



uniongas

P.O. Box 2001  
50 Keil Drive North  
Chatham, Ontario  
N7M 5M1

June 2, 2006

Ontario Energy Board  
2300 Yonge Street,  
Suite 2700  
Toronto, ON M4P 1E4

Attention: Mr. Peter O'Dell, Acting Board Secretary

**Re: EB-2005-0551 – Union Gas Submission**

Dear Mr. O'Dell:

Attached please find 13 copies of the following:

- Updated Statement of Qualifications for Union's Panel
- Undertaking responses 43a & 43b from Technical Conference May 16-19, 2006
- Supplemental Evidence submitted (correction made to Header of document)

This material was also provided to the Board and all intervenors electronically in searchable format on June 16, 2006.

If you have any questions concerning this filing please call me at (519) 436-5382.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Connie Burns'.

Connie Burns, CMA, PMP  
Manager, Regulatory Initiatives

cc: Glenn Leslie, Blakes  
All EB-2005-0551 Intervenors

**Statement of Qualifications  
Stephen W. Baker**

**Experience: Union Gas Limited**

Vice-President, Business Development & Commercial Accounts  
2005

Vice-President, Gas Supply & Market Planning  
2003

Vice-President, Gas Supply Services  
2002

**Vice-President, Asset Management**

2001

Director, Products & Pricing  
1999

Director, Regulatory Affairs  
1998

Manager, Regulatory Proceedings  
1995

Manager, Forecasts and Budgets  
1992

Manager, Regulatory Accounting and Rate Case Administration  
1990

Senior Corporate Tax Specialist  
1989

**Clarkson Gordon – London**

Senior Staff Accountant  
1987

Co-op Student  
1985

**Education:** Chartered Accountant  
1987

Certified Management Accountant  
1988

Master of Accounting  
University of Waterloo – 1987

Bachelor of Arts – Honours Chartered Accountancy Studies  
University of Waterloo - 1986

**Memberships:** Institute of Chartered Accountants of Ontario

Canadian Institute of Chartered Accountants

The Society of Management Accountants of Ontario

**Appearances:** **(Ontario Energy Board)**

RP-2002-0130  
RP-1999-0017  
RP-2000-0110  
E.B.R.O. 486  
E.B.R.O. 476-02  
E.B.R.O. 478  
E.B.R.O. 470

**Statement of Qualifications  
Carol Cameron**

**Experience:**

**Union Gas Limited**

S&T Specialist  
2005 - 2006

Buyer, Asset Acquisition  
2004

Senior Analyst, Finance  
2003

S&T Account Manager  
2000-2002

Customer Service Representative  
1998-1999

S&T Nominations Analyst  
1996-1997

**Education:**

Bachelor of Commerce  
University of Windsor, 1993

**Appearances:**

**Ontario Energy Board**

EB-2005-0201 -2006 Trafalgar Facilities Expansion Program

**Statement of Qualifications  
Mark Isherwood**

**Experience: Union Gas Limited**

Director, Business Development, Storage and Transmission, 2005

Director, Acquisition, 2002

Strategic Manager, Industrial Markets, 1999

Manager, Industrial Markets, 1989

Supervisor, Contract Sales, 1988

Coordinator, Direct Purchase, 1986

Operations Engineer, 1985

Assistant to Operations Engineer, 1982

**Education: Master of Business Administration - University of Windsor, 1990**

Bachelor of Commerce - University of Windsor, 1988

Bachelor of Engineering (Chemical) - University of Waterloo, 1982

**Memberships: Professional Engineers of Ontario**

**Appearances: Ontario Energy Board**

EB-2005-0473

RP-2003-0063 – 2004 Rates Case (2003)

RP-2002-0130 / EB-2003-0056 – QRAM (2003)

RP-2002-0130 – 2003 Rates (2002)

RP-2000-0117 – Sarnia Regional Cogen Facilities (2001)

