



RP-2003-0063

EB-2004-0267

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

AND IN THE MATTER OF an Application by Union Gas Limited for an order or orders approving or fixing just and reasonable rates for the sale, distribution, transmission, and storage of gas as of July 1, 2004;

AND IN THE MATTER OF the Quarterly Rate Adjustment Mechanism approved by the Ontario Energy Board.

BEFORE:

Paul Vlahos
Presiding Member

Art Birchenough
Member

Jan Carr
Vice Chair and Member

DECISION AND ORDER

Union Gas Limited (“Union”) filed an application (the “Application”) dated May 26, 2004, with the Ontario Energy Board for an order or orders approving or fixing just and reasonable rates for the sale, distribution, transmission, and storage of gas commencing July 1, 2004. The Application was made pursuant to Union’s Board-approved Quarterly Rate Adjustment Mechanism (“QRAM”). Union’s Application was given Board File No. RP-2003-0063/EB-2004-0267. Union provided its Application and evidence in support of the proposed changes to all parties of record in the last main rates proceeding, RP-2003-0063.

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A Notice of Written Hearing and Procedural Order No. 1, dated May 28, 2004, set the deadline for submissions on the Application as June 3, 2004. Union was required to respond to any such submissions by June 4, 2004.

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By letter dated June 4, 2004, Union informed the Board that no written submissions had been made and that no stakeholder had expressed any concerns with the Application, although Union did discuss and clarify issues concerning the Application with Board staff, the Industrial Gas Users Association, and the Federation of Northern Ontario Municipalities.

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The Board has considered the evidence and finds that it is appropriate to adjust Union's rates to reflect the projected changes in gas costs, and prospective recovery of the projected twelve-month balances of the gas supply deferral accounts for the period ending June 30, 2005. The Board also finds that it is appropriate to establish adjust Union's reference prices to reflect the projected changes in gas costs.

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THE BOARD THEREFORE ORDERS THAT:

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1. Rates and other charges as authorized by the Board's previous QRAM (RP-2003-0063/EB-2004-0210) rate order be increased to reflect a projected increase in the Alberta Border Reference Price of \$0.940/GJ (3.5607 ¢/m³) from \$6.320/GJ (23.9402 ¢/m³) to \$7.260/GJ (27.5009 ¢/m³). The resulting rate changes set out in Appendix "A" and the rate schedules set out in Appendix "B" are approved effective July 1, 2004;
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2. The rates pursuant to all contracts for interruptible service under Rates 16, 25, M5A, M7, and T1 be adjusted effective July 1, 2004, by the amounts set out in Appendix "C". The rates pursuant to contracts for interruptible service under Rate 25 shall be negotiated within the range as adjusted in Appendix "C";
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3. The reference price for use in determining the amounts to be recorded in the North Purchased Gas Variance Account (Deferral Account No. 179-105) be set at the Alberta Border Reference Price of \$7.260/GJ (27.5009 ¢/m³) effective July 1, 2004;
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4. The reference price for use in determining the amounts to be recorded in the South Purchased Gas Variance Account (Deferral Account No. 179-106) be set at the Ontario Landed Reference Price of \$8.835/GJ (33.4670 ¢/m³) effective July 1, 2004;
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5. The South Portfolio Cost Differential be set at \$0.166/GJ (0.6288 ¢/m³) effective July 1, 2004;
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6. The reference price for use in determining the amounts to be recorded in the Spot Gas Variance Account (Deferral Account No. 179-107) be set at the Ontario Landed Reference Price of \$8.835/GJ (33.4670 ¢/m³) effective July 1, 2004;

7. The reference price for use in determining the amounts to be recorded in the TCPL Tolls and Fuel - Northern and Eastern Operations Area deferral account (Deferral Account No. 179-100) is increased by \$0.940/GJ (3.5607 ¢/m³) to \$7.260/GJ (27.5009 ¢/m³) effective July 1, 2004; 21
8. The inventory revaluation credit resulting from changes in the reference price as of July 1, 2004, be recorded in the Inventory Revaluation Account (Deferral Account No. 179-109); and 22
9. The respective forms of the customer notices set out in Appendix “D” be given to all customers with the first bill or invoice reflecting the new rates. 23

DATED at Toronto, June 10, 2004 24

ONTARIO ENERGY BOARD

Peter H. O’Dell
Acting Board Secretary

**APPENDIX "A" TO
BOARD FILE No. RP-2003-0063/EB-2004-0267
DATED June 10, 2004
Appendix "A" is not available electronically**

**APPENDIX "B" TO
BOARD FILE No. RP-2003-0063/EB-2004-0267
DATED June 10, 2004
Appendix "B" is not available electronically**

**APPENDIX "C" TO
BOARD FILE No. RP-2003-0063/EB-2004-0267
DATED June 10, 2004
Appendix "C" is not available electronically**

**APPENDIX “D” TO
BOARD FILE No. RP-2003-0063/EB-2004-0267
DATED June 10, 2004
Appendix “D” is not available electronically**