uniongas
A Spectra Energy Company

November 16, 2007

Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Attention: Ms. Kristen Walli, Board Secretary

Re: EB-2007-0724/EB-2007-0725 Union Gas Responses

Dear Ms. Walli:

Please find enclosed Union Gas Limited's

1. Responses to Undertakings from Technical Conference on November 8, 2007 (TCU Exhibits).
2. Responses to Kitchener Interrogatories.

Yours truly,

Chris Ripley
Manger, Regulatory Applications

Enclosure

c.c.: All EB-2007-0724/EB-2007-0725 Intervenors of Record
Sharon Wong (Blakes)
Glenn Leslie (Blakes)

UNION GAS LIMITED

Undertaking of Union Gas
To APPRO

Union to confirm that the park and loan service is an interruptible service and is not available on a firm all-day basis.

Union offers both firm and interruptible Park and Loan services to the market. Some firm services are offered on a firm all day basis.

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

UNION GAS LIMITED

Undertaking of Union Gas
To IGUA

Union to attempt to locate and produce prefiled evidence submitted to the Board with respect to introduction of the T1 service.

Due to the amount of information filed in the E.B.R.O. 412 proceeding, Union has provided a copy only to IGUA.

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

UNION GAS LIMITED

Undertaking of Union Gas
To IGUA

To provide general guidelines or directions to the sales staff as to what criteria they should use when the T1 was introduced.

Union's T1 service was introduced over 20 years ago. Documents that provided general guidelines or directions to Union's Sales staff regarding the criteria to be used to allocate storage to T1 customers could not be found.

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

UNION GAS LIMITED

Undertaking of Union Gas
To IGUA

To advise whether the Banked Gas Account data guided initial allocations to grandfathered customers.

The initial group of customers that transitioned to the T1 service, in the late 1980's, came from system sales service. As such, there was no Banked Gas Account associated with the individual customers.

It is Union's understanding that customers that transitioned from bundled rates to the T1 service, in the mid-late 1990's, did receive some consideration of Banked Gas Account history in the allocation of storage space.

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

UNION GAS LIMITED

Undertaking of Union Gas
To IGUA

To provide citation in Reasons for Decision of Settlement Agreement in the 0017 case.

Please see attached excerpt from the Decision in RP-1999-0017. In paragraphs 6.27 – 6.33 of the Decision, the Board refers to the settlement agreement as being a transitional arrangement to increased competition, and the Board agreed that "Union's proposal [in the Unbundling Settlement Agreement] should be viewed as a continued evolution of new services in support of a competitive market in natural gas commodity and other non-monopoly services, should not be considered to be 'set in stone', and that there should be some flexibility surrounding it".

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

RP-1999-0017

IN THE MATTER OF the *Ontario Energy Board Act*, 1998,

AND IN THE MATTER OF an Application by Union Gas Limited for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas in accordance with a performance based rate mechanism commencing January 1, 2000;

AND IN THE MATTER OF an Application by Union Gas Limited for an order approving the unbundling of certain rates charged for the sale, distribution, transmission and storage of gas.

BEFORE: George Dominy
Presiding Member and Vice Chair

Malcolm Jackson
Member

DECISION WITH REASONS

July 21, 2001

Board Findings - Unbundling Overview and Rationale

6.27 With changes to the Act in 1998, the Board has seen further development with respect to its mandate and regulatory authority. One of the objectives of the Act is to create a competitive market in the sale of natural gas.

6.28 The Ontario natural gas industry, in particular, has been restructuring and evolving since 1985 when customers were given an opportunity to procure their own gas supply, and the Board first addressed issues of non-discriminatory access to transportation, storage and distribution services. In 1995, the Board initiated a review of the structure of the natural gas market in Ontario. In its Report on the Ten-Year Market Review, the Board indicated that it believed that a fully competitive gas commodity market would be more efficient than a regulated market. More recently the industry led Market Design Task Force ("MDTF") submitted its report to the Board in February 1999. While the MDTF was successful in achieving consensus on a number of issues there were some issues which remained unresolved. Another stakeholder-driven process to establish Gas Distribution Access Rule recently filed its "Final Report of the Distribution Access Rule Task Force".