**National Energy Board**

RH-1-2000

RH-3-2004

**Statement of Qualifications  
Mark D. Kitchen**

**Experience:**

**Union Gas Limited**

Manager, Rates and Pricing  
2002

Manager, Product & Service Costing  
1999

Manager, Cost of Service  
1997

Supervisor, Gas Supply Planning  
1996

Supervisor, Contract Forecasts  
1993

**AXA Insurance**

Senior Systems Applications Analyst  
1992

**Siemens Automotive Ltd.**

Senior Product Cost Analyst  
1990

**Consumers' Gas Company**

Assistant Supervisor, Gas Sales Revenue and Gas Costs  
1989

Conservation Analyst  
1987

**Education:** Master of Arts, Economics  
University of Waterloo, 1987

Bachelor of Arts, Economics/Russian  
University of Waterloo, 1985

**Appearances:** **(New York State Public Service Commission)**

Case 01-G-1406

**(Ontario Energy Board)**

EB-2005-0473

EB-2004-0542

RP-2003-0063

RP-2002-0130/EB-2003-0056

RP-2002-0130

E.B.R.O. 499

RP-1999-0017

RP-2001-0029

**Statement of Qualifications  
Libby Passmore**

**Experience:**           **Union Gas Limited**

Manager, Product and Process Development  
2004

Strategic Manager, Energy Markets  
2001

Manager, Retail Energy Marketers  
1998

Manager, Commercial/Industrial Accounts  
1995

Coordinator, Customer Communications  
1993

**Education:**           Honours in Bachelor of Commerce  
Queens University,

**Appearances:**       **(Ontario Energy Board)**  
None



**Statement of Qualifications  
Steve Poredos**

**Experience:**

**Union Gas Limited**

Director, Capacity Management  
2002

Manager, Asset Yield  
1999

Manager, Integrated Supply and Transportation Planning  
1997

Manager, Marketing and Sales, Power Generation Sectors  
1995

Manager, Marketing and Sales, Automotive and Power  
Generation Sectors  
1994

Manager, Cogeneration Sales  
1992

Sales Manager, Chatham Division  
1991

Manager, Natural Gas Vehicles (NGV) Operations  
1986

Natural Gas Vehicles (NGV) Stations Engineer  
1985

Planning Engineer, Gas Supply  
1982

Assistant to the Planning Engineer, Gas Supply  
1980

**Education:** Bachelor of Applied Sciences, Civil Engineering  
University of Waterloo, 1980

Bachelor of Commerce  
University of Windsor, 1992

**Appearances:** **(Ontario Energy Board)**

RP-2003-0063

RP-2002-0130

E.B.R.O. 499

E.B.R.O. 470

E.B.L.O. 209

**Statement of Qualifications  
Christopher R. Shorts**

**Experience: Union Gas Limited**

Manager, Ontario Power Markets  
1999

Commercial Manager Steel and Power Markets  
1997

Manager, Industrial Gas Delivery Services  
1994

Administrator, Direct Purchase  
1990

Coordinator, Direct Purchase  
1988

Regulatory Accounting Analyst  
1986

**Canadian Imperial Bank of Commerce**

Administration Officer  
1984

**Education:** Honours, Bachelor of Commerce  
University of Windsor, 1984

**Appearances: (Ontario Energy Board)**

EBRO 493/494  
EBRO 486  
EB40 476 (DP)

**Statement of Qualifications  
Michael Broeders**

**Experience: Union Gas Limited**

Manager, Product & Services Costing  
2004

Manager, Financial Reporting  
2002-2004

Team Lead, Finance  
1999-2002

Coordinator, Financial Reporting  
1997-1999

Internal Auditor  
1996

**Coopers & Lybrand (now PriceWaterhouseCoopers)**  
Associate 1993-1995

**Education:** Chartered Accountant  
1995

Bachelor of Math, University of Waterloo  
1992

**Memberships:** Canadian Institute of Chartered Accountants  
Institute of Chartered Accountants of Ontario

**Appearances:** **(Ontario Energy Board)**  
EB-2004-0542  
RP-2003-0063

State of New York State Public Service Commission,  
Case 01-G-1406, Proceeding on Motion of the Commission  
to Review Tariff Filing of Empire State Pipeline to Recover  
Deferred and Permanent Increase in Taxes

**Statement of Qualifications  
Drew Quigley**

**Experience:**

**Union Gas Limited**

Manager, Integrated Gas Supply Planning  
2005

Risk Specialist, Capacity Management and Utilization  
2000-2005

**London Reinsurance Group**

Manager, Corporate Development  
1999-2000

Controller  
1994-1999

Accounting Specialist  
1992-1994

**London Life Insurance Company**

Senior Financial Analyst  
1989-1992

**Canada Trust**

Corporate Auditor  
1987-1989

**National Trust**

Branch Auditor  
1986-1987

**Clarkson Gordon Chartered Accountants (now Ernst &  
Young)**

Senior Staff Accountant  
1985-1986

Staff Accountant  
1984-1985

**Education:**

Certified Management Accountant  
1991

Bachelor of Arts (Economics), University of Western Ontario  
1982

**Memberships:**

Society of Management Accountants of Ontario

**Appearances:**

**(Ontario Energy Board)**  
None

UNION GAS LIMITED

Undertaking of Steve Poredos  
To Mr. Quinn

To produce base running the sendout model.

-----  
Union re-ran the 2007 Rate Case gas supply plan removing the fixed storage constraint for in-franchise bundled customers which had been based on the aggregate excess methodology.

As detailed in the response to UGL Undertaking 44, Union uses the current Board approved aggregate excess methodology to allocate physical storage space to its in-franchise customers for load balancing needs. In summary, the current Board approved aggregate excess methodology for physical storage space allocation is the difference between a customer's winter consumption and their average annual consumption over the 151 day winter period. This storage space is typically filled with a customer's summer supply deliveries (DCQ – which equals projected annual demand divided by 365 days) in excess of the customer's summer demands. This provides the storage inventory required to meet normalized winter consumption in excess of winter supply (the DCQ for 151 days).

To complete the requested analysis, storage was allocated at cost based rates with Union providing deliverability and fuel for all bundled customers. These rates were based on the results of the 2007 ADR settlement agreement. All other assumptions and constraints remained unchanged from the 2007 Rate Case gas supply plan (EB-2005-0520, Exhibit D1, Tab1, Page 3). The resultant outcome was compared to the 2007 Rate Case gas supply plan.

The results comparing the 2007 Rate Case test year with the Undertaking were as follows:

	<b>2007 Rate Case Filing</b>	<b>Undertaking 43A</b>
<b>Storage Space - November 1, 2006 (TJ's)</b>	68,025	70,700
<b>2007 Unutilized Capacity (UDC)</b>		
<b>- volume (TJ's)</b>	4,657	6,141

Over the term of the five year plan the cumulative difference in total costs to the transportation and commodity portfolio was approximately 0.15%.

Witness: Steve Poredos  
Question: May 19, 2006  
Answer: June 16, 2006  
Docket: EB-2005-0551

Total unutilized pipe capacity remained unchanged over the five year term of the plan from the five year 2007 Rate Case plan.

Witness: Steve Poredos  
Question: May 19, 2006  
Answer: June 16, 2006  
Docket: EB-2005-0551



UNION GAS LIMITED

Undertaking of Steve Poredos  
To Mr. Quinn

To produce base running the sendout model / weather plus or minus 4 percent over and under normal.

-----

Union reviewed its weather sensitive sales service demands for the 2007 Rate Case test year from the Board approved demand forecast and adjusted them by +/- 4%. With the supply plan asset mix set as per the results of Undertaking 43A, Union determined the impact of these weather variations.

An increase in the 2007 calendar year weather sensitive demands of 4% relative to the 2007 test year forecast resulted in a decrease in unutilized pipe capacity for 2007 of 2,748 TJ's and generated a spot gas purchase requirement of 1,022 TJ's.

A decrease in the 2007 calendar year weather sensitive demands of 4% relative to the 2007 test year forecast resulted in an increase in unutilized pipe capacity for 2007 of 3,063 TJ's.

Witness: Steve Poredos  
Question: May 19, 2006  
Answer: June 16, 2006  
Docket: EB-2005-0551

1                                   **SUPPLEMENTAL PREFILED EVIDENCE OF**  
2   **UNION GAS LIMITED**  
3                                   **NATURAL GAS ELECTRICITY INTERFACE REVIEW**  
4   **POWER SERVICES EVIDENCE**

5  
6    The following supplemental evidence is related to the in-franchise services section found  
7    under Tab 3 of Union’s EB-2005-0551 Power Services evidence filed on March 20,  
8    2006.

9  
10   **Overview**

11    Union Gas has worked with existing and prospective natural gas power generators and  
12    affected stakeholders through the rapidly evolving natural gas power generation  
13    marketplace in Ontario. These generators include the first open market participants  
14    (“early movers”) that located plants in the Sarnia and Windsor areas. These were  
15    followed by generators involved in the Clean Energy Supply (“CES”) Request for  
16    Proposal (“RFP”)/contracting process of 2004 and 2005, and then with the next wave of  
17    market participants awaiting the West Greater Toronto Area (“West GTA”) RFP.

