



uniongas

A Spectra Energy Company

December 19, 2007

Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

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

Dear Ms. Walli:

Enclosed, please find:

- Exhibit B, Tab 3, Appendix B, Page 1 of 2, Corrected

Yours truly,

Connie Burns, CMA, PMP
Manager, Regulatory Initiatives

Enclosure

cc: All Intervenors
Michael Penny, Torys

Risk Management Impact on WACOG & PGVA

The following table is an updated version of Exhibit M1.9 filed by Union as part of the EB-2005-0520 proceeding. This table was constructed to illustrate the impact of Union's risk management program on the reference price, PGVA activity and rate riders.

The following conclusions can be drawn from the table:

1. Risk management activity has had minimal impact (1.5%) on the setting of Union's forward 12 month reference price (WACOG).
2. Risk management has reduced the total deferral activity in the Purchased Gas Variance Account (PGVA) by 14% and the quarterly volatility of that activity by 18%.
3. Risk Management activity has reduced the size of the rate riders by 14% and the volatility of those rate riders by 17%.
4. The annual bill impact of the reduced rate rider is shown for an average customer's bill consuming 3,000 m³ annually. The maximum annualized impact of risk management during this period was a bill reduction of \$51, with the average impact being an additional \$0.30 per year.