



Ontario  
Executive Council  
Conseil des ministres

Order in Council  
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS Westcoast Energy Inc., 1001142 Ontario Inc., Union Energy Inc., Union Gas Limited, and Union Shield Resources Ltd. provided Undertakings dated the 27<sup>th</sup> day of November, 1992 to the Lieutenant Governor in Council and these Undertakings were referred to in Order in Council No. 3639/92;

AND WHEREAS Enbridge Inc. (previously IPL Energy Inc.) and The Consumers' Gas Company Ltd. provided Undertakings dated the 21<sup>st</sup> day of June, 1994 to the Lieutenant Governor in Council and these Undertakings were referred to in Order in Council No. 1606/94;

AND WHEREAS, with the receipt of Royal Assent for the *Energy Competition Act, 1998* on the 30<sup>th</sup> day of October, 1998, it is considered expedient to approve new Undertakings provided by Union Gas Limited, Centra Gas Utilities Inc., Centra Gas Holdings Inc., Westcoast Gas Inc., Westcoast Gas Holdings Inc. and Westcoast Energy Inc. and by The Consumers' Gas Company Ltd., Enbridge Consumers Energy Inc., 311594 Alberta Ltd., Enbridge Pipelines (NW) Inc. and Enbridge Inc. (the "New Undertakings");

NOW THEREFORE the New Undertakings, attached hereto, are accepted and approved.

Recommended

Minister of Energy, Science & Technology

Concurred

Chair of Cabinet

Approved & Ordered

DEC 9 - 1998

Date

Lieutenant Governor

O.C./Décret 2865/98

Ontario Energy Board

FILE No. EB-2008-0304

EXHIBIT No. K. 1. 2

DATE NOV 7/2008

28/99

UNDERTAKINGS OF UNION GAS LIMITED,  
CENTRA GAS UTILITIES INC., CENTRA GAS HOLDINGS INC.,  
WESTCOAST GAS INC., WESTCOAST GAS HOLDINGS INC.,  
WESTCOAST ENERGY INC.

TO: Her Honour The Lieutenant Governor in Council for the Province of Ontario

WHEREAS Centra Gas Utilities Inc. holds all the issued and outstanding common shares of Union Gas Limited ("Union");

AND WHEREAS Centra Gas Holdings Inc. holds all the issued and outstanding common shares of Centra Gas Utilities Inc.;

AND WHEREAS Westcoast Gas Inc. holds all the issued and outstanding common shares of Centra Gas Holdings Inc.;

AND WHEREAS Westcoast Gas Holdings Inc. holds all the issued and outstanding common shares of Westcoast Gas Inc.;

AND WHEREAS Westcoast Energy Inc. holds all the issued and outstanding common shares of Westcoast Gas Holdings Inc. ("Westcoast");

the above named corporations do hereby agree to the following undertakings:

## 1.0 Definitions

In these undertakings,

- 1.1 "Act" means the *Ontario Energy Board Act, 1998*;
- 1.2 "affiliate" has the same meaning as it does in the *Business Corporations Act*;
- 1.3 "Board" means the Ontario Energy Board;
- 1.4 "business activity" has the same meaning as it does under the Act or a regulation made under the Act; and
- 1.5 "electronic hearing", "oral hearing" and "written hearing" have the same meaning as they do under the *Statutory Powers Procedure Act*.

## 2.0 Restriction on Business Activities

- 2.1 Union shall not, except through an affiliate or affiliates, carry on any business activity other than the transmission, distribution or storage of gas, without the prior approval of the Board.

## 3.0 Maintenance of common equity

- 3.1 Where the level of equity in Union falls below the level which the Board has determined to be appropriate in a proceeding under the Act or a predecessor Act, Union shall raise or Westcoast and its affiliates shall provide within 90 days, or such longer period as the Board may specify, sufficient additional equity capital to restore the level of equity in Union to the appropriate level.

- 3.2 Any additional equity capital provided to Union by Westcoast or its affiliates shall be provided on terms no less favourable to Union than Union could obtain directly in the capital markets.
- 4.0 **Head Office**
- 4.1 The head office of Union shall remain in the Municipality of Chatham-Kent.
- 5.0 **Prior Undertakings**
- 5.1 These undertakings supersede, replace and are in substitution for all prior undertakings of Union, Westcoast and their affiliates.
- 6.0 **Dispensation**
- 6.1 The Board may dispense, in whole or in part, with future compliance by any of the signatories hereto with any obligation contained in an undertaking.
- 7.0 **Hearing**
- 7.1 In determining whether to grant an approval under these undertakings or a dispensation under Article 6.1, the Board may proceed without a hearing or by way of an oral, written or electronic hearing.
- 8.0 **Monitoring**
- 8.1 At the request of the Board, Union, Westcoast and their affiliates will provide to the Board any information the Board may require related to compliance with these undertakings.

## 9.0 Enforcement

- 9.1 The parties hereto acknowledge that there has been consideration exchanged for the receipt and giving of the undertakings and agree to be bound by these undertakings.
- 9.2 Any proceeding or proceedings to enforce these undertakings may be brought and enforced in the courts of the Province of Ontario and Westcoast, Union and their affiliates hereby submit to the jurisdiction of the courts of the Province of Ontario in respect of any such proceeding.
- 9.3 For the purpose of service of any document commencing a proceeding in accordance with Article 9.2, it is agreed that Union is the agent of Westcoast and its affiliates and that personal service of documents on Union will be sufficient to constitute personal service on Westcoast and its affiliates.

## 10.0 Release from undertakings

- 10.1 Westcoast, Union and their affiliates are released from these undertakings on the day that Westcoast no longer holds, either directly or through its affiliates, more than 50 per cent of the voting securities of Union or on the day that Union sells its gas transmission and gas distribution systems.

## 11.0 Effective Date

- 11.1 These undertakings become effective on March 31, 1999.

DATED this 7<sup>th</sup> <sup>5</sup> day of December, 1998.

UNION GAS LIMITED

by *[Signature]*

CENTRA GAS UTILITIES INC.

by *[Signature]*

CENTRA GAS HOLDINGS INC.

by *[Signature]*

WESTCOAST GAS INC.

by *[Signature]*

WESTCOAST GAS HOLDINGS INC.

by *[Signature]*

WESTCOAST ENERGY INC.

by *[Signature]*