")

Reference: Exhibit A, Tab 3, page 33

Preamble: "*Additionally, growth in the communities of Oakville and Burlington and the southern portion of Milton is forecast to increase design day demand on the Burlington Oakville System. This increase in design day demand will exceed the capacity to supply the Burlington Oakville System as of November 1, 2016. Growth in Burlington Oakville System demand requires Union to add incremental pipeline capacity. Contracting for incremental third party transportation from TransCanada or the secondary market is not feasible.*"

Please confirm that Union contracted for capacity from Union Parkway Belt to communities starting Nov. 1/15.

Response:

Confirmed. Union contracted for capacity from Union Parkway Belt to the Union CDA starting November 1, 2015 for one year. This was discussed in Union's Burlington Oakville (EB-2014-0182) Oral Hearing on September 24, 2015, Transcript Volume 1, lines 12-20:

> "*MR. SHORTS: Yes, thank you.*
>
> *On August 28, about four weeks ago, Union was able to secure a new one-year, non-renewable, firm transportation contract with TransCanada to transport 61,888 GJs a day from Parkway belt to the Union CDA. This contract will start November 1 of 2015. It replaces the secondary market contract that we had in place over the last few winters, and it bridges our need until we can get the Burlington-Oakville project in service November 1 of 2016.*"

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")

Reference: Exhibit A, Tab 3, page 33

Preamble: "*Additionally, growth in the communities of Oakville and Burlington and the southern portion of Milton is forecast to increase design day demand on the Burlington Oakville System. This increase in design day demand will exceed the capacity to supply the Burlington Oakville System as of November 1, 2016. Growth in Burlington Oakville System demand requires Union to add incremental pipeline capacity. Contracting for incremental third party transportation from TransCanada or the secondary market is not feasible.*"

Please confirm that this term that this capacity was available for was not limited to the 1 year term contracted but could have been contracted for up to 15 years complete with renewal rights.

Response:

Union addressed this issue in the Burlington Oakville Pipeline Project proceeding (EB-2014-0182).

The capacity offered in the TransCanada Open Season was available with standard Firm Transportation ("FT") renewal rights which require two years notice to turn back capacity. Since the Proposed Burlington Oakville Pipeline is economic relative to the TransCanada contractual alternatives, including the Parkway to Union CDA contract for 2015-2016, Union entered into a non-renewable contract for 61,188 GJ/d for one year to bridge Union's need until the Proposed Pipeline comes into service in November 2016. Although renewable service was available from TransCanada for amounts up to 92,000 GJ/d, Union chose not to pursue that option as the comparative economic analysis was in favour of the Proposed Pipeline.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")

Reference: Exhibit A, Tab 3, page 33

Preamble: "*Additionally, growth in the communities of Oakville and Burlington and the southern portion of Milton is forecast to increase design day demand on the Burlington Oakville System. This increase in design day demand will exceed the capacity to supply the Burlington Oakville System as of November 1, 2016. Growth in Burlington Oakville System demand requires Union to add incremental pipeline capacity. Contracting for incremental third party transportation from TransCanada or the secondary market is not feasible.*"

Please confirm there was additional capacity available on this path in excess of what Union contracted for.

a) Please quantify the incremental capacity available.

b) Based upon growth forecasts for this area, please provide the number of years of growth this incremental capacity would serve.

Response:

Union addressed this issue in the Burlington Oakville Pipeline Project proceeding (EB-2014-0182).

a) 30,112 GJ/day.

b) Using the 2016-2030 average annual design day growth estimate of 4 TJ/day provided in EB-2014-0182, Exhibit A, Table 6-1, the incremental capacity of 30,112 GJ/day would serve approximately 7.5 years of growth on the Burlington Oakville System. There would be no assurance that this capacity would be available incrementally if purchased incrementally each year over the 7.5 year period.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")

Reference: Exhibit A, Tab 3, page 33

Preamble: "*Additionally, growth in the communities of Oakville and Burlington and the southern portion of Milton is forecast to increase design day demand on the Burlington Oakville System. This increase in design day demand will exceed the capacity to supply the Burlington Oakville System as of November 1, 2016. Growth in Burlington Oakville System demand requires Union to add incremental pipeline capacity. Contracting for incremental third party transportation from TransCanada or the secondary market is not feasible.*"

Please provide the TCPL Existing Capacity Open Season document to which Union responded to access this capacity.

Response:

Please see Attachment 1 for the TCPL Existing Capacity Open Season documentation.

Canadian Mainline Existing Capacity Open Season

August 25 – August 28, 2015

TransCanada PipeLines Limited's ("**TransCanada**") Canadian Mainline pipeline system ("**Mainline**") is offering an Existing Capacity Open Season ("**ECOS**") for firm capacity as determined by a recent operational reassessment as per section 4.2 of the Transportation Access Procedures ("**TAPs**"). TransCanada will be accepting bids for the following transportation services: Firm Transportation Service ("**FT**").

TransCanada will only accept bids for service for the paths specified in Table 1. The deadline for submitting bids in this ECOS is 8:00 a.m. MDT (Calgary time) Friday, August 28, 2015.

Table 1: Available Capacity[1][4]

Posted System Segments	FT Capacity (GJ/d) Starting November 1, 2015
Empress[2][3] to (Domestic)	
Union CDA	92,000
Parkway to (Domestic)	
Union CDA	92,000

[1] TransCanada is accepting bids for firm service in this ECOS, only for the locations listed in the table above or additional receipt points noted in footnote 3.

[2] Shippers and prospective shippers should be aware that TransCanada has posted firm capacity from Empress that may be in excess of the upstream delivery capacity on Nova Gas Transmission Ltd. (NGTL). It is the responsibility of shippers to ensure upstream capacity is available.

[3] Bayhurst 1, Grand Coulee, Herbert, Liebenthal, Richmound, Shackleton, Steelman, Success, Suffield 2, and Welwyn are also valid receipt points.

[4] On May 29, 2014, the NEB issued the MH-001-2013 Decision directing all pipelines to begin collecting an abandonment surcharge to fund the future cost of pipeline abandonment. The NEB Reasons for Decision for MH-001-2013 can be found here. The approved surcharges can be found here.

