



By Electronic Filing and By E-mail

May 28, 2009

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto ON M4P 1E4

Dear Ms Walli,

Union Gas Limited
Disposition of 2008 Deferral Account and Other Balances
Board File No.: EB-2009-0052
Our File No.: 339583-000041

This letter contains the Further Submissions of our client, Canadian Manufacturers & Exporters ("CME"), with respect to the balances in the Short-Term Storage and Other Balancing Services Deferral Account (Account 179-70) and the Long-Term Peak Storage Services Deferral Account (Account 179-72).

The point CME raised in its initial Submissions with respect to these balances related to the discrepancies between the amounts recorded in Union's year-end Audited Financial Statements and the amounts Union is proposing to clear to ratepayers. These discrepancies appear in Exhibit B2, Tab 1, Attachment 1 and were discussed with Mr. Ferguson during the Technical Conference at Transcript pages 4 to 8. These discrepancies are not considered in the Supplementary Submissions made by Mr. Aiken dated May 26, 2009.

The "Accrual for Ratepayer Deferral" recorded in the Financial Statements accepted by Union's auditors for Short-Term and Other Balancing Services was a credit amount of \$606,000. The amount Union proposes to clear to ratepayers is a debit amount of \$360,000. Union has made a \$966,000 downward adjustment to the Ratepayer Deferral amount recorded in its Audited Financial Statements. This amount appears at line 9 of Column B in Attachment 2 to Exhibit B2.1.

With respect to Long-Term Peak Storage Services, the "Accrual for Ratepayer Deferral" recorded in the Audited Financial Statements is \$32,037,000. The amount Union proposes to clear to ratepayers is \$28,461,000, a reduction of about \$3,576,000. This amount also appears in Exhibit B2.1, Attachment 2 in Column C, line 9 as an "Adjustment to Estimate".

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At the Technical Conference, Union witnesses could provide no information whatsoever pertaining to either the causes or components of these "Adjustments" to amounts recorded in the Financial Statements approved and accepted by Union's auditors.

The Board should never accept, as reasonable, material adjustments to amounts recorded in Audited Financial Statements without a clear, on the record, explanation from Union of the nature and derivation of the adjustment amounts.

In the absence of any explanation of either the causes or components of these adjustments totalling \$4,542,000 recorded in the Audited Financial Statements for December 31, 2008, we submit that the amounts Union should be directed to clear to ratepayers from Deferral Accounts 179-20 and 179-72 should be the higher credit amounts of \$606,000 and \$32,037,000 accepted by Union's auditors, and not the lower's adjusted amounts Union proposes.

As a result of Union's failure to justify the discrepancies, the Board should direct Union to clear the amounts recorded in the Financial Statements to ratepayers. The Audited Financial Statement credit amounts of \$606,000 and \$32,037,000 should be relied upon by the Board in the absence of any evidence justifying the more than \$4.5M adjustments Union has made to reduce the balances recorded in the two accounts.

Please contact me if the Board requires any further information with respect to the Further Submissions contained in this letter.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Peter C.P. Thompson', followed by a long horizontal flourish.

Peter C.P. Thompson, Q.C.

PCT\slc

c. Intervenor EB-2009-0052
Paul Clipsham (CME)

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