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December 10, 2007

VIA COURIER

Ontario Energy Board
2300 Yonge Street,
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Glenn Leslie

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Reference: 09483/03639

Attention: Ms. Kirsten Walli, Board Secretary

Dear Sirs:

**Re: Board File No. EB-2007-0837
Union Gas Inc. ("Union") Application to Purchase Shares of Tipperary Gas Corp.
Union's Reply to Intervenor Comments**

This is Union's Reply to the comments received in respect of Union's application for leave to purchase the shares of Tipperary Gas Corp. ("Tipperary GP") which is the general partner of Huron Tipperary Limited Partnership I ("Tipperary Limited Partnership").

Union has received comments from the Industrial Gas Users of Association (IGUA), the Consumers Council of Canada (CCC), the Tipperary Storage Landowners Association (TSLA), Mr. Lenus Yeo and Mr. Goff Brand¹.

IGUA and CCC

IGUA and CCC rely on three assertions that are incorrect.

1. The facts do not support the assertion that Union's plan to acquire some additional gas storage capacity in Ontario means the market for storage or equivalent services is not competitive. To the contrary, Union's share of storage capacity in the relevant geographic market will increase only infinitesimally once the new storage is developed. Moreover, the OEB determined in the NGEIR Decision that "Ontario storage operators compete in a geographic market that includes Michigan and parts of Illinois, Indiana, New York and Pennsylvania, [and] that the market is competitive and that neither Union nor Enbridge have market power" (NGEIR, Executive Summary, p. 3). To make that determination the OEB relied partly on a Competition Study prepared by Energy and Environmental Analysis, Inc. (EEA). Union asked EEA to update that Competition Study to evaluate the validity of IGUA's assertion that Union's planned storage developments will make the market for storage services less competitive. EEA's updated Competition Study is attached. It clearly demonstrates that the new storage projects that Union has recently announced will have virtually no impact on Union's market share when considered with storage developments announced by other storage companies in the relevant geographic market, and certainly will not increase Union's market power or ability to influence prices.

¹ A copy of Mr. Brand's letter is enclosed because it was addressed to Union, and the Board may not have received it.

2. The fact that Union is making investments to acquire and develop additional storage capacity is not a sign that the OEB erred in finding that Ontario storage companies operate in a competitive market. To the contrary, it is a sign that the market is competitive and that Union, like the other storage companies referred to in the revised EEA competition study, is developing more storage in order to compete more effectively with all of the inherent benefits that entails for Ontario. IGUA's letter refers to Union's acquisition of Midway Petroleum. That was an acquisition of natural gas storage rights associated with a depleted gas production well. Union will need to invest additional funds to develop that property into a new storage pool, and the previous owner was not in a position to carry out that development. Similarly, Union will be investing in the development of the Tipperary North and South Storage Pools (the "Storage Pools"). These are investments that would not have been made but for the NGEIR decision, and represent investments that will benefit Ontario. In addition to its financial investment, Union will also be contributing its extensive experience in safely and successfully developing gas storage in Ontario and this will further advance the goal of facilitating the rational development and safe operation of gas storage in Ontario.

3. EEA's analysis and conclusion that the acquisitions in question have no significant impact on competition in the relevant market should be sufficient to conclude that IGUA's and CCC's concerns are groundless. However, it should be recognized that IGUA's statements that Union will be making "supernormal" earnings of \$128M to \$138M on its unregulated storage assets are wildly inaccurate. IGUA's calculations include three fundamental mistakes:

- i) IGUA's calculation is based entirely on an outdated short term (1 year) storage price and ignores the fact, accepted in the OEB's findings, that the price of storage is a function of seasonal commodity prices. The value of storage changes daily as seasonal commodity prices change. A significant portion of the storage no longer subject to regulation (i.e. the 50 PJs referred to in IGUA's letter) will be sold under long term contracts and at much lower prices than relied on by IGUA's counsel.
- ii) Union does not retain all the margin earned from providing short-term storage services to ex-franchise customers. In the NGEIR Decision, the OEB required Union to share the margins from short-term storage transactions with Union's ratepayers. Customers will also continue to share in forecast variances through the operation of an OEB approved deferral account for short term storage transactions.
- iii) Union is not receiving market prices for a significant portion of the storage in question. Specifically, in the NGEIR Decision the OEB decided that Union must continue to provide storage services at cost to Enbridge through a transition period ending in 2010 (NGEIR, p. 75). Further, the OEB imposed a transition period ending in 2010 during which Union is required to apply a portion of the income from its long-term storage transactions to subsidize the rates being paid by Union's in-franchise customers (NGEIR, p. 107).

Landowners

Union has received three letters of comment from landowners. None of these parties objected to Union's application, but they did raise some technical concerns to which Union responds as follows:

If the Board approves the application, Union will have the controlling interest in Tipperary GP, the general partner of the Tipperary Limited Partnership, and Union will also operate, manage, and maintain the Storage Pools under the terms of the proposed operating agreement between Union and Tipperary Limited Partnership.

The Storage Pools will still be owned by Tipperary Limited Partnership, and Tipperary GP will continue to hold the OEB orders and MNR licenses. Tipperary GP will be responsible for ensuring compliance with the OEB and MNR conditions of approval. Tipperary GP will also be responsible for all of its commitments under the Storage Lease Amending Agreement, including the obligation to make the payments specified in that agreement.

As operator of the Storage Pools Union will be responsible for dealing with any operational issues related to the Storage Pools. As such, the landowners will be provided with contact information of Union personnel to contact if any landowners have issues with the operation of the Storage Pools.

Union has discussed Mr. Yeo's damage claim with Tipperary GP. Tipperary GP is aware of the damage issue related to Mr. Yeo's alfalfa field. Union understands that Tipperary GP deal with all pipeline construction damage issues after pipeline construction has been completed.

Cost Awards

Union has no objection to IGUA, CCC, TSLA, Mr. Brand and Mr. Yeo receiving a cost award for participating in this hearing.

Yours truly,



Glenn Leslie

GFL/sw

c: Peter Thompson, Q.C.
Robert Warren
Lenus Yeo
Fred Dutot
Goff Brand

Clinton nov. 20-07.

quote file E.B. 2007-0837.

To Mary Jane Patrick.

Dear Mrs. M. Have no objections
to the proposed. transaction as
long we keep dealing with the people
we have known for the last 10-15.
years. Have no complaints over them

yours truly Goff. W. Brance.
p.s. mine wife died. almost 3 years
ago

Analysis of Competition in
Natural Gas Storage Markets
For Union Gas Limited
December 10, 2007 Update

Bruce Henning
Michael Sloan
Energy and Environmental Analysis,
Inc

December 10, 2007

INTRODUCTION

The Industrial Gas Users Association (IGUA) has suggested in its recent letter that Union's actions in acquiring prospective competitors demonstrates that it wields market power and that the findings in the NGEIR Decision that it does not are wrong.

We (Mr. Bruce Henning and Mr. Michael Sloan of EEA, Inc.), along with Dr. Richard Schwindt, were asked by Union Gas Limited (Union) to evaluate the nature of

competition for natural gas storage services in the markets where Union competes for the Ontario Energy Board NGEIR proceeding. Our study was first filed with the Ontario Energy Board in October 2004. An updated version of our study (the EEA/Schwindt Report) was filed with the Ontario Energy Board in April of 2006. The Ontario Energy Board tested our study, and relied upon the results of our study along with other testimony and analysis in reaching their conclusion that “Ontario storage operators compete in a geographic market that includes Michigan and parts of Illinois, Indiana, New York and Pennsylvania, [and] that the market is competitive and that neither Union nor Enbridge have market power”.¹

Union Gas has asked us (Mr. Bruce Henning and Mr. Michael Sloan) to update certain portions of the competition study to evaluate the validity of the IGUA assertion that recent Union Gas actions have, or might have, the impact of making the market materially less competitive.