6.29 In considering this Application, the Board attempts to balance the interests of the stakeholders who may take advantage of unbundled services and those who continue to take bundled services. The Board must also consider the operational integrity of the system for the benefit of all users. This Decision does not address a comprehensive re-engineering or restructuring of the industry.

6.30 The Board continues to believe that a workably competitive market for gas as a commodity requires a market in which there are many buyers and sellers of the commodity and open access to services required to deliver the gas under terms and conditions and prices that are not unduly discriminatory. Reasonable compromises must be made in moving toward a competitive market.

6.31 The Board is not able to precisely describe the end-state which the industry may achieve as there is a lack of tested evidence for the Board to consider this matter. Furthermore, it is the Board's preference that flexibility be incorporated into any unbundling regime so as to correct any undesirable practices or outcomes observed in the future.

6.32 This Decision should be regarded as a component of an overall, longer term transition to increased competition. It is hoped that when a more robust fluid market exists, many features in the Settlement Agreement and in this Decision will have evolved and been replaced with improved features.

6.33 The Board agrees with the many parties who indicated that Union's proposal should be viewed as a continued evolution of new services in support of a competitive market in natural gas commodity and other non-monopoly services, should not be considered to be "set in stone", and that there should be some flexibility surrounding it.

6.3 UPSTREAM TRANSPORTATION

6.3.1 Upstream Transportation - Southern Operations Area

6.34 Over the years, Union has entered into a number of contracts, with varying terms for upstream transportation capacity in order to serve its customers. Under these contracts Union takes delivery at Parkway, Dawn and Ojibway. Union stated that it is not able to remove itself from these contracts without incurring significant costs.

6.35 When a customer moved to direct purchase from system supply the customer was obligated to take an assignment of the upstream transportation that was contracted by Union. In the past the customer received an allocation of TCPL firm transportation ("TCPL FT") capacity with an obligation to deliver at Parkway 365 days per year. Any diversions or assignments of this transportation capacity were subject to authorization by Union.

UNION GAS LIMITED

Undertaking of Union Gas
To IGUA

To provide a copy of the blanket storage order.

Attached is a copy of the E.B.O. 166 Blanket Storage Order.

The E.B.O. 166 order was amended when the Board accepted the E.B.R.O. 499 Settlement Agreement dated November 16, 1998. That Settlement Agreement modified the Blanket Storage Order as follows:

(a) The term of the contract could cover no more than one peak period; and

(b) The term of the contract could not exceed 17 months.

The Blanket Storage Order E.B.O. 166, as amended by the settlement in E.B.R.O. 499 was reinstated by the Board's decision in EB-2007-0679 on August 30, 2007.

Question:	November 8, 2008
Answer:	November 16, 2007
Docket:	EB-2007-0725

Attachment B

Ontario Energy Board | Commission de l'Énergie de l'Ontario

P.O. Box 2319
2300 Yonge Street
26th Floor
Toronto, Ontario
M4P 1E4
416 481-1967

C.P. 2319
2300, rue Yonge
26e étage
Toronto (Ontario)
M4P 1E4
416 481-1967

September 26, 1989

Mr. Andrew Mudryj
Solicitor and
Assistant Secretary
Union Gas Limited
Box 2001
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Dear Mr. Mudryj:

Re: Union Gas - Storage of Gas up to 2 Bcf
- Board File No. E.B.O. 166

The Board has now issued its Order in the above matter, and an executed copy thereof is enclosed.

Yours truly,

S.A.C. Thomas
Board Secretary

SACT/kj

Encl.

Ontario Energy Board / Commission de l'Énergie de l'Ontario

E.B.O. 166

IN THE MATTER OF the Ontario Energy Board Act, R.S.O. 1980, Chapter 332, and in particular, Section 22 thereof;

AND IN THE MATTER OF an Application by Union Gas Limited to the Ontario Energy Board for approval of certain storage agreements.

