

September 8, 2014

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**RE: EB-2014-0145 - Union Gas Limited –Undertaking Responses**

Please find attached Union's response to Undertakings J2.2 - J2.6 in the above captioned proceeding.

Yours truly,

*[original signed by]*

Karen Hockin  
Manager, Regulatory Initiatives

Cc: EB-2014-0145 Intervenors  
Crawford Smith, Torys  
Mark Kitchen, Union

UNION GAS LIMITED

Undertaking of Mr. Shorts

To Mr. Quinn

To provide an estimated breakdown of the quantity of projected under-forecast for February and the amount of expected under-forecast for March, on a best-efforts basis.

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The actual variance for Union South Bundled Direct Purchase customers at March 31, 2014 was 0.8 PJ. This variance was driven by February weather variances greater than forecast weather included in the checkpoint action for Union determined customers of 0.34 PJ. The remainder of the variance was attributable to consumption and weather variances in March for both Union determined and Customer determined direct purchase customers.

UNION GAS LIMITED

Undertaking of Mr. Shorts  
To Mr. Quinn

To provide a number of the value for March 1<sup>st</sup>.

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The value at March 1 for sales service and bundled direct purchase customers is 13.2 PJ, as provided at Exhibit K2.1.

UNION GAS LIMITED

Undertaking of Mr. Shorts  
To Mr. Quinn

CGPR gas prices at Dawn March 28 and at Dawn in June to calculate the cost of a gas loan to a customer.

Union's cost for load balancing gas for Union South Bundled DP is \$1.325 as shown in column (a) on line 4 in the table below, based on the average summer price that Union filed of \$4.676/GJ. As requested, the forecast June price at March 28, 2014 was \$4.94 Cdn/GJ. The table below provides a comparison of the June forecast price compared to the average March price, as well as the high and low daily average price in March (column b-d). The average daily prices in March are provided in the graph below.

The cost of gas in March would have had to be less than \$6.00/GJ in order to incur a cost less than Union's load balancing cost if DP customers were to bring in their own gas as a loan / park in the month of March. There were 5 days in March where the settle price was less than \$6.00 Cdn/GJ. Based on the June price of \$4.94 Cdn/GJ, the price of the gas would have had to be less than \$6.26 Cdn/GJ to incur a cost less than Union's load balancing costs. There were 8 days in March where the average price was less than \$6.26/GJ. Note: This analysis does not contemplate any fees that would be charged for a loan/park by the supplier.

Table 1

Line No.	Cdn \$/GJ	Union's Average Spot Gas Purchase (a)	March Average Price (4) (b)	March High Daily Average (c)	March Low Daily Average (d)
1	March Cost	\$ 7.120	\$ 11.818	\$43.754	\$ 5.290
2	Summer price	\$ 4.676	\$ 4.940	\$ 4.940	\$ 4.940 (1) (2)
3	Differential	\$ 2.444	\$ 6.878	\$38.814	\$ 0.350
4	Union's Load Balancing Gas Cost	\$ 1.325	\$ 1.325	\$ 1.325	\$ 1.325 (3)
5	Difference		\$ 5.553	\$37.489	\$ (0.975)

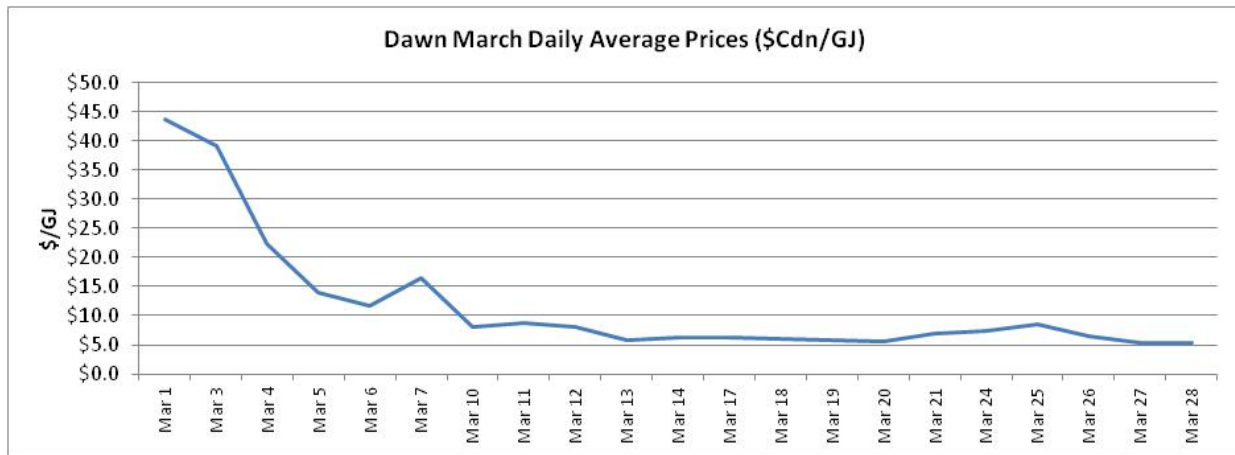
**Notes:**

(1) EB-2014-0145, Exhibit B.Staff.1, Table 1, Line 4.

(2) The June gas cost forecast on March 28th was \$4.94 Cdn/GJ.

(3) EB-2014-0145, Exhibit B.CME.1, Attachment 2, page 7 of 7 (\$1,954,000 divided by 1,474,543 = 1.325).

(4) Dawn Daily Average Prices as per Exhibit B.BOMA.18, reflected below for March, 2014.



UNION GAS LIMITED

Undertaking of Mr. Shorts  
To Mr. Quinn

To provide the incremental consumption of a five-heating-degree-day weather impact over a weekend.

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A five heating degree day variance between forecasted and actual weather has the impact of approximately 200,000 GJ of incremental in-franchise consumption on that day.

Over the course of a weekend that would translate to approximately 400,000 GJ of incremental in-franchise consumption assuming both days experienced a five heating degree day variance between forecasted and actual weather.

UNION GAS LIMITED

Undertaking of Ms. Elliott  
To Mr. Quinn

To provide the difference between \$50.50 and in the case of the spot gas deferral \$7.12.

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Please see the table below.

Table 1

Line No.	Particulars (\$)	
1	Proposal to reduce charge to \$50.50/\$52.04	5,964,041
2	Cost of gas at approved reference price \$4.868/GJ	561,780
3	Credit to gas cost variance account	5,402,261
4	Actual average cost of gas purchased \$7.12/GJ	821,669
5	Charge to customers in excess of average cost	5,142,372