July 17, 2014

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

Attention: Ms. Kirsten Walli, Board Secretary

RE: EB-2014-0145– Union Gas Limited
2013 Disposition of Deferral Account Balances - Interrogatory Responses

Dear Ms. Walli,

Please find attached Union's responses to the interrogatories received in the above case.

When preparing responses to interrogatory questions, Union determined there are three items which require updating in the evidence as filed May 2, 2014. These have been noted and updated within the interrogatory responses.

To summarize, the updates/corrections include:

1. **Summer price used to calculate the summer winter differential.**
    - Updated in Exhibit B.Staff.1 b)
      Union found an error in the calculation of the summer price reflected in the evidence at Exhibit A, Tab 1, page 5, Table 1. This correction has no impact on the spot gas variance account balance (Account No 179-107) of $1.801 million.

2. **Normalized Sufficiency presented on after tax basis – should be on a pre-tax basis to be comparable.**
    - Updated in Exhibit B.CME.5
      The normalized sufficiency of $19.3 million as presented in evidence at Exhibit A, Tab 2, page 2 , Table 1, was calculated on an after tax basis. In order to compare to the actual revenue sufficiency amount of $32.2 million, the normalized revenue sufficiency has now been calculated on a pre-tax basis and that amount is $14.7 million. There is no change to normalized ROE of 9.73 %.

P. O. Box 2001, 50 Keil Drive North, Chatham, ON, N7M 5M1 www.uniongas.com
Union Gas Limited

3. **Kirkwall- Niagara Falls receipt and delivery points reversed in table**.
    - Updated in Exhibit B.FRPO_OGVG.28
      The receipt and delivery points of this contract were incorrect in Exhibit A, Tab 4, Appendix C, Appendix D. The receipt point of this contract should be listed as Niagara Falls and the delivery point as Kirkwall.

Updated evidence will be filed shortly reflecting theses changes.

If you have any questions with respect to this submission please contact me at (519) 436-5473.

Yours truly,

[original signed by]

Karen Hockin
Manager, Regulatory Initiatives

cc: Crawford Smith, Torys
Myriam Seers, Torys
Mark Kitchen, Union
All Intervenors

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Reference: Account No. 179-107 – Spot Gas Variance Account
Exhibit A / Tab 1 / Page 4-6 & Exhibit A / Tab 3 / Page 2

Union stated that it retains load balancing obligations for weather variances relative to the February 28 checkpoint (for variances after the establishment of the checkpoint) and March weather and consumption variances. Union's load balancing obligation is required to ensure there is sufficient gas in storage at March 31 to maintain system integrity.

a) Please explain what Union means by load balancing obligations "for weather variances relative to the February 28 checkpoint (for variances after the establishment of the checkpoint)."

Union stated that load balancing costs are calculated by applying the summer / winter differential (current winter prices versus next summer price) to the incremental volumes purchased. The difference between the spot price paid and the forecast summer price (winter / summer differential) is based on the forecast summer price at the time each spot gas purchase was made. Union noted that the forecast summer cost used in its calculation is $4.29/GJ.

b) Please provide the detailed calculation for the summer natural gas price forecast cited in the evidence.

Union proposed to allocate the portion of the Spot Gas Variance Account related to Union South bundled direct purchase load balancing costs on a contract specific basis, based on the March 31, 2014 shortfall position. Each direct purchase contract's shortfall position, as a proportion of the total March 31, 2014 shortfall, will be used to determine its allocation of Union South load balancing costs.

c) Please confirm that this allocation will be based on the direct purchase contract's actual shortfall position on March 31, 2014.

Response:

a) There are two balancing options for Union South bundled DP customers, Union determined and Customer determined. For Union determined customers, prior to the February 28 checkpoint, Union determines the balancing action required by the customer to meet the

February 28 checkpoint, and communicates this to the customer. The customer is obligated to take the action Union communicated, to meet the checkpoint. The information Union uses to determine the activity necessary reflects actual weather to the end of January and a forecast of February weather. On an actual basis, if consumption and weather are different than what is included in the Union determined action, Union and not the customer, would need to purchase incremental gas (load balancing gas) before the end of March to maintain system integrity and deliverability for Union South customers. Union is required to buy for weather and consumption variances in February (after the necessary balancing activity has been established and communicated) and in March after the checkpoint has past.

Customer determined customers are required to take action to balance to their BGA checkpoint. Union is required to buy for weather and consumption variances in March after the checkpoint has past.

b) When preparing the response to Exhibit B.Staff.1, Union found an error in the calculation of the summer price reflected in the evidence in this proceeding at Exhibit A, Tab 1, page 5, Table 1. The summer price filed was $4.290/GJ and should have been $4.676/GJ. The resulting summer winter differential is $2.444/GJ. Please see the detailed calculation below.

Winter 2013/14 Spot Purchases (as of March 1, 2014)

Date Purchased	Total Landed Volume (PJ)	Estimated Cdn $/GJ*	Total Cost ($ million)	Summer Price (forecast on day purchase was made)	Total Summer Cost ($ million)
12-Dec-13	2.0	$ 4.94	9.9	$ 4.37	8.7
19-Dec-13	2.0	$ 5.03	10.1	$ 4.41	8.8
06-Jan-14	5.6	$ 5.46	30.5	$ 4.43	24.8
15-Jan-14	2.0	$ 5.32	10.6	$ 4.39	8.8
22-Jan-14	2.0	$ 5.84	11.7	$ 4.65	9.3
24-Jan-14	7.0	$ 7.73	53.8	$ 4.72	32.8
27-Jan-14	3.2	$ 7.55	23.8	$ 4.64	14.6
14-Feb-14	2.3	$ 8.01	18.4	$ 5.01	11.5
19-Feb-14	2.0	$ 10.61	21.2	$ 5.29	10.6
21-Feb-14	1.8	$ 12.31	22.2	$ 5.20	9.4
Total	**29.8**	**$ 7.12**	**212.2**		**139.3**
Weighted Average Summer Price				**$4.676**	

*estimated assuming exchange rate of 1.1073

This correction has no impact on the spot gas variance account balance of $1.801 million. The impact of this correction is a reduction in the load balancing costs to be recovered from Union South bundled DP customers from $2.264 million to $1.954 million. Exhibit A, Tab 1, page

5, Table 1 has been corrected below. This shows the change to the refund of the remaining balance, which is now a credit of $0.153 million to Union South sales service customers.

Union North load balancing costs described in Union's April QRAM filing (EB-2014-0050) are also impacted. The load balancing impact for Union North customers was 2.9 PJ and $8.2 million based on the summer winter differential as filed. The corrected impact is $7.07 million based on the corrected summer winter differential of $2.444/GJ. The impact of this correction on Union North load balancing costs will be reflected as part of Union's next QRAM filing.

Table 1 - Corrected

Union South Bundled DP Spot Gas Costs

Line No.	Spot Gas Purchase - 0.8 PJ	Average unit price ($/GJ) (a)	Total Impact ($ million) (b)= (a) x 0.8 PJ
1	Weighted Average Price of Spot purchase	$ 7.120	$ 5.696
2	Ontario Landed Reference Price	$ 4.868	$ 3.895
3	Union South Spot Gas Impact	$ 2.252	$ 1.801
4	Forecast Summer Cost	$ 4.676	
5	Weighted Average Summer-Winter Differential (load balancing costs) (line 1 less line 4)	$ 2.444	$ 1.954
6	Spot Costs (Credit) (line 4 less line 2)	$ (0.192)	$ (0.153)

c) Confirmed.

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Reference: Account No. 179-131 – Upstream Transportation Optimization
Exhibit A / Tab 1 / Page 18-19 & 22-23

Union stated that, on an actual basis, consistent with the method approved in its EB-2011-0210 Decision and Rate Order, Union has credited $15.697 million in rates to ratepayers during 2013. This is $2.271 million greater than the Board-approved amount of $13.426 million. This difference occurs when Union's actual sale service volumes are greater than the forecast sales service volumes in 2013 rates.

a) Please provide supporting evidence highlighting the increased optimization credit of $15.697 million included in 2013 rates.

Union noted that it often requires the use of its own transmission system, primarily Dawn to Parkway transportation to facilitate transportation exchange services.

Union noted that, beginning in 2013, it has started tracking Dawn to Parkway transportation revenue separately from revenue related to upstream transportation optimization. Union stated that the Dawn to Parkway revenue is not included in the Upstream Transportation Optimization deferral account.

b) Please confirm that the revenues arising from the exchange portion of an exchange service that utilizes Dawn to Parkway transportation are recorded in the Upstream Transportation Optimization deferral account.

Response:

a) Please see Table 1 below. The increased upstream optimization credit is the result of higher volumes than forecast.

Table 1
Upstream Transportation Optimization in 2013 Rates

Union North	**Actual Volumes (10^3m^3)**	**Rate: \$ / m^3 (1)**	**2013 Actual Upstream Transportation Optimization in Rates**
	(a)	(b)	(c) = (a x b)
Rate 01	981,387	$0.004432	$4,349,507
Rate 10	359,325	$0.004156	$1,493,355
Rate 20[2]	5,365	$0.041642	$223,401
Rate 20[3]	59,724	$0.002597	$155,102
Rate 25	98,280	$0.002720	$267,320
Sub Total	**1,504,080**		**$6,488,685**
Union South			
Rate M1	2,599,135	$0.002824	$7,339,957
Rate M2	594,706	$0.002824	$1,679,448
Rate M4	29,872	$0.002824	$84,360
Rate M5 Interruptible	25,595	$0.002824	$72,280
Rate M5 Firm	183	$0.002824	$516
Rate M7	10,921	$0.002824	$30,841
Rate M9			
Rate M10	266	$0.002824	$750
Sub Total	**3,260,677**		**$9,208,152**
All Rates	**4,764,757**		**$15,696,837**

Notes
1 Per EB-2011-0210, Rate Order Working Papers, Schedule 44, page 1 of 2.
2 Rate 20 Gas Supply Demand Charge.
3 Rate 20 Commodity Transportation Charge 1.

b) Confirmed. Revenue arising from the exchange portion of an exchange service is recorded in the Upstream Transportation Optimization deferral account. As stated at Exhibit A, Tab 1, page 23, Union has tracked Dawn to Parkway revenue separately from revenue related to upstream transportation optimization, and as such, these revenues are not included in the Upstream Transportation Optimization deferral account.

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Reference: Account No. 179-70 – Short-Term Storage and Other Balancing Services
Exhibit A / Tab 1 / Page 28-29

Union noted that 2013 was the first year that it sold non-utility storage space on a short-term basis (terms of less than 2 years). In Union's 2013 Cost of Service Application, it proposed to split margins from short-term peak storage services proportionately between utility and non-utility customers based on the utility and non-utility share of the total quantity of short-term peak storage sold each year. The Board, in its EB-2011-0210 Decision, accepted Union's proposal.

a) Please provide the simple average term of the short-term peak storage services sold in 2013.

b) Please provide the volume weighted average term of the short-term peak storage services sold in 2013.

Response:

a) The simple average term of the 2013 short-term peak storage services sold is 10 months.

b) The weighted average term of the 2013 short-term peak storage services sold is 10 months.

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Reference: Vertical Slice Methodology

Union stated that the purpose of its evidence related to the vertical slice methodology is to "inform" the Board and interested parties of its proposal to suspend the utilization of the methodology.

a) Please confirm whether Union is requesting Board approval, in this proceeding, of its proposal to suspend the vertical slice methodology. If not, please discuss where this approval will be sought or explain why no approval is necessary.

Response:

a) Union is not requesting Board approval of the plan to suspend the vertical slice methodology. This change does not impact Union's costs, rates, or regulated service terms and conditions, and therefore does not require Board approval. In addition, Union's plan is for a suspension of the program, and not its elimination.

   Union is sharing its plan with the Board through this proceeding and has also shared details of the plan with stakeholders in recent months through a variety of means. This includes the Annual Stakeholder Meeting, customer meetings, customer newsletters and the turnback election communication. Union will also be sharing the details of this plan at an upcoming external policy meeting. Union has received positive feedback from direct purchase stakeholders regarding the plan to suspend the vertical slice program.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Exhibit A, T1, p6

Preamble: "Union is proposing to recover the $2.265 million from Union South DP customers who were below the planned BGA balance and drove the need for incremental spot gas purchases based on Union's South customers March 31 DP Status Report."

Please provide a copy of the agreement between Union and its DP customers that sets out the DP customers' obligations with respect to the February 28 checkpoint.

Please provide a simple copy of Union's March 31, 2014 DP Status Report.

Response:

The checkpoint requirements are outlined in the Service Terms and Conditions (Schedule 2) to the Southern Bundled T contract. Please see Attachment 1.

Please see Attachment 2 for a copy of a DP Status report. The actual and planned March BGA is identified as A and B respectively. The difference is identified as C.

SCHEDULE "2"
Southern Bundled T Terms And Conditions

1 UPSTREAM TRANSPORTATION COSTS

Where Union is receiving Gas from Customer at a Point of Receipt upstream of Union's system, Customer shall be responsible to Union for all direct and indirect upstream transportation costs including Compressor Fuel from the Point of Receipt to Union's system, whether Gas is received by Union or not, for any reason including Force Majeure. Where actual quantities and costs are not available by the date when Union performs its billing, Union's reasonable estimate will be used and the appropriate reconciliation will be done in the following Month.

2 OBLIGATIONS TO DELIVER AND RECEIVE

Subject to the provisions of this Contract, Union agrees to receive the Obligated DCQ parameters in Schedule 1 each Day. Customer accepts the obligation to deliver the Obligated DCQ parameters in Schedule 1 to Union on a Firm basis. On days when an Authorization Notice is given, the DCQ parameters are as defined in the Authorization Notice.

For all Gas to be received by Union at the Upstream Point of Receipt, Customer shall, in addition to the DCQ, supply on each Day sufficient Compressor Fuel as determined by the Transporter.

3 BANKED GAS ACCOUNT

The Banked Gas Account ("BGA") will be used to accumulate the daily differences between the total quantities of Gas received by Union (excluding fuel) from the Customer, and the total quantities of Gas distributed by Union to the End Use locations listed in Schedule 3, plus any BGA transactions permitted by Authorization Notice. Where the cumulative quantities received by Union exceed the cumulative quantities distributed by Union, the resulting BGA balance shall be positive. Where the cumulative quantities distributed by Union exceed the cumulative quantities received by Union, the resulting BGA balance shall be negative.

Customer shall plan and operate in a manner that will achieve a BGA balance of zero at the end of each Contract Year. In addition, Customer is expected to take balancing actions early in the summer to ensure that the BGA balance does not exceed the Fall Checkpoint Quantity as of the Fall Checkpoint Date. Customer is also expected to take balancing actions early in the winter to ensure that the BGA balance is not less than the Winter Checkpoint Quantity as of the Winter Checkpoint Date. The checkpoint quantities and dates are identified in Section 4 of Schedule 1.

Customer's ability to manage the BGA balance through changes in its supply arrangements shall require authorization from Union. Customer's request for a change does not require or obligate Union to accept a request which Union, acting reasonably, determines it cannot accommodate. If Union cannot accommodate such request, Customer shall not be relieved from its obligations for the Fall Checkpoint Date or the Winter Checkpoint Date, or any BGA Balancing Period Date.

Provided this Contract is in place for a subsequent Contract Year, that portion, if any, of the BGA balance not outside of the Maximum Positive Variance or the Maximum Negative Variance identified in Schedule 1 shall be carried forward into the BGA of the subsequent Contract Year.

3.01 Service under the Union Determined Balancing Option

Where Schedule 1 identifies the balancing option as “Union Determined Balancing Option”, Section 3.01 of this Schedule 2 shall apply and Section 3.02 shall not apply.

Under the Union Determined Balancing Option, Union will determine and advise Customer of the incremental quantity of Gas that must be supplied by Customer for the BGA balance to be greater than or equal to the Winter Checkpoint Quantity as of the Winter Checkpoint Date, and the quantity of Gas that must be disposed of for the BGA balance to be less than or equal to the Fall Checkpoint Quantity as of the Fall Checkpoint Date. Customer is obligated to supply and to dispose of the quantities of Gas as determined by Union.

Winter Checkpoint

Periodically during the winter, Union will estimate what the BGA balance will be as of the Winter Checkpoint Date (“Winter BGA Balance”) using recent third party weather forecasts and Customer’s monthly consumption forecast. The BGA estimate will include estimated consumption, whether billed or unbilled, to and including the Winter Checkpoint Date. This information will be provided to Customer for information purposes only, and in no way limits or qualifies Customer’s obligation to ensure that the actual BGA balance is greater than or equal to the Winter Checkpoint Quantity on the Winter Checkpoint Date. As the Winter BGA Balance is comprised of third party weather forecasts and Customer’s consumption forecast, Union cannot make any representation or warranty as to the accuracy of the Winter BGA Balance.

During February, if Union determines that the estimated BGA will be less than the Winter Checkpoint Quantity then Union will advise Customer on or about the 10th Business Day of February of the additional quantity of Gas that must be delivered. Customer must, by the 15th Business Day of February, request approval for a balancing transaction to deliver the additional Gas. If Customer does not make a request by the 15th Business Day, or if Union has approved a balancing transaction and the Gas is not delivered in accordance with the approved balancing transaction, then Union will sell to Customer, and Customer will accept, that quantity of Gas at the Banked Gas Purchase commodity charge from the R1 Rate Schedule.

Fall Checkpoint

During September, Union will determine and advise Customer on or about the 10th Business Day of September of the quantity of Gas that must be disposed of in advance of the Fall Checkpoint Date (“Checkpoint Variance”). Once Union has advised Customer of the Checkpoint Variance, then Union, at any time prior to the Fall Checkpoint Date, upon three business days notification, shall have the right to refuse receipt of Gas until the BGA has been reduced by an amount equal to the Checkpoint Variance. Union shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of refusing receipt of Gas.

If, by the Fall Checkpoint Date, a quantity of Gas greater than or equal to the Checkpoint Variance has not been disposed of, then Customer shall incur a charge equivalent to the difference between the Checkpoint Variance and the actual quantity disposed of by Customer after being notified of the Checkpoint Variance (“Union Determined Excess Quantity”) multiplied by the Unauthorized Storage Space Overrun rate in Union's T1 Rate Schedule. The Unauthorized Storage Space Overrun rate will be applied to the remaining Union Determined Excess Quantity each month until the Union Determined Excess Quantity is reduced to zero.

In addition, Customer shall take immediate steps to dispose of the Union Determined Excess Quantity. On the first business day of October, or at any time afterwards, upon three business days notification, Union may refuse receipt of Gas until the BGA has been reduced by an amount equal to the Union Determined Excess Quantity. Union shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of refusing receipt of Gas.

3.02 Service under the Customer Determined Balancing Option

Where Schedule 1 identifies the balancing option as "Customer Determined Balancing Option", Section 3.02 of this Schedule 2 shall apply and Section 3.01 shall not apply.

Under the Customer Determined Balancing Option, Customer is responsible for determining the quantity of Gas that must be supplied and executing the actions required to ensure that the actual BGA balance is greater than or equal to the Winter Checkpoint Quantity as of the Winter Checkpoint Date, and determining the quantity of Gas that must be disposed of and executing the actions required to ensure that the actual BGA balance is less than or equal to the Fall Checkpoint Quantity as of the Fall Checkpoint Date.

Winter Checkpoint

Periodically during the winter, Union will estimate what the BGA balance will be as of the Winter Checkpoint Date ("Winter BGA Balance") using recent third party weather forecasts, if applicable, and Customer's monthly consumption forecast. The BGA estimate will include estimated consumption, whether billed or unbilled, to and including the Winter Checkpoint Date. This information will be provided to Customer for information purposes only, and in no way limits or qualifies Customer's obligation to ensure that the actual BGA balance is greater than or equal to the Winter Checkpoint Quantity on the Winter Checkpoint Date. As the Winter BGA Balance is comprised of third party weather forecasts and Customer's consumption forecast, Union cannot make any representation or warranty as to the accuracy of the Winter BGA Balance.

If Customer determines that it requires a change in its supply arrangements to meet its Winter Checkpoint Quantity as of the Winter Checkpoint Date, Customer must, by the 15th Business Day of February, request approval for a balancing transaction to deliver the additional Gas. If Customer does not make a request by the 15th Business Day of February then Union is not obligated to accept the request if it cannot be reasonably accommodated or exposes Union to incremental costs.

If the actual BGA balance is less than the Winter Checkpoint Quantity on the Winter Checkpoint Date then Union will sell to Customer, and Customer will accept, a quantity of Gas equal to the difference between the actual BGA balance and the Winter Checkpoint Quantity, at the Banked Gas Purchase commodity charge in the R1 Rate Schedule.

Fall Checkpoint

During September, Union will determine and advise Customer on or about the 10th Business Day of September of the quantity of Gas projected to be in excess of the Fall Checkpoint in advance of the Fall Checkpoint Date ("Checkpoint Variance"). Once Union has advised Customer of the Checkpoint Variance, then Union, at any time prior to the Fall Checkpoint Date, upon three business days notification, shall have the right to refuse receipt of Gas until the BGA has been reduced by an amount equal to the Checkpoint Variance. Union shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of refusing receipt of Gas.

If the actual BGA balance is greater than the Fall Checkpoint Quantity on the Fall Checkpoint Date, Customer shall incur a charge equivalent to the difference between the actual BGA balance and the Fall Checkpoint Quantity ("Customer Determined Excess Quantity") multiplied by the Unauthorized Storage Space Overrun rate in Union's T1 Rate Schedule. The Unauthorized Storage Space Overrun rate will be applied to the remaining Customer Determined Excess Quantity each month until the Customer Determined Excess Quantity is reduced to zero.

In addition, Customer shall take immediate steps to dispose of the Customer Determined Excess Quantity. On the first business day of October, or at any time afterwards, upon three business days notification, Union may refuse receipt of Gas until the BGA has been reduced by an amount equal to the Customer Determined Excess Quantity. Union shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of refusing receipt of Gas.

3.03 Additional BGA Monitoring and Maintenance Obligations

In addition to meeting the Fall Checkpoint Quantity on the Fall Checkpoint Date and the Winter Checkpoint Quantity on the Winter Checkpoint Date above, Customer agrees to monitor its BGA balance on an ongoing basis, and shall maintain a BGA balance such that it does not exceed the Maximum Positive Variance or Maximum Negative Variance on the BGA Balancing Period Date(s) specified in Section 3 of Schedule 1. If Customer anticipates a BGA balance outside of any of these parameters then Customer shall promptly notify Union.

If Union forms the opinion that the BGA balance will exceed the Maximum Positive Variance at the end of a BGA Balancing Period Date as referenced in Section 3 of Schedule 1 then Union, in its discretion, shall have the right to refuse receipt of Gas.

Union's refusal to receive Gas under any circumstances described in this section does not relieve Customer of its obligation on any subsequent Day to deliver its Obligated DCQ to Union should Union require it. Union agrees to act in a reasonable and responsible manner when interpreting the relevant data for determining the forecasted BGA balances. Union shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of refusing receipt of Gas.

3.04 Positive BGA Implications

In addition to planning and operating to balance to zero at the end of the Contract Year, Customer must take all actions required to ensure that the Maximum Positive Variance is not exceeded. On any BGA Balancing Period Date identified in Section 3 of Schedule 1, if the actual BGA balance is in excess of the Maximum Positive Variance ("Positive Variance Excess") then such excess shall incur a charge equivalent to the Unauthorized Storage Space Overrun rate in Union's T1 Rate Schedule. The Unauthorized Storage Space Overrun rate will be applied to the remaining Positive Variance Excess each month until the Positive Variance Excess is reduced to zero.

In addition, Customer shall take immediate steps to dispose of the Positive Variance Excess. On the first business day of the month following the BGA Balancing Period Date identified in Section 3 of Schedule 1, or at any time afterwards, upon three business days notification, Union may refuse receipt of Gas until the BGA has been reduced by an amount equal to the Positive Variance Excess. Union shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of refusing receipt of Gas.

3.05 Negative BGA Implications

In addition to planning and operating to balance to zero at the end of the Contract Year, Customer must take all actions required to ensure that the Maximum Negative Variance is not exceeded. On any BGA Balancing Period Date identified in Section 3 of Schedule 1, if the actual BGA balance is in excess of the Maximum Negative Variance then the excess shall be sold by Union and purchased by Customer at the Banked Gas Purchase charge in the R1 Rate Schedule.

3.06 Energy Conversion

Balancing of receipt by Union with distribution to Customer is calculated in energy. The distribution to Customer is converted from volume to energy using Union's standard practices.

3.07 Disposition of Gas at Contract Termination

If this Contract terminates or expires and Customer does not have a contract for Storage Services with Union then, except as authorized by Union, no positive BGA balance shall be allowed. Unless otherwise agreed to by Union, any positive BGA balance remaining in Customer's BGA as of such date of termination or expiry shall incur a charge equivalent to the Unauthorized Storage Space Overrun rate in Union's T1 Rate Schedule. Customer shall incur such charge until the balance has been reduced to zero.

Unless otherwise agreed to by Union, any negative BGA balance as of the date of termination shall be sold by Union, and purchased by Customer, at the Banked Gas Purchase commodity charge in the R1 Rate Schedule.

3.08 BGA Carryover Limitation During Late Season Injection

If the current Contract Year ends during the period September 15 to November 15, Union will provide Storage Services for a positive BGA balance on a reasonable efforts basis only. If in Union's opinion such Service is not available, Customer, when requested by Union, shall reduce deliveries to Union to ensure that the positive balance is reduced to zero or to an amount specified by Union. Such request by Union shall release Customer from its Obligation to deliver during the period specified. Any Gas in excess of the amount specified by Union shall incur a charge equivalent to the Unauthorized Storage Space Overrun rate in Union's T1 Rate Schedule.

4 CHANGES TO CONTRACT PARAMETERS (SCHEDULE 1)

4.01 General Service Class

This Section 4.01 shall only apply to Contracts that do not have any end use locations served under rates M4, M5, M6, M7 or M9. Any changes to the list of End Use locations, consumption patterns, or upstream supply may have a corresponding change to the parameters in Schedule 1 as determined by Union. If there is a change, Customer will receive a revised Schedule 1 from Union prior to the effective date of the change. If Customer does not acknowledge and agree to the revised Schedule 1 in writing at least 25 days prior to the effective date of the change then the Contract will be terminated.

4.02 Contract Rate Classes

This Section 4.02 shall only apply to Contracts with one or more end use locations served under rates M4, M5, M6, M7 or M9. The monthly consumption estimates and the monthly Gas supply are used to determine the Fall and Winter Checkpoints. If Customer has not provided Notice for termination in accordance with the Notice provisions of the Contract, then the parameters in Schedule 1 shall apply to the next Contract Year. However, during the period prior to 25 days before the beginning of the next Contract Year, Union and Customer agree to negotiate in good faith new Schedule 1 parameters reflecting Customer's expected consumption profile for the next Contract Year. If the parties cannot reach agreement, then the existing parameters shall apply.

5 CUSTOMER'S FAILURE TO DELIVER GAS

5.01 Customer's Failure To Deliver Obligated DCQ to Union

If on any Day, for any reason, including an instance of Force Majeure, Customer fails to deliver the Obligated DCQ to Union then such event shall constitute a "Failure to Deliver" and the Failure to Deliver rate in the R1 Rate Schedule shall apply to the quantity Customer fails to deliver. The upstream transportation costs (if any) (Section 1) shall also apply and be payable by Customer.

For Gas that should have been received, Union may make reasonable attempts, but is not obligated to acquire an alternate supply of Gas. For greater certainty, payment of the Failure to Deliver charge is independent of and shall not in any way influence the calculation of Union's costs and expenses associated with acquiring the said alternate supply of Gas.

In addition to any rights of interruption in the Gas Distribution Contract(s), Union may immediately suspend distribution of Gas to the Consumption Points or Union may direct Customer to immediately curtail or cease consumption of Gas at the Consumption Points.

Customer shall immediately comply with such direction. Such suspension or curtailment shall not constitute an Interruption under the Gas Distribution Contract(s).

Union shall not be liable for any damages, losses, costs or expenses incurred by Customer as a consequence of Union exercising its rights under this Section.

5.02 Notice Of Failure

Each Party shall advise the other by the most expeditious means available as soon as it becomes aware that such failure has occurred or is likely to occur. Such notice may be oral, provided it is followed by written Notice.

5.03 Customer Failure To Deliver Compressor Fuel

For Gas to be delivered by Customer to Union at an Upstream Point of Receipt, if Customer fails to deliver sufficient Compressor Fuel then, in addition to any other remedy, Union shall deem the first Gas received to be Compressor Fuel and Section 5.01 will apply.

Direct Purchase Status

Contract [redacted] **Report Date** Mar 2014

As of month ending Mar 2014

Start Date	Sep 01, 2013	Number of Accounts:	
Expiry Date	Aug 31, 2014	Residential	0
Agency Agreement	N/A	Commercial	0
Contract Type	MID MKT	Industrial	5
Balancing Type	ANN-UD		5
	Reporting Month Heat Value (GJ/10³m³)		38.4936
Agent	No Agent		

DCQ Breakdown (GJ)	
Ontario Parkway	2,694
Western	516
	3,210

Actual/ Projected Variance

Current Term	Total Receipts (GJ)	Transactional Services (GJ)	Total Consumption: Volume Consumption (103m3)	Total Consumption: Energy Consumption (GJ)	Weather Impact (GJ)	Actual Variance (GJ)	Accumulated Variance (GJ)	Winter Adjustment (GJ)	Position At Checkpoint (GJ)
Carryover	**1,405**					**1,405**	**1,405**		
Sep 2013	96,300	-1,405	1,572.6449	60,163		34,732	36,137		
Oct 2013	99,510	0	2,298.9998	88,012		11,498	47,635		
Nov 2013	96,300	0	3,437.2562	131,723		-35,423	12,212		
Dec 2013	99,510	0	4,025.2757	154,185		-54,675	-42,463		
Jan 2014	99,510	0	5,191.9335	198,903		-99,393	-141,856		
Feb 2014	139,983	69,125	4,728.9393	181,775		27,333	-114,523		
Mar 2014	99,510	0	4,503.8780	173,371		-73,861	-188,384	A	
Actual Subtotal	**732,028**	**67,720**	**25,758.9274**	**988,132**		**-188,384**			
Projected									
Apr 2014	96,300	0	2,928.5530	111,490		-15,190	-203,574		
May 2014	99,510	0	1,434.8570	54,625		44,885	-158,689		
Jun 2014	96,300	0	1,322.7210	50,356		45,944	-112,745		
Jul 2014	99,510	0	1,325.9520	50,479		49,031	-63,714		
Aug 2014	99,510	0	1,254.1630	47,746		51,764	-11,950		
Projected Totals	**1,223,158**	**67,720**	**34,025.1734**	**1,302,828**		**-11,950**			

Contracted Forecast (GJ's)

Current Term	Total Receipts	Energy Consumption	Accumulated Forecast	Winter Adjustment	Checkpoint Quantity	Contracted Ceiling	Contracted Floor
Sep 2013	96,300	46,941	49,359		49,359		
Oct 2013	99,510	76,161	72,708				
Nov 2013	96,300	118,973	50,035				
Dec 2013	99,510	119,591	29,954				
Jan 2014	99,510	167,043	-37,579				
Feb 2014	89,880	170,217	-117,916		-117,916		
Mar 2014	99,510	157,924	-176,330	B			
Apr 2014	96,300	111,490	-191,520				
May 2014	99,510	54,625	-146,635				
Jun 2014	96,300	50,356	-100,691				
Jul 2014	99,510	50,479	-51,660				
Aug 2014	99,510	47,746	0			46,866	-46,866
	1,171,650	1,171,546					

Balancing Criteria (GJ's)

Current BGA Variance (Mar 2014)			
Actual		-188,384	A
Contracted		-176,330	B
Difference		-12,054	C
Allowed Balancing:	bring in	11,950	
	take off	0	

Projected BGA Variance - Next Balancing Point (Aug 2014)	
Projected	-11,950
Contracted	0
Difference	-11,950

Consumption Detail

	Actual				Contracted Forecast	Difference
Current Term	Volume Consumption (10^3m^3)	Prior Period Adjustments (10^3m^3)	Heat Value ($GJ/10^3m^3$)	Energy Consumption (GJ)	Energy Consumption (GJ)	Actual vs Forecast (GJ>)
Sep 2013	1,572.6449		38.2554	60,163	46,941	13,222
Oct 2013	2,298.9998		38.2823	88,012	76,161	11,851
Nov 2013	3,437.2562		38.3221	131,723	118,973	12,750
Dec 2013	4,025.2757		38.3042	154,185	119,591	34,594
Jan 2014	5,191.9335		38.3100	198,903	167,043	31,860
Feb 2014	4,728.9393		38.4387	181,775	170,217	11,558
Mar 2014	4,503.8780		38.4936	173,371	157,924	15,447
Actual Subtotal	**25,758.9274**			**988,132**	**856,850**	**131,282**
Projected						
Apr 2014	2,928.5530		38.0700	111,490	111,490	0
May 2014	1,434.8570		38.0700	54,625	54,625	0
Jun 2014	1,322.7210		38.0700	50,356	50,356	0
Jul 2014	1,325.9520		38.0700	50,479	50,479	0
Aug 2014	1,254.1630		38.0700	47,746	47,746	0
Projected Totals	**34,025.1734**			**1,302,828**	**1,171,546**	**131,282**

In-Franchise Transactional Services

Trans ID	Type	Effective Date From	To	Quantity Amount	UOM	Receipt Point
	Ex-Franchise Transfer	Sep 13, 2013	Sep 13, 2013	-1,405	GJ	
	In-Franchise Transfer	Feb 22, 2014	Feb 24, 2014	11,514	GJ	
	Incremental Supply	Feb 25, 2014	Feb 25, 2014	3,903	GJ	
	Incremental Supply	Feb 25, 2014	Feb 25, 2014	10,000	GJ	
	Incremental Supply	Feb 25, 2014	Feb 28, 2014	1,200	GJ	
	Incremental Supply	Feb 26, 2014	Feb 28, 2014	35,000	GJ	
	In-Franchise Transfer	Feb 27, 2014	Feb 27, 2014	22,000	GJ	
	In-Franchise Transfer	Feb 27, 2014	Feb 27, 2014	35,611	GJ	

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Exhibit A1, T1, p4, line 9

Preamble: "Union retains load balancing obligations for weather variances relative to the February 28 checkpoint (for variances after the establishment of the checkpoint) and March weather and consumption variances"

Please confirm that Union would have bought spot gas to cover March weather and consumption variances for DP customers that were in compliance with the February 28 requirement, as well as those that were not; in other words, DP customers that did not meet the February 28 delivery balances.

Response:

Regardless of whether Union South DP customers meet the February 28 checkpoint, Union retains load balancing obligations for March weather and consumption variances. As indicated at EB-2014-0154, Exhibit B.NRG.24:

"*this load balancing obligation is a normal requirement and is there to ensure there is sufficient gas in storage at March 31, to maintain system integrity*".

As indicated at EB-2014-0154, Exhibit B.Staff.1 d), Union's planning assumption was that all direct purchase customers would meet contractual obligations at expiry and checkpoint. When a customer fails to meet its contractual checkpoint obligation, gas is transferred from the utility to the customer's banked gas account. These situations create a shortage for the distribution system as a whole, which must be managed by Union within all of the other commodity purchases Union is making for its system. Union did not make specific gas purchases to replace gas sold to specific customers who failed to meet their contractual obligations.

In the instance of load balancing gas, the gas is returned to Union by DP customers prior to their contractual year end. In this circumstance, Union reduces planned summer purchases it would normally have made on behalf of the sales service customers, in order to accept the incremental summer DP deliveries.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Exhibit A1, T1, P5, Table 1

Please explain the nature of the weighted average Summer-Winter differential.

Response:

As indicated at Exhibit A, Tab 1, Page 6 lines 1-17, the summer-winter differential is the difference between the spot price paid for incremental supplies purchased in February and March and the forecast summer price at the time each spot gas purchase was made.

The incremental gas supply is required and consumed by DP customers in February and March. The DP customers subsequently return that supply prior to contract expiry. Union reduces planned summer purchases it would normally have made on behalf of sales service customers in order to accept the incremental summer delivery from DP customers. DP customers are only paying the price difference (summer-winter differential) for the gas purchased in February and March relative to the summer price. DP customers are not purchasing the molecule.

In other words, by having DP customers pay the higher price of winter supply versus summer supplies, sales service customers are only paying the summer price that they would normally have paid had the gas been purchased in the summer as planned.

Please see the response at Exhibit B.Staff.1 b).

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Exhibit A1, T1, P2, Line 18

Why would Union need to purchase additional spot gas for the Northern bundled-T customers? Please explain fully.

Response:

As explained in EB-2014-0050, Tab 1, page 11, and subsequently approved by the Board, Union provides load balancing services for both Union North sales service and bundled DP customers. This is because all Union North bundled DP customers deliver their DCQ to Union at Empress and Union is responsible to transport that gas to the proper delivery area and to the customer. There is no checkpoint requirement for Union North bundled DP customers, therefore any seasonal load balancing needs must be bought by Union to ensure system integrity.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Exhibit A1, T1, P5, Table 1

Please provide a description of the calculation of the Ontario Landed Reference Price.

Response:

Please refer to EB-2014-0050, Tab 1, pages 2-3 and Tab 1, Schedule 1.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Exhibit A1, T1, P8 (Unaccounted for Gas (UFG) Variances

Please explain (and show calculation) for how the UFG is calculated for each year.

Please confirm that the amount of UFG variance applies only to price variances and not volume variance.

Response:

The UFG calculation is done on a monthly basis during Union's month end financial process. The annual UFG total for each year is a sum of the monthly UFG entries.

The UFG calculation is:

UFG = Net Gas Sendout$^{(1)}$ – Consumption$^{(2)}$

1. Net Gas Sendout: Measured receipts to Union's system less measured deliveries off of Union's system

2. Consumption: All gas consumed on Union's system

UFG represents the difference between the total gas available from all sources, and the total gas accounted for as delivery, net interchange, and Company use. This difference could include leakage or other actual unmeasured losses, discrepancies due to meter inaccuracies, variations of temperature and/or pressure, and other variants, particularly due to measurement being made at different times and at different points on the system.