BEFORE: S.J. Wychowanec, Q.C.
Presiding Member

O.J. Cook
Member

ORDER

UPON the application of Union Gas Limited ("Union"), dated December 4, 1988, to the Ontario Energy Board ("the Board") for approval of all present and future agreements entered into with its customers for gas storage for volumes up to a maximum of 2 Bcf for each customer ("the Application");

AND WHEREAS Union intends to provide the storage service which is the subject of the Application on a short-term basis as an unbundled service and as part of its contract carriage service;

AND WHEREAS the Board had considered a similar proposal for blanket approval of all storage agreements for volumes up to 2 Bcf in Section 6.56 of its Decision with Reasons in E.B.R.O. 412-III et al, dated May 27, 1988, and had concluded that additional experience was desirable prior to such approval being granted;

AND UPON careful examination of this Application;

AND UPON the Board being satisfied that the Application should be granted without a further hearing;

IT IS THEREFORE ORDERED THAT:

1. The parties to, the term of, and the storage that is the subject of presently existing agreements, for the storage of gas between Union and its customers for volumes up to 2 Bcf, listed on Appendix "A" attached hereto, are hereby

approved subject to the following condition:

> Union shall undertake in writing in respect of each agreement that Union is operating in accordance with Board approved guidelines respecting storage queuing.

2. The parties to, the term of, and the storage that is the subject of all future agreements between Union and its customers for the storage of gas, dated subsequent to the date of the application herein, for volumes up to a maximum of 2 Bcf, for each customer are hereby approved subject to the following conditions:

(1) Union file a copy of each of the agreements with the Board;

(2) Union shall undertake in writing in respect of each agreement, at the time of filing, that Union is operating in accordance with Board approved guidelines respecting storage queuing; and

(3) the maximum term of each agreement shall not exceed one year.

ISSUED at Toronto this 25th day of September, 1989.

ONTARIO ENERGY BOARD

S.A.C. Thomas
Board Secretary

Appendix "A"
To Board Order
E.B.O. 166 dated
September 25, 1989.

S.A.C. Thomas
Board Secretary

	DATE
Consumers Packaging Inc.	July 28, 1988
PPG Canada Inc.	September 6, 1988
Canadian Salt Company Limited	September 9, 1988
CGC Inc.	August 24, 1988
Domglas Inc.	October 11, 1988
Amoco Canada Petrochem	October 13, 1988
General Chemical	October 17, 1988

UNION GAS LIMITED

Undertaking of Union Gas
To IGUA

To advise how many grandfathered customers will get more storage allocated to them under the 10x DCQ method than the Aggregate Excess method.

As shown in the attachment at Exhibit A2.10, 11 grandfathered customers will get more storage allocated to them under the 10 x obligated DCQ method than the aggregate excess method.

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

UNION GAS LIMITED

Undertaking of Union Gas
To IGUA

To consider Mr. Thompson's question.

Union maintains its position that the information requested by Mr. Thompson relates to the method that Union used to determine its market price for deliverability, and the Board has already ruled that Union's method for pricing market services is not an issue in this proceeding.

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

UNION GAS LIMITED

Undertaking of Union Gas
To IGUA

To revise A2.9 to provide a column showing cost based deliverability as a percentage of contracted space and a column showing market priced deliverability as a percentage of contracted space.

Union has revised the attachment from A2.9 to include the requested information.

Under Union's proposal interruptible deliverability will not be available at market prices, but a customer would be able to contract for its standard, cost-based deliverability (proposed to be 1.2%) on either a firm or an interruptible basis or a mix of both.

