EB-2014-0154

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B);

**AND IN THE MATTER OF** a hearing of the Ontario Energy Board on its own motion in order to determine the Application by Union Gas Limited for an order or orders approving a one-time exemption from Union Gas Limited's approved rate schedules to reduce certain penalty charges applied to direct purchase customers who did not meet their contractual obligations;

Evidence of the Intervenor – Natural Resource Gas Limited ("NRG")

(Prepared and Filed pursuant to Procedural Order No. 3)

**AFFIDAVIT OF BRIAN LIPPOLD**
**(Sworn August 7, 2014)**

I, Brian Lippold, of the City of London, MAKE OATH AND SAY AS FOLLOWS:

1. I am the General Manager for NRG and was involved in the issues and gas purchases of NRG to meet its Winter Checkpoint Quantity under its contract with Union Gas Limited ("Union") leading up to February 28, 2014.

2. NRG is an Ontario corporation that carries on the business of distributing and selling natural gas in the southern Ontario. NRG is regulated by the Ontario Energy Board (the "Board") under the Ontario Energy Board Act (the "Act").

3. NRG is a customer of Union. NRG receives gas from Union pursuant to a southern bundled T contract, the terms and conditions of which are attached to NRG's evidence filed with its Request to Intervene (subject to Schedule 2, which Union attached to its evidence, being Answers to Interrogatories by Union from NRG, filed as Exhibit B.NRG.15, Attachment 1.

4. NRG adopts all the evidence filed with its Request to Intervene dated May 21, 2014. The evidence filed is true.

5. Union first made this Application by letter dated April 3, 2014. In that letter, M. Richard Birmingham, CPA, CA, Vice President, Regulatory, Lands and Public Affairs, writing on behalf of Union, requested that the Board change the penalty provision in its contracts affecting NRG and other customers be reduced from \$78.73/GJ to \$50.50/GJ. Mr. Birmingham, on behalf of

Union, stated that it was prepared to make the change in the penalty charge "...in recognition of the exceptional weather conditions in 2014..."

6. On behalf of NRG, as its general manager, involved in the purchasing of gas in February 2014, I accept Union's characterization that the weather conditions for the five-month winter period of November 2013 to March 2014 was the coldest in Union's records for Union South. In Exhibit B.NRG.1, in answer to an interrogatory from NRG, Union filed a chart indicating that the 2013/2014 five-month winter period had more cold days below 18 Centigrade than any other year from 1970 forward.

7. The extreme cold weather conditions in the winter period of November 2013 to February 2014 were the subject of an article and a separate editorial written in the Financial Times on Thursday, June 26. Referring to North America as a whole, and the U.S. economy in particular, the article noted that the U.S. economy suffered serious economic damage due to, inter alia, the "country's worst winters on record". It was reported that the extreme winter conditions helped "push first-quarter domestic product figures down an annualized three percentage points more than estimated". The article quotes Paul Dales, Senior U.S. Economist at Capital Economics in London, England, saying: "...the larger contraction in GDP [USA] in the first quarter is not a sign that the U.S. is suffering from a fundamental slow-down, it is largely due to extreme weather". The article further stated as follows: "The first-quarter figures confirm the previous picture of a terrible winter, as arctic conditions closed factories, shut transportation units, kept customers away from the shops and deterred homebuyers. There was also a huge run-down in inventories which knocked 1.7 percentage points off growth." In an editorial in the same newspaper and on the same day, an editorial writer, James MacKintosh, opined that "The U.S. economy shrank far more in the first-quarter than anyone imagined, dropping 2.9% on an annualized basis according to the latest revision yesterday. As this plunge took place in a single quarter, it does not meet the standard definition of a recession, which requires two quarterly successive drops."

8. Based on my experience, Union's own statements and the article and editorial referred to above, it is my evidence that North America generally, and southern Ontario in particular, endured the coldest and most damaging extreme winter weather conditions from November 2013 to February 2014 on record.

9. I give my evidence on behalf of NRG, mindful of the universally accepted position that the extreme cold weather was not predictable and that Union on its own initiative has sought a reduction in the penalty clause amount for failure to deliver the required winter checkpoint quantity of gas for the bundled T customers and other relevant users of Union. Union proposes a reduction to $50.50/GJ. The only standard and issue in this Hearing is what is the reasonable penalty amount to be charged in the circumstances.

10. Based on the wholly unpredictable and unpredicted weather conditions extant during the November 2013 to March 2014 winter period in southern Ontario, the Board should consider the impact on consumers and customers of Union..

11. The impact on the public consumer in the Province of Ontario is paramount. NRG is a utility which supplies natural gas to 7,800 residential consumers and several industrial

consumers in a predominantly rural and small town area of the province. The reasonable penalty rate per GJ should be as small as possible, related to historic norms and/or sufficient to pay Union's cost of gas.. Based on the historical norms hereinafter set out in paragraphs 13, and 15, the penalty rate for NRG should be in the range $4.87/GJ to $7.31/GJ.

12. NRG recognizes that this is a one-time event and a one-time relief from the penalty rate presently fixed by the Board. NRG does not wish to challenge the Board's decision fixing the penalty rate, but seeks relief to fix a reasonable penalty rate in all of the circumstances. It is driven by the fact that the extreme cold weather was a wholly-unpredictable, one-time cold weather event which led to a previously unseen and unimaginable spot price for gas of $78.73/GJ.

13. This $78.73/GJ spot market gas cost contrasts with February penalty rates (based on the spot market gas cost extant in 2014) for the years 2006 to 2013 based on the greater of the daily spot cost at Dawn in the month and the Ontario Landed Reference Price ("Ref Price") for the month, penalty rates were $12.45, $9.33, $9.87, $9.32, $6.81, $5.37, $5.39, $5.57, respectively. In the same years (2006 to 2013), the total billed charges for all customers were approximately $78,000 (7 customers), $157,000 (5 customers), $513,000 (16 customers), $887,000 (25 customers), $116,000 (9 customers), $85,000 (7 customers), $58,000 (8 customers), $128,000 (8 customers), respectively. The total billed charges for 2014 $4,400,000 (11 customers).

14. From the above figures, the average amount paid per customer for penalty charges for the eight years prior to 2014 for the February checkpoint shortfall was approximately $23,800 per customer. The average penalty charge per customer in 2014 was approximately $400,000. This is a multiple of more than 21. Although this takes into account the difference in the Natural Gas market price, it still highlights the significant difference in the penalties currently being charged, compared to prior years.

