

December 12, 2014

VIA RESS AND EMAIL

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2014-0012 Union Gas Limited ("Union") - Hagar Liquefaction Service

Northeast Midstream LP has reviewed the Argument in Chief ("Argument") submitted by Union in the above matter, and provides only the following comments:

1. Contrary to what is asserted in paragraph 6 of Union's Argument, nothing in section 2(2) of OR 161/99 (the "Regulation") indicates that it is a provision to be exercised at the discretion of the distributor. The Regulation clearly states that section 36 of the *Ontario Energy Board Act* does not apply in the circumstances set out in the Union Application. Union's proposed cost allocation would satisfy the conditions that Union argues are within its discretion. In effect, if discretion is to be exercised by the distributor under the Regulation, Union has done so by seeking the cost allocation it has applied for.
2. Union's position on the interruptibility of its proposed service set out in paragraphs 11 to 13 of its Argument is hard to reconcile with the uncontroverted evidence set out in Dr. Gaske's Reply Affidavit of November 6, 2014. In paragraph 4 of his affidavit, Dr. Gaske points out that 96.2% of Hagar's capacity would appear to be available for non-utility purposes.
3. On cost allocation, Northeast Midstream LP defers to the expertise of the Board. However, it would appear that, should the Board decide to forbear under section 29(1) fresh, new submissions on cost should be requested of Union in compliance with the Board's Affiliate Relationships Code for Gas Utilities.

Northeast Midstream LP is most appreciative of the attention which the Board and Staff have provided to it in ensuring that its position was fairly presented before the Board.

Yours very truly,


for: David E. Lederman
DEL/kw

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