

October 26, 2009

Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

**Re: Interrogatory of the Association of Power Producers of Ontario
Union's 2010 Rates Application
(EB-2009-0275 – Effective January 1, 2010)**

Dear Ms. Walli:

Please find enclosed two copies of Union's response to the interrogatory of the Association of Power Producers of Ontario ("APPrO") for the above noted proceeding.

Union's response to the interrogatory of APPrO is being submitted after the October 23, 2009 deadline because Union was only made aware of the interrogatory on October 23, 2009.

If you have any questions please contact me at (519) 436-5476.

Yours truly,

[Original Signed by]

Chris Ripley
Manager, Regulatory Applications

cc M. Penny (Torys)
EB-2009-0275 Intervenors

UNION GAS LIMITED

Answer to Interrogatory from
Association of Power Producers of Ontario ("APPrO")

Question:

Union introduced the F24-T & F24-S services in the NGEIR proceedings to allow for more nomination windows. The rate for this new service was based on preliminary cost estimates and volumes and no actual historical information was available to base the rate design on. This service has now been in effect for several years by generators and other shippers. Please:

1. Provide actual capital costs associated with modifying the IT systems to accommodate these enhanced nomination services.
2. Provide an estimate for 2010 of the O&M costs to provide this service.
3. Provide an average annual forecast of F24-T volume under contract for 2010.
4. Provide an average annual forecast of F24-S volume under contract for 2010.
5. Identify how much of the .Total Cost of Service. associated with the capital and O&M costs has been allocated to providing the F24-S service.
6. Provide update the calculation for 2010 that was originally provided in EB-2005-0551 Appendix O Page 1 of 1 (updated) based on this new information.

Response:

During the term of the incentive regulation ("IR") framework, Union manages the costs of all regulated services under the approved price cap formula. Only the rate for F24-T service is regulated and subject to the price cap formula. The F24-S service is part of Union's unregulated storage services and is not subject to the price cap formula.

In Section 12.3.1 of the Union's approved settlement agreement (EB-2007-0606), parties agreed, including APPrO, that for the term of the IR, the pricing formula will be applied to all rates (fixed/monthly, volumetric and fuel ratios) with no other adjustment . The only exception to this requirement is for Rate 01 and rate M1 which are adjusted on a revenue neutral basis to accommodate agreed to increases in the monthly customer charge. Union has applied the formula to the F24-T service for 2010 in accordance with the approved settlement agreement.

Given that Union only received notice of APPrO's information request on October 23, 2009, Union is not able to provide the information requested. Union notes, however, that the information requested is not relevant to the rate setting process for 2010 or any other year during the term of the IR. It is, in fact, only relevant in context of a rebasing proceeding at which time a detailed cost of service review will take place. Union's rebasing proceeding will take place during 2012 to set rates effective January 1, 2013.