

September 11, 2013

Ms. Sheri Young
Secretary of the Board
National Energy Board
444 7th Ave SW
Calgary AB T2P 0X8

Dear Ms. Young:

Re: Hearing Order MH-002-2013 - Application by Société en commandite Gaz Métro ("Gaz Métro") and Union Gas Limited ("Union") for orders directing TransCanada PipeLines Limited ("TransCanada") to provide adequate and suitable facilities for the junction of the Vaughan Pipeline Project and TransCanada Mainline (the "Interconnection Application")

Gaz Métro and Union ("**the Applicants**") wish to inform the National Energy Board of their decision to withdraw the Interconnection Application (MH-002-2013) following extensive discussions with TransCanada and Enbridge Gas Distribution Inc. ("**EGD**"). The Applicants, EGD and TransCanada have worked diligently to resolve the issues raised by the Interconnection Application. These discussions have culminated in a comprehensive settlement between the Applicants, EGD and TransCanada. That settlement, when formalized, will be presented to the National Energy Board for approval.

Most notably and relevant to the Interconnection Application now before the Board in MH-002-2013, the settlement provides for:

- **Access to Dawn and Niagara for Natural Gas Consumers.** As a result of changing North American gas supply dynamics, market participants would like to contract for short haul transportation from liquid hubs such as Dawn located closer to market areas. TransCanada will work with the Applicants and EGD (collectively, "**the LDCs**") to reinstate the short haul volumes awarded by TransCanada as a result of its May 2012 new capacity open season for an in-service date of November 1, 2015. TransCanada will also begin work immediately on its "Kings' North" Project which, in conjunction with Segment A of EGD's GTA Project and Union's Parkway Projects, will relieve the present constraint between Parkway and Maple. Further expansions on this path are expected in 2016 and beyond.
- **Stable Mainline Tolls.** The current tolling framework results in a substantial disincentive to TransCanada to improve market access to Dawn and Niagara. In order to overcome this disincentive, the LDCs have agreed to a tolling framework which will ensure market access and supply flexibility, while providing cost recovery for TransCanada.
- **Resolution of Outstanding Claims.** As described above, the present litigious atmosphere has created uncertainty in the marketplace including for the LDCs, their customers and TransCanada. The settlement provides for the resolution of all outstanding disputes such

September 11, 2013

Page Two

as the Interconnection Application (MH-002-2013) filed by the Applicants with the National Energy Board; the Complaint filed by the LDCs with the National Energy Board; and the claim filed by TransCanada against EGD in the Ontario Superior Court of Justice.

Accordingly, the Applicants support the immediate termination of the MH-2-2013 proceeding. The Applicants wish to express their appreciation to the Board and its staff for the time and resources deployed in relation to the Interconnection Application.

Sincerely,

UNION GAS LIMITED

**SOCIÉTÉ EN COMMANDITE
GAS MÉTRO**

Original Copy Signed By

Original Copy Signed By

Mark Isherwood
Vice-President

Patrick Cabana
Vice-President

cc: C.K. Yates, Q.C. (Blake, Cassels & Graydon LLP) (Counsel to TransCanada)
L. E. Smith, Q.C. (Bennett Jones LLP) (Counsel to Union)
E. Dunberry (Norton Rose Fulbright LLP) (Counsel to Gaz Métro)
Interested Parties MH-002-2013

September 11, 2013

Ms. Sheri Young
Secretary of the Board
National Energy Board
444 7th Ave SW
Calgary AB T2P 0X8

Dear Ms. Young:

**Re: Application for orders directing TransCanada PipeLines Limited ("TransCanada") to provide adequate and suitable facilities for the junction of the Vaughan Pipeline Project and TransCanada Mainline (the "Interconnection Application")
Hearing Order MH-002-2013**

Further to the letter dated September 11, 2013 from Union Gas Limited ("Union") and Société en commandite Gaz Métro ("Gaz Métro") withdrawing the Interconnection Application, the Applicants respectfully request that the Board relieve them of the obligation to file responses to information requests due on Friday, September 13, 2013 as previously required under the Board's procedural schedule.

In view of the timing, the Applicants would request the Board's response at its earliest convenience.

