PREFILED EVIDENCE OF

HAROLD PANKRAC, TEAM LEADER, RATES AND PRICING

- 3 The purpose of this evidence is to address proposed changes to Union's gas supply commodity,
- 4 gas transportation, storage, and delivery rates effective July 1, 2007.

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6 1. REFERENCE PRICES

- 7 The unit rate changes applicable to both operating areas, which reflect an increase in the Alberta
- 8 Border Reference Price to \$8.379/GJ (31.3710 cents/m³) and the change in associated fuel are
- 9 provided at Tab 2, Schedule 1. The Ontario Landed Reference Price is \$9.833/GJ (36.8148
- cents/m³) and appears at Tab 1, Schedule 1. The South Portfolio Cost Differential ("SPCD"),
- described at Tab 1, page 4, results in a South Transportation sales rate of \$0.957/GJ (3.5830)
- cents/m³). Proposed July 1, 2007 prices reflect the current heat value conversion factor of 37.44
- $GJ/10^3$ m³ and current fuel ratios.

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2. TCPL TOLL AND FUEL CHANGES

- As identified at Tab 1, Page 3, the NEB has approved changes in the tolls TCPL charges for firm
- transportation services effective April 1, 2007. The change in TCPL tolls will increase Union's
- annual gas supply transportation charges in the North by \$2.002 million as shown at Working
- 19 Papers, Schedule 5, Page 1. The derivation of gas transportation rates in the North reflecting the
- 20 change in approved TCPL tolls is provided at Working Papers, Schedule 5, Pages 2 to 11.

1 Transportation rates in the South will continue to be set by subtracting the SPCD from the TCPL

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4 3. RATE RIDERS

EDA tolls.

- 5 In addition to the forecast reference price changes identified above, changes to previously
- 6 approved rate riders are required to reflect quarterly updates to gas cost deferral account
- balances. Each quarter Union projects the balance expected in each gas cost deferral account over
- 8 the next 12 month period. In addition, Union tracks recovery variances (differences between
- 9 what Union intended to recover in previous rate riders and what was actually recovered). Each
- quarter Union includes that variance in the rate riders established for the next 12 month period.
- Rates are changed automatically every quarter to reflect updated projected deferral account
- balances and historical recovery variances.

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- A summary of deferral account activity and proposed rate rider unit rate changes are provided at
- Tab 2, Schedule 2, Page 1. Projected deferral account balances (lines 1 to 3) are compared to
- previously projected balances (line 4) in each gas cost deferral account and variances are
- identified (line 5). In addition, the difference between what was actually recovered in previous
- rate riders and what Union intended to recover is identified (line 6). This is the difference
- between forecast and actual volumes (last three months of actual volumes) multiplied by the
- 20 previously approved rate riders. The net amount to be recovered prospectively (line 7) is the
- amount which has not been included in rate riders to date. The unit rate rider change in the

current QRAM (line 9) is the net amount in each gas cost deferral account prospectively 1 recovered over forecast consumption in the next twelve months (line 8). 2 3 In total, the change in gas cost-related deferrals in the current ORAM is a credit of \$24.819 4 5 million. This amount excludes the balances in the North Heat Value Account (Account No. 179-89) and the Joint Unabsorbed Demand Costs Account (Account No. 179-108) which are not 6 7 prospectively recovered as per the current approved QRAM process. 8 For each deferral account, Tab 2, Schedule 3, line 20 shows the net prospective rider for the 9 current QRAM period. The net prospective rider includes: (i) the introduction of the unit rate 10 change calculated at Tab 2, Schedule 2, Page 1, line 9 and (ii) the elimination of expiring riders 11 which have been in place for 12 months. 12 13 Although Union is proposing a 12 month rolling prospective recovery of deferral account 14 15 balances, which is part of the approved QRAM process, Union is not seeking final disposition of the deferral account balances. Union will track actual deferral account balances and the revenue 16 attributable to deferral account recovery separately. Actual year-end deferral account balances 17 will continue to be subject to a prudence review by the Board. 18 19

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1 4. SUMMARY OF PROPOSED RATE CHANGES

- 2 The proposed changes to rates (Appendix A), infranchise rate schedules (Appendix B), and the
- 3 summary of interruptible rate changes (Appendix C) are attached. The unit rates for prospective
- 4 recovery of the gas cost deferral accounts are provided at Tab 2, Schedule 6 (column c).

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6 5. CUSTOMER BILL IMPACTS

- 7 General Service annual customer bill impacts (including the prospective recovery of deferral
- account balances outlined at Tab 2, Schedule 2) are provided at Tab 2, Schedule 4. The bill
- 9 impacts shown at Tab 2, Schedule 4 reflect (i) the introduction of July 1, 2007 proposed QRAM
- changes detailed above and (ii) the elimination of expiring July 1, 2006 prospective riders.
- 11 A typical M2 residential customer consuming 2,600 m³ per year will see a net bill increase of
- \$42 per year. A typical bundled M2 direct purchase customer will see a net bill decrease of \$0.03
- per year. A typical Rate 01 residential customer consuming 2,600 m³ per year will see a net bill
- increase of \$76 per year. A typical bundled Rate 01 direct purchase customer will see a net bill
- increase of \$8 per year.

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- General Service quarterly bill impacts (including the prospective recovery of deferral account
- balances outlined at Tab 2, Schedule 2) for the period July 1, 2007 to September 30, 2007 are
- provided at Tab 2, Schedule 5.

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1 6. Customer Notices

- 2 Union has adopted a standard customer notice for use in QRAM commodity price changes.
- Notices that will accompany the July 2007 bills will be in the same format and use the same
- 4 standard wording as the current approved QRAM customer notices.