



uniongas

A Spectra Energy Company

CELEBRATING
100 YEARS
Est. 1911

January 17, 2011

BY RESS & Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited
Leave to Construct Application
Board File # EB-2010-0329**

Further to the Board's letter dated January 10th, 2011, please find attached two copies of Union's responses to the Board's interrogatories.

Sincerely,

Mary Jane Patrick
Regulatory Analyst, Regulatory Projects
:mjp
Encl.

cc: Neil McKay, Manager Facilities Applications
Zora Crnojacki, Project Advisor

UNION GAS LIMITED

Response to Interrogatory
from Board Staff

1. References: Pre-filed evidence, page 2, Paragraph 10; page 3, Paragraph 15.

Preamble:

Union expected to implement a new Rate 20 Distribution Sales Service Contract (“Contract”) with the customer on November 1, 2010. Union also stated that it offered a long term contract to the customer but the offer was not accepted and that the contract would be renewed annually.

Questions:

- a. Please provide an update of the negotiations for the Rate 20 Distribution Sales Service Contract with the customer.
- b. If available, please file with the Board a copy of the Rate 20 Distribution Sales Service Contract.
- c. If the contract is not executed at this time would Union agree to file a copy of the Contract at the time it is executed? If not, please explain.

Response:

- a. The 2010-2011 Sales Service Contract was automatically renewed November 1, 2010 with previous parameters and one year term. The 2011-2012 Sales Service Contract which will have new parameters to reflect the proposed facilities, will be signed in the fall of 2011.
- b. A redacted copy of the 2003-04 Northern Gas Distribution Contract and Schedule “1” of the 2009-10 Sales Service Contract is attached. As per clause 3 of the Northern Gas Distribution contract, and Union’s goal to reduce administration, eliminate paper waste and prevent redundancy, new contracts are not signed every year. Clause 3 states that if contract parameters remain same as the previous year and Customer or Union has not raised any concerns three months prior to the end of the contract, the contract automatically renews for a one year period. In this particular

case there have been no changes to the Northern Gas Distribution contract since 2003 and Schedule "1" did not change for 2010-11.

- c. A redacted copy of the 2011-2012 Sales Service Contract will be filed once it is signed.

Contract ID	SA 3038
Contract Name	DND Trenton-EDA
DUNS#	

The Northern GAS DISTRIBUTION CONTRACT ("Contract"), made as of the 15 day of October, 2003,

BETWEEN:

UNION GAS LIMITED

hereinafter called "Union"

- and -

DEPARTMENT OF NATIONAL DEFENCE

hereinafter called "Customer"

WHEREAS, Customer has requested from Union and Union has agreed to provide Customer with Services;

AND WHEREAS, if Customer has elected direct purchase services, Customer will be responsible for supplying Gas to Union;

AND WHEREAS, Union will distribute Gas to Customer's Point(s) of Consumption under this Contract pursuant to the Rate Schedule(s) identified in Schedule 1;

IN CONSIDERATION of the mutual covenants contained herein, the parties agree as follows:

1. **ATTACHMENTS**

The following are hereby incorporated in and form part of this Contract:

- a) General Contract Parameters and Notice Lists in Schedule 1;
- b) Service Terms and Conditions in Schedule 2; and
- c) General Terms and Conditions, attached hereto.

2. **PRELIMINARY AND CONTINUING CONDITIONS**

This Contract and the rights, and obligations of the parties hereunder shall be conditional upon the fulfilment and maintenance in good standing of the following conditions:

- a) Security arrangements acceptable to Union shall be supplied and maintained in accordance with the General Terms and Conditions; and
- b) If Customer has elected Bundled Transportation Services ("Bundled T"), Customer and Union shall have executed and maintained in good standing a Northern Bundled T contract; and



- c) If Customer has elected Transportation Service ("T-service") and Customer had previously been provided a service by Union that utilized Union's contracted upstream transportation capacity, Customer and Union shall have executed and maintained in good standing a Temporary Transportation Contract Assignment Agreement with Union during the term of this contract.

The above conditions must be initially satisfied by Customer 25 Days prior to the Day of First Delivery.

