

E.B.R.O. 486-02

IN THE MATTER OF the Ontario Energy Board Act, R.S.O. 1990, c. O.13;

AND IN THE MATTER OF a Notice from the Ontario Energy Board to Union Gas Limited that the Ontario Energy Board will inquire into and determine just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas for Union Gas Limited's 1995 fiscal year;

AND IN THE MATTER OF an Application by Union Gas Limited 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 April 1, 1995;

AND IN THE MATTER OF a Motion by Union Gas Limited pursuant to sections 19, 22 and 30 of the Ontario Energy Board Act.

BEFORE: J.C. Allan
Presiding Member

G.A. Dominy
Vice-Chair and Member

C.W.W. Darling
Member

DECISION WITH REASONS

January 11, 1996

DECISION WITH REASONS

1. **THE PROCEEDING**

1.0.1 On October 26, 1995 Union Gas Limited ("Union") filed a Motion with the Ontario Energy Board ("the Board") pursuant to sections 19, 22 and 30 of the Ontario Energy Board Act ("the Act"). The Motion related to a bidding process for the sale of storage services. It was also filed with all of the intervenors in E.B.R.O. 486 and all parties currently in Union's long-term storage queue. The Motion was given Board File No. E.B.R.O. 486-02.

1.0.2 On October 27, 1995, the Board issued Procedural Order No. 1 requesting that the parties provide written submissions by November 3, 1995 if they objected to the hearing of the Motion. The Procedural Order also specified that a Technical Conference would be held on November 9, 1995 and set November 15, 1995 for the hearing of the Motion should the Board decide to proceed.

1.0.3 No objections to the hearing of the Motion were filed. However, the Industrial Gas Users Association ("IGUA") in a letter dated November 1, 1995 requested that the hearing of the Motion be rescheduled to allow additional time for parties to consider the implications of Union's request. The Board issued Procedural Order No. 2 on November 7, 1995 rescheduling the hearing of the Motion to November 23, 1995 and confirming that the Technical Conference would proceed on November 9, 1995.

1.0.4 The hearing of the Motion was held from November 23 and November 27, 1995. Some parties submitted written argument on November 28, 1995. Oral argument was heard on November 29, 1995.

1.0.5 Union had requested a decision on its Motion by December 22, 1995. In a letter dated December 20, 1995, the Board advised Union that the Board had decided not to grant Union the relief requested in the Motion and indicated that the reasons for this decision would be issued shortly.

1.1 APPEARANCES

1.1.1 The following is a list of the participants and their representatives:

Board Staff	J. Lea
Union Gas Limited	G. Leslie
Consumers Association of Canada ("CAC")	R. Warren
The Consumers' Gas Company Ltd. ("Consumers Gas")	F. Cass
Corporation of the City of Kitchener ("Kitchener")	A. Ryder E. Holmes
Direct Energy Marketing Limited ("Direct Energy")	P. Budd
Gaz Metropolitain, inc. ("GMi")	F. Hebert
Industrial Gas Users Association	P. Thompson
London School Board Consortium ("London Consortium")	T. Brett
Novagas Clearinghouse Ltd. ("NCL")	G. Pratte
Public Utilities Commission of the City of Kingston ("Kingston")	R. Liddle
TransCanada PipeLines Limited ("TCPL")	T. Haynal
University Group of South Western Ontario ("UGSWO")	M. Morrison

1.2 WITNESSES

1.2.1 Union called the following employees as witnesses:

G.D. Black General Manager, Marketing and Sales,
Storage and Transportation Services

J.P. Elliott Manager, Rates and Cost of Service

L. Edwards Manager, Marketing and Sales

1.2.2 Direct Energy called the following witness:

S.L. Chown Principal, Industrial Economics, Incorporated

1.2.3 Copies of all the prefiled evidence and exhibits in these proceedings, together with a verbatim transcript of the hearing, are available for public review at the Board's offices.

