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March 27, 2009

DELIVERED AND FILED VIA RESS

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

Dear Ms Walli:

Re: EB-2009-0043: Enbridge Gas Distribution application re. Open Bill issues

We represent Enbridge Gas Distribution Inc. ("EGD").

On February 19, 2009, the Ontario Energy Board ("OEB" or the "Board") granted the request made by EGD and other interested parties to extend the deadline for filing a pending Application related to "Open Bill" issues to March 27, 2009.

The Application is being filed today, with this letter. As previously noted, this Application relates to commitments made in settlement agreements approved by the OEB in EGD's 2007 rates application (EB-2006-0034). Among other things, EGD is required to report on its experience with Open Bill services since 2007 and to present its proposal for how Open Bill services will be offered in the future, once its new Customer Information System ("CIS") is operational. EGD's Application contains the required reporting, and sets out its proposal for how Open Bill services will be provided during the balance of the incentive regulation term (to December 31, 2012).

As we advised in our previous letters on this subject, EGD has been working closely with members of a stakeholder committee on issues related to its Open Bill services. The proposal made by EGD in this Application reflects discussions and consultations between the parties. This proposal has evolved as a result of comments and suggestions made by stakeholders, and now reflects an approach that appears to be in line with the expectations of many stakeholders. That said, while the parties have made further progress during the last month, they have not yet been able to reach resolution.

Discussions between the parties are continuing, with the hope of reaching a full resolution in the next short while. EGD's goal is to have a resolution of all issues approved by the Board in time that its new approach to Open Bill services can be implemented at the same time as the Company's new CIS. This would likely require Board approval of EGD's Application by mid-May 2009.

Given that discussions among the stakeholder committee are continuing in the hopes of reaching resolution, EGD respectfully requests that the Board not issue a Procedural Order for this Application before April 24, 2009. This will allow interested parties some additional time to work towards a resolution. In the meantime, however, EGD suggests that any necessary notice of this Application could be prepared and circulated, in order to allow any proceeding to move quickly after April 24th.

Finally, it will be noted that EGD is not filing Appendix J (a new form of Open Bill contract) with this Application, and has indicated that it will be filed at a later date. It is EGD's intention to file that Appendix on or before April 24, 2009.

Should you have any questions, please do not hesitate to contact me.

Yours very truly,

AIRD & BERLIS LLP



David Stevens

cc. Enbridge Gas Distribution
Members of the Open Bill Consultative
All parties registered in EB-2008-0219

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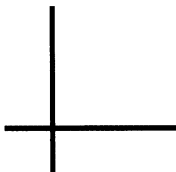


EXHIBIT LIST

A – ADMINISTRATIVE

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents</u>
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	2	1	Application

B – EVIDENCE

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents</u>
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		3	Customer Experience – billing Services and Bill Inserts
		4	Minutes/Reports of the Stakeholder Committee
		5	Open Bill / Bill Insert Costing and Market Pricing Study
		6	The Company's Proposal to Continue the Provision of Billing and Bill Insert Services

C – APPENDICES

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents</u>
<u>C</u>	1	1	Index of Appendices
			Appendix A – 2007 Billing Services & 2007 Bill Insert Settlement Agreements
			Appendix B – Pre January 2008 EGD Bill Example

EXHIBIT LIST

C – APPENDICES

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents</u>	
<u>C</u>	1	1	Appendix C – Post December 2007 EGD Bill Example	
			Appendix D – Pro Forma Copy of the Current Open Bill Access Service Agreement	
			Appendix E – Ipsos Reid Bill Insert Customer Research Report	
			Appendix F – Ipsos Reid Bill Redesign Research 2007 Draft Report	
			Appendix G – Minutes of all Open Bill / Bill Insert Stakeholder Committee Meetings and Reports / Presentations to the Open Bill / Bill Insert Stakeholder Committee	
			Appendix H – TMG’s “billing and Bill Insert Services Costing and Pricing Model Study”, dated January 19, 2009	
			Appendix I – TMG’s Response to Consultative Feedback on the billing and bill Insert Services Costing and Pricing Model Study Final Report	
			Appendix J – Pro Forma Copy of the Proposed New Standard Form of Open Bill Access Service Agreement	To Be Filed
			Appendix K – Ex-Franchise Billing Services	

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, as amended;

AND IN THE MATTER OF an application by Enbridge Gas Distribution Inc. for an order or orders approving its proposal for open billing services;

AND IN THE MATTER OF an application by Enbridge Gas Distribution Inc. for an order or orders amending or varying the rates charged to customers for the sale, distribution, transmission, and storage of gas commencing as of January 1, 2009

APPLICATION

1. The Applicant, Enbridge Gas Distribution Inc. ("Enbridge Gas Distribution" or the "Company"), is an Ontario corporation with its head office in the City of Toronto. It carries on the business of selling, distributing, transmitting and storing natural gas within Ontario.
2. Enbridge Gas Distribution hereby applies to the Ontario Energy Board (the "OEB" or the "Board"), pursuant to section 36 of the *Ontario Energy Board Act, 1998* as amended (the "Act"), for an Order or Orders approving its proposal for continuing open billing services, and the sharing of earnings from those services.
3. As part of the EB-2006-0034 proceeding, the Company and interested parties embarked upon a consultative process to address open bill issues. The purpose of the consultative process was to narrow the issues between the Company and interested stakeholders with respect to third party access to the EGD Bill for the purposes of billing charges on their behalf ("Billing Services") and for the purpose of distributing third party marketing information in the form of Bill Inserts.
4. The 2007 OBA Settlement called for the provision of Open Billing services in two phases. First in an interim phase where the Company would provide the services through the use of the Company's current Customer Information System ("CIS"), and a later phase whereby the Company would provide the services through the use of its new CIS ("nCIS"), which is referred to as the "Comprehensive Solution". The 2007 OBA Settlement constituted an interim solution until otherwise ordered by the Board.

5. The 2007 OBA Settlement required the Company to bring forward an Application to the Board, proposing the Comprehensive Solution for the Open Bill Services to be offered.
6. Following the completion of additional consultations with stakeholders, and the preparation of a costing and pricing study by an independent consultant, the Company has now prepared its proposal for the Comprehensive Solution, which is detailed in this Application.
7. Enbridge Gas Distribution therefore applies to the Board for such final and interim Orders and deferral and variance accounts as may be necessary to implement its proposal for Open Bill services. The Company further applies to the Board pursuant to the provisions of the Act and the Board's *Rules of Practice and Procedure* for such final and interim Orders and directions as may be necessary in relation to the Application and the proper conduct of this proceeding.
8. The persons affected by this Application are the customers of Enbridge Gas Distribution. It is impractical to set out the names and addresses of the customers because they are too numerous.
9. Enbridge Gas Distribution requests that a copy of all documents filed with the Board by each party to this proceeding be served on the Applicant and the Applicant's counsel as follows:

Mr. Norm Ryckman
Director, Regulatory Affairs
Enbridge Gas Distribution Inc.

Address for personal service: 500 Consumers Road
Willowdale, Ontario M2J 1P8
Mailing address: P.O. Box 650
Scarborough, Ontario M1K 5E3
Telephone: 416-495-5499
Fax: 416-495-6072
E-mail: egdregulatoryproceedings@enbridge.com

The Applicant's counsel:

Mr. David Stevens
Aird & Berlis LLP

Address for personal service and mailing address: Brookfield Place, PO Box 754
Suite 1800, 181 Bay Street
Toronto, Ontario
M5J 2T9

Telephone: 416-865-7783
Fax: 416-863-1515
E-mail: dstevens@airdberlis.com

DATED March 27, 2009 at Toronto, Ontario.

ENBRIDGE GAS DISTRIBUTION INC.

Per: 

OVERVIEW AND SUMMARY OF APPLICATION

1. In this proceeding, Enbridge Gas Distribution Inc. (“EGD” or the “Company”) is applying to the Ontario Energy Board (the “OEB” or the “Board”), pursuant to section 36 of the *Ontario Energy Board Act, 1998* as amended (the “Act”), for an Order or Orders approving its proposal for continuing open billing services, and the sharing of earnings from those services.
2. As part of the EB-2006-0034 proceeding, the Company and interested parties embarked upon a consultative process to address open bill issues. The purpose of the consultative process was to narrow the issues between the Company and interested stakeholders with respect to third party access to the EGD Bill for the purposes of billing charges on their behalf (“Billing Services”) and for the purpose of distributing third party marketing information in the form of Bill Inserts.
3. With respect to Billing Services, this process led to a complete settlement agreement amongst the Company and the other consultative participants. This settlement was accepted by the Board as part of its EB-2006-0034 Decision with Reasons. With respect to Bill Inserts, a partial settlement was reached amongst the parties during the EB-2006-0034 proceeding. This settlement agreement was accepted by the Board subject to the condition that where a safety notice or rate increase is being publicized through Bill Inserts, no other inserts should be included with the bill for that particular mailing.
4. The Company has operated the Open Bill program in keeping with the settlement agreements (collectively referred to herein as the “2007 OBA Settlement”) and the Board’s Decision. Copies of the two settlement agreements comprising the 2007 OBA Settlement are attached as Appendix A.
5. The 2007 OBA Settlement called for the provision of Open Bill Services (which, in this evidence, is meant to refer to both Billing Services and Bill Insert services) in two phases. First in an interim phase where the Company would provide the services through the use of the Company’s current Customer Information System (“CIS”), and a later phase whereby the Company would provide the services through the use of its new

CIS ("nCIS"), which is referred to as the "Comprehensive Solution". The 2007 OBA Settlement constituted an "Interim Solution" until otherwise ordered by the Board.

6. The 2007 OBA Settlement required the Company to bring forward an Application to the Board prior to the end of 2008, now February 13, 2009, proposing the Comprehensive Solution for the Open Bill Services to be offered. Such Application is to include:
 - (a) a detailed report on the experience with the Interim Solutions (see Ex. B-1-2),
 - (b) the results of any customer communications activities and any customer or industry surveys (see Ex. B-1-3),
 - (c) minutes and/or reports of the activities of the stakeholder committee as contemplated in the 2007 OBA Settlement (see Ex. B-1-4),
 - (d) any available consultants' reports with respect to costing and/or market pricing (see Ex. B-1-5), and
 - (e) the Company's proposal on whether the Open Bill Services should continue, and if so on what terms (see Ex. B-1-6).

EGD's Application addresses each of the above requirements, in Exhibit B, Tab 1, Schedules 2 to 6 of this pre-filed evidence.

7. The most salient aspects of the pre-filed evidence, supporting EGD's proposal to continue Open Bill Services, are the following
 - (a) EGD's Open Bill clients have showed enthusiasm for both the Billing Services and Bill Insert programs under the Interim Solution, and the programs have been well used within the operational constraints imposed by EGD's current CIS;
 - (b) Neither ratepayers nor Open Bill clients have indicated substantial concerns with the operation of the Open Bill program;
 - (c) The financial performance of the Open Bill Services program has been less positive than expected, in part because costs have been higher than forecast.

As a result, the net benefit to ratepayers has been (or will be) less than the forecast \$5.389 million per year;

- (d) The benefit to the Company from offering Open Bill Services (both Billing Services and Bill Insert services) has been minimal (an average of less than \$600,000 per year);
 - (e) A stakeholder committee was established, including industry and ratepayer representatives and EGD, to review EGD's Open Billing activities and to retain and instruct an independent expert, TMG Consulting ("TMG"), to report on the costs and recommended pricing for EGD's Billing Services and Bill Inserts programs; and
 - (f) TMG prepared and presented a report setting out its view of the costs of EGD's Open Bill services, and proposing pricing that could be used for those services. The pricing proposed is higher than the pricing established under the Interim Solutions.
8. Having considered its experience under the Interim Solutions, including the apparent market enthusiasm for Open Bill services, and the minimal financial return to the Company, and having considered the views of TMG and the stakeholder committee, EGD has prepared a proposal to continue with Open Bill Services, but with different pricing and a different earnings sharing approach. This proposal has been shared with and influenced and shaped by comments and suggestions made by the stakeholder committee.
9. In developing its Billing Services and Bill Insert proposals, it was important for the Company to recognize that these are not monopoly services that lend themselves to price regulation in a similar manner as applies to distribution services. Unlike monopoly services there are numerous alternatives available to the consumers of these services beyond those offered by EGD. The pricing of these alternatives is driven by economic and competitive forces outside off the control of the Company. As such, the Company requires a high degree of flexibility in the setting of the prices of these services so as to be able to respond to competitive elements in the marketplace for these services.

10. Thus, while EGD is presenting its pricing proposal for Billing Services and Bill Insert services as part of this Application, it is doing so for information and discussion purposes only. EGD does not seek, nor does believe that it requires, Board approval for the proposed pricing. In brief, EGD believes that the pricing for its Open Bill Services will be driven and set by market forces, but accepts that the pricing will most likely fall within or near the range suggested by TMG in its report, particularly in respect of Billing Services.
11. On the other hand, EGD does seek Board approval for that aspect of its proposal which addresses earnings sharing for its Open Bill Services. Of necessity, this includes approval of the means by which the costs associated with Billing Services and Bill Insert services are determined, because the amount of these costs is used to determine associated earnings.
12. EGD's earnings under the Interim Solutions have been modest, at best. As with other discretionary activities, EGD believes that an appropriate approach to Open Bill Services will properly balance benefits to ratepayers and the Company. With this in mind, the Company's proposal includes the following :
 - (a) While pricing would not be subject to OEB approval, EGD will seek to achieve initial Billing Service pricing in the range of \$.89 per bill for shared bills and \$2.05 per bill for standalone bills. This pricing, which would be adjusted each year by a percentage equal to one half of the inflation rate, is at the very low end of the pricing recommended by TMG. All Billers would pay the same price.
 - (b) The pricing for Bill Inserts would be set by EGD based on its understanding of market demand. A dedicated electronic, web-based "ticket master" tool would be used to ensure that all Bill Insert spots will be available on a first come first serve basis, at a firm price which would be set by EGD for the different months of the year. Unfilled spots would be available at a posted price.
 - (c) The TMG recommended Open Bill costing models, with minor adjustments, would be used for the purpose of calculating margins earned by the program applicable to Open Bill Services earnings sharing.

- (d) Subject to the provisions below, ratepayers will continue to receive a benefit of \$5.389M per year, embedded in rates, attributable to EGD's Open Bill services (defined herein to include both Bill Inserts and Third Party Billing Services) as well as any of EGD's ex-franchise third party billing services¹.
- (e) EGD will be entitled to retain any net revenues received from Open Bill services as well as EGD's ex-franchise third party billing services in excess of \$5.389M per year, to a maximum of \$2.0M per year.
- (f) Any net revenues received from Open Bill services as well as EGD's ex-franchise third party billing services in excess of \$7.389M per year will be shared 50/50 with ratepayers.
- (g) If net revenues for Open Bill services as well as EGD's ex-franchise third party billing services in any year are more than \$500,000 below the ratepayer benefit of \$5.389M, then EGD will be entitled to recover the difference between actual net revenues and \$4.889M. This will provide EGD with protection in the event that large volumes of the existing Open Bill services business are lost, while keeping the onus on the Company, because of the \$500,000 embedded risk, to maintain the existing volumes.
- (h) Amounts related to Open Bill services as well as EGD's ex-franchise third party billing services will be outside the ambit of the Earnings Sharing Mechanism set out in EGD's IRM Settlement Agreement.
- (i) The existing and forecast balances in the Open Bill deferral and variance accounts will be borne equally by ratepayers and the Company.

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¹ Ex-franchise billing service is a billing-only service for services provided by third parties outside of EGD's service area. The service is limited to calculating biller charges, printing, inserting, mailing and payment processing. The bills are branded in the name of the billing client, with no reference to EGD or EGD printed on the bills. EGD takes no role in the collection of amounts invoiced and there is no collection guarantee. The ex-franchise billing service is described at Appendix K.

EXPERIENCE WITH THE INTERIM SOLUTIONS

1. In this section, as required by the 2007 OBA Settlement, the Company describes its experience over the past two years offering Billing Services and Bill Insert services under the provisions of the Interim Solutions.
2. Before examining its experience under the Interim Solutions, the Company believes that it would be beneficial to describe the nature of the Open Bill Services being offered, as well as the nature of the Interim Solutions under these services have been provided.

Nature of EGD's Open Bill Services

3. As noted in the Overview and Summary section, EGD's Open Bill Services include Billing Services and Bill Inserts.
4. Billing Services refers to third party billing information for other service providers in EGD's franchise area that is included on the EGD bill. At a high level, what is offered is a billing and collection service where, in exchange for a set cost per bill (including a "retained amount" to cover bad debt cost), EGD includes third party charges on the bill, and manages the processing, collection and remittance of payments to the third party.
5. In the first instance, Billing Services for the most part related to the inclusion of charges by Direct Energy Marketing Limited ("Direct Energy") on the EGD bill. This arose from the fact that many of the services offered by Direct Energy (such as the water heater rental program) were once offered by EGD, and then by EGD's affiliate (Enbridge Commercial Services), before being acquired by Direct Energy. Part of the underlying asset transfer agreement allowed Direct Energy to continue to bill its charges for services rendered within the Company's service area on the EGD Bill on an exclusive basis until December 31, 2005. This arrangement allowed the Company to retain the shared bill cost saving that it had previously enjoyed with Enbridge Commercial Services, resulting in the continuance of reduced utility cost of service of approximately \$5 million per year.

6. In part, it was the concluding of Direct Energy's exclusive access to the EGD bill (and the OEB's related decision in the EB-2005-0001 case – see Decision with Reasons, pp. 63-68) that led to the open bill consultative process as part of EGD's 2007 rates case (EB-2006-0034).
7. Bill Insert services refers to the inclusion in EGD's bill envelope of third party promotional materials for services related to natural gas.
8. The Bill Insert service, in its current form, has been operational since 2006. Before the EB-2006-0034 decision, the Bill Insert program operated as a pilot program and was initially offered to third party energy service or energy product service providers on a request basis. The original offering during this pilot phase was presented as only the system wide insertion method - that is, every insert from the participating third party was inserted into every Enbridge bill for every customer (more than 1.7 million in 2006). An associated service agreement was developed at that time to document timelines, creative approvals and opt out or cancellation rules that were agreed to by EGD and the participating third party. The current form of agreement continues to be substantially similar. The business process, approvals and billing were developed during the pilot phase as well. Other options as requested by participants were addressed and include various targeting to customers, including by EGD regions and specific postal code areas. The program has contributed \$1.3 million in revenue since the inception of the pilot.
9. EGD's offerings of Open Bill Services to date have been constrained by the limitations imposed by its existing CIS system. It is anticipated, however, that the Company's use of its nCIS (anticipated to be later in 2009) will increase the opportunities for third parties to participate in Open Bill Services, assuming the approval of the Company's Comprehensive Proposal to offer Open Bill Services, as described in this Application.

EB-2006-0034 Open Bill Access Settlement Agreement (the "2007 OBA Settlement")

10. The 2007 OBA Settlement called for the provision of Billing Services in two phases. First, an interim phase where the Company would provide the service through the use of the Company's current CIS (the Interim Solution), and a later phase whereby the

Company would provide the service through the use of its nCIS (the Comprehensive Solution). The 2007 OBA Settlement, as approved by the OEB (with modest modifications), constituted the Interim Solution.

11. In respect of Billing Services, the salient provisions of the Interim Solution are the following:
- (a) The Company will charge \$0.829 for shared bills, and \$1.389 for standalone bills during the interim period, and this charge will apply to all participants;
 - (b) The Company will bear the start-up and bill re-design costs but will be permitted to recover \$.04 per bill from the Open Bill Services Deferral Account ("OBSDA") until the costs are recovered;
 - (c) The Company will not bear the costs associated with adding the Billing Services to the nCIS – those costs will be included in the costs of the Billing Services and will be recovered in revenues from the service;
 - (d) The Company will credit ratepayers with a net benefit from Billing Services of \$5.389 million (by including that amount as an offset to 2007 revenue requirement). This amount subsequently became part of the base rates for EGD's incentive regulation (IR) rates for 2008 to 2012;
 - (e) If the net benefit from Billing Services is greater or less than the amount included in rates, then the difference will be credited, or debited, to the Open Bill Access Variance Account ("OBAVA") and charged or credited to ratepayers the following year. The net benefit is calculated as total Billing Services revenue less: (i) incremental costs to deliver the services; (ii) startup costs as described in paragraphs (b) and (c); and EGD's shareholder incentive;
 - (f) EGD is to receive a shareholder incentive for Billing Services provided to third parties (not to affiliates), as follows: (i) \$.02 per bill where Direct Energy is the sole third party on the bill; (ii) additional amounts between \$.10 and \$.25 per bill

where there are additional third parties on the bill (the amount increases depending on the number of Billers);

- (g) EGD will establish a stakeholder committee of interested parties to review the rules related to Billing Services;
- (h) EGD, in consultation with the stakeholder committee, will retain an independent consultant to undertake a costing and pricing analysis for Billing Services; and
- (i) EGD will develop, with input from the stakeholder committee, an appropriate communication plan specific to Billing Services.

12. In respect of Bill Insert services, the salient provisions of the Interim Solution are the following:

- (a) The Company will reduce the minimum bids for Bill Inserts to \$0.04, and there will be no right of first refusal for parties using the Bill Insert service.
- (b) The Company will record the start-up costs in the OBSDA.
- (c) The Company will not bear the costs associated with adding Bill Insert services to the nCIS – those costs will be included in the costs of the Bill Insert services and will be recovered in revenues from the service.
- (d) EGD will record the costs and revenues from the Bill Insert services in the OBSDA, and the net proceeds will be shared with ratepayers 50/50.
- (e) Bill Inserts will not be permitted in months where there is a safety insert included in the EGD billing envelope and in all months, two inserts will be reserved for parties wishing to purchase in a limited geographic area based on price per insert bidding.
- (f) EGD will establish a stakeholder committee of interested parties to review the rules related to Bill Inserts. In certain circumstances, the stakeholder committee

will also address complaints related to the bidding and allocation process for Bill Inserts.

- (g) EGD, in consultation with the stakeholder committee, will retain an independent consultant to undertake a costing and pricing analysis for Bill Insert services.
- (h) EGD will develop, with input from the stakeholder committee, an appropriate communication plan specific to Bill Insert services.
- (i) Commodity bill inserts and marketing will not be allowed unless EGD or an affiliate receives OEB approval to market system gas commodity, in which case retailers, marketers and vendors will also be allowed to promote or market their commodity offerings.

EGD's Experience under the Interim Solution for Billing Services

13. Following the Board's acceptance of the 2007 OBA Settlement, the Company was required to invoke several changes to implement the Interim Solution for Billing Services. These changes included:
 - (a) The redesign of the EGD Bill;
 - (b) Establishing new bill sharing arrangements with Direct Energy; and
 - (c) Revisions to the legacy (existing) CIS to enable the addition of more third party charges to the EGD bill.
14. A major prerequisite for the delivery of Open Bill services by the Company was the redesign of the Company's bill form. This requirement was recognized in the 2007 OBA Settlement and was a necessary step to ensure that third party charges could be conveyed to EGD customers in a clear, concise and understandable form.
15. The EGD bill redesign project commenced in mid 2007 and was completed in January 2008. This project entailed a complete overhaul of the EGD bill. The Table set out below summarizes the changes made to the EGD bill implemented in January 2008.

Examples of both the old EGD bill and redesigned bill are attached as Appendix B and Appendix C.

EGD Bill Redesign Feature Comparison		
Bill Feature	Old Bill	New Bill
Colour	Blue (shaded)	Yellow (partitioned and shaded)
Size	6 ^{3/4} " x 11"	8 ^{1/2} " x 11"
Printing	One Sided	Two Sided
Details of Charges	No third party details	Third party charges detailed on separate page
Bill Messaging	Not aligned with charges	Aligned with charges
Contact Information	Not aligned with charges	Aligned with charges
Billing & Payment Terms	Pre-printed on back side of bill pages	Key information printed on each page of bill. General billing and payment terms and conditions available through EGD website or direct contact with the Company

16. In order to move forward, it was necessary for a number of other major tasks to be completed, including:
 - (a) A new Open Bill Access Services Agreement needed to be put in place;
 - (b) A new Trust Account arrangement needed to be implemented;
 - (c) Transition processes needed to be mapped out and agreed to; and
 - (d) Changes to the EGD legacy CIS had to be completed.
17. Beginning early in 2007, EGD and Direct Energy commenced the negotiation of a new Open Bill Access Services Agreement. Under this arrangement, Direct Energy purchases billing and collection services from EGD. The EGD legacy CIS is still used to support the billing of Direct Energy charges and Accenture Business Solutions for Utilities ("ABSU") acts as a sub-contractor to EGD with respect carrying out the

operational aspects of the Billing Services. This Agreement was settled in March 2007 and came into effect retroactively as of January, 2007 and was subject to the parties coming to a further agreement with respect to the transition from the original trust account arrangement.

18. Negotiations with respect to moving from the old trust account arrangement took place throughout 2007 and were completed in March 2008. The implementation of this arrangement required a new trust agreement, a transition agreement with Direct Energy and the other parties to the 2002 Trust and a revised Open Bill Access Service Agreement. Under the new arrangements, all Billing Services clients become beneficiaries under the 2008 Trust and all benefit from the protections it affords equally.
19. The Direct Energy Open Bill Access Service Agreement and Trust Agreement served as templates from which a standard Open Bill Access contract package has been based. All sixteen of the Company's additional Billing Services clients are served based on the terms and conditions set-out in these standard contract documents. In addition to the terms and conditions under which EGD provides Billing Services, the standard contract also includes appendices that set-out requirements with respect to bill content and technical transaction requirements that apply to all Billers. A pro forma copy of the current Open Bill Access Service Agreement can be found at Appendix D.
20. As in the past, all monies paid by customers in respect of charges rendered on the EGD bill are first deposited in a trust account and then paid out to the beneficiaries of the Trust based on an established schedule and terms and conditions of the open bill access services agreement. EGD and all Billing Services clients are beneficiaries to the trust account.
21. The implementation of the redesigned EGD bill in January 2008 enabled the Company to embark upon the final phases of modifying the legacy EGD CIS to accommodate additional parties beyond Direct Energy. Work on the design for the required legacy EGD CIS changes began in mid-2007. New interface programs were required to communicate billing transactional data from Billing Services clients ("Billers") to the

legacy CIS and from EGD back to them. There was also a requirement for expanded reporting to facilitate the operation of the trust arrangement and remittance processing for all Billers. These changes were implemented in the legacy CIS in March of 2008.

22. The first additional Billing Services charges appeared on the EGD bill in April 2008. EGD continued to add Billers to the legacy CIS up until the end of August 2008, at which point it became necessary to invoke a software development freeze on the legacy CIS to facilitate the development of EGD's nCIS. In addition to the modification of the legacy CIS, significant work had to be completed to put in place manual business processes to register new billing clients and set-up their customer accounts for Billing Services and instruct them as to how to submit supporting transactions to the Company and receive related billing and remittance reports from the Company. In establishing these processes, the Company employed every practical alternative to simplify these activities in order to accommodate as many billing clients as possible. The Biller registration process also included the provision of considerable advice and guidance to be provided by the Company with respect to the conveyance of electronic data transaction files.
23. In terms of market acceptance, the Company's Billing Services program is a success. The charges of additional Billers began to be introduced to the EGD monthly invoice in April 2008. Additional new Billers were activated in the EGD legacy CIS over the course of the spring, summer and fall of 2008. As of December 2008, the charges of sixteen third party Billers have been added to the EGD monthly invoice, representing about 17,000 accounts. Additional expressions of interest have been received from almost sixty additional parties with respect to provision of Billing Services.
24. There are currently seventeen Billers active as of December 2008. This equates to an increase in new Biller participants of 350% since April 2008. The total billed receivables for 2008 is expected to be approximately \$422M, which equates to an average monthly billed receivable amount of approximately \$35M. The total service revenues for the same period are expected to be approximately \$16.4M.

25. The current price of the service is \$0.829 per shared bill and \$1.389 per standalone bill and this will remain fixed until this Application is determined. All Billers using the service pay the same price per bill for a standard set of services and EGD does not offer volume discounts.
26. While interest in EGD's Billing Services has been strong for 2007 and 2008, the financial performance of the Billing Services program has not met the Company's expectations.
27. The Table below summarizes the Company's Actual 2007 and 2008 and Budget 2009 Billing Services financial performance, assuming no change in the underlying costing and pricing model for 2009 and the terms of the 2007 OBA Settlement.

Billing Services Financials: 2007 and 2008 Actual and 2009 Budget			
	2007	2008	2009
1 Revenues (Including Bad Debt Recoveries)	\$15,864,431	\$16,360,722	\$16,728,442
2 Costs (Including Bad Debt Expense)	\$9,637,330	\$10,428,763	\$10,771,679
3 Net Income	\$6,227,101	\$5,931,959	\$5,956,763
4 Ratepayer Benefit	\$5,389,604	\$5,389,604	\$5,389,604
5 EGD Earnings Sharing (calculated in accordance with the OBA Settlement)	\$328,088	\$348,602	\$450,715
6 Start-up Cost Recovery	\$656,174	\$670,420	\$683,059
7 Variance (OBAVA) (line 4 + line 5 + line 6 – line 3)	(\$146,765)	(\$476,667)	(\$566,615)

28. The totals in line one of the Table are the sum of all Billing Services fees billed or to be billed to Billing Services clients in those years, plus the dollar value of the bad debt recovery provision of 0.5% for each actual or the forecast year. The totals in line two are the sum of all Billing Services costs as determined based on the provisions of the 2007 OBA Settlement for each year, plus the dollar value of the bad debt recovery

provision of 0.5% for each actual or the forecast year. The bad debt recovery provision of 0.5% therefore serves as a flow-through item, as it is the same amount in each year for both the revenue calculation and the cost calculation in lines one and two.

29. The next Table, set out below, includes details of the revenues and costs contained in the Billing Services Financials Table.

Details of Revenues and Costs				
		2007	2008	2009
	Rates/Costs	Actuals (\$)	Actual (\$)	Budget (\$)
Revenue				
OBA Service Fee Revenue	\$0.829 per shared bill	13,175,844	13,381,143	13,663,653
	\$1.389 per stand alone bill	709,411	860,285	884,247
OBA Billing Revenue (bad debt)	0.5% of billed receivables	1,979,176	2,119,294	2,180,542
		15,864,431	16,360,722	16,728,442
Cost				
Postage	\$0.50 per standalone bill	255,368	309,984	318,304
ABSU BPO Charges		6,861,441	7,200,722	7,610,966
ABSU CIS Charges		344,492	351,986	166,950
Bad debt	0.5% of billed receivables	1,979,176	2,119,294	2,180,542
Support	\$0.012 per bill	196,853	201,128	284,917
Other charges		0	245,649	210,000
		9,637,330	10,428,763	10,771,679
Net Income		6,227,101	5,931,959	5,956,763
Start-up cost recovery	\$0.04 per bill	656,174	670,420	683,059
EGD Incentive		328,088	348,602	450,715
Ratepayer Benefit	Per 2007 OBA settlement	5,389,604	5,389,604	5,389,604
Variance Account (OBAVA)		-146,765	-476,667	-566,615

30. As can be seen in the Tables above, the net income associated with Billing Services revenue has not, in any year, reached a level sufficient to recover all program costs (calculated in accordance with the 2007 OBA Settlement), pay EGD its formula-based incentive (calculated in accordance with the 2007 OBA Settlement) and provide ratepayers with the target benefit of approximately \$5.4 million that is embedded as a credit in EGD's rates. As a result, in each year EGD has had (or will have) to recover some amount through the clearance of the OBAVA.
31. In 2007, Billing Services revenues were lower than anticipated due to a lower number than budgeted of Billing Services accounts. Costs associated with the program were also higher than budgeted. To some extent unfavourable variances were incurred due to differences in the fee structures between the CustomerWorks LP Customer Care Services Agreement which was in effect up until March 31, 2007, upon which the original open bill costing model was based and the Customer Care Services Agreement between EGD and ABSU which came into effect on April 1, 2007. Other minor variances in EGD's internal costs and reduced start-up recoveries due to the lower than forecast number of Billing Services accounts both contributed to the extent of the unfavourable variance of \$146,765 in 2007, which was recorded in the OBAVA for that year.
32. For 2008, the Billing Services program again ended the year with an unfavourable budget variance, despite a year over year increase in overall program revenue of over \$400,000. In total, costs have exceeded budget by approximately \$750,000. The main contributors to this variance are:
 - (a) higher ABSU fees - \$200,000, which were not contemplated in the 2008 budget,
 - (b) increased operational costs- \$250,000, Accenture services and legal fees, and
 - (c) an increased allocation of bad debt expense - \$300,000 (Actual receivables being more than budgeted receivables by \$60.9 million).
33. The Company also incurred other unforecasted costs with respect to external legal fees in connection with the development of the pro forma Open Bill Access Services

Agreement, the establishment of the new trust account arrangement and the arrangement required to transition from the old form of shared bill with Direct Energy to the current open bill business process. The balance of the OBAVA is determined as per the 2007 OBA Settlement, by calculating the difference between what is in effect the Open Bill revenue requirement (recovery of all costs, ratepayer benefit and EGD benefit), less the actual or budget net revenue of the program. The net impact of these variances is expected to result in a net charge to the OBAVA of approximately \$475,000 for 2008.

34. The financial performance of the Billing Services program for 2009 remains an open question, pending the outcome of this Application. If there were no changes made to the costing and pricing approach underlying the Open Bill program for 2009, the Billing Services program would be expected to generate another unfavourable variance in 2009.
35. As there has been no OEB review concerning Billing Services for 2009, the Company will continue to provide Billing Services in 2009 on an interim basis as per the 2007 OBA Settlement and has requested the continuation of the OBAVA in its 2009 rate adjustment application (EB-2008-0219). It is the Company's intention to continue to record Billing Services cost / revenue variances as contemplated by the 2007 OBA Settlement until such time as a revised Open Bill program has been approved.
36. Finally, as seen in the Tables above, the Company's earnings from Billing Services activities have been (and will be) minimal under the Interim Solution, amounting to less than 10% of the total net earnings each year (with more than 90% of the balance accruing to the benefit of ratepayers). The Company does not believe that the current Billing Services sharing mechanism compensates EGD adequately, given the magnitude and discretionary nature of the program.

EGD's Experience under the Interim Solution for Bill Inserts

37. EGD has been providing a 3rd party Bill Insert service since August 2006. The scope of service includes: (i) pursuit and sign-up of 3rd parties; and (ii) Bill Insert administration (processing, verification, inserting and mailing).
38. Since the date on which the 2007 OBA Settlement was approved, EGD has been conducting its Bill Insert services in accordance with the terms of that settlement (as amended by the OEB in the EB-2006-0034 Decision with Reasons). Among other things, this means that EGD is only making opportunities for Bill Inserts available in months where there is no safety or rate notice included in the billing envelope, and that the minimum cost per insert is \$.04.
39. The Bill Insert service allows a 3rd party to include a Bill Insert for marketing purposes into an Enbridge bill. They have three options by which they can target an EGD customer: (i) system-wide; (ii) one or more regions (i.e. Toronto, Niagara, Ottawa etc.); and (iii) one or more FSAs (i.e. Postal Code). Regional and FSA refers to Canada Post's specific geographical area or general areas within the EGD franchise. The system-wide option will put an insert into every EGD customer bill. The regional/FSA options will put a Bill Insert into every customer bill within the region or FSA chosen by the 3rd Party. There are currently eight regions and 299 FSAs within the EGD franchise. EGD's total customers per region/FSA are not equally distributed across the eight regions.
40. The dimensions of a 3rd party Bill Insert are standardized, however, the number of panels can range anywhere from one to four panels. A maximum of seven four-panel Bill Inserts can be included in a bill envelope.
41. The Bill Insert service is restricted to seven months of the year (because it is not available in the months when EGD mails safety and rate notices).
42. Currently, the price of the service is \$0.05 per Bill Insert, which will remain fixed until at least the date on which this Application is determined. All 3rd parties using the Bill Insert service pay the same price and EGD does not offer any volume discounts.

43. EGD's current process of allowing third party participants to use the Bill Insert service works through the following steps:
- (a) The interested third party participant (for example, HVAC contractor, Ontario Power Authority, Direct Energy etc.) contacts EGD's Marketing Communication department via phone call, via an EGD sales channel consultant, other sales personnel, etc. to discover the details, perimeters and pricing of the Bill Insert service.
 - (b) The deadlines and available Bill Insert months are explained to the third party - there is a five week (or more) timeline for completion of the process and final delivery of the Bill Insert to the EGD's billing service provider.
 - (c) An additional response is delivered by EGD to the interested third party via email after the initial phone contact. This email outlines the price per Bill Insert; the creative requirements with approval process requirements; an outline of the legal agreement that will need to be reviewed and signed by the third party and EGD; the creative specifications and details for Bill Inserts; the regional and/or FSA (postal code) options available for targeting the third party's Bill Insert, as well as printing options and delivery deadlines of all material.
 - (d) Upon acceptance of this criteria, the third party delivers via email their targeted customer requests – for example, system-wide (all EGD customers), specific regions, specific FSAs. This information is used by EGD to determine the exact number of customers within the target group currently receiving Enbridge bills. The interested third party is then informed of this total customer number, and the associated cost – currently \$.05 x customer numbers.
 - (e) If the third party agrees, EGD proceeds in preparing the legal agreement which includes pricing, instruction on logos, creative approvals and the circumstances under which EGD and/or the third party may opt out or cancel the contact (From the beginning of the service, there has been no circumstance where there has

been a cancellation or opt out after the contract has been competed). Once completed, the contract is signed by both parties.

- (f) At the same time, the third party would be preparing their Bill Insert creative and forwarding it to EGD for review and approvals.
- (g) Changes may occur on the creative and the contract during these processes. The timeline is approximately two – three weeks.
- (h) When the contract is signed and the Bill Insert creative is approved by EGD, then the third party is contacted by email and it proceeds to print the Bill Insert and deliver the finished inserts to EGD's billing service provider as instructed.

44. The Bill Insert service has been used a total of 18 months between August 2006 and December 2008. The Table below depicts the revenues, costs, net income and sharing of net income for the years 2007 to 2009. The figures for 2007 and 2008 are actuals, while the figures for 2009 are budget numbers. The 2009 figures are presented on the basis of the current pricing and earnings sharing approach, not the approach set out in EGD's proposal in this Application (under the proposed approach, EGD expects a higher number of Bill Inserts, and higher Bill Insert revenues).

Bill Insert Services Financials			
	2007	2008	2009 (projected)
1 Revenues	\$668,185	\$484,158	\$600,000
2 Costs (Internal Costs)	\$50,295	\$30,967	\$65,220
3 Net Income	\$617,890	\$453,191	\$534,880
4 EGD portion (50/50)	\$308,945	\$226,595	\$267,440
Research Cost (100%)		\$19,250	
5 Ratepayer Benefit	\$308,945	\$207,345	\$267,440

2007 – 16 Inserts
2008 – 15 inserts
2009 - 18 inserts (projected)

45. Due to the competitive nature of the Bill Insert service and the number of available marketing channels and vehicles available in the marketplace for all possible participants, this service's optimal potential is yet to be determined. The returns from the Bill Insert service will be impacted by the changing supply and demand of the marketplace and the number and type of third parties that choose to participate for any given month or time period.
46. Marketplace pressures, including up and down turns in the economy and new marketing channels (like the Internet, for example) continue to offer all possible Bill Insert participants additional options to be considered in their annual marketing spend and budgets. The Bill Insert program will only be one of a variety of alternatives for participants to use; making the program more visible through increased marketing and promotion will help to increase awareness, but this has not been explored to date with the existing program.

CUSTOMER EXPERIENCE – BILLING SERVICES AND BILL INSERTS

1. The 2007 OBA Settlement requires EGD, as part of this Application, to report on any customer communications activities in relation to its Open Bill services, and on any customer or industry surveys undertaken.
2. EGD has communicated with its customers about its Open Bill Services through the Pipeline newsletter insert included in the Enbridge customer billing envelope from time to time. Examples of such communications include:
 - (a) October 2007 - Bill Insert - Pipeline Volume 28, number 5 - "All your charges on one bill" - Described EGD's new Billing Services offered to 3rd parties;
 - (b) January 2008 - Bill Insert - "Take a good look at your new gas bill" - This insert described EGD's new redesigned bill including the new "Charges from Other Companies" section on the bill.
 - (c) August 2008 - Bill Insert - Pipeline Volume 29, number 4 - "Other Companies on the Enbridge Bill" - Described the EGD's Billing Services.
3. Over the last year, EGD has commissioned customer surveys to collect and assess customer satisfaction and comments about its billing activities.
4. In 2008, EGD engaged Ipsos Reid to conduct a customer research study to assess customer views with respect to the inclusion of third-party Bill Inserts in the monthly EGD bill package. Ipsos Reid reported that half of those customers surveyed agreed that third party inserts gave helpful information on products and service. As well, the research concluded that most customers understood that EGD was not affiliated with the third parties whose inserts were included with the EGD bill, and that most customers were able to recognize third party Bill Inserts versus EGD inserts. The survey confirmed that customers support the current approach where third party Bill Inserts are not included in months where there are safety and rate notices in the billing envelope. A copy of the Ipsos Reid survey is included as Appendix E (Ipsos Reid Bill Insert Report).

5. On an overall basis, the Ipsos Reid Bill Inserts survey concluded that third party Bill Inserts have a neutral impact on customers' impression of EGD. Customers were asked if the inclusion of third party Bill Inserts with their EGD bill package had an impact on their overall impression of EGD:
 - (a) 64% stated the third party Bill Inserts have had no impact, either positive or negative, on their impression of EGD.
 - (b) Two in ten (19%) indicated that Bill Inserts have a positive impact.
 - (c) 14% stated that Bill Inserts have a negative impact on their overall impression of EGD.
6. While EGD has not commissioned any customer surveys directly related to Billing Services, it did seek customer feedback on its new customer bill, which includes a new format for third party billing. As described in the previous section, the Company's bill redesign was a major initiative in 2008 that had the potential to impact customer satisfaction levels.
7. Leading up to the bill redesign, Ipsos Reid conducted a survey on behalf of EGD to test customer reaction to the proposed new bill format. Among the comments received in response to this survey was the comment that many customers like the fact that third party charges on the EGD bill (other than gas commodity) are separated out and specified in a different section of the bill. A copy of the Ipsos Reid Bill Redesign Research 2007 Draft Report is included as Appendix F.
8. In a separate survey, Customers were asked in 2008 if they had noticed any changes to their natural gas bill recently. Survey results show that almost half (43%) of the Company's customers noticed changes to the Company's bill, 55% did not.
9. More generally, EGD routinely surveys its customers to track their satisfaction with services provided by the Company. As part of this exercise, customers are asked to rate the bill they receive from EGD. The results of this survey indicate that overall billing

scores have increased from last year. In 2008, 49% of customers gave EGD's bill an excellent or very good rating:

- (a) This score is up 4 percentage points from 2007 (45%).
- (b) Only 13% of customers surveyed in 2008 gave the bill a fair, poor or very poor rating, down 4 percentage points from 2007 (17%).

10. EGD uses a composite index to measure overall customer satisfaction. Billing has a moderate impact on this overall measure, particularly for customers surveyed that have recently made billing inquiries of the Company. Year end satisfaction results as measured by the composite index have also risen during the past three years:

2008: 64%

2007: 62%

2006: 60%

11. In general, the Company has experienced very little in the way of customer feedback in regard to its Open Bill Services program, although some customer concerns have been reported in the media. The Company's Billing Services program includes a process to address situations where a customer may dispute, or otherwise take issue with a Billing Services charge. This process entails the EGD Customer Service Representative logging the customer issue in an automated tracking system and referring the customer back to the Billing Services client to resolve the customer's concern. The Billing Services client is advised of the dispute and the parties have a sixty day period of time to resolve it. In the event that the dispute is not resolved within sixty days, the Company will block any future charges of the type in dispute from posting to the customer's account and credit back any related charges back to the customer back to the date the dispute was logged. Billing of third party charges that were the subject of dispute can resume once the Company has been notified that the dispute has been resolved.
12. Since EGD's Billing Services dispute tracking mechanism became operational in March 2008, 911 disputes have been logged in the tracking system. Of this number, there have been 9 situations where the charge in question has been permanently dropped

from the customer's account. In the remaining instances, the parties have resolved their issues and billing of the charge has recommenced. The Company views this process as a reasonable and effective means to deal with such situations, as evidenced by the fact that over 19 million Billing Services transactions have been posted to customer bills since March 2008.

MINUTES/REPORTS OF THE STAKEHOLDER COMMITTEE

1. As prescribed by the 2007 OBA Settlement, a stakeholder committee was established to address open bill issues, including the retaining and supervision of an independent expert (TMG) to review costing and pricing for Open Bill Services, as well as the review of stakeholder experience under the Interim Solution. This evidence, and the associated Appendices, describe the activities of the stakeholder committee.
2. On May 2, 2008, EGD hosted an initial meeting with interested parties to discuss its open bill activities, and its plans to meet the requirements of the 2007 OBA Settlement. One of the goals of this meeting was to strike a stakeholder committee, as envisaged by the 2007 OBA Settlement. In addition to EGD, 17 interested parties attended the May 2, 2008 meeting. Of this group, 10 stakeholders volunteered to join the stakeholder committee.
3. The members of the stakeholder committee are the following parties (in addition to EGD): Direct Energy, ENER-Defense Inc., Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI), Lennox Service Experts, LivClean Corp., MegaCity Heating and Air Conditioning Limited, National Energy Corp., NewtEn Home Comfort Inc., Reliance Comfort Ltd. and Vulnerable Energy Consumers Coalition (VECC).
4. A consultative process was established with the stakeholder committee. The aim of the consultative process was to engage stakeholders and provide an opportunity for intervenors and other interested parties to provide their input about Open Bill activities outside of the formal rate setting process. Several meetings of the stakeholder committee have been convened over the past year. Among other things, these meetings have been used to present updates and information about the Company's Open Bill Services, and to discuss stakeholder questions and concerns about those activities.
5. A main activity of the stakeholder committee has been the retainer and supervision of an independent expert to prepare the cost and pricing study mandated by the 2007 OBA Settlement. To this end, the stakeholder committee approved the retainer of TMG

Consulting, and the terms of reference for that retainer. TMG has regularly reported to, and taken direction from, members of the stakeholder committee as it undertook that activities required to prepare its report. Among other things, this has involved TMG presenting its project approach and work plan, providing bi-weekly email updates, sharing its work in progress to obtain comments and suggestions, and circulating its report for comments. In each of these activities, stakeholders have had the opportunity to provide their input and viewpoints to TMG and EGD.

6. The Billing Services/Bill Insert costing and pricing study completed by TMG, as well as TMG's responses to comments received from stakeholders about the study, are discussed in the next section of this pre-filed evidence.
7. The Company has communicated and explained its proposal for proceeding with Open Bill Services to the stakeholder committee over the past couple of months. Some participants in the stakeholder committee have provided comments and suggestions to EGD in response. The participation of stakeholders in this fashion has assisted the Company in understanding the various perspectives and positions of interested parties and has contributed to the updated Comprehensive Proposal that EGD is presenting in this Application.
8. The Minutes of all Open Bill / Bill Insert stakeholder committee meetings, along with all reports and presentations to the Open Bill / Bill stakeholder committee, can be found at Appendix G.

OPEN BILL / BILL INSERT COSTING AND MARKET PRICING STUDY

1. The 2007 OBA Settlement states that an independent consultant is to be retained to undertake costing and pricing analyses for EGD's Billing Services and Bill Inserts programs. The 2007 OBA Settlement further states that the Company is to consult with the stakeholder committee in respect of the retainer and terms of reference for the independent consultant.
2. As already noted, the Company met with interested parties in May 2008 and struck a stakeholder committee. The stakeholder committee endorsed EGD's proposal to retain TMG to prepare a costing and pricing analysis of Open Bill Services.
3. TMG undertook an analysis of the costs incurred by the Company to provide Billing Services and Bill Inserts services and market pricing for comparable services, and prepared a report summarizing their findings and recommendations.
4. In so doing, TMG's stated goal was:

[t]o perform a costing and pricing analysis for the Billing/Insert services by:
 - *Investigating & providing assistance to determine a market price*
 - *Reviewing and analyzing the incremental and fully-allocated costs of these services*
5. TMG's analysis took into account all of the business process steps involved in the establishment of Billing Services and Bill Insert services for the clients of these services as well as the ongoing costs of providing these services. As part of this analysis, TMG had to take into account the fact that the Company will be implementing its nCIS in 2009. The implementation of this system will impact upon many of the current Open Bill Services business processes and their cost.
6. In its final report, attached as Appendix H and dated January 19, 2009, TMG sets out the results of its costing and pricing analysis. The TMG cost model and related recommendations set out in the TMG report are based upon TMG's assessment of what EGD's Open Bill Services costs will be once the nCIS is in place and operational.

7. As noted in its report (for example, at page 5), TMG was engaged by, and worked closely with, the stakeholder committee in carrying out and revising its work. TMG's interactions with and reports to the stakeholder committee are described at pages 6-7 of the report, under the heading "Consultative Checkpoints and Outcomes".
8. Before finalizing its report, TMG provided a draft version to members of the stakeholder committee for comment. In response, feedback was received from a number of stakeholders. TMG's commentary and response to this feedback is set out in an addendum to its report, titled "TMG's Response to Consultative Feedback on the Billing and Bill Insert Services Costing and Pricing Model Study Final Report", a copy of which is attached as Appendix I.
9. Although TMG's report speaks for itself, in the following subsections EGD will provide a brief overview of TMG's findings, first for Billing Services and then for Bill Insert services.
10. TMG began its analysis of the costs and pricing for both Billing Services and Bill Insert services by examining the activities involved from, and assets used by, EGD and contractors in providing these services. This allowed TMG to determine which costs may be relevant to consider. Among other things, TMG determined which activities and costs associated with Billing Services and Billing Inserts are incremental (would not be required absent those programs). This information was then used by TMG to derive its costing model and recommendations (which also underlie its pricing recommendations).

Billing Services

11. With respect to the costing of the Billing Services program, TMG determined that a marginal cost approach that takes into account the incremental cost of the provision of Billing Services as well as allocations of direct overheads to be the most reasonable method to assess costs of the Billing Services program. Using this approach, TMG considered the costs associated with both shared and standalone EGD bills.
12. TMG's recommended Billing Service cost model is set out at section 6.1 of its report. It is designed for a three-year period, commencing from the in-service date for the nCIS (coincidentally, this also roughly corresponds with the remaining term of EGD's IR rate

setting model). TMG's approach uses a mix of incremental and fully allocated cost items, and arrives at a cost per bill for both shared and standalone bills for each of the next three years. The results of TMG's costing analysis, set out in section 6.1.3 of its report, are reproduced below:

Cost/bill - Shared			
Cost Items	Apr/'09 - Mar/'10	Apr/10 - Mar/'11	Apr/'11 - Mar/'12
Customer Care Costs	\$ 0.0245	\$ 0.0250	\$ 0.0255
CIS Functional	\$ 0.0119	\$ 0.0122	\$ 0.0124
CIS IT	\$ 0.0119	\$ 0.0122	\$ 0.0124
OBA Tool	\$ 0.0020	\$ 0.0020	\$ 0.0020
EGD Support costs	\$ 0.0156	\$ 0.0159	\$ 0.0162
Postage	\$ 0.0469	\$ 0.0488	\$ 0.0506
Contingency	\$ 0.0052	\$ 0.0053	\$ 0.0054
ABSU	\$ 0.4483	\$ 0.4642	\$ 0.4800
Incremental Cost per Bill	\$ 0.5663	\$ 0.5854	\$ 0.6045

Cost/bill - Standalone			
Cost Items	Apr/'09 - Mar/'10	Apr/10 - Mar/'11	Apr/'11 - Mar/'12
Shared Cost per Bill	\$ 0.0711	\$ 0.0725	\$ 0.0739
Postage	\$ 0.5100	\$ 0.5300	\$ 0.5500
ABSU	\$ 0.7483	\$ 0.7642	\$ 0.7800
Incremental Cost per Bill	\$ 1.3294	\$ 1.3666	\$ 1.4039

13. In order to gain a more complete understanding of the cost of performing Billing Services activities, TMG also undertook a fully allocated cost analysis of the program. TMG determined that the relative proportion of revenues billed to be a reasonable means of attributing the full cost of the provision of Billing Services. Based on this exercise, TMG identified approximately \$0.09 per bill of additional allocable cost that could be associated with a shared bill in respect of Billing Services. Although TMG undertook this fully allocated costing analysis at the request of the stakeholder committee, TMG does not consider fully allocated costing to be an appropriate means of allocating costs to either program for the purpose of determining appropriate pricing, the economic benefit of the program, or performing earnings sharing calculations. EGD agrees with that position, especially because the loading of costs that are not directly attributable to the

programs will lead to uneconomic decision making and if used for pricing purposes will contribute to the service being uncompetitive (meaning that revenues will disappear or at least decline).

14. The next step in TMG's analysis of EGD's Billing Services was to examine "market pricing" for similar services. To do this, TMG reviewed similar services provided by both utility and non-utility North American service providers of comparable services. The information collected by TMG suggests that other utilities are not offering different prices for Billing Services for shared bills, as opposed to standalone bills. TMG's research suggests that the cost per bill (presumably exclusive of margin) applied by the utility industry is approximately \$4.00 (Cdn). TMG also obtained a price range from a non-utility vendor of billing services, who gave a range of \$1.28 to \$1.59 (US) per bill for shared bills.
15. Since TMG found it difficult to identify other billing services that were readily comparable to that provided by EGD, TMG chose to use a cost-plus approach to determine a competitive market price for Billing Services. Based on TMG's research, a margin of 50% and 75% was added to Billing Services costs to establish a reasonable price range per bill for Billing Services. In the Conclusion to its report (section 10.1), TMG stated:

Service Providers offer prices with 50% margin for accounts with over four million customers. Typically for accounts in the size of EGD, a 75% margin is applied to costs. TMG recommends EGD to offer a price with 75% mark-up of its operational costs. This price will still be perceived as a value proposition based on the following reasons:

- *Setup of customers is easier and more accurate than outsourcing to a 3rd party. EGD already has a database of all customers within the franchise (except for Tenant 9 customers)*
- *The price offered by EGD is below the market price to provide such a service*
- *99.5% of the revenue is recovered. Such a high recovery rate is not possible for most companies especially the small billers*

16. The costs used by TMG are based on the mid-point of the three years that it examined. The cost per shared and standalone bill determined by TMG is set out in the table below.

Cost Item	EGD Costs	
	Shared	Standalone
Admin	\$ 0.07	\$ 0.07
ABSU	\$ 0.46	\$ 0.76
Postage	\$ 0.05	\$ 0.53
Total Cost	\$ 0.59	\$ 1.37

17. TMG developed two pricing models for the Billing Services. Both models take into account the costs associated with the Billing Services. TMG's pricing recommendations are not based upon its observations of "market pricing" by others offering similar services.
18. TMG's first pricing model is based on two components: (i) sign-up fee; and (ii) monthly variable price. The one-time sign-up fee of \$2,000 would be charged to the Biller at the time of enrolment for Billing Services. The one time sign-up fee would allow EGD to capture some of the cost incurred for Biller pursuit and sign up. A second fee component, a monthly variable price per bill, would capture the remaining costs of providing the Billing Services as well as TMG's recommended margin. The price model, reproduced below, provides two potential monthly fees per bill prices based on a 50% and 75% margin levels.

Margin	EGD Price	
	Shared	Standalone
High (75%)	\$ 1.02	\$ 2.39
Low (50%)	\$ 0.88	\$ 2.05

19. TMG's second pricing model is comprised of three components: (i) a one-time sign-up fee; (ii) a monthly fixed fee; and (iii) a monthly variable fee per bill. The one-time sign-up fee would allow EGD to recover the administration costs for Biller pursuit and contract sign-up process. The monthly fixed fee would be designed to recover the fixed cost incurred by providing service to each Biller each month. The monthly variable fee per bill would recoup the variable costs incurred each month plus mark-up. TMG's second pricing model is reproduced below.

Cost Item	Margin	EGD Price	
		Shared	Standalone
Sign-up	High (75%)	\$ 7,000	
	Low (50%)	\$ 6,000	
Monthly Fixed	High (75%)	\$ 6,856	
	Low (50%)	\$ 5,877	
Monthly Variable	High (75%)	\$ 0.95	\$ 2.32
	Low (50%)	\$ 0.81	\$ 1.99

20. In its report, TMG recommends the first price model and states that the service should be priced towards the higher end of their recommended price range. TMG also notes that *“EGD should continue to deduct 0.5% of the revenue billed for bad debt. This amount will be adjusted periodically based on actual data on revenue recovery rate”*.
21. TMG’s findings and recommendations have been taken into account and used by the Company to provide guidance in the development of the Company’s Billing Services proposal, set out in the final section of this evidence.

Bill Inserts

22. TMG followed a similar process to evaluate the costs and make pricing recommendations for EGD’s Bill Insert services.
23. Again, TMG’s recommended cost model, as set out at section 6.2 of its report, is designed for a three-year period, to correspond with the in-service date for the nCIS and the term of the customer care licence agreement.
24. One of the main incremental costs associated with the Bill Insert service relates to additional postage necessary when the total weight of the EGD bill package exceeds the Canada Post thresholds of 30 and 50 grams. The costing analysis undertaken by TMG assumes that the 50 gram threshold will not be crossed, meaning that there can be a maximum of 7 Bill Inserts per month.
25. The results of TMG’s costing analysis, set out in section 6.2.2 of its report, are reproduced below:

EGD support costs based on number of inserts

1	\$	14,318	\$	1,661	\$ 2,102	\$ 18,081
2	\$	15,769	\$	1,812	\$ 3,037	\$ 20,617
3	\$	17,220	\$	1,963	\$ 3,971	\$ 23,153
4	\$	18,670	\$	2,114	\$ 4,905	\$ 25,689
5	\$	20,121	\$	2,265	\$ 5,840	\$ 28,225
6	\$	21,572	\$	2,415	\$ 6,774	\$ 30,761
7	\$	23,023	\$	2,566	\$ 7,708	\$ 33,297

Postage costs based on weight

1	\$ -	1	\$ -	\$ 1	\$ -	\$ 1	\$ -
2	\$ -	2	\$ -	\$ 2	\$ -	\$ 2	\$ -
3	\$ -	3	\$ -	\$ 3	\$ 151,232	\$ 3	\$ 151,232
4	\$ -	4	\$ -	\$ 4	\$ 151,232	\$ 4	\$ 151,232
5	\$ -	5	\$ 151,232	\$ 5	\$ 151,232	\$ 5	\$ 151,232
6	\$ -	6	\$ 151,232	\$ 6	\$ 151,232	\$ 6	\$ 151,232
7	\$ -	7	\$ 151,232	\$ 7	\$ 151,232	\$ 7	\$ 151,232

26. TMG was also asked by the stakeholder committee to estimate non-incremental postage charges that could be allocated to Bill Inserts. TMG considered the weights of Bill Inserts relative to the total weight of the EGD bill package to allocate postage cost to Bill Inserts. This exercise identified \$0.137 per bill that could be potentially allocated to the Bill Insert service. TMG does not support including this allocated cost with the costs of the Bill Insert service, as that will lead to uneconomic pricing.
27. While TMG did undertake some research into the market pricing for similar services to EGD's Bill Insert service, it was not able to find very much useful information to provide guidance as to a "market price".
28. Again, as with Billing Services, TMG tabled two recommended fee structures for the Company's Bill Insert service. In the case of Bill Inserts, TMG is of the view that the volume of inserts to be delivered should have a bearing on the price of the service. A system-wide rate for Bill Inserts would be slightly lower than that applied to smaller volumes of Bill Inserts. TMG also recommends that a premium be charged for Bill Inserts delivered in high demand months. TMG's pricing recommendations are based

on assumptions that the Company will sell at least two Bill Inserts per customer bill and that the Company would earn a 30% margin above costs in a “low” demand month,

29. TMG’s first Bill Insert pricing option sets a flat fee per insert, based on the number of inserts to be delivered in the month. This pricing option would be more attractive for smaller Billers and 3rd parties who require small volumes of inserts. TMG’s proposed pricing for this option is as follows:

# of Customers	Rates based on volume	
	High	Low
Up to 0.5M	\$0.095	\$0.075
0.5 - 1.0M	\$0.090	\$0.070
1.0 - 1.5M	\$0.085	\$0.065
1.5M - SW	\$0.080	\$0.060

30. TMG’s second pricing option sets a different flat rate for several bill insert volume ranges. TMG’s proposed pricing for this option is as follows:

# of Customers	Flat Price based on	
	High	Low
Up to 0.5M	\$47,500	\$37,500
0.5 - 1.0M	\$90,000	\$70,000
1.0 - 1.5M	\$127,500	\$97,500
1.5M - SW	\$150,450	\$112,837

31. TMG’s report concludes with the following recommendation for Bill Insert services:

Given that the market for Bill Insert services is untested, TMG recommends EGD to set a price with an assumption that all costs can be recovered within a particular volume of sales and adjust it based on actual demand, if required. A volume based pricing is recommended with variable rates for ‘High’ and ‘Low’ demand months. ... Price model Option 1 (price per insert based on volume) is recommended. This may take into effect as soon as the prices are approved. A web-enabled online booking system should be implemented by EGD which will be

*audited periodically for fairness. No lottery, quota or blocking/booking
should be entertained.*

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THE COMPANY'S PROPOSAL TO CONTINUE THE PROVISION OF BILLING AND
BILL INSERT SERVICES

1. As detailed in previous sections, there has been significant demand for EGD's open bill services, and parties are generally supportive that the Company should offer these services. EGD proposes, therefore, that it ought to continue to offer these services, albeit under somewhat different terms and conditions.
2. In developing its Billing Services and Bill Insert proposals (referred to in the OBA Settlement as the "Comprehensive Solution"), it was important for the Company to recognize that these are not monopoly services that lend themselves to price regulation in a similar manner as applies to distribution services. Unlike monopoly services there are numerous alternatives available to the consumers of these services beyond those offered by EGD. The pricing of these alternatives is driven by economic and competitive forces outside of the control of the Company. As such, the Company requires a high degree of flexibility in the setting of the prices of these services so as to be able to respond to competitive elements in the marketplace for these services.
3. Thus, while EGD is presenting its pricing proposal for Billing Services and Bill Insert services as part of its Application, it is doing so for information and discussion purposes only. EGD does not seek, nor does believe that it requires, Board approval for the proposed pricing. As part of this section, EGD also sets out its proposal for how earnings sharing should apply to Billing Services and Bill Insert services. EGD does seek Board approval for that aspect of its proposal, which includes approval of the costs associated with Billing Services and Bill Insert services (which costs are used to determine earnings). This overall treatment of separating the pricing of the services offered from the sharing mechanism would be similar to the approach taken by the Board with regards to transactional services, where the competitive market determines the pricing for the services and the Board approves the calculations and rules for the sharing formula.
4. At the time the Board accepted the 2007 OBA Settlement it was known to all participants in that proceeding that the Company was about to commence the implementation of the nCIS. This fact was acknowledged in the 2007 Open Bill Settlement and was one of the

reasons why the Company was required to come back to the OEB with a further comprehensive open bill proposal. EGD's proposal is designed to be in place from the date that the nCIS is in service, until December 31, 2012 (which is the end date for EGD's current IR rate regime, assuming no extension or renewal).

Billing Services

5. For the most part, the Company proposes to continue its Billing Services with limited changes.
6. The current form of arrangement has been in place with Direct Energy since January of 2007 and additional Billers have been served under the current form of contract and operating structure with few significant issues. The current Open Bill Access Service Agreements the Company has in place with Billers will expire between the end of March 31, 2009 and the last billing cycle day of June 2009.
7. As part of the Company's proposal, all Billers will move to a new form of Open Bill Access Service Agreement at the earlier of their current contract expiry date (extended if necessary), or the implementation date of the nCIS. In recognition of concerns raised by interested parties about the potential for differential treatment of different Billers, the same form of Open Bill Access Service Agreement will apply to all Billers. The new form of Agreement will need to include specific provisions to support the transition to the new open bill pricing structure at the time the nCIS is implemented.
8. Based on the Company's experience to date in the management of the Billing Services program, a number of revisions will be introduced to the standard form of Open Bill Access Service Agreement. These changes will serve to clarify certain requirements and responsibilities of the Biller and remedies available to the Company in the event the Biller has breached the agreement.
9. Proposed changes to the Open Bill Access Service Agreement have been designed to streamline its implementation and ensure that the end customer will be provided with the full protection of the Province's *Consumer Protection Act*. The Company is of the view that having a standard form of Open Bill Access Services Agreement in place makes it

easier for smaller potential open bill clients who have limited resources to undertake legal review of the contract documents and commit to take the service. This was an issue raised by smaller potential open bill clients during the Open Bill Consultative process.

10. The Company has engaged in discussions with Billers about the proposed new version of the Open Bill Access Service Agreement, in order to receive and understand their comments and suggestions about the Agreement. To the extent that the comments received from Billers are acceptable to the Company, they are being incorporated into a new version of the Open Bill Access Service Agreement. The new version of the Open Bill Access Service Agreement has not yet been discussed with stakeholders, and it is expected that further changes may be made before it is finalized.
11. The Company's view is that the terms of the Open Bill Access Service Agreement, which will apply to all Billers, are a matter of commercial negotiation between EGD and the Billers, and that it is not necessary for the OEB to make any determinations about the terms and contents of the Agreement. However, given that the Open Bill Access Service Agreement is one of the items of discussion between EGD and stakeholders, a pro forma copy of the currently proposed standard form of Open Bill Access Service Agreement will be filed as part of this Application, once discussions with stakeholders are complete. The pro forma copy of the currently proposed standard form of Open Bill Access Service Agreement will be referenced as Appendix J.
12. The Company will continue to abide by rules similar to those set in the Interim Solution related to "Affiliate Participation", which rules are set out immediately below:

Affiliates of the Company (including, for the purpose of this Proposal, related parties such as limited partnerships or trusts that are not technically affiliates) may use the Billing Services on the same terms as any other third party Biller. However, the Company will continue to ensure that the Billing Services are provided in a manner that avoids ratepayer and/or consumer confusion, and, to the extent possible, prevents any participant from gaining any unfair market advantage by reason of their association with the Company, if any. The Company agrees that it will implement such measures as may be necessary to achieve this principle, including but not limited to enforcing in a commercially reasonable manner the following service rules:

- (a) No person, whether affiliate or otherwise, may use or associate itself with any name or logo on the bill that is the same as, similar to, or confusing with any name or logo that is associated with the Company (e.g. the “Enbridge” name and swirl logo).
- (b) No person may use the Billing Services in an abusive or unfair manner in that it deliberately creates the impression that it has a preferred position relative to other market participants because of its relationship with the Company.

These restrictions apply only to this Proposal, and in no way shape or form create any precedent to rely upon in respect of Billing Services after December 31, 2012.

- 13. With respect to the costing and pricing of Billing Services, the Company proposes to use the costing model proposed by TMG for the purposes of providing guidance on a range of pricing for its Billing Services and for the determination of Billing Services operating costs and the resulting earnings that are the subject of sharing with ratepayers.
- 14. At a high level, the costing methodology recommended by TMG includes EGD’s direct incremental costs associated with the provision of Billing Services, plus allocations of internal overheads associated with these costs. EGD accepts TMG’s determinations of the applicable costing of Billing Services, but notes that the allocations of internal overheads identified by TMG are already being recovered by EGD (at least notionally) as part of EGD’s rates during the incentive regulation term (which are based on 2007 costs, escalated each year during the incentive regulation term). EGD proposes, therefore, that the costs that should be attributed to Billing Services, for the purposes of determining net margins, are only those incremental costs identified by TMG.
- 15. TMG identified average costs of \$.5854 per bill for shared bills in sections 6.1.3 and 9.1 of its Report (this is effectively the cost for 2010 - the cost is lower in 2009 and higher in 2011). Included in that amount is approximately \$.0742 per bill of allocated costs for postage and internal overheads. For the purposes of determining net margins, EGD proposes to use a cost of \$.5112 per shared bill (which is equal to the TMG cost less \$.0742 per bill). Similarly, TMG identified average costs of \$1.3666 per bill for standalone bills in sections 6.1.3 and 9.1 of its Report. Included in that amount is approximately \$.0212 per bill of allocated costs for internal overheads (the postage costs

for standalone bills are incremental costs). Thus, for the purposes of determining net margins, EGD proposes to use a cost of \$1.3454 per standalone bill.

16. With respect to the pricing of Billing Services, TMG relied upon a cost plus approach, as it was their determination that there were few identical competitive Billing Services offerings that could serve as a direct comparator to the service as offered by EGD. TMG canvassed other providers of billing services to establish a reasonable margin, or mark-up for services that would be generally comparable to EGD's open bill services. TMG determined that a 50% to 75% margin for comparable services would be reasonable for services of the type proposed by EGD. For the purposes of determining appropriate pricing, EGD believes that it is appropriate to consider all of the costs of Billing Services, both incremental and allocated.
17. Based on the costs that they identified, and their recommended margin adjustment, TMG recommended a price range for Billing Services of between \$.88 and \$1.02 for shared bills and between \$2.05 and \$2.39 for standalone bills (exclusive of bad debt costs). Given that the current pricing is well below this range (\$.829 for shared bills and \$1.389 for standalone bills), Billers have indicated their concerns with TMG's proposed pricing. EGD understands this concern, and is prepared to set its prices near the bottom of TMG's range.
18. Some Billers have also indicated their concern that EGD will favour particular Billers over others when setting its pricing. To allay this concern, EGD will offer the same pricing to all Billers at any given time period.
19. The following Table sets out TMG's recommended price range and EGD's proposed starting pricing for Billing Services (to be adjusted each year by a percentage equal to one half of the inflation rate). EGD will negotiate prices for Billing Services with Billers within the stated price ranges, with the intention of achieving the target price.

Billing Services Proposed Initial Pricing (excludes bad debt costs)			
Fee per Bill	TMG Recommended Range		Target Prices
	High	Low	
\$ / Shared Bill	\$1.02	\$0.88	\$.89
\$ / Standalone Bill	\$2.39	\$2.05	\$2.05

20. Also, consistent with TMG's recommendation, the Company proposes to continue the existing bad debt flow-through model in connection with the collection guarantee associated with the Billing Services program. The current bad debt flow-through is 0.5% of the billed receivable amount for each Biller. The Company proposes that this percentage should be adjusted annually at the beginning of each calendar year. Based on the Company's most recent collections experience the Company proposes to set the bad debt flow-through percentage for 2009 at 0.53% (this will be subject to change each year). The manner in which the bad debt flow-through percentage will be set each year will be set out in the Open Bill Access Service Agreement.
21. As noted, while EGD is presenting its pricing proposal for Billing Services as part of this Application, it is doing so for information and discussion purposes only. EGD does not seek, nor does believe that it requires, Board approval for the proposed pricing. Instead, EGD believes that this pricing is properly a subject of negotiation directly with Billers. EGD does note, however, that Billers will be protected by the fact that the same pricing will apply to all Billers, regardless of their size.
22. In terms of timing, the Company seeks to implement the new Billing Services price structure at the time that it implements the nCIS. The rationale supporting this timing is that the TMG Billing Services costing model assumes that the nCIS is in place and operational.

Bill Insert Services

23. EGD also proposes to continue its Bill Insert services in a similar manner to what is currently being offered. Significantly, however, EGD proposes that the pricing for Bill Insert services be changed so that it can reflect market pricing. As discussed above,

EGD's Bill Insert program is a competitive service offered by the Company and there is no need for it to be price regulated in the same way as the Company's monopoly distribution service.

24. EGD has reviewed and considered TMG's analysis of the costing of EGD's Bill Insert services, and agrees that the costs to be attributed to the program, for the purposes of determining net margin, are its incremental costs. These costs are described at section 6.2 of the TMG report. They include \$151,232 per month in postage costs per available seven bill insert program months, which amount relates to the additional postage costs of .08 cents per bill per month that results from the increase in the bill weight above 30 grams attributable to the addition of Bill Insert participants (EGD produces over 1.9 million customer bills per month). These additional postage costs will only be incurred in months where the inclusion of Bill Inserts causes the bill weight to exceed 30 grams. The incremental costs also include incremental staffing costs for marketing and communications, totalling \$20,121 per month for each of the available seven bill insert program months (assuming five Bill Inserts per month - see section 6.2.2.1 of the TMG Study under the heading "Marketing Comm."). In addition, there will be a cost of approximately \$50,000 for the acquisition and installation of a dedicated electronic, web-based "ticket master" tool to ensure that all Bill Insert spots will be available on a first come first serve basis. The proposed use of this tool is discussed below.
25. EGD has also reviewed and considered the pricing model for Bill Insert services as proposed in the TMG report. While EGD supports many of the recommendations of the TMG report, EGD is not certain that the pricing recommendations made by TMG are properly applicable to its Bill Insert services. While the range of pricing recommended by the TMG report is a factor to consider in setting the price for this service, Bill Insert services is a competitive program and as such it should be priced competitively to meet the needs of the marketplace, meaning that supply and demand of the marketplace will set the pricing for these services. To allow this to take place, EGD requires flexibility in setting prices that will change from time to time, to respond to market demand. Ultimately, this will allow EGD to maximize usage of and revenues from its Bill Insert program, which will benefit ratepayers and the Company.

26. Economics, economies of scale, regional considerations, changing trends in the energy marketplace, and seasonal and temperature conditions in a particular winter or summer can cause supply and demand (and therefore pricing) for the service to change. EGD has not tested the marketplace to the full extent in regards to the demand for Bill Insert services and pricing. Competitively, other marketing vehicles and options are available to energy players and the marketplace as a whole. Examples of the pricing of other marketing vehicles and options are set out in the Table below (Additional vendor mailing service pricing is also outlined in the TMG report, at section 8)

Competitive Advertising Rates (rate change daily/weekly/annually)		
<i>Newspapers Placement</i>	Monday- Friday	Weekend/Sunday
<u>National</u>		
• Full page B&W	\$50K - \$14K (range)	\$62K - \$20K (range)
• Half page B&W	\$24K - \$7K (range)	\$32K – 9K (range)
<u>Regional</u>		
• Full page B&W	\$3K (range)	\$4K (range)
• Half Page B&W	\$1.5K (range)	\$1.7 (range)
<i>Unaddressed mail</i>	Per 100K quantity	Per 500K quantity
Flyers/valuepaks	\$2.3 K (range)	\$7.2 K (range)
Postage per piece	.11 cents	.11 cents
<i>Addressed direct mail (no creative costs)</i>	Per piece	
Postage costs	.59 cents (range)	
Valuepak offerings (envelope with many coupons)	.59 cents (range)	

27. The Bill Insert service price will be based on market demand. For example, advertising rates for national and regional newspaper dailies and weeklies vary by region, by season and by economic cycle. The same can be said for direct mail vehicles (for example, direct mail envelope packages with coupons from a variety of participants), direct and unaddressed mail, and unaddressed flyers to residential and business addresses. Those prices are set by the amount the potential client is prepared to pay at a particular time. While EGD agrees that the Bill Insert price may fall within the range suggested by the TMG report, there may also be times when the price is outside of that range.
28. That being acknowledged, the pricing for the Bill Insert program would have to cover EGD's costs, as detailed above.

29. EGD proposes to continue its current procedures in terms of the requirements for a party to participate in its Bill Insert program. The service has operated with the receipt of an inbound inquiry from an interested energy product and/or energy service providers. The interested third party contacts the Company via email/telephone to inquire about securing a monthly bill insert position in the EGD bill. As per the Company's written agreement with the interested third party, a number of criteria must be met to satisfy the Company and secure a bill insert position in the monthly EGD bill. Some of the criteria as outlined in the written legal agreement include:
- (a) Agreement by the participant to the pre-established approval, printing and programming deadline instructions as per Company's direction (non-compliance can result in cancellation as per the agreement);
 - (b) Unless otherwise agreed to by EGD, no use by the third party of the EGD name or any trade-mark, logo or other proprietary intellectual property of EGD including any advertising or promotional materials;
 - (c) A disclaimer must be printed on all third party bill insert materials as per the Company's instructions on size and content ("Company XX is not owned by or affiliated with EGD Inc. or EGD "); and
 - (d) All final creative of the actual third party bill insert must be approved by the Company before it is printed and inserted in the EGD bill.
30. The Company will continue to abide by rules similar to those set in the Interim Solution related to "Affiliate Participation", which rules are set out immediately below:

Affiliates of the Company (including, for the purpose of this Proposal, related parties such as limited partnerships or trusts that are not technically affiliates) may use the Bill Insert service on the same terms as any other third party. However, the Company will continue to ensure that the Bill Insert service is implemented in a manner that avoids ratepayer and/or consumer confusion, and, to the extent possible, prevents any participant from gaining any unfair market advantage by reason of their association with the Company, if any. The Company will implement such measures as may be necessary to achieve this principle, including but not limited to enforcing in a commercially reasonable manner the following service rules:

- (a) Except as set out in subparagraphs (c) and (d), no person, whether affiliate or otherwise, may use or associate itself with any name or logo in the billing envelope that is the same as, similar to, or confusing with any name or logo that is associated with the Company (e.g. the “Enbridge” name and swirl logo).
- (b) Except as set out in subparagraphs (c) and (d), no person may use the Bill Insert service in an abusive or unfair manner in that it deliberately creates the impression that it has a preferred position relative to other market participants because of its relationship with the Company.
- (c) The Company (but not its affiliates) may use its name and logo on Bill Inserts, including Bill Inserts where the Company is offering a service itself or in partnership with others (as, for example, is currently the case with DSM initiatives).
- (d) It shall not be considered to be improper for any party using the Bill Insert service to reference Enbridge in the Bill Insert for appropriate commercial purposes, such as making an offer that a customer can place the charges related to the service being offered on their Enbridge Bill.

These restrictions apply only to this Proposal, and in no way shape or form create any precedent to rely upon in respect of Bill Inserts after December 31, 2012.

- 31. In keeping with the above discussion, and based on comments received from members of the Open Bill Consultative group, the Company makes the following proposals for its Bill Insert program from the date that the nCIS is in service until December 31, 2012.
- 32. As is currently the case, EGD will offer Bill Insert services during each month of the year when the EGD billing envelope does not contain safety and rate information inserts. Currently, this means that Bill Insert services will be available seven months each year. As described in the TMG report, a maximum of seven Bill Insert slots will be available in each such month.
- 33. The Bill Insert slots will be available for system-wide Bill Inserts, or for Bill Inserts targeted at particular FSAs. In the case of Bill Inserts that are intended to target a Biller’s own customers (for example, water heater rate notices), the Bill Inserts can be sent to those customers only.

34. The Company will change its marketplace approach to include an outbound as well as an inbound process for all energy and energy efficiency providers of products and services.
35. EGD's outbound role will include the introduction of a dedicated electronic, web-based "ticket master" tool to ensure that all Bill Insert spots will be available on a first come first serve basis, at a firm price which would be set by EGD for the different months of the year. This software system will be opened on a specified date and time which would be communicated to all potential participants with a lead time of approximately 3-5 business days. Those interested parties would have the opportunity to select a spot at the proposed price for a particular month by accessing this software via the Internet. Seven monthly bill insertion spots are available for seven potential participants or bill inserts per each month. These spots would be made available on a month by month basis for all interested participants at least 60-90 days before cycle day one of any specific month requested.
36. In recognition of concerns raised by certain stakeholders, EGD will limit the number of spots available to any one party through the "ticket master" tool, so that no party may reserve more than half of the spots available through this tool during any month.
37. This process would ensure a fair and open market approach by allowing all interested energy product and service providers an opportunity to participate. A software tool would have to be purchased and installed by EGD at an approximate cost of \$50k.
38. Following the closing of the software tool for any given month, if additional Bill Insert spots are still available for that month, EGD would move proactively to contact and sell these spots to other energy product and service providers through emails and direct telephone contacts. As a first step, before contacting potentially interested parties, EGD would post availability and pricing for the remaining spots on an EGD website available to any potential customers. While the pricing of these additional spots would be determined by the supply and demand of the marketplace in that particular given month, the same pricing would apply to all customers who purchased Bill Inserts at any given time. That is, while the pricing for leftover spots might change over time (and the

changing prices would be communicated on an EGD website), there would be no different pricing for different customers.

Earnings Sharing Model

39. The 2007 OBA Settlement included an earnings sharing model that was intended to: 1) deliver approximately \$5.4 million dollars of ratepayer benefit annually, 2) create an incentive for the Company to add additional Billers to the program, and 3) enable the Company to recover the forecast implementation cost of the program over the first two years of operation. This 2007 Open Bill Settlement also included a variance account mechanism, the OBAVA, to provide the Company with a reasonable degree of comfort that it would be able to recover or remit to ratepayers any variances in margin from those anticipated by the 2007 pricing / costing model.
40. Any activity-specific earnings sharing mechanism that is implemented during the term of the current IR rate arrangement must be designed to fit within and operate effectively under the IR rate setting model. The current \$5.389 million ratepayer benefit associated with the interim Billing Services program was incorporated into the Company's IR rate cost base when the IR rate arrangement came into effect in January 2008, subject to the annual clearing to rates of any accumulated balance in the OBAVA, and the related deferral account, the OBSDA. Any revision to interim Billing Services earnings sharing model must take into account this embedded ratepayer benefit that will continue for each of the years from 2008 to 2012 (inclusive).
41. The Table set out below shows EGD's 2007 and 2008 actual Billing Services results, as well as the 2009 budget for the program assuming no costing or pricing change from the program's 2007 costing and pricing structures. Based on this model and the deferral account structure set out in the 2007 OBA Settlement, the open bill program has not met its margin targets, as there have been debit amounts accruing in the OBAVA in each year. In addition, the Company's earnings for the activity have been (and will be) minimal, amounting to less \$1.2 million over three years (which is less than 10% of the benefit accruing to ratepayers).

Annualized Billing Services Earnings			
	2007	2008	2009 (Based on current approach)
Revenues Including Bad Debt Recoveries	\$15,864,431	\$16,360,722	\$16,728,442
Costs Including Bad Debt Expense	\$9,637,330	\$10,428,763	\$10,771,679
Net Income	\$6,227,101	\$5,931,959	\$5,956,763
Ratepayer Benefit	\$5,389,604	\$5,389,604	\$5,389,604
EGD Earnings Sharing - OBA	\$328,088	\$348,602	\$450,715
Start-up Cost Recovery	\$656,174	\$670,420	\$683,059
Variance (OBAVA)	\$(146,765)	\$(476,667)	\$(566,615)

42. EGD does not believe that the current approach is robust or fair. EGD understands that ratepayers will be opposed to any new approach that takes away from the \$5.389 million that is currently embedded as a credit to rates, but requires a new approach that allows for greater potential benefits to its shareholders. This is particularly true in an incentive regulation environment, where even with earnings sharing EGD is able to retain 50% of the net benefit of any incremental activities that it undertakes.
43. Keeping these considerations in mind, the Company proposes the following earnings sharing model:
- (a) Subject to the provisions below, ratepayers will continue to receive a benefit of \$5.389M per year, embedded in rates, attributable to EGD's Open Bill services (defined herein to include both Bill Inserts and Third Party Billing Services) as well as any of EGD's ex-franchise third party billing services¹.
 - (b) EGD will be entitled to retain any net revenues received from Open Bill services as well as EGD's ex-franchise third party billing services in excess of \$5.389M per year, to a maximum of \$2.0M per year.

¹ Ex-franchise billing service is a billing-only service for services provided by third parties outside of EGD's service area. The service is limited to calculating biller charges, printing, inserting, mailing and payment processing. The bills are branded in the name of the billing client, with no reference to EGD or EGD printed on the bills. EGD takes no role in the collection of amounts invoiced and there is no collection guarantee. EGD's proposed ex-franchise billing service is described at Appendix K.

- (c) Any net revenues received from Open Bill services as well as EGD's ex-franchise third party billing services in excess of \$7.389M per year will be shared 50/50 with ratepayers.
- (d) If net revenues for Open Bill services as well as EGD's ex-franchise third party billing services in any year are more than \$500,000 below the ratepayer benefit of \$5.389M, then EGD will be entitled to recover the difference between actual net revenues and \$4.889M. This will provide EGD with protection in the event that large volumes of the existing Open Bill services business are lost, while keeping the onus on the Company, because of the \$500,000 embedded risk, to maintain the existing volumes.
- (e) Amounts related to Open Bill services as well as EGD's ex-franchise third party billing services will be outside the ambit of the Earnings Sharing Mechanism set out in EGD's IRM Settlement Agreement, in the same manner as those items listed at page 27 of the IRM Settlement Agreement (such as DSM accounts, TS accounts and tax changes).
- (f) Net revenues for Open Bill services as well as EGD's ex-franchise third party billing services will be determined by summing the annual revenues (including bad debt charges) received from both Bill Inserts and Billing Services as well as EGD's ex-franchise third party billing services, and then subtracting the costs for those services (including the bad debt charges). The costs of the services will be calculated in accordance with TMG's Open Bill Costing and Pricing Model Study, with some minor modifications, as discussed in paragraphs 14, 15 and 24, above.
- (g) EGD will negotiate the prices to be paid for Open Bill services as well as EGD's ex-franchise third party billing services with the users of those services, in accordance with the parameters discussed above, in paragraphs 19, 20 and 27.
- (h) The costs to be applied for in-franchise Third Party Billing Services are \$.5112 per shared bill and \$1.3454 per standalone bill.

- (i) The costs to be applied for Bill Inserts are as set out in Section 6.2 of the TMG Study. These costs, based on five Bill Inserts per available month, are estimated at \$151,232 per month for postage (these additional postage costs will only be incurred in months where the inclusion of Bill Inserts causes the bill weight to exceed 30 grams) and \$21,000 per month for incremental staffing costs (see section 6.2.2.1 of the TMG Study under the heading "Marketing Comm."). In addition, there will be a one-time cost of approximately \$50,000 for the acquisition and installation of a dedicated electronic, web-based "ticket master" tool to ensure that all Bill Insert spots will be available on a first come first serve basis.
 - (j) The costs to be applied for EGD's ex-franchise third party billing services will be the total amount of incremental costs associated with such services.
 - (k) These terms will govern EGD's Open Bill services, as well as EGD's ex-franchise third party billing services from the date that this proposal is approved by the OEB until December 31, 2012 (which is the end of the current IRM term, assuming it is not extended). None of the provisions of this proposal are intended to limit or set the terms of EGD's Open Bill services, or the treatment of net revenues from those services, following that time.
44. In order to implement EGD's proposal, and to resolve all outstanding issues related to open billing services under the OBA Settlement Agreement, it will also be necessary to address Open Bill deferral and variance account issues, both in respect of existing accounts, and in respect of future accounts. While ratepayers would ordinarily be responsible for the outstanding balances in the OBSDA and the OBAVA, EGD recognizes that there may be some debate about some of the costs in the accounts, and also recognizes that all parties will need to make compromises in order to resolve the range of open bill issues. In recognition of the foregoing, as part of its proposal for a new approach to earnings sharing for Open Bill services, EGD proposes that the existing and forecast balances in the Open Bill deferral and variance accounts be borne equally by ratepayers and the Company. The allocation of Open Bill deferral and variance accounts (as well as the ratepayer benefit) is based on customer numbers.

45. In particular, EGD proposes the following:

- (a) The balance in the 2007 Open Bill Service Deferral Account (OBSDA) was transferred as the opening balance of the 2008 OBSDA. The balance in the 2008 OBSDA will be reduced by the ratepayer share of Bill Insert net revenues from 2008 (\$207,345).² The resulting balance, described in the following Table, is \$309,370. EGD proposes that one half of the resulting balance in the 2008 OBSDA (\$154,685) will be cleared to rates. EGD will be responsible for payment of the other half of the resulting balance in the 2008 OBSDA (\$154,685).

Open Bill Service Deferral Account (OBSDA) Summary		
	2007 Actuals	2008 Actuals
Open Bill Startup and Re-design	\$	\$
Opening Balance	-	883,035
ABSU Open Bill Start-up Charges	1,470,800	-
Legal Charges	65,109	14,721
Consulting charges	3,300	279,338
OBA Stakeholders group	-	10,040
Recovery of Open Bill Start-up Charges (\$0.04/bill)	(656,174)	(670,418)
Balance relating to Open Bill Startup and Re-design	883,035	516,715
Credit relating to Bill Inserts		(207,345)
Balance		309,370

- (b) The balance in the 2007 Open Bill Access Variance Account (OBAVA) has already been cleared to rates. The balance in the 2008 OBAVA which totals \$476,667 (described in the following Table), will be split between ratepayers and EGD, such that \$238,333.50 will be cleared to rates and EGD will be responsible for payment of the other \$238,333.50 in the 2008 OBAVA.

² The ratepayer portion of Bill Insert revenues (50%) for 2007 (totaling \$308,945) has already been credited to ratepayers as part of the clearance of 2007 deferral and variance accounts.

AMOUNT TO BE RECORDED IN THE 2008 OPEN BILL ACCESS VARIANCE ACCOUNT (OBAVA)		
	\$	\$
Revenue		
Open Bill Service Fee Revenue		(14,241,428)
Open Bill Billing Revenue		(2,119,294)
		(16,360,722)
Costs		
Postage	309,984	
ABSU Charges	7,798,358	
Bad debt	2,119,294	
Support	201,128	
Start-up recovery	670,420	
		11,099,183
EGD shareholder incentive	348,602	
Net Open Bill Margin		(4,912,937)
Approved amount included in rates		(5,389,604)
Variance to be recovered and recorded in the OBAVA		476,667

- (c) The balance that will be tracked in the 2009 OBSDA (which will relate to TMG consulting charges, OBA stakeholder group invoices and startup legal charges), anticipated to be approximately \$165,000, will be split between ratepayers and EGD, with one half to be cleared to rates, and with EGD being responsible for payment of the other half.
- (d) One half of the balance in the 2008 OBSDA, as described above in subparagraph (a), will be cleared to rates in equal amounts in 2010, 2011 and 2012. EGD will be responsible for the other half of the balance in the 2008 OBSDA, to be paid in equal amounts in 2010, 2011 and 2012. Similarly, one half of the balance in the 2009 OBSDA, as described above in subparagraph (c), will be cleared to rates in equal amounts in 2010, 2011 and 2012. EGD will be responsible for the other half of the balance in the 2008, to be paid in equal amounts in 2010, 2011 and 2012.

- (e) One half of the balance in the 2008 OBAVA as described above in subparagraph (b), will be cleared to rates in equal amounts in 2010, 2011 and 2012. EGD will be responsible for the other half of the balance in the 2008 OBAVA, to be paid in equal amounts in 2010, 2011 and 2012.
- (f) A new Open Bill Revenue Variance Account will be created for the years 2009 to 2012, to track net revenues for Open Bill services as well as EGD's ex-franchise third party billing services. In accordance with the terms set out herein, this new variance account will allow for net annual revenues in excess of \$7.389M to be shared 50/50 with ratepayers, and will allow for a credit to EGD in the event that net annual revenues are less than \$4.889M (the credit will be equal to the shortfall between actual net annual revenues and \$4.889M).
46. The following Table shows the expected full year earnings the Company would expect to generate in 2009 if its Open Bill proposal is accepted and approved (these numbers are notional in the sense that at least part of the 2009 actual results will be based on the approach from the OBA Settlement, not the Company's Open Bill proposal).

2009 Forecast Results Under EGD's Proposal (assuming that the Proposal was in effect for the full year)		
# Shared Bills (est.)	16482090	
# S. Alone Bills (est.)	636607	
Total # Bills	17118697	
Total Biller Receivables (est.)	\$441,128,046.20	
Per Bill	Cost	Price
Shared	\$ 0.5112	\$0.89
Standalone	\$ 1.3454	\$2.05
Bad Debt Rate	0.0053	
Revenue Shared Bill	\$14,669,060.10	
Revenue Standalone Bill	\$1,305,044.35	
Bad Debt	\$2,337,978.64	
Total Revenue	\$18,312,083.09	\$18,312,083.09

Cost Shared Bills	\$8,425,644.41	
Cost Standalone Bills	\$856,491.06	
Bad Debt (using 2009 rate)	\$2,337,978.64	
Total Cost	\$11,620,114.11	\$11,620,114.11
Net Billing Services Income		\$6,691,968.98
Bill Insert Net Income (est.)		\$500,000
Ex-Franchise Billing Services³ (est)		\$71,612.50
Total Net Income		\$7,263,580.48
Ratepayer Benefit		\$5,389,604
EGD Earnings Sharing		\$1,873,976.48

47. Of course, there is further potential to increase the benefits available for both ratepayers and the Company, if total net income from Open Bill services as well as EGD's ex-franchise third party billing services exceeds \$7.389 million.
48. The Company is of the view that this proposal provides a reasonable outcome for all parties. Billers and Bill Insert clients will receive services at a fair market price, and will be assured that all clients are being treated equally. The existing annual ratepayer benefit associated with the program will be retained. And, the Company is provided with an appropriate incentive to provide these services and the opportunity to earn a more fair return, starting after the ratepayer benefit is earned. This will incent EGD to maximize revenues, with the potential for the ratepayer benefit to be increased from the current \$5.389 million.

Conclusion and Recommendations

49. Overall, recent experience under the Interim Solution shows that both the Billing Services and Bill Insert programs have created benefits for program participants, ratepayers and, to a modest extent, the Company. Although the Open Bill service has not met its financial targets in 2007 and 2008, it has still provided approximately \$5 million of benefit to ratepayers in each of those years. This benefit would have otherwise been unavailable to ratepayers if the service did not exist.

³ The derivation of the estimated Ex-Franchise Billing Services net revenue is described at Appendix K.

50. As the Company has moved to IR, it continues to pursue new and existing opportunities to enhance customer information delivery channels including providing additional information and value as well as revenue potential. The Open Bill services have successfully presented more choice to EGD's customers via the EGD bill as well as generating revenue.
51. The Company's proposal to continue these programs, with market-dictated pricing and a different earnings sharing approach, allows the benefits of the open bill programs to ratepayers and the clients of these services to continue. Customers will continue to share in the efficiency afforded by being able to share billing costs across a number of Billers and Bill Insert clients, while benefiting from the convenience of consolidating multiple household bills onto a single monthly invoice and having a single point of reference to locate energy related marketing and sales materials. Billers and Bill Insert clients will benefit because the Company's proposal provides for market pricing and fair access to parties who wish to use EGD's bill and to parties who wish to participate in EGD's Bill Insert program. The Company will benefit from a more fair earnings sharing approach.
52. In total, the Billing Services and Bill Insert costing, pricing and earnings sharing model proposed by the Company will provide ratepayers with continuing, and potentially increased economic benefit, and it will provide EGD with a more effective incentive to retain and expand these programs, while offering these services at market prices.

APPENDICES

Appendix A	2007 Billing Services & 2007 Bill Insert Settlement Agreements
Appendix B	Pre January 2008 EGD Bill Example
Appendix C	Post December 2007 EGD Bill Example
Appendix D	Pro forma copy of the current Open Bill Access Service Agreement
Appendix E	Ipsos Reid Bill Insert Customer Research Report
Appendix F	Ipsos Reid Bill Redesign Research 2007 Draft Report
Appendix G	Minutes of all Open Bill / Bill Insert stakeholder committee meetings and reports/presentations to the Open Bill / Bill Insert stakeholder committee
Appendix H	TMG's "Billing and Bill Insert Services Costing and Pricing Model Study", dated January 19, 2009
Appendix I	TMG's Response to Consultative Feedback on the Billing and Bill Insert Services Costing and Pricing Model Study Final Report
Appendix J	Pro forma copy of the proposed new standard form of Open Bill Access Service Agreement
Appendix K	Ex-Franchise Billing Services

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SUPPLEMENTARY SETTLEMENT PROPOSAL : ISSUE 7.5

The issues related to Issue 7.5 ("Is the Applicant's proposal of open bill access appropriate and consistent with the Board's direction in RP-2005-0001?") have been the subject of the ongoing Open Bill Consultative. Parties have been able to come to an agreement to settle aspects of this issue.

This incomplete settlement, if approved by the Board, will be added to the Settlement Proposal (Ex. N1-1-1) approved by the Board on January 29, 2007 (the "January 29th Settlement Proposal") and the provisions of this incomplete settlement will supersede the reference at page 43 of 47 of the January 29th Settlement Proposal which states that there is no settlement of Issue 7.5.

Parties agree that the provisions of the Introduction and Overview sections of the January 29th Settlement Proposal apply to this Supplementary Settlement Proposal, except for (i) the chart of settled issues, which does not reflect this incomplete settlement of Issue 7.5; and (ii) any references to revenue deficiency and rate impact of the settlement, which would have to be changed to reflect the incremental financial impact of this Supplementary Settlement Proposal.

With that preamble, the following section represents the incomplete settlement that has been agreed upon.

7.5 Is the Applicant's proposal of open bill access appropriate and consistent with the Board's direction in RP-2005-0001?

(Incomplete Settlement)

There is an agreement to settle aspects of this issue, as follows:

The parties agree to settle the third party billing component ("Billing Services") of Issue 7.5 Open Bill Access on the basis that the Company can proceed with the Billing Services on the following terms:

1. **Compliance with Board Directive.** All parties accept the Company's decision to respond to the Board's directive in EB-2005-0001 in two stages: an interim solution, using the Company's existing CIS, and a comprehensive solution, using the Company's planned new CIS. This settlement constitutes the interim solution until otherwise ordered by the Board in the Board review referred to in #2 below. Subject to the

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presentation to the Board of the comprehensive solution, discussed in #2 below, all parties agree that this settlement constitutes an appropriate response to the Board's directive.

2. **Comprehensive Solution.** The Company agrees that it will file an application to the Board prior to the end of 2008 proposing the comprehensive Billing Services offering. Such application should include: a) a detailed report on the experience with the interim solution, b) any available consultants' reports with respect to costing and/or market pricing, c) the results of any customer communications activities and any customer or industry surveys, d) minutes and/or reports of the activities of the stakeholder committee referred to in #8 below, and e) the Company's proposal on whether the Billing Services should continue, and if so on what terms. Without limiting the generality of the foregoing, the Company's proposal may include changes to pricing, costing, shareholder incentive, and any other aspects of the Billing Services. In the event that in the Company's application the Company or any party proposes that the Billing Services should not continue, that party must also propose a reasonable transition period to reflect the time required for anyone using the Billing Services to shift to alternate billing arrangements. Nothing in this settlement implies that any party admits to either the relevance or the appropriate weight to be given to any particular evidence in this subsequent application, and all parties will be free to argue as they see fit with respect to any proposed evidence.
3. **Pricing.** During the interim period, but at least until December 31, 2008 parties accept the prices proposed by the Company, \$0.829 for shared bills and \$1.389 for standalone bills. All participants using the Billing Services will pay the same prices for the same services. The parties agree that prices for the Billing Services and any changes from time to time to the rules relating to the OBSDA referred to in #4 below must be approved by the Board.
4. **Startup Costs.** The shareholder will bear the startup and bill re-design costs associated with the Billing Services but will be allowed to recover 4 cents/bill from the Open Bill Service Deferral Account (OBSDA) over a two year period until the costs are recovered. The shareholder will not bear the costs associated with adding the Billing Services to the new CIS. The latter costs will be included in the costs of the Billing Services and recovered in revenues from the service.

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5. **Ratepayer Benefit.** Subject to the shareholder incentive, set forth below, all net benefits, whether through mitigation of common costs, or net profits from the OBA services, will accrue to the benefit of the ratepayers. The Company agrees to include in its 2007 revenue requirement a net benefit of the service of \$5.35 million. This number is derived from calculations found in JT.5, as updated to reflect this settlement. To be sure, all parties also agree If the net benefit of the service is greater or less than the amount included in rates, the difference will be credited or debited, as the case may be, to a new variance account, the Open Bill Access Variance Account (OBAVA) and refunded or charged to ratepayers in the following year. The net benefit shall be calculated as the total revenues from Billing Services, less
- a. the incremental costs to deliver those services;
 - b. the amount referred to in #4 above; and,
 - c. the shareholder incentive referred to in #6 below.
6. **Shareholder Incentive.** The Company will receive no incentive for Billing Services provided to any affiliate of the Company. For the Billing Services by any other person, the Company will be paid a commission as follows subject to an annual maximum calculated as 50% of the program's net margin:
- a. With respect to any bill on which Direct Energy (which for all purposes of these terms should be interpreted as including any successor to Direct Energy's water heater business) is the sole third party billing entity, \$0.02 per bill;
 - b. With respect to any bill on which there is any third party billing entity charge other than Direct Energy on the bill:
 - i. \$0.10 per bill in any month that the Billing Services service has only one active billing entity other than affiliates or Direct Energy;
 - ii. \$0.15 per bill in any month that the Billing Services service has two active billing entities other than affiliates or Direct Energy;
 - iii. \$0.20 per bill in any month that the Billing Services service has three active billing entities other than affiliates or Direct Energy;
 - iv. \$0.25 per bill in any month that the Billing Services service has more than three active billing entities other than affiliates or Direct Energy;

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An entity will only be considered an “active billing entity” in any month in which it is billing products or services on at least 500 EGD bills.

7. **Costing and Pricing Studies:** The Company agrees that it will retain an independent consultant or consultants to undertake costing and pricing analyses for the Billing Services. The consultant’s work will include assistance in determining a market price, and a review and analysis of the incremental and fully-allocated costs of these services. The Company will solicit the stakeholder group’s input on the independent consultant(s), and statement of work for those consultant(s), but the Company will retain the right to make the final selection and define the terms of the reference. The cost of these studies will be included in the OBSDA.
8. **Stakeholder Input.** The Company will establish a stakeholder committee that includes users of the Billing Services, as well as ratepayer and industry representatives, to review the rules associated with participation in Billing Services. All parties to the agreement will be invited to become members of the stakeholder committee. The committee will meet from time to time as required to consider changes to the rules. Any changes to the rules that materially change the nature of the service will be reviewed by the stakeholder committee and reported to the Board to determine if their approval is required. The stakeholder committee will also be solicited for input into the Company’s proposed communications plan, and other issues as they arise.
9. **Affiliate Participation.** Affiliates of the Company (including for the purpose of this settlement related parties such as limited partnerships or trusts that are not technically affiliates) may use the Billing Services on the same terms as any other third party biller. However, all parties agree with the principle that the Billing Services should be implemented in a manner that avoids ratepayer and/or consumer confusion, and, to the extent possible, prevents any participant from gaining any unfair market advantage by reason of their association with the utility, if any. The Company agrees that during the interim period it will implement such measures as may be necessary to achieve this principle, including but not limited to including in the Billing Services and enforcing in a commercially reasonable manner the following service rules:
 - (a) No person, whether affiliate or otherwise, may use or associate itself with any name or logo on the bill that is the same as,

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similar to, or confusing with any name or logo that is associated with the Company (e.g. the “Enbridge” name and swirl logo).

- (b) No person may use the Billing Services in an abusive or unfair manner in that it deliberately creates the impression that it has a preferred position relative to other market participants because of its relationship with the utility.

Notwithstanding, these restrictions in no way shape or form creates any future precedent to rely upon regarding the use of the Enbridge name or logo.

The parties acknowledge their mutual intention to bring issues with respect to affiliate participation to the stakeholder committee for resolution, but this statement will not limit any rights any party may have, whether under the Affiliate Relationships Code or otherwise, to have disputes resolved in any forum.

10. **EnergyLink™ Relevance.** If the Board in this proceeding approves the EnergyLink™ program proposed by the Company, the parties agree that whether a company is an EnergyLink™ participant or not will not affect whether that company can use the Billing Services, nor the rules or conditions under which they use the service.

11. **Information.** The Company will develop with input from the stakeholder committee an appropriate customer communication plan specific to Billing Services. The Company shall provide to the Board and make available to all parties to this settlement agreement a report that includes revenues from Billing Services, and the costs of the services on a fully-allocated basis, an incremental basis and in a manner when known that is consistent with the methodology recommended in the study noted in paragraph 7, to the extent that this is different.

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12. Logos and Bill Messaging. Logos and bill messaging will be provided to all participants in the Billing Services at no charge to facilitate entry of new users and help consumers differentiate the various parties with amounts billed on the EGD bill. Any provision of logos and bill messaging for the Billing Services will apply in the same manner to commodity vendors using the ABC Services for a reasonable charge, but commodity messaging will not be allowed unless EGD or one of its affiliates starts to market system gas.

Participating Parties: All parties participated in the negotiation and settlement of this issue except Energy Probe, IGUA, OAPPA, Superior, TransAlta, TransCanada and Union Gas,

Approval: All participating parties accept and agree with the proposed settlement of this issue except that GEC and Pollution Probe reserve the right to pursue in the Hearing whether the Board should order that third parties not be allowed to use the Billing Services for the billing of specific products on the basis of their environmental attributes.

Evidence: The evidence in relation to this issue includes the following:

D1-11-1	Open Bill Access
D1-11-2	Statement of Principles, Objectives and Operating Arrangements for the Consultation Process for Enbridge Gas Distribution's Open Bill Access Proposal
D1-11-3	Open Bill Access Consultative Process
D1-11-4	Meeting Minutes
D1-11-5	Third Party Access Report
D1-11-6	Open Bill Access Update
D1-11-7	Summary Notes from Consultative Meeting on Wednesday July 26, 2006
D1-11-8	Open Bull Access Update – July 26 th , 2006
D1-11-9	Summary Notes from Consultative Meeting on Tuesday November 14 th , 2006
D1-11-10	Presentation – Consultative Meeting on Tuesday November 14 th , 2006
D1-11-11	Open Bill Access Standard Bill Service Consultative November 14 th , 2006
D1-11-12	Bill Insert Agreement
D1-11-13	Open Bill Standard Bill Service Description – Meeting November 14 th , 2006 – Additional Request for Information
D1-11-14	Bill Inserts
D1-11-15	Bill Insert Agreement Draft
D1-11-16	Initial Draft for Discussion Binding request for Bids – Third Party Bill Inserts for 2007
D1-11-17	Presentation – Consultative Meeting on November 23 rd , 2006
D1-11-18	Open Bill Access – Summary Notes from Consultative Meeting on November 23 rd , 2006

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D1-11-19	Presentation – November 30 th , 2006
D1-11-20	Criteria for Bill Inserts
D1-11-21	Open Bill Access – Summary Notes from Conference Call between EGD, Intervenor, and Consultants on Friday, December 1 st , 2006
D1-11-22	Shared Bill Benefit Calculation
D1-11-23	Presentation – December 5 th , 2006 Corrected Forecast
D1-11-24	Bill Inserts
D1-11-25	Bill Inserts
D1-11-26	Bill Inserts
D1-11-27	Request for Binding Bids – 2007 Third Party Bill Insert Service
D1-11-28	Binding Service Request and Bid Form – 2007 Third Party Bill Insert Service
D1-11-29	Third Party Access to the Bill Customer Communication Plan
D1-11-30	Billing Insert Customer Communication Plan
I-1-74 to 77	Board Staff Interrogatories 74 to 77
I-2-52	CCC Interrogatory 52
I-4-1 to 12	Direct Energy Interrogatories 1 to 12
I-16-60 to 61	SEC Interrogatories 60 to 61
I-18-1 to 5	Superior Interrogatories 1 to 5
I-22-1 to 5	Union Energy Interrogatories 1 to 5
I-24-74 to 75	VECC Interrogatories 74 to 75
I-26-12 to 20	HVAC Interrogatories 12 to 20
L-4-1	Evidence of Direct Energy
L-22-1	Evidence of Union Energy
L-26-1	Evidence of HVAC
I-27-1 to 35	Enbridge Gas Distribution Interrogatories of Union Energy 1 to 35
I-29-1 to 5	Enbridge Gas Distribution Interrogatories of Direct Energy 1 to 5
I-30-22 to 24	Enbridge Gas Distribution Interrogatories of HVAC 22 to 24
I-32-1 to 5	HVAC Interrogatories of Direct Energy 1 to 5
I-33-1 to 12	Superior Energy Management Interrogatories 1 to 12
I-34-1 to 21	Union Energy Interrogatories of Direct Energy 1 to 21
I-35-1 to 11	Direct Energy Interrogatories of Union Energy 1 to 11
I-36-1 to 16	Direct Energy Interrogatories of HVAC 1 to 16
	Transcript of January 10, 2007 Technical Conference
JT1-JT22	Undertakings from January 10, 2007 Technical Conference

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SUPPLEMENTARY SETTLEMENT PROPOSAL : ISSUE 7.5

The issues related to Issue 7.5 ("Is the Applicant's proposal of open bill access appropriate and consistent with the Board's direction in RP-2005-0001?") have been the subject of the ongoing Open Bill Consultative. Parties have been able to come to an agreement to settle aspects of this issue.

This incomplete settlement, if approved by the Board, will be added to the Settlement Proposal (Ex. N1-1-1) approved by the Board on January 29, 2007 (the "January 29th Settlement Proposal") and the provisions of this incomplete settlement will supersede the reference at page 43 of 47 of the January 29th Settlement Proposal which states that there is no settlement of Issue 7.5.

Parties agree that the provisions of the Introduction and Overview sections of the January 29th Settlement Proposal apply to this Supplementary Settlement Proposal, except for (i) the chart of settled issues, which does not reflect this incomplete settlement of Issue 7.5; and (ii) any references to revenue deficiency and rate impact of the settlement, which would have to be changed to reflect the incremental financial impact of this Supplementary Settlement Proposal.

With that preamble, the following section represents the incomplete settlement that has been agreed upon.

7.5 Is the Applicant's proposal of open bill access appropriate and consistent with the Board's direction in RP-2005-0001?

(Incomplete Settlement)

There is an agreement of some parties to settle aspects of this issue, as follows:

Proposed Billing Insert Settlement

The parties agree to settle the billing insert ("Insert Service") component of Issue 7.5 Open Bill Access on the basis that the Company can proceed with the Insert Service on the following terms:

- 1. Compliance with Board Directive.** All parties accept the Company's decision to respond to the Board's directive in EB-2005-0001 in two stages: an interim solution, using the Company's existing CIS, and a comprehensive solution, using the Company's planned new CIS. This settlement constitutes

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the interim solution until otherwise ordered by the Board in the Board review referred to in #2 below. Subject to the presentation to the Board of the comprehensive solution, discussed in #2 below, all parties agree that this settlement constitutes an appropriate response to the Board's directive as it pertains to bill inserts.

2. **Comprehensive Solution.** The Company agrees that it will file an application to the Board prior to the end of 2008 proposing the comprehensive Billing Insert Service offering. Such application should include: a) a detailed report on the experience with the interim solution, b) any available consultants' reports with respect to costing and/or market pricing, c) the results of any customer communications activities and any customer or industry surveys, d) minutes and/or reports of the activities of the stakeholder committee referred to in #8 below, and e) the Company's proposal on whether the Insert Service should continue, and if so on what terms. Without limiting the generality of the foregoing, the Company's proposal may include changes to pricing, costing, shareholder incentive, and any other aspects of the Insert Service. Nothing in this settlement implies that any party admits to either the relevance or the appropriate weight to be given to any particular evidence in this subsequent application, and all parties will be free to argue as they see fit with respect to any proposed evidence.
3. **Pricing.** For the interim period of 2007 and 2008, the Company agrees to reduce the minimum bids for bill inserts by one cent resulting in an average insert charge of 4 cents. For greater clarity, there shall be no right of first refusal for parties using the Company's Insert Service. The parties agree that prices for the Insert Service, and any changes thereto from time to time, must be approved by the Board.
4. **Costing and Pricing.** The Company agrees that it will retain an independent consultant to undertake a costing and pricing analysis for the Bill Insert Service for the comprehensive period. The consultant's work will include assistance in determining a market price, and a review and analysis of the incremental and fully-allocated costs of these services for the new CIS. The Company will solicit the stakeholder group's input on the independent consultant, and statement of work for that consultant, but the Company will retain the right to make the final selection and define the terms of the reference. The cost of this study will be included in the Open Bill Service Deferral Account (OBSDA).
5. **Startup Costs.** The shareholder will record the startup costs associated with the Insert Service in 2007 in the OBSDA. The startup costs associated with

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adding the Insert Service to the new CIS will be included in the costs of the Insert Service and recovered in revenues from the service.

6. **Ratepayer Benefit.** The Company agrees to record the costs and revenues from the Insert Service in 2007 in the OBSDA and that the net proceeds will be shared 50/50. The parties agree that the shareholder incentive mechanism for Insert Service may need to be revised after the interim period and after the cost/price review to be consistent with the Board's rules for natural gas incentive regulation.
7. **Inserts.** Bill inserts would be allowed as proposed by EGD but revised to limit the number of external inserts to five (5) when safety inserts are scheduled. In all months, two inserts would be reserved for parties wishing to purchase bill inserts in a limited geographic area based on price per insert bidding.
8. **Stakeholder Input.** The Company will establish a stakeholder committee that includes users of the Insert Service, as well as ratepayer and industry representatives, to review the rules associated with participation in the Insert Services. All parties to the agreement will be invited to become members of the stakeholder committee. The committee will meet from time to time as required to consider changes to the rules. Any changes to the rules that materially change the nature of the service will be reviewed by the stakeholder committee and reported to the Board to determine if their approval is required. The stakeholder committee will also be solicited for input into the Company's proposed communications plans, and other issues as they arise. To ensure that consumer interests are being addressed, EGD will conduct focus groups and customer surveys on inserts as soon as possible in 2007 and report the findings to the stakeholder committee to determine if remedial action is required. EGD will also prescreen insert users and review the content of their bill inserts to ensure proper use of its billing envelope.
9. **Problem Resolution.** If the revised bidding and allocation processes restrict access in three consecutive months or the number of customer complaints on inserts increases significantly in the first two months of operation, the stakeholder committee would be convened to address the concern(s), and if the problem cannot be resolved within two (2) additional months that aspect of the Insert Service would be discontinued until the problem is addressed.
10. **Affiliate Participation.** Affiliates of the Company (including for the purpose of this settlement related parties such as limited partnerships or trusts that are

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not technically affiliates) may use the Insert Service on the same terms as any other third party biller. However, all parties agree with the principle that the Insert Service should be implemented in a manner that avoids ratepayer and/or consumer confusion, and, to the extent possible, prevents any participant from gaining any unfair market advantage by reason of their association with the utility, if any. The Company agrees that during the interim period it will implement such measures as may be necessary to achieve this principle, including but not limited to including in the Insert Services and enforcing in a commercially reasonable manner the following service rules::

- (a) No person, whether affiliate or otherwise, may use or associate itself with any name or logo in the billing envelope that is the same as, similar to, or confusing with any name or logo that is associated with the Company (e.g. the "Enbridge" name and swirl logo).
- (b) No person may use the Insert Service in an abusive or unfair manner in that it deliberately creates the impression that it has a preferred position relative to other market participants because of its relationship with the utility.

Notwithstanding, these restrictions in no way shape or form creates any future precedent to rely upon regarding the use of the Enbridge name or logo.

The parties acknowledge their mutual intention to bring issues with respect to affiliate participation to the stakeholder committee for resolution, but this statement will not limit any rights any party may have, whether under the Affiliate Relationships Code or otherwise, to have disputes resolved in any forum.

11. **EnergyLinkTM Relevance.** If the Board in this proceeding approves the EnergyLinkTM program proposed by the Company, the parties agree that whether a company is an EnergyLinkTM participant or not will not affect whether that company can use the Insert Service, nor the rules or conditions under which they use the service, subject to the restriction on use of the Enbridge name and logo as described in Item 10 above.
12. This agreement should not be construed as a settlement of any aspect of issue 3.4, including but not limited to, arguments to restrict the Company's ability to promote EnergyLinkTM by bill insert or otherwise. Notwithstanding, the Company agrees to provide a schedule of EnergyLinkTM inserts on an annual basis, as part of the Binding Request for Bids process.

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Tab 1
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13. Commodity Marketing. Commodity bill inserts and marketing will not be allowed in the billing envelope unless EGD or one of its affiliates receives OEB approval to promote and/or market system gas commodity, in which case retailers, marketers and vendors will be allowed to promote and/or market their commodity offers through the Insert Service.

Participating Parties: All parties participated in the negotiation and settlement of this issue except Energy Probe, IGUA, OAPPA, TransAlta, TransCanada and Union Gas,

Approval: Enbridge Gas Distribution, Direct Energy, OESLP and Union Energy accept and agree with this proposed settlement. HVAC, VECC and Schools do not agree with the proposed settlement. CCC opposes the proposed settlement in order that it may be permitted to pursue cross-examination on the issue. GEC and Pollution Probe reserve the right to pursue in the Hearing whether the Board should order that third parties not be allowed to use the Billing Services for the billing of specific products on the basis of their environmental attributes. Superior opposes the proposed settlement on the principle that it is not supportive of a settlement position that would allow for the Company to promote system gas through billing inserts as contemplated in Paragraph 13.

Evidence: The evidence in relation to this issue includes the following:

D1-11-1	Open Bill Access
D1-11-2	Statement of Principles, Objectives and Operating Arrangements for the Consultation Process for Enbridge Gas Distribution's Open Bill Access Proposal
D1-11-3	Open Bill Access Consultative Process
D1-11-4	Meeting Minutes
D1-11-5	Third Party Access Report
D1-11-6	Open Bill Access Update
D1-11-7	Summary Notes from Consultative Meeting on Wednesday July 26, 2006
D1-11-8	Open Bull Access Update – July 26 th , 2006
D1-11-9	Summary Notes from Consultative Meeting on Tuesday November 14 th , 2006
D1-11-10	Presentation – Consultative Meeting on Tuesday November 14 th , 2006
D1-11-11	Open Bill Access Standard Bill Service Consultative November 14 th , 2006
D1-11-12	Bill Insert Agreement
D1-11-13	Open Bill Standard Bill Service Description – Meeting November 14 th , 2006 – Additional Request for Information
D1-11-14	Bill Inserts
D1-11-15	Bill Insert Agreement Draft
D1-11-16	Initial Draft for Discussion Binding request for Bids – Third Party Bill Inserts for 2007

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Schedule 1
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D1-11-17	Presentation – Consultative Meeting on November 23 rd , 2006
D1-11-18	Open Bill Access – Summary Notes from Consultative Meeting on November 23 rd , 2006
D1-11-19	Presentation – November 30 th , 2006
D1-11-20	Criteria for Bill Inserts
D1-11-21	Open Bill Access – Summary Notes from Conference Call between EGD, Intervenors, and Consultants on Friday, December 1 st , 2006
D1-11-22	Shared Bill Benefit Calculation
D1-11-23	Presentation – December 5 th , 2006 Corrected Forecast
D1-11-24	Bill Inserts
D1-11-25	Bill Inserts
D1-11-26	Bill Inserts
D1-11-27	Request for Binding Bids – 2007 Third Party Bill Insert Service
D1-11-28	Binding Service Request and Bid Form – 2007 Third Party Bill Insert Service
D1-11-29	Third Party Access to the Bill Customer Communication Plan
D1-11-30	Billing Insert Customer Communication Plan
I-1-74 to 77	Board Staff Interrogatories 74 to 77
I-2-52	CCC Interrogatory 52
I-4-1 to 12	Direct Energy Interrogatories 1 to 12
I-16-60 to 61	SEC Interrogatories 60 to 61
I-18-1 to 5	Superior Interrogatories 1 to 5
I-22-1 to 5	Union Energy Interrogatories 1 to 5
I-24-74 to 75	VECC Interrogatories 74 to 75
I-26-12 to 20	HVAC Interrogatories 12 to 20
L-4-1	Evidence of Direct Energy
L-22-1	Evidence of Union Energy
L-26-1	Evidence of HVAC
I-27-1 to 35	Enbridge Gas Distribution Interrogatories of Union Energy 1 to 35
I-29-1 to 5	Enbridge Gas Distribution Interrogatories of Direct Energy 1 to 5
I-30-22 to 24	Enbridge Gas Distribution Interrogatories of HVAC 22 to 24
I-32-1 to 5	HVAC Interrogatories of Direct Energy 1 to 5
I-33-1 to 12	Superior Energy Management Interrogatories 1 to 12
I-34-1 to 21	Union Energy Interrogatories of Direct Energy 1 to 21
I-35-1 to 11	Direct Energy Interrogatories of Union Energy 1 to 11
I-36-1 to 16	Direct Energy Interrogatories of HVAC 1 to 16
	Transcript of January 10, 2007 Technical Conference
JT1-JT22	Undertakings from January 10, 2007 Technical Conference

Payment in full may only be made by using, telephone banking, personal computer banking or Pre-Authorized Payment. Visit www.enbridge.com/gas to register for the Pre-Authorized Payment option.



☒ Service MR S MARUSIC
1504 DANIEL CREEK RD
LOT 32
MISSISSAUGA ON

Account Number
14 | 21 | 39 | 16120 | 1

Amount Paid

Amount Due Now

38.25

Late payment charge effective date

16 OCT 07

T0270 21
MR S MARUSIC
1504 DANIEL CREEK RD
LOT 32
MISSISSAUGA ON T63^C
L5V 1T7

14213916120100003825000038250710168



www.enbridge.com

Account Number

14 | 21 | 39 | 16120 | 1

Service MR S MARUSIC
1504 DANIEL CREEK RD
LOT 32
MISSISSAUGA ON

Description

AMOUNT PREVIOUSLY BILLED
PAYMENT RECEIVED 10 SEP 07 - THANK YOU

Amount

64.13
64.13CR

BALANCE FORWARD & PAST DUE - IF PAID, THANK YOU

NIL



Essential Home Services

BILLING 905-943-6944 OR 1-888-386-1134
SALES & SERVICE 416-495-3939 OR 1-800-266-3939

RENTAL WATER HEATER

#*

19.28



Enbridge Gas Distribution

BILLING OR MOVING 416-492-5100
INSPECTIONS OR METER WORK 416-447-4911
EMERGENCY, SUCH AS THE SMELL OF GAS 1-866-763-5427

GAS CHARGES - ACTUAL READING

*

16.80

CUSTOMER CHARGE 11.88
DELIVERY CHARGE 1.78
GAS SUPPLY CHARGE 3.14

TOTAL THIS BILLING 16.80

AS OF JUL 1/07 YOUR GAS SUPPLY RATE IS : 32.8599¢/M3
GAS COST ADJUSTMENT(JUL 1-DEC 31,2007): -6.6333¢/M3
TOTAL EFFECTIVE GAS SUPPLY RATE: 26.2266¢/M3

GOODS AND SERVICES TAX (GST)

NET GST ON THIS BILL: 2.17

2.17

Rate	Billing period days	Reading dates		Readings		Consumption		Amount Due Now
		Previous	Current	Previous	Current	Imperial (CCF)	SI (metric) (m³)	
1	29	23AUG07	21SEP07	82619	82631		12	38.25
Gas charges this billing		Gas charges to date		Installments billed to date		Balance after this bill is paid		Amount Paid
16.80		16.80						Late payment charge effective date
								16 OCT 07

Budget Billing Plan

Billing Date

26 SEP 07 PEF value 1.0040 Adjusted m3

12

For additional information, see the back of this bill.

Items denoted with # are billed on behalf of Direct Energy™ Essential Homes Services, a subsidiary of Centrica Canada Limited. All other items are billed on behalf of Enbridge Gas Distribution unless otherwise indicated. Enbridge Gas Distribution rates are approved by Ontario Energy Board. GST Registration numbers: Enbridge Gas Distribution: 105205140 Direct Energy Marketing Ltd.: 888630035. *Items subject to GST. E. & O.E.

11

11

Page 1 of 4

Your Enbridge Bill

Invoice Date

April 8, 2008

Account Number

01 53 12 34569 5

Service At: BAYWOOD HOMES
16 WESTBURY RD
UNIT 114
WASAGA BEACH ON



For additional information, Please visit:
www.enbridge.com/gas

Summary of All Charges (taxes included)

Your last month's bill	194.48 CR
Balance forward & past due - if paid, Thank You	214.47 CR
New Allianze Power Corp Charges	19.99
New Direct Energy Essential Home Services Charges	20.03
New EFS Financial Services Charges	67.97
New Innovative Energy Solutions Inc Charges	125.88
New morEnergy Services Inc Charges	63.60
New Newton Home Comfort Inc. Charges	19.99
Goods and Services Tax (GST)	1.00

Total Amount Due Now

103.99

* Items subject to GST

Gas Charge Information

Gas Charges this billing	0.00
Gas Charges billed to date	0.00

Late Payment Charge

A late payment charge equal to 1.5% per month or 18% per annum (for an effective rate of 19.56% per annum) multiplied by a total of all unpaid charges excluding any unpaid Direct Energy Essential Home Services charges that are not rental water heater charges, will be added to your bill if full payment is not received by the late payment effective date below.

Terms & Conditions

Enbridge Gas Distribution charges are regulated by the Ontario Energy Board. Gas Charges are based on either actual meter readings or estimates. Questions about the taxes charged for any particular services should be directed to your service provider.

For additional information, Please visit: www.enbridge.com/gas

GST Registration: 105205140



PO Box 650
Scarborough, ON M1K 5E3

BAYWOOD HOMES
16 WESTBURY RD
UNIT 114
WASAGA BEACH ON
L9Z 2N7

E. & O.E.

BE080701.001

Service At: BAYWOOD HOMES
16 WESTBURY RD
UNIT 114
WASAGA BEACH ON

ACCOUNT #	AMOUNT DUE NOW	LATE PAYMENT EFFECTIVE DATE	AMOUNT PAID
01 53 12 34569 5	103.99	26 APR 08	

How to pay your Enbridge bill:

- Direct withdrawal from your chequing account
- Mail
- PC or online banking
- Most chartered banks

Please return this stub with your payment.

01531234569500010399000103990804261

Charges from Other Companies

Invoice Date April 8, 2008
Account Number 01 53 12 34569 5
 Service At: BAYWOOD HOMES
 16 WESTBURY RD
 UNIT 114
 WASAGA BEACH ON



Detailed Charges

Rental Water Heater 19.99

Total Charges 19.99

* Items subject to GST GST Registration: 853775203

For additional information regarding the details of your taxes and how they have been applied on your bill, please contact 1-888-492-5100.



Detailed Charges

Rental Water Heater * 20.03

Total Charges 20.03

* Items subject to GST GST Registration: 888630035

Allianze Power Corp

Billing 1-800-844-9936
 Sales & Service

The additional Allianze charge on your bill this month is a one time adjustment to modify your Allianze billing date to coincide with your Enbridge billing date.

Direct Energy Essential Home Services

Billing 905-943-6944 OR 1-888-386-1134
 Sales & Service 416-495-3939 OR 1-800-266-3939

E. & O.E.

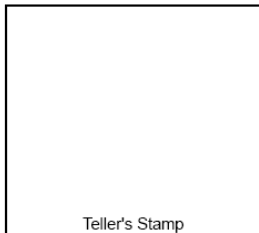
Payments

If you pay at the bank or by mail, to avoid the late payment charge, allow 7 days for your payment to reach our office.

Payments may be mailed to:
 PO Box 644
 Scarborough ON M1K 5H1

Please make cheques payable to: Enbridge

All payments made to Enbridge are accepted under the express condition that the Company may demand payment of account deficiencies irrespective of any condition attached to the payment by the customer.



Charges from Other Companies

Invoice Date April 8, 2008

Account Number 01 53 12 34569 5

Service At: BAYWOOD HOMES
16 WESTBURY RD
UNIT 114
WASAGA BEACH ON

EFS Financial Services	Detailed Charges
Rental Furnace	67.97
Total Charges	67.97

* Items subject to GST GST Registration: 843442369

For additional information regarding the details of your taxes and how they have been applied on your bill, please contact 1-888-492-5100.



	Detailed Charges
Home Security System	125.88
Total Charges	125.88

* Items subject to GST GST Registration: 888833514

For additional information regarding the details of your taxes and how they have been applied on your bill, please contact 1-888-492-5100.

EFS Financial Services
Billing 1-866-333-6460
Sales & Service

EFS Financial Installment Loan.

Innovative Energy Solutions Inc
Billing 705-741-1177 OR 1-866-884-9997
Sales & Service

Innovative Energy - Save money & energy with our water heater & furnace replacement programs. No money down, rent-to-own, low payments through Enbridge billing. Grants available up to \$5000.

Charges from Other Companies

Invoice Date April 8, 2008

Account Number 01 53 12 34569 5

Service At: BAYWOOD HOMES
16 WESTBURY RD
UNIT 114
WASAGA BEACH ON



Detailed Charges

Space Heater 63.60

Total Charges 63.60

* Items subject to GST GST Registration: 891168601

For additional information regarding the details of your taxes and how they have been applied on your bill, please contact 1-888-492-5100.



Detailed Charges

Air Cleaner 19.99

Total Charges 19.99

* Items subject to GST GST Registration: 847713591

For additional information regarding the details of your taxes and how they have been applied on your bill, please contact 1-888-492-5100.

morEnergy Services Inc

Billing 905-306-8180 OR 1-866-237-7270
Sales & Service

Thank you for choosing morEnergy Services Inc.

Newten Home Comfort Inc.

Billing 416-907-2823 OR 1-877-484-5392
Sales & Service

Thank you for choosing Newten Home Comfort.
The smart way to heat water.

F

B

Page 1 of 4

Votre facture d'Enbridge**Date de facturation** 8 Avril 2008**Numéro de compte** 01 47 89 36309 5Service à: LEE PHILLIPS
644 LAKEVIEW CRES
FOWLERS CORNERS ONPour en savoir plus, visitez notre site à
www.enbridge.com/gas**Résumé de tous les frais (taxes comprises)**

Montant facturé précédemment	21.03
-----	-----
Solde reporté (sous-total)	56.96 CR
Nouveaux frais de Allianz Power Corp	45.00
Nouveaux frais de Direct Energy Essential Home Services	20.03
Nouveaux frais de EFS Financier Prêt	43.78
Nouveaux frais de Innovative Energy Solutions Inc	55.00
Nouveaux frais de morEnergy Services Inc	22.99
Nouveaux frais de Newton Home Comfort Inc.	260.00
Supplément de retard	0.32
Taxe sur les produits et services (TPS)	1.00

Montant total dû immédiatement 391.16

* Articles assujettis à la TPS

Renseignements sur les frais de gaz

Frais de gaz de la facture courante	0.00
Frais de gaz facturés à ce jour	0.00

Supplément de retard

Un supplément de retard sera ajouté à votre facture si le paiement complet n'a pas été reçu avant la date d'échéance de paiement en retard indiquée ci-dessous. Ce supplément équivaut à 1,5 % par mois ou 18 % par année (pour un taux en vigueur de 19,56 % par année) multiplié par le total des frais non payés, mis à part les frais non payés de

Direct Energy Essential Home Services qui ne sont pas reliés à la location d'un chauffe-eau.

Modalités

Les frais d'Enbridge Gas Distribution sont réglementés par la Commission de l'énergie de l'Ontario. Les frais de gaz sont calculés selon les relevés réels ou estimés du compteur.
Les questions concernant la taxation pour tout service devraient être posées à votre fournisseur de service.

Pour en savoir plus, visitez notre site à www.enbridge.com/gas

Numeros de TPS: 105205140

C.P. 650
Scarborough (Ontario) M1K 5E3LEE PHILLIPS
644 LAKEVIEW CRES
FOWLERS CORNERS ON
K9J 6X3

E. & O.E.

BF080701.001

Service à: LEE PHILLIPS
644 LAKEVIEW CRES
FOWLERS CORNERS ON

N° DE COMPTE	MONTANT DÙ IMMÉDIATEMENT	DATE D'ENTRÉE EN VIGUEUR DU SUPPLÉMENT DE RETARD	MONTANT PAYÉ
01 47 89 36309 5	391.16	26 AVRIL08	

Comment payer votre facture d'Enbridge:

- Retrait direct de votre compte chèques
- Poste
- Services bancaires en ligne ou par ordinateur personnel
- Plupart des banques à charte

Veuillez retourner ce talon avec votre paiement.

01478936309500039116000391160804261

Frais d'autres sociétés

Date de facturation 8 Avril 2008

Numéro de compte 01 47 89 36309 5

Service à: LEE PHILLIPS
644 LAKEVIEW CRES
FOWLERS CORNERS ON



Frais détaillés

Plan-Air D'appoint 45.00

Frais totaux 45.00

* Articles assujettis à la TPS Numéros de TPS: 853775203
Pour de plus amples renseignements concernant le détail de vos taxes et comment elles ont été appliquées à votre facture, appelez 1-888-492-5100.



Frais détaillés

Location De Chauffe-eau * 20.03

Frais totaux 20.03

* Articles assujettis à la TPS Numéros de TPS: 888630035

Allianze Power Corp

Facturation 1-800-844-9936
Ventes & Services

Allianze - De l'eau chaude pour toute la famille.

Direct Energy Essential Home Services

Facturation 905-943-6944 OU 1-888-386-1134
Ventes & Services

E. & O.E.

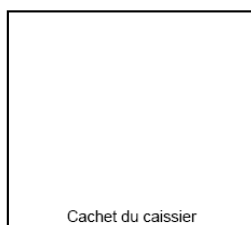
Paielements

Pour éviter le supplément de retard lorsque vous acquittez votre facture à une institution financière ou par la poste, veuillez prévoir un délai de 7 jours pour la réception du paiement à nos bureaux.

Vous pouvez envoyer votre paiement à:
C.P. 644
Scarborough, ON M1K 5H1

Veuillez libeller votre chèque à l'ordre d'Enbridge

Tous les paiements effectués à Enbridge sont acceptés sous la condition expresse que la société puisse exiger le paiement des montants en souffrance sans égard à toute condition jointe au paiement par le client.



Cachet du caissier

Frais d'autres sociétés

Date de facturation 8 Avril 2008

Numéro de compte 01 47 89 36309 5

Service à: LEE PHILLIPS
644 LAKEVIEW CRES
FOWLERS CORNERS ON

EFS Financier Prêt	Frais détaillés
Plan-Chauffage	43.78
Frais totaux	43.78

* Articles assujettis à la TPS Numéros de TPS: 843442369
Pour de plus amples renseignements concernant le détail de vos taxes et comment elles ont été appliquées à votre facture, appelez 1-888-492-5100.

 INNOVATIVE ENERGY SOLUTIONS INC.	Frais détaillés
Éclairage Ornemental	55.00
Frais totaux	55.00

* Articles assujettis à la TPS Numéros de TPS: 888833514
Pour de plus amples renseignements concernant le détail de vos taxes et comment elles ont été appliquées à votre facture, appelez 1-888-492-5100.

 morEnergy	Frais détaillés
Location De Foyer	22.99
Frais totaux	22.99

* Articles assujettis à la TPS Numéros de TPS: 891168601
Pour de plus amples renseignements concernant le détail de vos taxes et comment elles ont été appliquées à votre facture, appelez 1-888-492-5100.

EFS Financier Prêt
Facturation 1-866-333-6460
Ventes & Services

EFS Financier Prêt.

Innovative Energy Solutions Inc
Facturation 705-741-1177 OU 1-866-884-9997
Ventes & Services

morEnergy Services Inc
Facturation 905-306-8180 OU 1-866-237-7270
Ventes & Services

Merci d'avoir choisi morEnergy Services Inc.

Frais d'autres sociétés

Date de facturation 8 Avril 2008

Numéro de compte 01 47 89 36309 5

Service à: LEE PHILLIPS
644 LAKEVIEW CRES
FOWLERS CORNERS ON



Frais détaillés

Chaudière À Gaz 260.00

Frais totaux 260.00

* Articles assujettis à la TPS Numéros de TPS: 847713591

Pour de plus amples renseignements concernant le détail de vos taxes et comment elles ont été appliquées à votre facture, appelez 1-888-492-5100.

Newten Home Comfort Inc.

Facturation 416-907-2823 OU 1-877-484-5392
Ventes & Services

Merci d'avoir choisi Newten Home Comfort.
La manière intelligente de chauffer l'eau.

Execution Copy •

ENBRIDGE GAS DISTRIBUTION INC.

- and -

[OPEN BILL PARTICIPANT]

OPEN BILL ACCESS
BILLING AND COLLECTION SERVICES AGREEMENT

**OPEN BILL ACCESS
BILLING AND COLLECTION SERVICES AGREEMENT**

THIS AGREEMENT made as of the • day of March, 2008

B E T W E E N :

ENBRIDGE GAS DISTRIBUTION INC.,
an Ontario corporation

(the “**Company**”)

- and -

•,
a • [corporation]

(the “**Biller**”)

BACKGROUND:

A. The Biller is engaged in the business of providing the Customer Services to the Customers.

B. Each Customer has entered into a Customer Services Agreement whereby such Customer has agreed, among other things, (1) to pay certain stipulated amounts in respect of the Customer Services provided to such Customer under the Customer Services Agreement; and (2) to allow the Biller to share information regarding such Customer with the Company.

C. The Biller desires to engage the Company to provide the Billing Services, including the billing and collecting of amounts payable by each Customer pursuant to the Customer Services Agreements.

D. The Customer Services are in compliance with the Open Bill Policies and therefore the Company has agreed to provide the Billing Services to the Biller.

E. The Biller and the Company are parties to the Trust Agreement.

NOW THEREFORE IN CONSIDERATION of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I – INTERPRETATION

1.1 Definitions

In this Agreement,

“**Actual Billed Amount**” means the aggregate amount actually billed by the Company to Customers in respect of (a) Customer Services provided to the Customers, or (b) Merchandise Prepayments, plus applicable Taxes thereon, as specified in the Service Bill rendered on the relevant Business Day, provided however, for certainty, in no event will an amount specified on a Service Bill that is a re-issuance of a previously billed Actual Billed Amount (for example, the re-issuance to a Customer of a Service Bill for Customer Services following a reversal of a previously issued Service Bill for those same Customer Services and, for further example, the issuance of a Service Bill to a Customer that is about to be “red-locked” by the Company for purposes of aggregating amounts that were specified on previously issued Service Bills for the same Customer Services but for which payment had not been made by the Customer) constitute an Actual Billed Amount for purposes hereof and the Trust Agreement, provided, further, that if and to the extent any amount that does not constitute an Actual Billed Amount by virtue of the foregoing proviso is included as a Deemed Proceed hereunder or under the Trust Agreement, and some or all of such amount is subsequently billed on a Service Bill, the amount on such subsequent Service Bill shall constitute an Actual Billed Amount notwithstanding the foregoing proviso;

“**Adjusted Settlement**” has the meaning given to such term in Section 4.4;

“**Agreement**”, “**hereto**”, “**hereunder**”, “**hereby**” and similar expressions refer to this Agreement, the Appendices attached hereto and any other documents attached hereto or incorporated herein by reference, each as amended from time to time in accordance with this Agreement, and do not refer to any particular article, section, paragraph or other portion hereof;

“**Annual Forecast**” has the meaning given to such term in Section 2.5;

“**Applicable Laws**” means any and all applicable federal, provincial and municipal laws, statutes, by-laws, rules, regulations, orders and ordinances together with all codes, guidelines, policies, notices, directions, directives and standards of any Governmental Authority which are legally mandatory in nature, affecting the obligations of either of the Parties pursuant to the terms of this Agreement in connection with the provision and/or receipt of the Billing Services, as applicable, from time to time;

“**Arbitration Notice**” has the meaning given to such term in Section 7.7.4;

“**At-Issue Amount**” has the meaning given to such term in Section 7.6(c)(i);

“**At-Issue Receivable**” has the meaning given to such term in Section 7.6(c)(i);

“**Beneficial Interest**” has the meaning given to such term in the Trust Agreement;

“**Biller Proceeds**” has the meaning given to such term in the Trust Agreement;

Billing and Collection Services Agreement
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“**Biller Receivable**” has the meaning given to such term in the Trust Agreement;

“**Billing Fee**” has the meaning given to such term in Appendix “C”;

“**Billing Fee Invoice**” has the meaning given to such term in Section 4.6;

“**Billing Period**” in respect of a Customer means each consecutive period of approximately one month established by the Company for such Customer in accordance with the Company’s customary billing procedures;

“**Billing Services**” means the billing and collection services and associated customer care activities set out on Appendix “A”, as the same may be amended, revised, modified, supplemented or superseded by the Company from time to time in accordance with the terms of this Agreement;

“**Business Day**” means a day other than a Saturday, Sunday or statutory or civic holiday in the City of Toronto;

“**Confidential Information**” means this Agreement and all Information, orally transmitted or written (including Information in machine readable form), that is disclosed or made available by one Party (the “**Owning Party**”) to the other (the “**Receiving Party**”) in connection with the Purpose and includes information concerning the Owning Party’s:

- (a) business plans, including marketing surveys and plans, purchasing information, price lists, pricing policies, quoting procedures financial information, or other information relating to the manner in which the Owning Party does business;
- (b) products and services, including (i) any materials or knowledge related to the services, products, or activities of the Owning Party that are not generally known to others, and (ii) information of or related to the Owning Party’s third-party service providers and advisors;
- (c) technology, including discoveries, inventions, concepts and ideas, whether patentable or not, the nature and results of research and development activities, techniques, “know-how” and related documents and manuals either in print or in electronic form, software, programs, algorithms, test data, schematics, drawings, specifications, compilations, lists and data maps; and
- (d) any knowledge described above that either Party treats as confidential or proprietary and designates as Confidential Information,

but for certainty, does not include any Information:

- (e) that, at the time of disclosure, is in or, after disclosure, becomes part of the public domain, other than by the breach of this Agreement;

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- (f) that, prior to disclosure by the Owning Party, was already in the lawful possession of the Receiving Party without any obligation of confidentiality, as evidenced by written records kept by the Receiving Party in the ordinary course of its business, or as evidenced by proof of actual prior use by the Receiving Party;
- (g) independently developed by the Receiving Party, by persons having no direct or indirect access to the Owning Party's Confidential Information provided that the Receiving Party shall have the burden of so proving on a reasonable basis; or
- (h) which, subsequent to disclosure, is obtained from a third party: (i) who is lawfully in possession of the Information; (ii) who is not, to the knowledge of the Receiving Party, in violation of any contractual, legal, or fiduciary obligation to either Party, as applicable with respect to that Information; and (iii) who does not prohibit either Party from disclosing the Information to others;

"Customer" means an active customer of the Biller which maintains a billing address located in the Company's gas distribution franchise area, and which (a) has not had its gas distribution service terminated for non-payment on more than one previous occasion; and (b) in the case of a Customer that has a Financing Plan, has a credit rating at or above the Minimum Credit Rating, unless otherwise agreed by the Company, in its sole discretion;

"Customer Billing Dispute" has the meaning given to such term in Section 7.6;

"Customer Services" means the products and/or services set forth on Appendix "H" provided by the Biller to Customers in accordance with the terms of a Customer Services Agreement;

"Customer Services Agreement" means a written agreement between a Customer and the Biller with respect to the provision of Customer Services;

"Cycle Day" means a billing cycle day of the Company;

"Deemed Proceeds" has the meaning given to such term in the Trust Agreement;

"Dispute Notice" has the meaning given to such term in Section 7.7.2;

"Distribution Charges" means all charges of the Company in respect of gas, gas distribution services or related items provided by, or on behalf of, the Company to a Customer from time to time;

"Distribution Entitlement" means all of the Beneficial Interest of the Biller relating to the Biller Receivables billed on a particular Business Day;

"EGD Receivable" has the meaning given to such term in the Trust Agreement;

"Event of Default" has the meaning given to such term in Section 8.6;

“**Financial Assurances**” has the meaning given to such term in Section 9.1;

“**Financing Plan**” means an arrangement evidenced by a written contract between the Biller and a Customer pursuant to which the Biller has agreed, *inter alia*, to finance such Customer’s acquisition of one or more of the products identified in Appendix “H”;

“**Governmental Authority**” means any government regulatory body, authority, agency, department, board, commission, tribunal, court or other law, rule, or regulation making authority having or purporting to have jurisdiction or control on behalf of Canada or any provincial, regional or local governmental, or other subdivision thereof;

“**GST**” means the tax imposed under Part IX of the *Excise Tax Act* (Canada);

“**Information**” means information concerning the business, operations or assets of a Party which the Party regards as secret and desires to protect from unauthorized disclosure or use;

“**Insurance Policies**” has the meaning given to such term in Section 9.5;

“**Material Variation**” has the meaning given to such term in Section 2.5;

“**Merchandise Prepayment**” means any payment made by a Customer for which the Biller has received written or recorded instructions from such Customer that such payment is in respect of an amount outstanding pursuant to such Customer’s Financing Plan with the Biller;

“**Minimum Credit Rating**” for a potential Customer means a rating of 650 or above based on the BEACON scoring system maintained by Equifax Canada Inc., or a rating of 650 or above based on the Empirica scoring system maintained by TransUnion Canada Inc.;

“**Monthly Statement**” has the meaning given to such term in Section 4.5;

“**Notice**” has the meaning given to such term in Section 11.1;

“**OEB**” means the Ontario Energy Board, or any successor regulatory authority;

“**Open Bill Policies**” means the rules and policies established by the Company and applicable to the Biller and every other Person desiring to avail themselves of any of the Billing Services, as the same may be amended, revised, modified, supplemented or superseded by the Company from time to time in accordance with the terms of this Agreement;

“**Owning Party**” has the meaning given to such term in the definition of “Confidential Information” in Section 1.1;

“**Party**” means the Company or the Biller, and “**Parties**” means both of them;

“**Payment Date**” has the meaning given to such term in Section 4.2;

“**Person**” includes an individual, sole proprietorship, partnership, unincorporated association or organization, trust and a body corporate;

“Purpose” has the meaning given to such term in Section 10.1;

“Receiving Party” has the meaning given to such term in the definition of “Confidential Information” in Section 1.1;

“Reconciliation” has the meaning given to such term in Section 4.4;

“Records” has the meaning given to such term in Section 4.9;

“Regulatory Approval” means the approval, consent or agreement of a Governmental Authority, to the extent required under Applicable Laws;

“Regulatory Proceedings” has the meaning given to such term in Section 10.2;

“Related Calculation Day” has the meaning given to such term in the Trust Agreement;

“Renewal Term” has the meaning given to such term in Section 8.2;

“Representatives” has the meaning given to such term in Section 10.1.3;

“Retained Confidential Information” has the meaning given to such term in Section 10.2;

“Scheduled Payment Amount” has the meaning given to such term in the Trust Agreement, provided that, for purposes hereof, it shall not include any Unpaid Amounts (as defined in the Trust Agreement);

“Scheduled Settlement” has the meaning given to such term in Appendix “C”;

“Service Bill” means the bill that is sent to the Customer by the Company each Billing Period which shall include, among other things, the charges for the Customer Services, and, where applicable, Distribution Charges;

“Service Levels” means the service levels set forth on Appendix “F”;

“Servicer” has the meaning given to such term in the Trust Agreement;

“Services Dispute” has the meaning given to such term in Section 7.7.1;

“Settlement Amount” has the meaning given to such term in Section 4.2;

“Tax” or “Taxes” means all taxes, assessments, charges, dues, duties, and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Authority under any Applicable Laws, including, Canadian federal, provincial, territorial, municipal and local, foreign or other income, capital, capital gains, goods and services, sales, use, consumption, excise, value-added, GST, business, real property, personal property, transfer, franchise, withholding, payroll, or employer health taxes, customs, import, anti-dumping or countervailing duties, Canada Pension Plan contributions, employment insurance premiums, and provincial workers’ compensation payments, including any interest, penalties and fines associated therewith, and excluding the

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Company's income taxes or employment insurance, statutory or other taxes for the benefit of the Company;

"Technical Billing Specifications" means the Company's billing specifications set forth at Appendix "B", as the same may be amended, revised, modified, supplemented or superseded by the Company from time to time in accordance with the terms of this Agreement;

"Term" has the meaning given to such term in Section 8.1;

"Termination Transition" has the meaning given to such term in Section 8.8.1(a);

"Third Party Provider" has the meaning given to such term in Section 8.8.1(a);

"Transition Plan" has the meaning given to such term in Section 8.8.1(b);

"Trust Agreement" means the Proceeds Transfer, Servicing and Trust Agreement entered into among the Company, CIBC Mellon Trust Company, Accenture Business Services for Utilities Inc., the Biller and the other parties set forth on Schedule "F" thereto dated March 10, 2008, as the same may be amended, modified or replaced from time to time;

"Trustee" has the meaning given to such term in the Trust Agreement; and

"Trust Property" has the meaning given to such term in the Trust Agreement.

1.2 **Rules of Interpretation**

In this Agreement the following rules shall apply to the interpretation thereof:

- (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders;
- (b) the words "include", "includes" and "including" and other similar words and expressions shall in all cases be deemed to be followed by the words "without limitation";
- (c) any reference to a statute shall mean the statute in force as at the date hereof, together with all regulations promulgated thereunder, as the same may be amended, re-enacted, consolidated and/or replaced, from time to time, and any successor statute thereto, unless otherwise expressly provided;
- (d) when calculating the period of time within which or following which any act is to be done or step taken, the date which is the reference day in calculating such period shall be excluded;
- (e) unless otherwise specifically noted herein, all dollar amounts are expressed in Canadian currency;

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- (f) the division of this Agreement into separate Articles, Sections, subsections and Schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement; and
- (g) except as otherwise specifically defined or provided for in this Agreement, words or abbreviations which have well known or trade meanings are used in accordance with their recognized meanings.

1.3 Applicable Laws

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in Ontario. For the purpose of any legal actions or proceedings brought by either Party in respect of this Agreement, each Party irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.4 Entire Agreement

This Agreement and all appendices, exhibits, attachments, and addenda contemplated herein or specifically referred to herein constitute the entire agreement among the Parties pertaining to all the matters herein, and supersede all prior agreements, understandings, negotiations, discussions and other communications, whether oral or written, of the Parties.

1.5 Severability

If any provision of this Agreement or portion thereof or the application thereof to any Person or circumstance shall to any extent be invalid or unenforceable or contravene any Applicable Laws, then (a) the remainder of this Agreement or the application of such provision or portion thereof to any other Party or circumstance shall not be affected thereby, and (b) the Parties will negotiate in good faith to amend this Agreement to implement the intentions set forth herein. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

1.6 Ontario Energy Board Act

The Parties acknowledge that this Agreement shall be subject to any rule applicable to the Company or the Biller enacted by the OEB pursuant to the *Ontario Energy Board Act*, S.O. 1998, c.15, Schedule B., s.44.

ARTICLE II – BASIC AGREEMENT

2.1 Billing Services

The Company shall perform for the benefit of the Biller the Billing Services in accordance with this Agreement, the Technical Billing Specifications, the Open Bill Policies and all Applicable Laws.

2.2 Transfer of Distribution Entitlements

The Company hereby, in the manner and to the extent provided for herein, agrees to purchase the Biller's Distribution Entitlement from the Biller and to pay to the Biller the Settlement Amount in consideration thereof and upon, and subject to, receipt thereof, and on the terms and subject to the conditions contained herein, the Biller hereby agrees to transfer to the Company its Distribution Entitlement for each Business Day.

2.3 No Liabilities to Customers

The Biller acknowledges and agrees that in agreeing to purchase the Distribution Entitlements in the manner contemplated by this Agreement, the Company does not, will not and shall not be deemed to, assume any liabilities or other obligations of the Biller or any other Person to any of the Customers under any Customer Services Agreement.

2.4 Expenses

Except as specifically provided otherwise herein, the Company shall bear and pay all expenses incurred by it in the performance of the Billing Services, provided that the Company shall bear no responsibility for expenses which may be incurred as a direct result of the failure of the Biller to fulfill any of its obligations under this Agreement, and the Company shall incur no costs or expenses as a result of, or in connection with, a Customer Billing Dispute, except in the manner and to the extent specifically provided for herein.

2.5 Forecast of Services

The Biller shall provide to the Company, by no later than June 30 and December 31 in each year, a forecast of the number of Service Bills to be sent to the Customers by the Company, on a month-by-month basis, for the next following 12-month period (the "**Annual Forecast**"). The Biller shall notify the Company, as promptly as is reasonable in the circumstances, of any expected or anticipated variance in a particular month (or months) of 20% or more (a "**Material Variation**") from the volumes set out in the then most current Annual Forecast provided to the Company. In the event of a negative Material Variation for a particular month (or months), and notwithstanding any reduced volume of Service Bills distributed by the Company as a result of such negative Material Variation, the Biller shall be liable to pay to the Company, on the terms herein specified, 80% of the charges that would have been payable by it to the Company for the relevant month(s) had such Annual Forecast been accurate, and the volume of Service Bills contemplated by such Annual Forecast been circulated. In the event of a positive Material Variation, the Company shall use commercially reasonable efforts to accommodate such increased volume of Service Bills, provided that such accommodations shall in no manner require, or be interpreted so as to require, the Company to alter or revise its regular billing cycle. The initial Annual Forecast of the Biller as of the date of execution of this Agreement is set forth on Appendix "I".

2.6 Obligations of the Biller

In addition to and without limiting any of its obligations set forth elsewhere in this Agreement, the Biller hereby covenants and agrees that it shall:

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- (a) provide to the Company billing information for each Customer in accordance with the content, format and timing requirements set forth in the Technical Billing Specifications;
- (b) provide to the Company the Financial Assurances, if any, in accordance with Article IX hereof;
- (c) use commercially reasonable efforts to avoid being in default, and to not knowingly remain in default, under any Customer Services Agreement;
- (d) act in compliance with all Applicable Laws;
- (e) notify each Customer (i) that the charges for Customer Services under the Customer Services Agreements shall appear on the Service Bill, and (ii) that the Company shall be receiving payments in respect of such charges in accordance with the terms set forth on the Service Bill and in accordance with Applicable Laws, including amounts owing in respect of Customer Services;
- (f) perform the Customer Services in a good and workmanlike manner and in accordance with good customer service practices reflected by current market standards and the terms of the applicable Customer Services Agreement;
- (g) use commercially reasonable efforts to facilitate the transactions contemplated by this Agreement, including by supplying the Company with all information and assistance that may be necessary or helpful to the Company in verifying the accuracy of any Customer account information or in correcting any errors; and
- (h) comply with its privacy obligations under the *Personal Information Protection and Electronic Documents Act* (Canada) and under any and all equivalent and applicable provincial legislation.

2.7 Obligations of the Company

In addition to and without limiting any of its obligations set forth elsewhere in this Agreement, the Company hereby covenants and agrees that it shall:

- (a) act in compliance with Applicable Laws;
- (b) use commercially reasonable efforts to facilitate the transactions contemplated by this Agreement;
- (c) perform the Billing Services in accordance with the Service Levels;
- (d) pay to the Biller, in accordance with the terms of this Agreement, the Settlement Amount; and

- (e) comply with its privacy obligations under the *Personal Information Protection and Electronic Documents Act* (Canada) and under any and all equivalent and applicable provincial legislation.

