

April 25, 2017

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

Dear Ms. Walli:

**Re: Natural Resource Gas Sale to EPCOR Natural Gas Limited Partnership  
Board File No. EB-2016-0351**

Pursuant to Procedural Order No. 1 in the above noted proceeding, Union Gas hereby submits its information requests to Natural Resource Gas.

Should you have any questions on these submissions, please do not hesitate to contact me.

Yours truly,

*[Original signed by]*

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Encl.

c.c. (email only):        Brian Lippold, NRG  
                                  Bruce Brandell, EPCOR Utilities Inc.  
                                  Britt Tan, EPCOR Utilities Inc.  
                                  Sander Duncanson, Osler, Hoskin & Harcourt LLP  
                                  Jim Grey, IGPC  
                                  Scott Stoll, Aird & Berlis LLP (IGPC)  
                                  Cynthia Khoo, Public Interest Advocacy Centre (VECC)  
                                  Mark Garner, Econalysis Consulting Services (VECC)

UNION GAS LIMITED  
INTERROGATORIES TO NATURAL RESOURCE GAS

1. *Reference:* Natural Resource Gas Application

*Preamble:* According to Note 13 to the Financial Statements for the year ended September 30, 2015 filed as Attachment 3, the Ontario Energy Board issued a Decision and Order on January 14, 2016 in which the Board directed NRG to make annual payments to Union Gas no later than April 30 of at least the greater of 50% of its annual shareholder return or \$100,000 each year until the penalty amount owed by the shareholder (\$1,106,016) is entirely paid. NRG's appeal of the Board's decision was dismissed and the Divisional Court ordered NRG to pay \$7,500 in costs.

*Questions:*

- (a) Please confirm the payments made to date regarding the penalty amount.
- (b) Please provide an undertaking that the penalty amount payment due in 2017 will be paid in full before the transfer of NRG's distribution system to EPCOR Natural Gas Limited Partnership.
- (c) Please confirm that EPCOR Natural Gas Limited Partnership will assume this penalty payment obligation upon completion of the proposed transfer of NRG's distribution system.
- (d) Please confirm that NRG has paid to Union the \$7,500 in costs related to NRG's Divisional Court appeal of this penalty payment order. If this payment has not been made, please provide an undertaking that the costs amount past due will be paid in full before the transfer to EPCOR.

2. *Reference:* Natural Resource Gas Application, Cover Letter

*Preamble:* According to the January 24, 2016 cover letter to NRG's amended application, the costs to serve NRG's customers post-transaction are not expected to be higher than they otherwise would have been with NRG and EPCOR may be able to reduce certain discretionary costs (regulatory, legal, consulting and management fees) going forward by achieving synergies among the natural gas business operated by NRG today and EPCOR's parent company's, EPCOR Utilities Inc., other utility businesses outside Ontario (e.g., administration and support functions, information systems and technology, and insurance).

*Question:*

- (a) Please provide specific detail of the functions (e.g., regulatory, finance, legal, etc.) and activities that EPCOR intends to outsource to affiliates.
- (b) Please provide detail on how this outsourcing will reduce costs paid by NRG's current customers.
- (c) When will NRG's current customers expect to see the financial benefits of these outsourcing efforts reflected in rates?
- (d) Please describe how EPCOR's plans to outsource will abide to the requirements within the Affiliate Relationships Code for Gas Utilities.