

BY COURIER & RESS

May 1, 2017

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

RE: EB-2016-0296 – Union Gas Limited (“Union”) – Cap-and-Trade Transcript Corrections, Undertaking Responses and Corrected Responses to Interrogatories

Dear Ms. Walli,

Please find attached Union’s responses to the undertakings received in Day 2 and Day 3 of the hearing on April 20 and 21, 2017. These will be filed in RESS and copies will be sent to the Ontario Energy Board (“the Board”).

Union’s response to the undertaking received in Day 3 of the hearing (J3.1) has been redacted as it contains commercially sensitive information. Union has filed the un-redacted response with the Board consistent with the Board’s Practice Guidelines on Confidential Filings and Rule 10 of the Board’s Rules of Practice and Procedures.

Also find attached a corrected response to Exhibit B.SEC.4. The response to this interrogatory included in the PDF version filed March 17, 2017 refers to the “Greenhouse Gas Emissions Compliance Obligation – Customer Related Deferral Account (Account No. 179-154)”. This reference is not correct and has been replaced with “Greenhouse Gas Emissions Impact Deferral Account (Account No. 179-152)”.

Although Union’s witness panel accepted this correction at pp. 108-109 of the Day 2 transcript (see discussion between Mr. Hendry and Mr. Rubenstein), Union has filed this revision to ensure the record for this proceeding is complete.

Union would like to submit the following correction to the testimony of MS. BYNG within the Day 3 transcript found on p. 32, line 6-7. The Volume 3 transcript states that MS. BYNG replied “No, they would not have functional responsibility, and functional reporting relationships.” MS. BYNG's statement should have read “They would have functional responsibility, and functional relationships.”

Union will file a new interrogatory submission including the corrected Exhibit B.SEC.4 on the Board’s RESS.

In addition, Union's witnesses have reviewed the Volume 2 and Volume 3 transcripts and have the following corrections to make:

Transcript	Page	Line	Correction
Volume 2	Index		S. Hendry
Volume 2	78	5	Next to Ms. Mikhaila is Steen Hendry, who is director
Volume 2	78	7	Beside Mr. Hendry is Joan Byng, who is the
Volume 2	78	14	Steen Hendry
Volume 2	79	23	finally we will review the specific approval that Union is
Volume 2	82	12	In addition, the use of funds collected from the cap and trade
Volume 2	102	22	compliance plan and the climate change initiatives.
Volume 2	103	25	MS. MIKHAILA: Yes, it is.
Volume 2	103	28	MS. MIKHAILA: Yes, it is.
Volume 2	107	4	If they fail to pay that and it ultimately rolls
Volume 2	118	1	that may emerge as a result of different frequencies of
Volume 2	135	8	longer be required. But in order to manage the current
Volume 2	150	28	any forecast, it's not going to be exact -- exactly
Volume 2	165	2	as to what the MOECC's plan is for rolling those forward and
Volume 2	169	7	reduction in the M cubed's it would have a reduction in the
Volume 2	184	19	MS. BYNG: I think Mr. Hendry has laid out
Volume 3	Index		S. Hendry
Volume 3	1	27	Steen Hendry
Volume 3	18	18	our view is in terms of who bears that risk, as we talked
Volume 3	23	17	Those responses don't go to what you're asking as
Volume 3	32	6	MS. BYNG: No, they would not have functional

If you have any questions with respect to this submission please contact me at 519-436-4558.

Yours truly,

[Original signed by]

Adam Stiers, MBA
 Manager, Regulatory Initiatives
 Regulatory Affairs

UNION GAS LIMITED

Undertaking of Ms. Mikhaila
To Mr. Rubenstein

To recast the tables at Exhibit 7, Schedule 1, pages 1, 2, and 3 to show the difference if you had updated the 17.07 for the actual settlement price from the March 2017 auction.

The reference to \$17.07 in this Undertaking is incorrect. Union assumes that the correct reference is to \$17.70 /tCO₂e Weighted Average Forecast Price filed by Union at Exhibit 7, Schedule 1, pg. 1.