15. These figures are taken from Union's Table 1 found at Exhibit B.NRG.12.

16. Union itself recognizes that $78.73 is not reasonable in these circumstances. With little explanation, Union has requested a reduction to $50.50. On the historical spot gas price evidence above, $50.50/GJ is not a reasonable penalty rate in the extreme circumstances experienced in November 2013 to March 2014. The historical norms are a market-based substitute for fixing a reasonable spot price for natural gas in the circumstances.

17. Because of the emergency conditions in Ontario, the reasonable analysis should begin with the historical norms and/or with Union's own cost of spot gas for February delivery, namely, $7.31/GJ (actual average cost of spot gas purchased by Union for February delivery). If you look at the years 2006 to 2013 the penalty rate in 7 of those years equalled the Ref price and in only 1 of those years did it exceed this price by $1.69/GJ. So based on historical data a reasonable penalty rate would be in the range from the Ref Price ($4.87/GJ) to the Ref Price plus $1.69/GJ ($6.56/GJ) and in these circumstances we would add to that the actual average cost of spot gas ($7.31/GJ) for February delivery (no storage).

18. It is on this basis that the penalty rate should be fixed for this one-time set of exceptional circumstances at a range of $4.87 to $7.31/GJ.

19. While it does not bear directly upon the penalty rate that the Board may consider appropriate for all relevant customers, the individual actions of customers may bear some analysis in order to ensure the Board and the Ontario public that the customers in question who failed to supply all of their required Winter Checkpoint Quantity (in particular NRG for my evidence) did not simply ignore their obligations and thereby stand accused of ignoring the penalty rate fixed by the Board and their bundled T service contract obligations.

20. In this regard, NRG adopts the evidence and explanation put forward in its evidence filed with its Notice of Intervention.

21. As is set out in that evidence and as is apparent from the letters exchanged between NRG and Union in February 2014, NRG recognized its difficulty in purchasing natural gas to meet its Winter Checkpoint Quantity, first for a reasonable price, and then at all. NRG sought Union's assistance. While Union was polite, it gave NRG no meaningful assistance in purchasing natural gas to meet its Winter Checkpoint Quantity and refused (at that time) to grant NRG any relief from the penalty rate. Any suggestions for gas purchases made by Union did not lead to the ability of NRG to purchase sufficient natural gas to meet its Winter Checkpoint Quantity (see Exhibit B.NRG.17, attachments 1 and 2).

22. NRG acted reasonably and in the public interest, having regard to the needs of its own customers and having regard to the emergency conditions that were extant during the winter season of November 2013 to March 2014. NRG did buy a substantial amount of gas at very high market rates and delivered that gas prior to February 28, 2014 in an attempt to meet all of its Winter Checkpoint Quantity. NRG could not purchase sufficient gas such that it could be delivered by February 28, 2014. The price for spot gas fell from as high as $78.73 on February 28, 2014 to a low of approximately $17.00/GJ on the next trading day, namely March 3, 2014. Within the first week of March, the market prices dropped considerably and began to stabilize. On March 10, 2014 the trading value for gas at Dawn ranged from approximately $7.50 to $11.50/GJ (CAD). Pricing continued to fall and further stabilize in the weeks following. NRG acted reasonably in withholding its purchases during February 2014 with the reasonable expectation that prices would return to normal values prior to February 28, 2014. The exceptional conditions conspired against that reasonable expectation. The fact that price dropped substantially on the next trading day after February 28, 2014 indicates that NRG was acting reasonably.

23. It is my evidence that NRG did everything reasonably possible to meet its contractual obligations to provide the Winter Checkpoint Quantity and did nothing unreasonable in the circumstances in failing to meet 25,000 GJ of its outstanding 115,000 GJ obligation. NRG should therefore be entitled to a reduction in the penalty rate for February 28, 2014 to a reasonable price based on the historic norms indicated above for the price of gas or, in the alternative, Union's actual out-of-pocket costs.

24. NRG should not be penalized for any breach of contract or unwillingness to meet its contractual obligations or abide by prior Board Orders. NRG and its management team were diligent and watched market conditions and pricing daily. NRG also purchased gas monthly without exception. Although NRG was fully aware of the flow through cost recovery model, it was always acting to protect its customers by choosing to look for the lowest possible price

available in February in keeping with past experience. By asking Union to grant a modest, short-term deadline extension into March, NRG was confident that even that small window of time would be enough to alleviate pricing pressures and bring the spot price down to historic levels.

25. When NRG was advised by Union that there was no assistance for NRG, they were forced to purchase gas at existing spot rates. NRG was able to purchase, in six transactions, the majority of its shortfall from Shell Energy at an average price of $26.81/GJ.

26. On the days of February 26-28, NRG Managers spent their time focussed on purchasing gas in quantities sufficient to meet its' contractual requirements. NRG contacted secondary suppliers such as GoEnergy and Blackstone in attempts to purchase the remaining gas to satisfy the requirement. In addition, NRG invited match-making assistance from Union whereby Union supplied a potential contact for an in-franchise gas purchase. In spite of pursuing all avenues, NRG was unable to purchase ample gas required to completely meet its contractual obligations. NRG was advised that any further purchases of gas could not be delivered to the Dawn Hub after February 28.

27. In all of the above circumstances, NRG acted reasonably by looking towards a market solution, asking Union for assistance and being responsible to its customers in carrying out its Natural Gas purchase and delivery obligations. NRG should therefore be charged only a reasonable penalty amount, having regard to historic norms as set out above in paragraphs 13, 14 and 15 and/or Union's actual out-of-pocket costs for gas held in storage, being $4.87/GJ to $7.31/GJ.

28. Union has a unique asset in its storage capacity. Union made a presentation to a stakeholder conference in October 2010 regarding the Dawn Hub and its storage facilities. Now produced and marked as Exhibit A to my evidence is a copy of Union's presentation of October 2010.

29. The Dawn storage facility was upgraded over the last several years. Union has stated that the Dawn storage was ample at capacity to supply gas to 1.9 million homes for the entire year. Attached as Exhibit B to my evidence is an indication of Union's storage capacity at Dawn.

30. The existence and availability of natural gas from storage should have been part of Union's answer to the emergency conditions on February 28, 2014. This fact supports the fixing of the historic norms set out above or the actual out-of-pocket costs of Union for gas held in storage as the reasonable penalty rate for February 28, 2014 payable by NRG.

| | | |
|---|---|---|
| **SWORN BEFORE ME** at the<br>City of St. Thomas, in the<br>Province of Ontario,<br>this 7th day of August, 2014. | )<br>)<br>)<br>) | |
| John Gundry, a Commissioner for taking Affidavits. | )<br>)<br>)<br>)<br>) | **Brian Lippold** |

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# 2010 Natural Gas Market Review

Stakeholder Conference

## Presentation by Union Gas

October 7-8, 2010

A Spectra Energy Company

This is Exhibit "A" referred to in the Affidavit of Brian Lippold sworn before me this 7th[th] day of August, 2014.

