

October 18th, 2013

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**RE: Union Gas Limited ("Union") - Undertakings  
EB-2012-0451/EB-2012-0433/EB-2013-0074**

Please find attached Union's response to the following Undertaking in the above captioned proceeding:

J9.2

Yours truly,

*[original signed by]*

Karen Hockin  
Manager, Regulatory Initiatives  
Encl.

cc: Crawford Smith, Torys  
All intervenors

UNION GAS LIMITED

Undertaking of Mr. Isherwood  
To Ms. Dullett

Union to provide toll settlement impacts into the analysis.

---

Background

In EB-2013-0074, Section 11 Addendum, updated August 23, 2013, Union's gas cost savings associated with its long-term contracting proposal were estimated at \$15.4 million per year for Union North sales service and bundled direct purchase customers based on final 2013 TCPL tolls. There were no gas cost savings estimated for Union South sales service customers.

For the purposes of calculating bill impacts in EB-2013-0074 in the August 23, 2013 update, Union reduced the \$15.4 million per year in gas cost savings to approximately \$13.0 million to reflect the 2013 Board-approved Gas Supply Plan. Union also excluded the \$5.5 million in bundled direct purchase gas supply commodity costs (which are not included in Union's gas supply commodity rates), and updated for \$0.2 million in Dawn-Parkway costs. As a result, a total of \$18.7 million per year in gas costs savings was estimated for the purposes of calculating bill impacts (EB-2013-0074, Section 11, Schedule 2 (Addendum), updated August 23, 2013).

In undertaking J4.5, Union estimated the gas cost savings associated with its long term contracting proposal would be reduced from \$15.4 million to \$9.6 million per year. The reduction in gas cost savings assumed an additional cost of 3 cents/GJ for all Union North and Union South contracted TCPL transportation capacity. Based on Union's contracted TCPL transportation capacity of approximately 530,000 GJ/d, the gas costs savings would be reduced by \$5.8 million per year.

For purposes of this request, Union estimated that the Union North portion of the \$5.8 million per year reduction in gas cost savings would be approximately \$4.1 million per year. Accordingly, Union North gas cost savings were estimated to be reduced from \$15.4 million to \$11.3 million per year. Union also estimated that Union South gas costs would increase by \$1.7 million per year based on the assumed 3 cents/GJ additional cost.

Bill Impacts of the Revised Gas Cost Savings in J4.5

For the purpose of calculating Union North bill impacts, Union reduced the \$11.3 million per year in gas cost savings to approximately to \$8.9 million to reflect the 2013 Board-approved Gas Supply Plan. As described above, Union also excluded the \$5.5 million in bundled direct purchase gas supply commodity costs and updated for the \$0.2 million in Dawn-Parkway costs. As a result, a total of \$14.6 million per year in gas cost savings was estimated for the purposes of calculating bill impacts.

Of the \$4.1 million per year reduction in Union North gas cost savings, Union has estimated that \$2.9 million per year would be allocated to the Rate 01 rate class. Accordingly, the overall gas cost savings allocated to Rate 01 would be reduced from \$11.9 million (EB-2013-0074, Section 11, Schedule 4 column a) (Addendum), updated August 23, 2013) to \$9.0 million per year.

In EB-2013-0074, Section 11, Schedule 7 (Addendum), Page 4 of 5, updated August 23, 2013, Union estimated that the bill impacts for the average Rate 01 sales service residential customer would be a reduction of approximately \$21.00 to \$22.00 per year. As a result of the gas cost savings reduction of \$2.9 million per year described above, the Rate 01 bill impact would increase by approximately \$7.00 to \$8.00 per year. Accordingly, the revised bill impact for the average Rate 01 sales service residential customer would be a reduction of approximately \$14.00 to \$15.00 per year.

Please see pages 1 through 4 of Attachment 1 for the bill impacts associated with the reduction in Union North gas cost savings. Schedule 7 (Addendum) pages 1 through 4 have been extended to include the bill impacts based on the revised gas cost savings referenced in Exhibit J4.5.

Of the \$1.7 million per year increase in Union South gas costs, Union has estimated that \$1.5 million per year would be allocated to the Rate M1 rate class.

