

**Ontario Energy  
Board**  
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**Commission de l'énergie  
de l'Ontario**  
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**BY EMAIL ONLY**

October 1, 2008

Mr. Bruce Pydee  
Vice President Regulatory and  
General Counsel  
Westcoast Energy Inc.  
1055 West Georgia Street  
Suite 1100  
Vancouver BC V6E 3P3

Mr. Mark Kitchen  
Director, Regulatory Affairs  
Union Gas Limited  
P.O.Box 2001  
50 Keil Drive North  
Chatham ON N7M 5M1

Dear Sirs:

**Re: Application under Section 43 of the *Ontario Energy Board Act* for Leave to Transfer All the Voting Shares of Union Gas Limited ("Union Gas") from Westcoast Energy Inc ("WEI") to a Limited Partnership  
Board File Number EB-2008-0304**

Further to your application dated September 15, 2008 the Board requires clarification and additional information with respect to the proposed ownership revision and the associated restructuring.

1. Please confirm that the proposed limited partnership, the proposed general partner of the proposed limited partnership and WEI will become or will remain parties to the undertakings made to the Lieutenant Governor that were undertaken by the current owners of the voting shares of Union Gas. If it is the Applicants' position that neither the proposed limited partnership nor the proposed general partner of the proposed limited partnership need to become parties to the undertaking please explain the Applicants' reasons for its position.
2. Please provide a statement from the Applicants as to their view of the tax effects on Union Gas after any conversion to the new ownership structure and the proposed conversion to a Nova Scotia Unlimited Liability Company. Please explain the impact of any tax savings on Union Gas and the impact of such tax savings on the IRM plan before and after conversion to the new ownership structure and its proposed conversion to a Nova Scotia Unlimited Liability Company.

3. Please advise whether there will be a change in the capital structure of Union Gas for rate making purposes as a result of substituting debt for the preferred shares in Union Gas that are proposed to be redeemed by WEI.
4. Please clarify, following any conversion of Union Gas Limited to a Nova Scotia Unlimited Liability Company:
  - a) whether there will be a change in the actual capital structure of Union Gas and if so, what is that change envisioned,
  - b) whether the retained earnings, share capital and contributed surplus (or book value) of the company will be replaced with subordinated shareholder notes.

Upon receipt and review of the Applicants' responses to the above-noted queries, the Board will determine whether to dispense with a hearing of the Application. In order to facilitate a prompt decision as requested in the Application, a response to the above-noted queries would be appreciated by October 6, 2008.

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary