

November 10, 2011

**Sent by E-mail and Courier**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, Suite 2700  
Toronto, ON M4P 1E4



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Dear Ms. Walli:

**Union Gas Limited 2012-2104 Demand Side Management Plan (EB-2011-0327)**

The Association of Power Producers of Ontario ("APPrO") respectfully files this written submission regarding the draft issues list provided at Appendix A of Procedural Order No. 1 (issued by the Ontario Energy Board on November 4, 2011).

Issue 5 of the partial Settlement Agreement recently reached between Union Gas Limited and its stakeholders in its 2012 Rate Application (EB-2011-0025), reads as follows:

The parties accept Union's proposal to include the incremental DSM costs, as filed in EB-2011-0327, in 2012 rates on an interim basis. This treatment is intended to provide for an in-year adjustment of rates if warranted as a result of the EB-2011-0327 proceeding, and to be determined by the Hearing Panel in that proceeding, as opposed to conventional variance account treatment through which variances are disposed of commencing part way through the following year. **The final DSM budget and allocation of the budget to rate classes will be determined in the EB-2011-0327 proceeding. The parties agreement to include the DSM budget as proposed in EB-2011-0327 in Union's proposed 2012 rates is without prejudice to positions any party may take in the EB-2011-0327 proceeding.** [emphasis added]

In light of this, APPrO suggests that the following issue be added to the draft issues list for EB-2011-0327:

*What is the appropriate rate design for recovery of DSM costs?*

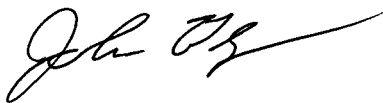
Please do not hesitate to contact me should you have any questions or concerns.

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Yours very truly,



John Beauchamp

JB/mnm

cc: M. Redford (Union Gas Limited)  
C. Smith (Counsel for Union Gas Limited)  
D. Butters (APPrO)  
J. Wolnik (Elenchus Research Associates Inc.)  
All interested parties