July 19, 2012

Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

RE: EB-2011-0210 – Union Gas Limited – 2013 Rates Application – Day 4 Undertaking Responses

Dear Ms. Walli,

Please find attached Union's responses to the undertakings from Day 4 of the EB-2011-0210 proceeding.

Yours truly,

[original signed by]

Chris Ripley
Manager, Regulatory Applications

cc: Crawford Smith, Torys
EB-2011-0210 Intervenors

UNION GAS LIMITED

Undertaking of Mr. Thompson
To Ms. Evers

For 2007 to 2012, please provide flow through to ratepayers of capacity-release-type transactions, LBA fees transactions, capacity assignment cases not already filed, and other RAM optimization transactions.

---

a) As described at Exhibit J.C.4-7-10, page 2, paragraph 1, where Union releases unutilized pipe to the market due to excess supply to the plan, any value received for the pipe is credited to ratepayers to offset UDC costs. The chart below provides the total UDC costs incurred, the released value of the pipe, and the net UDC costs that were charged to ratepayers.

$000's	**2007**	**2008**	**2009**	**2010**	**2011**	**2012 (YTD May)**
UDC Costs Incurred	$5,202	$12	$3,273	$9,645	$834	$3,814
Released Value	($4,016)	$0	($1,338)	($7,257)	($309)	($2,847)
Net UDC Costs	$1,186	$12	$1,935	$2,387	$525	$967

Releasing the pipe to the market to obtain value is Union's preferred approach. However, as described at Transcript, Day 3, page 10, lines 21-25, in some instances, the pipe may be unutilized for a term that is less than a month or there may not be market value for the pipe.

If the empty pipe is TCPL capacity, when Union leaves the pipe empty, RAM credits are generated and Union's S&T department will act on market opportunities to utilize RAM credits. From 2007 to 2012, there was one month only when RAM credits of $240,000 were generated resulting in revenues of $60,000 which flowed through UDC to ratepayers.

b) As described at Exhibit J.C.4-7-10, page 2, paragraph 2, the benefit to ratepayers for RAM credits used to fund a base minimal level of interruptible transportation to manage LBA fees is provided at Exhibit J.3.2.

c) As described at Exhibit J.C.4-7-10, page 2, paragraphs 3 and 4, S&T revenue generated for optimizing the transportation portfolio by assigning long-haul firm transportation and utilizing the RAM program is provided at Exhibit J.C-4-7-9, Attachment 2.

UNION GAS LIMITED

Undertaking of Mr. Thompson
To Ms. Hodgson

Please provide breakdown of assignments in J.C-4-7-10, Attachment 1, page 10 of the compendium, between the EDA, CDA and the NCDA.

Please see the Attachment.

Filed: 2012-07-18
EB-2011-0210
Exhibit J4.2
Attachment

Eastern Zone Capacity Assignments*
GJ/d

Line No.	Receipt Point	Delivery Area		Winter 07/08					Summer '08						
				Nov '07	Dec '07	Jan '08	Feb '08	Mar '08	Apr '08	May '08	June '08	Jul '08	Aug '08	Sept '08	Oct '08
1	Empress	Eastern Zone	TOTAL	-	35,000	35,000	35,000	35,000	65,753	80,753	60,753	60,753	60,753	65,753	65,753
2			EDA	-	-	-	-	-	13,000	20,000	-	-	-	5,000	5,000
3			CDA	-	35,000	35,000	35,000	35,000	52,753	52,753	52,753	52,753	52,753	52,753	52,753
4			NCDA	-	-	-	-	-	-	8,000	8,000	8,000	8,000	8,000	8,000

Line No.	Receipt Point	Delivery Area		Winter 08/09					Summer '09						
				Nov '08	Dec '08	Jan '09	Feb '09	Mar '09	Apr '09	May '09	June '09	Jul '09	Aug '09	Sept '09	Oct '09
5	Empress	Eastern Zone	TOTAL	28,000	48,000	48,000	48,000	48,000	77,556	97,556	97,556	108,556	108,556	108,556	97,556
6			EDA	-	-	-	-	-	9,556	29,556	29,556	40,556	40,556	40,556	29,556
7			CDA	20,000	40,000	40,000	40,000	40,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
8			NCDA	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

Line No.	Receipt Point	Delivery Area		Winter 09/10					Summer '10						
				Nov '09	Dec '09	Jan '10	Feb '10	Mar '10	Apr '10	May '10	June '10	Jul '10	Aug '10	Sept '10	Oct '10
9	Empress	Eastern Zone	TOTAL	80,000	80,000	80,000	80,000	80,000	92,832	92,832	92,832	92,832	92,832	92,832	92,832
10			EDA	20,000	20,000	20,000	20,000	20,000	32,832	32,832	32,832	32,832	32,832	32,832	32,832
11			CDA	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
12			NCDA	-	-	-	-	-	-	-	-	-	-	-	-

Line No.	Receipt Point	Delivery Area		Winter 10/11					Summer 11						
				Nov '10	Dec '10	Jan '11	Feb '11	Mar '11	Apr '11	May '11	June '11	July '11	Aug '11	Sept '11	Oct '11
13	Empress	Eastern Zone	TOTAL	60,000	60,000	60,000	60,000	60,000	60,000	96,796	110,000	110,000	110,000	110,000	110,000
14			EDA	20,000	20,000	20,000	20,000	20,000	20,000	20,000	33,000	33,000	33,000	33,000	33,000
15			CDA	40,000	40,000	40,000	40,000	40,000	40,000	68,000	68,204	68,204	68,204	68,204	68,204
16			NCDA	-	-	-	-	-	-	8,796	8,796	8,796	8,796	8,796	8,796

Line No.	Receipt Point	Delivery Area		Winter 11/12					Summer 12	
				Nov '11	Dec '11	Jan '12	Feb '12	Mar '12	Apr '12	May '12
17	Empress	Eastern Zone	TOTAL	74,796	60,000	60,000	60,000	80,000	117,796	117,796
18			EDA	-	-	-	-	20,000	40,000	40,000
19			CDA	66,000	60,000	58,000	58,000	58,000	69,000	69,000
20			NCDA	8,796	-	2,000	2,000	2,000	8,796	8,796

* not including capacity assignments to Union's franchise customers

UNION GAS LIMITED

Undertaking of Mr. Thompson
To Ms. Hodgson

Please provide penalties already incurred for terminated Alliance/Vector Transportation Contract and projections for 2013-2015.

