

November 30, 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-2015-0181 – Union Gas Limited – Dawn Reference Price and North T-Service – Settlement Proposal**

Please find attached the Settlement Proposal for the above noted proceeding. With the exception of issue 3 and issue 7.5 within the attached, all of the issues contained in this Settlement Proposal have been settled by the parties.

Yours truly,

*[Original signed by]*

Chris Ripley  
Manager, Regulatory Applications

c.c.: EB-2015-0181 Intervenors  
Crawford Smith, Torys

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act 1998*, S.O.1998, c.15, (Schedule B);

**AND IN THE MATTER OF** an Application by Union Gas Limited, pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2016.

**SETTLEMENT PROPOSAL**

**November 30, 2015**

This Settlement Proposal is for the consideration of the Ontario Energy Board (“the Board”) in its determination, under Docket No. EB-2015-0181, of an Application by Union Gas Limited (“Union”). This document is called a “Settlement Proposal” because it is a proposal by the parties to the Board to settle the issues in this proceeding. It is termed a proposal as between the parties and the Board. However, as between the parties, and subject only to the Board’s approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this Preamble, this agreement is subject to a condition subsequent, that if it is not accepted by the Board in its entirety, then unless amended by the parties it is null and void and of no further effect. In entering into this agreement, the parties understand and agree that, pursuant to the Act, the Board has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

By Procedural Order No. 1 dated September 23, 2015, the Board scheduled a Settlement Conference to commence at 9:30 a.m. on November 9, 2015. The Settlement Conference was duly convened, and finished on November 10, 2015, with Mr. Chris Haussmann as facilitator.

The following parties participated in the Settlement Conference:

Association of Power Producers of Ontario (“APPrO”)

Building Owners and Managers Association Toronto (“BOMA”)

Canadian Manufacturers & Exporters (“CME”)

Federation of Rental-housing Providers of Ontario (“FRPO”)

Industrial Gas Users Association (“IGUA”)

London Property Management Association (“LPMA”)

School Energy Coalition (“SEC”)

Vulnerable Energy Consumers Coalition (“VECC”)

Union applied to the Board in this Application for:

- a. changes to the reference price used to set rates as determined in Union’s quarterly rate filing to better reflect where Union will be purchasing gas supply in the future, effective the QRAM coinciding with or immediately following the TransCanada King’s North Project in-service date;
- b. changes to Union North transportation, storage and commodity rates to reflect the gas supply portfolio changes and modifications to the applicable rate schedules, effective January 1, 2016;
- c. modifications to the existing Rate 01, Rate 10, Rate 20, Rate 25 and Rate 100 rate schedules to include a new transportation service option for Union North East T-Service customers;
- d. changes to the recovery of upstream transportation compressor fuel costs in rates for Union North sales service and bundled DP customers, effective January 1, 2016;
- e. cost allocation methodology and rate design changes for cost-based Union North gas storage and transportation rates based on the 2016-2018 gas supply plan; and,
- f. to establish the following deferral accounts:
  - i. Transportation Tolls and Fuel – Union North West Operations Area
  - ii. Transportation Tolls and Fuel – Union North East Operations Area
  - iii. Union North West Purchase Gas Variance Account
  - iv. Union North East Purchase Gas Variance Account

- v. Base Service North T-Service TransCanada Capacity Deferral Account;  
and,

g. to close the following deferral accounts:

- i. Transportation Tolls and Fuel – Northern and Eastern Operations Area  
Deferral Account (Account No. 179-100)
- ii. North Purchase Gas Variance Account (Account No. 179-105)

Except as expressly noted below, for the purposes of settlement of the issues in this proceeding, the parties agree to the relief sought by Union in the Application and accept Union's position that the claimed relief is supported by Union's pre-filed evidence and its responses to interrogatories. References to the pre-filed evidence and the interrogatories are provided in relation to each of the agreed items contained in the Settlement Proposal.