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

Current Contracted Deliverability as at November 2006 - Cost vs Market Comparison

Customer Name	Cost Based Firm Deliverability as a Percentage of Contracted Space	Market Priced Firm Deliverability as a Percentage of Contracted Space	Interruptible Deliverability as a Percentage of Contracted Space *
	(a)	(b)	(c)
Customer 1	1.2%	3.9%	0.0%
Customer 2	1.2%	1.2%	0.0%
Customer 3	0.1%	0.0%	1.5%
Customer 4	1.2%	0.9%	0.0%
Customer 5	1.2%	0.8%	0.0%
Customer 6	1.2%	3.9%	0.0%
Customer 7	1.2%	5.6%	0.0%
Customer 8	1.2%	2.1%	0.0%
Customer 9	1.2%	9.0%	0.0%
Customer 10	1.2%	7.4%	0.0%
Customer 11	1.2%	2.6%	0.0%
Customer 12	1.2%	3.0%	0.0%
Customer 13	1.2%	8.1%	0.0%
Customer 14	1.2%	4.2%	0.0%
Customer 15	1.2%	1.5%	0.0%
Customer 16	1.2%	2.1%	0.0%
Customer 18	1.2%	0.9%	0.0%
Customer 19	1.2%	1.6%	0.0%
Customer 22	1.2%	2.1%	0.0%
Customer 23	1.2%	1.1%	0.7%
Customer 24	1.2%	1.8%	0.0%
Customer 25	1.2%	0.3%	0.7%
Customer 26	1.2%	0.0%	2.2%
Customer 27	1.2%	3.3%	0.0%
Customer 28	1.2%	0.7%	0.0%
Customer 29	1.2%	1.9%	0.0%
Customer 30	1.2%	0.3%	0.0%
Customer 31	1.2%	0.0%	0.7%
Customer 32	1.2%	2.2%	0.0%
Customer 34	1.2%	0.0%	0.0%
Customer 35	1.2%	1.0%	0.0%
Customer 36	1.2%	2.0%	0.0%
Customer 37	0.0%	0.0%	0.0%
Customer 38	1.2%	1.4%	0.0%
Customer 39	1.0%	0.0%	0.0%
Customer 40	1.2%	6.6%	0.0%
Customer 41	1.2%	1.6%	0.0%
Customer 42	1.2%	1.5%	0.0%
Customer 43	1.2%	0.0%	0.7%
Customer 44	1.2%	5.5%	0.0%
Customer 45	1.2%	2.1%	0.0%
Customer 46	1.2%	5.6%	0.0%
Customer 47	1.2%	5.9%	0.0%
Customer 48	1.2%	0.0%	0.0%
Customer 49	1.2%	0.1%	0.0%
Customer 51	1.2%	0.7%	0.0%
Total deliverability (GJs)	119,069	93,487	15,687
Long-term contracts			
Customer 17	1.2%	0.1%	0.0%
Customer 20	1.2%	0.9%	0.0%
Customer 21	1.2%	0.0%	1.4%
Customer 33	1.2%	0.4%	3.1%
Customer 50	1.2%	0.5%	0.0%
Total deliverability (GJs)	62,286	21,780	34,642
Total T1 and T3 deliverability (GJs)	**181,355**	**115,267**	**50,329**

Note: * This is the current interruptible deliverability contracted by customers. Based on Union's proposal, market priced interruptible deliverability will not be available from Union.

UNION GAS LIMITED

Undertaking of Union Gas
To IGUA

To verify Mr. Thompson's calculation of the DCQ multiple of 39.

Mr. Thompson's calculation of the DCQ multiple is correct. However, it should be noted that this example reflects an unusual operating scenario. Union has never seen a customer with an operating profile similar to the one used in this example. Union views this example as not being representative of customer operation for the following:

- Customers do not operate at 100% load factor on an average day.
- CD is the maximum Union is required to deliver to a customer on any day. Average daily consumption is not equal to CD and is typically lower than CD.
- Annual plant shutdowns for 75 consecutive days is an extremely rare scenario. Having these shutdowns occur on a regular basis each summer followed by consecutive daily consumption at the customer's CD level further stretches this example. Union is not aware of any customer that would operate in this manner.

In Union's experience, load factor is primarily influenced by the difference between average daily consumption and CD. In reality, when compared to daily consumption variations, full or partial plant shutdowns play a relatively minor role in determining the customer's load factor.

The examples provided below illustrate the influence on space allocation associated with three typical customer shutdown scenarios.