We have updated the market concentration elements of the study to reflect industry storage development activity that has occurred since the EEA Schwindt study was last updated and submitted to the Ontario Energy Board. Our update focuses only on new storage capacity added to the market between April 2006, and recent project announcements within the Core Market region as defined in our April 2006 study. Our analysis looks at two scenarios. The first (Scenario A) updates the EEA/Schwindt study only for the inclusion of the two Union Gas acquisitions. This scenario is consistent with the storage projects referenced in the IGUA filing. However, the IGUA filing focuses entirely on two project acquisitions by Union Gas, and ignores other storage developments in the competitive market region. The second (Scenario B) includes other in-place and announced storage projects in the competitive market region as presented in the EEA/Schwindt report, and as accepted by the Ontario Energy Board.

In both scenarios, the impact of the Union Gas/Spectra acquisitions on the measures of market concentration (the HHI and the four firm concentration) are *de minimus*. We have had to increase the number of decimal points shown in the results in order to demonstrate the impact of recent changes in the market.

RECENT CHANGES IN STORAGE MARKETS

The storage projects that have been either completed or announced in the competitive market region for Ontario natural gas storage since the completion of the EEA/Schwindt report filed on April 28, 2006 include the projects shown in Table 1.

¹ NGEIR Decision, Executive Summary, p. 3.

**Table 1:
Newly Completed and Announced Storage Fields in the Competitive Market Region
for Ontario Natural Gas Storage**

Company	Storage Field	In-Service Date	Working Gas Capacity (MMscf)	Peak Deliverability (MMSCF)
Washington 10 Storage Corp	Washington 10 Expansion	2006	5,500	58
Washington 10 Storage Corp	Washington 28 Expansion	2007	4,500	48
TransCanada/ANR	Goodwell	2007	13,000	212
Union Gas	Dawn Deliverability	2008	-	488
Union Gas	Tribute Storage	2008	3,000	27
Enbridge	Tecumseh Expansion	2008	2,730	200
TransCanada/ANR	Cold Springs 1	2008	14,000	200
Washington 10 Storage Corp	Washington 28	2008	1,800	19
Washington 10 Storage Corp	Shelby 2	2008	4,900	52
Market Hub Partners	St. Clair	2008	1,100	11
Market Hub Partners	Sarnia Airport	2008	5,300	52
Union Gas	Midway Storage	2009	1,000	10
Washington 10 Storage Corp	Shelby 2	2009	1,700	18

These changes indicate a number of new projects are underway or have been announced in Ontario and Michigan in addition to the two small Union Gas acquisitions.

There have been two other major changes in the competitive market region. First, TransCanada acquired all of the El Paso storage assets (ANR Pipeline, ANR Storage, Blue Lake Storage, and Eaton Storage), and is operating these companies as a single integrated storage company. Since TransCanada purchased all of the El Paso (ANR) storage assets in the region, and did not previously own any storage assets in the region, this acquisition does not change the overall parent company market concentration in the Core Market Region. It does however change the market concentration when evaluated by operating company. It also changes the players and the competitive market outlook for all of the storage owners in the region. TransCanada is expected to be a major competitor in the Ontario natural gas storage competitive market area. The second change is that Washington 10 and Washington 28 are now operated as an integrated storage company.

IMPACT OF RECENT STORAGE MARKET CHANGES ON MARKET CONCENTRATION

The appropriate methodology for evaluating storage market concentration was discussed in detail in the EEA/Schwindt report, and tested and accepted by the Ontario Energy Board as appropriate during the NGIER proceeding.

