



uniongas

A Spectra Energy Company

August 7, 2008

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

Dear Ms. Walli:

Re: EB-2008-0146 – Union Gas Limited – Argument-In-Chief

Please find enclosed Union Gas Limited's Argument-In-Chief.

Yours truly,

[Original signed by]

Mark Kitchen
Director, Regulatory Affairs

Encl.

c.c.: EB-2008-0146 Intervenor of Record
Sharon Wong, Blakes

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

AND IN THE MATTER OF a proceeding initiated by the Ontario Energy Board to determine whether it should order new rates for the provision of natural gas, transmission, distribution and storage services to gas fired generators (and other qualified customers) and whether the Board should refrain from regulating the rates for storage of gas.

AND IN THE MATTER OF Rules 7, 42, 44 and 45.01 of the Board's Rules of Practice and Procedure.

**ARGUMENT IN CHIEF
OF
UNION GAS LIMITED**

1. Union Gas Limited ("Union") is bringing this motion for an order varying that portion of the Union Settlement Agreement (the "Settlement Agreement") in the Natural Gas Electricity Review proceeding (the "NGEIR"), EB-2005-0551, that required interested customers and Union to convene no later than March 31, 2009 to discuss and evaluate the experience and success of the new ex-franchise services being offered as a result of NGEIR (the "Power Services Review"). Union requests that the deadline for holding the Power Services Review be changed from March 31, 2009 to March 31, 2010.

Background

2. The Settlement Agreement, dated June 13, 2006, is attached as Appendix F to the NGEIR Decision with Reasons.

3. The Ontario Energy Board (the "Board") orally approved the Settlement Agreement as part of the NGEIR proceeding. (See Volume 4 of the NGEIR hearing transcript, p. 152, line 2)

4. The parties to the Settlement Agreement accepted Union's proposal to develop four new ex-franchise services intended to primarily serve gas-fired generators: F24T, F24S, UPBS and DPBS as described in Union's NGEIR evidence and modified in the Settlement Agreement (the "Power Services"). (See Settlement Agreement, p. 9).

5. As part of the settlement of that issue, the parties agreed to the following:

**1.1 MORE FREQUENT NOMINATION WINDOWS FOR DISTRIBUTION,
STORAGE AND TRANSPORTATION THAT CORRESPOND WITH THE
NOMINATIONS OF UPSTREAM PIPELINES THAT CONNECT TO THE
ONTARIO GAS SYSTEM.**

...

- Parties agree that once sufficient operating experience has been gained and in any event no later than March 31, 2009, interested customer groups and Union will convene to evaluate and discuss the experience and success of the services offered as a result of this proceeding. At that time, any party may propose further modifications to the rate schedules.

(Settlement Agreement, p. 12)

Grounds for the Requested Extension

6. As stated in the Settlement Agreement, the parties' intention was that interested customer groups and Union convene the Power Services Review to evaluate the new Power Services "*once sufficient operating experience has been gained*".

7. The Association of Power Producers of Ontario ("APPrO") is the industry association that generally represents the interests of the gas-fired generators at the Board. On May 20, 2008, APPrO wrote a letter to the Board (attached as Exhibit A to Union's Pre-filed Evidence) which referred to the requirement in the Settlement Agreement for the Power Services

Review to be convened before March 31, 2009 and then went on to state:

Since few of the large new gas-fired generators coming into service in 2008 are likely to have had more than a few months of "sufficient operating experience" by March 2009, it may be prudent to explore whether or not a later date might be more useful, for example late 2009 or early 2010.

I do not think APPrO or its members would be necessarily opposed to a delay in the interests of ensuring the best outcome in such discussions, but in any event it is certainly worth having the conversation so that everyone's time is utilized in the best manner.

8. Customers for the new Power Services are only now beginning to take these services. As a result, Union agrees with APPrO that the customers will not have gained sufficient operating experience by March 31, 2009 to conduct a meaningful review of the Power Services developed for the gas-fired generators. Union believes that it would be more useful to the parties to postpone the deadline for the Power Services Review for one year to March 31, 2010, so that the parties will have gained sufficient operating experience to engage in a meaningful review.

Board's Jurisdiction to Vary the Deadline

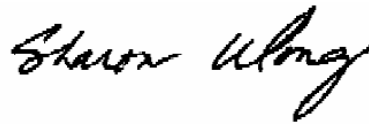
9. The Board has jurisdiction under s. 21.2(1) of the *Statutory Powers Procedure Act* and Rule 42.01 the Board's *Rules of Practice and Procedure* to vary its decisions.

10. Pursuant to Rule 7.01 of the Board's Rules of Practice and Procedure, the Board may extend the time for bringing a motion to vary on such conditions the Board considers appropriate.

11. It has only become apparent recently that it would be premature to hold the review meeting by March 31, 2009, and no party will be prejudiced by an extension of time to bring this motion to vary the approved deadline. Accordingly, Union requests that the deadline for the review meeting be adjusted to March 31, 2010.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

August 7, 2008

A handwritten signature in black ink, reading "Sharon Wong", written in a cursive style.

Sharon S. Wong

Counsel for Union Gas Limited