

Robert B. Warren

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File 10606

WeirFoulds^{LLP}
BARRISTERS & SOLICITORS

September 6, 2007

Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2701
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms Walli:

**Re: Union Gas Limited – 2006 Deferral Account and Earnings Sharing
Disposition – EB-2007-0598**

We are counsel to the Consumers Council of Canada (“Council”).

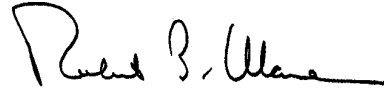
On August 27, 2007 Union Gas Limited (“Union”) filed its Draft Rate Order arising out of the Ontario Energy Board’s (“Board”) Decision dated August 17, 2007 regarding Union’s application for the clearance of its 2006 deferral account balances, including the 2006 earnings sharing amount. Pursuant to Procedural Order No. 4, dated September 4, 2007, we are providing the Council’s comments on the Draft Rate Order.

We have reviewed the letter submitted by Counsel to the Industrial Gas User’s Association (“IGUA”) regarding the Draft Rate Order. We are in agreement with the submissions of IGUA. We agree that Union has misinterpreted the Board Decision and calculated the 2006 earnings sharing amount, to be credited to ratepayers, by including the Deferred Tax liability that the Board has determined to be non-utility item. Accordingly, we urge the Board to direct Union to revise its Draft Rate Order to reflect the Board’s Decision.

The Council notes that in the Enbridge Gas Distribution Decision regarding EGD’s 2004 Earnings Sharing Mechanism the Board specifically rejected EGD’s proposal to adjust its earnings sharing amount to reflect an amount that has been deemed unrecoverable from ratepayers. Counsel for IGUA’s position, which the Council supports, is consistent with that earlier EGD Decision.

Yours very truly,

WeirFoulds LLP

A handwritten signature in black ink, appearing to read "Robert B. Warren", written over a horizontal line.

Robert B. Warren

RBW/dh

cc: Union Gas Limited
Attention: Mike Packer
cc: Torys
Attention: Michael Penny
cc: Julie Girvan
cc: Parties in EB-2007-0598

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