The parties acknowledge that this Settlement Conference is confidential in accordance with the Board's Practice Direction on Settlement Conferences (the "Practice Direction"). The parties understand that confidentiality in that context does not have the same meaning as confidentiality in the Board's Practice Direction on Confidential Filings, and the rules of that latter document do not apply. Instead, in this Settlement Conference, and in this Settlement Proposal, the parties have interpreted "confidential" to mean that the documents and other information provided during the course of the Settlement Conference, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception; the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further,

the parties shall not disclose those documents or other information to persons who were not attendees at the Settlement Conference. However, the parties agree that “attendees” is deemed to include, in this context, persons who were not physically in attendance at the Settlement Conference but were; a) any persons or entities that the parties engage to assist them with the Settlement Conference; and b) any persons or entities from whom they seek instructions with respect to the negotiations; in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions.

The role adopted by Board Staff in Settlement Conferences is set out on pp. 5-6 of the Board’s April 24, 2014 Practice Direction on Settlement Conferences. Although Board Staff are not a party to this Settlement Proposal as noted in the Guidelines, “Board Staff who participate in the Settlement Conference in any way are bound by the same confidentiality standards that apply to the parties to the proceeding”.

As described above, the evidence supporting the proposal on each issue is cited in each section of the Settlement Proposal. Abbreviations will be used when identifying exhibit references. For example, Exhibit A, Tab 4, Schedule 1, Page 1 will be referred to as A/T4/S1/p.1 and, Exhibit B.Staff.1 will be referred to as B.Staff.1. The structure and presentation of the settled issues is consistent with settlement proposals which have been accepted by the Board in prior cases. The parties agree that this Settlement Proposal forms part of the record in this proceeding. The identification and listing of the evidence that relates to each issue is provided to assist the Board. The identification and listing of the evidence that relates to each settled issue is not intended to limit any party who wishes to assert, either in any other proceeding, or in a hearing in this proceeding, that other evidence is relevant to a particular settled issue, or that evidence listed is

not relevant to the issue, or that the concise description of the issue prepared by Union is incorrect or incomplete.

According to the Practice Direction (p. 4), the parties must consider whether a Settlement Proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. The parties who participated in the settlement discussions agree that no settled issue requires an adjustment mechanism other than as may be expressly set forth herein.

With the exception of issue 3 and issue 7.5 below, all of the issues contained in this Settlement Proposal have been settled by the parties as a package and none of the provisions of this settlement is severable. If the Board does not accept this package in its entirety, then there is no settlement agreement (unless the parties subsequently agree that any portion of the package that the Board does accept may continue as part of a valid settlement agreement).

In the event the Board directs the parties to make reasonable efforts to revise the Settlement Proposal, the parties agree to use reasonable efforts to discuss any potential revisions, but no party will be obligated to accept any proposed revision. The parties agree that all of the parties who took a position on a particular issue must agree with any revised Settlement Proposal as it relates to that issue prior to its re-submission to the Board.

None of the parties can withdraw from this Settlement Proposal except in accordance with Rule 30.05 of the Rules. Moreover, the settlement of any particular issue in this proceeding and the positions of the parties in this Settlement Proposal are without prejudice to the rights of the

parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not Union is a party to such proceeding.

**1. ARE THE CHANGES TO THE REFERENCE PRICE USED TO SET RATES AS DETERMINED IN UNION'S QUARTERLY RATE FILING APPROPRIATE?**

(Complete Settlement)

The parties agree with Union's proposal to introduce Union North West and Union North East Zones to set gas commodity, storage and transportation rates. The Union North West Zone will be comprised of the delivery areas that will continue to be served from Empress; the Centrat MDA (Fort Frances), Union WDA and Union SSMDA. The Union North East Zone will be comprised of the delivery areas that will be served predominately from Dawn; the Union NDA, Union NCDA and Union EDA. Parties agree that Union will use a Dawn Reference Price to set commodity rates for customers in the Union North East Zone and in Union South. Using the Alberta Border Reference Price to set commodity rates for sales service customers continues to be an accurate reflection of the anticipated cost of gas for the Union North West Zone. Union will use a Dawn Reference Price for delivery-related compressor fuel, UFG and gas in storage carrying costs. The result of using a Dawn Reference Price for these delivery related items results in a decrease to delivery rates (a decrease of \$6.3 million based on the April 2015 QRAM). The actual change in rates will be reflected when Union implements the proposal with its QRAM coinciding with or immediately following the TransCanada King's North Project in-service date.