Open Season & Bidding Procedure Highlights

- Bids must be received by TransCanada no later than 8:00 a.m. MST (Calgary time) Friday, August 28, 2015
- Please refer to the TAPs for information on bid deposit requirements
- Term: As directed by Section 4.2 of the TAPs
- Toll: The posted capacity will be at the NEB Approved Mainline Toll
- System Segment Capacity:

- Some posted segments share common capacity. A successful bid on one system segment may reduce the capacity on another system segment. Any bids that pertain to common capacity will be evaluated together for allocation purposes.
- Each capacity segment requested must be on an individual bid form

- Conditional Bidding: Mainline capacity bids can be conditioned on another Mainline capacity bid
  - If an ECOS bid is conditional on another ECOS bid, if either ECOS bid requires a reduction to the maximum daily quantity, the maximum daily quantity for the other ECOS bid will be reduced by the same percentage. Please submit each set of conditional bids in a separate fax, to provide clarity on which bids are related.
- Min Acceptable Quantity: May be specified by bidder in the event that prorating capacity is necessary
- Please refer to the TAPs: Transportation Access Procedures for more information

How to Bid

Service applicants must submit a binding bid via the Paper Version or Electronic Version to TransCanada's Mainline Contracting Department by email at mainline_contracting@transcanada.com or by fax at 1.403.920.2343 and must be received by 8:00 a.m. MST (Calgary time) on Friday, August 28, 2015. All bids received each day will be evaluated together for allocation purposes and contracts will then be issued to successful Service Applicants who will then have three banking days to return the signed contract to TransCanada.

Questions

If you have any questions, please contact your Mainline Customer Account Manager.

Calgary

Gordon Betts
Phone: 1.403.920.6834
Email: gordon_betts@transcanada.com

Michael Mazier
Phone: 1.403.920.2651
Email: mike_mazier@transcanada.com

Toronto

Amelia Cheung
Phone: 1.416.869.2115
Email: amelia_cheung@transcanada.com

Lisa DeAbreu
Phone: 1.416.869.2171
Email: lisa_deabreu@transcanada.com

Catherine Young
Phone: 1.416.869.2159
Email: catherine_young@transcanada.com

Appendix

LINKS to Additional Information:

- Existing Capacity Open Season Paper Bid Form
- Existing Capacity Open Season Electronic Bid Form
- Mainline Tariffs: Toll Schedules & Pro Forma Contracts
- TAPs: Transportation Access Procedure
- 2015 Mainline Transportation Tolls and Abandonment Surcharges Effective July 1, 2015
- Index of Customers showing recent contracts and renewals
- Other TransCanada Information: http://www.transcanada.com/customerexpress/index.html

GST Procedures for FT, FT-SN, FT-NR - FOR EXPORT POINTS ONLY

TransCanada is required to charge the Goods and Services Tax (GST) or Harmonized Sales Tax (HST), whichever is applicable, on transportation of gas that is consumed in Canada. The GST is set at 5% while HST is set at 13% in Ontario.

Shippers may provide a Declaration which notifies TransCanada that the Shipper's FT contract is intended to serve an export market and should be charged 0% GST or 0% HST, on any Unutilized Demand Charges (UDC).

The Declaration Form is available at the following link:
FT GST/HST Declaration

Shippers may also zero-rate GST or HST on the associated transportation demand, commodity and pressure charges by making a Declaration on the nomination line in NrG Highway.

Please note:

- Declarations may only take effect on the first day of a month.
- A Declaration cannot be applied retroactively.
- A Declaration supersedes previous Contract Declarations.
- A single Declaration form is used for all of a shipper's firm export contracts eligible for zero-rating of UDC.
- If a Shipper zero-rates their nomination but does not execute a Declaration the Shipper will be charged 0% GST or 0% HST on their nomination but all associated UDCs will be charged the current applicable GST or HST rate.

Please refer to the following website for additional information on GST/HST regulations and rebates http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/gnrl/txbl/trnsprttn/menu-eng.html

For more information on TransCanada's GST/HST practices, contact Mainline_Contracting@transcanada.com.

UNION GAS LIMITED

Answer to Interrogatory from
Industrial Gas Users Association ("IGUA")

Reference: Exhibit A, Tab 1, page 5, lines 11 through 13.

Union proposes to include in rates the DSM Utility Incentive at the 100% target level, equating to $4.2 million in 2016. The difference between the DSM Utility Incentive at 100% included in rates and the actual shareholder DSM incentive earned for 2016 will be captured in the Demand Side Management Incentive Deferral Account for future disposition.

a) Are there amounts related to previous years DSM shareholder incentives to be cleared to rates in 2016? If so, please indicate approximately how much, and when such clearance is expected to be approved and implemented.

b) Please confirm that if the Board does not accept Union's proposal in respect of recovery in 2016 rates of the 2016 DSM Utility Incentive in the DSM proceeding (EB-2015-0029), then Union will reduce its 2016 rate request by $4.2 million.

Response:

a) Union expects to dispose of its 2014 DSM related deferral account balances in 2016 including the 2014 DSM Incentive for which no amounts have previously been included in rates. Union expects to file its 2014 Disposition of DSM Deferral and Variance Accounts application in December 2015, after the audit process is complete. In accordance with past practice, Union will propose to dispose of the 2014 DSM related account balances over a six month period for general service customers and as a one-time adjustment to in-franchise contract rate classes.

b) Confirmed. If the Board does not approve the inclusion of the $4.2 million 2016 DSM Incentive in 2016 Rates, Union will reduce its 2016 proposed revenue by $4.2 million. If the DSM incentive is removed from 2016 rates, Union will manage the actual DSM incentive through the DSM Incentive deferral account in its 2016 Disposition of DSM Deferral and Variance Accounts application. Please see the response at Exhibit B.Staff.3 b).

UNION GAS LIMITED

Answer to Interrogatory from
Industrial Gas Users Association ("IGUA")

Reference: Exhibit A, Tab 1, page 7, line 18 through page 8, line 3; Working Papers, Schedule 17.

Union is proposing an adjustment in 2016 rates for contract rate classes to reflect both 2011 and pre-audit and 2014 LRAM volumes. Working Papers Schedule 17 provides the volume figures.

