

February 6, 2012

BY COURIER (2 COPIES) AND EMAIL

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

**Re: Pollution Probe – Proposed Evidence and Timetable
EB-2011-0327 – Union Gas – 2012-14 DSM Plan**

We are writing further to *Procedural Order No. 4* and the hearing last Friday, February 3, 2012, to propose a timetable for proceeding in the above matter.

Background – Pollution Probe's Position on Large Industrial DSMVA Restrictions

Pollution Probe's intended position is that Union should be free to allocate DSM Variance Account ("DSMVA") funds to the most efficient and effective programs, regardless of rate class. Under the DSM guidelines, a utility may spend 15% above its DSM budget through the DSMVA as long as certain requirements are met. The proposed settlement agreement restricts DSMVA spending by rate class, which inhibits the optimal use of DSMVA funds.

The DSMVA restrictions are contrary to the public interest and the DSM Guidelines. These restrictions will prevent Union from allocating DSMVA funds to large industrial DSM programs, even though large industrial programs are many, many times more cost effective than the average program from other rate classes. Therefore, restrictions on the DSMVA will prevent Union from maximizing cost effective natural gas savings, contrary to both the DSM Guidelines and the public interest.

Pollution Probe Proposed Evidence and Timetable

Pollution Probe intends to file a Cross-Examination Reference Book, cross-examine an appropriate Union witness or witness panel, and make written submissions in relation to the above-described issue. The Cross-Examination Reference Book will largely contain

documents from the record and other publicly available materials. Pollution Probe will not be calling its own witness.

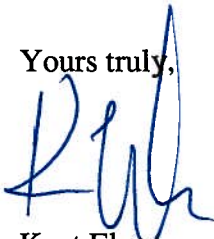
We anticipate cross-examination taking no longer than 2 hours.

We propose the following timetable:

- Friday, February 10, 2012 – Pollution Probe to file and serve Cross-Examination Reference Book
- Monday, February 13, 2012 – Hearing
- Wednesday, February 15, 2012 – Pollution Probe to file and serve written submissions

Please do not hesitate to contact me if you have any questions.

Yours truly,



Kent Elson

cc: Applicant and Intervenors by email