John Gundry, a Commissioner for Taking Affidavits.

# Agenda

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1. Principles for Effective Gas Markets in Ontario
2. ICF Market Report and Supporting Trends
3. Market Response to Changing Supply Dynamics
4. Looking Out – Next 5 Years

# Principles for Effective Gas Markets in Ontario

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Ontario will achieve a competitively priced, reliable gas market when there is:

1. A robust market hub with growing liquidity
2. No undue influence from any basin, route or company
3. A working market

**Liquidity at the Dawn Hub is essential for providing cost-effective gas supply to Ontario**

# How is Market Hub Liquidity Created

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- A hub is a physical location, supported by extensive infrastructure where many natural gas buyers and sellers can easily transact.
- Characteristics include:
  i. Physical infrastructure at hub (storage and pipeline)
  ii. Physical/financial market for natural gas
  iii. Price transparency
  iv. Large number of potential buyers and sellers

**Strength in these characteristics = Liquidity**

# The Dawn Hub

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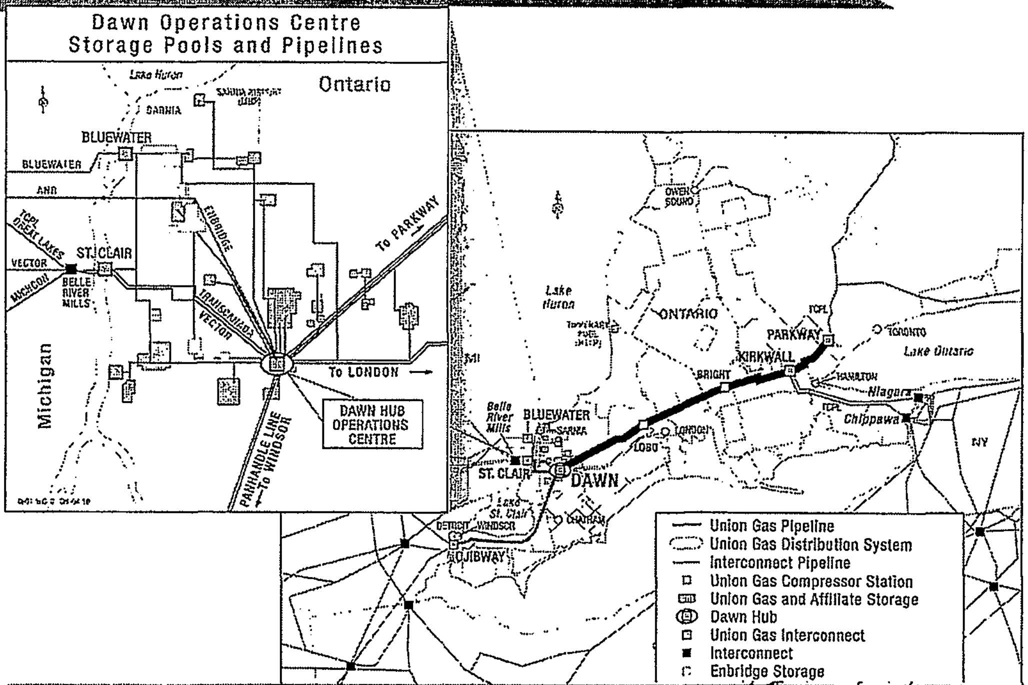


**The Dawn Hub is an important interconnect between many pipelines and storage facilities**

# Commercial Activity at Dawn

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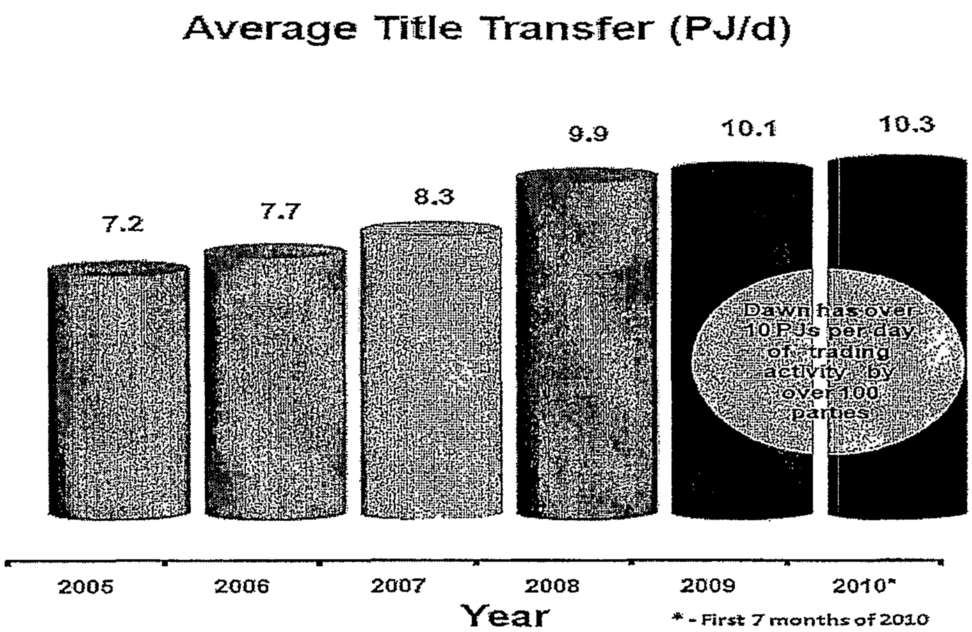


**Dawn trades at over 3 times its physical capacity per day**

# Benefits to Ontario of Dawn Liquidity

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- The Dawn Hub provides Ontario with cost-effective supply through:
  - Price discovery
  - Accurate market signals
  - Diversity of supply options
  - Balance of supply and demand
  - Security of supply with multiple supply sources

**Dawn liquidity allows for a competitive market in Ontario**

"The Board concludes that it is in the public interest to maintain and enhance the depth and liquidity of the market at the Dawn Hub as a means of facilitating competition. One way to do this is to encourage the development of innovative services and to ensure access to those services. Choice is the bedrock of competition."

EB-2005-0551, Pg 45.