Please see Attachment 1 for Union's Compliance Plan unit rates calculated using the March 2017 auction settlement price of \$18.08 /tCO₂e as a proxy for the cost of carbon.

UNION GAS LIMITED
Estimate of Cap-and-Trade Forecast Compliance Cost Unit Rates Based on a Forecast Price of \$18.08/tCO₂e

Line No.	Particulars	Customer-Related GHG Emission Obligation (a)	Facility-Related GHG Emission Obligation (a)	Total GHG Emission Obligation (c) = (a + b)
1	Forecast Emissions (tCO ₂ e) (1)	14,993,040	560,764	15,553,804
2	Weighted Average Forecast Price (\$/tCO ₂ e) (2)	<u>18.08</u>	<u>18.08</u>	<u>18.08</u>
3	Total Forecast Cost of Compliance Instruments (\$000's) (line 1 x line 2 / 1000)	271,074	10,139	281,213
4	Total Forecast Cost of Abatement (\$000's) (3)	<u>-</u>	<u>-</u>	<u>-</u>
5	Total Forecast Cost of Compliance (\$000's) (line 3 + line 4)	271,074	10,139	<u>281,213</u>
6	Forecast Volumes (10 ³ m ³) (4)	<u>7,997,879</u>	<u>289,882</u>	
7	Compliance Cost Unit Rate (cents/m ³) (line 5/ line 6 x 100)	<u>3.3893</u>	<u>3.4975</u>	

Notes:

- (1) Exhibit 2, Schedule 1, column (c), lines 21 and 22.
- (2) Forecast price based on the March 2017 auction settlement price of \$18.08/tCO₂e.
- (3) Exhibit 3, Schedule 1, column (c), lines 6 and 7.
- (4) Exhibit 2, Schedule 1, column (c), lines 7 and 12.

UNION GAS LIMITED
Estimate of Facility-Related Greenhouse Gas Compliance Costs and Unit Rates by Rate Class Based on Forecast Price of \$18.08/tCO₂e

Line No.	Rate Class	UFG Volumes (1) (10 ³ m ³) (a)	Compressor Fuel Volumes (1) (10 ³ m ³) (b)	Company Use Volumes (2) (10 ³ m ³) (c)	Total Facility GHG Emission Volumes (10 ³ m ³) (d) = (a+b+c)	Total Facility Compliance Cost (\$000's) (e)=(d x 3.4975\$/m ³)	Current Approved Volumes (10 ³ m ³) (f)	Proposed Unit Rate (cents / m ³) (g) = (e / f)
<u>Union South In-Franchise - Delivery</u>								
1	Rate M1	9,184	9,435	6,532	25,151	880	2,897,179	0.0304
2	Rate M2	3,048	3,213	612	6,873	240	1,127,028	0.0213
3	Rate M4	1,250	1,378	228	2,856	100	349,263	0.0286
4	Rate M5	1,668	1,469	255	3,392	119	465,451	0.0255
5	Rate M7	460	527	64	1,051	37	124,828	0.0295
6	Rate M9	190	242	9	441	15	60,750	0.0254
7	Rate M10	1	1	0	1	0	189	0.0264
8	Rate T1	1,290	1,030	166	2,486	87	511,234	0.0170
9	Rate T2	9,835	5,202	458	15,495	542	4,597,268	0.0118
10	Rate T3	807	1,015	51	1,874	66	272,712	0.0240
11	Total South In-Franchise	27,733	23,513	8,375	59,621	2,085	10,405,902	
<u>Union North In-Franchise - Delivery</u>								
12	Rate 01	2,145	8,785	2,592	13,522	473	909,690	0.0520
13	Rate 10	727	2,765	225	3,717	130	337,112	0.0386
14	Rate 20	269	982	193	1,445	51	606,176	0.0083
15	Rate 25	-	-	78	78	3	159,555	0.0017
16	Rate 100	4	31	170	205	7	1,814,867	0.0004
17	Total Union North In-Franchise - Delivery	3,145	12,564	3,258	18,966	663	3,827,400	
18	Total In-Franchise	30,877	36,076	11,633	78,587	2,749	14,233,302	