Summary of Market Concentration Measures from the EEA/Schwindt Report

At the time of the EEA/Schwindt report, Union Gas owned about 13 percent of the total storage working gas capacity in the core competitive region. This is well below the 35 percent market share considered to be of concern by the Canadian Competition Bureau with respect to the unilateral exercise of market power. In addition, the combined market share of the four largest firms (i.e., the four-firm concentration ratio or CR₄) was 48 percent. According to the Competition Bureau's *Merger Enforcement Guidelines* (MEGs), a CR₄ below 65 percent is unlikely to raise concerns over the interdependent exercise of market power. We also calculated HHIs based on working gas and deliverability. The HHI is the "sum of the squares of market shares" (the formula was set out in footnote 23 of the EEA/Schwindt report). The HHI takes a maximum value with monopoly (i.e., a market share of 100% as a fraction is 1, and $1^2 = 1$), and becomes very small when there are a large number of sellers with small and similar market shares. U.S. anti-trust authorities and the Federal Energy Regulatory Commission become concerned when the HHI exceeds 0.18. The calculation in the EEA/Schwindt report showed that the HHI was well below this threshold when based on working gas (0.089) or deliverability (0.0924).

When shares were based upon ultimate ownership (rather than operating company), the CR₄ increased to 62 percent, still below the MEGs threshold of concern (see Table 11). Moreover, since the Union Gas storage constitutes all of the Spectra Energy storage capacity within the core competitive market area, the Spectra share was the same as the Union Gas share using this definition of control.

We also calculated the HHI using the parent company's market share. At 0.1267 for working gas capacity and 0.1224 for deliverability, market concentration was still well below the 0.18 threshold for concern used by United States authorities.

Updated Market Concentration Measures

Updating the calculations from the EEA/Schwindt report to include the new storage projects in the competitive market region acquired by Union Gas shows no significant change from the results presented in the EEA/Schwindt report and accepted by the Ontario Energy Board. Table 2 shows the impact of recent and announced storage capacity additions and ownership changes on the measures of storage market concentration.

Table 2

Impact of Recent Storage Market Changes on Market Concentration

	Storage Capacity		Storage Deliverability	
	HHI	4-Firm Concentration	HHI	4-Firm Concentration
Core Market Region by Operating Company				
EEA/Schwindt Report	0.0890	48.5%	0.0924	47.6%
Updated Scenario A (Union Gas/Spectra Only)	0.0884	48.4%	0.0922	48.6%
Updated Scenario B (Overall Storage Market)	0.1176	57.7%	0.1041	54.5%
Core Market Region by Parent Company				
EEA/Schwindt Report	0.1267	61.7%	0.1224	56.9%
Updated Scenario A (Spectra Only)	0.1268	62.1%	0.1215	57.9%
Updated Scenario B (Overall Storage Market)	0.1323	63.6%	0.1159	59.0%

The results shown in Table 2 indicate that the recent changes in Union Gas/Spectra storage activity in the competitive market region have had minimal impact on market concentration. In Scenario A, when only changes to Union Gas and Spectra capacity are considered, there is a minimal increase in the HHI and in the 4-firm concentration, however neither measure of market concentration increases by a noticeable amount, and neither measure of market concentration approaches the threshold levels of concern of 0.18 for the HHI and 65% for the four firm concentration.

The changes in the storage market by companies other than Union Gas/Spectra have had a slightly larger impact on the measures of market concentration than the Union Gas/Spectra changes. In Scenario B, when all new storage projects in the competitive market region are considered, there is a small increase in HHI and in the 4-firm concentration. The change is primarily due to the consolidation of the storage capacity now owned by TransCanada and by Washington 10/DTE.

The results shown in Table 2 are based on the market concentration calculations attached. These calculations are shown in the detailed tables showing capacity and deliverability by company for each of the three scenarios, corresponding to Tables 10 and 11 from the EEA/Schwindt report are attached. Tables 10 and 11 are reproduced from the EEA/Schwindt report. Table 10A and 11A correspond directly to tables 10 and 11, with the changes to Union Gas and Spectra storage capacity and deliverability. Tables 10B and 11B correspond directly to Tables 10 and 11, but include all of the storage projects in the core competitive market that have been completed or announced since the EEA/Schwindt report was finalized, as well as storage consolidation by TransCanada and Washington 10/DTE.

