

June 20, 2014

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Kirsten Walli  
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Ontario Energy Board  
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Dear Ms. Walli:

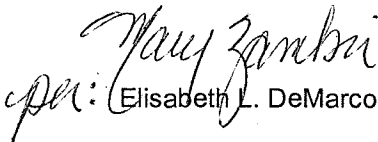
**Re: EB-2014-0154**

We are the solicitors for TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P. ("TransAlta") in the above mentioned matter.

On Tuesday, June 17, 2014, we received Union Gas Limited's ("Union") response to TransAlta's interrogatories (EB-2014-0154, Exhibit B.TransAlta.1 to 12, inclusive). Union, in response to each and all of TransAlta's interrogatories refused to provide a response. Similarly, Union refused to answer a number of other intervenor interrogatories (Exhibit B.TCE.4, Exhibit B.LPMA.4, Exhibit B.CESI.1, Exhibit B.Kitchener.2) on the grounds that the questions are not relevant to the proceeding.

TransAlta hereby provides: (i) its Notice of Motion to the Board seeking an Order requiring Union to provide the full and detailed information requested in the above mentioned TransAlta Interrogatories; (ii) requesting an extension of the time periods for filing of intervenor evidence as per Procedural Order No. 1 dated May 27, 2014; and (iii) such further and other relief that TransAlta may request and the Board may grant.

Sincerely,

  
Elisabeth L. DeMarco

**ONTARIO ENERGY BOARD**

**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 approving a one-time exemption from Union Gas Limited's approved rate schedules to reduce certain penalty charges applied to direct purchase customers who did not meet their contractual obligations.

**NOTICE OF MOTION**

In accordance with Rules 27, 8 and 4 of the Ontario Energy Board Rules of Practice and Procedure, as amended ("the **OEB Rules**"), TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P. ("**TransAlta**") will make a motion to the Ontario Energy Board (the "**Board**") at its offices at 2300 Yonge Street, Toronto, on a date and at a time to be determined by the Board.

**PROPOSED METHOD OF HEARING:** TransAlta proposes that this motion be dealt with by way of oral submissions.

**THE MOTION IS FOR:**

1. An order or orders of the Board:
  - (a) requiring Union Gas Limited ("**Union**") to provide a full and adequate response providing the requested information to each of the following Interrogatories (which are attached in Appendix A to this response):
    - (i) Exhibit B.TransAlta.1 to 12, inclusive;
    - (ii) Exhibit B.TCE.4
    - (iii) Exhibit B.LPMA.4
    - (iv) Exhibit B.CESI.1
    - (v) Exhibit B.Kitchener.2

collectively, the “**Subject Interrogatories**”.

- (b) providing for the proper conduct and scheduling of this motion; and
- (c) providing TransAlta with an extension of time to file its evidence in this matter in order to accommodate any information arising out of and/or the outcome of this Motion; and
- (d) such further and other relief as counsel may request and the Board deems appropriate.

**THE GROUNDS FOR THE MOTION ARE:**

1. Rules 4.03, 8.0, 22., 27.01 and 27.03 of the Board’s *Rules of Practice and Procedure*.
2. Sections 2(2) and 1(1)1 of the Ontario Energy Board Act, pursuant to which the Board is required to protect the interests of all consumers with respect to prices and the reliability and quality of gas service, and with respect to prices and the adequacy, reliability and quality of electricity service.
3. Union’s letters to the Board dated April 3, and April 9, 2014, whereby Union: (i) acknowledged that its decision-making and exercise of discretion in the calculation and application of certain gas costs in the implementation of its Board approved rate tariffs over the exceptional weather conditions in winter 2014 caused very significant customer cost impacts and certain customers to fail to meet the tariff obligations as applied by Union; and (ii) sought a limited one-time exemption to address the customer impacts, without a hearing.
4. The Board’s Letter of Direction to Union dated May 6, 2014, pursuant to which the Board, highlighted the fact that "some customers may be materially affected by the outcome of the application" and: (i) rejected Union's proposed approach to unilaterally address certain gas costs giving rise to significant customer impacts over the winter of 2014, and instead (ii) required a broader hearing in light of materially affected customers; and (iii) issued notice of the hearing indicating, among other things "We will also hear arguments from individuals and groups that represent Union Gas Limited's customers and that choose to participate in the OEB's hearing".