DECISION WITH REASONS

2. **UNION'S PROPOSAL**

- 2.0.1 Union's evidence was that it anticipated 13 Bcf (460 10^6m^3) of storage space and/or 425 MMcfd (15 $10^6\text{m}^3/\text{d}$) of storage deliverability would become available if a forthcoming facilities application to the Board is approved. In the facilities application, Union would propose additional investments in the Rosedale/Bentpath storage area, making available storage space that is currently used to provide pressure for late season storage deliverability.
- 2.0.2 Union described an open season bidding process that had been developed for the contracting of the storage space being made available. Under this bidding process, Union would determine the value of each bid and then prepare contracts for the bid or combination of bids that maximize the net present value of the available storage. The bid package described four proposed storage services offering different combinations of storage space and deliverability. As well, bidders would have the option of requesting a customized service.
- 2.0.3 The request for bids for the open season was sent to over 200 interested parties during the first week of October, 1995. The bid package specified a closing date for bids of November 29, 1995.
- 2.0.4 Bidders were also asked to indicate if they required transportation on Union's system to utilize the requested storage. Union's evaluation of the value of a storage bid included the difference between the rate for any transportation service requested and the costs of providing that transportation service. Since the rate for firm transportation service ("M12 transportation service") is a cost-based rate, there

would be no difference in value between a bid with M12 transportation service and one without transportation service (assuming identical bids on storage service). However, if a bid included an interruptible transportation service for which range rates are available, such a bid would be given a higher value than an identical storage bid without transportation service. Union testified that it had adopted this procedure to encourage demand for its interruptible transportation services.

- 2.0.5 Bids would be applicable for periods of two to ten years. For the purposes of determining the value of a bid of less than ten years, it was assumed that the M12 storage rate would apply for the balance of the period. In bids for periods of longer than two years, the bid package stated that Union would increase the bid price annually at the rate of half the change in the Canadian Consumer Price Index.
- 2.0.6 The open season bid package indicated that contracts were subject to regulatory approvals.
- 2.0.7 The gas supply group at Union is responsible for determining the storage requirements of Union's in-franchise customers. The gas supply group would determine how much it expected to pay for alternatives to Union's storage to meet additional in-franchise needs and would bid this amount for its forecast storage requirements. If this amount is less than the selected bids, then no storage will be allocated to additional in-franchise needs. If the alternative option is more expensive than the bids, then in-franchise customers will be allocated the required portion of the storage space being made available. Union stated that this procedure would result in lower rates to in-franchise customers, as long as the market premium is allocated to those customers.
- 2.0.8 Union stated that the proposed allocation of the market premium, including the allocation between shareholders and ratepayers, had not been finalized. Its current position was that the premium would be allocated to in-franchise customers, but the assessment of the allocation was an issue that should be dealt with in a rates case.

2.0.9

Union's request in the Motion was for:

- (a) An order approving Union's use of an invitation to bid or tender process to contract for the sale of the additional storage services;
- (b) An order approving rates and other charges that are determined by the results of an invitation to bid or tender for the additional storage services; and
- (c) An order approving, without the necessity for separate hearings, the parties to, the term of, and the storage that is the subject of agreements between Union and customers for the additional storage services, resulting from an invitation to bid or tender process and arrived at in accordance with Board-approved guidelines and an order providing for such guidelines.

2.0.10

Union described the open season bidding process as a "pilot project". It indicated that it may use a similar process for long-term storage space that may become available through customers changing their storage requirements when contracts come up for renewal. However, customers wishing to maintain their current storage contracts without changes at the date of renewal would have the ability to continue contracting for that storage service at the firm M12 storage rates which are cost-based rates.

2.0.11

Union testified that the market for storage services is a competitive market and stated that "we believe, that as good stewards of the asset, it is a good thing to find what storage is really worth in the marketplace and, to the extent a premium exists, that that comes back to the credit of our overall cost of service". Union stated that its perceptions of the current and future market value for longer-term storage determined the timing of this bid package. Union further stated that its understanding is that there is an active secondary market in Ontario storage and that holders of storage paying cost-based rates are able to realize a premium on the resale of storage.