Attachment 1: Updated Storage Market Concentration Tables

Table 10 (From EEA/Schwindt Report)
Physical Storage Capacity in the Union Gas Core Competitive Market Area
(Concentration by Operating Company)

Operating Company	Parent Company	State/ Province	Working Gas [MMscf]	Peak Delivery [MMscf]		Working Gas Market Share	Peak Delivery Market Share
Union Gas	Duke	Ontario	152,200	2,300		13.1%	9.1%
Enbridge	Enbridge	Ontario	92,000	1,792	<i>est</i>	7.9%	7.1%
ANR Pipeline	El Paso	Michigan	117,000	3,431	<i>est</i>	10.1%	13.5%
ANR Storage	El Paso	Michigan	55,673	950		4.8%	3.7%
Blue Lake Storage	El Paso	Michigan	47,086	657		4.1%	2.6%
Eaton Rapids Gas Storage	El Paso/Semco	Michigan	13,534	120		1.2%	0.5%
Consumers Energy	CMS Energy	Michigan	142,800	3,665	<i>est</i>	12.3%	14.5%
Mich Con	DTE Energy	Michigan	124,444	3,300		10.7%	13.0%
Washington 10 Storage Corp.	DTE Energy	Michigan	60,500	641	<i>est</i>	5.2%	2.5%
Washington 28	DTE Energy	Michigan	9,725	275		0.8%	1.1%
Michigan Gas Utilities	Aquila	Michigan	5,100	116	<i>est</i>	0.4%	0.5%
Semco Energy Gas Co.	Semco Energy	Michigan	5,015	184		0.4%	0.7%
Bluewater Gas Storage	Plains All American Pipeline	Michigan	24,500	700		2.1%	2.8%
WPI- ESI Gas Storage	WPS Resources	Michigan	3,000	100		0.3%	0.4%
Lee 8	Vectren/Citizen's Gas	Michigan	2,450	55	<i>est</i>	0.2%	0.2%
Southwest Gas Storage Co.	Southern Union Co.	MI/IL	20,603	430	<i>est</i>	1.8%	1.7%
National Fuel Gas Supply	National Fuel Gas Supply	NY/PA	80,315	1,342		6.9%	5.3%
Natural Gas Pipeline of America	Kinder Morgan	Illinois	25,000	1,270		2.2%	5.0%
Nicor Gas	Nicor, Inc.	Illinois	144,300	2,800		12.4%	11.0%
Peoples Gas Light & Coke Co.	Peoples Energy	Illinois	28,000	920		2.4%	3.6%
Northern Indiana Public Service Co.	NiSource	Indiana	6,663	220		0.6%	0.9%
Indiana Gas Company	Vectren	Indiana	2,530	75		0.2%	0.3%
Total			1,162,438	25,343			
4 Firm Concentration			563,744	12,065		48.5%	47.6%
HHI						0.089	0.092

Data Sources:

Natural Gas Intelligence, *Natural Gas and Storage in the United States and Canada (2004/2005)*

Michigan Public Service Commission, *Natural Gas Field Storage Summary, 2005*

Company Websites, SEC Filings: Form 10-K

Table 10A
Physical Storage Capacity in the Union Gas Core Competitive Market Area
Updated to Include New Union Gas and Spectra Storage Projects
(Concentration by Operating Company)