3. CONTRACT TERM

This Contract shall be effective from the date hereof. However, the Service, obligations, terms and conditions hereunder, shall commence on the Day of First Delivery. Subject to the provisions hereof, the Contract shall continue in full force and effect for each Contract Year until notice to terminate is provided by either Union or Customer. Such Notice must be delivered at least 3 months prior to the end of a Contract Year.

4. SERVICES PROVIDED

Union agrees to provide Services as specified in Schedule 1 and Customer agrees to pay for such Services pursuant to these Contract terms and conditions as set out in this Contract, the referenced attachments, and the rate(s) referenced in Schedule 1.

If Customer has elected Bundled T Services, and if Union does not receive Gas from Customer under the Northern Bundled T contract, then Union's obligations to provide Services under this Contract may, at Union's option, be suspended or terminated by Union. This suspension or termination will be effective as of the date specified in Union's notice to Customer, notwithstanding the Notice provisions of the General Terms and Conditions.

5. NOTICES

Notices shall be delivered pursuant to the Notice provision Section of General Terms and Conditions and delivered to the addresses as referenced in Schedule 1.

6. CONTRACT SUCCESSION

This Contract replaces all previous Northern Gas Distribution (or similar) Contracts, subject to settlement of any Surviving Obligations.



The undersigned execute this Contract as of the above date.

CUSTOMER



I have the Authority to bind the Corporation, or Adhere C/S, if applicable

W WATSON

MAJ
WCEO
3321



Please Print Name

UNION GAS LIMITED



I have the Authority to bind the Corporation, or Adhere C/S, if applicable

Wayne Andrews

APPROVED FOR EXECUTION





Contract ID: SA3038 - 47
Name: DND TRENTON - EDA

Schedule 1
Northern Distribution Contract
General Contract Parameters

1 DATES

This Schedule 1 is effective on the 1st day of November 2009
"Day of First Delivery" means the 1st day of November 2009
The Contract Year shall expire at the end of October 2010

2 POINT OF RECEIPT FOR T-SERVICE

Gas under this Contract will be received by Union for Service at the following Point of Receipt: Eastern Delivery Area

3 TYPE OF SERVICE

Service under this Contract shall be a combination of Firm and Interruptible service in the quantity and for the Point(s) of Consumption specified in this Schedule 1.

a) Distribution Parameters:

Service	Daily Contract Demand (10 ³ m ³ /Day)
Rate 20 - Medium Volume Firm - Utility Sales Service	25
Rate 25 - Large Volume Interruptible - Utility Sales Service	30

b) Balancing Service:

Minimum (GJ)	Maximum (GJ)	Contracts Sharing CBS	Rank
		N/A	N/A

4 RATES FOR SERVICE**Rate 25 - Large Volume Interruptible - Utility Sales Service**

Gas Supply Charge	165.000	\$/10 ³ m ³
Delivery Charge		\$/10 ³ m ³

* Gas Supply Charge is determined and amended from time to time by Union to reflect market pricing. In circumstances where Rate 25 Gas sales service is interrupted by Union, Gas supply may be available under the Rate 30 Rate Schedule.

5 POINT(S) OF CONSUMPTION, HOURLY FLOW & DELIVERY PRESSURE

Union agrees to deliver Gas based on the following parameters:

Meter #	Location Description	Max Hourly Flow	Min Gauge Pressure
00363616	B89 - Pumphse - 1 Voyageur		1.7 KPA
00223281	B66 -1 Hgr - 30 North Star		1.7 KPA
00223058	B120 -Yukon Galley -75 Yukon		1.7 KPA
00220184	B66 - 2 Hgr - 30 North Star		1.7 KPA
00493059	B361- Sewage Pump - 71 Herc		1.7 KPA



