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August 3, 2018

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St.
Toronto, ON

Dear Ms. Walli:

Re: EB-2018-0105 – Union Gas Limited
2017 ESM and DVA Dispositions

In accordance with Procedural Order No. 1 in the above noted proceeding please find enclosed the interrogatories of VECC. We have also directed an email copy of the same to the Applicant.

Yours truly,

Mark Garner

Consultant for VECC

Vanessa Innis, Manager, Regulatory Applications
vinnis@uniongas.com

REQUESTOR NAME	**VECC**
TO:	**Union Gas Limited ("Union")**
DATE:	**August 3, 2018**
CASE NO:	**EB-2018 -0105**
APPLICATION NAME	**2017 ESM/DVA Disposition**

1.0 EXHIBIT A

VECC-1
Reference: Exhibit A/Tab 1/pg.1

a) Please provide the year-end balance in Account No. 179-107 Spot Gas Variance Account for the years 2013 through 2017. If the account has had a zero or near zero balance in past years please explain why this account should not be closed.

VECC-2
Reference: Exhibit A/Tab 1/ pg.6 & Exhibit A/Tab 1/Appendix A/Schedule 2

a) Please provide the earned gross and net revenues from the upstream optimization activities for each of 2013 through 2017.
b) Please provide the forecast optimization revenues approved and embedded in rates for each of the years 2013 through 2017.

VECC-3
Reference: Exhibit A/Tab1/pg. 14

a) Does Union forecast further balances accumulating in the GDAR deferral account from 2018 onward? If yes please explain what new balances are expected to accrue.

b) Subsequent to the recovery of the current GDAR related capital cost please explain why this account should not be closed.

VECC-4

Reference: Exhibit A/Tab 1/pg. 15

a) What is the purpose of Account 179-120? That is, has Union made the transition to IFRS accounting standards and if not does it plan on making this change?

VECC-5

Reference: Exhibit A/Tab 1/pg.20

a) At B.Staff.10 in Proceeding EB-2017-0091 Union stated that the Parkway West Project had gone into service in November of 2015 and that final costs were forecast to be completed in 2017. Please confirm that other than the 'Heritage House' related costs the $2.6 million in capital expenditures represents all outstanding costs related to this project. If this is not confirmed please describe what outstanding activities require cost recovery in the future.
b) Please provide a forecast of the remaining costs related to the 'Heritage House' issues. Please describe what the nature of these costs and when final resolution is expected.

VECC-6

Reference: Exhibit A/Tab 1/pg.20

a) In its Decision EB-2012-0433 the Board stated:

> *The Board's approval of cost recovery is subject to two important limitations. First, the Board is only pre-approving recovery of costs up to the current estimate of $219 million. None of the parties took issue with Union's cost projection of $219 million for the Parkway West Project and the Board considers the cost projection to be a reasonable estimate in the circumstances. Second, the costs will only be incorporated into rates when the project is completed and in-service. This provides reasonable assurance that ratepayers are not exposed to costs prematurely.*
>
> *No party took specific issue with Union's request for a deferral and variance account, and the Board finds that it is appropriate to use an*

> *account to track any difference between the estimated cost and actual cost. The request for a deferral and variance account is granted.*
>
> *The Board wishes to emphasize that any excess costs over and above the pre-approved amount will be examined at Union's next rates application after the completion of the project. As evidence tendered in the proceeding showed, Union has experienced cost overruns on several of its past compressor projects and therefore the Board will be looking to the utility to rigorously control its expenditures on this project* (pages 14-15)

At page 12 of the settlement agreement approved by the Board in EB-2017-0091 it states:

> *In its evidence seeking final approval, Union will file evidence regarding the overspending/underspending on the 2015 Dawn Parkway projects and address the Board's expectation for Union to rigorously control its expenditures as noted at page 15 of the Board's January 30, 2014 Decision in EB-2012-0433/EB-2013-0074.*

When does Union intend to file its application seeking to have the prudence of the overspending on this project considered by the Ontario Energy Board?

VECC-7

Reference: Exhibit A/Tab 1/pg.53

a) When did the DawnH/Lobo D/Bright C Compressor projects go into service?
b) What is the forecast of the remaining capital costs for these projects?

VECC-8

Reference: Exhibit A/Tab 1/pg. 60

a) When did the Burlington Oakville Pipeline Project go into service?
b) What is current forecast of the remaining capital costs for this project?

VECC-9

Reference: Exhibit A/Tab 1/pg.66

a) When did the Panhandle Reinforcement Project go into service?
b) What is current forecast of the remaining capital costs for this project?
   .

VECC-10

Reference: Exhibit A/Tab 1/pg. 64

a) How was the 2013 Union OEB assessment costs of $2.5 million originally calculated?
b) What would have been the 2013 forecast assessment costs had Union used the current OEB assessment methodology?
c) What is the difference between the former method of the OEB calculating assessment costs to Union Gas and the post 2013 method?
d) Is Union tracking the total change in assessment costs from that built into rates or just those costs due to the change in OEB assessment methodology?

VECC-11

Reference: Exhibit A/Tab 2/pg.2

a) Of the OM&A cost increase of $15.6 million what portion are related to the integration and merger of Enbridge Inc. and Spectra?

VECC-12

Reference: Exhibit A/Tab 2/Appendix A/Schedule 13

a) Please explain why the actual benefits paid.in 2016 and 2017 are significantly less (60-63k vs 81k) than 2013 Board approved amount.
b) Please explain the reasons for the near doubling of inbound affiliate service costs in 2016 and 2017 as compared to the 2013 Board approved.

VECC-13
Reference: Exhibit A/Tab 3/pgs. 2 &10

a) Union explains that the allocation methodology for Account 179-156 – the Panhandle Reinforcement Project Costs Deferral Account - is not consistent with past practice. Please explain what is different from the Board approved methodology.

VECC-14
Reference: Exhibit A/Tab 4/pg. 10-13

a) What is the current estimated in-service date of the NEXUS transmission line?
b) What are the backstop provisions if the NEXUS transmission line is not in-service by October 31, 2018?

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