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File No. 339583/000235

June 2, 2016

By Electronic Filing

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

Dear Ms Walli,

Re:	Union Gas Limited (Union) 2015 Disposition of Deferral Account Balances and 2015 Utility Earnings
Board File #:	EB-2016-0118

Please find enclosed the Interrogatories of Canadian Manufacturers & Exporters (CME) to Union, in this proceeding.

Yours very truly,

A handwritten signature in dark ink, appearing to be 'VJD', followed by a long horizontal flourish.

Vincent J. DeRose
VJD/kt
Encl.

c. Chris Ripley (Union)
Crawford Smith (Torys)
All Interested Parties EB-2016-0118
Paul Clipsham and Ian Shaw (CME)

OTT01: 7664255: v1

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
CANADIAN MANUFACTURERS & EXPORTERS (CME)
TO UNION GAS LIMITED (Union)**

CME 1

Ref: Exhibit A, Tab 1, Pages 8-9 of 53, and Appendix A, Schedule 2

Union included optimization revenue of \$15.56 million in rates for 2015. For 2015, Union earned only \$7.739 million in net revenues from upstream transportation optimization. It is Union's position that because \$15.56 million has already been credited through rates, \$8.6 million (\$6.965 million less \$15.56 million) is to be collected from ratepayers through this deferral account disposition.

CME wishes to better understand Union's poor upstream transportation optimization performance for 2015. In this regard:

- (a) Has Union ever earned less in net revenues from upstream transportation optimization than the amount embedded in rates for any year prior to 2015? If yes, please identify the year in which this occurred, and set out how the Board dealt with the amount credited into rates in excess of the amount collected through optimization revenue.
- (b) Please provide an explanation for the 10% Union Incentive Payment of \$774,000 identified at Line No. 6 of Appendix A, Schedule 2.
- (c) How much has Union credited in rates for 2016 for optimization revenue?
- (d) In the absence of FT RAM Exchange Revenue, does Union have any prospect of meeting or exceeding the optimization revenue embedded in rates for 2016 and beyond?

CME 2

Ref: Exhibit A, Tab 2, Page 2 of 9

Table 1, Line 10 shows that the cost of capital has increased from \$280.9 million in 2014 to \$294.7 million in 2015. Please describe the main drivers for this year-over-year increase.

OTT01: 7661704: v1