The following parties agree with the settlement of this issue: BOMA, CME, FRPO, IGUA, LPMA, SEC, VECC and Union

The following parties take no position: APPrO

Evidence References:

1. A/T1/pp.5-6, 14-17; A/T1/A/S1 and S2; B.Staff.3; B.LPMA.2; B.OAPPA.4



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**2. ARE THE CHANGES TO UNION NORTH TRANSPORTATION, STORAGE AND COMMODITY RATES TO REFLECT THE GAS SUPPLY PORTFOLIO CHANGES AND MODIFY UNION'S RATE SCHEDULES APPROPRIATE?**

(Complete Settlement)

The parties agree with Union's proposed changes to rates for Union's sales service and bundled direct purchase ("DP") customers to better reflect the changes in Union's gas supply transportation portfolio going forward. Union will be converting long-haul transportation contracts on TransCanada to short-haul transportation contracts on TransCanada. Union will reduce reliance on supply from the Western Canadian Sedimentary Basin ("WCSB") and increase reliance on supply sourced at Dawn or upstream of Dawn. The rate schedule changes reflecting Union's proposal can be found at Exhibit A, Tab 2, Appendix A, Schedule 11.

By 2017, 85% of Union North customers and 97% of Union South customers will be served predominately from supply sourced from Dawn or upstream of Dawn. As Union reduces reliance on supply from the WCSB and increases reliance on supply sourced at Dawn or upstream of Dawn, the Dawn Reference Price is a more appropriate market price indicator of the cost of gas supply for those customers. Currently, Union's gas supply reference price represents an average cost for gas at Empress (the Alberta Border Reference Price). Union is proposing to change the reference price used in the QRAM process to set rates for Union South and the majority of Union North customers to be based on the Dawn price of gas rather than the current Empress price of gas. The proposed changes to the reference price used to set rates will better reflect the cost of the gas supply purchased to serve Union South, Union North West Zone and Union North East Zone customers and will minimize variances that would otherwise accumulate in gas cost deferral accounts.

The following parties agree with the settlement of this issue: BOMA, CME, FRPO, IGUA, LPMA, SEC, VECC and Union

The following parties take no position: APPrO

## Evidence References:

1. A/T1/pp. 1, 6-7; A/T2/A/S11; B.Staff.1

**3. ARE THE MODIFICATIONS TO THE EXISTING RATE 01, RATE 10, RATE 20, RATE 25 AND RATE 100 RATE SCHEDULES TO INCLUDE A NEW TRANSPORTATION SERVICE OPTION FOR UNION NORTH EAST T-SERVICE CUSTOMERS APPROPRIATE?**

(No Settlement)

The parties do not agree that the changes to rate schedules as set out at Exhibit A, Tab 2, Appendix A, Schedule 11 are appropriate. Specifically, the parties agree to add the two Union North Zones to rate schedules and Schedule A. The parties do not agree to the modifications to Rate 01, Rate 10, Rate 20, Rate 25 and Rate 100 rate schedules to include a new transportation service option for Union North East T-Service customers. This issue will proceed to hearing.