- 2.0.12 The four storage services contained in the bid package have not previously been offered and rate schedules for these services have not been approved by the Board.
- 2.0.13 The Board previously directed Union to establish both a long-term and a short-term queue for the allocation of storage services that become available. The short-term queue is used to allocate service for less than one year under the C1 short-term rate, which is a range rate. The long-term queue applies for requests of ten years or more and is for service under the firm M12 storage rate, a cost-based rate.
- 2.0.14 Union rejected the option of offering the space to the long-term queue for several reasons. In its view, the long-term queue is out of date. Some of the requests for long-term storage service are seven years old and the requesting parties have made other arrangements to meet their needs. However, parties have remained in the queue, since their other arrangements may be temporary or more expensive and they are not required to make any payment or assume any obligations to enter or to remain in the queue. In addition, Union had been advising parties not to enter the long-term storage queue, since, until this summer, development of additional storage in Ontario had not been anticipated. Union also objected to allocating the storage to the long-term queue as this would imply the use of a cost-based rate, which Union considered inappropriate. Union stated that, under the open season, in which parties in the long-term queue have the opportunity to bid, allocation is done by the bid process, resulting in a market-based rate.
- 2.0.15 Union preferred the use of the open season bid process to the option of offering the additional storage space to the short-term queue under the C1 storage rate. Even though this rate is a range rate and thus would be market-based to a degree, Union's conclusion, based on discussions with potential customers, is that it could obtain a higher value by contracting for this storage for a period greater than the one-year period of the C1 storage rate. However, Union indicated that, if the Board rejects its Motion, it would offer the storage to the short-term queue.
- 2.0.16 Ms. Chown, testifying on behalf of Direct Energy, recommended that Union's Motion not be approved until a number of questions were addressed. In particular, she stated that the Board should consider three economic issues regarding public

interest matters, and should have clear answers to those questions. The three issues are:

1. *Is deregulation of the rates for all or a portion of Union's storage services appropriate?*
2. *Does Union's proposed partial deregulation of storage services place it at a competitive advantage in the marketplace for natural gas services? If so, is this appropriate?*
3. *Who should reap the benefits of the excess of the market value of the storage facilities over cost?*

2.0.17 Ms. Chown stated that storage services, with multiple sources and competing services, are not a natural monopoly, and that continued regulation of rates for storage services is not warranted. However, she concluded that the Union proposal would lead to price discrimination, which might be inappropriate for charges for storage services to other Ontario utilities. She recommended a generic hearing on the full deregulation of the rates for storage service.

2.0.18 Ms. Chown testified that storage enables the providers of gas in the marketplace to balance the loads of customers. In her view, Union should price the services to new customers at the same level it charges itself and its existing storage service customers. She indicated that Union would have an advantage over competitors in the marketplace if it were to charge new customers market-based rates while charging itself for storage at cost.

2.0.19 Ms. Chown described storage pools as a natural resource with a market value in excess of the costs of development. It was her evidence that Union should not be permitted to allocate benefits to in-franchise customers such that those customers are guaranteed a rate that does not cover the allocated costs of the facilities. If the Board deregulates all storage service rates, it should, in Ms. Chown's view, allocate the benefits to Ontario's taxpayers or ratepayers in a manner that does not create advantages for some participants in the natural gas marketplace.

Positions of the Parties

- 2.0.20 Union submitted that the Board should approve its proposal of a pilot project to use an open season bid process for contracts for the sale of storage services, and the rates and charges resulting from the bid process.
- 2.0.21 Union argued that its proposal "is not partial deregulation; it is deregulation of a part", the part being the rates for the 13 Bcf of storage being made available.
- 2.0.22 Union submitted that the bid process was fair since it would allow all the parties to bid at market prices in a storage market that was competitive and that the rates resulting from the bid process, although not defined, would be readily ascertainable from the bids received and the evaluation process. Union argued that there were unlikely to be negative cost consequences to in-franchise customers since in its proposal they would receive the benefits from the economic rents arising from the difference between the market price and the cost-based rates for storage. Union submitted that this allocation of the rents was appropriate since in-franchise customers had paid for the development of the storage. Union argued that, since there were no obligations on the parties currently in the long-term storage queue, there were also no rights to the storage.
- 2.0.23 Union submitted that the Board had sufficient information to make a decision on the Motion, arguing that Union would be filing a facilities application at which the cost/benefit analysis of the storage project underlying the pilot project would be assessed and the resulting contracts would be conditional on facilities approval. Union argued that the details of the bids and the resulting contracts should be kept confidential to protect the interests of the parties bidding on the storage facilities. Union further submitted that Board approval was required now to enable parties to make the necessary transportation arrangements and to take advantage of a market window that currently existed in the storage market.
- 2.0.24 Board Staff and Consumers Gas gave qualified support to Union's proposal. All other parties - CAC, IGUA, Direct Energy, Kitchener, Kingston, GMi, NCL, UGSWO and London Consortium - urged the Board to deny Union's request for a variety of different reasons.

