

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8
416.362.2111 MAIN
416.862.6666 FACSIMILE

OSLER

Toronto

April 8, 2016

Montréal

Richard King
Direct Dial: 1-416-862-6626
rking@osler.com
Matter No. 1171932

Calgary

SENT BY ELECTRONIC MAIL

Ottawa

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

Vancouver

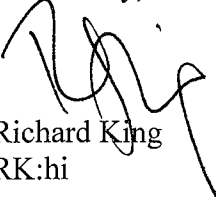
New York

Dear Ms. Walli:

Board File No. EB-2016-0004 – Parkland Fuels Corporation

Please find enclosed the interrogatories of Parkland Fuels Corporation to Union Gas, Enbridge, EPCOR and South Bruce. The interrogatories are being filed on RESS and two hard copies sent to the Board.

Yours truly,


Richard King
RK:hi

Enclosure

c: Intervenor in EB-2015-0179 and EB-2016-0004 (w/encl.)

Interrogatories for Union Gas

1. Reference: Union Gas EB-2016-0004 Evidence, pg. 11

Union states that a project's economic analysis should be based on the capital costs of the minimum pipeline system design necessary to service the demand. In some cases, a project will be planned with a preferred design, for example with increased pipe size, to account for other system needs. Union submits the cost premium for a preferred system design should not be included in the economic analysis.

- a. Please fully discuss the types of "system needs" that could justify a preferred design.
- b. Would a preferred design include overbuilding pipe capacity to increase Union's ability to attract new customers in the future?
- c. Is Union planning a preferred design for any of the expansions proposed in EB-2015-0179? If so, provide details of each preferred design Union is planning, including the additional capital cost and pipe capacity planned as compared with the minimum pipeline system design necessary to service the demand, as well as the system needs that justify each preferred design.

2. Reference: Union Gas EB-2016-0004 Evidence, pg. 13-14

Union proposes a maximum 40-year term be used for estimating revenues from heat and water heating load for commercial and industrial customers. Union also proposes extending the maximum customer forecast period from 10 years to 25 years.

- a. If Union's proposals are accepted by the Board, who would bear the risk of: (i) unforeseen circumstances resulting in commercial or industrial customers converting away from natural gas before 40 years; and (ii) fewer customers than forecast converting to natural gas between years 10 and 25?

3. References: Union Gas EB-2015-0179 Application; Enbridge EB-2016-0004 Evidence, pg. 19, Table 4

Enbridge has filed evidence that lists the potential customers, capital cost, distance from source and PI for each of its planned community expansion projects. Parkland requests the same information for each of Union's planned community expansion projects.

- a. Please provide the same information about each of Union's planned community expansion projects that Enbridge provides about its projects in Table 4 of its evidence.

4. Reference: Union Gas EB-2016-0004 Evidence, Schedule 1: Report by London Economics International LLC

No author has been indicated for this report.

- a. Please identify the author(s) of this report, as well as their qualifications.

Interrogatories for Enbridge

1. Reference: Enbridge EB-2016-0004 Evidence, pg. 7, para. 23

Enbridge states that the Board should consider broader societal (Stage 2) benefits in the context of community expansion projects.

- a. Please confirm that if the Board should consider broader societal benefits of community expansion projects, it should also consider any societal costs of natural gas expansion (for example, job losses for existing fuel providers). If not, explain why not.

2. Reference: Enbridge EB-2016-0004 Evidence, pg. 7, para. 25

Enbridge states that extending natural gas service to unserved communities will benefit all ratepayers. Enbridge also states that the incremental revenue generated by future customer attachments on expansion projects will benefit all of Enbridge's customers.

- a. Fully describe how existing natural gas ratepayers will benefit from extending natural gas service to unserved communities. In this discussion, please distinguish between benefits that may be experienced by all Ontarians versus benefits that will be experienced solely by existing natural gas ratepayers.
- b. Explain how existing customers will benefit from the revenue associated with expansion projects if those projects have a PI of less than 1.0.

3. Reference: Enbridge EB-2016-0004 Evidence, pg. 15, Table 1

Enbridge provides an estimate of natural gas conversion costs and cost savings relative to incumbent fuels, including propane.

- a. How did Enbridge estimate natural gas conversion costs? Discuss all assumptions used and the basis for those assumptions.
- b. How did Enbridge estimate the cost savings of natural gas relative to propane? Discuss all assumptions used and the basis for those assumptions.