Confirmed. The amount of UFG variance applies only to price variances and not volume variances.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Exhibit A1, T1, P9

What is the cost to Union in foregone earnings of each million dollar shortfall in Short-Term Transportation Revenue relative to the amount included in rates? Please explain.

Response:

Each million dollar shortfall in actual Short-Term Transportation Revenue relative to the amount included in rates reduces utility earnings before interest and taxes by $1.0 million.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Treatment of Down-Parkway Capacity

Please confirm that "Union is kept whole" means that Union would have no incentive to contract on a standalone basis from Dawn to Parkway, as opposed to contracting from Dawn to Parkway to set up a proposed exchange transaction which required Parkway to Union EDA service.

If that is not the meaning, please state what does the sentence intend to convey. Please explain fully.

Response:

Union confirms the definition of "Union is kept whole" above is accurate. Union is indifferent as to whether a customer contracts for Dawn-Parkway service as part of an exchange service or as a standalone transportation service.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Incremental Transportation Contracting Analysis Exhibit A, T4, P1

One year extension of Vector Pipeline Transportation Contract

The receipt point for the contract is listed as Alliance Pipeline L.P. Interconnect. Does this mean that the gas Union will move on Vector (a) currently, and (b) during the extension period (November 1, 2016 to November 1, 2017) is purchased in Western Canada and moved through the Alliance pipeline to Chicago. Please explain fully.

Response:

Union purchases the supply from its gas suppliers at the interconnection of the Alliance Pipeline L.P. and Vector pipeline, at the Chicago Hub. These gas suppliers may get their supply to this point using a variety of means, one of which would be to purchase the gas in Western Canada and then to transport it on the Alliance pipeline. This holds true for supplies currently flowing on the Vector transportation contract, as well as the extension from November 1, 2016 to November 1, 2017.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Incremental Transportation Contracting Analysis Exhibit A, T4, P3

Please describe what is meant by the Chicago Hub. Is it a single facility like Dawn or is it a series of interconnections with various Canadian and US pipelines in the general vicinity of Chicago? Please provide a diagram of the Chicago Hub, showing the pipeline interconnections. Is there storage at the Chicago Hub?

Please provide the route(s) by which gas originating in the Marcellus and/or Utica Shales is transported to the Chicago Hub so as to become one of the competing suppliers mentioned in #3, p3 of 25. Please discuss fully.

There are two Vector contracts listed at Appendix A, Schedule 1. Please confirm that the contract being extended is being proposed for the Vector contract in line 4.

Response:

In this context, Union has referred to the Chicago market hub as an area where a number of pipelines interconnect, as shown in Figure 1. These pipelines include:

- Alliance Pipeline
- ANR Pipeline Company
- Guardian Pipeline
- Natural Gas Pipeline Company of America
- Northern Border Pipe Line
- Northern Natural Gas Company
- Midwestern Gas Transmission Company
- Panhandle Eastern Pipeline Company
- Vector Pipeline

There are storage facilities in the Chicago area. In addition, there is storage indirectly connected to Chicago via the pipelines which interconnect in this area.

Figure 1

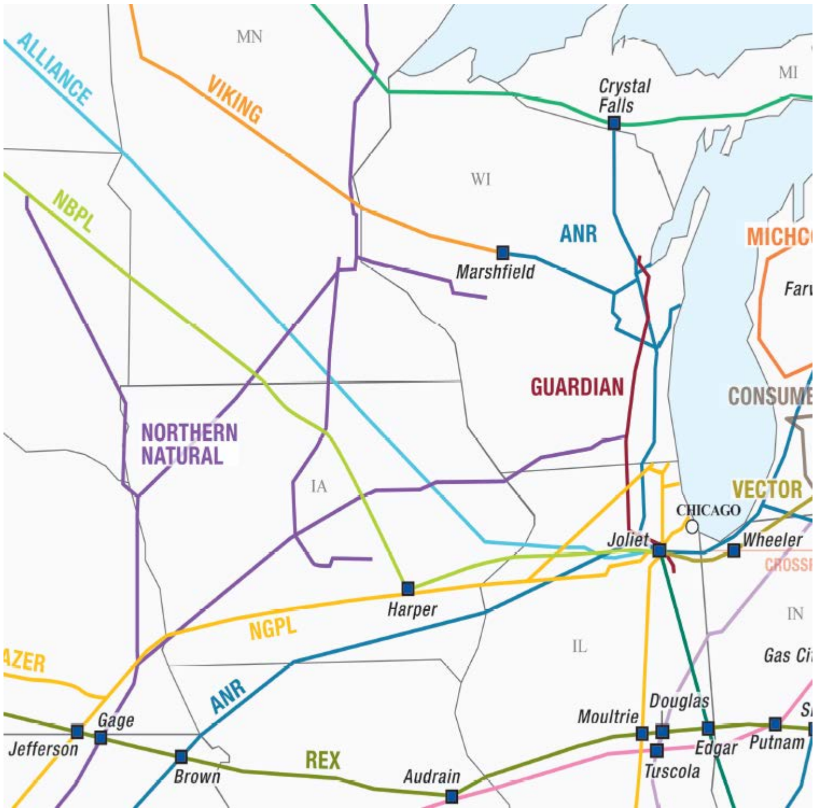
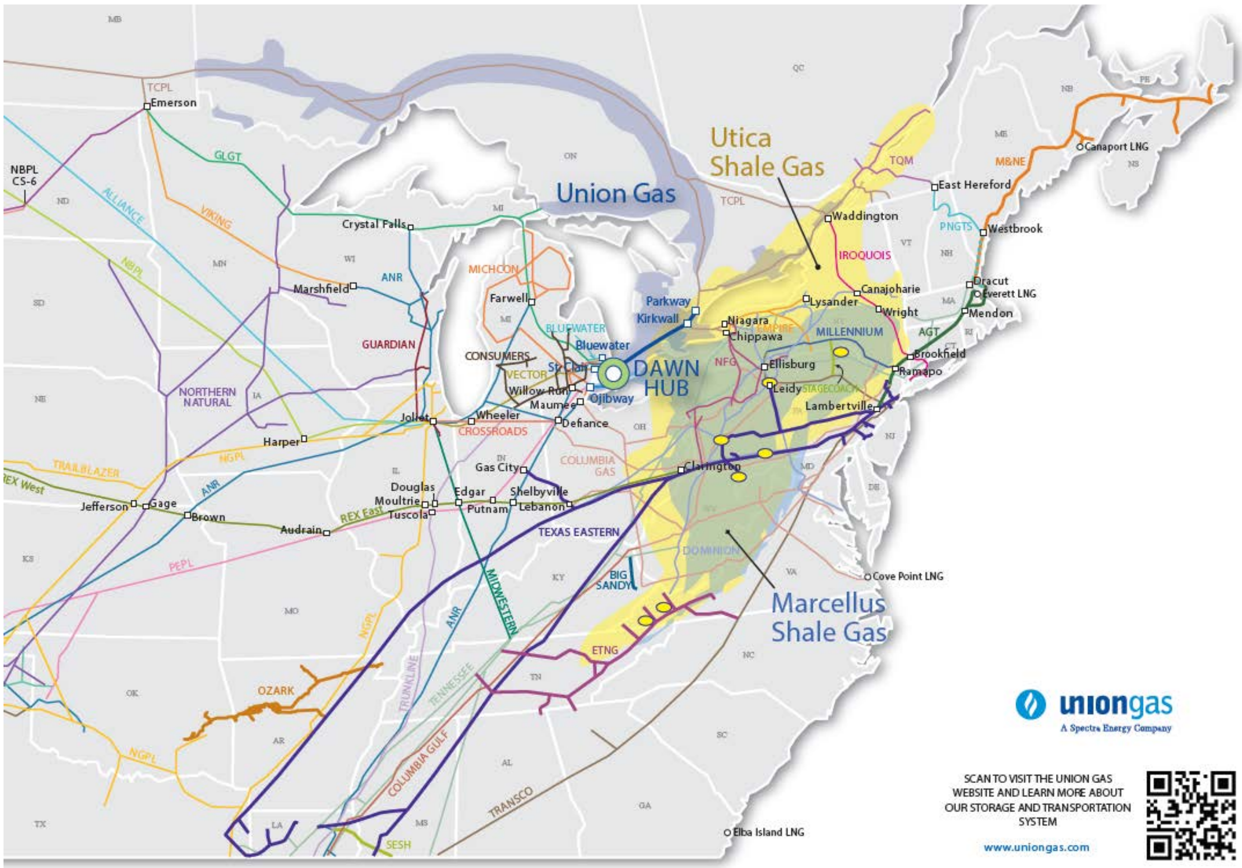


Figure 2 illustrates the Marcellus and Utica shale areas and interconnected pipeline network. The Marcellus shale is shaded green and the Utica shale is shaded yellow. The Chicago hub is at Joliet. Note that numerous pipelines intersect with the Marcellus and Utica shale areas, and these pipelines are interconnected with secondary pipelines which provide connectivity to Chicago. For example, Columbia Gas connects with ANR pipeline which then can be used to transport gas to Chicago. Another option for getting Marcellus/Utica gas to Chicago is through a backhaul on Rex pipeline and forward haul on Midwestern.

Figure 2



Union confirms the Vector contract being extended is on row 4 of Exhibit A, Tab 4, Appendix A, Schedule 1 and is denoted with an asterisk (*).

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Incremental Transportation Contracting Analysis Ex A, T4, P3 Appendix A, Schedule 1; Schedule 2

(i) At what load factor has Union flowed gas on the Vector pipeline for the period 2008 to date? What load factor does it anticipate flowing for 2014, 2015, 2016, 2017?
(ii) Please redo Schedules 1 and 2 assuming:
Exchange rate of US$1 = $1.10 CDN Exchange
rate of US$1 = $1.15 CDN
(iii) Please confirm that the "Basis Differential" in Schedule 1 is the basis differential from the Henry Hub.
(iv) Please provide the average monthly basis differentials between AECO and Dawn, from January 1, 2013 to date, and forecast for the next 24 months.
(v) What point of supply is "CREC"?
(vi) Has Union decided not to renew the Alliance/Vector (2000-2015) contract listed in Schedule 1? If so, what was the basis?
(vii) Why is the supply cost of gas at Niagara presumably from the Marcellus shale, so high relative to gas transported much greater distances? (See assumption, lines 4 and 5). Please discuss.
(viii) What is the cost of Marcellus gas at the major receipt point(s) in the Marcellus Shale, currently, forecast on the period 2014-2017? Please identify the supply points and the indices that track prices at those points.
(ix) Please provide the basis for the commodity price forecast in the assumption. Please provide a copy of the ICF report if the forecasts are grounded on their work.
(x) What accounts for the fact that Dawn and commodity costs are substantially higher than forecast Niagara prices for the 2013-2017 period (Assumption, Schedule 1). Why does Union purchase so little gas at Niagara, or Kirkwall.

Response:

i) Union plans on flowing Vector capacity at 100% load factor. On an actual basis, Union buys 100% of its supply to fill Vector capacity unless Union needs to reduce supplies due to lower overall consumption. In this case, gas supply purchases are reduced and UDC is incurred. Between 2008 and YTD June 2014, the following UDC was incurred on Vector capacity.

Annual UDC on Vector

Year	Pipeline(s)	Annual Qty (PJ)
2008	n/a	0.00
2009	Vector	0.71
2010	Vector	2.60
2011	n/a	0.00
2012	Vector	3.94
2012	Alliance/Vector	0.60
2013	n/a	0.00

Union forecasts to buy 100% of the supply to fill Vector in 2014, 2015, 2016, and 2017.

ii) Please see Attachments 1 and 2 respectively.

iii) Confirmed.

iv) Please see the response at Exhibit B.BOMA.18 i-iii).

v) CREC is Alliance Pipeline's Canadian Receipt location. It is located in Alberta.

vi) Union did not elect to renew the Alliance US and Alliance Canada capacity. This decision was made in 2010 and discussed in EB-2011-0210. It was not cost effective to continue to ship on this route based on projected tolls and commodity costs. In addition, Union was concerned with the security of supply, and the continued and projected decrease in the availability of WCSB gas for export to eastern Canada.

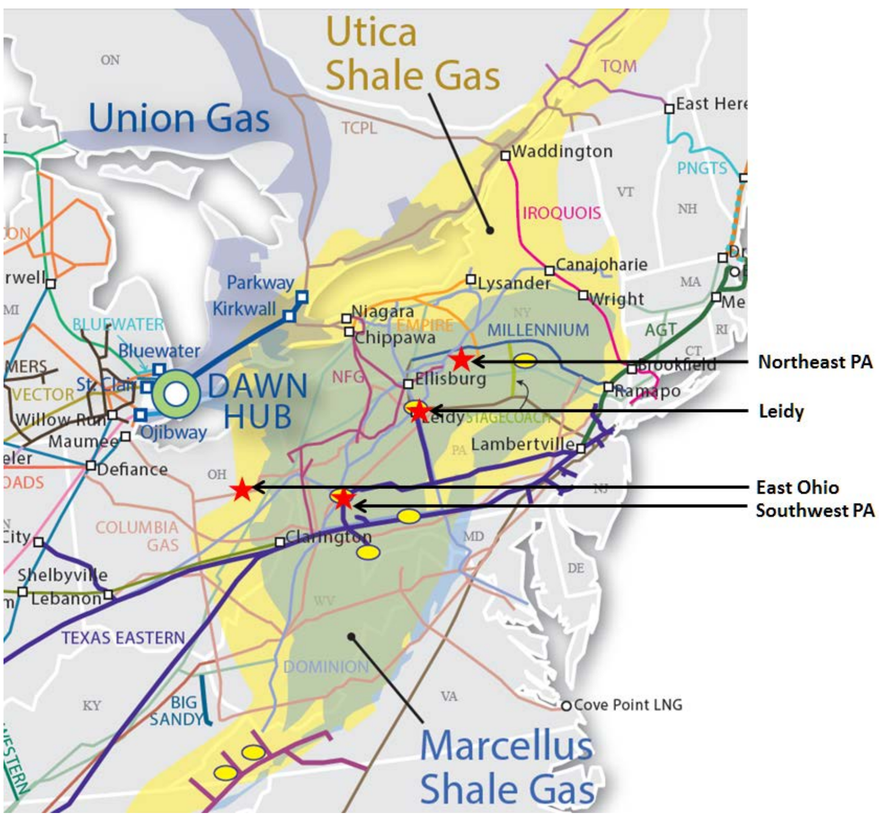
vii) Prices in the assumption portion of Schedule 1 represent the forecasted price of the gas commodity only at the receipt point of the pipeline which Union is contracted with. For example, the Niagara price is the commodity price at Niagara and the Trunkline price is the price in the Gulf coast region. An apples to apples comparison is the landed cost at Dawn (meaning that both supplies are valued at the cost to get to Dawn (gas supply commodity plus transportation and fuel costs) in the chart on the top of Schedule 1.

viii)

Yearly Average ($USD/DTH)	2014	2015	2016
East Ohio	$4.33	$4.17	$4.64
Northeast PA	$4.30	$4.11	$4.58
Leidy	$4.31	$4.13	$4.60
Southwest PA	$4.34	$4.16	$4.63

Source: Q1 2014 ICF Forecast

The above noted locations are shown in the map below:



(ix) Exhibit A, Tab 4, Appendix A, Schedule 1 utilizes ICF forecast data from their Q3 2013 Base Case. Exhibit A, Tab 4, Appendix A, Schedule 2 utilizes ICE traded settlement data as of August 19, 2013. The difference in sources is driven by the term of the arrangement. A copy of the ICF report cannot be shared. This report is proprietary and available to ICF's customers only.

x) See response to part (vii) above. When viewing the top portion of Schedule 1 for landed cost, Dawn is $5.42/GJ, compared to Niagara at $5.23/GJ. Prices for gas supply at any location are dictated by factors which influence supply and demand, such as available pipeline transportation, proximity to markets, and transportation cost. These factors are considered on a forecast basis, and are subject to change as market conditions evolve.

Currently, Union purchases gas at Niagara to fill the contracted capacity on TransCanada from Niagara to Kirkwall for 21 TJ/d. This supply is likely sourced from the Marcellus/Utica basins. The landed cost analysis which supports Schedule 1 and 2 was completed in 2013 when Union was finalizing its 2013/14 Gas Supply Plan. At that time, there was no additional capacity available on TransCanada from Niagara to Kirkwall. Union continues to analyze options to access additional Marcellus supply.

Schedule 1 (Revised for FX rate 1.10)
2013-2017 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/G	Point of Delivery
	(A)	(B)	(C)	(D) = Nymex + C	(E)	(F)	(G)	(I) = E + F + G	(J) = D + I	(K)	(L)
(2)	**Trunkline/Panhandle**	Trunkline Field Zone 1A	-0.048	4.7216	0.1923	0.0275	0.1803	0.4000	$5.12	**$5.34**	Ojibway
(2)	**PEPL (2012-2017)**	Panhandle Field Zone	-0.143	4.6266	0.3200	0.0441	0.2230	0.5871	$5.21	**$5.44**	Ojibway
(2)	**TCPL Niagara**	Niagara	0.318	5.0876	0.1366	0.0000	0.0000	0.1366	$5.22	**$5.45**	Kirkwall
*	**Vector (2008-2016)**	Chicago	0.206	4.9751	0.2500	0.0018	0.0478	0.2996	$5.27	**$5.50**	Dawn
(2)	**Panhandle Longhaul (2010-2017)**	Panhandle Field Zone	-0.143	4.6266	0.4251	0.0441	0.2230	0.6922	$5.32	**$5.55**	Ojibway
	Dawn	Dawn	0.647	5.4165	0.0000	0.0000	0.0000	0.0000	$5.42	**$5.65**	Dawn
(2)	**Alliance/Vector (2000-2015)**	CREC	-0.715	4.0543	1.6949	-0.4028	0.2251	1.5173	$5.57	**$5.81**	Dawn
(1)	**TCPL SWDA**	Empress	-0.597	4.1722	1.3620	0.0000	0.0968	1.4588	$5.63	**$5.87**	Dawn
(2)	**TCPL CDA**	Empress	-0.597	4.1722	1.4776	0.0000	0.1135	1.5911	$5.76	**$6.01**	Union CDA

(1) For Reference Only
(2) Existing Union Gas Contract
* indicates path referenced in evidence for this analysis

Assumptions used in Developing Transportation Contracting Analysis:

	Annual Gas Supply & Fuel Ratio Forecasts	Point of Supply Col (B) above	Dec 2013 - Nov 2014	Dec 2014 - Nov 2015	Dec 2015 - Nov 2016	Dec 2016 - Nov 2017	Average Annual Gas Supply Cost $US/mmBtu Col (D) above	Fuel Ratio Forecasts Col (G) above
	Henry Hub (NYMEX)	Henry Hub	$3.92	$4.37	$4.84	$5.95	$4.77	
	Trunkline/Panhandle	Trunkline Field Zone 1A	$3.88	$4.33	$4.79	$5.89	$4.72	3.82%
	PEPL (2012-2017)	Panhandle Field Zone	$3.79	$4.25	$4.71	$5.76	$4.63	4.82%
	TCPL Niagara	Niagara	$4.25	$4.68	$5.14	$6.28	$5.09	0.00%
	Vector (2008-2016)	Chicago	$4.13	$4.60	$5.07	$6.11	$4.98	0.96%
	Panhandle Longhaul (2010-2017)	Panhandle Field Zone	$3.79	$4.25	$4.71	$5.76	$4.63	4.82%
	Dawn	Dawn	$4.60	$5.08	$5.52	$6.47	$5.42	0.00%
	Alliance/Vector (2000-2015)	CREC	$3.25	$3.76	$4.14	$5.07	$4.05	5.55%
	TCPL SWDA	Empress	$3.37	$3.87	$4.26	$5.19	$4.17	2.32%
	TCPL CDA	Empress	$3.37	$3.87	$4.26	$5.19	$4.17	2.72%

Sources for Assumptions:

Gas Supply Prices (Col D): ICF Q3 2013 Base Case

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 = $1.100 CDN from BOMA #11 request

Energy Conversions (Col K): 1 dth = 1 mmBtu = 1.055056

Union's Analysis Completed: Sept-13 (Updated FX assumption July-14)

Paths included in analysis are those with comparable services available for contracting, as well as relevant benchmarks and currently contracted paths.

Schedule 2 (Revised for FX Rate 1.10)
2013-2014 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/G	Point of Delivery
	(A)	(B)	(C)	(D) = Nymex + C	(E)	(F)	(G)	(I) = E + F + G	(J) = D + I	(K)	(L)
	Dawn	Dawn	0.172	4.0106	0.0000	0.0000	0.0000	0.0000	$4.01	**$4.18**	Dawn
(2)	**TCPL Niagara**	Niagara	0.072	3.9106	0.1366	0.0000	0.0000	0.1366	$4.05	**$4.22**	Kirkwall
*	**Proposed PEPL - (Mkt Quote)**	Panhandle Field Zone	-0.279	3.5598	0.3200	0.0441	0.1716	0.5357	$4.10	**$4.27**	Ojibway
(2)	**PEPL (2012-2017)**	Panhandle Field Zone	-0.279	3.5598	0.3200	0.0441	0.1716	0.5357	$4.10	**$4.27**	Ojibway
	Vector 1 Year (Mkt Quote)	Chicago	0.039	3.8777	0.2000	0.0018	0.0372	0.2390	$4.12	**$4.29**	Dawn
(2)	**Trunkline/Panhandle**	Trunkline Field Zone 1A	-0.051	3.7873	0.1923	0.0275	0.1483	0.3681	$4.16	**$4.33**	Ojibway
(2)	**Vector (2008-2015)**	Chicago	0.039	3.8777	0.2500	0.0018	0.0372	0.2890	$4.17	**$4.34**	Dawn
	ANR-Michcon-Union (Gulf)	ANR South East	-0.077	3.7617	0.2490	0.0161	0.1581	0.4232	$4.18	**$4.36**	Dawn
(2)	**Panhandle Longhaul (2010-2017)**	Panhandle Field Zone	-0.279	3.5598	0.4251	0.0441	0.1716	0.6408	$4.20	**$4.38**	Ojibway
	NGPL - ANR - MICH	NGPL TEX OK EAST	-0.115	3.7235	0.3614	0.0076	0.1590	0.5280	$4.25	**$4.43**	Dawn
	ANR-GLGT-TCPL	ANR South East	-0.077	3.7617	0.4001	0.0223	0.1100	0.5325	$4.29	**$4.48**	Dawn
(1)	**TCPL SWDA**	Empress	-0.742	3.0964	1.3620	0.0000	0.0718	1.4338	$4.53	**$4.72**	Dawn
(2)	**Alliance/Vector (2000-2015)**	CREC	-0.660	3.1786	1.6949	-0.4028	0.1765	1.4686	$4.65	**$4.85**	Dawn
(2)	**TCPL CDA**	Empress	-0.742	3.0964	1.4776	0.0000	0.0842	1.5618	$4.66	**$4.86**	Union CDA

(1) For Reference Only
(2) Existing Union Gas Contract
* indicates path referenced in evidence for this analysis

Sources for Assumptions:

Gas Supply Prices (Col D):	ICE Settlement August 19, 2013		
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 =	$1.100 CDN	From BOMA #11 request
Energy Conversions (Col K)	1 dth = 1 mmBtu =	1.055056	
Union's Analysis Completed:	Aug-13 (Updated FX assumption July-14)		

Paths included in analysis are those with comparable services available for contracting, as well as relevant benchmarks and currently contracted paths.

Schedule 1 (Revised for FX Rate 1.15)
2013-2017 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/G**	Point of Delivery
	(A)	(B)	(C)	(D) = Nymex + C	(E)	(F)	(G)	(I) = E + F + G	(J) = D + I	**(K)**	(L)
(2)	**Trunkline/Panhandle**	Trunkline Field Zone 1A	-0.048	4.7216	0.1923	0.0275	0.1803	0.4000	$5.12	**$5.58**	Ojibway
(2)	**PEPL (2012-2017)**	Panhandle Field Zone	-0.143	4.6266	0.3200	0.0441	0.2230	0.5871	$5.21	**$5.68**	Ojibway
(2)	**TCPL Niagara**	Niagara	0.318	5.0876	0.1307	0.0000	0.0000	0.1307	$5.22	**$5.69**	Kirkwall
*	**Vector (2008-2016)**	Chicago	0.206	4.9751	0.2500	0.0018	0.0478	0.2996	$5.27	**$5.75**	Dawn
(2)	**Panhandle Longhaul (2010-2017)**	Panhandle Field Zone	-0.143	4.6266	0.4251	0.0441	0.2230	0.6922	$5.32	**$5.80**	Ojibway
	Dawn	Dawn	0.647	5.4165	0.0000	0.0000	0.0000	0.0000	$5.42	**$5.90**	Dawn
(2)	**Alliance/Vector (2000-2015)**	CREC	-0.715	4.0543	1.6598	-0.3929	0.2251	1.4920	$5.55	**$6.05**	Dawn
(1)	**TCPL SWDA**	Empress	-0.597	4.1722	1.3028	0.0000	0.0968	1.3996	$5.57	**$6.07**	Dawn
(2)	**TCPL CDA**	Empress	-0.597	4.1722	1.4133	0.0000	0.1135	1.5268	$5.70	**$6.21**	Union CDA

(1) For Reference Only
(2) Existing Union Gas Contract
* indicates path referenced in evidence for this analysis

Assumptions used in Developing Transportation Contracting Analysis:

	Annual Gas Supply & Fuel Ratio Forecasts	Point of Supply Col (B) above	Dec 2013 - Nov 2014	Dec 2014 - Nov 2015	Dec 2015 - Nov 2016	Dec 2016 - Nov 2017	Average Annual Gas Supply Cost $US/mmBtu Col (D) above	Fuel Ratio Forecasts Col (G) above
	Henry Hub (NYMEX)	Henry Hub	$3.92	$4.37	$4.84	$5.95	$4.77	
	Trunkline/Panhandle	Trunkline Field Zone 1A	$3.88	$4.33	$4.79	$5.89	$4.72	3.82%
	PEPL (2012-2017)	Panhandle Field Zone	$3.79	$4.25	$4.71	$5.76	$4.63	4.82%
	TCPL Niagara	Niagara	$4.25	$4.68	$5.14	$6.28	$5.09	0.00%
	Vector (2008-2016)	Chicago	$4.13	$4.60	$5.07	$6.11	$4.98	0.96%
	Panhandle Longhaul (2010-2017)	Panhandle Field Zone	$3.79	$4.25	$4.71	$5.76	$4.63	4.82%
	Dawn	Dawn	$4.60	$5.08	$5.52	$6.47	$5.42	0.00%
	Alliance/Vector (2000-2015)	CREC	$3.25	$3.76	$4.14	$5.07	$4.05	5.55%
	TCPL SWDA	Empress	$3.37	$3.87	$4.26	$5.19	$4.17	2.32%
	TCPL CDA	Empress	$3.37	$3.87	$4.26	$5.19	$4.17	2.72%

Sources for Assumptions:

Gas Supply Prices (Col D): ICF Q3 2013 Base Case

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 = $1.150 CDN from BOMA #11 request

Energy Conversions (Col K): 1 dth = 1 mmBtu = 1.055056

Union's Analysis Completed: Sept-13 (Updated FX assumption July-14)

Paths included in analysis are those with comparable services available for contracting, as well as relevant benchmarks and currently contracted paths.

Filed: 2014-07-17
EB-2014-0145
Exhibit B.BOMA.11
Attachment 2

Schedule 2 (Revised for FX Rate 1.15)
2013-2014 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/G**	Point of Delivery
	(A)	(B)	(C)	(D) = Nymex + C	(E)	(F)	(G)	(I) = E + F + G	(J) = D + I	**(K)**	(L)
	Dawn	Dawn	0.172	4.0106	0.0000	0.0000	0.0000	0.0000	$4.01	**$4.37**	Dawn
(2)	**TCPL Niagara**	Niagara	0.072	3.9106	0.1307	0.0000	0.0000	0.1307	$4.04	**$4.40**	Kirkwall
*	**Proposed PEPL - (Mkt Quote)**	Panhandle Field Zone	-0.279	3.5598	0.3200	0.0441	0.1716	0.5357	$4.10	**$4.46**	Ojibway
(2)	**PEPL (2012-2017)**	Panhandle Field Zone	-0.279	3.5598	0.3200	0.0441	0.1716	0.5357	$4.10	**$4.46**	Ojibway
	Vector 1 Year (Mkt Quote)	Chicago	0.039	3.8777	0.2000	0.0018	0.0372	0.2390	$4.12	**$4.49**	Dawn
(2)	**Trunkline/Panhandle**	Trunkline Field Zone 1A	-0.051	3.7873	0.1923	0.0275	0.1483	0.3681	$4.16	**$4.53**	Ojibway
(2)	**Vector (2008-2015)**	Chicago	0.039	3.8777	0.2500	0.0018	0.0372	0.2890	$4.17	**$4.54**	Dawn
	ANR-Michcon-Union (Gulf)	ANR South East	-0.077	3.7617	0.2476	0.0161	0.1581	0.4217	$4.18	**$4.56**	Dawn
(2)	**Panhandle Longhaul (2010-2017)**	Panhandle Field Zone	-0.279	3.5598	0.4251	0.0441	0.1716	0.6408	$4.20	**$4.58**	Ojibway
	NGPL - ANR - MICH	NGPL TEX OK EAST	-0.115	3.7235	0.3599	0.0076	0.1590	0.5266	$4.25	**$4.63**	Dawn
	ANR-GLGT-TCPL	ANR South East	-0.077	3.7617	0.3961	0.0223	0.1100	0.5285	$4.29	**$4.68**	Dawn
(1)	**TCPL SWDA**	Empress	-0.877	2.9618	1.3028	0.0000	0.0687	1.3715	$4.33	**$4.72**	Dawn
(2)	**Alliance/Vector (2000-2015)**	CREC	-0.798	3.0404	1.6598	-0.3929	0.1688	1.4357	$4.48	**$4.88**	Dawn
(2)	**TCPL CDA**	Empress	-0.877	2.9618	1.4133	0.0000	0.0806	1.4939	$4.46	**$4.86**	Union CDA

(1) For Reference Only
(2) Existing Union Gas Contract
* indicates path referenced in evidence for this analysis

Sources for Assumptions:

Gas Supply Prices (Col D):	ICE Settlement August 19, 2013			
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 =	$1.150	CDN	From BOMA #11 request
Energy Conversions (Col K)	1 dth = 1 mmBtu =	1.055056		
Union's Analysis Completed:	Aug-13 (Updated FX assumption July-14)			

Paths included in analysis are those with comparable services available for contracting, as well as relevant benchmarks and currently contracted paths.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Exhibit A, T4, P3

Please provide details of receipt and delivery points flexibility in Vector.

Response:

Union's primary receipt point with Vector Pipeline L.P. is the Alliance Pipeline L.P. Interconnect (Joliet) and the primary delivery point is the St. Clair (US) Interconnect. Union's primary receipt point with Vector Pipeline Limited Partnership is the St. Clair (Canada) Interconnect and the primary delivery point is the Dawn Interconnect. Union has access to all secondary delivery points and to backhaul paths on the US and Canadian pipes.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Panhandle Extension

(i) Exhibit A, T4 P5 - We are already half way through 2014 gas year. Does Union intend to extend the Panhandle/Field Zone to Ojibway contract beyond October 31, 2014? Please provide a detailed cost analysis.
(ii) Please provide details of structure of demand charge and UDC exposure to this contract.
(iii) Is the first rate for the one year period only? Is there a right to renew; at same or different price?
(iv) What is existing average combined load factor? What is forecast for 2013-2014?
(v) Please explain the details of the receipt point
(vi) What did Union contract for the renewal? What led to the substantial drop in tariff for Schedule 2 analysis to contract price?

Response:

(i) No. Union cannot extend this contract beyond October 31, 2014 since this capacity does not have renewal rights. Since this contract cannot be extended, no cost analysis has been completed. If Union's Gas Supply Plan for 2014/15 determines a need for additional upstream transportation capacity, applicable transportation options will be evaluated at that time. The results of this analysis will be shared in future proceedings as applicable.

(ii) The demand charge for this capacity is fixed, and is $0.235 US/Dth/day ($0.235 Cdn/GJ/day).

(iii) The rate is for the one-year contract term. Union has no renewal rights for this capacity beyond one year.

(iv) For 2014, Union has used this capacity at 100% to date, and expects to use the capacity at 100% until it expires on October 31, 2014.

(v) The receipt point Sneed-Parallel Energy (12724) is a location in the Panhandle Field Zone.

(vi) Union does not have renewal rights on this capacity; it has a one-year term. The difference between the price estimated in the landed cost analysis and the subsequent actual purchase price can be attributed to the following factors:

a. When Union initially conducts a landed cost analysis it estimates market values for pipes.
b. When Union actually purchases capacity through competitive process, negotiations can result in a lower rate that is to the benefit of Union's ratepayers.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: TCPL Transportation Contract

Please provide a copy of the contract.

The term of the contract is for less than one year. Is the rate fixed for the period? Is it renewable?

Is the contract linked with an STS contract? Please explain fully.

Response:

Please see Attachment 1 for the original contract agreement and Attachment 2 for the subsequent amendment to start the contract early. The remainder of the agreement is TransCanada standard tariff, which can be found at:

http://www.transcanada.com/customerexpress/docs/ml_regulatory_tariff/21_FTContract.pdf

The contract term is for greater than one year. The term is from December 18, 2013 through October 31, 2015. This contract is for TransCanada FT service, and therefore has renewal rights. The rate for this contract is subject to the NEB approved TransCanada tolls as they may change from time to time.

It is not linked to specific STS contracts.

CONTRACT SUMMARY	TransCanada PipeLines Limited
Shipper:	**UNION GAS LIMITED**
Class of Service:	**Firm Transportation (FT)**
Contract Date:	2nd day of August, 2013
Contract Demand:	9,000 GJ's per day
Contract Number:	47295
Date of Commencement:	1st day of January, 2014
Date of Expiry:	31st day of October, 2015
Receipt Point and Interconnecting Pipeline:	Empress - NOVA Gas Transmission Ltd.
Delivery Point and Interconnecting Pipeline:	Union NDA - Union Gas Limited
Domestic/Export Contract:	Domestic
Note:	FT as a result of August 1, 2013 Daily Existing Capacity Open Season
Prepared by:	Sherri Grassick / Lisa DeAbreu

AMENDING AGREEMENT SUMMARY

SHIPPER:	**UNION GAS LIMITED**
AGREEMENT TO:	Amend Contract Start Date
AMENDMENT EFFECTIVE DATE:	December 18, 2013
CONTRACT NUMBER AMENDED:	47285
CONTRACT DEMAND:	9,000 GJ's per day
RECEIPT POINT:	Empress
REVISED DELIVERY POINT:	Union NDA
NOTE:	Amendment of the FT Contract as a result of August 1, 2013 Daily Existing Capacity Open Season
PREPARED BY:	Sherri Grassick / Lisa DeAbreu

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Exhibit A, T4, P13

"Second, a continued and steady reduction in the number of customers moving from sales service to direct purchase will allow Union to manage this migration within the sales service portfolio, without requiring an allocation of upstream transportation capacity going forward, provided it remains small and/or predictable"

(i) Please explain fully how Union will manage the migration within the sales service portfolio, without requiring an allocation of upstream transportation capacity going forward. What % of volume of DP has returned to system sales (p13) in the last three years. What is the total DP volume remaining.

(ii) The evidence states that 84 TJ/d of Alliance/Vector capacity will expire December 1, 2015. How will Union replace the gas and the transportation capacity? Please provide details. Is it being replaced by additional purchase at Dawn? Please explain fully.

(iii) Please explain how the turnback referred to at p14, line 2 will work. Will the DP customer that turnback their capacity be returning to sales service? Please explain fully.

(iv) P15, line 2 - How will Union manage the movement to DP within the upstream transportation portfolio? Does the change mean the DP customer can choose its upstream capacity. For example, can DP customer acquire Marcellus gas on a bundled basis; via an unbundled service.

(v) P16 - Can Union provide a table showing the evolution of its upstream transportation portfolio over the last five years and the forecast modification to 2017.

(vi) P24 - Are all DP customers that have a receipt point of Panhandle/Field Service capacity currently delivering at Parkway to the extent of that obligation?

Response:

i) Please see the response at Exhibit B.CME.7.

Virtually all contract rate customers are direct purchase and are expected to remain so. It has been primarily the general service market (residential and small commercial/industrial) where migration from direct purchase to sales service has occurred. The following table provides the number of general service direct purchase customers for each year since 2011 and the year-over-year change:

Year	Customers	Change
2011	237,969	
2012	175,103	(62,866)
2013	142,241	(32,862)
2014	120,527	(21,714)
Total Change		(117,442) 49.4% of 2011 customers

The change from 2011 to 2013 represents the approximate 90,000 DP customers who returned to sales service as indicated at Exhibit A, Tab 4, Appendix B, Slide 24.

ii) Once the Alliance transportation capacity expires, it is considered "uncommitted supply" in the Gas Supply Plan. In determining how this capacity will be replaced, Union will consider its gas supply principles, including security of supply, portfolio diversity and cost. The outcome of the analysis will be filed within the 2015 deferral proceeding in the spring of 2016.

iii) The turnback is consistent with Union's existing practise. It will allow direct purchase customers to return transportation capacity they currently hold as part of their vertical slice allocation to Union. The customer will not return to sales service. The customer will continue to be obligated to deliver their supplies to the appropriate delivery point (as shown at Exhibit A, Tab 4, Page 22, Table 3). The direct purchase customer has the choice to determine where their supply is sourced and how it is delivered to the obligated delivery point.

iv) Please see the response at Exhibit B.CME.7 c) and Exhibit B.BOMA.15 iii) above.

v) Please see Attachment 1 for detail of Union's upstream transportation portfolio from 2008 to 2013. The 2013 schedule is an update to the version filed in Exhibit A, Tab 4, Appendix C, Appendix D; it reflects a correction to the Niagara Falls – Kirkwall contract delivery/redelivery points. The 2013 schedule reflects current expiry dates for upstream transportation contracts extending beyond 2013. Changes that may impact the transportation portfolio have been discussed in Exhibit A, Tab 4, Appendix C (pages 30-37).

vi) Yes.