5. TransAlta's Notice of Intervention, pursuant to which TransAlta provided detailed notice of: (i) the very significant cost impacts, estimated to be over \$1,000,000, that it incurred as a result of Union's exercise of discretion and decision-making in the calculation and obligations of gas costs in the implementation its Board approved rates over the winter of 2014; and (ii) its intention to intervene on the exact matters that were the subject of TransAlta Interrogatories 1-12, inclusive - without objection from Union pursuant to Rule 22.07 or limitation of the Board pursuant to Rule 22.09.

6. The Board's Procedural Order No.1 dated May 27, 2014 granting TransAlta full intervenor status with all incumbent rights set out in Rule 22.02 and the legitimate expectation of the exercise of such rights.

7. Rule 27.01, pursuant to which TransAlta and other intervenors filed Interrogatories of Union and had a legitimate expectation that the Subject Interrogatories would be answered and the requested information would be provided.

8. Union's June 17, 2014 response to Subject Interrogatories by which Union refused to answer such Interrogatories.

9. Union's response to the Subject Interrogatories is required to assist the Board in order to: (i) determine the issues in this proceeding giving rise to the significant and unprecedented gas cost impacts on customers over the winter of 2014, (ii) give full effect to each intervenor's right to be heard; (iii) discharge its customer price protection objectives set out in the Ontario Energy Board Act, 1998, as amended; (iv) efficiently, effectively, and expediently address all customer issues related to Union's exercise of discretion and decision-making in the calculation and obligations of gas costs in the implementation its Board approved rates over the winter of 2014.

10. Union's response to the Subject Interrogatories is required by TransAlta in order to: (i) fully and effectively participate in this proceeding and exercise its common law and Board granted rights to be heard; (ii) finalize its evidence to be submitted in this proceeding.

11. Such further and other grounds as counsel may advise and the Board deems appropriate.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Evidentiary Record in EB-2014-0154, including, without limitation, all preceding correspondence by Union, Intervenors and the Board and the Subject Interrogatory responses; and
2. The Ontario Energy Board Act, 1998, as amended;
3. The OEB Rules; and
4. Such further and other material as counsel may advise and the Board may permit.

June 20, 2014

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**TO: Ontario Energy Board**  
2300 Yonge Street, Suite 2701  
Toronto, ON M4P 1E4  
**Kristin Walli**, Board Secretary  
tel: 416-481-1967  
fax: 416-440-7656

**AND TO: Union Gas Limited**  
50 Keil Drive North  
PO Box 2001  
Chatham, ON N7M 5M1  
**Chris Ripley**  
tel: 519-436-5476  
fax: 519-436-4641  
[cripley@uniongas.com](mailto:cripley@uniongas.com)

**AND TO:** All Intervenors as per RESS

## APPENDIX A

UNION GAS LIMITED

Answer to Interrogatory from  
TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P  
("TransAlta")

Preamble:

TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P. ("TransAlta") intervened in this proceeding to address issues arising from Union Gas Limited's ("Union") discretionary decision-making related to obligations under its approved tariffs and related customer contracts, which has negatively impacted a significant number of customers involved in this proceeding.

For many days during the January-April 2014 period, TransAlta was required by Union to deliver gas up to an alleged obligated DCQ of 17,904 GJ per day. TransAlta consequently purchased quantities of gas far in excess of its operational requirements, and as a result incurred losses amounting to an effective penalty. TransAlta is concerned that its treatment may be different as compared to similarly situated customers during the same period.

Please provide the total number of customers that obtain service from Union Gas Limited ("Union") under T1/T2 contracts with (i) an obligated DCQ and (ii) a non-obligated DCQ, and confirm that each of these customers is governed by (a) a tariff, and (b) a contract that is posted and disclosed.

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**Response:**

The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P  
("TransAlta")

Preamble:

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Please list all current Union T1 and T2 contracts (excluding customer names) and identify for each contract:

- a) the firm CD level;
- b) the obligated DCQ level;
- c) the location for delivery and whether it is West of Dawn;
- d) the start date;
- e) whether they are considered "new" or "existing" customers/contracts as per Union's Policies & Guidelines O5-DP-DCQS-009 and 10-DP-DCQS-009; and
- f) the average daily gas deliveries for the prior three contract years.

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**Response:**

The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.



