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February 24, 2010

VIA COURIER and RESS

Ontario Energy Board
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Reference: 75996/2

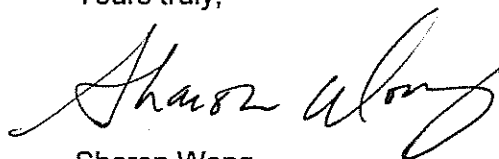
Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: EB-2009-0422: Dawn Gateway Pipeline Limited Partnership ("DGLP")
Response to CME Interrogatory 5(f)**

Further to CME's letter dated February 23, 2010 clarifying the meaning of its Interrogatory 5 (f), please find attached DGLP's answer to that interrogatory.

Yours truly,



Sharon Wong

SW/kw

c: All Intervenors in EB-2009-0422

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Dawn Gateway Pipeline Limited Partnership
Response to Interrogatory
from Canadian Manufacturers and Exporters ("CME")

Issue 1 – Regulatory Framework

References: Evidence, Section 4, Schedule 3, pages 26 and 35 EB-2008-0411 Transcript, Volume 1, pages 169 to 172, and in particular, page 171, line 26 to page 172, line 1 EB-2008-0411 FRPO Interrogatory No. 8, page 2, and proposed rate for Dawn Eclipse EB-2008-0411 Confidential Precedent Agreements filed October 20, 2009

Question # 5:

- (f) The evidence provided in EB-2008-0411 indicated that the upper limit of the value of transportation service from Belle River Mills to Dawn was about 15¢ per GJ or almost 16¢ per Dth. Dawn Gateway LP is seeking approval for ceilings for Firm Transportation service that are more than six (6) times this upper limit and for Interruptible Service that are more than twelve (12) times this upper limit. Please explain why the Board should approve a ceiling price for Transportation Services that is any higher than the acknowledged upper limit of the value of that service.

Response:

The premise of the question is not correct. In EB-2008-0411, there was no evidence that the upper limit of the value of transportation service from Belle River Mills to Dawn was 15¢ per GJ. The evidence (at EB-2008-0411 Transcript, Vol.1, p. 171, line 26 to page 172) was that the price differential between Michigan and Dawn in the winter has traditionally been 10 to 15 cents but that the differential is forecast to be higher in the future.

The purpose of the testimony in EB-2008-0411 was to explain how there is price transparency in the market price for transportation. By knowing the price differential between two storage points on the Dawn Gateway Pipeline, a prospective shipper would be able to determine its cheapest option for transportation, and what price to bid within the toll range in the tariff for capacity on the Dawn Gateway Pipeline. The price the shipper is willing to pay will be determined by the actual price and/or projected price between the two storage points at the time the transportation contract is made, and not by the toll range in the tariff.

Although the price differential has been about 15 cents for much of the time over the last 8 years, there have been substantial swings in the price differential from time to time. The price differential has been as high as \$8, and has been between \$1 and \$2 on several occasions – see attached graph. See also Dawn Gateway's response to CME IR 5(a). Accordingly, Dawn Gateway LP is requesting a toll range that is reflective of potential market conditions.

