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By electronic filing

February 22, 2012

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Dear Ms Walli,

Union Gas Limited
Closure of Deferral Account No. 179-121 and 179-122
(St. Clair Line Related Deferral Accounts)
Board File No.: EB-2012-0048
Our File No.: 339583-000133

Enclosed are the Interrogatories of Canadian Manufacturers & Exporters ("CME") for Union Gas Limited ("Union"). We have attempted to confine these Interrogatories to information that is supplemental to the further information requested by Board Staff in their Interrogatories delivered earlier today.

Yours very truly,

Peter C.P. Thompson, Q.C.

PCT\slc
enclosure
c. Mark Kitchen (Union)
Crawford Smith (Torys)
Intervenors in EB-2012-0048
Paul Clipsham (CME)
Vince DeRose

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IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 14, Schedule B; and in particular section 36(2) thereof;

AND IN THE MATTER OF an application by Union Gas Limited for an Order or Orders approving closure of Deferral Account 179-121 and Deferral Account 179-122 as of April 1, 2012.

INTERROGATORIES OF CANADIAN MANUFACTURERS & EXPORTERS ("CME") TO UNION GAS LIMITED ("UNION")

1. Union advises that the sale of the St. Clair Line to Dawn Gateway LP ("DGLP") has been cancelled and on the basis of that cancellation, has reversed the balances in Deferral Accounts No. 179-121 and 179-122 and reduced them to zero. The sunset date for the prior approvals granted by the Board with respect to the Dawn Gateway project was December 31, 2013. Under the initial proposal, DGLP would be leasing the U.S. assets of MichCon that formed part of the project. In this context, please provide the following further information:

   (a) Does the cancellation of the sale of the St. Clair Line to DGLP mean that the Dawn Gateway project has been permanently cancelled, with the result that the approvals previously granted by the Board with a sunset date of December 31, 2013, should now be treated as having expired?

   (b) If not, then is there a possibility that the project will be re-structured to proceed prior to December 31, 2013, with a lease of the St. Clair Line to DGLP, rather than a sale being the structure initially proposed for the project's use of MichCon assets? If the answer to this question is yes, then please provide details of the proposed restructuring of the Dawn Gateway project.

   (c) Please provide an update on the status of approvals for the Dawn Gateway project requested from U.S. authorities. Have these requests for approvals been withdrawn? If not, then please explain why these requests for approval are proceeding.

2. Board Staff in their Interrogatories to Union ask a number of questions pertaining to the accounting transactions related to the account closure relief Union proposes, including the accounting that would have prevailed had the under-utilized St. Clair Line and its related under-recovery burden been charged as an expense to over-earnings realized by Union in the period between January 1, 2010 and December 31, 2012.

By way of further elaboration on the information Board Staff seeks, please provide the following information:

(a) Has Union, in its accounting records, treated the St. Clair Line as a non-utility asset since December 31, 2009?

(b) What was the actual net book value of the St. Clair Line at December 31, 2009, and what is the actual net book value of the asset in Union's accounting records at December 31, 2011?

(c) What is the precise date upon which Union proposes to return the St. Clair Line to Rate Base?

(d) What is the actual net book value in Union's accounting records for the St. Clair Line as at the precise date on which it proposes to return the Line to Rate Base?

3. In Board Staff Interrogatory No. 5(a), Union is asked to provide a table highlighting the utilization of the St. Clair Line from 2003 to 2012. By way of an elaboration of the information requested in Board Staff Interrogatory No. 5(a), please provide the following:

(a) A broadened and updated response to Union's answer to Undertaking J1.2 in the EB-2008-0411 proceeding showing, for the 6-year period referenced in that Undertaking response and for the additional yearly periods to December 31, 2012, the deficiency amount and negative rate of return being earned by Union on the asset.

(b) An exhibit that will show the calculation, as a year-by-year percentage amount in each of the years 2003 to 2012 inclusive, of the extent to which the St. Clair Line has been and continues to be under-utilized.

(c) An exhibit that quantifies, in percentage terms year-by-year, the extent to which, if at all, the St. Clair Line has been used since the NGEIR Decision to support in-franchise utility services rather than transportation related to non-utility storage services that Union provides.

4. By way of further information relevant to the potential remedy/adjustment to reflect the under-utilization of the St. Clair Line, if it is approved to be returned to Rate Base, referenced in Board Staff Interrogatory No. 5(b), please provide the following information:

(a) Produce the valuation report filed as Exhibit K1.5 in the EB-2008-0411 proceeding estimating the market value of the St. Clair Line at November 1, 2008, at $1.6M to $2.0M.

(b) Indicate whether the levels of prospective utilization of the St. Clair Line reflected in the valuation study for years beyond November 2008 have been over-estimated or under-estimated compared to actuals and estimated actuals for the period November 1, 2008, to December 31, 2012.

(c) Have the impacts of returning the St. Clair Line to Rate Base been reflected in Union's 2013 Rebasing filings?

(d) What is the incremental revenue requirement impact in the 2013 Rebasing year of returning the St. Clair Line to Rate Base in 2012 at the net book value Union proposes?

(e) By what amount will the incremental revenue requirement impact in the 2013 Rebasing year, requested in the previous question, reduce if the St. Clair Line is returned to Rate Base at a market value of $1.6M to $2.0M, rather than the net book value Union proposes?