18  
19    Throughout this period, and in preparation for this proceeding, Union has adhered to a  
20    number of underlying principles that support the service offerings to these customers.

21    These guiding principles include:

1       1) Services continue to be evolved or are developed with an adherence to the  
2           principles of postage stamp rate-making. This approach is consistent with the  
3           Board’s expectation as set out in its RP-2005-0022 / EB-2005-0411 Decision  
4           where the Board stated that it;

5                   “...continues to support the principle of postage stamp rates...”

6       2) New services will not negatively impact the service to existing customers, where  
7           negative impact is defined as either additional significant financial burden to other  
8           customers or a reduction in the overall system capability and reliability.

9       3) Where possible, to respond to a customer’s request for flexibility in the terms and  
10          conditions of service in order to best serve their natural gas needs.

11

12   Immediately following the conclusion of the NGEIR Technical Conference on April 6,  
13   2006, Union received a written request from a potential power generation customer who  
14   is planning to respond to the anticipated West GTA RFP. The request centered around  
15   Union’s existing T1 service, including concern about the daily delivery obligations  
16   associated with the existing T1 service.

17

18   These potential new, large T1 power generation customers who are expressing a renewed  
19   interest in being located at the extreme eastern end of Union’s Dawn-Parkway  
20   transmission system are significantly larger than any of the existing in-franchise T1 loads  
21   Union has served by the Dawn-Parkway transmission system. In addition, their firm load  
22   factors of approximately 50% are materially different than the existing T1 rate class

1 average of approximately 80%. Also, the absolute size of the peak day demand (100,000  
2 to 120,000 GJ/d) is unparalleled by any single large industrial customer currently served  
3 by the Dawn-Parkway transmission system. The largest contract customer currently  
4 served by the Dawn-Parkway transmission system has a peak day demand (also known as  
5 the firm Contract Demand or CD) of approximately 50,000 GJ/d, about half the  
6 magnitude of that required by a 500 MW power generation plant.

7

8 The recent customer request, in combination with the potential for a concentration of  
9 new large T1 power generation customers requesting service very near the east end of the  
10 Dawn-Parkway transmission system, has caused Union to undertake a review of the  
11 terms and conditions of the T1 service. This review has encompassed daily delivery  
12 obligations, Dawn-Parkway transmission requirements, storage allocation methodology  
13 and deliverability requirements.

14

15 **T-1 Customers currently served by the Dawn-Parkway transmission system**

16 A new T1 customer served by the Dawn-Parkway transmission system, under existing  
17 contracting practices, is required to deliver to Union's system a daily obligated volume  
18 equal to 1/365<sup>th</sup> of their total annual forecasted demand. This daily obligated volume is  
19 delivered at the east end of Union's transmission system (i.e., at Parkway). The  
20 difference between this daily obligated volume (Daily Contract Quantity or DCQ) and  
21 firm daily peak demand (firm Contract Demand or CD) is incorporated into Union's  
22 system design. Union either constructs incremental Dawn to Parkway transmission

1 capacity, or makes alternate arrangements, to serve this peak day firm requirement.  
2 These costs are then rolled in with existing system costs and allocated to the appropriate  
3 rate classes. Union has been able to utilize this practice in the past as a result of the wide  
4 diversity in size and location of the moderate, predictable demand growth on its  
5 integrated system.

6

### 7 **Changed Environment**

8 As mentioned above, the sheer size of the potential new T1 demands, in combination  
9 with their relatively low load factors, is not reflected or considered in Union's current  
10 contracting practices or system operation for customers east of Dawn.

11

12 For example:

13 A 500 MW power generation plant, with a peak hourly demand of 4,000 - 5,000 GJ/hr,  
14 would create a peak day demand (CD) of approximately 100,000 GJ/d.

15 Assuming an annual load factor of approximately 50%, the customer's obligated DCQ at  
16 Parkway would be 50,000 GJ/d. The difference between the obligated DCQ at Parkway  
17 (average daily delivery) and the CD (peak day firm requirement) creates a substantial  
18 requirement (50,000 GJ/d) for either incremental Dawn to Parkway transmission capacity  
19 or for alternate arrangements to serve the peak day requirements that are not met by the  
20 obligated DCQ at Parkway. Absent any change to the existing terms and conditions, the  
21 impact of rolling these incremental costs in with the existing system costs could create a  
22 significant cost burden for all existing customers. In this example, a 50,000 GJ/d demand

1 represents a significant amount of Dawn-Parkway capacity expansion which has a value  
2 of \$1.5 to \$2.0 million per year at posted M12 tolls. In the absence of any changes, this  
3 amount would be recovered from other existing customers.