UNION GAS LIMITED

Answer to Interrogatory from  
TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P  
("TransAlta")

The "General Terms and Conditions" in Union's posted T2 contract contains the following provision:

**"Daily Contract Quantity"** ("DCQ") means that portion of the daily parameters as set out in Schedule 1, being a quantity of Gas which Customer must deliver to Union on a Firm basis. The DCQ (GJ/day) is equal to 12 months of consumption of end-use locations underlying the direct purchase contract/365 days \* heat value (GJ/m<sup>3</sup>). If this Contract has a term greater than 12 months, the DCQ is calculated by dividing the historical consumption for the term of this Contract by the number of Days in this Contract term. The consumption of general service end-use locations is weather normalized.

In respect of this provision:

- a) please confirm the method for calculation of DCQ for a contract that has a term of greater than 12 months;
- b) what, if any, discretion does Union have in the calculation of DCQ under T1/T2 contracts?;
- c) how has Union exercised any discretion referred to in (b) above in relation to each and all T1/T2 customers?

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**Response:**

The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P  
("TransAlta")

Preamble:

TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P. ("TransAlta") intervened in this proceeding to address issues arising from Union Gas Limited's ("Union") discretionary decision-making related to obligations under its approved tariffs and related customer contracts, which has negatively impacted a significant number of customers involved in this proceeding.

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Please provide any and all processes that Union uses to: (1) set obligated DCQs, and (2) determine the frequency with which obligated DCQs are updated.

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**Response:**

The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P  
("TransAlta")

Preamble:

TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P. ("TransAlta") intervened in this proceeding to address issues arising from Union Gas Limited's ("Union") discretionary decision-making related to obligations under its approved tariffs and related customer contracts, which has negatively impacted a significant number of customers involved in this proceeding.

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Has Union ever exercised discretion in the establishment of an obligated DCQ for a customer or in allowing a customer a non-obligated DCQ? If yes, please provide the circumstances and details (redacted to exclude customer names if required).

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**Response:**

The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P  
("TransAlta")

Preamble:

TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P. ("TransAlta") intervened in this proceeding to address issues arising from Union Gas Limited's ("Union") discretionary decision-making related to obligations under its approved tariffs and related customer contracts, which has negatively impacted a significant number of customers involved in this proceeding.

For many days during the January-April 2014 period, TransAlta was required by Union to deliver gas up to an alleged obligated DCQ of 17,904 GJ per day. TransAlta consequently purchased quantities of gas far in excess of its operational requirements, and as a result incurred losses amounting to an effective penalty. TransAlta is concerned that its treatment may be different as compared to similarly situated customers during the same period.

Please provide any and all policies/guidelines/decisions that Union applies in the exercise of discretion and decision making with respect to:

- a) requiring a customer to take on an obligated DCQ;
- b) waiving an obligated DCQ requirement on any given day;
- c) changing from an obligated DCQ to a non-obligated DCQ requirement;
- d) exercising any and all flexibility in relation to meeting or waiving an obligated DCQ, including without limitation the source of such gas deliveries (eg., gas in storage, gas otherwise in-franchise or delivery at other points)

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**Response:**

The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P  
("TransAlta")

In its Leave to Construct Application in respect of the Greenfield South Generating Station Project, EB-2014-0147 (the Greenfield Application), Union made the following submissions regarding Union's Rate T2 Service:

Union offers the Rate T2 service to its largest contract rate customers, including the electricity generators in the Southern delivery area of Union's franchised service area. The Rate T2 service provides customers with the flexibility required to operate their plants economically. Approximately 22 large industrial customers contract for this service. These customers collectively consume approximately 150 Bcf of gas annually. This total includes all 7 gas-fuelled electricity generation plants in Union's franchised service area in Southern Ontario which generate over 2,700 MW of electricity and consume approximately 36 Bcf of gas annually.

Rate T2 consists of a monthly customer charge, a two block monthly demand charge and a single block commodity charge. Rate T2 service is available to customers with a minimum firm daily contracted demand of 140, 870 m3.

Rate T2 also includes all the Board-approved storage space and storage injection/withdrawal rights per the previously approved Rate T1 service.

Union's Rate T2 service provides the following benefits to customers;

.....

Iv. Having a non-obligated Daily Contract Quantity (DCQ) gives these new electricity generators significant delivery flexibility. If the plant is not operating for any reason, there is no obligation to deliver gas to Union.