Notes:

- (1) 2017 forecast facility-related greenhouse gas emission obligation related to UFG and compressor fuel (including blowdowns) allocated to rate classes in proportion to the 2013 Board-approved allocation of UFG and compressor fuel (EB-2011-0210), updated for PDO-related compressor fuel volumes per EB-2016-0245, Rate Order, Working Papers, Schedule 20, Page 3.
- (2) 2017 forecast facility-related greenhouse gas emission obligation related to company-use gas allocated to rate classes in proportion to the 2013 Board-approved admin and general costs.

UNION GAS LIMITED
Estimate of Facility-Related Greenhouse Gas Compliance Costs and Unit Rates by Rate Class Based on Forecast Price of \$18.08/tCO₂e

Line No.	Rate Class	UFG Volumes (1) (10 ³ m ³) (a)	Compressor Fuel Volumes (1) (10 ³ m ³) (b)	Company Use Volumes (2) (10 ³ m ³) (c)	Total Facility GHG Emission Volumes (10 ³ m ³) (d) = (a+b+c)	Total Facility Compliance Cost (\$000's) (e)=(d x 3.4975\$/m ³)	Current Approved Volumes (GJ) (f)	Proposed Unit Rate (\$/GJ) (g) = (e / f)
Ex-Franchise								
Rate M12 - Firm Transportation								
1	Dawn to Kirkwall/Parkway (Cons)/Lisgar	12,253	31,727	422	44,401	1,553	246,989,954	0.006
2	Kirkwall to Parkway (TCPL/EGT)	2,368	3,948	82	6,397	224	47,726,097	0.005
3	Dawn to Parkway (TCPL/EGT) (3)	20,378	86,787	702	107,867	3,773	410,783,848	0.009
4	Parkway to Dawn/Kirkwall (3)	45	38	2	84	3	905,475	0.003
5	Kirkwall to Dawn	250	-	9	258	9	5,031,274	0.002
6	Total Rate M12	35,293	122,500	1,215	159,008	5,561	711,436,648	
7	Rate M13	294	-	0	294	10	5,934,507	0.002
Rate M16								
8	East of Dawn - To Dawn	106	-	0	106	4	2,137,619	0.002
9	East of Dawn - To Pool	106	20	0	126	4	2,137,619	0.002
10	West of Dawn - To Dawn	203	-	1	204	7	4,098,775	0.002
11	West of Dawn - To Pool	203	377	1	581	20	4,098,775	0.005
12	Total Rate M16	619	397	2	1,018	36	12,472,788	
Rate C1 - Firm Transportation								
13	St. Clair/Ojibway/Bluewater & Dawn	495	665	1	1,161	41	9,968,577	0.004
14	Parkway to Dawn/Kirkwall (3)	198	167	0	366	13	3,990,264	0.003
15	Dawn to Parkway (TCPL) (3)	120	467	0	588	21	2,423,295	0.009
16	Dawn to Dawn-Vector	907	736	2	1,645	58	18,280,703	0.003
17	Dawn to Dawn-TCPL	248	308	1	557	19	5,000,000	0.004
18	Interruptible and Short Term Transportation	8,807	27,139	22	35,968	1,258	177,529,686	0.007
19	Total Rate C1	10,775	29,483	26	40,284	1,409	217,192,525	
20	Excess Utility Storage Space	2,523	8,120	49	10,691	374		
21	Total Ex-Franchise	49,504	160,500	1,292	211,295	7,390		
22	Total In-Franchise & Ex-Franchise (4)	80,381	196,576	12,925	289,882	10,139		

Notes:

- (1) 2017 forecast facility-related greenhouse gas emission obligation related to UFG and compressor fuel (including blowdowns) allocated to rate classes in proportion to the 2013 Board-approved allocation of UFG and compressor fuel (EB-2011-0210), updated for PDO-related compressor fuel volumes per EB-2016-0245, Rate Order, Working Papers, Schedule 20, Page 3.
- (2) 2017 forecast facility-related greenhouse gas emission obligation related to company-use gas allocated to rate classes in proportion to the 2013 Board-approved admin and general costs.
- (3) The common Rate M12 and Rate C1 proposed unit rate is derived by using the combined Rate C1 and Rate M12 total facility costs.
- (4) Page 2, line 18 + Page 3, line 21.