Contract ID: SA3038 - 47

Name: DND TRENTON - EDA

00226152	B27- CHP -127 Canso	1,200 M3	34.5 KPA
00423483	IR 45 Yukon St Astra		
00495924	B232 - Cdt Qtrs - 60 Chipmunk		1.7 KPA
00495953	B234 - Cdt Qtr - 79 Mosquito		1.7 KPA
00493070	B248 - Cadet Hdq -60 Hercules		1.7 KPA
00495916	B254 - Tactsclaun - 12 Musketr		1.7 KPA
00216995	B58 - Flight Sim - 20 Buffalo		1.7 KPA
01772680	B120 -Yukon Galley -75 Yukon		1.7 KPA
00095226	B348 - Cfpmnd - 15 Westwing		34.5 KPA
01773750	B58 - Ss Rec Cen - 75 Anson		1.7 KPA
01760840	B112 - 9 Hgr - 84 North Star		34.5 KPA
01880795	B38 - Offrs Mess - 182 Yukon		1.7 KPA
00361159	B219 - Cdt Qtrs - 50 Chipmunk		1.7 KPA
00363207	B231 - Cdt Qtrs - 11 Mustang		1.7 KPA
00363156	B233 - Cdt Qtrs - 91 Mosquito		1.7 KPA
00748137	B111- Hasthall - 49 Buffalo		1.7 KPA
00515059	B23 - Ccc -123 Yukon		1.7 KPA
02007210	B24 -SR NCO Mess 106 Yukon		1.7 KPA
00070755	B79 - Sr NCO Qtrs - 200 Herc		1.7 KPA
00071121	B350 - Cpc Dorm - 15 Canso		1.7 KPA
01425217	B29 - Wing Hq - 142 Yukon		13.8 KPA
00070443	B4 - Greenhouse - 8 Voyageur		1.7 KPA
00114323	B362 - Pool - 21 Namao E.		1.7 KPA
02008333	B237C - Or Qtrs - 163 Hercule		1.7 KPA
02008338	B237A - Or Qtrs - 163 Hercule		1.7 KPA
02008344	B237B - Or Qtrs - 163 Hercule		1.7 KPA
01880270	B52 - 10 Hgr - 52 North Star		
00095216	B451- Med/Dent Fac - 50Yukon		
00109612	B132 - RCAF Museum		
02082695	B66 - 2 Hgr - 30 North Star		1.7 KPA
02082686	B218 - Pool Chg Rm - 50 Canso		1.7 KPA
02152619	B406 - Acc Bldg 1 - 65 Yukon		
02152621	B21 - Comm Gp - 58 Polaris		1.7 KPA
00110260	B358 - Op Grifon - 56 Portage		34.5 KPA
11878778	B354 - Refuel Gar - 9 Boxcar		
00924526	B157- Nshp - 17 Hgr - 33 Alert	700 M3	34.5 KPA
02178422	B62 - Met Bldg - 3 Tower		
00220172	B416 - CMED - 54 Portage		
00088670	B28 - Wtno -11 Buffalo		1.7 KPA
02429296	IR 47 Yukon Ave Astra		
00089637	B65 - Hgr 8 - 76 North Star		
02211122	B287 - 51 Hercules		
12142987	B1- Control Tower - 1 Tower		
12228822	B49 - 424/8AMS C-Span - 90 N		



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00344983	CONF. CTR 18 Caribou Astra		
02128648	AIR MED 8 Cosmo St Astra		
00412360	AIR MED 10 Cosmo St Astra		
01780790	AIR MED 12 Cosmo St Astra		
02128646	AIR MED 14 Cosmo St Astra		
02123793	CASUALTY 20 Cosmo St		
02128741	IR 22 Cosmo St Astra		
02128666	IR 2 Harvard Ave Astra		
01946406	IR 4 Harvard Ave Astra		
02128676	IR 6 Harvard Ave Astra		
02128660	IR 8 Harvard Ave Astra		
02128666	IR 10 Harvard Ave Astra		
01940751	IR 12 Harvard Ave Astra		
00419029	IR 41 Yukon St Astra		
02129391	IR 43 Yukon St Astra		
02129298	IR 40 Yukon Ave Astra		
02129306	IR 51 Yukon Ave Astra		
02218471	B479 JNBCD - 48 Portage Dr.		
02216509	B393 - Configs - 50 Portage		34.5 KPA
02333461	B414 - Acc B#21-185 Hercules		
02333821	Laundry Mat		
01856283	Herc Trng Fac - 41 Westwin		
01881718	Bldg C17 - Parts Warehse		
01150252	Bldg. CC177-Temp Maint		
02005030	CANNEX Unit 1 - 221 RCAF		
02366345	CANNEX Unit 2 - 221 RCAF		
02366352	CANNEX Unit 3 - 221 RCAF		
02366363	CANNEX Unit 4 - 221 RCAF		
02366351	CANNEX Unit 5 - 221 RCAF		
02366528	CANNEX Unit 6 - 221 RCAF		
12218743	B361 - Sewage Lift - 71 Herc		
02371575	4 Golf Club Rd. (Maint Bldg.)		
02402871	ATESS Hdqtrs - 35 Westwin		
00070830	50 Golf Course Rd (Clubhs)		
02323019	Sat Facility - 141 Hercules		
02371565	60 North Perimeter Rd		
00091619	50 North Perimeter Rd		
00088303	54 North Perimeter Rd		
00091630	52 North Perimeter Rd		
02009775	B162 - Wing Sup Hgr 22 - Porta		
01198300	B84 - 7 Hgr - 76 North Star		1.7 KPA
02470887	B19 - Wfh - 66 Portage		1.7 KPA
02470886	B365 - Ecum Chap - 91 Namao		34.5 KPA
00999815	B54 - 6 Hgr - 66 North Star		1.7 KPA



