

October 6, 2014

**VIA RESS AND COURIER**

Ms. Kirsten Walli  
**ONTARIO ENERGY BOARD**  
P.O. Box 2319, 27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Ian A. Mondrow**  
Direct: 416-369-4670  
ian.mondrow@gowlings.com

Assistant: Cathy Galler  
Direct: 416-369-4570  
cathy.galler@gowlings.com

**Re: EB-2014-0208: Union Gas Limited (Union) October 1, 2014 QRAM Application.**

**Further Discovery Regarding Use of Integrity Inventory.**

In its Decision and Interim Order herein dated September 25<sup>th</sup>, 2014 the Board directed further discovery regarding Union's use of integrity inventory in meeting variances from forecast demand by various groups of delivery customers (system supply, Union North DP and Union South DP). We have had the benefit of reviewing the further questions on this topic submitted by OEB Staff, and can thus limit IGUA's further discovery requests to the following:

1. *The evidence on this topic filed to date indicates that Union allocates the (summer price) replacement costs of integrity inventory to customer groups only to the extent that Union's forecasts, and associated spot purchases, are insufficient relative to consumption variances actually experienced as determined after the fact.*

*Please confirm that this is correct.*

2. *In the current instance, Union's position seems to be that because it over forecast consumption variances from and after February 28<sup>th</sup> through March 31<sup>st</sup> by South DP customers, and thus purchased more spot gas than was required to balance delivery and consumption by these customers, but under forecast consumption variances for the same period for Union system supply customers, and thus purchased less spot gas than was required to balance delivery on behalf of, and consumption by, these customers, it is appropriate to allocate the cost consequences of having had (in fact) to use storage integrity supplies to the system customers.*

*Please correct this synopsis if it has been misstated.*

3. *Please confirm that if Union had under forecast consumption variances from and after February 28<sup>th</sup> through March 31<sup>st</sup> by South DP customers, and thus had purchased less spot gas than was required to balance delivery and consumption by these customers, then Union would have allocated some portion of the cost consequences of actual utilization of integrity supply to South DP customers.*
4. *In the scenario outlined in question 3, above, and assuming that Union had also under forecast consumption variances in the same period for Union system sales customers as it did this past March, please describe the mechanism that would have been used to allocate the costs of the integrity supply that each customer group had used.*

Yours truly,



*for* Ian A. Mondrow

cc. Dr. Shahrzad Rahbar (IGUA)  
Valerie Young (Aegent)  
Chris Ripley (Union)  
Crawford Smith (Torys)  
Lawrie Gluck (OEB)  
Intervenors of Record (EB-2013-0365)

TOR\_LAW\ 8535637\2