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By electronic filing

May 30, 2011

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

Dear Ms Walli,

Union Gas Limited ("Union")
2010 Earnings Sharing, Disposition of Deferral Accounts and Other Matters
Board File No.: EB-2011-0038
Our File No.: 339583-000104

We are enclosing two (2) additional interrogatories on behalf of our client, Canadian Manufacturers & Exporters ("CME"), that we hope Union will be kind enough to answer when it provides responses to the other written interrogatories it has received in connection with this proceeding.

Yours very truly,

Peter C.P. Thompson, Q.C.

PCT\slc
enclosure
c. Chris Ripley (Union)
Crawford Smith (Torys)
Intervenors EB-2011-0038
Paul Clipsham

OTT01\4532875\v1

IN THE MATTER OF the *Ontario Energy Board Act, 1998,* S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF an Application by Union Gas Limited for an order or orders amending or varying the rate or rates charged to customers as of October 1, 2011.

SUPPLEMENTARY INTERROGATORIES OF CANADIAN MANUFACTURERS & EXPORTERS ("CME") TO UNION GAS LIMITED ("UNION")

St. Clair Line Deferral Accounts

Reference: Exhibit A, Tab 1, page 13
Exhibit A, Tab 1, Schedule 1, lines 15 and 16
Exhibit A, Tab 3, Schedule 1

1. Please revise these Schedules to include the debit balances at December 31, 2010, in each of these deferral accounts so that the information requested will be available in the event that the sale transaction proceeds prior to the October 1, 2010 date Union proposes for the clearing of 2010 deferral account balances.

Incremental Transportation Contracting Analysis

Reference: Exhibit A, Tab 5

2. Attached is a copy of a presentation that we understand was made by a Union representative in Calgary in the Spring of this year. At page 9 of the presentation, Union appears to indicate that it has contracted for 21,101 GJ/d of firm transportation from Niagara to Kirkwall to accommodate the delivery of Marcellus Shale gas into its integrated system. In connection with this presentation, please provide the following additional information:

   (a) Has Union executed a Precedent Agreement with TransCanada PipeLines Limited ("TCPL") for the 21,101 GJ/d of firm transportation from Niagara to Kirkwall as indicated in the presentation?

   (b) If so, then please provide an incremental transportation contract analysis pertaining to that arrangement in the same format of the analysis presented in Exhibit A, Tab 5; and

   (c) Please explain why a contract analysis with respect to this arrangement was not included in Exhibit A, Tab 5.

Gas Supply
What We Do and What's New

Tina Hodgson
Manager, Transportation Acquisitions

Canada's Top 100 Employers 2011

Purpose of Gas Supply

- Plan for system gas supply requirements
- Purchase approximately 135 PJ's of System Supply annually
- Service approximately 1.3 Million system customers
- Transport approximately 400,000 GJ/d to Ontario
- Spend about $1B each year

The Gas Supply Process

union gas
A Spectra Energy Company

CELEBRATING
100 YEARS
Est. 1911

1. Gas Supply Planning sets the plan
   - Uses Demand Forecast for quantities and seasonality in developing aggregate Gas Supply Plan
   - Allocates storage for system customer use
   - Determines supply going to market vs. storage injections/withdrawals
2. Transportation Group buys capacity on the pipes
   - Firm service, move supply 365 days a year
   - Contract terms vary from 1-10 years
   - Hold total of 400,000 GJ/d of FT capacity
3. Gas Supply Group buys gas each month
   - NAESB contract required
   - RFP process
   - Primarily settled on indexed pricing (Nymex, Aeco or Dawn)

Gas Supply Guiding Principles

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1. To ensure **secure and reliable** gas supply at a **reasonable cost**
2. To **minimize risk** by diversifying contract terms, supply basins and upstream pipelines
3. To encourage **new sources** of supply as well as new infrastructure to Union Gas service territory
4. To **meet peak day** and seasonal gas delivery requirements
5. To accept gas into various receipt points on Union Gas system to maintain **system integrity**