In EB-2013-0074, Section 11, Schedule 7 (Addendum), Page 5 of 5, updated August 23, 2013, Union estimated that the bill impacts of the Parkway Projects for the average Rate M1 sales service residential customer would be a reduction of \$1.90 per year. As a result of the gas cost increase of \$1.5 million per year described above, the Rate M1 bill impact would increase by approximately \$1.50 per year. Accordingly, the revised bill impact for the average Rate M1 sales service residential customer would be a reduction of approximately \$0.40 per year.

Please see page 5 of Attachment 1 for the bill impacts associated with the reduction in Union South gas cost savings. Schedule 7 (Addendum) page 5 has been extended to include the bill impacts based on the revised gas cost savings referenced in Exhibit J4.5.

UNION GAS LIMITED  
General Service Bill Impacts  
Includes Brantford to Kirkwall and Parkway D Compressor Project, Parkway West Project,  
Long Term Contracting Proposal and Final 2013 TCPL Tolls  
Updated to Reflect Undertaking J9.2  
Annual Consumption of 2,200 m³

(Fort Frances)  
Rate 01 - Residential  
(Annual Consumption of 2,200 m³)

Line No.		EB-2011-0210 Updated for Tolls 01-Oct-13			EB-2013-XXXX Approved XX/XX/2013			EB-2013-XXXX Approved XX/XX/2013		
		Total			Total			Total		
		Bill Impacts			Bill Impacts			Bill Impacts		
		Bill (\$) (1)	(\$)	(%)	Bill (\$) (1)	(\$)	(%)	Bill (\$) (2)		
		(a)	(b) = (d - a)	(c) = (b / a)	(d)	(e) = (g - d)	(f) = (e / d)	(g)		
	<u>Delivery Charges</u>									
1	Monthly Charge	252.00	-		252.00	-		252.00		
2	Delivery Commodity Charge	207.52	(2.84)		204.68	-		204.68		
3	Total Delivery Charge	459.52	(2.84)	-0.6%	456.68	-	0.0%	456.68		
	<u>Supply Charges</u>									
4	Transportation to Union	88.09	(54.28)		33.81	3.76		37.57		
5	Prospective Recovery - Transportation	-	-		-	-		-		
6	Storage Services	52.62	2.47		55.09	3.46		58.55		
7	Prospective Recovery - Storage	-	-		-	-		-		
8	Subtotal	140.71	(51.81)	-36.8%	88.90	7.21	8.1%	96.11		
9	Commodity & Fuel	276.77	33.23		310.00	-		310.00		
10	Prospective Recovery - Commodity & Fuel	-	-		-	-		-		
11	Subtotal	276.77	33.23		310.00	-		310.00		
12	Total Gas Supply Charge (line 8 + line 11)	417.48	(18.58)		398.90	7.21		406.11		
13	Total Bill	877.00	(21.42)	-2.4%	855.58	7.21	0.8%	862.79		
14	Net Customer Bill Impact (column b + e)							(14.21)		

Notes:

(1) EB-2011-0210, Rate Order, Working Papers, Schedule 16, excluding Prospective Recovery and Temporary Charges/(Credits).

(2) Updated to reflect indicative TCPL tolls per Undertaking J4.5.

UNION GAS LIMITED  
General Service Customer Bill Impacts  
Includes Brantford to Kirkwall and Parkway D Compressor Project, Parkway West Project,  
Long Term Contracting Proposal and Final 2013 TCPL Tolls  
Updated to Reflect Undertaking J9.2  
Annual Consumption of 2,200 m<sup>3</sup>

(Western)  
Rate 01 - Residential  
(Annual Consumption of 2,200 m<sup>3</sup>)