4

#### 5 **Customers Alternatives**

6 Union is amending the terms and conditions of T1 service for new, large firm T1  
7 customers, and for existing customers with new firm incremental loads, of greater than  
8 1,126,964 m<sup>3</sup> per day served by the Dawn-Parkway transmission system. This threshold  
9 aligns with the proposed new T1 rate class structure which was described at Tab 3, pages  
10 17 – 28.

11

12 Specifically, Union is offering the following alternatives and options for customers:

- 13 1) Customers could deliver a daily obligated supply at Parkway, equal to 100% of  
14 their firm CD, which avoids the need for Union to construct incremental Dawn-  
15 Parkway transmission capacity (or make alternate delivery arrangements), or
- 16 2) Customers could commit to M12 Dawn-Parkway transmission capacity sufficient  
17 to meet 100% of their firm CD. This allows the customer to purchase all their gas  
18 supply at Dawn, on a non-obligated basis, yet operate with the no-notice benefits  
19 of the T-1 service, or
- 20 3) Customers could elect to deliver their DCQ at Parkway on the days/hours their  
21 plant is consuming. This election would require the customer to match the hourly  
22 (or in increments of 15 minutes) deliveries from TCPL at Parkway to the same

1 hourly or 15 minute increment consumption at the plant (this option would be  
2 contingent on TCPL being able to confirm physical supply to Union at Parkway  
3 on hourly or 15 minute increments). Union would only redeliver to the customer  
4 what had been delivered to Union by the customer, or

5 4) Any combination of the above that meets the requirements. In the above example,  
6 the customer could choose to obligate daily deliveries at Parkway (DCQ) for  
7 40,000 GJ/d, and commit to incremental Dawn-Parkway transmission capacity of  
8 60,000 GJ/d, to meet their firm CD.

9

10 Under alternatives 2 and 4, the customer would be required to assign the right to use the  
11 M12 Dawn-Parkway transmission capacity to Union to allow Union to manage the firm  
12 redeliveries to the plant on a no-notice basis. The customer would continue to pay for  
13 M12 demand charges as well as the required M12 fuel (based on actual daily usage up to  
14 the total contracted volume of M12 capacity).

15

16 These alternatives allow new large customers east of Dawn to use T1 service without  
17 imposing a significant cost burden on other customers. They also provide the service  
18 flexibility being requested by the new Power Customers for a non-obligated DCQ.

19

#### 20 **Allocation of Storage to new large Power Customers**

21 To determine the capacity used by customers for Union's storage services, Union  
22 allocates storage space in accordance with the Board approved aggregate excess

1 methodology. This methodology is described at page 7 of Union’s storage regulation pre-  
2 filed evidence. The aggregate excess methodology applies to customers who commit to a  
3 daily delivery obligation. For traditional “semi unbundled” T-1 customers, with an  
4 obligated DCQ, Union allocates cost-based storage using the aggregate excess  
5 calculation. This methodology recognizes the differences between seasonal load profiles,  
6 annual supply requirements and subsequent daily delivery obligations.

7

8 For customers who do not want to commit to daily deliveries (i.e. no obligated DCQ), the  
9 aggregate excess allocation methodology will not apply. These customers would have no  
10 seasonal or annual balancing requirement. Accordingly, these customers will not receive  
11 a traditional allocation of storage space as there are no differences in seasonal load  
12 profiles, annual supply requirements and daily delivery obligations.

13

14 Power Customers have expressly told Union that their storage and balancing needs are  
15 driven by their daily deliverability requirements and not by the amount of allocated  
16 storage space. Union is currently evaluating options to provide a storage service to  
17 power generators who wish to avoid daily delivery obligations, and will bring these  
18 forward in due course for Board approval.

19

20 **Conclusion**

21 By incorporating these proposed changes, large in-franchise power generation customers  
22 will continue to have access to the no notice T-1 service, while ensuring that the existing



- 1 customer base is not exposed to significant additional costs and preserving the concept of
- 2 postage stamp rates for all T-1 customers.