



EB-2005-0290

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, pursuant to section 36(1) of the *Ontario Energy
Board Act, 1998*, 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
July 1, 2005;

AND IN THE MATTER OF the Quarterly Rate
Adjustment Mechanism approved by the Ontario Energy
Board in RP-2003-0063.

BEFORE: Bob Betts
Presiding Member

George Dominy
Member

Cathy Spoel
Member

DECISION AND ORDER

Union Gas Limited ("Union") filed an application (the "Application") dated May 26, 2005, with the Ontario Energy Board (the "Board") for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission, and storage of gas commencing July 1, 2005. The Application was made pursuant to Union's approved Quarterly Rate Adjustment Mechanism ("QRAM"). Union also provided the Application and evidence supporting the proposed changes to all parties of record in the last main rates proceeding, RP-2003-0063. The Board assigned File No. EB-2005-0290 to the Application.

On June 1, 2005, the Board issued a Notice of Written Hearing and Procedural Order No. 1 setting June 3, 2005 as the deadline for submissions on the Application and June 6, 2005 as the deadline for Union's reply submissions. The Board did not receive any submissions on the Application.

The Board has considered the evidence and finds that it is appropriate to adjust Union's rates effective July 1, 2005 to reflect the projected changes in gas costs and the prospective recovery of the projected twelve-month balances of the gas supply deferral accounts for the period ending June 30, 2006. The Board also finds that it is appropriate to adjust Union's reference prices to reflect the projected changes in gas costs.

THE BOARD THEREFORE ORDERS THAT:

1. Rates and other charges as authorized by the Board's previous QRAM (EB-2005-0232) rate order be increased to reflect a projected increase in the Alberta Border Reference Price of \$0.832/GJ (3.1333 ¢/m³) from \$7.177 /GJ (27.0286 ¢/m³) to \$8.009/GJ (30.1619 ¢/m³). The resulting rate changes set out in Appendix "A" and the rate schedules set out in Appendix "B" are approved effective July 1, 2005;
2. The rates pursuant to all contracts for interruptible service under Rates 16, 25, M5A, M7, and T1 be adjusted effective July 1, 2005, 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";
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 \$8.009/GJ (30.1619 ¢/m³) effective July 1, 2005;
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 \$9.439/GJ (35.5473 ¢/m³) effective July 1, 2005;
5. The South Portfolio Cost Differential be set at \$0.012/GJ (0.0452 ¢/m³) effective July 1, 2005;
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 \$9.439/GJ (35.5473 ¢/m³) effective July 1, 2005;

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) with respect to fuel gas is increased by \$0.832/GJ (3.1333 ¢/m³) to \$8.009/GJ (30.1619 ¢/m³) effective July 1, 2005;
8. The inventory revaluation credit resulting from changes in the reference price as of July 1, 2005, be recorded in the Inventory Revaluation Account (Deferral Account No. 179-109); and
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.

DATED at Toronto, June 10, 2005

Original signed by

Peter H. O'Dell
Assistant Board Secretary