Yours truly,

UNION GAS LIMITED

**SOCIÉTÉ EN COMMANDITE
GAS MÉTRO**

Original Copy Signed By

Original Copy Signed By

Mark Isherwood
Vice-President

Patrick Cabana
Vice-President

cc: C.K. Yates, Q.C. (Blake, Cassels & Graydon LLP) (Counsel to TransCanada)
L. E. Smith, Q.C. (Bennett Jones LLP) (Counsel to Union)
E. Dunberry and M-C. Hivon (Norton Rose Fulbright LLP) (Counsel to Gaz Métro)
Interested Parties MH-002-2013



Blake, Cassels & Graydon LLP
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September 12, 2013

Gordon Cameron
Partner

Dir: 403-663-2888
gord.cameron@blakes.com

VIA Electronic Filing

Reference: 16531/146

National Energy Board
444 Seventh Avenue S.W.
Calgary AB T2P 0X8

Attention: Ms. Sheri Young
Board Secretary

Dear Ms. Young:

RE: Hearing Order MH-002-2013
Board File OF-Tolls-group 1-T211-2013-02-01
Application by Union Gas Limited (Union) and Société en commandite Gaz Métro (Gaz Métro)
for certain orders pursuant to subsections 71(2) and 71(3) of the *National Energy Board Act*
and related relief (Application)

We are writing on behalf of TransCanada PipeLines Limited (TransCanada) with respect to the two letters sent by Union and Gaz Métro (Applicants) to the Board yesterday: the first withdrawing the Application and requesting that this proceeding be terminated, and the second requesting that the Applicants be relieved of the obligation to file Information Request responses.

TransCanada supports the Applicants' requests.

Yours truly

Gordon Cameron

Gordon Cameron

Parties to MH-002-2013

22440237.1

National Energy
BoardOffice national
de l'énergie

File OF-Tolls-Group1-T211-2013-02 01
12 September 2013

To: All Parties to Hearing Order MH-002-2013

Application for orders directing TransCanada PipeLines Limited to provide adequate and suitable facilities for the junction of the Vaughan Pipeline Project and TransCanada Mainline (the Application) - Hearing Order MH-002-2013

MH-002-2013 Hearing Cancellation

On 11 September 2013, Société en commandite Gaz Métro (Gaz Métro) and Union Gas Limited (Union) filed a letter with the National Energy Board indicating that they wished to withdraw the Application and terminate all procedural steps relating to it. Union and Gaz Métro advised that they have reached a comprehensive settlement agreement with TransCanada PipeLines Limited and Enbridge Gas Distribution Inc. related to the issues raised in the Application.

Given that the Application has been withdrawn, the Board hereby cancels the MH-002-2013 hearing and all procedural steps related to it. For greater certainty, Gaz Métro and Union are not required to respond to the information requests on 13 September 2013.

Yours truly,

A blue ink signature, appearing to read 'S. Young', written over a horizontal line.

for
Sheri Young
Secretary of the Board

September 11, 2013

Ms. Sheri Young
Secretary of the Board
National Energy Board
444 7th Ave SW
Calgary AB T2P 0X8

Dear Ms. Young:

Re: Tolls and Tariff Complaint Against TransCanada PipeLines Limited ("TransCanada") by Union Gas Limited ("Union") and Gaz Métro Limited Partnership ("Gaz Métro") and Enbridge Gas Distribution Inc. ("EGD") (collectively, the "LDCs") (the "LDC Complaint")

The LDCs wish to inform the National Energy Board of their decision to withdraw the LDC Complaint following extensive discussions with TransCanada. The LDCs and TransCanada have worked diligently to resolve the issues raised by the Complaint. These discussions have culminated in a comprehensive settlement between the LDCs and TransCanada. That settlement, when formalized, will be presented to the National Energy Board for approval.

