

June 11, 2007

**BY FAX AND MAIL**

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

Dear Ms. Walli:

**Re: EB-2007-0598**

I am counsel to Union Gas Limited in connection with Union's application for disposition of certain deferral accounts and earnings sharing for 2006 in EB-2007-0598. I am writing to you in connection with Rules 10 and 29.02 of the OEB's Rules of Practice and Procedure and the OEB's Practice Direction on Confidential Filings.

In this proceeding, the London Property Management Association has asked, in connection with Exhibit A, Tab 1, Page 29 and Schedule 4 of Union's evidence in this matter, for details about a "non-utility adjustment" totaling \$1,278,000. Union seeks a determination from OEB that Union's response to this interrogatory be held in confidence.

The OEB has asked Union to record on the public record the basis for the confidentiality request in a manner, obviously, which does not infringe the confidence involved.

The amount arises from the resolution of a potential commercial dispute. Union provided a full and final release. The release contains a confidentiality provision which requires Union to keep the circumstances of the payment confidential for three years (i.e., until well into 2009).

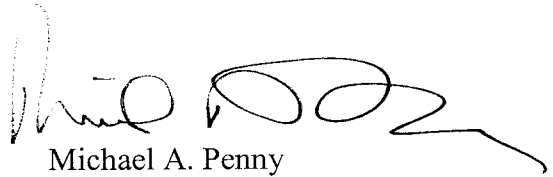
Union's commercial resolution of this issue would be placed in jeopardy through public disclosure, contrary to the terms of the release, of the details of that commercial resolution, to Union's prejudice. The third party has a legitimate interest in maintaining the confidentiality of the payment as well. It is Union's view that the amount can not be construed

as resulting from the sale of distribution, storage or transmission services. For this reason, Union excluded this amount from the earnings sharing calculation as a non-utility adjustment.

If the OEB directs Union to file its proposed answer to this interrogatory, Union requests that it be done so in confidence. Union would propose that, if the LPMA representative wishes to review the document, he be required to sign the form of declaration and undertaking contemplated in Appendix D of the OEB's Practice Direction on Confidential Filings and that any further evidence or argument on this topic also be filed in confidence.

Please do not hesitate to contact me if I can be of further assistance.

Yours very truly,

A handwritten signature in black ink, appearing to read "Michael A. Penny", with a stylized, flowing script.

MAP/rm