## Evidence References:

1. A/T2,A,S11; A/T3/pp.13-14

**4. ARE THE CHANGES TO THE RECOVERY OF UPSTREAM COMPRESSOR FUEL COSTS IN RATES FOR UNION NORTH SALES SERVICE AND BUNDLED DP CUSTOMERS APPROPRIATE?**

(Complete Settlement)

*Storage-related Upstream Transportation Compressor Fuel*

The parties agree with Union's proposal to update the forecast cost of upstream transportation compressor fuel required to move gas to and from storage to reflect the changes in the gas supply transportation portfolio. If gas delivered from Empress to the delivery areas for Union North sales service and bundled DP gas is not required in the delivery area to meet demand requirements, Union will transport the gas from the delivery area to storage at Dawn using services on

TransCanada. In this situation, transportation compressor fuel will be required to move gas from the delivery area to Dawn storage. Compressor fuel for movement of gas from the Union North delivery areas to Dawn will be priced at the Alberta Border Reference Price. On days when the obligated DCQ is not adequate to meet demand in the delivery area, Union will withdraw gas from storage at Dawn and deliver the gas to the delivery area using the STS or short-haul redelivery transportation on TransCanada. Upstream transportation compressor fuel required to move gas from Dawn storage to the delivery area will be priced at the Dawn Reference Price. The costs of upstream compressor fuel used to transport supply to and from storage will be updated quarterly to reflect the current reference price. Variances between actual costs and the forecast costs recovered in rates will continue to be captured in the Transportation Tolls and Fuel Deferral Account and disposed of to Union North sales service and bundled DP customers as part of the QRAM process.

*Transportation-related Upstream Transportation Compressor Fuel*

The parties agree with Union's proposal to include the cost for upstream transportation compressor fuel to move gas from Empress or Parkway to the respective delivery area in transportation rates for both Union North sales service and bundled DP customers. Union North bundled DP customers will no longer be required to provide fuel in kind at Empress or Dawn. Union will forecast the upstream transportation compressor fuel requirements in the gas supply plan for both Union North sales service and bundled DP customers. The gas supply plan will include monthly upstream transportation compressor fuel requirements from Empress to the respective delivery areas and from Parkway to the respective delivery areas based on forecast demand each month. The cost of the upstream transportation compressor fuel requirements will

be updated each quarter for changes in the reference price as determined through the QRAM process and compressor fuel costs.

Variances between the cost of compressor fuel in rates and actual compressor fuel costs incurred each month will be recorded in the Transportation Tolls and Fuel Deferral account and disposed of to Union North sales service and bundled DP customers through the QRAM process.

The following parties agree with the settlement of this issue: APPrO, BOMA, CME, FRPO, IGUA, LPMA, SEC, VECC and Union

Evidence references:

1. A/T1/pp.22-29; B.FRPO.5; B.LPMA.3; B.VECC.4

## **5. ARE THE COST ALLOCATION METHODOLOGY AND RATE DESIGN CHANGES FOR UNION NORTH APPROPRIATE?**

(Complete Settlement)

### *Union North and Union South Gas Commodity Rates*

The parties agree that Union South and Union North East Zone gas commodity rates will be based on a Dawn Reference Price. The Union North West Zone gas commodity rate will continue to be based on the Alberta Border Reference Price. As the Dawn Reference Price represents a landed cost of gas at Dawn, no additional upstream transportation tolls or transportation fuel is required to serve Union South sales service customers. Accordingly, the transportation rate and the fuel included in the gas commodity rate are no longer required for Union South sales service customers. Parties also agree that Union will remove upstream transportation fuel costs from Union North gas commodity rates and recover upstream transportation fuel costs for both sales service and bundled DP customers in Union North West and Union North East transportation rates. The use of a Dawn Reference Price will minimize or eliminate the difference between the

cost of the Union South portfolio and the cost of serving Union South sales service customers using a Dawn Reference Price, thereby eliminating the need for the South Portfolio Cost Differential (“SPCD”). Accordingly, the Union South transportation rate is not required for sales service customers and will be set to zero. Parties agree that Union will communicate the transportation rate of zero in order to avoid customer confusion.

#### *Union North Transportation and Storage Rates*

The parties agree with Union’s proposal to set storage and transportation rates for the Union North West and Union North East Zones based on a detailed cost allocation methodology by Zone. Within each of the two proposed Zones, Union will set the storage and transportation rates on a postage stamp basis.