Most notably and relevant to the LDC Complaint, the settlement provides for:

- Access to Dawn and Niagara for Natural Gas Consumers. As a result of changing North American gas supply dynamics, market participants would like to contract for short haul transportation from liquid hubs such as Dawn located closer to market areas. TransCanada will work with the LDCs to reinstate the short haul volumes awarded by TransCanada as a result of its May 2012 new capacity open season for an in-service date of November 1, 2015. TransCanada will also begin work immediately on its "Kings' North" Project which, in conjunction with Segment A of EGD's GTA Project and Union's Parkway Projects, will relieve the present constraint between Parkway and Maple. Further expansions on this path are expected in 2016 and beyond.
- Stable Mainline Tolls. The current tolling framework results in a substantial disincentive to TransCanada to improve market access to Dawn and Niagara. In order to overcome this disincentive, the LDCs have agreed to a tolling framework which will ensure market access and supply flexibility, while providing cost recovery for TransCanada.
- Resolution of Outstanding Claims. As described above, the present litigious atmosphere has created uncertainty in the marketplace including for the LDCs, their customers and TransCanada. The settlement provides for the resolution of all outstanding disputes such as the Complaint filed by the LDCs with the National Energy Board; the Interconnection Application (MH-002-2013) filed by Union and Gaz Métro with the National Energy Board; and the claim filed by TransCanada against EGD in the Ontario Superior Court of Justice.

September 11, 2013

Page Two

The LDCs wish to express their appreciation to the Board and its staff for the time and resources deployed in relation to their complaint.

Sincerely,

Union Gas Limited

Société en commandite Gaz Métro

Enbridge Gas Distribution Inc.

Original Signed By

Per

Mark Isherwood
Vice-President

Original Signed By

Per

Patrick Cabana
Vice-President

Original Signed By

Per

Malini Giridhar
Vice-President

cc: C. Kemm Yates, Q.C., Blake, Cassels & Graydon LLP (TransCanada)
Eric Dunberry, Norton Rose (Gaz Métro)
L. E. Smith, Q.C., Bennett Jones (Union)
D. Crowther, Dentons (EGD)



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September 12, 2013

Gordon Cameron
Partner

Dir: 403-663-2888
gord.cameron@blakes.com

VIA Electronic Filing

Reference: 16531/146

National Energy Board
444 Seventh Avenue S.W.
Calgary AB T2P 0X8

Attention: Ms. Sheri Young
Board Secretary

Dear Ms. Young:

**RE: Tolls and Tariff Complaint (Complaint) by Union Gas Limited, Gaz Métro Limited Partnership
and Enbridge Gas Distribution (Eastern LDCs)
Board File OF-Tolls-group 1-T211-2011-04-05**

We are writing on behalf of TransCanada PipeLines Limited (TransCanada) with respect to the letter sent by the Eastern LDCs to the Board yesterday informing the Board of the decision by the Eastern LDCs to withdraw the Complaint.

In the letter, the Eastern LDCs noted that they have reached a settlement with TransCanada on a number of issues.

In light of the settlement, TransCanada supports the Eastern LDCs' request.

Yours truly

Gordon Cameron

Gordon Cameron

cc. Eastern LDCs

31113634.1

National Energy
BoardOffice national
de l'énergieFile OF-Tolls-Group1-T211-2011-04 05
12 September 2013

Mr. Mark Isherwood
Vice-President,
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Ms. Malini Giridhar
Vice-President,
Enbridge Gas Distribution Inc.
500 Consumers Road
Willowdale, ON M2J 1P8
Facsimile 416-495-5994

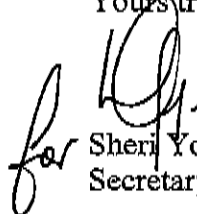
Tolls and Tariff Complaint against TransCanada PipeLines Limited (TransCanada) by Union Gas Limited (Union), Gaz Métro Limited Partnership (Gaz Métro) and Enbridge Gas Distribution Inc. (EGD) (collectively, the LDCs) – The Complaint

On 11 September 2013, the LDCs filed a letter with the National Energy Board indicating that they and TransCanada had entered into a settlement agreement that provided for the resolution of all outstanding disputes, including the Complaint. Accordingly, the LDCs decided to withdraw their Complaint.

Given the resolution of the Complaint, the Board has decided to close its file on the Complaint. For greater certainty, the Board will not set the Complaint down for any further process.

The Board directs TransCanada to serve a copy of this letter on all parties to the RH-003-2011 proceeding, members of the Mainline Tolls Task Force and all Mainline shippers.