Contract ID: SA3038 - 47

Name: DND TRENTON - EDA

02470976	B20 - Hospital - 92 Yukon	1.7 KPA
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The maximum quantity of natural gas that may flow during any hourly period when an interruption in Service has been called by Union shall be known as the Firm Hourly Quantity or FHQ.

The Firm Hourly Quantity is XXXXXX m³/hour.

6 MINIMUM ANNUAL VOLUME ("MAV")

Not applicable.

7 CONTACT LIST FOR NOTICES

Notices for Invoices and Payments

Department of National Defence
Attn To: UTILITIES
WING CONSTRUCTION ENGINEERING
8 WING TRENTON
P.O. BOX 1000, STN FORCES
ASTRA, ON
K0K 3W0
CANADA

Union Gas Limited
Manager, Billing & Operational Support
50 Keil Dr. N.
Chatham Ontario N7M 5M1
Phone: 519-352-3100
Fax: 519-436-5320

Notices for All other Matters

Department of National Defence
Attn: Wing Construction Engineering Officer
~~88~~ Wing Trenton
Station Forces
Astra, ON
K0K 3W0
Phone: (613) 392-2811 Ext.3321
Fax: (613) 965-2788

Union Gas Limited
Manager, Contracting & Customer Support
50 Keil Dr. N.
Chatham Ontario N7M 5M1
Phone: 519-352-3100
Fax: 519-358-4064

Notices for Interruptions


Department of National Defence

(613) 392-2811
(613) 965-2788



Contract ID: SA3038 - 47
Name: DND TRENTON - EDA

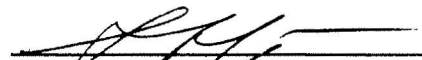
The undersigned execute this Contract as of the above date.


I have the Authority to bind the Corporation, or
Adhere C/S, if applicable

Customer

B.P. Baker
Major
8 WCEO
3321

Please Print Name


I have the Authority to bind the Corporation, or
Adhere C/S, if applicable

Union Gas Limited

Jim Laforet
Manager, Contract Billing & Operational Support



UNION GAS LIMITED

Response to Interrogatory
from Board Staff

2. References: Pre-filed evidence Schedule 8 and Schedule 2

Preamble:

Schedule 2 of the pre-filed evidence includes a letter from the Department of National Defence (“DND”), dated October 21, 2010 (“DND Letter”). The DND letter acknowledges that the funds for the project financing in the amount of about \$ 8.5 million would be available pending approvals of the Government of Canada. The DND Letter supports the project and the application before the Board.

A stand alone Discounted Cash Flow (“DCF”) analysis performed by Union shows incremental revenues for one year which assumes the one year Contract with the customer. Union indicated that the expectation is that the customer would renew the Contract every year.

Questions:

- a. Please explain the process between Union and the customer for determining the amount of the capital contribution by the customer.
- b. Please list and discuss the documentation which will formalize the agreement on the method and amount of determining the capital contribution for the project.
- c. Please discuss financial assurances that will be established to protect Union’s ratepayers in the event that the funding does not materialise as planned.

