

**Ontario Energy
Board**
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**Commission de l'énergie
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December 19, 2008

Mr. Michael A. Penny
Tories LLP

Mr. Bruce Pydee
Vice President Regulatory and
General Counsel
Westcoast Energy Inc.

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 from
Westcoast Energy Inc to a Limited Partnership
Board File Number EB-2008-0304**

This letter acknowledges receipt of the letters from Union Gas Limited ("Union") and Westcoast Energy Inc. ("Westcoast"), dated December 1, December 9, and December 16, 2008.

The December 1 letter advised that Union/Westcoast intended to proceed with the ownership transfer to a limited partnership pursuant to the Board's Decision and Order dated November 19, 2008 (the "Decision") without proceeding with the expected preferred share redemption and conversion of Union to an unlimited liability company. This letter also advised that Union would not be complying with the third condition of the Decision that:

“3. Union’s rates will be reduced effective January 1, 2009 to reflect the cost reduction of \$1.3 million per year resulting from this reorganization.”

The second letter responded to correspondence from Schools Energy Coalition and Counsel for the City of Kitchener on the ownership transfer. The third letter responded to correspondence from Counsel for the Canadian Manufacturers and Exporters.

The Board has considered the correspondence from Union/Westcoast and intervenors. If Union will not fulfill the third condition of the Decision, Union is required to make a request to the Board, pursuant to Rule 42 of the Board’s *Rules of Practice and Procedure*, to review and vary the Decision. In making its request to vary the Decision, Union should refer to Rule 44 of the Board’s *Rules of Practice and Procedure* and set out the grounds for the variance, including the change in circumstances (Rule 44.01(a)(ii)) and facts that were not previously in evidence in the proceeding (rule 44.01(a)(iv)).

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

cc: All intervenors EB-2008-0304