**This NGEIR decision has led to a strong gas market and significant investment in Ontario**

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# ICF Market Report and Supporting Trends

# ICF Market Report and Supporting Trends

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- Union Gas agrees with the majority of the findings in the ICF report
- Key trends in Ontario supporting ICF report:
    - Declining volumes on TCPL (Great Lakes Gas Transmission) into Dawn
    - Increasing TCPL tolls
    - Empress volumes flowing east declining; Dawn volumes flowing east increasing
    - Increasing Marcellus supply
    - Declining Kirkwall/Niagara/Chippawa exports
- Union Gas further believes that:
    - Supply options are indeed available to North customers
    - Marcellus gas will move into Ontario in greater volumes and sooner

**Flow patterns are changing; Western Canada supply decline and emergence of Marcellus shale are primary drivers**

# Trends – Declining Supply on TCPL (Great Lakes) into Dawn

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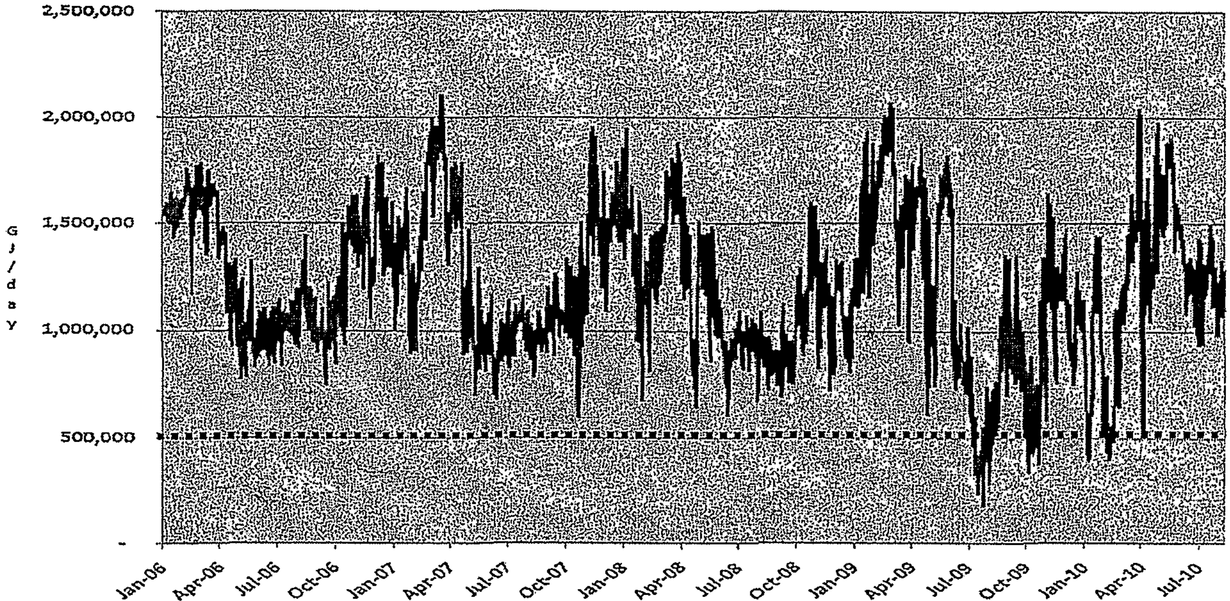


**Flows into Dawn off Great Lakes have declined below 500,000 GJ/day for the first time**

# Trend – Increasing TCPL Tolls

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- Declining flows on TCPL have lead to increasing tolls. Over the last 24 months tolls from Empress to Parkway (Union CDA) have increased from $1.03/GJ to $1.64/GJ (59% increase)

- For 2011, continued contract reductions will result in further escalation in tolls under the current rate setting methodology.

**WCSB supply shipped on TCPL to Ontario is now Union's most expensive supply option**

# Trend - Empress vs Dawn Flows

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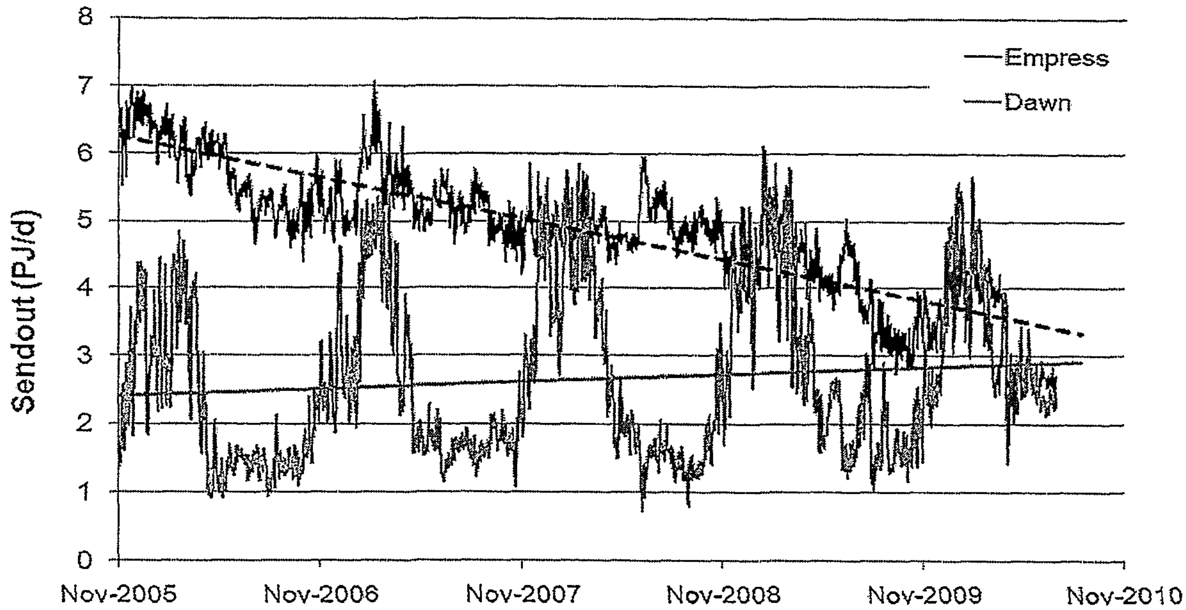


