

December 9, 2008

Kirsten Walli, Board Secretary
ONTARIO ENERGY BOARD
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E5

Dear Ms. Walli:

Re: EB-2008-0220 - Union Gas Limited's (Union) 2009 Rates.

Attached please find interrogatories for Union Gas in the captioned proceeding, submitted on behalf of IGUA.

We have had the benefit of reviewing the interrogatories of both the London Property Managers Association (LPMA) and the Canadian Manufacturers and Exporters (CME), and have tailored IGUA's interrogatories to avoid undue duplication.

Yours truly,
MACLEOD DIXON LLP



Ian A. Mondrow

c. Murray Newton, IGUA
Michael Penny, TORYS
Chris Ripley, UNION GAS
Intervenors of Record

128308.v1

IN THE MATTER OF an Application by Union Gas Limited, pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2009.

INTERROGATORIES FOR UNION GAS
from

The Industrial Gas Users Association (IGUA)

1. **Reference Ex. A-1, page 3 and Rate Order Working Papers Schedules 15 and 13.** The evidence indicates that for the purposes of calculating the tax Z factor for 2009, Union has not included tax savings associated with 2008 or 2009 capital additions. A decision on Union's motion for clarification of this matter is pending. The evidence also indicates that Union is proposing to recover the balance of the \$8 million provision included in 2008 rates on account of tax changes for 2008 pending the outcome off the Board's decision on the treatment of taxes during the IR term.
 - (a) Please restate Schedules 15 and 13 to include tax savings associated with 2008 and 2009 capital additions.
 - (b) Please restate Schedules 15 and 13 to indicate the rate impact of not recovering at this time the balance of the interim \$8 million provision included in 2008 rates, leaving all other assumptions underlying the schedule unchanged.
2. **Reference Ex. A-1, page 9.** Union is seeking approval in this proceeding of z-factors for IFRS conversion costs to be incurred in each of 2009, 2010, 2011 and 2012, as indicated at Table 2 of the referenced evidence.
 - (a) On what basis is Union proposing to adjust 2009 rates in advance of proposed IFRS expenditures, rather than using a deferral account mechanism?
 - (b) Is Union proposing a variance account to track actual IFRS expenditures in each of these years?
 - (c) Will Union update its forecast of IFRS related expenditures for each annual rate adjustment?
 - (d) Please provide further detail to explain and justify the requested approval for recovery from ratepayers of a total of \$5.177 million, pre-tax, for IFRS accounting changes. Please include a particulars regarding what system investments are required and why, what operations and maintenance activities are required and why, and how the costs of this initiative are being shared among the Spectra group of companies.