

January 22, 2008

BY COURIER (11 COPIES) AND EMAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
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Dear Ms. Walli:

**Re: Pollution Probe – Unanswered Union Interrogatory (Ex. C20.5)
EB-2007-0606 / EB-2007-0615 – Union Gas / Enbridge – 2008 Rates**

We are writing to request that the Board direct Union Gas to provide a full and adequate response to the interrogatory in Exhibit C20.5 and, if substantial time is required to provide a full and adequate response, that the hearing of the outstanding customer addition issue be deferred for a short period until a reasonable time after receipt of this interrogatory response.

On December 21, 2007, Pollution Probe sent various supplemental interrogatories to Union Gas in light of questions that arose specifically due to the proposed Union Gas settlement. Pollution Probe sent these interrogatories in an effort to increase the efficiency and effectiveness of its cross-examination on the outstanding customer addition issue as well as the Board's understanding of this issue. Unfortunately, these interrogatories could not have been asked before since they are premised on the actual settlement, and Pollution Probe sent them in close proximity to the finalization of the settlement's details.¹

On January 15, 2008, Union Gas responded to the supplemental interrogatories. However, with respect to the interrogatory in Exhibit C20.5 (of which a copy is enclosed for your reference), Union Gas responded that "Union is not able to provide the requested analysis *in the time available* [emphasis added]." It is important to note that Union Gas did not indicate that the interrogatory was not relevant or that information was unavailable; it simply stated that there was insufficient time.

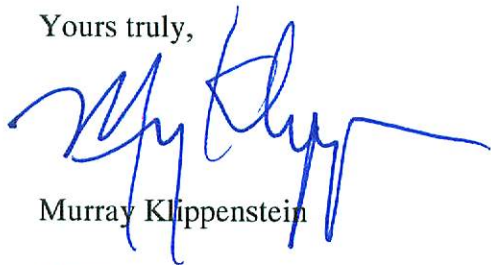
¹ For the Board's reference, Pollution Probe also expects to shortly submit supplemental interrogatories to Enbridge premised on its recent settlement for similar reasons once Pollution Probe has had an opportunity to review the settlement's details. However, potential issues (if any) arising from supplemental interrogatories to Enbridge are premature at this time, particularly since supplemental interrogatories have not yet been submitted to Enbridge as the settlement's details became available only recently.

For context, it is important to remember that the hearing was originally supposed to proceed on January 17, 2008, which was subsequently postponed (on January 14, 2008) to January 24, 2008. Further, in light of the Enbridge settlement-in-principle (as noted in Enbridge's correspondence dated January 18, 2008 and Procedural Order No. 17), the start of the hearing has now been further postponed to January 31, 2008.

Pollution Probe thus submits that ample time now exists for Union Gas to provide a full and adequate response to this interrogatory, and Union should be directed to provide such a response. Pollution Probe further submits that such a response would increase the efficiency and effectiveness of Pollution Probe's cross-examination before the Board and substantially increase the Board's understanding of this outstanding issue at the hearing.

However, if Union Gas requires substantial additional time to provide a full and adequate response to the interrogatory, Pollution Probe submits the hearing of the customer addition issue should be deferred for a short period until a reasonable time after receipt of the full and adequate interrogatory response. Pollution Probe submits that there are substantial benefits to the Board's understanding of this issue if a full and adequate response can be effected whereas negligible impact would occur as a result of any short deferral of the hearing of this issue (particularly given the substantial reduction in required hearing time due to the approved Union Gas settlement and hopefully the Enbridge settlement-in-principle).

Yours truly,



Murray Klippenstein

MK/ba

Encl.

cc: Applicants and Intervenors per List of Applicants & Intervenors dated
August 24, 2007 by email
Board Staff per Procedural Order #1 by email

UNION GAS LIMITED

Answer to Supplemental Interrogatory from
Pollution Probe

Reference: Union Exhibit B, Tab 1, p. 37-39

Issue Number: 5

Issue: Y Factors (re: System Expansion)

Assuming Board approval of the EB-2007-0606 Settlement Agreement, please provide a break-out of the forecasted revenue deficiencies associated with your forecasted 2008 new customer additions for:

- a) 2008;*
- b) 2009;*
- c) 2010;*
- d) 2011; and*
- e) 2012.*

In particular, please provide a break-out of the revenue deficiencies according to the following categories:

- a) incremental revenues;*
 - b) incremental operating costs;*
 - c) incremental required return on capital; and*
 - d) marginal corporate income tax rate.*
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Response:

Union is not able to provide the requested analysis in the time available.

As it did during its trial PBR term, Union will continue to ensure that the system expansion guidelines in E.B.O. 188 are met during the term of the incentive regulation plan.

Question: December 21, 2007

Answer: January 15, 2008

Docket: EB-2007-0606