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**BY COURIER AND EMAIL**

September 6, 2007

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
27<sup>th</sup> floor  
Toronto, ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms Walli

**Union Gas Limited**  
**Application for 2006 Deferral Account and Earnings Sharing Disposition**  
**Board File No.: EB-2007-0598**

Pursuant to Procedural Order #4 in the above-captioned proceeding, we are writing to provide the submissions of our client, the School Energy Coalition, in respect of Union Gas' draft rate order.

Earlier today we were given an opportunity to review the submissions of the Industrial Gas Users' Association ("IGUA"). SEC agrees with Mr. Thompson's submissions. The Board's August 17, 2007 decision in this proceeding clearly found that the deferred tax liability is a non-utility item. That should preclude recovery of the amount from ratepayers in any form, whether directly, as Union originally proposed, or indirectly as would result by including the item in Union's earnings for the purpose of calculating the earnings sharing amount, as Union now proposes.

SEC believes the Board's decision in the Enbridge Gas Distribution decision cited in IGUA's submissions clearly found that an amount adjudged to be non-recoverable from ratepayers should not become partially recoverable by operation of an earnings sharing mechanism.

All of which is respectfully submitted.

Yours very truly,  
**SHIBLEY RIGHTON LLP**

**GREAT LAKES  
LAW**



John De Vellis

c.c.: Interested Parties EB-2007-0598 (email only)