Parties note that while the Settlement agrees to changes to commodity, transportation, and storage rate cost allocation, there are no changes to the cost allocation of delivery rates.

The following parties agree with the settlement of this issue: APPrO, BOMA, CME, FRPO, IGUA, LPMA, SEC, VECC and Union

#### Evidence References:

1. A/T2/pp.3-12; B.Staff; B.Staff.4; B.Staff.8; B.FRPO.11; B.LPMA.1; B.VECC.6

#### **6. ARE THE UNION NORTH BUNDLED DIRECT PURCHASE OBLIGATED DAILY CONTRACT QUANTITY (“DCQ”) CHANGES APPROPRIATE?**

(Complete Settlement)

The parties agree with Union’s proposal to change the obligated DCQ allocation methodology for Union North bundled DP customers to reflect Union’s transportation portfolio for each respective Zone. Union North bundled DP customers in the Union North East Zone will have a portion of

their obligated DCQ at Empress and a portion of their obligated DCQ at Dawn. The percentage of the obligated DCQ to be delivered at each receipt point will reflect the percentage of Union's underpinning firm transportation portfolio at Empress and Dawn used to serve the Union North East Zone as of each November 1. The Union North West Zone will continue to be served 100% from Empress for the foreseeable future. Consequently, Union North bundled DP customers in the Union North West Zone will have their obligated DCQ remain at Empress. Union plans to update the Union North East bundled DP obligated DCQ receipt point quantities annually at November 1 to reflect the percentage of Union's transportation portfolio at Dawn or Empress to serve the Union North East delivery zone. Parties agree that if the King's North Project projected in-service date of November 1, 2016 is delayed, Union will communicate this to customers as soon as possible and work with customers to mitigate any resulting impacts of any consequent potential delay in changes to the DCQ allocations of affected customers, respecting amongst other factors, contractual delivery commitments of the customer.

The following parties agree with the settlement of this issue: APPrO, BOMA, CME, FRPO, IGUA, LPMA, SEC, VECC and Union

Evidence references:

1. A/T1/pp.19-22; B.FRPO.1; B.OAPPA.2; B.VECC.1

## **7. IS THE PROPOSAL TO ESTABLISH THE FOLLOWING DEFERRAL ACCOUNTS APPROPRIATE?**

### **7.1 TRANSPORTATION TOLLS AND FUEL – UNION NORTH WEST OPERATIONS AREA (ACCOUNT NO. 179-145)**

(Complete Settlement)

The parties agree with Union's proposal to establish the Transportation Tolls and Fuel – Union North West Operations Area deferral account to record the difference in the costs between the

actual cost of the transportation portfolio to serve Union North West delivery areas including associated fuel costs and the forecast cost of the transportation portfolio to serve these areas including associated forecast fuel costs as approved by the Board. Please see Appendix A for the Accounting Order.

The following parties agree with the settlement of this issue: APPrO, BOMA, CME, FRPO, IGUA, LPMA, SEC, VECC and Union

Evidence references:

1. A/T1/pp. 36-38; A/T1/B/p.1

## **7.2 TRANSPORTATION TOLLS AND FUEL – UNION NORTH EAST OPERATIONS AREA (ACCOUNT No. 179-146)**

(Complete Settlement)

The parties agree with Union's proposal to establish the Transportation Tolls and Fuel – Union North East Operations Area deferral account to record the difference in the costs between the actual cost of the transportation portfolio to serve Union North East delivery areas including associated fuel costs and the forecast cost of the transportation portfolio to serve these areas including associated forecast fuel costs as approved by the Board. Please see Appendix A for the Accounting Order.