2.8 **Business Continuity Plans**

The Biller shall have the right, at its own cost and upon reasonable prior notice to the Company during the usual business hours of the Company and, in any event, no more than once per twelve (12) month period during the Term, to review at the Company's premises a copy of the Company's then current business continuity plan(s) relating to the delivery of the Billing Services, provided that the Biller shall be bound by obligations of confidentiality in respect of such plan(s), and that such plan(s) shall not be copied, reproduced or summarized in any form, or stored in a retrieval system or database, by the Biller without the prior written consent of the Company. The Company shall thereafter provide to the Biller details of any material change in its then current business continuity plan(s) relating to the delivery of the Billing Services which may occur during the Term. For certainty, the Company shall ensure that every third-party service provider providing a material component of the Billing Services shall have in place a business continuity plan, and the Company shall so notify the Biller of the existence of each such plan.

ARTICLE III - BILLING

3.1 **Timing**

Prior to the delivery of Service Bills to Customers, the Biller shall provide to the Company billing information for each Customer in accordance with the content, format and timing requirements set forth in the Technical Billing Specifications. The Company will then render a Service Bill for each Cycle Day in accordance with the Company's regular Cycle Day billing schedule in effect from time to time to those Customers for which the Biller has provided such requisite information.

3.2 **Service Bill Content and Format**

The Company shall format the Service Bill so as to present the content of the Biller portion of the Service Bill in a manner consistent with the terms of this Agreement, the Technical Billing Specifications and the Open Bill Policies.

3.3 **License to Use Intellectual Property**

The Biller hereby grants to the Company during the Term a royalty-free, limited, non-exclusive license to use the Biller's intellectual property set out in Appendix "D" hereto, on the terms set out therein.

3.4 **Customer Information**

The Company shall:

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- (a) not use any Customer proprietary information and data provided by the Biller that it obtains solely as a result of the provision of Billing Services (the “**Customer Data**”) other than as contemplated by, and as necessary to fulfill its obligations under, this Agreement;
- (b) not disclose any Customer Data other than (i) any disclosure that is authorized by the Biller, (ii) as required by Applicable Laws, (iii) to the extent reasonably necessary to collect in respect of Distribution Entitlements which have been transferred to the Company hereunder, or (iv) to any third party sub-contracted by the Company to assist in provision of the Billing Services;
- (c) refer any Customers with inquiries or complaints about, or seeking access to or correction of, their personal information to the Biller and promptly notify the Biller about such complaint or request upon receiving same; and
- (d) use reasonable security measures to protect the Customer Data against loss, theft, unauthorized access, disclosure, copying, use or modification.

For certainty, and notwithstanding the foregoing, nothing in this Agreement shall preclude the Company from utilizing, for any purpose, in accordance with Applicable Laws, any Customer information acquired in association with its provision of services other than the Billing Services to its customers.

3.5 Software and Proprietary Know-How

Except for Customer Data supplied by the Biller to the Company pursuant to this Article III, or as otherwise provided herein or agreed upon by the Parties, the Company acknowledges and agrees that it is responsible for developing or acquiring (by purchase or license) at its cost, all software and proprietary know-how which may be required to provide the Billing Services in the manner and to the extent set out in this Agreement. For certainty, the Company’s obligation hereunder shall commence at the Company’s demarcation point, being the interface at which the Customer billing information to be provided by the Biller in accordance with Section 3.1 enters the Company’s customer information system.

ARTICLE IV - COLLECTION AND SETTLEMENT

4.1 Collection of Amounts from Customers

The Company shall render a Service Bill to each Customer, which Service Bill shall be prepared, delivered and payable in compliance with this Agreement, the Technical Billing Specifications, the Open Bill Policies and the Company’s customary billing procedures. The Service Bill may be comprised of charges for Customer Services, Distribution Charges and any other amounts payable by the Customer to the Company or any other party with which the Company has an agreement therefor. Each Customer shall be required by the Company to pay the aggregate amount shown as payable (including all Taxes thereon) in each Service Bill in accordance with the payment terms set out therein.

4.2 **Acquisition of Distribution Entitlements**

Subject to and in accordance with the other terms and conditions of this Agreement, the Company shall acquire the Distribution Entitlements of the Biller in respect of each Business Day on which a Service Bill is rendered during the Term. To this end, the Company shall acquire the Distribution Entitlement of the Biller in respect of a particular Related Calculation Day by paying to the Biller, on or before 9:00 a.m. (Toronto time) on the twenty-first (21st) day immediately following such Related Calculation Day (the “**Payment Date**”) the Settlement Amount for such Related Calculation Day, all in accordance with the Trust Agreement. The ‘**Settlement Amount**’ shall be an amount equal to: (a) the Actual Billed Amount for such Related Calculation Day, multiplied by (b) the Scheduled Settlement, as adjusted in accordance with the terms of this Agreement.

Upon, and subject to, the Biller’s receipt of the Settlement Amount, the Biller shall immediately thereafter transfer to the Company all of its Beneficial Interest relating to the Biller Receivables billed on such Related Calculation Day. In order to effect the transfer of such Beneficial Interest to the Company from a Biller, the Servicer shall, unless it has received from a Biller no earlier than 9:00 a.m. (Toronto time) but no later than 9:15 a.m. (Toronto time) on the relevant Payment Date written confirmation that such Biller has not received the Settlement Amount in accordance with the preceding paragraph, concurrently and irrevocably re-direct the Trustee to pay any Scheduled Payment Amount otherwise payable to the Biller in respect of its Beneficial Interest for the relevant Related Calculation Day to the Company on or before the close of business on the relevant Payment Date. Notwithstanding the foregoing, if the Payment Date is not a Business Day, payment shall be made on the first Business Day next following such day.

4.3 **Billing Fee**

For the Billing Services rendered by the Company to the Biller hereunder, the Biller shall pay to the Company the Billing Fee. The Billing Fee, together with all Taxes payable by the Biller thereon, shall be paid by the Biller to the Company pursuant to the terms of the invoice therefor delivered to the Biller and otherwise in accordance with Section 4.6 hereof. Subject to Regulatory Approval, if required, the Billing Fee may be amended from time to time in the manner contemplated in this Agreement.

4.4 **Monthly Reconciliation**

On or before the fifth (5th) Cycle Day of each Billing Period, the Company shall perform a reconciliation of the Actual Billed Amounts for the immediately preceding Billing Period (a “**Reconciliation**”), taking into account any adjustments required as a result of (i) any At-Issue Amounts for which the Company has not previously taken into account an adjustment pursuant to this Section 4.4 and (ii) any Deemed Proceeds that are allocated to the Biller Receivables of the Biller during such Billing Period. To the extent the Reconciliation indicates that the aggregate Settlement Amount paid to the Biller during the Billing Period is greater than the Adjusted Settlement (as defined below) for such Billing Period, the Company shall be entitled to deduct or net out such overpayment from the Settlement Amount otherwise to be paid to the Biller in accordance with this Agreement. For purposes of this Section 4.4, “**Adjusted**

Settlement ” shall be an amount equal to the aggregate Settlement Amount for the relevant Billing Period adjusted, where applicable (without duplication) (i) in accordance with Section 7.6(c)(i) hereof to account for any At-Issue Amount (ii) to account for any Deemed Proceeds allocated to the Biller Receivables of the Biller during such Billing Period (iii) to account for any amounts owing by the Biller pursuant to Section 4.6 hereof.

4.5 **Monthly Statements**

On or before the sixth (6th) Cycle Day of each Billing Period, the Company shall issue to the Biller a statement (the “**Monthly Statement**”) for the immediately preceding Billing Period which sets forth any amounts owed to the Company by the Biller resulting from the Reconciliation, which amounts shall, on the third (3rd) Business Day following the date of the Monthly Statement, be set-off against the Settlement Amount to be paid by the Company to the Biller on such Business Day. In the event that the amount to be set-off pursuant to the preceding sentence is greater than the Settlement Amount to be paid on such Business Day, the Company shall set-off any such residual amount against the Settlement Amount to be paid by the Company to the Biller on the Business Day immediately following, and so on, until all such amounts owed to the Company by the Biller as a result of such Reconciliation are recovered. For certainty, the Monthly Statement shall also include the basis of calculation of any At-Issue Amount and any Adjusted Settlement.

4.6 **Billing Fee Invoices**

On or before the sixth (6th) Cycle Day of each Billing Period, the Company shall issue to the Biller an invoice (the “**Billing Fee Invoice**”) which sets forth any amounts owed to the Company by the Biller in respect of the Billing Fees, together with all Taxes payable by the Biller thereon, or otherwise payable by the Biller pursuant to Section 5.1, for the immediately preceding Billing Period. For certainty, the Billing Fee Invoice shall include details of the basis of calculation of the Billing Fee including (a) the number of Service Bills that included Distribution Charges delivered in the relevant month, and (b) the number of Service Bills that did not include Distribution Charges delivered in such month. Any Billing Fees together with Taxes payable by the Biller as set forth on any Billing Fee Invoice that are not paid by the Biller within thirty (30) days of the date of such invoice may be set-off against the Settlement Amount otherwise to be paid by the Company to the Biller during the next following payment period.

4.7 **Method of Payment**

Except as otherwise provided herein or agreed by the Parties, all payments made under this Agreement by the Company to the Biller or by the Biller to the Company shall be made by bank transfer (by electronic or other means) to an account designated from time to time by the Biller to the Company or the Company to the Biller, as applicable and, other than as expressly set forth herein, shall be made in full, without set-off or counterclaim, and free of and without deduction or withholding.

4.8 **Management Reports**

The Company shall provide the Biller with the management and operating reports regarding the performance of the Billing Services in the format and frequency set out in

Appendix "A" or Appendix "G". The Parties shall meet to discuss such reports on an as-required basis. The Biller may request additional reports and, if the Company agrees to prepare same, such reports shall be prepared at the expense of the Biller. Any additional reports which the Company, may, in its discretion, produce from time to time in connection with its provision of billing services generally may be provided to the Biller at no additional charge to the Biller.

4.9 Examination of Books and Records

Subject to Applicable Laws, the Biller shall have the right, at its own cost and upon reasonable prior notice to the Company during the usual business hours of the Company and, in any event, no more than twice per calendar year, to examine and make copies of the books and records (in any form whatsoever) of the Company that relate solely to the delivery of Billing Services hereunder (the "**Records**") to the extent necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. For these purposes, the Biller shall have the right, at its own cost and upon reasonable prior notice to the Company, to use such external advisers and representatives to perform such examination, provided that such advisers and representatives must first agree to be bound by a confidentiality agreement in respect of the Records, which agreement shall contain such terms as the Company may reasonably require. Such Records shall be maintained in accordance with the records retention policies of the Company from time to time in effect and in accordance with Canadian generally accepted accounting principles. Any Records provided by the Company shall not be copied, reproduced or summarized in any form, or stored in a retrieval system or database, by the Biller or its external advisers or representatives without the prior written consent of the Company.

4.10 Scheduled Cycle Days

The Company shall provide the Biller, Servicer and Trustee with a copy of its scheduled Cycle Days for each fiscal year of the Company during the Term, prior to the commencement of such fiscal year. For certainty, the Company reserves the right in its sole discretion to amend any such schedule at any time and from time to time during the Term, provided that it will deliver an updated schedule to the Biller, the Servicer and the Trustee as soon as reasonably practicable but in any event prior to the effective date of any such amendment and provided it amends such schedule for all parties under contact with the Company for the provision of services similar to the Billing Services.

ARTICLE V – TAXES AND RECOURSE FOR NON-PAYMENT

5.1 Taxes and Other Charges

Any Taxes which may become payable on the Billing Services or the Billing Fee shall be borne and paid by the Biller. The Company shall not make any refund or credit to the Biller of GST in respect of any subsequent reductions to the Billing Fee. The Biller shall be responsible to remit to the relevant Governmental Authority as and when required by Applicable Laws, any Taxes payable by Customers in respect of Customer Services including GST. For certainty, in the absence of specific provisions providing to the contrary, the payor (be it the Company or the Biller) of any payment (including payments effected through set-off and/or discount) will pay, in addition to the payment, any applicable GST imposed on the payor. If, as a

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result of an amendment or proposed amendment to applicable commodity tax legislation or a Governmental Authority's change in administrative practices regarding same, the sales tax implications of any of the payments under the Agreement are materially altered, the Parties will work together in good faith to restructure the billing and collection arrangements under this Agreement to optimize the sales tax consequences for both Parties.

5.2 Interest on Overdue Amounts

5.2.1 By Customers - Any amount owing pursuant to a Service Bill by a Customer that is not paid on or before the date on which it is due shall be subject to the Company's standard late payment provisions as approved by the OEB from time to time and as recited in the Service Bill. The Parties hereby acknowledge and agree that any amounts received by the Trustee or the Servicer from Customers in respect of interest or other penalty charges levied in accordance with such late payment provisions of the Company shall not comprise part of the Actual Billed Amount nor the Trust Property, but rather shall be the exclusive property of the Company to be distributed to the Company in accordance with the Trust Agreement.

5.2.2 By the Company or the Biller - Any amount to be paid by the Company to the Biller or to be paid by the Biller to the Company that is not paid on or before the date on which it is due shall thereafter bear interest at an annual rate equal to the prime rate of interest of the Toronto Dominion Bank (Toronto, Main Branch) on the due date plus one per cent (1%), from the date on which it is due until payment in full. For certainty, the Company agrees that no interest shall accrue where the Company fails to set-off against the Settlement Amount (in the manner contemplated in this Agreement) any amounts owing to the Company by the Biller under this Agreement.

5.3 Non-Recourse Against the Biller

The Company acknowledges that its recourse with respect to the payment of any amounts by a Customer pursuant to a Service Bill shall be limited to it or the Trustee making and enforcing a claim against the Customer. Subject to the Trust Agreement and Section 7.6 hereof, the Company shall have no recourse against the Biller with respect to the payment of any amounts by a Customer pursuant to a Service Bill.

5.4 Authority to Recover Payment

The Biller has irrevocably appointed the Trustee as the Biller's lawful attorney, with full authority in the name and on behalf of the Biller, its successors and assigns, but for the benefit of the Biller, its successors and assigns, to sue for and to recover from each Customer the amounts owing under each Service Bill delivered to such Customer. Such authority shall be in addition to, and not in substitution for, any rights the Company may have in law to enforce or recover payment, including the right to suspend gas deliveries.

ARTICLE VI – CHANGES AND MODIFICATIONS

6.1 Changes to Billing Services

Subject to Regulatory Approval, the Billing Services, the Open Bill Policies and the Technical Billing Specifications may be amended from time to time by the Company, in its sole discretion, on not less than thirty (30) days prior written notice to the Biller detailing the nature and extent of the change; provided that such changes are applicable to all third parties under contract with the Company for the provision of services similar to the Billing Services. Any such amendment for which the Biller has been provided such written notice shall, for all purposes of this Agreement, be, and be deemed to be, a part of this Agreement effective as of the date set forth in such notice. The Company may, in its sole discretion, and subject to Regulatory Approval, expand the Billing Services upon the request of the Biller.

6.2 Charges Payable by Customers

The Biller shall deliver to the Company in writing prior to the date hereof a list of the Customer Services in respect of which such Biller will have the Company bill its Customers pursuant to this Agreement, together with the respective charges and/or rates to be levied therefor. Subject to the following terms of this Section 6.2, the Biller may increase or decrease charges for the Customer Services which are to be billed by the Company to Customers pursuant to this Agreement. Any such increase or decrease may be made not more than once each calendar quarter, and only upon the delivery by the Biller to the Company of a notice setting forth the revised charges to be paid by Customers. Each increase or decrease in charges to be billed to Customers shall become effective on the first day of the Billing Period commencing not less than thirty (30) days after the Company receives such notice or, if a later date is specified, then such later date.

6.3 Changes to Billing Fee

Subject to Regulatory Approval, if required, the Billing Fee may be amended from time to time by the Company, in its sole discretion acting reasonably, on not less than thirty (30) days prior written notice to the Biller; provided that such change is applicable to all third parties under contract with the Company for the provision of services similar to the Billing Services.

ARTICLE VII – REPRESENTATIONS, INDEMNITIES AND DISPUTES

7.1 Representations and Warranties by the Biller

The Biller hereby represents and warrants to the Company as follows and confirms that the Company is relying upon the accuracy of each of such representations and warranties in connection with the execution of this Agreement by the Company and the acceptance of its rights and obligations hereunder:

- (a) at the date hereof and at all times during the Term all necessary action has been taken by the Biller to authorize the execution, delivery and performance by the Biller of this Agreement and the Trust Agreement and

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each of this Agreement and the Trust Agreement constitutes a legal, valid and binding obligation enforceable against the Biller in accordance with its terms;

- (b) the Biller has all necessary right, power and authority to transfer to the Company all of its Distribution Entitlements in the manner contemplated hereby;
- (c) the Customer Services Agreements are valid and binding on all of the parties thereto, and each such Customer Services Agreement shall be in full force and effect during the Term, for as long as the Company provides Billing Services in respect of such Customer Services Agreement;
- (d) the Biller has clearly and unambiguously, established the charges for the Customer Services pursuant to a valid Customer Services Agreement;
- (e) all Customer account and other information provided or made available to the Company by the Biller from time to time shall be correct and complete in every material respect;
- (f) the Biller is solely responsible to provide the Company all the necessary and correct information required by the Company in respect of each Customer to permit the Company to fulfill its obligations under this Agreement and the Company is entitled to rely solely on such information in that regard;
- (g) each Customer Services Agreement (i) does not expressly contemplate or permit any right of deduction or set-off pursuant to invoices; (ii) does not allow for any grace period in making payments thereunder; and (iii) includes the obligation of the Customer to make monthly payments at the rate set out therein and communicated to the Company as contemplated herein; and
- (h) the Biller will remit to the relevant Governmental Authority all Taxes payable by Customers in respect of Customer Services in accordance with Section 5.1 of this Agreement.

7.2 Representations and Warranties by the Company

The Company hereby represents and warrants to the Biller as follows and confirms that the Biller is relying upon the accuracy of each of such representations and warranties in connection with the execution of this Agreement by the Biller and the acceptance of its rights and obligations hereunder:

- (a) at the date hereof and at all times during the Term all necessary action has been taken by the Company to authorize the execution, delivery and performance by the Company of this Agreement and the Trust Agreement and each of this Agreement and the Trust Agreement constitutes a legal,

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valid and binding obligation enforceable against the Company in accordance with its terms;

- (b) the Company has all necessary right, power and authority to purchase from the Biller the Distribution Entitlements and to render accounts to and receive payments from the Customers in accordance with the provisions of this Agreement;
- (c) subject to the terms and conditions hereof, the Company shall be solely responsible for obtaining, at its own expense, rights to use the Enbridge Commercial Services Inc. CIS billing system as required to provide the Billing Services contemplated herein; and
- (d) the employees, agents or subcontractors of the Company who will be providing the Billing Services shall possess such skills and qualifications as are necessary or desirable for the performance of the Billing Services.

7.3 **Indemnity**

7.3.1 **Indemnification of the Company** - The Biller hereby agrees to save harmless and indemnify the Company, its directors, officers, employees and agents (the “**Company Indemnified Parties**”) from and against all damage, loss, deficiency, cost, liability and expense to the Company, howsoever caused, which the Company may suffer or incur as a result of, in respect of or arising out of:

- (a) any material breach of this Agreement by the Biller;
- (b) any breach by the Biller of any of the covenants set out in Section 2.6 or Section 5.1;
- (c) the failure by the Biller to satisfy its obligations to Customers in connection with any of the Customer Services;
- (d) negligence or wilful misconduct of the Biller, or any of the Biller’s employees or agents or other persons acting on the authority or with the permission of the Biller;
- (e) a Customer Billing Dispute, including any At-Issue Amount; and
- (f) any breach by the Biller whatsoever of any confidentiality and/or privacy obligations set forth in this Agreement.

Notwithstanding the foregoing or any provision of this Agreement to the contrary, in no event shall the Biller have any duty to indemnify, defend or hold harmless any Company Indemnified Party for the negligent or intentional act or omission of any Company Indemnified Party.

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7.3.2 Indemnification of the Biller - The Company hereby agrees to save harmless and indemnify the Biller, its directors, officers, employees and agents (the “**Biller Indemnified Parties**”) from and against all damage, loss, deficiency, cost, liability and expense to the Biller, howsoever caused, which the Biller may suffer or incur as a result of, in respect of or arising out of:

- (a) any material breach of this Agreement by the Company;
- (b) any breach by the Company of any of the covenants set out in Section 2.7;
- (c) the negligence or wilful misconduct of the Company or any of the Company’s employees or agents or any person acting under the authority of the Company; and
- (d) any breach by the Company whatsoever of any confidentiality and/or privacy obligations set forth in this Agreement.

Notwithstanding the foregoing or any provision of this Agreement to the contrary, in no event shall the Company have any duty to indemnify, defend or hold harmless any Biller Indemnified Party for the negligent or intentional act or omission of any Biller Indemnified Party.

7.4 **Third Party Claim**

If a Company Indemnified Party or a Biller Indemnified Party (in either case, the “**Indemnified Party**”) receives notice of the commencement of any claim by any Person who is not a party to this Agreement in respect of which the Indemnified Party intends to make a claim under either Section 7.3.1 or 7.3.2, as applicable, (other than a Customer Billing Dispute, which shall be dealt with in the manner contemplated by Section 7.6 hereof), the Indemnified Party shall promptly notify the other Party (in this instance, the “**Indemnifier**”). Such notice to the Indemnifier must describe in writing the third party claim in reasonable detail and indicate, to the extent reasonably practical, the estimated amount of the loss that has been or may be sustained by the Indemnified Party. The Indemnifier will then have a period of sixty (60) days within which to satisfy such third party claim, upon the prior written approval of the Indemnified Party of such settlement. Failing any settlement of the third party claim, the Indemnifier shall within ten (10) days of the end of such period give notice to the Indemnified Party as to whether it intends to dispute such third party claim and participate in or assume the defense thereof or not so dispute, participate in or assume. If the Indemnifier fails to provide such notice, the Indemnifier will be deemed to have provided notice that it will not so dispute, participate in or assume.

7.5 **Limitation**

Notwithstanding any other provision of this Agreement, the liability of each Party and their respective directors, officers, employees and agents, to the other Party, whether founded in tort or breach of contract or otherwise, shall be limited to the loss sustained by such other Party as a result of direct damage sustained by such other Party, including reasonable costs of repair or replacement. Without limitation, a Party shall not be liable for any indirect or

consequential losses, including loss of profits, business interruption losses, or any losses as a result of claims by third parties. In no event shall a Party be liable for any aggravated or non-compensatory damages, including punitive or exemplary damages, whether by statute, in tort or contract.

7.6 Disputes between Customer and Biller

The following provisions shall apply if any Customer shall make any claim in relation to breach of a Customer Services Agreement by the Biller, or cancel or repudiate a Customer Services Agreement, or claim the right to do so, or assert any counterclaim, defense, or offset against amounts due for the Customer Services, or refuse to pay any amount for which it is invoiced hereunder (a “**Customer Billing Dispute**”):

- (a) the Company shall forthwith notify the Biller of the existence of the Customer Billing Dispute, and to the extent the Biller, rather than the Company, receives notice of the Customer Billing Dispute, the Biller shall forthwith notify the Company of the existence of such Customer Billing Dispute;
- (b) thereafter, the Biller shall: (i) use commercially reasonable efforts to resolve the Customer Billing Dispute with the Customer; and (ii) if the Customer Billing Dispute is resolved, notify the Company of the resolution of the Customer Billing Dispute, and the particulars thereof;
- (c) if the Customer Billing Dispute is not resolved within sixty (60) days of such notification from the Company pursuant to Section 7.6(a) hereof, then, pending the resolution of the Customer Billing Dispute the Company shall:
 - (i) be entitled, at any time thereafter, as part of the monthly Reconciliation pursuant to Section 4.4 hereof, to deduct or net out from the amount otherwise to be paid to the Biller an amount equal to the Customer Services charges (including applicable Taxes) at issue in the dispute (the “**At-Issue Receivable**”) multiplied by the Scheduled Settlement (the product being the “**At-Issue Amount**”), which deduction or net-out shall reduce the Company’s obligation to pay the Settlement Amount by an amount equal to the At-Issue Amount; and
 - (ii) include on the Monthly Statement the particulars of each Customer Billing Dispute, including the At-Issue Amount, which arose in the relevant month;
- (d) upon adjusting the Settlement Amount as aforesaid in respect of the At-Issue Amount, the Company shall:
 - (i) have the At-Issue Receivable removed from the relevant Customer bill; and

- (ii) adjust the Company's records accordingly;
- (e) if a Customer Billing Dispute is thereafter resolved, then the Biller shall so notify the Company, including the particulars of such resolution, and any amount to be billed to the Customer by the Company as a result of such resolution shall be treated in the usual manner under this Agreement; and
- (f) in no event, and notwithstanding any action or inaction by the Company in respect thereof, shall the Company have any responsibility or liability with respect to any Customer Billing Dispute or any At-Issue Receivable.

7.7 Disputes Between the Parties

7.7.1 Mechanism for Resolution of Disputes - With the exception of disputes arising in respect of any distribution of Trust Property in accordance with the Allocation Formula or any other payment to be made pursuant to the Trust Agreement (which disputes shall be settled in accordance with Section 8.3 of the Trust Agreement), all disputes, claims, questions or differences between the Parties arising out of or in connection with this Agreement or its performance, enforcement, breach, termination or validity (each a "**Services Dispute**"), shall be resolved in the manner set out in this Section 7.7.

7.7.2 Notice of Dispute - A Party claiming that a Services Dispute has arisen must forthwith give written notice (a "**Dispute Notice**") to the other Party specifying the nature of the dispute, the relief sought and the basis for the relief sought.

7.7.3 Meeting between Parties - Within five (5) Business Days following delivery of a Dispute Notice by either Party, the Parties must commence the process of attempting to resolve the Services Dispute by referring such Services Dispute to their respective representatives within their organizations and shall cause their respective representatives to meet, discuss and negotiate in good faith with the intention of reaching a just and equitable solution satisfactory to both Parties.

7.7.4 Binding Arbitration - If the Services Dispute is not resolved to the satisfaction of the Parties within fifteen (15) Business Days after delivery of the Dispute Notice, then either Party may, upon notice to the other Party (the "**Arbitration Notice**"), at any time thereafter require the Services Dispute to be resolved by binding arbitration pursuant to this Section 7.7.4:

- (a) The Services Dispute shall be finally settled by arbitration in accordance with the provisions of the *Arbitration Act, 1991* (Ontario) based upon the provisions of this Section 7.7.
- (b) The arbitration tribunal shall consist of one arbitrator appointed by mutual agreement of the Parties, acting reasonably, within ten (10) Business Days following delivery of the Arbitration Notice. If the Parties are unable to mutually agree on an arbitrator within such period, either Party may apply to a judge of the Ontario Superior Court of Justice to appoint an arbitrator. The arbitrator shall be qualified by education and training to rule upon the

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particular matter to be decided, shall be independent of each of the Parties and shall have reasonable experience in arbitrating business disputes;

- (c) The arbitrator shall be instructed that time is of the essence in the arbitration proceeding and, in any event, the arbitration award must be made within sixty (60) days of the receipt by one of the Parties of the Arbitration Notice;
- (d) The arbitration shall take place in Toronto, Ontario, and the language of the arbitration shall be English;
- (e) To the fullest extent permitted by Applicable Laws, any controversy concerning whether a Services Dispute is an arbitral matter or as to the interpretation or enforceability of this Section 7.7 shall be determined by the arbitrator. The arbitration award shall be given in writing and shall be final and binding on the Parties, not subject to any appeal, and shall deal with the question of costs of arbitration and all related matters. The costs of arbitration include the arbitrator's fees and expenses, the provision of a reporter and transcripts, reasonable legal fees and disbursements and reasonable costs of preparation. After completion of the arbitration an action may be initiated by the Parties in court only for the purpose of enforcing the decision of the arbitrator and recovery of the costs incidental to the arbitration;
- (f) The Parties agree that the arbitration shall be kept confidential and that the existence of the proceeding and any element of it (including any pleadings, briefs or other documents submitted or exchanged, any testimony or other oral submissions and any awards) shall not be disclosed beyond the arbitrator, the Parties, their counsel and any person necessary to the conduct of the proceeding, except as may lawfully be required in judicial proceedings relating to the arbitration or otherwise or as may be required by Applicable Laws; and
- (g) In no case shall the Company delay, cease or threaten to delay or cease the provision of any Billing Service pending the resolution of a Services Dispute, other than where the estimated aggregate monetary value of the then outstanding Services Disputes exceeds either 20% of the Billing Fee otherwise owing by the Biller to the Company for the relevant Billing Periods or 20% of the Actual Billed Amounts for the relevant Billing Periods, (as applicable, depending on the nature of the Services Disputes(s)). Subject to the foregoing, pending the resolution of any Services Disputes, the Biller shall pay to the Company one-half of the Billing Fee plus applicable Taxes otherwise payable pursuant to Article IV in respect of the Billing Services provided by the Company that relate specifically to the Services Dispute. Following resolution of the Services Dispute, the Biller shall reimburse the Company for any underpayment and the Company shall reimburse the Biller for any overpayment, as the

case may be, but in each case the payment shall be subject to interest at the rate provided in Section 5.2 calculated from the due date of the initial payment.

ARTICLE VIII – TERM AND TERMINATION

8.1 Term

Subject to the other terms and conditions of this Agreement, the term of this Agreement (the “**Term**”) shall be deemed to have commenced on Cycle Day ●, for the month of ●, 2008 and shall terminate on the earlier of (a) Cycle Day 21, for the month of ●, 200●, and (b) such earlier date as may be mutually agreed between the Parties, unless terminated prior to such date in accordance with the terms hereof.

8.2 Renewal

Subject to the other terms and conditions of this Agreement including Section 8.3, this Agreement shall be automatically renewed for successive periods of one year (each a “**Renewal Term**”), each Renewal Term commencing on Cycle Day 1, for the month of ● of the then current year and terminating on Cycle Day 21, for the month of ● of the next following calendar year, unless terminated prior to such date in accordance with the terms hereof.

8.3 Conditions of Renewal

This Agreement shall not be renewed automatically pursuant to Section 8.2 if:

- (a) the Biller is not in good standing in accordance with (i) the Company’s then current internal policies regarding creditworthiness, (ii) the Financial Assurances, if any, to be provided by the Biller pursuant to this Agreement or (iii) the Trust Agreement;
- (b) the Biller is not in compliance with the Open Bill Policies; or
- (c) the Biller has not provided to the Company the Annual Forecast in accordance with this Agreement.

8.4 Company’s Rights of Early Termination

Subject to the other provisions of this Article VIII and in addition to the Company’s rights of termination set out elsewhere in this Agreement, the Company shall have the right to terminate this Agreement:

- (a) at the expiry of the Term, or the then current Renewal Term, upon not less than six (6) months prior written notice to the Biller, to that effect;
- (b) at any time upon the occurrence of an Event of Default of the Biller; or

- (c) at any time, upon thirty (30) days prior written notice or such other notice period required by an order of the OEB, upon the occurrence of a regulatory change established by a Governmental Authority which causes, results in, requires or necessitates such termination. In such circumstances the Company shall, where it has determined in its sole discretion that it is in its best interests to do so, make reasonable efforts to co-operate with the Biller to maximize the notice period for any such mandatory termination.

8.5 **Biller's Rights of Early Termination**

Subject to the other provisions of this Article VIII and in addition to the Biller's rights of termination set out elsewhere in this Agreement, the Biller shall have the right to terminate this Agreement:

- (a) at the expiry of the Term, or the then current Renewal Term, upon not less than six (6) months prior written notice to the Company, to that effect;
- (b) at any time upon the occurrence of an Event of Default of the Company;
- (c) at any time, upon thirty (30) days prior written notice, or such other notice period required by the OEB, upon the fees and charges payable for the Billing Fees hereunder increasing by 15% or more (in the aggregate, on a per unit basis) from the level of fees and charges payable as of the date of this Agreement; or
- (d) at any time upon the termination of the Trust Agreement.

8.6 **Events of Default**

In addition to any other events set out in this Agreement, the occurrence of any one or more of the following events shall constitute a default by the Biller or the Company, as applicable, under this Agreement and shall be considered an event of default (an "**Event of Default**") if such default is not remedied prior to the expiry of the relevant notice period (if any) or the relevant cure period (if any) applicable to such default as hereinafter set out:

- (a) if a Party fails to perform or observe any of its obligations under this Agreement on its part to be observed and performed or is in breach of any of its representations or warranties made hereunder and such failure or breach shall continue unremedied following notice thereof (giving particulars of the failure or breach in reasonable detail) from the non-defaulting Party to the defaulting Party, for a period of thirty (30) days, except where such failure is a result of a failure of the other Party to fulfil any of such other Party's obligations hereunder;
- (b) if a Party files a petition in bankruptcy, makes application or files a petition seeking any re-organization, arrangement, composition or similar relief under any law regarding insolvency or relief for debtors or makes an assignment for the benefit of creditors, or if a receiver or receiver and

manager, trustee or similar officer is appointed for the business or property of the Party or any part thereof, or if any involuntary petition, application or other proceeding under any bankruptcy or insolvency laws is instituted against the Party and is not stayed, otherwise enjoined or discharged within fifteen (15) Business Days;

- (c) if any execution, distress or other enforcement process, whether by court order or otherwise, which would have a material adverse effect on the financial viability of a Party becomes enforceable against any property of such Party;
- (d) if a Party ceases carrying on business in the ordinary course, commits any act of bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or is wound up;
- (e) if for any reason a Party ceases to be a party to the Trust Agreement; or
- (f) if a Party fails to perform or observe any of its obligations under the Trust Agreement on its part to be observed and performed or is in breach of any of its representations or warranties made thereunder and such failure or breach shall continue unremedied following notice thereof (giving particulars of the failure or breach in reasonable detail) from the non-defaulting Party to the defaulting Party, for a period of thirty (30) days, except where such failure is a result of a failure of the other Party to fulfil any of such other Party's obligations thereunder,

provided that each of the above-noted Events of Default have been inserted for the benefit of the non-defaulting Party and may be waived by the non-defaulting Party in whole or in part at any time by notice to the defaulting Party. The non-defaulting Party may, in its sole discretion, extend the period for the remediation of any such Event of Default (if any).

8.7 **Effect of Termination**

Notwithstanding the expiration or termination of this Agreement, for any reason, each Party shall:

- (a) continue to be liable to pay, on the terms herein specified, any amount accrued or accruing and payable by such Party to the other up to the time of termination; and
- (b) in good faith use commercially reasonable efforts to assist the other Party to provide for the transition of the Billing Services from the Company to a Person designated by the Biller.

8.8 **Transition Plan**

8.8.1 Termination Transition

- (a) In connection with the expiration or termination of this Agreement for any reason or cause, in accordance with this Article VIII the Company will, upon receipt of reasonable advance notice in respect thereof, co-operate with the Biller to effect the orderly transition and migration from the Company to the Biller (or a third-party service provider undertaking, on behalf of the Biller, to provide the Billing Services (the “**Third Party Provider**”)) of all Billing Services then being performed by the Company (the “**Termination Transition**”) provided that (i) all amounts owed by the Biller to the Company under this Agreement have been paid, except for those amounts which are subject to a dispute under Section 7.7, and that (ii) the Company is paid for any additional services as provided in this Section. The Termination Transition will be provided for a reasonable period of time, which in no event will exceed eighteen (18) months. The Biller will co-operate in good faith with the Company in connection with the Company’s obligations under this Section 8.8 and will perform its obligations under the Transition Plan (as such term is defined below) and as set out in this Agreement.
- (b) The Company and the Biller will work together to develop a transition plan (the “**Transition Plan**”) setting forth the respective tasks to be accomplished by each Party in connection with the Termination Transition and a schedule pursuant to which such tasks are to be completed, and the Billing Services to be provided by the Company, including the fees and expenses to be charged by the Company therefor in addition to those payable under this Agreement for Billing Services that continue to be provided or that are otherwise outstanding.
- (c) The Company will assist the Biller at the Biller’s expense in the provision of the Biller’s data in such formats as the Biller may reasonably require in order to facilitate the transition of such data to another system.

8.8.2 Transition Assurances

- (a) Prior to the Company providing any termination assistance to a Third Party Provider, the Biller will cause the Third Party Provider to provide the Company with written assurances, in form and substance satisfactory to the Company acting reasonably, that the Third Party Provider (i) will maintain the confidentiality of any Company proprietary information incidentally or otherwise disclosed or provided to, or learned by, the Third Party Provider in connection with the Termination Transition and (ii) will use such information exclusively for the provision of applicable services for the Biller during the Termination Transition or, where such Third Party Provider is not a competitor of the Company, such longer period of time

agreed to by the Company acting reasonably. The Company will provide the Biller with the form of confidentiality agreement which it would find acceptable in order to facilitate the Termination Transition.

- (b) For so long as this Agreement remains in effect and during the Termination Transition but subject to the last sentence of this Section 8.8.2, the Biller will pay to the Company the charges set forth in this Agreement and in the Transition Plan. If the Termination Transition provided by the Company under this Section 8.8 or the Transition Plan requires personnel or other resources in excess of those resources being provided by the Company under this Agreement at the effective date of expiration or termination, the Biller will pay the Company for such additional personnel and resources at the Company's then current commercial billing rates on such periodic basis as required by the Company.

ARTICLE IX – FINANCIAL ASSURANCES AND INSURANCE

9.1 Requirement for Financial Assurances

Contemporaneously with the execution of this Agreement and at any time during the Term, the Company may, upon notice to the Biller, require the Biller to provide the Company, and the Biller shall provide if the Company so requests, financial assurances in respect of the Biller's obligations hereunder in the amount and of the type required by the Company (the "**Financial Assurances**"), all in accordance with the terms set out in Appendix "E". Initially, the Financial Assurances required by the Company to be provided by the Biller shall be those set out in Appendix "E".

9.2 Nature of Financial Assurances

Any request for such Financial Assurances shall be based upon the creditworthiness of the Biller, and shall be consistent with the Company's then current policies relating to customer account security applicable to like customers. Such Financial Assurances may consist of an irrevocable letter of credit in a form and from an issuer acceptable to the Company and/or such other security as the Company may specify. Such Financial Assurances may relate to the Biller's obligations hereunder or to the Biller's requests of the Company for an extension of the Term or for other revisions to the terms hereof.

9.3 Third Party Credit Review

Without in any way limiting the Company's rights under this Article IX, the Company may from time to time contract with or use the services of an arm's length third Party to assess, review and/or provide comment on the creditworthiness of the Biller. If such arm's length third Party advises the Company that an adjustment to the Financial Assurances is recommended, the Company shall be entitled to rely on such recommendations and require the Biller to adjust its Financial Assurances accordingly pursuant to the foregoing terms of this Article IX.

9.4 **Realization Upon Financial Assurances**

The Company shall be entitled to realize upon any Financial Assurances in the manner and to the extent provided for and set out in this Agreement, including Appendix "E", and such Financial Assurances.

9.5 **Insurance**

The Biller shall, at its own expense, maintain and keep in full force and effect during the Term:

- (a) commercial general liability insurance having a minimum inclusive coverage limit, including personal injury and property damage, of at least five million dollars (\$5,000,000). Subject to the terms of the following sentence, the Company shall be added as an additional insured in the Biller's insurance policy, which should be extended to cover contractual liability, products/completed operations liability, owner's/contractor's protective liability and must also contain a cross-liability clause; and
- (b) insurance covering its officers and employees against losses arising from theft, embezzlement, fraud or misplacement of funds, money or documents in an amount equal to at least two hundred and fifty thousand dollars (\$250,000), provided that the Biller may request the Company's consent to self insure against losses contemplated by this Section 9.5(b) and the Company may, in its sole and absolute discretion, grant or withhold such consent.

The Biller shall, forthwith after entering into this Agreement, and from time to time thereafter at the request of the Company (but no more often than twice per year), furnish to the Company a memorandum of insurance or an insurance certificate setting out the terms and conditions of each policy of insurance (all such policies of insurance being hereinafter described as the "**Insurance Policies**") maintained by the Biller in order to satisfy the requirements of this Section 9.5. The Biller shall arrange the Insurance Policies with insurers acceptable to the Company, acting reasonably. The Biller shall not cancel, terminate or materially alter the terms of any of the Insurance Policies without giving prior notice in writing to, and obtaining the consent of, the Company. The Biller shall cause or arrange for each of the insurers under the Insurance Policies to oblige itself contractually in writing to the Company to provide thirty (30) days prior notice in writing before cancelling or terminating the Insurance Policies under which it is an insurer.

ARTICLE X – Confidentiality

10.1 **Purpose, Title and Use**

10.1.1 Purpose - Each Party may disclose to the other Confidential Information for the sole purpose of the Biller being provided with the Billing Services by the Company, including inquiries related thereto and analysis thereof (collectively the "**Purpose**").

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10.1.2 Title - Each Party agrees that all right, title and interest in the Confidential Information disclosed by the Owning Party, including all discoveries, concepts and ideas derived from the Confidential Information, are the exclusive property of the Owning Party.

10.1.3 Use - The disclosure of Confidential Information by the Owning Party is in strictest confidence and thus the Receiving Party agrees:

- (a) to use the Confidential Information only for the Purpose and shall not disclose the Confidential Information to any third party other than the employees, officers, directors, contractors or consultants (subject to the obligations of this Section 10.1.3(a)) of the Receiving Party (collectively referred to as the “**Representatives**”) who have a need to know the Confidential Information in order to accomplish the Purpose or with the prior written consent of the Owning Party;
- (b) to advise each Representative, before he or she receives access to the Confidential Information, of the obligations of the Receiving Party under this Agreement;
- (c) with respect to contractors or consultants, to obtain in advance of any disclosure of Confidential Information the prior written agreement of the Owning Party, as well as the written agreement from such contractor or consultant to comply with the terms and conditions set forth in this Agreement;
- (d) to be responsible for the breach of any provision of this Agreement by any Representatives;
- (e) to use at least the same degree of care to maintain the Confidential Information as confidential as the Receiving Party uses in maintaining its own confidential information, but always at least a reasonable degree of care;
- (f) subject to the Parties’ potential obligations under Section 10.2, within fifteen (15) days following the request of the Owning Party, to make commercially reasonable efforts to return to the Owning Party all materials containing any portion of the Confidential Information or confirm to the Owning Party, in writing, the destruction of such materials; and
- (g) that the Confidential Information provided by the Owning Party shall not be copied, reproduced or summarized in any form, or stored in a retrieval system or database, by the Receiving Party or its Representatives without the prior written consent of the Owning Party, except for such copies, reproductions, summaries and storage as are strictly required for the Purpose and for evaluating the matters under discussion, it being agreed, however, that such copies, reproductions, summaries and storage shall be accorded the same confidential treatment as the originals thereof.

10.2

No Disclosure to Other Persons

- (a) The Parties acknowledge and agree that each of the Parties shall have the right to retain necessary Confidential Information which it may determine acting reasonably (the “**Retained Confidential Information**”) is required for use by such Party in connection with any submission made to or proceeding made before the OEB whether through written or oral hearing or technical conference (collectively referred herein as the “**Regulatory Proceedings**”). Each of the Parties further agree that it shall not disclose all or any portion of the Retained Confidential Information in connection with Regulatory Proceedings, whether in order to respond to interrogatories or cross-examination of the Parties’ witnesses or otherwise, without first seeking the consent of the Owning Party to disclose the Retained Confidential Information. Each of the Parties agrees that the Owning Party may provide such consent, in writing, in the event that it determines (in its sole discretion) that the Retained Confidential Information at issue may be disclosed. The Receiving Party agrees that, in the event that the Owning Party does not consent to the disclosure of the Retained Confidential Information, the Receiving Party will assert the confidentiality of such Confidential Information and use all reasonable commercial efforts to legally challenge the release of any Confidential Information, including the Retained Confidential Information, by questioning the relevance and materiality of the requested information and by demonstrating the competitive and commercial harm that would be caused if the information was publicly released. The Receiving Party shall use all reasonable commercial efforts to promptly notify the Owning Party, prior to disclosing any Confidential Information, including the Retained Confidential Information, pursuant to this Section 10.2(a).
- (b) Except as provided in Section 10.2(a), in the event a Receiving Party becomes legally compelled, after having exhausted all reasonable commercial efforts as provided in Section 10.2(a) (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process by court order of a court of competent jurisdiction, or in order to comply with applicable requirements of any stock exchange, government department or agency or other regulatory authority, or by requirements of any Applicable Laws) to disclose any Confidential Information, the Receiving Party will (i) promptly notify the Owning Party of the obligation to make such disclosure and (ii) assert the confidentiality of such Confidential Information, in order to permit the Owning Party to seek an appropriate protective order or other protective remedy. The Receiving Party shall not oppose any action by the Owning Party to obtain an appropriate protective order or other remedy. In the event that either such protective order or other remedy is not obtained by Owning Party or Owning Party waives compliance with the provisions of this Agreement, the Receiving Party will disclose only that portion of the Confidential Information which the Receiving Party is legally obliged

(based on advice of legal counsel) to disclose to the appropriate authorities.

10.3 **Remedies**

Each Party acknowledges and agrees that the Owning Party will suffer irreparable harm if the Receiving Party fails to comply with any of the obligations under this Article X and that monetary damages will be inadequate to compensate the Owning Party for any breach or attempted breach. Accordingly, in addition to any other remedies available to the Owning Party at law or in equity, or under the terms of this Agreement, each Party, as a Receiving Party, agrees that the Owning Party shall be entitled, as a matter of right, and the Receiving Party shall not oppose the Owning Party's right, to seek equitable relief including an interim injunction, specific performance or other similar relief against the Receiving Party. No waiver of any violation shall be deemed or construed to constitute a waiver of any other violation or other breach of any of the terms, provisions, and covenants contained in this Agreement, and forbearance to enforce one or more of the remedies provided on an Event of Default shall not be deemed or construed to constitute a waiver of such default or of any other remedy provided for in this Agreement.

Further, the Receiving Party shall indemnify and hold the Owning Party harmless against all actions, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered, sustained, paid or incurred by the Owning Party as a result of any breach of this Article X by the Receiving Party or any other Person receiving Confidential Information under this Agreement.

10.4 **Of Agreement**

Except to the extent necessary to perform its obligations hereunder or to comply with any Applicable Laws, no Party shall, without the prior written consent of the other Party, disclose to any third party the terms or conditions of this Agreement.

ARTICLE XI – GENERAL CONTRACT PROVISIONS

11.1 **Notice**

All notices, directions, documents of any nature required or permitted to be given by one Party to the other pursuant to this Agreement (in each case, a “**Notice**”) shall be in writing and shall be delivered personally or by courier or sent by facsimile as follows:

- (a) in the case of the Company, to it at:

Enbridge Gas Distribution Inc.
500 Consumers Road
North York, ON M2J 1P8
Fax Number: (416) 495-5657
Attention: Director, Customer Care

With a copy to:

Enbridge Gas Distribution Inc.
Fax Number: (416) 495-5994
Attention: Vice President, Gas Distribution Law &
Deputy General Counsel

(b) in the case of the Biller, to it at:

•

With a copy to:

•

or at such other address of which the addressee may from time to time have notified the addressor pursuant to this Section 11.1. A Notice may be delivered by electronic internet communication provided the Parties have agreed in writing in advance to do so and have established in writing in advance their respective addresses for such communication. A Notice shall be deemed to have been sent and received on the day it is delivered personally or by courier or by facsimile or by electronic internet communication. If such day is not a Business Day or if the Notice is received after ordinary office hours (at the time of place of receipt), the Notice shall be deemed to have been sent and received on the next Business Day.

11.2 **Further Assurances**

The Parties shall do or cause to be done all such further acts and things as may be reasonably necessary or desirable to give full effect to this Agreement. Without limiting the foregoing, each Party will at any time and from time to time execute and deliver or cause to be executed and delivered such further instruments and take such further actions as may be reasonably requested by the other Party in order to cure any defect in the execution and/or delivery of this Agreement.

11.3 **Amendments**

Unless indicated otherwise in this Agreement, no additions, deletions, extensions or modifications of this Agreement shall be binding on either Party unless made in writing and signed by both Parties.

11.4 **Relationship between the Parties**

Except as expressly and specifically provided for in this Agreement, neither the Company nor the Biller will be deemed by virtue of this Agreement an agent of the other. Any and all joint venture or partnership status between the Parties is hereby expressly denied, and the Parties acknowledge that they have not formed either expressly or impliedly, a joint venture or partnership.

11.5 **Successors and Assignment**

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, but neither Party shall transfer or assign this Agreement, or any of the rights, duties, or obligations under this Agreement, to any Person without the prior written consent of the other Party, acting reasonably.

11.6 **Counterparts**

This Agreement may be executed in several counterparts, each of which so executed being deemed to be an original, and such counterparts together shall constitute but one and the same instrument and notwithstanding their date of execution shall be deemed to be made and dated as of the date hereof.

11.7 **Time of the Essence**

Time is of the essence of this Agreement and of every provision of this Agreement. Extension, waiver or variation of any provision of this Agreement shall not be deemed to affect this provision and there shall be no implied waiver of this provision.

[end of text]

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IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ENBRIDGE GAS DISTRIBUTION INC.

By: _____
Name: Arunas Pleckaitis
Title: Vice President, Business Development &
Customer Strategy

By: _____
Name: Mark Boyce
Title: Vice President, Gas Distribution Law &
Deputy General Counsel

[OPEN BILL PARTICIPANT]

By: _____
Name:
Title:

APPENDIX “A”
BILLING SERVICES

Service Function Provided	Description of Service
Account Set Up & Management	EGD will set up and maintain customer accounts, including non-gas customer accounts within EGD franchise territory. EGD will process updates to the customer record (i.e. names, phone numbers, etc.). EGD will support rental contracts in EGD's CIS system in a rate ready format. Rate ready process to be determined. EGD will support all bill ready transactions in EGD's CIS system received from the Biller.
Call Centre	EGD will provide “core” customer billing inquiries (e.g. amount billed, when billed, etc). For product/service specific information, the customer will be directed to the Biller for response. EGD will handle “core” customer billing inquiries transferred by the Biller. Transfer process to be determined. EGD will direct customers to call the Biller when detailed product information is required by the customer. EGD will comply with all Applicable Laws, including applicable privacy laws, in its provision of the Billing Service. EGD will respond to any written or email inquiries that are “core” customer billing inquiries (e.g. amount billed, when billed, etc). Any product/service specific inquiries will be directed to the Biller for response. Transfer process to be determined.
Billing Hotline	EGD will provide the Biller with dedicated support for bill inquiries. This service is intended for Biller staff and call centre only and will provide consultation on customer billing information, account status and account details held within EGD's CIS system. Hours of the “hotline” operation will match EGD's current billing inquiries hours (8AM - 6PM - Monday - Friday).
Billing	All transactions must be in the format specified in the Technical Billing Specifications. All transactions must pass an EGD edit in order to be input on the EGD bill. Rejected material will be sent back to the Biller via an electronic file. All EGD billing exceptions (i.e. unpostables , no bills, etc.) will be reviewed and worked prior to the next billing cycle.

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Service Function Provided	Description of Service
	EGD will process billing adjustments as a result of CIS processing or EGD error. EGD will process all adjustment transactions from the Biller that are included in the monthly file, and pass EGD edit requirements. EGD will provide the Biller with backbilling services, for items such as recurring rental equipment, for the period the gas meter is turned off due to non payment, when the account is resumed in the same name. EGD will randomly review bills on a daily basis to ensure billing accuracy for Biller's rate ready charges. EGD will process move transactions initiated by the customer via telephone or written correspondence. All rate ready transactions will be calculated based on rates and charges provided by the Biller. The rate change process will be determined. EGD will provide refunds on Biller charges owing when requested by the customer. If the customer disputes the Biller's charge, EGD will transfer the dispute to the Biller for investigation and resolution. Transfer process to be defined.
Bill Presentment	Biller charges/credits will be displayed on the EGD bill. EGD will print company specific logos, based on pre-determined sizing. EGD will provide the Biller with space for a monthly four line bill message, incremental to the product description line, which will be located on the right side of the biller's charges.
Bill Print & Mailing	EGD will support all aspects of bill print, including a daily audit of print quality, and will provide corrections if necessary. EGD bill mailing will be compliant with Canada Post standards. Returned mail will be reviewed and information updated, when available.
Rental Equipment	Where recurring rental equipment is attached to the customer's premises within the CIS system, EGD will transfer the rental to the new customer when a customer move occurs, and inform the Biller.
Finance	EGD will purchase the Distribution Entitlements from the Biller on the applicable Payment Date.
Settlement	EGD will pay the Settlement Amount to the Biller in accordance with the Agreement.

APPENDIX “B”

TECHNICAL BILLING SPECIFICATIONS

Input files must be in the form of an electronic pipe delimited flat file. A secure file transfer protocol (FTP) will be established to allow input of charges, and return of exception records (i.e. records that could not be processed). The Biller must transfer to the Company in this manner its billing transactions for the following month’s customer charges by noon (Toronto time) on the last Business Day of each calendar month during the Term. Technical specifications are subject to change based on the final design of the OBA solution.

Type of Charge	Field	Description
<u>Bill Ready (“BR”) & Rate Ready (“RR”)</u>	Record Type	To indicate if header, trailer or detail record
	Record ID	To indicate the type of transaction (i.e., BR or RR)
	Sequence Number	Used to differentiate between otherwise identical RR charges
	Biller ID	An identifier that is specific to the Biller, to be used on each Biller transaction
	Biller Customer ID	An identifier that is specific to each customer of the Biller
	Enbridge Account number (same as bill)	Enbridge Gas Distribution Inc. customer account number
	Customer Surname	Surname of customer to whom EGD bill is to be addressed
	Street Number	Street number of customer to whom EGD bill is to be addressed
	Street Number Suffix	Extension to the customer street number to reference an apartment or box number, where applicable
	Street Name	Street name only without road types (e.g. Ave, Blvd., Cres., etc.)
	Miscellaneous Address	Miscellaneous address information, where applicable
	City	Customer’s city
	Postal Code	Customer’s postal code
	Home Telephone Number	Customer’s home telephone number

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Type of Charge	Field	Description
	Transaction ID	To indicate whether the transaction is a debit (1100) or credit (1400)
	BR Amount	Line item charge inclusive of applicable taxes (debit or credit)
	Principal Amount	To indicate the outstanding principal amount on a merchandise finance contract
	Interest Amount	To indicate the outstanding interest amount on a merchandise finance contract
	Bill Type Code	Code to identify the product / service type within the following categories: Merchandise, Rental, Insurance or Miscellaneous
	Status	Billing system will indicate whether transaction is accepted (zero code) or rejected (non-zero code)
	Account number	System generated matched customer account number returned to the Biller where no account number initially provided
	GST Amount	Amount of GST payable included in the BR Amount
	PST Amount	Amount of PST payable included in the BR Amount
<u>RR Only</u>	Action Code	“A” shall be entered to add a new RR transaction, “D” to delete an existing RR transaction , “U” to update an existing RR transaction
	Start Date	Start date of RR contract
	End Date	End date of RR contract
		Biller must submit their billing transactions for the following month's customer charges to Enbridge's server by Noon on the last business day of the calendar month.

APPENDIX "C"

CHARGES

For purposes of the Agreement:

"Billing Fee" is eighty-two and 9/10 cents (82.9¢) for each Service Bill delivered pursuant to the Agreement which includes Distribution Charges, and one dollar and thirty-eight and 9/10 cents (\$1.389) for each Service Bill delivered pursuant to the Agreement which does not include Distribution Charges; and

"Scheduled Settlement" is ninety-nine and one-half per cent (99.5%).

Subject to Regulatory Approval, the Billing Fee may be amended from time to time by the Company, in its sole discretion acting reasonably, on not less than sixty (60) days prior written notice to the Biller; provided that such change is applicable to all third parties under contract with the Company for the provision of services similar to the Billing Services. For certainty, in the event of any conflict between this paragraph and Section 6.3 of the Agreement, this paragraph shall take precedence.

If the Biller objects to any such adjustment, it may utilize the dispute resolution mechanism set out in Section 7.7 of the Agreement, provided that where the Company adjusts the Billing Fee in order to comply with any order or directive of the OEB, the Biller shall not dispute such adjustment(s).

APPENDIX "D"

BILLER'S INTELLECTUAL PROPERTY

See attached Trademark License Agreement.

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APPENDIX "E"

FINANCIAL ASSURANCES

PART 1 - FINANCIAL ASSURANCES

Pursuant to Section 9.1 of the Agreement, the Biller will be required to post and maintain, at all times during the Term, an irrevocable Letter of Credit, in a form satisfactory to the Company to the benefit of the Company. Such Letter of Credit to be provided by the Biller shall be for an amount which is not less than the following: \$●.

PART 2 - REALIZATION ON FINANCIAL ASSURANCES

In addition to any other rights in respect thereof set out in the Agreement, the Company shall be able to liquidate or exercise all or any part of any Financial Assurances then held by or for the benefit of the Company free from any claim of set-off or otherwise or right of any nature whatsoever of the Biller:

- (a) upon an Event of Default by the Biller;
- (b) in respect of any claim for indemnity made by the Company pursuant to Article VII, and in respect of which the Biller does not dispute the claim or the claim is the subject of a final and binding arbitration decision made pursuant to Section 7.7; or
- (c) if any Financial Assurance then held by or for the benefit of the Company will terminate or expire or otherwise be of no further force or effect, or is to be increased in amount, after a specified date, and at least ten (10) days prior to such date such Financial Assurance is not renewed or extended and increased, if applicable.

PART 3 - ADJUSTMENT OF FINANCIAL ASSURANCES

- (a) The amount and type of the Financial Assurances may be adjusted from time to time in accordance with the provisions of Article IX and this Appendix "E". Without in any way limiting the foregoing, if, at any time during the Term: (A) the Company has reasonable grounds to believe that the Biller's creditworthiness or performance under this Agreement has or may become unsatisfactory; (B) there is a material adverse change in market conditions; (C) there occurs a change in OEB policies or requirements; or (D) for any other reason set out in this Appendix "E", the Company may provide the Biller with notice requiring the Biller to post additional or increased Financial Assurances in a form, amount and for a duration identified by the Company in a commercially reasonable manner and agreed upon with the Biller.

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- (b) Upon receipt of such notice, the Company and the Biller shall have the period of days specified in the notice to settle and agree upon the form, amount and duration of such additional or increased Financial Assurances.
- (c) If the additional or increased Financial Assurances are agreed upon or, if agreed upon, not provided to the Company within the specified period, the Biller shall thereupon be deemed to be in default under this Agreement and the Company shall, in addition to any of its other rights hereunder, thereafter have the option to terminate this Agreement in accordance with the terms hereof.

APPENDIX "F"

SERVICE LEVELS

<i>1 - Bill Delivery for Mass Market/Large Volume/Monthly Statement Accounts</i>	
Objective	To deliver billing statements (Mass Market/Large Volume/Monthly Statements) to Canada Post in timely manner for ultimate delivery by Canada Post to EGD customers.
Definition	Mass Market/Large Volume/Monthly Statement bills are to be delivered to Canada Post (at the point of entry into the Canada Post system and at the time of day required by Canada Post as defined by Canada Post) same day as printed.
	METHOD
Data Capture	The Company will track and report the timely delivery to Canada Post of each cycle (or part thereof) of printed bills (Mass Market/Large Volume/Monthly Statement) to Canada Post each day. Mass Market bills and Monthly Statements are in CIS. Large Volume bills are in the Large Volume Billing System.
Measurement Interval	Bill Delivery statistics (volumes and date/time of day) for Mass Market/Large Volume Accounts/Monthly Statement bills will be monitored and maintained for all billing cycles daily and aggregated on a monthly basis and assessed annually.
Method of Calculation	For each of Mass Market, Large Volume and Monthly Statement bills, the calculation is as follows: Total number of bills that are delivered to Canada Post same day, divided by the total number of bills to be delivered to Canada Post for each billing cycle, times 100%. Total number of bills that are delivered same day PLUS the total number of bills that are delivered by next day, the sum of which is divided by the total number of bills to be delivered to Canada Post for each billing cycle, times 100%.
	RESPONSIBILITY
Reporting Period	Daily, monthly and annual reporting.
Hours of Support	8:00AM to 6:00PM on all Business Days.
	SERVICE METRIC
Values	Metrics
Service Level	Mass Market/Large Volume/Monthly Statement bills delivered to Canada Post 95% same day of print and 100% by next day. This must occur 99.5% of the time for the total annual number of Cycle Days. Subsequent failures will be counted as additional level 2 failures.

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<i>2 - Bill Messages for Mass Market, Monthly Statement and Large Volume Billing Accounts</i>	
Objective	To make certain that there are no erroneous bill messages included with Mass Market, Monthly Statement and Large Volume Billing monthly billings/mailling envelopes.
Definition	An insertion infraction is any bill message printed on the bill that was not scheduled for inclusion with the Mass Market, Monthly Statement or Large Volume Billing account.
	METHOD
Data Capture	The Company will track the number of infractions that occur in Mass Market, Monthly Statement and Large Volume Billing accounts by physically reviewing a representative sampling of completed envelope mailings for Mass Market, Monthly Statement and Large Volume Billing accounts each Cycle Day.
Measurement Interval	Reviewed daily and measured monthly at the end of each Billing Period.
Method of Calculation	The total number of mailing envelope message infractions divided by the total number of mailing envelopes mailed, times 100%
	RESPONSIBILITY
Reporting Period	Monthly
Hours of Support	N/A
	SERVICE METRIC
Values	Metrics
Service Level	Zero infractions 99.9% of the time.
<i>3 – Billing Exceptions Processing</i>	
Objective	To make certain that all Billing Exceptions are completed in a timely manner.
Definition	A billing exception is a bill condition that is identified and reported as follows: Work requests MMB requests Correspondence Duplicate Transactions - Unpostable Transactions (billing and payment transactions not applied to the customer's account).

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	METHOD
<i>Data Capture</i>	The billing Service Provider service provider will track and report the timeframe for the completion of 100% of all Eligible Billing Exceptions.
<i>Measurement Interval</i>	All Billing Exceptions will be identified and measured as eligible for next billing cycle completion in accordance with the transaction cut-off date specified within the billing schedule and reported on a monthly basis.
<i>Method of Calculation</i>	The total number of eligible billing exceptions completed, divided by the total number of eligible billing exceptions generated, times 100.
	RESPONSIBILITY
<i>Reporting Period</i>	Monthly
<i>Hours of Support</i>	N/A
	SERVICE METRIC
Values	Metrics
<i>Service Level</i>	Turnaround time for completing eligible billing exceptions prior to next billing cycle (as defined in the Method of Calculation) is at least 99.9% of the time.
<i>Criticality Level</i>	Level 3

APPENDIX “G”

MANAGEMENT AND OPERATING REPORTS

Report Name	Report Description	Frequency
Biller Charges Confirmation	A list of all Biller Bill Ready, Rate Ready & Dispute transactions related to the upcoming Billing Period with an associated transaction status (accepted and rejected).	Monthly – Cycle Day 21
List of non-gas accounts created during the month	List of non-gas accounts set up within the Company’s franchise area – Response to Biller’s request to add a non-gas account.	On request
List of backbilled Rate Ready Rental accounts	List of accounts backbilled as a result of resumption of service after a disconnect for non-payment when the account is resumed in the same name – to be developed.	Monthly – Cycle Day 21
Bill Accuracy	Number of accounts reviewed and the number of errors detected.	Monthly – Cycle Day 21
Customer Move Report	List of customer account information i.e. name, account number & service address.	Daily
Customer Updated Information Report	List of changed customer information such as name, account number, mailing address & telephone number.	Monthly
Billed Accounts	EGD will provide a daily report to the Biller detailing all billed amounts by account number as well as a monthly summary.	Daily Monthly – Cycle Day 21
Settlement Report	EGD will provide to the Biller on each Business Day a report detailing all Settlement Amounts in respect of such Business Day’s Related Calculation Day.	Daily
Customer Billing Disputes	List of Biller’s Customer Billing Disputes.	Monthly
Billing Fee Invoice / Reconciliation	EGD will provide the Biller with a Monthly Statement in accordance with Section 4.5 of the Agreement in relation to the Monthly Reconciliation process.	Monthly by Cycle Day 6
Bill Message Infractions	Audit of bill messages and report number of infractions.	Monthly
Billing Exceptions	Report the number of billing exceptions exceeding the turnaround time.	Monthly

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Report Name	Report Description	Frequency
Bill Delivery	Report the number of infractions.	Monthly

APPENDIX “H”
CUSTOMER SERVICES*

Category	Primary Energy Elements	Complementary Elements
1. Heating, Ventilation and Air Conditioning Equipment	➤ Furnaces ➤ Water Heaters (Purchase or Rental) ➤ Boilers and Hydronics ➤ In Floor Radiant Heating ➤ Fireplaces	➤ Indoor Air Quality Equipment ➤ Air Conditioners
2. HVAC Ancillary Equipment		➤ HEPA Filters ➤ HRVs, EPVs ➤ Humidifiers, Electronic Air Cleaners ➤ Thermostats (Programmable)
3. Service Programs	➤ Heating and Air Conditioning Maintenance Programs ➤ Heating and Air Conditioning Service / Protection Plans ➤ Insurance Programs – Lifestyle Products (e.g. Ranges, Dryers, Barbecues, Patio Heaters, Campfires), Payment Protection Plans ➤ Financing Plans for energy products, and energy efficiency related Home Improvement products (windows, doors, roofing and ventilation contributing to energy efficiency)	➤ “Total Home” Protection Plans (covering all appliances, wiring, piping, etc.) ➤ Home Security ➤ Home Improvement ➤ Duct Cleaning
4. Retail “White Goods”	➤ Ranges ➤ Dryers ➤ Barbecues ➤ Pool Heaters ➤ Campfires ➤ Patio Heaters	
5. Demand Side Management (DSM) Programs and Energy Messages	➤ Programs and Services ➤ Energy Efficiency Efforts	
6. Electric Contract Demand Management (CDM) Programs and Energy Messages		➤ Programs and Services ➤ Energy Efficiency Efforts

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7. ENERGY STAR for New Homes and natural gas appliances	➤ Builder New Home category promoted homes and sites with Energy Star labelling with natural gas appliances	

* The products and services set out in the table above are intended to provide general guidelines only. Notwithstanding anything to the contrary set forth elsewhere herein, the Company reserves the right to, at any time, in its sole and absolute discretion, exclude any proposed products or service from the Billing Services. The Company will not provide the Billing Services in relation to promotion of any natural gas commodity product offerings, nor in relation to promotions of products or services that compete with natural gas. The Company may also provide the Billing Services for bundled products and services where the primary focus of such bundled promotion is on natural gas, energy appliance and complementary products or energy efficiency.

APPENDIX "I"

ANNUAL FORECAST – 2008

Biller's 2008 forecast for Service Bills.

Service	July	August	September	October	November	December
Number of Service Bills						

Biller's 2009 forecast for Service Bills:

Service	January	February	March	April	May	June
Number of Service Bills						
Service	July	August	September	October	November	December
Number of Service Bills						

Annual Forecast: ●

TRADE-MARK LICENSE AGREEMENT

THIS AGREEMENT has been entered into as of the • day of March, 2008.

BETWEEN:

[Open Bill Participant], a • [corporation] (the "Licensor")

-and-

Enbridge Gas Distribution Inc., an Ontario corporation (the "Licensee")

WHEREAS:

- A The Licensor is the owner of the Marks (as such term is defined below);
- B The Licensor wishes to license to the Licensee and the Licensee wishes to acquire a license to use the Marks, while at the same time assuring the continuation of the same nature and high quality of the wares and services associated with the Marks, on the conditions and restrictions contained in this Agreement;

NOW THEREFORE, in consideration of the matters hereinbefore mentioned, the mutual covenants and agreements contained herein and for other valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged, the parties hereby agree as set forth below:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions. The following terms and expressions as used in this Agreement shall, for the purposes of this Agreement, have the meanings set forth below.

"Agreement" means this trade-mark license agreement, as amended from time to time;

"Business Day" means a day in which the Licensor's bank is open for business in Toronto;

"Business Purpose" means the purpose of providing billing and collection services and other related customer care activities to the Licensor pursuant to the Open Bill Agreement;

"Designated Geographic Area" means the Province of Ontario;

"Designated Service Provider" means the Licensee's third party subcontractor designated in writing to the Licensor that will be providing the services, described in the Wares and Services, to the Licensor on behalf of the Licensee;

"**Marks**" means the trade-marks and trade names owned by the Licensor as described in the attached Schedule "A" and as may be amended, added to or deleted by the Licensor from time to time in its sole discretion;

"**Open Bill Agreement**" means the Open Bill Access Billing and Collection Services Agreement made as of the • day of March, 2008 between the Licensor and the Licensee, as amended from time to time;

"**Standards**" has the meaning ascribed to it in section 2.5;

"**Trade-mark Specifications**" means the authorized manner of the Licensee's use in commerce of the Marks, including specifications relating to the dimensions, size, colour, markings, type-face and other characteristics of the Marks described in the attached Schedule "B" and as may be amended by the Licensor from time to time in its sole discretion;

"**use**" has the meaning ascribed to it in section 2.1; and

"**Wares and Services**" means the wares and services described in the attached Schedule "C", as may be amended from time to time, in association with which the Marks are used.

1.2 Headings, etc. The division of this Agreement into articles, sections, paragraphs and schedules and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise stated, all references to articles, sections, paragraphs or schedules are to those in or to this Agreement.

1.3 Plurality and Gender. Words importing the singular number only shall include the plural and vice versa. Words importing the masculine gender shall include the feminine gender. Words importing individuals shall include corporations, partnerships, trusts, syndicates, joint ventures, governments, governmental agents and authorities, and vice versa.

1.4 Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the parties hereto irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario in respect of any action or proceeding arising out of or relating to this Agreement. The parties irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such courts of the Province of Ontario. The parties hereto also consent to the service of any process in any such action or proceeding by the mailing of copies of such process to the relevant party at the address specified in section 3.1. The parties agree that a final judgment in any such action or proceeding after all appeals are exhausted shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

ARTICLE 2

GRANT OF LICENSE

2.1 Grant of License. Subject to the terms and conditions in this Agreement, the Licensor hereby grants to the Licensee a non-exclusive, non-transferable, royalty-free license and right to use, which includes advertising or displaying, (hereinafter, "**use**") the Marks only in connection

with the Wares and Services for the Business Purpose for only so long as the Licensee is in compliance with all terms, covenants and provisions hereinafter contained or until this Agreement expires or terminates.

2.2 Sub-license: The Licensor hereby grants to the Licensee the right to sub-license the use of the Marks in accordance with the terms and conditions of this Agreement to the Designated Service Provider strictly and as necessary in connection with the provision of those services by the Designated Service Provider on behalf of the Licensee to the Licensor as set out the Open Bill Agreement. The Licensee shall remain responsible for the compliance by the Designated Service Provider of the applicable terms of this Agreement. The Licensee shall not otherwise re-license, or sub-license the use of the Marks to any third person without the Licensor's prior written consent.

2.3 Use of Marks. The Licensee acknowledges and agrees that:

- (a) the Licensee (and, if applicable, the Designated Service Provider under the sub-license contemplated by section 2.2), shall only use the Marks within the Designated Geographic Area and in connection with the Wares and Services for the Business Purpose and shall at all times only use the Marks in accordance with the instructions, standards of quality and Trade-mark Specifications, and as otherwise determined and approved by the Licensor from time to time at its sole discretion;
- (b) it shall place upon all advertising, promotional and business material and packaging materials relating to the Wares and Services, and any and all other materials or things featuring or depicting the Marks, such trade-marks, trade-names, corporate names, colours and other markings as the Licensor may request from time to time;
- (c) it shall ensure that all materials or things featuring or depicting the Marks as described in paragraph 2.3(b) are marked by legal notices containing the words that the Marks are used under license from the Licensor, as is further described in the attached Schedule "B", or by other words to similar effect, and unless otherwise instructed by the Licensor, that the Marks are owned by the Licensor;
- (d) it shall provide the Licensor with examples of all uses of the Marks on any item or thing of the type referred to in paragraphs 2.3(b) and 2.3(c) and the Licensor shall be provided with seven (7) days after receipt to object to any such use;
- (e) its use of the Marks shall be in accordance with the Trade-mark Specifications and in accordance with the Standards;
- (f) the Licensee, or the Designated Service Provider, as the case may be, shall not use the Marks in any manner calculated to represent the Licensee, or the Designated Service Provider, as the case may be, as the owner of the Marks; and
- (g) it will not dispute or contest, directly or indirectly, the validity or enforceability of the Marks, nor counsel, procure or assist anyone else to do the same, unless

compelled by due process of law; nor directly or indirectly attempt to dilute the value of the goodwill attached to the Marks, nor counsel, procure or assist anyone else to do the same, unless compelled by due process of law.

2.4 Interest in Marks. The Licensee acknowledges and agrees and the Licenser represents and warrants that the Licenser possesses the absolute and exclusive proprietary rights in and to the Marks and any variations or modifications thereof, as well as in and to the validity of any and all applications and registrations thereof. The Licensee acknowledges and agrees that it does not acquire any right, title or interest in or to the Marks and any variations or modifications thereof or any other trade-mark or trade-name of the Licenser except as provided for herein. The Licensee shall not, without the prior written consent of the Licenser, either directly or indirectly (i) register or otherwise make any claim to ownership of a trade-mark, trade-name or corporate name, which includes, wholly or partially, any of the Marks, or which is confusingly similar thereto, or (ii) contest or challenge directly or indirectly the validity of the Marks or the Licenser's ownership of the Marks.

2.5 Quality and Standards; Inspection. The Licensee shall use the Marks only in association with the Wares and Services that conform in nature and quality with the standards and specifications (the "**Standards**") established and provided to the Licensee by the Licenser from time to time. The Licensee shall furnish upon request by the Licenser, and the Licenser's duly authorized representative shall have the right acting reasonably, on reasonable notice, to enter the premises of the Licensee or the Designated Service Provider, as the case may be, during regular business hours and subject to such commercially reasonable security policies of the Licensee or the Designated Service Provider, as applicable, in order to inspect all advertising, promotional, business, packaging or display material, documents, records, and any and all other materials or things featuring or depicting the Marks, so as to ensure that the Trade-mark Specifications are respected and maintained and to observe the quality and performance of the Wares and Services, respectively, so as to ensure that the Standards are respected and maintained.

2.6 Modifications. The Licensee agrees to obtain the prior written consent of the Licenser to any change in the Licensee's use of the Marks in any and all materials or things, including advertising, promotional and business materials, featuring the Marks. Approval by the Licenser shall not constitute waiver of the Licenser's rights or the duties and obligations of the Licensee under any provision of this Agreement.

2.7 Goodwill. The Licensee further acknowledges that the goodwill associated with the Marks is and will remain the absolute and exclusive property of the Licenser and that the Licensee will derive no benefit from such goodwill. Any enhancement of such goodwill during the term of this Agreement as a result of efforts by the Licensee to improve the goodwill will enure to the exclusive benefit of the Licenser and no value shall be attributable to any goodwill acquired or enjoyed by the Licensee pursuant to this Agreement.

2.8 Maintenance of Marks. The Licenser agrees that it shall use all reasonable commercial efforts to maintain any applications or registrations of the Marks in Canada in full force and effect.

2.9 Preservation of Marks. At the Licensor's cost and expense, the Licensee agrees to, using commercially reasonable efforts, cooperate, in good faith, with the Licensor for the purpose of securing and preserving the Licensor's rights in and to the Marks. The Licensee further agrees that it shall use commercially reasonable efforts not to do or suffer to be done any act or thing which could in any way jeopardize or impair or adversely affect the Licensor's right, title and interest in and to the Marks or any and all applications and registrations thereof, including any act or omission which might result in the impairment of the Wares and Services or of the goodwill and business reputation associated with the Marks.

2.10 Registration Amendments. In the event that any application or registration of the Marks is abandoned, amended or expunged, the Licensee agrees that this Agreement shall nevertheless remain in full force and effect and that all provisions hereof relating to the licensing and use of the Marks shall apply with the same force and effect to the Marks or whatever alternate trade-marks or trade names may be licensed by the Licensor to the Licensee.

2.11 Legal Proceedings.

- (a) In the event of infringement, dilution or impairment of any of the Marks or of the goodwill associated therewith, the Licensor shall have the sole and exclusive right, at its option and discretion and with legal counsel of its choice, to take such action as it deems necessary, proper and justified under the circumstances, including the prosecution of infringers, at its cost and expense;
- (b) The Licensee agrees to use commercially reasonable efforts to cooperate, at the Licensor's cost and expense, with the Licensor in any action brought by the Licensor against third parties relating to the Marks or the goodwill associated with the Marks, including joining therein as party plaintiff; and
- (c) The Licensor shall have no responsibility for any loss, cost, damage or expense incurred by the Licensee as a result of any failure, inability, or delay by the Licensor in taking any action with respect to any infringement, dilution or impairment of the Marks, or because of the failure of any such action or proceeding.

2.12 Termination.

- (a) In the event the Licensee, and, if applicable, the Designated Service Provider, shall, at any time, fail to abide by the conditions of this Agreement, the Licensor shall have the right to notify the Licensee of such default and of its intention to terminate this Agreement unless such default is corrected or substantially remedied within 30 days from the date of the Licensee's receipt of such notice. If such default is not corrected within the aforementioned time period, the Licensor shall be entitled without prejudice to any of its other rights conferred by this Agreement at any time thereafter by sending a written notice of termination to the Licensee, in which case such termination shall take effect immediately upon receipt of such notice by the Licensee.

- (b) This Agreement may be terminated by the Licensor immediately by providing written notice to the Licensee in the event that the Licensee ceases to operate or if any license or permit required for the Licensee's normal operations is cancelled or revoked, in the event that the Licensee is placed into bankruptcy or receivership or if the Open Bill Agreement terminates or expires.

