

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule. B);

**AND IN THE MATTER OF** an Application by Union Gas Limited for an order or orders amending or varying the rate or rates charged to customers as of April 1, 2008;

**APPLICATION**

1. Union Gas Limited (“Union”) is a business corporation, incorporated under the laws of Ontario, with its head office in the Municipality of Chatham-Kent.
2. Union conducts an integrated natural gas utility business that combines the operations of selling, distributing, transmitting and storing gas within the meaning of the *Ontario Energy Board Act, 1998* (the “Act”).
3. In EB-2005-0520, Union applied to the OEB for an order, among other things, approving or fixing just and reasonable rates and other charges for the sale, distribution, storage and transmission of gas by Union effective January 1, 2007.
4. By Reasons for Decision and Rate Order dated December 19, 2006, the OEB fixed 2007 rates. In doing so, the OEB approved the creation/continuation of certain deferral accounts. The order also identified certain impacts on the setting of 2007 rates that resulted from prior proceedings.
5. In its EB-2006-0021 Decision with Reasons, the OEB decided that Union is entitled to an incentive payment of up to \$0.500 million in each year of the multi-year DSM plan based on the measured success of market transformation programs.
6. In the Board’s EB-2005-0520 decision, the OEB approved a settlement under which enacted changes to tax legislation which result in tax rates different than those used to establish 2007 rates would be subject to deferral account treatment for 2007 only.

7. The EB-2005-0520 Decision also required Union to report new upstream transportation contracts with a term of one year or longer that may form part of Union's "system" sales service in the future.
8. Union applies for the:
  - a) approval of final balances for all 2007 deferral accounts and an order for final disposition of those balances; and
  - b) approval of the market transformation incentive and capital tax deferral amounts for 2007 and an order for final disposition of these amounts.
9. Union also applies to the OEB for such interim order or orders approving interim rates or other charges and accounting orders as may from time to time appear appropriate or necessary.
10. Union further applies to the Board for all necessary orders and directions concerning pre-hearing and hearing procedures for the determination of this application.
11. This application will be supported by written evidence. This evidence will be pre-filed and will be amended from time to time as required by the OEB, or as circumstances may require.
12. The persons affected by this application are the customers resident or located in the municipalities, police villages and Indian reserves served by Union, together with those to whom Union sells gas, or on whose behalf Union distributes, transmits or stores gas. It is impractical to set out in this application the names and addresses of such persons because they are too numerous.

13. The address of service for Union is:

Union Gas Limited  
P.O. Box 2001  
50 Keil Drive North  
Chatham, Ontario  
N7M 5M1  
Attention: Chris Ripley  
Manager, Regulatory Applications

Telephone: (519) 436- 5476

Fax: (519) 436-4641

- and -

Torys LLP  
Suite 3000, Maritime Life Tower  
P.O. Box 270  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1N2  
Attention: Michael A. Penny

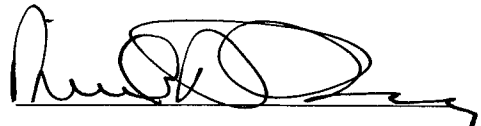
Telephone: (416) 865-7526

Fax: (416) 865-7380

DATED: March 3, 2008.

UNION GAS LIMITED

By its Solicitors



Torys  
Suite 3000, Maritime Life Tower  
P.O. Box 270  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1N2

Attention: Michael A. Penny

Telephone: (416) 865-7526

Fax: (416) 865-7380

March 2008