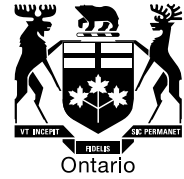


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BY EMAIL

June 15, 2015

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited
July 2015 QRAM Application
Board File No. EB-2015-0187**

I am writing on behalf of OEB staff in regard to the above noted QRAM matter. OEB staff has the following questions.

Question 1

Ref: Tab 1 / pp. 5-7

Preamble:

Union purchased 20.2 PJ of incremental spot gas to meet actual demands above forecast for the period November 1, 2014 to January 31, 2015 and projected demand variances above forecast for the February 1 to March 31, 2015 period. Union noted that, when measurement was available in April, the actual spot gas supply requirement was 13.174 PJ.

Union stated that the 7.026 PJ (20.2 PJ - 13.174 PJ) of incremental spot gas purchased that was not required to meet the winter requirements will reduce what otherwise would have been purchased for sales service customers in the summer.

Union calculated that the PGVA credit related to the excess spot gas purchases is \$11.965 million ($\$5.716 - \$4.013 = \1.703×7.026 PJ) and allocated that amount to Union South and North sales service customers based on actual consumption over the April 2014 to March 2015 period.

Questions:

- a) Please confirm that Union is proposing to pass on the PGVA credit of \$11.965 million to ratepayers in this QRAM application while the 7.026 PJ of excess spot gas has not yet been sold to customers. Please explain why Union is proposing to dispose of this future credit as part of this QRAM application and how this approach ensures a proper matching of revenues and costs.
- b) Please discuss the Ontario Landed Reference Price of \$5.716 that was used in the calculation. Please confirm that there are no errors in the calculation.

Original signed by

Lawrie Gluck
Case Manager

cc: Chris Ripley, Union Gas Limited
Crawford Smith, Torys
Vincent DeRose, BLG
Ian Mondrow, Gowlings