



EB-2008-0034

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an Application by Union
Gas Limited for an order or orders amending or
varying the rate or rates charged to customers as of
April 1, 2008;

NOTICE OF WRITTEN HEARING AND PROCEDURAL ORDER NO. 1

Union Gas Limited (“Union” or the “Applicant”) filed an application (the “Application”) on March 4, 2008 with the Ontario Energy Board (the “Board”) seeking approval for final disposition and recovery of certain 2007 year-end deferral account balances including approval and disposition of the market transformation incentive and capital tax deferral amounts.

Particulars of the application are set out below.

2007 Gas Supply Related Deferral Accounts

Union is seeking final approval of year-end deferral account balances for the gas cost related deferral accounts that are prospectively recovered through the QRAM process. The total amount for disposition within the gas supply related deferral accounts is \$96.889 million in credits, the majority of which is managed through the QRAM process. These accounts are:

Account No.	Account Description	Balance (end Dec 2007)	
(179-105)	North Purchased Gas Variance Account	\$14.760m credit	\$93.319m credit
(179-100)	TCPL Tolls and Fuel – Northern and Eastern Operations Area	\$1.357m debit	
(179-106)	South Purchased Gas Variance Account	\$98.140m credit	
(179-109)	Inventory Revaluation Account	\$19.940m debit	
(179-107)	Spot Gas Variance Account	\$1.716m credit	

There are two gas supply deferral accounts that are not recovered through the QRAM process. For these accounts Union is seeking approval of the final disposition and recovery of the year-end balances. These are:

Account No	Account Description	Balance (end Dec 2006)
(179-89)	Heating Value Deferral Account	\$1.539m credit
(179-108)	Unabsorbed Demand Cost Deferral Account	\$2.031m credit

Storage and Transportation Related Deferral Accounts

The storage and transportation related deferral accounts are:

Account No	Account Description	Balance (end Dec 2007)	
(179-69)	Transportation and Exchange Services Deferral Account	\$4.589m credit	\$7.482m credit
(179-70)	Short Term Storage and Balancing Services Deferral Account	\$1.351m credit	
(179-72)	Long Term Peak Storage Services Deferral Account	\$2.196m credit	
(179-73)	Other S&T Services Deferral Account	\$0.146m credit	
(179-74)	Other Direct Purchase Services Deferral Account	\$0.799m debit	

Other Deferral Accounts

The other deferral accounts are:

Account No	Account Description	Balance (end Dec 2006)	
(179-26)	Deferred Customer Rebates/Charges Account	\$0	Total \$4.434m debit
(179-75)	Lost Revenue Adjustment Mechanism Deferral Account	\$0.268m credit	
(179-102)	Intra-period WACOG Changes Deferral Account	\$0.779m credit	
(179-103)	Unbundled Services Unauthorized Storage Overrun Account	\$0	
(179-111)	Demand Side Management Variance Account	\$0.863m credit	
(179-112)	Gas Distribution Access Rule Costs	\$0.557m credit	
(179-113)	Late Payment Litigation Deferral Account	\$0.147m debit	
(179-115)	Shared Savings Mechanism Variance Account	\$6.754m debit	
(179-117)	Carbon Dioxide Offset Credits	\$0	

Market Transformation Incentive

Union is claiming a \$0.500 million incentive for the Market Transformation (“MT”) drain water heat recovery program created and executed in Union’s Southern Operations area in 2007. This incentive is based upon meeting or exceeding the performance goals as outlined by the MT Scorecard, filed and approved by the Board in Union’s 2007-2009 DSM Plan (EB-2006-0021 – Phase III).

Capital Tax Deferral Amounts

As part of the rate setting mechanism for Union’s 2007 rates (EB-2005-0520), the Board approved deferral account treatment to record differences in tax rates as a result of tax legislation changes. In 2007, enacted legislation reduced the capital tax rate that was used to establish 2007 rates. Union has recorded a credit of \$1.813 million as a result of this change.

Written Hearing

The Board intends to proceed in this matter by way of a written hearing unless any party provides a good reason why it should proceed by way of an oral hearing. Parties listed in Appendix "A" who do not wish to participate in the current proceeding may so advise the Board.

Cost Awards

The Board may order costs in this proceeding. Intervenors will need to indicate whether they expect to seek costs from the applicant and the grounds for their eligibility for costs. Any party that expects to seek costs in this proceeding shall file a letter with the Board and copy Union no later than Monday, April 7, 2008. The Board will issue details with respect to the filing of cost claims at a later date. Union will be ordered to pay any cost awards for this proceeding.

THE BOARD THEREFORE ORDERS THAT:

1. Union shall immediately issue a copy of the application to all intervenors listed in Appendix "A", if they have not already been served, and shall provide to the Board affidavit of proof of all deliveries.
2. Intervenors and Board staff who wish information and material from Union that is in addition to the evidence filed with the Board, and that is relevant to the hearing, shall request it by written interrogatories filed with the Board and delivered to the Company on or before Friday, April 11, 2008.
3. Union shall file with the Board responses to the interrogatories and deliver them to the Intervenors no later than Friday, April 18, 2008.
4. Union may file with the Board its argument-in-chief and deliver it to the Intervenors no later than Friday, April 25, 2008.
5. Board Staff and Intervenors may file their argument with the Board on or before Friday, May 2, 2008 and shall serve it simultaneously on Union and other Intervenors.
6. Union may file reply argument with the Board on or before Friday, May 9, 2008 and shall serve it simultaneously on Intervenors.

All filings to the Board must quote file number EB-2008-0034 and be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca. If the web portal is not available you may email your document to the address below. Those who do not have internet access are required to submit all filings on a CD or diskette in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies. All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

ISSUED at Toronto March 31, 2008.

ONTARIO ENERGY BOARD

Original Signed by

Kirsten Walli
Board Secretary

Appendix "A" to
Notice of Written Hearing and Procedural Order No. 1

Intervention List

EB-2008-0034

UNION GAS LIMITED
2007 Rates
EB-2005-0520
APPLICANT & LIST OF INTERVENTIONS

Applicant	Address for Service
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And	Chris Ripley Manager, Regulatory Applications Union Gas Limited 50 Keil Drive North Chatham ON N7M 5M1 Tel: 519 436 5476 Fax: 519 436 4641 e-mail : cripley@uniongas.com
Counsel for Applicant	Michael A. Penny Counsel Torys LLP Maritime Life Tower, Suite 3000 Toronto Dominion Centre, P.O. Box 270 Toronto ON M5K 1N2 Tel: 416 865 7526 Fax: 416 865 7380 e-mail: mpenny@torys.com

Intervenors	Addresses for Service
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<p>AND</p>	<p>J. Alick Ryder Partner Ryder Wright Blair & Holmes LLP 333 Adelaide St. W. 3rd Floor Toronto, ON M5V 1R5</p> <p>Tel 416-340-9070 ext. 227 Fax: 416-340-9250 e-mail: jaryder@rwbh.ca</p>
<p>2. Ontario Energy Savings L.P. (“OESLP”)</p>	<p>Nola L. Ruzycki Senior Manager, Regulatory Affairs Ontario Energy Savings L.P 6345 Dixie Road, Suite 200 Mississauga ON L5T 2E6</p> <p>Tel: 905-795-4204 Fax: 905-564-6069 e-mail: nruzycki@energysavings.com</p>
<p>3. Green Energy Coalition (“GEC”)</p>	<p>David Poch Counsel The Green Energy Coalition Law and Policy 1649 Old Brooke Road, RR#2 Maberly, ON K0H 2B0</p> <p>Tel: 613 264 0055 Fax: 613 264 2878 e-mail : poch@perth.igs.net</p>
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