

July 22, 2010

**BY E-MAIL**

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
27th Floor - 2300 Yonge Street  
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: EB-2010-0207 Union Dawn to Dawn-TCPL Firm Rate Application**

We are counsel to Union Gas Limited ("Union"). Please accept this letter as Union's written argument in the above-noted matter.

By application dated June 11, 2010, Union applied to the Board to modify Union's current C1 rate schedule to provide a rate for firm transportation service between Dawn and Union's interconnect with the TransCanada Pipelines pipeline. Updated evidence in support of the application was filed on July 15, 2010. The application is in response to a binding Open Season recently completed specific to this service. Union currently provides interruptible transportation between Dawn and the Dawn-TCPL interconnect. However, TransCanada has requested a firm transportation service and, in this respect, has executed a five year contract with a daily quantity of 500,000 GJ/d.

To meet the anticipated in service date of November 1, 2010, Union is proposing to modify its existing C1 rate schedule effective October 1, 2010. The proposed rate consists of the following components:

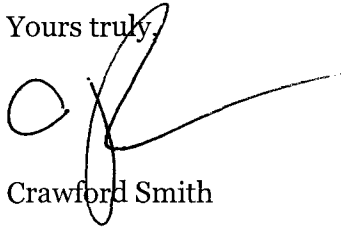
1. A firm monthly transportation demand charge of \$0.222/GJ applied to daily contracted demand. This component of the rate is intended to make a contribution towards the recovery of existing Dawn compression costs as well as to recover the costs associated with the new facilities necessary to provide firm transportation service; and
2. Seasonal fuel ratios to recover incremental Dawn compressor fuel and UFG associated with providing the service.

Union respectfully submits that the requested relief is fully supported by the evidence. As explained in that evidence, the proposed firm transportation service is in direct response to customer demand arising from the changing North America gas supply dynamics. The service is supported by a transportation contract with TransCanada and Union does not anticipate that provision of this service will have any adverse impact on other ratepayers. Union received just nine (9) interrogatories in response to the application. The answers to these interrogatories

further support the application. The approach proposed by Union is consistent with the previously Board-approved Dawn to Dawn Vector rate filing.

Union respectfully requests that the Board approve the proposed firm transportation rate as filed. If necessary, Union reserves the right to submit reply argument on or before August 6, 2010 as stated in the Board's July 9, 2010 letter.

Yours truly,

A handwritten signature in black ink, appearing to be 'Crawford Smith', written over the 'Yours truly,' text.

Crawford Smith

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CGS/slk

c: Mark Kitchen/Karen Hockin (Union)  
All EB-2010-0207 Intervenors  
Lawrie Gluck, Board Staff