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By e-mail

November 9, 2010

Mark Kitchen  
Director, Regulatory Affairs  
Union Gas Limited  
50 Keil Drive North  
Chatham, ON N7M 5M1

Dear Mr. Kitchen,

**Union Gas Limited (“Union”)**  
**2011 Rates Application**  
**Your File: EB-2010-0148**  
**Our File: 339583-000087**

Yesterday, following the conclusion of the Settlement Conference, you informed those present and participating by conference call that Union was planning to seek an adjournment, to dates in February 2011, of the proceeding currently scheduled for December 6 and 7, 2010, to address balances in Union’s Deferral Accounts 179-121 and 179-122.

Account 179-121 entitled “Cumulative Under-Recovery – St. Clair Transmission Line” records the Board determined amount to March 1, 2010, of \$6.4M, plus accrued interest.

Account 179-122 entitled “Impact of Removing St. Clair Line from Rates” records, on a monthly basis, the revenue requirement impacts of removing the St. Clair Line from rates effective March 1, 2010. Our understanding is that this deferral account will operate until December 31, 2012, following which Union’s rates will be re-based.

You indicated that Dawn Gateway LP (“Dawn Gateway”) was planning to conduct an “Open Season” for “uncommitted” portions of its pipeline. No specifics were provided as to why this action by Dawn Gateway should affect the rights of Union’s ratepayers to have the balances recorded in either or both of these two (2) deferral accounts cleared to ratepayers now and brought into account before Union’s rates for 2011 are implemented, effective January 1, 2011.

The facts you described yesterday indicate that Dawn Gateway plans to proceed with options that might mitigate the consequences it has brought upon itself by failing to hold its five (5) committed shippers to the terms of their long-term contracts. In our view, the actions that Dawn Gateway

takes to mitigate those consequences have no bearing on the entitlement of Union's ratepayers to a December 31, 2010 clearance of the credit balances in Deferral Accounts 179-121 and 179-122.

We need to have a complete description of all of the facts and grounds upon which Union is relying to support its request for a further postponement of matters pertaining to the clearance of these deferral account balances before we can determine whether the adjournment proposal makes any sense.

Please provide us with a letter to this effect if you wish us to re-consider the position outlined herein.

Yours very truly,



Peter C.P. Thompson, Q.C.

PCT\slc

c. Crawford Smith (Torys)  
Chris Ripley (Union)  
Intervenors EB-2010-0148  
Paul Clipsham

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