Where Union Gas Buys Gas Supply

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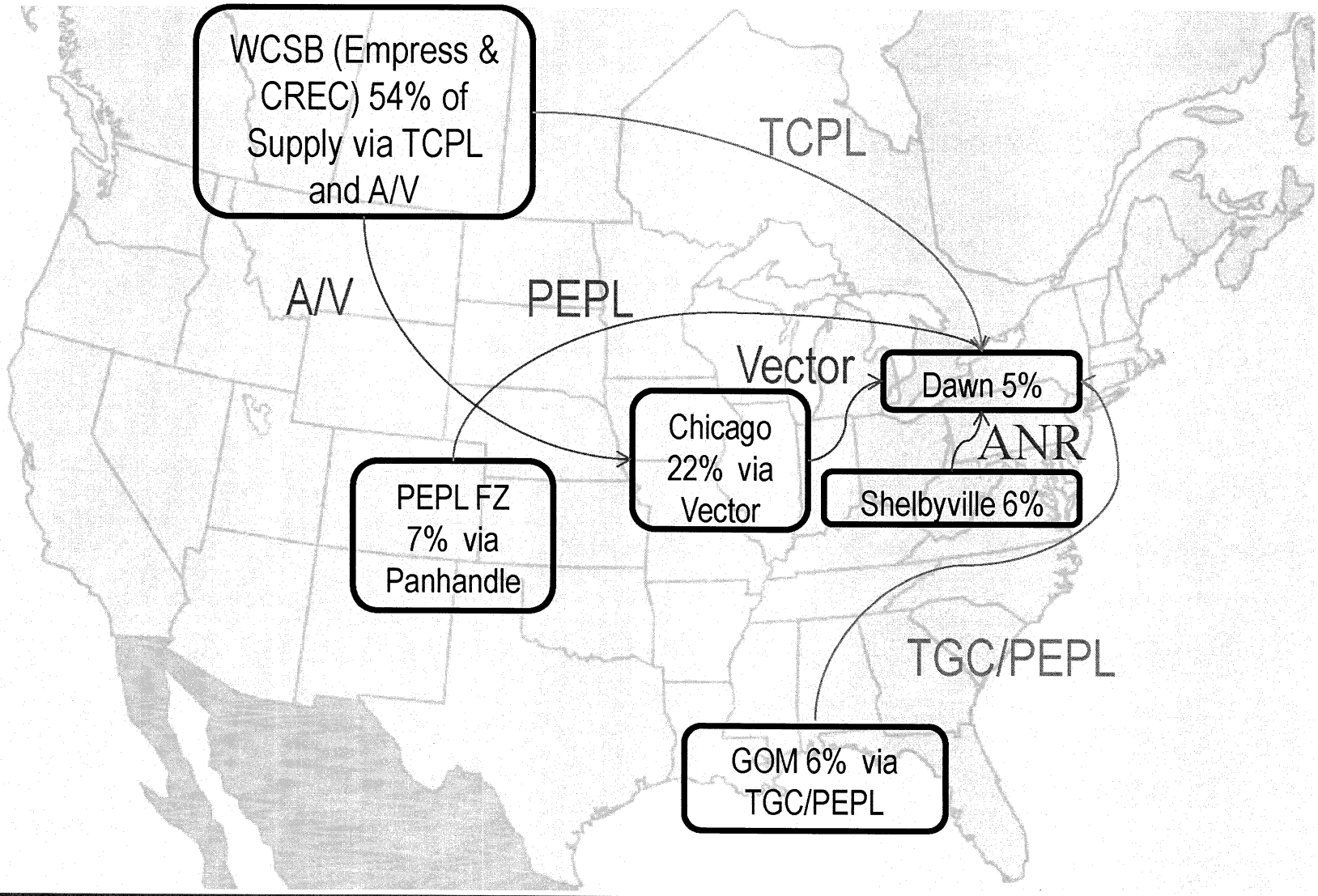

Transportation Portfolio

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Pipeline	Primary Receipt Point	Secondary Receipt Point	Primary Delivery Points	Secondary Delivery Points
Trunkline	ELA	WLA, Zone 1A, Rex (Audrain)	Bourbon	Texas Lick Creek, Peoples
Panhandle	FZ, Bourbon	Scotland, ANR, Defiance, NIPSCO Defiance, Jackson Pipeline, Putnam, Ojibway	Union Wayne (Ojibway)	COLGA, Lebanon, Maumee, MCON, MGS
Alliance Canada	CREC		Canada-US Border	
Alliance US	Canada-US Border		Chicago (VEASL)	Peoples (ELWSL)
ANR	Shelbyville	ML2	Michcon-Willow Run/GLGT-Farwell	
Vector-US	Chicago (VEASL)	All points	Canada-US Border	All points
Vector Canada	Canada-US Border		Dawn Vector	
TransCanada	Empress, Dawn, Parkway	All points	Union CDA, NCDA, EDA, WDA, SSMDA, NDA, MDA, SWDA, Parkway	All points

Customer Turnback & Vertical Slice

Turn-back

- Annual program that allows a portion of the underlying TCPL transportation contract to be elected to be turned back to Union
- Equal obligated deliveries at Parkway (DP) or same TCPL delivery area (T-Service) are required
- Election takes place in the spring, effective following November 1st
- Expect to see communication regarding availability and election this month

Vertical Slice

- The method that Union allocates upstream transportation capacity for sales system customers transferring to direct purchase arrangements
- Applicable to South DP customers only
- Expect to see communication in August via Factsline for details on November 1st implementation
- DP customer pays the same toll as has been contracted by Union

System Supply Length Mitigation

Or.....*"what's going on when Union doesn't send out an RFP in a particular month?"*