Line No.		EB-2011-0210 Updated for Tolls 01-Oct-13			EB-2013-XXXX Approved XX/XX/2013			EB-2013-XXXX Approved XX/XX/2013		
		Total			Total			Total		
		Bill (\$)			Bill (\$)			Bill (\$)		
		(a)	(b) = (d - a)	(c) = (b / a)	(d)	(e) = (g - d)	(f) = (e / d)	(g)		
	<u>Delivery Charges</u>									
1	Monthly Charge	252.00	-		252.00	-		252.00		
2	Delivery Commodity Charge	207.52	(2.84)		204.68	-		204.68		
3	Total Delivery Charge	459.52	(2.84)	-0.6%	456.68	-	0.0%	456.68		
	<u>Supply Charges</u>									
4	Transportation to Union	89.88	(54.28)		35.60	3.76		39.36		
5	Prospective Recovery - Transportation	-	-		-	-		-		
6	Storage Services	53.35	2.46		55.81	3.46		59.27		
7	Prospective Recovery - Storage	-	-		-	-		-		
8	Subtotal	143.23	(51.82)	-36.2%	91.41	7.21	7.9%	98.62		
9	Commodity & Fuel	277.98	33.22		311.20	-		311.20		
10	Prospective Recovery - Commodity & Fuel	-	-		-	-		-		
11	Subtotal	277.98	33.22		311.20	-		311.20		
12	Total Gas Supply Charge (line 8 + line 11)	421.21	(18.60)		402.61	7.21		409.82		
13	Total Bill	880.73	(21.44)	-2.4%	859.29	7.21	0.8%	866.50		
14	Net Customer Bill Impact (column b + e)							(14.23)		

Notes:

(1) EB-2011-0210, Rate Order, Working Papers, Schedule 16, excluding Prospective Recovery and Temporary Charges/(Credits).

(2) Updated to reflect indicative TCPL tolls per Undertaking J4.5.

UNION GAS LIMITED  
General Service Customer Bill Impacts  
Includes Brantford to Kirkwall and Parkway D Compressor Project, Parkway West Project,  
Long Term Contracting Proposal and Final 2013 TCPL Tolls  
Updated to Reflect Undertaking J9.2  
Annual Consumption of 2,200 m<sup>3</sup>

Line No.		(Northern) Rate 01 - Residential (Annual Consumption of 2,200 m <sup>3</sup> )					
		EB-2011-0210 Updated for Tolls 01-Oct-13			EB-2013-XXXX Approved XX/XX/2013		
		Total Bill (\$ (1))			Total Bill (\$ (1))		
		(a)	(b) = (d - a)	(c) = (b / a)	(d)	(e) = (g - d)	(f) = (e / d)
			(\$)	(%)		(\$)	(%)
	<u>Delivery Charges</u>						
1	Monthly Charge	252.00	-		252.00	-	
2	Delivery Commodity Charge	207.44	(2.84)		204.60	-	
3	Total Delivery Charge	459.44	(2.84)	-0.6%	456.60	-	0.0%
	<u>Supply Charges</u>						
4	Transportation to Union	127.35	(54.27)		73.08	3.76	
5	Prospective Recovery - Transportation	-	-		-	-	
6	Storage Services	68.32	2.46		70.78	3.46	
7	Prospective Recovery - Storage	-	-		-	-	
8	Subtotal	195.67	(51.81)	-26.5%	143.86	7.21	5.0%
9	Commodity & Fuel	279.46	33.19		312.65	-	
10	Prospective Recovery - Commodity & Fuel	-	-		-	-	
11	Subtotal	279.46	33.19		312.65	-	
12	Total Gas Supply Charge (line 8 + line 11)	475.13	(18.62)		456.51	7.21	
13	Total Bill	934.57	(21.46)	-2.3%	913.11	7.21	0.8%
14	Net Customer Bill Impact (column b + e)						(14.25)

Notes:

- (1) EB-2011-0210, Rate Order, Working Papers, Schedule 16, excluding Prospective Recovery and Temporary Charges/(Credits).  
(2) Updated to reflect indicative TCPL tolls per Undertaking J4.5.