Response:

- a. The new load for contract year 2010- 2011 is determined by using DND building engineering design to establish a Contract Demand.
The first year revenues are then calculated by using the Contract Demand, estimated volume and Rate Schedule.
- b. The project cost and estimated revenues are used to determine capital contribution. At a point in time when costing and loads are well established the discounted cash flow is

done resulting in the contribution. This amount is then used in an Indemnity Agreement signed by DND.

- c. The Indemnity Agreement must be signed before project commences and outlines a payment plan concurrent with materials and construction in that all cost is paid as incurred.

UNION GAS LIMITED

Response to Interrogatory
from Board Staff

3. Reference: Pre-filed evidence page 10, Paragraphs 38 to 40 and Schedule 8.

Preamble:

A DCF Analysis presented in Schedule 8 indicates that the customer would provide capital contribution of estimated \$ 8.5 million in 2011. The pre-filed evidence also stated the total cost of the project is estimated at about \$ 8.3 million.

Question:

Please provide the most current estimated costs of the project construction.

Response:

The current estimated cost of the project remains \$8.3 million as stated in page 10 of the pre-filed evidence.

As identified in Schedule 8 the capital contribution the customer is required to provide is greater than the proposed capital costs. The reason for this is that the DCF analysis includes Capital costs, O&M expenses and Taxes for the 10 year period of the analysis, but only revenues for the term of the signed contract

UNION GAS LIMITED

Response to Interrogatory
from Board Staff

4. Reference: Pre-filed evidence, page 16, Paragraph 63 and Schedule 15.

Question:

Regarding the negotiations for permanent and temporary easements please indicate the status of negotiations and anticipated timeline for obtaining required land rights for project location and construction.

Please file any communication with the potentially impacted landowners and Union's responses since the application was filed with the Board.

Response:

All permanent easements and station fee interest sites have been negotiated and have been secured with option agreements. Option exercise notices have been delivered and the closings of the final transfers are anticipated by January 31, 2011. Temporary Easements have been negotiated and final agreements are anticipated to be signed in early 2011 after permanent rights are registered on title.

Copies of the Option letters sent to the affected landowners are attached.



uniongas

A Spectra Energy Company

November 24, 2010

Raymond Bush
Karen Bush
RR# 5 Trenton, ON
K8V 5P8

Dear Sir and Madam:

RE: NOTIFICATION OF INTENTION TO EXERCISE OPTION AGREEMENT(S)

Please accept this letter as formal notification that Union Gas Limited intends to exercise the options to purchase the property and acquire the easement as outlined in the two accepted option agreements signed and dated September 1, 2010. Pursuant to item 2 (b) of both agreements, I herein enclose the second cheque in the amount of ONE THOUSAND dollars (\$1000.00).


I have contacted the law office of Steven Sioui to arrange for the final document preparation, signature and registration of these transfers. As well, his office will be holding the balance of the funds owing in trust until the transfers are completed and registered on title. Mr. Sioui's real estate clerk will be contacting you in the near future for a time for you to come in and sign the transfers and also will arrange for the final disbursement of the funds owing.


Please note that the payments for crop loss, disturbance damages and temporary land use will be paid in early 2011 directly from Union Gas Limited.


I trust the foregoing is satisfactory. If you should have any further questions, please do not hesitate to contact me at the numbers listed below.

Yours truly,

Greg Shannon
Land Agent

 Phone: 1-800-360-9203 - or - (613) 389-7006 Ext. 76253

 ..Cell: (613) 453-7953

 ...Fax: (613) 634-4541

 E-Mail: gshannon@uniongas.com

FILE COPY



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A Spectra Energy Company

November 24, 2010

Mr. Garry Parks
251 Stickles Road
RR# 5 Trenton, ON
K8V 5P8

Dear Sir:

RE: NOTIFICATION OF INTENTION TO EXERCISE OPTION AGREEMENT


Please accept this letter as formal notification that Union Gas Limited intends to exercise the option to acquire the easement as outlined in the accepted option agreement signed and dated August 25, 2010. Pursuant to item 2 (b) the agreement, I herein enclose the second cheque in the amount of FIVE HUNDRED dollars (\$500.00).


