



By electronic filing and by e-mail

November 5, 2009

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

Dear Ms Walli,

Union Gas Limited ("Union")
Request for Accounting Order
Board File No.: EB-2009-0354
Our File No.: 339583-000040

This letter contains the comments of Canadian Manufacturers & Exporters ("CME") on the September 24, 2009 Application by Union Gas Limited ("Union") for Board approval of Deferral Account No. 179-120 to record the one-time administrative costs Union will incur to convert accounting policies and processes from Canadian Generally Accepted Accounting Principles ("CGAPP") to International Financial Reporting Standards ("IFRS").

We reviewed Union's Application having regard to the Report of the Board in the EB-2008-0408 proceeding and Board Staff's November 5, 2009 submission pertaining to the relief Union seeks.

We are satisfied that the Deferral Account Union proposes is compatible with the Board's Report in EB-2008-0408. However, we agree with Board Staff that the precise description of the operation of the account should reflect the criteria for recording IFRS incremental transition costs applicable to electricity distributors to which Board Staff refers.

Moreover, our support for this deferral account is subject to our right to question later the appropriateness of amounts recorded therein for 2009, having regard to the Board's statements in its Report at page 27 as follows:

"The Board will not restrict the IFRS transition costs account by establishing a fixed start date for amounts to be recorded. However, the Board cautions distributors that the amounts in the account will be subject to a prudence review before disposition. The criteria of materiality, causation and prudence will be considered at the time of

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proposed disposition. Only costs that are clearly driven by the necessity of transitioning to IFRS and are genuinely incremental to costs that would have been otherwise incurred will be recoverable in rates. Any distributor that has IFRS related costs already approved in rates must record, in a variance account, the variances between the previously approved costs and actual costs of transitioning to IFRS."

We respectfully request that CME be awarded 100% of its reasonably incurred costs for the services we have provided in reviewing this material and preparing these comments.

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. Chris Ripley (Union)
Paul Clipsham (CME)
Vincent DeRose

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