



EB-2011-0294

IN THE MATTER OF the *Ontario Energy Board Act 1998*,
S.O.1998, Section 39(2);

AND IN THE MATTER OF an Application by Union Gas Limited for approval of the parties to, the period of, and the storage that is the subject of a T3 Carriage Service Contract with The Corporation of the City of Kitchener.

BEFORE: Paula Conboy
Presiding Member

DECISION AND ORDER

Union Gas Limited ("Union") filed an Application (the "Application") with the Ontario Energy Board on August 16, 2011, under section 39(2) of the *Ontario Energy Board Act*, 1998 for an order of the Board approving the parties to, the period of, and the space for storage that is the subject of a T3 contract between Union Gas Limited and the Corporation of the City of Kitchener ("Kitchener") located in Kitchener, Ontario.

Union requested that the Application be disposed of without a hearing on the grounds that no person will be adversely impacted in a material way by the outcome of this proceeding.

A Notice of Application for the proceeding was issued on September 7, 2011 and was served on the clerks of all municipalities in which the City of Kitchener supplies gas and on all intervenors in EB-2011-0038 proceeding regarding Union's 2010 earnings sharing and disposition of deferral account and other balances. The Notice invited written submissions by September 16, 2011. The Board did not receive any submissions on this Application.

2.0 THE CONTRACT

The terms of the T3 Contract are summarized below:

Storage Space: 3,051,188 GJ

Deliverability (GJ per day) 56,610 GJ per day

Term: 5-year term effective April 1, 2011 to March 31, 2016

3.0 THE PUBLIC INTEREST TEST

Section 39(2) of the Act, stipulates that:

No storage company shall enter into an agreement or renew an agreement with any person for the storage of gas unless the Board, with or without a hearing has approved,

- (a) the parties to the agreement or renewal;*
- (b) the period for which the agreement or renewal is to be in operation;*
and
- (c) the storage that is the subject of the agreement or renewal.*

Each component of the above legislation, in the context of this Application, is considered below.

3.1 The Parties to the Agreement

Based on the terms of the T3 Contract, Kitchener has requested, and Union has agreed to provide, Kitchener with natural gas storage and distribution services. The Board has no concerns with respect to the parties to the T3 Contract.

3.2 The T3 Contract Term

Union and Kitchener have entered into a five-year Contract effective April 1, 2011. The Board accepts the term of the T3 Contract which covers a 5-year period effective April 1, 2011 to March 31, 2016.

3.3 Storage Space and Deliverability

In its Decision in the Proceeding on Natural Gas Storage Allocation Policies (EB-2007-0724 and EB-2007-0725) dated April 29, 2008 (the "Allocation Proceeding"), the Board approved the methodologies to be used by Enbridge Gas Distribution Inc. and Union to allocate natural gas storage space and deliverability to bundled and semi-bundled in-franchise customers at cost-based rates.

Union's evidence indicates that Board-approved methodologies from the Allocation Proceeding were employed in the determination of the storage space and deliverability amounts in the T3 Contract.

The Board is satisfied that Union has used Board-approved methodologies in determining the storage space and deliverability amounts in the T3 Contract.

3.4 Conclusion

Based on the above evidence and findings, the Board concludes that approval of the Application is in the public interest.

THE BOARD THEREFORE ORDERS THAT:

The Board approves the parties to, the period of, and the space for storage that is the subject of a T3 Contract between Union Gas Limited and The Corporation of the City of Kitchener. A redacted non-confidential version of the contract is attached to this Decision and Order as Appendix A.

DATED at Toronto, September 27, 2011

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX "A"

TO

DECISION AND ORDER

Union – The Corporation of the City of Kitchener Gas Storage Contract

Board File No. EB-2011-0294