Ontario Energy Board

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an Application by Union Gas Limited, pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2018.

Interrogatories

Energy Probe Research Foundation

November 10, 2017

Energy Probe IR #1:

References: Exhibit A Tab 1 Schedule 1; Rate Order Working Papers Schedule 11

Preamble: Consistent with the OEB's revised decision in the 2015-2020 DSM plan proceeding (EB- 2015-0029), Union has included an approved DSM budget of $63.3 million in 2018 rates. The difference between the 2018 DSM budget and actual 2018 DSM budget will be captured in the Demand Side Management Variance Account ("DSMVA"). The allocation of the 2018 DSM budget to rate classes can be found at Rate Order, Working Papers, Schedule 11.

Even though this matter will also be addressed in the Deferral Account clearance proceeding, Energy Probe has the following questions.

a). Please indicate if Union has spent the approved 2016 and 2017 DSM budgets.

b). Please provide an update and indicate if the residential sector budgets and targets were met in 2016 and based on year-to-date in 2017.

c). Please confirm funds unspent are recorded in the DSMCEIDA (179-50)

d). Provide an estimate of the 2017 DSMCEIDA funds that represent the difference between Enbridge's approved 2017 DSM budget and the actual amount spent to achieve Union's total 2017 Cumulative Cubic Metres ("CCM") of natural gas targets i.e.:

- How did the actual budget compare to approved?
- How many Cumulative Cubic Metres of gas savings were achieved relative to target?

Energy Probe IR #2:

References: Rate Order Working Papers Schedule 12, Page 1:
EB-2017-0091 Exhibit A Tab 1 Appendix A Schedule 1

Preamble: Account 179-133 Normalized Average Consumption (NAC) had an ending 2016 balance of $23.631 million.

a). For the period between 2014 and 2017(forecast) show the targets, actual NAC and adjustments for rates M1 Rate 01 (residential) and M2 and Rate 10 (commercial).
b). Please provide the volumetric changes and costs for each rate class, based on the Average Use Formula (AUF**).**
c). Please provide two graphs showing the historical forecast and actual NAC between 2007 and 2017(forecast) and also show the 2018 forecast for:

1. Rate M1 and Rate 01
2. Rate M2 and Rate 10

d). Please provide a statistical trend analysis and discussion for the historic periods.

Energy Probe IR #3:

References: EB-2017-0091 Exhibit A Tab 1 Page 19 Table 6;
Rate Order Working Papers Schedule 12, Page 1

a). Please provide a table showing the forecast and actual NAC for rates M1 and Rate 01 for 2016 and 2017.
b). Please explain the difference between forecast and actual/forecast NAC in terms of contributing causes (including, Building Code, Heat Content etc…). In terms of Union's residential models for forecasting NAC, please provide a discussion based on the Rate M1 and Rate 01 data for 2014-17, if trends – weather and other factors – and/or structural change has/is occurring.
c). Please discuss how Union will address such trends/changes in the next rebasing application.

Energy Probe IR #4:

References: Exhibit A Tab 2 Table 1 & Attachment 1;
EB-2016-0245 Exhibit B. Energy Probe.4Page 2
EB-2016-0245 Exhibit B. Energy Probe.5 Page 1

Preamble: In EB-2016-0245 Union stated: "By November 2017, Union is forecasting sufficient M12 Dawn to Kirkwall turn-back to provide an additional PDO reduction of 73 TJ/d, as shown at Exhibit A, Tab 2, Attachment 1, line 8. Should the forecast turn-back be realized, Union will record the additional costs in the Parkway Obligation Rate Variance Deferral Account, as this account is used to record rate variances associated with the timing differences between the effective date of the PDO changes and the inclusion of the cost impacts in approved rates (January 1 of the following year). The 2017 rate increase applicable to Rate M1 customers resulting from the PDO is related to the inclusion of PDCI costs in 2017 rates as well as updates to the Rate M12 Dawn to Parkway demand rate and fuel charges used to calculate the PDO costs."

a). Please confirm, as outlined at EB-2016-0275 Exhibit A, Tab 2, p. 5, lines 9-12, if there is/was a projected shortfall for the period November 1, 2016 to October 31, 2017 of 13 TJ/day and whether no shortfall exists beyond November 1, 2017.
b). Please report on the actual November 1, 2016 - October 31, 2017 shortfall and the costs (if any) for third party service to meet any shortfall. Compare to the M12 rate.

