



By Electronic Filing and By E-mail

November 5, 2008

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

Dear Ms Walli,

Westcoast Energy Inc. (“WEI”) and Union Gas Limited (“Union”)

Board File No.: EB-2008-0304

Our File No.: 339583-000023

As counsel for Canadian Manufacturers & Exporters (“CME”), we are writing pursuant to paragraph 3 of Procedural Order No. 2 and Notice of Oral Hearing dated October 29, 2008, to notify the Board and interested parties that counsel for CME will not be tendering any witnesses at the Oral Hearing on Friday, November 7, 2008, to reply to Union’s evidence.

Counsel expects to be questioning Union’s witnesses on matters pertaining to the overall public interest implications for ratepayers of an approval of this Application. In particular, we expect there to be questioning of Union’s witnesses in the following subject matters areas:

- (a) Union’s failure to disclose, in a timely manner, its restructuring plans which were developed prior to August 30, 2007, the date which appears on the “UGL Conversion STEP Plan” attached to Exhibit D.7.
- (b) The savings which result from the replacement of preference shares with debt during the period January 1, 2009, to December 31, 2012, and confirmation that the amount will be about \$1.2M per year, or about \$5M over the next four years.
- (c) Clarification of the estimated benefits of the proposed restructuring to Union’s parent Spectra and, in particular, the manner in which the U.S. tax savings benefits to Spectra of the proposed restructuring are quantified in the context of the information Union has provided in Exhibit C.1 and the statement in Exhibit D.7 which quantifies these benefits at “an estimated C\$50M”. By letters dated October 29 and November 5, 2008, we asked Union to provide this

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information in advance of the hearing on Friday. Union has not yet responded to these letters.

- (d) Clarification of whether any prior approvals from U.S. regulatory or U.S. taxing authorities are required for the proposed restructuring.
- (e) Clarification of Union's dividend payout ratio in recent years and the extent to which an approval of this Application will lead to a materially greater dividend payout ratio.
- (f) Clarification of the impacts of an increased dividend payout ratio on Union's anticipated financing activities in the context of the market turmoil that currently prevails.
- (g) Clarification of the implications that an approval of this Application could have on other utilities the Board regulates which are currently owned by parent companies headquartered in Canada and, in particular, whether approval of the Application will tend to prompt the sale or transfer of the ownership of Ontario regulated utilities to U.S. corporations.

We are providing this letter to help Union and its witnesses prepare for the oral hearing in this matter on Friday, November 7, 2008, and to, hopefully, expedite the process.

Please contact me if there are any questions about the contents of this letter.

Yours very truly,



Peter C.P. Thompson, Q.C.

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- c. Mark Kitchen (Union Gas Limited)
- Interested Parties EB-2008-0304
- Paul Clipsham (CME)
- Vince DeRose (BLG)

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