4. Reference: Enbridge EB-2016-0004 Evidence, pg. 21, para. 62

Enbridge proposes that its System Expansion Surcharge should be paid by all customers in the area served by the community expansion project for up to 40 years.

- a. If Enbridge's proposal is accepted by the Board, who would bear the risk of customers converting away from natural gas before 40 years?

5. Reference: Enbridge EB-2016-0004 Evidence, pg. 23, para. 70

Enbridge states that community expansion projects should not be viewed individually from an economic perspective.

- a. Confirm that Enbridge is proposing that there should be no PI threshold for individual community expansion projects.

6. Reference: Enbridge EB-2016-0004 Evidence, pg. 25, para. 79

Enbridge states that the calculation of Project PIs in its evidence does not include reinforcement costs.

- a. Confirm that Enbridge's position is that reinforcement costs should not be included in the costs used to evaluate the economic feasibility of an expansion project, even in cases where the reinforcement costs are directly attributable to the expansion project. If not confirmed, please explain when reinforcement costs should be included in the evaluation of a project's economic feasibility.

7. Reference: Enbridge EB-2016-0004 Evidence, pg. 26, Table 4

Enbridge quantifies the number of potential customers and forecast customers for each possible community expansion project.

- a. What assumptions were used to forecast the number of customers for each expansion project relative to the number of potential customers in each community? Please explain the basis for each assumption.

8. Reference: Enbridge EB-2016-0004 Evidence, pg. 28, para. 84

Enbridge discusses how it evaluated the LNG service option for each potential project.

- a. What are Enbridge's assumptions regarding the operating costs of LNG service relative to transmission main (pipeline) service? Please discuss the basis for all assumptions used in this analysis.
- b. What assumptions did Enbridge use to estimate LNG supply costs relative to natural gas supply costs? Please explain the basis for these assumptions.
- c. Does Enbridge believe the conversion costs and savings costs for natural gas that are presented in Table 1 of Enbridge's evidence apply equally for LNG service and transmission main service? If so, please explain why. If not, provide a revised Table 1 showing both LNG service and transmission main service.

9. Reference: Enbridge EB-2016-0004 Evidence, pg. 29, Table 6

Enbridge quantifies the amount of subsidy required for transmission main service and LNG service for each community expansion project.

- a. Explain fully how the subsidies in Columns 7, 10, 11 and 12 of Table 6 were calculated.

10. Reference: Enbridge EB-2016-0004 Evidence, pg. 32, Table 9

Enbridge quantifies the projected ratepayer impact associated with each possible community expansion project.

- a. Confirm that the number of new customers in Table 9 is the same as the number of forecast customers in Table 4 of Enbridge's evidence. If not confirmed, explain how the number of new customers in Table 9 was calculated, including all underlying assumptions.
- b. What would the ratepayer impact be if the actual number of customers that converted to natural gas for each expansion project were (i) 75% of those forecast by Enbridge; (ii) 50% of those forecast by Enbridge; and, (iii) 25% of those forecast by Enbridge.

11. Reference: Enbridge EB-2016-0004 Evidence, pg. 33, Table 10

Enbridge quantifies the societal benefits of all of its possible community expansion projects.

- a. Confirm that the Energy Cost Savings in Table 10 was calculated based on the savings costs in Table 1 of Enbridge's evidence multiplied by the number of forecast customers in Table 4 of Enbridge's evidence. If not confirmed, please explain how the Energy Cost Savings in Table 10 was calculated.

Interrogatories for EPCOR

1. Reference: Evidence of Adonis Yatchew on behalf of EPCOR Utilities Inc., pg. 24

Dr. Yatchew discusses some broad economic benefits that may result from natural gas expansion.

- a. Does Dr. Yatchew believe that a natural gas expansion project constructed by one utility will benefit the customers of other natural gas utilities? If so, please explain these benefits fully.
- b. Is Dr. Yatchew aware of any recent academic research that supports and quantifies the notion of substantial positive externalities from natural gas expansion? If so, please provide copies of all relevant studies or reports.

Interrogatories for Southern Bruce

1. Reference: Evidence of John Todd on behalf of Southern Bruce, pgs. 4-19

Mr. Todd discusses several “case studies” in his evidence, including the approach adopted by the Canadian Radio-television and Telecommunications Commission for subsidizing telecommunications service into high cost areas.

- a. Discuss how each of the “case studies” in Mr. Todd’s evidence is relevant to the current proceeding.
- b. Does Mr. Todd consider the manner in which telecommunications service has been historically subsidized in Canada to be economically efficient?