



EB-2009-0052

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 amending or varying the
rate or rates charged to customers as of July 1, 2009.

NOTICE OF WRITTEN HEARING AND PROCEDURAL ORDER NO. 1

Union Gas Limited (“Union” or the “Applicant”) filed an application (the “Application”) on March 31, 2009 with the Ontario Energy Board (the “Board”) seeking approval for final disposition and recovery of certain 2008 year-end deferral account balances including approval and disposition of the market transformation incentive. Union is also requesting the Board’s approval of an accounting order to establish a deferral account to record the costs Union will incur to convert its accounting policies and processes from Canadian Generally Accepted Accounting Principles (“CGAAP”) to International Financial Reporting Standards (“IFRS”).

The Application also includes evidence filed in accordance with Union’s EB-2005-0520 Settlement Agreement, which describes the analysis used by Union to support its decision to renew its firm transportation capacity on the Vector Pipeline for an additional 7-year term.

Particulars of the Application are set out below.

2008 Gas Supply Related Deferral Accounts

Union is seeking final approval of year-end deferral account balances for the gas cost related deferral accounts that are prospectively recovered through the Quarterly Rate Adjustment Mechanism (“QRAM”) process. The total amount for disposition within the

gas supply deferral accounts is \$10.996 million in credits, the majority of which is handled through the QRAM process. The accounts managed through the QRAM process are:

Account No.	Account Description	Balance (end Dec. 2008)	
(179-107)	Spot Gas Variance Account	\$0.245m debit	\$7.678m credit
(179-109)	Inventory Revaluation Account	\$13.993m debit	
(179-106)	South Purchased Gas Variance Account	\$14.919m credit	
(179-100)	TCPL Tolls and Fuel – Northern and Eastern Operations Area	\$2.713m debit	
(179-105)	North Purchased Gas Variance Account	\$9.710m credit	

There is one gas supply deferral account that is not recovered through the QRAM process. For this account Union is seeking approval of the final disposition and recovery of the year-end balance. This account is:

Account No.	Account Description	Balance (end Dec. 2008)
(179-108)	Unabsorbed Demand Cost Deferral Account	\$3.318m credit

Storage and Transportation Related Deferral Accounts

The storage and transportation related deferral accounts are:

Account No.	Account Description	Balance (end Dec. 2008)	
(179-70)	Short-Term Storage and Balancing Services Deferral Account	\$0.360m debit	\$28.101m credit
(179-72)	Long-term Peak Storage Services Deferral Account	\$28.461m credit	

Other Deferral Accounts

The other deferral accounts are:

Account No.	Account Description	Balance (end Dec. 2008)	
(179-26)	Deferred Customer Rebates / Charges Account	\$0	
(179-75)	Lost Revenue Adjustment Mechanism Deferral Account	\$0.421m credit	

(179-102)	Intra-period WACOG Changes Deferral Account	\$0.005m debit	\$8.390m debit
(179-103)	Unbundled Services Unauthorized Storage Overrun Account	\$0	
(179-111)	Demand Side Management Variance Account	\$1.559m debit	
(179-112)	Gas Distribution Access Rule Costs	\$0	
(179-113)	Late Payment Litigation Deferral Account	\$0.593m debit	
(179-115)	Shared Savings Mechanism Variance Account	\$7.943m debit	
(179-117)	Carbon Dioxide Offset Credits	\$0	
(179-118)	Average Use Per Customer Deferral Account	\$5.390m credit	
(179-119)	2008 Federal and Provincial Tax Changes Deferral Account	\$4.102m debit	

Market Transformation Incentive

Union is claiming a \$0.500 million incentive for the Market Transformation (“MT”) drain water heat recovery program created and executed in Union’s operations area in 2008. This incentive is based upon meeting or exceeding the performance goals as outlined by the MT Scorecard, filed and approved by the Board in Union’s 2007-2009 DSM Plan (EB-2006-0021 – Phase III).

CGAAP to IFRS Conversion Cost Deferral Account

Union is requesting the Board’s approval of an accounting order to establish a deferral account to record the costs Union will incur to convert its accounting policies and processes from CGAAP to IFRS.

Vector Pipeline Long-Term Transportation Contract

Union held 84,405 GJ/day of firm transportation capacity on the Vector Pipeline for a 5-year primary term from November 1, 2003 to October 31, 2008. Prior to the expiry of the contract, Union exercised its option to bid on increasing the capacity to 85,460 GJ/day and extending the term through to October 31, 2015. In this Application, Union filed evidence pursuant to its EB-2005-0520 Settlement Agreement, which provides detailed analysis to support Union’s decision to renew its firm transportation capacity on the Vector Pipeline.

Written Hearing

The Board intends to proceed in this matter by way of a written hearing unless any party provides a good reason why it should proceed by way of an oral hearing. The Board has determined that it will adopt the List of Intervenor approved in the current Union 2009 IRM rates proceeding (EB-2008-0220) (the "IRM proceeding"). The List is attached as Appendix "A" to this order. Parties listed in Appendix "A" who do not wish to participate in the current proceeding may so advise the Board.

Cost Awards

The Board may order costs in this proceeding. Parties deemed eligible for an award of costs in the IRM proceeding shall also be eligible to claim an award of costs in this proceeding. Intervenor who did not participate in the IRM proceeding are required to indicate whether they expect to seek costs from the Applicant and the grounds for their eligibility for costs in accordance with the Board Practice Direction on Cost Awards. Any party that expects to seek costs in this proceeding shall file a letter with the Board and copy Union no later than April 27, 2009. The Board will issue details with respect to the filing of cost claims at a later date. Union will be responsible to pay any cost awards for this proceeding. The Board's costs may also be dealt with in the cost awards decision.

THE BOARD THEREFORE ORDERS THAT:

1. Union shall immediately issue a copy of the Application to all parties in Appendix "A", if they have not already been served, and shall provide to the Board affidavit of proof of all deliveries.
2. Intervenor and Board staff who wish information and material from Union that is in addition to the evidence filed with Board, and that is relevant to the hearing, shall request it by way of written interrogatories filed with the Board and delivered to the Company on or before May 1, 2009.
3. Union shall file with the Board responses to the interrogatories and deliver them to the intervenors no later than May 8, 2009.

4. Board staff and intervenors wishing to file submissions related to this application may file their submissions with the Board on or before May 15, 2009 and shall serve it simultaneously on Union and other intervenors.
5. Union may file its reply submission with the Board on or before May 22, 2009 and shall serve it simultaneously on intervenors.

All filings to the Board must quote file number EB-2009-0052 and be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca. If the web portal is not available you may email your document to BoardSec@oeb.gov.on.ca. Those who do not have internet access are required to submit all filings on a CD or diskette in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies. All communications should be directed to the attention of the Board Secretary, and be received no later than 4:45 p.m. on the required date.

ISSUED at Toronto April 22, 2009

ONTARIO ENERGY BOARD

Original Signed by

Kirsten Walli
Board Secretary

Appendix “A” to
Notice of Written Hearing and Procedural Order No.1
EB-2009-0052

UNION GAS LIMITED
2009 Rates
EB-2008-0220
APPLICANT & LIST OF INTERVENORS

Last Update: November 18, 2008

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