Please provide a schedule, like Schedule 17, which provides the rate impacts of the proposed adjustment, broken down into each of the 2011 and 2014 LRAM amounts.

Response:

Please see Attachment 1 for the rate impacts to each rate class of the proposed 2011 and 2014 LRAM volume adjustments.

UNION GAS LIMITED
2016 Rate Impact of Proposed 2011 and 2014 LRAM Volume Adjustments

Line No.	Particulars			Total Excluding Volume Adjustments (2)	2014 - Pre-Audit Post RR Full Year Impact DSM Volumes by Rate Class (3)	Customer Rate Class Adjustment (3)	2011 Actual LRAM Volumes (3)	Total Volume Adjustment by Rate Class (2)	Total Including Volume Adjustments (2)
				(a)	(b)	(c)	(d)	(e) = (b+c+d)	(f) = (a+e)
	Union South								
1		Rate M4	Revenue ($000s)	14,477					14,477
2			Volumes (10^3m^3)	381,593	(10,830)	(1,522)	(7,981)	(20,332)	361,261
3			Average rate (cents / m^3)	3.7938	0.1137	0.0160	0.0838	0.2135	4.0073
4			Average rate change (1)	15.1%	3.5%	0.5%	2.5%	6.5%	21.6%
5		Rate M5A	Revenue ($000s)	14,881					14,881
6			Volumes (10^3m^3)	511,770	(9,959)	(6,462)	(14,414)	(30,835)	480,935
7			Average rate (cents / m^3)	2.9077	0.0602	0.0391	0.0871	0.1864	3.0942
8			Average rate change (1)	11.9%	2.3%	1.5%	3.4%	7.2%	19.1%
9		Rate M7	Revenue ($000s)	4,657					4,657
10			Volumes (10^3m^3)	139,645	(8,543)	7,984	(12,780)	(13,339)	126,306
11			Average rate (cents / m^3)	3.3349	0.2256	(0.2108)	0.3374	0.3522	3.6871
12			Average rate change (1)	9.3%	7.4%	-6.9%	11.1%	11.5%	20.8%
13		Rate T1	Revenue ($000s)	11,236					11,236
14			Volumes (10^3m^3)	529,553	(5,893)	-	(8,394)	(14,287)	515,266
15			Average rate (cents / m^3)	2.1219	0.0243	-	0.0346	0.0588	2.1807
16			Average rate change (1)	3.4%	1.2%	0.0%	1.7%	2.9%	6.3%
17		Rate T2	Revenue ($000s)	43,209					43,209
18			Volumes (10^3m^3)	4,732,620	(47,045)	-	(56,618)	(103,663)	4,628,957
19			Average rate (cents / m^3)	0.9130	0.0093	-	0.0112	0.0204	0.9334
20			Average rate change (1)	-0.5%	1.0%	0.0%	1.2%	2.2%	1.7%
	Union North								
21		Rate 20	Revenue ($000s)	14,394					14,394
22			Volumes (10^3m^3)	618,460	(7,682)	2,413	(4,577)	(9,846)	608,614
23			Average rate (cents / m^3)	2.3274	0.0294	(0.0092)	0.0175	0.0377	2.3650
24			Average rate change (1)	7.0%	1.4%	-0.4%	0.8%	1.7%	8.8%
25		Rate 100	Revenue ($000s)	14,144					14,144
26			Volumes (10^3m^3)	1,857,374	(30,361)	(2,413)	(9,050)	(41,824)	1,815,550
27			Average rate (cents / m^3)	0.7615	0.0127	0.0010	0.0038	0.0175	0.7791
28			Average rate change (1)	-8.9%	1.5%	0.1%	0.5%	2.1%	-6.8%

Notes:
(1) Average rate change is compared to 2015 current approved revenue as per EB-2015-0116, Rate Order, Working Papers, Schedule 5, column (a).
(2) EB-2015-0116, Rate Order, Working Papers, Schedule 5, column (f), (g) and (h).
(3) Volume adjustment per EB-2015-0116, Rate Order, Working Papers, Schedule 17.

UNION GAS LIMITED

Answer to Interrogatory from
Industrial Gas Users Association ("IGUA")

Reference: Exhibit A, Tab 1, pages 8 through 12; Rate Order Appendix G; Working Papers Schedule 10.

Union is proposing to recover in 2016 rates revenue requirement impacts of the following Y-factor capital projects: i) Parkway West Project; ii) Brantford-Kirkwall/Parkway D Project; iii) Dawn Parkway 2016 System Expansion Project; iv) Burlington Oakville Pipeline Project; and v) 2017 Dawn Parkway Project.

a) Please provide updated expected in service dates for each of these projects.

b) Please provide net revenue requirement impact calculations for the Parkway West Project, Brantford-Kirkwall/Parkway D Project and Dawn Parkway 2016 Expansion Project for each of 2016, 2017 and 2018 (i.e. in the form of Appendix G which provides this information for the Burlington-Oakville and the 2017 Dawn Parkway Project).

c) Please provide one schedule that separately identifies for each rate class the 2016 rate impacts of inclusion of the revenue requirement impact of each of these projects.

Response:

a) and b) Please see the response at Exhibit B.Staff.2.

c) Please see Attachment 1 for the rate impact of the 2016 revenue requirement for capital pass through projects by rate class.