Example # 1 - 14 Consecutive Day Summer Shutdown Example

In this example, the Aggregate Excess storage allocation expressed as a multiple of DCQ equals 6.

Assumptions:

CD = 100
Average Daily Consumption = 80
Shutdowns = 14 days in summer

Winter Consumption =	12,080	80 x 151 days
Summer Consumption =	16,000	80 x (214– 14 days shutdown)
Annual Consumption =	28,080	
DCQ =	76.9	Annual Consumption / 365 days
Load Factor = 76.9%		Annual Consumption / (CD x 365)

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

Aggregate Excess space = Winter Cons. – (Annual Cons. / 365 days) x 151 winter days)
Aggregate Excess space = 464
Aggregate Excess space expressed as a multiple of DCQ = (464/76.9) = 6 Times

Example 2 – Partial Weekend Shutdown + 7 Day Summer Shutdown
In this example, the Aggregate Excess storage allocation expressed as a multiple of DCQ equals 2.4.
Assumptions
CD = 100
Average Daily Consumption:
Weekdays = 80
Weekends = 40
Shutdowns = 7 days in summer

Winter Consumption = 10,320	(80 x 107 weekdays) + (40 x 44 weekend days)
Summer Consumption = 14,240	[80 x (154 weekdays – 5 days shutdown)] + [40 x (60 weekend days - 2 days shutdown)]
Annual Consumption = 24,560	
DCQ = 67.3	Annual Consumption / 365 days
Load Factor = 67.3%	Annual Consumption / (CD x 365)

Aggregate Excess space expressed as a multiple of DCQ = (160/67.3) = 2.4 Times

Example #3 - Weekend Shutdowns + 7 Day Summer Shutdown
In this example, the Aggregate Excess storage allocation expressed as a multiple of DCQ equals 1.6.
Assumptions:
CD = 100
Average Daily Consumption:
Weekdays = 80
Weekends = 0
Shutdowns = 7 days in summer

Winter Consumption = 8,560	(80 x 107 weekdays) + (0 x 44 weekend days)
Summer Consumption = 11,920	[80 x (154 weekdays – 5 days shutdown)] + [0 x (60 weekend days - 2 days shutdown)]
Annual Consumption = 20,480	
DCQ = 56.1	Annual Consumption / 365 days
Load Factor = 56.1%	Annual Consumption / (CD x 365)

Aggregate Excess space expressed as a multiple of DCQ = (87/56.1) = 1.6 Times

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

UNION GAS LIMITED

Undertaking of Union Gas
To IGUA

To consider whether process loads shutdowns throughout the year or in the winter should be treated any differently than process loads shutdowns in the summer.

Union's proposal does not focus on allocating storage space based on the timing of customer shutdowns. Generally, shutdowns should not have a significant influence on a customer's storage space allocation. Please refer to the response under TCU2.10 for examples illustrating the impact of typical shutdown scenarios.

Union's proposal provides the customer with the flexibility to choose between an allocation of storage space based upon the proposed new 10 X's obligated DCQ method or the Board approved Aggregate Excess method.

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

UNION GAS LIMITED

Undertaking of Union Gas
To CCK

To confirm the principle and mechanics of the example put forward by Kitchener, i.e. meeting gas demand in January solely with firm withdrawals from storage, under Union's proposal; Union to confirm it is a fundamental departure from the existing regime for delivery of obligated DCQ under Rate T3; Union to advise if its rate schedules, contracts and/or general terms and conditions require amendment to incorporate this departure from obligated DCQ under the existing regime if its proposal is accepted and approved by the Board.

The principle and mechanics described by The City of Kitchener are not what is intended by Union's proposal. Union's proposal would not relieve the T1 and T3 customers of their obligation to deliver their obliged DCQ. It is not the intent of the proposal to suggest that an obligated customer can shut off supply with no notice to Union and plan to meet demands with firm withdrawals from storage.

