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Ontario

BY E-MAIL

December 9, 2008

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

Dear Ms. Walli:

Re: Union Gas Limited 2009 Rates - EB-2008- 0220
Board Staff Interrogatories

Please see attached Board Staff Interrogatories for the above mentioned proceeding. Please forward the attached to Union Gas Limited and all intervenors in this proceeding.

Yours truly,

Original Signed By

Richard Battista
Case Manager

EB-2008-0220
Union Gas Limited 2009 Rates

Board Staff Interrogatories

Interrogatory #1:
Ref: Exhibit A Tab 1 pages 8-9.

With respect to the forecasted costs for the conversion to International Financial Reporting Standards (IFRS), Union proposes to make the Z factor adjustments (shown in table 2 on page 9) annually over the IR term, starting in 2009. Union also notes that it has no incentive under the IR framework to do anything other than make every effort to prudently incur costs since approval of the costs as a Z factor is not guaranteed in any given year.

1) Please clarify whether in this proceeding Union is asking for Z factor treatment for just the 2009 forecasted costs or is it for all (except 2008) of the costs presented in table 2.

2) Assume: (i) that the Board approves Z factor treatment for the $1.511million in 2009 forecasted (pre-tax) costs and (ii) the IFRS actual costs in 2009 totalled, say, $1.425 million.
Under these circumstances, please elaborate as to whether Union would continue to view the amount recovered in 2009 rates as appropriate i.e. still meeting Z factor criteria, or alternatively, would Union propose an offsetting adjustment since the event no longer met the criteria.

Interrogatory #2:
Ref: Working Papers/Schedule 15 line 1

Please provide the calculation which generates a CCA difference of $1.769 million.