UNION GAS LIMITED
Rate Impact of the 2016 Capital Pass Through Projects Adjustments by Rate Class

Line No.	Particulars	2016 Proposed Revenue (1)	Parkway Projects 2016 Revenue Requirement (2) ($000s)	Parkway Projects Impact (%)	Burlington Oakville Project 2016 Revenue Requirement (2) ($000s)	Burlington Oakville Project Impact (%)	2016 D-P Expansion 2016 Revenue Requirement (2) ($000s)	2016 D-P Expansion Impact (%)	2017 D-P Expansion 2016 Revenue Requirement (2) ($000s)	2017 D-P Expansion Impact (%)	2016 Total Revenue Requirement (1) ($000s)	Impact (%)
		(a)	(b)	(c)=(b/a)	(d)	(e)=(d/a)	(f)	(g)=(f/a)	(h)	(i)=(h/a)	(j) = (b+d+f+h)	(k)=(j/a)
	Union North In-Franchise											
1	Rate 01	264,340	662	0.3%	(403)	(0.2%)	(548)	(0.2%)	(660)	(0.2%)	(949)	(0.4%)
2	Rate 10	52,288	462	0.9%	(61)	(0.1%)	16	0.0%	(91)	(0.2%)	326	0.6%
3	Rate 20	24,475	(17)	(0.1%)	(41)	(0.2%)	(90)	(0.4%)	(73)	(0.3%)	(221)	(0.9%)
4	Rate 25	6,212	(66)	(1.1%)	(11)	(0.2%)	(42)	(0.7%)	(22)	(0.3%)	(141)	(2.3%)
5	Rate 100	14,362	(161)	(1.1%)	(31)	(0.2%)	(113)	(0.8%)	(60)	(0.4%)	(366)	(2.5%)
6	Total Union North In-Franchise	361,677	879	0.2%	(547)	(0.2%)	(776)	(0.2%)	(905)	(0.3%)	(1,350)	(0.4%)
	Union South In-Franchise											
7	Rate M1	406,353	(3,684)	(0.9%)	85	0.0%	(2,158)	(0.5%)	(1,447)	(0.4%)	(7,204)	(1.8%)
8	Rate M2	57,284	(184)	(0.3%)	192	0.3%	(134)	(0.2%)	(183)	(0.3%)	(309)	(0.5%)
9	Rate M4	14,477	(38)	(0.3%)	71	0.5%	(21)	(0.1%)	(43)	(0.3%)	(30)	(0.2%)
10	Rate M5A	14,881	(160)	(1.1%)	(26)	(0.2%)	(99)	(0.7%)	(52)	(0.4%)	(338)	(2.3%)
11	Rate M7	4,657	6	0.1%	26	0.6%	4	0.1%	(13)	(0.3%)	24	0.5%
12	Rate M9	819	13	1.6%	10	1.2%	8	1.0%	(1)	(0.1%)	30	3.7%
13	Rate M10	11	(0)	(0.3%)	0	2.5%	0	1.5%	(0)	(0.6%)	0	3.1%
14	Rate T1	11,236	(61)	(0.5%)	66	0.6%	(34)	(0.3%)	(33)	(0.3%)	(61)	(0.5%)
15	Rate T2	43,209	(96)	(0.2%)	557	1.3%	(49)	(0.1%)	(125)	(0.3%)	286	0.7%
16	Rate T3	5,084	101	2.0%	71	1.4%	65	1.3%	(4)	(0.1%)	234	4.6%
17	Total Union South In-Franchise	558,011	(4,102)	(0.7%)	1,052	0.2%	(2,418)	(0.4%)	(1,900)	(0.3%)	(7,368)	(1.3%)
	Ex-Franchise											
18	Rate M12	201,100	34,538	17.2%	(414)	(0.2%)	3,945	2.0%	1,120	0.6%	39,189	19.5%
19	Rate M13	423	(1)	(0.2%)	2	0.4%	(1)	(0.2%)	(1)	(0.1%)	(1)	(0.2%)
20	Rate M16	763	(3)	(0.3%)	(0)	(0.0%)	(2)	(0.3%)	(1)	(0.1%)	(6)	(0.8%)
21	Rate C1 (3)	45,932	(104)	(0.2%)	(14)	(0.0%)	(58)	(0.1%)	(27)	(0.1%)	(203)	(0.4%)
22	Total Ex-Franchise	248,218	34,430	13.9%	(426)	(0.2%)	3,884	1.6%	1,091	0.4%	38,979	15.7%
23	Total (line 6 + line 17 + line 22)	1,167,906	31,207	2.7%	78	0.0%	690	0.1%	(1,714)	(0.1%)	30,261	2.6%
24	Gas Supply Admin	6,749	(30)	(0.4%)	(1)	(0.0%)	(6)	(0.1%)	(2)	(0.0%)	(40)	(0.6%)
25	Grand Total	1,174,655	31,177	2.7%	77	0.0%	683	0.1%	(1,716)	(0.1%)	30,221	2.6%

Note:
(1) EB-2015-0116, Working Papers, Schedule 3, columns (n) and (k).
(2) EB-2015-0116, Rate Order, Working Papers, Schedule 10, p.2.
(3) Rate C1 includes the revenue requirements of Excess Utility Space.

UNION GAS LIMITED

Answer to Interrogatory from
Industrial Gas Users Association ("IGUA")

Reference: Exhibit A, Tab 1, pages 14 through 18.

Union proposes a new Unauthorized Overrun Non-Compliance rate to ensure customers comply with their contractual obligations when a distribution interruption is called.

a) Please confirm that the proposed Unauthorized Overrun Non-Compliance Rate is proposed to be applicable only in the event that an interruption is called and the customer subject to the interruption fails to reduce its consumption as contractually required.

b) Please confirm that at all other times (i.e. when an interruption has not been called) the currently approved unauthorized overrun charge will continue to apply to volumes consumed in excess of contract parameters.

c) Please provide the details of the currently approved unauthorized overrun charge which applies to volumes consumed in excess of contract parameters when an interruption has not been called.

Response:

a) Confirmed.

b) Confirmed.

c) The Unauthorized Overrun rate for all unauthorized volumes when an interruption has not been called is based on the Rate M1 first block delivery commodity charge plus the Rate M1 storage commodity charge. Based on the October 1, 2015 QRAM (EB-2015-0255), the current rate of 4.6404 ¢ per m^3 (or $1.204/GJ) is made up of:

Delivery Charge – First block	3.8988 ¢ per m^3
Storage Charge	0.7416 ¢ per m^3
Total	4.6404 ¢ per m^3

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Reference: Exhibit A, Tab 1, Updated, page 6

When does Union expect the 2014 DSM audit process will be completed? If the audit is completed prior to the completion of this application, will Union update the 2016 volumes based on the 2014 audited volumes?

Response:

Please see the responses at Exhibit B.Staff.4 a) and b).