2.13 Rights Upon Termination.

- (a) Upon termination or expiration of the license granted herein, the Licensee, and the Designated Service Provider, if applicable, and the officers, directors, shareholders, employees, and agents of the Licensee, shall immediately discontinue use of the Marks and shall immediately and at no cost to the Licensor cease to produce and distribute and remove the Marks from any and all advertising, promotional, business, display and packaging materials and other materials or things, which feature or depict the Marks or trade-names similar thereto.
- (b) If, within 30 days of the giving of the notice of termination, the Licensee fails to remove the Marks or trade-names in the manner provided for in paragraph 2.13(a), the Licensor or its duly authorized representative may enter upon the premises of the Licensee and remove all signs, designs, inventory, advertising and promotional display materials, business supplies, printed paper products, containers, wrapping material and any and all other material or things which feature or depict the Marks, other trade-marks authorized by the Licensor from time to time, or any trade-marks or designs that resemble such Marks and the Licensee shall, on demand, pay the Licensor all costs incurred by the Licensor to effect such removal.
- (c) The Licensee releases the Licensor of and from any claim for loss, cost, damage and expense that the Licensee may have or allegedly have as a result of any act or omission by the Licensor or its agents or representatives in exercising its rights in this Agreement.

2.14 Effect of Termination. The Licensee hereby agrees that its use of the Marks shall enure to the benefit of the Licensor and that any right, title or interest in the Marks that may have vested in the Licensee by virtue of any use the Licensee may make of the Marks by operation of law or otherwise, shall be held by the Licensee in trust for the Licensor. The Licensee agrees that at the termination of this Agreement, the Licensee shall be deemed to have assigned, transferred and conveyed to the Licensor any and all rights, equities, goodwill, title or other rights in and to the Marks which may have vested in the Licensee by virtue of the Licensee's use of the Marks in pursuance of any endeavours covered hereby by operation of law or otherwise, and that the Licensee will execute any instruments requested by the Licensor to accomplish or confirm the foregoing. Any such assignment, transfer or conveyance shall be without other consideration other than the mutual covenants and considerations of this Agreement.

2.15 Exclusivity.

- (a) The Licensee shall use no other trade-mark or trade-name in connection with the Wares and Services for the Business Purpose except:
 - (i) the Marks for the purposes of section 2.2; and
 - (ii) as may otherwise be authorized in writing by the Licensor.
- (b) For certainty, the Licensor acknowledges and agrees that the provisions of 2.15(a) shall not limit the Licensee's ability to use its own trade-marks or trade-names or the trade-marks or trade-name of a third party in connection with the provision by the Licensee of similar services, as described in the Wares and Services, on its own behalf or on behalf of a third party.

2.16 Indemnity for Liability.

- (a) The Licensee will indemnify, defend and hold harmless the Licensor and its directors, officers, employees from and against any and all claims, demands, liabilities, causes of action, judgments, awards, penalties, fines, assessments, impositions, damages, costs and expenses, including, without limitation, reasonable legal fees and disbursements that may be suffered or incurred by or claimed against any such indemnified party as a result of any unauthorized use of any of the Marks by the Licensee and the Designated Service Provider.
- (b) The Licensor will indemnify, defend and hold harmless the Licensee and its directors, officers, employees from and against any and all claims, demands, liabilities, causes of action, judgments, awards, penalties, fines, assessments, impositions, damages, costs and expenses, including, without limitation, reasonable legal fees and disbursements that may be suffered or incurred by or claimed against any such indemnified party brought by a third party that the Licensee's use of the Marks infringes the intellectual property rights of such third party provided: (i) the Marks have not been altered, changed or modified by the Licensee in any way; (ii) the claim does not arise from the Licensee's use of the Marks in violation of any of the terms of this Agreement; (iii) the Licensee notifies the Licensor within ten (10) days of receipt of the claim; (iv) the Licensor has sole control of the defense and all related settlement negotiations and (v) at Licensor's cost, the Licensee provides the Licensor with commercially reasonable assistance and information necessary or advisable to perform the above.

ARTICLE 3

NOTICES

3.1 Notices. Any notices or other communications required or given under this Agreement shall be in writing, and shall be effectively given by personal service or delivery or if telecopied to the following addresses, respectively:

(i) in the case of the Licensee, to it at:

Enbridge Gas Distribution Inc.
500 Consumers Road
North York, ON M2J 1P8
Fax Number: (416) 495-5657
Attention: Mike Mees

With a copy to:

Enbridge Gas Distribution Inc.
Associate General Counsel
Fax Number: (416) 495-6334
Attention: Mark Boyce

(ii) in the case of the Licensor, to it at:

•

or to such other address or in care of such other offices as a party may from time to time advise to the other party by notice in writing.

The date of receipt of any such notice, demand, request, consent, agreement or approval or other communication shall be deemed to be the date of such personal service or delivery, or if sent by telecopy or other means of rapid electronic written communication, the date of transmission, provided that, if any such notice, demand, request, consent, agreement or approval or other communication is delivered after 4:00 p.m. (local time) or if such day is not a Business Day, then the date of receipt shall be deemed to be the next Business Day following the day of delivery.

ARTICLE 4

MISCELLANEOUS

4.1 No Agency or Partnership. Nothing contained herein or done hereunder shall be construed as constituting either party the agent of the other in any sense of the word whatsoever or as constituting a partnership between the parties. The Licensee shall ensure that neither it nor any of its directors, officers or employees represent to any third party that it or they are servants, agents or partners of the Licensor or has any authority to bind or obligate the Licensor in any manner.

4.2 Enurement. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their successors, legal representatives and permitted assigns.

4.3 Severability. In case any provision in this Agreement shall be prohibited, invalid, illegal or unenforceable in any jurisdiction in Canada, such provision shall be ineffective only to the extent of such prohibition, invalidity, illegality or unenforceability in such jurisdiction without affecting or impairing the validity, legality or enforceability of the remaining provisions hereof. Such prohibition, invalidity, illegality or unenforceability shall not affect or impair such provision in any other jurisdiction in Canada.

4.4 Further Assurances. Each of the parties hereto shall, at the request and expense of any other party hereto so requesting, execute and deliver such further or additional documents and instruments as may reasonably be considered necessary or desirable to properly reflect and carry out the true intent and meaning of this Agreement.

4.5 Survival. The representations, warranties, covenants and agreements made by the parties each to the others in or pursuant to this Agreement shall survive the closing of the transactions herein provided for.

4.6 Time of Essence. Time shall be of the essence of this Agreement.

4.7 Waiver. No failure by any party hereto to insist in any one or more instances upon the strict performance of any one of the covenants contained herein, and no custom or practice of the parties in variance with the terms hereof shall be construed as a waiver or relinquishment of such covenant. No waiver by any party hereto of any such covenant shall be deemed to have been made unless expressed in writing and signed by the waiving party.

4.8 Amendment. No term or provision hereof may be changed, discharged or terminated except as contemplated in the definition of "Marks" and "Trade-mark Specifications" as set out in section 1.1 or by an instrument in writing signed by each party to this Agreement.

4.9 Assignment. Except as otherwise provided herein, the license granted herein and the rights and obligations in this Agreement shall not be assigned, transferred or sublicensed, in whole or part, to any third party by the Licensee without the prior written consent of the Licensor, which consent may be unreasonably withheld.

4.10 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of the Agreement and supersedes any and all written or oral contracts, arrangements, communications or agreements, including any prior contracts between the parties or their predecessors.

[the remainder of this page is intentionally left blank; the next page is the signing page]

- 10 -

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed and delivered under seal by their duly authorized officers as of the date first written above.

•

By: _____

Name:

Title:

Enbridge Gas Distribution Inc.

By: _____

Name: Mark Boyce

Title: Associate General Counsel &
Corporate Secretary

By: _____

Name: Byron Neiles

Title: Vice President
Customer, Regulatory & Public Affairs

SCHEDULE A

Trade-marks (Registrations/Applications) and Trade-Names of Licensor

TRADEMARK	REGISTRATION /SERIAL #

TRADEMARK	REGISTRATION /SERIAL #

TRADE NAMES (ONTARIO REGISTRATIONS)

SCHEDULE B Trade-mark Specifications

These specifications are provided in order to ensure consistency in the use of the trade-marks owned by **[Open Bill Participant]** (the “**Biller**”). The Biller may amend these specifications from time to time at its sole discretion.

Word Marks

When placing advertisements, printing brochures or stationary, preparing signage or developing any materials (“**Materials**”) that will be visible or circulated to the public, the Biller’s word marks should always be distinguished from the text they are combined in. Word marks should be printed in colour or in capital or larger size letters, italics, bold face, underlined, or placed in quotation marks.

The following chart indicates examples of acceptable uses of the Biller’s word marks.

Word Mark	Acceptable Uses
●	●

Symbol ® or ™

The symbol ® or ™ must be used together with the trade-mark. The symbol ® applies in the case of a registered trade-mark of the Biller. The symbol ™ applies in the case of an unregistered trade-mark and indicates that the Biller regards its trade-mark as a trade-mark and that it claims exclusive rights to it. For example:

[Open Bill Participant]®
*™

Trade-mark Notices

In the case of a registered trade-mark, the following legend should be used on Materials:

- is a registered trade-mark of ●.

In the case of an unregistered trade-mark, the following notice is required on Materials:

- is a registered trade-mark of ●.

Trade-mark Licenses

All licensees are required to affix the following notice on Materials:

- is a (registered) trade-mark of ●, used under license ●.

SCHEDULE C

WARES AND SERVICES

1. Preparation and delivery of customer billing statements by the Licensee on behalf of the Licensor.
2. The Licensee may consolidate billings for Enbridge Gas Distribution Inc. with the Licensor's billing statements rendered during the period co-terminous with the term of the current Open Bill Agreement.
3. Preparation and distribution of written or electronic communications to customers of the Licensor that are directly related to the billing and collection services provided by the Licensee to the Licensor under the Open Bill Agreement.



Ipsos Reid



Bill Insert Research 2008

Draft Report

Confidential: For internal Enbridge Gas Distribution use only

CR-498



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Objectives and Methodology

- Ipsos Reid was commissioned by Enbridge Gas Distribution to conduct quantitative research among residential customers to gauge understanding of safety messages, rate notices and third party bill inserts.
- The objectives of this research were to:
 - Determine if there is confusion about the bill inserts inside the Enbridge envelope
 - Determine if customers believe that a third party bill insert inside the Enbridge envelope is an "endorsement" of the product or service being promoted.
 - Assess whether customers do look to Enbridge for information, support, and direction.
 - Assess whether customers are able to differentiate the difference between safety messages, rate information, and product and service promotion
- An online survey of 879 Enbridge customers was conducted between September 4 and 10, 2008. Respondents were screened to ensure they were Enbridge customers bill payers and at least occasional bill insert readers. An even distribution of sample across the four Enbridge regions was used to allow for analysis at a regional level. Final results were weighted by actual regional distribution.

Key Findings

Awareness and General Impressions

- Overall, a majority of customers are clear on the sponsors and content of bill inserts, with at least seven in ten correctly identifying the bill inserts.
 - Slightly less clarity on Pipeline and OPA rebate insert
- A majority of customers feel the safety information is the most important insert in the bill and regularly check to see if there is a rate notice included in their bill.
- Half of customers agreed that third party inserts “give me helpful information on products and services.”
- Most customers say that including third party inserts in the bill has had no impact on their overall impression of Enbridge.
- Most residents are clear that Enbridge is not affiliated with the third parties whose inserts are in the bill, but half believe that Enbridge endorses the products/services in the inserts.

Key Findings (cont'd)

Third Party Insert and Blackout Period

- A clear majority of customers had not noticed the blackout period prior to the survey, however, nearly two thirds of customers feel that they would be more likely to look at safety inserts and rate notices if they were *not* included with third party inserts, since keeping them separate would draw attention to them.
- Just over one quarter of customers support including 3rd party inserts with safety messages and rate notices. Those 18-34 are more likely to be supportive than those 35-54 or 55+.
- Seven in ten customers feel it is important to keep safety messages and rates notices separate from 3rd party inserts, with two thirds of customers agreeing that safety messages and rate notices are at risk of getting lost when included with 3rd party inserts.

Key Findings (cont'd)

Third Party Inserts and Blackout Period: Regional and Age Differences

% of Interviewed Customers	Total	Toronto	Central	Eastern	Niagara	18-34	35-54	55+
Awareness of Blackout Period								
Yes	15	16	15	13	18	23	13	14
Increase in Likelihood to Look at Safety Messages and Rate notices without Inclusion of 3rd Party Inserts								
% More Likely	64	66	64	64	64	61	63	67
Support for Inclusion of 3rd Party Inserts with Safety Messages and Rate Notices								
% Supportive	27	34	23	27	29	40	26	24
Statement Closest to Your own Position								
Enbridge should keep safety messages and rate notices separate from 3 rd party bill inserts to draw attention to them	64	62	67	61	62	73	66	60
It doesn't matter if Enbridge include 3 rd party bill inserts with the safety messages and rate notices. I will notice the safety messages and rate notices anyway.	36	38	33	39	38	27	35	40
Importance of keeping Safety Messages and Rate Notices Separate from 3rd Party Inserts								
% Important	71	68	72	73	66	74	70	70
Risk of Loss of Safety Messages and Rate Notices when Included with 3rd Party Bill Inserts								
% Yes	66	63	68	64	62	75	66	61

Recommendations

- Overall, there is little support among the customer base for eliminating the blackout period. If Enbridge were to pursue inclusion of 3rd party bill inserts during the blackout period, great care would need to be taken to ensure the safety messages and rate notices are not lost in the shuffle as this is clearly a concern for most customers.
- Most customers are able to recognize which inserts are from Enbridge and which are 3rd party, though some confusion still exists, particularly around endorsing the products/services included in the bill. Messaging around endorsement and affiliation could be helpful to alleviate continued confusion on the role of Enbridge.
- Customers who are 18-34 are clear that they feel rate notices and safety messages should be kept separate from 3rd party inserts and are at risk of getting lost otherwise. However, they are more likely to show some support for inclusion as they likely value the 3rd party inserts, do not want to see them discontinued, and though may not feel at risk of missing the message personally could see it being a concern for other customers.

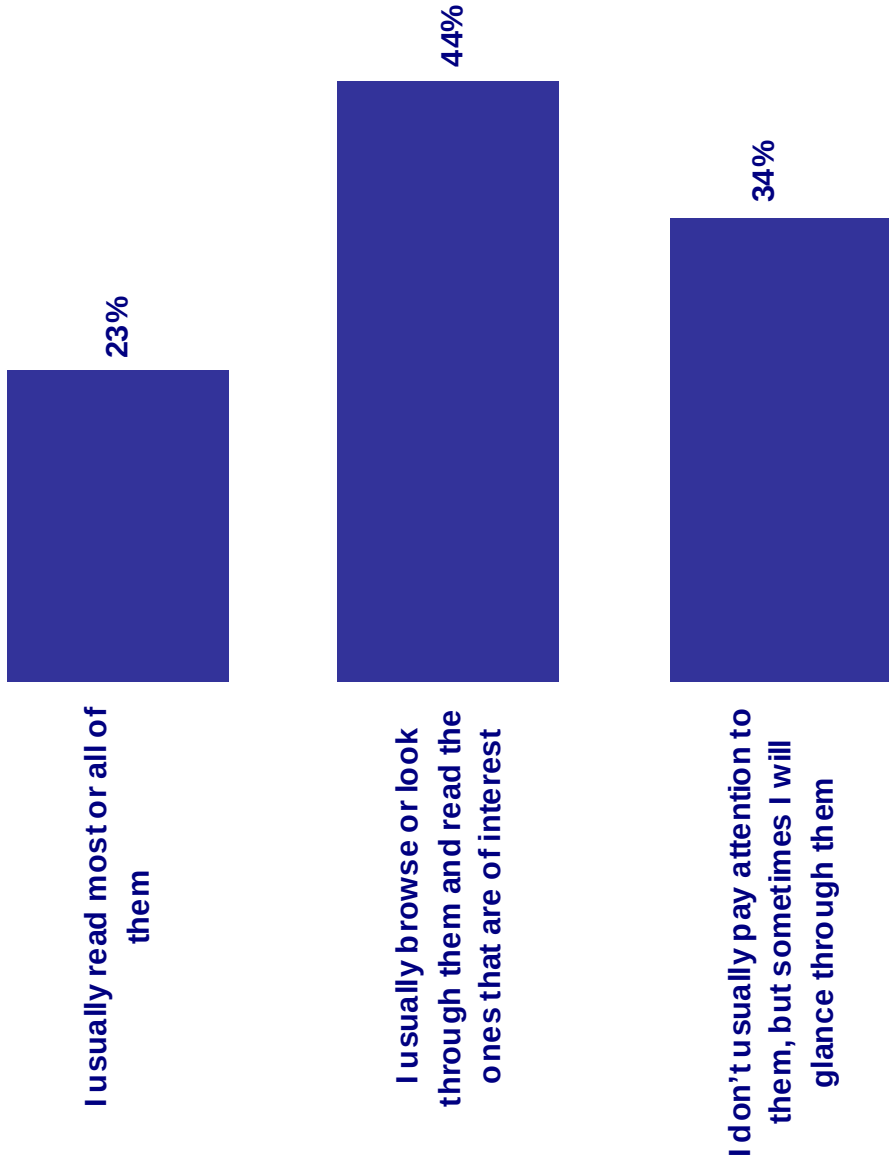
Bill Insert Readership and Behaviour





Bill Insert Readership

For the purposes of this study, only customers who at least glance at the bill inserts were included in the survey. The largest proportion (44%) of customers usually browse or look through the inserts, reading the ones of interest. Nearly one quarter (23%) usually read most or all of them. Customers 18-34 are split on their readership habits, while those 35-54 lean towards occasional readership and those 55+ lean towards regular readership.

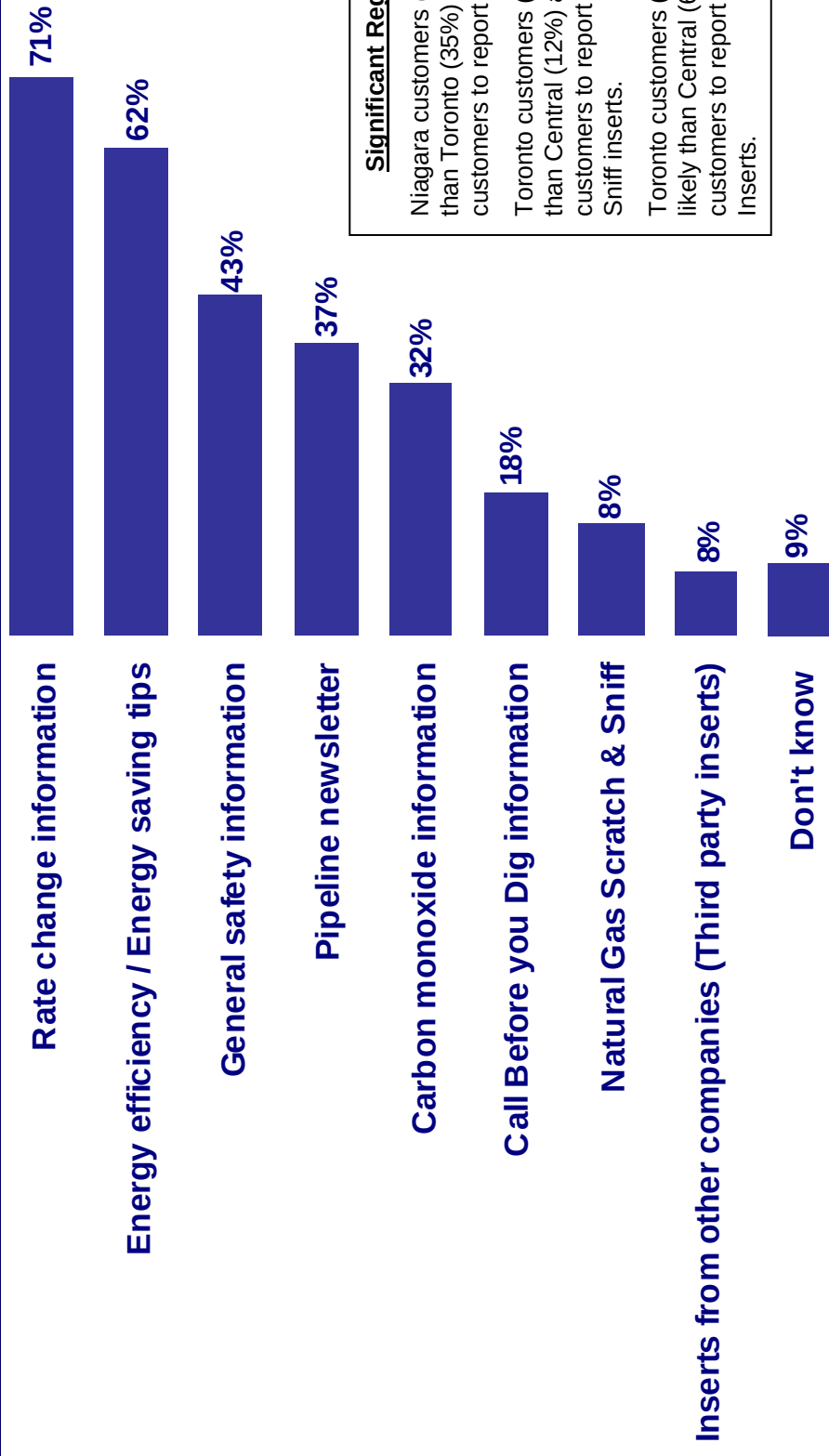


Significant Regional Differences
There are no regional differences



Bill Inserts Read

A majority of customers say they usually read rate change information (71%) and energy efficiency/energy savings tips (62%). Only 8% of customers say they read third party inserts. Generally, readership increases with age.



Significant Regional Differences

Niagara customers (46%) are more likely than Toronto (35%) and Eastern (32%) customers to report reading Pipeline.

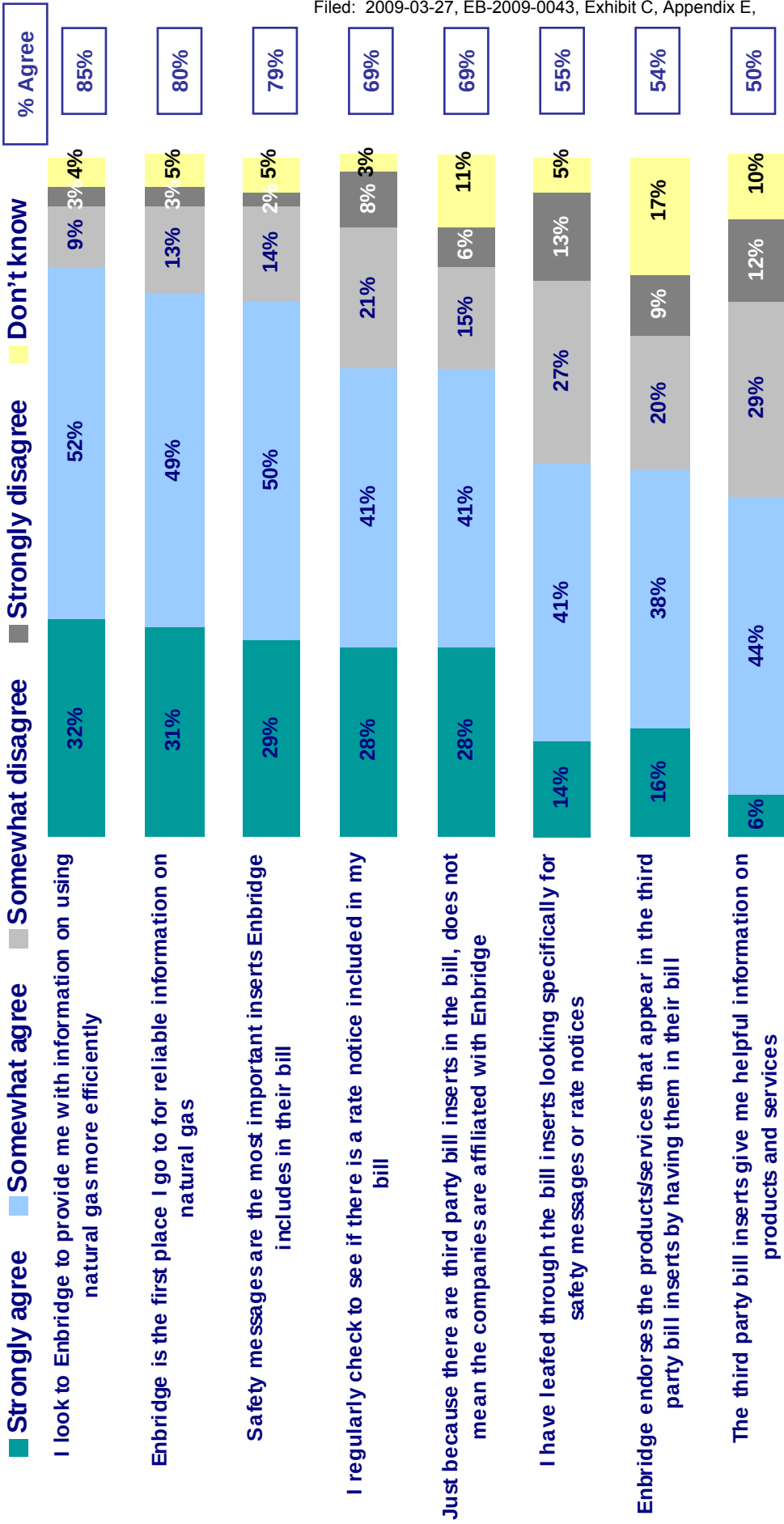
Toronto customers (20%) are more likely than Central (12%) and Eastern (8%) customers to report reading the Scratch & Sniff inserts.

Toronto customers (14%) are also more likely than Central (6%) and Eastern (7%) customers to report reading Third Party Inserts.



Agreement with Statements on Bill Inserts

Customers appear somewhat unsure on 3rd party insert issues, with half agreeing that they provide helpful information, and just over half (54%) believing that Enbridge endorses the products/services in the 3rd party inserts. However, seven in ten (69%) customers agree that having 3rd party inserts does not mean Enbridge is affiliated with the companies.



Filed: 2009-03-27, EB-2009-0043, Exhibit C, Appendix E,



Agreement with Statements By Region

Niagara region customers are more likely than customers in other regions to regularly check for rate notices. Niagara customers are also more aware that the companies providing the third party inserts are not affiliated with Enbridge, and are more likely to agree that third party inserts provide helpful information on products and services.

		REGION				
Top 2 Box %	Total	Toronto	Central	Eastern	Niagara	
I look to Enbridge to provide me with information on using natural gas more efficiently	85%	81%	86%	87%	85%	
Enbridge is the first place I go to for reliable information on natural gas	80%	78%	82%	76%	82%	
Safety messages are the most important inserts Enbridge includes in their bill	79%	76%	81%	78%	76%	
I regularly check to see if there is a rate notice included in my bill	69%	69%	66%	72%	75%	
Just because there are third party bill inserts in the bill, does not mean the companies are affiliated with Enbridge	69%	68%	68%	68%	77%	
I have leafed through the bill inserts looking specifically for safety messages or rate notices	55%	59%	50%	60%	59%	
Enbridge endorses the products/services that appear in the third party bill inserts by having them in their bill	54%	62%	51%	53%	52%	
The third party bill inserts give me helpful information on products and services	50%	56%	44%	53%	60%	



Bill Insert Examples Tested



Insert 1 – April Call Before you Dig

A clear majority (90%) of residents are aware that this insert is a safety insert from Enbridge.



Significant Regional Differences

There are no regional differences



Call before you dig. It's the law!



Safety Starts With You

Call before you dig! Contact Ontario One Call: www.on1call.com

Safe Digging Tips:

- ✓ Plan ahead. Contact Ontario One Call at least one week before starting your project to provide the time to locate and mark underground utilities.
- ✓ Know the rules. Have your digging permit and marking without locating and identifying the underground network of pipes and cables.
- ✓ Be prepared. You will need to let Ontario One Call know:
 - What you are digging
 - Why and how you plan to dig
 - How you will protect your area
- ✓ Plan ahead. Contact Ontario One Call at least one week before starting your project to provide the time to locate and mark underground utilities.
- ✓ Know the rules. Have your digging permit and marking without locating and identifying the underground network of pipes and cables.
- ✓ Be prepared. You will need to let Ontario One Call know:
 - What you are digging
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- ✓ Know the rules. Have your digging permit and marking without locating and identifying the underground network of pipes and cables.
- ✓ Be prepared. You will need to let Ontario One Call know:
 - What you are digging
 - Why and how you plan to dig
 - How you will protect your area

Call before you dig. It's the law!

IMPORTANT SAFETY INFORMATION

Ontario One Call to:
✓ A free locating service
✓ Available seven days a week,
24 hours a day
✓ A call centre that notifies its members about your planned digging activities

1-800-400-2255

A list of Ontario One Call members, online requests and additional information is available at www.on1call.com





Price update notice from Enbridge

Newsletter from Enbridge

Safety tips from Enbridge

Pricing information from a company other than Enbridge

Savings information from a company other than Enbridge

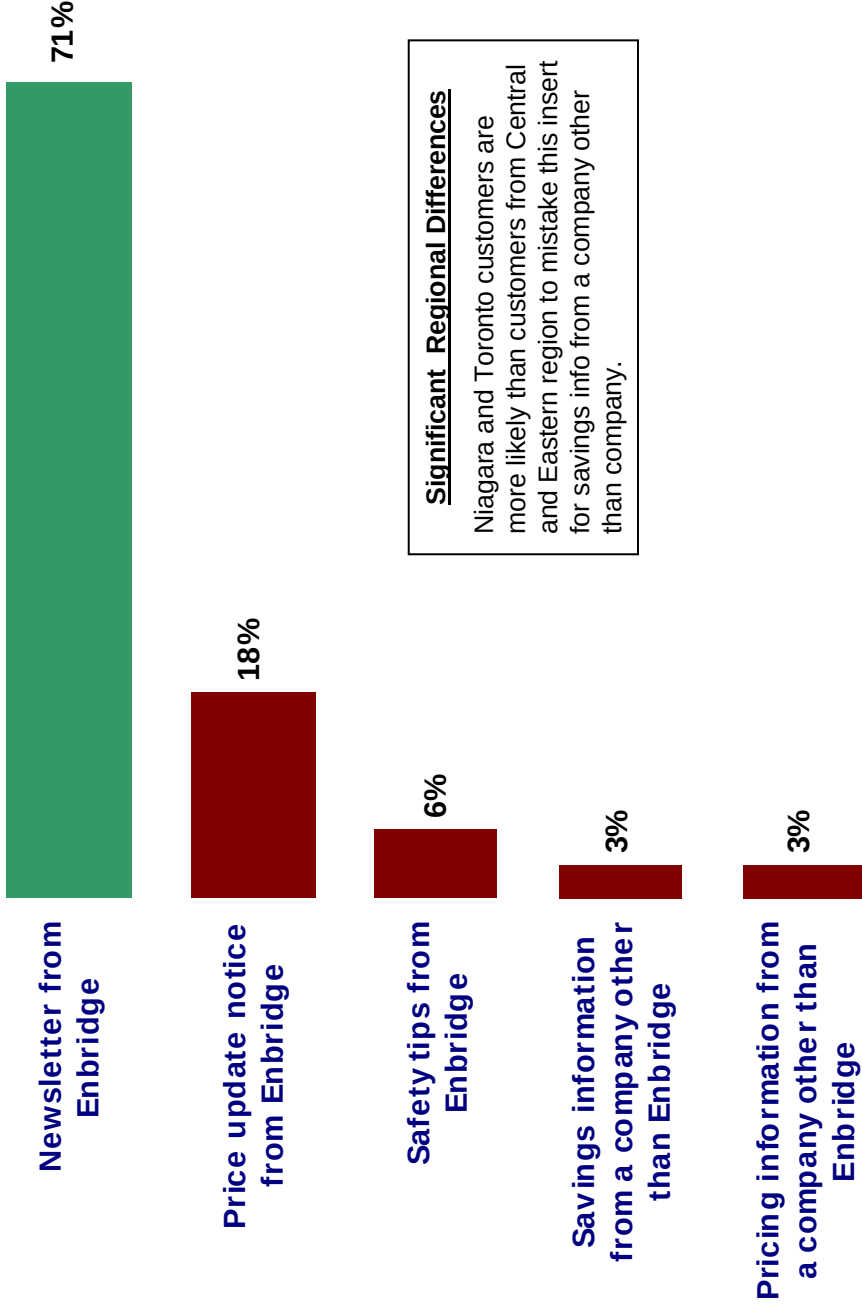
1%





Insert 3 – June Pipeline newsletter

A smaller majority of customers (71%) were able to correctly identify this insert as an Enbridge newsletter.



Q7. Here are four different bill inserts that you might see in an Enbridge bill. Please indicate which description best fits the bill insert shown?



**Savings information from
a company other than
Enbridge**

Newsletter from Enbridge

**Pricing information from
a company other than
Enbridge**

**Pricing information from
a company other than
Enbridge**

**Price update notice from
Enbridge**

Toronto customers (73%) are more likely than Niagara customers (62%) to respond correctly.

Safety tips from Enbridge

4%

Q7. Here are four different bill inserts that you might see in an Enbridge bill. Please indicate which description best fits the bill insert shown?

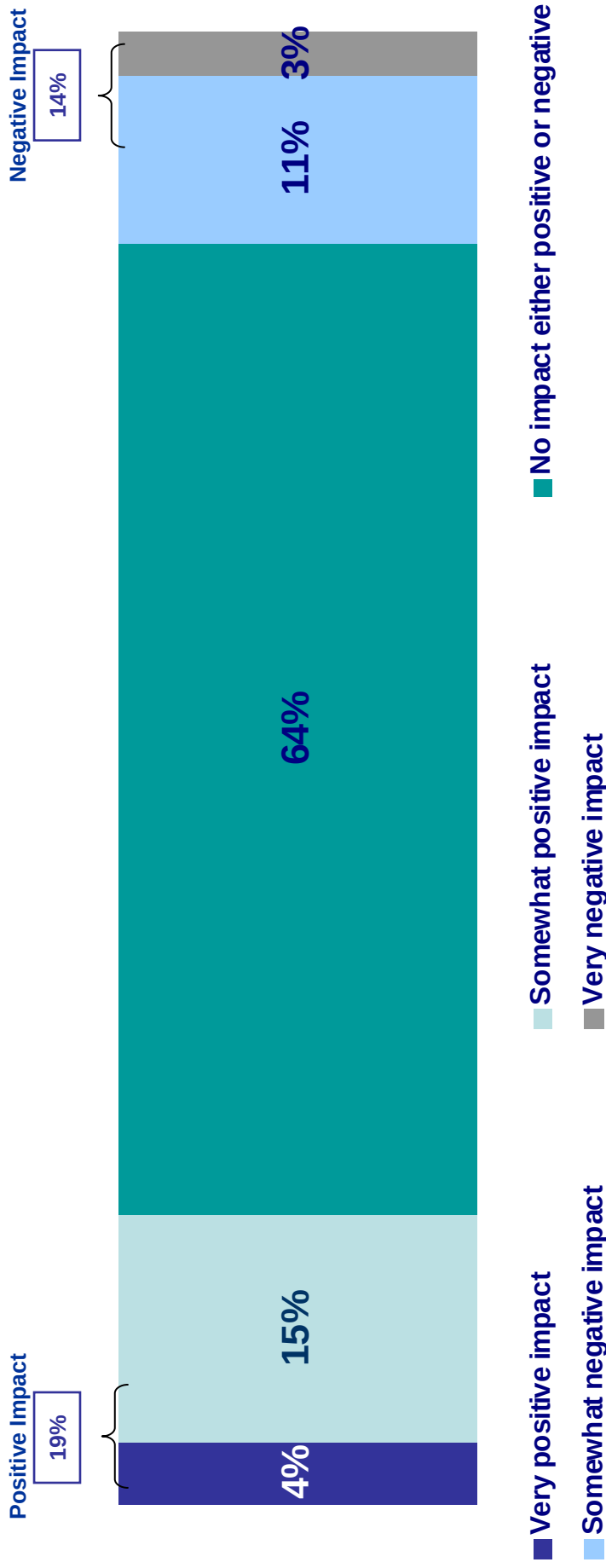


Third Party Inserts and Blackout Period



Impact of Third Party Inserts on Impression of Enbridge

The inclusion of 3rd party inserts has had no impact on the impression of Enbridge for the majority (64%) of customers. Two in ten (19%) say it has had a positive impact, while 14% say it has had a negative impact on their overall impression of Enbridge.



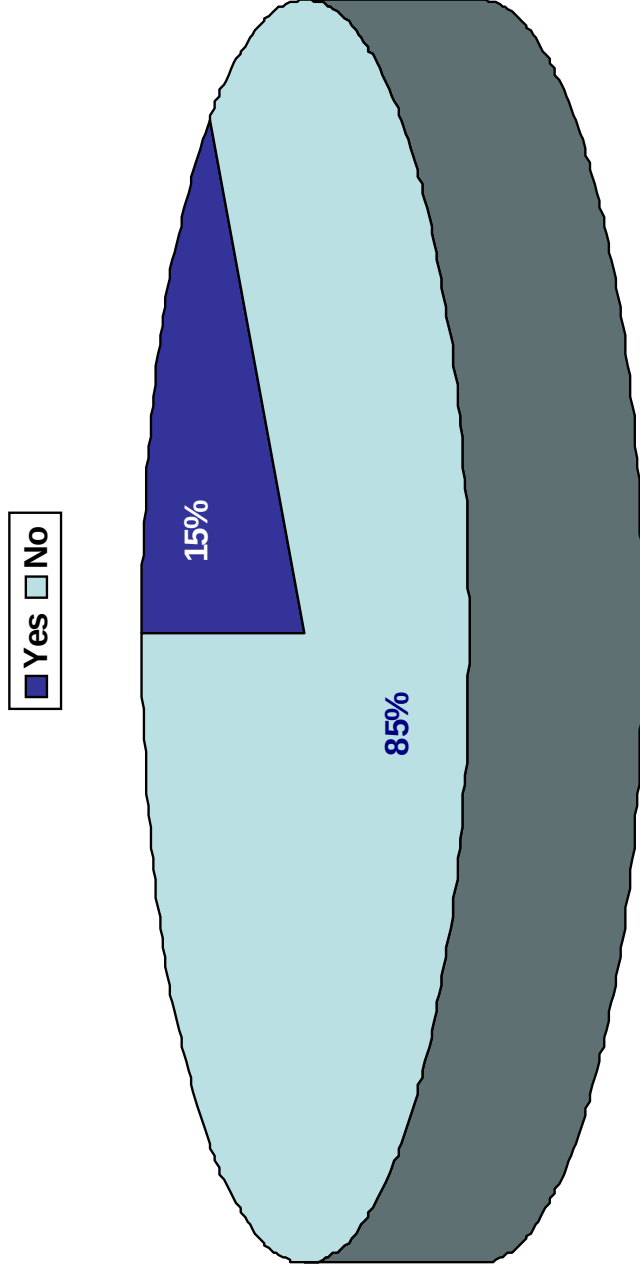
Significant Differences

Those 18-34 (8%) are more likely to say the third party inserts have a very positive impact than those 35-54 (3%) and 55+ (3%).



Awareness of Blackout Period

The clear majority of customers had not noticed that rate notices or safety messages are not included at the same time as third party inserts. Customers who are 18-34 are significantly more likely to say they have noticed this than those 35-54 or 55+.



Significant Differences

Those 18-34 (23%) are more likely to say they have noticed the blackout period than those 35-54 (13%) and 55+ (14%).

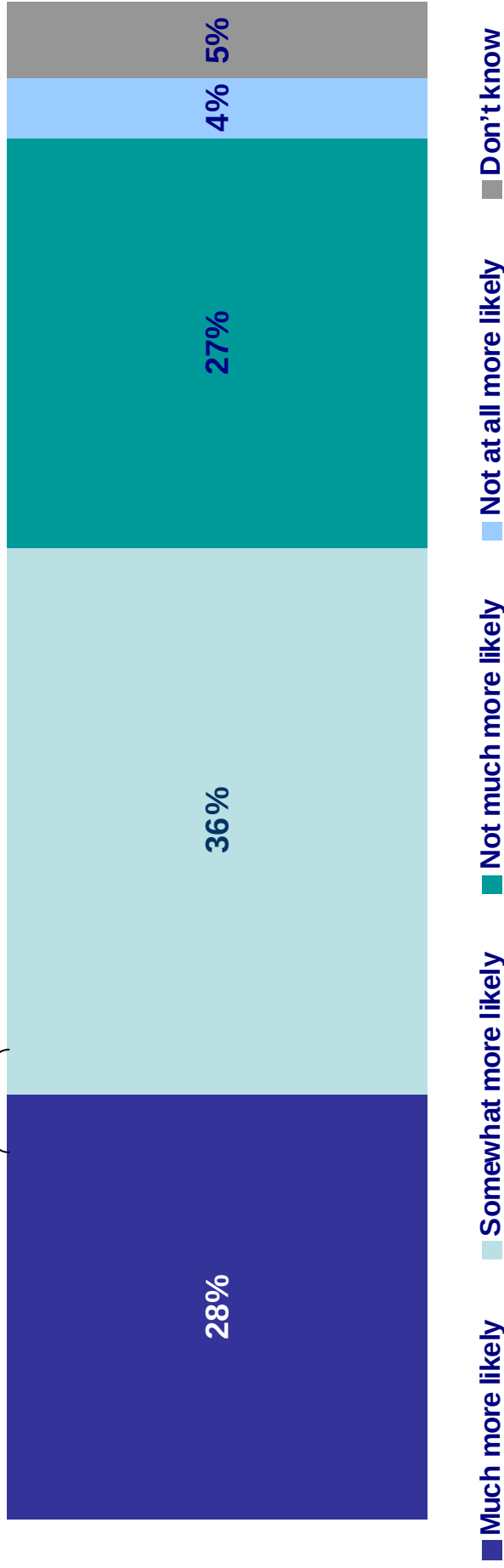


Likelihood to Look at Safety and Rate Notices without Third Party Inserts

Nearly two thirds of customers (64%) say they are more likely to view the safety inserts and rate notices if they are in the bill on their own without third party inserts.

More Likely

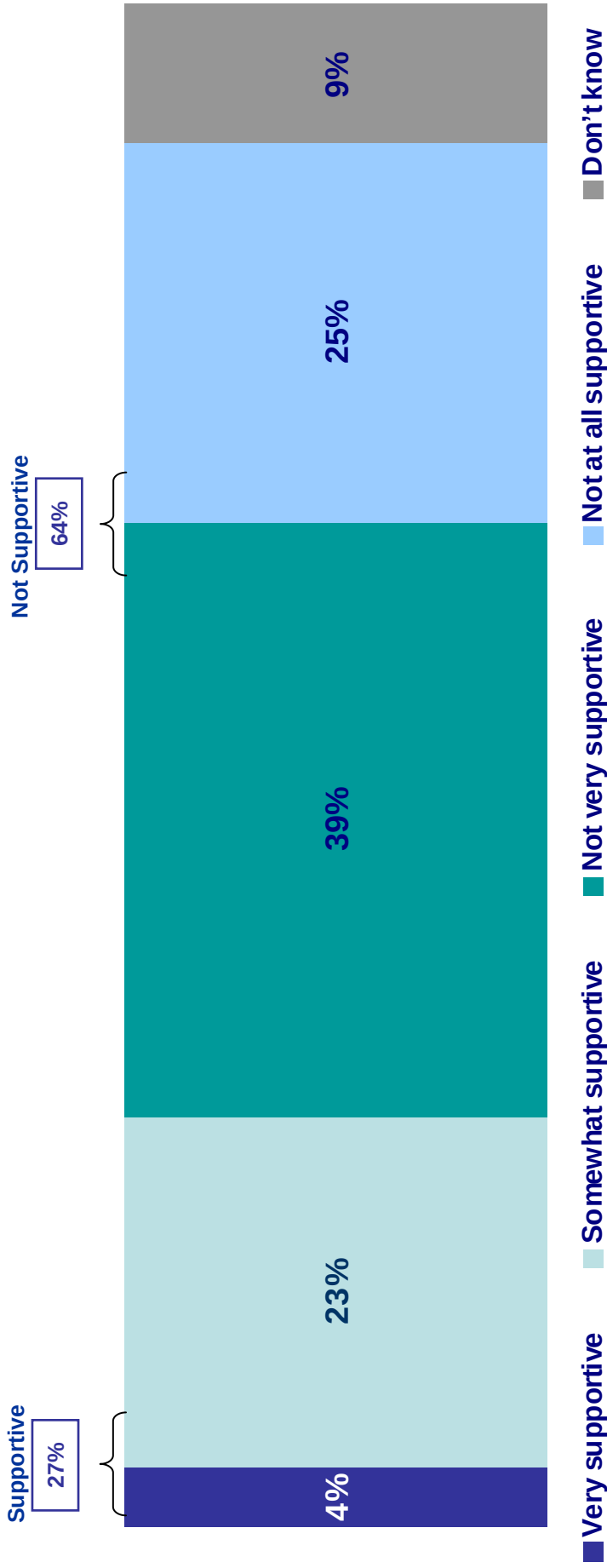
64%





Support for including 3rd Party Inserts with Safety and Rate Notices

Only 27% of customers are supportive of 3rd party inserts being put into Enbridge bills at the same time as safety messages and rate notices.



Significant Differences

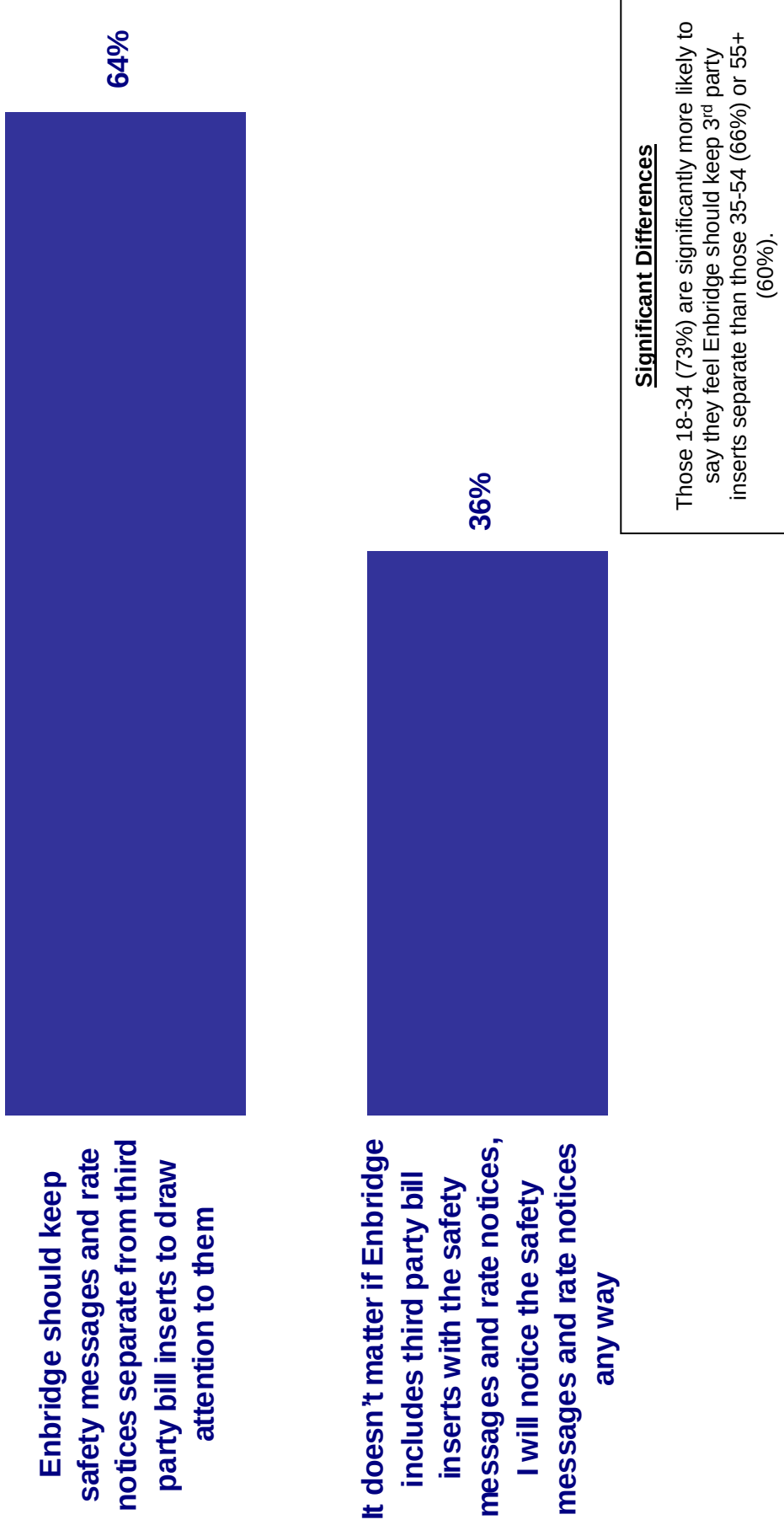
Toronto customers (34%) are more likely to say they are supportive of including 3rd party inserts than Central region customers (23%).

Those 18-34 (40%) are more likely to be supportive than those 35-54 (26%) or 55+ (24%).



View on Blackout Period

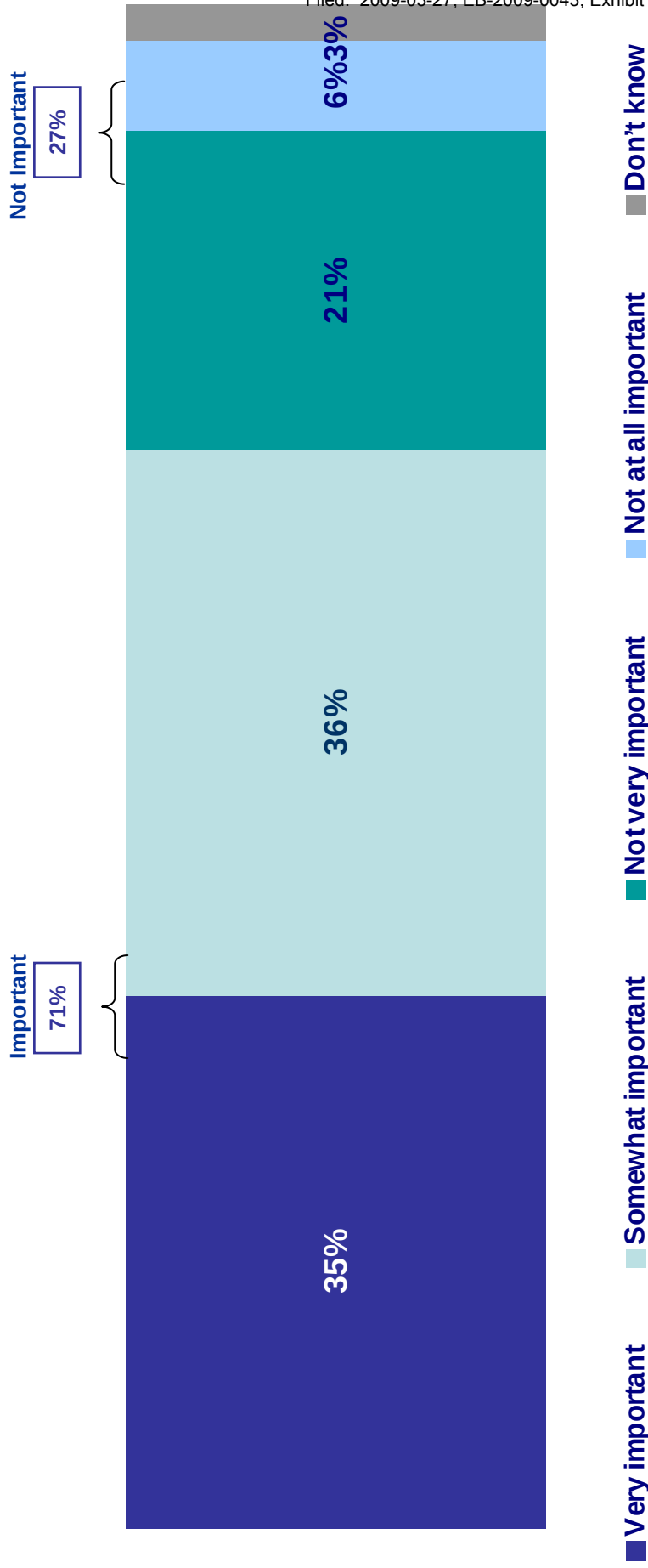
Almost two thirds of customers (64%) feel that “Enbridge should keep their safety messages and rate notices separate from 3rd party bill inserts to draw attention to them.”





Importance of Blackout Period

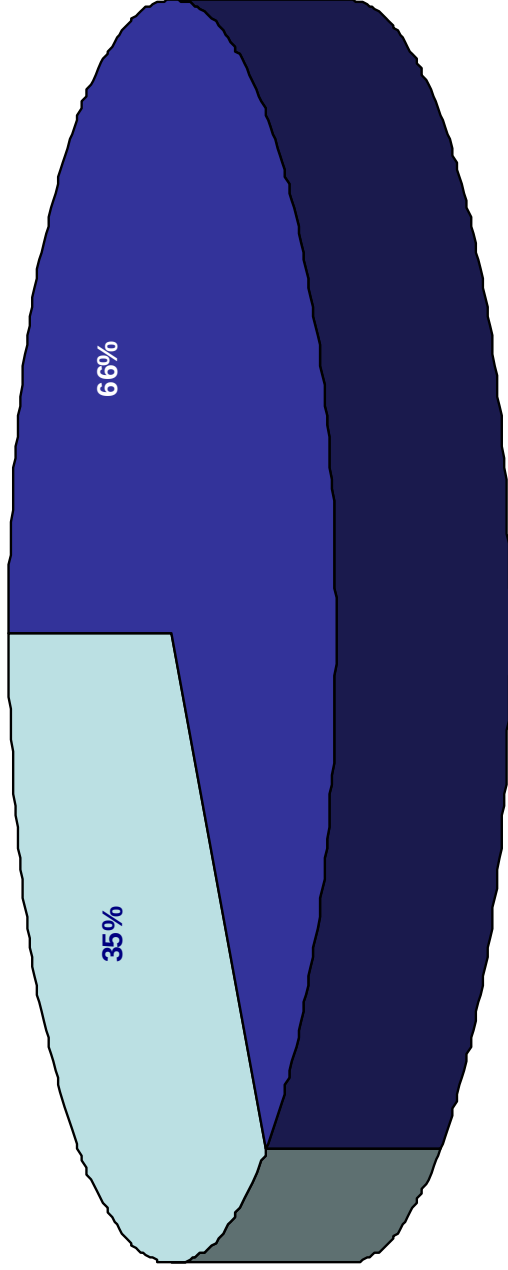
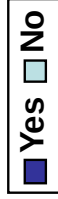
Seven in ten customers (71%) feel it is important to keep the safety messages and rate notices in separate bills from third party inserts, with 35% stating it is *very important*.





Risk of Losing Safety and Rate Notices without Blackout Period

Two thirds of customers think that safety messages and rate notices are at risk of getting lost when included in the Enbridge bill with third party bill inserts.



Significant Differences

Those 18-34 (75%) are significantly more likely to agree that they are at risk of getting lost than those 35-54 (66%) or 55+ (61%).



Demographics and Natural Gas Appliances

Demographic Profile of Interviewed Customers

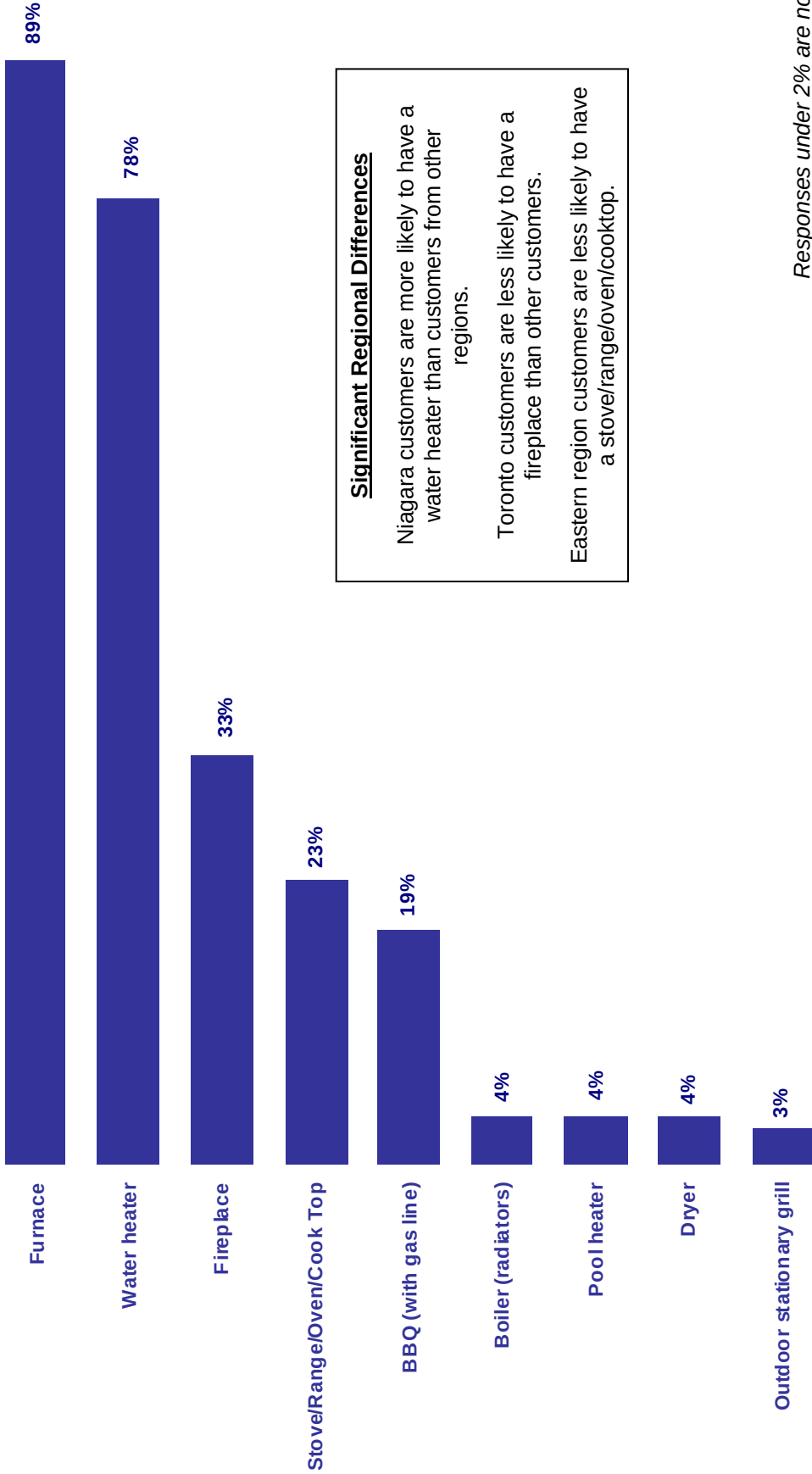
% of Interviewed Customers	Total %
Home Ownership	
Rent	11
Own	89
Age	
18 – 24	3
25 – 34	12
35 – 44	23
45-54	22
55-64	18
65+	22
Gender	
Male	59
Female	41

% of Interviewed Customers	Total %
E-Bill Subscriber	
Yes	8
No	92
Region	
Toronto	27
Central	50
Eastern	15
Niagara	8
Household Income	
Less than \$20,000	4
\$20,000 to <\$40,000	15
\$40,000 to <\$60,000	17
\$60,000 to <\$80,000	21
\$80,000 to <\$100,000	20
\$100,000 <\$120,000	8
\$120,000 +	15



Natural Gas Appliances

A majority of customers say they have a natural gas furnace or water heater. One third of customers say they have a natural gas fireplace. Two in ten customers report having a natural gas stove/range/oven or BBQ with gas line.

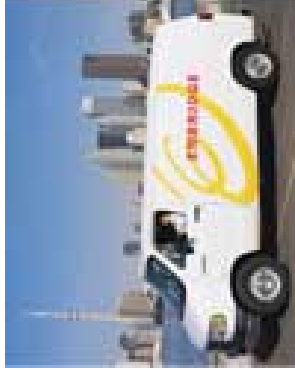


Responses under 2% are not shown

Q2. Which of the following natural gas appliances do you currently have in your home?



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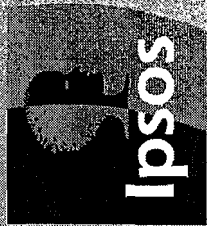
Bill Inserts Research 2008 Draft Report

For further information, please contact:

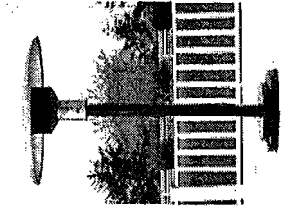
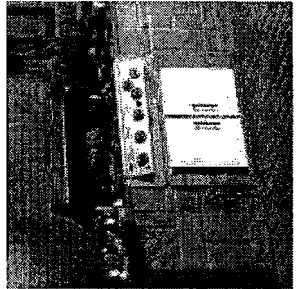
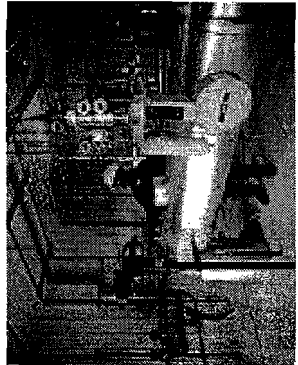
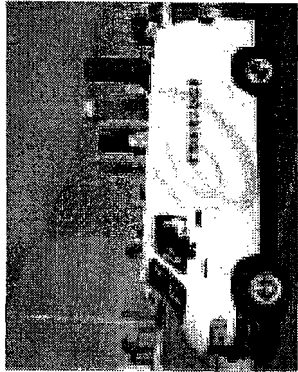
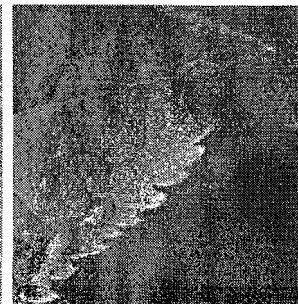
Laura Safrance, Manager Research & Business Intelligence 416-495-5287

Research and Business Intelligence

Study reference: CR-498



Ipsos Reid



Bill Redesign Research 2007 Draft Report

July 2007

CR-470



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➤ Background and Objectives	 3
➤ Methodology	 4
➤ Executive Summary	 5
➤ Detailed Reactions to Bill Redesign and Inserts	8



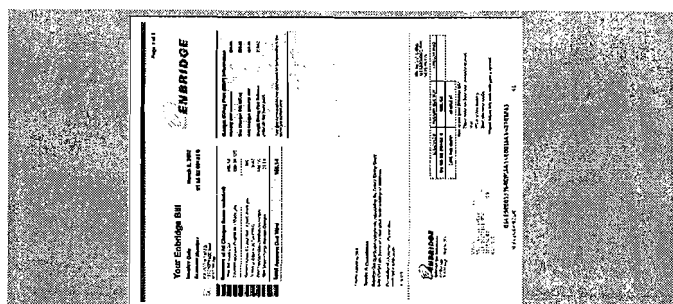
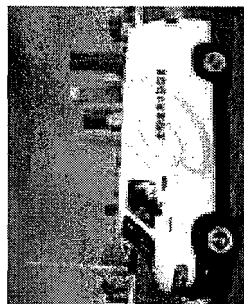
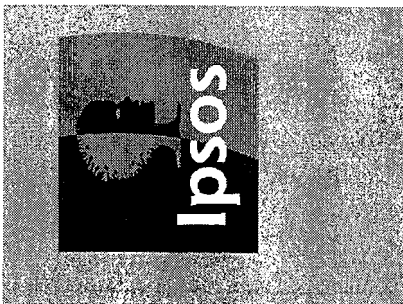
Background and Objectives

- Ipsos Reid has conducted a number of studies relating to the Enbridge bill redesign, including bill content, layout, language and other billing issues.
- The main objective of this particular research project was to evaluate the final redesign of the Enbridge bill.
- Specific objectives were to:
 - Gauge overall reaction to the redesign
 - Evaluate the bill layout in terms of ease of understanding and readability
 - Identify any confusing items and terminology, including third party billing charges.
- In addition, we tested overall reactions to the inserts that will accompany the new bill just prior and during its launch.



Methodology

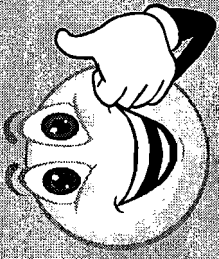
- We conducted 4 focus groups with a total of 36 Enbridge residential customers on July 18 and 19, 2007.
- Two sets of groups were conducted among both System Gas customers and Broker customers in both Toronto and Ottawa.



Executive Summary



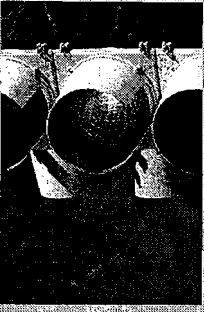
Redesign gets passing grade



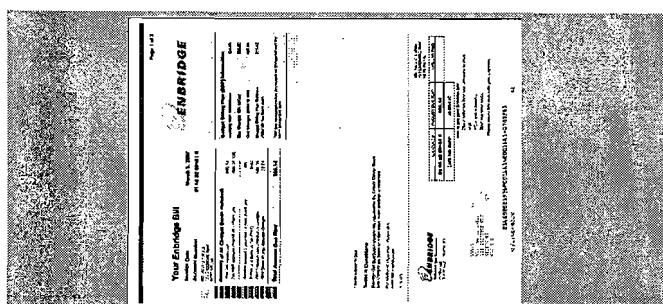
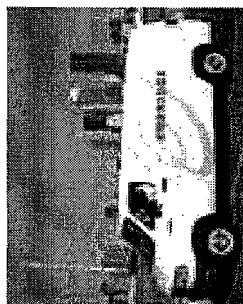
- Overall, the majority of customers gave the redesigned bill a passing grade – a score between 3 and 5 in terms of overall first impressions (1 was “very poor design” while 5 was “excellent design”).
- Positive comments focused on the redesign’s clear layout – distinct sections, bright colours, readability, bar graph comparison, and easy to find contact information.
 - *“I thought the layout was excellent. I like the colours. It’s a vast improvement over what I am getting a the moment.”; “Easy to read...”*
 - *“The current bill we are getting is not pleasing to look at. It’s dull and grey. This one is eye-catching and colourful.”*
 - *“Everything is self-explanatory, nothing really negative about it. I don’t want to spend a lot of time on a bill.”*
 - *“I like the effort to divide the info because the system is becoming more complicated.”*
 - *“The two things I need to know are clear – how much do I have to pay and who do I have to call.”*



Yellow alerts to keep in mind



- Manage white space: many commented there was too much white space, there were too many pages and the font size was too small – 3 pages seen as a waste, environmentally unfriendly, annoyance. *Increase font size for readability and decrease white space; include a “green” message re: environment and corporate responsibility*
- Clarify terminology and be consistent: much confusion re: same terms used for different amounts, e.g. “delivery charge vs. “total delivery charge”, “gas supply charge” vs. “gas charges” (see page layouts for description).
- Add brief descriptions to charges for clarification: lack of terminology definition – customer/gas/delivery charge, PEF value.
- Items on old bill that should be continued:
 - Gas consumption increase/decrease by % vs. temperature comparison to last year.
 - Gas supply rate and gas adjustment



Detailed Reactions to Bill Redesign and Inserts





Summary page

Overall, positive feedback on summary of all charges, though issues with terminology. Many think it should say "current" – "new" suggests new system of billing.

Total amount due – clear and easy to find.

For Brokers – some confusion re: third party charges. Spell it out – e.g. "Direct Energy Rental Water Heater."

Terms & Conditions – many think it's important but not necessary to place on p.1. Suggestion to make website bigger and say "For definition of terms go to www." But many commented that some customers (older) may still have limited access to the internet. Many don't mind if T&C comes as an insert once/twice a year.

Show an e-bill option.

Still referred to BBP as Equal Billing. Overall comments – nicely laid out but some think it more logical to put Gas Charges this Billing above Monthly BBP Installment. Also confusing that Gas Charges this Billing is referred to as Total Delivery Charge on p.2. Some suggested that BBP info be placed on p.2 next to gas charges to avoid turning over the bill. Include period of billing dates.

Great colour – up-to-date, lively.

"Late Pay Date" – Confusing for some. Many are used to "late payment charge effective date" as well as "late payment charge" on current bill.

Page 1 of 3

ENBRIDGE

Your Enbridge Bill
 Invoice Date: March 8, 2007
 Account Number: 01 65 02 00183 6
 MS, REG U, LATED 123 ENBRIDGE WAY NEPEAN ON

Summary of All Charges (taxes included)
 Your last month's bill: 165.14
 Payment received 05 MAR 07 - Thank you: 165.14 CR
 Balance forward & paid due - If paid, thank you: NIL
 Receipts and Services Tax (GST): 9.40
 New Enbridge Gas Distribution Charges: 134.00
 New Direct Energy Services Charges: 22.74
Total Amount Due Now: 165.14

Budget Billing Plan (BBP) Information
 Monthly BBP Installment: 134.00
 Gas Charges this Billing: 260.53
 Gas Charge billed to date: 938.00
 Budget Billing Plan Balance (After bill has been paid): 211.53
 Your gas consumption has decreased as compared with the same period last year.

Terms & Conditions
 Enbridge Gas Distribution charges are regulated by the Ontario Energy Board. Gas Charges are based on either actual meter readings or estimates.
 For additional information, please visit: www.epd.enbridge.com
 E & O E.

ENBRIDGE
 Enbridge Gas Distribution
 PO Box 550
 Scarborough, ON M1K 6S3

MS, REG U, LATED 123 ENBRIDGE WAY NEPEAN ON

ACCOUNT #	AMOUNT DUE NOW	AMOUNT PAID
01 65 02 00183 6	165.14	

LATE PAY DATE: 28 MAR 07

Now to pay your Enbridge bill:
 Direct withdrawal from your chequing account
 Mail
 PC or online banking
 Most chartered banks
 Please return this stub with your payment.

01650200183600036614000166140703283
 016502001836000366140703283

Gas Charges page

Page 2 of 2

ENBRIDGE

Your Enbridge Bill
 Invoice Date: March 8, 2007
 Account Number: 01 65 04 00022 1
 MR. BUS DISTRIBUTING
 121 ENBRIDGE WAY
 ST. JOHN, ONT.
 L9A 4K1

Details about your new gas charges

Gas Charge Calculation

Customer Charge	11.28
Delivery Charge	22.41
Gas supply charge	146.40
Delivery to You	179.09
PEF Value (2005 Adjusted m3: 4.22)	140.40
403.03 (32.5000)	201.26
Total Delivery Charge	201.26

ENBRIDGE SAVINGS
 For questions about the gas you used please call
 Enbridge Energy Services at 1-800-245-9793

Enbridge Gas Distribution
 BILLING OR MOVING: 1-800-465-4100
 INSPECTIONS OR METER WORK: 1-800-465-4311
 EMERGENCY, SUCH AS SMELL GAS: 1-800-465-5437

Come out to the Ottawa Gas Showplace Fair
 to see the new Enbridge Gas Distribution
 meters. They will be in place by April 1st.
 (Meters will be in place by April 1st, 2007)
 at the No. 1000, 2451 Riverside Drive, Ottawa

Meter Reading Information

Current estimated meter reading	69622
Last previous meter reading	69604
(after second date)	21
Gas used this period (m3)	470

Comparing Your Gas Consumption

Payments:
 Payment is full when the meter is read at usual scheduled times and full
 consumption is in your meter at the time of the read. To avoid the
 Enbridge Gas Distribution late payment charge, allow 7 days for your
 payment to reach our office.
 Payments may be mailed to:
 P.O. BOX 544
 Scarborough, ON M1V 4M1

Please make cheques payable to: Enbridge
 All payments made to Enbridge are accepted under the express
 condition that the customer will not be entitled to a refund or
 other charges irrespective of any condition attached to the payment
 by the customer.

Some confusion about meaning of charges, particularly "customer charge."

"Delivery to you" and "PEF Value" is confusing - needs explanation.

Repetition of gas supply charge is confusing. Suggestion to put line between items and Total Delivery Charge.

Confusion around third party gas supply charge and third party rental on p.3.

Many thought third party charges could go here to save paper.

Contact information clearly laid out. Some suggested this be on p.1.

Mostly neutral comments re: information. For the most part it's non-intrusive.

Thumbs up for the graph comparison but many asked for the temperature comparison to stay - perceived benefit for the customer.



Charges from Other Companies page

Charges from Other Companies leads to some confusion since Broker gas charges are on p.2.

Many like the idea of separating third party charges.
Spell it out – e.g. “Direct Energy Rental Water Heater.”

The separate third page, seen as waste of space! “I’m tired off bills being so long.”

Many suggest keeping all contact numbers together in one area and on one page.
Clarify “For inquiries about water, call Direct Energy.”
Most understand that Direct Energy is billing through Enbridge as a separate party.
Separating the two companies makes it clearer but spelling it out “For inquiries about rental water heater, call Direct Energy” serves the same purpose.

Page 3 of 3

ENBRIDGE

Direct Energy Essential Home Services
BILLING 855-843-6544 OR 1-888-386-4194
SALES & SERVICE 416-500-0351 OR 1-800-360-3333

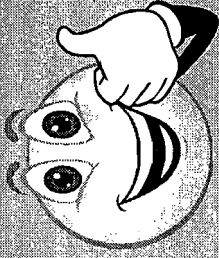
Charges From Other Companies
Invoice Date March 8, 2007
Account Number 01 65 02 00072 2
123 ENBRIDGE WAY
NEPEAN ON

Direct Energy	Detailed Charges
Rental WATER HEATER	21.28
Total Charges	21.28

[X] [Barcode]



New Bill Introduction Insert



Take a good look...

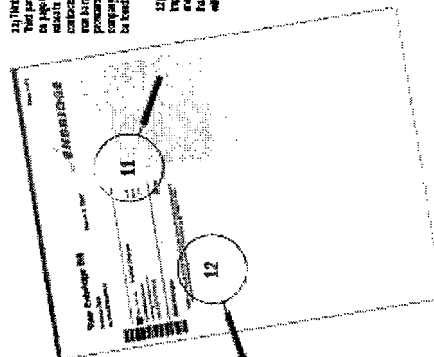
Now

You'll have all the information you need, when you need it.

Your new gas bill will make it easier to manage your energy-related bills. It will include all the information you need, when you need it. It will include all the information you need, when you need it.

11) New Page Charges
The new page charges will be a clear lead in your bill. They will be a clear lead in your bill. They will be a clear lead in your bill.

12) New Page Charges
The new page charges will be a clear lead in your bill. They will be a clear lead in your bill. They will be a clear lead in your bill.



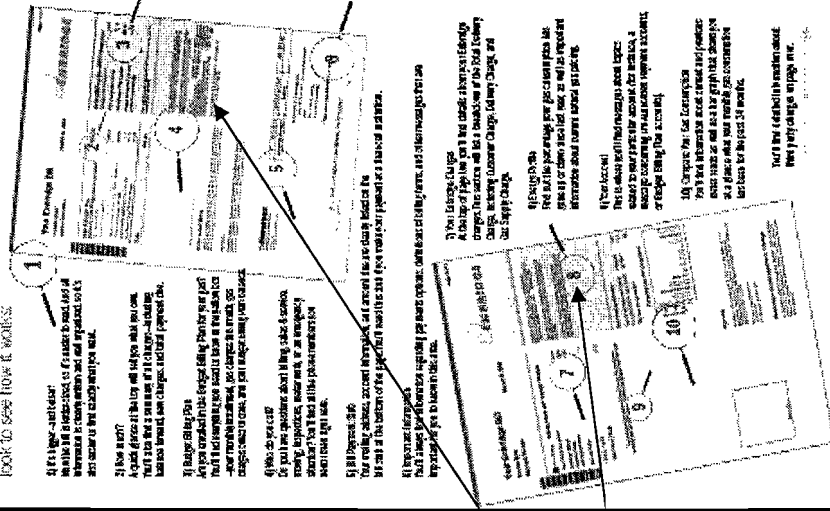
"If you had shown this first we would not have asked any questions."

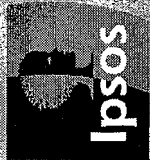
Positive comments on magnifying glass

Suggestion to include website in large letters.

Many liked: Energy Profile (8), Contact Information on p.1 (4)

...at your new gas bill.
You'll discover some terrific new features!
We've redesigned your gas bill so that it's easier to read and easier to find the information you want. Take a quick look to see how it works.