- Gas Supply team buys gas for Union's system gas customers
- On an annual basis, system customers are allocated storage space
  - System cannot exceed this allocation (pack in Sept/Oct) or draft this allocation (go negative at end of March)
- When operations forecast projects "system customers" will be over their allocated space at October 31, we mitigate that length by reducing our gas purchases

What's New?
...Accessing Marcellus Shale Gas

- Union Gas successfully bid in TCPL Open Season for 21,101 GJ/d (20,000 Dth/d) of firm transportation from Niagara to Kirkwall
- Contract is for 10 years and starts in November of 2012
- Rate is at TCPL NEB approved tolls
- Niagara interconnect is an international border point joining TCPL's mainline to Niagara Spur Loop Line in New York state
  - jointly owned by and interconnected with National Fuel, Tenessee Gas Pipeline and Dominion Transmission
- Kirkwall interconnects with Union's Dawn/Trafalgar transmission system

Niagara to Kirkwall

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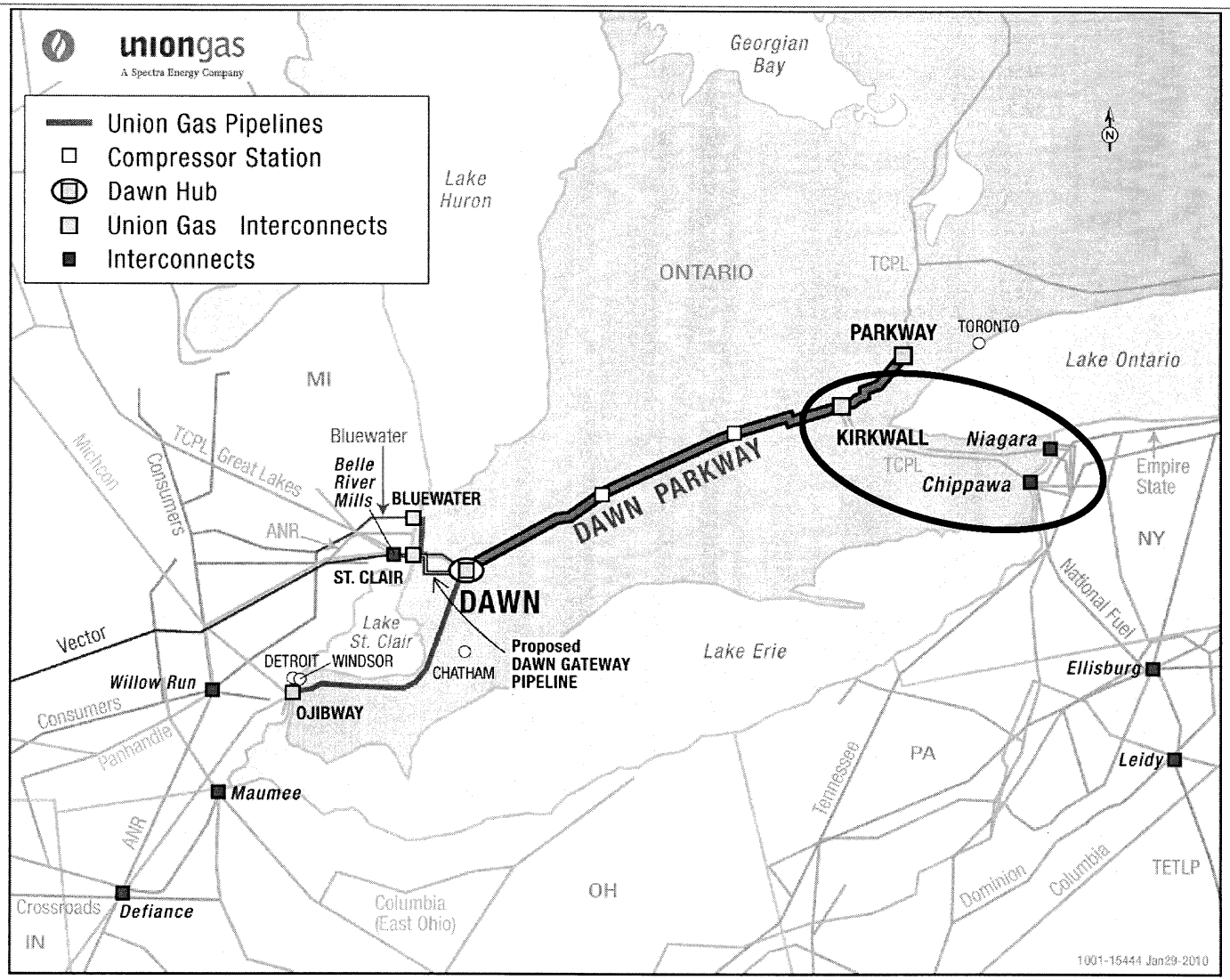
CELEBRATING
100 YEARS
Est. 1911



Thank You

We appreciate the services you provide to Gas Supply and value our supplier relationships.

We look forward to continuing to do business together throughout 2011 and beyond.