Energy Probe IR #5:

References: Exhibit A Tab 2 Table 1 & Attachment 1;
Rate Order App. F - Parkway Obligation Rate Variance Deferral Account 179-138;
Rate Order Working Papers, Schedule 20

Preamble: For 2017, Union is using M12 Dawn to Kirkwall turn-back to manage the remaining initial Parkway shortfall of 13 TJ/day without purchasing additional services.

a). Please provide an additional schedule and a chart showing:

- the total annual volumes and total DP deliveries/volumes transferred from Parkway to Dawn under the PDO settlement from 2015 to 2017
- the total annual volumes and total sales deliveries/volumes transferred from Parkway to Dawn from 2015-2017

b). In addition, show in the schedule:

- the cost of the PDO settlement to DP customers ($ and per unit of transportation)
- the cost of the PDO settlement to sales customers ($ and per unit of transportation)

Energy Probe IR #6

Reference: Exhibit A Tab 2 Table 1 & Attachment 1;

Preamble: Effective November 1, 2018 Union will no longer have any shortfall at Parkway related to PDO.

a). Please provide the residual DP Volumes and sales volumes obligated at Parkway
b). Please confirm that there will/will not be any additional PDO shift for either DP or sales customers in 2018 (or 2019).
c). Please explain why 11Tj/d for sales service is not transferred to Dawn.
d). If there are requests for additional DP PDO Shift in 2018, please discuss how this will be addressed?
e). Please provide, with appropriate explanations, the opening and forecast closing balances in the 2017 Parkway Obligation Rate Variance Deferral Account.
Please indicate the proposed allocation to DP and sales customers.
f). Please provide estimates of the amounts forecast to be recorded in the PODRVA for 2018 and the basis for these.

Energy Probe IR #7

Reference: Exhibit A Tab 3 Page 27

Preamble: On March 16, 2017, the OEB launched an initiative to develop a Framework for the Assessment of Distributor Gas Supply Plans (“Framework”).
The Framework will establish the OEB’s expectations and objectives for distributor gas supply plans and clearly articulate the approach the OEB will take to assess whether the plans meet those objectives. The development of the Framework will also address what role Renewable Natural Gas (“RNG”) should play in the system gas supply portfolios of distributors.

a). Please provide the Terms of Reference and Membership of the GSP Working Group.

b). Please indicate if the Working Group operates on the basis that Union and Enbridge will continue separate GSP processes and plans, or whether consolidation of supply, upstream transportation and storage will occur post-merger.

Energy Probe IR #8

Reference: Exhibit A Tab 3 Page 28

Preamble: Union has not included any specific RNG in its GSP for the 2017/18 gas year. To the extent that programs discussed above, advance and RNG is available to include in Union's GSP, Union will adjust its gas supply purchases accordingly.

a). Has Union applied to the Board for approval for procurement and use of RNG in its supply portfolio?
b). Has Union conducted feasibility studies on RNG? If so please provide copies.
c). In the last few years delivered gas prices have fallen due to supplies from Marcellus and other Shale gas sources; please explain why RNG is more feasible than 5 years ago? Provide supporting references and extracts to support the explanation(s).
d). Is Union aware that Enbridge applied to the Board for approval for development and procurement of RNG and subsequently withdrew its application? What has changed to make RNG cost-effective? Be specific regarding each type/source of RNG.

Energy Probe IR #9

Reference: Exhibit A Tab 3 Page 28

Preamble: The Rover Pipeline (anticipated to be in-service December 2017) and NEXUS pipeline (anticipated to be in-service late third quarter 2018) projects, both of which have been approved by the Federal Energy Regulatory Commission ("FERC") will provide new infrastructure between Appalachian producers and Dawn.

a). Please provide an update to the status/timing of Rover and NEXUS pipelines.
b). Please discuss the effect of timing of these projects on the 2018 GSP in terms **of** supply and transportation costs.
c). Who will bear the costs of any delays? Be specific for each of Direct Purchase and System Sales Customers.

Energy Probe IR #10

References: Exhibit A Schedule 1; Rate Order Appendix G pages 6&7; Panhandle Reinforcement Project – EB-2016-0186.

Preamble: In accordance with the OEB Decision, Union has included the cost consequences of the Panhandle Project in 2018 Rates based on the estimated total capital cost of $264.5 million and the forecasted in-service date of November 1, 2017. The OEB Decision and Order included a directive for Union to update the Panhandle Project's 2018 delivery revenue forecast in its 2018 rates application and evidence for OEB approval.

Accordingly, Union has increased the 2018 incremental Panhandle Project revenue from $1.572 million to $3.104 million to reflect the incremental transmission and distribution margin attributable to the Panhandle Project based on current approved rates. The update to the incremental Panhandle Project revenue results in a net revenue requirement of $14.574 million as provided at Rate Order, Appendix G.

a). Please provide the actual in-service date of the Panhandle Reinforcement Project.
b). Please indicate both the capital-related and revenues recorded in the Panhandle Reinforcement Project Costs Deferral Account; in the latter case relative to a 2017 net delivery revenue forecast of $4.768 million.
c). Please explain the basis of the 2018 PRP revenue forecast and the difference to OEB forecast.