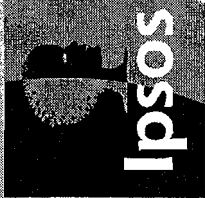


For further information, please contact:

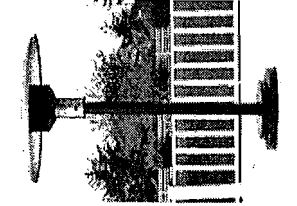
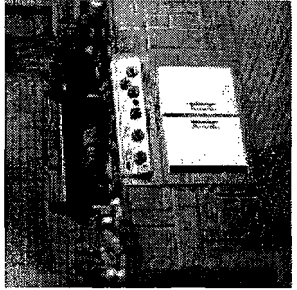
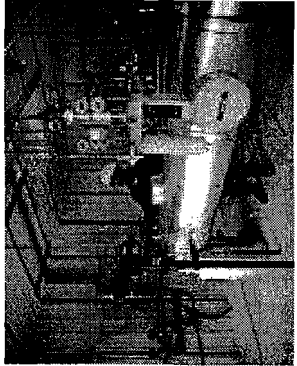
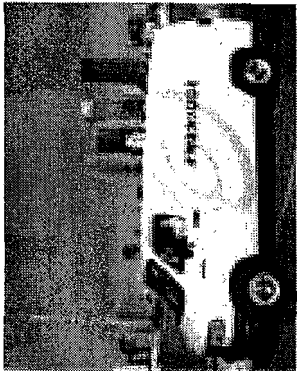
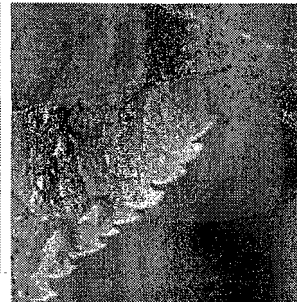
**Laura Safrance
Manager, Research & Business Intelligence
Enbridge Gas Distribution
VPC - 3
416-495-5277
laura.safrance@enbridge.com**

Study reference: CR-470





Ipsos Reid



Bill Redesign Research 2007 Draft Report

July 2007

CR-470

**Mike
Fenn/GAS/En
bridge**

05/05/2008

01:03 PM

To sales@buttonsheating.com, Ric.Forster@directenergy.com, admin@megacityhvac.com,
john.nassar@moreenergy.ca, billing@newten.ca, pdevries@planetenergy.ca, mjoseph@reliancecomfort.com,
sdym@universalenergy.ca, mluymes@hrai.ca, mbuonaguro@piac.ca, nruzycki@energysavings.com, Paul
Green/GAS/Enbridge@Enbridge, Steve McGill/GAS/Enbridge@Enbridge, Kerry
Lakatos-Hayward/GAS/Enbridge@Enbridge, Fred Rubino, Robert Bourke/GAS/Enbridge@Enbridge, Amir
Hasan/GAS/Enbridge@Enbridge, marino.favretto@leasebank.com, anthony.horton@ener-defense.com,
Candace.Steinberg@ServiceExperts.com, NMatadin@summittenergy.ca, glen@vistacredit.ca,
LAlbrecht@semgroupplp.com, Barbara Bodnar/GAS/Enbridge

cc

Su Fw: Enbridge Open Bill Access and Billing Insert - Consultative - Meeting Presentation & Summary - May 2, 2008

bj

ec

t

Hi All,

As promised, here's the summary of the first meeting and a pdf version of the presentation ...

Regards,

Mike Fenn
Manager, Billing Relationships
Enbridge Gas Distribution
PO Box 650,
Scarborough, ON M1K 5E3

Phone: 416 495 6132

Fax: 416 753 6674



e:mail: mike.fenn@enbridge.com Open Bill & Bill Insert Meeting Summary - May 2, 2008.doc



Open Bill & Bill Insert Consultative - May 2, 2008.pdf Bill Insert Research 2008 Report Draft.ppt

**ENBRIDGE GAS DISTRIBUTION (EGD)
OPEN BILL ACCESS AND BILLING INSERT PROGRAMS
CONSULTATIVE SESSION – MAY 2, 2008**

EGD invited interested parties to attend a session on May 2, 2008 to help EGD establish a Stakeholder Group to review the rules associated with the participation in EGD's Billing and Insert Services. The parties in attendance today were:

- EGD – Mike Fenn, Paul Green, Steve McGill, Kerry Lakatos-Hayward, Fred Rubino, Amir Hasan, Robert Bourke and Barbara Bodnar.
- Button's Heating Inc. – Joe Button
- Direct Energy – Ric Forster
- EFS Financial Inc. – Marino Favretto
- Ener-Defense Inc. – Anthony Horton
- HVAC – Martin Luymes
- MegaCity Heating & Air Conditioning – Tammy Maillet
- Morenergy Services Inc. – John Nassar
- National Energy (Universal Energy) – Shawn Dym
- Newton Home Comfort Inc. – Leo Liao
- Ontario Energy Savings – Nola Ruzycki
- Planet Energy / LivClean Corp – Paul Devries
- Reliance Home Comfort – Jack Cook
- Service Experts – Candace Steinberg
- SemCanada Energy Co.– Leanne Albrecht
- Summit Energy – Nick Matadin
- Vista Credit Corporation – Glen Leis
- Vulnerable Energy Consumers Coalition – Michael Buonaguro

Mike Fenn presented an Open Bill Access presentation and Paul Green presented a Bill Inserts presentation. The presenters reviewed the open bill access and billing insert services, provided program updates, and reviewed EGD's plans to meet the requirements in the Settlement Agreement. Since similar steps will be followed for both open bill access and billing inserts, the consultative for these programs have been combined. Some of the general questions raised by the parties addressed the following topics: the pricing structure, the allocation of customer payments if a bill is only partially paid, interface changes, and the development of a "fair" system to ensure customers of all sizes have an opportunity to participate.

The activities of the Stakeholder Group include consultative meetings, selecting a consultant to prepare a cost/price study to identify costs and market rates, and the development of a Comprehensive Solution Report, which is to be filed with the Ontario Energy Board sometime in November 2008.

The next step in the process is identifying the Stakeholder Group (5-7 representatives). Parties interested in volunteering for the Stakeholder Group are to email their expression of interest to Mike Fenn by Wednesday, May 7, 2008.

(may208billingfinal.doc)

Enbridge Gas Distribution Open Bill & Billing Insert Consultative



Introductory Session
May 2, 2008

Consultative Agenda



- **Open Bill:**
 - Overview of Service
 - Status Update
- **Bill Insert:**
 - Review of Program highlights
 - Bill Insert Readership
 - Safety Information Quantity: Customer Perception
 - Customers Reading Interests
- **Settlement Proposal Requirements**
- **Next Steps**

Open Bill Access



- **Scope of service**
 - **Bill processing/verification/printing/mailing**
 - **Basic billing call centre support**
 - Product-specific calls are directed to the third party
 - **Cash management & remittance**
 - Remittance of monthly charge back to third party 21 days after billing date
 - All customer payments flow through a trust account
 - **Receivables guarantee**
 - The third party assigns the right to collect its monthly billed receivable to EGD, and EGD guarantees payment to the Biller of 99.5% of their monthly charge
 - 0.5% “retained amount” to cover the bad debt cost of the Biller receivables (customer non-payment)

Open Bill Eligibility



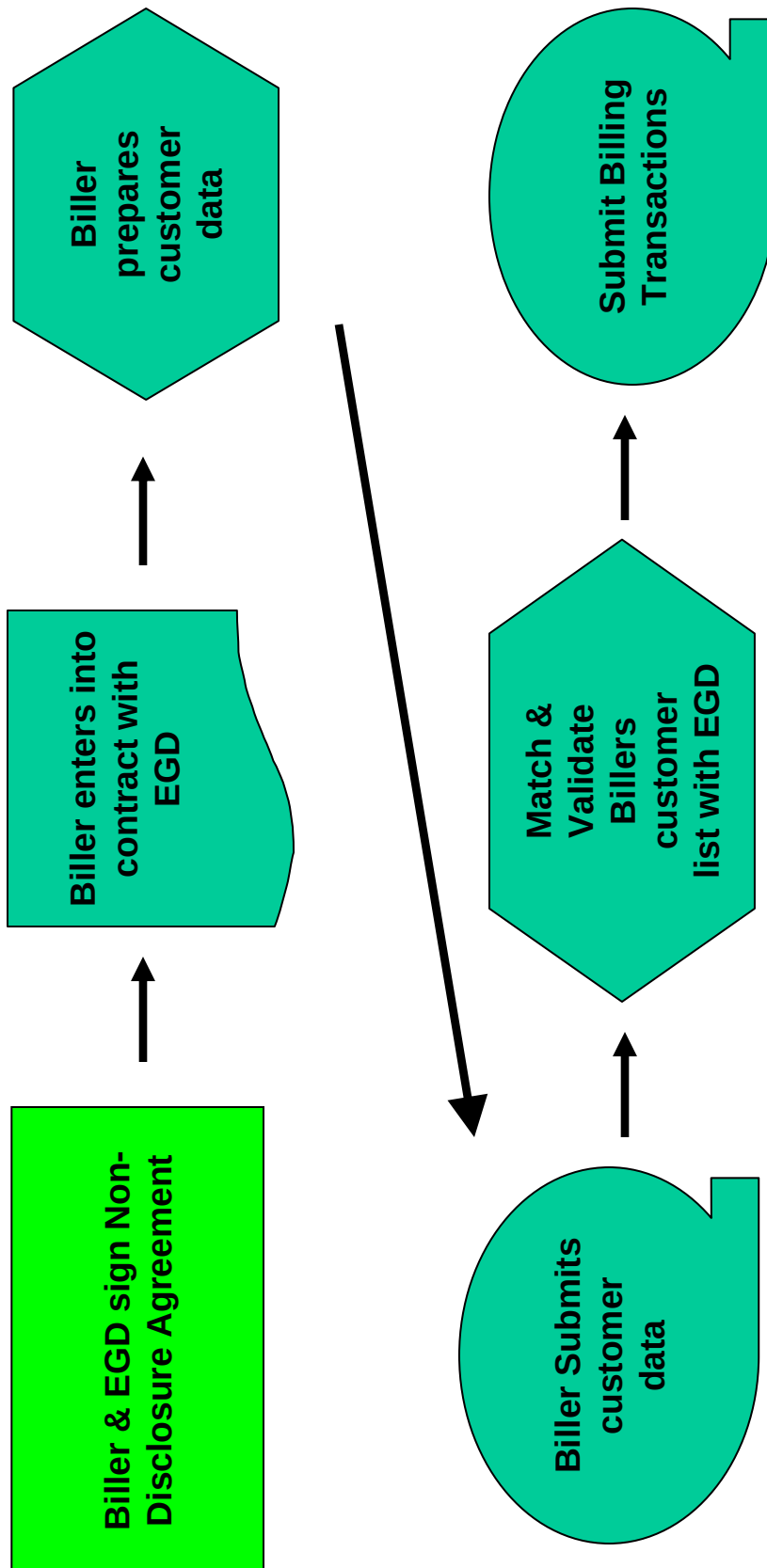
- **Open to all Billers in EGD's franchise area**
 - Billers must meet financial assurances & insurance criteria
 - Natural gas and related energy products & services are eligible
- **Eligible customers are within EGD's franchise area who have an active account**
 - Customer credit check required
 - Customers who have a "red-locked" account for non-payment are not eligible
 - Non-gas customers within the franchise area can be billed via a "non-gas bill"

Open Bill Pricing



- **Monthly Price per Bill is:**
 - 82.9¢ for a bill that includes “gas distribution charges”
 - \$1.389 for a bill that does not include “gas distribution charges”
- **Prices in effect until December 2008**

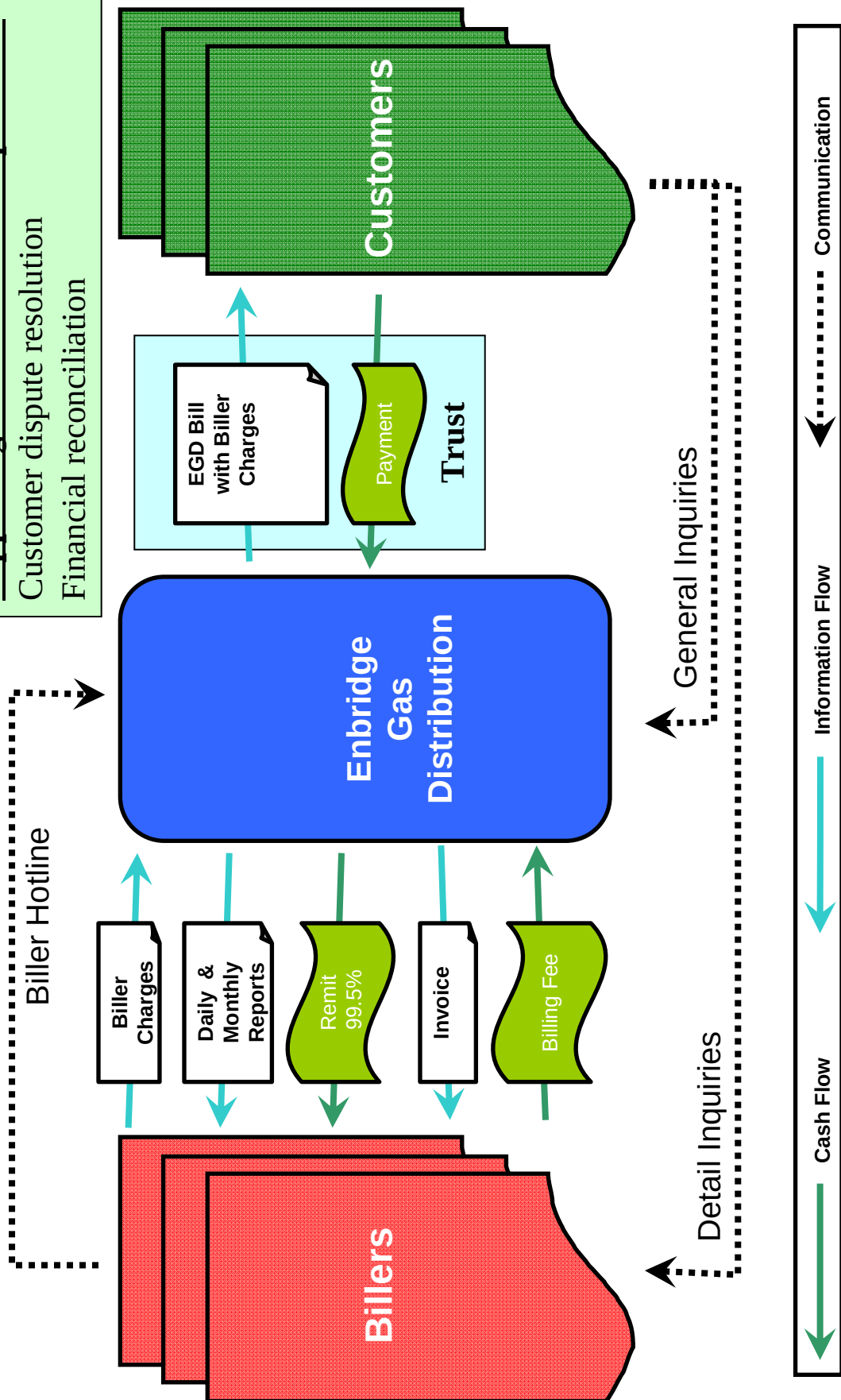
Open Bill Enrollment Process



Open Billing & Collection Service - Overview



Supporting business rules and processes
Customer dispute resolution
Financial reconciliation



Open Bill Status



- **Mar 2007**
 - Transferred Direct Energy to the new Open Bill arrangement effective Jan 2007
- **Dec 2007:**
 - the Enbridge Billing system was modified to allow incremental billers on the Enbridge Bill
- **Jan 2008:**
 - Service launched with the re-designed bill
 - All Biller charges (non-commodity) will appear on separate page
 - Improved customer clarity on which Billers are on the bill
 - Communications were sent to customers in conjunction with the implementation of the re-designed bill

The 1st page of the
Enbridge bill
Contains summary
information



For additional information, please visit:
www.artbridge.com/usa

October 10, 2007

Invoice Date
Account Number
Service At:

Summary of all Charges (taxes included)

Your last month's bill	139.64
Balance forward & past due - if paid, Thank You	139.64
BEP installment paid this month	75.00
Rate adjustment	4.20
New Third Party Services Charges	55.74
Late Payment Charge	1.38
Goods and Services Tax (GST)	8.16

Total Amount Due Now

* Items added to cart

• **BEAUMONT V. ...**

At the time this bill was printed, full payment of your previous bill had still not been received. If you have made a recent payment, please accept our thanks.

Enbridge Gas Distribution charges are regulated by the Ontario Energy Board. Gas Charges are based on either actual meter readings or estimates.

For additional information, please visit: www.elsevier.com/locate/bsc

GST Registration: 103006140

www.elsevier.com/locate/jmb

© 2000 Blackwell Science Ltd



Enbridge Gas Distribution

P.O. Box 650
Spartanburg, SC 29303

ACCOUNT #	AMOUNT DUE NOW	LATE PAYMENT EFFECTIVE DATE	AMOUNT PAID
	588.24	08 OCT 07	

How to say your Enbridge bill:

- Direct withdrawal from your chequing account
- Mail
- PC or online banking
- Most chartered banks

Please return this stub with your payment.

00000000000000000000000000000000

Charges For Gas

Invoice Date October 10, 2007
Account Number
Service At:

Details about your new gas charges	
Customer Charge	11.88
Delivery Charge	11.31
Gas Supply Charge	20.46

Total New Gas Charges * 43.65

* Items subject to GST
***** IMPORTANT NOTICE: GAS RATES HAVE CHANGED *****
Please see the enclosed notice for further details.

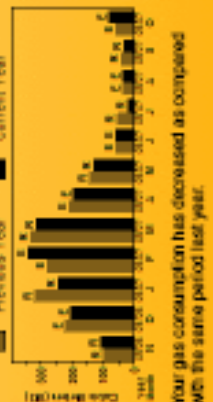
As of Jul 1st 2007 your gas supply rate is: 28.0078¢/MJ
Gas cost adjustment (Jul 1-Oct 31, 2007): -3.0888¢/MJ
Total effective gas supply rate: 28.0111¢/MJ



Enbridge Gas Distribution
Emergency, such as the smell of gas: 1-888-753-5427
Billing or metering: 1-888-412-5100
Inspections or meter work: 1-888-447-4911

Customer Charge
This is a fixed amount that is charged monthly per meter to help recover a portion of the many fixed costs that Enbridge incurs to keep our system ready for customer use at all times (e.g. pipeline maintenance, meter reading, and emergency service).

Meter Reading Information
Rate 1
Current estimated meter reading 05 Oct 07 32749
Less Previous meter reading 05 Sep 07 32571
Billing Period Days 30
Gas used this period (m3) 78
PIF Value 0.0055 Adjusted m3 76
Comparing Your Gas Consumption
Re-Actual Est-Actual Adjusted
Previous Year Current Year



Your gas consumption has decreased as compared with the same period last year.

E. & O.E. 06/01/2007

Teller's Stamp

Payments

If you pay at the bank or by mail, to avoid the late payment charge, allow 7 days for your payment to reach our office.

Payments may be mailed to:
PO Box 844
Scarborough, ON M1X 5H1

Please make cheques payable to: Enbridge

All payments made to Enbridge are accepted under the express condition that the Company may demand payment of account on demand irrespective of any condition attached to the payment by the customer.

The 2nd page of the
Enbridge bill
Contains Gas
Charges





The 3rd page of the
Enbridge bill
Contains Charges
For other billers

Charges from Other Companies

Invoice Date October 10, 2007
Account Number
Serial #:

Third Party Logo		Detailed Charges	
Rental Water Heater	*	10.78	
Rental Furnace	*	44.96	
Total Charges			55.74
* Items added to GST		GST Registration: 856600005	

Third Party Service Provider
Billing 1-800-361-5555 CR 1-800-361-5555
Sales & Service 1-800-361-5555 CR 1-800-361-5555

10/10/2007

E & O E.

Open Bill Status



- **To date:**
 - There are over 40 energy services entities interested in this service
 - We have entered into Open Bill agreements with 6 billers of which 4 are billing charges to approximately 1.4M Enbridge customers on the Enbridge bill

Open Bill - Lessons Learned



- It takes a few months to get a new biller on-line as they enhance their systems to provide customer charges in the format required by the Enbridge billing system
- A great amount of effort is required to match existing customers of a biller to Enbridge's customers due to data differences
- The majority of the new billers are billing their net new customers since they've previously committed to other billing arrangements with their existing customers, thus they are small in size at the start
- The current lifespan of the interim solution is only 1 year thus we must look at a cost effective mechanism to add small billers (ie. add a batch of billers at once)

Open Bill - 2007's Results



Revenues including Bad Recoveries	\$15,864,431
Costs including Bad Debt Expense	\$9,637,330
Net Income	\$6,227,101
Ratepayer Benefit	\$5,389,604
EGD Earnings Sharing	\$328,088
Start-up Cost Recovery	\$656,174
Variance (OBABA)	(\$146,765)

Deferral Account Balance – December 2007



	\$
Open Bill Startup and Re-design	
ABSU Open Bill Start-up Charges	1,474,100
Legal Charges	65,109
Recovery of Open Bill Start-up Charges (\$0.04/bill)	(656,174)
Balance relating to Open Bill Startup and Re-design	883,035
Bill Insert Service	
Revenue	(668,185)
Bill insert Charges	50,295
Net bill insert revenue	(617,890)
Shareholder portion (50%) transferred out	308,945
Balance relating to Bill Inserts	(308,945)
Balance as per GL in the 2007 OBSDA	574,090

- **Issue** – Cost recovery will take more than 2 years

Open Bill 2008 Assumptions



- Our target is to have a total of 19 billers before the New CIS system lockdown (Aug 2008)
- No additional billers will be added after the CIS system lockdown until after the new CIS has been stabilized (target July 2009)
- All billers added to the interim solution must revise their interfaces to meet the new CIS requirements. They will be asked to participate in integration testing starting Sept 2008
- There is no limitation on the # of billers that can be added with the introduction of the new CIS system

Bill Insert Service



Third Party Bill Insert Service Update and
Key Market Research Findings from 2007 - 2008 Q1

Agenda



- Review of Program highlights
- Bill Insert Readership
- Safety Information Quantity: Customer Perception
- Customers Reading Interests

Bill Insert Service Review



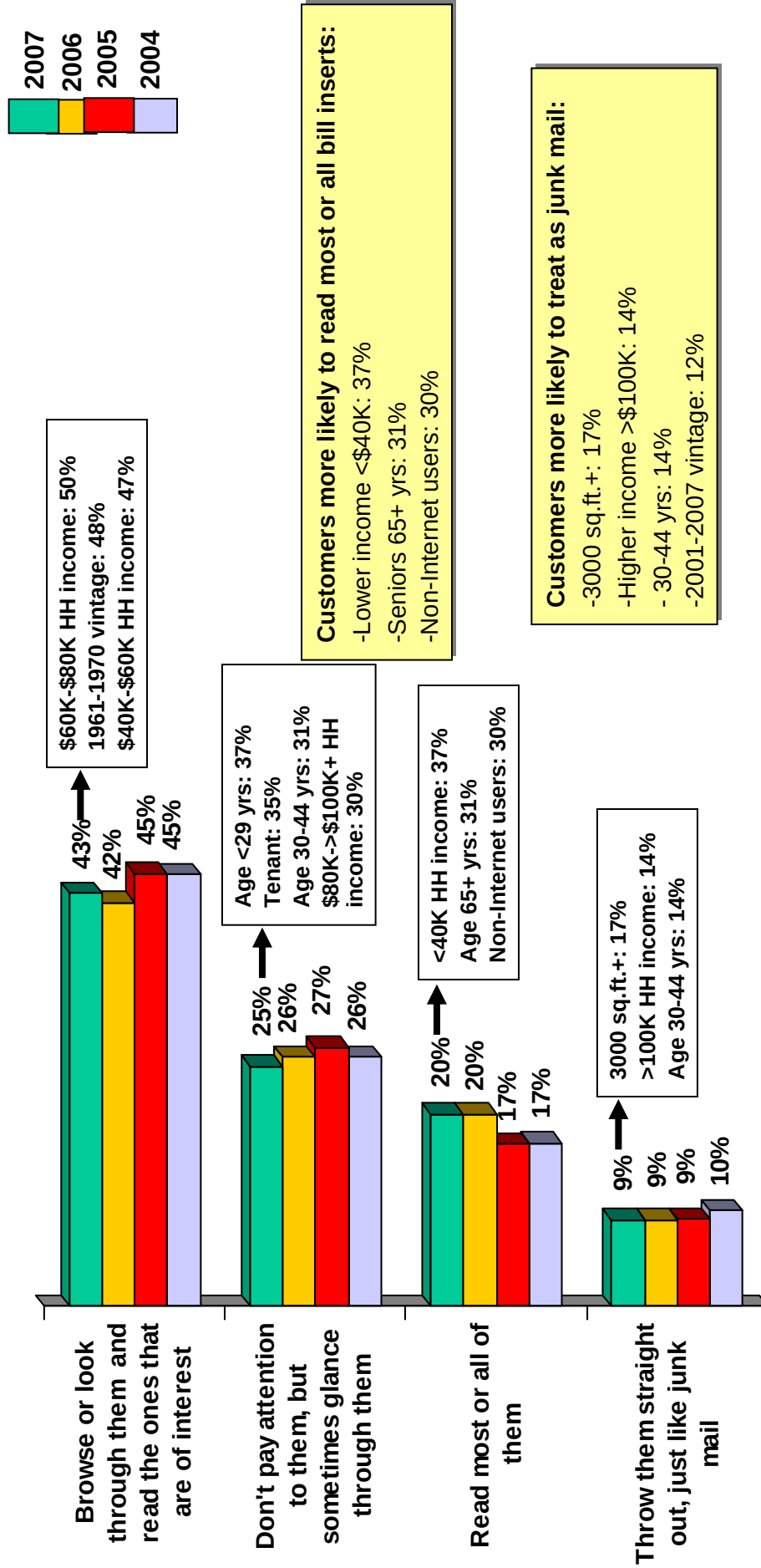
- Nineteen months of available service since start of program. (August 2006 to May 2008).
- Eleven Service Providers used service.
 - Six large entities.
 - Five small / medium independent organizations.
 - Four companies chose “system-wide” distribution.
 - Five companies chose “targeted regional distribution”.
 - Four companies have chosen “FSA targeted distribution”.
- Nine of eleven organizations have used the Bill Insert Service more than once.

Bill Insert Service Review (cont'd)



- Little call volume at Call Centre or Office of the Ombudsman regarding bill inserts.
- Customer communication pieces for “opt out” to receive bill inserts.
 - Pipeline Insert April 2007.
 - Pipeline Insert October 2007.
 - “Opt Out” message resides on website in the Residential section.
- **Number of customers that have “opted out” not impacted by additional 3rd Party Insert Service.**
 - July 2006 (2,588 customers do not receive inserts)
 - January 2007 (2,695 customers do not receive inserts)
 - July 2007 (2,857 customers do not receive inserts)
 - January 2008 (3,454 customers do not receive inserts)
 - March 2008 (3,547 customers do not receive inserts)
- **Bill Insert Customer Focus Groups to be held in July 2008.**

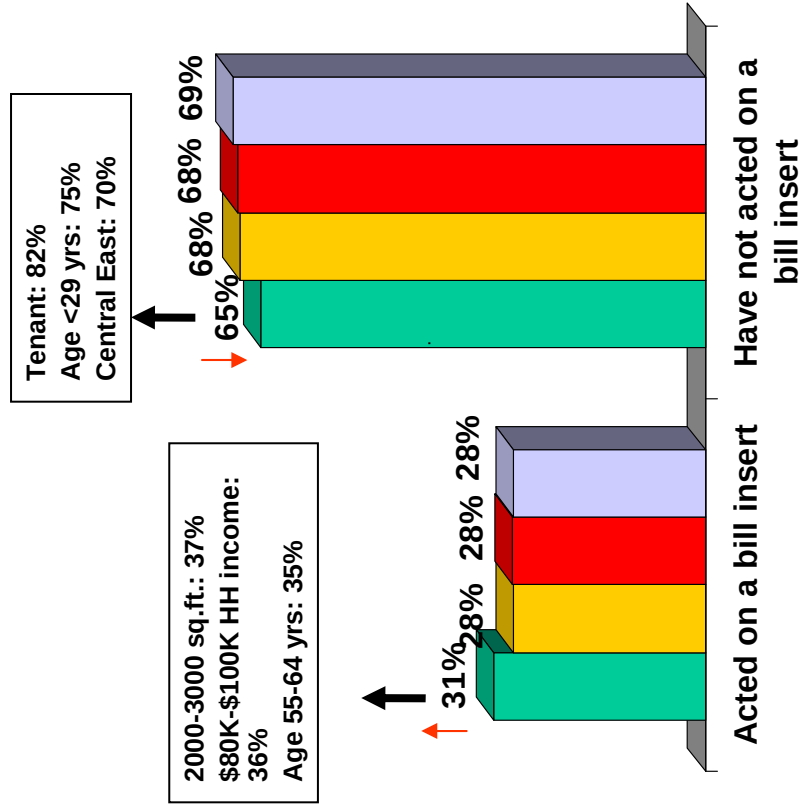
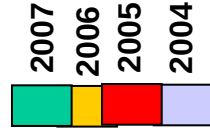
Bill Insert Readership



Source: Residential Market Survey 2007

Q53 Which of the following statements **best** describes what you usually do with brochures and other material that is included with your monthly Enbridge bill?

Customer Action Taken Due To Enbridge Bill Inserts



Almost a third of customers (31%) have acted on a bill insert in the past (enquired about an offer/promotion, or made a purchase).

Source: Residential Market Survey, 2007

Q54 Have you ever acted on a bill insert? That is, enquired about an offer/promotion, or made a purchase as a result of an Enbridge bill insert.

Safety Information Quantity: Customer Perceptions



Do you feel Enbridge Gas Distribution provides you with: more than enough, enough or not enough information on the following...

Safety Information

More than enough	19%
Enough	64%
Not enough	15%
Don't know / refused	1%

“Enough”: **83%**

Who to call in an emergency situation

More than enough	23%
Enough	63%
Not enough	14%
Don't know / refused	0%

“Enough”: **86%**

Safety Procedures

More than enough	16%
Enough	61%
Not enough	21%
Don't know / refused	2%

“Enough”: **77%**

What constitutes an emergency situation

More than enough	19%
Enough	61%
Not enough	19%
Don't know / refused	1%

“Enough”: **80%**

Bill Inserts our Customers Read (unaided)



Rate notices/rate increases	25%
Energy efficiency/saving energy tips	15%
Changes to the bill	12%
All of them	7%
Safety Information	6%
Safety Brochure	5%
Pipeline	5%
Home Improvements	4%
Carbon Monoxide Brochure	2%
Emergency Number/Change of Number Brochure (issued in Dec)	2%
Services offered	2%
Products offered	2%
Maintenance (servicing) information	1%
Newsletter	1%
Scratch & Sniff	1%

Source: Customer Relationship Study 2007
QA10. What kind of bill inserts from Enbridge do you usually read or look over (base: those who do not throw them straight out)

Status of RFP



•Issue:

Unanticipated Canada Post rate increases announced in late 2007 have reduced third party bill insert opportunity

- Postal rate jump of 5c/bill if weight of 30g exceeded
- Insert cost does not cover this

•For 30g, can include up to 8 insert panels /month (including Company inserts)

•Board ruling on no 3rd party inserts in QRAM months

•Result: spots open for 7 months only with varying numbers of available inserts

- 1-4 inserts

Incentive Lettermail Rates	2007	2008
PRESORT		
Up to 30 grams	\$0.48	\$0.48
30 grams to 50 grams	\$0.51	\$0.56
50 to 100 grams	\$0.51 + \$0.0018 per gram	\$0.56 + \$0.002 per gram
MACHINABLE		
Up to 30 grams	\$0.50	\$0.50
30 grams to 50 grams	\$0.53	\$0.58
50 to 100 grams	Not available	Not available

Status of RFP



- EGD has elected not to proceed with an RFP and is continuing with a pilot only

Mitigation Strategy

- Reduced weight of paperstock for inserts and reduced availability to 2-panel/insert to increase availability of inserts
- Increased price from 4c/insert to 5c/insert


ENBRIDGE

Issues to Address from Complete and Partial Settlements and OEB 2006-0034



Open Bill Access

1. Comprehensive Solution
 - Application to the Board prior to end of 2008 proposing the Comprehensive Billing Services offering.
 - Detailed report on the experience with the interim solution.
 - Any available consultants' reports with respect to costing and/or market pricing.
 - The results of any customer communications activities and any customer or industry surveys
 - Minutes and/or reports of the activities of the stakeholder committee.
 - Company's proposal on whether the Billing Services should continue, and if so on what terms.

Bill Insert Service

1. Comprehensive Solution
 - Application to the Board prior to end of 2008 proposing the Comprehensive Billing Services offering.
 - Detailed report on the experience with the interim solution.
 - Any available consultants' reports with respect to costing and/or market pricing.
 - The results of any customer communications activities and any customer or industry surveys
 - Minutes and/or reports of the activities of the stakeholder committee.
 - Company's proposal on whether the Insert Service should continue, and if so on what terms.

Issues to Address from Complete and Partial Settlements and OEB 2006-0034 Decision (cont'd)



Open Bill Access

2. Ratepayer Benefit
 - Company agrees to include in its 2007 revenue requirement a net benefit of the service of \$5.389 million.
3. Costing and Pricing Studies
 - Company will retain an independent consultant or consultants to undertake costing and pricing analyses for the Billing Services.
4. Stakeholder Input
 - Company will establish a stakeholder committee that include users of the Billing Services, as well as ratepayer and Industry representatives, to review the rules associated with participation in Billing Services.

Bill Insert Service

2. Costing and Pricing
 - Company will retain an independent consultant to undertake a costing and pricing analysis for the Bill Insert Service for the Comprehensive period.
3. Stakeholder Input
 - Company will establish a stakeholder committee that includes users of the Insert Service, as well as ratepayer and industry representatives, to review the rules associated with participation in the Insert Services.

Settlement Proposal Requirements Timing



Activity	Outcome	2008							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Consultative meeting	Educate attendees & identify next steps to define the Stakeholder group								
Stakeholder Meeting	Define timelines to meet Settlement requirements & pick a Cost/Price Consultant								
Cost/Price Study	Consultant to identify costs and Market rates								
Stakeholder Meeting	Update & review of Cost/Price Consultant report								
Comprehensive Rept	Utilize Consultant's report as input into the development of the Comprehensive Sol'n Rept								
Stakeholder Meeting	Update & review of Comprehensive Solution Report								
File Comprehensive Solution report	File the Comprehensive solution report with the OEB								

Next Steps



- **Identifying Stakeholder Group (5-7 representatives)**
- **To meet our schedule a cost study Consultant must be in place by end of May**



Ipsos Reid



Bill Insert Research 2008

Draft Report

Confidential: For internal Enbridge Gas Distribution use only

CR-498



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Objectives and Methodology

- Ipsos Reid was commissioned by Enbridge Gas Distribution to conduct quantitative research among residential customers to gauge understanding of safety messages, rate notices and third party bill inserts.
- The objectives of this research were to:
 - Determine if there is confusion about the bill inserts inside the Enbridge envelope
 - Determine if customers believe that a third party bill insert inside the Enbridge envelope is an "endorsement" of the product or service being promoted.
 - Assess whether customers do look to Enbridge for information, support, and direction.
 - Assess whether customers are able to differentiate the difference between safety messages, rate information, and product and service promotion
- An online survey of 879 Enbridge customers was conducted between September 4 and 10, 2008. Respondents were screened to ensure they were Enbridge customers, bill payers and at least occasional bill insert readers. An even distribution of sample across the four Enbridge regions was used to allow for analysis at a regional level. Final results were weighted by actual regional distribution.

Key Findings

Awareness and General Impressions

- Overall, a majority of customers are clear on the sponsors and content of bill inserts with at least seven in ten correctly identifying the bill inserts.
 - Slightly less clarity on Pipeline and OPA rebate insert
- A majority of customers feel the safety information is the most important insert in the bill and regularly check to see if there is a rate notice included in their bill.
- Half of customers agreed that third party inserts “give me helpful information on products and services.”
- Most customers say that including third party inserts in the bill has had no impact on their overall impression of Enbridge.
- Most residents are clear that Enbridge is not affiliated with the third parties whose inserts are in the bill, but half believe that Enbridge endorses the products/services in the inserts.

Key Findings (cont'd)

Third Party Insert and Blackout Period

- A clear majority of customers had not noticed the blackout period prior to the survey; however, nearly two thirds of customers feel that they would be more likely to look at safety inserts and rate notices if they were *not* included with third party inserts, since keeping them separate would draw attention to them.
- Just over one quarter of customers support including 3rd party inserts with safety messages and rate notices. Those 18-34 are more likely to be supportive than those 35-54 or 55+.
- Seven in ten customers feel it is important to keep safety messages and rates notices separate from 3rd party inserts, with two thirds of customers agreeing that safety messages and rate notices are at risk of getting lost when included with 3rd party inserts.

Key Findings (cont'd)

Third Party Inserts and Blackout Period: Regional and Age Differences

% of Interviewed Customers	Total	Toronto	Central	Eastern	Niagara	18-34	35-54	55+
Awareness of Blackout Period								
Yes	15	16	15	13	18	23	13	14
Increase in Likelihood to Look at Safety Messages and Rate notices without Inclusion of 3rd Party Inserts								
% More Likely	64	66	64	64	64	61	63	67
Support for Inclusion of 3rd Party Inserts with Safety Messages and Rate Notices								
% Supportive	27	34	23	27	29	40	26	24
Statement Closest to Your own Position								
Enbridge should keep safety messages and rate notices separate from 3 rd party bill inserts to draw attention to them	64	62	67	61	62	73	66	60
It doesn't matter if Enbridge include 3 rd party bill inserts with the safety messages and rate notices. I will notice the safety messages and rate notices anyway.	36	38	33	39	38	27	35	40
Importance of keeping Safety Messages and Rate Notices Separate from 3rd Party Inserts								
% Important	71	68	72	73	66	74	70	70
Risk of Loss of Safety Messages and Rate Notices when Included with 3rd Party Bill Inserts								
% Yes	66	63	68	64	62	75	66	61

Recommendations

- Overall, there is little support among the customer base for eliminating the blackout period. If Enbridge were to pursue inclusion of 3rd party bill inserts during the blackout period, great care would need to be taken to ensure the safety messages and rate notices are not lost in the shuffle as this is clearly a concern for most customers.
- Most customers are able to recognize which inserts are from Enbridge and which are 3rd party, though some confusion still exists, particularly around endorsing the products/services included in the bill. Messaging around endorsement and affiliation could be helpful to alleviate continued confusion on the role of Enbridge.
- Customers who are 18-34 are clear that they feel rate notices and safety messages should be kept separate from 3rd party inserts and are at risk of getting lost otherwise. However, they are more likely to show some support for inclusion as they likely value the 3rd party inserts, do not want to see them discontinued, and though may not feel at risk of missing the message personally could see it being a concern for other customers.

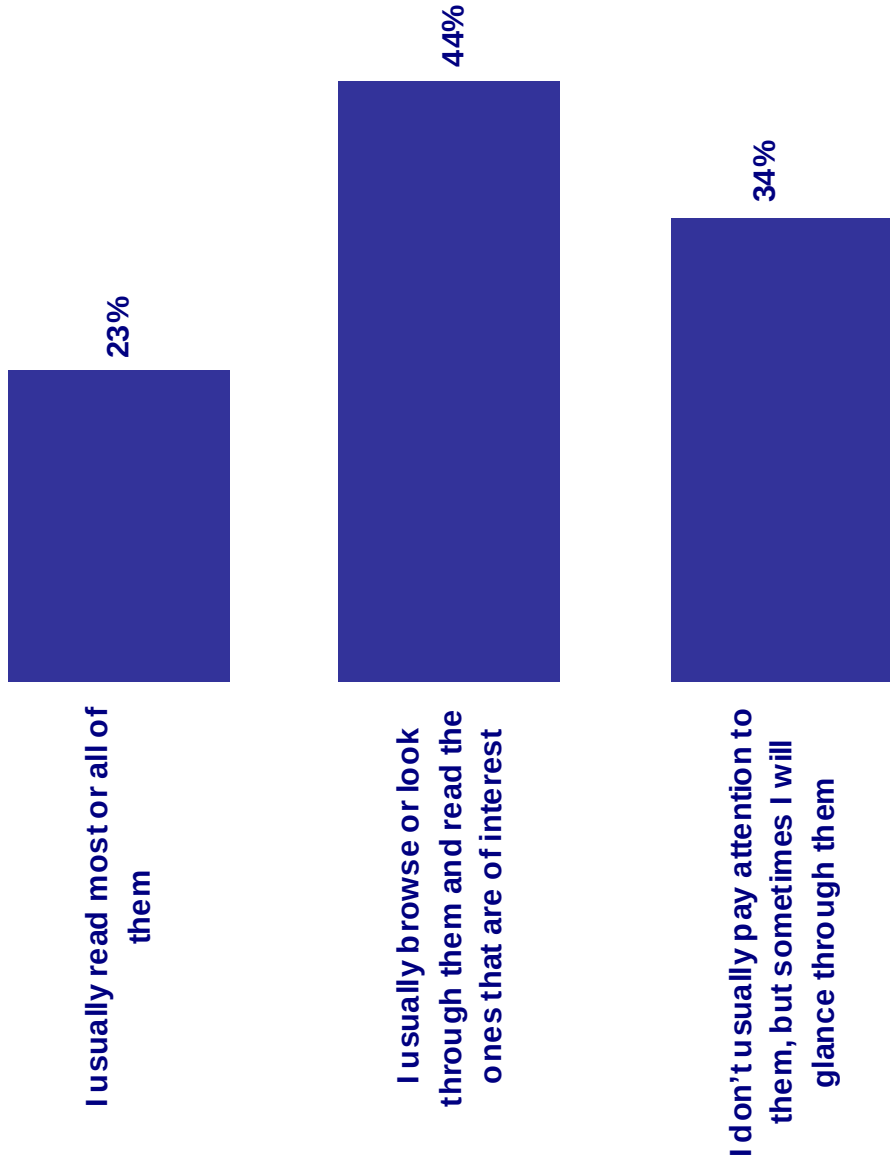
Bill Insert Readership and Behaviour





Bill Insert Readership

For the purposes of this study, only customers who at least glance at the bill inserts were included in the survey. The largest proportion (44%) of customers usually browse or look through the inserts, reading the ones of interest. Nearly one quarter (23%) usually read most or all of them. Customers 18-34 are split on their readership habits, while those 35-54 lean towards occasional readership and those 55+ lean towards regular readership.



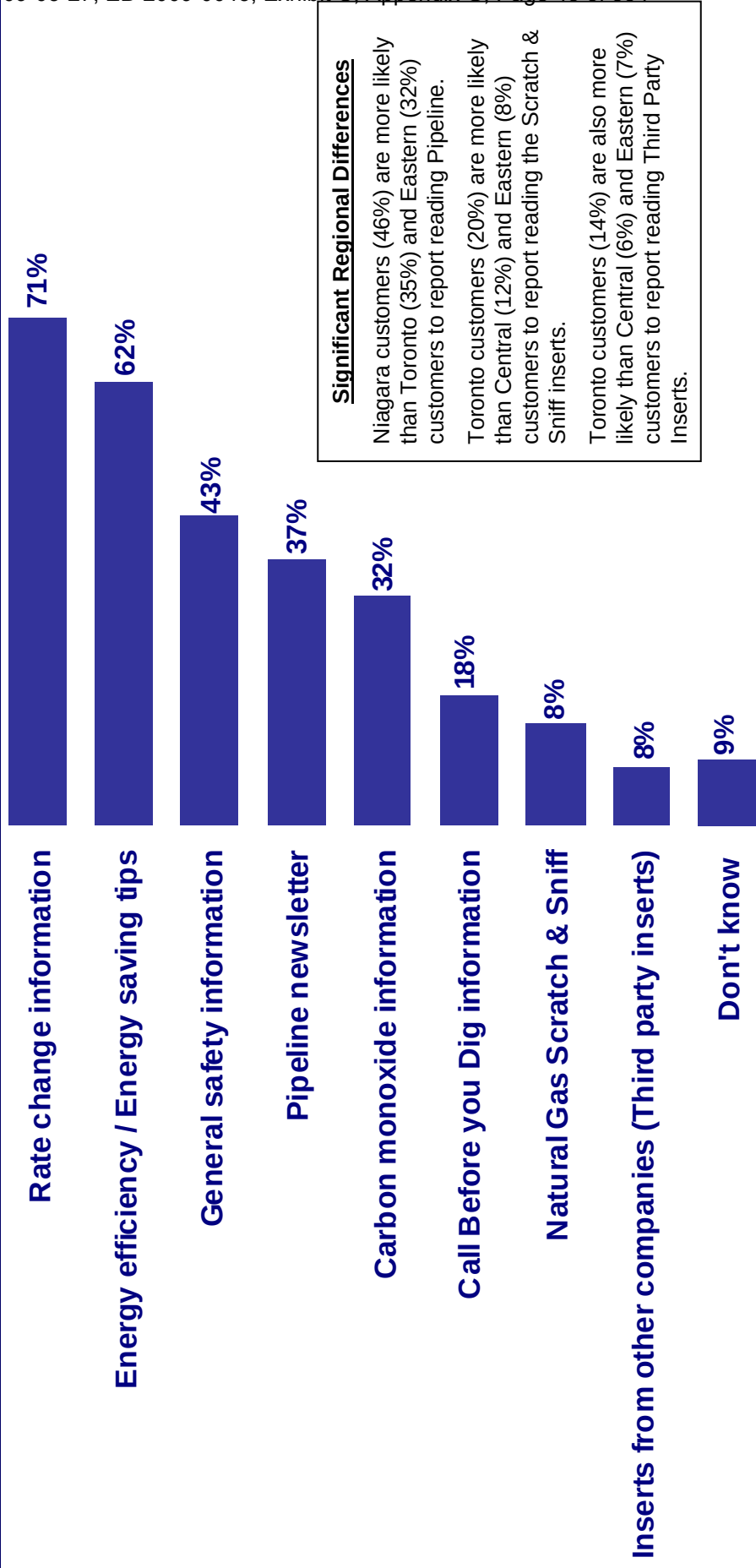
	18-34	35-54	55+
Read most or all	30	18	25
Browse or look through	25	44	50
Glance through	45	38	25

Significant Regional Differences
There are no regional differences



Bill Inserts Read

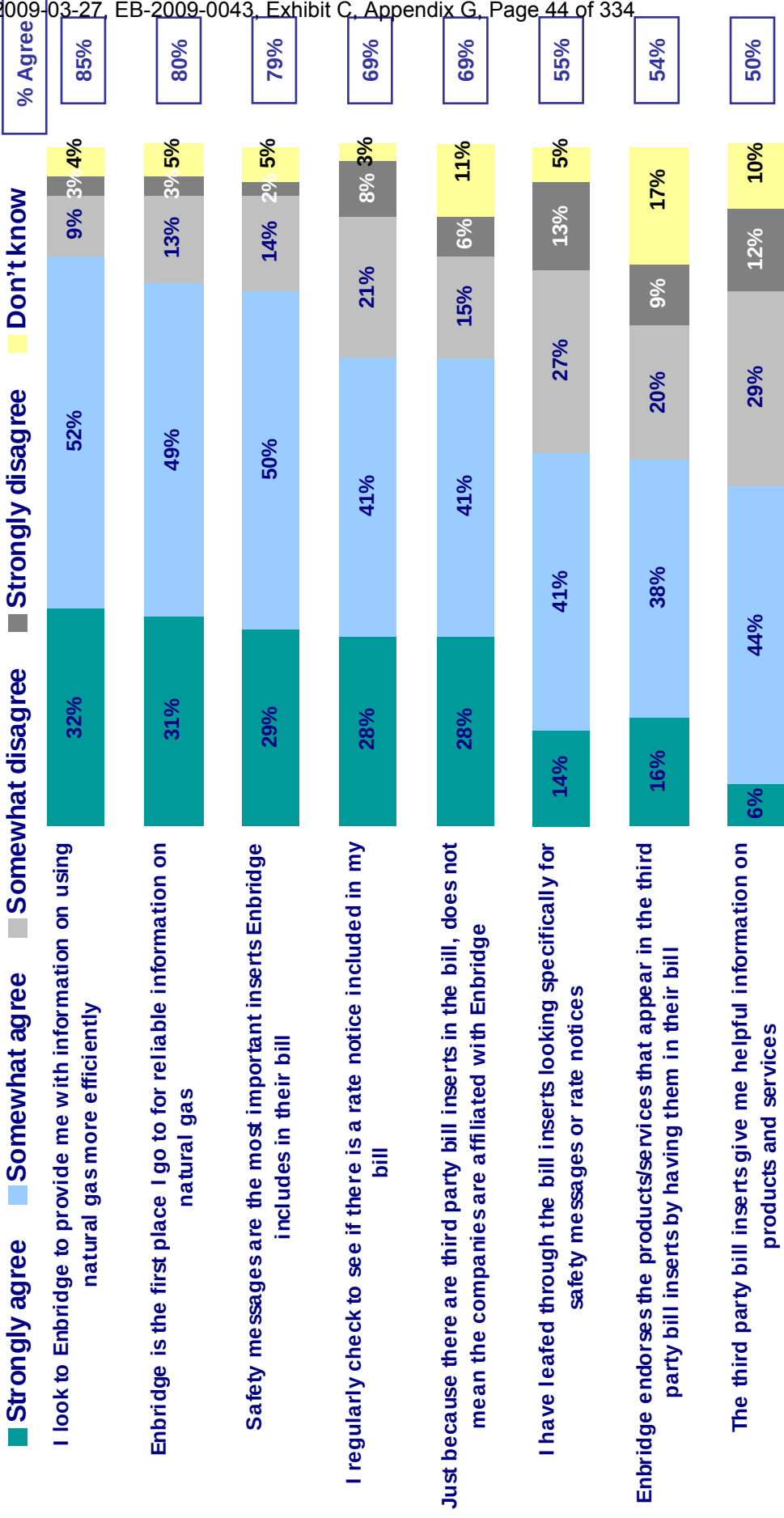
A majority of customers say they usually read rate change information (71%) and energy efficiency/energy savings tips (62%). Only 8% of customers say they read third party inserts. Generally, readership increases with age.





Agreement with Statements on Bill Inserts

Customers appear somewhat unsure on 3rd party insert issues, with half agreeing that they provide helpful information, and just over half (54%) believing that Enbridge endorses the products/services in the 3rd party inserts. However, seven in ten (69%) customers agree that having 3rd party inserts does not mean Enbridge is affiliated with the companies.





Agreement with Statements By Region

Niagara region customers are more likely than customers in other regions to regularly check for rate notices. Niagara customers are also more aware that the companies providing the third party inserts are not affiliated with Enbridge, and are more likely to agree that third party inserts provide helpful information on products and services.

	Total	REGION			
		Toronto	Central	Eastern	Niagara
Top 2 Box %					
I look to Enbridge to provide me with information on using natural gas more efficiently	85%	81%	86%	87%	85%
Enbridge is the first place I go to for reliable information on natural gas	80%	78%	82%	76%	82%
Safety messages are the most important inserts Enbridge includes in their bill	79%	76%	81%	78%	76%
I regularly check to see if there is a rate notice included in my bill	69%	69%	66%	72%	75%
Just because there are third party bill inserts in the bill, does not mean the companies are affiliated with Enbridge	69%	68%	68%	68%	77%
I have leafed through the bill inserts looking specifically for safety messages or rate notices	55%	59%	50%	60%	59%
Enbridge endorses the products/services that appear in the third party bill inserts by having them in their bill	54%	62%	51%	53%	52%
The third party bill inserts give me helpful information on products and services	50%	56%	44%	53%	60%

Bill Insert Examples Tested





Insert 1 – April Call Before you Dig

A clear majority (90%) of residents are aware that this insert is a safety insert from Enbridge.



Significant Regional Differences
There are no regional differences



Call before you dig. It's the law!



Safety Starts With You

Safe Digging Tips:

- ✓ Plan Ahead: Contact Enbridge One Call at least one week before starting your project to protect the time to locate and mark underground utilities. Have your digging or excavating without locating and identifying the underground network of pipes and cables.
- ✓ Be prepared: You will need to let Enbridge One Call know:
 - What you are digging
 - Why and how you plan to dig
 - How long you are digging
- ✓ Not all utilities participate in Enbridge One Call. Enbridge One Call will provide you with the names of its members. Make sure that you also call non-participating utilities such as your local utility, cable and sewer utilities.

Call before you dig. It's the law!

IMPORTANT SAFETY INFORMATION

Call before you dig!
Contact Ontario One Call
www.on1call.com

Calling One Call to:
✓ A free locating service
✓ Available seven days a week,
24 hours a day
✓ A call centre that notifies its members about your planned digging activities

1-800-400-2255

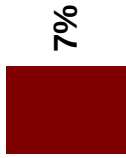
A list of Ontario One Call members, online requests and additional information is available at www.on1call.com



The majority of customers (85%) were able to correctly identify this insert as an Enbridge rate notice.



Newsletter from Enbridge



70%

Safety tips from Enbridge



40%

Pricing information from a company other than Enbridge



30%

**Savings information from a
company other than
Enbridge**



1%



An Update

New Rate Information

July 2008 Rate 1

Residential Customers who purchase their natural gas supply from a Gas Marketer

Residential Rates

Your current bill has been calculated for gas used from July 1, 2008 using the new approved rates as identified below. The annualized impact is based on a typical residential heating and water heating customer who uses 3,064 cubic meters per year.

WORKING CHANGES	WORKING RATES \$0.15 / 2008	ANNUALIZED IMPACT ON YOUR COSTS*
Customer Charge	\$1.4	\$2.75
Gas Supply Charge	Your price is based on your contract with your marketer.	
Delivery Charge		\$6
Delivery Charge (This rate is gas used per meter in a gas meter with a delivery charge)		
Fixed Fee	\$5.2406 \$/m³	
Heat 10	14.4361 \$/m³	
Heat 85	14.1385 \$/m³	
Heat 210	13.8228 \$/m³	
ADDITIONAL FEES	Increasing (Decreasing)	
Rate Adjustment (This rate applies to the meter)	\$5	\$10

Enbridge Gas Distribution provides safe, reliable delivery of natural gas. For more information about Enbridge Gas Distribution rates, call 1-800-263-2212 or visit www.enbridge.com/gas.

*Annual Life Period Charge
 Enbridge Gas Distribution charges its rates when you receive your bill, which is determined by the rates approved by the Ontario Energy Board. The rates are based on the rates in effect for your metered Enbridge Gas Distribution usage, including all applicable federal and provincial taxes, is applied to your account on the 17th day following the date for full 12 bills.



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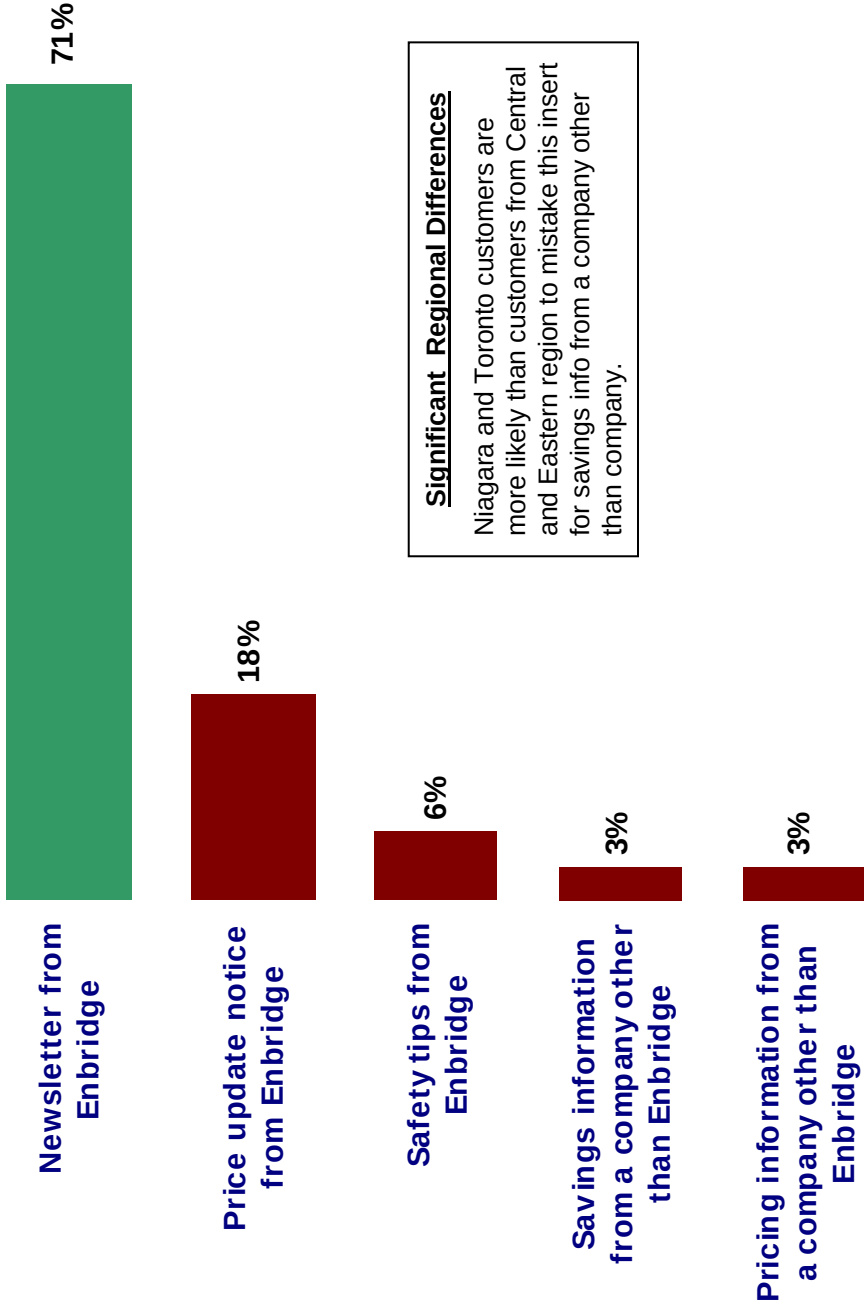
Significant Regional Differences

There are no regional differences



Insert 3 – June Pipeline newsletter

A smaller majority of customers (71%) were able to correctly identify this insert as an Enbridge newsletter.



Q7. Here are four different bill inserts that you might see in an Enbridge bill. Please indicate which description best fits the bill insert shown?



Filed: 2009-03-27, EB-2009-0043, Exhibit C, Appendix G, Page 50 of 334

69%

13%

9%

6%

4%



Toronto customers (73%) are more likely than Niagara customers (62%) to respond correctly.

Base: All Respondents n=879 17

Third Party Inserts and Blackout Period

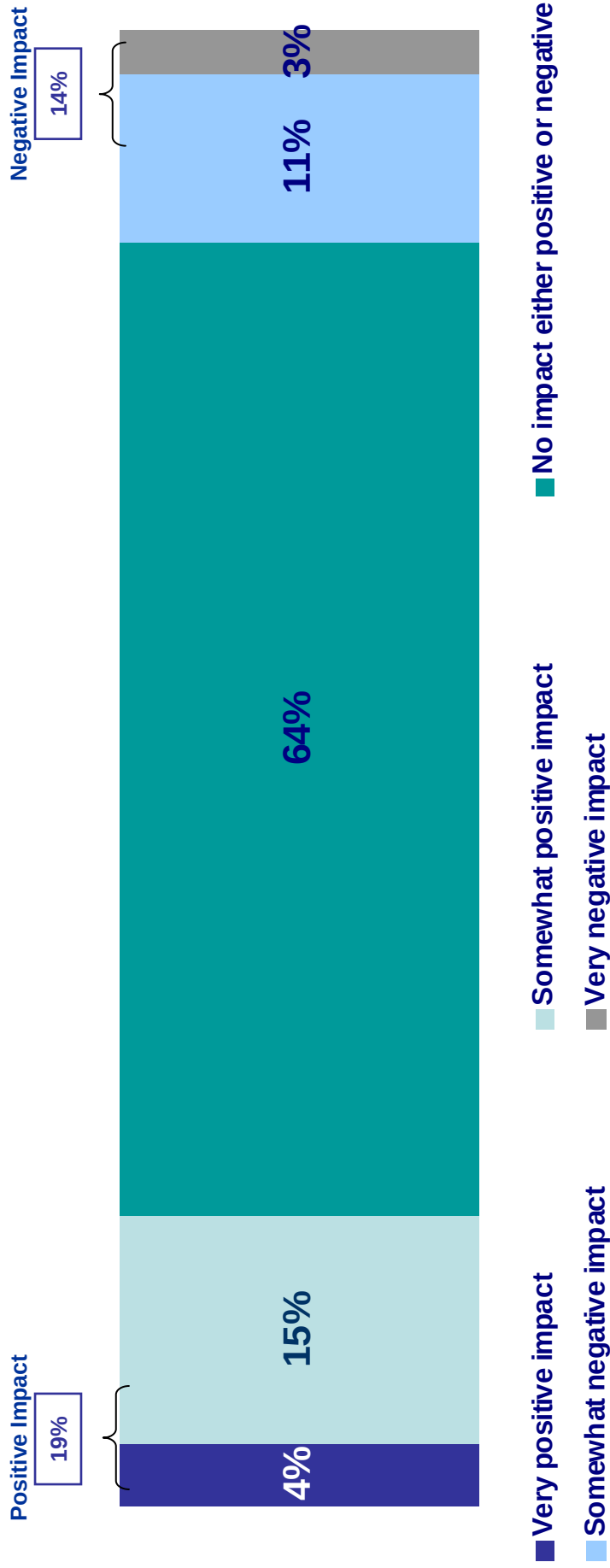




Impact of Third Party Inserts on Impression of Enbridge

The inclusion of 3rd party inserts has had no impact on the impression of Enbridge for the majority (64%) of customers. Two in ten (19%) say it has had a positive impact, while 14% say it has had a negative impact on their overall impression of Enbridge.

File: 2009-03-27, EB-2009-0043, Exhibit C, Appendix G, Page 52 of 334



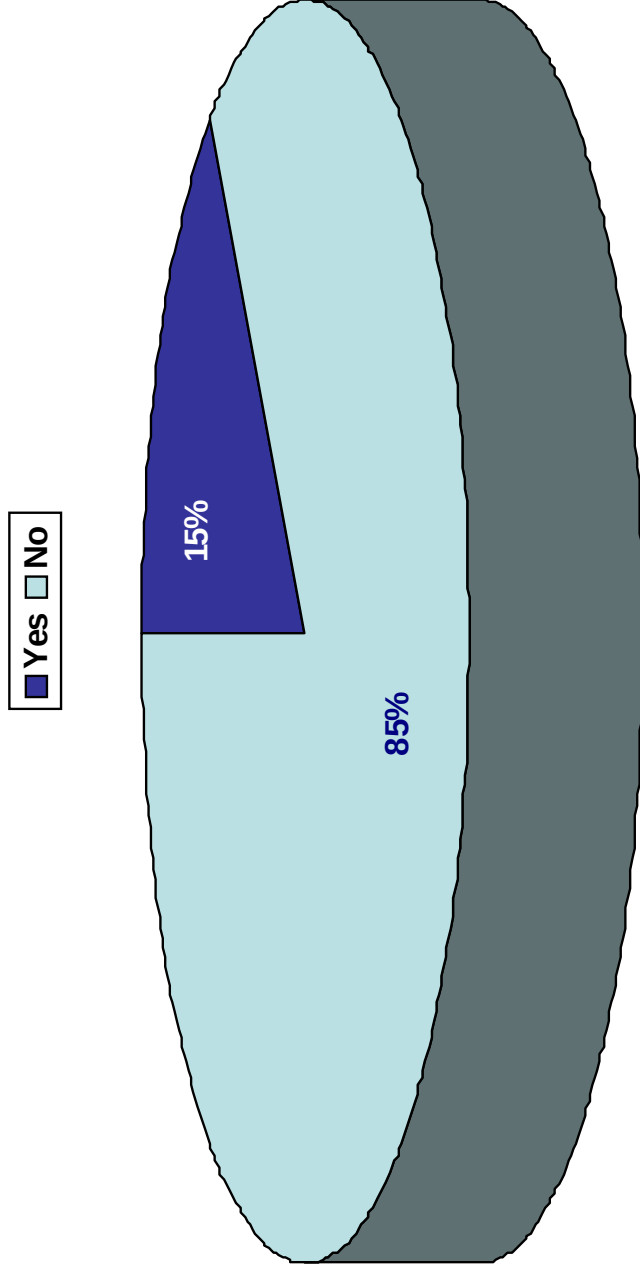
Significant Differences

Those 18-34 (8%) are more likely to say the third party inserts have a very positive impact than those 35-54 (3%) and 55+ (3%).



Awareness of Blackout Period

The clear majority of customers had not noticed that rate notices or safety messages are not included at the same time as third party inserts. Customers who are 18-34 are significantly more likely to say they have noticed this than those 35-54 or 55+.



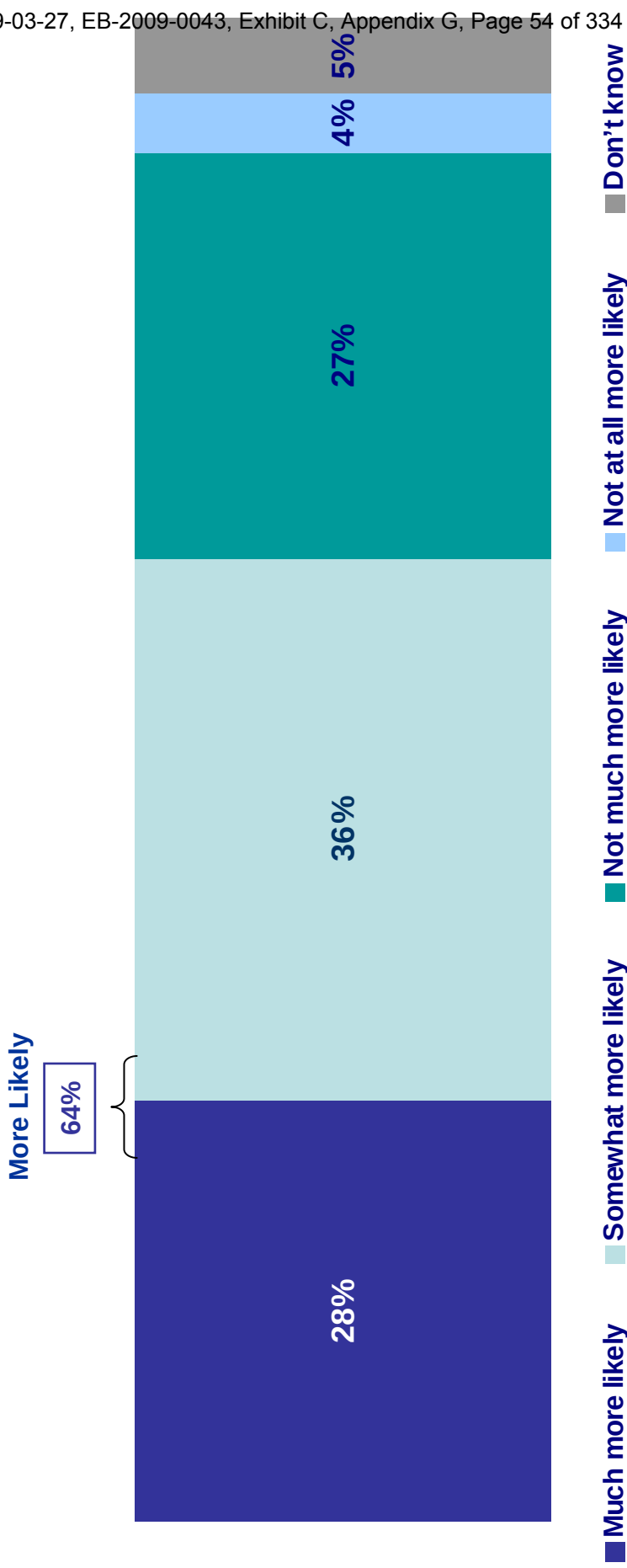
Significant Differences

Those 18-34 (23%) are more likely to say they have noticed the blackout period than those 35-54 (13%) and 55+ (14%).



Likelihood to Look at Safety and Rate Notices without Third Party Inserts

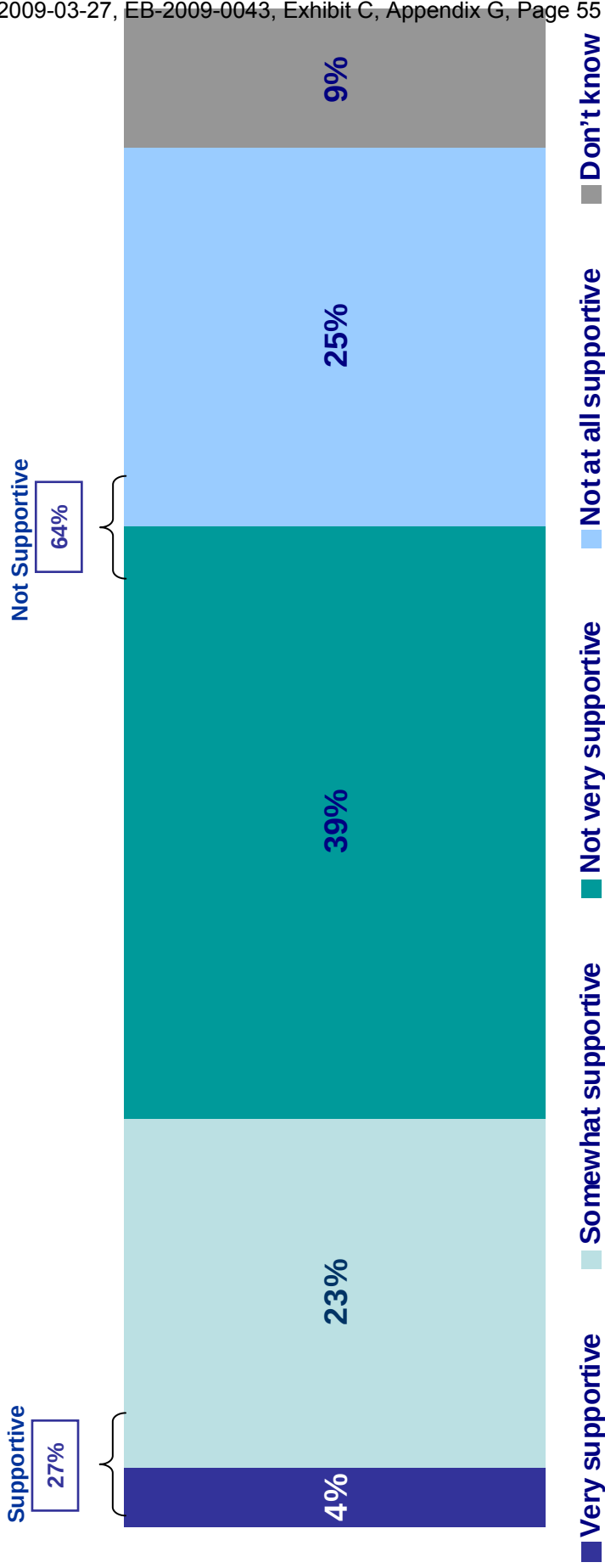
Nearly two thirds of customers (64%) say they are more likely to view the safety inserts and rate notices if they are in the bill on their own without third party inserts.





Support for including 3rd Party Inserts with Safety and Rate Notices

Only 27% of customers are supportive of 3rd party inserts being put into Enbridge bills at the same time as safety messages and rate notices.



Significant Differences

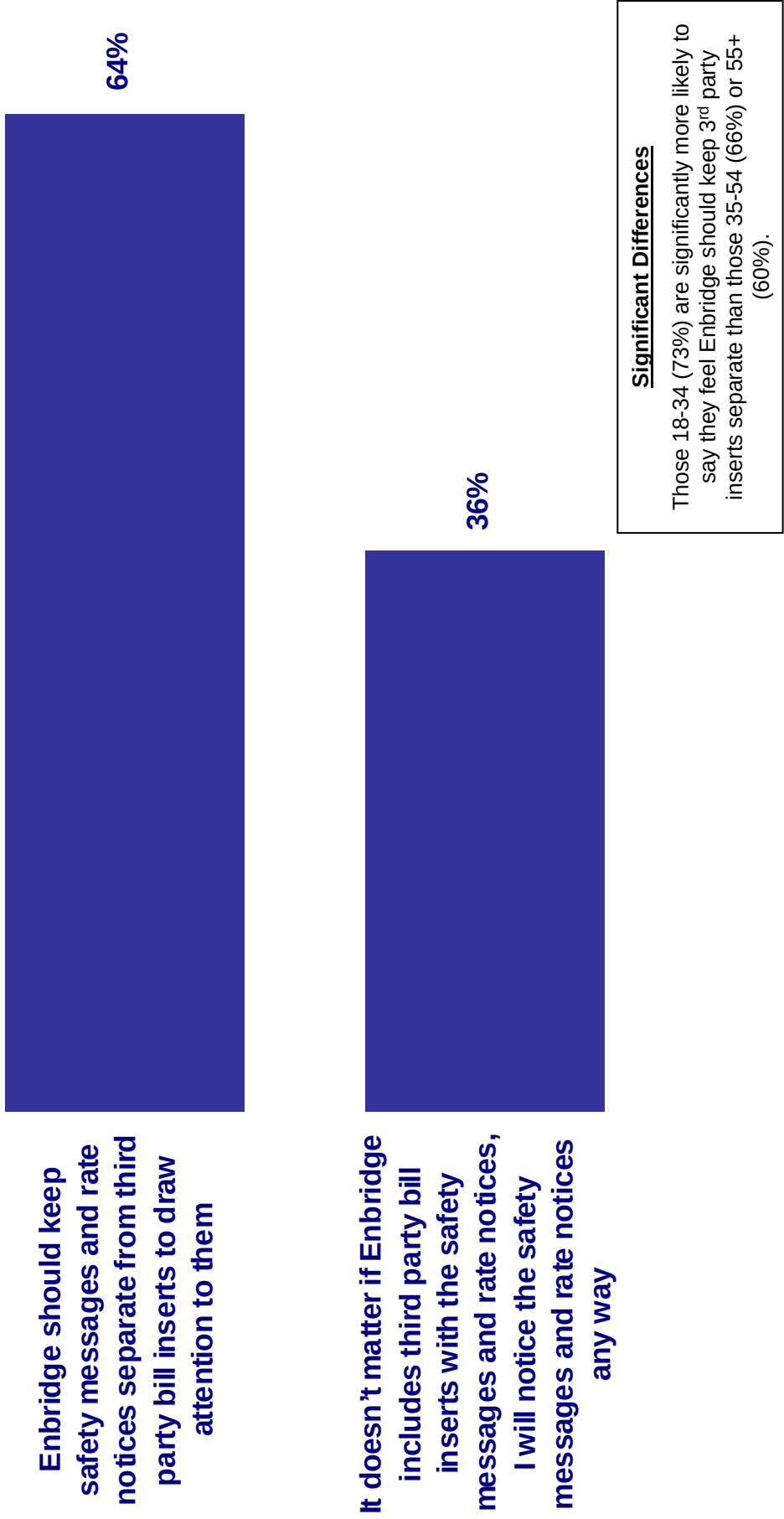
Toronto customers (34%) are more likely to say they are supportive of including 3rd party inserts than Central region customers (23%).

Those 18-34 (40%) are more likely to be supportive than those 35-54 (26%) or 55+ (24%).



View on Blackout Period

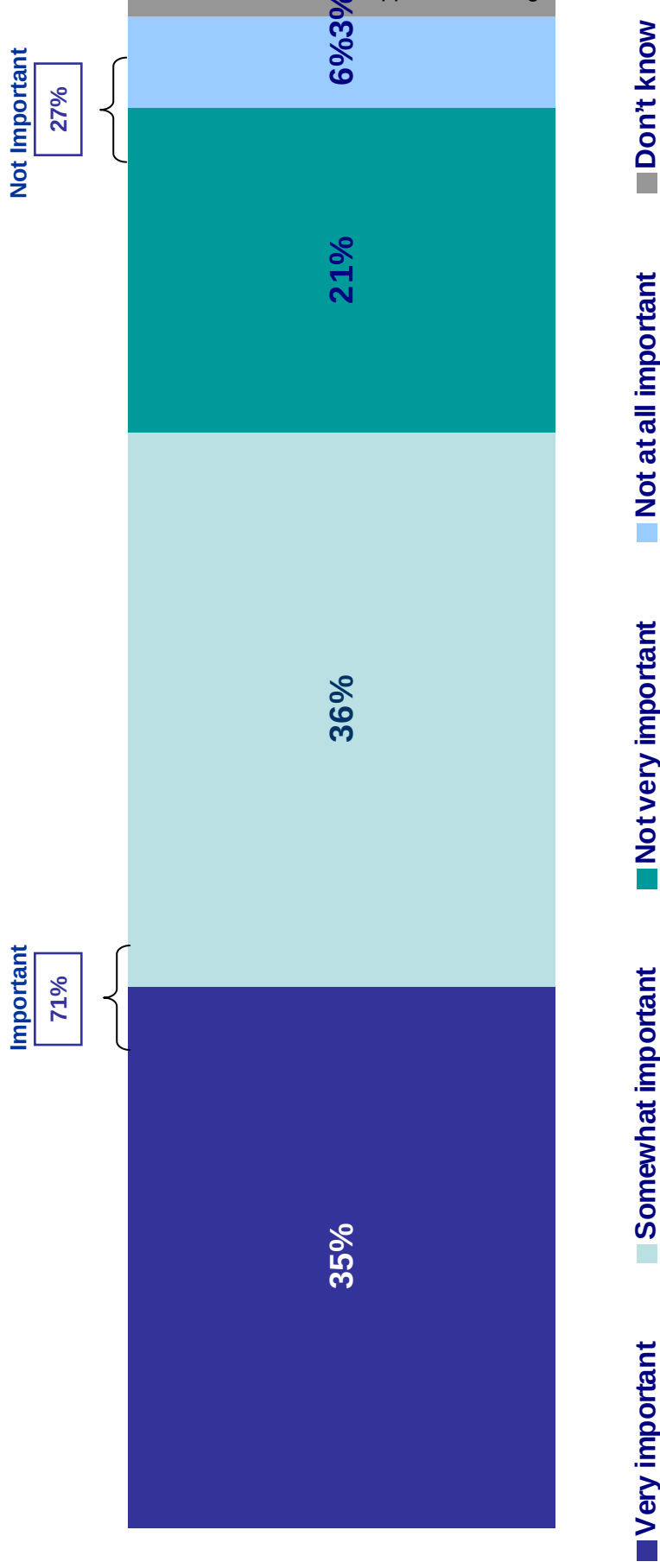
Almost two thirds of customers (64%) feel that “Enbridge should keep their safety messages and rate notices separate from 3rd party bill inserts to draw attention to them.”