The following parties agree with the settlement of this issue: APPrO, BOMA, CME, FRPO, IGUA, LPMA, SEC, VECC and Union

Evidence references:

1.A/T1/pp. 36-38; A/T1/B/p.2

**7.3 UNION NORTH WEST PURCHASE GAS VARIANCE ACCOUNT (ACCOUNT NO. 179-147)**

(Complete Settlement)

The parties agree with Union's proposal to establish the Union North West Purchase Gas Variance Account to record the difference between the unit cost of gas purchased each month for the Union North West delivery areas and the unit cost of gas included in the gas sales rates as approved by the Board, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates. Please see Appendix A for the Accounting Order.

The following parties agree with the settlement of this issue: APPrO, BOMA, CME, FRPO, IGUA, LPMA, SEC, VECC and Union

Evidence references:

1.A/T1/pp. 36-38; A/T1/B/p.3

**7.4 UNION NORTH EAST PURCHASE GAS VARIANCE ACCOUNT (ACCOUNT NO. 179-148)**

(Complete Settlement)

The parties agree with Union's proposal to establish the Union North East Purchase Gas Variance Account to record the difference between the unit cost of gas purchased each month for the Union North East delivery areas and the unit cost of gas included in the gas sales rates as approved by the Board, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates. Please see Appendix A for the Accounting Order.

The following parties agree with the settlement of this issue: APPrO, BOMA, CME, FRPO, IGUA, LPMA, SEC, VECC and Union

Evidence references:

1.A/T1/pp. 36-38; A/T1/B/p.4



**7.5 BASE SERVICE NORTH T-SERVICE TRANSCANADA CAPACITY DEFERRAL ACCOUNT**

(No Settlement)

The parties do not agree with Union's proposal to allocate the deferral account balance to all eligible T-Service customers in the Union North East Zone. This issue will proceed to hearing.

Evidence References:

1. A/T3/pp.8-10; A/T3/B; B.Staff.9; B.APPrO.2; B.APPrO.3; B.SEC.6

**8. IS THE PROPOSAL TO CLOSE THE FOLLOWING DEFERRAL ACCOUNTS APPROPRIATE?****8.1 TRANSPORTATION TOLLS AND FUEL – NORTHERN AND EASTERN OPERATIONS AREA DEFERRAL ACCOUNT (ACCOUNT NO. 179-100)?**

(Complete Settlement)

The parties agree with Union's proposal to close the Transportation Tolls and Fuel – Northern and Eastern Operations Area Deferral Account (Account No. 179-100), and establish the deferral accounts for the Union North West and Union North East Zones as discussed at issue 7.1 and 7.2 above.

The following parties agree with the settlement of this issue: APPrO, BOMA, CME, FRPO, IGUA, LPMA, SEC, VECC and Union

Evidence References:

- A/T1/pp.36-38; B.FRPO.6

**8.2 NORTH PURCHASE GAS VARIANCE ACCOUNT (ACCOUNT NO. 179-105)?**

(Complete Settlement)

The parties agree with Union's proposal to close the North Purchase Gas Variance Account

(Account No. 179-105), and establish the deferral accounts for the Union North West and Union North East Zones as discussed at issue 7.3 and 7.4 above.

The following parties agree with the settlement of this issue: APPrO, BOMA, CME, FRPO, IGUA, LPMA, SEC, VECC and Union

Evidence References:

1. A/T1/pp.36-38; B.FRPO.6

## **9. IS THE IMPLEMENTATION APPROPRIATE?**

(Complete Settlement)

The parties agree that the implementation of the changes to the reference price used to set rates as determined in Union's quarterly rate filing will be effective at the QRAM coinciding with or immediately following the TransCanada facilities in-service date. If the TransCanada King's North Project is delayed to November 1, 2016, Union would implement the changes to the reference price as of January 1, 2017. Union will monitor the progress on the King's North Project and advise customers when the in-service date becomes more certain.

As a result of the potential delay in the TransCanada King's North Project, parties also agree that the following would be implemented effective January 1, 2017 rather than January 1, 2016:

- Changes to Union North transportation, storage and commodity rates to reflect the gas supply portfolio changes and modifications to the applicable rate schedules;
- Changes to the recovery of upstream transportation compressor fuel costs in rates for Union North sales service and bundled DP customers; and,
- Changes to deferral accounts as required.

