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**By electronic filing**

June 15, 2012

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> floor  
Toronto, ON M4P 1E4

Dear Ms Walli,

<b>Union Gas Limited ("Union")</b>	
<b>2011 Earnings Sharing and Disposition of Deferral Accounts and Other Balances</b>	
<b>Board File No.:</b>	<b>EB-2012-0087</b>
<b>Our File No.:</b>	<b>339583-000137</b>

We are writing on behalf of Canadian Manufacturers & Exporters ("CME") to support Mr. Quinn's request for a Technical Conference in this proceeding. This letter is further to Mr. DeRose's letter to the Board of June 11, 2012, pertaining to Union's July 1, 2012 QRAM Application in which we reserved our rights with respect to the matters described below.

Mr. Quinn correctly states that we need further evidence from Union to clarify the extent to which FT-RAM credit amounts, that appear in the bills Union receives from TransCanada PipeLines Limited ("TCPL") for upstream transportation services, are being recorded in gas cost-related deferral accounts. These FT-RAM credits stem from the portion of Union's existing FT contracts with TCPL that it does not use in any particular month.

Union classifies its upstream transportation costs as Gas Costs. The deferral account regime that currently exists is supposedly designed to ensure that increases or decreases in items of cost classified as Gas Costs flow through to ratepayers. Notwithstanding the existing deferral account regime, we understand that the FT-RAM credit amounts that Union receives from TCPL are not being flowed through ratepayers, but, instead, are being streamed to Union's shareholder.

Moreover, from information provided by Union in EB-2011-0210, Exhibit JT1.6, it appears that amounts that Union receives from temporarily assigning to a third party its upstream transportation capacity paid for by ratepayers as Gas Costs, in parallel with Union's use of a cheaper way to affectively move its upstream gas supplies to Dawn, are not finding their way

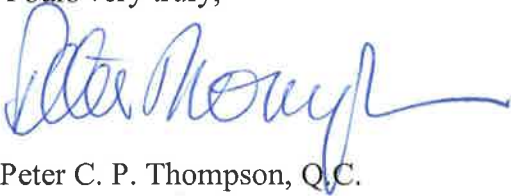
into the Gas Costs related deferral accounts. These amounts are also being streamed to Union's shareholder.

We regard these outcomes as incompatible with the existing deferral account regime related to Gas Costs.

Union has the evidence that we seek to introduce with respect to these matters so that the appropriate deferral account balances to be cleared to ratepayers can be determined.

In these circumstances, we agree with Mr. Quinn that, as a precursor to the hearing, the most efficient way to obtain the evidence with respect to these matters is to schedule a Technical Conference to allow parties to obtain the necessary information from Union.

Yours very truly,

A handwritten signature in blue ink, appearing to read "Peter Thompson", with a long horizontal flourish extending to the right.

Peter C. P. Thompson, Q.C.

PCT\slc

c. Chris Ripley (Union)  
Crawford Smith (Torys)  
Intervenors EB-2012-0087  
Paul Clipsham (CME)

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