Importance of Blackout Period

Seven in ten customers (71%) feel it is important to keep the safety messages and rate notices in separate bills from third party inserts, with 35% stating it is *very important*.

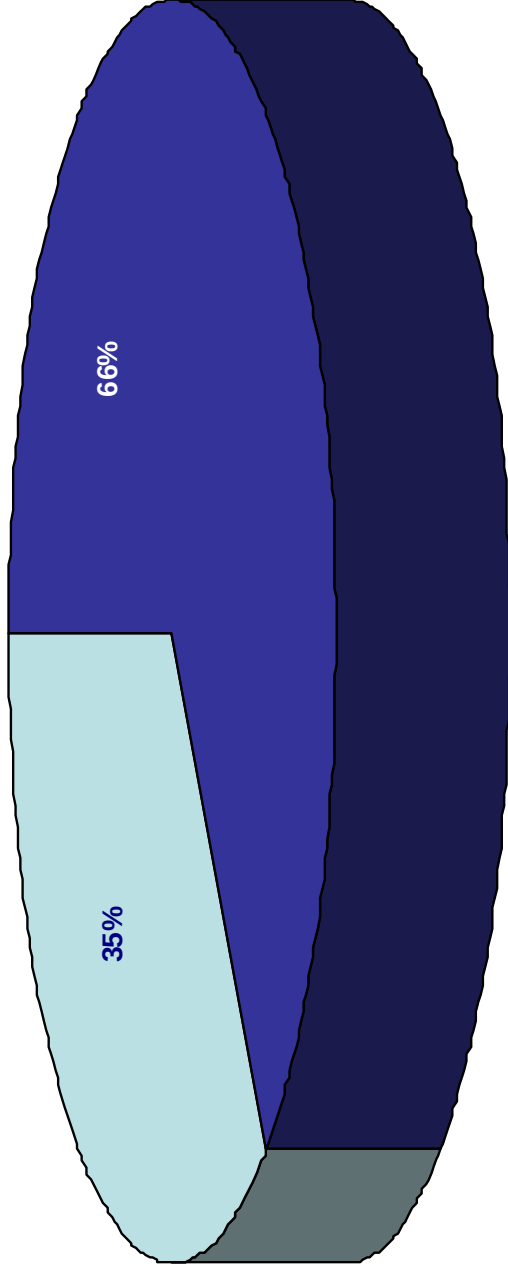




Risk of Losing Safety and Rate Notices without Blackout Period

Two thirds of customers think that safety messages and rate notices are at risk of getting lost when included in the Enbridge bill with third party bill inserts.

■ Yes ■ No



Significant Differences
Those 18-34 (75%) are significantly more likely to agree that they are at risk of getting lost than those 35-54 (66%) or 55+ (61%).

Demographics and Natural Gas Appliances



Demographic Profile of Interviewed Customers

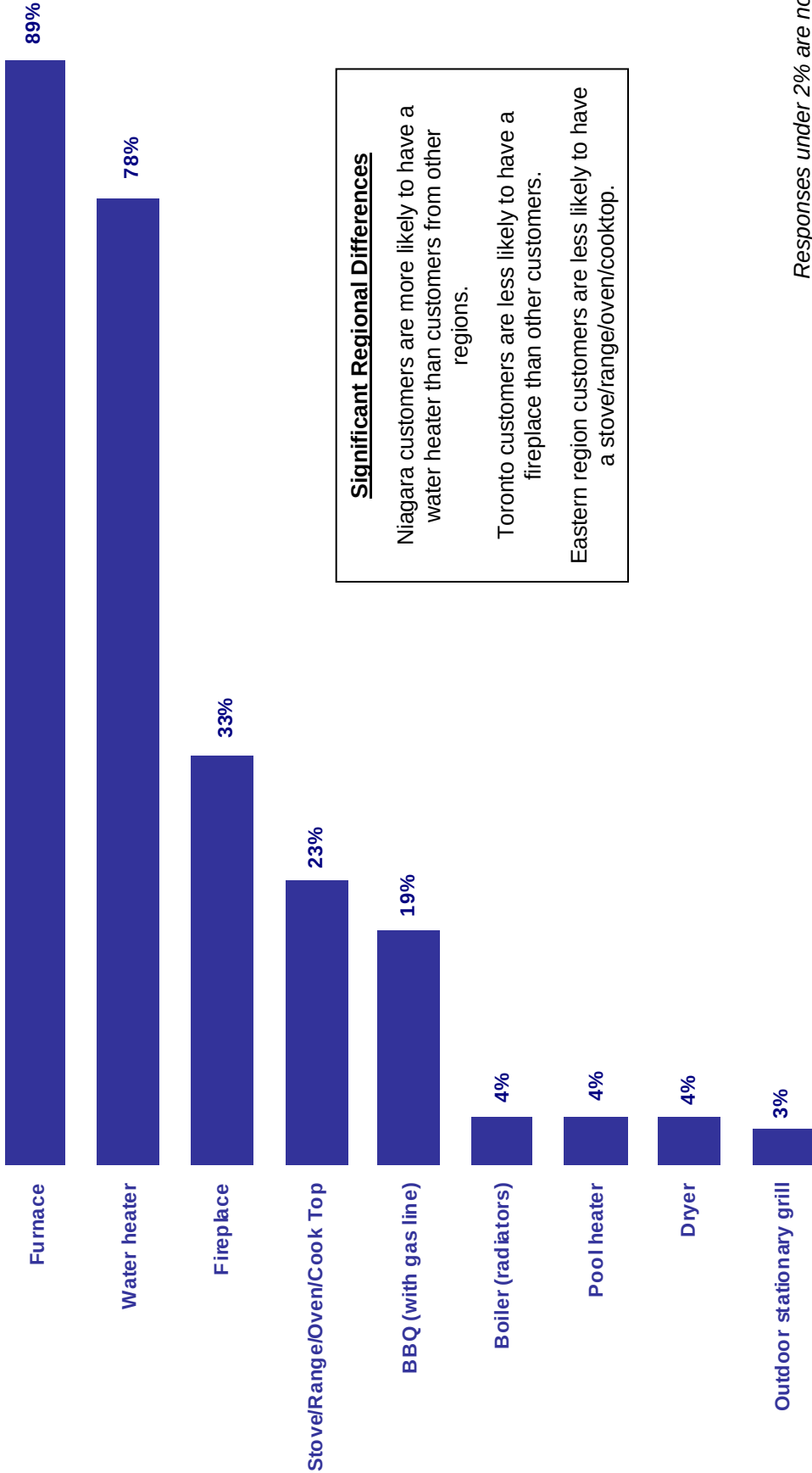
% of Interviewed Customers	Total %
Home Ownership	
Rent	11
Own	89
Age	
18 – 24	3
25 – 34	12
35 – 44	23
45-54	22
55-64	18
65+	22
Gender	
Male	59
Female	41

% of Interviewed Customers	Total %
E-Bill Subscriber	
Yes	8
No	92
Region	
Toronto	27
Central	50
Eastern	15
Niagara	8
Household Income	
Less than \$20,000	4
\$20,000 to <\$40,000	15
\$40,000 to <\$60,000	17
\$60,000 to <\$80,000	21
\$80,000 to <\$100,000	20
\$100,000 <\$120,000	8
\$120,000 +	15



Natural Gas Appliances

A majority of customers say they have a natural gas furnace or water heater. One third of customers say they have a natural gas fireplace. Two in ten customers report having a natural gas stove/range/oven or BBQ with gas line.



Q2. Which of the following natural gas appliances do you currently have in your home?



Ipsos Reid



Bill Inserts Research 2008 Draft Report

For further information, please contact:

Laura Safrance, Manager Research & Business Intelligence 416-495-5287

Research and Business Intelligence

Study reference: CR-498

**Mike
Fenn/GAS/En
bridge**

06/13/2008

04:00 PM

To Ric.Forster@directenergy.com, admin@megacityhvac.com, lliao@newten.ca, pdevries@planetenergy.ca, jcook@reliancecomfort.com, mluymes@hrai.ca, mbuonaguro@piac.ca, anthony.horton@ener-defense.com,

Candace.Steinberg@ServiceExperts.com, JDrummond@universalenergy.ca

cc sales@buttonsheating.com, john.nassar@moreenergy.ca, sdym@universalenergy.ca, nruzycki@energysavings.com, Paul Green/GAS/Enbridge@Enbridge, Steve McGill/GAS/Enbridge@Enbridge, Kerry Lakatos-Hayward/GAS/Enbridge@Enbridge, Fred Rubino, Robert Bourke/GAS/Enbridge@Enbridge,

mjoseph@reliancecomfort.com

S Fw: Enbridge Open Bill Access and Billing Insert - Consultative - Meeting Presentation, Summary & Consultant
ub Terms of Reference - June 11, 2008

je
ct

Hi All,

As promised, here are the items that we've discussed at our Stakeholder group meeting ...

To the Stakeholder group members - Please review and let me know if you have any additions, changes or deletions.

To the wider audience - This is for your information.

Regards,

Mike Fenn
Manager, Billing Relationships
Enbridge Gas Distribution
PO Box 650,
Scarborough, ON M1K 5E3

Phone: 416 495 6132

Fax: 416 753 6674

e:mail: mike.fenn@enbridge.com  Open Bill & Bill Insert Stakeholder Meeting - June 11, 2008.ppt



Open Bill & Bill Insert Meeting Summary - Jun 11, 2008.doc TMG Terms of Reference.doc

Enbridge Gas Distribution Open Bill & Billing Insert Consultative



Stakeholder Meeting
June 11, 2008

Consultative Agenda



- **Welcome & Intro's**
- **Educate Stakeholders by Reviewing Key sections of the OEB Settlement Proposal:**
 - **"Stakeholder Input"** - To determine how we will solicit & document the input of all stakeholders.
 - **"Costing & Pricing Studies"** – To define the objective, Terms of Reference and Statement of Work for the Cost Allocation Consultant.
 - **"Comprehensive Solution"** – To define the "final" Open Bill / Bill Insert Service.
- **Complete a high level point form terms of reference document for the Consultant's engagement**
- **Agree on Project Plan / Key Milestones**
- **Review Decisions/Actions & Close**

2008 Open Bill / Bill Insert Stakeholder Group



Company	Contact Names
Direct Energy	Ric Forster
ENER-Defense Inc.	Anthony Horton (President ENER-Defense)
Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI)	Martin Luymes (VP)
Lennox Service Experts	Candace Steinburg, Marketing Consultant
LivClean Corp.	Paul Devries (President)
MegaCity Heating and Air Conditioning Ltd.	Tammy Maillet (Office Manager)
National Energy Corporation a.k.a. Universal Energy	Jonathan Drummond
NewtEn Home Comfort Inc.	Leo Liao (Director)
Reliance Comfort Limited Partnership	Jack Cook (Lawyer)
VECC Public Interest Advocacy Centre	Mike Buonaguro

OEB Settlement Proposal Stakeholder Input



- The Company will establish a stakeholder committee that includes users of the Billing/Insert Services, as well as ratepayer and industry representatives, to review the rules associated with participation in Billing/Insert Services. All parties to the agreement will be invited to become members of the stakeholder committee. The committee will meet from time to time as required to consider changes to the rules. Any changes to the rules that materially change the nature of the service will be reviewed by the stakeholder committee and reported to the Board to determine if their approval is required. The stakeholder committee will also be solicited for input into the Company's proposed communications plan, and other issues as they arise.
- ***Additional requirements for Bill Insert*** -To ensure that consumer interests are being addressed, EGD will conduct focus groups and customer surveys on inserts as soon as possible in 2007 and report the findings to the stakeholder committee to determine if remedial action is required. EGD will also prescreen insert users and review the content of their bill inserts to ensure proper use of its billing envelope.

OEB Settlement Proposal Cost and Pricing Studies



- The Company agrees that it will retain an independent consultant or consultants to undertake costing and pricing analyses for the Billing/Insert Services. The consultant's work will include assistance in determining a market price, and a review and analysis of the incremental and fully-allocated costs of these services. The Company will solicit the stakeholder group's input on the independent consultant(s), and statement of work for those consultant(s), but the Company will retain the right to make the final selection and define the terms of the reference. The cost of these studies will be included in the OBSDA.

OEB Settlement Proposal Comprehensive Solution



- The Company agrees that it will file an application to the Board prior to the end of 2008 proposing the comprehensive Billing/Insert Services offering. Such application should include: a) a detailed report on the experience with the interim solution, b) any available consultants' reports with respect to costing and/or market pricing, c) the results of any customer communications activities and any customer or industry surveys, d) minutes and/or reports of the activities of the stakeholder committee referred to in the Stakeholder Input section, and e) the Company's proposal on whether the Billing/Insert Services should continue, and if so on what terms. Without limiting the generality of the foregoing, the Company's proposal may include changes to pricing, costing, shareholder incentive, and any other aspects of the Billing/Insert Services. Nothing in this settlement implies that any party admits to either the relevance or the appropriate weight to be given to any particular evidence in this subsequent application, and all parties will be free to argue as they see fit with respect to any proposed evidence.
- ***Additional Requirements for Open Bill:*** In the event that in the Company's application the Company or any party proposes that the Billing Services should not continue, that party must also propose a reasonable transition period to reflect the time required for anyone using the Billing Services to shift to alternate billing arrangements.

Terms of Reference / Statement of Work for the Consultant's Engagement



- **Purpose / Goal**
- **Deliverables & Timelines**
- **Techniques**
- **Resources**
- **Costs**
- **Assumptions**

Project Plan / Key Milestones



Activity	Outcome	2008							
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Stakeholder Meeting	Agree on deliverables, pick a Cost/Price Consultant & determine terms of reference								
Engage Consultant	Obtain stakeholder input via e:mail on Consultant's Statement of work & engage the consultant								
Cost/Price Study	Consultant conducts Costs and Market rates study								
Stakeholder Meeting	Update & review of Cost/Price Consultant report								
Comprehensive Rept	Utilize Consultant's report as input into the development of the Comprehensive Sol'n Rept								
Stakeholder Meeting	Update & review of Comprehensive Solution Report								
File Comprehensive Solution report	File the Comprehensive solution report with the OEB								

Next Steps



- **Review Decisions/Actions identified during the meeting**
- **Close**

**ENBRIDGE GAS DISTRIBUTION (EGD)
OPEN BILL/BILL INSERT CONSULTATIVE
STAKEHOLDER GROUP MEETING – JUNE 11, 2008**

The following ten people volunteered to participate in the **Stakeholder Group** (“Group”): Ric Forster (Direct Energy), Candace Steinburg (Lennox Service Experts), Tammy Maillet (MegaCity Heating), Leo Liao (NewtEn Home Comfort), Paul Devries (LivClean Corp.), Jack Cook (Reliance Comfort), Anthony Horton (ENER-Defense), Jonathan Drummond (National Energy), Martin Luymes (HVAC), and Mike Buonaguro (VECC).

The parties in **attendance** today were:

- EGD – Mike Fenn, Steve McGill, Kerry Lakatos-Hayward, Fred Rubino, Amir Hasan, Robert Bourke and Barbara Bodnar
- Direct Energy – Ric Forster
- ENER-Defense – Anthony Horton
- LivClean – Paul Devries
- National Energy – Jonathan Drummond
- NewtEn Home Comfort – Leo Liao
- Reliance Comfort – Marina Joseph (substitute for Jack Cook)
- VECC – Mike Buonaguro

The parties who could not attend today were: Martin Luymes (HVAC), Candace Steinburg (Lennox Service), and Tammy Maillet (MegaCity).

EGD commented that there must be a balance between expediting the process and accommodating the Group. The approach would be to make decisions and move forward as a Group, but provide an opportunity for feedback. There may be items where consensus cannot be reached. EGD would have the final say. EGD would like to file its application with the OEB with the Group on board.

Mike Fenn presented slides addressing the following **agenda** for the meeting:

- Review key sections of the Settlement Proposal filed with the Ontario Energy Board (OEB) in EGD’s 2007 rate case which addressed stakeholder input, costing and pricing studies and a comprehensive solution.
- Complete a high level point form terms of reference document for the consultant’s engagement.
- Agree on the project plan and key milestones.
- Review decisions/actions.

The **terms of reference for the consultant’s** engagement addressed the following points:

- background
- purpose/goal
- deliverables
- timelines

- techniques
- communication plan
- resources
- costs
- assumptions

The terms of reference were drafted on a broad basis. The specific terms of reference are to perform a costing/pricing analysis for the billing/insert services by investigating and providing assistance to determine a market price, and reviewing and analyzing the incremental and fully-allocated costs of these services. The broad issues under the headings could be attached as an addendum to the terms of reference.

The Group accepted EGD's proposal to engage TMG Consulting ("TMG") to conduct the costing/pricing studies.

The **project plan and key milestones** agreed upon by the parties (EGD to review with TMG for their comments) are:

- June 21 – release terms of reference to consultant
- June 28 – formal engagement of consultant
- August 15 – draft Report issued
- September 7 – Group comments on draft Report
- September 21 – final Report issued

The following **decisions/actions** were identified during the meeting:

- The Group accepted the engagement of **TMG as the consultant** to prepare the costing/pricing studies.

Process and Communication Plan:

- All **notes of Group meetings**, information and documentation will be sent to Group members as well as those who attended the initial meeting on May 2, 2008.
- In order to expedite the process, if a Group member is not able to **attend a meeting**, they can email their comments to EGD, send a substitute to the meeting to speak on their behalf, or link into the meeting via a conference call.
- EGD will forward to the Group all **documents** to be presented at a Group meeting in advance of the meeting date (if available, 5 business days before the meeting).
- EGD will ask TMG to send Group Members **biweekly progress reports** on the project status including the status regarding each component provided to TMG in the Terms of Reference.
- **Three Group meetings** will be held during the TMG engagement the first to provide input into the consultants plan, the second to get an update on the work and the last to receive the draft report. EGD will discuss with TMG the project plans, key milestones and **timelines** for reporting back to the Group on the project status.

- The *Group* will have an opportunity to provide feedback on the draft **Terms of Reference**.
- EGD will discuss the draft Terms of Reference with TGM and provide TMG's comments to the *Group*. The Group will then have an opportunity to comment on TMG's proposed Terms of Reference.
- EGD will report back to the *Group* after having internal discussions on how to proceed with respect to EGD's **OEB Application** on this matter. Is this consultative a pathway to a settlement to be considered in EGD's application to the OEB on bill/insert services?

(june1108openbill)

Terms of Reference / Statement of Work for the Consultant's Engagement

- **Background:**
 - Include points from settlement agreements
- **Purpose / Goal:**
 - To perform a costing and pricing analyses for the Billing/Insert Services by:
 - Investigating & providing assistance to determine a market price
 - Reviewing and analyzing the incremental and fully-allocated costs of these services
- **Deliverables:**
 - Market Price analysis:
 - Determine how efficiencies translate into a market price (ie. Price for e:bill vs paper bill)
 - What components to charge for & what to charge for each component
 - Benchmark analysis against others that provide a similar service
 - Standalone (including x-franchise?) vs Shared (define what shared means)
 - Proposed changes to the existing Open Bill Services.
 - Incremental and Fully Allocated Cost analysis:
 - EGD's internal costs & external costs
 - Kerry's costing model (JT5)
 - Economic performance of program to date
 - Assessment of costs for both the interim solution and the new CIS
 - Standalone vs Shared
 - Define end to end scope of service and the associated costs for both the interim & long-term solution and examine opportunities for economies of scale
 - Report that would include an authoritative opinion ... (from Steve) & presentation for Stakeholder group
 - Periodic reporting to stakeholders on status regarding each component provided to TMG in the Terms of Reference
- **Timeline**
 - Release Terms Of Reference to consultant - June 21
 - Formal engagement of consultant – June 28
 - Draft report – Aug 15th
 - Stakeholder comments on Draft – Sept 7
 - Final Report – Sept 21
- **Techniques:**
 - Covered above
 - TBD by consultant
- **Communication Plan:**

- Progress report – biweekly report to stakeholder group on project status
- **Resources:**
 - 1 FT with support of Mario B.
 - Any internal/external EGD resources required
- **Costs:**
 - ? TBD by TMG
- **Assumptions:**
 -

**Mike
Fenn/GAS/En
bridge**

07/18/2008

10:58 AM

To Ric.Forster@directenergy.com, admin@megacityhvac.com, lliao@newten.ca, pdevries@planetenergy.ca, jcook@reliancecomfort.com, mluymes@hrai.ca, mbuonaguro@piac.ca, anthony.horton@ener-defense.com, Candace.Steinberg@ServiceExperts.com, JDrummond@universalenergy.ca
cc sales@buttonsheating.com, john.nassar@moreenergy.ca, sdym@universalenergy.ca, nruzycki@energysavings.com, Paul Green/GAS/Enbridge@Enbridge, Steve McGill/GAS/Enbridge@Enbridge, Kerry Lakatos-Hayward/GAS/Enbridge@Enbridge, Fred Rubino, Robert Bourke/GAS/Enbridge@Enbridge, mjoseph@reliancecomfort.com, hmcken1@sears.ca, rhiggin@econalysis.ca, Barbara Bodnar/GAS/Enbridge@Enbridge, mariob@tmgconsulting.com, Marco Rizzi/GAS/Enbridge@Enbridge, Ashok Sundaram/GAS/Enbridge@Enbridge, Trevor Maclean/GAS/Enbridge@Enbridge
Su Enbridge Open Bill Access and Billing Insert - Consultative - Meeting Presentation, Summary & Supporting
bj Documentation - July 15, 2008
ec
t

Hi All,

As promised, here are the items that we've discussed at our Stakeholder group meeting on July 15, 2008

...

- The "Using the Enbridge Name" Guidelines has been updated as a result of the changes suggested at the meeting. Attached you'll find an updated copy:
- Here's an example of a test Enbridge bill with multiple billers (English & French) as requested by the group:
- A list of the billers that have signed a contract with Enbridge is listed on the Enbridge website. Attached is the content of this webpage:

TMG (The consultant performing the price/cost study) has provided the following target dates for future Stakeholder group meetings:

- 1st week of September /08 - Review framework and gathered data elements
- Oct 13/08 - Review cost model and normalized market data
- Nov 17/08 - Review proposed Pricing model

To the Stakeholder group members - Please review and let me know if you have any additions, changes or deletions.

To the wider audience - This is for your information.

Regards,

Mike Fenn
Manager, Billing Relationships
Enbridge Gas Distribution
PO Box 650,
Scarborough, ON M1K 5E3

Phone: 416 495 6132

Fax: 416 753 6674



e:mail: mike.fenn@enbridge.com  Open Bill & Bill Insert Meeting Summary - Jul 15, 2008.doc



Open Bill & Bill Insert Stakeholder Meeting - July 15, 2008.ppt  Open Bill Approach and Workplan_v3.ppt



Using the Enbridge Name, July 2008.doc  4 Billers English - Coloured.doc  3 Billers on 1 Page.doc  Website Page.doc

**ENBRIDGE GAS DISTRIBUTION (EGD)
OPEN BILL/BILL INSERT CONSULTATIVE
STAKEHOLDER GROUP MEETING – JULY 15, 2008**

The parties in **attendance** today were:

- EGD – Mike Fenn, Paul Green, Kerry Lakatos-Hayward, Amir Hasan, Robert Bourke and Barbara Bodnar
- TMG Consulting (TMG) – Mario Bauer, Ashok Sundaram and Marco Rizzi
- Direct Energy – Ric Forster
- ENER-Defense – Anthony Horton
- National Energy – Jonathan Drummond
- NewtEn Home Comfort – Leo Liao
- Reliance Comfort – Jack Cook
- VECC – Roger Higgin
- HVAC – Martin Luymes
- Lennox Service – Candace Steinberg
- MegaCity – Tammy Maillet

Paul Devries of LivClean was absent today.

Mike Fenn presented slides addressing the following **agenda** for the meeting:

- Open Bill: Status Update and Biller Marketing Guidelines (“Using the Enbridge Name”)
- TMG Presentation: Open Bill Project – Project Approach and Work Plan (July 15, 2008 Draft)

The **TMG** representatives made a slide **presentation** outlining their proposed approach and a preliminary workplan to perform a costing and pricing analysis for the billing/insert services. TMG’s presentation covered the following topics:

- Proposed Approach
- Activities & Deliverables
- Preliminary Workplan
- Underlying Assumptions
- Team Structure
- Immediate Next Steps

The following **decisions/actions** were identified during the meeting:

EGD to:

- distribute a PDF version of the current bill (page 3) with the minutes of meeting
- amend the “Body Copy Choices” section of the “Using the Enbridge Name” document to say “Enbridge Gas Distribution” and not just “Enbridge”
- check to see if there are any Enbridge subcontractors’ that are also participants of the Open Bill program. If so, how are they using of the Enbridge logo
- send to TMG the Ontario Energy Board’s definition of the term “fully allocated costs”
- send an email with the proposed meeting dates

TMG to:

- fine tune its Proposed Approach based on today's discussions
- add additional checkpoints in its Proposed Approach before development of the new cost model
- distribute its cost model in the conceptual stage one week in advance of a Group meeting for discussion (meeting probably after Labour Day weekend)
- provide potential dates for milestones/meetings to EGD by the end of this week
- provide bi-weekly status reports (emails)
- look at the regulatory treatment in other jurisdictions
- look at the terms and assumptions imposed by other arrangements as part of its comparative analysis

Highlights of today's discussions are set out below:

Direct Energy was interested in the data points and methodology used by TMG in arriving at its cost model. Rob Bourke noted the OEB's direction was to focus on the market price and costs, and not the cost for opportunity which each individual user would want to consider.

(july1508openbill)

Enbridge Gas Distribution Open Bill & Billing Insert Consultative



Stakeholder Meeting
July 15, 2008

Agenda



- **Welcome & Intro's**
- **Open Bill:**
 - Status Update
 - Biller Marketing Guidelines
- **Open Bill / Bill Insert Price / Cost Study Approach**
 - TMG
- **Review Decisions / Actions & Close**

Open Bill Status



- **To date:**

- There are approximately 60 energy services entities interested in this service
- We have registered 20 Billers in our Legacy CIS system. We've entered into Open Bill agreements with 10 of these of which 8 are billing charges to approximately 1.4M Enbridge customers on the Enbridge bill
- The CIS system freeze is in place thus no new billers can be added until after the new CIS system has been stabilized (target July 2009)
- All billers added to the interim solution must revise their interfaces to meet the new CIS requirements. They will be asked to participate in integration testing starting Sept 2008

Open Bill – Biller Marketing Guidelines



- Participants of the Open Bill Access Program may promote the Enbridge billing arrangements. We have created guidelines on the use of the Enbridge name to protect the Enbridge brand, minimize customer confusion and assist third parties.
- All use of the Enbridge name including those within the guidelines, should be sent to Mike Fenn, Manager, Billing Relationships, Enbridge Gas Distribution for approval. Mike will obtain all necessary Enbridge approvals. Mike can be reached at (416) 495-6132 or mike.fenn@enbridge.com.
- A letter will be sent to all billers explaining the use of these guidelines

Price / Cost Study Approach



- **TMG Presentation**

- **Review Decisions / Actions & Close**



Open Bill Project

Project Approach and Work Plan (DRAFT)
July 15, 2008



Table of Contents

- Introduction
- Proposed Approach
- Activities & Deliverables
- Preliminary Workplan
- Underlying Assumptions
- Project Structure
- Immediate Next Steps



Introduction

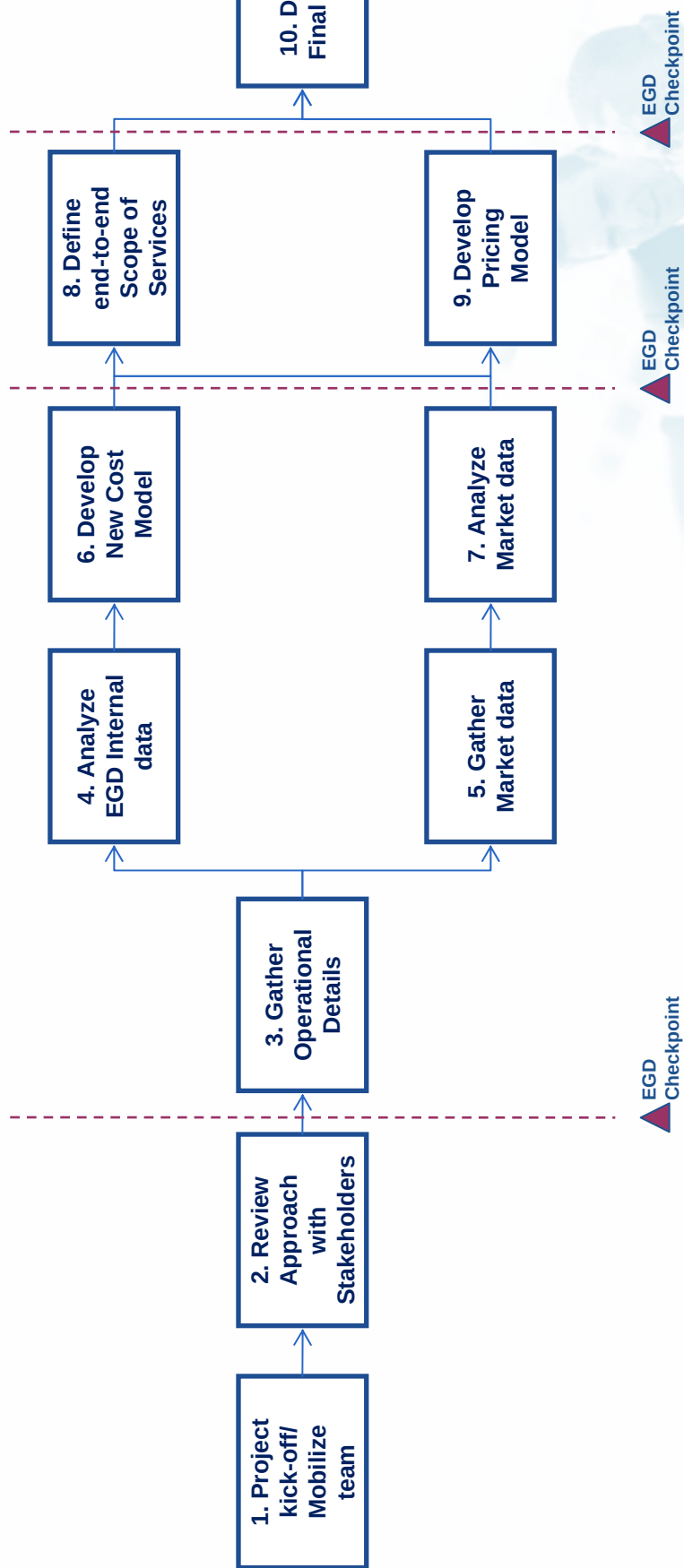
Background

- EGD is in the process of developing a pricing model for Billing services and Bill Insert services to its open bill clients and interveners
- The stakeholder committee has engaged TMG in assisting EGD to develop a pricing model
- This presentation outlines a TMG proposed approach and a preliminary workplan to achieve the purpose/goal defined below

Purpose/Goal

- To perform a costing and pricing analysis for the Billing/Insert services by:
 - Investigating & providing assistance to determine a market price
 - Reviewing and analyzing the incremental and fully-allocated costs of these services

Proposed Approach



- Project activities will be conducted in parallel wherever possible to shorten timeline
- Level of assessment of the interim solution cost will be dictated by EGD's needs and time availability
- Draft of the final report will be distributed to stakeholders for feedback – 5 business days factored in for review

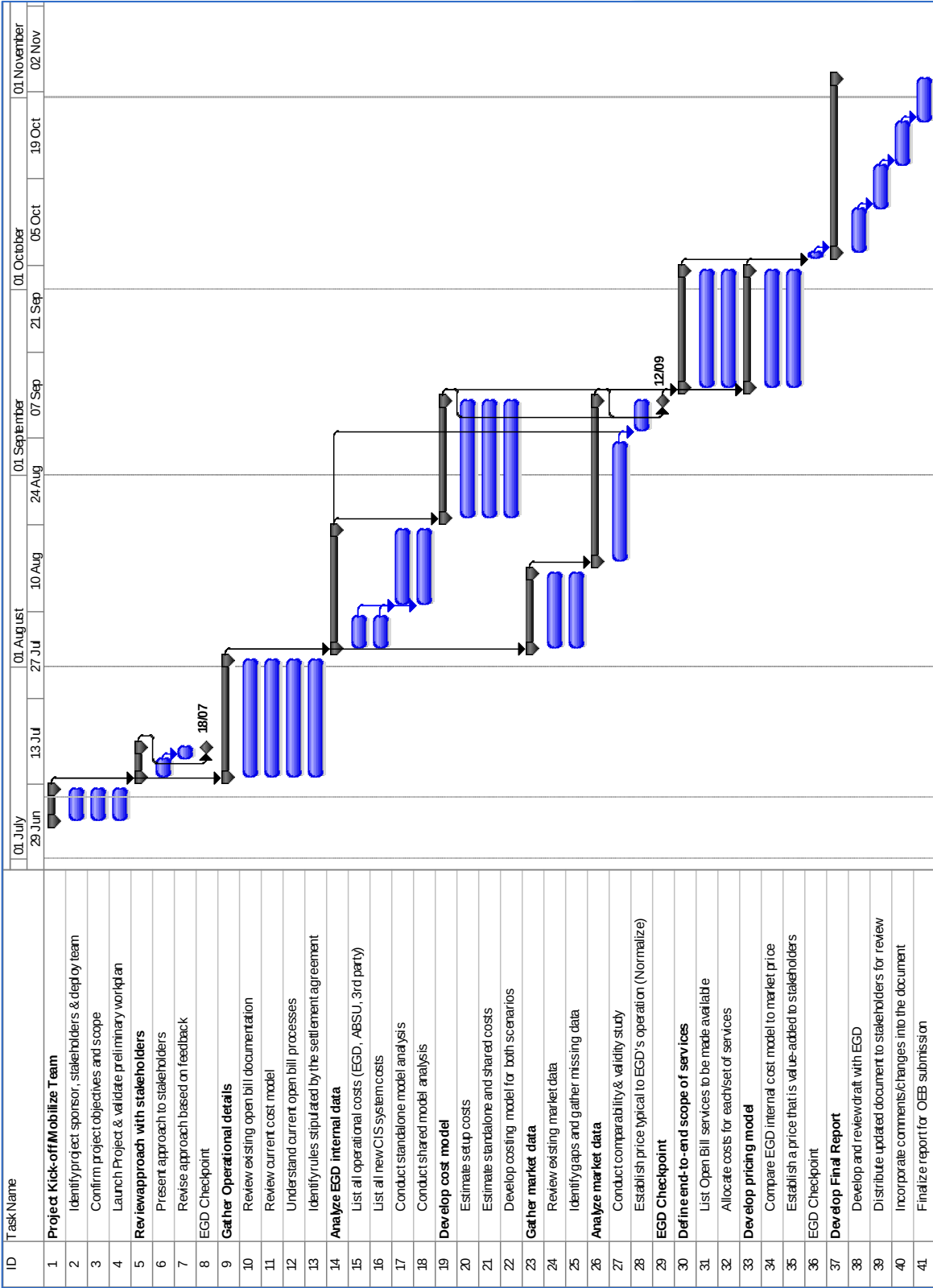
* Includes both billing and billing insert services
Draft for Discussion

July 15, 2008

Activities & Deliverables

No.	Process Step	Activities	Deliverables
1	Project Kick-off/Mobilize Team	Identify project sponsor, stakeholders & deploy team Confirm project objectives and scope Launch Project & validate preliminary workplan	Revised project plan
2	Review approach with stakeholders	Present approach to stakeholders Revise approach based on feedback	
3	Gather Operational details	Review existing open bill documentation Review current cost model Understand current open bill processes Identify rules stipulated by the settlement agreement	
4	Analyze EGD internal data	List all operational costs (EGD, ABSU, 3rd party) List all new CIS system costs Conduct standalone model analysis Conduct shared model analysis	
5	Gather market data	Review existing market data Identify gaps and gather missing data	
6	Develop cost model	Estimate setup costs Estimate standalone and shared costs Develop costing model for both scenarios	Shared, standalone & ex-franchise cost model
7	Analyze market data	Conduct comparability & validity study Establish price typical to EGD's operation	Market pricing model
8	Define end-to-end scope of services	List Open Bill services to be made available Allocate costs for each/set of services	
9	Develop pricing model	Compare EGD internal cost model to market price Establish a price that is value-added to stakeholders	EGD pricing model
10	Develop Final Report	Develop and review draft with EGD Distribute updated document to stakeholders for review Incorporate comments/changes into the document Finalize report for OEB submission	Final report

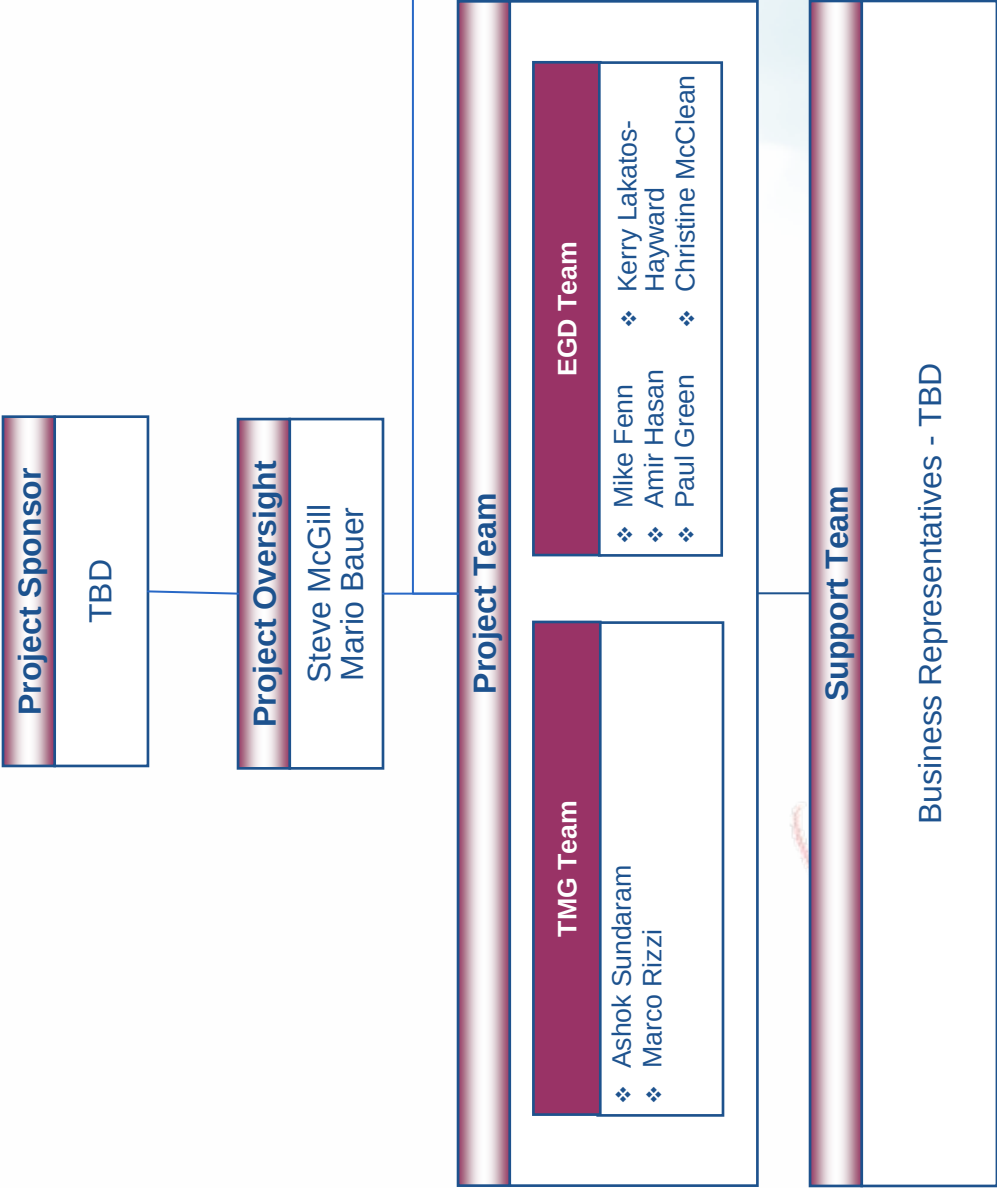
Preliminary Workplan



Underlying Assumptions

- Scope includes costing and pricing of both Billing and Insert services
- There will be minimal assessment performed on interim costs (existing cost model)
- There is a small buffer built into the plan to factor slow progress anticipated during the summer months (July and August)
- EGD will allocate a minimum of 1.5 days per week of effort through the course of this project
- EGD will accommodate data and meeting needs put forth by TMG based on a reasonable prior notice
- TMG will leverage existing EGD data analysis conducted to maximum possible extent
 - JT5 and all pertinent cost analysis that formed the basis for open bill settlement
 - Operational details (EGD, ABSU and 3rd party)
- Further data analysis and reporting requirements will be defined based on degree of disparity between EGD and stakeholders needs
- The pricing model and end-to-end services list will be available at the end of first week of Oct'08. EGD can leverage this info to develop their report

Team Structure



* Engagement level of EGD and TMG team members will be determined based on scope finalization

Immediate Next Steps

- Fine-tune approach/workplan and present to stakeholders for approval
- Review all existing (pertinent) documentation
 - Conduct walk-through sessions as required
- List key EGD resources to be interviewed
 - Capture vacation schedule
 - Setup interviews and data review sessions



Using the Enbridge Name

Participants in Open Bill Access Program may promote the Enbridge Gas Distribution payment arrangements. To protect the Enbridge brand, minimize customer confusion and assist third parties, the following approved uses of the Enbridge name have been developed. The chart includes references that can be used in body copy of materials and legal text that must accompany it.

All use of the Enbridge name including those below, should be sent to Mike Fenn, Manager, Billing Relationships, Enbridge Gas Distribution for approval. Mike will obtain all necessary Enbridge approvals. Mike can be reached at (416) 495-6132 or mike.fenn@enbridge.com.

Communications Vehicle	Body Copy Choices	Mandatory Legal Copy if body copy is used	Qualifications
Enbridge Gas Distribution bill is the only payment option. Door Knock Brochure Flyer Print ad Television Radio Website In-store signage	Enbridge* Billing Service For your convenience, your (Company name) charges will be on your Enbridge Gas Distribution* bill. You pay your (Company) monthly charges on the Enbridge Gas Distribution* bill! It's easy and convenient. No new bill! Your (Company) charges will be included on your Enbridge Gas Distribution* bill. Additional: It's easy and convenient.	*(Company name)'s charges will appear in the Other Companies section of your Enbridge Gas Distribution bill. These offers and claims are made by (Company name) alone. (Company Name) is not owned by or affiliated with Enbridge Inc. or Enbridge Gas Distribution.	The legal copy must be clear and readable. It should be a minimum of 8 pts. The body copy must be used together with the legal copy. However, the legal copy may be used on its own The legal copy must be used in audio on radio and print or audio in television ads.
Enbridge Billing Service is one payment option available to customers. Door Knock Brochure Flyer Print ad Television Radio Website In-store signage	Enbridge* Billing Service Option Put your (Company) charges on your Enbridge Gas Distribution* bill. It's easy and convenient. For your convenience, you can include your (Company name) charges on your Enbridge Gas Distribution* bill. Put it on your Enbridge Gas Distribution* bill. Including your (Company) charges on the Enbridge Gas Distribution* bill is easy and convenient.	* At your option, (Company name)'s charges will appear in the Other Companies section of your Enbridge Gas Distribution bill. These offers and claims are made by (Company name) alone. (Company Name) is not owned by or affiliated with Enbridge Inc. or Enbridge Gas Distribution.	The legal copy must be clear and readable. It should be a minimum of 8 pts. The body copy must be used together with the legal copy. However, the legal copy may be used on its own The legal copy must be used in audio on radio and print or audio in television ads.

Communications Vehicle	Body Copy Choices	Mandatory Legal Copy, if body copy is used	Qualifications
Contract with customer for services	(Company name)'s charges will appear in the Other Companies section of your Enbridge Gas Distribution bill. These offers and claims are made by (Company name) alone. (Company Name) is not owned by or affiliated with Enbridge Inc. or Enbridge Gas Distribution. Please provide your Enbridge Gas Distribution account number. (leave space for 12 digit number)		
Van	Not applicable The Enbridge name may not be used on vehicles of third party billers.		

Additional Comments:

- Please note that the above references do not include the use of the Enbridge logo. Participating in the Open Bill Access Program does not entitle participants to use the Enbridge logo.
- These guidelines do not replace the third party bill insert guidelines. Any inserts distributed in the Enbridge Gas Distribution bill are subject to the terms and conditions of the Bill Insert Agreement.

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Page 1 of 4

Your Enbridge Bill

Invoice Date April 8, 2008

Account Number 01 53 12 34569 5

Service At: BAYWOOD HOMES
16 WESTBURY RD
UNIT 114
WASAGA BEACH ON



For additional information, Please visit:
www.enbridge.com/gas

Summary of All Charges (taxes included)

Your last month's bill	194.48 CR
Balance forward & past due - if paid, Thank You	214.47 CR
New Alliant Power Corp Charges	19.99
New Direct Energy Essential Home Services Charges	20.03
New EFS Financial Services Charges	67.97
New Innovative Energy Solutions Inc Charges	125.88
New morEnergy Services Inc Charges	63.60
New Newton Home Comfort Inc. Charges	19.99
Goods and Services Tax (GST)	1.00

Total Amount Due Now 103.99

* Items subject to GST

Gas Charge Information

Gas Charges this billing	0.00
Gas Charges billed to date	0.00

Late Payment Charge

A late payment charge equal to 1.5% per month or 18% per annum (for an effective rate of 19.56% per annum) multiplied by a total of all unpaid charges excluding any unpaid Direct Energy Essential Home Services charges that are not rental water heater charges, will be added to your bill if full payment is not received by the late payment effective date below.

Terms & Conditions

Enbridge Gas Distribution charges are regulated by the Ontario Energy Board. Gas Charges are based on either actual meter readings or estimates. Questions about the taxes charged for any particular services should be directed to your service provider.

For additional information, Please visit: www.enbridge.com/gas

GST Registration: 105205140



PO Box 650
Scarborough, ON M1K 5E3

BAYWOOD HOMES
16 WESTBURY RD
UNIT 114
WASAGA BEACH ON
L9Z 2N7

E. & O.E.

BE080701.001

Service At: BAYWOOD HOMES
16 WESTBURY RD
UNIT 114
WASAGA BEACH ON

ACCOUNT #	AMOUNT DUE NOW	LATE PAYMENT EFFECTIVE DATE	AMOUNT PAID
01 53 12 34569 5	103.99	26 APR 08	

How to pay your Enbridge bill:

- Direct withdrawal from your chequing account
- Mail
- PC or online banking
- Most chartered banks

Please return this stub with your payment.

01531234569500010399000103990804261

Charges from Other Companies

Invoice Date April 8, 2008
Account Number 01 53 12 34569 5
 Service At: BAYWOOD HOMES
 16 WESTBURY RD
 UNIT 114
 WASAGA BEACH ON



Detailed Charges

Rental Water Heater 19.99

Total Charges 19.99

* Items subject to GST GST Registration: 853775203

For additional information regarding the details of your taxes and how they have been applied on your bill, please contact 1-888-492-5100.



Detailed Charges

Rental Water Heater * 20.03

Total Charges 20.03

* Items subject to GST GST Registration: 888630035

Alliance Power Corp

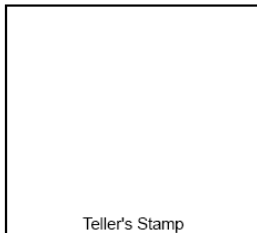
Billing 1-800-844-9936
 Sales & Service

The additional Alliance charge on your bill this month is a one time adjustment to modify your Alliance billing date to coincide with your Enbridge billing date.

Direct Energy Essential Home Services

Billing 905-943-6944 OR 1-888-386-1134
 Sales & Service 416-495-3939 OR 1-800-266-3939

E. & O.E.



Payments

If you pay at the bank or by mail, to avoid the late payment charge, allow 7 days for your payment to reach our office.

Payments may be mailed to:
 PO Box 644
 Scarborough ON M1K 5H1

Please make cheques payable to: Enbridge

All payments made to Enbridge are accepted under the express condition that the Company may demand payment of account deficiencies irrespective of any condition attached to the payment by the customer.

Charges from Other Companies

Invoice Date April 8, 2008

Account Number 01 53 12 34569 5

Service At: BAYWOOD HOMES
16 WESTBURY RD
UNIT 114
WASAGA BEACH ON

EFS Financial Services

Detailed Charges

Rental Furnace 67.97

Total Charges 67.97

* Items subject to GST GST Registration: 843442369

For additional information regarding the details of your taxes and how they have been applied on your bill, please contact 1-888-492-5100.



Detailed Charges

Home Security System 125.88

Total Charges 125.88

* Items subject to GST GST Registration: 888833514

For additional information regarding the details of your taxes and how they have been applied on your bill, please contact 1-888-492-5100.

EFS Financial Services

Billing 1-866-333-6460
Sales & Service

EFS Financial Installment Loan.

Innovative Energy Solutions Inc

Billing 705-741-1177 OR 1-866-884-9997
Sales & Service

Innovative Energy - Save money & energy with our water heater & furnace replacement programs. No money down, rent-to-own, low payments through Enbridge billing. Grants available up to \$5000.

Charges from Other Companies

Invoice Date April 8, 2008

Account Number 01 53 12 34569 5

Service At: BAYWOOD HOMES
16 WESTBURY RD
UNIT 114
WASAGA BEACH ON



Detailed Charges

Space Heater 63.60

Total Charges 63.60

* Items subject to GST GST Registration: 891168601

For additional information regarding the details of your taxes and how they have been applied on your bill, please contact 1-888-492-5100.



Detailed Charges

Air Cleaner 19.99

Total Charges 19.99

* Items subject to GST GST Registration: 847713591

For additional information regarding the details of your taxes and how they have been applied on your bill, please contact 1-888-492-5100.

morEnergy Services Inc

Billing 905-306-8180 OR 1-866-237-7270
Sales & Service

Thank you for choosing morEnergy Services Inc.

Newten Home Comfort Inc.

Billing 416-907-2823 OR 1-877-484-5392
Sales & Service

Thank you for choosing Newten Home Comfort.
The smart way to heat water.

F
B

Page 1 of 4

Votre facture d'Enbridge

Date de facturation 8 Avril 2008

Numéro de compte 01 47 89 36309 5

Service à: LEE PHILLIPS
644 LAKEVIEW CRES
FOWLERS CORNERS ON



Pour en savoir plus, visitez notre site à
www.enbridge.com/gas

Résumé de tous les frais (taxes comprises)

Montant facturé précédemment	21.03
-----	-----
Solde reporté (sous-total)	56.96 CR
Nouveaux frais de Allianz Power Corp	45.00
Nouveaux frais de Direct Energy Essential Home Services	20.03
Nouveaux frais de EFS Financier Prêt	43.78
Nouveaux frais de Innovative Energy Solutions Inc	55.00
Nouveaux frais de morEnergy Services Inc	22.99
Nouveaux frais de Newton Home Comfort Inc.	260.00
Supplément de retard	0.32
Taxe sur les produits et services (TPS)	1.00

Montant total dû immédiatement 391.16

* Articles assujettis à la TPS

Renseignements sur les frais de gaz

Frais de gaz de la facture courante	0.00
Frais de gaz facturés à ce jour	0.00

Supplément de retard

Un supplément de retard sera ajouté à votre facture si le paiement complet n'a pas été reçu avant la date d'échéance de paiement en retard indiquée ci-dessous. Ce supplément équivaut à 1,5 % par mois ou 18 % par année (pour un taux en vigueur de 19,56 % par année) multiplié par le total des frais non payés, mis à part les frais non payés de

Direct Energy Essential Home Services qui ne sont pas reliés à la location d'un chauffe-eau.

Modalités

Les frais d'Enbridge Gas Distribution sont réglementés par la Commission de l'énergie de l'Ontario. Les frais de gaz sont calculés selon les relevés réels ou estimés du compteur. Les questions concernant la taxation pour tout service devraient être posées à votre fournisseur de service.

Pour en savoir plus, visitez notre site à www.enbridge.com/gas

Numéros de TPS: 105205140



C.P. 650
Scarborough (Ontario) M1K 5E3

LEE PHILLIPS
644 LAKEVIEW CRES
FOWLERS CORNERS ON
K9J 6X3

E. & O.E.

BF080701.001

Service à: LEE PHILLIPS
644 LAKEVIEW CRES
FOWLERS CORNERS ON

N° DE COMPTE	MONTANT DÙ IMMÉDIATEMENT	DATE D'ENTRÉE EN VIGUEUR DU SUPPLÉMENT DE RETARD	MONTANT PAYÉ
01 47 89 36309 5	391.16	26 AVRIL08	

Comment payer votre facture d'Enbridge:

- Retrait direct de votre compte chèques
- Poste
- Services bancaires en ligne ou par ordinateur personnel
- Plupart des banques à charte

Veuillez retourner ce talon avec votre paiement.

01478936309500039116000391160804261

Frais d'autres sociétés

Date de facturation 8 Avril 2008

Numéro de compte 01 47 89 36309 5

Service à: LEE PHILLIPS
644 LAKEVIEW CRES
FOWLERS CORNERS ON



Frais détaillés

Plan-Air D'appoint 45.00

Frais totaux 45.00

* Articles assujettis à la TPS Numéros de TPS: 853775203
Pour de plus amples renseignements concernant le détail de vos taxes et comment elles ont été appliquées à votre facture, appelez 1-888-492-5100.



Frais détaillés

Location De Chauffe-eau * 20.03

Frais totaux 20.03

* Articles assujettis à la TPS Numéros de TPS: 888630035

Allianze Power Corp

Facturation 1-800-844-9936
Ventes & Services

Allianze - De l'eau chaude pour toute la famille.

Direct Energy Essential Home Services

Facturation 905-943-6944 OU 1-888-386-1134
Ventes & Services

E. & O.E.

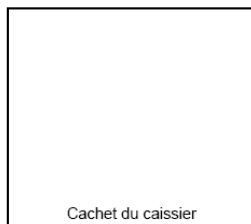
Paievements

Pour éviter le supplément de retard lorsque vous acquittez votre facture à une institution financière ou par la poste, veuillez prévoir un délai de 7 jours pour la réception du paiement à nos bureaux.

Vous pouvez envoyer votre paiement à:
C.P. 644
Scarborough, ON M1K 5H1

Veuillez libeller votre chèque à l'ordre d'Enbridge

Tous les paiements effectués à Enbridge sont acceptés sous la condition expresse que la société puisse exiger le paiement des montants en souffrance sans égard à toute condition jointe au paiement par le client.



Cachet du caissier

Frais d'autres sociétés

Date de facturation 8 Avril 2008

Numéro de compte 01 47 89 36309 5

Service à: LEE PHILLIPS
644 LAKEVIEW CRES
FOWLERS CORNERS ON

EFS Financier Prêt	Frais détaillés
Plan-Chauffage	43.78
Frais totaux	43.78

* Articles assujettis à la TPS Numéros de TPS: 843442369

Pour de plus amples renseignements concernant le détail de vos taxes et comment elles ont été appliquées à votre facture, appelez 1-888-492-5100.

 INNOVATIVE ENERGY SOLUTIONS INC.	Frais détaillés
Éclairage Ornemental	55.00
Frais totaux	55.00

* Articles assujettis à la TPS Numéros de TPS: 888833514

Pour de plus amples renseignements concernant le détail de vos taxes et comment elles ont été appliquées à votre facture, appelez 1-888-492-5100.

 morEnergy	Frais détaillés
Location De Foyer	22.99
Frais totaux	22.99

* Articles assujettis à la TPS Numéros de TPS: 891168601

Pour de plus amples renseignements concernant le détail de vos taxes et comment elles ont été appliquées à votre facture, appelez 1-888-492-5100.

EFS Financier Prêt
Facturation 1-866-333-6460
Ventes & Services

EFS Financier Prêt.

Innovative Energy Solutions Inc
Facturation 705-741-1177 OU 1-866-884-9997
Ventes & Services

morEnergy Services Inc
Facturation 905-306-8180 OU 1-866-237-7270
Ventes & Services

Merci d'avoir choisi morEnergy Services Inc.

Frais d'autres sociétés

Date de facturation 8 Avril 2008

Numéro de compte 01 47 89 36309 5

Service à: LEE PHILLIPS
644 LAKEVIEW CRES
FOWLERS CORNERS ON



Frais détaillés

Chaudière À Gaz 260.00

Frais totaux 260.00

* Articles assujettis à la TPS Numéros de TPS: 847713591

Pour de plus amples renseignements concernant le détail de vos taxes et comment elles ont été appliquées à votre facture, appelez 1-888-492-5100.

Newton Home Comfort Inc.

Facturation 416-907-2823 OU 1-877-484-5392
Ventes & Services

Merci d'avoir choisi Newton Home Comfort.
La manière intelligente de chauffer l'eau.

Website Copy

Self Service

Your bill

- Understand your bill charges better with our [interactive bill](#)
- What the [special charges on your bill](#) mean
- How the [GST rate change affects your gas bill](#)
- **"Other Companies" on the Enbridge bill**

Your natural gas rates

- See the [latest natural gas rates](#)

Page Copy

"Other Companies" on the Enbridge Gas Distribution Bill

Enbridge Gas Distribution offers a billing service to other companies. For your convenience, other energy service providers participating in the Enbridge Billing Service include their charges to you on your natural gas bill. These charges are found in the "Charges from Other Companies" section.

The charges that appear in this section will relate to services or products that you have agreed to purchase or rent from the energy service provider. These may relate to water heating, financing contracts, a new energy efficient furnace or other energy related services. The name and phone number of the energy service provider will be included on the bill so you can call the company directly if you have any questions about a particular product or service being provided.

You will make one monthly payment to Enbridge Gas Distribution to cover the total balance of the bill.

To get a better understanding of the charges on your bill, view our **interactive bill. (link)**

Following is a list of companies currently participating in the Enbridge Billing Service:

Alliance Power Corp

Billing, Sales and Service: 1-800-844-9936

Direct Energy Home Services

Billing:

(905) 943-6944

or

1-888-386-1134

Sales and Service:

(416) 495-3939
or
1-800-266-3939

EFS Financial Services
Billing, Sales and Service:
1-866-333-6460

Green Home Eco Solutions (G.H.E.S) Inc
Billing, Sales and Service:
1-800-985-0910

Innovative Energy Solutions Inc
Billing, Sales and Service:
(705) 741-1177
or
1-866-884-9997

LivClean Corp
Billing, Sales and Service:
(289) 360-3007
or
1-866-755-9553

morEnergy Services
Billing, Sales and Service:
(905) 306-8180
or
1-866-237-7270

National Home Services
Billing, Sales and Service:
1-866-983-2008
or
1-877-673-5373

Newten Home Comfort Inc
Billing, Sales and Service:
(416) 907-2823
or
1-877-484-5392

STOMP Energy
Billing, Sales and Service:

(905) 907-5346

or

1-877-585-7183

While Enbridge Gas Distribution provides a billing service, the companies participating are not owned by or affiliated with Enbridge Inc. or Enbridge Gas Distribution. Enbridge does not approve or endorse any of the offers and claims made by companies participating in the Enbridge Billing Service.

**Mike
Fenn/GAS/En
bridge**

To Ric.Forster@directenergy.com, admin@megacityhvac.com, lliao@newten.ca, dellis@planetenergy.ca,
jcook@reliancecomfort.com, mluymes@hrai.ca, mbuonaguro@piac.ca, anthony.horton@ener-defense.com,
09/09/2008 Candace.Steinberg@ServiceExperts.com, JDrummond@universalenergy.ca
04:29 PM cc Amir Hasan/GAS/Enbridge@Enbridge, Ashok Sundaram/GAS/Enbridge@Enbridge, Barbara
Bodnar/GAS/Enbridge@Enbridge, Christine McLean/GAS/Enbridge@Enbridge, Marco
Rizzi/GAS/Enbridge@Enbridge, MarioB@tmgconsulting.com, Paul Green/GAS/Enbridge@Enbridge, Robert
Bourke/GAS/Enbridge@Enbridge, Steve McGill/GAS/Enbridge@Enbridge, Patrick Hoey/GAS/Enbridge@Enbridge,
Trevor MacLean/GAS/Enbridge@Enbridge
Su Enbridge Open Bill Access and Billing Insert - Consultative - Meeting Presentation & Summary - September 8, 2008
bje
ct

Hi All,

As promised, here are the items that we've discussed at our Stakeholder group meeting on September 8, 2008 ...

- Note that the next meeting will be scheduled for the 3rd or 4th week of October 2008.

To the Stakeholder group members - Please review and let me know if you have any additions, changes or deletions.

Regards,

Mike Fenn
Manager, Billing Relationships
Enbridge Gas Distribution
PO Box 650,
Scarborough, ON M1K 5E3

Phone: 416 495 6132
Fax: 416 753 6674



e:mail: mike.fenn@enbridge.com Open Bill & Bill Insert Meeting Summary - Sep 8, 2008.doc



Open Bill & Bill Insert Stakeholder Meeting - September 8, 2008.ppt Open Bill - Consultative Meeting 1_Sep 08 - Final.ppt

**ENBRIDGE GAS DISTRIBUTION (EGD)
OPEN BILL/BILL INSERT CONSULTATIVE
STAKEHOLDER GROUP MEETING – SEPTEMBER 8, 2008**

The parties in **attendance** today were:

- EGD – Mike Fenn, Steve McGill, Paul Green, Amir Hasan and Christine McLean
- TMG Consulting (TMG) – Mario Bauer, Ashok Sundaram and Marco Rizzi
- Direct Energy – Ric Forster
- ENER-Defense – Anthony Horton
- LivClean – Dave Ellis
- National Energy – Jonathan Drummond
- NewtEn Home Comfort – Leo Liao
- HVAC – Martin Luymes
- Lennox Service – Candace Steinberg

The stakeholders that were **absent** today were:

- MegaCity – Tammy Maillet
- Reliance Comfort – Jack Cook
- VECC – Michael Buonaguro

Mike Fenn presented slides addressing the following **agenda** for the meeting:

- Open Bill: Status Update and Replacement CIS communication to Billers
- TMG Presentation: Price/Cost Study – Framework & Gathered data elements

TMG representatives made a slide **presentation** to conduct a walk through session with stakeholders and get feedback/direction. They did this by:

- Presenting findings on current Operations
- Presenting market indices
- Obtaining agreement on next steps to develop the cost/pricing model

Note that the presentation used by TMG was modified from the version sent with the agenda.

The following **decisions/actions** were identified during the meeting:

EGD to:

- Setup the next Stakeholder group meeting for the 3rd or 4th week of October 2008.
- Distribute minutes of the meeting to the Stakeholder Group and TMG only.

TMG to:

- Provide EGD with an updated copy of today's presentation to be distributed to the Stakeholder Group.

- Clearly identify the service components to be costed as well as clarify the terminology used for each of the components (ie. incremental/fully allocated and fixed/variable cost).
- Send out the presentation material for the next meeting 5 business days before the meeting to allow sufficient time for review.

Enbridge Gas Distribution Open Bill & Billing Insert Consultative



*Stakeholder Meeting
September 8, 2008*

Agenda



- **Welcome & Intro's**
- **Open Bill:**
 - Status Update
 - Replacement CIS Communication to Billers
- **Price / Cost Study - framework and gathered data elements – TMG**
- **Review Decisions / Actions & Close**

Open Bill Status



- **To date:**

- We have registered 20 Billers in our Legacy CIS system. We've entered into Open Bill agreements with 13 of these of which 8 are billing charges to approximately 1.4M Enbridge customers on the Enbridge bill
- The Customer Information System (CIS) system freeze is in place thus no new billers can be added until after the new CIS system has been stabilized (target July 2009)
- Only Billers that have submitted customer charges before the end of September 2008 will be converted into the new CIS system. This has been communicated to the Billers that have not started to bill charges. Of the billers not billing:
 - 8 plan to bill by the end of September 2008
 - 2 may not be able to meet this timeline
 - 2 have not responded

Replacement CIs Communication to Billers



To: Participants of the Enbridge Open Bill Program,

- Enbridge Gas Distribution (EGD) plans to replace our existing Customer Information System (CIS) in April 2009 with SAP Industry Solution for Utilities that offers functionality in support of Customer Service, Customer Relationship Management, Work Management, Device Management as well as Billing and Invoicing. As a result of this change our current Open Bill Procedures and Interface will be impacted.
- Could I ask that you provide me with a key contact in your organization that we could partner with during the upcoming months. We will ensure that all communications, changes in procedures and new ways of working are shared with your contact in an interactive way allowing for your questions and/or concerns to be heard and addressed promptly.
- One of our first opportunities to have you participant would be in the upcoming testing phase of our project scheduled for October 2008. We would like to provide you with an opportunity to participate in these testing activities so that you will gain additional insight into the new ways of working and provide the basis for determining the procedures to be followed come April.
- The base requirements for participating in the testing phase would be that your identified liaison would provide us with generation of test files in the new format using the technology that you currently have in place. In partnership we would determine if there were any changes that would need to be managed in preparation for the implementation, prior to cutover and post go live.
- **Please contact me prior to August 27th with your key contact and your desire to participate in our upcoming testing activities.** All communications going forward will be directed towards your identified contact.
- Thank you in advance for your assistance and participation in helping us make this transition a success.

Price / Cost Study - framework and gathered data elements



- **TMG Presentation**



- **Review Decisions / Actions & Close**



Open Bill Project

Consultative Checkpoint #1

- Presentation Deck

Dated: September 8, 2008



Table of Contents

- Introduction/Purpose of the Meeting
- Background & Approach
- What's Been Done So Far
- Glossary of Terms & Major Underlying Assumptions
- Billing Services
 - Overview
 - Process Maps and Activities
 - Current vs. Future Operating Model
 - Market Pricing
 - Possible Pricing Scenarios
- Bill Insert Services
 - Overview
 - Process Maps and Activities
 - Market Pricing
 - Possible Pricing Options
- TMG Recommendations and Next Steps
- Discussion

Introduction

Introduction

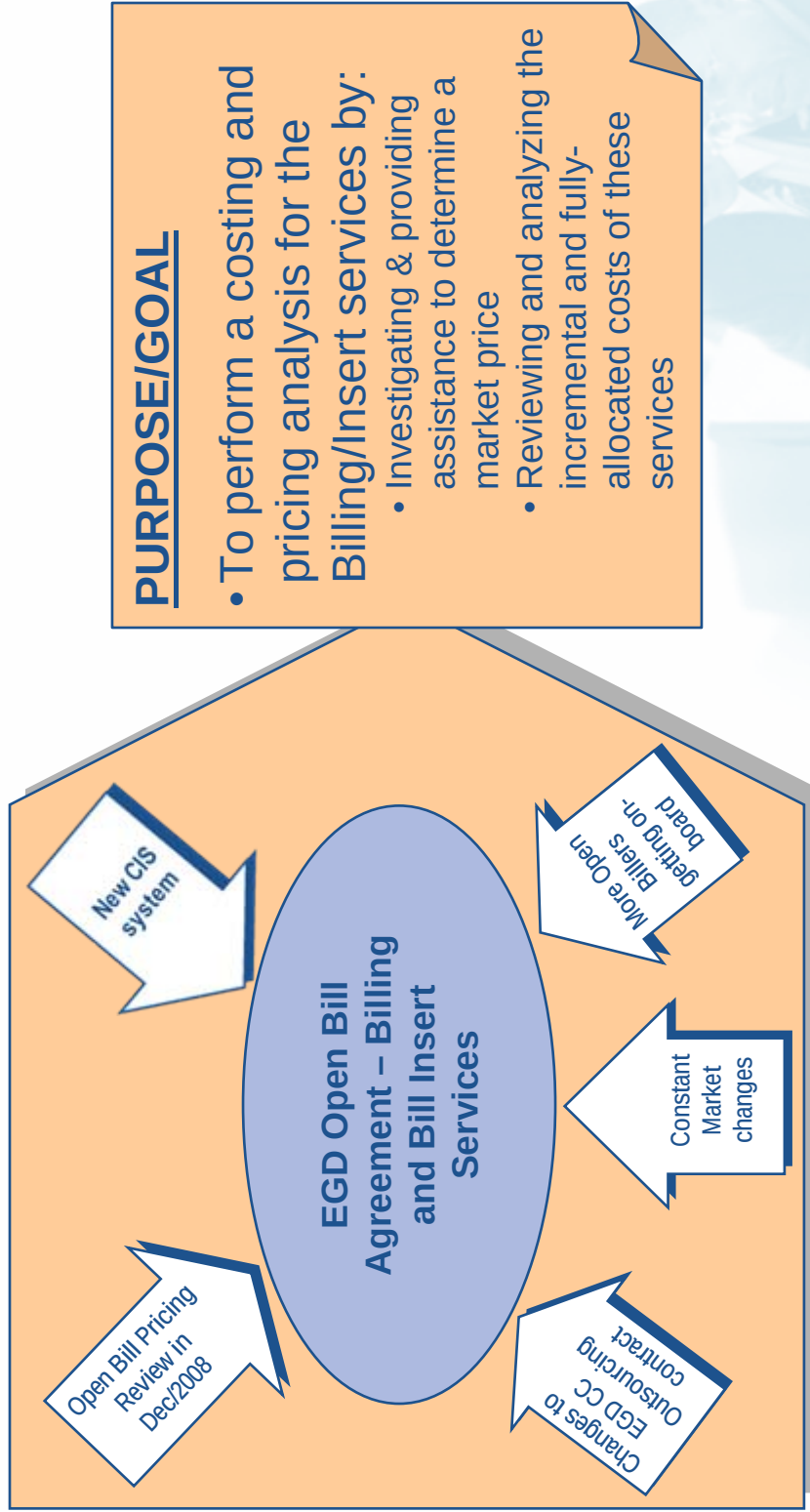
- TMG conducted a kick-off for Open Bill Pricing project on July 15, 2008
- As per the agreed approach, this consultative meeting is checkpoint #1
 - Two other checkpoints are part of our proposed approach

Purpose of the Meeting

- Conduct walk through session with stakeholders and get feedback/direction
- Present findings on Current Operations
 - List of all operational activities (EGD, ABSU and 3rd party)
 - List of all CIS costs
 - Areas that are subject to change
 - Fixed and Variable cost components
- Present market indices
- Agree on framework to develop cost model



Background & Approach

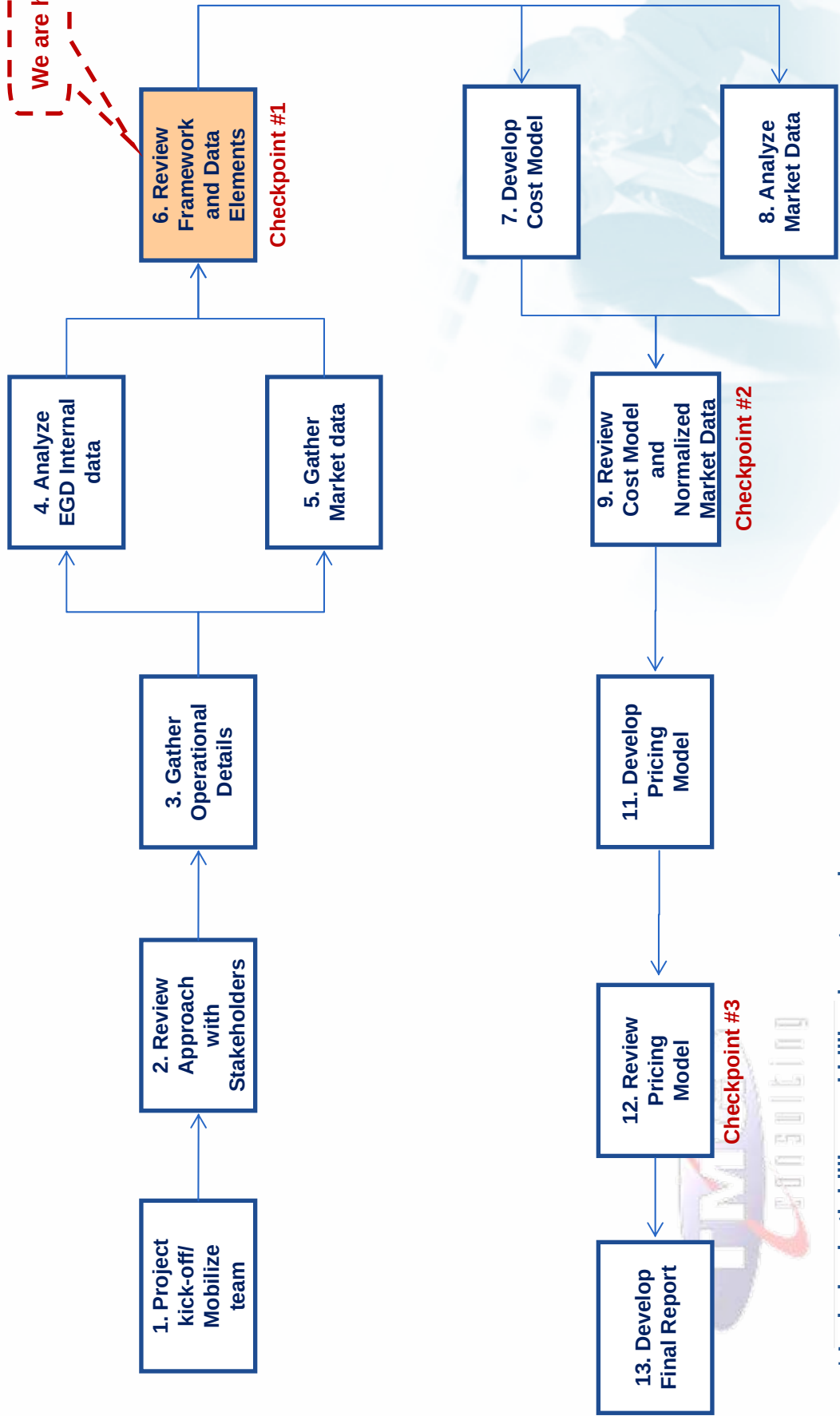


PURPOSE/GOAL

- To perform a costing and pricing analysis for the Billing/Insert services by:
 - Investigating & providing assistance to determine a market price
 - Reviewing and analyzing the incremental and fully-allocated costs of these services

- EGD is in the process of developing a pricing model for Billing services and Bill Insert services
- The stakeholder committee has engaged TMG in assisting EGD to develop a pricing model

Background & Approach (Cont'd.)



