

November 11, 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 Reply Submission on Written Submissions on Union Gas' Request for an
Interim Approval**

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. The Board also asked Union indicate if it was Union's understanding that it assumes all risk in the interim prior to a final Board decision. Union responded on October 28, 2011.

On November 4, 2011 the Board issued its Procedural Order No. 1 and Cost Eligibility Decision. The Board indicated it had determined that it would consider Union's request for interim approval in advance of the proceeding and would do so in writing. This is Union's response to the written submissions which were provided by Board staff, the Building Owners and Managers Association of Greater Toronto ("BOMA"), Canadian Manufacturers & Exporters ("CME"), Green Energy Coalition ("GEC"), Low Income Energy Network ("LIEN"), School Energy Coalition ("SEC") and Vulnerable Energy Consumers Coalition ("VECC").

Interim Approval

As indicated by Union in its October 28, 2011 letter, Union's request for an interim order to maintain the current 2011 programs into 2012 specifically related to Low-income and Resource Acquisitions, excluding the Large Industrial Rate T1/Rate 100 Program. This will allow Union to continue with its contractual agreements in place with suppliers, and staffing requirements focussed on program delivery into 2012 without disruption. The interim approval will also meet customer expectations that existing programs will continue and that they will be eligible for incentives associated with these specific programs.

Union's request for interim approval is supported by all parties with the exception of SEC.

Ratepayer/Union Risk

Board staff, CME, GEC and SEC argue that Union should be at risk for any and all differences between what it spends on DSM programming between receiving interim approval and the Board's final decision. Union disagrees with these submissions.

First, the very reason Union is requesting interim approval (to maintain the current 2011 programs into 2012 specifically related to Low-income and Resource Acquisitions, excluding the Large Industrial Rate T1/Rate 100 Program) is to minimize the possibility of there being any material impact on either Union or ratepayers. Second, in Union's view, it is inconsistent for intervenors on the one hand to support interim approval so that customers can continue to receive DSM programming on a seamless basis while on the other, be completely shielded from the impacts of the Board's final decision. Third, as indicated by Union in its October 28, 2011 submission, 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. Under this approach, Union would have the same requirements to justify balances in the DSMVA as prudent as it would with any deferral account. Union should not be put in a position where it accepts more risk than it otherwise would typically when disposing of deferral accounts.

Within the Board's DSM Guidelines released June 30, 2011, the Utilities were requested to consult with stakeholders on their proposed DSM plan. Union did just that. Union disagrees with SEC's submission concerning the level of consultation, the attempted linkage to the filing date of Union's application, and the implication that either of these should impact Union's level of risk. Union did consult with the stakeholders and anticipates a Settlement Conference at which all parties will work towards a consensus in respect of the Union plan.

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-2011-0327 Intervenors