**Exports have decreased from Western Canada to the East while Dawn exports have increased**

# Trend – Rapid Growth in Marcellus

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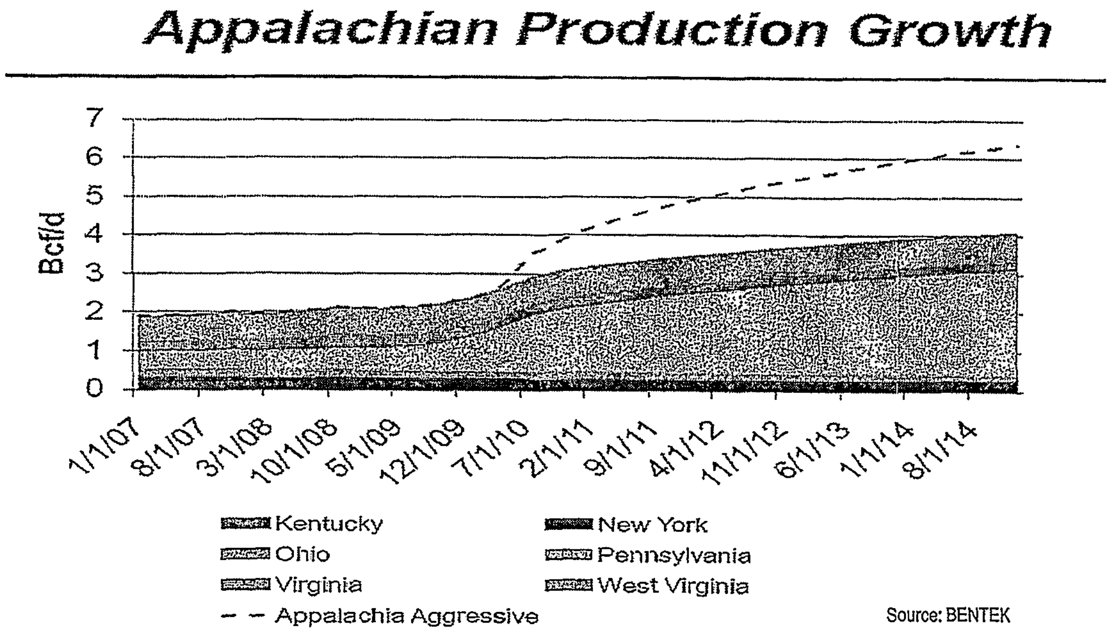


**Marcellus Shale will continue to grow and will be an important source for Ontario supply going forward**

# Trend – Declining Flows at Kirkwall

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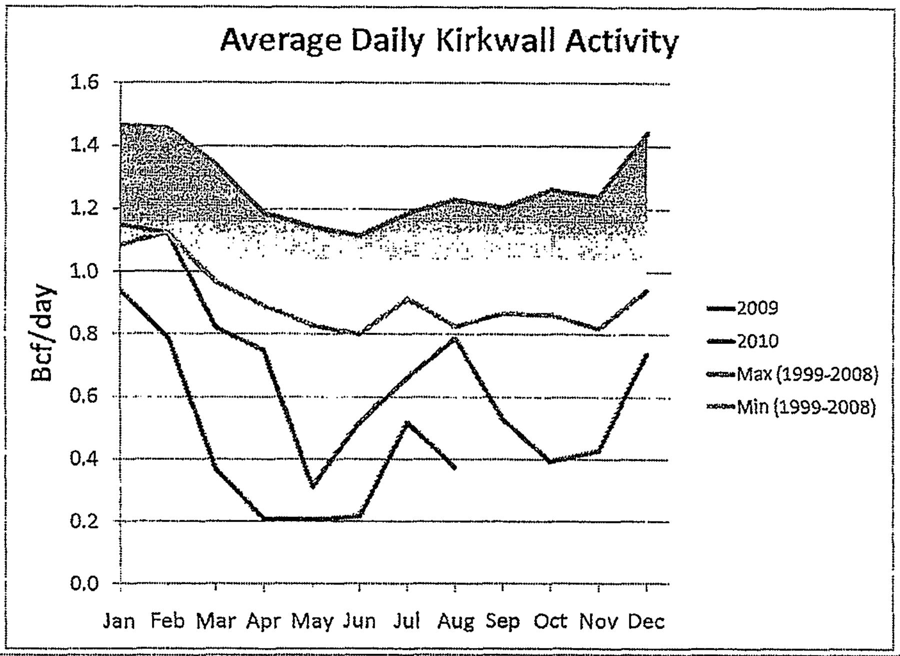


**The US Northeast is relying less on easterly flows on the Dawn-Trafalgar system.**

# Trend - De-Contracting Risk of Dawn to Kirkwall (TCPL)

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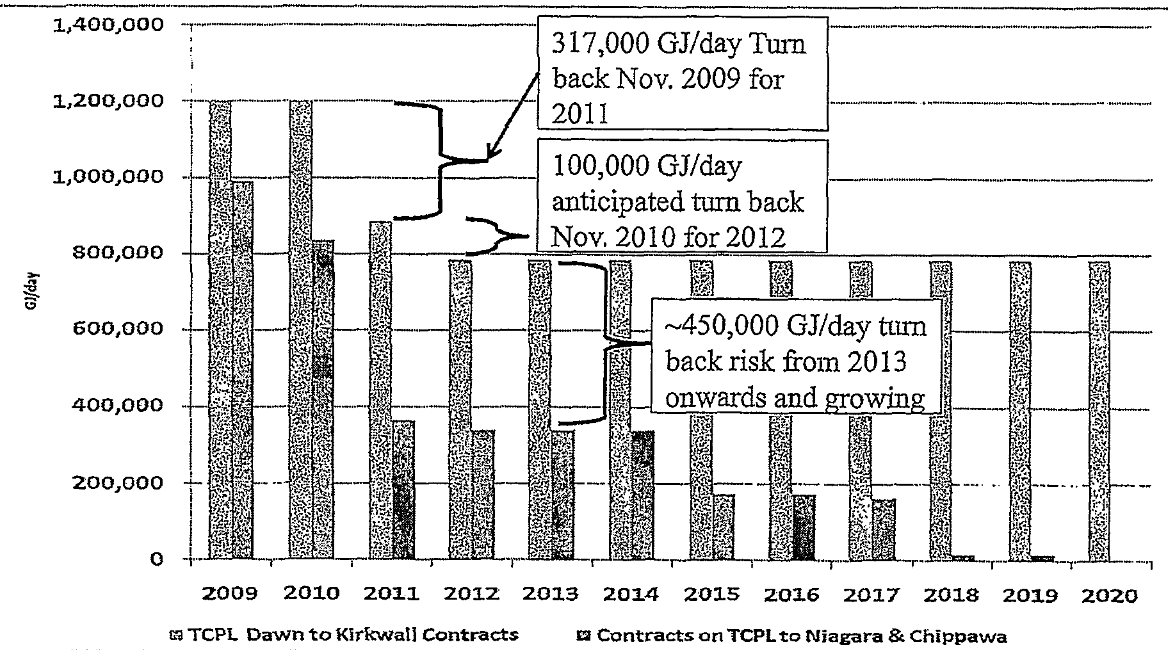


**With the emergence of Marcellus supply, TCPL's need for Dawn – Kirkwall capacity for exports Is diminishing. Dawn –Trafalgar asset must be re-purposed.**

# Market Response

A number of projects and services have been proposed/developed to support the changing natural gas demand and supply in the Great Lakes/U.S. Northeast region.

