ONTARIO ENERGY BOARD

Union Gas Limited (Union)

**Application for leave to construct a natural gas transmission
pipeline and associated facilities in the Counties of Oxford and Perth**

INTERROGATORIES TO UNION

FROM

INDUSTRIAL GAS USERS ASSSOCIATION (IGUA)

1.   **Preamble:**

The Project is proposed to reinforce Union's FHG Transmission System, which provides natural gas service in the Counties of Huron, Lambton, Perth, Bruce and Middlesex. The Project is stated to be required to meet increasing demands for natural gas from customers on the FHG Transmission System starting in winter 2019. [Paragraphs 2, 22]

Questions:

(a)   Please explain the impacts, if any, of the Project on other parts (other than the FHG Transmission System) of Union's system.

(b)   Will the Project increase the capacity of any other parts of Union's system (other than the FHG Transmission System) to serve customers?

2.   **Preamble:**

Total project costs are estimated at $28.5 million. [Paragraph 48]

The discounted cash flow forecast for the project results in a Net Present Value (NPV) for the project of negative $20 million, and a Profitability Index (P.I.) of 0.29. [Paragraph 56]

Energy cost savings for customers to be served by the reinforcement are forecast at an NPV of approximately $175 million over 20 years. [Paragraph 60]

Union expects that the Project will meet the criteria for recovery during the deferred rebasing period through the use of the Board's Incremental Capital Module (ICM) mechanism. [Paragraph 69]

Questions:

(a)   Please restate the second table in Schedule 5 to provide the forecast Stratford Reinforcement customer additions by year by rate class.

(b)   Please provide the forecast rate impact, by rate class, for recovery of the revenue requirement arising from the Project for each of the years 2019 through 2023.

3.   **Preamble:**

The forecast of customer additions shows 3 large industrial customers forecast to attach to Union's system as a result of the Stratford Reinforcement; one in 2020, one in 2022 and one in 2024.

Questions:

(a)   Please detail the methodology for derivation of this large industrial customer attachment forecast.

(b)   Please indicate which rate class each of the 3 forecast large industrial customers is expected to take service under.

TOR_LAW\ 9770036\1