- 2.0.25 CAC opposed the Motion, "albeit reluctantly", even though it agreed that public policy should recognize market realities, and that there are potential benefits from the proposal to in-franchise residential customers. CAC questioned the Board's jurisdiction to grant the relief requested. It submitted that, while Union's proposed process may be sufficient to meet the needs of section 22 of the Act regarding approval of the parties, terms and quantities of storage in the storage contracts, a difficulty arises when the process is measured against the standards established under sections 19 and 15 with regard to approval of the resulting rates.
- 2.0.26 CAC argued that the evidentiary base related to the competitiveness of the market, the secondary market, the status of the long-term queue, the allocation and distribution of benefits, and the contracts was insufficient. It cautioned that the benefits allocation is unknown and it may be too late to prevent marketplace distortion after the fact. CAC submitted there must be more extensive review of the public policy considerations.
- 2.0.27 IGUA submitted that "whatever jurisdiction" the Board has under the Act, it does not "have the power to approve two rates that are radically different for the same service". IGUA submitted that Union's proposal will "wreak havoc on the cost-based pricing principles" and on "the principles of non-discriminatory rate making". It argued that "one M12 user [may be] paying 150 per cent more than another for the same service". IGUA stated that the Board can't find there is a competitive market for Union storage since it is inextricably linked with Union's transmission and distribution services.
- 2.0.28 IGUA argued that if an activity is regulated it should earn a reasonable return on its cost, nothing more or less. IGUA submitted that the disadvantages of approving Union's proposal far outweigh the advantages. IGUA took the position that Union's proposal should be viewed as the complete deregulation of storage, not a pilot project, and such a radical change requires careful study.
- 2.0.29 In IGUA's view there is no urgent need to approve Union's proposal, since the storage service will not be available until 1997. IGUA stated that, while the Board need not order Union to make the storage available to the long-term queue, the incremental storage "shouldn't arbitrarily be allocated to respond to the

demands of the short-term queue", and that Union should respect the long-term queue while it is in existence.

- 2.0.30 Direct Energy submitted that the application is premature, as important questions involving such issues as market power, secondary market considerations, price discrimination among customers, and the allocation of benefits remained to be answered. It noted that the proposal would create market distortion since customers would not pay the same price for the same service. Direct Energy argued that customers other than in-franchise customers also contribute to storage development through rates, and the reward for contributing to this development is cost-based rates. It stated that Union acknowledged that the proposal would result in a cross-subsidy to residential customers, and was concerned that Union would have the ability to create further market distortions.
- 2.0.31 Kitchener argued that "the Board lacks the jurisdiction to release any of the company's storage transmission or distribution services from the restraints of full regulation, including the requirements to set rates". Kitchener stated that the level of discrimination proposed here goes beyond a level that the Board has allowed in the form of range rates in the past. Kitchener argued that the principle of non-discriminatory pricing should not be departed from except for valid and more significant reasons than the monetary benefits discussed at this hearing. Kitchener concluded that Union's customers "are better off to hold on to the principle than to take the benefit of not doing so".
- 2.0.32 Kingston submitted that the Board should require Union to offer storage at cost-based rates to meet the requirements of the parties in the long-term queue who can demonstrate need and provide the assurance that the storage will be used directly for their own customers and that only the costs of the storage will flow through directly to those customers without any value add-on or repackaging. Kingston argued that priority rights for Ontario users should continue to be recognized. Alternatively, were the Board to approve the open season proposed by Union, parties in the queue should be allowed to meet the tendered price.
- 2.0.33 GMi argued that Union's proposal could lead to undue discrimination and unfairness toward customers and would deprive GMi of its acquired rights to

storage at cost-based rates as holder of the lead position on the long-term queue. GMi submitted that there is a fundamental distinction to be made between the rate-setting principles for long-term storage capacity and the short-term storage capacity that is there for the purpose of optimizing the revenues of the storage capacity not contracted on a long-term basis. GMi stated it was opposed to the principle of a distinct methodology of allocation or rate setting for the same long-term storage capacity that would be based on the geographical location of the customer, arguing that such a principle is contrary to the established concept of rolled-in rate setting and is discriminatory. GMi noted that previous Board Decisions had found that auction-oriented proposals create the potential for undue discrimination and unfairness and that queuing "is designed to ensure that customers receive service on a first-come, first-serve basis as a means of ensuring fairness".