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Reference: Exhibit A, Tab 1, Updated, page 6

a) Please explain how Union has identified the customers in rate M7 where the LRAM results are being transferred back to the M4 and M5A rate classes.

b) Please explain how Union has identified the DSM savings attributable to these identified customers.

c) Please explain how reducing the M4 and M5A volumes for DSM savings that occurred in 2014 for customers that are in rate M7 in 2016 impacts the volumes for rates M4 and M5A in 2016.

Response:

a) Union reviewed a list of all 2014 Rate M7 customers at December 31, 2014 and identified those who transferred from Rate M4 or Rate M5A rate classes during 2014.

b) Union's DSM Tracking & Reporting system tracks DSM savings for the purposes of LRAM on a customer-by-customer basis. Once the customers were identified, a report was generated containing the applicable DSM savings for each customer.

c) The 2016 rates are based on Union's 2013 Board-approved customer and volume forecast by rate class plus subsequent Board-approved adjustments. Included in the 2013 Board-approved customer and volume forecast were customers in Rate M4 and Rate M5A who subsequently transferred to Rate M7 rate class due a change in rate class eligibility effective January 1, 2014.

   The 2014 Pre-Audit Post Realization Rate Full Year Impact DSM Volumes by Rate Class (Rate Order, Working Papers, Schedule 17, column (a)) reflects the LRAM volume adjustments by the rate class of the customer at December 31, 2014. In order to reflect the LRAM volume adjustment back to the 2013 Board-approved customer and volume forecast, Union made the Customer Rate Class Adjustment (Rate Order, Working Papers, Schedule 17, column (b)).

   Please see the response at Exhibit B.IGUA.2 Attachment 1 for the rate impact of the proposed 2011 and 2014 LRAM volume adjustments to Rate M4 and Rate M5A rate classes.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Reference: Exhibit A, Tab 1, Updated, page 27

If the 2011 DSM audited contract rate LRAM numbers were available June 29, 2012, why were the impacts not included in either the 2014 or 2015 rates?

Response:

Please see the response at Exhibit B.Staff.4 d).

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Reference: Exhibit A, Tab 1, Updated, Table 1

Please provide a version of the "Detail Change in Revenue" section of Table 1 that provides the same breakdown of the $60,419 increase as shown in lines 4 through 8, but does so at the rate class level.

Response:

Please see Attachment 1 for proposed changes in revenue by rate class.

UNION GAS LIMITED
2016 Proposed Changes in Revenue by Rate Class

Line No.	Particulars ($000s)	2016 Price Cap Index (0.8%) (1)	DSM Budget (2)	DSM Utility Incentive (3)	Capital Pass-Throughs (4)	Parkway Delivery Obligation (5)	Total
		(a)	(b)	(c)	(d)	(e)	(f) = (a+b+c+d+e)
	Union North						
1	Rate 01	1,376	4,785	496	(899)	-	5,758
2	Rate 10	180	1,202	152	130	-	1,664
3	Rate 20	109	986	141	(158)	-	1,078
4	Rate 25	36	-	-	(88)	-	(52)
5	Rate 100	111	(1,257)	-	(231)	-	(1,377)
6	Total Union North	1,813	5,716	789	(1,246)	-	7,072
	Union South						
7	Rate M1	3,057	12,431	1,943	(3,314)	262	14,379
8	Rate M2	374	4,763	610	229	88	6,063
9	Rate M4	86	1,442	241	108	24	1,900
10	Rate M5	85	1,390	323	(212)	(2)	1,584
11	Rate M7	26	200	88	70	11	395
12	Rate M9	6	-	-	38	4	48
13	Rate M10	-	-	-	1	-	1
14	Rate T1	71	60	187	38	13	369
15	Rate T2	321	(1,335)	-	707	87	(220)
16	Rate T3	36	-	-	281	-	317
17	Total Union South	4,062	18,950	3,391	(2,055)	488	24,837
18	Gas Supply Admin Charge	-	-	-	(26)	-	(26)
19	Total In-Franchise	5,875	24,666	4,180	(3,326)	488	31,883
20	Rate M12	1,285	-	-	26,893	(53)	28,124
21	Rate M13	3	-	-	1	-	4
22	Rate M16	6	-	-	(4)	-	2
23	Rate C1	62	-	-	362	(17)	406
24	Total Ex-Franchise	1,356	-	-	27,251	(71)	28,537
25	Total Company (line 19 + line 24)	7,231	24,666	4,180	23,925	417	60,419

Notes:
(1) EB-2015-0166, Working Papers, Schedule 3, column (h).
(2) EB-2015-0166, Working Papers, Schedule 11, columns (d), (e), and (f) minus column (a)
(3) EB-2015-0166, Working Papers, Schedule 11, column (g).
(4) EB-2015-0166, Working Papers, Schedule 3, column (k) plus column (d).
(5) EB-2015-0166, Working Papers, Schedule 3, column (m) plus column (e).

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Reference: Exhibit A, Tab 1, Updated, pages 13-14

Please explain why Union is proposing to adjust the 2016 customer-related cost variance over all the delivery volumes within each of the M1 and 01 rate classes by amounts that are different by block. Does Union's proposal reflect the same proportional reduction in each of the delivery block charges instead of the same absolute reduction by block?

Response:

Union is proposing to adjust 2016 Rate M1 and Rate 01 customer-related cost variance across the delivery blocks in proportion to the 2015 approved revenue by delivery block. Union's proposal maintains a consistent approach for cost adjustments across all delivery blocks in Rate M1 and Rate 01.

Yes, the rate change by block is proportional to the 2015 approved revenue by delivery block rather than a single common reduction to each delivery block for each of Rate M1 and Rate 01.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Reference: Exhibit A, Tab 1, Updated, pages 15-16

a) For each of the two previous winters, please provide the number of customers that did not comply with the interruption in each of Union North and Union South and by rate class.

b) Please provide the amount of gas consumed by rate class that was in excess of the firm contract parameters for each of the previous two winters.

c) For each of the two previous winters, please provide the number of customers that did comply with the interruption in each of Union North and Union South by rate class.

Response:

a)- c) Please see the response at Exhibit B.Staff.5.

