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Our File # 339583-000019

June 15, 2015

By electronic filing

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

Dear Ms. Walli

Re: Union Gas Limited ("Union")
July 1, 2015 QRAM Application
Board File #: EB-2015-0187

We are writing on behalf of Canadian Manufacturers & Exporters ("CME"). Please consider this correspondence as CME's written comments on Union's QRAM Application, which seeks changes to Union's gas supply and transportation rates effective July 1, 2015.

As the Board is aware, it is CME's practice to conduct a duly diligence of Union's QRAM Applications. We have done so in this case. We have the following questions relating to the Spot Gas Account/Load Balancing Reconciliation.

Starting at Tab 1, Page 5 of 10, Union confirms that it purchased 20.2 PJ of incremental spot gas to meet actual demands above forecast for the period 4 November 1, 2014 to January 31, 2015 and projected demand variances above forecast for the February 1 to March 31, 2015 period. When actual measurement was available in April, however, the actual spot gas supply requirement turned out to be only 13.2 PJ. As such, Union purchased 7.026 PJ of spot gas that it did not require to cover its winter needs. In order to better understand this over-purchase, we have the following questions:

1. At Tab 1, Page 7 of 10, Union states that the 7.026 PJ of spot gas purchased, but not required to cover the winter needs, will reduce what would have otherwise been purchased for sales service customers in the summer. Does Union agree that the cost of gas in the summer is generally lower than the cost of gas in the winter? If not, why not?

2. At Tab 1, page 7 of 10, Union states that PGVA credits of $11.965 million (calculated as actual average spot costs $4.013 less the Ontario Landed Reference Price $5.716 = ($1.703) x 7.026 PJ) have been allocated to Union South sales service customers and Union North sales service customers based on actual annual consumption for April, 2014 to March, 2015. Does the calculation of the average spot cost of $4.013 include all of the equivalent costs included in the Ontario Landed Reference Price (i.e. the TransCanada Empress to Union CDA toll and fuel to the Alberta Border Reference Price)? If not, please either recalculate the $4.013 including these

additional costs or remove the additional costs from the Ontario Landed Reference Price so that the prices are comparable.

3. Please provide an explanation for why Union's forecast demand of 20.2 PJ was so much greater than the actual demand of 13.2 PJ.

We request an opportunity to provide further comments, if required, once Union has provided answers to these questions. CME also requests an award of its reasonably incurred costs in connection with conducting its examination of Union's QRAM Application.

Yours very truly

Vincent J. DeRose

c. Chris Ripley (Union)
Crawford Smith (Torys)
All Interested Parties EB-2014-0271/EB-2008-0106
Paul Clipsham and Ian Shaw (CME)

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