UNION GAS LIMITED

Summary of Upstream Transportation Contracts - Effective November 1, 2008
Northern and Eastern Operations Areas

Line No.	Upstream Pipeline	Primary Receipt Point (a)	Primary Delivery Point (b)	Contract Quantity (c)	Contract Units (d)	Contract Termination Date (e)
	TransCanada Pipeline					
1	Empress to Union NCDA FT	Empress	Union NCDA	9,494	GJ	01-Jan-2010
2	Empress to Union NCDA FT	Empress	Union NCDA	1,545	GJ	01-Nov-2009
3	Empress to Union EDA FT	Empress	Union EDA	52,481	GJ	01-Jan-2010
4	Empress to Union EDA FT	Empress	Union EDA	4,985	GJ	01-Nov-2009
5	Empress to Union EDA FT	Empress	Union EDA	5,709	GJ	01-Nov-2009
6	Empress to Union EDA FT	Empress	Union EDA	13,320	GJ	01-Nov-2009
7	Empress to Union EDA FT	Empress	Union EDA	3,616	GJ	01-Nov-2009
8	Empress to Union EDA FT	Empress	Union EDA	5,878	GJ	01-Nov-2009
9	Empress to Union NDA FT	Empress	Union NDA	77,771	GJ	01-Jan-2010
10	Empress to Union NDA FT	Empress	Union NDA	6,594	GJ	01-Nov-2009
11	Empress to Union WDA FT	Empress	Union WDA	42,538	GJ	01-Jan-2010
12	Empress to Union WDA FT	Empress	Union WDA	1,944	GJ	01-Nov-2009
13	Empress to Union SSMDA FT	Empress	Union SSMDA	29,505	GJ	01-Jan-2010
14	Empress to Union SSMDA FT	Empress	Union SSMDA	2,564	GJ	01-Nov-2009
15	Empress to Union MDA FT	Empress	Union MDA	4,522	GJ	01-Jan-2010
16	Parkway to Union EDA FT	Parkway	Union EDA	30,000	GJ	01-Nov-2016
17	Parkway to Union EDA FT	Parkway	Union EDA	5,000	GJ	01-Nov-2017
18	TCPL FT - Total			297,466	GJ	
	TransCanada Storage Transportation Service Firm Withdrawal					
19	NCDA	Parkway	Union NCDA	13,704	GJ	01-Jan-2009
20	WDA	Parkway	Union WDA	31,420	GJ	01-Jan-2009
21	SSMDA	Dawn	Union SSMDA	35,022	GJ	01-Jan-2009
22	NDA	Parkway	Union NDA	48,375	GJ	01-Jan-2009
23	EDA	Parkway	Union EDA	68,520	GJ	01-Jan-2009
24	TCPL Firm STS Withdrawal - Total			197,041	GJ	
	TransCanada Storage Transportation Service Firm Injection					
25	WDA	Union WDA	Parkway	3,150	GJ	01-Jan-2009
26	EDA	Union EDA	Parkway	47,571	GJ	01-Jan-2009
27	NDA	Union NDA	Parkway	49,100	GJ	01-Jan-2009
28	TCPL Firm STS Injection - Total			99,821	GJ	
	Centra Transmission Holdings Inc.					
29	Centra Transmission Holdings Inc.	Spruce	Union MDA	8,000	MCF	01-Jan-2010
30	Centra Pipelines Minnesota Inc.	Sprague	Baudette	8,000	MCF	01-Jan-2010
31	CTHI FT - Total			8,473	GJ	
	Nova					
32	Nova	AECO	Empress	20,000	GJ	01-Nov-2010

Information provided is consistent with the best records available.

UNION GAS LIMITED

Summary of Upstream Transportation Contracts - Effective November 1, 2008
Southern Operations Areas

Line No.	Upstream Pipeline	Primary Receipt Point (a)	Primary Delivery Point (b)	Contract Quantity (c)	Contract Units (d)	Contract Termination Date (e)
	TransCanada Pipeline					
1	Empress to Union CDA FT	Empress	Union CDA	40,000	GJ	01-Nov-2009
2	Empress to Union CDA FT	Empress	Union CDA	4,303	GJ	01-Nov-2009
3	Empress to Union CDA FT	Empress	Union CDA	3,699	GJ	01-Feb-2010
4	Empress to Union CDA FT	Empress	Union CDA	1,979	GJ	01-Jan-2012
5	Empress to Union CDA FT	Empress	Union CDA	21,346	GJ	01-Nov-2009
6	TCPL FT - Total			71,327	GJ	
	Alliance Pipelines/Vector Pipelines					
7	Alliance	Northern Alberta	Cdn/US Interconnect	2,266.2	103M3	01-Dec-2015
8	Alliance (L.P.)	Cdn/US Interconnect	Vector	80,000	MCF	01-Dec-2015
9	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	80,000	DTH	01-Dec-2015
10	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	84,405	GJ	01-Dec-2015
11	Alliance/Vector - Total			84,405	GJ	
	Panhandle Eastern Pipe Line Field Zone					
12	PEPL FT	Panhandle Field Zone	Ojibway (Union)	25,000	DTH	01-Nov-2010
13	PEPL - Total			26,376	GJ	
	Trunkline Gas Company/Panhandle Eastern Pipe Line					
14	Trunkline FT	East Louisiana	Bourbon	20,467	DTH	01-Nov-2012
15	PEPL EFT	Bourbon	Ojibway (Union)	20,000	DTH	01-Nov-2012
16	TGC/PEPL FT - Total			21,101	GJ	
	Vector Pipelines					
17	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	81,000	DTH	01-Dec-2015
18	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	85,460	GJ	01-Dec-2015
19	Vector - Total			85,460	GJ	
	Nova					
20	Nova	AECO	Empress	20,000	GJ	01-Nov-2010
	Other:					
21	St.Clair Pipelines L.P. (St.Clair Pipeline)	St Clair/Border	StClair/Border	200,000	MCF	01-Nov-2008
22				211,011	GJ	
23	St.Clair Pipelines L.P. (Bluewater Pipeline)	Bluewater/Int. Border	Bluewater/Int Border	115,000	MCF	01-Nov-2009
24				121,331	GJ	

Information provided is consistent with the best records available.

UNION GAS LIMITED

Summary of Upstream Transportation Contracts - Effective November 1, 2009
Northern and Eastern Operations Areas

Line No.	Upstream Pipeline	Primary Receipt Point	Primary Delivery Point	Contract Quantity	Contract Units	Contract Termination Date
		(a)	(b)	(c)	(d)	(e)
	TransCanada Pipeline					
1	Empress to Union NCDA FT	Empress	Union NCDA	1,545	GJ	01-Nov-2010
2	Empress to Union NCDA FT	Empress	Union NCDA	9,494	GJ	01-Jan-2011
3	Empress to Union NDA FT	Empress	Union NDA	76,546	GJ	01-Jan-2011
4	Empress to Union NDA FT	Empress	Union NDA	4,335	GJ	01-Nov-2010
5	Empress to Union WDA FT	Empress	Union WDA	42,538	GJ	01-Jan-2011
6	Empress to Union SSMDA FT	Empress	Union SSMDA	29,505	GJ	01-Jan-2011
7	Empress to Union EDA FT	Empress	Union EDA	52,481	GJ	01-Jan-2011
8	Empress to Union EDA FT	Empress	Union EDA	8,675	GJ	01-Nov-2010
9	Empress to Union MDA FT	Empress	Union MDA	4,522	GJ	01-Jan-2011
10	Parkway to Union EDA FT	Parkway	Union EDA	30,000	GJ	01-Nov-2016
11	Parkway to Union EDA FT	Parkway	Union EDA	5,000	GJ	01-Nov-2017
12	TCPL FT - Total			264,641	GJ	
	TransCanada Storage Transportation Service Firm Withdrawal					
13	NCDA	Parkway	Union NCDA	13,704	GJ	01-Jan-2011
14	WDA	Parkway	Union WDA	31,420	GJ	01-Jan-2011
15	SSMDA	Dawn	Union SSMDA	35,022	GJ	01-Jan-2011
16	NDA	Parkway	Union NDA	48,375	GJ	01-Jan-2011
17	EDA	Parkway	Union EDA	68,520	GJ	01-Jan-2011
18	TCPL Firm STS Withdrawal - Total			197,041	GJ	
	TransCanada Storage Transportation Service Firm Injection					
19	WDA	Union WDA	Parkway	3,150	GJ	01-Jan-2011
20	EDA	Union EDA	Parkway	47,571	GJ	01-Jan-2011
21	NDA	Union NDA	Parkway	49,100	GJ	01-Jan-2011
22	TCPL Firm STS Injection - Total			99,821	GJ	
	Centra Transmission Holdings Inc.					
23	Centra Transmission Holdings Inc.	Spruce	Union MDA	8,000	MCF	01-Nov-2011
24	Centra Pipelines Minnesota Inc.	Sprague	Baudette	8,000	MCF	01-Nov-2011
25	CTHI FT - Total			8,473	GJ	
	Other:					
26	Nova	Aeco	Empress	20,000	GJ	01-Nov-10

Information provided is consistent with the best records available.

UNION GAS LIMITED

Summary of Upstream Transportation Contracts - Effective November 1, 2009
Southern Operations Areas

Line No.	Upstream Pipeline	Primary Receipt Point	Primary Delivery Point	Contract Quantity	Contract Units	Contract Termination Date
		(a)	(b)	(c)	(d)	(e)
	TransCanada Pipeline					
1	Empress to Union CDA FT	Empress	Union CDA	3,699	GJ	01-Feb-2011
2	Empress to Union CDA FT	Empress	Union CDA	21,346	GJ	01-Nov-2010
3	Empress to Union CDA FT	Empress	Union CDA	40,000	GJ	01-Nov-2010
4	Empress to Union CDA FT	Empress	Union CDA	1,979	GJ	01-Jan-2012
5	Empress to Union CDA FT	Empress	Union CDA	4,303	GJ	01-Nov-2010
6	TCPL FT - Total			71,327	GJ	
	Nova					
7	NIT to Empress	NOVA/NIT	Empress	20,000	GJ	01-Nov-2010
	Alliance Pipelines/Vector Pipelines					
8	Alliance	Northern Alberta	Cdn/US Interconnect	2,266.2	103M3	01-Dec-2015
9	Alliance (L.P.)	Cdn/US Interconnect	Vector	80,000	MCF	01-Dec-2015
10	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	80,000	DTH	01-Dec-2015
11	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	84,405	GJ	01-Dec-2015
12	Alliance/Vector - Total			84,405	GJ	
	Panhandle Eastern Pipe Line Field Zone					
13	PEPL FT	Panhandle Field Zone	Ojibway (Union)	25,000	DTH	01-Nov-2010
14	PEPL - Total			26,376	GJ	
	Trunkline Gas Company/Panhandle Eastern Pipe Line					
15	Trunkline FT	East Louisiana	Bourbon	20,467	DTH	01-Nov-2012
16	PEPL EFT	Bourbon	Ojibway (Union)	20,000	DTH	01-Nov-2012
17	TGC/PEPL FT - Total			21,101	GJ	
	Vector Pipelines					
18	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	81,000	DTH	01-Dec-2015
19	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	85,460	GJ	01-Dec-2015
20	Vector - Total			85,460	GJ	
	Other:					
21	St.Clair Pipelines L.P. (St.Clair Pipeline)	St. Clair/Intl Border	St. Clair/Intl Border	200,000	MCF	01-Nov-2012
22				213,479	GJ	
23	St.Clair Pipelines L.P. (Bluewater Pipeline)	Bluewater/Intl Border	Bluewater/Intl Border	115,000	MCF	01-Nov-2012
24				122,750	GJ	

Information provided is consistent with the best records available.

UNION GAS LIMITED

Summary of Upstream Transportation Contracts - Effective November 1, 2010
Northern and Eastern Operations Areas

Line No.	Upstream Pipeline	Primary Receipt Point	Primary Delivery Point	Contract Quantity	Contract Units	Contract Termination Date
		(a)	(b)	(c)	(d)	(e)
	TransCanada Pipeline					
1	Empress to Union NCDA FT	Empress	Union NCDA	1,545	GJ	01-Nov-2012
2	Empress to Union EDA FT	Empress	Union EDA	8,675	GJ	01-Nov-2012
3	Empress to Union NDA FT	Empress	Union NDA	76,546	GJ	01-Jan-2013
4	Empress to Union WDA FT	Empress	Union WDA	39,880	GJ	01-Jan-2013
5	Empress to Union SSMDA FT	Empress	Union SSMDA	9,443	GJ	01-Jan-2013
6	Empress to Union EDA FT	Empress	Union EDA	52,481	GJ	01-Jan-2013
7	Empress to Union NCDA FT	Empress	Union NCDA	9,494	GJ	01-Jan-2013
8	Empress to Union MDA FT	Empress	Union MDA	4,522	GJ	01-Jan-2013
9	Parkway to Union EDA FT	Parkway	Union EDA	30,000	GJ	01-Nov-2016
10	Parkway to Union EDA FT	Parkway	Union EDA	5,000	GJ	01-Nov-2017
11	TCPL FT - Total			237,586	GJ	
	TransCanada Storage Transportation Service Firm Withdrawal					
12	NCDA	Parkway	Union NCDA	13,704	GJ	01-Jan-2012
13	WDA	Parkway	Union WDA	31,420	GJ	01-Jan-2012
14	SSMDA	Dawn	Union SSMDA	35,022	GJ	01-Jan-2012
15	NDA	Parkway	Union NDA	48,375	GJ	01-Jan-2012
16	EDA	Parkway	Union EDA	68,520	GJ	01-Jan-2012
17	TCPL Firm STS Withdrawal - Total			197,041	GJ	
	TransCanada Storage Transportation Service Firm Injection					
18	WDA	Union WDA	Parkway	3,150	GJ	01-Jan-2012
19	EDA	Union EDA	Parkway	47,571	GJ	01-Jan-2012
20	NDA	Union NDA	Parkway	49,100	GJ	01-Jan-2012
21	TCPL Firm STS Injection - Total			99,821	GJ	
	Centra Transmission Holdings Inc.					
22	Centra Transmission Holdings Inc.	Spruce	Union MDA	8,000	MCF	01-Nov-2012
23	Centra Pipelines Minnesota Inc.	Sprague	Baudette	8,000	MCF	01-Nov-2012
24	CTHI FT - Total			8,473	GJ	

Information provided is consistent with the best records available.

UNION GAS LIMITED

Summary of Upstream Transportation Contracts - Effective November 1, 2010
Southern Operations Areas

Line No.	Upstream Pipeline	Primary Receipt Point	Primary Delivery Point	Contract Quantity	Contract Units	Contract Termination Date
		(a)	(b)	(c)	(d)	(e)
	TransCanada Pipeline					
1	Empress to Union CDA FT	Empress	Union CDA	3,699	GJ	01-Feb-2013
2	Empress to Union CDA FT	Empress	Union CDA	13,149	GJ	01-Nov-2012
3	Empress to Union CDA FT	Empress	Union CDA	40,000	GJ	01-Nov-2012
4	Empress to Union CDA FT	Empress	Union CDA	1,979	GJ	01-Jan-2013
5	Empress to Union CDA FT	Empress	Union CDA	12,500	GJ	01-Jan-2016
6	TCPL FT - Total			71,327	GJ	
	Alliance Pipelines/Vector Pipelines					
7	Alliance	Northern Alberta	Cdn/US Interconnect	2,266.2	103M3	01-Dec-2015
8	Alliance (L.P.)	Cdn/US Interconnect	Vector	80,000	MCF	01-Dec-2015
9	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	80,000	DTH	01-Dec-2015
10	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	84,405	GJ	01-Dec-2015
11	Alliance/Vector - Total			84,405	GJ	
	Panhandle Eastern Pipe Line Field Zone					
12	PEPL FT	Panhandle Field Zone	Ojibway (Union)	25,000	DTH	01-Nov-2017
13	PEPL - Total			26,376	GJ	
	Trunkline Gas Company/Panhandle Eastern Pipe Line					
14	Trunkline FT	East Louisiana	Bourbon	20,467	DTH	01-Nov-2012
15	PEPL EFT	Bourbon	Ojibway (Union)	20,000	DTH	01-Nov-2012
16	TGC/PEPL FT - Total			21,101	GJ	
	Vector Pipelines					
17	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	81,000	DTH	01-Dec-2015
18	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	85,460	GJ	01-Dec-2015
19	Vector - Total			85,460	GJ	
	Vector Pipelines					
20	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	15,000	DTH	01-Nov-2011
21	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	15,826	GJ	01-Nov-2011
22	Vector - Total			15,826	GJ	
	ANR/GLGT/TCPL:					
23	ANR	Shelbyville	Farwell	10,100	Dth	01-Nov-11
24	GLGT	Farwell	St. Clair (TCPL)	10,000	Dth	01-Nov-11
25	TCPL	St. Clair (TCPL)	Union SWDA	10,551	GJ	01-Nov-11
26	ANR/GLGT/TCPL - Total			10,551	GJ	
	ANR/MCON:					
27	ANR	Shelbyville	Willow Run	10,200	Dth	01-Nov-11
28	MCON	Willow Run	St. Clair (Union)	10,000	Dth	01-Nov-11
29	ANR/MCON - Total			10,551	GJ	
	Other:					
30	St.Clair Pipelines L.P. (St.Clair Pipeline)	St. Clair/Intl Border	St. Clair/Intl Border	200,000	MCF	01-Nov-2012
31				213,479	GJ	
32	St.Clair Pipelines L.P. (Bluewater Pipeline)	Bluewater/Intl Border	Bluewater/Intl Border	115,000	MCF	01-Nov-2012
33				122,750	GJ	

Information provided is consistent with the best records available.

UNION GAS LIMITED
Summary of Upstream Transportation Contracts - Effective November 1, 2011
Northern and Eastern Operations Areas

Line No.	Upstream Pipeline	Primary Receipt Point	Primary Delivery Point	Contract Quantity	Contract Units	Contract Termination Date
		(a)	(b)	(c)	(d)	(e)
	TransCanada Pipeline					
1	Empress to Union NCDA FT	Empress	Union NCDA	1,545	GJ	01-Nov-2012
2	Empress to Union EDA FT	Empress	Union EDA	8,675	GJ	01-Nov-2012
3	Empress to Union NDA FT	Empress	Union NDA	67,625	GJ	01-Jan-2013
4	Empress to Union WDA FT	Empress	Union WDA	39,880	GJ	01-Jan-2013
5	Empress to Union SSMDA FT	Empress	Union SSMDA	9,143	GJ	01-Jan-2013
6	Empress to Union EDA FT	Empress	Union EDA	50,576	GJ	01-Jan-2013
7	Empress to Union NCDA FT	Empress	Union NCDA	9,211	GJ	01-Jan-2013
8	Empress to Union MDA FT	Empress	Union MDA	4,522	GJ	01-Jan-2013
9	Parkway to Union EDA FT	Parkway	Union EDA	30,000	GJ	01-Nov-2016
10	Parkway to Union EDA FT	Parkway	Union EDA	5,000	GJ	01-Nov-2017
11	Parkway to Union CDA FT-NR	Parkway	Union CDA	64,000	GJ	01-Nov-2012
12	Parkway to Union CDA FT	Parkway	Union CDA	16,000	GJ	01-Nov-2012
13	TCPL FT - Total			306,177	GJ	
	TransCanada Storage Transportation Service Firm Withdrawal					
14	NCDA	Parkway	Union NCDA	13,704	GJ	01-Jan-2013
15	WDA	Parkway	Union WDA	31,420	GJ	01-Jan-2013
16	SSMDA	Dawn	Union SSMDA	35,022	GJ	01-Jan-2013
17	NDA	Parkway	Union NDA	48,375	GJ	01-Jan-2013
18	EDA	Parkway	Union EDA	68,520	GJ	01-Jan-2013
19	TCPL Firm STS Withdrawal - Total			197,041	GJ	
	TransCanada Storage Transportation Service Firm Injection					
20	NCDA	Union NCDA	Parkway	0	GJ	01-Jan-2013
21	WDA	Union WDA	Parkway	3,150	GJ	01-Jan-2013
22	SSMDA	Union SSMDA	Parkway	0	GJ	01-Jan-2013
23	EDA	Union EDA	Parkway	47,571	GJ	01-Jan-2013
24	NDA	Union NDA	Parkway	49,100	GJ	01-Jan-2013
25	TCPL Firm STS Injection - Total			99,821	GJ	
	Michigan Consolidated Gas Company (MichCon)/Great Lakes Gas Transmission (GLGT)/TransCanada Pipeline (TCPL)					
26	TCPL to Union SSMDA	S.S. Marie	Union SSMDA	6,143	GJ	01-Nov-2014
27	GLGT to TCPL	Belle River Mills	S.S. Marie	5,829	DTH	01-Nov-2014
28	MichCon to GLGT	MichCon Generic	Belle River Mills	5,829	DTH	01-Nov-2014
29	MichCon/GLGT/TCPL FT - Total			6,143	GJ	
	Centra Transmission Holdings Inc.					
30	Centra Transmission Holdings Inc.	Spruce	Union MDA	8,000	MCF	01-Nov-2012
31	Centra Pipelines Minnesota Inc.	Sprague	Baudette	8,000	MCF	01-Nov-2012
32	CTHI FT - Total			8,473	GJ	

Information provided is consistent with the best records available.

UNION GAS LIMITED
Summary of Upstream Transportation Contracts - Effective November 1, 2011
Southern Operations Areas

Line No.	Upstream Pipeline	Primary Receipt Point	Primary Delivery Point	Contract Quantity	Contract Units	Contract Termination Date
		(a)	(b)	(c)	(d)	(e)
	TransCanada Pipeline					
1	Dawn to Union CDA FT	Dawn	Union CDA	60,000	GJ	01-Nov-2012
2	Empress to Union CDA FT	Empress	Union CDA	3,699	GJ	01-Feb-2013
3	Empress to Union CDA FT	Empress	Union CDA	13,149	GJ	01-Nov-2012
4	Empress to Union CDA FT	Empress	Union CDA	40,000	GJ	01-Nov-2012
5	Empress to Union CDA FT	Empress	Union CDA	1,979	GJ	01-Jan-2013
6	Empress to Union CDA FT	Empress	Union CDA	12,500	GJ	01-Jan-2016
7	TCPL FT - Total			131,327	GJ	
	Alliance Pipelines/Vector Pipelines					
8	Alliance	Northern Alberta	Cdn/US Interconnect	2,266.2	103M3	01-Dec-2015
9	Alliance (L.P.)	Cdn/US Interconnect	Vector	80,000	MCF	01-Dec-2015
10	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	80,000	DTH	01-Dec-2015
11	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	84,405	GJ	01-Dec-2015
12	Alliance/Vector - Total			84,405	GJ	
	Panhandle Eastern Pipe Line Field Zone					
13	PEPL FT	Panhandle Field Zone	Ojibway (Union)	25,000	DTH	01-Nov-2017
14	PEPL - Total			26,376	GJ	
	Trunkline Gas Company/Panhandle Eastern Pipe Line					
15	Trunkline FT	East Louisiana	Bourbon	20,467	DTH	01-Nov-2012
16	PEPL EFT	Bourbon	Ojibway (Union)	20,000	DTH	01-Nov-2012
17	TGC/PEPL FT - Total			21,101	GJ	
	Vector Pipelines					
18	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	81,000	DTH	01-Dec-2015
19	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	85,460	GJ	01-Dec-2015
20	Vector - Total			85,460	GJ	
	Other:					
21	St.Clair Pipelines L.P. (St.Clair Pipeline)	St. Clair/Intl Border	St. Clair/Intl Border	200,000	MCF	01-Nov-2012
22				213,479	GJ	
23	St.Clair Pipelines L.P. (Bluewater Pipeline)	Bluewater/Intl Border	Bluewater/Intl Border	115,000	MCF	01-Nov-2012
24				122,750	GJ	
25	TransCanada Pipeline (1)	Niagara	Kirkwall	21,101	GJ	01-Nov-22
26				21,101	GJ	
	Exchange Rate 1 US =	0.981354269	CAD			
	Conversion Factor	1.055056				

Note:
(1) Contract start date is November 1, 2012

Information provided is consistent with the best records available.

UNION GAS LIMITED

Summary of Upstream Transportation Contracts - Effective November 1, 2012
Northern and Eastern Operations Areas

Line No.	Upstream Pipeline	Primary Receipt Point	Primary Delivery Point	Contract Quantity	Contract Units	Contract Termination Date
		(a)	(b)	(c)	(d)	(e)
	TransCanada Pipeline					
1	Empress to Union NCDA FT	Empress	Union NCDA	1,545	GJ	31-Oct-2013
2	Empress to Union NCDA FT	Empress	Union NCDA	9,211	GJ	31-Dec-2013
3	Empress to Union EDA FT	Empress	Union EDA	8,675	GJ	31-Oct-2013
4	Empress to Union EDA FT	Empress	Union EDA	50,426	GJ	31-Dec-2013
5	Empress to Union NDA FT	Empress	Union NDA	65,745	GJ	31-Dec-2013
6	Empress to Union WDA FT	Empress	Union WDA	39,880	GJ	31-Dec-2013
7	Empress to Union SSMDA FT	Empress	Union SSMDA	2,700	GJ	31-Dec-2013
8	Empress to Union MDA FT	Empress	Union MDA	4,522	GJ	31-Dec-2013
9	Parkway to Union EDA FT	Parkway	Union EDA	30,000	GJ	31-Oct-2016
10	Parkway to Union EDA FT	Parkway	Union EDA	5,000	GJ	31-Oct-2017
11	Parkway to Union CDA FT	Parkway	Union CDA	16,000	GJ	31-Oct-2013
12	TCPL FT - Total			233,704	GJ	
	Other					
13	Parkway to Union CDA - Exchange	Parkway	Union CDA	8,800	GJ	31-Mar-2013
14	Dawn to Union CDA - Exchange	Dawn	Union CDA	55,200	GJ	31-Mar-2013
15	Total - Other			64,000	GJ	
	TransCanada Storage Transportation Service Firm Withdrawal					
16	NCDA	Parkway	Union NCDA	13,704	GJ	31-Dec-2013
17	WDA	Parkway	Union WDA	31,420	GJ	31-Dec-2013
18	SSMDA	Dawn	Union SSMDA	35,022	GJ	31-Dec-2013
19	NDA	Parkway	Union NDA	48,375	GJ	31-Dec-2013
20	EDA	Parkway	Union EDA	68,520	GJ	31-Dec-2013
21	TCPL Firm STS Withdrawal - Total			197,041	GJ	
	TransCanada Storage Transportation Service Firm Injection					
22	WDA	Union WDA	Parkway	3,150	GJ	31-Dec-2013
23	EDA	Union EDA	Parkway	47,571	GJ	31-Dec-2013
24	NDA	Union NDA	Parkway	49,100	GJ	31-Dec-2013
25	TCPL Firm STS Injection - Total			99,821	GJ	
	MichCon/GLGT/TCPL					
26	TCPL to Union SSMDA	SS Marie	Union SSMDA	6,143	GJ	31-Dec-2013
27	GLGT to TCPL	Belle River Mills	SS Marie	5,829	DTH	31-Dec-2013
28	MichCon to GLGT	MichCon Generic	Belle River Mills	5,829	DTH	31-Dec-2013
29	MichCon/GLGT/TCPL FT - Total			6,143	GJ	
	Centra Transmission Holdings Inc.					
30	Centra Transmission Holdings Inc.	Spruce	Union MDA	169.95	10^3m^3	31-Oct-2013
31	Centra Pipelines Minnesota Inc.	Sprague	Baudette	6,000	MCF	31-Oct-2013
32	CTHI FT - Total			6,414	GJ	

UNION GAS LIMITED

Summary of Upstream Transportation Contracts - Effective November 1, 2012
Southern Operations Areas

Line No.	Upstream Pipeline	Primary Receipt Point	Primary Delivery Point	Contract Quantity	Contract Units	Contract Termination Date
		(a)	(b)	(c)	(d)	(e)
	TransCanada Pipeline					
1	Dawn to Union CDA FT	Dawn	Union CDA	60,000	GJ	31-Oct-2013
2	Empress to Union CDA FT	Empress	Union CDA	3,699	GJ	31-Jan-2014
3	Empress to Union CDA FT	Empress	Union CDA	1,004	GJ	31-Oct-2013
4	Empress to Union CDA FT	Empress	Union CDA	40,000	GJ	31-Oct-2013
5	Empress to Union CDA FT	Empress	Union CDA	1,979	GJ	31-Dec-2013
6	Empress to Union CDA FT	Empress	Union CDA	12,500	GJ	31-Dec-2016
7	Empress to Union CDA FT	Empress	Union CDA	8,145	GJ	31-Dec-2015
8	Niagara Falls to Kirkwall FT	Niagara Falls	Kirkwall	21,101	GJ	31-Oct-2022
9	TCPL FT - Total			148,428		
	Alliance Pipelines/Vector Pipelines					
10	Alliance	Northern Alberta	Cdn/US Interconnect	2,266.2	10^3m^3	30-Nov-2015
11	Alliance (L.P.)	Cdn/US Interconnect	Vector	80,000	MCF	30-Nov-2015
12	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	80,000	DTH	30-Nov-2015
13	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	84,405	GJ	30-Nov-2015
14	Alliance/Vector - Total			84,405	GJ	
	Panhandle Eastern Pipe Line Field Zone					
15	PEPL FT	Panhandle Field Zone	Ojibway (Union)	25,000	DTH	31-Oct-2017
16	PEPL FT	Panhandle Field Zone	Ojibway (Union)	2,000	DTH	31-Oct-2017
17	PEPL FT	Panhandle Field Zone	Ojibway (Union)	10,000	DTH	31-Oct-2013
18	PEPL - Total			39,037	GJ	
	Trunkline Gas Company/Panhandle Eastern Pipe Line					
19	Trunkline FT	East Louisiana	Bourbon	20,467	DTH	31-Oct-2017
20	PEPL EFT	Bourbon	Ojibway (Union)	20,000	DTH	31-Oct-2017
21	TGC/PEPL FT - Total			21,101	GJ	
	Vector Pipelines					
22	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	81,000	DTH	30-Nov-2015
23	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	85,460	GJ	30-Nov-2015
24	Vector - Total			85,460	GJ	
	Vector Pipelines					
25	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	10,000	DTH	31-Oct-2013
26	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	10,551	GJ	31-Oct-2013
27	Vector - Total			10,551	GJ	
	Other:					
28	St.Clair Pipelines L.P. (St.Clair Pipeline)	St. Clair/Intl Border	St. Clair/Intl Border	200,000	MCF	31-Oct-2013
29	St. Clair Pipelines - Total			213,479	GJ	
30	St.Clair Pipelines L.P. (Bluewater Pipeline)	Bluewater/Intl Border	Bluewater/Intl Border	115,000	MCF	31-Oct-2013
31	St. Clair Pipelines - Total			122,750	GJ	

UNION GAS LIMITED

Summary of Upstream Transportation Contracts - as at November 1, 2013
Northern and Eastern Operations Areas

Line No.	Upstream Pipeline	Primary Receipt Point (a)	Primary Delivery Point (b)	Contract Quantity (c)	Contract Units (d)	Contract Termination Date (e)
	TransCanada Pipeline					
1	Empress to Union NCDA FT	Empress	Union NCDA	1,545	GJ	31-Oct-2014
2	Empress to Union EDA FT	Empress	Union EDA	8,675	GJ	31-Oct-2014
3	Empress to Union NDA FT	Empress	Union NDA	64,715	GJ	31-Oct-2015
4	Empress to Union WDA FT	Empress	Union WDA	39,880	GJ	31-Oct-2015
5	Empress to Union SSMDA FT	Empress	Union SSMDA	2,700	GJ	31-Oct-2015
6	Empress to Union EDA FT	Empress	Union EDA	50,426	GJ	31-Oct-2015
7	Empress to Union NCDA FT	Empress	Union NCDA	9,211	GJ	31-Oct-2015
8	Empress to Union MDA FT	Empress	Union MDA	4,522	GJ	31-Oct-2015
9	Parkway to Union EDA FT	Parkway	Union EDA	30,000	GJ	31-Oct-2016
10	Parkway to Union EDA FT	Parkway	Union EDA	5,000	GJ	31-Oct-2017
11	Parkway to Union CDA FT	Parkway	Union CDA	16,000	GJ	31-Oct-2014
12	TCPL FT - Total			232,674	GJ	
	Other					
13	Parkway to Union CDA - Exchange	Parkway	Union CDA	8,000	GJ	31-Mar-2014
14	Dawn to CDA - Exchange	Parkway	Union CDA	45,000	GJ	31-Mar-2014
15	Total - Other			53,000	GJ	
	TransCanada Storage Transportation Service Firm Withdrawal					
16	NCDA	Parkway	Union NCDA	13,704	GJ	31-Oct-2015
17	WDA	Parkway	Union WDA	31,420	GJ	31-Oct-2015
18	SSMDA	Dawn	Union SSMDA	35,022	GJ	31-Oct-2015
19	NDA	Parkway	Union NDA	48,375	GJ	31-Oct-2015
20	EDA	Parkway	Union EDA	68,520	GJ	31-Oct-2015
21	TCPL Firm STS Withdrawal - Total			197,041	GJ	
	TransCanada Storage Transportation Service Firm Injection					
22	NCDA	Union NCDA	Parkway	0	GJ	31-Oct-2015
23	WDA	Union WDA	Parkway	3,150	GJ	31-Oct-2015
24	SSMDA	Union SSMDA	Parkway	0	GJ	31-Oct-2015
25	EDA	Union EDA	Parkway	47,571	GJ	31-Oct-2015
26	NDA	Union NDA	Parkway	49,100	GJ	31-Oct-2015
27	TCPL Firm STS Injection - Total			99,821	GJ	
	Michigan Consolidated Gas Company (MichCon)/Great Lakes Gas Transmission (GLGT)/TransCanada Pipeline (TCPL)					
28	TCPL to Union SSMDA	S.S. Marie	Union SSMDA	6,143	GJ	31-Oct-2014
29	GLGT to TCPL	Belle River Mills	S.S. Marie	5,829	DTH	31-Oct-2014
30	MichCon to GLGT	MichCon Generic	Belle River Mills	5,829	DTH	31-Oct-2014
31	MichCon/GLGT/TCPL FT - Total			6,143	GJ	
	Centra Transmission Holdings Inc.					
32	Centra Transmission Holdings Inc.	Spruce	Union MDA	169.95	10^3m^3	31-Oct-2014
33	Centra Pipelines Minnesota Inc.	Sprague	Baudette	6,000	MCF	31-Oct-2014
34	CTHI FT - Total			6,414	GJ	

UNION GAS LIMITED

Summary of Upstream Transportation Contracts - as at November 1, 2013
Southern Operations Areas

Line No.	Upstream Pipeline	Primary Receipt Point	Primary Delivery Point	Contract Quantity	Contract Units	Contract Termination Date
		(a)	(b)	(c)	(d)	(e)
	TransCanada Pipeline					
1	Dawn to Union CDA FT	Dawn	Union CDA	60,000	GJ	31-Oct-2014
2	Empress to Union CDA FT	Empress	Union CDA	3,699	GJ	31-Oct-2015
3	Empress to Union CDA FT	Empress	Union CDA	1,004	GJ	31-Oct-2014
4	Empress to Union CDA FT	Empress	Union CDA	40,000	GJ	31-Oct-2014
5	Empress to Union CDA FT	Empress	Union CDA	1,979	GJ	31-Oct-2015
6	Empress to Union CDA FT	Empress	Union CDA	12,500	GJ	31-Dec-2015
7	Empress to Union CDA FT	Empress	Union CDA	8,145	GJ	31-Dec-2015
8	Niagara Falls to Kirkwall	Niagara Falls	Kirkwall	21,101	GJ	31-Oct-2022
9	TCPL FT - Total			148,428	GJ	
	Alliance Pipelines/Vector Pipelines					
10	Alliance	Northern Alberta	Cdn/US Interconnect	2,266.2	103M3	30-Nov-2015
11	Alliance (L.P.)	Cdn/US Interconnect	Vector	80,000	MCF	30-Nov-2015
12	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	80,000	DTH	30-Nov-2017
13	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	84,405	GJ	30-Nov-2017
14	Alliance/Vector - Total			84,405	GJ	
	Panhandle Eastern Pipe Line Field Zone					
15	PEPL FT	Panhandle Field Zone	Ojibway (Union)	25,000	DTH	31-Oct-2017
16	PEPL FT	Panhandle Field Zone	Ojibway (Union)	2,000	DTH	31-Oct-2017
17	PEPL FT	Panhandle Field Zone	Ojibway (Union)	10,000	DTH	31-Oct-2014
18	PEPL - Total			39,307	GJ	
	Trunkline Gas Company/Panhandle Eastern Pipe Line					
19	Trunkline FT	East Louisiana	Bourbon	20,467	DTH	31-Oct-2017
20	PEPL EFT	Bourbon	Ojibway (Union)	20,000	DTH	31-Oct-2017
21	TGC/PEPL FT - Total			21,101	GJ	
	Vector Pipelines					
22	Vector (L.P.) FT1	Chicago	Cdn/US Interconnect	81,000	DTH	30-Nov-2015
23	Vector Canada FT1	Cdn/US Interconnect	Dawn (Union)	85,460	GJ	30-Nov-2015
24	Vector - Total			85,460	GJ	
	Other:					
25	St.Clair Pipelines L.P. (St.Clair Pipeline)	St. Clair/Intl Border	St. Clair/Intl Border	214,000	GJ	31-Oct-2023
26	St.Clair Pipelines L.P. (Bluewater Pipeline)	Bluewater/Intl Border	Bluewater/Intl Border	127,000	GJ	31-Oct-2023

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

The gas supply plan and the 2013-2014 Gas Supply Memorandum dated April 2014 are for the gas year November 1, 2013 to October 31, 2014. The major gas consumption for the 2014 year is over, so the document is more of a report of what has happened rather than a prospective document.

