



uniongas

A Spectra Energy Company

September 15, 2008

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

Dear Ms. Walli:

Re: EB-2008-0281 Union Gas Limited's October 1 QRAM Application
Reply Submissions to Submissions from IGUA dated September 9, 2008

Counsel for the Industrial Gas Users Association ("IGUA") submitted a letter to the Board on September 9, 2008 inviting Union to clarify two points regarding its October 1, 2009 QRAM application (EB-2008-0281). IGUA requested Union to:

- Complete the record on the basis upon which the risk management costs of \$103,831, included in the gas supply administration fee, is calculated.
- Clarify that the risk management costs include the "24 month rolling hedges" and that these hedges were entered into prior to the Board's July 31, 2008 decision in EB-2007-0606.

This letter is Union's reply.

Risk Management Costs

The risk management costs included in the gas supply administration fee were calculated based on the following formula:

$$\text{Salary} \times \text{Benefits Allocation} = \text{Total Costs}$$
$$79,412 \times 1.3075 = \$103,831$$

As noted in Union's October 1, 2008 QRAM application, these costs have been eliminated from the gas supply administration fee per the Board's July 31, 2008 decision in EB-2007-0606.

Risk Management Program

Union confirms that the gains/losses included in the PGVAs in the October 1, 2008 QRAM application relate to the actual and forecast settlements on all hedges (both options and swaps) that were purchased prior to the EB-2007-0606 decision dated July 31, 2008. Union has not entered into any new financial hedges since the time of the decision.

Yours truly

[Original signed by]

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