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August 29, 2016

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: EB-2016-0186 – Union Gas Limited Panhandle Reinforcement Project
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)

In accordance with Procedural Order No. 1 please find enclosed the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

M. Garner/for

Michael Janigan
Counsel for VECC

Ms. Karen Hockin, Manager Regulatory Initiatives
khockin@uniongas.com

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1204-ONE Nicholas Street, Ottawa, ON K1N 7B7 Tel: 613-562-4002 Fax: 613-562-0007 piac@piac.ca www.piac.ca
Michael Janigan - Direct: 31 Hillsdale Avenue E, Toronto, ON M4S 1T4 Tel: 416-840-3907 mjanigan@piac.ca

REQUESTOR NAME	**VECC**
TO:	**Union Gas Limited**
DATE:	**August 29, 2016**
CASE NO:	**EB-2016-0186**
APPLICATION NAME	**Panhandle Reinforcement Project**

A-VECC-1

Reference: A/T5/pg.15-

Preamble: Union is proposing a 20 year useful life for the purpose of the revenue requirement calculation rather than the 50 year life generally used for similar project. This change is based on supposed increase in risk due to the recently announced Ontario Cap and Trade program.

a) Union provides substantive evidence as to the benefits of natural gas especially as applied to the greenhouse and other operations served off the Panhandle System. Please explain why in light of the evidence provided at Exhibit A, Tab 5, and which supports the demand forecast for this project, one can then conclude that these forecast demands are non-sustainable?
b) Please provide any studies (quantitative or otherwise) that were undertaken in support of the shorter depreciation period.
c) Please provide a list of programs currently operating (as opposed to announced) by the Government of Ontario that will impact this project.
d) In light of Union's evidence on the benefits of greenhouses using natural gas to ingest $CO_{2,;}$ the policy goals of reduction of highway traffic and the use of natural gas as a vehicle fuel (see for example, Exhibit A, Tab 5, pg.20) why Government policy should not be seen as reducing the risk of future demands for gas on the Panhandle system.

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A-VECC-2

Reference: A/T5/

a) What rate classes do Greenhouse market operators generally fall into?
b) How many customers served on the Panhandle System are currently on interruptible service?
c) How many of these customers have requested firm service?

d) What portion of the incremental demands are due to (actual or forecast) the change in service from interruptible to firm?
e) Does any hospital within the affected area currently take interruptible service?

A-VECC-3
Reference: A/T4/pg.2 & T5/Pg.12

a) Union dates that the firm Design day demand is forecasted to grow by 19% by 2021. What is the expected annual total volume growth on the Panhandle system for the same period?
b) What is the basis for the forecast of 1200 residential customer attachments in years 2016 through 20121 (i.e. how was the amount derived)?

A-VECC-4
Reference: A/T5/pg.4-

a) Please explain more fully how the 2016 Leamington Expansion Project (Phase I and EB-2016-0013) impact this project. Specifically please explain how the design day requirement (565 TJ/d – Table 5-1) was affected by the Leamington Project(s).
b) Was this project identified at the time of the Leamington Applications? If not please explain why not?

A-VECC-5
Reference: A/T6/pg.11

a) Given the proposition to decrease the depreciation period due to perceived higher risk why would it not be desirable to increase capacity for deliveries from Ojibway and at least until such time as the risks of Ontario Cap & Trade policies become better understood?
b) If Union were to contract for the additional 34 TJ/d firm renewable capacity at Ojibway could the proposed project be deferred and for what period of time?
c) Please explain why the 3 projects described at page 11 would be required if the incremental capacity at Ojibway was contracted for. Specifically

explain why a 27 km NPS 36 pipeline would be required from Dawn to Dover Centre. Please also explain why under this option more kilometers of pipeline would needed than under the proposed project (55 km vs 40km). Please also explain the need for a new station.

A-VECC-6
Reference: A/T4/pg.4

Union states that "*The amount of natural gas Union can accept from PEPL and transport from Ojibway toward Dawn is limited by the minimum daily Windsor area consumption and the capacity of the Sandwich Compressor Station located in Tecumseh*."

a) Please explain more fully the reasons for the described restriction

A-VECC-7
Reference: A/T6/pg.9-10

a) Please explain how the premium of $0.30/GJ for gas supplied at Ojibway as compared to sourced at Dawn was derived.

A-VECC-8
Reference: A/T8/pg.12

a) Please provide the Dawn –Ojibway C1 and M16 contract volumes for 2014 through 2016.
b) Please provide the same forecast for 2016-2020.

A-VECC-9
Reference:
a) Given the cost differential as between the cost of service for Dawn and Ojibway as compared to St. Clair and Bluewater why would it not serve cost causality to derive new (and presumably different) rates for the each of the respective transport services?

A – VECC- 10
Reference: A/T8/pg.16/

a) Please provide the ex-franchise transportation margins for 2013 through 2015. Please also provide the amount of margin that was credited to in-franchise customers and the amount for each year related to Panhandle and St. Clair Systems.
b) Is a margin forecast built into current rates and if so what is that amount.

A – VECC - 11
Reference: A/T8/pg.17/Table 8-6

a) At Table 8-6 it shows that Rate M1will provide just 2.3% of the projected incremental revenues for the project in 2018. Table 8-3 shows that 40% of the costs will be allocated to the Rate M1 class. Other classes, specifically M4, M7 and T1 customers appears to be the biggest users of the incremental capacity (based on revenues) and yet are allocated relatively small portions of the costs. Please explain why this outcome is not demonstrative of the misalignment of cost and benefits for this project.

A – VECC - 12
Reference: A/T10/S3

a) Given that the proposed pipeline is on existing easement and replacement of a current pipe what factors contribute to the significant environmental assessment costs? Specifically address the Archeology and Environmental Assessment costs.

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