Please provide the Gas Supply Plan and Memorandum for 2014-2015, or confirm that the Gas Supply Plan (the "plan") and Gas Supply Memorandum (the "memorandum") for 2014-2015 (the period November 1, 2014 to October 31, 2015) will be filed later in 2014 but in time for comments from intervenors and Board review prior to its execution.

Please indicate in which proceeding the 2014-2015 plan and memorandum will be reviewed and approved.

Response:

Union's Gas Supply Plan for the 2014/15 winter is still in development. As was the case for the 2013/14 plan, the 2014/15 plan will be presented at the Stakeholder meeting expected in the spring of 2015. Per the 2014-2018 IRM Settlement Agreement, Union is providing the gas supply memorandum to parties for review. Union is not seeking explicit approval.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: April 9, 2014 – Stakeholder Meeting

(i) Please explain in detail the "two methods" to Union's Use per Customer Factor and Multiple Winter Average referred to at p16 of the April 2014 Stakeholder Meeting Presentation (the "presentation").

(ii) Please file a copy of the process to review the cost of service, rate level, and rate design for the St. Clair Pipeline and the Bluewater Pipeline (see p18 of the presentation). When and where will the process take place?

(iii) Please provide a description of each of the bundled and unbundled DP services provided in its Northern and Southern systems.

(iv) P21 – "Deliver gas to various receipt points on Union's system to maintain system integrity"

Please provide a breakdown showing volume for sales gas and DP gas at each Union receipt point, for the 2013-2014 plan.

(v) P18 - Documentation of the Alternatives analyzed and not arranged

Union seems to have decided not to procure significant quantities of Marcellus Shale gas at Niagara (6% of 2013-2014 sales supply_. Please discuss why Union has not elected to utilize more Marcellus basin gas via Niagara.

(vi) P22, Bullet 5

Please describe in detail what are existing obligated Ontario deliveries for the "bundled DP market".

(vii) P24

Has the return to system of 90,000 customers happened, or is it forecast to happen? Over what period of time? What is the actual number of customers that have returned to sales in the plan year to date? Are they mainly residential and very small commercial customers. What volumes of DP gas have returned.

(viii) P25

"Supplier of last resort for sales service and bundled DP customers." Please provide a reference for a Board decision that makes Union a supplier of last resort for bundled DP customers.

(ix) P27

What is the difference between bundled Direct Purchase T-service, and "Unbundled" service in Union South? Please describe fully.

(x) What is meant by Non-Obligated (e.g. Power Plants), 220 TJ/day in the table on that page? Do all power plants have non-obligated deliveries to Union or only some of them. How does Union determine which DP power plant customers are obligated to deliver gas and which are not. Please discuss fully. Do any non- power plant DP customers have no obligation to deliver gas to Union, how many, what volumes, in which rate classes.

(xi) P30

Please explain what Union North “T-service redelivery” demands are.

(xii) P33

Please elaborate on the sentence using contracted pooling rights to group STS rights serving the various Union North delivery areas."

(xiii) P34

Explain the "subject to TCPL's downstream diversions". What has been TCPL's practice? Please discuss whether TCPL still allows such divisions, and whether the Settlement Agreement currently before the NEB will affect downstream diversions in any way, and how.

(xiv) P35

Explain what a "market-based contract" for Union CDA is. Please discuss.

Why are CDA market-based contracts lower in 2014 than in 2013? Why is the 2014 contract only for a five month period.

Why are Dawn delivered supplies substituting for The Vector Pipeline one year contract?

(xv) P36

When did the Board last approve the storage plan?

(xvi) P37

Confirm Gas Supply Plan 2013-2014.

What is the breakdown by rate class of the volumes returned to sales service in 2013-14?

How much of 44,000 is to be purchased at Dawn? How much will be using new transportation capacity, and provide a breakdown of that capacity.

(xvii) B. Industry Trends

P-40 Please summarize the extent to which Union has shifted its supply from WCSB or Dawn to Marcellus supply in 2013-2014. Does Union intend to increase its transportation capacity on the TCPL's Niagara Line in the next five years, and, by how much per year?

Please show, by a table, for the period 2005 to date, and for the five years commencing in 2015, the evolution of Union's upstream transportation contracts from mostly long haul to mostly short haul. Please explain fully.

Please provide an update on Sempra's Nexus project.

(xviii) C. Facilities

(a) Please expand the graph on p46 to June 30.

(b)Please provide the amount of firm customer contract signed to date for the 2016 Dawn Parkway expansion.

(c) P52 - Please provide justification for the forecasts of Kirkwall receipts for 2015-2016 and 2016-2017 of >0.7 PJ/d and ≤1.4 PJ/d, respectively.

(d) Do you expect any Marcellus or Utica supplies at Dawn over the 5 year plan period? What volumes do you anticipate. How does the cost compare to the landed cost of Marcellus/Utica gas at Niagara, at Kirkwall, and Parkway, either by way of Dawn, or without going to Dawn.

Response:

(i) Please see the response at Exhibit B.FRPO_OGVG.18.

(ii) Please see Attachment 1 for a copy of the review process and timing. This process was conducted at the Union Gas corporate office in 2013, with no concerns identified.

(iii) In Union South, Union provides direct purchase (DP) under three services/contracts:

- Bundled T – is a service where the customer contracts to provide their own supply to meet their consumption needs under M2, M4, M5a, M7, M9, or M10. The customer's supply is received at Parkway and/or Dawn through a daily contract quantity (DCQ) obligation set to meet 1/365th of their annual consumption requirement. When a customer moves from sales service supply to Bundled T, they will receive an allocation of Union's upstream capacity portfolio (e.g. Vertical Slice) based on their consumption as a sales service customer. The difference between consumption and supply is tracked in a Banked Gas Account (BGA). The customer is expected to take balancing actions early in the summer to ensure that the BGA balance does not exceed the Fall Checkpoint Quantity as of the Fall Checkpoint Date. The customer is also expected to take balancing actions early in the winter to ensure that the BGA balance is not less than the Winter Checkpoint Quantity as of the Winter Checkpoint Date. At contract expiry, provided the contract is in place for a subsequent Contract Year, that portion, if any, of the BGA balance not outside of the Maximum Positive Variance or the Maximum Negative Variance identified in Schedule 1 of the contract shall be carried forward into the BGA of the subsequent Contract Year. Union provides load balancing based on the forecasted BGA. Outside of the customer's required actions at checkpoint and contract expiry, Union will take additional action to ensure the customer's consumption and supply is balanced as required.

- T-service – is a supply service combined with storage and distribution services. The customer's supply is met through a DCQ set similarly to Bundled T. The DCQ is obligated for the majority of T-service customers but may be non-obligated for customers that meet certain criteria (see the response to Exhibit B.BOMA.17 x) below). The customer is allocated storage at cost-based rates to manage the daily differences between supply and consumption. Customers may contract for more storage than what they are allowed under cost-based rates at market-based rates. Union provides no load balancing for these customers.

- Unbundled – is a daily supply and storage service for customers in the general service market. The customer's supply is met through a DCQ set to 1/365th of their annual consumption requirement. The customer is required to meet its daily consumption (as provided by Union) through a combination of withdrawals from storage and supply. The DCQ is not obligated but may be required to be delivered on certain days depending on Union's operations.

In Union North, Union provides direct purchase under two services/contracts:

- Bundled T – the customer delivers their DCQ at Empress and Union transports the gas to it's franchise area for delivery to the customer or to storage. There is no Fall Checkpoint or Winter Checkpoint requirement, nor is the customer required to balance its supply and consumption at contract expiry. Instead, the balance at contract expiry is settled at Union's Alberta Border reference price. Union provides load balancing throughout the term of the contract and expiry.

- T-service – is a supply service combined with distribution service and optional storage service. When a customer moves from either sales service supply or bundled T service to T-service, they will receive an allocation of upstream capacity based on their consumption. The customer does not have a DCQ. Instead the customer has a daily requirement to deliver gas to the delivery area in which they are located to meet their consumption needs. The customer has a number of options to deliver the required supply, including, using a combination of upstream transport, optional storage service, an Interruptible access to a Customer Balancing Service (used to balance small differences between planned and actual consumption) and/or Rate 25 utility sales (supply) service.

(iv) Union's 2013/14 Gas Supply Plan reflects the following receipts at each receipt point for Union South.

	Annual Supplies (TJ)		
	South Sales Service	**South BT**	**TOTAL South**
Parkway (1)	17,612	59,619	77,230
Kirkwall	7,702		7,702
Dawn	70,420	16,322	86,741
Ojibway / Parkway	21,951		21,951
	117,684	**75,940**	**193,624**

Note (1) Parkway includes both DP Ontario obligated deliveries at Parkway and those deliveries via the TCPL Empress to CDA contract.

(v) Please refer to Exhibit B.BOMA.11 x).

(vi) Southern Bundled T and Southern T-Service (Rates T1, T2, and T3) direct purchase are services that have daily contract quantity (DCQ) obligations. These obligations may be at points upstream of Union where Union transports the gas from the upstream point to Union's franchise area using transportation in its portfolio, or at Ontario receipt points where the customer is required to deliver gas to Union at either Parkway or Dawn.

vii) The 90,000 customers have returned to sales service. As indicated at page 24 of the memorandum, Union is comparing the 2013 Board-approved forecast (based on actual number of DP customers at January 2011) to the forecast in the 2013/14 Gas Supply Plan (based on actual number of DP customers at January 2013) when discussing the 90,000 customer returning to sales service. The customers are primarily residential.

viii) At paragraph 3.96 of the Board's E.B.R.O 456-4 Decision with Reasons, the Board states the following:

"The Board notes also the changing role of the Ontario LDCs from marketers to facilitators, and from the only supplier to the supplier of last resort. In Union's new role it is appropriate that it should offer the highest quality service backed by the most secure supplies, which would also normally command the highest price."

At pages 62-63 of the Natural Gas Forum Final Report (RP-2004-0213), the Board states the following:

"The Board understands that, even with full competition, a default supplier and/or supplier of last resort would still be necessary. There would also need to be a transition from the current situation, where the utility supply and distribution functions are integrated, to the point where utility supply could be deregulated, either through separation and eventual forbearance or through divestment. Experience in other jurisdictions suggests that forcing full retail competition and utility exit from the supply function can be a costly and difficult process. The Board concludes that this approach would not be in accordance with its regulatory policy. In the Board's view, competition is more successful if customers embrace choice, rather than have it forced upon them.

The Board concludes that the utilities should continue to provide a regulated gas supply option. However, the regulated gas supply option should be seen as a default supply option and structured accordingly. For that reason, the Board does not believe it is necessary or appropriate to require customers to sign contracts with a utility. This approach will ensure that customers have full mobility, and it will assist customers in distinguishing and comparing the regulated and competitive supply options. Also, the

Board does not believe it is appropriate for the utilities to promote and/or to market the regulated gas supply option to their customers. The Board does believe, however, that it is appropriate to inform customers of the terms and conditions related to the regulated gas supply option and, in particular, of their unilateral right to switch to a competitive supplier."

(ix) Bundled direct purchase, T-service, and Unbundled service in Union South are described in iii) above.

(x) A customer with a non-obligated DCQ is not required to deliver their contracted DCQ every day of the year. Customers may qualify for a non-obligated DCQ based on Union's posted "Daily Contract Quantity (DCQ) greater than 1,200,000 m3/day - Union South" policy. Please see Attachment 2. This Policy was developed as an outcome from the Power Services review in the NGEIR proceeding (EB-2005-0551). A customer does not need to be a power plant to meet the criteria of the policy nor does every power plant meet the criteria. Union currently has 3 T2 customers with a non-obligated DCQ.

(xi) For T-service customers contracting for storage capacity with Union, redelivery refers to the movement of supply between the Northern delivery areas and Dawn storage.

(xii) Union's STS contract with TCPL allows for pooling (or sharing) certain STS rights that are not used in one delivery area to be utilized instead (or "pooled" to) by another delivery area. For example, if Union does not use its full STS withdrawal rights of approximately 68 TJ/d to the Union EDA, it can instead withdraw the unutilized withdrawals to serve markets in the Union NDA. While there are some restrictions in which STS capacities can be pooled and to which delivery areas, the ability to pool some of the STS capacities provides Union with flexibility.

(xiii) A TCPL downstream diversion is a discretionary service whereby TCPL may allow gas to flow past its contracted delivery point to an alternate point downstream. This is a discretionary service on TCPL and any nominated downstream diversions are not firm and are subject to interruption. Diversions are still allowed today.

The Settlement Agreement before the NEB proposes some limitations to acceptable nominated receipt and delivery points for diversions based on the contracted path. For a summary of these proposed changes, please refer to Attachment 3 (TransCanada Pipelines Limited - Mainline 2013 - 2030 Settlement Application (A56186) - B1-3 Attachment 1a Mainline Settlement Agreement - A3S7T8 - First Amended Appendix G: Eligible Alternate Receipt Points and Diversions).

(xiv) Union CDA market-based contract:

The “market-based contracts” for Union CDA are contracts for firm transportation service to the Union CDA on TransCanada’s system provided through the secondary market instead of from TransCanada directly. TransCanada has not offered annual or full winter season FT transportation service to the Union CDA on shorthaul paths since Winter 2011/12.

The Union CDA requirements are re-evaluated each year as part of the Gas Supply Plan. Variations in market requirements, facilities constraints, operational capabilities and contracted capacities will impact the overall requirements. In 2014, a combination of these factors contributed to the lower level of market-based contracts required than in 2013.

The market-based transportation contracts for 2014 are only five months in duration because of the nature of Union’s requirements. These market-based transportation contracts have been consistently 5 months in length since they were first required during the winter of 2012/2013. Due to the weather sensitive nature of consumption in the Union CDA this capacity is only required when demands are higher than average which occurs in the winter months.

Dawn Delivered Supply:

The Dawn delivered supply is one component of how Union meets the “uncommitted” supply which is an outcome of the Gas Supply Plan. The Gas Supply Plan determines the net amount of incremental supply required above the upstream transportation capacity that is currently under contract. This requirement is impacted by a number of factors such as transportation capacity expiries and additions, changes in vertical slice allocations, switching between sales service and direct purchase and demand growth. Union will evaluate all these factors along with its gas supply planning principles when determining how to meet the resulting requirements (uncommitted). At the end of the process, any volumes that are not contracted at upstream sources are simply purchased at Dawn. Dawn purchases provide additional flexibility and additional diversity of supply. As a result of this process, Union determined that the Vector contract would be replaced by Dawn delivered supply.

(xv) The storage allocation methodologies were approved by the Board as part of the Natural Gas Storage Allocation Policies Decision (EB-2007-0724/0725). As part of the NGEIR proceeding, the amount of storage reserved for in-franchise is 100 PJ. The in-franchise space requirement / proportion of the 100 PJ is recalculated each year based on Board-approved methodologies.

(xvi) The breakdown by rate class of the volumes that returned to sales service in 2013 – 2014 is shown in the response at Exhibit B.BOMA.18 xi) part c).

As indicated at Slide 35 of the 2014 Annual Stakeholder Meeting presentation (filed at Exhibit A, Tab 4, Appendix B), the Gas Supply Plan identified a requirement of 44,000 GJ/day of supply in addition to what was under contract on upstream pipelines for November 2013 to October 2014. To fulfill this need, Union Gas acquired 10,551 GJ/day of Panhandle capacity for November 1, 2013 to October 31, 2014 for one year, leaving the remaining 33,449 GJ/day to be purchased at Dawn.

(xvii) Please see the response at Exhibit B.BOMA.11 x).

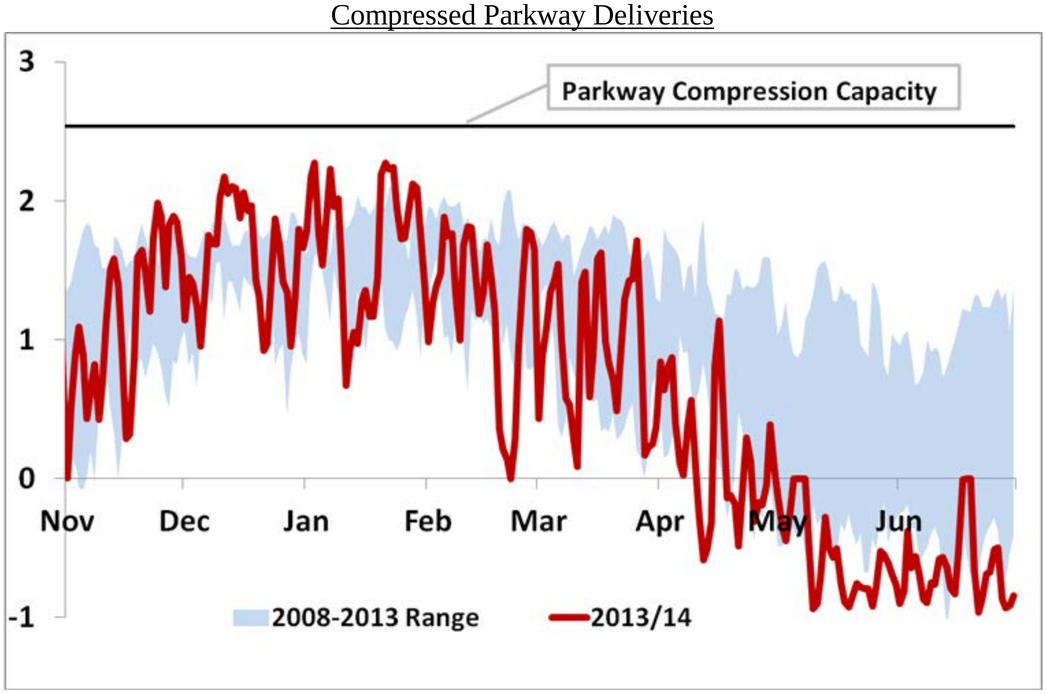
For the evolution of Union's upstream transportation capacity from 2008, please see response at Exhibit B.BOMA.15 v).

Union assumes this question is in reference to the Nexus project which Spectra Energy has an interest (and not Sempra). This project has signed precedent agreements with Union and other shippers at this point and is expected to hold an additional open season shortly to secure additional shipper interest. The project is currently targeting a November 1, 2017 in service date.

(xviii)

a)

Compressed Parkway Deliveries



b) In the 2016 Dawn Parkway open season, Union awarded 1.2 PJ/d of transportation contracts along the Dawn Parkway system. Union is currently in the process of working with shippers to execute contracts in July 2014.

c)

Year	**Contracts with Kirkwall Receipts**	**Quantity GJ/d**
2015/2016	Kirkwall-Parkway	300,000
	M12-X	396,011
	Total 2015/2016 (contracted)	*696,011*
2016/2017	*Open Season Award*	*700,000*
	Grand Total	**1,396,011**

d) Yes, it is expected there will be Marcellus and Utica supplies at Dawn over the next five years. There are proposed projects to transport this supply into Ontario during this timeframe. It is unknown at this time which project(s) will proceed, but Union expects that at least 1 BCF/day of capacity will get built. Union would also expect that the price of landed supply from Marcellus into Dawn will be similar, whether it arrives at Niagara/Kirkwall, Parkway, or Dawn. It is of strategic importance for Ontario that there are multiple paths to transport natural gas supplies into the province in terms of security and diversity of supply.

REVIEW PROCESS for St. Clair Pipelines Rates and Services

The purpose of this process is to review the reasonableness of rates for services contracted by Union Gas Limited ("Union") from St. Clair Pipelines L.P. ("St. Clair Pipelines"). Services contracted by Union are to serve in-franchise customers, and are for the St. Clair River Crossing and the Bluewater Pipeline.

Rate Reasonableness Review

A rate review will occur as a result of one of the following events:

1. A significant NEB filing by St. Clair Pipelines that could impact rates.
2. Prior to executing new contracts.
3. At the end of the initial term of contracts.
4. For contracts beyond the initial term, every three years by the third quarter of the third calendar year, starting in 2013.

The Rate Reasonableness Review will be comprised of two components. First, Union will review St. Clair Pipelines public financial statements (filed in accordance with the National Energy Board ("NEB") Group 2 pipelines filing requirements) to identify if, in Union's opinion, the costs underpinning St. Clair Rates have changed materially necessitating a change to rates and/or the transportation contract. Second, Union will continue to conduct landed cost analysis to compare transportation paths which use the St. Clair River Crossing or Bluewater Pipeline with comparable transportation routes.

If no changes are required following the review, Union will reflect the costs in its annual Gas Supply Plan.

If changes are identified, the following process will be used:

1) Union will conduct analysis and/or investigate alternatives.
2) Union will review rate concerns with St. Clair Pipelines and will work to negotiate a rate acceptable to Union. If changes are agreed upon by Union and St. Clair Pipelines, Union will reflect this in its annual Gas Supply Plan and St. Clair Pipelines will modify its rates for services provided to Union, transportation contract and/or tariff.
3) If changes are not agreed upon by Union and St. Clair Pipelines, Union will reflect this in its annual Gas Supply Plan and Union will determine appropriate action. This action may include a review through NEB processes.

POLICIES & GUIDELINES

Policy #: 10-DP-DCQS-009

Subject:	**Effective:**
Setting new, and increasing or decreasing existing Daily Contract Quantity (DCQ) or Parkway Call for customers that are eligible to choose the Firm Billing Contract Demand (FBCD).	November 26, 2013

Applies to:

All new or existing T2 or T3 direct purchase customers that are eligible to choose for FBCD by having new or incremental loads greater than 1,200,000 m^3/day and that are directly connected to: i) the Dawn to Trafalgar transmission system in close proximity to Parkway; or ii) a third party pipeline.

Purpose:

This policy will ensure consistent and fair treatment for setting and changing (either increases or decreases) a T2 T3 customer's Daily Contract Quantity (DCQ).

Background: *(Not to limit the applicability of the policy)*

The direct purchase contract identifies the DCQ for the term of the contract. This policy addresses situations where either a new contract requires a DCQ to be set or a change in an existing DCQ is requested by a customer or their agent, or is required at the time of contract renewal or contract amendment.

The Firm Operational Contract Demand (FOCD) is the maximum firm daily requirement of the end use facility (i.e. 24 hours x peak hour). This has traditionally been used for the billing of demand charges.

A FBCD is a billing parameter used to recover Union's facility and ongoing costs to serve the end use location over the term of the contract. The FBCD was developed to respond to the competitive pressure of physical by-pass. Pursuant to the Natural Gas Electricity Interface Review (NGEIR) Decision, the FBCD is provided, at the customer's option, as an alternative for the billing of demand charges. The FBCD lowers the customer's demand charge commitment over the term of the initial contract. The customer's actual daily firm consumption requirement is equal to 100% of the FOCD. Daily consumption volumes that fall between the FBCD parameter and the CD parameter are firm, and will be invoiced at the T2 firm transportation Authorized Overrun Rate.

Customers initiating contracts after December 31, 2006, are eligible to choose the FBCD if new or incremental loads are greater than 1,200,000 m^3/day and are directly connected to: i) the Dawn to Trafalgar transmission system in close proximity to Parkway; or ii) a third party pipeline. If the customer does not meet these criteria, they would not be eligible for the FBCD option.
.
West of Dawn – customers' end use locations served by the PanHandle 16 and 20 inch lines as well as the Sarnia Industrial line.

East of Dawn – customers' end use locations served by the Dawn to Trafalgar transmission line.

Summary of DCQ Calculations

- For T2/T3 customers who are eligible for and have chosen the FBCD, the DCQ is calculated as 100% of their FOCD.
- For T2/T3 customers who are not eligible for and have not chosen the FBCD, the DCQ is equal to a minimum of 80% of the FOCD.

Policy:

When initiating a contract, the DCQ and, if applicable, Parkway Call will be set to reflect the historical and/or forecasted consumption for the contract term. At contract renewal/amendment, the DCQ and, if applicable, Parkway Call may be increased or decreased, to reflect the historical and/or forecasted consumption for the contract term.

Setting the DCQ for new Contract customers served under rates: T2 or T3 with new incremental consumption > 1,200,000 m^3/day.	New T2/T3 customers located **East of Dawn** a. Who are eligible and have chosen a FBCD: i) Will require obligated Ontario Deliveries at Parkway equal to 100% of their FOCD; **OR** ii) Will contract for M12 Dawn to Parkway transportation equal to 100% of their FOCD and assign such to Union which will allow the customer to contract for non-obligated Ontario deliveries at Dawn; **OR** iii) Can elect any combination of options a.(i) or a.(ii) above that would sum to 100% of their FOCD. b. Who are not eligible or have not chosen the FBCD option: i) Will require obligated Ontario Deliveries at Parkway equal to at least 80% of their FOCD; **OR** ii) Will contract for M12 Dawn to Parkway transportation equal to at least 80% of their FOCD and assign such to Union which will allow the customer to contract for non-obligated Ontario deliveries at Dawn; **OR** iii) Can elect any combination of options b.(i) or b.(ii) above that would sum to at least 80% of their Firm CD. New T2/T3 customers located **West of Dawn** i) Have an option to contract for Non-Obligated DCQ requirement at Dawn contingent on Union's facilities. Otherwise the DCQ will be an Obligated DCQ or a combination of Non-Obligated and Obligated DCQ.
Increase to DCQ for existing Contract customers served under rates T2 or T3 with a Firm Transportation Demand > 1,200,000 m^3/day.	T2/T3 customers located **East of Dawn** a. Who are eligible and have chosen a FBCD: i) The increase will be managed through additional obligated Ontario Deliveries at Parkway equal to 100% of their revised FOCD; **OR** ii) Will contract for M12 Dawn to Parkway transportation equal to 100% of their revised FOCD and assign such to Union which will allow the customer to contract for non-obligated Ontario deliveries at Dawn; **OR** iii) Can elect any combination of options a.(i) or a.(ii) above that would sum to 100% of their revised FOCD. b. Who are not eligible or have not chosen the FBCD option: i) The increase will be managed through additional obligated Ontario Deliveries at Parkway equal to at least 80% of their revised FOCD; **OR** ii) Will contract for M12 Dawn to Parkway transportation equal to at least 80% of their revised FOCD and assign such to Union which will allow the customer to contract for non-obligated Ontario deliveries at Dawn; **OR** iii) Can elect any combination of options b.(i) or b.(ii) above that would sum to at least 80% of their revised Firm CD. T2/T3 customers located **West of Dawn** i) Will have an option to contract for Non-Obligated DCQ requirement at Dawn contingent on Union's facilities. Otherwise the DCQ will be an Obligated DCQ or a combination of Non-Obligated and Obligated DCQ.

Decrease to Obligated DCQ for existing Contract customers served under rates T2 or T3 with a Firm Transportation Demand > 1,200,000 m^3/day with decreased consumption.	T2/T3 customers located **East of Dawn** a. Who are eligible and have chosen a FBCD: i) The decrease will be managed through a reduction in obligated Ontario Deliveries at Parkway equal to 100% of the reduction in their FOCD; **OR** ii) Will contract for M12 Dawn to Parkway transportation equal to 100% of their revised FOCD and assign the adjusted capacity to Union which will allow the customer to contract for non-obligated Ontario deliveries; **OR** iii) Can elect to retain any combination of options a.(i) or a.(ii) above that would sum to 100% of their revised FOCD. b. Who have not chosen the FBCD option: i) The decrease will be managed through a reduction in obligated Ontario Deliveries at Parkway equal to at least 80% of their revised FOCD; **OR** ii) Will contract for M12 Dawn to Parkway transportation equal to at least 80% of their revised Firm CD and assign the adjusted capacity to Union which will allow the customer to contract for non-obligated Ontario deliveries at Dawn; **OR** iii) Can elect anya combination of options b.(i) or b.(ii) above that would sum to at least 80% of their revised Firm CD. T2/T3 customers located **West of Dawn** i) Will have an option to reduce Non-Obligated or Obligated DCQ requirement at Dawn to meet the revised Contracted Demand.

Procedures

1) The DCQ will be determined as outlined in the policy based on information available approximately 80 days prior to the effective date of the contract or contract renewal.

2) Customer may propose and Union Gas may accept an alternative consumption forecast (with a resulting change in DCQ provided the contract holder provides justification acceptable to Union Gas for the change. The forecast of expected consumption to support the requested DCQ must be provided no later than 54 days before the contract's renewal date. Requests received after this date will be dealt with on a reasonable efforts basis.

3) Union Gas will issue a contract or contract amendment (reflecting parameters consistent with the above policy, and the resulting balancing requirements) approximately 35 days before the effective date of the contract or contract amendment for customer signature. If applicable, an M12 contract for Dawn to Parkway transportation will also be issued to customer for signature.

4) Customer will sign and return the contract(s) or contract amendment(s) to Union Gas at least 25 days before the effective date of the amendment.

5) Union Gas will sign the contract(s) or contract amendment(s) and provide a copy to the customer approximately 1 week after receiving the signed amendment from customer.

6) Union Gas will prepare and Union Gas/customer will sign and execute temporary assignment paperwork for upstream pipelines, as necessary, in accordance with their respective schedules.

7) Customer will nominate deliveries to Union Gas reflecting the above contract(s) or contract amendment(s).

TransCanada PipeLines Limited

Mainline Settlement Agreement
First Amended Appendix G: Eligible Alternate Receipt Points and Diversions

	Contract Receipt Point	Contract Delivery Point	Empress	Suffield 2	Richmound	Bayhurst 1	Liebenthal	Shackleton	Success	Herbert	Grand Coulee	Steelman	TransGas SSDA	Welwyn	Centram SSDA	Centram MDA	Spruce	Centrat MDA	Emerson 1	Emerson 2	Union WDA	Nipigon WDA	Calstock NDA	SS Marie	Union SSMDA	Tunis NDA	Union NDA	GMIT NDA
1	Empress	East Hereford	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
2	Empress	Philipsburg	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
3	Empress	GMIT EDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
4	Empress	Napierville	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
5	Empress	KPUC EDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
6	Empress	Union EDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
7	Empress	Cornwall	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
8	Empress	Iroquois	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
9	Empress	Enbridge EDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
10	Empress	Enbridge CDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
11	Empress	Union CDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
12	Empress	Union ECDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
13	Empress	Union NCDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
14	Empress	Union SWDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R	D	D	D	D
15	Empress	Union NDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D		D	D		D
16	Empress	GMIT NDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D		D	D	D	
17	Empress	Tunis NDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D		D		D	D
18	Empress	Union SSMDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D	D	D	R		D	D	D
19	Empress	Nipigon WDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D	D		D		D	D	D	D
20	Empress	Union WDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R/D		D	D		D	D	D	D
21	Empress	Emerson 1	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R	R/D	D	D	D		D	D	D	D
22	Empress	Emerson 2	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D	D	R/D	R	D	D	D		D	D	D	D
23	Empress	Spruce	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D		D	R/D	R/D	D	D	D		D	D	D	D
24	Empress	Centrat MDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D	D	D		R/D	R/D	D	D	D		D	D	D	D
25	Empress	Centram MDA	D	R	R	R	R	R	R	R	R	R	D	R/D	D		D	D	R/D	R/D	D	D	D		D	D	D	D
26	Empress	Welwyn	D	R	R	R	R	R	R	R	R	R	D	R	D	D	D	D	D	D	D	D	D		D	D	D	D
27	Empress	Centram SSDA	D	R	R	R	R	R	R	R	R	R	D	R/D		D	D	D	D	D	D	D	D		D	D	D	D
28	Empress	Transgas SSDA	D	R	R	R	R	R	R	R	R	R		R/D	D	D	D	D	D	D	D	D	D		D	D	D	D
29	Emerson 2	Centram MDA															D	D	R/D	D	D	D	D		D	D	D	D
30	Welwyn	Centram MDA												D	D		D	D	R/D	R/D	D	D	D		D	D	D	D
31	SS. Marie	Union SSMDA																										
32	St. Clair	Chippawa																										
33	St. Clair	Union SWDA																										
34	Union Dawn	East Hereford																										
35	Union Dawn	GMIT EDA																										
36	Union Dawn	Enbridge EDA																										
37	Union Dawn	Iroquois																										
38	Union Dawn	Union EDA																										
39	Union Dawn	Enbridge CDA																										
40	Union Dawn	Union CDA																										
41	Union Dawn	Niagara Falls																										
42	Kirkwall	Chippawa																										
43	Kirkwall	Niagara Falls																										
44	Kirkwall	Union CDA																										
45	Niagara Falls	Kirkwall																										
46	Niagara Falls	Enbridge CDA																										
47	Niagara Falls	Enbridge Parkway CDA																										
48	Niagara Falls	KPUC EDA																										
49	Niagara Falls	GMIT EDA																										
50	Union Parkway Belt	Philipsburg																										
51	Union Parkway Belt	GMIT EDA																										
52	Union Parkway Belt	Iroquois																										
53	Union Parkway Belt	Enbridge EDA																										
54	Union Parkway Belt	Union EDA																										
55	Union Parkway Belt	GMIT NDA																					D			D	D	
56	Union Parkway Belt	Union NDA																					D			D		D
57	Union Parkway Belt	Union NCDA																										
58	Union Parkway Belt	Union CDA																										
59	Union Parkway Belt	Enbridge CDA																										
60	North Bay Junction	East Hereford																										
61	Iroquois	GMIT EDA																										
62	Union Parkway Belt	Goreway CDA																										
63	Union Parkway Belt	Schomberg #2 CDA																										
64	Union Parkway Belt	Victoria Square #2 CDA																										
65	Kirkwall	Thorold CDA																										

	Contract Receipt Point	Contract Delivery Point	North Bay Junction	St. Clair	Union Dawn	Union SWDA	Enbridge SWDA	Dawn Export	Union NCDA	Union Parkway Belt (2)	Kirkwall	Union CDA	Union ECDA (2)	Enbridge CDA	Enbridge Parkway CDA (1)	Niagara Falls	Chippawa	Enbridge EDA	Iroquois	Cornwall	Union EDA	KPUC EDA	Napierville	GMIT EDA	Philipsburg	Sainte-Genevieve-de-Berthier	East Hereford
1	Empress	East Hereford	R/D	R/D	R	D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	R/D	R/D	D	D	R/D	D	R/D	R	R
2	Empress	Philipsburg	R/D	R/D	R	D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	R/D	R/D	D	D	R/D	D	R	R	R/D
3	Empress	GMIT EDA	R/D	R/D	R	D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	R/D	R/D	D	D	R/D		R/D	R	R/D
4	Empress	Napierville	R/D	R/D	R	D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	R/D	R/D	D	D	R	D	R/D	R	R/D
5	Empress	KPUC EDA	R/D	R/D	R	D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	R/D	R/D	D		D	D	D		D
6	Empress	Union EDA	R/D	R/D	R	D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	R/D	R/D		D	D	D	D		D
7	Empress	Cornwall	R/D	R/D	R	D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	R/D	R	D	D	D	D	D		D
8	Empress	Iroquois	R/D	R/D	R	D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	R	R/D	D	D	D	D	D		D
9	Empress	Enbridge EDA	R/D	R/D	R	D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D		R/D	R/D	D	D	D	D	D		D
10	Empress	Enbridge CDA	R/D	R/D	R	D	D	D	D	R/D	R/D	D	D		D	R/D	R/D	D	D	D	D	D	D	D	D		D
11	Empress	Union CDA	R/D	R/D	R	D	D	D	D	R/D	R/D		D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
12	Empress	Union ECDA	R/D	R/D	R	D	D	D	D	R/D	R/D	D		D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
13	Empress	Union NCDA	R/D	R/D	R	D	D	D		R/D	R/D	D	D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
14	Empress	Union SWDA	R/D	R/D	R		D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
15	Empress	Union NDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
16	Empress	GMIT NDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
17	Empress	Tunis NDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
18	Empress	Union SSMDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
19	Empress	Nipigon WDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
20	Empress	Union WDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
21	Empress	Emerson 1	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
22	Empress	Emerson 2	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
23	Empress	Spruce	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
24	Empress	Centrat MDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
25	Empress	Centram MDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
26	Empress	Welwyn	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
27	Empress	Centram SSDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
28	Empress	Transgas SSDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
29	Emerson 2	Centram MDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
30	Welwyn	Centram MDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
31	SS. Marie	Union SSMDA	D	D		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
32	St. Clair	Chippawa	D	D	R	D	D	D	D	R/D	R/D	D	D	D	D	R/D	R	D	D	D	D	D	D	D	D		D
33	St. Clair	Union SWDA	D	D	R		D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D		D
34	Union Dawn	East Hereford	R/D			D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	R/D	R/D	D	D	R/D	D	R/D	R	R
35	Union Dawn	GMIT EDA	R/D			D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	R/D	R/D	D	D	R/D		R/D	R	R/D
36	Union Dawn	Enbridge EDA	R/D			D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D		R/D	R/D	D	D	D	D	D		D
37	Union Dawn	Iroquois	R/D			D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	R	R/D	D	D	D	D	D		D
38	Union Dawn	Union EDA	R/D			D	D	D	D	R/D	R/D	D	D	D	D	R/D	R/D	D	R/D	R/D		D	D	D	D		D
39	Union Dawn	Enbridge CDA	D			D	D	D	D	R/D	R/D	D	D		D	R/D	R/D	D	D	D	D	D	D	D	D		D
40	Union Dawn	Union CDA	D			D	D	D	D	R/D	R/D		D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
41	Union Dawn	Niagara Falls	D			D	D	D	D	R/D	R/D	D	D	D	D	R	R/D	D	D	D	D	D	D	D	D		D
42	Kirkwall	Chippawa	D		R	D	D	D	D	R/D	D	D	D	D	D	R/D	R	D	D	D	D	D	D	D	D		D
43	Kirkwall	Niagara Falls	D		R	D	D	D	D	R/D	D	D	D	D	D	R	R/D	D	D	D	D	D	D	D	D		D
44	Kirkwall	Union CDA	D		R	D	D	D	D	R/D	D		D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
45	Niagara Falls	Kirkwall	D		R	D	D	D	D	R/D	R	D	D	D	D	D	R/D	D	D	D	D	D	D	D	D		D
46	Niagara Falls	Enbridge CDA	D		R	D	D	D	D	R/D	R/D	D	D		D	D	R/D	D	D	D	D	D	D	D	D		D
47	Niagara Falls	Enbridge Parkway CDA	D		R	D	D	D	D	R/D	R/D	D	D	D		D	R/D	D	D	D	D	D	D	D	D		D
48	Niagara Falls	KPUC EDA	R/D		R	D	D	D	D	R/D	R/D	D	D	D	D	D	R/D	D	R/D	R/D	D		D	D	D		D
49	Niagara Falls	GMIT EDA	R/D		R	D	D	D	D	R/D	R/D	D	D	D	D	D	R/D	D	R/D	R/D	D	D	R/D		R/D	R	R/D
50	Union Parkway Belt	Philipsburg	R/D		R	D	D	D	D	D	R/D	D	D	D	D	R/D	R/D	D	R/D	R/D	D	D	R/D	D	R	R	R/D
51	Union Parkway Belt	GMIT EDA	R/D		R	D	D	D	D	D	R/D	D	D	D	D	R/D	R/D	D	R/D	R/D	D	D	R/D		R/D	R	R/D
52	Union Parkway Belt	Iroquois	R/D		R	D	D	D	D	D	R/D	D	D	D	D	R/D	R/D	D	R	R/D	D	D	D	D	D		D
53	Union Parkway Belt	Enbridge EDA	R/D		R	D	D	D	D	D	R/D	D	D	D	D	R/D	R/D		R/D	R/D	D	D	D	D	D		D
54	Union Parkway Belt	Union EDA	R/D		R	D	D	D	D	D	R/D	D	D	D	D	R/D	R/D	D	R/D	R/D		D	D	D	D		D
55	Union Parkway Belt	GMIT NDA	R/D		R	D	D	D	D	D	R/D	D	D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
56	Union Parkway Belt	Union NDA	R/D		R	D	D	D	D	D	R/D	D	D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
57	Union Parkway Belt	Union NCDA	D		R	D	D	D		D	R/D	D	D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
58	Union Parkway Belt	Union CDA	D		R	D	D	D	D	D	R/D		D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
59	Union Parkway Belt	Enbridge CDA	D		R	D	D	D	D	D	R/D	D	D		D	R/D	R/D	D	D	D	D	D	D	D	D		D
60	North Bay Junction	East Hereford	D			D	D	D	D	D	D	D	D	D	D	D	D	D	R/D	R/D	D	D	R/D	D	R/D	R	R
61	Iroquois	GMIT EDA																D	D	R/D	D	D	R/D		R/D	R	R/D
62	Union Parkway Belt	Goreway CDA	D		R	D	D	D	D	D	R/D	D	D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
63	Union Parkway Belt	Schomberg #2 CDA	D		R	D	D	D	D	D	R/D	D	D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
64	Union Parkway Belt	Victoria Square #2 CDA	D		R	D	D	D	D	D	R/D	D	D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D
65	Kirkwall	Thorold CDA	D		R	D	D	D	D	R/D	D	D	D	D	D	R/D	R/D	D	D	D	D	D	D	D	D		D

D — Eligible diversion location
R — Eligible ARP location
R/D — Eligible ARP and diversion location

Note:
(1) Enbridge Parkway CDA is expected to become an eligible diversion location on November 1, 2015.
(2) Union Parkway Belt and Union ECDA are expected to become eligible diversion locations on Nov 1, 2016.

