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April 19, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Union Gas Limited - 2010 Earnings Sharing and Deferral Accounts and Other Balances
Response to CME Letter dated April 16

We are in receipt of counsel for CME's letter dated April 16, 2012. The letter is said to be CME's reply to our letter dated April 5, 2012 (the "Union Letter"). We do not agree that, having failed to bring a motion at first instance, CME can reserve for itself a right of reply. However, even if it could, CME's letter does not constitute proper reply.

The basis for relief articulated in CME's initial letter was that it, and the Board, were unaware of Schedule 14 to Union's 2010 Rate Order prior to the issuance of the Rate Order in this matter.[1] The Union Letter addressed that submission, pointing out that Schedule 14 was cited in Union's Reply Argument in this matter; that it (or its predecessor) has been a feature of Union proceedings and rate orders since 2008; and that it has been the subject of interrogatories from CME and others in those proceedings. Rather than reply, as required, to this submission, CME now appears to accept that Union referred to Schedule 14 in its Reply Argument but suggests that it was incumbent upon Union to similarly advert, in its Reply Argument, to the entirety of the information detailed by Union at pages 2 to 6 of the Union Letter.[2]

This new CME argument is misplaced. First, it implies, wrongly, that Union was under an obligation to put this information "in the record" at some earlier stage in the proceeding. This misunderstands the relevance of the information referred to by Union. The information confirms that the basis for CME's initial position was faulty. It further confirms that the method used to calculate short term margins available for sharing and credit included in rates was well understood by the Board and was known (or ought to have been known by CME) throughout. Absent the CME Letter, and given the admitted reference to Schedule 14, it was not separately required, and there was no obligation on, or even a reason for, Union to refer to any of the multiple prior proceedings in which the basis for sharing had been considered by the Board or the interrogatories asked by CME and others in those proceedings. Second, and in any event,

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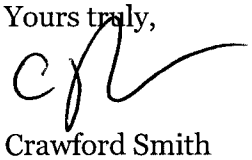
[1] Letter from counsel for CME dated March 27, 2012, p. 3, para. A(f) and p. 6, para. A(t), (the "CME Letter").

[2] CME reply, pp. 1 and 3. Schedule 14 is not referred to at all.

the CME argument ignores the fact that all of the information referred to in the Union Letter is public, available to CME throughout, and known to the Board which conducted its own assessment of the appropriate credit to ratepayers in the circumstances.

For these and the reasons set out in the Union Letter, Union respectfully requests that the Board deny the relief claimed in the CME Letter.

Yours truly,



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CS/sm
cc: Michael Millar/Kristi Sebalj, Board Staff
All EB-2011-0038 Invervenors