UNION GAS LIMITED

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A / Tab 1 / pp. 15-18

Preamble: Union Gas Limited ("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 from $1.204/GJ to $100/GJ.

a) Please describe the conditions under which Union will trigger an interruption of service to interruptible rate classes, and the process for determining whether such conditions exist. In describing the conditions and process as requested please describe the extent to which Union exercises discretion when triggering an interruption of service, and the extent to which an interruption is automatically triggered based on predetermined criteria. To the extent that any such predetermined criteria exist, please describe the criteria and how it was developed.

b) When Union triggers an interruption of service, does Union necessarily interrupt all interruptible rate classes and customers, or does Union retain the discretion to interrupt only a subset of the interruptible classes, and/or only a subset of interruptible customers within a class? If the latter, how does Union determine which classes and customers to interrupt?

c) Please provide any and all documents that set out Union's policy with respect to how it determines that an interruption of service is required, including any documents provided to the Union personnel who have the responsibility for deciding that an interruption of service is necessary.

d) Please provide details of Union's policy with respect to the notice it provides customers in advances of an interruption, including but not limited to Union's policy with respect to the nature of the notice, the minimum notice period in advance of a proposed interruption, the detail provided to customers about the cause of the interruption, and the detail provided to customers with respect to the proposed timing and length of the interruption. Please provide any documents setting out Union's policy with respect to the notice that it provides to its interruptible customers with respect to interruptions in service.

e) When providing a response to Board Staff 5 a), please include details about the number of interruptions over the last two years, the length of each interruption, the notice period provided to customers in advance of each interruption, and any measures Union took to provide assistance to customers that could not, on their own or at all, obtain an alternative to service from Union. Please also provide a calculation of the forecast reduction in load that the interruption was required to achieve, the actual reduction in load that was experienced as a result of customers complying with the interruption request, and the reduction in load that would have been effected had all interruptible customers complied with the interruption request that was provided.

f) Union asserts that the unauthorized overrun non-compliance rate does not relieve the customer from "any consequential damages arising from a customer's failure to comply with Union's interruption notice". Please describe the types of consequential damages Union is referring to. Please provide details of any instances over the last two winters where consequential damages were suffered as a result of unauthorized overruns, including but not limited to the quantification of those damages and the details of whether and how those damages were recovered from customers that failed to comply with Union's interruption notice.

g) Please confirm that Union retains the discretion to avoid any and all consequential damages by entering onto the premises of its customers and manually shutting off service in order to force compliance with an interruption notice. Please file the relevant excerpt of the conditions of service that provides Union with this discretion; please also provide the details as to when and the manner in which the discretion was approved by the Ontario Energy Board.

h) How do interruptible customers typically obtain alternate service during an interruption, assuming they comply with the interruption notice?

i) Please provide a description of any assistance Union provides to customers with respect to implementing alternatives to service from Union during an interruption.

j) In instances where a customer has, in good faith, attempted to comply with the interruption notice by obtaining alternate service but is unable to do so as a result of circumstances beyond its control, does Union retain the discretion to absolve the customer from paying the unauthorized overrun non-compliance rate? If not why not? If so, please describe the process that a non-compliant customer can undertake in order to provide an explanation for its noncompliance in order to seek an exemption from the unauthorized overrun non-compliance rate.

k) Is there a process in place for a customer to appeal Union's application of the unauthorized overrun non-compliance rate, presumably to the OEB or alternatively to some other 3rd party, if the customer has concerns with Union's application of the rate in a particular instance? If not, why not?

l) Please confirm that the diesel prices cited by Union at:

http://www2.nrcan.gc.ca/eneene/sources/pripri/prices_bycity_e.cfm?PriceYear=0&ProductID=5&LocationID=66,8,39,17 are average weekly retail prices.

m) Does Union agree that customers within the interruptible classes that use diesel as an alternative fuel during an interruption would access diesel at wholesale, rather than retail, price? If not why not?

n) Union cites an average weekly retail price of diesel of $40/GJ; please provide the equivalent average weekly wholesale price of diesel.

Response:

a) Union's transmission and distribution systems are designed to meet firm peak demands. Union uses hydraulic modelling to determine system capacity under firm design conditions and also its capability to continue to provide interruptible service with varying weather, large customer volume usage and varying supply volume and pressure conditions. Union monitors the transmission and distribution systems and customer requested and/or forecasted quantities to determine if interruptions to interruptible services are required. Interruptions are called when Union determines that the demands on Union's systems are too great to meet both firm and interruptible services.

b) Union triggers interruptions of service based on constraints to transmission and distribution systems. Union interrupts customers in interruptible rate classes based on the transmission and distribution system to which they are attached. Please see Attachment 1 for the Priority of Service Guidelines (Policy #: 07-CM-POS-015).

c) As per the responses to a) and b) above, Union monitors the transmission and distribution systems and customer requested and/or forecasted quantities to determine if interruptions to interruptible services are required. Please see Attachment 1 for the Priority of Service Guidelines (Policy #: 07-CM-POS-015).

d) Union advises customers as far in advance as possible of the need to interrupt natural gas services. Interruptible customers are given a minimum of four hours advanced notice ahead of a service interruption. Union serves notice to customers using three different methods: email, text messaging and a phone call. The details of the interruption are sent to customers in a standardized message including the nature of the notice.

e) Please see Table 1 below for the interruptions of the last 2 years.