[emphasis added]

In respect of Union's submission in the Greenfield Application:

- a) These submissions suggest that any and all customers that have (i) a T2 contract, and (ii) a firm daily contract demand that is far in excess of 140, 870 m3, qualify for a non-obligated DCQ. Please confirm that this is the case.
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- b) Please provide all policies/guidelines/decisions that Union applies in the exercise of discretion and decision making regarding customers meeting these criteria who wish to (i) have a non-obligated DCQ, and/or (ii) move from an obligated DCQ to a non-obligated DCQ.
  - c) Please confirm that Union requires TransAlta to have an obligated DCQ, despite the fact that TransAlta meets these criteria.
  - d) Please provide a list of all electricity generators with a T2 contract that have a non-obligated DCQ requirement as referenced in the Union's submissions in the Greenfield Application. Please provide the standard terms and conditions and all related provisions of such contracts (excluding customer names). Please outline any and all policies/guidelines/decisions or other matters that Union has relied on and/or relies on in the exercise of discretion and decision making in providing such customers with a non-obligated DCQ.
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**Response:**

- a) – d) The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P  
("TransAlta")

During the months of January to April, 2014, Union alleged that TransAlta, under its T2 contract with Union, had an obligated DCQ of 17, 904 GJ per day and required TransAlta to deliver that amount. Union took this position notwithstanding the fact that TransAlta did not always require such quantity of gas for its operations given that the high price of gas made it uneconomic for TransAlta to produce power under the terms of its governmental power purchase agreement.

In light of the above:

- a) Please confirm that Union refused to allow TransAlta to use any of its gas in storage to satisfy the alleged obligated DCQ of 17, 904 GJ per day, and instead required TransAlta to deliver new (ex-franchise) gas to the system.
- b) Please provide the average price of gas at Dawn for each day from January 1, 2014 to April 30, 2014.
- c) Please confirm that Union refused to lower the alleged obligated DCQ amount for TransAlta, even after TransAlta offered to guarantee that it would not burn more than a specified amount each day.
- d) Please confirm the amount of gas that Union demanded that TransAlta deliver on each day pursuant to the alleged DCQ, and confirm the amount of gas that TransAlta consumed at its Sarnia facility (i) on each respective day, and (ii) on average over the 3 month period starting from January 18, 2014 and ending on April 25, 2014. Please provide all supporting figures.
- e) Please provide any and all policies, guidelines and decisions regarding whether or not stored gas can be used to meet DCQ or whether new delivery must be used to meet any DCQ.

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**Response:**

- a) – e) The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P  
("TransAlta")

Preamble:

TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P. ("TransAlta") intervened in this proceeding to address issues arising from Union Gas Limited's ("Union") discretionary decision-making related to obligations under its approved tariffs and related customer contracts, which has negatively impacted a significant number of customers involved in this proceeding.

For many days during the January-April 2014 period, TransAlta was required by Union to deliver gas up to an alleged obligated DCQ of 17,904 GJ per day. TransAlta consequently purchased quantities of gas far in excess of its operational requirements, and as a result incurred losses amounting to an effective penalty. TransAlta is concerned that its treatment may be different as compared to similarly situated customers during the same period.

Please provide all dates in the 2011-2013 period that Union did not waive delivery of the obligated DCQ volumes for (a) TransAlta, and (b) other Union customers with obligated DCQ amounts.

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**Response:**

The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.



UNION GAS LIMITED

Answer to Interrogatory from  
TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P  
("TransAlta")

Preamble:

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Please identify any and all dates between January 18, 2014 and April 25, 2014 when Union allowed a customer or customers with an obligated DCQ to deliver less than the obligated DCQ or otherwise waived a customer's DCQ. If yes, please provide:

- a) a detailed outline of the process and procedures Union used to exercise that decision making and flexibility;
  - b) the reason why DCQ was waived for each day in each circumstance (excluding customer names); and
  - c) the dates and quantities of each DCQ waived or otherwise reduced.
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**Response:**

- a) – c) The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P  
("TransAlta")

Preamble:

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Please confirm that Union partially allocates storage capacity on the basis of imprecise customer estimates of gas consumption. Please confirm that in order for a customer to receive allocated storage capacity at utility rates and not market priced rates, the customer is not required to have an obligated DCQ.

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**Response:**

The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P  
("TransAlta")

Preamble:

TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P. ("TransAlta") intervened in this proceeding to address issues arising from Union Gas Limited's ("Union") discretionary decision-making related to obligations under its approved tariffs and related customer contracts, which has negatively impacted a significant number of customers involved in this proceeding.

