



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. <http://www.piac.ca>

Michael Buonaguro
Counsel for VECC
(416) 767-1666

September 19, 2007

VIA EMAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: Union Gas / Enbridge Gas Distribution Inc. - Incentive Rate Regulation for
Natural Gas Utilities B-2007-0606 / EB-2007-0615**

VECC is contemplating retaining expert evidence with respect to the issue 1.3 "Should weather risk continue to be borne by the shareholders, and if so what other adjustments should be made?", and would expect that any provisions for interim funding would apply equally to the costs of that evidence.

We note that at the motion heard September 13, 2007 the School Energy Coalition suggested in its submissions that the issue, which it had proposed on issues day, could be separated into another proceeding.

Were the Board to consider that option at some point, or if the parties should agree that the issue not be heard in this proceeding, it would obviate the need for VECC to retain such evidence in response to the issue in this proceeding. However, to meet the October 19, 2007 for the submission of expert evidence, we will need to retain our expert very shortly.

Accordingly, we would ask the parties, particularly the School Energy Coalition, to advise us immediately if at any point it becomes apparent that issue 1.3 is not going to be pursued in this

proceeding, so that we may limit our expert's work accordingly. In the meantime we presume it is appropriate to go forward with the retention of an expert on the issue, and ask that whatever measures relating to interim costs that the Board may allow apply equally to our expert.

Yours truly,



Michael Buonaguro
Counsel for VECC