UNION GAS 2018 IRM RATES

EB-2017-0087

ONTARIO ENERGY BOARD STAFF INTERROGATORIES

Interrogatory #1

Ref: Exhibit A / Tab 1 / Page 7

In its evidence, Union Gas Limited (Union) has noted that it will continue to adjust volumes and calculate rates to capture Loss Revenue Adjustment Mechanism (LRAM) volume impacts for the contract rate classes. As the audit processes associated with the 2015 and 2016 Demand Side Management (DSM) Program results are not yet completed, Union is not able to true up the 2015 pre-audit volume adjustments made in 2017 rates and proposes to adjust 2018 volumes by 2016 pre-audit results.

a) When will the 2015 audited LRAM volumes be available? If the audited volumes are available, please update the evidence.
b) What are the reasons for the delay in completion of the audit process related to 2015 LRAM volumes?

Interrogatory #2

Ref: Exhibit A / Tab 1 / Page 7

The application notes that in order to align the 2016 pre-audit LRAM results with the 2013 OEB-approved volumes, Union transferred a portion of 2016 LRAM pre-audit volumes for customers in Rate M7 to rate classes M4 and M5A based on the rate class of customers in 2013 OEB-approved volumes.

a) Why did Union transfer a portion of 2016 LRAM pre-audit volumes for customers in Rate M7 to rate classes M4 and M5A? Has the OEB approved this transfer in a prior proceeding? If yes, please provide details.
b) Please provide the total number of customers impacted by the transfer?

Interrogatory #3

Ref: Exhibit A / Tab 1 / Pages 4 and 8

Union has included OEB-approved 2018 costs for a number of capital projects that it is seeking to recover as capital pass-through costs. The summary of 2018 proposed revenue changes on page 4 shows the 2018 capital pass-through amounts as $52.855 million.

a) Please confirm that the $52.855 million is an addition to the proposed revenue requirement for 2018 rates.
b) The Rate Order working papers, Schedule 3, Page 2 shows the total in-franchise and ex-franchise adjustment to 2018 base rates related to capital pass-throughs as $129.63 million. Please reconcile this amount with the capital pass-through amount of $52.855 million referenced above.

Interrogatory #4

Ref: Exhibit A / Tab 1 / Page 9

Union has indicated that in accordance with the OEB Decision, Union has included the cost consequences of the Panhandle Reinforcement Project in 2018 rates based on the estimated capital cost of $264.5 million and a forecasted in-service date of November 1, 2017.

Please confirm whether the Panhandle Reinforcement Project is in-service. If the project is in-service, please provide the date of service. If the project is not in-service, please provide the expected in-service date and the adjustment to the associated revenue requirement.

Interrogatory #5

Ref: Exhibit A / Tab 1 / Pages 14-15

Union is proposing to update the Rate M12 Schedule C to include the fuel ratio and fuel rate for westerly transportation from Kirkwall to Dawn available under the M12-X service, effective January 1, 2018.

a) Do shippers currently pay a different rate for the M12-X service as compared to the M12 service?

b) If shippers were previously not charged a fuel rate for the M12-X service, were they paying lower charges than what they should have been paying?
c) What class of customers are subsidising shippers for the M12-X service as a result of Union not charging a fuel rate?

Interrogatory #6

Ref: Exhibit A / Tab 1 / Page 14

Union has proposed to update the authorized overrun Kirkwall to Dawn fuel ratio to 0.778% under both Rate C1 and Rate M12.

a) What was the previously OEB approved overrun Kirkwall to Dawn fuel ratio?
b) Why has Union proposed to modify the authorized overrun Kirkwall to Dawn fuel ratio for Rate C1 and Rate M12?

Interrogatory #7

Ref: Exhibit A / Tab 1 / Page 4 and Rate Order Working Papers, Sch. 3, Page 2

In the summary of proposed changes in revenue, the revenue change in 2018 related to the Parkway Delivery Obligation (PDO) is a credit of $1.13 million. In the Rate Order Working Papers, Schedule 3, the adjustments to 2018 base rates shows an amount of $24.855 million related to PDO.

a) Please explain the derivation of the $1.13 million credit for 2018 rates.
b) Does Union expect to incur actual costs of $24.855 million in 2018 related to PDO or is the amount as per the settlement agreement in EB-2013-0365?

Interrogatory #8

Ref: Rate Order Working Papers, Schedule 6, Page 2

Please explain the reasons for the significant increase in 2018 proposed rates for rate classes M4, M7 and T2.

Interrogatory #9

Ref: Exhibit A / Tab 2 / Pages 3 and 6

Union has forecasted that no additional PDO reductions will be available to Union South direct purchase customers in 2018. Further in the evidence, Union notes that effective November 1, 2018, Union will no longer have any shortfall at Parkway related to PDO.

a) Please reconcile the two statements above.
b) Will Union South direct purchase customers require PDO reductions in 2018?

Interrogatory #10

Ref: Exhibit A / Tab 3 / Page 19 – 2017/18 Gas Supply Plan Memorandum

In its 2017/18 Gas Supply Plan Memorandum, Union has indicated that the total annual contract market has increased by 3,924 TJ in Union South and decreased by 1,298 TJ in Union North. The decrease in Union North is due to lower forecasted consumption by Rate 25 sales service customers.

Please explain the reasons for the decline in forecasted consumption by Rate 25 sales service customers.