

VIA E-MAIL & RESS

April 23, 2010

Ontario Energy Board
Attn: Kirsten Walli, Board Secretary
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto ON M4P 1E4

RE: COMMENTS TO UNION GAS STAR COMPLIANCE EB-2010-0155

INTRODUCTION

On behalf of Utilities Kingston, we are providing the Board with our comments to Union Gas proposed changes to Union Gas contracts under the above. The corporation, 1425445 Ontario Limited, operating as Utilities Kingston has held long-term M12 contracts and currently is a shipper on the Dawn-Parkway system. DR QUINN & ASSOCIATES LTD. (DRQ) represented Utilities Kingston in the Union Gas-initiated consultations that preceded their submissions. We collaborated with the City of Kitchener Utilities (Kitchener), TransCanada Pipelines (TCPL) and the Canadian Manufacturers & Exporters (CME).

PRIMARY CONCERN

As a representative of the Federation of Rental-housing Providers of Ontario, DRQ was a contributor to the Board-initiated development of the Storage and Transportation Access Rule (Rule) . We respect that the Rule generated would benefit market participants and understood that service providers were ordered to evolve their practices, contracting and reporting to come into compliance with Rule as it comes into force in June.

However, while Union Gas asserts that the proposed changes are driven by the Rule, some changes depart from the intent of the Rule and its intended outcomes. In making contract changes to Allocation of Capacity (Article XVI) and Service Curtailment (Article XVIII) in the proposed M12 contract that vary from the legacy M12 contract, Union has proposed levels of discretion for itself that are inconsistent with Rule and the Board's stated objectives. For the sake of efficiency, DRQ has reviewed the submissions of CME delivered to the Board April 23, 2010 and supports Principles and individual concerns articulated by their counsel.

In addition, we would like to draw the Board's attention to an additional element of discretion in the Allocation of Capacity terms. Article XVI, item 6 reads:

"Union is not obligated to accept requests for service where the proposed demand charge is less than Union's monthly demand charge plus fuel requirements for the applicable service."

While we would understand that this may be an acceptable practice for the allocation of long-term contracts on the system, the preceding item of this article includes the allocation of short-term services for unallocated transport. Since these allocations can include and, have historically included, under-utilized Dawn-Parkway capacity whose demand charge is covered by in-franchise rates, we would respectfully submit this item should be eliminated. In the alternative, this item could be modified with the addition of the phrase "***For service requests beyond 5 years***" at the beginning of the proposed sentence. In this way, the onus is still on Union Gas to maximize the value of the assets for shorter term services where the decision should be based upon the marginal cost of the services.

We trust that the combined submissions of all Shippers and Intervenor will assist the Board in ensuring that the stated objectives of the Rule remain paramount and we thank you for the opportunity to have our input in the process.

Respectfully submitted on behalf of Utilities Kingston,



Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

- c. Karen Hockin (Union)
Sharon Wong (Blakes)
Randy Murphy, (Utilities Kingston)