* Includes both billing and billing insert services

What's Been Done So Far

- TMG has completed all activities required for stakeholder checkpoint #1
- These activities included:
 - High level process assessment through interviews and existing process maps
 - Reviewed Open Bill Agreement, Customer Care Services Agreement (Schedule 3.1) and current OBA pricing model (JT-5)
 - Listed activities associated with OB services based on its life-cycle
 - Identified activities that are included in the current Open Bill rates; identified gaps
 - Identified activities that will be impacted based on the nCIS project
 - Gathered/sanitized market data on pricing of billing and insert services
- Who we talked to (so far):
 - Steve McGill (Customer Care)
 - Mike Fenn (Customer Care)
 - Amir Hasan (Customer Care)
 - Michelle Cook (Legal)
 - John Austen (IT)
 - Kerry Lakatos-Hayward (Bus Development)
 - Paul Green (Marketing Comm.)
 - Christine McLean (Marketing Comm.)
 - Lisa McCarney (External Customer Comm.)
 - Warren Fisher (External Customer Comm.)
 - John Josza (Finance)
 - Larry Wigelius (Finance)
- Who do we need to talk to:
 - Gavin Francis (ABSU)
 - CIS Project team
 - Pertinent Consultative Members
 - Other relevant departments within EGD/EI

Glossary of Terms & Major Underlying Assumptions

Glossary of Terms

- **Fixed Cost:** Effort taken to conduct an activity will not vary based on number of customers
- **Variable Cost:** Effort taken to conduct an activity is based on the number of bills
- **In current pricing?:** Cost attributed to a particular activity (or a part of an activity) is included in the current OB rates
- **Subject to change?:** Introduction of the new CIS system and the respective changes to ABSU CC Service agreement will change EGD's operation. In turn, certain OB activities will change – removed, modified (work effort may decrease or increase), new activities may be added

Major Underlying Assumptions

- **JT-5 Model:** Developed by EGD before the new CCSA was signed with legacy solution hosted by CWLP. This model cannot be leveraged based on future operation model. Hence not much analysis is done to map current costs to this model
- **nCIS Project:** Effective April 2009, the legacy CIS systems will be replaced by SAP CIS solution. The system will be hosted, maintained and operated by EGD. ABSU will continue to be the Outsourcing vendor for Customer Care. Current OB processes will change significantly

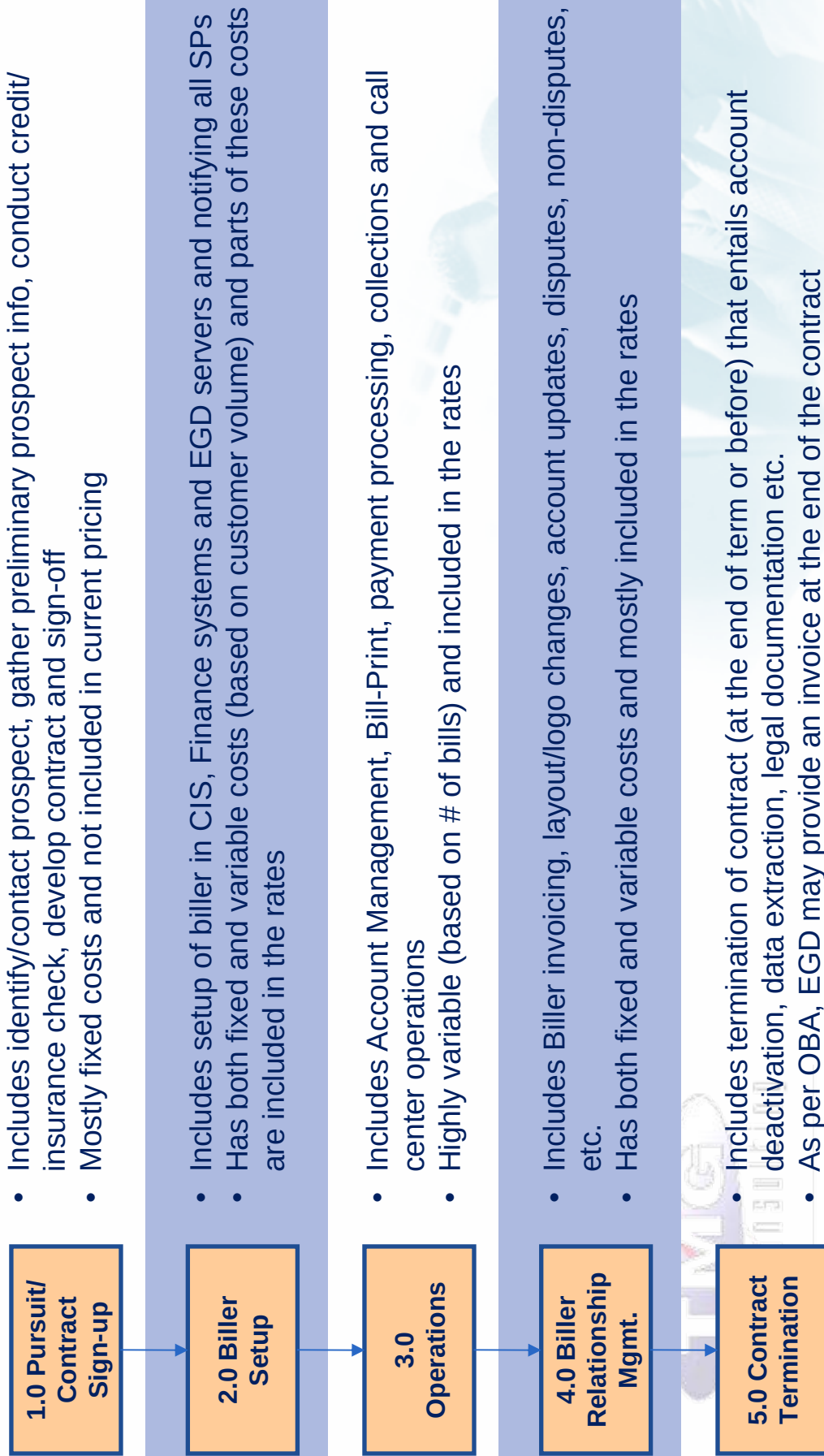
Billing Services



September 8, 2008

Billing Services

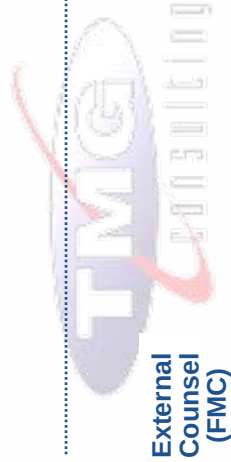
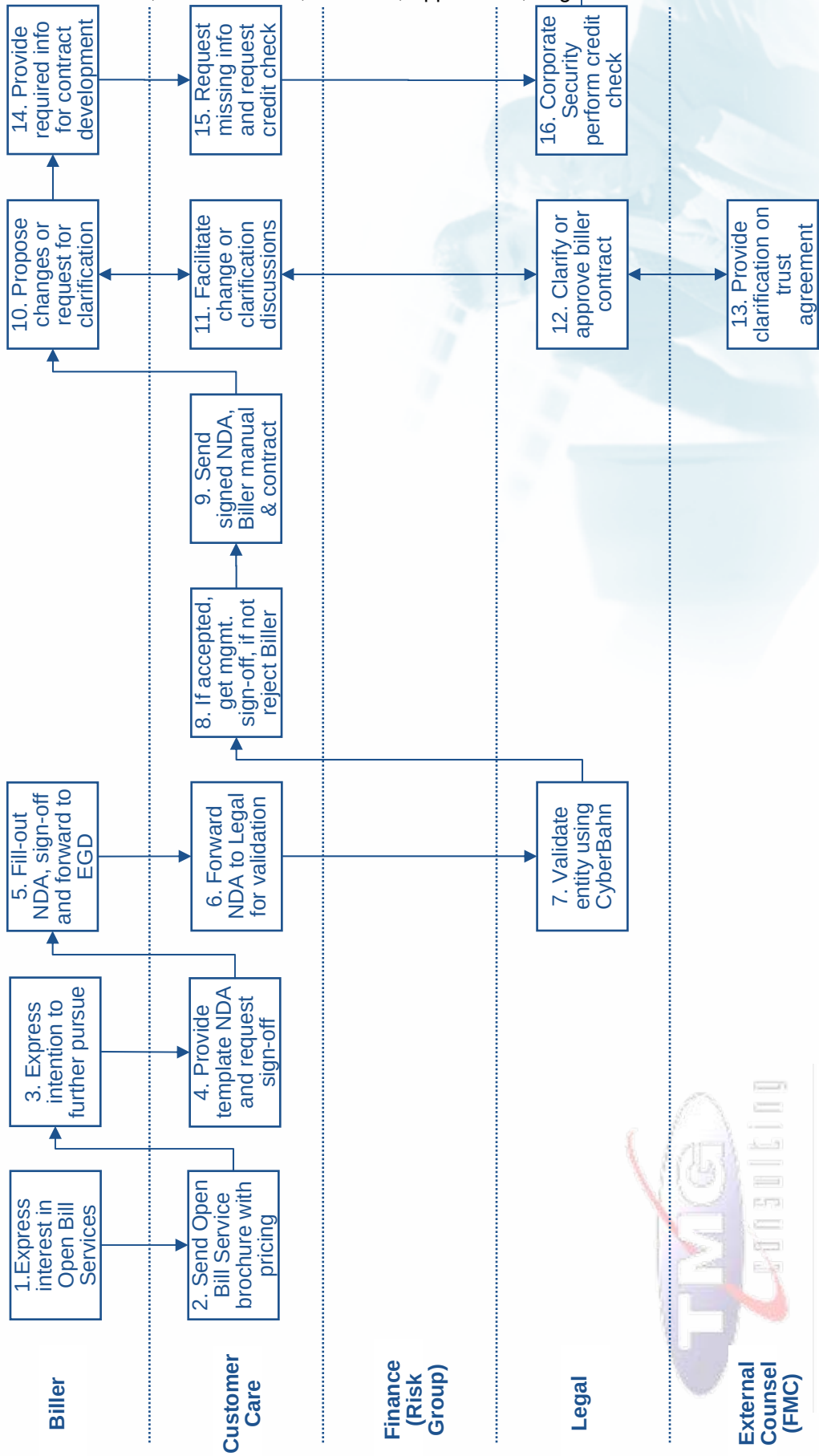
Overview (Life Cycle)



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Billing Services

1.0 Pursuit/Contract Sign-up







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Billing Services

1.0 Pursuit/Contract Sign-up (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Express interest in Open Bill Services	Biller			
2	Send Open Bill Service brochure with pricing	Customer Care	Fixed	*Yes	No
3	Express intention to further pursue	Biller			
4	Provide template NDA and request sign-off	Customer Care	Fixed	*Yes	No
5	Fill-out NDA, sign-off and forward to EGD	Biller			
6	Forward NDA to Legal for validation	Customer Care	Fixed	*Yes	No
7	Validate entity using Cyberbahn	Legal	Fixed	No	No
8	If accepted get management sign-off, if not reject Biller	Customer Care	Fixed	*Yes	No
9	Send signed NDA, Biller manual & contract	Customer Care	Fixed	*Yes	No
10	Propose changes or request for clarification	Biller			
11	Facilitate change or clarification discussions	Customer Care	Fixed	*Yes	No
12	Clarify or approve biller contract changes	Legal	Fixed	No	No
13	Provide clarification on trust agreement	Ext. Counsel (FMC)	Fixed	No	No
14	Provide required info for contract development	Biller			

* Currently at or exceeding capacity



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Billing Services

1.0 Pursuit/Contract Sign-up (Cont'd.)

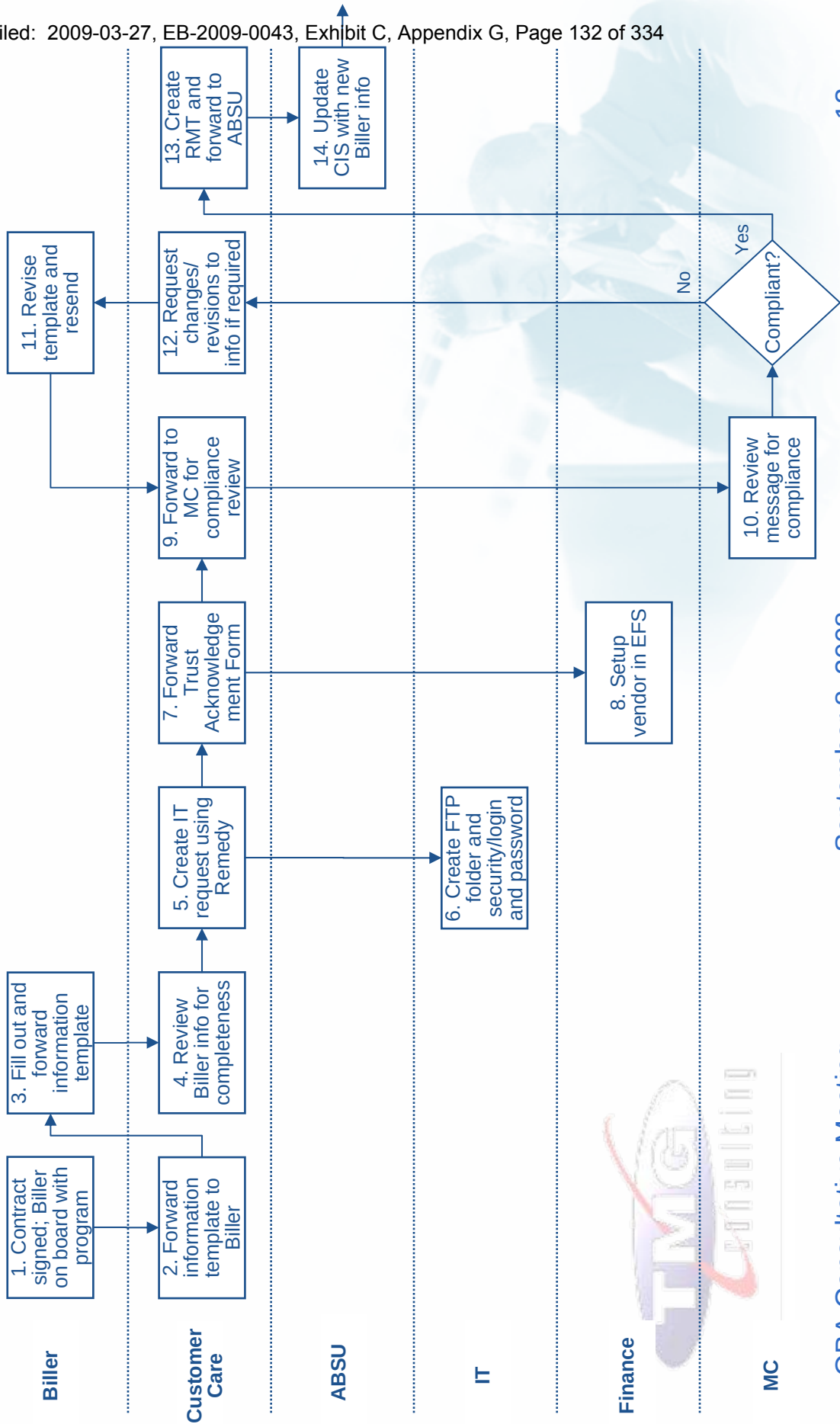
Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
15	Request missing info and request credit check	Customer Care	Fixed	*Yes	No
16	Corporate Security perform credit check	Legal	Fixed	No	No
17	Reject biller	Customer Care	Fixed	*Yes	No
18	Prepare first draft of execution copy	Customer Care	Fixed	*Yes	No
19	Review and sign-off final execution copy	Legal	Fixed	No	No
20	Send execution copy with cover letter	Customer Care	Fixed	*Yes	No
21	Sign contract/forward insurance certification	Biller			
22	Forward insurance certification	Customer Care	Fixed	*Yes	No
23	Review insurance certification	Finance (Risk Dept)	Fixed	No	No
24	Request additional financial assurance	Customer Care	Fixed	*Yes	No
25	Provide additional financial assurance	Biller			
26	Sign contract and send one copy to biller	Customer Care	Fixed	*Yes	No
27	Review and sign-off execution copy	Legal	Fixed	No	No
28	Send original to Legal/Update 'Upside'	Customer Care	Fixed	*Yes	No

* Currently at or exceeding capacity

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Billing Services

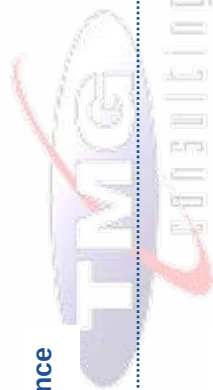
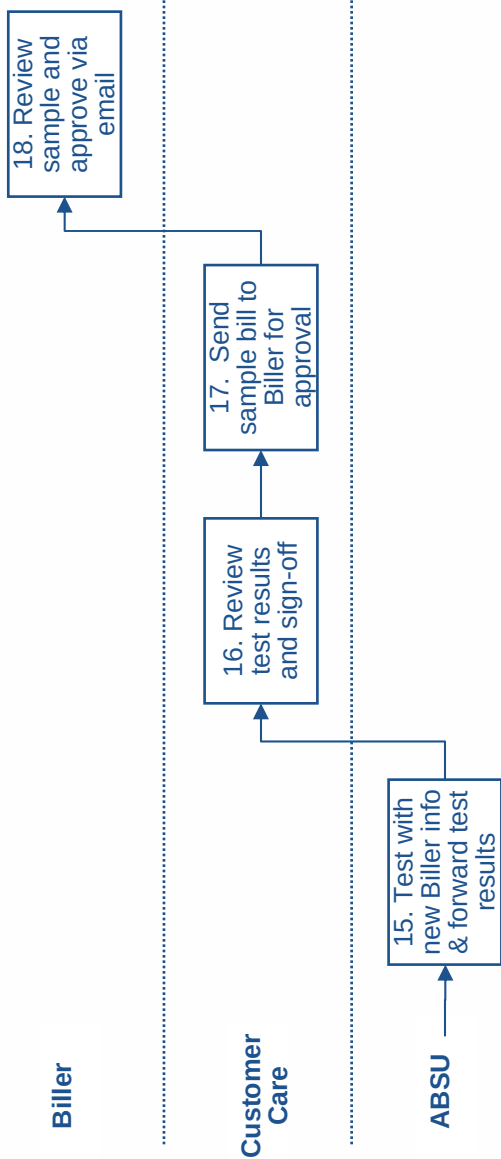
2.0 Biller Setup



Billing Services

2.0 Biller Setup (Cont'd.)

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Billing Services

2.0 Biller Setup (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Contract signed; Biller on board with program	Biller			
2	Forward information template to Biller	Customer Care	Fixed	*Yes	No
3	Fill out and forward information template	Biller			
4	Review Biller info for completeness	Customer Care	Fixed	*Yes	No
5	Create IT request using Remedy	Customer Care	Fixed	*Yes	No
6	Create FTP folder and security/login and password	IT	Fixed	No	No
7	Forward Trust Acknowledgement Form	Customer Care	Fixed	*Yes	No
8	Setup vendor in EFS	Finance	Fixed	No	No
9	Forward to MC for compliance review	Customer Care	Fixed	*Yes	No
10	Review message for compliance	Marketing Comm.	Fixed	No	No
11	Revise template and resend	Biller			
12	Request changes/revisions to info if required	Customer Care	Fixed	*Yes	No
13	Create RMT and forward to ABSU	Customer Care	Fixed	*Yes	Yes
14	Update CIS with new Biller info	ABSU	Fixed	No	Yes

Billing Services

2.0 Biller Setup (Cont'd.)

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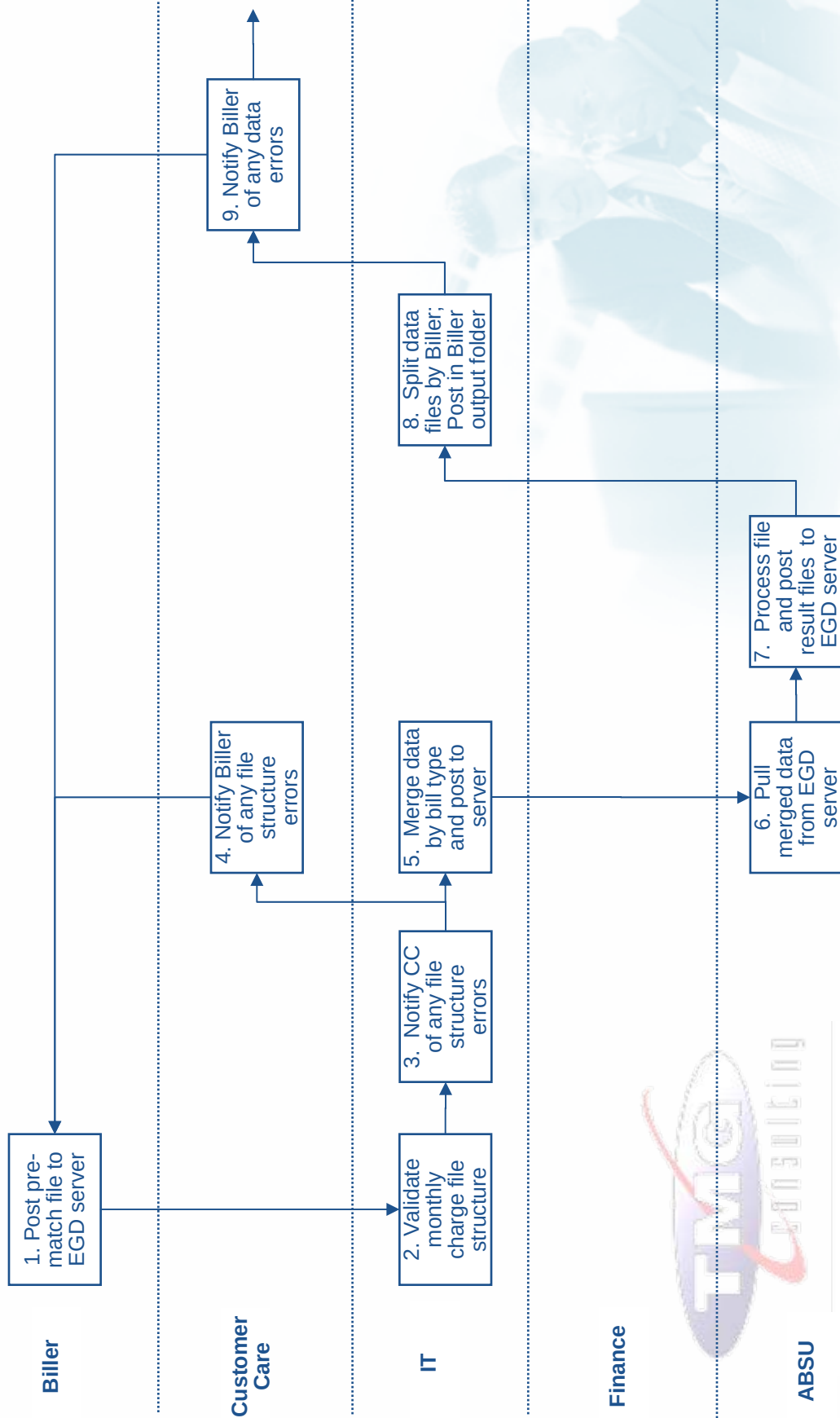
Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
15	Test with new Biller info & forward test results	ABSU	Fixed	No	Yes
16	Review test results and sign-off	Customer Care	Fixed	*Yes	Yes
17	Send sample bill to Biller for approval	Customer Care	Fixed	*Yes	No
18	Review sample and approve via email	Biller			



* Currently at or exceeding capacity

Billing Services 3.0 Operations

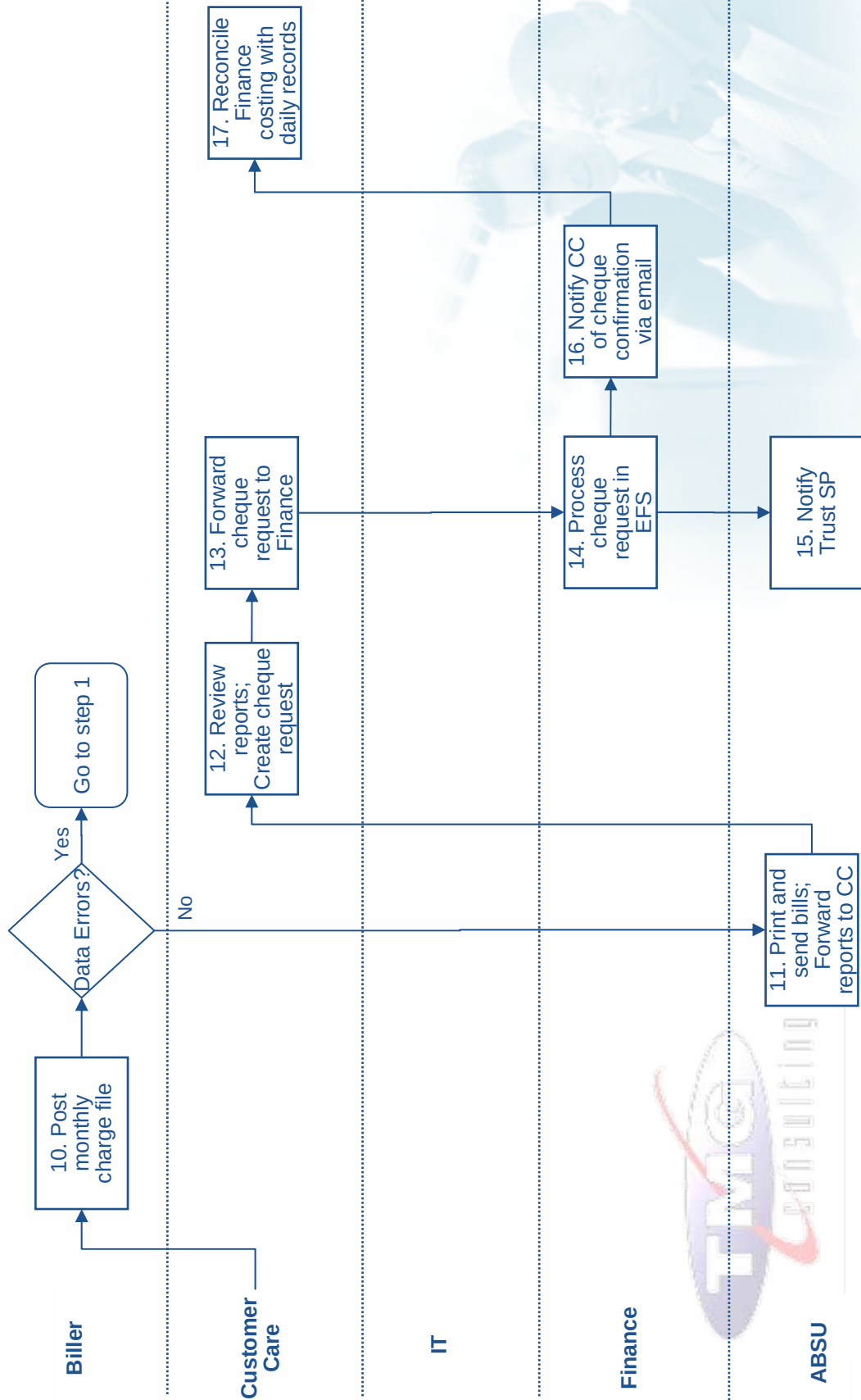
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Billing Services

3.0 Operations (Cont'd.)

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Billing Services

3.0 Operations (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Post pre-match file to EGD server	Billor			
2	Validate monthly charge file structure	IT	Fixed	No	No
3	Notify CC of any file structure errors	IT	Fixed	No	No
4	Notify billor of any file structure errors	Customer Care	Fixed	Yes	No
5	Merge data by bill type and post to server	IT	Fixed	No	Yes
6	Pull merged data from EGD server	ABSU	Fixed	Yes	Yes
7	Process file and post result files to EGD server	ABSU	Fixed	Yes	Yes
8	Split data files by Billor; Post in Billor output folder	IT	Fixed	No	No
9	Notify Billor of any data errors	Customer Care	Fixed	Yes	No
10	Post monthly charge file	Billor			
11	Print and send bills; Forward reports to CC	ABSU	Variable	Yes	No
12	Review reports; Create cheque request	Customer Care	Fixed	Yes	Yes
13	Forward cheque request to Finance	Customer Care	Fixed	Yes	Yes
14	Process cheque request in EFS	Finance	Fixed	No	No

Billing Services

3.0 Operations (Cont'd.)

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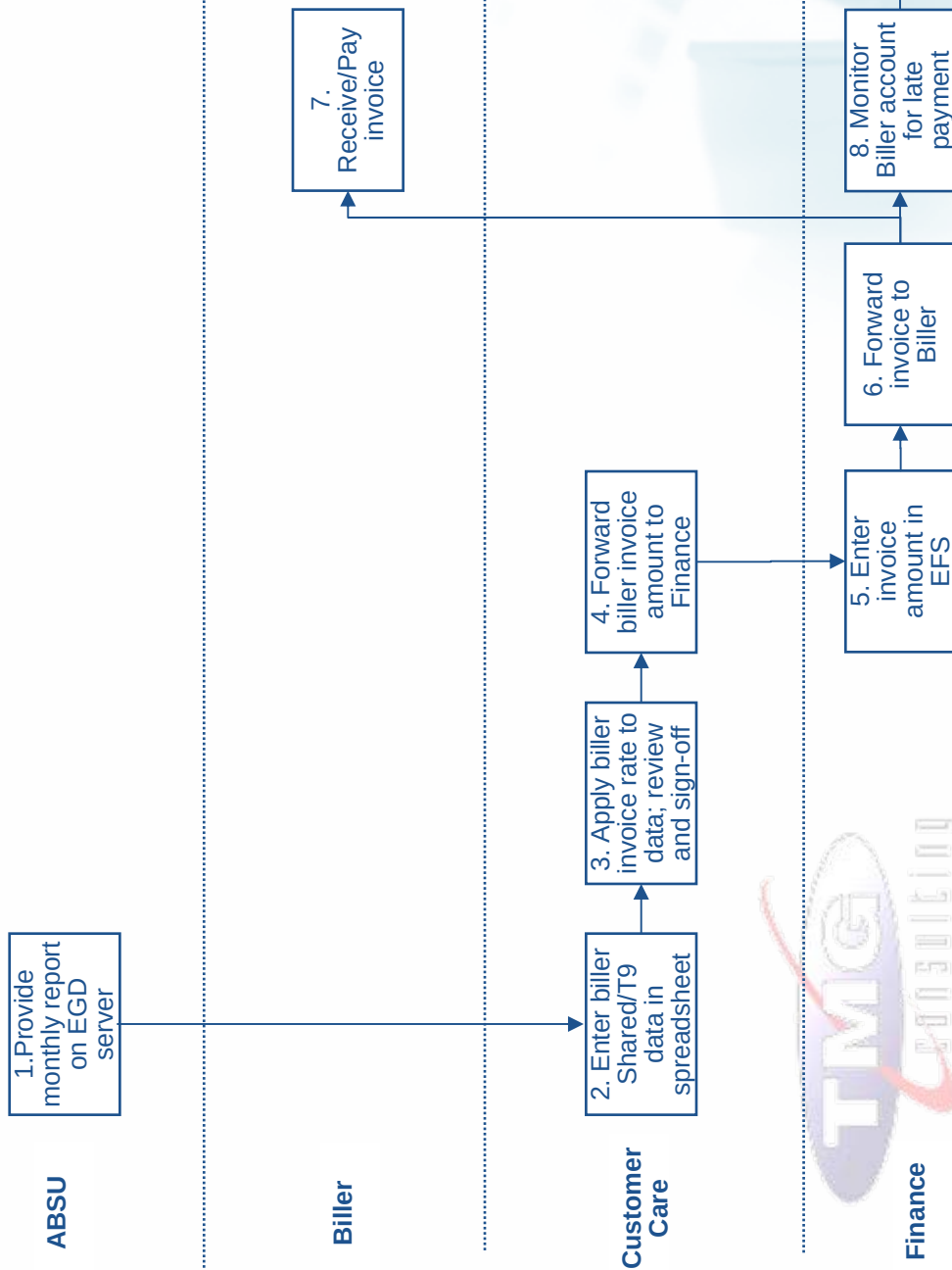
Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
15	Notify Trust SP	ABSU	Fixed	Yes	No
16	Notify CC of cheque confirmation via email	Finance	Fixed	No	No
17	Reconcile Finance costing with daily records	Customer Care	Fixed	Yes	No



Billing Services

4.1 Biller Relationship Mgmt. - Biller Invoicing

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Billing Services

4.1 Biller Relationship Mgmt. - Biller Invoicing (Cont'd.)

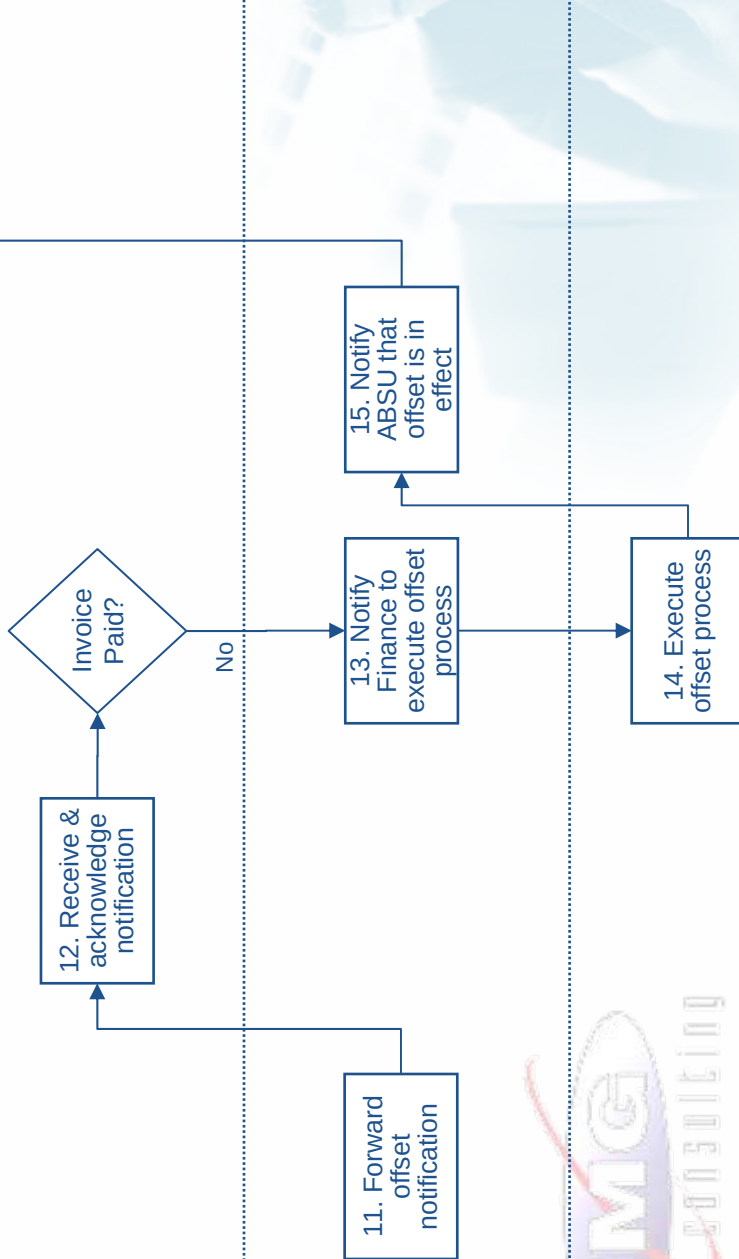
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ABSU

Biller

Customer
Care

Finance



Billing Services

4.1 Biller Relationship Mgmt. - Biller Invoicing (Cont'd.)

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5.0

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Provide monthly report on EGD server	ABSU	Fixed	Yes	Yes
2	Enter biller Shared/T9 data in spreadsheet	Customer Care	Fixed	Yes	Yes
3	Apply biller invoice rate to data; review and sign-off	Customer Care	Fixed	Yes	Yes
4	Forward biller invoice amount to Finance	Customer Care	Fixed	Yes	No
5	Enter invoice amount in EFS	Finance	Fixed	No	No
6	Forward invoice to Biller	Finance	Fixed	No	No
7	Receive/Pay invoice	Biller			
8	Monitor Biller account for late payment	Finance	Fixed	No	No
9	Receive notification of late payment & investigate	Customer Care	Fixed	Yes	No
10	Refresh biller of offset process	Customer Care	Fixed	Yes	No
11	Forward offset notification	Customer Care	Fixed	Yes	No
12	Receive and acknowledge notification	Biller			
13	Notify Finance to execute offset process	Customer Care	Fixed	Yes	No
14	Execute offset process	Finance	Fixed	No	No

Billing Services

4.1 Biller Relationship Mgmt. - Biller Invoicing (Cont'd.)

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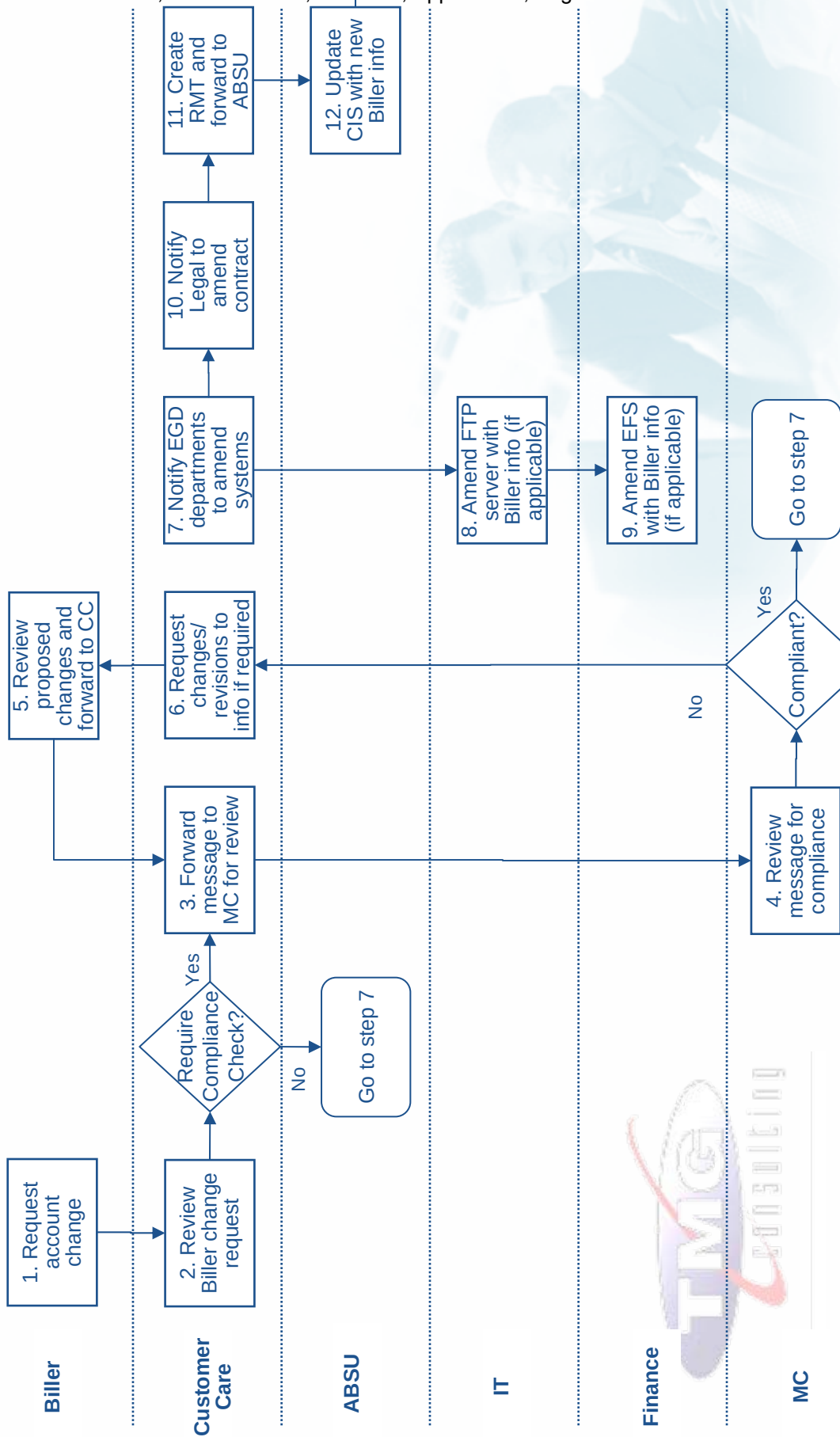
Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
15	Notify ABSU that offset is in effect	Customer Care	Fixed	Yes	No
16	Notify Trust SP that offset is in effect	ABSU	Fixed	Yes	No



Billing Services

4.2 Biller Relationship Mgmt. – Acct. Change

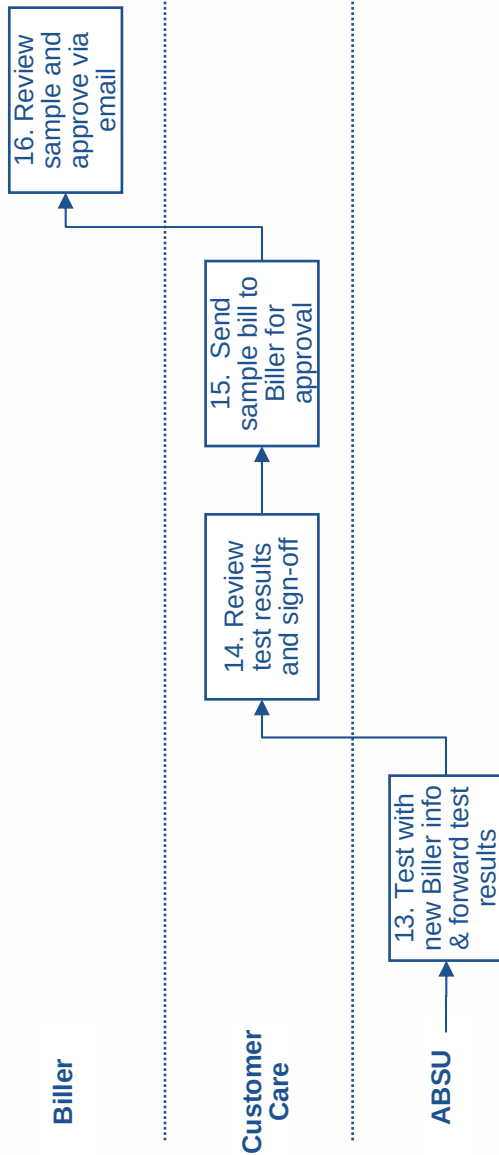
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Billing Services

4.2 Biller Relationship Mgmt. – Acct. Change (Cont'd.)

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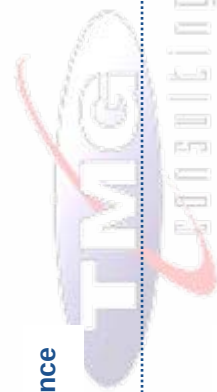
Billers

Customer Care

ABSU

IT

Finance



MC



Billing Services

4.2 Biller Relationship Mgmt. – Acct. Change (Cont'd.)

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Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Request account change	Biller			
2	Review Biller change request	Customer Care	Fixed	Yes	No
3	Forward message to MC for review	Customer Care	Fixed	Yes	No
4	Review message for compliance	Marketing Comm.	Fixed	No	No
5	Review proposed changes and forward to CC	Biller			
6	Request changes/revisions to info if required	Customer Care	Fixed	Yes	No
7	Notify EGD departments to amend systems	Customer Care	Fixed	Yes	No
8	Amend FTP server with Biller info (if applicable)	IT	Fixed	No	No
9	Amend EFS with Biller info (if applicable)	Finance	Fixed	No	No
10	Notify Legal to amend contract	Customer Care	Fixed	Yes	No
11	Create RMT and forward to ABSU	Customer Care	Fixed	Yes	Yes
12	Update CIS with new Biller info	ABSU	Fixed	No	Yes
13	Test with new Biller info & forward test results	ABSU	Fixed	Yes	Yes
14	Review test results and sign-off	Customer Care	Fixed	Yes	No

Billing Services

4.2 Biller Relationship Mgmt. – Acct. Change (Cont'd.)

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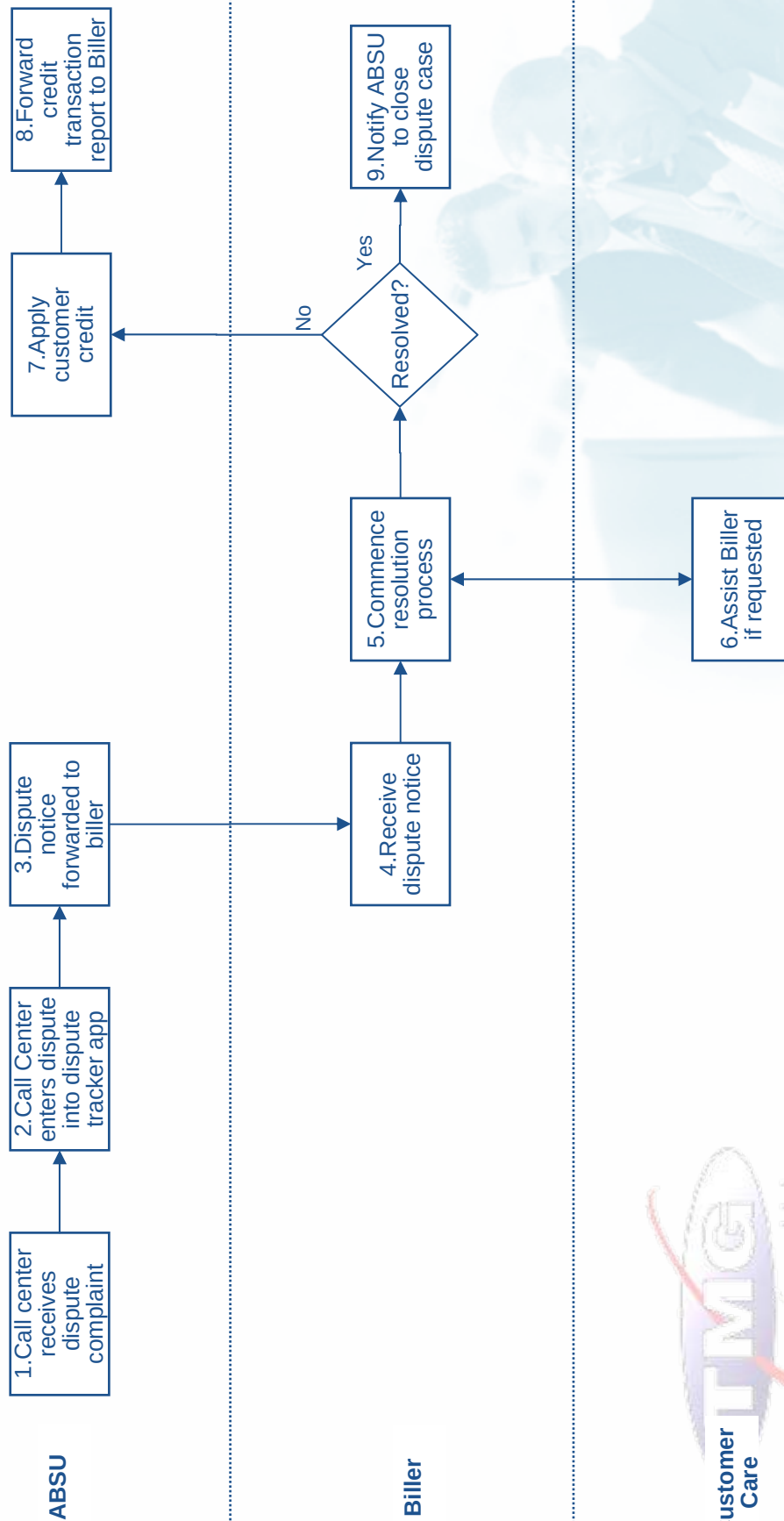
Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
15	Send sample bill to Biller for approval	Customer Care	Fixed	Yes	No
16	Review sample and approve via email	Billor			



Billing Services

4.3 Biller Relationship Mgmt. - Disputes

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Billing Services

4.3 Biller Relationship Mgmt. – Disputes (Cont'd.)

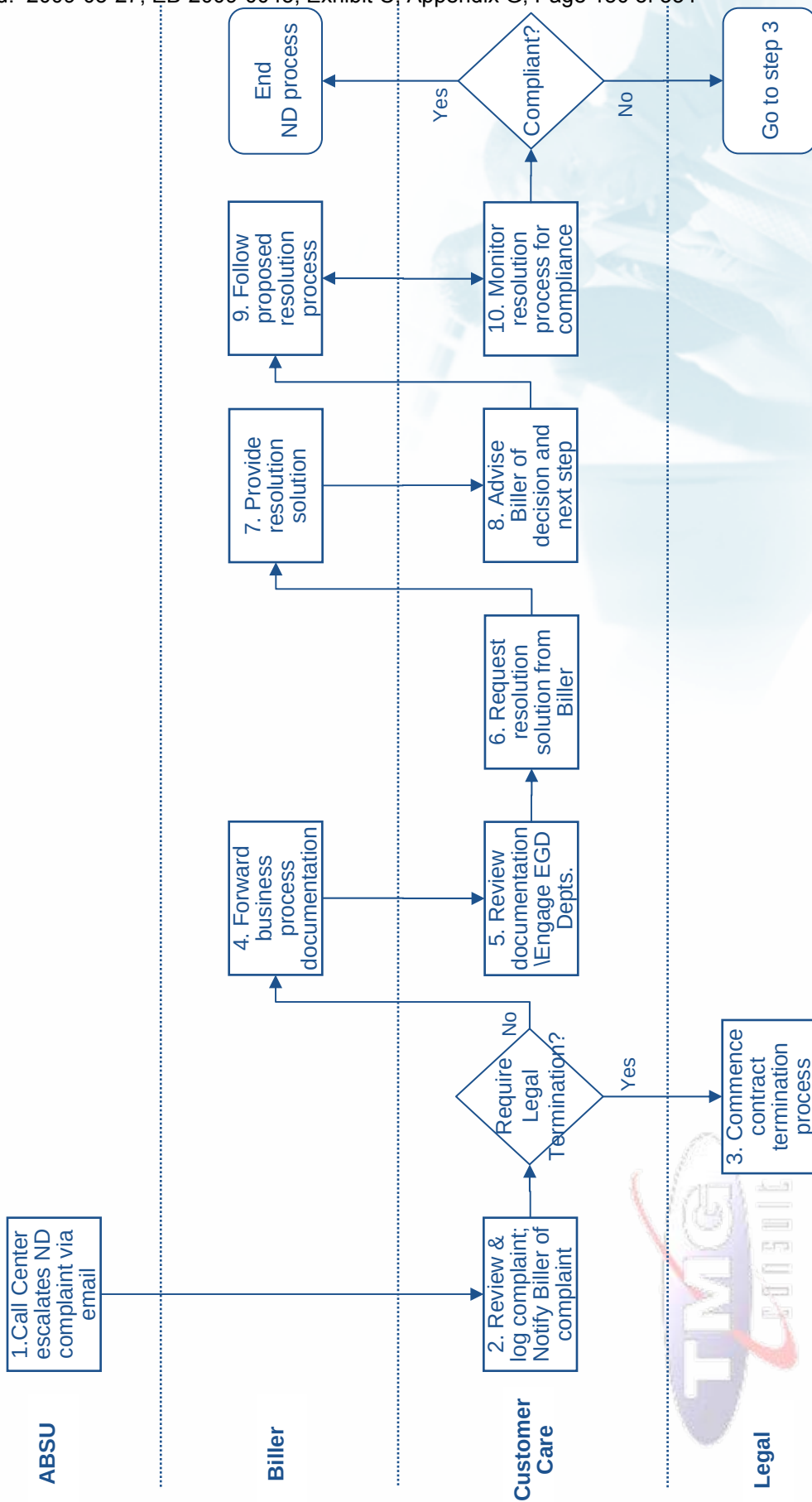
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Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Call center receives dispute complaint	ABSU	Variable	Yes	No
2	Call center enters dispute into dispute tracker app	ABSU	Variable	Yes	No
3	Dispute notice forwarded to Biller	ABSU	Variable	Yes	No
4	Receive dispute notice	Biller			
5	Commence resolution process	Biller			
6	Assist Biller if requested	Customer Care	Variable	Yes	No
7	Apply customer credit	ABSU	Variable	Yes	No
8	Forward credit transaction report to Biller	ABSU	Variable	Yes	No
9	Notify ABSU to close dispute case	Biller			



Billing Services

4.4 Biller Relationship Mgmt. - Non-Disputes



Billing Services

4.4 Biller Relationship Mgmt. - Non-Disputes (Cont'd.)

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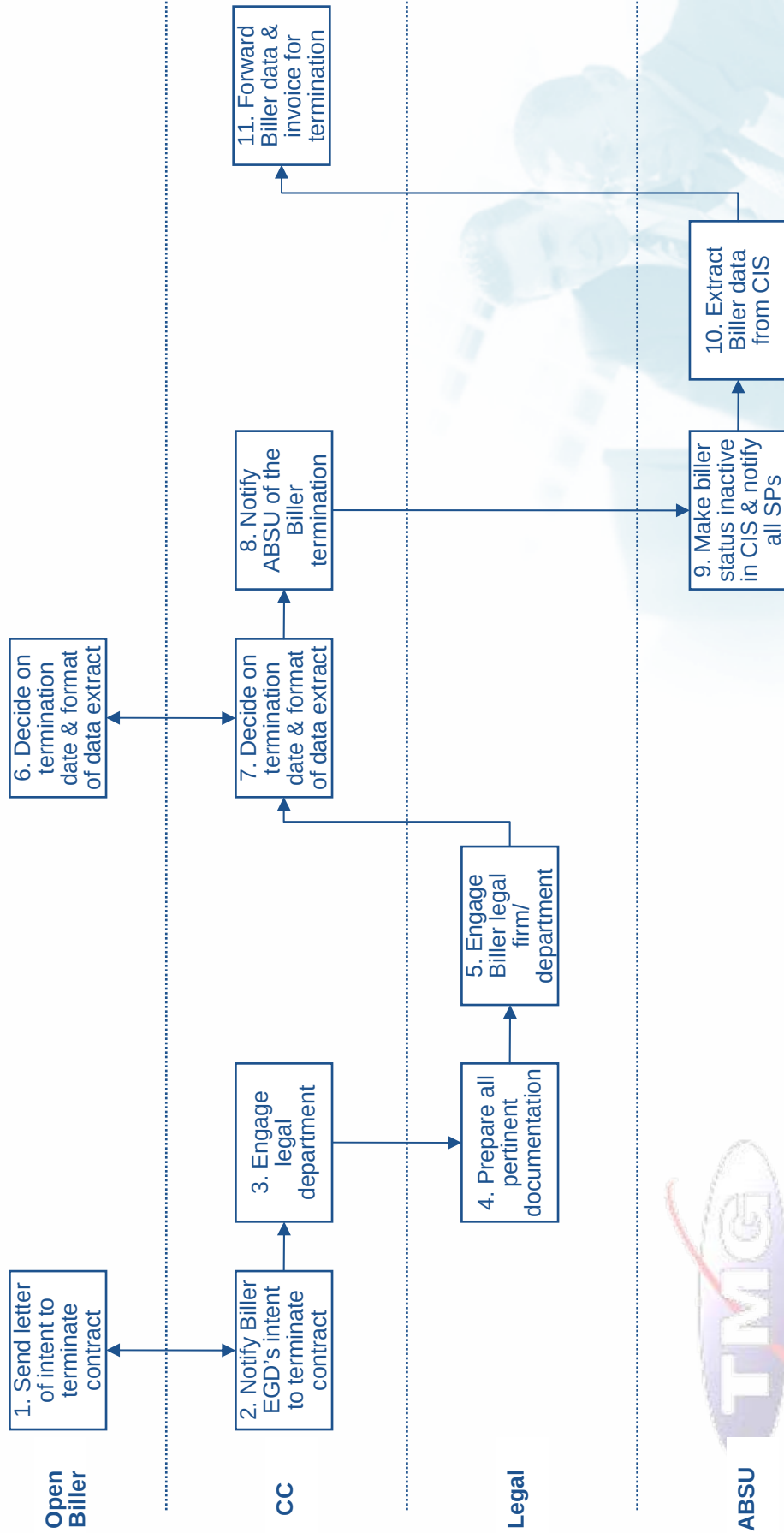
Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Call Center escalates ND complaint via email to CC	ABSU	Variable	Yes	No
2	Review and log complaint; Notify Biller of complaint	Customer Care	Variable	Yes	No
3	Commence contract termination process	Legal	Fixed	No	No
4	Forward business process documentation	Biller			
5	Review documentation\Engage EGD Depts	Customer Care	Fixed	No	No
6	Request resolution solution from Biller	Customer Care	Fixed	No	No
7	Provide resolution solution	Biller			
8	Advise Biller of decision and next step	Customer Care	Fixed	No	No
9	Follow proposed resolution process	Biller			
10	Monitor resolution process for compliance	Customer Care	Fixed	No	No



Billing Services

5.0 Contract Termination

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* The process remains the same if the contract end date is reached and but parties have no intention to renegotiate another term
 ** As per the Open Bill agreement, EGD will charge the biller with contract termination fees for legal and data extraction costs

Billing Services

5.0 Contract Termination (Cont'd.)

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Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Send letter of intent to terminate contract	Billor			
2	Notify Biller EGD's intent to terminate contract	Customer Care	Fixed	No	No
3	Engage Legal department	Customer Care	Fixed	No	No
4	Prepare all pertinent documentation	EGD Legal	Fixed	No	No
5	Engage Biller legal firm/department	EGD Legal	Fixed	No	No
6	Decide on termination date & format of data extract	Billor			
7	Decide on termination date & format of data extract	Customer Care	Fixed	No	No
8	Notify ABSU of the Biller termination	Customer Care	Fixed	No	No
9	Make Biller status inactive in CIS and notify all SPs	ABSU	Fixed	No	Yes
10	Extract Biller data from CIS	ABSU	Variable	No	Yes
11	Forward Biller data & invoice for termination	Customer Care	Fixed	No	No



Billing Services

Current vs. Future Operating Model

No.	OB Support Functions/Groups	Current Model	Future Model
1	CIS Hosting	CWLP rate of \$0.021/bill - Incremental	EGD Internal Costs - Allocated
2	CIS Maintenance		
3	CIS App. Support Services		
4	Account Management	ABSU rate as per CCSA Schedule 3.1	ABSU rate as per CCSA Schedule 3.1
5	Billing		
6	Payment Processing		
7	Collections		
8	Call center Operations		
9	Billers Relations (EGD Cust. Care)	Incremental	Incremental
10	ABSU Contract mgmt. (EGD Cust. Care)	Incremental	Incremental
11	Billers charge file mgmt. (EGD IT)	Not included	Incremental/Allocation
12	EGD Legal	Not included	Incremental/Allocation
13	EGD Finance	Not included	Incremental/Allocation
14	EGD Corporate Comm.	Not included	Incremental/Allocation

Current pricing model includes cost items 1 to 10 only

- Items 1 to 3 are based on a standard rate (incremental) from CWLP
- Items 4 to 8 are based on negotiated rates from ABSU (with increase year over year)
- Items 9 and 10 are based on approximation. This is to be revised with actual costs
- Items 11 to 14 are not included in current pricing

Future cost model will constitute a mix of incremental and fully allocated cost items.

It will be marked up to a price with an acceptable margin

Billing Services

Market Pricing - Standalone

Introduction

- Market pricing is highly dependent upon the specificity of clients requirements hence there is no hard-set price readily available without normalization
- Direct competitors (to EGD) with a 'like-for-like' scenario are difficult to find
- Each individual component of the outsourced customer care function can be customized and prices may increase or decrease based on those needs
- Factors such as contract duration, size of customer base and service levels will also impact the price

Approach

- Gathered data from the following sources:
 - Industry benchmarks on customer care costs (Source 1 and 2)
 - Vendor price for billing services (Source 3)
 - Incumbent offering similar billing services (as EGD) for other utilities (Source 4)
- Price information gathered from sources 1, 2 and 4 ascertains the validity of the market pricing offered by service provider (vendor listed as source 3)



Billing Services

Market Pricing - Standalone (Cont'd.)

Source #1		
Service Provided	Monthly Cost per Bill (\$ CDN)	Annual Cost per Bill (\$ CDN)
Core Customer Care Service		
Bill print, processing and payment	3.05	36.53
Credit and collections	1.58	18.97
Call center operations	0.53	6.34
	0.94	11.22
Other Customer Care Service		
Process and technological support	0.91	10.92
	0.64	7.72
Other support services	0.27	3.20
Total cost per bill	3.95	47.45

Comments

- Cost details sourced from ten Canadian utilities each with a customer base greater than 125,000
- 'Process and technological support' cover support of core customer care service functionalities
- 'Other support services' include activities such as system testing, customer relations, training, etc.



Billing Services

Market Pricing - Standalone (Cont'd.)

Source #2			
Service Provided	Monthly Cost per Bill (\$ USD)	Annual Cost per Bill (\$ USD)	
Core Customer Care Service	2.34	27.97	
Bill print, processing and payment	0.57	6.82	
Credit and collections	1.11	13.29	
Call center operations	0.66	7.86	
Other Customer Care Service	0.77	9.40	
Process and technological support	n/a	n/a	
Other support services	n/a	n/a	
Total cost per bill	3.11	31.51	

Comments

- Cost details sourced from 26 North American utilities
- Figures shown in the above table are average costs



Billing Services

Market Pricing - Standalone (Cont'd.)

Source #3				
Service Provided	Monthly Price per Bill (\$ USD)		Annual Price per Bill (\$ USD)	
	Min	Max	Min	Max
<i>Meter to cash solution</i>	2.92	3.75	35.00	45.00
<i>Application hosting</i>	0.75	0.80	9.00	9.60
Total price per bill	3.67	4.55	43.00	54.60

Comments

- 'Meter to cash solution' includes activities from receiving meter data to accepting payments from customer
- 'Application hosting' includes activities such as planning, recovery management, change management, capacity management, storage management, hardware management, software management, infrastructure upgrade, application software, hardware, batch schedule and operation, production environment, report database etc.
- Market price is based on Tier-1 client with a customer base approximately between 100,000 – 500,000

Billing Services

Market Pricing - Standalone (Cont'd.)

Source #4		
Service Provided	Monthly Price per Bill (\$ USD)	Annual Price per Bill (\$ USD)
Core Customer Care Service		
Bill print, processing and payment	3.51	42.12
Credit and collections	1.82	21.87
Call center operations	0.61	7.31
	1.08	12.94
Other Customer Care Service		
	n/a	n/a
Total cost per bill	3.51	42.12

Comments

- Market price sourced from a U.S. utility with a customer base over 450,000
- Approximately 250,000 of these customer receive a shared bill



Billing Services

Possible Pricing Scenarios

- Based on TMG's observation of EGD's Open Bill Operations:
 - Pursuit, contract sign-up and setup of new Open Billers entail activities that are purely fixed cost elements
 - Monthly operations component also has a combination of fixed and variable cost components
 - Contract termination cost estimation is already included as part of the OBA (hence will not be discussed here)
- Following are some pricing scenarios to consider:
 - Scenario 1:
 - A standard fixed price to sign-up for billing services (one-time)
 - A flat fee for every month (same for all billers) + a variable rate based on volume
 - Scenario 2:
 - A standard fixed price to sign-up for billing services (one-time)
 - A volume based discount rate for monthly operations
 - Scenario 3:
 - One standard rate that applies to all billers regardless of volume (no flat fees)

- These scenarios will be further discussed (with pros and cons) when the cost model is developed

Bill Insert Services



September 8, 2008

Bill Insert Services Overview



Gather Prospect Info/ Sign Contract

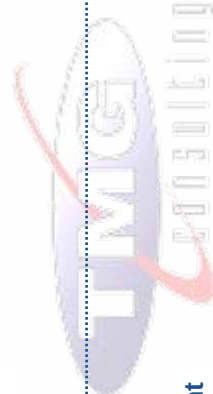
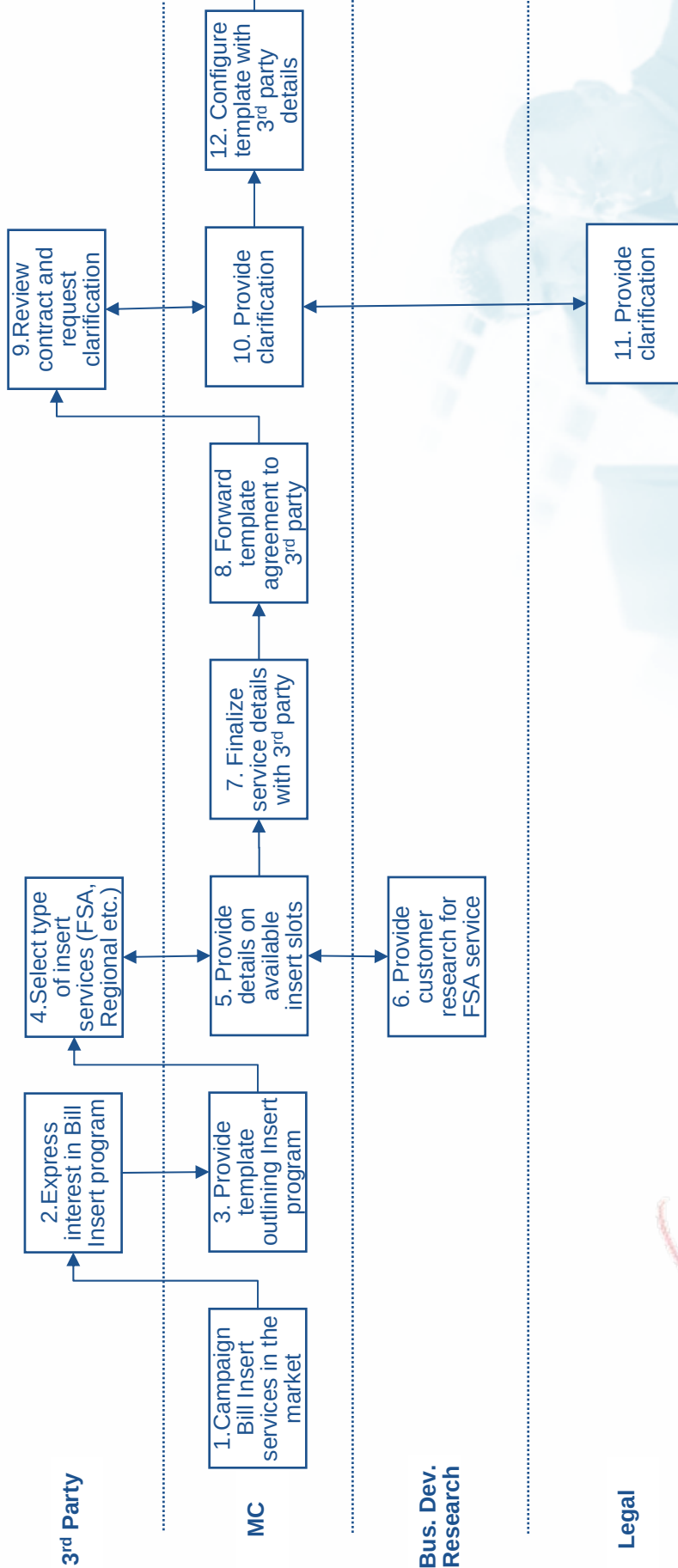
Review/ Approve Insert

Stuff Insert and Mail

- Includes identify/contact prospect, gather preliminary prospect info, contract development and sign-off
- Fixed cost and partly included in current pricing
- Includes compliance review of insert and notifying Bill-Print SP of new 3rd party
- Fixed cost and partly included in current pricing
- Involves all Bill-Print SP activities that includes setting up stations, envelope stuffing, mailing etc.
- No EGD involvement except for notification to SP at this stage
- Variable (based on # of inserts; system wide vs. FSA vs. Regional); included in the rate

- Currently Kubra, Symcor and ABSU do not charge additional costs for handling bill inserts
 - No incremental charge for EGD to maximize the use of all the insert stations
- EGD's charge of \$0.05/insert is an intelligent estimate based on some market pricing info and operational overhead with a small margin
 - There has not been detailed analysis conducted to calculate exact costs incurred while providing this service

Bill Insert Services Process Map



Bill-Print
SP



Bill Insert Services

Process Activities (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Campaign bill insert services in the market	Marketing Comm.	Fixed	Yes	No
2	Express interest in Bill insert program	3rd Party			
3	Provide standard contract to 3rd party	Marketing Comm.	Fixed	Yes	No
4	Select type of insert services (FSA, Regional etc.)	3rd Party			
5	Provide details on available insert slots	Marketing Comm.	Fixed	Yes	No
6	Provide customer research for FSA service	Bus. Dev. Research	Fixed	No	No
7	Finalize service details with 3rd party	3rd Party			
8	Forward template agreement to 3rd party	Marketing Comm.	Fixed	Yes	No
9	Review contract and request clarification	3rd Party			
10	Provide clarification	Marketing Comm.	Fixed	Yes	No
11	Provide clarification	Legal	Fixed	No	No
12	Configure template with 3rd party details	Marketing Comm.	Fixed	Yes	No
13	Forward configured contract to Legal	Marketing Comm.	Fixed	Yes	No
14	Review contract approval and forward to MC	Legal	Fixed	No	No

Bill Insert Services

Process Activities (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
15	Send contract to PDF format to 3rd party	Marketing Comm.	Fixed	Yes	No
16	Sign contract and forward to MC	3rd Party			
17	Provide specifications and work schedule	Marketing Comm.	Fixed	Yes	No
18	Create/Review insert proof; submit for approval	3rd Party			
19	Review for compliance and forward proof to Legal	Marketing Comm.	Fixed	Yes	No
20	Review for compliance	Legal	Fixed	No	No
21	Provide acceptance to 3rd party in email	Marketing Comm.	Fixed	Yes	No
22	Provide volume of inserts to Bill-Print SP	3rd Party			
23	Notify bill print SP of the new 3rd party	Marketing Comm.	Fixed	Yes	No
24	Include inserts as part of the bills	Bill-Print SP	Variable	Yes	No



Bill Insert Services

Market Pricing

Source #1			
Description	Insert Volume	Price per Insert (\$ USD)	Price Per Additional Insert (\$ USD)
Quad Folding	0 – 100,000	1.25	0.07
	100,001 – 500,000	0.97	0.07
	500,001 – 1,000,000	0.47	0.07
	1,000,001 – 3,000,000	0.27	0.06
	3,000,001 – 7,000,000	0.17	0.05
	7,000,001 – 10,000,000	0.07	0.05

Comments

- A fixed price of \$10,000 is charged to all customers as insert set-up fee
- 'Price Per Additional Insert' is pricing for customers who opt to stuff more than one inserts in the same envelope
- Non-utility pricing



Bill Insert Services

Market Pricing (Cont'd.)

Source #2		
Description	Price Per Insert (\$ USD)	
	Min	Max
Client of billing services	0.02	0.05
Non-client	0.20	0.25

Comments

- A preferential rate is offered to clients of billing services



Bill Insert Services

Possible Pricing Options

- Based on TMG's observation of EGD's Bill Insert Operations:
 - 3rd party info gathering, contract development, review/approval of insert and contract sign-up activities are purely fixed cost elements – this occurs every month
 - Setting up insert stations and stuffing inserts is purely variable – based on volume (system-wide, FSA or regional). EGD is not getting charged
 - If a 3rd party selects a region or a few FSAs (instead of system-wide), the opportunity of selling that insert slot to the maximum extent is lost revenue
 - If the demand for insert services increase, assigning all available insert slots by region, FSA for feasible month can be a logistical challenge
- Following are some options that can be considered for pricing:
 - Assign a few insert slots purely for system-wide service
 - Develop a pricelist with variable rates for system-wide, regional and FSA
 - One rate for all types of service on a first-come-first-serve basis. If another party is interested to add another insert, they will be charged a premium rate that includes postal coverage
 - Offer a discount for parties who can buy insert slots for more than one month
 - Offer discounted pricing for parties who opt to buy more than one insert



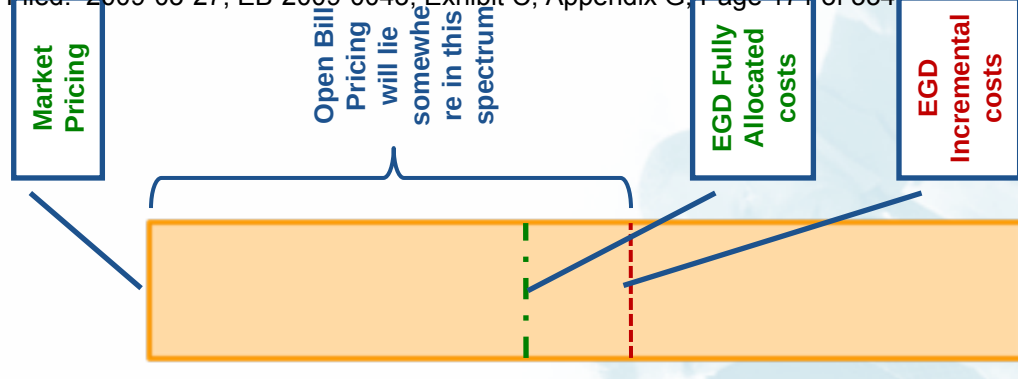
TMG Recommendations and Next Steps



September 8, 2008

TMG Recommendations

- All costs incurred by EGD to provide Billing and Bill Insert services need to be identified and estimated
 - Recovery of these costs is recommended upon which a margin can be added to arrive at an acceptable price
- Establish a margin that is below the market pricing so that there is perceived value for 3rd Parties to sign up for OBA
 - If Incremental cost are considered, 3rd Parties will enjoy almost all of the benefits due to 'economy of scale'
 - If fully allocated costs are considered, both 3rd Parties and EGD will benefit from the 'economy of scale'
- Industry trend (for both billing and bill insert services) is to provide discounts to 3rd Parties with larger volume (see market indices with a range)
- If volume based discounting is considered, it will be monetarily advantageous for 3rd Parties with larger volumes
 - It is recommended that a discount price for 3rd Party with the largest volume be calculated – extend the same price to all other billers
 - Ensure Open Bill contract stipulates that this discount price will be revised based on departure of any biller with such a significant volume



* Fictitious representation – for conceptual discussion purposes only

Next Steps

- Decide on what components of EGD's operation to be estimated for costs and included in the model
 - Get feedback/direction from consultative
- Develop EGD costing model for both Billing and Bill Insert services
 - Identify cost components that can be fully allocated
 - Identify components that can only be calculated as incremental costs
- Conduct comparability and validity study on gathered market data
 - Continue gathering more market indices as required
 - Normalize market price to match EGD operations
- Review cost model and normalized market data (Checkpoint #2)
 - To be scheduled either for the 3rd or last week of October 2008



Discussion



September 8, 2008

**Mike
Fenn/GAS/En
bridge**

10/30/2008

05:21 PM

To Ric.Forster@directenergy.com, admin@megacityhvac.com, lliao@newten.ca, dellis@planetenergy.ca, jcook@reliancecomfort.com, mluymes@hrai.ca, mbuonaguro@piac.ca, anthony.horton@ener-defense.com, Candace.Steinberg@ServiceExperts.com, JDrummond@universalenergy.ca
cc Amir Hasan/GAS/Enbridge@Enbridge, Ashok Sundaram/GAS/Enbridge@Enbridge, Christine McLean/GAS/Enbridge@Enbridge, Marco Rizzi/GAS/Enbridge@Enbridge, MarioB@tmgconsulting.com, Paul Green/GAS/Enbridge@Enbridge, Robert Bourke/GAS/Enbridge@Enbridge, Steve McGill/GAS/Enbridge@Enbridge, Patrick Hoey/GAS/Enbridge@Enbridge, Trevor MacLean/GAS/Enbridge@Enbridge, Sandra Idenouye/GAS/Enbridge@Enbridge, sales@buttonsheating.com, john.nassar@moreenergy.ca, sdym@universalenergy.ca, nruzycki@energysavings.com, mjoseph@reliancecomfort.com, hmcken1@sears.ca, rhiggin@econalysis.ca, jmendesdefranca@reliancecomfort.com
Su Enbridge Open Bill Access and Billing Insert - Consultative - Meeting Presentation & Summary - October 27, 2008
bje
ct

Hi All,

As promised, here are the items that we've discussed at our Stakeholder group meeting on October 27, 2008 ...

Also attached are the cost models for EGD Billing and Bill Insert services and the related presentation. Note that the cost models are TMG's Intellectual Property and should not be reproduced and/or distributed in any manner other than for review purposes.

To the Stakeholder group members - Please review and let me know if you have any additions, changes or deletions.

To the wider audience - This is for your information.

Regards,

Mike Fenn
Manager, Billing Relationships
Enbridge Gas Distribution
PO Box 650,
Scarborough, ON M1K 5E3

Phone: 416 495 6132

Fax: 416 753 6674



e:mail: mike.fenn@enbridge.com Open Bill & Bill Insert Meeting Summary - Oct 27, 2008.doc



Open Bill & Bill Insert Stakeholder Meeting - October 27, 2008.ppt



EGD Bill Insert Services - Cost Model_Final.xls



Open Bill - Consultative Meeting 2_Oct 27 - Final.ppt



EGD Billing Services - Cost Model_Final.xls

ENBRIDGE GAS DISTRIBUTION (EGD) OPEN BILL/BILL INSERT CONSULTATIVE

STAKEHOLDER GROUP MEETING – OCTOBER 27, 2008

The parties in **attendance** today were:

- EGD – Mike Fenn, Steve McGill, Paul Green, Amir Hasan, Christine McLean, Patrick Hoey, Robert Bourke and Sandra Idenouye
- TMG Consulting (TMG) – Mario Bauer, Ashok Sundaram and Marco Rizzi
- Direct Energy – Ric Forster
- LivClean – Dave Ellis
- National Energy – Jonathan Drummond
- HVAC – Martin Luymes
- Reliance Comfort – Joanna Mendes de Franca
- VECC – Michael Buonaguro, Roger Higgin

The stakeholders that were **absent** today were:

- MegaCity – Tammy Maillet
- ENER-Defense – Anthony Horton
- NewtEn Home Comfort – Leo Liao
- Lennox Service – Candace Steinberg

Mike Fenn presented slides addressing the following **agenda** for the meeting:

- Open Bill: Status Update
- Steve McGill Presentation: Incentive Regulation Overview
- TMG Presentation: Price/Cost Study – Cost Model and Normalized Market Data

TMG representatives made a slide **presentation** to conduct a walk through session with stakeholders and get feedback/direction. They did this by presenting the following agenda:

- Background and Approach
- Major Underlying Assumptions
- Billing Services
 - o Overview
 - o Cost Model & Assumptions
 - o Normalized Market Pricing Data
- Bill Insert Services
 - o Overview
 - o Cost Model & Assumptions
 - o Market Pricing Data
- Obtaining agreement on next steps to develop the cost/pricing model

The following **decisions/actions** were identified during the meeting of October 27th, 2008:

EGD to:

- Investigate how many bills have multiple billers associated and what is the maximum number of billers on a given bill.
- Distribute the Billing Insert Customer Survey Results to the stakeholders.
- Review if standardized Open Bill contracts can be put in place to simplify the process for biller enrollment
- Perform final cost analysis for Open Bill after stabilization has been completed (towards the end of 2009).
- Determine the regulatory process that will be followed to obtain the OEB's approval on EGD's Comprehensive Solution Application.

TMG to:

- Review how the costs of the 3 FTE's are being allocated to the billers.
- Determine how the services provided by ABSU within the Open Bill contract compare to those provided by the Market Service Providers. How would this impact the Market Price within TMG's presentation?
- Recommend a pricing model for Open Bill & Bill inserts.
- Recommend a pricing policy (i.e., flat fee, volume based pricing)
- Review fully allocated costs and the information used as the allocator ensure this covers the Postal cost allocation for Bill Inserts.