On page 130, line 14 of the Technical Conference Transcript, Union stated that under its' proposal an obligated to deliver customer does not need to get Union's consent to suspend deliveries. That statement was not strictly accurate. The portion of the transcript immediately following that answer indicates that the response was made in the context of the net impact of the customer delivering the gas at Parkway but then being able to withdraw the gas at Dawn. This results in net impact of no injection into storage. The intention of Union's answer on p. 130, was to point out that if an obligated DCQ was not consumed on a given day that did not have to result in an injection into storage because the customer has other options.

The discussion at p. 130-131 of the Technical Conference Transcript was referencing the example that was provided in Union's Supplementary Evidence p. 10 of 13. The example was created to explain the additional flexibility that the proposal would provide customers in managing their gas supply obligation. In the example a customer, while still making obligated deliveries at Parkway, could nominate a firm withdrawal from storage, at Dawn, of an amount equal to its DCQ.

In the event of no consumption, the gas management system would net the delivery of the DCQ off against the nominated withdrawal from storage with no net impact on the customer's storage position.

On p. 131, Union provides another example of delivery access flexibility where it is explained that a customer can meet their obligation to deliver by withdrawing gas from storage and transporting gas to the obligated receipt point. The gas does not necessarily have to arrive from upstream of Union's system.

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

Further clarification was provided by Union on p. 132, line 7.

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

UNION GAS LIMITED

Undertaking of Union Gas
To CCK

To update A3.1 to reflect the impact on deliverability above 1.2 percent, if aggregate excess methodology is used to calculate Kitchener's space allocation.

Exhibit A3.11 reflects the impact on deliverability above 1.2% for the City of Kitchener based on current contract parameters. Please refer to Exhibit A3.10, b) ii) for the impact on deliverability above 1.2% using the aggregate excess methodology to calculate the City of Kitchener's space allocation.

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

UNION GAS LIMITED

Undertaking of Union Gas
To Board Staff

Union to clarify position on figuring out financial impact upon customers.

Union believes its proposed T1 space allocation policy provides a fair allocation of cost-based storage space to enable the reasonable balancing of the customer's obligated supply and end-use plant consumption. To facilitate the grandfathered customer's transition to the proposed storage allocation method, and to respond directly to the potential financial impact at renewal, Union has proposed a storage transition option. This option will provide sufficient transitional storage space to accommodate the customer's surplus gas that was delivered as part of their DCQ supply. The cost of this transition space will be about $0.30/GJ. While this transitional space will cost the customer about $0.18/GJ more than the T1 cost-based rate ($0.12/GJ, T1 space only), the prevailing market value of this transitional space during peak storage season is estimated to be well above this price.

As Union described at Exhibit A2.11, the market price of storage changes daily. In order to illustrate the potential impact on customers, Union has provided a few illustrative examples of the potential impact on customers if they maintained their existing allocation of storage space but paid market prices for space above what the allocation methods would make available at cost.

	Incremental costs to customers @ market prices $0.05 below cost ($000s) (a)	Incremental costs to customers @ market prices $0.18 above cost ($000s) (b)	Incremental costs to customers @ market prices $1.00 above cost ($000s) (c)	Incremental costs to customers @ market prices $2.00 above cost ($000s) (d)
Grandfathered T1 Contracts where highest storage option is:				
Aggregate Excess	(75)	271	1,507	3,015
10 x obligated DCQ	(74)	267	1,485	2,969
Sub-total	(150)	539	2,992	5,984
Non-Grandfathered T1 Contracts where highest storage option is:				
Aggregate Excess	(4)	14	78	156
10 x obligated DCQ	(25)	88	491	982
Sub-total	(28)	102	569	1,138
TOTAL	(178)	641	3,561	7,122

Question: November 8, 2008
Answer: November 16, 2007
Docket: EB-2007-0725

Exhibit A4.1
Updated

UNION GAS LIMITED

Answer to Interrogatory from
The Corporation of the City of Kitchener ("CCK")

Question:

Please confirm that Union's proposal to charge market prices for deliverability services above 1.2% to its in-franchise customers applies only to gas-fired generators and customers in rates T1 and T3 and does not apply to customers in the M2 and M4, M5, M7 or M9 classes.

Response:

Confirmed.