- 2.0.34 NCL submitted that there has been "insufficient evidence and indeed merely anecdotal evidence that the marketplace for storage ... is sufficiently competitive to serve as a substitute for cost-based rates". NCL submitted that the Motion is premature and should be denied given the wide-ranging implications of the change in rate-making principles, and the fact that there is no immediate need to start selling the new space.
- 2.0.35 UGSWO also submitted that the proposal was premature. It stated that the proposal appears to be an attempt to treat a portion of storage as deregulated, while holding the asset under the regulatory umbrella. It submitted that "market based rates should only be applicable to a service that is totally outside of the regulatory umbrella".
- 2.0.36 London Consortium submitted that Union had put forth no compelling reason for changing to market-based rates at this time, and that the alleged benefits to the ratepayers are uncertain. It stated that the Motion proposes a fundamental change in the manner in which regulated utility services are priced in Ontario that requires a more thorough examination. London Consortium submitted that the Board should not approve the Motion. London Consortium noted the Board's findings in E.B.R.O. 486 regarding possible cross-subsidy and the investigation of dividing

rate base into two parts, and stated that this analysis should be completed before further changes to the pricing of storage and transportation services occur.

- 2.0.37 Consumers Gas supported Union's proposal as a pilot project to test the open market bidding process and to find out how the market values storage. However, it expressed concerns regarding the proposed allocation of benefits; the methodology for evaluating bids of differing terms on a common basis, in particular the treatment of bids requiring transportation service; and the provision of adequate information in the forthcoming facilities case to enable parties to test the costs and benefits of the project.
- 2.0.38 Board Staff supported Union's request for approval of the open season bid process as a pilot project restricted to the 13 Bcf of storage identified, and of the rates resulting from the process. Board Staff rejected Union's request that the resulting contracts be approved without separate hearings. Board Staff argued that the Board may have the necessary jurisdiction to set market-based rates. Board Staff endorsed the use of the proposed methodology to evaluate the bids but with some reservations on the details. It accepted Union's argument that in-franchise customers should receive some or all of the economic rent. Board Staff concluded that on balance the discrimination resulting from the open season approach is outweighed by the gains associated with removing the economic rent from the secondary market and giving it to the in-franchise customers who have borne the risk of storage development and continue to bear that risk.
- 2.0.39 Board Staff characterised the long-term storage queue as a list of interested parties rather than parties with rights to storage. It rejected Union's claims for confidentiality, arguing that a maximum of information should be made publicly available and submitted that a hearing be held to review the contracts resulting from the bid process. Board Staff recommended that the Board not await the results of a generic hearing but grant the relief sought in the Motion now to avoid prejudicing the ability of parties to make the necessary transportation arrangements to take advantage of the storage offering.
- 2.0.40 Union replied that the Board had the jurisdiction to approve Union's proposal. Under section 19 of the Act, Union submitted that the Board could approve a rate

based on bids that are received in response to an invitation to bid, a process that in the end is no different to approving a range rate. Union argued that the Board's responsibility under section 19 is to set a rate that is just and reasonable, not one that is cost-based or that requires a specific amount to be determined.

2.0.41 Union submitted that it was requesting the Board to grant conditional approval under section 22 for the contracts resulting from the bid process. Union pointed out that section 16 of the Act allowed the Board to issue orders which are subject to conditions. It further submitted that section 22 allowed the Board to grant approvals of storage contracts without a public hearing. Union quoted E.B.O. 166 as a precedent example in which the Board granted prior approval to short-term storage contracts which met certain conditions and subject to filing the contracts with the Board.

2.0.42 Union further submitted that this application had been made under section 30 as well as section 19. Union argued that since a rate base had already been determined in E.B.R.O. 486, application under section 30 enabled the Board to dispense with the need to determine a rate base in this application. Union submitted it was seeking a revision to the rate order arising out of the E.B.R.O. 486 proceeding.

Board Findings

2.0.43 The Board considers that Union's Motion poses more questions than it answers.

The Board agrees with CAC that Union has not provided sufficient direct information as to the competitiveness of the market for storage in Ontario or on activity in the secondary market. In addition, the Board has no information on Union's market power in the Ontario storage market.

2.0.44 The Board is also concerned by Union's proposal to implement "deregulation of a part", i.e. the rates to be charged to only a specific group of customers. The Board further notes that the public policy aspects of deregulating storage in Ontario and the implications of Union's proposal to deregulate rates, but not the facilities approval process, have not been addressed in this Motion.

