

UNION GAS LIMITED

Answer to Interrogatory from
Coral Energy Canada Inc. ("Coral")

Reference: Exhibit B, Tab 1, Page 17-18

Issue 12.2.1 - What should be the criteria to implement new energy and non-energy services?

Issue 12.4.3 - What should be the criteria to implement new energy and non-energy services?

Question:

- a) *Please provide any and all Union and Spectra Energy Corp. business plans, strategy documents, internal memos and related internal communications related to any new rates and services that Union may propose over the term of the IR plan.*
- b) *Please identify whether there is any intention to provide any new rates or services that include commodity bundled with storage and/or transportation services. If so, please indicate the basis upon which (cost-based, market based, or some variant thereof) storage will be charged to (each of in-franchise and ex-franchise) customers who wish to purchase: (i) strictly storage or transportation from Union; and (ii) storage or transportation from Union and commodity from Union (in which case please also identify how the commodity will be charged).*
- c) *Please list any and all new services that you have considered or are considering implementing during the IR plan, including any services that assist customers in managing or balancing their supply and other related obligations and/or credit, if applicable.*
- d) *Please provide the forecast revenue associated with each of the new services identified above for each year of the IR plan. Please provide any forecast profits to Union, Spectra Energy Corp. and any related entity associated with each of the new services identified above for each year of the IR plan.*
- e) *Please indicate any and all Union/Spectra affiliates and related entities that may be involved in the provision of any new services to Union large industrial customers*

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during the plan term.

- f) *To the extent possible at this time, please identify which Union/Spectra entities will be providing each of the contemplated new services.*
 - g) *Please indicate precisely how Union intends to account for and remunerate any and all affiliates for any new services provided to large industrial customers during the term of its proposed price cap IR.*
 - h) *In the event that Union affiliates or related entities provide new services to Union industrial customers during the plan term, how will such services be billed?*
 - i) *Please outline the detailed process that Union will follow from: (i) the first internal intention to proceed with a new service; through to (ii) the latter of Board approval/Union implementation of such new services. Please highlight how and when stakeholders and affected customers will be involved.*
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Response:

- a) Please see interrogatory response provided at Exhibit C2.1.
- b) There is currently no intention to provide any new rates or services that include commodity bundled with storage and/or transportation services.
- c) Please see interrogatory response provided at Exhibit C2.1.
- d) All services are interruptible in nature. There is no demand charge for any of the services. These services will be priced to recover cost only.
- e) During the spring of 2007, MHP Canada Inc conducted a non-binding storage open season for Dawn based storage, with service commencing June 15, 2007. This open season was open to all natural gas market participants, including large industrial customers in both Union and Enbridge's franchise areas. Union is not aware of any other plans by affiliates to provide new services to Union's industrial customers.
- f) See response provided at part e).
- g) See response provided at part e).

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- h) See response provided at part e).
- i) Services will be developed in response to market demands. As requests are received, Union reviews its ability to provide the service, including assets required, and IT infrastructure requirements. Union will work in a consultative approach with customers to ensure the new service will meet the customer's needs. Union would then seek Board approval for any new service that can not be accommodated within existing rate schedules.

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