# Market Response

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1. Dawn Gateway Pipeline Project
2. Reversal of Dawn – Exports into Great Lakes Gas Transmission
3. Reversal of Kirkwall and Marcellus projects to supply Ontario
4. TCPL Mainline Competitiveness Initiative
5. System Supply – Supplying the North Differently and Sourcing Marcellus

***Still required...*** Expansion of Parkway to Maple

**The market is responding with competitive options**

# Dawn Gateway Pipeline Project

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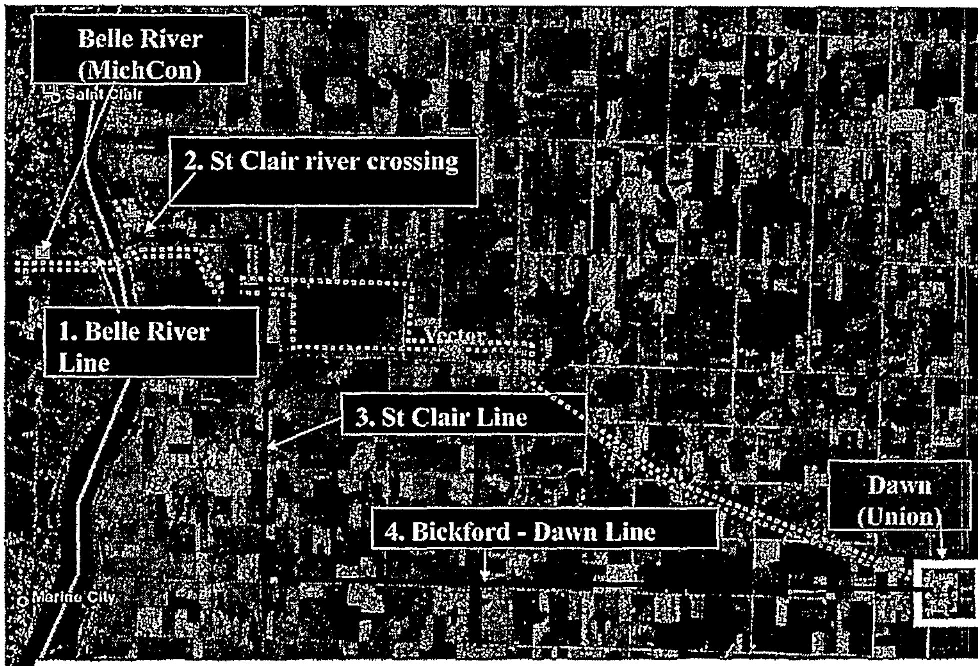


Update

- Gateway links Gulf Coast shale gas, Rockies gas and Michigan storage to Dawn (using other upstream pipelines)
- Working with market to see if interest exists for new open season
- Decision in Nov 2010 for 2011 construction

**Dawn Gateway is an important link to emerging supply basins and upstream storage and will support gas moving to Ontario**

# Reversal of Dawn into TCPL (Great Lakes)

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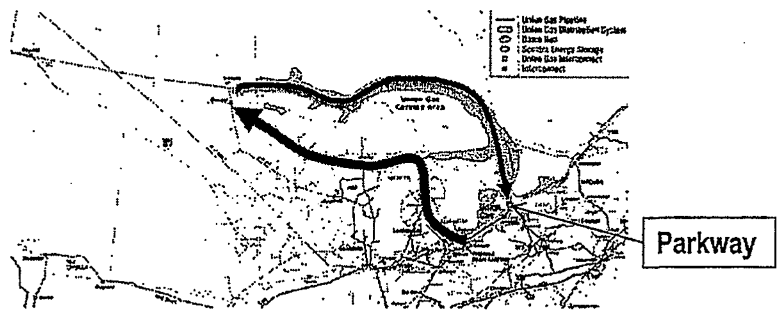
**New service (Dawn-to-Dawn (TCPL)) added to allow reverse flow west out of Dawn into TCPL (Great Lakes)**

- As long haul flows declined on TCPL, TCPL required this new service in order to physically move gas "around the horn" to meet its short haul obligations at Parkway and points east.
- Gas flows approximately 3800 km "around the horn" rather than 250 km Dawn to Parkway.
- Although moving gas back to Manitoba and forward again to Parkway is inefficient, it is necessary until Parkway to Maple is expanded so that gas can then simply move from Parkway to Maple directly




**A "stop-gap" service has been added. A required permanent solution is a Parkway to Maple expansion**

# Marcellus Imports

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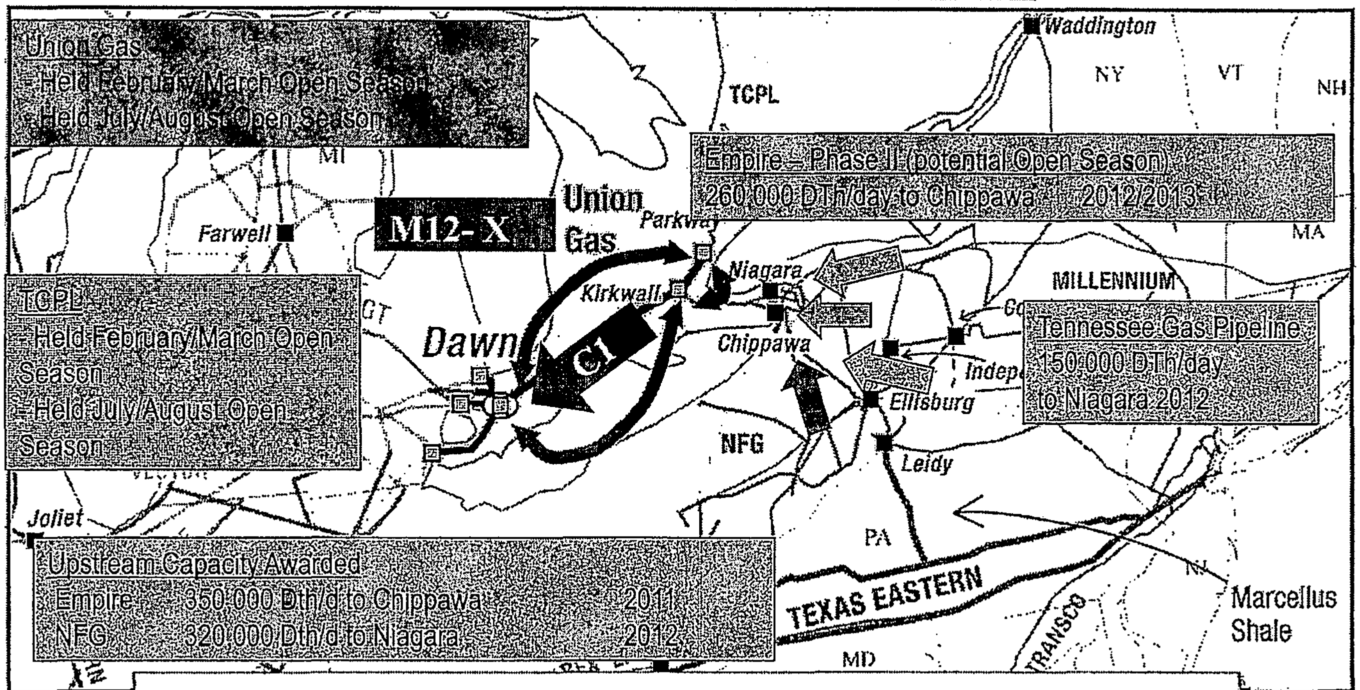