Table 1

Interruption Event No.	Effective Interruption Date & Time	Notice Sent to Customers	Advanced Notice of Interruption to Customers (h:mm)	Length of Interruption (days)
1	1/6/2014 16:00	1/6/2014 11:00	5:00	2.8
2	1/23/2014 14:00	1/23/2014 9:30	4:30	6.8
3	1/27/2014 10:00	1/24/2014 11:00	23:00	3.0
4	1/13/2015 10:00	1/12/2015 12:00	22:00	2.0
5	1/31/2015 10:00	1/30/2015 10:45	23:15	2.0
6	2/1/2015 10:00	1/30/2015 11:30	22:30	2.0
7	2/1/2015 10:00	1/30/2015 11:15	22:45	2.0
8	2/4/2015 22:00	2/4/2015 12:15	9:45	1.5
9	2/12/2015 10:00	2/11/2015 11:45	22:15	1.0
10	2/12/2015 10:00	2/11/2015 11:45	22:15	1.0
11	2/14/2015 10:00	2/13/2015 16:00	18:00	2.0
12	2/14/2015 10:00	2/13/2015 15:30	18:30	6.2
13	2/14/2015 18:00	2/13/2015 17:00	25:00	2.7
14	2/15/2015 10:00	2/13/2015 17:00	17:00	2.0
15	2/18/2015 10:00	2/17/2015 16:00	18:00	2.0
16	2/22/2015 21:00	2/22/2015 12:30	8:30	1.5
17	2/26/2015 22:00	2/26/2015 14:00	8:00	0.5
18	2/27/2015 22:00	2/26/2015 14:00	8:00	0.5
19	3/5/2015 22:00	3/5/2015 9:45	12:15	0.5
20	4/29/2015 8:00	4/28/2015 13:15	18:45	0.3
21	5/20/2015 14:00	5/19/2015 10:00	4:00	0.2
22	7/23/2015 13:00	7/23/2015 8:45	4:15	7.9

The calculation of the load reduction, both forecast and actual, is not relevant and has not been provided. Union expects that when an interruption is called that 100% of the notified interruptible customers will comply. When notified customers do not comply with an interruption notice, the actual reduction in load is less than 100% of the total interruptible contract demand needed to maintain system integrity.

Please see the response to part j).

f) Union's evidence at this reference was intended to state "any direct damages arising" rather than "any consequential damages arising". Union's system peak design is based on interruptible customers being off the system at critical times as per contractual obligations.

Interruptible customers who fail to comply with interruption notices and instead choose to take natural gas service during an interruption create an operating risk for Union Gas by interfering with Union's ability to serve its firm customers. In a worst case, Union may lose downstream firm customers because an interruptible customer chose to stay on unexpectedly. Examples of direct damages that may occur in this instance include (but not limited to) damage to firm customers' property caused by loss of gas service, or costs incurred by Union to purchase incremental supply.

Over the last two winters there was no direct damage due to unauthorized overrun of gas service.

g) Paragraph 3, Section 12.15 of the General Terms and Conditions applicable to distribution services permits Union to enter the Customer's property in order to physically suspend the delivery of gas.

"Subject to section 9 hereof, Customer hereby expressly and irrevocably consents to Union and its representatives entering onto the property of the Customer, for the purpose of enforcing Union's rights under this agreement, including accessing Union's equipment to physically suspend the delivery of gas to the Consumption Point."

Despite this contractual right, it would be impractical for Union to enter every customer's property to shut off all interruptible service in a timely manner during a period when Union is unable, to serve Interruptible Services. For example, interruptions normally occur during severe winter weather and accessing a customer's property may not be practical. Although Union has the right, the obligation to reduce consumption to the firm contracted levels is the accountability of the customer. The General Terms and Conditions form part of the contract between Union and the customer and the contract is not approved by the Board. When there is a change to those terms and conditions, Union follows the process laid out in section 12.18 of that same document:

"Union may from time to time incorporate updates to Schedule 2 and/or these General Terms and Conditions which are intended to be applicable to all of Union's customers on non-discriminatory basis. Union will notify Customer not less than 60 days prior to the effective date of the update and post the update on Union's website. If, 10 Business Days prior to the effective date, Customer has not provided Notice to Union objecting to the updates, the Customer will be deemed to have accepted the revised Schedule 2 and/or these General Terms and Conditions, as the case may be, which shall, as of the effective date, apply to this Contract. If Customer has provided Notice objecting to such revision, Union and Customer shall use reasonable efforts to negotiate an accommodation, failing which the updates shall not apply to this Contract."

h) Union does not know how customers obtain alternate service during an interruption. Each business makes its own decision based on what is appropriate for their operation. Possible strategies could be to store the alternative fuel before the winter, purchase the alternative fuel as required, or reduce production at their facility to meet firm levels of contracted service.

i) Union does not assist customers with finding alternatives for gas service.

j) Union retains the discretion to absolve the customer from paying the Unauthorized Overrun Non-compliance rate but Union is reluctant to exercise this discretion without very sound reason. Union seeks to be fair to all customers, and to encourage all customers to abide by the contractual requirements of interruptible service.

k) Customers wishing to appeal Union's application of the Unauthorized Overrun Non-Compliance Rate can do so following Union's complaint process as detailed in Union's Written Customer Complaint Policy found on its website. Please see Attachment 2 for Union's Written Customers Complaint Policy (Policy #: 06-UG-013). The policy directs customers on the process for written complaint with Union and commits Union to respond to the complaint by email or in writing within 10 calendar days of its receipt, unless otherwise agreed to by the customer. If the customer is not satisfied with the response made by Union, the customer has the option to write a letter to the Ontario Energy Board ("the Board") detailing their questions or complaints. Information regarding this process can be found on the Board's website at http://www.ontarioenergyboard.ca/OEB/Consumers/Contact+Consumer+Relations/Have+a+Question+or+Complaint.

l) The prices cited by Union are average weekly retail prices for diesel in London, Ontario sourced at Natural Resources Canada converted to Canadian $ per GJ using an energy equivalency conversion factor of 27.7 litres per GJ.

Source for conversion factor: http://www.gowithnaturalgas.ca/getting-started/understanding-energy-equivalency/

m) Union cannot confirm that customers access diesel at the wholesale rate rather than the retail rate because Union does not collect this information.

n) For the same period that the average weekly retail price of diesel in London, Ontario was approximately $40/GJ, average weekly wholesale price of diesel was approximately $28/GJ.

The diesel retail price source used was Natural Resource Canada and the diesel wholesale price source used was Kent Marketing Group Ltd website, http://kentreports.com/wpps.aspx. Both pricing sources used London, Ontario as the referenced location.

POLICIES & GUIDELINES

Policy #: 07-CM-POS-015

Subject:	**Effective**:
Priority of Service (POS) Guidelines	December 7, 2007

Applies to:

Applied on a daily basis to services for both in-franchise and ex-franchise customers in Union Gas' Southern, and Northern and Eastern Operations area.

Purpose:

To prioritize scheduling reductions and service restrictions for Union's services during periods when Union's ability to flow interruptible gas quantities is less than the requested/forecasted quantities.