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: April 9, 2014 – Stakeholder Meeting

G Gas Supply Memorandum

(i) Please provide a comparison of the daily and monthly firm prices at AECO and Dawn over the period November 1, 2013 to today

(ii) Please provide a comparison of monthly and one year forward contract prices over the same period.

(iii) Please provide comparable data on gas futures at Henry Hub, Dawn, and AECO for the next five years.

(iv) Union has contracted for how much Marcellus and Utica Shale gas to date?

(v) Union has 26 TJs of transport on TCPL's Niagara line - is this gas for Union system supply only, or can DP customer access this capacity. Does Union intend to increase purchases at Kirkwood or at Niagara.

(vi) P52 of the Gas Supply Plan

Please provide history of Union decontracting TCPL long haul service used to underpin service to its sales and bundled DP customers from 2000 to date.

Please show the expiration date of each contract, the volume, and how that gas was replaced.

Show separately for each Union delivery area in the North and for the South.

What transportation capacity or delivered arrangements replaced each of the terminated contracts?

Please show the costs savings achieved by replacement route chosen.

(vii) P9

"Although shale gas in Alberta and BC is a promising resource with growing production, it is unclear whether these new supplies will be attracted to Eastern markets or to LNG export markets".

Please explain why the new shale gas reserves would not flow to both eastern markets and to offshore markets via LNG exports.

(viii) P10

Please provide ICF report which included the gas price forecasts?

(ix) P13 - Union acquired 26-capacity on TCPL's Niagara line effective November 1, 2012.

You mention that you have contracts with over ninety producers/marketers. Have you contracted for any Marcellus gas which you would move through the capacity you hold on the Niagara line? Did you purchase the gas at Niagara. Please discuss.

Please provide the amount of gas acquired by Union at each of its receipt points each year over the last five years, including 2014, including Dawn Ojibway, Kirkwall Parkway, Empress (AECO).

(x) P16 - Five Year Rolling Plan

Please provide a monthly commodity forecast(s) for the next five years. Please file the most recent ICF Report you have received.

(xi) P17

(a) How much notice does Union get of a customer's desire to return to sales service, by type of customer eg. bundled T, T-Service, Unbundled, in both North and South?

(b) Please provide a copy of the five year plan for monthly forecasts of return to system.

(c) What were the actual DP customers (numbers, rate class, volumes) returned to sales service in 2013-2014 to date?

(d) "Increased use in the residential market driven by a lower rate of decline in residential market compared to forecast." Please discuss.

(e) "Higher usage in the commercial market" - high relative to EB-2011-0210 approved forecast. Please discuss. What are the reasons for the higher than forecast use in the commercial market?

(xii) P18

Why did 13 PJ return to sales service did bring only 5 PJ of upstream capacity? Why the difference? Please explain fully.

(xiii) P19

I read "44,000 GJ/d of uncommitted supply". What is meant by "uncommitted supply"? Is it new supply?

Supplies moved across the meter - 53,000 GJ of Parkway to Union CDA already acquired "with market-based contracts". Which is meant by market-based contracts. Please explain fully.

What are the peak day requirements in the North for sales, bundled-T, transportation service, and unbundled service?

(xiv) P22, Table 8

(a) Please explain in detail the T-Service Storage-Redelivery Demand (North) of 14TJ/day, and why Union is responsible, given that is a T-Service customer, who according to 6.1.2, p21, para 2, is responsible for arranging its own transportation.

(b) Will the service to Union MDA, WDA, and NDA via upstream diversion for TCPL-Empress-Union-CDA (67TJ/day) be possible in 2014-2015 and beyond?

(c) P23:6.2 line 4

Please describe the "general service unbundled customers". What are the contractual arrangements that underpin that group of customers?

(xv) P25, Figure 10

(a) When was the 2013-2014 forecast for Union South sales and DP customers prepared?

(b) Please explain the wide divergence between 2013-2014 forecast and actual return to service in 2013-2014, and between Board approved forecast and 2013-2014 forecast.

(xvi) Appendix B - Union Sales service Gas Supply Demand Balance

Marcellus gas or Niagara line constitute only 7.702/117.913 or 6% of South Sales Supply.

Given the importance Union appears to attach to the Marcellus and Utica supplies, why are those supplies such a small part of Union's South sales service supply?

(xvii) P26, Figure 11 [Note: This is just for Union Sales Customers]

(a) The percentage represents what volume of gas, purchase value of gas, cost of transportation.

(b) What are the actual proportions to May 1, 2014 relative to forecast?

(c) What is meant by "US Mid-Continent"; how is that distinguished from "Chicago"? Please provide the relevant receipt points.

(xviii) Appendix D

(a) Confirm these contracts are for all gas moving into or through the southern operation area, not just sales gas.

(b) Is Kirkwall-Niagara for moving gas to the US or into Canada?

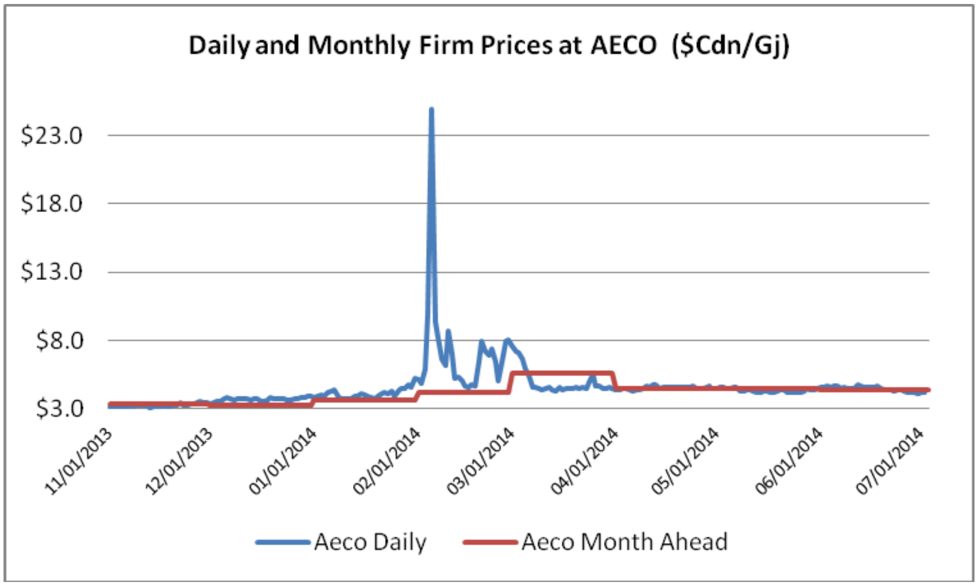
(c) Lines 25 and 26

(d) What do these numbers represent?

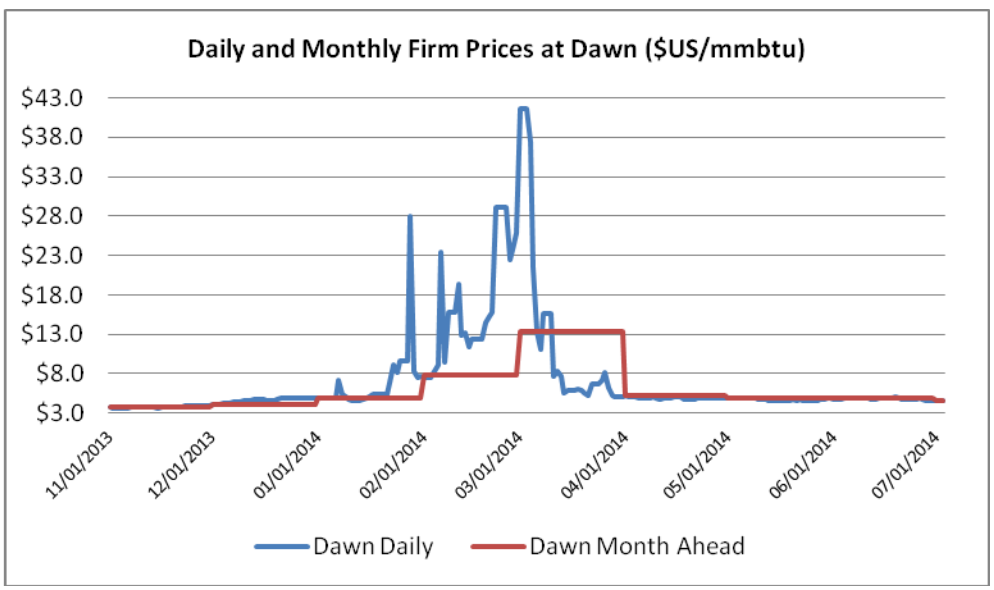
Are they for volumes other than those volumes moved on the transportation contracts listed on lines 1 to 24?

Response:

i) Please refer to the graphs below which provide Daily and Monthly Firm Prices at AECO and Dawn.



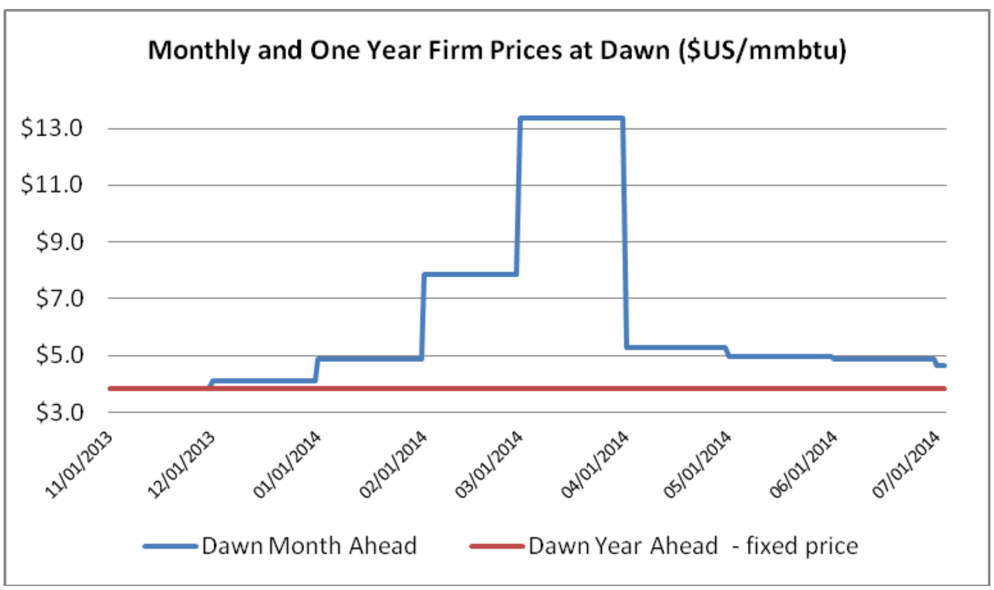
Source - CGPR



Source – Platts / Nymex & Kiodex;

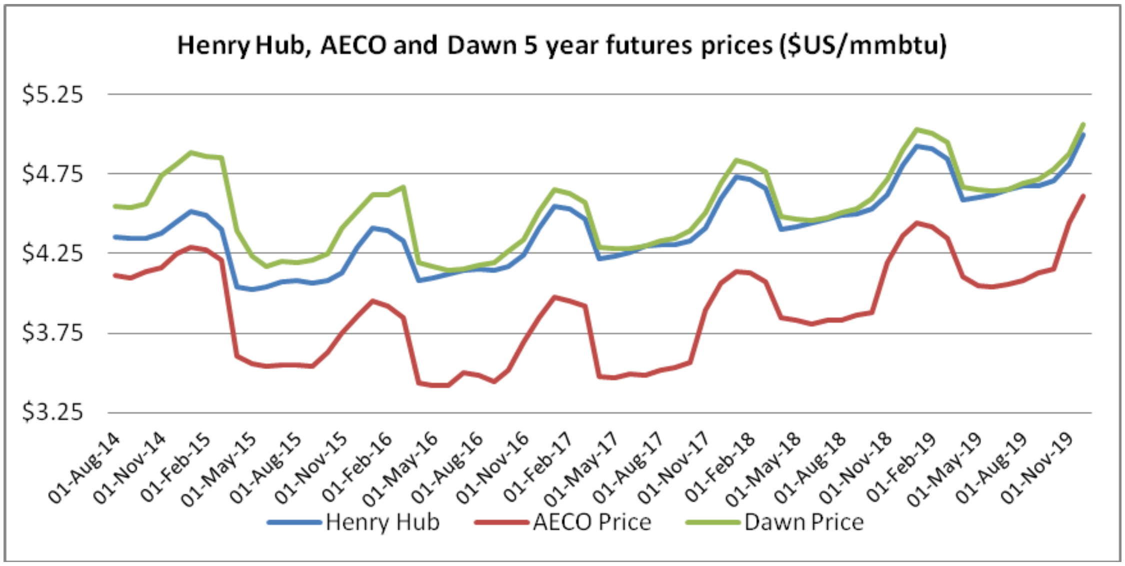
(ii) Please refer to the graphs below which provide Monthly and One Year Firm Prices at AECO and Dawn. The year ahead price is as of October 29, 2013.

Source – CGPR / CME;



Source – Platts / Nymex & Kiodex;

(iii) Please refer to the graph below for Henry Hub, AECO and Dawn 5 year monthly forward prices as of July 5, 2014.



Source – CME & Kiodex;

(iv) Please see the response at Exhibit B.BOMA.11 x).

(v) It is strictly for sales service supply. Please see the response at Exhibit B.BOMA.11 x).

(vi) Please see Attachment 1 which illustrates TCPL transportation capacity not renewed since 2007/2008, as filed in EB-2012-0451/EB-2012-0433/EB-2013-0074 Exhibit I.A1.UGL.BOMA.3. As illustrated in this schedule, other than a small amount of turnback that Union did in 2011 (Empress to SSMDA), the remaining turnback has been based on specific direct purchase customer instruction to Union. The Empress to Union SSMDA capacity was replaced with a combination of MichCon, GLGT (Great Lakes Transmission) and TCPL capacity. The details of this contracted path and the associated landed cost analysis was provided in EB-2012-0087 Exhibit A, Tab 4, pages 7-10 and Schedule 2. Effective November 1, 2014, the MichCon/GLGT/TCPL path will expire and be replaced with TCPL Empress to Union SSMDA transportation capacity.

All capacities listed in Attachment 1 are used to serve Union North, with the exception of the Empress to Union CDA contract, which is used to serve Union North on design day and Union South on average day.

Starting in 2015, Union is planning on decontracting TCPL long-haul transportation service in favour of TCPL short-haul transportation service for several TCPL delivery areas. The impact of this plan, including the cost savings, were described at length in the

EB-2012-0451/EB-2012-0433/EB-2013-0074 proceeding. Union expects to further replace TCPL long-haul transportation service in favour of TCPL short-haul transportation services in 2016. This was described in Exhibit A, Tab 4, Appendix C (page 32-33) of this proceeding. Further details regarding this plan and any related cost savings will be discussed in Union's upcoming 2016 Dawn-Parkway facilities application.

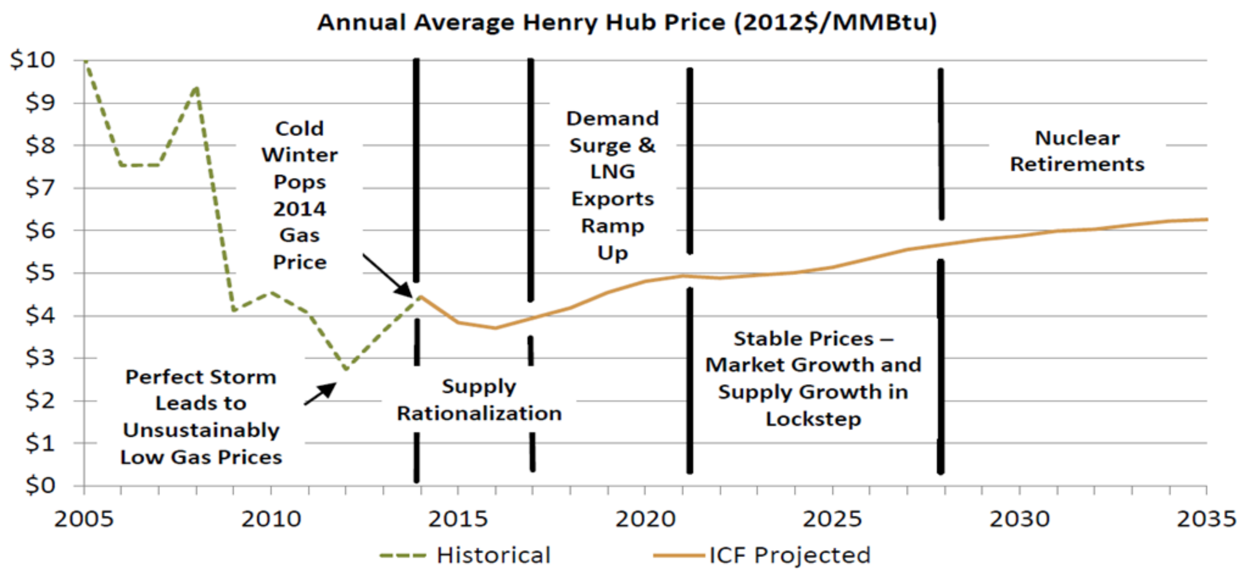
(vii) Please refer to Union's Brantford-Kirkwall / Parkway D Project Evidence - EB-2013-0074, Section 4, pages 1-4.

(viii) The ICF report is a proprietary report that is available to ICF's customers only.

(ix) In reference to the question regarding Niagara transportation and gas purchases, please refer to Exhibit B.BOMA.11 (x).

In reference to the amount of gas at each receipt point, please see the response at Exhibit B.BOMA.17 iv) and Appendix B of Union's memorandum filed at Exhibit A, Tab 4, Appendix C. Appendix B reflects the gas that Union expects to purchase at each receipt point based on the 2013/14 Gas Supply Plan. The five year purchase history at each delivery point is not relevant to this proceeding.

(x) As noted in viii) above, Union is unable to provide a complete copy of the ICF report, however, the following graph is provided as an update as of April, 2014 (Union's 2013/14 Memorandum was based on Jan 1, 2014 data). Please note that this graph is Henry Hub pricing only – Basis at each purchase point would have to be added to determine the price at any of the purchase points.



Source – ICF

(xi) a) Return to sales service can occur two different ways:

- All accounts can return to sales service at contract termination - Customers must provide at least three months notice prior to renewal to terminate a contract. This applies to all contracts in the North and South.
- Return individual accounts via Gas Distribution Access Rule Electronic Business Transaction timelines – the contract remains in place but parameters are adjusted to reflect significant changes. Notice to return an account to sales service supply from a direct purchase contract is no more than 120 days prior to the effective date and no less than 15 days prior to the effective date. The effective date must be the 1st day of a calendar month. This applies primarily to the South unbundled and both the North and South Bundled T services where marketers are adding/removing/transferring accounts.

b) Union does not forecast migration between sales service and direct purchase (including return to sales service). Please see the response at Exhibit B.FRPO.17 c).

c) The first table below shows the total number of direct purchase customers served by rates M1, M2, 01 and 10. The second table indicates the total throughput volumes for these DP customers as well as their share of the consolidated total throughput volumes for all customers (sales service and DP customers).

The customer table shows that the total number of DP customers between January 2013 and June 2014 fell by 36,163 customers.

During this period, the DP market share of the total actual throughput volumes of all general service customers declined as shown in the volume table. The DP market share fell by approximately 2.1%. This is indicated by the change between the June YTD 2014 and the June YTD market shares.

Total DP volumes in 2014 for the first six months of the year were higher than in 2013 because weather during the January to May period was colder by 20%; June is not a weather sensitive month.

General Service – Direct Purchase

Customer Count

Rate Class	Jan-13	Jun-13	Jan-14	Jun-14
01	48,402	46,106	42,094	39,969
10	866	817	796	787
M1	139,225	131,142	117,766	111,772
M2	3,016	2,829	2,761	2,818
Total DP	191,509	180,894	163,417	155,346
Annual change			-28,092	-25,548
Change since January 2013				-36,163

General Service Volumes (10^3m^3)

Direct Purchase	Year to Date		
Rate Class	Jun-13	Dec-13	Jun-14
01	93,757	149,101	93,361
10	97,249	172,125	102,827
M1	255,627	403,926	259,813
M2	326,979	574,947	364,551
Total	773,611	1,300,100	820,552
Mkt. Share all Volumes	23.5%	23.4%	21.4%

d) Normalized residential usage during the year 2013 and for 2014 year to date is above forecast. The three key drivers for this usage variance are:

- Low natural gas prices which foster increased usage.
- Less replacement activity of obsolete furnaces compared to forecast.
- The very cold winter weather which encouraged upward thermostat setting and colder water temperature of the water flowing into hot water tanks.

e) Normalized commercial usage during the year 2013 and year to date 2014 is above forecast. The three key drivers for this usage variance are:

- Low natural gas prices which foster increased usage.
- Building characteristics – new and renovated construction feature higher ceilings and greater floor space, e.g. big box stores.

- Incremental space heating requirement arising from the installation of more energy efficient lighting & equipment; the older lighting & equipment generated more heat.

(xii) The impact of return to sales service is described in more detail in the Memorandum (Exhibit A, Tab 4, Appendix C, page 24-25). When customers return to sales service, they do not always bring enough transportation capacity to meet their annual loads. When customers first go to direct purchase they are given a vertical slice to meet their annual loads. Over time, Union offers holders of vertical slice capacity the option to turn back a portion of their vertical slice capacity and simply maintain the Dawn or Parkway delivery obligation with capacity contracted directly. The underlying transportation capacity returned to Union is only the remaining portion of vertically sliced capacity allocated to the direct purchase customer. This turnback means that when customers return to sales service they have less than 100% of their original vertical slice allocation. Union is now responsible for supplying these customers' gas supply requirements, and therefore, needs to make up the shortfall of capacity.

(xiii) Uncommitted supply is supply that is required, but Union has not secured transportation capacity to move the supply from any particular basin or hub at the time that the Gas Supply Plan was prepared. Please see the response at Exhibit B.BOMA.17 xiv) and xvi).

With respect to Parkway to Union CDA capacity, please see the response at Exhibit B.BOMA.17 xiv).

With respect to the North peak day requirements Sales Service, Bundled-T, T-Service, and Unbundled please refer to Exhibit A, Tab 4, Appendix C, figure 8 (Page 22).

(xiv)

a) The delivery/redelivery service referenced is a service Union provides to T-Service customers in Union Northern delivery areas that have elected to receive an allocation of cost-based Dawn storage. In order for customers to utilize their storage allocation, Union utilizes transportation assets on the Dawn to Parkway system in addition to transportation on third parties to provide injections and withdrawals between Dawn and the Northern delivery areas.

The allocation of delivery/redelivery assets arose from the Unbundling Proceeding (RP-1999-0017). In this proceeding Union stated that it could not fully unbundle individual assets that comprised the delivery/redelivery services that underpinned the existing customer's service when switching to an unbundled service. This was due to the reliance on STS services, STS pooling rights, other third party transportation, as well as system operational diversity that could not be unbundled individually.

b) As described in at Exhibit A, Tab 4, Appendix C, Section 7.4 (page 33) Union addressed this issue for Winter 2013/14 through requesting a temporary delivery point shift for the Empress to CDA capacity – shifting these deliveries to northern delivery points. Union plans to request a similar solution from TransCanada to address the issue for the winter of 2014/15.

Beyond 2015 and as described in section 7.4 (page 33) Union is working to replace its reliance on upstream diversions to meet Union North requirements. This includes;

i. securing November, 2015 capacity on TCPL for Empress to Union MDA and Empress to Union WDA capacity, and
ii. obtaining Dawn to Parkway capacity and short-haul TCPL Parkway to NDA capacity for November, 2016.

c) General service unbundled customers are those that receive direct purchase services under the unbundled (U2) service as described at Exhibit B.BOMA.17 ix).

(xv)

a) The 2013 Bridge & 2014 Budget total throughput volume forecast was prepared during the first quarter of 2013. The estimated DP customer count and volumes was prepared in February 2013 based upon a snapshot of the total DP customer count at January 31, 2013.

b) Union is unable to predict customer migration between sales service and bundled DP. Accordingly, consistent with past practice, there is no forecasted migration anticipated during the term of the forecast. The total number of DP customers is held constant at January 31, 2013 levels. Customers choose their natural gas supplier; Union is the default supplier during the forecast period.

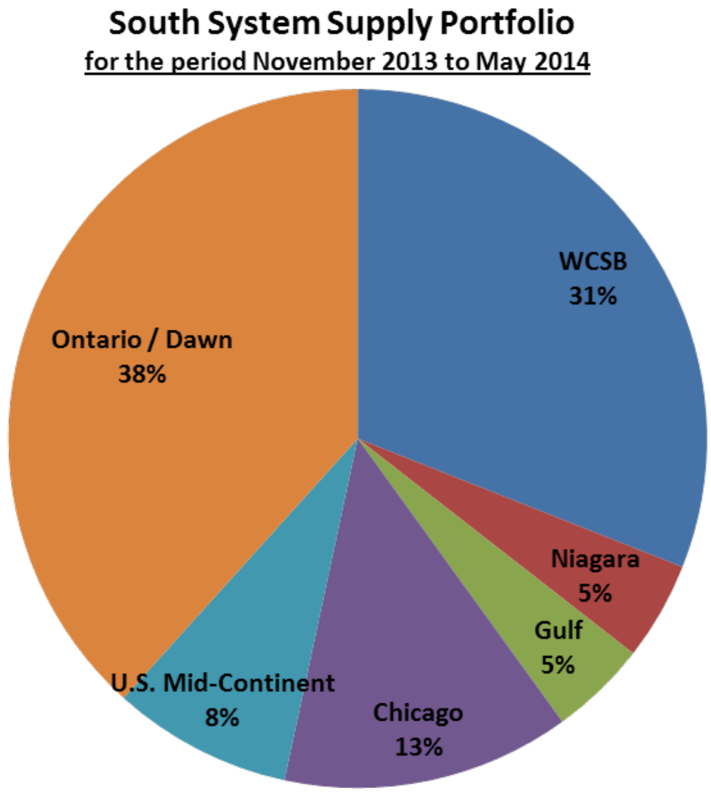
Please see the response at Exhibit B.FRPO_OGVG.17.

(xvi) Please see the response to BOMA.11 x).

(xvii)

a) The percentage represents volume of gas.

b) The actual proportions for November 2013 to May 2014 inclusive are as reflected in the charts below. Please note that the dramatic increase in the proportion of the Ontario/Dawn purchases was due to the winter spot gas purchased this past winter.



c) "US Mid-Continent" represents the supplies purchased in the Panhandle Field Zone for flow on Panhandle Pipeline. The Panhandle Field Zone is located in the states of Kansas, Oklahoma and Texas. Please see the response at Exhibit B.BOMA.10 for a definition of the Chicago Hub.

(xviii)

a) These contracts are the full contracted quantities that Union Gas has secured from various upstream transportation providers, principally to serve Union South. In reviewing the schedule, the following notes should be considered:

- The Empress to Union CDA contracts are also used to serve Union North sales service and bundled direct purchase design day demands in addition to Union South average day requirements;
- A portion of the Dawn to Union CDA contract (approximately 10 TJ/d) is used to transport storage withdrawals to Union North;
- In instances where Union vertically slices or otherwise allocates volumes to direct purchase customers in Union South, these reductions are not reflected in the quantities shown;

- This list also includes St. Clair and Bluewater firm transportation service (border crossing) that is held for all in-franchise customers (sales service and direct purchase) for system integrity.

b) As stated in Exhibit B.FRPO.28 this line is misstated and should read as Niagara Falls to Kirkwall. The receipt point is Niagara and the delivery point is Kirkwall and it flows gas into Canada from the US.

c) and (d) Union assumes line (c) is not a question, but rather the reference for question (d) and the last, unnumbered question. Lines 25 and 26 represent the contracted capacity that Union holds with St. Clair Pipelines on the Bluewater and St. Clair River crossings. These are separate and distinct from the contracts listed on lines 1 – 24.

Capacity Not Renewed by Union

Line No.	Contract Detail	Contract Type	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
1	**Empress to Union WDA**	FT	44,482	44,482	44,482	44,482	44,482	44,482
2	Capacity not renewed - customer turnback				-4,602			
3	**TOTAL REMAINING EMPRESS TO UNION WDA**		**44,482**	**44,482**	**39,880**	**39,880**	**39,880**	**39,880**
4	**Empress to Union NDA**	FT	85,665	85,665	85,665	85,665	85,665	85,665
5	Capacity not renewed - customer turnback			-2,525	-2,259	-13,256	-1,880	-1,030
6	**TOTAL REMAINING EMPRESS TO UNION NDA**		**85,665**	**83,140**	**80,881**	**67,625**	**65,745**	**64,715**
7	**Empress to Union NCDA**	FT	11,039	11,039	11,039	11,039	11,039	11,039
8	Capacity not renewed - customer turnback					-283		
9	**TOTAL REMAINING EMPRESS TO UNION NCDA**		**11,039**	**11,039**	**11,039**	**10,756**	**10,756**	**10,756**
10	**Empress to Union SSMDA**	FT	32,069	32,069	32,069	32,069	32,069	32,069
11	Capacity not renewed - customer turnback				-22,626	-300		
12	Capacity not renewed - Union turnback						-6,443	
13	**TOTAL REMAINING EMPRESS TO UNION SSMDA**		**32,069**	**32,069**	**9,443**	**9,143**	**2,700**	**2,700**
14	**Empress to Union EDA**	FT	85,989	85,989	85,989	85,989	85,989	85,989
15	Capacity not renewed - customer turnback				-24,833	-1,905	-150	
16	**TOTAL REMAINING EMPRESS TO UNION EDA**		**85,989**	**85,989**	**61,156**	**59,251**	**59,101**	**59,101**
17	**Empress to Union CDA**	FT	91,870	91,870	91,870	91,870	91,870	91,870
18	Capacity not renewed - customer turnback			-20,543				-4,000
19	**TOTAL REMAINING EMPRESS TO UNION CDA**		**91,870**	**71,327**	**71,327**	**71,327**	**71,327**	**67,327**

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers and Exporters ("CME")

Reference: Exhibit A, Tab 1, pages 2 to 11

We understand that this deferral account covers spot volumes in excess of planned purchases on or before December 31, 2013, and that spot volumes in excess of planned purchases during 2014 should be recorded in the 2014 Spot Gas Variance Account.

We also understand that purchases of gas to manage Unaccounted For Gas ("UFG") variances fall within the ambit of the UFG volume variance account established pursuant to the provisions of the Incentive Regulation Mechanism ("IRM") approved by the Board in EB-2013-0202.

Having regard to the foregoing and in connection with the $1.801M shown at line 1 of Exhibit A, Tab 1, Appendix A, Schedule 1, please provide the following information:

a) Please confirm that these costs were incurred up to and including December 31, 2013. If not, then please exclude from the amount any costs incurred in 2014.

b) Regardless of when the costs were incurred, are the amounts actual costs which Union incurred because certain direct purchase ("DP") customers failed to meet their checkpoint balancing obligations?

c) If the answer to question (b) above is yes, then have these customers been assessed penalty charges for their failure to meet their checkpoint balancing obligations? If so, then what is the total amount of the penalty charges which Union has assessed against these customers and is that penalty amount more than sufficient to cover the debit in the Spot Gas Variance Account of $1.801M?

d) By what amount do the penalty charges exceed the $1.801M?

e) How many of the Union South DP customers were below the planned BGA balance?

f) Will the $2.264M be allocated only to those Union South DP customers who were below the planned BGA balance?

g) What communications, if any, has Union had with those Union South DP customers who were below the planned BGA balance to advise that Union is proposing to stream to them about $2.264M of gas cost increases? Please provide a copy of written communications provided to such customers.

h) Please provide an exhibit which will show the portion of the $2.264M to be allocated to each non-compliant customer with each customer to be identified by a letter or number.

Response:

a) No spot gas costs were incurred in 2013. Although Union purchased 2.0 PJ of spot on December 12, 2013 for options for delivery in December and January (as shown at EB-2014-0050, Tab 1, page 6, Table 1), no gas was delivered in December. This gas was delivered in January. Therefore all costs for spot gas purchases were incurred in 2014.

b) No, the $1.801 million of spot gas costs incurred are not because certain DP customers failed to meet their checkpoint. Customers who failed to meet checkpoint balancing obligations were assessed penalty charges as discussed in the Checkpoint Balancing proceeding (EB-2014-0154). As indicated at EB-2014-0154, Exhibit B.Staff.1 d):

"Union's planning assumption was that all direct purchase customers would meet contractual obligations at expiry and checkpoint. …When a customer fails to meet its contractual checkpoint obligation, gas is transferred from the utility to the customer's banked gas account. …These situations create a shortage for the distribution system as a whole, which must be managed by Union within all of the other commodity purchases Union is making for its system. Union did not make specific gas purchases to replace gas sold to specific customers who failed to meet their contractual obligations".

The $1.801 million of spot gas costs was incurred to ensure that there was enough gas available at March 31 for DP customers who were below their planned BGA position.

c) –d) Please see the response at Exhibit B.CME.6.

The amount of penalty charges is currently being reviewed in the Checkpoint Balancing proceeding (EB-2014-0154). The total amount of penalty charges currently invoiced to customers is approximately $9.2 million. In EB-2014-0154, Union has proposed to lower this amount to approximately $6.0 million. Please refer to EB-2014-0154, Exhibit B.BOMA.1, Attachment 2 for a complete listing of balancing penalty provisions for February and March, 2014.

e) There were 325 bundled DP customers in Union South that were below their planned March 31, BGA position and they will be allocated the load balancing costs. The net variance of 0.8 PJ considered the total variance at March 31 for all customers – both positive and negative. Only the customers that were negative will be allocated a portion of the spot gas purchased. Customers that had a negative variance have benefited from the fact that there were other customers that had a positive variance on March 31.

f) Yes. Please see the response at Exhibit B.FRPO_OGVG.4 c).

g) Union communicated its proposal in customer meetings during May. In addition, in June, Union issued Enerline and Factsline communications regarding the approval of billing adjustments related to 2012 deferral account disposition and earnings sharing and its proposals for the clearing of 2013 deferral accounts (including a paragraph regarding this specific proposal). Copies of the Enerline and Factsline communications are at Attachment 1.

h) Please see Attachment 2 for a complete listing of all customers who were below their March 31 planned BGA balance and the amount of the $1.954 million (as revised at Exhibit B.Staff.1 b)) that will be allocated to them as load balancing costs.

Filed: 2014-07-17
EB-2014-0145
Exhibit B.CME.1
Attachment 1

uniongas

2012 Earnings Sharing and Deferral Account Clearing Bill Adjustment - July 2014

Union Gas received approval from the Ontario Energy Board (OEB) to dispose of the 2012 Earnings Sharing and 2012 Deferral Account balances. The resulting adjustment will appear on your July 2014 bill (received in August).

enerline

Clearing these balances will result in an adjustment being applied to all customers who received contract rate delivery services in 2012. Impacted customers received an email from their account manager in April detailing the specifics of their adjustment. If you have any questions about this adjustment, please contact your account manager (/business/contact-us/account-manager-search) directly.