At the time the analysis was conducted, the penalty charges for terminating the contract in 2015 were projected by Alliance and communicated to Union as $0.055/dth for the remaining 5 years of the contract. The chart below reflects the actual charge incurred for 2011 and 2012.

2011 - $1.4234 USD/Dth/mo ($0.047 US/dth)
2012 – 1.4294 USD/Dth/mo ($0.047 US/dth)

The landed cost analysis at the time of renewal was completed and is shown in Attachment 1 illustrates the landed cost of the Alliance-Vector path was uneconomic.

Filed: 2012-07-18
EB-2011-0210
Exhibit J4.4
Attachment

2010-2020 Alliance-Vector Transportation Contracting Analysis

Route	Point of Supply	Basis Differential $US/mmBtu	Supply Cost $US/mmBtu	Unitized Demand Charge $US/mmBtu	Commodity Charge $US/mmBtu	Fuel Charge $US/mmBtu	100% LF Transportation Inclusive of Fuel $US/mmBtu	Landed Cost $US/mmBtu	**Landed Cost $Cdn/Gj**	Point of Delivery
(A)	(B)	(C)	(D) = Nymex + C	(E)	(F)	(G)	(I) = E + F + G	(J) = D + I	**(K)**	(L)
Dawn	Dawn	0.553	7.1191	0.0000	0.0000	0.0000	0.0000	$7.12	**$ 7.08**	Dawn
Alliance/Vector - Non Renewal	Alliance Field Zone (Yr 1-5)/Chicago (Yr 6-10)	-0.197	6.3689	0.9352	-0.1494	0.1745	0.9602	$7.33	**$ 7.29**	Dawn
Alliance/Vector - Renewal	Alliance Field Zone	-0.663	5.9032	1.5654	-0.3008	0.3188	1.5834	$7.49	**$ 7.45**	Dawn
TCPL SWDA	Empress	-0.329	6.2372	1.3154	0.0564	0.1441	1.5159	$7.75	**$ 7.71**	Dawn

Assumptions used in Devleoping Long-term Transportation Contracting Analysis:

Annual Gas Supply & Fuel Ratio Forecasts	**Point of Supply Col (B) above**	**2010 $US/mmBtu**	**2011 $US/mmBtu**	**2012 $US/mmBtu**	**2013 $US/mmBtu**	**2014 $US/mmBtu**	**2015 $US/mmBtu**	**2016 $US/mmBtu**	**2017 $US/mmBtu**	**2018 $US/mmBtu**	**2019 $US/mmBtu**	**Average Annual Gas Supply Cost $US/mmBtu**	**Fuel Ratio Forecasts Col (G) above**
Henry Hub (NYMEX) $US/mmBtu		$5.28	$4.72	$5.91	$6.18	$6.45	$6.99	$6.98	$7.05	$7.85	$8.25	$6.57	
Dawn	Dawn	$5.61	$5.06	$6.33	$6.65	$7.01	$7.66	$7.63	$7.72	$8.54	$8.98	$7.12	
Alliance/Vector - Non Renewal	Alliance Field Zone (Yr 1-5)/Chicago (Yr 6-10)	$4.60	$4.08	$5.27	$5.53	$5.78	$7.26	$7.20	$7.30	$8.11	$8.54	$6.37	5.40% - (Yr 1-5) 0.347% - (Yr 6-10)
Alliance/Vector - Renewal	Alliance Field Zone	$4.60	$4.08	$5.27	$5.53	$5.78	$6.31	$6.25	$6.42	$7.19	$7.60	$5.90	5.40%
TCPL SWDA	Empress	$4.89	$4.35	$5.56	$5.84	$6.12	$6.68	$6.63	$6.78	$7.56	$7.97	$6.24	2.31%

Sources for Assumptions:

Gas Supply Prices (Col D):	Energy & Environmental Analysis; April 2010	
Fuel Ratios (Col G):	Average ratio over the previous 12 months or Pipeline Forecast	
Transportation Tolls (Cols E & F):	Tolls in effect on Alternative Routes at the time of Union's Analysis	
Foreign Exchange (Col K)	$1 US =	$0.953 CDN
Energy Conversions (Col K)	1 dth = 1 mmBtu =	1.055056
Union's Analysis Completed:	Jun-10	

UNION GAS LIMITED

Undertaking of Mr. Millar
To Mr. Shorts

Please provide fully allocated costs for St. Clair and Bluewater services.

Services on the St. Clair and Bluewater river crossings are purchased from St. Clair Pipelines and NEB regulated entity. St. Clair Pipelines rates were determined using a cost of service approach at the time they were established. There have been no changes to these rates over the past 10 years. St. Clair Pipeline's fully allocated costs estimated for 2013 are approximately $1.2 million ($1.0 million related to Bluewater and $0.2 million related to St. Clair). This is higher than Union's forecast cost of approximately $1.0 million.