Yours truly,


for Sheri Young
Secretary of the Board

cc: C. Kemm Yates, Q.C., Blake, Cassels & Graydon LLP, (TransCanada), Facsimile 403-663-2297
Gordon Cameron, Blake, Cassels & Graydon LLP (TransCanada), Facsimile 613-788-2247
Bernard Pelletier, TransCanada PipeLines Limited, Facsimile 403-920-2347
M. Catharine Davis, TransCanada PipeLines Limited, Facsimile 403-920-2347
Eric Dunberry, Norton Rose (Gaz Métro), Facsimile 514-286-5474
L.E. Smith, Q.C., Bennett Jones (Union), Facsimile 403-265-7219
D. Crowther, Dentons (EGD), Facsimile 403-268-3100
Jim Carmichael, Alberta Northeast Gas, Limited, Facsimile jcarmichael@negm.com
Ian Mondrow, Association of Power Producers of Ontario, Facsimile 416-862-7661
Guy Sarault, Industrial Gas Users Association, Facsimile 403-716-1375
Tomasz Lange, Tenaska Marketing Canada, a division of TMV Corp., Facsimile 403-716-1375

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Office national
de l'énergieNational Energy
BoardDossier : OF-Tolls-Group1-T211-2011-04 05
Le 12 septembre 2013Monsieur Mark Isherwood
Vice-président
Union Gas Limited
C.P. 21
50, promenade Keil Nord
Chatham (Ontario) N7M 5M1
Courriel : mishewood@uniongas.comMonsieur Patrick Cabana
Vice-président
Société en commandite Gaz Métro
1717, rue du Havre
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Télécopieur : 514-598-3839Madame Malini Giridhar
Vice-président
Enbridge Gas Distribution Inc.
500, chemin Consumers
Willowdale (Ontario)
M2J 1P8
Télécopieur : 416-495-5994**Plainte au sujet des droits et tarifs de TransCanada PipeLines Limited
(TransCanada) déposée par Union Gas Limited (Union), Société en commandite
Gaz Métro (Gaz Métro) et Enbridge Gas Distribution Inc. (EGD) (collectivement,
les SDL) - (la plainte)**

Madame, Messieurs,

Le 11 septembre, les SDL ont déposé une lettre auprès de l'Office national de l'énergie indiquant qu'elles étaient parvenues à un accord de règlement global qui met fin au litige entre les parties, ce qui comprend la plainte. Pour cette raison, les SDL ont décidé de retirer celle-ci.

Puisque la plainte est résolue, l'Office a décidé de fermer le dossier s'y rattachant. Il est entendu que l'Office ne prévoira aucune autre étape dans le processus qui était engagé.

L'Office donne instruction à TransCanada de signifier une copie de la présente lettre à toutes les parties à l'instance RH-003-2011, aux membres du Groupe de travail sur les droits du réseau principal ainsi qu'à tous les expéditeurs du réseau principal.

Veuillez agréer, Madame, Messieurs, mes salutations distinguées.

La secrétaire de l'Office,

pour Sheri Young

c. c. : C. Kemm Yates, c.r., Blake, Cassels & Graydon S.E.N.C.R.L./s.r.l. (TransCanada);
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Court File No. 13-58570

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE

JUSTICE

BETWEEN:

FRIDAY, THE 13th
)
) DAY OF SEPTEMBER, 2013

TRANSCANADA PIPELINES LIMITED

Plaintiff

- and -

ENBRIDGE GAS DISTRIBUTION INC.

Defendant

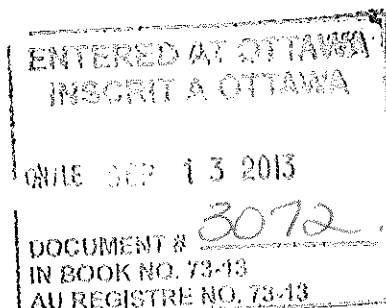
ORDER

THIS MOTION made by the Plaintiff for an Order dismissing the within action without costs was read this day at the City of Ottawa.

ON READING the consent, filed:

1. **THIS COURT ORDERS** that the within action be and the same is hereby dismissed without costs.

A. Berger



**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Ottawa

ORDER

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Lawyers for the Defendant