



**EB-2008-0049**

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

**AND IN THE MATTER OF** The Affiliate Relationships  
Code for Gas Utilities Section 2.3.1- Approval for  
Contract Terms between Union Gas Limited and  
Huron Tipperary Limited Partnership 1.

**BEFORE:** Gordon Kaiser  
Vice Chair and Presiding Member

Paul Sommerville  
Member

### **DECISION AND ORDER**

Union Gas Limited (the “Applicant” or “Union”) filed an application dated February 19, 2008 with the Ontario Energy Board (the “Board”) pursuant to section 2.3.1 of the Affiliate Relationships Code (“ARC”) for an approval of Contract terms between Union and Huron Tipperary Partnership 1 (“Tipperary”). The Board has assigned file number EB-2008-0049 to the application.

**Application**

Union's application seeks approval of a Storage Contract and a Transportation Contract respectively between Union and Tipperary. Each of the subject contracts has a term of 10 years. Section 2.3.1 of the ARC states "the term of an affiliate contract between a utility and an affiliate shall not exceed five years, unless approved by the Board".

On December 24 , 2007 the Board approved Union's proposal to acquire 75% voting securities of Tipperary Gas Corp. pursuant to section 43(2)(a) of the *Ontario Energy Board Act* (EB-2007-0837) . Tipperary Gas Corp. is the general partner of Tipperary which owns the storage rights to land and facilities referred to as the Tipperary North and South Storage Pools located in the Township of Goderich, Municipality of Central Huron ("Storage Pools").

For the purpose of providing storage services, Union proposes to enter into a contract with Tipperary ("Storage Contract") for the capacity of the Storage Pools and an M16 transportation contract ("Transportation Contract") to transport gas to and from the Storage Pools.

Union stated that the Storage Contract and Transportation Contract will in all other respects conform to the requirements of the ARC.

**Proceeding**

On April 11, 2008 the Board issued Notice of Application and Written Hearing ("Notice") and directed Union to serve the Notice on all the parties in the EB-2007-0837 proceeding, namely: the Industrial Gas Users Association ("IGUA"); the Consumers Council of Canada ("CCC"); the Tipperary Storage Landowners Association ("TSLA"); Mr. Lenus Yeo, a landowner; and Mr. Goff Brand, a landowner. Union served the Notice as directed by the Board.

**Submissions**

By letter dated April 15, 2008 Mr. Lenus Yeo stated that he did not oppose the Application as long as agreements with the landowners and directives of the OEB are honored. On April 18, 2008 the TSLA submitted that they did not oppose the Application “provided that all previous agreements and commitments to the TSLA landowners and Conditions of Approval issued by the OEB remain in place and be adhered to.”

On April 23, 2008 Union sent a letter to the Board noting that two submissions were received and that neither TSLA nor Mr. Yeo opposed the Application. Union also asked that the Board proceed by way of a written hearing.

In its pre-filed evidence Union stated that the storage capacity that is subject to the Storage Contract (space and deliverability) will be part of Union’s unregulated assets in accordance with the NGEIR Decision (EB-2005-0551) and will not impact Union’s ratepayers during the 10 year term.

**Board Findings**

The Board reviewed the evidence of the Applicant and submissions by the parties and grants the approval of the application.

The Board notes that Union indicated that storage capacity of the Tipperary Pool, subject to the Storage Contract (space and deliverability) will be part of Union’s unregulated assets in accordance with the NGEIR Decision (EB-2005-0551) and therefore Union’s ratepayers would not be adversely affected.

With regard to the Transportation Contract, Union’s evidence confirmed that Tipperary will pay the Board approved MI6 transportation rate for term of the Transportation Contract. Also, the Transportation Contract conforms in all other respects to the requirements of the ARC. The Board is satisfied with Union’s

submission that the Storage Contract and the Transportation Contract will in all other respects conform to the requirements and the intent of the ARC.

The Board notes that no party opposed the 10 year contract request between Union and Tipperary provided that the conditions of approval as set out in Board Orders EB-2006-0018/EB-2006-0159/EB-2006-0279 and EB-2007-0837 are fulfilled. Approval of the instant application in no way effects the fulfillment of those conditions, nor does it effect the terms of any contractual arrangements between the operator of the pool and the landowners.

**THE BOARD ORDERS THAT:**

1. Pursuant to section 2.3.1 of the Affiliate Relationships Code for Gas Utilities Union Gas Limited is granted leave to enter into a 10 year term storage contract and transportation contract with Huron Tipperary Limited Partnership 1; and
2. Union Gas Limited shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

**DATED** at Toronto, June 24, 2008

ONTARIO ENERGY BOARD

*Original signed by*

Kirsten Walli  
Board Secretary