The following parties agree with the settlement of this issue: APPrO, BOMA, CME, FRPO, IGUA, LPMA, SEC, VECC and Union

Evidence References:

1. A/T2/p.33; B.FRPO.1

**UNION GAS LIMITED**

**Accounting Entries for  
Transportation Tolls and Fuel – Union North West Operations Area  
Deferral Account No. 179-145**

This account is applicable to the North West Operations of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No.179-145 Other Deferred Charges – Transportation Tolls and Fuel – Union North West Operations Area
Credit	-	Account No. 623 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-145, the difference in the costs between the actual cost of the transportation portfolio to serve Union North West delivery areas including associated fuel costs and the forecast cost of the transportation portfolio to serve these areas including associated forecast fuel costs as approved by the Board.

Debit	-	Account No. 179-145 Other Deferred Charges - Transportation Tolls and Fuel – Union North West Operations Area
Credit	-	Account No. 623 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-145 charges that result from the Limited Balancing Agreement.

Debit	-	Account No. 500 Sales Revenue
Credit	-	Account No. 179-145 Other Deferred Charges - Transportation Tolls and Fuel – Union North West Operations Area

To record, as a credit (debit) in Deferral Account No. 179-145 revenue from T-Service customers for load balancing service resulting from the Limited Balancing Agreement.

Debit	-	Account No. 179-145 Other Deferred Charges - Transportation Tolls and Fuel – Union North West Operations Area
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-145 interest expense on the balance in Deferral Account No. 179-145. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Transportation Tolls and Fuel – Union North East Operations Area  
Deferral Account No. 179-146**

This account is applicable to the North East Operations of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No.179-146 Other Deferred Charges – Transportation Tolls and Fuel – Union North East Operations Area
Credit	-	Account No. 623 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-146, the difference in the costs between the actual cost of the transportation portfolio to serve Union North East delivery areas including associated fuel costs and the forecast cost of the transportation portfolio to serve these areas including associated forecast fuel costs as approved by the Board.

Debit	-	Account No. 179-146 Other Deferred Charges - Transportation Tolls and Fuel – Union North East Operations Area
Credit	-	Account No. 623 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-146 charges that result from the Limited Balancing Agreement.

Debit	-	Account No. 500 Sales Revenue
Credit	-	Account No. 179-146 Other Deferred Charges - Transportation Tolls and Fuel – Union North East Operations Area

To record, as a credit (debit) in Deferral Account No. 179-146 revenue from T-Service customers for load balancing service resulting from the Limited Balancing Agreement.

Debit	-	Account No. 179-146 Other Deferred Charges - Transportation Tolls and Fuel – Union North East Operations Area
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-146 interest expense on the balance in Deferral Account No. 179-146. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Union North West Purchase Gas Variance Account  
Deferral Account No. 179-147**

This account is applicable to the North West delivery areas of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-147 Other Deferred Charges – Union North West Purchase Gas Variance Account
Credit	-	Account No. 623 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-147, the difference between the unit cost of gas purchased each month for the Union North West delivery areas and the unit cost of gas included in the gas sales rates as approved by the Board, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates.

Debit	-	Account No. 179-147 Other Deferred Charges - Union North West Purchase Gas Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-147, interest expense on the balance in Deferral Account No. 179-147. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Union North East Purchase Gas Variance Account  
Deferral Account No. 179-148**

This account is applicable to the North East delivery areas of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-148 Other Deferred Charges – Union North East Purchase Gas Variance Account
Credit	-	Account No. 623 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-148, the difference between the unit cost of gas purchased each month for the Union North East delivery areas and the unit cost of gas included in the gas sales rates as approved by the Board, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates.

Debit	-	Account No. 179-148 Other Deferred Charges - Union North East Purchase Gas Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-148, interest expense on the balance in Deferral Account No. 179-148. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.