Operating Company	Parent Company	State/ Province	Working Gas [MMscf]	Peak Delivery [MMscf]		Working Gas Market Share	Peak Delivery Market Share
<i>Union Gas</i>	<i>Duke (now Spectra)</i>	<i>Ontario</i>	<i>156,200</i>	<i>2,825</i>		<i>13.3%</i>	<i>10.9%</i>
<i>Market Hub Partners</i>	<i>Duke (now Spectra)</i>	<i>Ontario</i>	<i>6,400</i>	<i>63</i>		<i>0.5%</i>	<i>0.2%</i>
Enbridge	Enbridge	Ontario	92,000	1,792	est	7.8%	6.9%
ANR Pipeline	TransCanada	Michigan	117,000	3,431	est	10.0%	13.2%
ANR Storage	TransCanada	Michigan	55,673	950		4.7%	3.7%
Blue Lake Storage	TransCanada	Michigan	47,086	657		4.0%	2.5%
Eaton Rapids Gas Storage	TransCanada	Michigan	13,534	120		1.2%	0.5%
Consumers Energy	CMS Energy	Michigan	142,800	3,665	est	12.2%	14.1%
Mich Con	DTE Energy	Michigan	124,444	3,300		10.6%	12.7%
Washington 10 Storage Corp.	DTE Energy	Michigan	60,500	641	est	5.2%	2.5%
Washington 28	DTE Energy	Michigan	9,725	275		0.8%	1.1%
Michigan Gas Utilities	Aquila	Michigan	5,100	116	est	0.4%	0.4%
Semco Energy Gas Co.	Semco Energy	Michigan	5,015	184		0.4%	0.7%
Bluewater Gas Storage	Plains All American P	Michigan	24,500	700		2.1%	2.7%
WPI- ESI Gas Storage	WPS Resources	Michigan	3,000	100		0.3%	0.4%
Lee 8	Vectren/Citizen's Gas	Michigan	2,450	55	est	0.2%	0.2%
Southwest Gas Storage Co.	Southern Union Co.	MI/IL	20,603	430	est	1.8%	1.7%
National Fuel Gas Supply	National Fuel Gas Sup	NY/PA	80,315	1,342		6.8%	5.2%
Natural Gas Pipeline of America	Kinder Morgan	Illinois	25,000	1,270		2.1%	4.9%
Nicor Gas	Nicor, Inc.	Illinois	144,300	2,800		12.3%	10.8%
Peoples Gas Light & Coke Co.	Peoples Energy	Illinois	28,000	920		2.4%	3.5%
Northern Indiana Public Service Co.	NiSource	Indiana	6,663	220		0.6%	0.8%
Indiana Gas Company	Vectren	Indiana	2,530	75		0.2%	0.3%
Total			1,172,838	25,931			
4 Firm Concentration			567,744	12,590		48.4%	48.6%
HHI						0.088	0.092

Data Sources:

Natural Gas Intelligence, *Natural Gas and Storage in the United States and Canada (2004/2005)*

Michigan Public Service Commission, *Natural Gas Field Storage Summary, 2005*

Company Websites, SEC Filings: Form 10-K

Table 10B
Physical Storage Capacity in the Union Gas Core Competitive Market Area
Updated to Include All New Storage Projects
(Concentration by Operating Company)

