



uniongas

A Spectra Energy Company

July 3, 2007

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: EB-2007-0606/EB-2007-0615 Multi-Year Incentive Rate Regulation for
Natural Gas Utilities**

Dear Ms. Walli,

Union is writing with respect to:

- Procedural Order No. 1 dated June 27, 2007 (“Order”) issued in respect of the EB-2007-0606/EB-2007-0615 proceeding
- The letter received by the Board from Ms. Newland (counsel for Enbridge Gas Distribution Inc.) on June 28, 2007
- The letter received by the Board from Mr. Warren (counsel for Consumers Council of Canada) on June 29, 2007

Ms. Newland’s letter, on behalf of Enbridge, identifies two issues of considerable relevance to Union and the conduct of its proceeding. First, Enbridge has indicated that it proposes to seek a revenue cap incentive mechanism. Second, Enbridge has indicated it will not be in a position to file evidence until four weeks after the receipt of the OEB’s decision on Enbridge’s 2007 rates. In this context, Enbridge has said that it “would not object if the Board chose to separate the Union and Enbridge proceedings”. In these circumstances, Union supports a bifurcation of the proceeding between the two utilities.

The original idea behind a joint or generic incentive regulation (IR) proceeding was to determine common parameters of the IR mechanism. Since Union has filed an application for a price cap mechanism and Enbridge has now indicated an intention to file for a revenue cap mechanism, it appears that there would be little benefit derived from a joint proceeding.

Further, Union has already filed its evidence in support of its application. There is, at the moment, not even a date certain upon which Enbridge will be in a position to file its

evidence. Union is very concerned about any further delay in the IR proceeding. Allowing Union to pursue its application for a price cap mechanism now will reduce the substantial risk of retroactive implementation and reduce the risk of significant adverse customer and market reactions.

The issues described in Appendix C of the Order are not new. These same issues were discussed at the stakeholder meetings that took place in the fall of 2006 and Union's evidence is substantially consistent with all the representations it made at those meetings. Union supports the timetable included in the Order (Appendix A) and requests that the OEB maintain the existing schedule for Union.

Yours truly,

[original signed by]

Connie Burns
Manager, Regulatory Initiatives

Enclosure

cc: All Intervenors
Michael Penny, Torys