

**Ontario Energy  
Board**  
P.O. Box 2319  
27th. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'Énergie  
de l'Ontario**  
C.P. 2319  
27e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416- 481-1967  
Télécopieur: 416- 440-7656  
Numéro sans frais: 1-888-632-6273



**BY EMAIL ONLY**

May 17, 2007

Mr. Chris Ripley  
Union Gas Limited  
P.O. Box 2001  
50 Keil Drive North  
Chatham ON N7M 5M1

**Re: Union Gas Limited – 2006 Deferral accounts and Earnings sharing - Correction  
Board File No. EB-2007-0598**

The Board has today issued a correction to the Notice of Written Hearing and Procedural Order No. 1 (the "Notice") in the above matter. The first paragraph of the Notice states that, "[Union Gas Limited is] seeking approval for final disposition and recovery of certain 2006 year-end deferral account balances and the 2006 year-end earnings sharing amount."

The Notice later makes a misstatement regarding the earnings sharing amount for 2006. The original paragraph on page 4 of the Notice read:

2006 Earnings Sharing

"In EB-2004-0480, by Decision and Order dated December 15, 2004, the Board directed that Union would be subject to a 50:50 earnings sharing mechanism with no deadband for its 2005 fiscal year. In EB-2005-0449, by Decision and Order dated December 12, 2005, the OEB directed Union to continue the earnings sharing mechanism implemented by the Board for 2005, into 2006. Union's earnings subject to the earnings sharing mechanism for 2006 were \$98.023 million, a return on average common equity ("ROE") of 8.59%. For 2006, Union stated that the benchmark ROE was 8.89% according to Union's 2005 forecasts. **The Applicant concluded that there are no excess earnings to be shared with ratepayers, as the return to the shareholder was below the benchmark ROE by 0.30% resulting in a utility revenue deficiency of \$3.425 million.**"

The original paragraph of the Notice reflected excess earnings *before* weather normalization. The revised paragraph should read:

## 2006 Earnings Sharing

“In EB-2004-0480, by Decision and Order dated December 15, 2004, the Board directed that Union would be subject to a 50:50 earnings sharing mechanism with no deadband for its 2005 fiscal year. In EB-2005-0449, by Decision and Order dated December 12, 2005, the OEB directed Union to continue the earnings sharing mechanism implemented by the Board for 2005, into 2006. Union’s earnings subject to the earnings sharing mechanism for 2006 were \$98.023 million, a return on average common equity (“ROE”) of 8.59%. For 2006, Union stated that the benchmark ROE was 8.89% according to Union’s 2005 forecasts. **Compared to benchmark ROE, Union stated that weather normalized ROE for 2006 was 10.33%, or 1.44% higher than the benchmark ROE, resulting in an earnings sharing amount of \$12.879 million.**”

All other parts of the Notice of Written Hearing and Procedural Order No. 1 remain unchanged.

Yours truly,

*Original Signed By*

Peter H. O’Dell  
Assistant Board Secretary

cc. All parties served with Notice of Written Hearing and Procedural Order No. 1  
in EB-2007-0598