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June 1, 2016

Reply To: Thomas Brett
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Our File No. 163510

VIA RESS, EMAIL AND COURIER

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

Attention: Kirsten Walli
Board Secretary

Dear Ms. Walli:

**Re: Union Gas Limited, 2015 Deferral Account Balances and 2015 Utility Earnings
Board File No. EB-2016-0118**

Please find enclosed BOMA's Interrogatories.

Yours truly,

FOGLER, RUBINOFF LLP

A handwritten signature in black ink, appearing to read "Tom Brett", written over the printed name.

Thomas Brett

TB/dd

Encls.

cc: All Parties (*by email*)

ONTARIO ENERGY BOARD

Union Gas Limited
Application for disposition and recovery of certain 2015 deferral
account balances and approval of the earnings sharing amount

Interrogatories of Building Owners and Managers Association,
Greater Toronto ("BOMA")

June 1, 2016

Tom Brett
Fogler, Rubino LLP
77 King Street West, Suite 3000
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Counsel for BOMA

Interrogatories of BOMA

1. ***Ref: Exhibit A, Tab 1, Page 5 of 53***

- (a) What was the basis (the calculation) underpinning 20.2 PJ of incremental spot gas?
- (b) When was the gas purchased?
- (c) Please explain the phrase "... Union filled planned winter UDC and purchased 20.2 PJ of incremental spot gas...".

2. ***Ref: Exhibit A, Tab 1, Page 9 of 53***

Please provide a copy of the Union/EGD LBA.

3. ***Ref: Exhibit A, Tab 1, Page 11 of 53***

What determines which of the two methods described is used to calculate the storage requirement for the contract market? Which was used in this case? How do the results compare in the present case?

4. ***Ref: Exhibit A, Tab 1, Figure 1***

What has accounted for the increase in the value of storage from 2013 to 2015? What is the current value? What is Union's (ICF's) most recent forecast for storage prices?

5. **Ref: Exhibit A, Tab 1, Page 26 of 53, Lines 1 to 5**

Please explain why the decrease, mainly in the summer months, of the rate M1 NAC volume variance will increase the Rate M1 storage requirement by 1.12 PJ. Please provide the calculation using the aggregate excess methodology.

6. **Ref: Exhibit A, Tab 1, Page 36 of 53**

Please explain in more detail the change in project scope described in lines 14-19, and how that change reduced capital costs by \$3.878 million. Show separately the reason for, and the amounts of, the increases in material costs and the reduction in labour costs.

7. **Ref: Exhibit A, Tab 1, Page 39 of 53**

Does Union plan to incur additional debt in 2016, 2017, or 2018? Is that additional debt likely to further decrease the average long-term debt rate?

8. **Ref: Exhibit A, Tab 1, Page 42 of 53**

(a) Please describe and explain the increase in contract labour costs and other costs that contributed to the \$7.220 million increase.

(b) What was the lower contingency cost relative to the original contingency cost? How was it used to offset higher than forecast labour costs?

(c) By how much was the price of the compressor equipment below the costs included in 2015 Board-approved rates?

- (d) Why was the compressor cost lower by \$19.358 million lower than forecast?
- (e) How much of the decrease was the reduction of the contingency for the compressor equipment?

9. **Ref: Exhibit A, Tab 1, Page 52 of 53**

Were any of the incremental Lobo C compressors in-service in 2015? Please discuss the pipeline and compressor equipment that was installed during October and November of 2015. Was the equipment operating as part of Union's system as of the end of 2015?

10. **Ref: Exhibit A, Tab 2, Page 6 of 9**

Please explain more fully the adjustment to utility operating expenses described at line 21 and shown at Exhibit A, Tab 2, Appendix B, Schedule 1, Page 1.

11. **Ref: Exhibit A, Tab 3, Page 9 of 10**

Please show the magnitude of the proposed one-time adjustment for representative contract customers, small, medium, medium to large, large. Please specify the volumes used for each example.

12. **Ref: Exhibit A, Tab 4, Page 4 of 23**

Has Union given renewal notices for the WDA and MDA two-year contracts? Please confirm that Union North no longer exists, and that part of it has gone to Union West.

13. **Ref: Ibid, Page 6 of 23**

What is the Union North design day shortfall?

14. **Ref:** *Ibid, Page 21 of 23*

Will Union renew the one-year Panhandle that currently expires on October 31, 2016?

15. **Ref:** *Exhibit A, Tab 4, Appendix A, Schedule 2*

- (a) Please redo the Assumption Table (T4, Appendix A, Schedule 1) using the most current gas commodity and tolls available at April 2016. Please provide quotes from recognized market indices, such as ICE, for the commodity prices.
- (b) Please discuss in detail the difference between the two Contracting Analyses in Schedule 1 and Schedule 2, including the dates the analyses were performed, and the source of each of the data points.

16. **Ref:** *Exhibit A, Tab 4, Schedule 1*

- (a) What is the source of the basis differential used in column (C) on the table? Is it in the NYMEX futures forward strip? If so, taken on what date? Please explain fully.
- (b) The two tables do not contain the same route descriptions. Please provide a table which assembles all the relevant routes as part of the exercise referred to in question (a) above.
- (c) Given that the landed cost is by far the lowest in the Niagara route, why does Union not deliver more gas into its franchise via the Niagara route?

17. **Ref: *The Union Presentation (Stakeholder Conference), Page 8***

- (a) Please provide the reason for the very large variance (\$203.7 million) in 2014 vs 2015 transmission capital spend.
- (b) What was the forecast of transmission spend in each of 2014 and 2015?

18. **Ref: *Ibid, Page 14***

Could you please provide details on each of the 2016 Trends and Cost Pressures listed at page 14?

19. **Ref: *Gas Supply Plan, Page 26***

At page 26, the table Winter Extremes in the Northeast shows Kirkwall Imports (of largely Marcellus/Utica gas) plotted against temperatures in New York City/State. It shows, and Mr. Shorts noted during his presentation, that as prices in New York grew colder, exports to Canada at Niagara declined; in other words, Marcellus/Utica gas tended to stay in the United States.

- (a) Why did this happen?
- (b) Please discuss the implication of this fact for Ontario's security of supply of natural gas going forward.

20. **Ref: *Ibid, Page 34***

Has the NEB made its decision on TCPL's proposed STS changes? Please provide an update on the case. Please discuss Union's option.

21. **Ref: *Ibid, Page 52***

To what does Union attribute its rather mediocre ratings on the issue of being customer focused? What is it doing to improve its performance in this area?

22. **Ref: *Ibid, Page 55***

- (a) Please provide a copy of the CGA document on Asset Management.
- (b) Why does Union lag behind the major Ontario electric utility in preparing an asset management plan? When will the document be filed with the Board?

23. **Ref: *Ibid, Page 56***

Please provide background documents for Union's Risk Hazard Identification and Risk Assessment program.