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June 5, 2009

Ms. Kirsten Walli, Board Secretary
ONTARIO ENERGY BOARD
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EB-2009-0101: Union Gas Limited 2008 Earning Sharing and Incentive Regulation Review.

IGUA's Position on the Settlement Agreement.

The Board will be aware from review of the Settlement Agreement filed by Union herein that IGUA does not agree with the settlement reached by the balance of the parties who participated in the settlement conference. This letter is submitted to advise the Hearing Panel that IGUA does not intend to litigate the matter, and will be offering no further submissions.

The Union IRM settlement, as endorsed by the Board, provides that in the event that Union's return on equity surpasses 300 basis points above the ROE resulting from application of the Board's cost of capital formula, Union is required to bring application for review of the IRM. The settlement reached by the other parties in this case removes this review trigger mechanism for the balance of the IRM term. IGUA recognizes that the settlement proposes a greater share for ratepayers of any over earnings above 300 basis, which affords ratepayers some protection. However, IGUA remains concerned that removal of the trigger mechanism in effect provides Union with a "licence" to continue to over earn in excess of 300 basis points under the IRM plan without review of the reasons therefore and the reasonableness of continuing with the plan as set.

We would appreciate it if you could put this letter before the Hearing Panel in this application, for their information.

Yours truly,
MACLEOD DIXON LLP



Ian Mondrow

- c. Murray Newton, IGUA
Michael Penney, TORYS, Counsel for Union Gas
Donna Campbell, Board Staff Counsel
Intervenors of Record

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