How to Estimate Your 2012 Delivery Adjustment

You can estimate your 2012 delivery adjustment by multiplying the proposed rate adjustment that applies to your service (shown below) by the actual volume of natural gas you consumed in 2012.

Rate Class	Unit Rate for 2012 Delivery Adjustment cents/m^3
Rate M4	0.4197
Rate M5A	0.0436
Rate M7	(0.2830)
Rate M9	(0.0063)
Rate M10	(0.0252)
Rate T1 (T2)	0.0142
Rate T3	0.0028

Quarterly Rate Adjustment Mechanism (QRAM) Update: The Ontario Energy Board (OEB) is undertaking a review of the QRAM process, and as such has deferred implementation of the July 1 QRAM for Union Gas, Enbridge and NRG. The price customers are paying for natural gas supplies and upstream transportation services, which were adjusted in April 2014, will remain in place until the OEB completes its review.

Union Gas Files an Application for 2013 Deferral Account Clearing

On May 2, 2014, Union Gas applied to the Ontario Energy Board (OEB) to dispose of its 2013 Deferral Account balance. This 2013 deferral account filing excludes Demand Side Management (DSM) related deferrals, which will be filed in Q3 of 2014.

If approved, the account clearing will appear as an adjustment to customers' bills as part of the Quarterly Rate Adjustment Mechanism (QRAM) process following the approval (e.g. if disposed as part of the October 2014 QRAM, the adjustment will be applied to customers' October 2014 bills). This proposed adjustment does not include any gas cost-related deferrals that are managed under the QRAM process.

What are Deferral Accounts?

Deferral accounts capture the difference between Union Gas' forecast and actual revenues and costs. The differences are refunded or collected from customers once these balances are approved by the OEB. The balances are specifically allocated to the rate classes.

Union South Bundled Direct Purchase Customers

As part of this application, Union Gas has filed to recover costs applicable to winter 2013/2014 spot gas price variances. These costs were incurred by Union Gas to load balance weather-driven incremental consumption on behalf of Union South bundled direct purchase customers during the exceptional period of prolonged cold experienced this past winter. An incremental 0.8 PJ's of spot purchases were purchased for this purpose at a cost of $2.264 million dollars. These costs will be recovered from Union South bundled customers who were below the Banked Gas Account as of the March 31, 2014 Direct Purchase Status Report.

2013 Demand Side Management Deferral Accounts

Not included in this application are the costs associated to DSM related deferral accounts. Union Gas will file a separate application for approval and disposition of the DSM related deferral accounts later in 2014. Further information will be provided when that application is filed.

How to Estimate Your 2013 Delivery Adjustment

To assist with your business planning, you can estimate your 2013 delivery adjustment by multiplying the proposed rate adjustment that applies to your service (shown below) by the actual volume of natural gas you consumed in 2013.

Rate Class	Proposed Unit Rate for 2013 Delivery Adjustment cents/m^3
Rate M4	0.0164
Rate M5A	0.0031
Rate M7	0.0151
Rate M9	0.0127
Rate M10	0.1467
Rate T1	0.0140
Rate T2	0.0099
Rate T3	0.0200

Full details of this filing (EB-2014-0145 (http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/436767/view/UNION_APPL_2013%20Deferrals_20140502.PDF)) can be found on the OEB website. If you have any questions about this edition of Enerline, please contact your account manager (/business/contact-us/account-manager-search).

Filed: 2014-07-17
EB-2014-0145
Exhibit B.CME.1
Attachment 1

uniongas
A Spectra Energy Company

2012 Earnings Sharing and Deferral Account Clearing Bill Adjustment - July 2014

Union Gas received approval from the Ontario Energy Board (OEB) to dispose of the 2012 Earnings Sharing and 2012 Deferral Account balances. The resulting adjustment will appear on customers' July 2014 bill (received in August).

factsline

Clearing these balances will result in an adjustment being applied to all customers who received contract rate delivery services in 2012. Impacted customers received an email from their account manager in April detailing the specifics of their adjustment.

How to Estimate the 2012 Delivery Adjustment

You can estimate the 2012 delivery adjustment by multiplying the proposed rate adjustment that applies to your customer's service (shown below) by the actual volume of natural gas they consumed in 2012.

Union Gas North Customers

Rate Class	Unit Rate for 2012 Delivery Adjustment cents/m^3
Rate 20BT [1]	0.0672
Rate 20T [2]	0.0758
Rate 100T[2]	0.0092
Rate 25	(0.0407)

[1] Sales and Bundled-T customers only

[2] T-service customers only

Union Gas South Customers

Rate Class	Unit Rate for 2012 Delivery Adjustment cents/m^3
Rate M4	0.4197
Rate M5A	0.0436
Rate M7	(0.2830)
Rate M9	(0.0063)
Rate M10	(0.0252)
Rate T1 (T2)	0.0142

Filed: 2014-07-17
EB-2014-0145
Exhibit B.CME.1
Attachment 1

Rate T3	0.0028

Quarterly Rate Adjustment Mechanism (QRAM) Update: The Ontario Energy Board (OEB) is undertaking a review of the QRAM process, and as such has deferred implementation of the July 1 QRAM for Union Gas, Enbridge and NRG. The price customers are paying for natural gas supplies and upstream transportation services, which were adjusted in April 2014, will remain in place until the OEB completes its review.

Union Gas Files an Application for 2013 Deferral Account Clearing

On May 2, 2014, Union Gas applied to the Ontario Energy Board (OEB) to dispose of its 2013 Deferral Account balance. This 2013 deferral account filing excludes Demand Side Management (DSM) related deferrals, which will be filed in Q3 of 2014.

If approved, the account clearing will appear as an adjustment to customers' bills as part of the Quarterly Rate Adjustment Mechanism (QRAM) process following the approval (e.g. if disposed as part of the October 2014 QRAM, the adjustment will be applied to customers' October 2014 bills). This proposed adjustment does not include any gas cost-related deferrals that are managed under the QRAM process.

What are Deferral Accounts?

Deferral accounts capture the difference between Union Gas' forecast and actual revenues and costs. The differences are refunded or collected from customers once these balances are approved by the OEB. The balances are specifically allocated to the rate classes.

Union South Bundled Direct Purchase Customers

As part of this application, Union Gas has filed to recover costs applicable to winter 2013/2014 spot gas price variances. These costs were incurred by Union Gas to load balance weather-driven incremental consumption on behalf of Union South bundled direct purchase customers during the exceptional period of prolonged cold experienced this past winter. An incremental 0.8 PJ's of spot purchases were purchased for this purpose at a cost of $2.264 million dollars. These costs will be recovered from Union South bundled customers who were below the Banked Gas Account as of the March 31, 2014 Direct Purchase Status Report.

2013 Demand Side Management Deferral Accounts

Not included in this application are the costs associated to DSM related deferral accounts. Union Gas will file a separate application for approval and disposition of the DSM related deferral accounts later in 2014. Further information will be provided when that application is filed.

How to Estimate the 2013 Delivery Adjustment

To assist with your customer's business planning, you can estimate the 2013 delivery adjustment by multiplying the proposed rate adjustment that applies to your customer's service (shown below) by the actual volume of natural gas they consumed in 2013.

Union Gas North Customers

Rate Class	Proposed Unit Rate for 2013 Delivery Adjustment cents/m^3
Rate 20BT [1]	0.0025
Rate 20T [2]	0.0021

Filed: 2014-07-17
EB-2014-0145
Exhibit B.CME.1
Attachment 1

Rate 100T[2]	0.0005
Rate 25	0.0029

[1] Sales and Bundled-T customers only

[2] T-service customers only

Union Gas South Customers

Rate Class	Proposed Unit Rate for 2013 Delivery Adjustment cents/m^3
Rate M4	0.0164
Rate M5A	0.0031
Rate M7	0.0151
Rate M9	0.0127
Rate M10	0.1467
Rate T1	0.0140
Rate T2	0.0099
Rate T3	0.0200

Full details of this filing (EB-2014-0145 (http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/436767/view/UNION_APPL_2013 Deferrals_20140502.PDF)) can be found on the OEB website. If you have any questions about this edition of Factsline, please contact Patrick Boyer (mailto:pboyer@uniongas.com).

Patrick Boyer (519) 436-5470 Cell (519) 436-4915 Email: pboyer@uniongas.com (mailto:pboyer@uniongas.com)

Customer	Actual BGA Balance at March 31, 2014 (GJ)	Planned BGA Balance at March 31, 2014 (GJ)	Difference in BGA position (GJ)	Charge (based on filed summer winter differential cost)	Charge (based on corrected summer winter differential cost)
1	-93,988	8,091	-102,079	$ 156,732	$ 135,271
2	-903,690	-804,491	-99,199	$ 152,310	$ 131,455
3	-131,468	-71,340	-60,128	$ 92,321	$ 79,679
4	-136,429	-76,785	-59,644	$ 91,577	$ 79,038
5	-68,964	-16,746	-52,218	$ 80,176	$ 69,197
6	-291,061	-241,584	-49,477	$ 75,967	$ 65,565
7	-35,454	-1,414	-34,040	$ 52,265	$ 45,109
8	-26,233	-4,486	-21,747	$ 33,390	$ 28,818
9	-13,339	7,004	-20,343	$ 31,235	$ 26,958
10	-457,060	-437,574	-19,486	$ 29,919	$ 25,822
11	1,051	18,441	-17,390	$ 26,701	$ 23,045
12	-27,088	-10,718	-16,370	$ 25,134	$ 21,693
13	-13,871	2,440	-16,311	$ 25,044	$ 21,615
14	-52,944	-37,150	-15,794	$ 24,250	$ 20,930
15	-42,039	-26,696	-15,343	$ 23,558	$ 20,332
16	-28,221	-14,101	-14,120	$ 21,680	$ 18,711
17	-412,070	-398,052	-14,018	$ 21,523	$ 18,576
18	-26,496	-12,838	-13,658	$ 20,970	$ 18,099
19	-5,553	8,000	-13,553	$ 20,809	$ 17,960
20	-20,270	-7,176	-13,094	$ 20,105	$ 17,352
21	-23,725	-10,996	-12,729	$ 19,544	$ 16,868
22	-15,028	-2,600	-12,428	$ 19,082	$ 16,469
23	-11,228	1,058	-12,286	$ 18,864	$ 16,281
24	-88,520	-76,440	-12,080	$ 18,548	$ 16,008
25	-188,384	-176,330	-12,054	$ 18,508	$ 15,974
26	-13,927	-2,305	-11,622	$ 17,844	$ 15,401
27	-20,120	-8,810	-11,310	$ 17,365	$ 14,988
28	-12,423	-1,137	-11,286	$ 17,329	$ 14,956
29	-24,454	-13,693	-10,761	$ 16,522	$ 14,260
30	-22,893	-12,508	-10,385	$ 15,945	$ 13,762
31	-12,050	-1,997	-10,053	$ 15,435	$ 13,322
32	-15,228	-5,178	-10,050	$ 15,431	$ 13,318
33	-11,246	-1,222	-10,024	$ 15,391	$ 13,283
34	10,869	20,811	-9,942	$ 15,265	$ 13,175
35	-9,729	5	-9,734	$ 14,946	$ 12,899
36	-31,774	-22,179	-9,595	$ 14,732	$ 12,715
37	-32,166	-22,792	-9,374	$ 14,393	$ 12,422
38	-19,822	-10,470	-9,352	$ 14,359	$ 12,393
39	7,430	16,711	-9,281	$ 14,250	$ 12,299
40	-129,348	-120,096	-9,252	$ 14,206	$ 12,260
41	-10,034	-1,227	-8,807	$ 13,522	$ 11,671
42	-19,910	-11,252	-8,658	$ 13,293	$ 11,473
43	-5,737	2,710	-8,447	$ 12,970	$ 11,194
44	-155,420	-147,161	-8,259	$ 12,681	$ 10,945
45	-36,082	-27,853	-8,229	$ 12,635	$ 10,905
46	-26,365	-18,496	-7,869	$ 12,082	$ 10,428

Customer	Actual BGA Balance at March 31, 2014 (GJ)	Planned BGA Balance at March 31, 2014 (GJ)	Difference in BGA position (GJ)	Charge (based on filed summer winter differential cost)	Charge (based on corrected summer winter differential cost)
47	-15,911	-8,350	-7,561	$ 11,609	$ 10,020
48	-9,563	-2,109	-7,454	$ 11,445	$ 9,878
49	-11,813	-4,453	-7,360	$ 11,301	$ 9,753
50	-58,263	-51,015	-7,248	$ 11,129	$ 9,605
51	-50,870	-43,712	-7,158	$ 10,990	$ 9,486
52	5,678	12,798	-7,120	$ 10,932	$ 9,435
53	-15,355	-8,344	-7,011	$ 10,765	$ 9,291
54	-32,097	-25,175	-6,922	$ 10,628	$ 9,173
55	8,981	15,630	-6,649	$ 10,209	$ 8,811
56	-8,250	-1,677	-6,573	$ 10,092	$ 8,710
57	-13,371	-6,810	-6,561	$ 10,074	$ 8,694
58	-5,035	1,411	-6,446	$ 9,897	$ 8,542
59	-4,832	1,380	-6,212	$ 9,538	$ 8,232
60	-34,322	-28,135	-6,187	$ 9,500	$ 8,199
61	-9,565	-3,400	-6,165	$ 9,466	$ 8,170
62	-43,676	-37,603	-6,073	$ 9,324	$ 8,048
63	-13,139	-7,188	-5,951	$ 9,137	$ 7,886
64	-20,714	-14,792	-5,922	$ 9,093	$ 7,848
65	-26,500	-20,730	-5,770	$ 8,859	$ 7,646
66	-15,813	-10,071	-5,742	$ 8,816	$ 7,609
67	-31,508	-25,769	-5,739	$ 8,812	$ 7,605
68	-15,605	-9,988	-5,617	$ 8,624	$ 7,443
69	-14,383	-8,778	-5,605	$ 8,606	$ 7,428
70	-6,488	-900	-5,588	$ 8,580	$ 7,405
71	-86,303	-80,809	-5,494	$ 8,435	$ 7,280
72	-19,356	-14,000	-5,356	$ 8,224	$ 7,098
73	-6,636	-1,391	-5,245	$ 8,053	$ 6,950
74	-29,390	-24,250	-5,140	$ 7,892	$ 6,811
75	-10,224	-5,134	-5,090	$ 7,815	$ 6,745
76	-39,884	-34,839	-5,045	$ 7,746	$ 6,685
77	-2,978	2,060	-5,038	$ 7,735	$ 6,676
78	-5,188	-281	-4,907	$ 7,534	$ 6,503
79	-7,565	-2,750	-4,815	$ 7,393	$ 6,381
80	-27,864	-23,069	-4,795	$ 7,362	$ 6,354
81	-3,998	626	-4,624	$ 7,100	$ 6,128
82	-97,755	-93,136	-4,619	$ 7,092	$ 6,121
83	-14,457	-9,912	-4,545	$ 6,978	$ 6,023
84	133	4,507	-4,374	$ 6,716	$ 5,796
85	-8,344	-3,973	-4,371	$ 6,711	$ 5,792
86	-11,921	-7,576	-4,345	$ 6,671	$ 5,758
87	-3,832	419	-4,251	$ 6,527	$ 5,633
88	-62,714	-58,577	-4,137	$ 6,352	$ 5,482
89	-48,444	-44,324	-4,120	$ 6,326	$ 5,460
90	-2,147	1,899	-4,046	$ 6,212	$ 5,362
91	-5,216	-1,222	-3,994	$ 6,132	$ 5,293
92	-9,993	-6,020	-3,973	$ 6,100	$ 5,265
93	-20,038	-16,150	-3,888	$ 5,970	$ 5,152

Customer	Actual BGA Balance at March 31, 2014 (GJ)	Planned BGA Balance at March 31, 2014 (GJ)	Difference in BGA position (GJ)	Charge (based on filed summer winter differential cost)	Charge (based on corrected summer winter differential cost)
94	-5,075	-1,219	-3,856	$ 5,921	$ 5,110
95	-10,297	-6,604	-3,693	$ 5,670	$ 4,894
96	-5,879	-2,195	-3,684	$ 5,656	$ 4,882
97	-6,330	-2,673	-3,657	$ 5,615	$ 4,846
98	-19,933	-16,304	-3,629	$ 5,572	$ 4,809
99	-3,164	317	-3,481	$ 5,345	$ 4,613
100	-12,769	-9,300	-3,469	$ 5,326	$ 4,597
101	-18,654	-15,209	-3,445	$ 5,289	$ 4,565
102	-22,368	-18,975	-3,393	$ 5,210	$ 4,496
103	-7,594	-4,275	-3,319	$ 5,096	$ 4,398
104	-14,966	-11,674	-3,292	$ 5,055	$ 4,362
105	-11,284	-8,014	-3,270	$ 5,021	$ 4,333
106	2,027	5,277	-3,250	$ 4,990	$ 4,307
107	-7,807	-4,611	-3,196	$ 4,907	$ 4,235
108	-12,180	-9,039	-3,141	$ 4,823	$ 4,162
109	-175	2,933	-3,108	$ 4,772	$ 4,119
110	-4,437	-1,337	-3,100	$ 4,760	$ 4,108
111	-24,792	-21,752	-3,040	$ 4,668	$ 4,028
112	-3,067	-73	-2,994	$ 4,597	$ 3,968
113	-23,729	-20,775	-2,954	$ 4,536	$ 3,915
114	-13,140	-10,250	-2,890	$ 4,437	$ 3,830
115	-101,132	-98,264	-2,868	$ 4,404	$ 3,801
116	-7,002	-4,144	-2,858	$ 4,388	$ 3,787
117	-47,688	-44,837	-2,851	$ 4,377	$ 3,778
118	-3,599	-763	-2,836	$ 4,354	$ 3,758
119	-19,386	-16,579	-2,807	$ 4,310	$ 3,720
120	-25,347	-22,540	-2,807	$ 4,310	$ 3,720
121	-20,308	-17,509	-2,799	$ 4,298	$ 3,709
122	-1,966	816	-2,782	$ 4,271	$ 3,687
123	-5,943	-3,176	-2,767	$ 4,248	$ 3,667
124	-25,208	-22,456	-2,752	$ 4,225	$ 3,647
125	-3,333	-702	-2,631	$ 4,040	$ 3,487
126	-21,507	-18,887	-2,620	$ 4,023	$ 3,472
127	-29,537	-26,934	-2,603	$ 3,997	$ 3,449
128	-3,408	-830	-2,578	$ 3,958	$ 3,416
129	-4,033	-1,500	-2,533	$ 3,889	$ 3,357
130	-22,595	-20,094	-2,501	$ 3,840	$ 3,314
131	-9,054	-6,560	-2,494	$ 3,829	$ 3,305
132	-10,858	-8,379	-2,479	$ 3,806	$ 3,285
133	-13,241	-10,776	-2,465	$ 3,785	$ 3,267
134	-4,511	-2,096	-2,415	$ 3,708	$ 3,200
135	-22,029	-19,640	-2,389	$ 3,668	$ 3,166
136	2,664	4,982	-2,318	$ 3,559	$ 3,072
137	2,815	5,118	-2,303	$ 3,536	$ 3,052
138	-29,984	-27,692	-2,292	$ 3,519	$ 3,037
139	-3,204	-922	-2,282	$ 3,504	$ 3,024
140	-90,673	-88,422	-2,251	$ 3,456	$ 2,983

Customer	Actual BGA Balance at March 31, 2014 (GJ)	Planned BGA Balance at March 31, 2014 (GJ)	Difference in BGA position (GJ)	Charge (based on filed summer winter differential cost)	Charge (based on corrected summer winter differential cost)
141	-20,449	-18,234	-2,215	$ 3,401	$ 2,935
142	-9,683	-7,494	-2,189	$ 3,361	$ 2,901
143	217	2,382	-2,165	$ 3,324	$ 2,869
144	-10,489	-8,340	-2,149	$ 3,300	$ 2,848
145	-15,697	-13,562	-2,135	$ 3,278	$ 2,829
146	-3,613	-1,500	-2,113	$ 3,244	$ 2,800
147	-25,747	-23,653	-2,094	$ 3,215	$ 2,775
148	-29,941	-27,849	-2,092	$ 3,212	$ 2,772
149	-961	1,033	-1,994	$ 3,062	$ 2,642
150	-19,519	-17,536	-1,983	$ 3,045	$ 2,628
151	-1,977	-1	-1,976	$ 3,034	$ 2,619
152	-12,076	-10,146	-1,930	$ 2,963	$ 2,558
153	-7,780	-5,854	-1,926	$ 2,957	$ 2,552
154	-45,985	-44,061	-1,924	$ 2,954	$ 2,550
155	-3,150	-1,231	-1,919	$ 2,946	$ 2,543
156	-3,771	-1,860	-1,911	$ 2,934	$ 2,532
157	-7,394	-5,502	-1,892	$ 2,905	$ 2,507
158	-3,486	-1,611	-1,875	$ 2,879	$ 2,485
159	-3,451	-1,585	-1,866	$ 2,865	$ 2,473
160	-7,392	-5,527	-1,865	$ 2,864	$ 2,471
161	-24,010	-22,208	-1,802	$ 2,767	$ 2,388
162	-2,491	-715	-1,776	$ 2,727	$ 2,353
163	-39,901	-38,180	-1,721	$ 2,642	$ 2,281
164	3,956	5,660	-1,704	$ 2,616	$ 2,258
165	-2,619	-962	-1,657	$ 2,544	$ 2,196
166	-20,644	-19,021	-1,623	$ 2,492	$ 2,151
167	-8,378	-6,806	-1,572	$ 2,414	$ 2,083
168	-19,140	-17,613	-1,527	$ 2,345	$ 2,024
169	-14,053	-12,588	-1,465	$ 2,249	$ 1,941
170	-7,297	-5,844	-1,453	$ 2,231	$ 1,925
171	-11,425	-10,011	-1,414	$ 2,171	$ 1,874
172	-22,218	-20,816	-1,402	$ 2,153	$ 1,858
173	-5,512	-4,124	-1,388	$ 2,131	$ 1,839
174	-4,752	-3,384	-1,368	$ 2,100	$ 1,813
175	384	1,742	-1,358	$ 2,085	$ 1,800
176	-8,827	-7,517	-1,310	$ 2,011	$ 1,736
177	-12,553	-11,244	-1,309	$ 2,010	$ 1,735
178	2,808	4,107	-1,299	$ 1,994	$ 1,721
179	-1,077	210	-1,287	$ 1,976	$ 1,705
180	-29,333	-28,054	-1,279	$ 1,964	$ 1,695
181	-7,817	-6,540	-1,277	$ 1,961	$ 1,692
182	-33,919	-32,675	-1,244	$ 1,910	$ 1,649
183	-2,291	-1,097	-1,194	$ 1,833	$ 1,582
184	-9,838	-8,674	-1,164	$ 1,787	$ 1,542
185	709	1,864	-1,155	$ 1,773	$ 1,531
186	-4,934	-3,780	-1,154	$ 1,772	$ 1,529
187	-19,977	-18,842	-1,135	$ 1,743	$ 1,504

Customer	Actual BGA Balance at March 31, 2014 (GJ)	Planned BGA Balance at March 31, 2014 (GJ)	Difference in BGA position (GJ)	Charge (based on filed summer winter differential cost)	Charge (based on corrected summer winter differential cost)
188	-9,023	-7,893	-1,130	$ 1,735	$ 1,497
189	-37,828	-36,729	-1,099	$ 1,687	$ 1,456
190	-3,763	-2,674	-1,089	$ 1,672	$ 1,443
191	-2,103	-1,017	-1,086	$ 1,667	$ 1,439
192	-7,437	-6,356	-1,081	$ 1,660	$ 1,433
193	-6,411	-5,338	-1,073	$ 1,647	$ 1,422
194	-6,678	-5,614	-1,064	$ 1,634	$ 1,410
195	-2,474	-1,414	-1,060	$ 1,628	$ 1,405
196	-1,583	-528	-1,055	$ 1,620	$ 1,398
197	-8,396	-7,355	-1,041	$ 1,598	$ 1,379
198	-17,617	-16,580	-1,037	$ 1,592	$ 1,374
199	-2,485	-1,473	-1,012	$ 1,554	$ 1,341
200	-10,522	-9,520	-1,002	$ 1,538	$ 1,328
201	-34,598	-33,599	-999	$ 1,534	$ 1,324
202	2,661	3,649	-988	$ 1,517	$ 1,309
203	-8,312	-7,335	-977	$ 1,500	$ 1,295
204	-6,449	-5,523	-926	$ 1,422	$ 1,227
205	-10,808	-9,893	-915	$ 1,405	$ 1,213
206	929	1,833	-904	$ 1,388	$ 1,198
207	-22,408	-21,507	-901	$ 1,383	$ 1,194
208	-5,245	-4,360	-885	$ 1,359	$ 1,173
209	-16,063	-15,190	-873	$ 1,340	$ 1,157
210	-4,752	-3,883	-869	$ 1,334	$ 1,152
211	-4,094	-3,225	-869	$ 1,334	$ 1,152
212	-10,977	-10,112	-865	$ 1,328	$ 1,146
213	-188	675	-863	$ 1,325	$ 1,144
214	-11,461	-10,600	-861	$ 1,322	$ 1,141
215	-2,143	-1,288	-855	$ 1,313	$ 1,133
216	-895	-43	-852	$ 1,308	$ 1,129
217	124	964	-840	$ 1,290	$ 1,113
218	-43,595	-42,761	-834	$ 1,281	$ 1,105
219	-1,720	-905	-815	$ 1,251	$ 1,080
220	-9,819	-9,014	-805	$ 1,236	$ 1,067
221	-5,933	-5,133	-800	$ 1,228	$ 1,060
222	-322	473	-795	$ 1,221	$ 1,054
223	-5,356	-4,571	-785	$ 1,205	$ 1,040
224	-4,126	-3,344	-782	$ 1,201	$ 1,036
225	-10,731	-9,956	-775	$ 1,190	$ 1,027
226	-9,793	-9,046	-747	$ 1,147	$ 990
227	-44,456	-43,709	-747	$ 1,147	$ 990
228	-6,104	-5,382	-722	$ 1,109	$ 957
229	-9,499	-8,787	-712	$ 1,093	$ 944
230	-9,153	-8,447	-706	$ 1,084	$ 936
231	-9,215	-8,510	-705	$ 1,082	$ 934
232	-14,221	-13,517	-704	$ 1,081	$ 933
233	31,472	32,168	-696	$ 1,069	$ 922
234	-5,678	-4,984	-694	$ 1,066	$ 920

Customer	Actual BGA Balance at March 31, 2014 (GJ)	Planned BGA Balance at March 31, 2014 (GJ)	Difference in BGA position (GJ)	Charge (based on filed summer winter differential cost)	Charge (based on corrected summer winter differential cost)
235	627	1,316	-689	$ 1,058	$ 913
236	-956	-276	-680	$ 1,044	$ 901
237	-1,013	-341	-672	$ 1,032	$ 891
238	-1,902	-1,241	-661	$ 1,015	$ 876
239	-440	211	-651	$ 1,000	$ 863
240	837	1,486	-649	$ 996	$ 860
241	-7,909	-7,276	-633	$ 972	$ 839
242	-3,560	-2,928	-632	$ 970	$ 838
243	-7,125	-6,532	-593	$ 910	$ 786
244	-1,356	-795	-561	$ 861	$ 743
245	-5,154	-4,612	-542	$ 832	$ 718
246	-4,322	-3,783	-539	$ 828	$ 714
247	-1,472	-942	-530	$ 814	$ 702
248	-1,871	-1,352	-519	$ 797	$ 688
249	-3,702	-3,200	-502	$ 771	$ 665
250	-751	-257	-494	$ 758	$ 655
251	-1,240	-746	-494	$ 758	$ 655
252	613	1,080	-467	$ 717	$ 619
253	-4,885	-4,450	-435	$ 668	$ 576
254	-255	174	-429	$ 659	$ 568
255	-9,275	-8,848	-427	$ 656	$ 566
256	-4,126	-3,720	-406	$ 623	$ 538
257	-240	163	-403	$ 619	$ 534
258	-6,905	-6,512	-393	$ 603	$ 521
259	-13,125	-12,737	-388	$ 596	$ 514
260	-1,232	-850	-382	$ 587	$ 506
261	-2,701	-2,352	-349	$ 536	$ 462
262	-13,502	-13,158	-344	$ 528	$ 456
263	-9,221	-8,890	-331	$ 508	$ 439
264	-4,018	-3,688	-330	$ 507	$ 437
265	-2,909	-2,585	-324	$ 497	$ 429
266	-2,099	-1,779	-320	$ 491	$ 424
267	-5,233	-4,915	-318	$ 488	$ 421
268	-3,759	-3,458	-301	$ 462	$ 399
269	-8,831	-8,541	-290	$ 445	$ 384
270	-3,378	-3,099	-279	$ 428	$ 370
271	-2,311	-2,033	-278	$ 427	$ 368
272	-69	205	-274	$ 421	$ 363
273	1,432	1,699	-267	$ 410	$ 354
274	-19,623	-19,357	-266	$ 408	$ 352
275	-2,329	-2,068	-261	$ 401	$ 346
276	-69	192	-261	$ 401	$ 346
277	-9,921	-9,663	-258	$ 396	$ 342
278	-2,842	-2,587	-255	$ 392	$ 338
279	-1,546	-1,318	-228	$ 350	$ 302
280	-4,751	-4,531	-220	$ 338	$ 292
281	-2,284	-2,064	-220	$ 338	$ 292

Customer	Actual BGA Balance at March 31, 2014 (GJ)	Planned BGA Balance at March 31, 2014 (GJ)	Difference in BGA position (GJ)	Charge (based on filed summer winter differential cost)	Charge (based on corrected summer winter differential cost)
282	-3,286	-3,068	-218	$ 335	$ 289
283	-6,759	-6,551	-208	$ 319	$ 276
284	-1,643	-1,438	-205	$ 315	$ 272
285	-202	0	-202	$ 310	$ 268
286	-204	-21	-183	$ 281	$ 243
287	-920	-741	-179	$ 275	$ 237
288	-13,783	-13,604	-179	$ 275	$ 237
289	-9,096	-8,923	-173	$ 266	$ 229
290	-1,496	-1,325	-171	$ 263	$ 227
291	805	974	-169	$ 259	$ 224
292	-6,925	-6,758	-167	$ 256	$ 221
293	-80	83	-163	$ 250	$ 216
294	-10,165	-10,015	-150	$ 230	$ 199
295	-6,016	-5,867	-149	$ 229	$ 197
296	-1,568	-1,421	-147	$ 226	$ 195
297	-4,080	-3,945	-135	$ 207	$ 179
298	-4,224	-4,092	-132	$ 203	$ 175
299	371	502	-131	$ 201	$ 174
300	-1,720	-1,591	-129	$ 198	$ 171
301	510	638	-128	$ 197	$ 170
302	-5,059	-4,937	-122	$ 187	$ 162
303	-3,770	-3,650	-120	$ 184	$ 159
304	-115,409	-115,294	-115	$ 177	$ 152
305	-993	-881	-112	$ 172	$ 148
306	-7,965	-7,857	-108	$ 166	$ 143
307	-4	93	-97	$ 149	$ 129
308	2,903	2,997	-94	$ 144	$ 125
309	-3,679	-3,586	-93	$ 143	$ 123
310	-1,165	-1,082	-83	$ 127	$ 110
311	1,326	1,396	-70	$ 107	$ 93
312	-644	-577	-67	$ 103	$ 89
313	-6,378	-6,316	-62	$ 95	$ 82
314	90	150	-60	$ 92	$ 80
315	-1,842	-1,790	-52	$ 80	$ 69
316	-1,712	-1,670	-42	$ 64	$ 56
317	-2,013	-1,983	-30	$ 46	$ 40
318	-7,472	-7,443	-29	$ 45	$ 38
319	-11,882	-11,856	-26	$ 40	$ 34
320	-3,013	-2,992	-21	$ 32	$ 28
321	-2,817	-2,797	-20	$ 31	$ 27
322	-68	-56	-12	$ 18	$ 16
323	-179	-167	-12	$ 18	$ 16
324	-247	-238	-9	$ 14	$ 12
325	-627	-624	-3	$ 5	$ 4
	-6,785,253	**-5,310,719**	**-1,474,534**	**$ 2,264,000**	**$ 1,954,000**

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers and Exporters ("CME")

Reference: Exhibit A, Tab 1, page 9

In connection with the spot gas purchases to manage UFG of 2.1 PJ at a cost of $4.729M, please provide the following information:

a) Confirm that this amount represents costs incurred in 2014 and that the amount is not recorded in any 2013 or 2014 deferral account.

b) Please explain why Union is not treating these volumes and costs as falling within the ambit of the "dead band" in the UFG Variance Account approved by the Board in the EB-2013-0202 proceeding, being the dead band for which Union's shareholder is responsible.

Response:

a) These costs were incurred in 2014 and are reflected in the Spot Gas Variance Account (No. 179-107). As stated at Exhibit A, Tab 1, page 3, lines 20-23, Union deferred the review and recovery of spot gas purchase costs related to Union South bundled DP load balancing and UFG variances to this proceeding because the recovery of these spot gas purchase costs may have required a change to delivery rates not contemplated in the QRAM process.

   Subsequently, Union has determined that UFG should be considered as part of the QRAM process as discussed in this evidence. Union will be seeking recovery of UFG related spot costs in an upcoming QRAM proceeding.

b) Please see the response at Exhibit B.FRPO_OGVG.6 b).

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers and Exporters ("CME")

Reference: Exhibit A, Tab 1, pages 18 to 23
Exhibit A, Tab 2, Appendix A, Schedule 11, Column (b), lines 11 and 12

The evidence states that Union earned $23.747M in net revenues from upstream transportation optimization during 2013. However, the evidence goes on to suggest that this total amount reflects the removal of an unspecified amount of revenue which Union has attributed to Dawn Parkway capacity which it used in conjunction with what were previously characterized as upstream transportation optimization transactions. Union did not previously segregate the revenues from these transactions in this fashion.

In connection with this evidence, please provide the following information:

a) Please confirm that prior to this proceeding, Union did not segregate the revenues from these optimization transactions in the manner in now proposes.

b) Please reconcile the $23.747M found at Exhibit A, Tab 1, page 19, line 3 with the amount of $24.524M found at Exhibit A, Tab 2, Appendix A, Schedule 11, column B, line 11.

c) Please provide the total optimization revenues which stemmed from the use of a combination of upstream transportation and some Dawn Parkway resources. Is the total of these two items the sum of $9.713M and $24.524M shown at lines 10 and 11 of Exhibit A, Tab 2, Appendix A, Schedule 11? If not, then what is the accurate total?

d) What is the ratepayer's share of that total?

e) Using that total amount, please calculate the incremental amount to be entered at line 5 on Exhibit A, Tab 1, Appendix A, Schedule 1 on the assumption that the amount is incremental to the $13.426M embedded in Board approved 2013 base rates.

Response:

a) Union confirms that prior to the EB-2011-0210 (2013 Cost of Service) Decision and Rate Order, revenues from upstream transportation optimization transactions and Dawn-Parkway transportation were not contracted for separately. As referenced in EB 2013-0109 (2012 Deferral Disposition) at Exhibit B, Tab 4, Pages 2-3:

"*In 2013, as a result of the Board's EB-2011-0210 Decision that 90% of all optimization revenues net of costs shall accrue to ratepayers, Union is tracking Dawn to Parkway revenue separate from revenue related to upstream transportation optimization. These revenues will not be included in the Upstream Transportation Optimization Deferral Account (179-131) established pursuant to the Board's EB-2011-0210 Decision. Union will file an application to dispose of 2013 deferral account balances in 2014.*

In 2012, Union did not separately track the Dawn to Parkway transportation component of these exchanges because at the time Union entered into the transactions it was Union's belief that 2012 exchange revenue would be treated in a manner consistent with Union's IRM parameters and the treatment of exchange revenue in 2008, 2009 and 2010. In other words, there was no reason for Union to track Dawn to Parkway revenue included in the transaction separately because all transportation exchange revenue was considered utility revenue."

Under the current IRM framework, Union is 100% at risk for revenue associated with C1/M12 transportation activity on the Dawn to Parkway system. It is, therefore, not appropriate to share any revenue associated with this activity. For example, if Union experiences M12 turn back, Union is at risk to re-market that capacity in an attempt to achieve the forecasted level of revenue approved in rates.

Union is indifferent as to whether a customer contracts for Dawn to Parkway transportation as part of an exchange service or as a separate C1/M12 service. If Union were not indifferent (by treating the Dawn to Parkway portion of an exchange as C1 revenue), then Union would be incented to forego undertaking upstream optimization (i.e. exchanges services) and favour C1/M12 sales in order to achieve the transportation sales forecast.

b) The difference between $23.747 million (Exhibit A, Tab 1, page 19, line 4) and $24.524 million (Exhibit A, Tab 2, Appendix A, Schedule 11, column B, line 11) is $0.777 million. Union's financial results require management to make estimates that affect the reported amounts. To the extent actual results vary from those estimates, the amount is recorded in the following year. The variance outlined above represents a 2012 estimate to actual variance for optimization revenues not subject to deferral, which were recorded in 2013.

c) The optimization revenue which stemmed from the use of a combination of upstream transportation assets and Dawn-Parkway resources is not the sum of $9.713 million and $24.524 million. The $9.713 million (Exhibit A, Tab 2, Appendix A, Schedule 11, line 10) refers to the total C1 short-term transportation revenue earned for all short-term transportation activity on Union's transmission system. The $24.524 million (Exhibit A, Tab 2, Appendix A, Schedule 11, line 11) refers to the gross exchange revenue earned by optimizing upstream transportation assets. As outlined at Exhibit A, Tab 1, Page 23, line 18, approximately $1.4 million of the $9.713 million was generated on the Dawn-Parkway transmission system to facilitate downstream exchanges.

d) Consistent with the methodology approved in EB-2011-0210, the ratepayer's share of the upstream transportation optimization margin is 90%. Transportation revenue is not subject to deferral and as such, any difference between actual revenue relative to revenue contained in Board-approved rates is 100% to the account of the shareholder (as discussed in part a) above).

e) There is no incremental revenue to be entered at Exhibit A, Tab 1, Appendix A, Schedule 1, line 5. All upstream transportation optimization revenue is properly accounted for as shown at Exhibit A, Tab 1, Appendix A, Schedule 5.