Operating Company	Parent Company	State/ Province	Working Gas [MMscf]	Peak Delivery [MMscf]		Working Gas Market Share	Peak Delivery Market Share
<i>Union Gas</i>	<i>Duke(now Spectra)</i>	<i>Ontario</i>	<i>156,200</i>	<i>2,825</i>		<i>12.8%</i>	<i>11.3%</i>
<i>Market Hub Partners</i>	<i>Duke(now Spectra)/Alta Ga.</i>	<i>Ontario</i>	<i>6,400</i>	<i>63</i>		<i>0.5%</i>	<i>0.3%</i>
Enbridge	Enbridge	Ontario	94,730	1,992	<i>est</i>	7.7%	8.0%
ANR Storage	TransCanada	Michigan	263,000	3,812		21.5%	15.3%
Consumers Energy	CMS Energy	Michigan	142,800	3,665	<i>est</i>	11.7%	14.7%
Mich Con	DTE Energy	Michigan	124,444	3,300		10.2%	13.2%
Washington 10 Storage	DTE Energy	Michigan	88,625	1,111	<i>est</i>	7.2%	4.4%
Michigan Gas Utilities	Aquila	Michigan	5,100	116	<i>est</i>	0.4%	0.5%
Semco Energy Gas	Semco Energy	Michigan	5,015	184		0.4%	0.7%
Bluewater Gas Storage	Plains All American Pipeline	Michigan	24,500	700		2.0%	2.8%
WPI- ESI Gas Storage	WPS Resources	Michigan	3,000	100		0.2%	0.4%
Lee 8	Vectren/Citizen's Gas	Michigan	2,450	55	<i>est</i>	0.2%	0.2%
Southwest Gas Storage	Southern Union Co.	MI/IL	20,603	430	<i>est</i>	1.7%	1.7%
National Fuel Gas Supply	National Fuel Gas Supply	NY/PA	80,315	1,342		6.6%	5.4%
Natural Gas Pipeline of America	Kinder Morgan	Illinois	25,000	1,270		2.0%	5.1%
Nicor Gas	Nicor, Inc.	Illinois	144,300	2,800		11.8%	11.2%
Peoples Gas Light & Coke	Peoples Energy	Illinois	28,000	920		2.3%	3.7%
Northern Indiana Public Service	NiSource	Indiana	6,663	220		0.5%	0.9%
Indiana Gas Company	Vectren	Indiana	2,530	75		0.2%	0.3%
Total			1,223,675	24,979			
4 Firm Concentration			706,300	13,602		57.7%	54.5%
HHI						0.1176	0.1041

Update Notes For Table 10B:

ANR Pipeline, ANR Storage, Blue Lakes, and Eaton Rapids purchased by TransCanada and operated as in integrated system

Total capacity and deliverability revised to reflect data published by TransCanada.

Washington 28 now owned and operated as part of Washington 10.

Data Sources:

Natural Gas Intelligence, Natural Gas and Storage in the United States and Canada (2004/2005)

Michigan Public Service Commission, Natural Gas Field Storage Summary, 2005

Company Websites, SEC Filings: Form 10-K, Open Season Summaries

Table 11 (From EEA/Schwindt Report)
Physical Storage Capacity in the Union Gas Core Competitive Market Area
(Concentration by Parent Company)

Parent Company	Working Gas [MMscf]	Peak Delivery [MMscf]		Working Gas Market Share	Peak Delivery Market Share
Duke	152,200	2,300		13.1%	9.1%
Enbridge	92,000	1,792	<i>est.</i>	7.9%	7.1%
El Paso	226,526	5,098	<i>est.</i>	19.5%	20.1%
CMS Energy	142,800	3,665	<i>est.</i>	12.3%	14.5%
DTE Energy	194,669	4,216	<i>est.</i>	16.7%	16.6%
Aquila	5,100	116	<i>est.</i>	0.4%	0.5%
Semco Energy	11,782	244		1.0%	1.0%
Plains All American Pipeline	24,500	700		2.1%	2.8%
WPS Resources	3,000	100		0.3%	0.4%
Citizen's Gas	1,225	27	<i>est.</i>	0.1%	0.1%
Southern Union	20,603	430	<i>est.</i>	1.8%	1.7%
National Fuel Gas Supply	80,315	1,342		6.9%	5.3%
Kinder Morgan	25,000	1,270		2.2%	5.0%
Nicor, Inc.	144,300	2,800		12.4%	11.0%
Peoples Energy	28,000	920		2.4%	3.6%
NiSource	6,663	220		0.6%	0.9%
Vectren	3,755	102	<i>est.</i>	0.3%	0.4%
Total	1,162,438	25,343			
4 Firm Concentration	717,695	14,414		61.7%	56.9%
HHI				0.127	0.122

Data Sources:

Natural Gas Intelligence, Natural Gas and Storage in the United States and Canada (2004/2005)