Once the easement is registered on title, a cheque for the balance owing on the easement will be mailed to you along with a copy of the registration document. Please note that the payments for crop loss, disturbance damages and temporary land use will be paid in early 2011 directly from Union Gas Limited.


I trust the foregoing is satisfactory. If you should have any further questions, please do not hesitate to contact me at the phone numbers listed below.


Yours truly,

Greg Shannon
Land Agent

 Phone: 1-800-360-9203 - or - (613) 389-7006 Ext. 76253

 ..Cell: (613) 453-7953

 ...Fax: (613) 634-4541

 E-Mail: gshannon@uniongas.com

FILE COPY



uniongas
A Spectra Energy Company

November 24, 2010

Jacob and Carla Dewal
293 Johnstown Road
Trenton, ON
K8V 5P8

Dear Sir and Madam:

RE: NOTIFICATION OF INTENTION TO EXERCISE OPTION AGREEMENT


Please accept this letter as formal notification that Union Gas Limited intends to exercise the option to acquire the easement as outlined in the accepted option agreement signed and dated August 24, 2010. Pursuant to item 2 (b) the agreement, I herein enclose the second cheque in the amount of FIVE HUNDRED dollars (\$500.00).


Once the easement is registered on title, a cheque for the balance owing on the easement will be mailed to you along with a copy of the registration document. Please note that the payments for crop loss, disturbance damages and temporary land use will be paid in early 2011 directly from Union Gas Limited.


I trust the foregoing is satisfactory. If you should have any further questions, please do not hesitate to contact me at the phone numbers listed below.

Yours truly,

Greg Shannon
Land Agent

 Phone: 1-800-360-9203 - or - (613) 389-7006 Ext. 76253

 ..Cell: (613) 453-7953

 ...Fax: (613) 634-4541

 E-Mail: gshannon@uniongas.com

FILE COPY

UNION GAS LIMITED

Response to Interrogatory
from Board Staff

5. Reference: Pre-filed evidence, Schedule 11.

Question:

Regarding the potential archaeological findings along the route of the proposed pipeline please confirm that Enbridge would apprise impacted parties, including Alderville First Nation, should archaeological sites be discovered by archaeological survey.

Response:

Union will notify the Alderville First Nation should any archaeological site be discovered.

UNION GAS LIMITED

Response to Interrogatory
from Board Staff

6. Reference: Pre-filed evidence, Schedule 12.

Question:

Please provide the status and anticipated timeline for obtaining the necessary permits for location and construction of the project. Please provide an updated list of all permits that are obtained or will be acquired for the construction of the project.

Response:

Agency	Permit	Status
Lower Trent Conservation Authority	Water crossing permits	Union acquired Permit # F0018/10 from the Lower Trent Conservation Authority for all watercourse crossings on April 20, 2010. The permit is valid for a two year period.
Ministry of Tourism and Culture	Stage 2 Archaeological Assessment	Letter of acceptance is expected in early 2011.
Ministry of Transportation	Highway 401 crossing	Crossing permit application to be finalized and submitted in Jan 2011
CN Rail	Railway crossings (3)	Crossing permit applications to be finalized and submitted in January 2011
CP Rail	Railway crossing (2)	Crossing permit applications to be finalized and submitted in January 2011
TransNorthern Pipeline	Pipeline Crossing was exposed to determine depth of their pipe in Oct, 2010.	Crossing permit application to be finalized and submitted in Jan 2011
Environmental Report	Section 7.2.6 Contaminated Soils – potentially contaminated soils due to the proximity of a former landfill along RCAF Road was identified during consultations with the Department of National Defence/Canadian Forces Base Trenton staff.	Union employed the services of Azimuth Environmental to undertake a ground water and soils assessment of any potential hazards which may be encountered during construction. Results indicated no presence of any organic parameters within the soil and ground water samples and all samples meet the MOE Soil, Ground Water and Sediment Standards for Residential Land Use. No permit required.

UNION GAS LIMITED

Response to Interrogatory
from Board Staff

Question:

Please comment on the proposed draft conditions of approval prepared by Board Staff, and indicate if these conditions would be acceptable should the Board approve the application.

Response:

Union Gas accepts the proposed draft conditions of approval.