Question: November 5, 2007
Answer: November 16, 2007
Docket: EB-2007-0725

Exhibit A4.2
Updated

UNION GAS LIMITED

Answer to Interrogatory from
The Corporation of the City of Kitchener ("CCK")

Question:

Please provide a table showing the level of cost base deliverability underpinning service to the M2, M4, M7, M9, T1 and T3 rate classes in the format used in Exhibit J5.87 in RP-2003-0063

(a) In 1999 (EBR0-499);
(b) In 2003 (RP-2003-0063);
(c) In each year since 2003.

Response:

Levels of deliverability as calculated using the cost allocation study from each proceeding are as follows:

Rate Class	1999 EBRO 499	2004 RP-2003-0063	2007 EB-2005-0520
	Level of Deliverability		
M2	2.4%	2.0%	2.0%
M4	1.9%	2.5%	2.8%
M5	0.3%	0.1%	0.0%
M7	0.9%	2.2%	3.6%
M9	1.7%	2.1%	1.8%
M10	2.1%	3.5%	9.9% (1)
T1	0.7%	1.9%	1.9%
T3	n/a	1.5%	1.9%

Note:
(1) Values for the M10 rate class become distorted due to the small amounts involved in the calculation.

Question: November 5, 2007
Answer: November 16, 2007
Docket: EB-2007-0725

Exhibit A4.3
Updated

UNION GAS LIMITED

Answer to Interrogatory from
The Corporation of the City of Kitchener ("CCK")

Question:

Please show the level of cost base deliverability underpinning service currently to the M2, M4, M5A, M7, M9, T1 and T3 classes.

(a) As a percentage of storage space currently allocated to each class;
(b) As a percentage of storage space allocated under the aggregate/excess method.

Response:

Levels of deliverability as calculated using the 2007 cost allocation study are as follows:

Rate Class	% of Allocated Storage Space	% of Aggregate Excess Space
M2	1.8%	2.0%
M4	2.5%	2.8%
M5	0.0%	0.0%
M7	3.4%	3.6%
M9	1.7%	1.8%
M10	9.1%	9.9% (1)
T1	1.9%	3.9%
T3	1.9%	2.0%

Notes:
(1) Values for the M10 rate class become distorted due to the small amounts involved in the calculation.
(2) % of Allocated Storage Space is calculated using the storage space allocated in the cost allocation study. Southern bundled in-franchise customers are allocated the remaining storage space after the unbundled, ex-franchise and Northern and Eastern Operations area storage needs are met. This remaining storage space is prorated based on aggregate excess space.

Question: November 5, 2007
Answer: November 16, 2007
Docket: EB-2007-0725

Exhibit A4.4
Updated

UNION GAS LIMITED

Answer to Interrogatory from
The Corporation of the City of Kitchener ("CCK")

Question:

Please show the load factor currently applicable to each of Union's rate classes.

Response:

UNION GAS LIMITED
Load Factors for Firm Contract Rate Classes

	Board Approved 2007 Forecast	
North		
R01	30%	(1)
R10	36%	(1)
R20	59%	(2)
R100	80%	(2)
South		
M2	29%	(1)
M4	57%	(2)
M5 - Firm	82%	(2)
M7 - Firm	40%	(2)
M9	30%	(2)
T1 - Firm	80%	(2)
T3	34%	(2)

Notes

(1) Load Factor = $\frac{\text{(total annual forecast consumption) / 365}}{\text{(design day demand)}}$

(2) Load Factor = $\frac{\text{(total annual forecast consumption) / 365}}{\text{Daily Contract Demand}}$

Question: November 5, 2007
Answer: November 8, 2007
Docket: EB-2007-0725

Exhibit A4.5
Updated

UNION GAS LIMITED

Answer to Interrogatory from
The Corporation of the City of Kitchener ("CCK")

Question:

Please show the deliverability percentage for Union's total in-franchise customers from RP-2003-0003 to the present.

Response:

	In-franchise	Company
RP-2003-0063	1.7%	1.6%
EB-2005-0520	1.7%	1.5%

The In-franchise deliverability percentage includes the storage demands and space allocations for all in-franchise rate classes.

