

September 16, 2015

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

Dear Ms. Walli:

RE: EB-2015-0255 – Union Gas Limited – October 1, 2015 QRAM Application

On September 10, 2015 Union Gas Limited (“Union”) filed its October 1, 2015 QRAM application. Union received a letter from Canadian Manufacturers & Exporters (“CME”) asking both Enbridge Gas Distribution Inc. (“Enbridge”) and Union to explain the difference between Enbridge and Union’s Alberta Border Reference Prices as well as the causes for the directionally different Ontario gas costs outcomes for Enbridge and Union when applying the Board-approved QRAM methodology for the purposes of determining rates effective October 1, 2015. Union’s response is below.

Union has reviewed the calculation of the Alberta Border Reference Price as shown at EB-2015-0255, Tab 1, Schedule 1, relative to Enbridge’s calculation as shown at EB-2015-0242, Exhibit Q4-3 Tab 1, Schedule 4, page 1. The forecast data that is used in the calculation of the Alberta Border Reference Price for both companies, subject to small rounding differences, is the same. The NYMEX 21-day average as shown on line 2 of Union’s schedule is the same as column 2 in Enbridge’s schedule. This is also the case for the FX forecast (Union – line 4; Enbridge – column 4) and average Empress or Alberta Border Reference Price (Union – line 5; Enbridge – column 1). The Alberta Border Reference Price at EB-2015-0255, Tab 1, Schedule 1, line 5 is \$3.039/GJ. Enbridge is showing a comparable number of \$3.0362/GJ at EB-2015-0242, Exhibit Q4-3 Tab 1, Schedule 4, page 1, column 1. The small variance is due to rounding in the calculations.

Union uses the weighted average price as the Alberta Border Reference Price and to determine the Ontario Landed Reference Price. Union calculates a Weighted Average Price reflecting planned volume purchases each month as shown on line 8 of EB-2015-0255, Tab 1, Schedule 1.

Union also notes that the cost of fuel to the Union CDA and included in the Ontario Landed Reference Price will be different than the cost of fuel to Enbridge’s delivery area.

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

c.c.: EB-2014-0271/EB-2008-0106 Intervenors
Crawford Smith (Torys)