For many days during the January-April 2014 period, TransAlta was required by Union to deliver gas up to an alleged obligated DCQ of 17,904 GJ per day. TransAlta consequently purchased quantities of gas far in excess of its operational requirements, and as a result incurred losses amounting to an effective penalty. TransAlta is concerned that its treatment may be different as compared to similarly situated customers during the same period.

Please confirm the dates in January – April, 2014 period that Union restricted

- a) TransAlta; and/or
- b) other customers,

from selling their gas in storage to certain customers and trading partners that were not in-franchise.

Please provide any and all policies/guidelines/decisions that Union followed when exercising its discretion and decision-making to restrict TransAlta from selling excess gas it purchased – as a consequence of Union requiring TransAlta to deliver up to the alleged obligated DCQ amount – to certain parties during the January 18, 2014 to April 25, 2014 period.

Please provide the price differential for gas stored on November 1, 2013 and sold on (a) March 1, 2014 and (b) April 30, 2014.

Please confirm the date after the period with restrictions noted above that Union Gas first allowed TransAlta to sell gas from its Sarnia Dawn storage account to a non-restricted customer list, including ex-franchise customers. Please confirm the price of gas at Dawn for that day, and the following 30 days.

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**Response:**

The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
TransCanada Energy Ltd ("TCE")

Reference: Union letter to the Ontario Energy Board dated April 03, 2014.

a) Attached please find Enbridge's current Rate Schedule for Rate 125.

On a best efforts basis, please calculate the charge Enbridge would have used for any Unauthorized Supply Overrun under Rate 125 on each day for both February 2014 and March 2014.

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**Response:**

The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
London Property Management Association ("LPMA")

Reference: Union Letter dated April 3, 2014

What was the approximate impact on system gas customers (\$ and \$/m<sup>3</sup>) of the exceptional weather conditions in 2014?

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**Response:**

The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
Canadian Energy Strategies Inc. ("CESI")

To more fully understand and analyze various comments made by Union on the Exhibit A Tab 1, Account No. 179-107 Spot Gas Variance Account, we would like Union to please provide a breakdown of the inventory position for the direct purchase accounts (in total) and the system gas accounts as of:

- a) September 30<sup>th</sup> 2013, September 30<sup>th</sup> 2012, September 30<sup>th</sup> 2011,
  - b) December 31<sup>st</sup> 2013, December 31<sup>st</sup> 2012, December 31<sup>st</sup> 2011,
  - c) And January 31<sup>st</sup> 2013, January 31<sup>st</sup> 2012 and January 31<sup>st</sup> 2011.
- 

**Response:**

The evidence referenced in this question is Union's 2013 Annual Deferral Disposition (EB-2013-0145). The question is not relevant to Union's request to lower the penalty charges. Accordingly, Union has not provided a response.

UNION GAS LIMITED

Answer to Interrogatory from  
Corporation of the City of Kitchener ("Kitchener")

Preamble:

As noted in its request for intervention in this proceeding, Kitchener was invoiced by Union Gas Limited ("Union") for unauthorized overrun withdrawal charges of \$206,379.30 related to T3 storage activity in late February 2014 / early March 2014. These penalty charges are disputed by Kitchener, as set out in the attached correspondence from Kitchener to Union dated May 2, 2014. Kitchener has paid these penalty charges in good faith, pending an adjustment by Union to waive or significantly reduce them, or a Board decision of similar effect. To date, Union has denied Kitchener any relief from the penalty charges, as set out in the attached correspondence from Union to Kitchener dated May 15, 2014.

What is the penalty charge for unauthorized overrun withdrawal for Rate T1 and T1 customers? If identical and/or lower than for Rate T3, please provide the rationale.

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**Response:**

The question is not relevant to Union's proposal to reduce the commodity-related penalty charges.

Notwithstanding the above, the current approved rate for unauthorized overrun withdrawals for Rate T1 and T2 customers is \$1.208/GJ. For Rate T3, the current approved rate for unauthorized overrun withdrawals is \$9.402/GJ.

The Rate T3 unauthorized overrun withdrawal charge of \$9.402/GJ was approved by the OEB in RP-1999-0017 and has remained at that level since the Board's decision. As shown at Attachment 1, Exhibit C19.45 from the RP-1999-0017 proceeding, the rationale for the rate is to incent appropriate behaviour by customers in establishing contract parameters and in operating within those parameters. This rate was set equivalent to the unauthorized rate for services to other customers under Union's M12 rate class.