



450 - 1 Street S.W.
Calgary, Alberta T2P 5H1
Tel: (403) 920-6253
Fax: (403) 920-2310
Email: nadine_berge@transcanada.com

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Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Filed Electronically
Original by Courier

**Attention: Ms. Kirsten Walli
Board Secretary**

Dear Ms. Walli:

**Subject: Union Gas Limited (Union). – Reduce certain Penalty Charges Applied to its Direct Purchase Customers
OEB File No. EB-2014-0154
TransCanada Energy Ltd. (TCE)
TransAlta Motion to Compel Responses**

TCE has reviewed the motion filed on behalf of TransAlta Corporation, TransAlta Generation Partnership and TransAlta Cogeneration L.P. (TransAlta) on June 20, 2014 and the further information and submissions filed by TransAlta on June 25, 2014. Further to Procedural Order No. 2 dated June 23, 2014, TCE hereby provides its submission in support of TransAlta's request that Union Gas Limited (Union) be required to answer Exhibit B.TCE.4.

Union declined to respond to Exhibit B.TCE.4 on the grounds that the question is not relevant to Union's request to lower the penalty charges.

In previous Board motions to compel interrogatory responses (EB-2009-0139), the Board has stated that it will require a party to provide an interrogatory response if:

- the interrogatory relates to an issue in the application before it; and,
- the response is likely to adduce evidence that is relevant and helpful to the decision the Board must make.

TCE submits that the interrogatory and information sought in Exhibit B.TCE.4 clearly relates to the issue in Union's application (i.e., the appropriate penalty level) and would provide the Board with evidence that is both relevant and helpful to the decision the Board must make.

The penalties at issue in this proceeding were established in Union Gas Limited's 2001/2002 rate application (RP-2001-0029). In approving these penalties, the Board noted that "[t]he penalties ... must not be of unreasonable magnitude".

This proceeding ultimately falls within the Board's rate-making jurisdiction, requiring the Board to determine whether the (penalty) rate, even on the proposed reduced basis, is just and reasonable. An assessment of whether the penalties are reasonable in an Unauthorized Supply Overrun/Supplemental Inventory situation would be assisted by a relevant comparator, and the most relevant comparator for Union is provided by Enbridge Gas Distribution. That information is sought in Exhibit B. TCE.4 and TCE submits that Union should be directed to provide it.

As an administrative matter, please note that Gordon Cameron of Blake, Cassels & Graydon LLP is no longer acting for TCE in this proceeding and TCE would be appreciative if the Board and parties could update their records accordingly. All other contact information remains correct.

Yours truly,
TransCanada Energy Ltd.

Nadine Berge
Senior Legal Counsel
Energy Law

cc. Mr. Chris Ripley, Union Gas Limited