

September 18, 2014

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

Dear Ms. Walli:

RE: EB-2014-0208 – Union Gas Limited – October 1, 2014 QRAM Application

Attached, please find Union's response to an Interrogatory from IGUA for the above-noted proceeding.

If you have any questions on this matter, please contact me at (519) 436-5476.

Yours truly,

[Original signed by]

Chris Ripley
Manager, Regulatory Applications

cc: EB-2013-0365/EB-2008-0106 Intervenors
Crawford Smith (Torys)

UNION GAS LIMITED

Answer to Interrogatory from
Industrial Gas Users Association ("IGUA")

Preamble:

At Tab 1/page 6 of its evidence herein, Union indicates the allocation of spot gas purchases among various system and direct purchase (DP) customer groups. Table 1 in this evidence suggests allocation of Union's "Integrity Inventory" (i.e. 0.6 Pj of gas in storage reserved for system integrity purposes) to cover, in part, consumption variances by system gas customers relative to the April, 2014 QRAM demand forecast. That is, Lines 1 and 2 of Table 1 in Union's evidence in this application appear to indicate that spot gas purchases for Union's system supply customers fell short of actual consumption variances by these customers by 0.6 Pj, which is the amount of overall consumption variance that Union managed with "Integrity Inventory" (line 8 on table 1).

While the disposition of the costs associated with the spot gas purchased for Union South Bundled DP customers is an issue in Union's 2013 Variance Account proceeding (EB-2014-145), rather than in this proceeding, that issue may be impacted by the apparent allocation of the entire 0.6 Pj of "Integrity Inventory" to system supply customers (resulting in a higher proportion of spot gas being allocated to consumption variances by DP customers).

In order to finalize IGUA's position on the relief claimed in this application, including in particular the amount of spot gas purchase costs to be recovered from system customers, we would appreciate Union's clarification of:

- a) Whether we are reading Table 1 correctly (as we have attempted to describe above).
- b) If so, the basis for allocation of the entire 0.6 Pj of "Integrity Inventory" for use to manage the winter 2014 consumption variances by system supply customers.

Response:

- a) Confirmed.
- b) Union purchased 30.2 PJ of spot gas to meet the requirements of both system and bundled DP on a planned basis. The spot gas was purchased based on actual and forecast variances as outlined in Appendix A of EB-2014-0050, Tab 1.

On an actual basis, 0.6 PJ of integrity inventory was used to meet the consumption requirements for sales service customers to March 31, thereby requiring sales service customers to replace that supply in the summer period.