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April 8, 2016

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

Attention: Ms.Kirsten Walli, Board Secretary

**Re: Natural Gas Expansion – Generic Hearing
OEB File No.: EB-2016-0004**

Dear Ms. Walli:

Please find enclosed the Interrogatories submitted by EPCOR Utilities Inc.to Union Gas Limited in this proceeding

Gordon E. Kaiser

Counsel for EPCOR Utilities Inc.

Copy: Charles Keizer, Torys

Chris Ripley, Union

EPCOR UTILITIES INC. INTERROGATORIES to UNION GAS LIMITED

**Generic Proceeding on Natural Gas Expansion in
Communities that are Not Served**

ONTARIO ENERGY BOARD

EB-2016-0004

Interrogatory #1

Reference: Union Evidence, Exhibit A, Tab 1, Page 9 of 38

Preamble: In its discussion of upstream reinforcement of the distribution system, Union Gas Limited (“Union”) refers to “a project to service Port Elgin, Southampton and Wiarton in 1997”, and in the accompanying footnote cites Ontario Energy Board (“OEB”) Decision E.B.L.O. 259, 1997.

Paragraph 4.3.1 of E.B.L.O. 259 indicates that approximately \$6 million related to reinforcement costs would be attributed to the project noted above.

Request:

- (a) Provide a detailed explanation of the calculations on which the \$6 million amount was based, including without limitation all inputs and assumptions, and the sources of and rationale behind each of them.
- (b) Explain whether and how the \$6 million cost was recovered by Union, when it was recovered and from which parties.
- (c) Identify all instances in which similar costs have been charged to customers or municipalities since 1997.

Interrogatory #2

Reference: Union Evidence, Schedule 1, Report prepared for Union by London Economics International LLC titled “Economically efficient approaches to community expansion – expert assistance in the matter of Union Gas Limited’s community expansion application (EB-2015-0179)” dated March 18, 2016

Request:

- (a) Please confirm the names of the authors of the report.
- (b) Please provide a detailed curriculum vitae for each individual which includes all publications, reports and previous testimony.

Interrogatory #3

Reference: Union Evidence, Schedule 1, Page 14 of the report prepared for Union by London Economics International LLC titled “Economically efficient approaches to community expansion – expert assistance in the matter of Union Gas Limited’s community expansion application (EB-2015-0179)” dated March 18, 2016

Preamble: In Figure 4, at page 14, the authors evaluate alternative funding mechanisms according to several criteria. The funding mechanism entitled “Internal utility cross-subsidization” is given the strongest possible rating with respect to “Administrative simplicity and transparency”. In comparison, “Jurisdiction-wide cross-subsidization” is given a weak evaluation in this same category.

Request:

- (a) Identify the administrative procedures and activities that are being assumed in these evaluations.
- (b) Identify and provide an explanation of your assumptions about which entities would be conducting each administrative task under each of these two funding mechanisms.

- (c) Provide a detailed explanation of the word “transparency” as used by LEI in the figure referenced above.

Interrogatory #4

Reference: Union Evidence, Exhibit A, Tab 1, Page 25 of 38

Preamble: In its evidence, Union states that it “does not support a need for changes to Municipal Franchise Agreements or Certificates of Public Convenience and Necessity.”

Request:

- (a) Provide a list of all new Franchise Agreements that Union has entered into with a municipality since 1997, and include the counterparty to each agreement, the date of the agreement and if the Franchise Agreement has been approved by the OEB, the OEB order number approving the Franchise Agreement and, where applicable, the Certificate of Public Convenience and Necessity (“CPCN”).
- (b) Provide a list of all Franchise Agreements to which Union is or has been a party in respect of which Union has not constructed any facilities connecting new customers within the franchise area to its system, and include the counterparty to each agreement, the date of the agreement and the OEB order number approving the Franchise Agreement and where applicable, the CPCN.
- (c) Provide a list of all Franchise Agreements to which Union is or has been a party that have been renewed at or after the completion of the initial term, and include the counterparty to the agreement, the date of the agreement and the OEB order number approving the Franchise Agreement and, where applicable, the CPCN.
- (d) Identify the Franchise Agreements listed in the response to (c) above with respect to which no facilities had been constructed connecting new customers within the franchise area to Union’s system at the time of the expiry of the initial term of the Franchise.

- (e) Provide a list of all Franchise Agreements to which Union is or has been a party where the counterparty municipality has been granted the right to terminate the Franchise Agreement if construction of facilities to connect customers within the Franchise area to Union's system has not commenced or been completed within a certain period of time.
- (f) For each Franchise Agreement identified in the response to (e) above, provide a copy of the relevant termination clause(s).

Interrogatory #5

Reference: Union Evidence from EB-2015-0179 Exhibit A, Tab 1 at Pages 32-33.

Request:

If the Board does not approve the proposed deferral account to capture any deficiency between actual revenue received and the allowed revenue requirements, will Union continue to pursue any of the Community Expansion projects? If so, which projects will Union pursue and why?

Interrogatory #6

Reference: Union Evidence, Exhibit A, Tab 1, Pages 10-11

Preamble: Union indicates that the Advancement Charge for reinforcement projects would only apply in situations where a new load is greater than 200 m³/h, as it is material enough to impact future reinforcement timing.

Request:

- (a) What is the design load per average residential customer used by Union for the purposes of its evidence, and how many residential customers would the stated load of 200 m³/h represent?
- (b) Confirm that under Union's proposal, the 200 m³/h criterion could result in customer additions totaling less than 200 m³/h being treated differently from customer additions totalling more than 200 m³/h in terms of the economics of attaching the loads. If the

requested confirmation cannot be provided, provide a detailed explanation of Union's position and the rationale behind it.

- (c) Explain whether and how Union's proposal takes into account the economic implications of the periodic reinforcement costs required to accommodate growth for loads under 200 m³/h.