



uniongas

A Spectra Energy Company

May 28, 2007

Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Re: QRAM Rate Application (EB-2007-0634) – Effective July 1, 2007

Dear Ms. Walli:

Enclosed is an application and evidence from Union Gas Limited ("Union") seeking changes to Union's gas supply and transportation rates to reflect higher forecast costs of purchasing and transporting natural gas.

The application is made pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, and pursuant to the Quarterly Rate Adjustment Mechanism ("QRAM") established by the Board for Union to deal with changes in gas costs.

The proposed Alberta Border Reference Price (i.e., WACOG), based on the current 21-day strip price is \$8.379/GJ. This is an increase of \$0.091/GJ from the amount currently approved in rates. Union is also proposing to prospectively refund projected 12-month gas cost deferral account credits of \$24.819 million. The result is a net annual increase for sales service customers of \$42 in the Southern Operations area and \$76 in the Northern & Eastern Operations area. Bundled direct purchase customers will see a net annual decrease of \$0.03 in the Southern Operations area and a net annual increase of \$8 in the Northern & Eastern Operations area.

The rates proposed also reflect the TCPL tolls approved by the NEB on March 22, 2007 and effective April 1, 2007.

Union has enclosed an application to the Board for Orders effective July 1, 2007 to change the rates and other charges that were authorized by the Board's EB-2007-0053 Rate Order to reflect the gas supply commodity, gas supply transportation and delivery rates proposed herein and to change the reference prices for use in determining amounts to be recorded in certain gas supply related deferral accounts. This application is supported by the following evidence:

Tab 1 - Evidence of Ms. Patti Piett

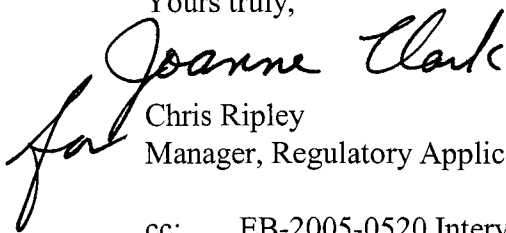
Tab 2 - Evidence of Mr. Harold Pankrac

To make these rate changes effective July 1, 2007, Union requests the Board's decision on this application by Wednesday, June 13th. To assist the Board, a draft procedural order is attached for consideration in initiating the review of this application.

This application is being served on all intervenors in the EB-2005-0520 proceeding. This complete evidence package including the working papers is also available electronically in searchable PDF format through the following link on Union's website: <http://uniongas.com/qramapplication/>. This link will be available on an ongoing basis for Union's future QRAM applications and will also be e-mailed to QRAM intervenors to facilitate electronic access to the filed information.

If you have any questions or concerns on this matter, please do not hesitate to contact me at (519) 436-5476.

Yours truly,

A handwritten signature in black ink, appearing to read "Joanne Clark". The signature is fluid and cursive, with the first name "Joanne" being more prominent than the last name "Clark".

Chris Ripley
Manager, Regulatory Applications

cc: EB-2005-0520 Intervenors
Michael Penny (Torys)