The Company deliverability percentage includes all in-franchise and ex-franchise rate classes and is based on total storage demands over total available storage space.

Question: November 5, 2007
Answer: November 16, 2007
Docket: EB-2007-0725

Exhibit A4.9
Updated

UNION GAS LIMITED

Answer to Interrogatory from
The Corporation of the City of Kitchener ("CCK")

Question:

Please show the level of cost based deliverability mandatory for customers in the U2 and U9 rate classes. What number of customers receive service under these two rate classes for seasonal load balancing?

Response:

No cost based deliverability is mandatory for customers in the U2 and U9 rate classes.

Per the RP-1999-0017 ADR Settlement Agreement, the standard storage service (SSS) is optional for all customers. For Rate M2 customers with a standard peaking service (SPS) entitlement, the SPS is optional where it can be demonstrated that the customer has contracted for a third party service to replace the SPS peaking deliverability.

Please see Exhibit A3.3 for the number of customers in the unbundled rate classes.

Question: November 5, 2007
Answer: November 16, 2007
Docket: EB-2007-0725

Exhibit A4.11
Updated

UNION GAS LIMITED

Answer to Interrogatory from
The Corporation of the City of Kitchener ("CCK")

Question:

Please provide Union's, rational for seeking Board forbearance from regulation for deliverability above 1.2% to customers in the T1 and T3 rate classes. What circumstances, if any, are relevant to s.29(1) of the Ontario Energy Board Act, 1998, that apply to deliverability above 1.2% that do not apply to deliverability below 1.2%.

Response:

The Board has already determined in the NGEIR decision that it will forbear from regulating high deliverability service.

As stated in Issue Two, the issue in this proceeding is "for each of the space allocation alternatives or methodologies considered in issue one, what is the appropriate level of storage deliverability available at cost-based rates to in-franchise unbundled and semi-unbundled customers?"

Union proposes that the appropriate level of storage deliverability available at cost-based rates to in-franchise customers who opt for the alternative 10 x obligated DCQ space allocation should be set at 1.2% for the reasons stated at pages 6 to 13 of Union's Supplementary Evidence, filed on November 2, 2007. As this evidence makes clear, there is a finite supply of deliverability from Union's storage pools. The base load pools on average have an average deliverability of only 1.2%. Union does have some pools with higher deliverability, but that higher deliverability capacity is needed to service the peaking demands of M1 and M2 customers in the event of a design day occurring. 1.2% is the standard deliverability level for a number of other services offered by Union and it is consistent with the industry average.

Question: November 5, 2007
Answer: November 8, 2007
Docket: EB-2007-0725

Exhibit A4.12
Updated

UNION GAS LIMITED

Answer to Interrogatory from
The Corporation of the City of Kitchener ("CCK")

Question:

Please confirm that Union is the only service provider of a no-notice, no- nomination deliverability service for the purpose of accessing gas in Union's storage space allocated to customers in the T1 and T3 rate classes.

Response:

Union accepts that it is the only party that can physically withdraw gas from the storage space it owns and operates.

Union notes that on p. 13 of the July 30, 2007 Decision with Reasons on the reviewable NGEIR issues, the Board stated:

> "The moving parties have raised no new evidence to question that finding. Rather they assert that because there was a settlement on the allocation of standard deliverability storage space, there is no competitive alternative to the associated high deliverability storage from that space. The Board agrees that when a party contracts for a service from a supplier it may well be unable to acquire a *component* of that service from other suppliers; that is axiomatic. However, what is relevant is whether there are, or *will be*, competitive alternatives for the service as a whole. For gas-fired power generators, the service they require is intra-day balancing. The record in the NGEIR proceeding is clear that competitive alternatives will be developed for this service and that power generators and others will expect to access to these services. They will be able to compare the offerings available in the market to the combination of market-priced and cost-based services available from Union and decide which service(s) to take."

Question: November 5, 2007
Answer: November 16, 2007
Docket: EB-2007-0725