Background: *(Not to limit the applicability of the policy)*

Union offers firm no-notice (allocated) services, firm nominated services and interruptible services. The priority of service listings provide information regarding the processing of interruptions or scheduling reductions when requested services exceed available capacity under normal operating conditions.

Firm no-notice services are not interruptible. Firm nominated services are only firm if requested on the North American Energy Standard Board (NAESB) Timely Nomination Cycle for the gas day in question. Nominations for increases to daily quantities for Firm Services after the NAESB Timely Nomination Cycle are treated the same as interruptible services. Because Union is a non-bumping pipeline, interruptible services scheduled on the NAESB Timely Nomination Cycle will not be interrupted to make room for additional firm services nominated on later nomination cycles.

In order to place services on the priority of service list, Union considered several business principles. The principles included: appropriate level of access to core services; customer commitment; encouraging appropriate contracting; materiality; price and term; and promoting and enabling in-franchise consumption.

Policy:

The priority ranking for all services utilizing Union Gas' storage, transmission and distribution system as applied to both in-franchise and ex-franchise services are as follows; with number 1 having the highest priority and the last interrupted.

Priority for STORAGE Services

1. Firm In-franchise Storage and Distribution services and firm Ex-Franchise services[(1)]
2. In-franchise Interruptible Distribution storage services
3. Peak Storage above firm up to 5% maximum storage balance (MSB) [(2)]
4. Balancing (Hub Activity) <= 100 GJ/d; Balancing (Direct Purchase) <= 500 GJ/d [(3)]
5. Off Peak Storage (First Cycle) up to 5%; Long Term Storage up to 5% MSB [(2)]
6. Peak Storage and Off Peak (First Cycle) above 5% MSB & Loans; In-franchise storage authorized overrun
7. Peak Storage and Off Peak (Second Cycle); Long Term Storage above 5% MSB
8. Balancing (Direct Purchase) > 500 GJ/d
9. Balancing (Hub Activity) > 100 GJ/d
10. Late Nominations

Priority for TRANSPORT Services

1. Firm In-franchise Transportation and Distribution services and firm Ex-franchise services[1]
2. In-franchise Interruptible Distribution services
3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates
4. Balancing (Hub Activity) <= 100 GJ/d; Balancing (Direct Purchase) <= 500 GJ/d; In-franchise distribution authorized overrun [3]
5. C1/M12 IT Transport and IT Exchanges at premium rates
6. C1/M12 Overrun <= 20% of CD [4]
7. Balancing (Direct Purchase) > 500 GJ/d
8. Balancing (Hub Activity) > 100 GJ/d; C1/M12 IT Transport and IT Exchanges
9. C1/M12 Overrun > 20% of CD
10. C1/M12 IT Transport and IT Exchanges at a discount
11. Late Nominations

Notes:
(1) Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be a late nomination and are therefore interruptible.
(2) Higher value or more reliable IT is contemplated in the service and contract, when purchased at market competitive prices.
(3) Captures the majority of customers that use Direct Purchase balancing transactions.
(4) Captures the majority of customers that use overrun.

Procedures

1. Union Gas will use its daily gas scheduling process to forecast the impact of firm and interruptible and/or discretionary customer activities on its storage, transmission and distribution operations.

2. Customer requested and/or forecasted quantities are compared to Union Gas' operational limitations to determine if scheduling reductions and/or service restrictions are required. Any constraints are identified in advance of the effective flow time.

3. The Priority of Service list applicable to the operational constraint is used to make reductions to the customer's requested and/or forecasted quantities to a level sufficient to alleviate the constraint. Pro-rata reductions are performed within each priority ranking when necessary.

4. Customers are notified of an operational constraint and the corresponding impact on their requested and/or forecasted activities. All notifications occur in advance of the effective flow time.

5. Customer must re-nominate, as necessary, to balance any scheduling reductions and/or service restrictions.

6. As interruptions of specific services have ended the processing of authorized transactions will resume. The customer will be notified by phone and/or Unionline that their authorization will resume.

POLICIES & GUIDELINES

Policy #: 06-UG-013

Subject: Written Customer Complaints	**Effective**: December 2012

Applies to:

All customers who receive direct purchase or distribution services from Union Gas.

Purpose:

The purpose of this policy is to provide an overview of the handling of written customer complaints.

Background: *(Not to limit the applicability of the policy)*

Union Gas recognizes effective complaint handling is a key part of managing customer relationships. This policy addresses Union's framework for handling written customer complaints in an efficient and fair manner.
For the purpose of this policy and consistent with the definition in the Ontario Energy Board's Gas Distribution Access Rule (GDAR); a written complaint is defined as a written expression of grievance or dissatisfaction about a decision, action taken, or failure to act by the distributor.

Policy:

- A written complaint received by Union Gas will be handled fairly, effectively, courteously and on a timely basis.
- Union Gas will respond to all written customer complaints by email or in writing (unless otherwise agreed to by the customer) within 10 calendar days.
- In accordance with applicable privacy laws, any personal information related to the account will only be shared with the party named as the customer on the account, unless written consent is provided by the party named as the customer on the account.

Procedures

1. The written complaint must include adequate information for Union Gas to understand the issue. The complaint should include: customer name; customer address; service address; a detailed description of the nature of the complaint; applicable date(s); account number(s); contract identification number(s) (i.e. Service Agreement #); and any other relevant information that will help Union Gas understand the issue.
2. Customers will be directed to send written complaints to:

   Union Gas Limited
   P.O. Box 2001
   50 Keil Drive North
   Chatham, Ontario
   N7M 5M1

   a. Please send written complaints to the attention of Customer Relations, with the exception of the services listed in (b).
   b. For written complaints related to contracts for direct purchase or distribution services send to the attention of the appropriate Account Manager or Customer Service Representative, if known, or Manager, Contract, Billing and Operational Support.
3. Union Gas will respond in writing (unless otherwise agreed to by the customer), within 10 calendar days. If more time is required to fully respond to the complaint, an interim response will be sent to the customer.
4. Union Gas will maintain a copy of the complaint and supporting documentation for a period of two years from the last response.