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Our File No. 339583-000242

By electronic filing

February 24, 2017

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

Dear Ms. Walli

**Re: Union Gas Limited ("Union")
Cap & Trade Application
Board File No.: EB-2016-0296**

Attached please find the Interrogatories of Canadian Manufacturers & Exporters ("CME") for Union in the above-noted proceeding.

Yours very truly

A handwritten signature in black ink, appearing to read 'Vincent J. DeRose', with a long, sweeping horizontal line extending to the right.

Vincent J. DeRose

enclosure

c. Vanessa Innis (Union)
Crawford Smith (Torys LLP)
EB-2016-0296 Intervenors
Paul Clipsham and Ian Shaw (CME)

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ONTARIO ENERGY BOARD

Union Gas Limited

**Application for approval of the cost consequences
of Cap and Trade Compliance Plans**

**INTERROGATORIES OF
CANADIAN MANUFACTURERS & EXPORTERS ("CME")
TO UNION GAS LIMITED ("UNION")**

Issue 1 – Cost Consequences

Topic: Administrative Costs

CME 1

Ref: Exhibit 3, Pages 29-32

Union provided its projected 2017 Compliance Plan administrative costs. CME wishes to better understand some of the differences between Union and Enbridge. To this end, please provide the following:

- (a) Why does Union require 13.5 full time employees when Enbridge only requires seven for 2017?
- (b) Please provide the job descriptions for positions which have not yet been filled for 2017, with an explanation for why those positions have not yet been filled.
- (d) How will Union track that the level of staffing is "commensurate with the incremental level of effort required across the organization to the cap and trade program?"

CME 2

Ref: Exhibit 3, Pages 29-32

Union states that it will incur \$275,000 in customer care centre costs in 2017. CME wishes to better understand these costs.

- (a) Please provide the method of calculation used to compare the cold temperature incident in 2014 and the present cap and trade impact.
- (b) Does the \$275,000 figure include the impact of Union's ongoing customer outreach and engagement? If so, how much reduction in call centre costs is estimated to be from Union's customer outreach efforts?
- (c) Does Union estimate that there will be a requirement for any additional employees for the second six months of the rate period?

CME 3

Ref: Exhibit 3, Pages 29-32

Union has indicated that it estimates it will incur \$670,000 in fees relating to external consulting. Is the required consulting services estimated to decrease over time as Union becomes more familiar with compliance, and more about the cap and trade program becomes certain?

Issue 1.3 – Is the carbon price forecast reasonable and appropriate?**CME 4**

Topic: Intercontinental Exchange Estimates

Ref: Exhibit 2, Schedule 2, Pages 1-2

CME wishes to understand differences between Enbridge's and Union's calculations. In EB-2016-0300, Enbridge estimated that the average 21-day strip of Intercontinental Exchange would be \$16.90. Union's estimated the 21-day strip of Intercontinental Exchange is \$17.24. Please explain why Enbridge and Union's calculation of the average 21-day strip of Intercontinental Exchange are different. In so doing, please discuss the rationale and appropriateness of the differing methodologies for calculating the 21 day strip.

Issue 1.8 – Are the gas utility's proposed longer term investments reasonable and appropriate?**CME 5**

Ref: Exhibit 3, Page 46

Union states that an interim solution for recovering costs of capital investments between 2017 and next rebasing application would be required since current mechanisms (including Z Factor) may not be sufficient to recover the costs of these initiatives.

- (a) Please provide a list of the capital investments that Union discussed for the compliance plan period that were ultimately rejected?
- (b) What were the level of costs associated with these projects that made the existing mechanisms unsuitable?