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers and Exporters ("CME")

Reference: Exhibit A, Tab 2, pages 1 to 4

Union presents its 2013 actual revenue sufficiency at $32.2M and its normalized sufficiency at $19.3M. One of the normalizing adjustments is for "Terminated Contract Settlements" in the amount of $4.5M. In connection with this evidence, please provide the following information:

a) The details of the "Terminated Contract Settlements" adjustment and the rationale for its inclusion as a normalizing adjustment.

Response:

Union entered into a settlement with a third party for the termination of a M12 transportation contract, and received $4.6 million ($3.4 million net of tax) as part of the settlement.
Union also received a cancellation fee of $1.5 million ($1.1 million net of tax) from Ontario Power Generation for the termination of a natural gas power plant conversion project in Thunder Bay. Please see the response at Exhibit B.CME.5 for an update to the normalized sufficiency.

The rationale for including these revenues as normalizing adjustments is that they are non-recurring in nature, and they were outside of management's control.

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers and Exporters ("CME")

Reference: Exhibit A, Tab 2, pages 1 to 4

The actual and normalized sufficiencies of $32.2M and $19.3M respectively are substantially in excess of the estimated 2013 sufficiency provided by Union in September 2013 when ratepayer representatives were negotiating an appropriate adjustment to Union's 2013 base rates for use as the point of departure for Union's 2014 to 2018 IRM Plan. In this connection, please provide the following information:

a) Using the format of Table 2 at Exhibit A, Tab 2, page 2, lines 1 to 16, reproduce "Board Approved 2013" in column (a); add a new column entitled "Estimated Actual 2013 as of September 2013"; provide in this column the line item amounts Union "Estimated in September 2013"; reproduce as column (c) the "Actual 2013" line item amounts in Table 2; and, in a new column (d), quantify the variances between the "Estimated Actual in September 2013" in column (b) and the "Actual 2013" in column (c), and provide an explanation for each line item variance.

Response:

In preparing a response to Exhibit B.CME.5, Union discovered that the normalization adjustments were shown on an after tax basis instead of a pre-tax basis.

Union's normalized revenue sufficiency from 2013 utility operations on a pre-tax basis is $14.7 million relative to Board-approved, resulting in a normalized return on equity ("ROE") of 9.73% (unchanged).

A revised Table 1 from Exhibit A, Tab 2 is below.

Table 1

Normalized Utility Results
For the Year Ended December 31, 2013

Line No.	Particulars ($ Millions)	Board Approved 2013 (a)	Actual 2013 (b)	Increase/ (decrease) (c) = (b) - (a)
1	Total revenue deficiency/(sufficiency)	-	(32.2)	(32.2)
2	Normalization adjustments:			
3	Weather	-	11.4	11.4
4	Terminated Contract Settlements	-	6.1	6.1
5	Normalized revenue deficiency/(sufficiency)	-	(14.7)	(14.7)
6	Normalized Return on Equity	8.93%	9.73%	0.80%

a) Please see Attachment 1. The primary drivers of Union's 2013 financial results relative to 3+9 Outlook are provided below.

Gas Distribution Margin
The increase in gas distribution margin of $12.8 million relative to 3+9 Outlook was mainly driven by an increase in customer usage of natural gas due to colder weather.

Transportation Revenue
The increase in transportation revenue of $7.3 million relative to 3+9 Outlook was mainly driven by a cancellation fee for early termination of an M12 contract, and increased exchange opportunities driven by weather and customer behaviour.

Other Revenue
The increase in other revenue of $2.2 million relative to 3+9 Outlook was mainly driven by a cancellation fee for the termination of a capital project.

Income Taxes
The increase in income taxes relative to 3+9 Outlook of $6.0 million is primarily driven by higher utility pre-tax income.

Comparison between Board-Approved, 3+9 Outlook, and Actual 2013

Line No.	Particulars ($ Millions)	Board-Approved 2013	3+9 Outlook[1] 2013	Actual 2013	Increase/ (decrease)
		(a)	(b)	(c)	(d) = (c) - (b)
1	Gas sales and distribution revenue	1,448.8	1,494.2	1,605.3	
2	Cost of gas	701.4	732.0	830.3	
3	Gas distribution margin	747.4	762.2	775.0	12.8
4	Transportation	157.0	152.8	160.1	7.3
5	Storage	10.4	10.4	8.8	(1.6)
6	Other revenue	20.2	15.8	18.0	2.2
7	Expenses	643.8	640.1	638.7	(1.4)
8	Income taxes	17.1	19.8	25.8	6.0
9	Utility income	274.1	281.2	297.4	16.2
10	Cost of Capital	272.6	271.9	271.7	(0.2)
11	Revenue deficiency / (sufficiency) after tax	(1.5)	(9.4)	(25.7)	(16.3)
12	Provision for income taxes on deficiency / (sufficiency)	(0.5)	(3.4)	(9.2)	(5.8)
13	Distribution revenue deficiency/(sufficiency)	(2.0)	(12.8)	(34.9)	(22.1)
14	Shareholder portion of short-term storage revenue	0.5	0.5	0.3	(0.2)
15	Shareholder portion of optimization activity	1.5	1.5	2.4	0.9
16	Total revenue deficiency/(sufficiency)	-	(10.8)	(32.2)	(21.4)

[1] 3+9 Outlook (3 months actual + 9 months forecast)

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers and Exporters ("CME")

Reference: Exhibit A, Tab 3, page 2

Please confirm that the penalty amounts Union has charged its direct purchasers who caused Union to purchase spot gas for load balancing purposes are more than sufficient to cover any amounts Union has recorded in either the 2013 or 2014 Spot Gas Variance Account.

Response:

There are two distinct charges that are being discussed. The first are balancing penalties for non-compliance currently being reviewed as part of the Checkpoint Balancing proceeding (EB-2014-0154). The second is for spot gas purchased for load balancing needs for Union South bundled DP customers who were below their March 31, planned BGA balance. Union's balancing penalty provisions do not relate to the recovery of load balancing costs, but rather to the failure of certain direct purchase customers to meet their contractual obligations.

Union's proposal in this proceeding ensures that each customer receives their share of costs Union incurred to load balance them after the checkpoint.

Please see the response at Exhibit B.CME.1 c)-d) for the amount of the penalty charges.

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers and Exporters ("CME")

Reference: Exhibit A, Tab 4, page 13 of 25

One of the two drivers for Union's plan to suspend the vertical slice program is "a continued and steady reduction in the number of customers moving from sales service to direct purchase." This reduction allows Union to manage the migration within the sales service portfolio without requiring an allocation of upstream transportation going forward, "provided it remains small and/or predictable". In order to help us better understand the linkage between the duration of the proposed vertical slice suspension and the reduction in migration to direct purchase, please provide the following information:

a) What would the consequences be to Union if the vertical slice program is suspended, and there is subsequently a sudden increase in the number of customers moving from sales service to direct purchase?

b) For illustrative purposes, and assuming that the vertical slice program is suspended, please provide an explanation of what would occur if:

   i) 10,000 customers moved from sales service to direct purchase in a single year;

   ii) 50,000 customers moved from sales service to direct purchase in a single year;

   iii) 100,000 customers moved from sales service to direct purchase in a single year; and

   iv) 250,000 customers moved from sales service to direct purchase in a single year.

c) In providing the explanation for (b) above, please set out how Union would manage the various levels of migration without requiring an allocation of upstream transportation capacity going forward, and at what point, Union would be required to allocate a portion of its upstream transportation capacity. Also please set out the steps that Union would be required to undertake in order to resume an allocation of upstream transportation to direct purchasers at a point in time following the Board's approval of the proposed suspension of the vertical slice methodology.

Response:

a) A sudden increase in the number of customers moving from sales service to direct purchase may or may not have consequences if the vertical slice program were suspended. It would depend on the usage for these customers and the flexibility available in the portfolio at the time. If the vertical slice program was still suspended and if the magnitude of the change exceeded Union's ability to manage within the portfolio, the consequence would be that Union would hold more upstream transportation capacity in the sales service portfolio than would be required to meet sales service requirements. This would likely result in UDC for the sales service customers, which would not be fair to the remaining sales service customers. Therefore if there were a reversal of the current trend of customers returning to sales service, and customers once again preferred to be on direct purchase, Union would revert back to the vertical slice program. Union actively manages and monitors direct purchase activity and would have time to react to any change in market conditions.

b) As requested for illustrative purposes, the following analysis assumes that for every 10,000 general service customers that migrate to direct purchase, an estimated 6,000 GJ/d of transportation capacity is required. This ratio is based on average impact on transportation capacity during the migration to direct purchase experienced between 2001 and 2006. The analysis also assumes that migration occurs in any year between 2014 and 2017. Union notes the impact is as follows:

   i. and ii.) No impact – this level of migration (10,000 and 50,000 customers) to direct purchase can be managed within Union's portfolio.

   iii. and iv.) This level of migration (100,000 and 250,000 customers) would exceed what Union would be able to manage within the portfolio. However, this level of migration far exceeds what Union has seen historically. In the period 2001 to 2006 when Union last saw a major transition to direct purchase from sales service, the peak number of general service customers that migrated in a given year was approximately 44,000 customers in 2001.

c) For parts i) and ii) above, Union would manage the level of migration through either contract expiries or reducing Dawn purchases. For parts iii) and iv) above where the migration would exceed what Union could manage within the portfolio, Union would need to allocate upstream transportation capacity to customers migrating to direct purchase. Union would evaluate at that time what steps would be appropriate to implement the allocation. Any migration back to direct purchase would be driven by market dynamics. Union's response would depend on how sudden and unexpected the change was.

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers and Exporters ("CME")

Reference: Exhibit A, Tab 4, page 25

Union states that if migration to direct purchase significantly increases over time, then it will need to maintain the right to re-instate the vertical slice methodology. In this regard, please provide the following information:

a) Is Union seeking approval from the Board, at this time, to maintain the right to re-instate the vertical slice methodology if migration to direct purchase significantly increases? If so, please provide a full explanation of the level of migration increases which will trigger Union's entitlement to re-instate the vertical slice methodology, as well as an explanation of how that re-instatement will occur.

b) If Union is not seeking Board approval of this right to re-instate at this time, then please confirm that if migration to direct purchase significantly increases over time, then Union will be required to bring a separate application to the Board, at which time, all affected parties will be able to make submissions on whether it is or is not appropriate to re-instate the vertical slice methodology.

Response:

a) and b) Union is not seeking approval from the Board for the plan to suspend or to re-instate the vertical slice methodology. Union is not seeking to eliminate the program, just to suspend the program.

Please see the responses at Exhibit B.CME.7 b) and c) and Exhibit B.Staff.4.

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers and Exporters ("CME")

Reference: Exhibit A, Tab 4, page 25

Union held the first Annual Stakeholder Meeting on April 9, 2014. Has Union received any negative feedback from direct purchase stakeholders relating to its plan to suspend the vertical slice program? If so, then please provide a summary of the concerns expressed by those stakeholders.

Response:

No. Union has not received any negative feedback from direct purchase stakeholders regarding the plan to suspend the vertical slice program.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 1, page 2-7

Why is Union seeking recovery of these 2014 costs in the 2013 deferral accounts disposition proceeding?

Response:

The spot gas purchase variances recorded in January and February of 2014 were first raised in the April 2014 QRAM filing. Because the recovery of these costs may have required a change to delivery rates not contemplated in the QRAM process, the review was deferred to this application. Deferring the collection of gas costs incurred this past winter to 2015 would result in a significant separation of time between the cause of the costs incurred and the collection of these costs. To ensure timely disposition of these costs Union is proposing they be included in this application.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 1, page 2-7

Please provide the end of month targeted and actual storage fill percentage for in-franchise customers.

a) Please provide a description of Union's monitoring of weather related consumption (actual and forecast) throughout the winter and resulting adjustments to spot gas purchases including:
   i) Frequency of review and purchase adjustment
   ii) Forecast data used
   iii) Benchmarks to monitor adequacy of supply

Response:

At March 31 of each year, Union's targeted inventory position is zero, plus 6.0 PJ of integrity space (supply). The target for storage fill at October 31, 2013, for sales service and bundled direct purchase customers was 74.6 PJ including 6.0 PJ of the 9.5 PJ of system integrity space being full. The target at October 31 is updated annually based on the methodology approved by the Board in the EB-2007-0724/0725 Decision. The actual percent full (excluding system integrity space) at the end of each month for November to April is shown below:

November-13	December-13	January-14	February-14	March-14	April-14
80%	51%	23%	15%	(1%)	1%

a) (i) to (iii) As described in Union's April 2014 QRAM (EB-2014-0050, Tab 1, pages 7 and 14-20), Union frequently monitored actual activity, as well as forecast weather activity during the winter of 2013/14. In addition, Union monitors the projected impact of actual migration between sales service and DP throughout the year. Union's supply purchases were described in detail at Appendix A of that same evidence. Table 1 on page 6 of the EB-2014-0050 evidence showed the actual dates that purchases were made. The benchmark to monitor adequacy of supply is the March 31 inventory target.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 1, page 2-7

Preamble: "The first was Union North Rate 25 consumption variances (0.6PJ) which Union is not seeking recovery..." (page 2 line 20 to page 3 line 1)

Please explain why Union is not seeking recovery.

a) To what account was the cost of the 0.6PJ charged?

Response:

Please see Attachment 1 for the response to Question 2 in EB-2014-0050 (Union's April 2014 QRAM Application).

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Ref: Tab 1, p. 14

Union noted that it manages the costs of serving Rate 25 customers and why Union would not be seeking recovery of costs related to the purchase of spot gas for these customers.

a) Please clarify how Union manages the costs of serving Rate 25 customers and why Union would not be seeking recovery costs related to the purchase of spot gas for these customers.

Response:

Rate 25 is an interruptible service available to Union North contract rate customers, where Union provides the interruptible distribution service. Customers taking service under Rate 25 have the option to provide their own gas supply and transportation (T-service) or contract with Union for the provision of gas supply and transportation services (Utility sales service).

As discussed and approved in RP-1999-0017, Union has been managing the costs and revenues associated with Rate 25 utility sales service separate from the North Purchase Gas and Spot Gas Variance Accounts.

For Rate 25 utility sales service, the price for the gas sales service is agreed upon between Union and the customer, within the range approved by the Ontario Energy Board. This price reflects market conditions and is intended to recover gas costs incurred to provide service. The difference between the price charged for service and the approved Ontario Landed reference price used to record the revenue is recorded as a debit (credit) in the Rate 25 account.

The cost of gas incurred to serve Rate 25 customers are comprised of an allocation from Union's gas supply portfolio, spot gas purchases and gas purchase contracts specifically arranged for Rate 25 customers. The difference between the actual cost incurred and the appropriate approved reference price(s) used to record the expense is recorded as a debit (credit) in the Rate 25 account.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 1, page 2-7

Preamble: Union is seeking recovery of $1.801 in the spot gas variance account.**(page 2, line 3)** Please provide the Board-approved definition for Account No. 179-107 Spot Gas Variance Account.

a) Please provide additional definition of what this account captures including a differentiation of costs in the North and the South.
b) Please provide a distinction for the requested deferral dispositions from QRAM and the ones sought in this case (i.e., why were these deferrals not sought in QRAM).
c) Please elaborate on what potential delivery rate changes **(page 3, lines 22 and 23)** were considered, what were the cost causality underpinnings and why was the ultimate choice made.
d) What proceeds did Union receive from the penalty rate imposed on those Direct Purchase ("DP") customers who did not balance? Where do those proceeds accrue?

Response:

Please see Attachment 1.

a) As indicated on the accounting order for Account No. 179-107 at Attachment 1, the difference between the unit cost of spot gas purchased and the unit cost of gas included in gas sales rates is captured in this account. To determine the differentiation between North and South, Union determines what spot gas was purchased for each group of customers. Union provided a breakdown of the quantities purchased for each group of customers in the April QRAM evidence at EB-2014-0050, Tab 1, pages 9-21.

b) As stated in Exhibit A, Tab 1, page 3, lines 20-23, Union deferred the review and recovery of spot gas purchase costs related to Union South bundled DP load balancing and UFG variances to this proceeding because the recovery of these spot gas purchase costs may have required a change to delivery rates not contemplated in the QRAM process. Subsequently, Union determined that UFG should be considered as part of the QRAM process as discussed in this evidence. Union will be seeking recovery of UFG related spot costs in an upcoming QRAM proceeding, subsequent to the Board's decision in this proceeding.

c) For the recovery of spot gas purchase costs related to Union South bundled DP load balancing costs, Union considered recovering these costs in base rates from all Union South sales service and bundled direct purchase customers. Union also considered recovering these costs from all Union South bundled direct purchase customers only. Union rejected the approaches described above because recovering the spot gas purchase costs from Union South sales service customers and all bundled direct purchase customers did not reflect cost causality.

Union is proposing to recover $1.954 million (as corrected in Exhibit B.Staff. 1 b)) from the Union South DP customers who were below their planned BGA balance only to ensure that the customers that drove the need for the incremental spot purchases pay for the costs associated with the spot purchases.

For the recovery of spot gas purchase costs related to UFG variances, Union considered recovering these costs from all customers. Union rejected the approach described above as it was not consistent with Union's historical treatment of UFG price variances.

As described in Exhibit A, Tab 1, page 9, the variance between the actual cost of all gas purchased and the Ontario Landed Reference price used to set rates for planned purchases is recorded in the Union South purchase gas variance account ("SPGVA") and disposed of quarterly through adjustments to gas supply commodity rates. This includes gas purchased to meet the requirements for system operations (compressor fuel and unaccounted for gas). As a result of this treatment, Union South sales service customers benefited by an average of $5.5 million per year from 2008 to 2013. In recognition that delivery rates have not been adjusted in the past for lower costs related to planned purchases, Union determined that it would not be appropriate to isolate the variance related to spot gas purchases for UFG volumes and seek recovery from all customers. Accordingly, Union is proposing that the cost of $4.729 million associated with price variances related to UFG variances be disposed of to Union South sales service customers consistent with historical treatment. Union will include these costs in a future QRAM proceeding after the Board's decision in this proceeding.

d) The penalty charges noted are currently subject to review as part of EB-2014-0154. Please refer to the Checkpoint Balancing proceeding for details. The amounts receivable as approved will accrue to the SPGVA. Please see the response at Exhibit B.CME.1 c)-d).

UNION GAS LIMITED

Accounting Entries for
Spot Gas Variance Account
Deferral Account No. 179-107

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-107 Other Deferred Charges –Spot Gas Variance Account
Credit	-	Account No. 623 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-107, the difference between the unit cost of spot gas purchased each month and the unit cost of gas included in the gas sales rates as approved by the Board on the spot volumes purchased in excess of planned purchases.

Debit	-	Account No. 623 Cost of Gas
Credit	-	Account No. 179-107 Other Deferred Charges –Spot Gas Variance Account

To record, as a credit (debit) in Deferral Account No. 179-107, the approved gas supply charges recovered through the delivery component of rates.

Debit	-	Account No. 179-107 Other Deferred Charges – Spot Gas Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-107, interest expense on the balance in Deferral Account No. 179-107. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 1, page 2-7

Preamble: "Union is proposing to recover this $2.264 million from Union South DP customers who were below the planned BGA balance and drove the need for incremental spot purchases based on Union South DP customer's March 31, 2014 DP Status Report." (page 6, line 21 to page 7 line 2)

Please provide the section of the Bundled Transportation contract that provides Union the authority to render this charge?

a) Please provide the Unionline or other customer communication that informed DP of Union's expected approach to invoice customer for March 31st imbalances.

b) Please clarify that in the case where a DP customer met its February 28th checkpoint but did not match its March forecasted consumption, that customer will receive an invoice for their prorata portion of the Union proposed recovery. Is that the case? If not, please explain.

Response:

There is no specific section of the Bundled Transportation contract related to these charges, however, this topic was reviewed in 2004 with Union's load balancing proposal/March Park proposal in RP-2003-0063 / EB-2003-0087 / EB-2003-0097 and then subsequently addressed by Union in EB-2008-0106 (QRAM Standardization).

In RP-2003-0063/EB-2003-0087/EB-2003-0097, Union had proposed a March Park that would ensure sufficient deliverability and gas in storage in March. It would have provided incremental supply on a temporary basis in March to protect against colder than normal weather for DP customers and sales service supply. Given the March Park would have only landed incremental supply on the system for a temporary period, it would have allowed for normal delivery of DP gas in the summer. Union reiterated that the March Park was a method of avoiding retroactive gas cost charges and, as such, was an important component of the load balancing proposal. In response to an alternative proposal to use March 31 as another balancing checkpoint, Union stated that it was unsafe to wait until the last vestiges of winter, at the end of March, to determine if direct purchase customers would be in balance. Such an approach could compromise system integrity.

The Board did not approve Union's March Park proposal, however, it recognized that, even with the load balancing proposal and associated checkpoints, there could be variances that Union would have to manage to maintain system integrity. The Board stated in its Decision:

> *"The Board expects that the load balancing proposal discussed subsequently will have the effect of significantly reducing, if not eliminating, the need for spot gas for balancing direct purchase gas accounts."*

The February 28 checkpoint only protects the system to the end of February based partially on a forecast for February. In a winter such as the 2013/14 winter, higher than forecast consumption continued through the end of February and into March. The allocation of costs contained in Union's evidence in this proceeding ensures that the costs are recovered from those parties that drove the costs.

In Union's pre-filed evidence in EB-2008-0106 (QRAM Standardization), Union described the process it would follow to recover load balancing costs incurred as a result of actions taken outside of checkpoints on behalf of bundled DP customers. Please see Attachment 1 for an excerpt of Union's EB-2008-0106 evidence. As noted in the evidence, if Union is required to take action and incurs load balancing costs on behalf of DP customers, similar to this past winter, Union will seek recovery of these costs as part of the annual deferral disposition proceeding. Union provided examples of scenarios related to both the fall and winter checkpoint in which action may be necessary. In its EB-2008-0106 Decision, the Board found that Union's current load balancing mechanism is appropriate.

a) Please see the response to Exhibit B.CME.1 g) regarding the communication of Union's proposal.

b) No. Union's proposal is based on the BGA balance (referred to as Accumulated Variance on the DP Status Report- an example is provided at Exhibit B.BOMA.1) as of March 31, 2014. March consumption and deliveries of gas are both taken into consideration in the determination of the BGA balance. If a customer consumed less in March than the contracted forecast and their deliveries of gas were as per the contracted forecast then their BGA balance would have been greater than the contracted forecast and they would not receive the charge. Likewise, if a customer had consumed more than the contracted forecast in March but had delivered incremental supply in March that met or exceeded the additional March consumption then their BGA balance may have been equal to or greater than the contracted forecast and they would not receive the charge. However, if the customer delivered the expected volume in March but they consumed above the forecasted volume that is stated on the DP Status Report, than they would be allocated their share of the Load Balancing costs.

It should be noted that for a customer that opted for the Union determined checkpoint balancing action, the required action for the February checkpoint would have been based on the February consumption from the contracted forecast. Any difference between that February consumption forecast and actual February consumption would also flow into the actual BGA balance at the end of March. For example, if the required checkpoint action was to deliver an additional 5,000 GJ based on the year to date BGA variance and contracted February consumption and that consumption was actually 1,000 GJ greater, the 1,000 GJ difference would also be reflected in the actual BGA balance at the end of March.

"Currently, costs related to balancing the system are imposed on all in-franchise customers without regard to their respective out-of-balance status. The adoption of the proposal places responsibility for over-and-under supply where it belongs, on those direct purchase customers who are out of balance at the stipulated Winter and Fall checkpoints."

Load Balancing Costs

Union provides a base level of load balancing to all BT customers as part of its distribution service. In Union's view, the base level of load balancing to be provided from the utility should be derived from the weather normalized (as appropriate) demand and supply forecast established at the beginning of the BT contract year, as this aligns with the operating plan to which Union manages. The nature and allocation of the asset costs used to provide the base level of load balancing are discussed later in this evidence. Any unforecasted balancing activity and costs related to the Winter and Fall checkpoints, are the responsibility of each BT customer.

These costs could result from the need for incremental winter supply to meet the Winter checkpoint if winter consumption is greater than forecast, and/or supply mitigation costs to meet Fall checkpoint if fall consumption is less than forecast.

Load Balancing Costs Not Included in Rates

Under normal weather conditions, it is unlikely Union would incur any costs associated with balancing BT customers. Union will only incur costs if it must take action outside of the checkpoints on behalf of BT customers.

If Union is forced to take action and by doing so incurs load balancing costs, Union will seek recovery of these costs as part of the disposition of deferral accounts. Since the checkpoint mechanism was implemented, Union has not incurred any incremental load balancing costs on behalf of BT customers.

Example: Post September 30th (Fall checkpoint)

If Union experiences or forecasts continued warm weather through the peak net injection period (October – early December), costs may be incurred to mitigate lower than normal in-franchise consumption by both sales service and BT customers as gas in storage is greater than forecast for these customers. While a BT customer may have met the contractual obligation of the Fall checkpoint, mitigation costs may be incurred on their behalf after the Fall checkpoint in the late injection season.

Example: Post February 28th (Winter checkpoint)

If Union experiences or forecasts colder than normal weather past the Winter checkpoint, with a subsequent increase in anticipated in-franchise sales service and BT demands during the remaining withdrawal period (March through April), Union may incur costs to manage late season withdrawals and demands on behalf of both system and DP customers.

If costs are incurred on behalf of BT customers after the checkpoints, they will be deferred into the Spot Gas Variance deferral account.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 1, page 7-10 and EB-2013-0202 Settlement Agreement clause 4.7.4.

Please provide the actual volume variances and resulting price variances by month for the period under consideration.

a) For the 2013 volumes, please provide the Board order that Union is relying upon to recover volume variances for UFG in base rates.
b) For the 2014 volumes, please provide Union's view on the applicability of clause 4.7.4 in the IRM Settlement Agreement.
   i) Please specify the factors which prohibit applicability of the annual threshold of $5M impact and specific evidence that supports that view.
   ii) If there are different reasons than in response to question 1) above, please provide Union's rationale to seek recovery of these 2014 costs in the 2013 proceeding

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Response:

Please see the table below.

Line No.		Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Winter Total
1	UFG Variance to Plan (PJ)	1.2	-0.6	1.4	-0.1	0.2	2.1
2	Average Spot Purchase Price ($ /GJ)						$7.120
3	Ontario Landed Reference Price ($ / GJ)						$4.868
4	Price Differential ($ / GJ)						$2.252
5	Total Price Variance ($ Millions)						$4.729

a) Union is not proposing to recover volume variances for UFG in base rates. As stated at Exhibit A, Tab 1, page 10, Union is proposing to recover $4.729 million associated with price variances related to UFG from Union South sales service customers, consistent with historical practice. Union will include these costs in a future QRAM proceeding after the Board's decision in this proceeding.

b) Section 4.7.4 of Union's 2014-2018 IRM Settlement Agreement describes the UFG volume deferral account. It is not applicable for the UFG price variance that Union has identified in this proceeding. Union is seeking approval to recover in the next QRAM, the UFG price variance related to the purchase of incremental volumes. Please see the response at Exhibit B.FRPO_OGVG.1 which explains why Union is seeking recovery of these 2014 costs in the 2013 deferral disposition proceeding.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 1, page 7-10 and EB-2013-0202 Settlement Agreement clause 4.7.4.

Please confirm that load balancing and system integrity costs are recovered in distribution and/or storage rates.

Response:

Confirmed.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 1, page 10, Table 2

For the UFG volumes noted in the table:

a) Please confirm that these are actual annual volumes. If not, please describe the nature of these volumes.
b) Please provide the volumes that were included in rates for the same period for each of the respective years.
c) Please provide the price in rates for each of the respective years if different from the Ontario landed reference price.

Response:

a) Confirmed, the table includes actual annual volumes.

b) The 2007 Board-approved UFG volumes included in rates from 2008 to 2012 were 5.6 PJ. The 2013 Board-approved UFG volumes included in 2013 rates were 2.5 PJ.

c) The approved rate charged to customers is based on the Ontario Landed Reference price.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 1, pages 31-35

Please provide the amounts included in rates for GDAR costs in 2011, 2012 and 2013.

a) Please confirm the amounts shown in Table 6 are net of the amounts included in rates.

Response:

No amounts were included in rates for GDAR costs in 2011, 2012 and 2013.

a) Confirmed. The amounts shown in Table 6 are net of the amounts included in rates (which were zero).

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 1, page 37 and Appendix A, Schedule 9

Please provide the 30 year heating degree day and annual usage data used for the forecast of Annual Use by general rate class.

a) Please confirm that it is Union's intent to use the same 50:50 methodology even if the "declining" trend becomes "increasing".

Response:

The weather data used to prepare the 2013 demand forecast is provided in Table 1 below. This data was used to prepare the Union Gas 2013 Cost of Service forecast which was subsequently approved by the Ontario Energy Board.

Table 1
Heating Degree Days below 18 C
Actual Annual HDD

	Franchise Area			**Franchise Area**	
Year	Union South	Union North	Year	Union South	Union North
1982	4,010.9	5,429.7	1997	4,005.1	5,384.1
1983	3,908.1	5,195.3	1998	3,174.9	4,457.4
1984	3,997.2	5,174.7	1999	3,553.5	4,754.0
1985	3,926.2	5,437.8	2000	3,791.6	5,065.1
1986	3,881.8	5,175.2	2001	3,468.6	4,612.9
1987	3,683.6	4,722.4	2002	3,652.1	5,006.5
1988	3,986.4	5,316.7	2003	3,988.1	5,146.5
1989	4,153.9	5,654.2	2004	3,806.6	5,216.2
1990	3,571.5	4,993.8	2005	3,837.5	4,865.8
1991	3,631.2	5,018.5	2006	3,407.4	4,472.7
1992	4,030.7	5,488.9	2007	3,699.9	4,887.8
1993	4,104.9	5,460.3	2008	3,869.1	5,039.7
1994	4,054.8	5,293.6	2009	3,824.1	5,049.0
1995	3,987.0	5,357.8	2010	3,573.6	4,461.5
1996	4,152.5	5,550.0	2011	3,695.1	4,741.0

The annual normalized usage data used to prepare the 2013 demand forecast is summarized in Table 2 below.

The weather normalized average consumption per customer (NAC) data for each customer service class was filed in the 2013 Cost of Service evidence and approved by the Board in that proceeding.

The individual rate class forecast usage estimates, as explained in the 2013 COS evidence, are a consolidation of the more detailed forecast estimates for each customer service class.

Table 2

Actual Annual Normalized Average Consumption per Customer: m^3
Weather Normalized with the Board-Approved. 2013 50:50 Methodology

Year	Residential Union South	Residential Union North	Commercial	Industrial
1991	3,015	3,157	19,577	94,270
1992	2,937	3,111	19,353	91,356
1993	2,881	3,043	18,695	97,812
1994	2,806	2,970	18,179	88,407
1995	2,837	2,925	18,081	89,943
1996	2,840	2,833	18,400	92,960
1997	2,810	2,832	18,165	98,339
1998	2,811	2,723	17,619	95,376
1999	2,757	2,739	17,324	105,769
2000	2,765	2,873	17,546	98,813
2001	2,665	2,674	17,228	103,222
2002	2,638	2,649	17,308	103,973
2003	2,583	2,665	17,153	103,730
2004	2,518	2,537	16,837	98,171
2005	2,434	2,491	16,440	102,001
2006	2,466	2,492	16,815	98,931
2007	2,451	2,463	16,480	100,505
2008	2,410	2,461	16,879	98,993
2009	2,340	2,401	16,618	93,298
2010	2,341	2,361	16,400	84,549
2011	2,314	2,349	17,388	88,660

a) Under the terms of the 2014-2018 IRM Settlement Agreement, Union is required to use the 50:50 blended weather normalization method regardless of the weather trend direction. Union may propose a different methodology for the 2019 cost of service evidence should climatic conditions and trends warrant.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 1, page 37 and Appendix A, Schedule 9

Please describe how Net Annual Average Delivery Rates used in Schedule 9 are calculated.

a) Does the average rate use a volumetrically-weighted monthly average? If not, why not?
b) Why is the volumetric rate for storage not included in the calculation?
c) Please re-calculate and present the results if a volumetrically weighted average and the rate for storage are included.

Response:

a) Yes. The deferral balance amount for each rate class is volumetrically driven. The balance amount for each rate class is generated by the monthly volume variances resulting from:

- the variance observed between the target usage and the actual weather normalized usage
- the 2013 Board-approved number of customers for each rate class which convert the monthly usage variances into a volume variances
- the Board-approved delivery rates for each quarter that are applied to the monthly volume variances

The net annual average delivery rates used in the average usage (AU) deferral account are the Board-approved delivery rates billed to customers. These rates are set according to the Board-approved total annual throughput volumes for the 2013 test year (EB-2011-0210).

b) The 2013 AU deferral account calculation is consistent with the methodology approved by the Board in Union's 2008 to 2012 annual deferral account disposition proceedings.

c) The table below shows the 2013 AU total deferral balances by rate class:

- as filed in the 2013 deferral disposition evidence and
- in response to the interrogatory with the storage rates included

2013 AU Deferral Balance Amounts

(Particulars $000's)	Rate Class	Balance as Filed	With Storage Rates included	Variance
Total Union South	M1	493	598	105
	M2	(6,736)	(8,078)	(1,342)
Total Union North	01	(3,792)	(5,117)	(1,326)
	10	(1,441)	(2,030)	(590)
TOTAL AU Deferral		**(11,475)**	**(14,628)**	**(3,153)**

The inclusion of storage rates in the 2013 AU deferral account calculation would result in an additional credit to ratepayers of $3.153 million. This amount represents the gross storage revenue in the general service market due to higher than forecast average use and does not capture any incremental storage costs associated with generating the storage revenue. If storage rates were included in the AU deferral account calculation Union would need to determine the storage costs and defer those costs against the storage revenue. Accordingly, the additional AU credit of $3.153 million would be reduced.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 1, page 41-43

How did Union ensure that Ernst & Young's efforts were devoted solely to this exercise?

a) Please provide the original estimate to prepare the audited statements and the resulting estimate from revised exercise.

Response:

Union engaged Ernst & Young solely for the purpose of assisting with the preparation of utility financial statements, and did not engage them to perform any other type of work during the course of the engagement.

a) The original cost estimate to prepare audited utility financial statements was $0.4 million. After retaining Ernst & Young to assist with developing a project plan, this estimate was revised to $1.3 million, at which point an addendum was filed in EB-2013-0109 to advise the Board and intervenors of the new estimate.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers (“OGVG”)

Reference: Exhibit A, Tab 2, page 7, lines 3-5

Preamble: "Union’s 2013 corporate results include the reversal of a provision for fuel costs related to 2011 and 2012 FT-RAM activity totaling $1.426 million which has been removed from transportation revenues."

Please provide more detail on the nature of this reversal.

a) Did these provisions affect the dispositions from the respective accounts for those years?

Response:

At the end of 2012, a Decision had not been reached by the Board on whether incremental FT-RAM related fuel costs should be deducted from FT-RAM optimization revenues subject to deferral. With the uncertainty around the Decision, Union recorded an accounting provision. During 2013, supported by the Decision in EB-2012-0087, Union reversed this provision, as the fuel costs were approved as deductible from FT-RAM optimization revenues.

a) No, the provisions did not affect the dispositions from the respective accounts for those years. The Upstream Transportation FT-RAM Optimization Deferral Account (No. 179-130) approved for disposition by the OEB in 2011 included FT-RAM optimization revenue less related fuel costs.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 3, page 2, lines 8-10

Please provide the specific Board approval for this approach.

Response:

There has been no prior Board approval of this approach.

Union is requesting Board approval in this proceeding to allocate the portion of the Spot Gas Variance Account related to Union South bundled direct purchase load balancing costs on a contract specific basis, based on the March 31, 2014 shortfall position. This approach will ensure that load balancing costs are recovered solely from the Union South bundled direct purchase customers that caused Union to purchase spot gas for load balancing purposes.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, page 20

Please confirm that TCPL's notice provision for termination is 24 months.

a) In the event Union provides notice of termination this November, what is Union's contingency plan if the NEB does not approve the Settlement Agreement and the parties to the Agreement are not able to evolve the Agreement to the satisfaction of the NEB?

Response:

Confirmed.

a) If the NEB does not approve the Settlement Agreement, or the parties to the Agreement are not able to re-file a suitable Agreement to the satisfaction of the NEB, TransCanada is aware and supportive of Union's need to continue to meet the needs of its markets, currently served by the Empress to Union CDA transportation capacity. TransCanada is allowing for conversion rights on certain contracts, and has committed to work with Union on the transition of the Empress to Union CDA contract, if necessary. Union will only turn back the Empress to CDA contract if the NEB has approved the Settlement and if TransCanada has the necessary facilities in place to allow for the short-haul service to serve the same markets as the long-haul.

   If the reduction of Union's Empress to Union CDA capacity is delayed, then this capacity will continue to be allocated via the vertical slice methodology to customers migrating to direct purchase.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, page 22, Table 3

For customers delivering gas to Union via Panhandle/Trunkline and Panhandle with an obligated delivery point of Parkway, does the customer need to contract for additional Union capacity?

a) If not, who is paying for the Union capacity to meet the obligation at Parkway?

