

September 21, 2015

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> 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 responded on September 16, 2015. CME filed a further letter requesting an explanation as to why transportation costs appear to be increasing for Enbridge but decreasing for Union. Union’s response is below.

Union’s Ontario Landed Reference Price is decreasing by \$0.007/GJ due to lower TransCanada tolls offsetting the increase in the Alberta Border Reference Price as noted in evidence at Tab 1, page 3:

*“The resulting Ontario Landed Reference Price of \$5.140/GJ represents a decrease of \$0.007/GJ from the Ontario Landed Reference Price of \$5.147/GJ last approved by the Board in EB-2015-0187 effective July 1, 2015. This change includes the increase in the Alberta Border Reference Price of \$0.010/GJ, the associated changes in TransCanada compressor fuel costs and the TransCanada Empress to Union CDA toll decrease.”*

TransCanada Empress to Union CDA tolls have decreased from \$1.966/GJ to \$1.939/GJ as shown at Tab 1, Schedule 1, line 11. The fuel component increased from \$0.125/GJ in July to \$0.135/GJ in October.

The table below provides a reconciliation between the July and October QRAM and illustrates the \$0.007/GJ decrease in the Ontario Landed Reference Price.

Line No.		As per EB-2015-0255, Tab 1, Schedule 1 (October QRAM)	As per EB-2015-0187, Tab 1, Schedule 1 (July QRAM)	Variance (October QRAM vs July QRAM)
1	Days	366	366	
2	NYMEX 21 Day Average (US\$/MMBtu)	2.980	3.096	
3	Empress Basis (US\$/MMBtu)	(0.541)	(0.476)	
4	Foreign Exchange	1.315	1.221	
5	Alberta Border (Cdn\$/GJ)	3.039	3.034	
6	Total Volume (PJ's)	37.54	43.28	
7	Cost at Market Price (\$000's)	\$ 115,104	\$ 132,262	
8	Weighted Average Price (Cdn\$/GJ)	\$ 3.066	\$ 3.056	
9	Alberta Border Reference Price (Cdn\$/GJ)	\$ 3.066	\$ 3.056	\$ 0.010
10	Add : Fuel (Cdn\$/GJ)	\$ 0.135	\$ 0.125	\$ 0.010
11	Add : Tolls (Cdn\$/GJ)	\$ 1.939	\$ 1.966	\$ (0.027)
12	Ontario Landed Reference Price (Cdn\$/GJ)	<u>\$ 5.140</u>	<u>\$ 5.147</u>	<u>\$ (0.007)</u>

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)