



October 28, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Dear Ms. Walli:

**RE: EB-2011-0327 – Union Gas Limited – 2012-2014 Demand Side Management Plan
Union Response to Letter from the Ontario Energy Board dated October 21, 2011**

On October 21, 2011, the Ontario Energy Board (“Board”) requested further clarification from Union on its request for an interim order if a Board decision cannot be released by November 15, 2011 for the 2012 to 2014 DSM Plan. Specifically, the Board asked Union to respond to two questions. The Board’s questions and Union’s responses are below.

Question 1

Is Union requesting interim approval of parts of its 2012 DSM Plan, specifically its Resource Acquisition Programs, excluding the Large Industrial Rate T1/Rate 100 Program, its Low-income Program and its 2012 DSM Budget, or is Union requesting partial approval of its 2012-2014 DSM Plan?

Response

Union is requesting an interim order to maintain the current 2011 programs into 2012 specifically related to Low-income and Resource Acquisitions, excluding Large Industrial Rate T1/Rate 100 Program.

To ensure program delivery and prevent market disruption, there are contractual agreements in place with suppliers, and staffing requirements focussed on program delivery into 2012. More importantly, customers expect that these existing programs will continue and that they will be eligible for incentives associated with these specific programs.

Union has not requested interim approval of new programs such as its Large Industrial T1/R100 Resource Acquisition Program, Market Transformation Programs, nor approval for all DSM Programs’ incentive levels or scorecards. Union will not initiate these new programs until a final Decision has been received.

Question 2

Please indicate if it is Union’s understanding that it assumes all risk in the interim prior to a final Board decision. For example, if the Resource Acquisition Program is approved on an interim

basis, but then not approved in the Board's final decision, Union would be at risk for any funds spent on that program during the time the interim order was in place.

Response

In an attempt to mitigate any risk for both rate payers and the shareholder, Union is only carrying over its existing programs to allow for continuity from 2011 to 2012.

In the event that the Board's approval causes any impact on the programs that Union is carrying over from 2011 to 2012, Union would record the impact in the DSMVA and seek approval to recover or refund the amount as part of its annual deferral account disposition proceeding.

If you have any questions or concerns, please contact me at 519-436-4521.

Sincerely,

[original signed by]

Marian Redford
Manager, Regulatory Initiatives

cc: Crawford Smith (Torys)
EB-2008-0346 Intervenors