**Interconnecting pipelines are working together to bring Marcellus Supply to Ontario**

# TCPL Mainline Competitive Initiative

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- TCPL has engaged the industry through their Tolls Task Force to evaluate changes to the TCPL framework to bring lower stabilized tolls

- Union supports the initiative, assuming:
  - Short haul tolls are kept as low as possible and not compromised by shifting long haul costs to short haul paths. Dawn will only stay relevant if volumes can be shipped within Ontario and to east markets competitively (otherwise other paths will emerge and bypass Ontario)
  - Expanding capacity between Parkway and Maple is a priority

**Competitive short haul tolls and a Parkway to Maple expansion is essential to the Ontario market**

# Changes to System Supply

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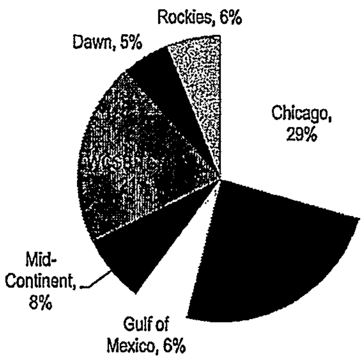
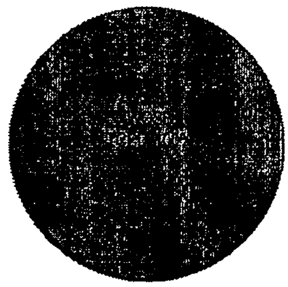
**Current South Portfolio**




TCPL long haul lands 93¢/gj (20%) more expensive than Dawn supply

**Current North Portfolio**



**Future:**

1. **Union Gas is actively working to bring supply diversity to the North by 2013**
   - Requires new services to allow "backhaul" and peaking service from Parkway to the north
   - Participated in TCPL open season for service from Parkway to the EDA and the NDA
2. **Union Gas participated in TCPL open season to allow Marcellus supply (through Niagara) into the north and south supply mix for 2012**
3. **Should consider a Dawn reference price for Ontario LDCs as supplies change**

**Greater supply diversity will be available for Ontario**

# Urgent Need to Expand Parkway to Maple

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**Purpose**

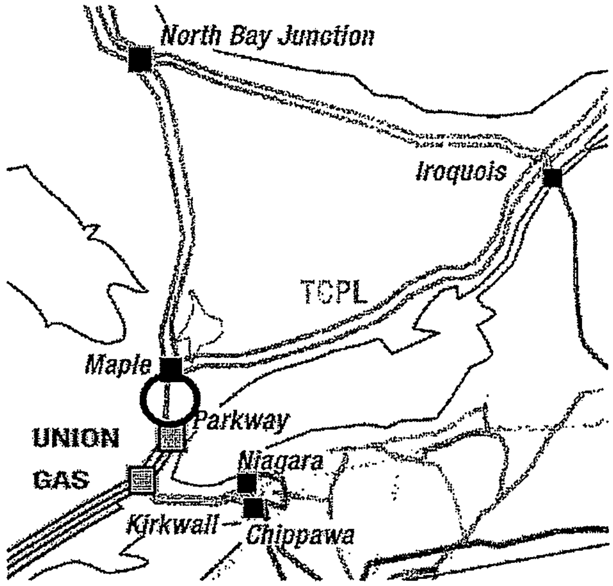
- To relieve capacity constraint between Parkway and Maple. Current pipe is a 36" single line built in 1958 that is at capacity

**Project Requirements**

- Expand and/or build Parkway to Maple
- Incremental volume –1,000,000 GJ/d
- In-service 2013 or sooner

**Benefits**

- **Supports liquidity and growth at Dawn**
- Provides increased security of supply for Ontario
- Provides greater diversity of supply for Ontario
- Allows Dawn-Trafalgar system to be re-purposed from Kirkwall exports to Parkway exports




**Bottleneck from Parkway to Maple is limiting the movement of supply into and around Ontario**

# Looking Out – Next 5 Years

# Looking Out – Next 5 Years

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In Union's view it is essential for Ontario to preserve and grow the liquidity at Dawn in order to maintain cost effective supply for consumers

## How?

- Expand capacity between Parkway and Maple to support increased supply diversity for all of Ontario, and increased security of supply for customers downstream of Parkway
- Continue to let the market work and adapt
- Continue timely regulatory approval for new services and facilities (like Dawn-to-Dawn (TCPL))
- Continue to support alternative forms of regulation (like NEB Group 2).
- Support (by the Ministry and OEB) the growth of Dawn and Dawn liquidity and the growth of incremental supply paths to Ontario