2.0.45 The Board also notes that Union's proposal for the allocation of the market premium is not yet finalised. This is of concern to the Board, particularly in light of the positions of Board Staff and Consumers Gas, the two supporters of Union's Motion. Board Staff supported the Motion, based on the preliminary allocation of the market premium to in-franchise customers, while Consumers Gas did not accept Union's current allocation proposal.

2.0.46 The Board agrees with Ms. Chown that the open season bidding process would result in discriminatory rates for storage service in Ontario and that this could create market distortions. Based on the evidence in this proceeding, the Board notes that customers whose contracts are due for renewal would have an incentive not to release any unutilized space, since any change in the contract would trigger an open season bidding process, possibly for the entire contract quantity. The Board further notes that, under Union's proposal, some customers would be charged substantially different rates for identical service and that the distortions due to this discrimination were not addressed in Union's evidence.

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2.0.47 The Board is also concerned that Union's current proposals on the allocation of the market premium could make the rates of in-franchise customers less cost-based and subject to greater variability from year to year. The Board wishes to see an examination of whether these changes would result in a distortion of price signals to in-franchise customers.

2.0.48 The Board believes that, in the absence of the above information, it cannot determine whether the approval of the Motion will result in undue discrimination in the rates for storage services or in distortion of in-franchise rates.

2.0.49 The Board notes that Union had been directed in the E.B.R.O. 486 Decision to prepare a "split rate base" study examining the feasibility of allocating Union's storage and transportation rate base between competitive and regulated activities. The Board expects that Union's next main rates case will consider the "split rate base" study. That hearing is an appropriate forum to consider the issues raised by this Motion and the question of whether, and to what extent, the market for storage in Ontario should be deregulated.

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The Board agrees with GMi that range rates were put in place for short-term storage services in order to encourage the efficient utilization of storage capacity. The Board considers that the examination of the storage deregulation issue should address the distinction between short-term and long-term storage services and the appropriate function of a long-term queue.

2.0.51

For all of the above reasons, the Board does not grant the orders requested in Union's Motion.

2.0.52

The Board in making these findings has focused on the public policy and market implications of Union's proposal. The Board has not addressed the jurisdictional issues raised by parties nor the legal status of the secondary market for storage in Ontario. These matters should be addressed in any review of the regulatory framework for storage.

3. **COSTS**

3.0.1 Section 28 of the Act authorizes the Board, at its discretion, to fix or tax the costs of and incidental to any proceeding before it. The Board identified the matters that it generally considers in awarding costs in its Cost Report (E.B.O. 116). The Board addresses the awarding of costs in its Draft Rules of Practice and Procedure, amended January 1, 1993 ("the draft Rules"), and has also issued Cost Award Guidelines. Draft Rule 44 sets out the criteria that the Board uses in awarding costs:

- (a) an award may be made to an intervenor who:
- i) has or represents a substantial interest in the proceeding to the extent that the intervenor or those it represents will be affected beneficially or adversely by the outcome;
 - ii) participates responsibly in the proceeding; and
 - iii) contributes to a better understanding of the issues by the Board.

3.0.2 The following parties each applied for an award of costs in the E.B.R.O. 486-02 proceeding:

- CAC
- Direct Energy
- IGUA
- Kitchener
- Kingston
- London Consortium
- NCL
- UGSWO

3.0.3 Union filed no objections in response to these applications for costs.

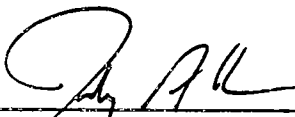
Board Findings

3.0.4 The Board finds that the interventions of the above parties in the E.B.R.O. 486-02 proceeding were responsible and of assistance to the Board. The Board finds that 100 percent of their reasonably incurred costs of participation in the E.B.R.O. 486-02 proceeding, subject to the Board's assessment process, shall be awarded to these intervenors.


3.0.5 The Board directs that the costs awarded in this proceeding shall be paid by Union immediately upon receipt of the Board's cost orders.

3.0.6 The Board directs Union to pay the Board's costs of and incidental to the E.B.R.O. 486-02 proceeding immediately upon receipt of the Board's invoice.


DATED at Toronto January 11, 1996.



J.C. Allan
Presiding Member



G.A. Dominy
Vice-Chair and Member



C.W.W. Darling
Member