UNION GAS LIMITED

Undertaking of Mr. Hendry
To: Mr. Aiken

To determine exactly how the order of operations following a partial payment would influence the balance associated with the cap and trade component and the non-cap and trade component.

Partial payments received and applied to overdue customer accounts are applied to the oldest open items on the ledger card within the billing system. Cap-and-Trade related costs have a specified code attached to them that allows for separation and all items outstanding on the ledger card are month/year specific.

After prioritizing based on due date (oldest items first) partial payments are applied in a specific order with Cap-and-Trade related charges being resolved as part of Gas Charges. The order of payments is as follows:

1. Loans
2. Non-Gas Charges
3. Rentals
4. Taxes
5. Gas Charges (including Cap-and-Trade)
6. Deposits

UNION GAS LIMITED

Undertaking of Ms. Byng
To: Ms. Vince

To speak to the business development and technology group to advise whether any work has been done on Geothermal specifically.

Union has not investigated the use of Geothermal as a technology initiative.

UNION GAS LIMITED

Undertaking of Ms. Byng
To: Mr. Gardner

To check with your DSM group if Union proposes within the 2015 to 2020 DSM programs, targeting and making sure that all of their social-housing customers are eligible for those programs; and if there is a gap, what Union intends to do about it.

Union's Low Income Home Weatherization Program is a robust offering available to the Social and Assisted housing sector. The offering's details can be found in Union's filed 2015-2020 DSM Plan¹. Should a customer not qualify for Union's Low Income Home Weatherization Program, whether due to income eligibility or home eligibility, they will be directed to Union's Residential Home Reno Rebate program, which has been enhanced by the Green Investment Fund.

Union also committed to providing the following information as part of this Undertaking (see pg. 195, lines 24 – 27). Union's Low Income Home Weatherization Program is a direct install program. Participants in Union's Home Reno Rebate program are encouraged to use qualified contractors for the installation of any eligible measures.

¹ EB-2015-0029, Appendix A, Section 1.4 Low Income Program

UNION GAS LIMITED

Undertaking of Ms. Byng
To: Mr. Brett

To provide the breakdown of the Home Reno Rebate Program.

Union has provided the requested data to the Board in confidence due to commercial sensitivity. Provided below is a redacted version of this response.

The table below provides an annual breakdown of the Home Reno Rebate budget from the Green Investment Fund.

Green Investment Fund – Home Reno Rebate Program Budget	
Year	('000 000)
2016	
2017	
2018	
Total	

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

Reference: Exhibit 3, p. 32

Please explain the basis for the forecasted 10% increase in bad debt expenses related to Cap and Trade.

Response:

Please see the response at Exhibit B.Staff.3 a), b) and c).

The 2013 Board Approved bad debt expense is \$6.25 million and 2015 Actual amount is \$5.7 million. The average of the two has been rounded to \$6 million. At the time of this filing the increase to customer billing was approximately 10% resulting in an estimate of \$0.6 million in additional bad debt as a result of Cap-and-Trade.

The actual incremental bad debt amount directly related to Cap-and-Trade as referenced in the response to Exhibit B.Staff.3 b) is expected to be lower than the estimate in 2017 due to the implementation of Cap-and-Trade commencing January 1, 2017 and the lag time before Cap-and-Trade amounts would be included in customer accounts that are written off. Only the actual costs will be captured in Union's previously Board-approved Greenhouse Gas Emissions Impact Deferral Account (Account No. 179-152) for future disposition; the forecast of \$0.6 million is not in rates and is not in the deferral account.

For 2018 on, Union will begin to develop history as to the true annual amount of Cap-and-Trade costs included in customer accounts written off to bad debt.