Michigan Public Service Commission, Natural Gas Field Storage Summary, 2005

Company Websites, SEC Filings: Form 10-K

Table 11A
Physical Storage Capacity in the Union Gas Core Competitive Market Area
Updated to Include New Spectra Energy Storage Projects
(Concentration by Parent Company)

Parent Company	Working Gas [MMscf]	Peak Delivery [MMscf]		Working Gas Market Share	Peak Delivery Market Share
Duke (now Spectra)	162,600	2,888		13.9%	11.1%
Enbridge	92,000	1,792	<i>est.</i>	7.8%	6.9%
El Paso	226,526	5,098	<i>est.</i>	19.3%	19.7%
CMS Energy	142,800	3,665	<i>est.</i>	12.2%	14.1%
DTE Energy	194,669	4,216	<i>est.</i>	16.6%	16.3%
Aquila	5,100	116	<i>est.</i>	0.4%	0.4%
Semco Energy	11,782	244		1.0%	0.9%
Plains All American Pipeline	24,500	700		2.1%	2.7%
WPS Resources	3,000	100		0.3%	0.4%
Citizen's Gas	1,225	27	<i>est.</i>	0.1%	0.1%
Southern Union	20,603	430	<i>est.</i>	1.8%	1.7%
National Fuel Gas Supply	80,315	1,342		6.8%	5.2%
Kinder Morgan	25,000	1,270		2.1%	4.9%
Nicor, Inc.	144,300	2,800		12.3%	10.8%
Peoples Energy	28,000	920		2.4%	3.5%
NiSource	6,663	220		0.6%	0.8%
Vectren	3,755	102	<i>est.</i>	0.3%	0.4%
Total	1,172,838	25,931			
4 Firm Concentration	728,095	15,001		62.08%	57.85%
HHI				0.1268	0.1215

Data Sources:

Natural Gas Intelligence, *Natural Gas and Storage in the United States and Canada (2004/2005)*

Michigan Public Service Commission, *Natural Gas Field Storage Summary, 2005*

Company Websites, SEC Filings: Form 10-K

Table 11B
Physical Storage Capacity in the Union Gas Core Competitive Market Area
Updated to Include All New Storage Projects
(Concentration by Parent Company)

Parent Company	Working Gas [MMscf]	Peak Delivery [MMscf]		Working Gas Market Share	Peak Delivery Market Share
Duke (now Spectra)	162,600	2,888		13.2%	11.5%
Enbridge	94,730	1,992	<i>est</i>	7.7%	8.0%
TransCanada	263,000	3,812		21.4%	15.2%
CMS Energy	142,800	3,665	<i>est</i>	11.6%	14.6%
DTE Energy	213,069	4,411	<i>est</i>	17.3%	17.6%
Aquila	5,100	116	<i>est</i>	0.4%	0.5%
Semco Energy	11,782	244		1.0%	1.0%
Plains All American Pipeline	24,500	700		2.0%	2.8%
WPS Resources	3,000	100		0.2%	0.4%
Citizen's Gas	1,225	27	<i>est</i>	0.1%	0.1%
Southern Union	20,603	430	<i>est</i>	1.7%	1.7%
National Fuel Gas Supply	80,315	1,342		6.5%	5.4%
Kinder Morgan	25,000	1,270		2.0%	5.1%
Nicor, Inc.	144,300	2,800		11.7%	11.2%
Peoples Energy	28,000	920		2.3%	3.7%
NiSource	6,663	220		0.5%	0.9%
Vectren	3,755	102	<i>est</i>	0.3%	0.4%
Total	1,230,442	25,039			
4 Firm Concentration	782,969	14,776		63.6%	59.0%
HHI				0.1323	0.11587

Update Notes For Table 11B:

All ANR Storage assets purchased by TransCanada.

Data Sources:

Natural Gas Intelligence, Natural Gas and Storage in the United States and Canada (2004/2005)

Michigan Public Service Commission, Natural Gas Field Storage Summary, 2005

Company Websites, SEC Filings: Form 10-K, Open Season Summaries