**Dawn liquidity is essential in providing cost effective gas to Ontario**

# Appendix

# Need for Parkway to Maple Expansion

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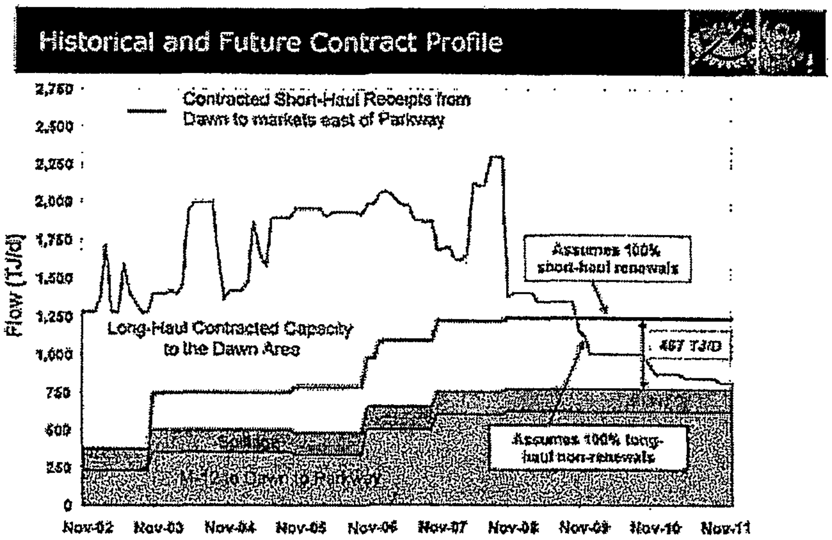
**TCPL Obligations vs Capacity for Dawn to Points East:**

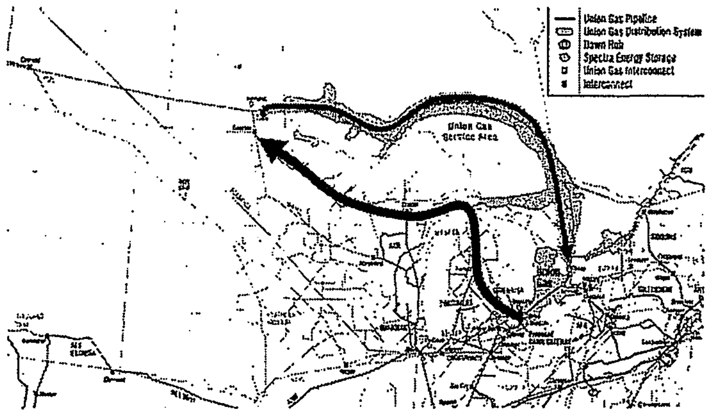



- TCPL has historically contracted with shippers to move gas from Dawn to points east
- Since 2003 these contracts have been of greater volume than TCPL's ability to serve physically through the Dawn-Parkway system (red line on graph)

**Since 2003 TCPL's Dawn to Parkway (and points east) obligations exceeded its physical contracted capacity**

# How does "Around the Horn" work

- Customer A - has gas at Dawn, and they nominate to TCPL to have the gas moved to Parkway tomorrow
- Customer B - has gas at Empress (Alberta) and nominates to have the gas delivered to Dawn tomorrow
- TCPL would flow gas for Customer B from Empress to Emerson and "divert" the gas to Parkway. At Parkway, TCPL will deliver Customer B's gas to Customer A, to satisfy Customer A's nomination




- At Dawn, TCPL gives Customer B, Customer A's gas to fulfil Customer B's nomination
- This works well provided Customer B's gas is equal to or larger than Customer A's gas in quantity
- If it is not, TCPL would need to physically move some or all of Customer A's gas "around the horn"

**Moving gas around the horn undermines the efficient movement of gas around and through Ontario**

## Cheryl-Anne Robinson

**From:** John A. Campion
**Subject:** FW: More info re: Union Gas

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**From:** Brian Lippold [mailto:brian@nrgas.on.ca]
**Sent:** March-05-14 11:43 AM
**To:** Hutton, Robert E.; John A. Campion; Laurie O'Meara; ahguk@aol.com
**Subject:** RE: More info re: Union Gas

| Segment | Capacity (GJ) | Scheduled Capacity (GJ) | Available Capacity (GJ) |
|---|---|---|---|
| DAWN TO PARKWAY | 4,630,000 | 2,979,786 | 1,650,214 |
| PARKWAY TO DAWN | 1,940,000 | 0 | 1,940,000 |
| DAWN TO KIRKWALL | 540,000 | 0 | 540,000 |
| KIRKWALL TO DAWN | 540,000 | 0 | 540,000 |
| PARKWAY TO KIRKWALL | 540,000 | 0 | 540,000 |
| KIRKWALL TO PARKWAY | 540,000 | 248,275 | 291,725 |
| DAWN TO OJIBWAY | 152,000 | 0 | 152,000 |
| OJIBWAY TO DAWN | 152,000 | 141,400 | 10,600 |
| DAWN TO BLUEWATER | 133,000 | 0 | 133,000 |
| BLUEWATER TO DAWN | 133,000 | 64,377 | 68,623 |
| DAWN TO ST CLAIR | 340,000 | 0 | 340,000 |
| ST CLAIR TO DAWN | 340,000 | 221,562 | 118,438 |
| DAWN TO DAWN-VECTOR | 91,000 | 0 | 91,000 |
| DAWN TO DAWN-TCPL | 500,000 | 0 | 500,000 |
| DAWN TO AIRPORT STORAGE | 109,000 | 0 | 109,000 |
| AIRPORT STORAGE TO DAWN | 109,000 | 0 | 109,000 |
| DAWN TO TIPPERARY | 51,000 | 0 | 51,000 |
| TIPPERARY TO DAWN | 51,000 | 2,301 | 48,699 |
| DAWN TO ST CLAIR STORAGE | 91,000 | 0 | 91,000 |
| ST CLAIR STORAGE TO DAWN | 91,000 | 0 | 91,000 |
| DAWN TO CHATHAM STORAGE | 27,000 | 11,499 | 15,501 |
| | | | 27,000 |

This is Exhibit "B" referred to in the Affidavit of Brian Lippold sworn before me this 7th day of August, 2014.

John Gundry, a Commissioner for Taking Affidavits.

EB-2014-0154

**IN THE MATTER OF** *the Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B);

**AND IN THE MATTER OF** a hearing of the Ontario Energy Board on its own motion in order to determine the Application by Union Gas Limited for an order or orders approving a one-time exemption from Union Gas Limited's approved rate schedules to reduce certain penalty charges applied to direct purchase customers who did not meet their contractual obligations.

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**ONTARIO ENERGY BOARD**

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**AFFIDAVIT of BRIAN LIPPOLD**

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**FASKEN MARTINEAU DuMOULIN LLP**
333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto, Ontario M5H 2T6

**John A. Campion**

Tel: 416.865.4357
Fax: 416 364.7813
Email: jcampion@fasken.com

**Counsel to National Resource Gas Ltd.**