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September 12, 2007

**BY E-MAIL AND COURIER**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
27th Floor, 2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Multi-Year Incentive Rate Regulation for Natural Gas Utilities (EB-2007-0606/EB-2007-0615)**

We are counsel to TransAlta Cogeneration L.P. and TransAlta Energy Corp. ("**TransAlta**") and Coral Energy Canada Inc. ("**Coral**") in the above-mentioned proceeding.

We are writing in respect of Union Gas Limited ("**Union**")'s Notice of Motion to sever its application for rates effective January 1, 2008 from the application of Enbridge Gas Distribution Inc. ("**Enbridge**") and the hearing of this matter pursuant to the Ontario Energy Board's (the "**Board's**") Procedural Order No. 6 of September 14, 2007. We ask that this letter be included in the record as we will not be in attendance at the hearing of this issue.

We have reviewed Union's Notice of Motion and related Factum, and note that Union has complied with all Board-imposed deadlines and timelines on a prompt and timely basis. We also note, with understanding, the timing challenges that Union may face as a result of the additional filings and requirements of Enbridge and intervenors.

Nonetheless, TransAlta and Coral submit that the reasons governing the Board's decision on severance on July 13, 2007 continue to prevail and the hearing should not be severed. TransAlta and Coral are participating in this proceeding as unfunded intervenors. They believe that additional procedural efficiency and consistency of approach will be facilitated by a combined proceeding. Similarly, the examination of the new services and implementation of the Natural Gas Electricity Interface Review decision may benefit from a consolidated hearing and a consistent approach to considering these issues.

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Thank-you for your consideration.

Yours truly,

**MACLEOD DIXON LLP**

A handwritten signature in black ink, consisting of a large, stylized loop followed by a long, sweeping horizontal stroke.

Elisabeth (Lisa) DeMarco

- c. Union
- Enbridge
- TransAlta
- Coral
- All Intervenors