Response:

Currently, direct purchase customers who receive an allocation of Panhandle/Trunkline and Panhandle transportation capacity are also allocated capacity from Ojibway to Parkway to meet their Parkway obligation. Direct purchase customers pay for the Panhandle/Trunkline and Panhandle transportation components directly with those pipelines, and the Ojibway-Parkway transportation components on the Bundled Transportation invoice. The direct purchase customer does not need to contract for any additional Union capacity.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, Appendix C, page 7 and page 29

Preamble: " As discussed in Section 6.7 of this report, the 2013/14 Gas Supply Plan assumes that approximately 90,000 bundled DP customers return to sales service supply relative to what was forecast in the 2013 Board-approved forecast in EB-2011-0210." (page 7)

"The Gas Supply Plan includes all bundled DP demand and contracted Daily Contract Quantities ("DCQ"), and assumes that the number of bundled DP customers remains constant as of January 1, 2013. Union is unable to predict customer migration between sales service and bundled DP. Therefore, for the term of the Gas Supply Plan, customers are assumed to remain with the service they had received effective January 1, 2013." (page 29)

Please reconcile the two statements.

a) What was the actual migration?
b) What protocols are in place to monitor actual migration?
c) Who is at risk for over-forecasting of migration back to sales service?

Response:

Customers migrate between DP and sales service on an ongoing basis throughout the year. As indicated in the gas supply memorandum, approximately 90,000 customers returned to sales service from the time that the forecast was prepared for the 2013 Board-approved forecast (January, 2011) to the time the forecast was prepared for the 2013/14 Gas Supply Plan (January, 2013). At the time each forecast was prepared, the actual number of direct purchase customers was incorporated, and assumed to remain constant for the term of the Gas Supply Plan.

a) The actual migration was approximately 90,000 bundled DP customers who returned to system sales customers relative to the 2013 Board-approved forecast.

b) As indicated at page 29 of the memorandum, as customers return to sales service, the impact of the consumption for these customers is considered in the projected position at March 31 and October 31. Union adjusts the actual gas purchases as required, on a monthly basis.

c) Union is unable to predict customer migration between sales service and bundled DP. Accordingly, consistent with past practice, there is no forecasted migration anticipated during the term of the forecast. The impact of actual migration between DP and sales service is managed throughout the year on a month to month basis.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, Appendix C, page 14

Please provide additional information on the Use per Customer Factor and the Multiple Winter Average including:

a) a brief methodological description
b) length of data series used
c) sensitivity analysis used to understand range of outcomes

Response:

a)-c)

Union currently uses a Use Per Customer Factor ("UPCF") methodology to determine the forecast general service design day demand for Union South. The UPCF methodology adjusts the design day demand by a factor such that the current use per customer is equal to the 20-year trend through the following steps:

1. The general service design day demand is calculated from the previous winter's demand versus degree day regression.

2. The use per customer is then determined by dividing that demand by the total number of customers.

3. The factor is the current year's use per customer divided by the current year's value calculated from the 20-year rolling use per customer trend line.

4. The general service design day demand (in step 1) is multiplied by the UPCF to reflect a design day demand in line with the 20-year use per customer trend.

The UPCF methodology reduces variability due to weather differences and consumption behaviour year over year, while recognizing increases in demand due to customer attachments.

Sussex recommended that Union review and evaluate whether, with regard to determining the forecast design day demand, different data sets should be analyzed (e.g. multiple winter periods, or subsets of multiple winter periods) as an alternative to a UPCF. In response, Union analyzed design day demands generated from both 3-year and 5-year rolling averages of Union's unadjusted general service design day demand. The general service design day demand forecast utilizing the 3-year rolling average method is comparable to the existing UPCF method. The general service design day demand forecast utilizing the 5-year rolling average method is 1 to 2% less than the existing UPCF method. The multiple winter period methodology does not capture recent customer attachments as it predicts a design day demand that lags actual growth due to the averaging impact.

While both methodologies achieve a similar outcome by reducing variability from year to year, Union's UPCF method more appropriately captures the impact of current number of customer attachments in the general service design day demand. Union believes the current UPCF approach is a superior methodology as it ensures Union has adequate assets and services for a design day based on the current number of customers.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, Appendix C, page 15

What were the results of the review of the St. Clair and Bluewater Pipelines.

a) If not complete, please describe the process to be undertaken.

Response:

Please see the response at Exhibit B.BOMA.17 ii).

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, Appendix C, page 16

Preamble: From page 8 of the Board's decision in EB-2013-0109: *With respect to FRPO's request for further information in relation to UDC mitigation, the Board finds that no additional information is required at this time. At the time that Union's gas supply plan is next reviewed, FRPO can seek information related to UDC mitigation. In regard to FRPO's request for enhancements to the Gas Supply Memorandum, the Board will not require any enhancements at this time. The Board will have an opportunity to review the first filing of that memorandum and determine at that time whether any enhancements are necessary going forward."*

Please provide additional data in the form of table for each TCPL delivery area in Union North and South. Respectfully, given the Board's endorsement above, we are seeking this information for each month of planned or actual UDC of 2012 and 2013. Specifically the request for 2012 is on the basis that the small amount of actual UDC incurred in 2013 would not provide an adequate sample of data.

UNION EDA (for example)

MONTH	PLANNED UDC	TOTAL CAPACITY INCLUDING UDC	CAPACITY DELIVERED FOR SYSTEM	CAPACITY RELEASED TO REDUCE UDC	ACTUAL UDC	AMOUNT USED TO SUPPORT OPTIMIZATION

a) For each of the months that had planned and actual UDC and capacity used for optimizations:
   i) please provide the cost of the UDC to ratepayers.
   ii) please provide the accounting for the optimizations which include revenues, costs and resulting margin.
   iii) how does Union distinguish between planned UDC capacity and excess capacity available for optimizations?

Response:

a) Respectfully, Union notes that most of this data has been provided previously in responses to interrogatories from FRPO at EB-2013-0109, Exhibit D8.1, Attachment 1 and EB-2013-0109, Exhibit D8.14 Attachment 1.

i) Please see Attachment 1.

ii) Net Optimization revenue consists of gross optimization revenues less related costs. Per the approved sharing methodology approved in EB-2011-0210, 90% of the net optimization revenue is credited to customers through the Upstream Transportation Optimization deferral account (179-131).

Gross Optimization Revenue is accounted for based on the individual contracts. Optimization activities are defined at Exhibit A, Tab 1, page 19, line 12.

Optimization costs are for upstream transportation costs incurred to provide the Optimization Activity. There is no cross charge for fuel in 2014 due to the change in contracting method as explained at Exhibit A, Tab 1, page 23, line 1.

iii) There is no correlation between planned UDC and excess capacity available for optimization. Union's planned UDC is based on normal weather. The actual UDC will vary based on actual activity. As indicated at EB-2011-2010, Transcript Volume 3, page 10, to the extent that Union has excess supply, Union will take action to reduce planned purchases, and in that case Union will have empty pipe that will be un-utilized as a result of managing that excess supply. When pipe is un-utilized by the utility for gas supply, that pipe is released and any value obtained from that release is credited to ratepayers through the UDC deferral account.

In the 2012 Deferrals proceeding (EB-2013-0109), Union further described planned UDC, variances from forecast and impact on actual UDC, and optimization using temporary surplus capacity as indicated below.

Exhibit A, Tab 1, Page 2, Line 16 – Page 3 Line 3 - "*In Union North, UDC is part of planned operations due to the requirement to hold sufficient TCPL firm transportation ("FT") capacity and other firm assets (both storage and transportation related) to meet both design day requirements as well as annual demand. Assets required to meet design day demands are greater than what is required to meet average daily demand, and therefore result in unutilized pipe and UDC. In a warmer than normal year, Union may incur UDC in Union South to rebalance supply with lower demands. Union manages its North and South transport portfolios on an integrated basis and will determine which pipeline to leave empty, if* *necessary, based on the least cost option. Consequently, UDC is managed on an integrated basis."*

Exhibit B, Tab 3, page 44 Section 8 - *"Once the Gas Supply Plan is finalized, Union monitors actual activity relative to the Plan on a monthly basis. Variances from the forecast inventory position at February 28, March 31, and at October 31 relative to the Plan (for example, consumption variances from plan) are managed either through spot gas supply purchases, (if demand is greater than planned) or reducing gas supply purchases (if demand is less than planned). Any unutilized transportation capacity is released and sold into the secondary market to recover market value to minimize the cost of UDC. If this available short-term capacity was not sold, the cost to customers would be the total demand charge of unutilized transportation capacity."*

Exhibit B, Tab 2, page 11, Line 17- *"As described in Section 12.1, these transactions are completed when the market area does not require the full use of transportation capacity on that day (non-design day), and only a portion of the contracted path distance is required to meet annual requirements. The portion of the contract distance that is not required is temporarily surplus. For example, if not all of the Empress to Union EDA path is required, and the gas is transported to storage at Dawn, then Dawn to Union EDA is temporarily surplus."*

MONTH	PLANNED UDC	TOTAL CAPACITY INCLUDING UDC	SUPPLY (CAPACITY) DELIVERED	CAPACITY RELEASED TO REDUCE UDC	ACTUAL UDC	OTHER CAPACITY RELEASED (AMOUNT USED) TO SUPPORT OPTIMIZATION	NET COST OF UDC TO RATEPAYERS ($000's)
	Monthly Volumes in TJ						
2012 (North) - Empress to Union NCDA FT							
Jan-12	147	333	333	-	-	62	$ -
Feb-12	-	312	323	-	-	58	$ -
Mar-12	152	345	358	-	-	64	$ -
Apr-12	-	334	346	-	-	273	$ -
May-12	-	345	358	-	-	282	$ -
Jun-12	-	334	346	-	-	273	$ -
Jul-12	-	345	358	-	-	282	$ -
Aug-12	-	345	358	-	-	282	$ -
Sep-12	-	334	346	-	-	273	$ -
Oct-12	-	345	358	-	-	282	$ -
Nov-12	-	334	346	-	-	273	$ -
Dec-12	-	345	358	-	-	282	$ -
2012 (North) - Empress to Union EDA FT							
Jan-12	-	1,898	1,965	-	-	-	$ -
Feb-12	-	1,714	1,775	-	-	-	$ -
Mar-12	1,317	1,898	1,965	-	-	642	$ -
Apr-12	-	1,836	1,902	-	-	1,243	$ -
May-12	-	1,898	1,965	-	-	1,284	$ -
Jun-12	-	1,836	1,902	-	-	1,243	$ -
Jul-12	-	1,898	1,965	-	-	1,284	$ -
Aug-12	-	1,898	1,965	-	-	1,284	$ -
Sep-12	-	1,836	1,902	-	-	1,243	$ -
Oct-12	-	1,898	1,965	-	-	1,284	$ -
Nov-12	-	1,836	1,902	-	-	-	$ -
Dec-12	-	1,898	1,965	-	-	-	$ -
2012 (North) - Empress to Union NDA FT							
Jan-12	881	2,111	2,186	-	-	-	$ -
Feb-12	0	1,907	1,975	-	-	-	$ -
Mar-12	984	2,111	2,186	-	-	-	$ -
Apr-12	-	2,043	2,116	-	-	-	$ -
May-12	-	2,111	2,186	-	-	-	$ -
Jun-12	-	2,043	2,116	-	-	-	$ -
Jul-12	-	2,111	2,186	-	-	-	$ -
Aug-12	-	2,111	2,186	-	-	-	$ -
Sep-12	-	2,043	2,116	-	-	-	$ -
Oct-12	-	2,111	2,186	-	-	-	$ -
Nov-12	0	2,043	2,116	-	-	-	$ -
Dec-12	-	2,111	2,186	-	-	-	$ -

MONTH	PLANNED UDC (2013 Board Approved)	TOTAL CAPACITY INCLUDING UDC	SUPPLY (CAPACITY) DELIVERED	CAPACITY RELEASED TO REDUCE UDC	ACTUAL UDC	OTHER CAPACITY RELEASED (AMOUNT USED) TO SUPPORT OPTIMIZATION	NET COST OF UDC TO RATEPAYERS ($000's)
	Monthly Volumes in TJ						
2013 (North) - Empress to Union NCDA FT							
Jan-13	0	333	333	-	-	273	$ -
Feb-13	-	301	301	-	-	246	$ -
Mar-13	147	333	333	-	-	273	$ -
Apr-13	-	323	323	-	-	-	$ -
May-13	-	333	333	-	-	-	$ -
Jun-13	-	323	323	-	-	-	$ -
Jul-13	-	333	333	-	-	-	$ -
Aug-13	-	333	333	-	-	-	$ -
Sep-13	-	323	323	-	-	-	$ -
Oct-13	-	333	333	-	-	-	$ -
Nov-13	-	323	323	-	-	-	$ -
Dec-13	-	333	333	-	-	-	$ -
2013 (North) - Empress to Union EDA FT							
Jan-13	-	1,832	1,832	-	-	-	$ -
Feb-13	-	1,655	1,655	-	-	-	$ -
Mar-13	693	1,832	1,832	-	-	-	$ -
Apr-13	-	1,773	1,773	-	-	-	$ -
May-13	-	1,832	1,832	-	-	-	$ -
Jun-13	-	1,773	1,773	-	-	-	$ -
Jul-13	-	1,832	1,832	-	-	-	$ -
Aug-13	-	1,832	1,832	-	-	-	$ -
Sep-13	-	1,773	1,773	-	-	-	$ -
Oct-13	-	1,832	1,832	-	-	-	$ -
Nov-13	-	1,773	1,773	-	-	-	$ -
Dec-13	-	1,832	1,832	-	-	-	$ -
2013 (North) - Empress to Union NDA FT							
Jan-13	226	2,006	2,006	-	-	-	$ -
Feb-13	-	1,812	1,812	-	-	-	$ -
Mar-13	963	2,006	2,006	-	-	-	$ -
Apr-13	-	1,941	1,941	-	-	-	$ -
May-13	-	2,006	2,006	-	-	-	$ -
Jun-13	-	1,941	1,941	-	-	-	$ -
Jul-13	-	2,006	2,006	-	-	-	$ -
Aug-13	-	2,006	2,006	-	-	-	$ -
Sep-13	-	1,941	1,941	-	-	-	$ -
Oct-13	-	2,006	2,006	-	-	-	$ -
Nov-13	-	1,941	1,941	-	-	-	$ -
Dec-13	-	2,006	2,006	-	-	-	$ -

	Monthly Volumes in TJ						
MONTH	PLANNED UDC	TOTAL CAPACITY INCLUDING UDC	SUPPLY (CAPACITY) DELIVERED	CAPACITY RELEASED TO REDUCE UDC	ACTUAL UDC	OTHER CAPACITY RELEASED (AMOUNT USED) TO SUPPORT OPTIMIZATION	NET COST OF UDC TO RATEPAYERS ($000's)
2012 (North) - Empress to Union WDA FT							
Jan-12	1	1,280	1,326	-	-	-	$ -
Feb-12	-	1,157	1,198	-	-	-	$ -
Mar-12	873	1,280	217	1,070	1,070	-	$ 185
Apr-12	-	1,239	318	932	932	-	$ 135
May-12	401	1,280	214	1,073	1,073	-	$ 302
Jun-12	790	1,239	208	1,039	1,039	-	$ 460
Jul-12	830	1,280	214	1,073	1,073	-	$ 431
Aug-12	830	1,280	214	1,073	1,073	-	$ 134
Sep-12	739	1,239	208	1,039	1,039	-	$ 297
Oct-12	494	1,280	214	1,073	1,073	-	$ 621
Nov-12	40	1,239	1,283	-	-	-	$ -
Dec-12	-	1,280	1,326	-	-	-	$ -
2012 (North) - Empress to Union SSMDA FT							
Jan-12	-	87	90	-	-	-	$ -
Feb-12	-	78	81	-	-	-	$ -
Mar-12	17	87	90	-	-	-	$ -
Apr-12	-	84	87	-	-	-	$ -
May-12	-	87	23	64	64	-	$ 29
Jun-12	-	84	23	62	62	-	$ 42
Jul-12	-	87	23	64	64	-	$ 42
Aug-12	-	87	23	64	64	-	$ 13
Sep-12	-	84	23	62	62	-	$ 24
Oct-12	-	87	23	64	64	-	$ 57
Nov-12	-	84	87	-	-	-	$ -
Dec-12	-	87	90	-	-	-	$ -
2012 (North) - Empress to Union MDA FT							
Jan-12	36	145	150	-	-	-	$ -
Feb-12	40	131	136	-	-	-	$ -
Mar-12	129	145	150	-	-	-	$ -
Apr-12	93	141	81	62	62	-	$ 4
May-12	120	145	-	145	145	-	$ 24
Jun-12	125	141	-	141	141	-	$ 37
Jul-12	129	145	-	145	145	-	$ 36
Aug-12	129	145	-	145	145	-	$ 8
Sep-12	125	141	-	141	141	-	$ 25
Oct-12	112	145	-	145	145	-	$ 50
Nov-12	80	141	146	-	-	-	$ -
Dec-12	55	145	150	-	-	-	$ -

	Monthly Volumes in TJ						
MONTH	PLANNED UDC (2013 Board Approved)	TOTAL CAPACITY INCLUDING UDC	SUPPLY (CAPACITY) DELIVERED	CAPACITY RELEASED TO REDUCE UDC	ACTUAL UDC	OTHER CAPACITY RELEASED (AMOUNT USED) TO SUPPORT OPTIMIZATION	NET COST OF UDC TO RATEPAYERS ($000's)
2013 (North) - Empress to Union WDA FT							
Jan-13	0	1,236	1,236	-	-	-	$ -
Feb-13	-	1,117	1,117	-	-	-	$ -
Mar-13	828	1,236	1,236	-	-	-	$ -
Apr-13	176	1,196	1,196	-	-	-	$ -
May-13	-	1,236	1,236	-	-	-	$ -
Jun-13	753	1,196	1,196	-	-	-	$ -
Jul-13	792	1,236	1,236	-	-	-	$ -
Aug-13	793	1,236	1,236	-	-	-	$ -
Sep-13	703	1,196	1,196	-	-	-	$ -
Oct-13	468	1,236	1,236	-	-	-	$ -
Nov-13	27	1,196	1,196	-	-	-	$ -
Dec-13	-	1,236	1,236	-	-	-	$ -
2013 (North) - Empress to Union SSMDA FT							
Jan-13	-	84	84	-	-	-	$ -
Feb-13	-	76	76	-	-	-	$ -
Mar-13	17	84	84	-	-	-	$ -
Apr-13	-	81	81	-	-	-	$ -
May-13	-	84	84	-	-	-	$ -
Jun-13	-	81	81	-	-	-	$ -
Jul-13	-	84	84	-	-	-	$ -
Aug-13	-	84	84	-	-	-	$ -
Sep-13	-	81	81	-	-	-	$ -
Oct-13	-	84	84	-	-	-	$ -
Nov-13	-	81	81	-	-	-	$ -
Dec-13	-	84	84	-	-	-	$ -
2013 (North) - Empress to Union MDA FT							
Jan-13	35	140	140	-	-	-	$ -
Feb-13	37	127	127	-	-	-	$ -
Mar-13	124	140	140	-	-	-	$ -
Apr-13	90	136	136	-	-	-	$ -
May-13	116	140	140	-	-	-	$ -
Jun-13	120	136	136	-	-	-	$ -
Jul-13	124	140	140	-	-	-	$ -
Aug-13	124	140	140	-	-	-	$ -
Sep-13	120	136	136	-	-	-	$ -
Oct-13	108	140	140	-	-	-	$ -
Nov-13	77	136	136	-	-	-	$ -
Dec-13	54	140	140	-	-	-	$ -

	Monthly Volumes in TJ						
MONTH	PLANNED UDC	TOTAL CAPACITY INCLUDING UDC	SUPPLY (CAPACITY) DELIVERED	CAPACITY RELEASED TO REDUCE UDC	ACTUAL UDC	OTHER CAPACITY RELEASED (AMOUNT USED) TO SUPPORT OPTIMIZATION	NET COST OF UDC TO RATEPAYERS ($000's)
2012 (North) - TCPL SS Marie to Union SSMDA FT							
Jan-12	-	197	204	-	-	-	$ -
Feb-12	-	178	185	-	-	-	$ -
Mar-12	-	197	204	-	-	-	$ -
Apr-12	93	191	102	-	92	-	$ 12
May-12	96	197	105	-	96	-	$ 13
Jun-12	155	191	102	-	92	-	$ 12
Jul-12	177	197	105	-	96	-	$ 12
Aug-12	160	197	105	95	95	-	$ 10
Sep-12	121	191	102	92	92	-	$ 10
Oct-12	197	197	105	95	95	-	$ 10
Nov-12	-	191	198	-	-	-	$ -
Dec-12	-	197	204	-	-	-	$ -
2012 (South) - Empress to Union CDA FT							
Jan-12	-	2,162	2,239	-	-	1,862	$ -
Feb-12	-	1,952	2,022	-	-	1,682	$ -
Mar-12	-	2,162	2,239	-	-	1,862	$ -
Apr-12	-	2,092	2,167	-	-	2,144	$ -
May-12	-	2,162	2,239	-	-	2,215	$ -
Jun-12	-	2,092	2,167	-	-	2,144	$ -
Jul-12	-	2,162	2,239	-	-	2,215	$ -
Aug-12	-	2,162	2,239	-	-	2,215	$ -
Sep-12	-	2,092	2,167	-	-	2,144	$ -
Oct-12	-	2,162	2,239	-	-	2,215	$ -
Nov-12	-	2,092	2,167	-	-	1,902	$ -
Dec-12	-	2,162	2,239	-	-	1,965	$ -
2012 (South) - Niagara to Kirkwall FT							
Jan-12	-	677	702	-	-	-	$ -
Feb-12	-	612	634	-	-	-	$ -
Mar-12	-	654	654	-	-	-	$ -
Apr-12	-	633	633	-	-	-	$ -
May-12	-	654	654	-	-	-	$ -
Jun-12	-	633	633	-	-	-	$ -
Jul-12	-	654	654	-	-	-	$ -
Aug-12	-	654	654	-	-	-	$ -
Sep-12	-	633	633	-	-	-	$ -
Oct-12	-	654	654	-	-	-	$ -
Nov-12	-	633	633	-	-	-	$ -
Dec-12	-	654	654	-	-	-	$ -

	Monthly Volumes in TJ						
MONTH	PLANNED UDC (2013 Board Approved)	TOTAL CAPACITY INCLUDING UDC	SUPPLY (CAPACITY) DELIVERED	CAPACITY RELEASED TO REDUCE UDC	ACTUAL UDC	OTHER CAPACITY RELEASED (AMOUNT USED) TO SUPPORT OPTIMIZATION	NET COST OF UDC TO RATEPAYERS ($000's)
2013 (North) - TCPL SS Marie to Union SSMDA FT							
Jan-13	-	190	190	-	-	-	$ -
Feb-13	-	172	172	-	-	-	$ -
Mar-13	-	190	190	-	-	-	$ -
Apr-13	89	184	95	89	89	-	$ 11
May-13	92	190	98	92	92	-	$ 11
Jun-13	151	184	95	89	89	-	$ 11
Jul-13	172	190	98	92	92	-	$ 14
Aug-13	155	190	98	92	92	-	$ 14
Sep-13	118	184	95	89	89	-	$ 14
Oct-13	190	190	98	92	92	-	$ 14
Nov-13	-	184	184	-	-	-	$ -
Dec-13	-	190	190	-	-	-	$ -
2013 (South) - Empress to Union CDA FT							
Jan-13	-	2,087	2,087	-	-	2,015	$ -
Feb-13	-	1,885	1,885	-	-	1,820	$ -
Mar-13	-	2,087	2,087	-	-	2,077	$ -
Apr-13	-	2,020	2,020	-	-	1,200	$ -
May-13	-	2,087	2,087	-	-	-	$ -
Jun-13	-	2,020	2,020	-	-	-	$ -
Jul-13	-	2,087	2,087	-	-	-	$ -
Aug-13	-	2,087	2,087	-	-	-	$ -
Sep-13	-	2,020	2,020	-	-	-	$ -
Oct-13	-	2,087	2,087	-	-	-	$ -
Nov-13	-	2,020	2,020	-	-	-	$ -
Dec-13	-	2,087	2,087	-	-	-	$ -
2013 (South) - Niagara to Kirkwall FT							
Jan-13	-	654	654	-	-	-	$ -
Feb-13	-	591	591	-	-	-	$ -
Mar-13	-	654	654	-	-	-	$ -
Apr-13	-	633	633	-	-	-	$ -
May-13	-	654	654	-	-	-	$ -
Jun-13	-	633	633	-	-	-	$ -
Jul-13	-	654	654	-	-	-	$ -
Aug-13	-	654	654	-	-	-	$ -
Sep-13	-	633	633	-	-	-	$ -
Oct-13	-	654	654	-	-	-	$ -
Nov-13	-	633	633	-	-	-	$ -
Dec-13	-	654	654	-	-	-	$ -

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, Appendix C, page 17

Preamble: "Sales service and bundled DP storage requirements that are cycled completely each year in the Plan with storage full on November 1 and empty by March 31 assuming normal weather;"

Please confirm the plan is not to have storage empty at March 31 but to have some storage to allow for late season deliverability.

a) Please provide the target percentage full at March 31st.

Response:

a) Union targets sales service and bundled DP inventories to be zero at March 31 plus 6 PJ of integrity space full.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, Appendix C, page 17

Preamble: "9.5 PJ of system integrity space. This storage space is used in a number of ways to maintain the operational integrity of Union's integrated storage, transmission and distribution systems. The Gas Supply Plan has 6.0 PJ of this space filled with system integrity supply while the remaining 3.5 PJ is left empty as contingency space**.**

Please provide a breakdown of usage of system integrity space for the winters of 2012/13 and 2013/14.

a) Was the fall contingency of 3.5 PJ left empty? If not, what portion was used?
b) How much of the 6.0 PJ of winter contingency space was filled each year?
   i) When were the purchases made for this space?
   ii) What was the cost of gas?
   iii) How was the capacity used?
   iv) What was the average cost of gas at Dawn in December of each respective year.

Response:

a) Yes, the full contingency of 3.5 PJ was left empty for the winters of 2012/13 and 2013/14. As indicated in EB-2011-0210 in response to Interrogatory J.D-16-10-2 from FRPO:

   "The 3.5 PJ left empty in the fall is not filled in December. Refilling the 3.5 PJ left empty in the fall would require system gas supplies to be increased during the winter by 3.5 PJ and decreased in the following summer injection period by 3.5 PJ resulting in a potentially higher supply costs to in-franchise customers. These costs would be highly variable depending on gas price spreads. Conversely, the cost of maintaining the empty system integrity space is fixed."

b) Union always plans to maintain the full 6 PJ of integrity supply year round. For March 31, 2014, Union purchased supply based on actual and forecast activity to meet the targeted inventory position of zero, plus 6 PJ of integrity supply. In addition to the spot gas described in Union's April 2014 QRAM, Union purchased an additional 0.4 PJ of incremental spot supplies on March 18 to manage March 31 requirements. This last purchase will be described in Union's next QRAM filing.

When actual measurement was available in April, the final March 31 inventory position was 0.6 PJ below target. Union utilized 0.6 PJ of integrity inventory to meet demand requirements that were unexpected and above the volume forecast when the last purchase was made on March 18, for all bundled customers to the end of March.

For winter 2012/13, Union planned to meet the targeted inventory position of zero, plus 6 PJ of integrity supply at March 31. As of mid March, Union was on target to meet this position. When actual measurement was available in April, the final March 31 inventory position was 2.1 PJ below target. Union utilized 2.1 PJ of integrity inventory to meet actual demand requirements at March 31. The 2.1 PJ of integrity inventory was replaced by sales service and bundled DP customers throughout the summer of 2013 as part of their gas supply purchases (see response below).

i)-iii) Union does not purchase supply specifically to fill integrity space. The 6 PJ of integrity supply was full going into the winters 2012/13 and 2013/14. To the extent that integrity supply is used by sales service or DP customers on an actual basis, this supply is replaced by sales service customers or DP customers as part of their overall gas supply purchases.

iv) Given the answers provided in section i) through iii) above and the fact that the gas supply plan consistently has the 3.5 PJ of integrity space empty at October 31 and the 6 PJ of integrity space filled at March 31 each year, the average cost of gas at Dawn in December is not relevant.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers (“OGVG”)

Reference: Exhibit A, Tab 4, Appendix C, page 22, Figure 8

Is the cost of the TCPL Empress - Union CDA borne in the transportation customers in the Union South or North?

a) Is there any adjustment for actual utilization for diversions to the North?

Response:

The TransCanada Empress to Union CDA transportation capacity of 67 TJ/d is used to meet average day (annual) supply requirements in Union South and the cost of this capacity is recovered from Union South sales service customers.

On a design day, however, this capacity is diverted to meet Union North demand. When it is used to serve Union North demand, Union North sales service and bundled direct purchase customers need to provide replacement quantities of gas at Union CDA to keep the Union South sales service customers whole. To do this, the Union North customers effectively withdraw supply from Dawn storage and transport this supply to the Union CDA. Therefore, Union North customers pay for sufficient Dawn to Parkway capacity as well as transportation from Parkway to Union CDA to ensure delivery of 67 TJ/d to the Union CDA on behalf of Union South customers to meet their Parkway obligation.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, Appendix C, page 32

For Union North customers receiving access to Dawn, how is the cost of Dawn-Parkway system allocated?

a) Is this allocation handled differently for the Northern T-Service Supply at Dawn?

Response:

For Union North sales service and bundled direct purchase customers receiving access to Dawn, Dawn-Parkway costs will be allocated based on distance-weighted design day demands (i.e. commodity kilometres), per the Board-approved methodology.

There is no difference in the allocation of Dawn-Parkway costs for Union North T-Service customers. Union expects to provide Union North T-Service customers with Dawn-Parkway transportation service under the Board-approved C1 rate schedule. The C1 Dawn-Parkway rate is equivalent to the M12 Dawn-Parkway rate. Dawn-Parkway costs are allocated to all rate classes (including M12) based on distance-weighted design day demands.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, Appendix C, page 34

Please provide additional detail on how the settlement of the Parkway Delivery Obligation affects Union's planned Dawn to Parkway Expansion described in Section 7.7.

Response:

Historically, M12 transportation contract non-renewals (turnback) were used to reduce Dawn Parkway expansion facility requirements, including turnback provided through reverse open seasons. In accordance with the Parkway Delivery Obligation Settlement, M12 Dawn to Kirkwall contract turnback, post 2015, will be used to reduce the Parkway delivery obligation and will no longer be used to reduce expansion facility requirements. Dawn to Parkway turnback can still be used to reduce expansion facility requirements.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, Appendix C, page 35

Please provide specific detail on the planned shift of System Supply back to Dawn in 2016 will affect:

a) Dawn-Parkway capacity
b) Union North transportation requirements
   i) expected increase in North transportation rates

Response:

a) A portion of the expected capacity of the 2016 Dawn to Parkway facilities application is planned to be used to accommodate the shift of Union South sales service supply to Dawn, as described in Exhibit A, Tab 4, Appendix C, section 7.9 Parkway Obligation. Empress and long-haul TCPL supplies will be replaced with Dawn supplies. The specific details are still being finalized and will be provided in the upcoming 2016 Dawn to Parkway facilities application.

b) Union North transportation requirements are not directly impacted by the shift related to the Parkway obligation. However, as part of the shift back to Dawn for Union South, Union will turn back its existing Empress to Union CDA capacity. Currently, this capacity is also used by Union North to serve design day. Commencing in November, 2016, short-haul Parkway – Union NDA capacity will replace existing Empress to Union CDA capacity to serve Union North peak or design day requirements. This is further described at Exhibit A, Tab 4, Appendix C, page 33.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, Appendix C, page 36

Please provide the cost-benefit analysis of alternatives to the Burlington-Oakville project.

a) Please include paying TCPL for the service
b) Please provide the resulting rate impacts

Response:

a) & b) Union will provide the economic analysis of the proposed Burlington Oakville Pipeline and alternatives to the project within its Leave to Construct application. Union expects to file that later this year.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario ("FRPO")
and Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: Exhibit A, Tab 4, Appendix C, Appendix D

Please confirm the Receipt and Delivery Points for the Kirkwall to Niagara Falls contract.

a) Is the capacity available bi-directionally?

Response:

The receipt and delivery points of this contract are incorrect in Appendix D. The receipt point of this contract should be listed as Niagara Falls and the delivery point as Kirkwall. This capacity is not contracted for bi-directional service.

UNION GAS LIMITED

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

Reference: Exhibit A, Tab 1, page 49

The evidence states that Union is requesting the New Deferral Clearing Variance Account be approved effective October 1, 2014 to coincide with Union's QRAM filing when Union proposes to begin to dispose of the 2013 deferral account balances. The evidence also states that this would establish the account prior to Union's 2014-2018 IRM framework. Please explain this statement given that Union's 2014-2018 IRM framework is already in place.

Response:

While the 2014-2018 IRM framework has been established, there has been no annual review of Union's non-commodity deferral account balances under this framework.

The establishment of the new Deferral Clearing Variance Account as part of the 2013 annual deferral account disposition proceeding will ensure that both Union and ratepayers are kept whole as it relates to the disposition of deferral account balances beginning with 2013 balances and continuing through the 2014-2018 IRM term.

Union's initial request for the Deferral Clearing Variance Account was filed in April 2013 as part of its 2012 annual deferral account disposition proceeding. At the time of the 2014-2018 IRM settlement, Union's deferral account request was still outstanding. In the Board's Decision in the 2012 deferral account disposition proceeding in March 2014, the Board did not approve Union's request for the Deferral Clearing Variance Account. Accordingly, Union filed a subsequent request for the establishment of the new deferral account at its next available opportunity; as part of its 2013 deferral account disposition application filed on May 2, 2014.

UNION GAS LIMITED

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

Reference: Exhibit A, Tab 3, pages 7-8

The evidence states that the proposal to dispose of the net 2013 deferral account balances to the general service customers over 6 months is contingent on Board approval of the proposed Deferral Clearing Variance Account. What is Union's proposal related to the deferral of the account balances to the general service customers if the Board does not approve the proposed Deferral Clearing Variance Account?

Response:

As described at Exhibit A, Tab 1, pages 43-49, Union considered three alternatives to minimize or eliminate the risk of gains or losses to ratepayers and Union as a result of volume variances associated with the disposition of deferral account balances. The three alternatives were: i) implement a one-time adjustment for general service rate classes, (ii) implement a rolling price adjustment or (iii) establish a new deferral clearing variance account. While each alternative was feasible, Union is proposing the deferral clearing variance account as it reduces risk to both ratepayers and Union when disposing of deferral account balances, is administratively simple and there are no incremental costs associated with establishing a new deferral account.

Should the Board reject Union's proposal for a Deferral Clearing Variance Account, Union believes that next best alternative would be to implement a rolling price adjustment. The implementation of a rolling price adjustment would be consistent with Union's QRAM process, however, this would add administrative burden and complexity to Union's deferral disposition process.

UNION GAS LIMITED

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition ("VECC")

Reference: Exhibit A, Tab 1, page 1

Preamble: The referenced page states:

The net balance in the above deferral accounts together with the Federal and Provincial Tax Changes result in a $21.922 million credit to ratepayers. This total includes balances as at December 31, 2013 plus winter 2013/2014 spot gas price variances related to Union South bundled direct purchase ("DP") load balancing, as referenced in Union's April 1, Quarterly Rate Adjustment Mechanism ("QRAM") (EB-2014-0050).

a) Please provide a list of 2013 deferral/variance accounts and balances that Union is not seeking to clear in this proceeding.

b) In this proceeding, is Union seeking approval of any balances or allocations in any deferral accounts for which it is not seeking disposal in this proceeding?

Response:

a) Union is not proposing to dispose of the balances in the DSM deferral accounts in this proceeding, as described at Exhibit A, Tab 1, page 30. The balances in Account Nos. 179-75, 179-111 and 179-126 will be calculated after audited DSM results are available and will be filed in a separate proceeding later this year.

b) Yes. Union is seeking approval of the $4.729 million of spot gas purchases related to UFG price variances and of the proposal to continue to recover these costs from Union South sales service customers in the next QRAM proceeding, after the Board's Decision in this proceeding. Union does not intend to dispose of this balance as part of this proceeding.

UNION GAS LIMITED

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition ("VECC")

Reference: Exhibit A, Tab 1, General

a) Is Union proposing to change the methodology by which it calculates, allocates, or disposes of any deferral/variance account(s) balances in this proceeding that diverge from its previously approved methodologies used to calculate, allocate, or dispose of these balances? If so, please provide a list of all such deviations.

Response:

No, Union is not proposing to change the methodologies by which it calculates, allocates or disposes of deferral account balances from the methodologies previously approved by the Board.

UNION GAS LIMITED

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition ("VECC")

Reference: Exhibit A, Tab 1, pages 9 and 10

Preamble: The referenced pages state:

The variance between the actual cost of gas purchased for company use (compressor fuel and UFG) and the Ontario Landed Reference price used to set rates for planned purchases is recorded in the South purchase gas variance account (SPGVA) and disposed of quarterly through adjustments to gas supply commodity rates. This has resulted in a benefit to Union South sales service customers over the past six years on average of $5.5 million per year. [Emphasis added.]

a) Would it be fair to characterize this "benefit" as a true-up to actual costs incurred?

Response:

a) Yes, it is fair to characterize this as a true-up to actual costs incurred for the price variance.

UNION GAS LIMITED

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition ("VECC")

Reference: Exhibit A, Tab 1, page 45

Preamble: The referenced page states:

During the 2011 Deferral Disposition proceeding (EB-2012-0087) Union was asked to revisit the need for a true-up mechanism by updating the information supplied in the 2009 Deferral Disposition proceeding to include the years 2008 and 2009. The investigation found that the average impact from 2005 to 2009 of not truing-up the disposition of deferral account balances was approximately $0.003 million per year. Consistent with its response during the 2009 proceeding, Union determined that no true-up mechanism was required. Union did not propose a deferral account to capture the variances resulting from disposition, as the OEB's expectation at the time was for a reduction in the number of deferral accounts unless a material matter needed to be addressed

In 2013, Union determined that due to variances from forecasted volumes, $1.3 million had been refunded to ratepayers in excess of the final deferral balances approved for disposition in EB-2011-0038 (2010 Deferrals Proceeding), and $5.3 million in EB-2012- 0087 (2011 Deferrals Proceeding).

a) Please provide the comparable excess/deficit recovered from ratepayers for 2012 deferral/variance account balances.

Response:

This amount is not available, as the Board-approved disposition period for 2012 deferral/variance account balances is July 1, 2014 to December 31, 2014.