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**File No. 339583-000112**

September 1, 2011

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

Dear Ms Walli,

**Union Gas Limited ("Union")**  
**Request for Approval to Amend C1 and M12 Rate Schedules**  
**Board File No.: EB-2011-0257**

These are the submissions of Canadian Manufacturers & Exporters ("CME") pertaining to the request by Union for approval of a firm M12 and C1 transportation rate from Kirkwall to Parkway.

CME relies on the Board to determine whether the cost allocation and rate design for the proposed rates are, as Union contends, compatible with the approach approved by the Board for Union's other transportation rates.

From the responses that Union has provided to CME's four Interrogatories (Exhibits B3.1-B3.4, inclusive), we conclude that Union will not be incurring any incremental fixed costs to provide these new services to TransCanada Pipeline Limited ("TCPL") and that, over their 10-year duration, the contracts with TCPL will produce net incremental demand charge revenues of about \$11M.

We further understand from Union's responses to Interrogatories that the net incremental revenues realized in November and December of 2012 will accrue to the benefit of Union's shareholders. However, upon Union's 2013 rebasing of its rates, the net annual incremental revenue from these new rates will accrue to the benefit of ratepayers through the design of Union's rebased rates.

In these circumstances, CME does not object to the relief that Union seeks in this Application.

CME respectfully requests that it be awarded 100% of its reasonably incurred costs of participating in this process.

Yours very truly,

A handwritten signature in black ink, appearing to be 'PCT', is written over a horizontal line.

Peter C.P. Thompson, Q.C.

PCT/kt

c. Karen Hockin (Union)  
Emily Kirkpatrick (Torys)  
Intervenors EB-2011-0257  
Nancy Coulas

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