UNION GAS LIMITED  
General Service Customer Bill Impacts  
Includes Brantford to Kirkwall and Parkway D Compressor Project, Parkway West Project,  
Long Term Contracting Proposal and Final 2013 TCPL Tolls  
Updated to Reflect Undertaking J9.2  
Annual Consumption of 2,200 m<sup>3</sup>

(Eastern)  
Rate 01 - Residential  
(Annual Consumption of 2,200 m<sup>3</sup>)

Line No.		EB-2011-0210 Updated for Tolls 01-Oct-13			EB-2013-XXXX Approved XX/XX/2013			EB-2013-XXXX Approved XX/XX/2013	
		Total	Bill Impacts		Total	Bill Impacts		Total	
		Bill (\$) (1)	(\$)	(%)	Bill (\$) (1)	(\$)	(%)	Bill (\$) (2)	
		(a)	(b) = (d - a)	(c) = (b / a)	(d)	(e) = (g - d)	(f) = (e / d)	(g)	
	<u>Delivery Charges</u>								
1	Monthly Charge	252.00	-		252.00	-		252.00	
2	Delivery Commodity Charge	207.15	(2.85)		204.30	-		204.30	
3	Total Delivery Charge	459.15	(2.85)	-0.6%	456.30	-	0.0%	456.30	
	<u>Supply Charges</u>								
4	Transportation to Union	134.77	(54.25)		80.52	3.76		84.28	
5	Prospective Recovery - Transportation	-	-		-	-		-	
6	Storage Services	71.28	2.47		73.75	3.46		77.21	
7	Prospective Recovery - Storage	-	-		-	-		-	
8	Subtotal	206.05	(51.78)	-25.1%	154.27	7.21	4.7%	161.48	
9	Commodity & Fuel	280.77	33.21		313.98	-		313.98	
10	Prospective Recovery - Commodity & Fuel	-	-		-	-		-	
11	Subtotal	280.77	33.21		313.98	-		313.98	
12	Total Gas Supply Charge (line 8 + line 11)	486.82	(18.57)		468.25	7.21		475.46	
13	Total Bill	945.97	(21.42)	-2.3%	924.55	7.21	0.8%	931.76	
14	Net Customer Bill Impact (column b + e)							(14.21)	

Notes:

- (1) EB-2011-0210, Rate Order, Working Papers, Schedule 16, excluding Prospective Recovery and Temporary Charges/(Credits).  
(2) Updated to reflect indicative TCPL tolls per Undertaking J4.5.

UNION GAS LIMITED  
General Service Customer Bill Impacts  
Includes Brantford to Kirkwall and Parkway D Compressor Project, Parkway West Project,  
Long Term Contracting Proposal and Final 2013 TCPL Tolls  
Updated to Reflect Undertaking J9.2  
Annual Consumption of 2,200 m³

Line No.	Rate M1 - Particulars (\$)	EB-2011-0210	Bill Impacts		EB-2013-XXXX	Bill Impacts		EB-2013-XXXX
		Approved			Approved			Approved
		01-Jan-13			XX/XX/2013			XX/XX/2013
		Total			Total			Total
		Bill (\$) (1)	(\$)	(%)	Bill (\$) (1)	(\$)	(%)	Bill (\$) (3)
		(a)	(b) = (d - a)	(c) = (b / a)	(d)	(e) = (g - d)	(f) = (e / d)	(g)
	<u>Delivery Charges</u>							
1	Monthly Charge	252.00	-		252.00	-		252.00
2	Delivery Commodity Charge	78.66	(1.64)		77.02	-		77.02
3	Storage Services	16.23	(0.25)		15.98	-		15.98
4	Total Delivery Charge (line 1 + line 2 + line 3)	346.89	(1.89)	-0.5%	345.00	-	0.0%	345.00
	<u>Supply Charges</u>							
5	Transportation to Union	96.80	-		96.80	1.46		98.26
6	Commodity & Fuel (2)	280.77	(0.01)		280.76	-		280.76
7	Total Gas Supply Charge (line 5 + line 6)	377.57	(0.01)		377.56	1.46		379.02
8	Total Bill (line 4 + line 7)	724.46	(1.90)	-0.3%	722.56	1.46	-0.3%	724.02
9	Net Customer Bill Impact (column b + e)							(0.44)

Notes:

- (1) EB-2011-0210, Rate Order, Working Papers, Schedule 16, excluding Prospective Recovery and Temporary Charges/(Credits).
- (2) Reflects changes in the Gas Supply Administration charge only.
- (3) Updated to reflect indicative TCPL tolls per Undertaking J4.5.