

ONTARIO ENERGY BOARD

Union Gas Limited (Union)

Application for leave to construct a natural gas transmission pipeline and associated facilities in the Town of Lakeshore and the Town of Kingsville in the County of Essex

INTERROGATORIES TO UNION

FROM

INDUSTRIAL GAS USERS ASSOCIATION (IGUA)

1. **Reference:** Exhibit A, Tab 10, page 5.

Preamble: In Table 10-1, Union provides an illustrative ICM threshold calculation for 2019 based on its 2013 Board approved rate base and depreciation expense.

Request:

- (a) Please restate Table 10-1 using Union's forecast value for actual 2019 rate base and depreciation expense (i.e. assuming that the OEB were to require Union to adopt an updated 2019 opening rate base to include capital investments made during the 2013 through 2018 period net of depreciation during this period).
- (b) Please update the discussion following the table in light of the restated Table 10-1, to illustrate Union's ability to absorb the proposed project investment in light of the restated 2019 rate base and depreciation expense.

2. **Reference:** Exhibit A, Tab 10, pages 8 *et seq.* and Table 10-4; EB-2016-0186, Exhibit A, Tab 8, pages 6 *et seq.*

Preamble: In its recent Panhandle reinforcement application Union proposed to allocate the costs of that reinforcement project based on design day demands on the panhandle system. The OEB rejected that proposal, but the decisions in that case and Union's 2018 rate application both contemplate that Union will revisit this (and other) cost allocation issues in

advance of setting 2019 rates. Union has indicated that it intends to revisit the issue of allocation of Panhandle and St. Clair system costs as part of its 2019 rate application.

Request:

- (a) Please restate Table 10-4 assuming bill impacts of recovery of project costs in accord with the cost allocation methodology proposed by Union in EB-2016-0186 in respect of its recently approved Panhandle expansion project.
- (b) Please restate Exhibit A, Tab 10, Schedule 4 assuming 2021 cost allocation impacts of recovery of project costs in accord with the cost allocation methodology proposed by Union in EB-2016-0186 in respect of its recently approved Panhandle expansion project.
- (c) Would Union agree that allocating the costs of the instant project in the same manner as allocating the costs of the recently approved (EB-2016-0186) project would be appropriate? If not, please explain fully why not.

3. **Reference:** Exhibit A. Tab 8, *“Summary of Alternatives”* Table.

Preamble: The distribution system reinforcement which Union explains would be required in 2019 to serve customers if the proposed NPS 20 project were delayed would have a capital cost of \$119.3 million.

Request:

- (a) Please explain how the net (of incremental distribution revenue) costs of such a distribution reinforcement would be recovered.
- (b) Please clarify whether there are distribution system reinforcement requirements remaining if the proposed NPS 20 project is approved. If so please;
 - (i) detail these requirements and their associated costs;
 - (ii) clarify what, if any, approvals Union is requesting, or will request in future, in respect of these remaining distribution system reinforcement requirements and their associated costs; and
 - (iii) explain how the net (of incremental distribution revenue) incremental distribution system reinforcement costs are to be recovered.