Enbridge Gas Distribution Open Bill & Billing Insert Consultative



*Stakeholder Meeting
October 27, 2008*

Agenda



- **Welcome & Intro's**
- **Open Bill Status Update**
- **Incentive Regulation Overview**
- **Price / Cost Study - Cost model and normalized market data – TMG**
- **Next Steps**
- **Review Decisions / Actions & Close**

Open Bill Status



- **To date:**

- We have registered 20 Billers in our Legacy CIS system. We've entered into Open Bill agreements with 17 of these of which 15 are billing charges to approximately 1.4M Enbridge customers on the Enbridge bill
- The Customer Information System (CIS) system freeze is in place thus no new billers can be added until after the new CIS system has been stabilized (target July 2009)
- Only Billers that have submitted customer charges before the end of October 2008 will be converted into the new CIS system. Of the billers not billing:
 - 3 plan to bill by the end of October 2008
 - 2 have decided not to proceed



Enbridge Gas Distribution

Incentive Regulation Overview
Approved Model

October 2008

Incentive Regulation (IR)

- A five year agreement
 - rates (revenue requirement) based on a predetermined formula
 - replaces annual cost of service reviews
- Utility costs (including ROE) are therefore de-linked from rates

Benefits of (IR)

- Customer / stakeholder benefits
 - predictable annual rate increases
 - rebasing of costs at end of the term
 - less regulatory process
- Shareholder benefits
 - retain earnings within the plan
 - greater certainty
 - less regulatory process



Terms of Approved Plan

- Revenue per customer cap
- 5 years, 2008-12 inclusive
- Revenues adjusted for
 - Inflation & productivity – about 1/2 of expected rate of change in inflation
 - growth in number of customers
- Earning sharing 50/50 after a 100 basis point dead band (normalized)
- Off ramp review at ROE $\pm$ 300 basis points of normalized regulated utility earnings



Terms of Approved Plan (2)

- Increased fixed monthly charges
 - Rate 1 from \$14 (2008) to \$20 (2012)
 - Rate 6 from \$50 (2008) to \$70 (2012)
- Y factor for power plant leave to constructs
- Z factor (non-routine adjustments)
 - 4 criteria to be met
 - threshold of \$1.5 million
 - specific allowances for changes in ROE formula
 - tax changes in plan, including CCA, shared 50/50
- 10 minimum Service Quality Requirements (“SQRs”)

Earning Sharing Mechanism ESM

- Normalized ROE more than 100 basis points above the allowed ROE will be shared 50/50 with ratepayers
- EGD “shall not make any material changes in accounting practices that have the effect of reducing utility earnings”
- Excludes SSM, LRAM, storage and transportation deferral accounts, and EGD’s 50% portion of tax savings



Revenue Adjustment Formula

$$DRR_t = \left(\frac{DRR_{t-1} - (Y_{t-1} + Z_{t-1})}{C_{t-1}} \right) * (1 + P * INF) * C_t + Y_t + Z_t$$

- Where:
- DRR = distribution revenue requirement
- C = average number of customers
- P = productivity coefficient
- INF = inflation index
- Y = pass throughs at cost of service
- Z = exogenous factors
- t = rate year

Example - Revenue Cap for 2008

$$2008 \text{ Revenues} = (\$945,200,000 - (\$191,940,000 + \$0) / 1,823,258) * (1 + 0.6 * 2.04\%) * 1,864,047 + \$158,500,000 + \$0$$

\$938,010,000

Formula Element	Abbreviation	2008 Formula Inputs	Result
Distribution Revenue Requirement	DRR	2007 = \$945,200,000 2008 = Calculated	\$938,010,000
Average Number of Customers	C	2007 = 1,823,258 2008 = 1,864,047	
Productivity Coefficient	P	0.60	
Inflation Index	INF	2.04%	
Pass Through at Cost of Service	Y	2007 = \$191,940,000* 2008 = \$158,500,000	
Exogenous Factors	Z	N/A	
Rate Year	t	2008	
* Note; includes adjustments to set 2007 revenue base.			

Price / Cost Study - Cost model and normalized market data



- See TMG's Presentation & Cost model

Next Steps



- **Facilitated by Enbridge**



- **Review Decisions / Actions & Close**

EGD Bill Insert Services - Cost Model

# of EGD Bills (Dec/2008)	1,890,394

Number of Panels

1 Panel	1
2 Panel	2
3 Panel	2
4 Panel	7

Costing Estimation

Postage	\$ 196,979.05
Admin	\$ 156,490.07
Total	\$ 353,469.12
Total Inserts	12

Incremental Postage costs based on weight

1 Panel		2 Panel		3 Panel		4 Panel	
No. of Inserts	Postal Costs	No. of Inserts	Postal Costs	No. of Inserts	Postal Costs	No. of Inserts	Postal Costs
1	\$ -	1	\$ -	1	\$ -	1	\$ -
2	\$ -	2	\$ -	2	\$ -	2	\$ -
3	\$ -	3	\$ -	3	\$ 151,231.52	3	\$ 151,231.52
4	\$ -	4	\$ -	4	\$ 151,231.52	4	\$ 151,231.52
5	\$ -	5	\$ 151,231.52	5	\$ 151,231.52	5	\$ 151,231.52
6	\$ -	6	\$ 151,231.52	6	\$ 151,231.52	6	\$ 151,231.52
7	\$ -	7	\$ 151,231.52	7	\$ 151,231.52	7	\$ 151,231.52
8	\$ -	8	\$ 151,231.52	8	\$ 151,231.52	8	\$ 167,866.99
9	\$ 151,231.52	9	\$ 151,231.52	9	\$ 151,231.52	9	\$ 184,502.45
10	\$ 151,231.52	10	\$ 151,231.52	10	\$ 159,549.25	10	\$ 201,137.92
11	\$ 151,231.52	11	\$ 151,231.52	11	\$ 172,025.85	11	\$ 217,773.39
12	\$ 151,231.52	12	\$ 151,231.52	12	\$ 184,502.45	12	\$ 234,408.86
13	\$ 151,231.52	13	\$ 151,231.52	13	\$ 196,979.05	13	\$ 251,044.32
14	\$ 151,231.52	14	\$ 151,231.52	14	\$ 209,455.66	14	\$ 267,679.79

Administrative costs (Incremental) based on number of inserts (regardless if they are 1, 2, 3 or 4-Panel)

No. Of Inserts	Marketing Comm.	Bus. Dev. Research	Legal	Total Monthly cost
1	\$ 124,830.64	\$ 1,660.65	\$ 2,102.26	\$ 128,593.55
2	\$ 126,281.38	\$ 1,811.62	\$ 3,036.60	\$ 131,129.60
3	\$ 127,732.12	\$ 1,962.58	\$ 3,970.94	\$ 133,665.64
4	\$ 129,182.86	\$ 2,113.55	\$ 4,905.28	\$ 136,201.69
5	\$ 130,633.60	\$ 2,264.52	\$ 5,839.62	\$ 138,737.74
6	\$ 132,084.34	\$ 2,415.49	\$ 6,773.96	\$ 141,273.78
7	\$ 133,535.08	\$ 2,566.46	\$ 7,708.30	\$ 143,809.83
8	\$ 134,985.82	\$ 2,717.42	\$ 8,642.64	\$ 146,345.88
9	\$ 136,436.56	\$ 2,868.39	\$ 9,576.97	\$ 148,881.93
10	\$ 137,887.30	\$ 3,019.36	\$ 10,511.31	\$ 151,417.97
11	\$ 139,338.04	\$ 3,170.33	\$ 11,445.65	\$ 153,954.02
12	\$ 140,788.78	\$ 3,321.30	\$ 12,379.99	\$ 156,490.07
13	\$ 142,239.52	\$ 3,472.26	\$ 13,314.33	\$ 159,026.12
14	\$ 143,690.26	\$ 3,623.23	\$ 14,248.67	\$ 161,562.16

Envelope Item	Weight (grams)
Return envelope	5
Outer envelope	5
Bill page X 2	12
1 panel insert	1
2 panel insert	2
3 panel insert	3
4 panel insert	4

Canada Post Rates

Weight	Postal Rate
Up to 30 grams	\$ 0.51
Over 30 grams & up to 50 grams	\$ 0.59
Over 50 grams	\$0.59 + \$0.0022 per gram over 50g

1 - Billing Inserts Services

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?	Effort (hrs)	Rate (\$)	No. of Occurrences	Cost (\$)
1	Campaign bill insert services in the market	Marketing Comm.	Fixed	Yes	No	1721	\$ 70.05	1	\$ 120,559.01
2	Express interest in Bill insert program	3rd Party							
3	Provide standard contract to 3rd party	Marketing Comm.	Fixed	Yes	No	1	\$ 80.60	13	\$ 1,047.76
4	Select type of insert services (FSA, Regional etc.)	3rd Party							
5	Provide details on available insert slots	Marketing Comm.	Fixed	Yes	No	1	\$ 80.60	13	\$ 1,047.76
6	Provide customer research for FSA service	Bus. Dev. Research	Fixed	No	No	2	\$ 75.48	13	\$ 1,962.58
7	Finalize service details with 3rd party	3rd Party							
8	Forward template agreement to 3rd party	Marketing Comm.	Fixed	Yes	No	1	\$ 80.60	9	\$ 725.37
9	Review contract and request clarification	3rd Party							
10	Provide clarification	Marketing Comm.	Fixed	Yes	No	2	\$ 80.60	9	\$ 1,450.74
11	Provide clarification	Legal	Fixed	No	No	2	\$ 116.79	9	\$ 2,102.26
12	Configure template with 3rd party details	Marketing Comm.	Fixed	Yes	No	4	\$ 80.60	4	\$ 1,289.55
13	Forward configured contract to Legal	Marketing Comm.	Fixed	Yes	No	1	\$ 80.60	4	\$ 322.39
14	Review contract approval and forward to MC	Legal	Fixed	No	No	4	\$ 116.79	4	\$ 1,868.68
15	Send contract to PDF format to 3rd party	Marketing Comm.	Fixed	Yes	No	2	\$ 80.60	4	\$ 644.77
16	Sign contract and forward to MC	3rd Party							
17	Provide specifications and work schedule	Marketing Comm.	Fixed	Yes	No	2	\$ 80.60	4	\$ 644.77
18	Create/Review insert proof; submit for approval	3rd Party							
19	Review for compliance and forward proof to Legal	Marketing Comm.	Fixed	Yes	No	2	\$ 80.60	4	\$ 644.77
20	Review for compliance	Legal	Fixed	No	No	2	\$ 116.79	4	\$ 934.34
21	Provide acceptance to 3rd party in email	Marketing Comm.	Fixed	Yes	No	1	\$ 80.60	4	\$ 322.39
22	Provide volume of inserts to Bill-Print SP	3rd Party							
23	Notify bill print SP of the new 3rd party	Marketing Comm.	Fixed	Yes	No	1	\$ 80.60	4	\$ 322.39
24	Include inserts as part of the bills	Bill-Print SP	Variable	Yes	No				

	Range 11	Range 10	Range 9	Range 8	Range 7 Program Manager/ Supervisor	Range 6	Range 5	Range 4	Range 3
Senior Council	\$ 116.79	\$ 108.50	Senior Manager	Middle Manager	Sr. Analyst	Analyst	Jr. Analyst	Administrative	
			\$ 96.64	\$ 89.83	\$ 80.60	\$ 75.48	\$ 70.05	\$ 65.58	\$ 60.58

Bill Insert Postage Matrix

Total Weight of Mailed Envelope (grams)

Total Bill Pages	Total Number of 1 Panel Inserts													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	17	18	19	20	21	22	23	24	25	26	27	28	29	30
2	23	24	25	26	27	28	29	30	31	32	33	34	35	36
3	29	30	31	32	33	34	35	36	37	38	39	40	41	42
4	35	36	37	38	39	40	41	42	43	44	45	46	47	48
5	41	42	43	44	45	46	47	48	49	50	51	52	53	54
6	47	48	49	50	51	52	53	54	55	56	57	58	59	60
7	53	54	55	56	57	58	59	60	61	62	63	64	65	66
8	59	60	61	62	63	64	65	66	67	68	69	70	71	72
9	65	66	67	68	69	70	71	72	73	74	75	76	77	78
10	71	72	73	74	75	76	77	78	79	80	81	82	83	84

Envelope Item	Weight (grams)
Return envelope	5
Outer envelope	5
Bill page	6
1 panel insert	1

Weight	Postage Cost
<=30g	0.51
>30g, <=50g	0.59
>50g, <=100g	0.59

Total Cost of Mailed Envelope (\$CAD)

Total Bill Pages	Total Number of 1 Panel Inserts													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
2	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.59	0.59	0.59	0.59	0.59
3	0.51	0.51	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59
4	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59
5	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.60	0.60
6	0.59	0.59	0.59	0.59	0.59	0.59	0.60	0.60	0.60	0.60	0.61	0.61	0.61	0.61
7	0.60	0.60	0.60	0.60	0.61	0.61	0.61	0.61	0.61	0.62	0.62	0.62	0.62	0.63
8	0.61	0.61	0.61	0.62	0.62	0.62	0.62	0.63	0.63	0.63	0.63	0.63	0.64	0.64
9	0.62	0.63	0.63	0.63	0.63	0.63	0.64	0.64	0.64	0.64	0.65	0.65	0.65	0.65
10	0.64	0.64	0.64	0.64	0.65	0.65	0.65	0.65	0.65	0.66	0.66	0.66	0.66	0.66

Canada Post Incentive Lettermail Prices

Up to 30g: \$0.51
 Over 30g up to 50g: \$0.59
 Over 50g up to 100g: \$0.59 + \$0.0022 per gram over 50g



Open Bill Project

Consultative Checkpoint #2

- Presentation Deck

Dated: October 27, 2008



Table of Contents

- Introduction/Purpose of the Meeting
- Background & Approach
- What's Been Done So Far
- Glossary of Terms & Major Underlying Assumptions
- Billing Services
 - Overview
 - Cost Model & Assumptions
 - Normalized Market Pricing Data
- Bill Insert Services
 - Overview
 - Cost Model & Assumptions
 - Market Pricing Data
- Next Steps
- Discussion



Introduction

Introduction

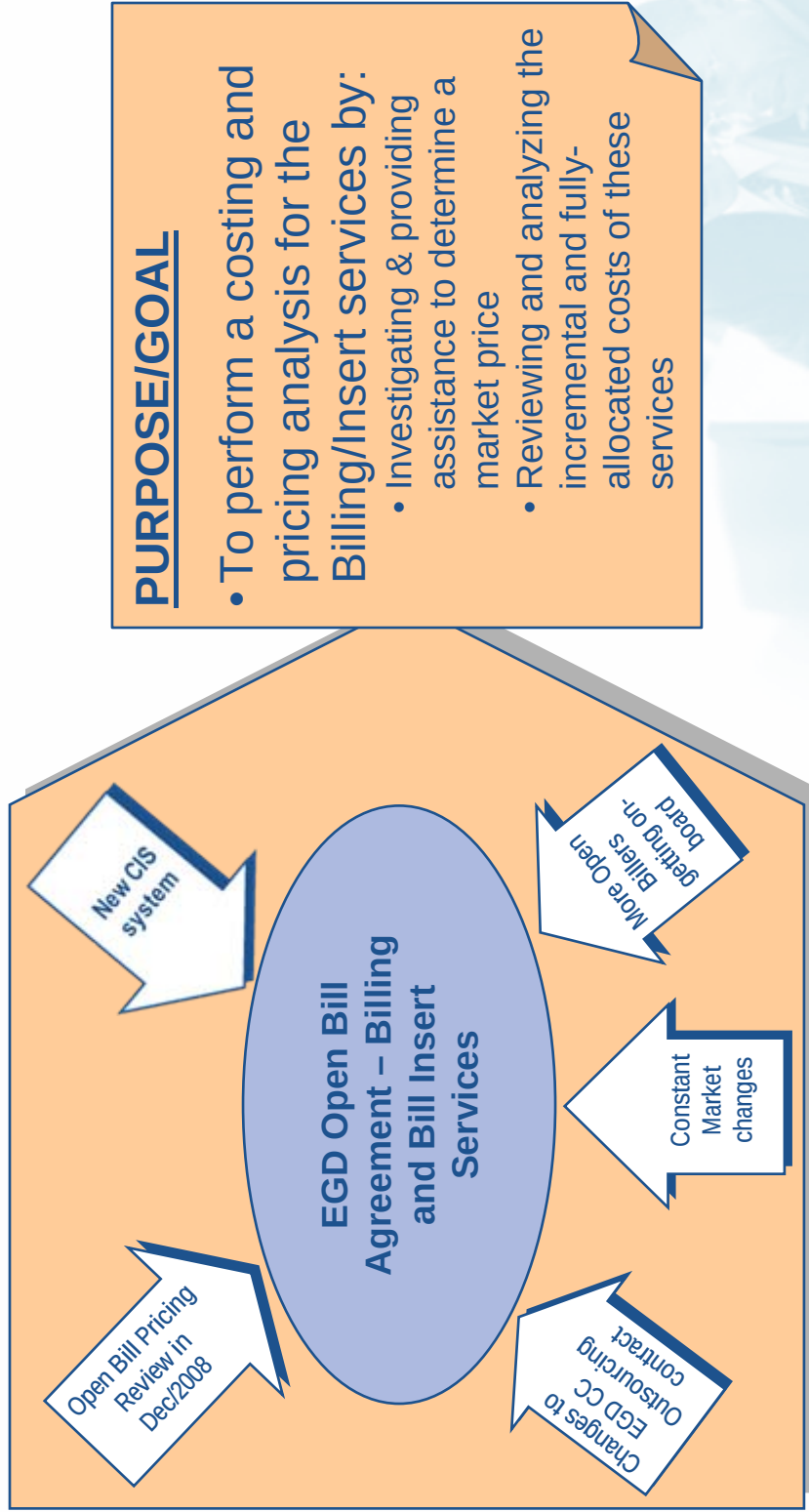
- TMG conducted a kick-off for Open Bill Pricing project on July 15, 2008 and checkpoint #1 on September 8, 2008
- As per the agreed approach, this consultative meeting is checkpoint #2
 - One more checkpoint meeting is part of our proposed approach

Purpose of the Meeting

- Conduct walk through session with stakeholders and get feedback/direction on the following:
 - EGD's cost model for Billing and Bill Insert Services
 - Normalized Market pricing data and the rationale
- Agree on framework to develop pricing model



Background & Approach

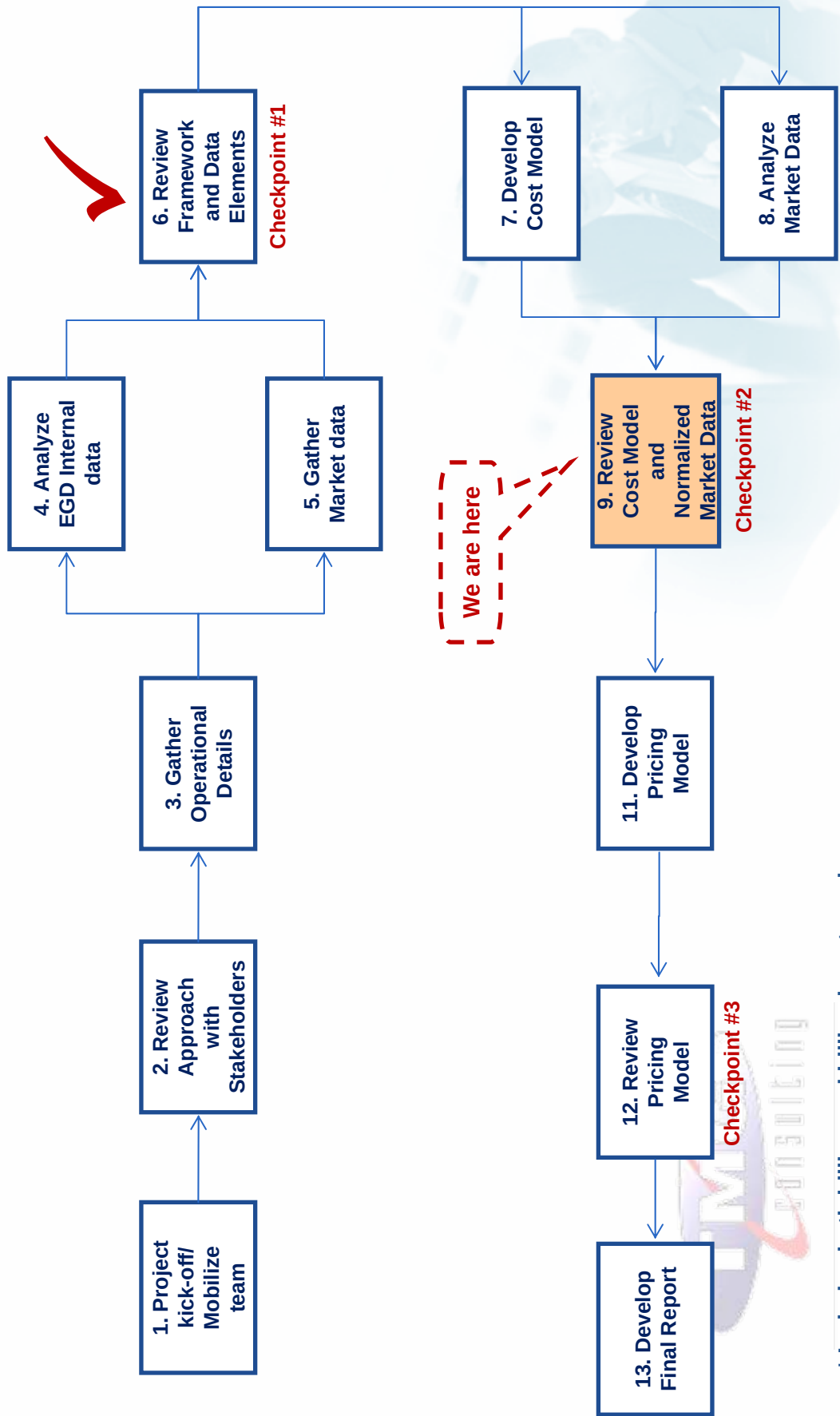


PURPOSE/GOAL

- To perform a costing and pricing analysis for the Billing/Insert services by:
 - Investigating & providing assistance to determine a market price
 - Reviewing and analyzing the incremental and fully-allocated costs of these services

- EGD is in the process of developing a pricing model for Billing services and Bill Insert services
- The stakeholder committee has engaged TMG in assisting EGD to develop a pricing model

Background & Approach (Cont'd.)



* Includes both billing and billing insert services

What's Been Done So Far

- TMG has completed all activities required for stakeholder checkpoint #2
- These activities included:
 - Analyzed each work activity associated with Billing and Bill Insert services – identified which activities will change based on nCIS introduction
 - Categorized each activity as either incremental or fully-allocated and provided rationale in a memorandum
 - Allocated a loaded hourly rate to all incremental cost items
 - Estimated costs for all fully-allocated cost items
 - Developed cost model for both Billing and Bill Insert Services
 - Analyzed and normalized market pricing data based on EGD activities
- Who we talked to (so far):
 - EGD Customer Care
 - EGD IT
 - EGD Marketing Communication
 - EGD Business Development
 - EGD CIS Team
 - EGD Regulatory Affairs
 - Ric Forster (Direct Energy)
 - Martin Luymes (HVAC)
 - Roger Higgin (VECC)
 - Imagitas Inc. (Pitney Bowes)
 - Canada Post
 - ActionPak
- Who we did not talk to:
 - ABSU

Glossary of Terms & Major Underlying Assumptions

Glossary of Terms

- **Fixed Cost:** Effort taken to conduct an activity that will not vary based on # of bills
- **Variable Cost:** Effort taken to conduct an activity that will vary based on # of bills
- **In current pricing?:** Cost attributed to a particular activity (or a part of an activity) is included in the current OB rates
- **Subject to change?:** Introduction of the new CIS system and the respective changes to ABSU CC Service agreement will change EGD's operation. In turn, certain OB activities will change – removed, modified (work effort may decrease or increase), new activities may be added

Major Underlying Assumptions

- **JT-5 Model:** Developed by EGD before the new CCSA was signed with legacy solution hosted by CWLP. This model cannot be leveraged based on future operation model. Hence not much analysis is done to map current costs to this model
- **nCIS Project:** Effective April 2009, the legacy CIS systems will be replaced by SAP CIS solution. The system will be hosted, maintained and operated by EGD. ABSU will continue to be the Outsourcing vendor for Customer Care. Current OB processes will change significantly



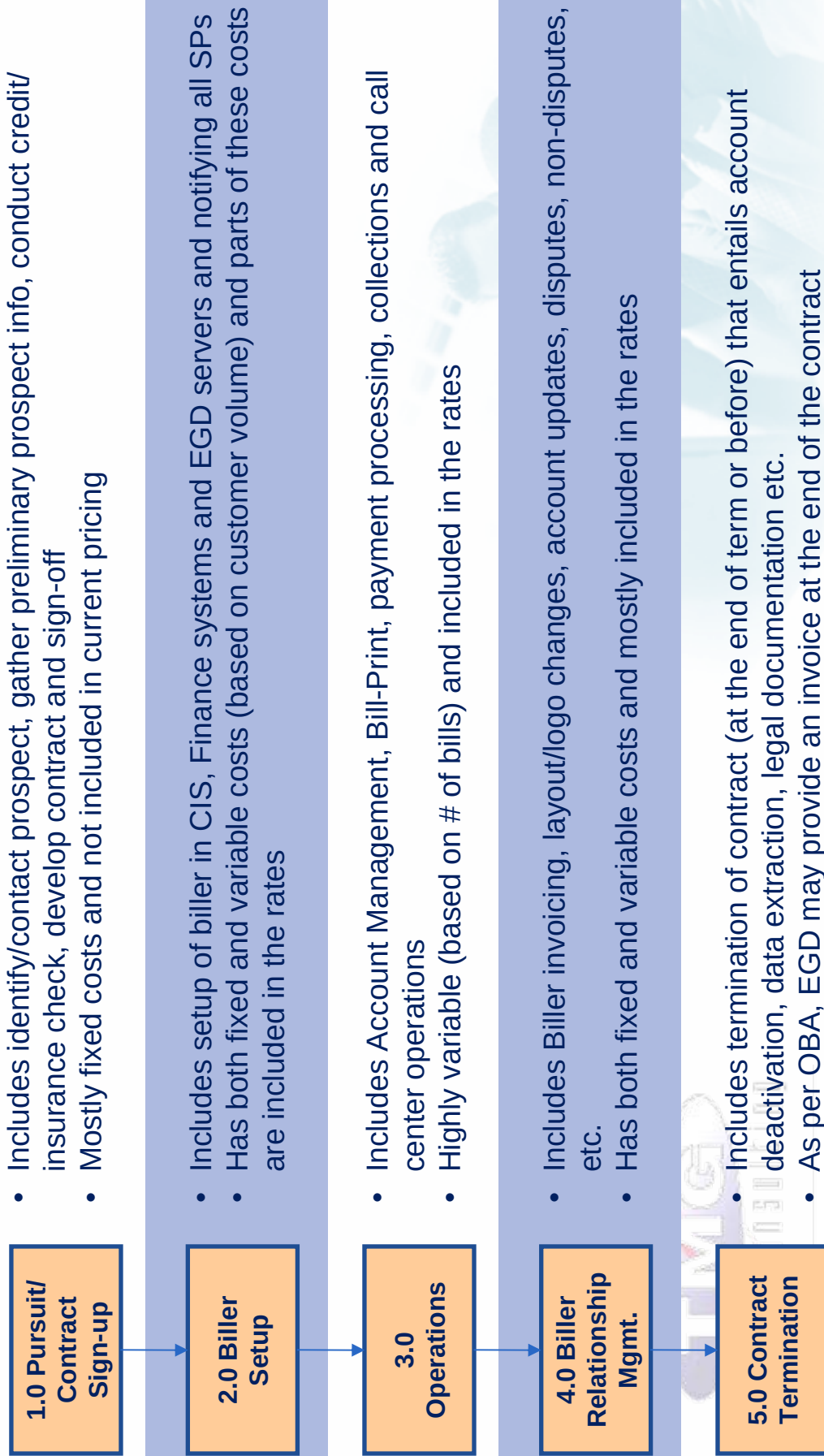
Billing Services



October 27, 2008

Billing Services

Overview (Life Cycle)



Billing Services

Cost Model Walk-thru' - Assumptions

- New OBA pricing will be effective as of April 2009 in tandem with nCIS Go-Live
- Biller Account changes are all fixed cost – it is assumed that 1 in every 4 biller initiates account change activities every month
- Costs associated with contract termination and off-set process will be charged separately based on each instance – not included in the rates
- All OBA contracts expire at the same time as CCSA (March 31, 2012)
- Customer Care staffing to manage Biller Relations, Pursuit and setup will amount to approximately 1FTE for every 6 billers. All activities are predominantly fixed costs - no matter how many customers that the new biller may have
- It is forecasted that the number of billers will be 18 with a total of 1,398,560 bills at nCIS Go-Live. All cost calculations are based on this number. Any increase/decrease in billers/bills past Go-Live will impact overall costing
- CIS implementation costs and SAP licensing costs associated with OBA will not be included as part of the Billing Services cost model
- EGD will continue to deduct 0.5% of the revenue billed for bad debt. This amount will be adjusted periodically based on actual data
- Given there is no historical operational data available with nCIS and only 90% of the processes are finalized at this point, a 10% contingency is added to key EGD operational costs

Billing Services

Market Pricing

Introduction

- Market pricing is highly dependent upon the specificity of clients requirements and the customization of each outsourced customer care function
 - There exists no hard-set price readily available in the market without normalization
- Based on mandate from the consultative (checkpoint #1), TMG has attempted to normalize the market pricing data to match EGD operations

Approach

- Market pricing data was analysed from the following sources:
 - Vendor price for billing services (Source 1)
 - Incumbent offering similar billing services (as EGD) for other utilities (Source 2)
- The baseline data (as presented in the last meeting) was normalized by stripping costs that are not core customer service or support functions
 - Market standalone bill price is normalized by applying only a percentage of the core customer service and support functions to arrive at a shared bill price
- Core customer service includes the following: bill print and payment processing, credit and collections, call center operations

Billing Services

Market Pricing

Source #1				
Service Provided	Standalone Monthly Price per Bill (\$USD)		Shared Monthly Price per Bill (\$USD)	
	Min	Max	Min	Max
Bill print, processing and payment	1.39	1.72	0.49	0.60
Credit and collections	0.46	0.58	0.16	0.20
Call center operations	0.82	1.02	0.29	0.36
Other	0.99	1.23	0.35	0.43
Total normalized price per bill	3.67	4.55	1.28	1.59

Comments

- Market price is based on Tier-1 client with a customer base approximately between 100,000 – 500,000
- Shared bill amounts to approximately 1/3 the price of a standalone bill



Billing Services

Market Pricing (Cont'd.)

Source #2	
Service Provided	Standalone/Shared Monthly Price per Bill (\$USD)
Bill print, processing and payment	1.40
Credit and collections	0.47
Call center operations	0.83
Other	1.00
Total normalized price per bill	3.71

Comments

- Source #2 charges same price for both standalone and shared bills
- Market price sourced from a U.S. utility with a customer base over 450,000
- Approximately 250,000 of these customers receive a shared bill





Bill Insert Services



October 27, 2008

Bill Insert Services Overview



Gather Prospect Info/ Sign Contract

Review/ Approve Insert

Stuff Insert and Mail

- Includes identify/contact prospect, gather preliminary prospect info, contract development and sign-off
- Fixed cost and partly included in current pricing
- Includes compliance review of insert and notifying Bill-Print SP of new 3rd party
- Fixed cost and partly included in current pricing
- Involves all Bill-Print SP activities that includes setting up stations, envelope stuffing, mailing etc.
- No EGD involvement except for notification to SP at this stage
- Variable (based on # of inserts; system wide vs. FSA vs. Regional); included in the rate

- Currently, EGD is not charged with additional costs for handling bill inserts
 - No incremental charge for EGD to maximize the use of all the insert stations
- EGD's charge of \$0.05/insert is an intelligent estimate based on some market pricing info and operational overhead with a small margin
 - There has not been detailed analysis conducted to calculate exact costs incurred while providing this service

Bill Insert Services

Cost Model Walk-thru' - Assumptions

- Currently, inserts are mailed 7 times a year (when safety and QRAM notice are mailed, inserts will not be included – this occurs 5 times a year)
- EGD does not incur any fee from SP for including inserts as part of the bill
- Current cost model is valid until the CCSA contract expiry date (March 31, 2008)
- Only 14 insert stations are available at the Bill-Print SP. Additional stations can be added but there will be a Bill-Print SP cost associated with this
 - All calculations in the cost model are limited to a maximum of 1 insert per bill
- It is assumed if the weight is beyond the Canada Post threshold even for one FSA, the postal rate for all bills for that month will increase accordingly. Currently, EGD distributes mail to all FSAs (Postal Code)/Regions evenly among each bill cycle
- Currently up to 3 pages are used for bills – which can be accommodated in two sheets with an additional page available to accommodate a few more biller charges. It is assumed that no more than 2 sheets will be required for bills.
 - If more than two sheets are used, there will be no room for any inserts without increasing the postal rate



Billing Insert Services

Market Pricing

Introduction

- Market pricing is highly dependent upon the specificity of client requirements such as target distribution, distribution frequency, insert quantity, envelope exclusivity etc.
- TMG presented a few sources for Bill Insert services in checkpoint #1
 - The consultative instructed TMG to research other data points within the market

Approach

- Market pricing data was analysed from the following source:
 - Vendor price for billing services (Source 1)
 - Source 2 was eliminated due to lack of relevance
- TMG reached out to few other service providers in the market. Additional data gathered was not usable for this study
 - Imagitas Inc. did not share any pricing information
 - Canada Post provides a direct mail service called AdCard (print and mail individual flyers) for a fee – not comparable to EGD Bill Insert services
 - ActionPak provided some market pricing for print and mail (up to 25 inserts in a 'Value-Pack'). Not comparable to EGD Bill Insert services

Bill Insert Services

Market Pricing (Cont'd.)

Source #1		
Description	Cost Per Insert (\$ USD)	
	Min	Max
Client of billing services	0.02	0.05
Non-client	0.20	0.25

Comments

- A preferential rate is offered to clients of billing services



Next Steps



October 27, 2008

Next Steps

- Get feedback on cost model and make appropriate revisions
- Develop pricing model for Billing and Bill Insert Services
 - Conduct sensitivity analysis based on volume and some potential impact (both external and internal)
 - Investigate a few feasible pricing options
- Review pricing model with options and get feedback (Checkpoint #3)
 - To be scheduled either for the last week November 2008 or the following week



EGD Billing Services - Cost Model

Incremental Cost Items

Phase	Cost Centers	Estimation	Cost Type	Probability	Fixed Cost	Biller setup costs - one-time sign-up costs + contingency
1.0 Pursuit	Customer Care	Fully Allocated	Fixed			
	Legal	Incremental	Fixed	100%	\$ 2,335.85	
	Finance	Incremental	Fixed	100%	\$ 359.30	
2.0 Biller Setup	Customer Care	Fully Allocated	Fixed			\$ 4,006.05
	IT	Incremental	Fixed	100%	\$ 301.94	
	Finance	Incremental	Fixed	100%	\$ 322.39	
	Marketing Comm.	Incremental	Fixed	100%	\$ 322.39	
3.0 Operations	Customer Care	Fully Allocated	Fixed			Monthly Administration cost per Biller + contingency
	ABSU	Fully Allocated	Variable			
	IT	Incremental	Fixed	100%	\$ 301.94	
	Finance	Incremental	Fixed	100%	\$ 241.79	
4.1 Biller Relations Mgmt.	Customer Care	Fully Allocated	Fixed			\$ 1,304.54
	ABSU	Fully Allocated	Fixed			
	Finance	Incremental	Fixed	100%	\$ 483.58	
4.2 Biller Acct. Change	Customer Care	Fully Allocated	Fixed			
	IT	Incremental	Fixed	25%	\$ 37.74	
	Finance	Incremental	Fixed	25%	\$ 40.30	
	Marketing Comm.	Incremental	Fixed	25%	\$ 80.60	
4.3 Disputes	Customer Care	Fully Allocated	Fixed			
	ABSU	Fully Allocated	Variable			
4.4 Non-Disputes	Customer Care	Fully Allocated	Fixed			
	Legal	Incremental	Variable			
	ABSU	Fully Allocated	Variable			
5.0 Contract Termination	Customer Care	Fully Allocated	Fixed			
	Legal	Incremental	Variable			
	ABSU	Fully Allocated	Variable			

Fully Allocated Cost Items

Cost Category	Cost Item	Annual Cost Estimation
CIS costs	Functional	\$ 200,000
	IT	\$ 200,000
OBA Tool		\$ 27,273

Period	ABSU Rate - standalone bill (\$)	ABSU Rate - shared bill (\$)
Year 1	0.4183	0.4183
Year 2	0.4333	0.4333
Year 3*	0.7483	0.4483
Year 4*	0.7642	0.4642
Year 5*	0.7800	0.4800

* ABSU's new standalone price - no inflation adjusted

of OBA bills - 2008 Actuals

Month	Shared	Standalone	Total
Jan	1327716	53167	1380883
Feb	1326872	53130	1380002
Mar	1326141	52533	1378675
Apr	1336534	51351	1387885
May	1345314	51677	1396991
Jun	1349848	51798	1401646
Jul	1337595	53306	1390901
Aug	1350925	51105	1402030
Sep	1349764	51166	1400930
Oct	1342734	52466	1395200
Nov	1342659	52461	1395120
Dec	1346099	52461	1398560

Major Assumptions

CIS cost Increment (%)	20%
CPI (Annual)	2%
Customer Care FTE - Loaded	\$ 134,323
# of Billers signed	18
# of Billers/CC FTE	6
Contingency	10%

Canada Post costs - standalone bills

Year	Postal rate
2009	\$ 0.51
2010	\$ 0.53
2011	\$ 0.55
2012	\$ 0.57

Items	Apr/'09 - Mar/'10	Apr/'10 - Mar/'11	Apr/'11 - Mar/'12
# of Months	12	12	12
Customer Care Costs	\$ 411,028	\$ 419,249	\$ 427,634
CIS Functional	\$ 200,000	\$ 204,000	\$ 208,080
CIS IT	\$ 200,000	\$ 204,000	\$ 208,080
OBA Tool	\$ 27,273	\$ 27,273	\$ 27,273
EGD Support costs	\$ 261,287	\$ 266,513	\$ 271,843
Contingency	\$ 87,232	\$ 88,976	\$ 90,756
Cost per bill	\$ 0.0707	\$ 0.0721	\$ 0.0735

Overall EGD Cost/bill	Apr/'09 - Mar/'10	Apr/'10 - Mar/'11	Apr/'11 - Mar/'12
Standalone	\$ 1.3291	\$ 1.3663	\$ 1.4035
Shared	\$ 0.5191	\$ 0.5363	\$ 0.5535

Billing Services - Pursuit/Contract Sign-up

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?	Who	Effort (hrs)	Rate (\$)	Cost (\$)
1	Express interest in Open Bill Services	Billers							
2	Send Open Bill Service brochure with pricing	Customer Care	Fixed	*Yes	No	CC			
3	Express intention to further pursue	Billers							
4	Provide template NDA and request sign-off	Customer Care	Fixed	*Yes	No	CC			
5	Fill-out NDA, sign-off and forward to EGD	Billers							
6	Forward NDA to Legal for validation	Customer Care	Fixed	*Yes	No	CC			
7	Validate entity using Cyberbahn	Legal	Fixed	No	No	Legal	1	\$ 116.79	\$ 116.79
8	If accepted get management sign-off, if not reject Biller	Customer Care	Fixed	*Yes	No	CC			
9	Send signed NDA, Biller manual & contract	Customer Care	Fixed	*Yes	No	CC			
10	Propose changes or request for clarification	Billers							
11	Facilitate change or clarification discussions	Customer Care	Fixed	*Yes	No	CC			
12	Clarify or approve biller contract changes	Legal	Fixed	No	No	Legal	1	\$ 116.79	\$ 116.79
13	Provide clarification on trust agreement	Ext. Counsel (FMC)	Fixed	No	No	Ext. Counsel	1	\$ 233.58	\$ 233.58
14	Provide required info for contract development	Billers							
15	Request missing info and request credit check	Customer Care	Fixed	*Yes	No	CC			
16	Corporate Security perform credit check	Legal	Fixed	No	No	Legal	4	\$ 116.79	\$ 467.17
17	Reject biller	Customer Care	Fixed	*Yes	No	CC			
18	Prepare first draft of execution copy	Customer Care	Fixed	*Yes	No	CC			
19	Review and sign-off final execution copy	Legal	Fixed	No	No	Legal	8	\$ 116.79	\$ 934.34
20	Send execution copy with cover letter	Customer Care	Fixed	*Yes	No	CC			
21	Sign contract/forward insurance certification	Billers							
22	Forward insurance certification	Customer Care	Fixed	*Yes	No	CC			
23	Review insurance certification	Finance (Risk Dept)	Fixed	No	No	Finance (Risk)	4	\$ 89.83	\$ 359.30
24	Request additional financial assurance	Customer Care	Fixed	*Yes	No	CC			
25	Provide additional financial assurance	Billers							
26	Sign contract and send one copy to biller	Customer Care	Fixed	*Yes	No	CC			
27	Review and sign-off execution copy	Legal	Fixed	No	No	Legal	4	\$ 116.79	\$ 467.17
28	Send original to Legal/Update 'Upside'	Customer Care	Fixed	*Yes	No	CC			

Billing Services - Biller Setup

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?	Who	Effort (hrs)	Rate (\$)	Cost (\$)
1	Contract signed; Biller on board with program	Biller							
2	Forward information template to Biller	Customer Care	Fixed	*Yes	No	CC			
3	Fill out and forward information template	Biller							
4	Review Biller info for completeness	Customer Care	Fixed	*Yes	No	CC			
5	Create IT request using Remedy	Customer Care	Fixed	*Yes	No	CC			
6	Create FTP folder and security/login and password	IT	Fixed	No	No	IT	4	\$ 75.48	\$ 301.94
7	Forward Trust Acknowledgement Form	Customer Care	Fixed	*Yes	No	CC			
8	Setup vendor in EFS	Finance	Fixed	No	No	Finance	4	\$ 80.60	\$ 322.39
9	Forward to MC for compliance review	Customer Care	Fixed	*Yes	No	CC			
10	Review message for compliance	Marketing Comm.	Fixed	No	No	Marketing	4	\$ 80.60	\$ 322.39
11	Revise template and resend	Biller							
12	Request changes/revisions to info if required	Customer Care	Fixed	*Yes	No	CC			
13	Create RMT and forward to ABSU	Customer Care	Fixed	*Yes	Yes	N/A			
14	Update CIS with new Biller info	ABSU	Fixed	No	Yes	CC			
15	Test with new Biller info & forward test results	ABSU	Fixed	No	Yes	CC			
16	Review test results and sign-off	Customer Care	Fixed	*Yes	Yes	CC			
17	Send sample bill to Biller for approval	Customer Care	Fixed	*Yes	No	CC			
18	Review sample and approve via email	Biller							

3 - Billing Services - Operations (Monthly Billing Process)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?	Who	Effort (hrs)	Rate (\$)	Cost (\$)
1	Post pre-match file to EGD server	Biller							
2	Validate monthly charge file structure	IT	Fixed	No	No	IT	1	\$ 75.48	\$ 75.48
3	Notify CC of any file structure errors	IT	Fixed	No	No	IT	1	\$ 75.48	75.48398
4	Notify biller of any file structure errors	Customer Care	Fixed	Yes	No	CC			
5	Merge data by bill type and post to server	IT	Fixed	No	Yes	IT	1	\$ 75.48	75.48398
6	Pull merged data from EGD server	ABSU	Fixed	Yes	Yes	N/A			
7	Process file and post result files to EGD server	ABSU	Fixed	Yes	Yes	N/A			
8	Split data files by Biller; Post in Biller output folder	IT	Fixed	No	No	IT	1	\$ 75.48	75.48398
9	Notify Biller of any data errors	Customer Care	Fixed	Yes	No	CC			
10	Post monthly charge file	Biller							
11	Print and send bills; Forward reports to CC	ABSU	Variable	Yes	No	ABSU			
12	Review reports; Create cheque request	Customer Care	Fixed	Yes	Yes	CC			
13	Forward cheque request to Finance	Customer Care	Fixed	Yes	Yes	CC			
14	Process cheque request in EFS	Finance	Fixed	No	No	Finance	2	\$ 80.60	161.1934
15	Notify Trust SP	ABSU	Fixed	Yes	No	ABSU			
16	Notify CC of cheque confirmation via email	Finance	Fixed	No	No	Finance	1	\$ 80.60	80.59669
17	Reconcile Finance costing with daily records	Customer Care	Fixed	Yes	No	CC			

4 - Billing Services - Biller Relationship Management (Biller Invoicing)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?	Who	Effort (hrs)	Rate (\$)	Cost (\$)
1	Provide monthly report on EGD server	ABSU	Fixed	Yes	Yes	N/A			
2	Enter biller Shared/T9 data in spreadsheet	Customer Care	Fixed	Yes	No	CC			
3	Apply biller invoice rate to data; review and sign-off	Customer Care	Fixed	Yes	Yes	CC			
4	Forward biller invoice amount to Finance	Customer Care	Fixed	Yes	No	CC			
5	Enter invoice amount in EFS	Finance	Fixed	No	No	Finance	2	\$ 80.60	\$ 161.19
6	Forward invoice to Biller	Finance	Fixed	No	No	Finance	2	\$ 80.60	161.19338
7	Receive/Pay invoice	Biller							
8	Monitor Biller account for late payment	Finance	Fixed	No	No	Finance	2	\$ 80.60	161.19338
9	Receive notification of late payment & investigate	Customer Care	Fixed	Yes	No	CC			
10	Refresh biller of offset process	Customer Care	Fixed	Yes	No	CC			
11	Forward offset notification	Customer Care	Fixed	Yes	No	CC			
12	Receive and acknowledge notification	Biller							
13	Notify Finance to execute offset process	Customer Care	Fixed	Yes	No	CC			
14	Execute offset process	Finance	Fixed	No	No	Finance		\$ 80.60	
15	Notify ABSU that offset is in effect	Customer Care	Fixed	Yes	No	CC			
16	Notify Trust SP that offset is in effect	ABSU	Fixed	Yes	No	ABSU			

4 - Billing Services - Biller Relationship Management (Biller Account Change)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?	Who	Effort (hrs)	Rate (\$)	Cost (\$)
1	Request account change	Biller							
2	Review Biller change request	Customer Care	Fixed	Yes	No	CC			
3	Forward message to MC for review	Customer Care	Fixed	Yes	No	CC			
4	Review message for compliance	Marketing Comm.	Fixed	No	No	Marketing	4	\$ 80.60	\$ 322.39
5	Review proposed changes and forward to CC	Biller							
6	Request changes/revisions to info if required	Customer Care	Fixed	Yes	No	CC			
7	Notify EGD departments to amend systems	Customer Care	Fixed	Yes	No	CC			
8	Amend FTP server with Biller info (if applicable)	IT	Fixed	No	No	IT	2	\$ 75.48	\$ 150.97
9	Amend EFS with Biller info (if applicable)	Finance	Fixed	No	No	Finance	2	\$ 80.60	\$ 161.19
10	Notify Legal to amend contract	Customer Care	Fixed	Yes	No	CC			
11	Create RMT and forward to ABSU	Customer Care	Fixed	Yes	Yes	N/A			
12	Update CIS with new Biller info	ABSU	Fixed	No	Yes	CC			
13	Test with new Biller info & forward test results	ABSU	Fixed	Yes	Yes	CC			
14	Review test results and sign-off	Customer Care	Fixed	Yes	No	CC			
15	Send sample bill to Biller for approval	Customer Care	Fixed	Yes	No	CC			
16	Review sample and approve via email	Biller							

4 - Billing Services - Biller Relationship Management (Disputes)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?	Who	Effort (hrs)	Rate (\$)	Cost (\$)
1	Call center receives dispute complaint	ABSU	Variable	Yes	No	ABSU			
2	Call center enters dispute into dispute tracker app	ABSU	Variable	Yes	No	ABSU			
3	Dispute notice forwarded to Biller	ABSU	Variable	Yes	No	ABSU			
4	Receive dispute notice	Biller							
5	Commence resolution process	Biller							
6	Assist Biller if requested	Customer Care	Variable	Yes	No	CC			
7	Apply customer credit	ABSU	Variable	Yes	No	ABSU			
8	Forward credit transaction report to Biller	ABSU	Variable	Yes	No	ABSU			
9	Notify ABSU to close dispute case	Biller							

4 - Billing Services - Biller Relationship Management (Non-Disputes)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?	Who	Effort (hrs)	Rate (\$)	Cost (\$)
1	Call Center escalates ND complaint via email to CC	ABSU	Variable	Yes	No	ABSU			
2	Review and log complaint; Notify Biller of complaint	Customer Care	Variable	Yes	No	CC			
3	Commence contract termination process	Legal	Fixed	No	No	Legal			
4	Forward business process documentation	Biller							
5	Review documentation\Engage EGD Depts	Customer Care	Fixed	No	No	CC			
6	Request resolution solution from Biller	Customer Care	Fixed	No	No	CC			
7	Provide resolution solution	Biller							
8	Advise Biller of decision and next step	Customer Care	Fixed	No	No	CC			
9	Follow proposed resolution process	Biller							
10	Monitor resolution process for compliance	Customer Care	Fixed	No	No	CC			

5 - Billing Services - Contract Termination

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?	Who	Effort (hrs)	Rate (\$)	Cost (\$)
1	Send letter of intent to terminate contract	Billor							
2	Notify Billor EGD's intent to terminate contract	Customer Care	Fixed	No	No	CC			
3	Engage Legal department	Customer Care	Fixed	No	No	CC			
4	Prepare all pertinent documentation	Legal	Fixed	No	No	Legal			
5	Engage Billor legal firm/department	Legal	Fixed	No	No	Legal			
6	Decide on termination date & format of data extract	Billor							
7	Decide on termination date & format of data extract	Customer Care	Fixed	No	No	CC			
8	Notify ABSU of the Billor termination	Customer Care	Fixed	No	No	CC			
9	Make Billor status inactive in CIS and notify all SPs	ABSU	Fixed	No	Yes	ABSU			
10	Extract Billor data from CIS	ABSU	Variable	No	Yes	ABSU			
11	Forward Billor data & invoice for termination	Customer Care	Fixed	No	No	CC			

EGD - Fully Loaded Rates (2008)

	Range 11	Range 10	Range 9	Range 8	Range 7	Range 6	Range 5	Range 4	Range 3
	Senior Council	Senior Manager	Senior Manager	Middle Manager	Program Manager/ Supervisor	Sr. Analyst	Analyst	Jr. Analyst	Administrative
\$	116.79 \$	108.50 \$	96.64 \$	89.83 \$	80.60 \$	75.48 \$	70.05 \$	65.58 \$	60.58

**Mike
Fenn/GAS/En
bridge**

12/11/2008
03:18 PM

To Ric.Forster@directenergy.com, admin@megacityhvac.com, lliao@newten.ca, dellis@planetenergy.ca, jmendesdefranca@reliancecomfort.com, mluymes@hrai.ca, mbuonaguro@piac.ca, anthony.horton@ener-defense.com, Candace.Steinberg@ServiceExperts.com, JDrummond@universalenergy.ca, rhiggin@econalysis.ca

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Su Enbridge Open Bill Access and Billing Insert - Consultative - Meeting Presentation, Summary & OEB Extension letter bje - December 1, 2008
ct

Hi All,

As promised, here are the items that we've discussed at our Stakeholder group meeting on December 1, 2008 as well as the letter that was sent to the OEB asking for an extension to the filing date for the Open Bill and Bill Insert Comprehensive Solution Applications ...

To the Stakeholder group members - Please review and let me know if you have any additions, changes or deletions.

To the wider audience - This is for your information.

Regards,

Mike Fenn
Manager, Billing Relationships
Enbridge Gas Distribution
PO Box 650,
Scarborough, ON M1K 5E3

Phone: 416 495 6132
Fax: 416 753 6674



e:mail: mike.fenn@enbridge.com Open Bill & Bill Insert Meeting Summary - Dec 1, 2008.doc



Open Bill & Bill Insert Stakeholder Meeting - December 1, 2008.ppt



Open Bill - Consultative Meeting 3 - Dec 1_Final Version.ppt



letter to OEB requesting extension to filing date for application.PDF

ENBRIDGE GAS DISTRIBUTION (EGD) OPEN BILL/BILL INSERT CONSULTATIVE

STAKEHOLDER GROUP MEETING – DECEMBER 1, 2008

The parties in **attendance** today were:

- EGD – Mike Fenn, Steve McGill, Paul Green, Christine McLean, Patrick Hoey, Robert Bourke, David Stevens and Sandra Idenouye
- TMG Consulting (TMG) – Mario Bauer, Ashok Sundaram and Marco Rizzi
- Direct Energy – Ric Forster
- LivClean – Dave Ellis
- National Energy – Jonathan Drummond
- HVAC – Martin Luymes
- Reliance Comfort – Jack Cook
- VECC – Michael Buonaguro, Roger Higgin
- MegaCity – Tammy Maillet
- NewtEn Home Comfort – Leo Liao
- Lennox Service – Candace Steinberg

The stakeholders that were **absent** today were:

- ENER-Defense – Anthony Horton

Mike Fenn presented slides addressing the following **agenda** for the meeting:

- Open Bill: Status Update
- TMG Presentation: Consultative Checkpoint #3

TMG representatives made a slide **presentation** to conduct a walk through session with stakeholders on the Proposed Pricing Model. They did this by presenting the following agenda:

- Background and Approach
- What's Been Done So Far
- Billing Services
 - o Overview
 - o Cost Model
 - o Proposed Pricing Model & Assumptions
 - o Fully Allocated Cost Analysis
- Bill Insert Services
 - o Overview
 - o Cost Model
 - o Proposed Pricing Model & Assumptions
 - o Fully Allocated Cost Analysis
- Next Steps
- Discussion

The following **decisions/actions** were identified during the meeting of December 1st, 2008:

EGD to:

- Distribute TMG's spreadsheet with the Cost Allocation calculations to all stakeholders.
- Provide all Stateholders with a copy of the Comprehensive Solution Proposal for Open Bill and Bill Insert when they are filed with the OEB.

TMG to:

- Investigate the difference between the CIS Functional and IT costs within their presentation against the fully allocated equivalents in their calculations and provide the results to the group.
- Determine if Bill insert users should be allowed 2 or 4 panels since 4 panels x 7 stations = 28 gms.
- Provide information on why volume discounting is recommended for Billing Insert Services and not recommended for Open Bill services.
- Provide the draft proposal report to all stakeholders by December 12th, 2008. All comments should be returned to TMG by the end of day on Friday December 19th, 2008.

Enbridge Gas Distribution Open Bill & Billing Insert Consultative



*Stakeholder Meeting
December 1, 2008*

Agenda



- **Welcome & Intro's**
- **Open Bill Status Update**
- **Price / Cost Study - Review TMG's Proposed Pricing model**
- **Next Steps**
- **Review Decisions / Actions & Close**

Open Bill Status



- **To date:**
 - We have 17 active billers that are billing charges to approximately 1.4M Enbridge customers on the Enbridge bill
 - The Customer Information System (CIS) system freeze is still in place thus no new billers can be added until after the new CIS system has been stabilized (target July 2009)

Price / Cost Study – TMG's Proposed Pricing Model



- See TMG's Presentation & Proposed Pricing model

Next Steps



- **Facilitated by Enbridge**



- **Review Decisions / Actions & Close**



Open Bill Project

Consultative Checkpoint #3

- Presentation Deck

Dated: December 1, 2008



Table of Contents

- Introduction/Purpose of the Meeting
- Background & Approach
- What's Been Done So Far
- Billing Services
 - Overview
 - Cost Model
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 - Fully Allocated Cost Analysis
- Bill Insert Services
 - Overview
 - Cost Model
 - Proposed Pricing Model & Assumptions
 - Fully Allocated Cost Analysis
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- Discussion

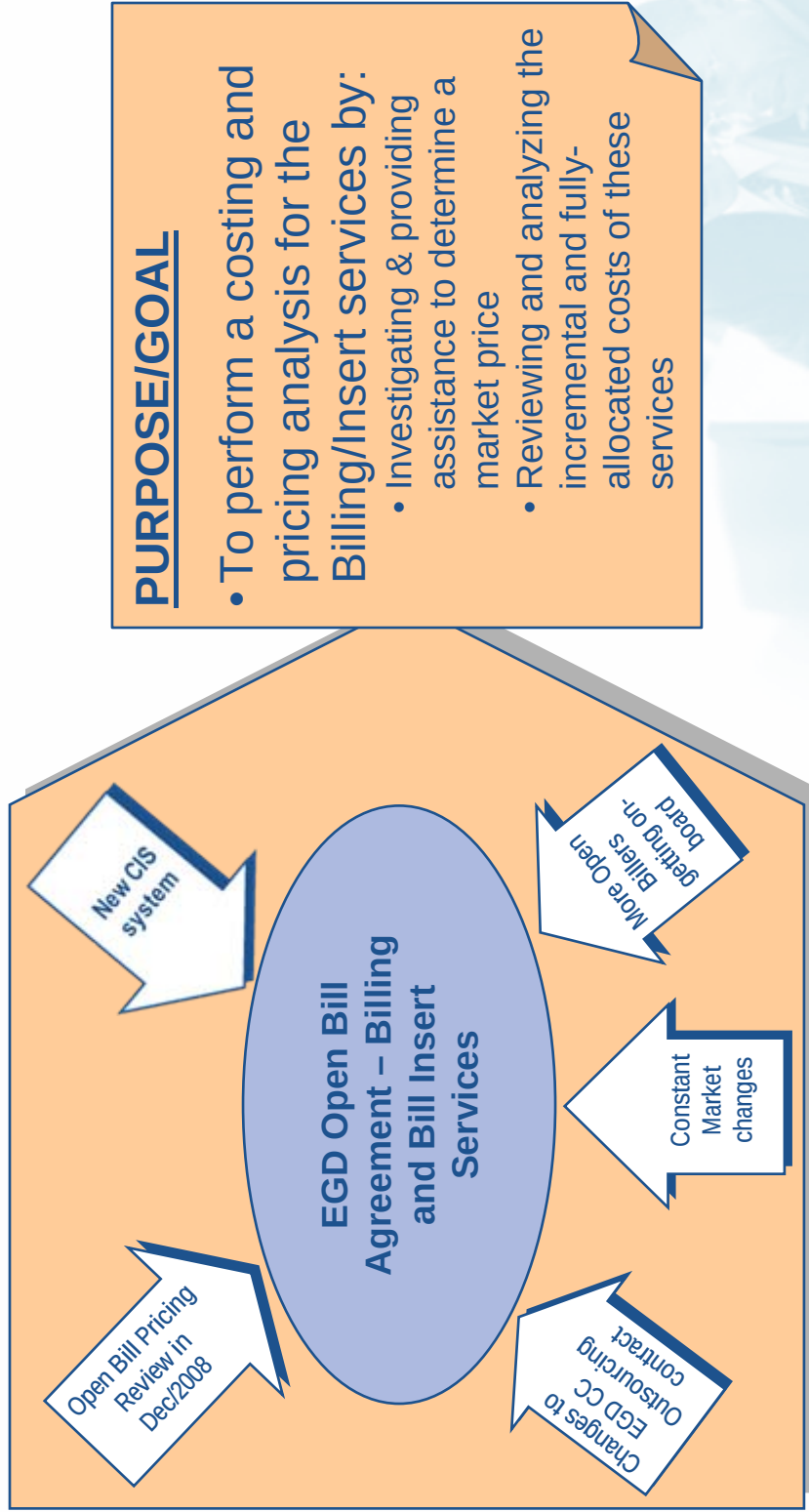
Introduction

Introduction

- TMG conducted a kick-off for Open Bill Pricing project on July 15, 2008, followed by checkpoint #1 on September 8, 2008 and checkpoint #2 on October 27, 2008
 - As per the agreed approach, this consultative meeting is checkpoint #3
- ## Purpose of the Meeting
- Conduct walk through session with stakeholders and get feedback/direction on the following:
 - Proposed pricing model and underlying assumptions
 - Fully Allocated cost elements for Billing and Billing Insert Services
 - Agree on pricing framework in principle



Background & Approach

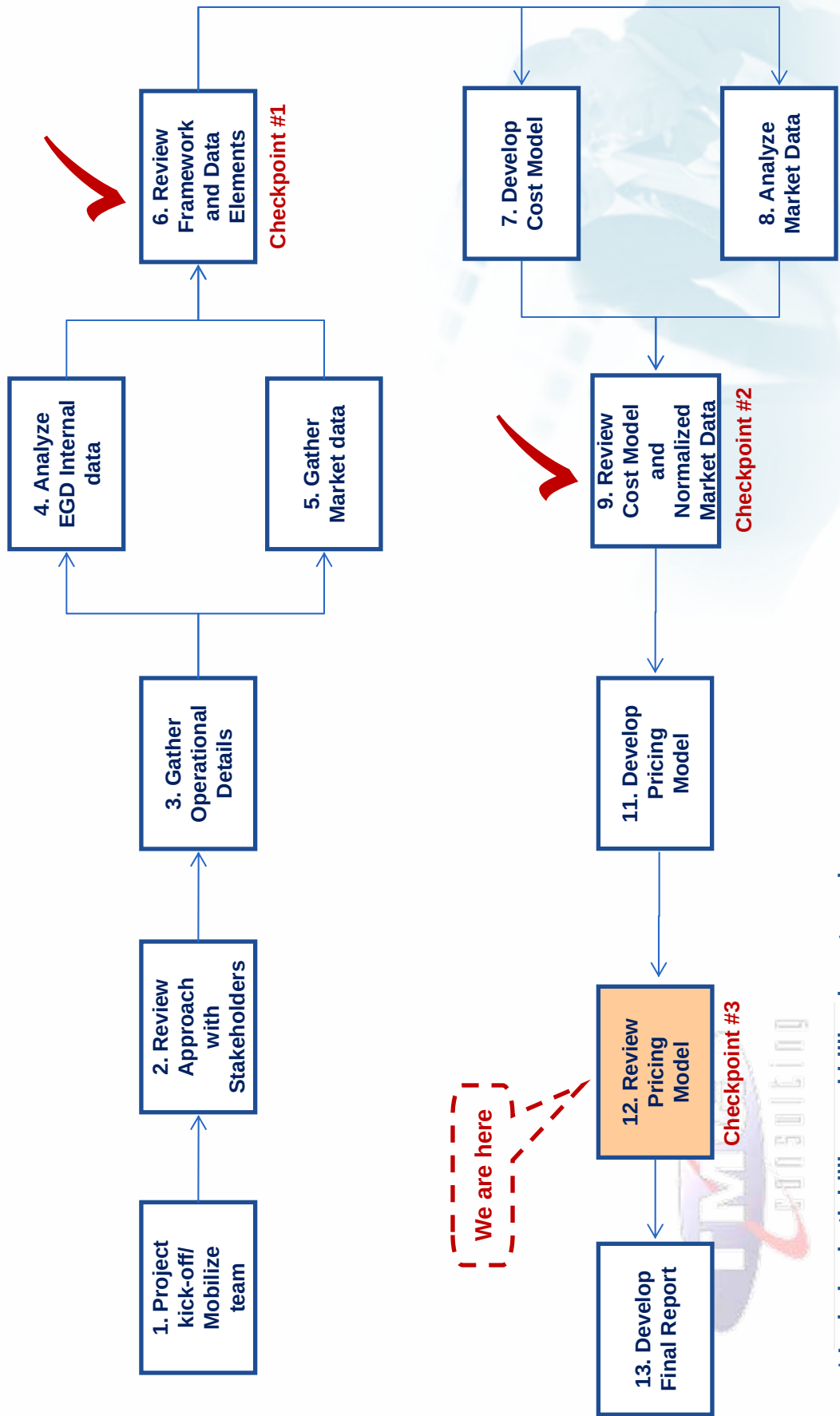


PURPOSE/GOAL

- To perform a costing and pricing analysis for the Billing/Insert services by:
 - Investigating & providing assistance to determine a market price
 - Reviewing and analyzing the incremental and fully-allocated costs of these services

- EGD is in the process of developing a pricing model for Billing services and Bill Insert services
- The stakeholder committee has engaged TMG in assisting EGD to develop a pricing model

Background & Approach (Cont'd.)



* Includes both billing and billing insert services

What's Been Done So Far

- TMG has completed all activities required for stakeholder checkpoint #3
- These activities included:
 - Analyzed EGD and Open Biller monthly billing revenues – determined the Open Biller split revenue percentage
 - Analyzed current ABSU service fees based on shared and standalone billing service activities (as requested by the Consultative)
 - Estimated a service fee based on Open Biller split revenue percentage - compared estimate to the actual ABSU service fee
 - Identified and estimated costs for all fully-allocated cost items (as requested by the Consultative)
 - Estimated a fully-allocated cost for a shared and standalone bill
 - Conducted demand analysis on eligible months for bill inserts based on past sales history
 - Analyzed volume by FSA/region and conducted permutations on possible bill insert sales scenarios
 - Developed pricing strategy and model for both Billing and Bill Insert Services
- Who we talked to:
 - EGD Customer Care
 - EGD IT
 - EGD Marketing Communication
 - EGD Business Development
 - Ric Forster (Direct Energy)
 - Martin Luymes (HVAC)
 - Michael Buonaguro/Roger Higgin (VECC)
 - ABSU

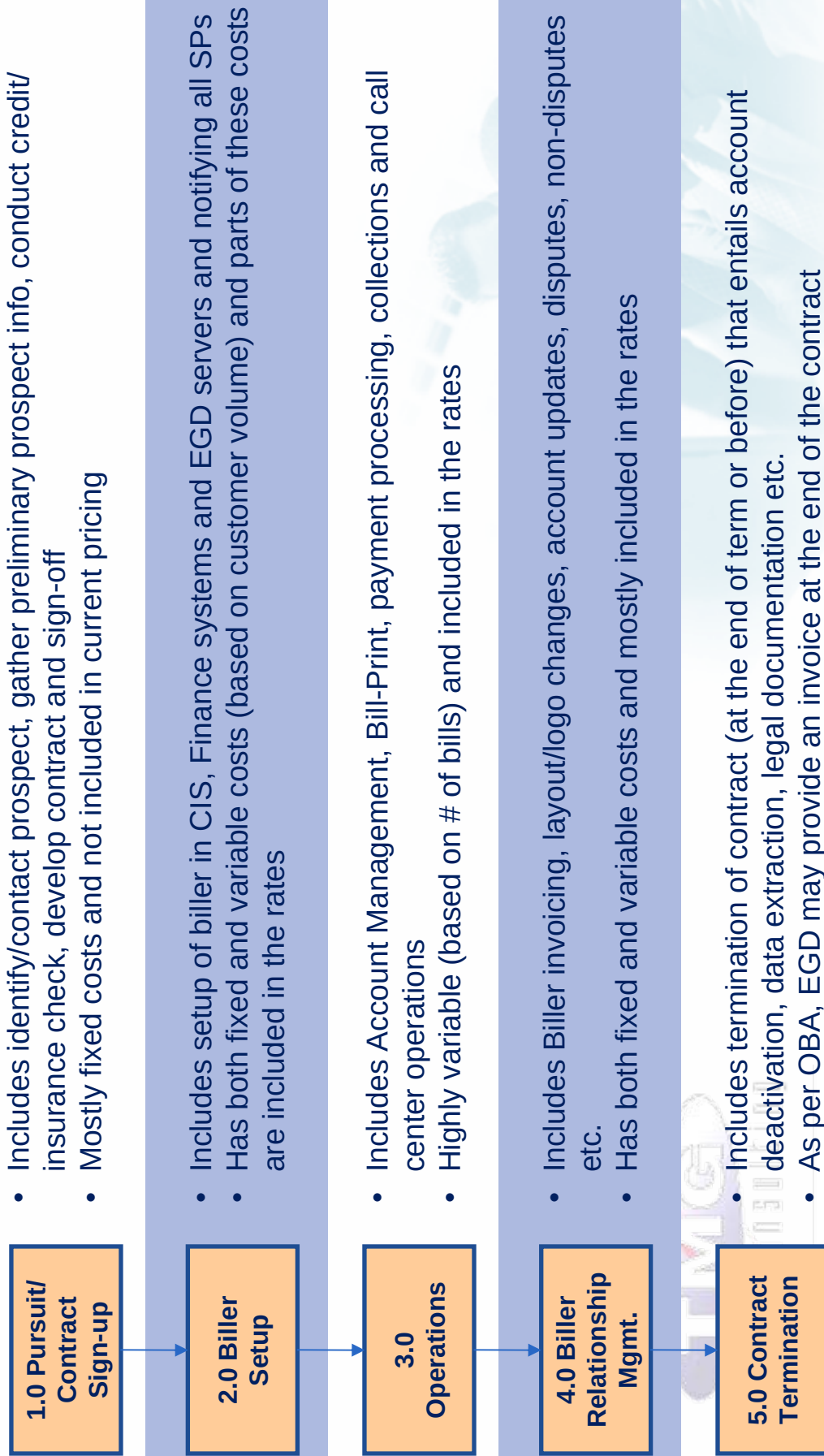


Billing Services



December 1, 2008

Billing Services Overview (Life Cycle)



Billing Services

Pricing Model - Assumptions

Following are key assumptions and TMG's suggestions for EGD to manage their Billing Services operations:

- TMG gathered market indices for standalone bills but a direct correlation to shared bills could not be attained without some key assumptions
 - There are also some variations in scope of services and service levels between the market data (gathered by TMG) and EGD's Open Bill operations
- It is recommended that EGD Open Bill pricing is based on its operational cost with a industry accepted margin. TMG's research shows that service providers add a margin of 50 – 75% on their operating costs to arrive at a market price
 - Pricing is calculated using 50% and 75% as 'Low' and 'High' rates respectively
 - Service Providers offer prices with 50% margin for accounts with over 4 million customers
 - Typically for accounts in the size of EGD, a 75% margin is applied to price
- It is recommended that EGD standardizes its requirements for Open Biller and the existing contract by getting it reviewed/endorsed by key consultative members like HVAC
 - This will avoid small billers from incurring high expenses in legal fees to review the contract in detail before sign-up
- A postage rate of \$0.05 per bill is added as part of costs for shared bills. Open Bill revenue amounts to approximately 9% of the total revenue billed
 - \$0.05 is approximately 9.2% of the postage fee of \$0.53

Billing Services

Pricing Model – Assumptions (Cont'd.)

- TMG proposes a sign-up fee to be introduced so that it encourages serious enquiries /prospects only
- Contract termination fees (legal, data extract etc.) will be charged as a final bill (not included in the pricing model)
- Proposed prices are effective when nCIS goes live
- All OBA contracts expire at the same time as CCSA (March 31, 2012)
- Pricing does not include bad debt recovery fee. EGD will continue to deduct 0.5% of the revenue billed for bad debt. This amount will be adjusted periodically based on actual data on revenue recovery rate
- Costs associated with contract termination and off-set process will be charged separately based on each instance – not included in the rates
- Given there is no historical operational data available with nCIS and only 90% of the processes are finalized at this point, a 10% contingency is added to key EGD operational costs that are incorporated as part of the pricing model



Billing Services

Proposed Pricing Model

Cost Item	EGD Costs	
	Shared	Standalone
Admin	\$ 0.07	\$ 0.07
ABSU	\$ 0.46	\$ 0.76
Postage	\$ 0.05	\$ 0.53
Total Cost	\$ 0.59	\$ 1.37

Price - Option 1		Shared	Standalone
High		\$ 1.02	\$ 2.39
Low		\$ 0.88	\$ 2.05
Sign-up cost		\$2,000	

- Option 1 assumes that EGD will charge \$2,000 for sign-up and evenly distribute all operating costs equally to each bill
- Postage costs of \$0.05 is included as part of the pricing for shared bills
- TMG recommends this pricing option – it ensures fairness of the Open Bill program

Cost Item		Total
Monthly fixed cost	Admin	\$ 1,305
	OBA Tool	\$ 347
	CC Costs	\$ 1,941
	Contingency	\$ 325
Monthly Variable Costs	ABSU	\$ 0.464
	CIS Functional	\$ 0.013
	CIS IT	\$ 0.013
	Postage	\$ 0.049
	Contingency	\$ 0.003
		\$ 0.542

Price - Option 2		Shared	Standalone
Sign-up	High	\$	7,000
	Low	\$	6,000
Monthly Fixed	High	\$	6,856
	Low	\$	5,877
Monthly Variable	High	\$ 0.95	\$ 2.32
	Low	\$ 0.81	\$ 1.99

- High sign-up fee. 'Fixed + Variable' price model is not a good value proposition for small companies who want to participate in the Open Bill program

Billing Services

Fully Allocated Costing - Assumptions

nCIS Implementation costs

- 9% of all relevant nCIS costs are allocated for Open Bill program
- All value added cost items like PMO, OCM, data conversion, interfaces, contingency budget etc. are allocated at a rate of 3%
- Total capital of \$3.4M is allocated to Open Bill program – amortized equally over 10 years
 - Sapiient's proposal for open bill in 2006 was approximately \$2.5M

nCIS Hosting, SAP licenses, Customer Care licenses, SAP Modifications

- 9.2% of the above cost items from the IR settlement is allocated to Open Bill

Cost Allocation Assumptions

- TMG used three different percentages based on the purpose of the calculations:
 - 14% used specifically for ABSU shared bill price assessment (extrapolation based on commodity + distribution revenue against Open Biller's revenue)
 - 9% used for all purposes including postage, nCIS implementation costs, licensing fees, hosting etc. (interpolation of Open Bill revenue as a percentage of total revenue billed)
 - 3% was used for value-added nCIS implementation cost items that are not directly associated to Open Bill (example: OCM, data conversion etc.)

Billing Services

Fully Allocated Costing Analysis

Cost Items	Apr/'09 - Mar/'10	Apr/'10 - Mar/'11	Apr/'11 - Mar/'12
Customer Care Costs	\$ 0.0245	\$ 0.0250	\$ 0.0255
CIS Functional	\$ 0.0119	\$ 0.0122	\$ 0.0124
CIS IT	\$ 0.0119	\$ 0.0122	\$ 0.0124
OBA Tool	\$ 0.0020	\$ 0.0020	\$ 0.0020
EGD Support costs	\$ 0.0156	\$ 0.0159	\$ 0.0162
Postage	\$ 0.0469	\$ 0.0488	\$ 0.0506
Contingency	\$ 0.0052	\$ 0.0053	\$ 0.0054
ABSU	\$ 0.4483	\$ 0.4642	\$ 0.4800
Incremental Cost per Bill	\$ 0.5663	\$ 0.5854	\$ 0.6045

Allocated			
CIS Implementation	\$ 0.0205	\$ 0.0205	\$ 0.0205
CIS Hosting and Support	\$ 0.0358	\$ 0.0477	\$ 0.0477
SAP License Fees	\$ 0.0092	\$ 0.0122	\$ 0.0122
SAP Modifications	\$ 0.0055	\$ 0.0041	\$ -
Customer Care Licenses	\$ 0.0077	\$ 0.0077	\$ 0.0077
Allocated Cost per Bill	\$ 0.0786	\$ 0.0922	\$ 0.0881
Overall Fully Allocated Cost/bill	\$ 0.6449	\$ 0.6776	\$ 0.6925

Billing Services

ABSU Price for OBA - Analysis

ABSU price - EGD bills	Year 3	Year 4	Year 5
Billing	\$ 1.07	\$ 1.06	\$ 1.05
Collections	\$ 0.59	\$ 0.59	\$ 0.59
Emergency & Service Calls	\$ 0.31	\$ 0.31	\$ 0.31
Total	\$ 1.97	\$ 1.96	\$ 1.96

ABSU price - OBA	Year 3	Year 4	Year 5
Shared	\$ 0.45	\$ 0.46	\$ 0.48
Standalone	\$ 0.75	\$ 0.76	\$ 0.78

OBA shared bill - Analysis	% Split	Year 3	Year 4	Year 5
Billing	14.1%	\$ 0.15	\$ 0.15	\$ 0.15
Collections	14.1%	\$ 0.08	\$ 0.08	\$ 0.08
Emergency & Service Calls	0%	\$ -	\$ -	\$ -
Total		\$ 0.23	\$ 0.23	\$ 0.23

- % Revenue split is one of the more accurate ways to allocate costs between commodity/distribution and Open Biller in a shared bill
- There is some seasonality variation in the revenue split between commodity/distribution and Open Bill – at an average, Open Biller's revenue amounts to 14.1%
- Assuming that there is no Emergency and Service calls associated with Open Biller accounts, revenue split calculation on ABSU price on EGD bills is significantly lower than the actual price in the CCSA contract. This may be due to two factors:
 - A premium rate applied to Open Bill due to uncertainty around the future of this revenue opportunity
 - Special handling for Open Bill by allocating space in the bill, managing biller related activities including management of trust fund and other manual processes

Bill Insert Services



December 1, 2008

Bill Insert Services Overview



Gather Prospect Info/ Sign Contract

Review/ Approve Insert

Stuff Insert and Mail

- Includes identify/contact prospect, gather preliminary prospect info, contract development and sign-off
- Fixed cost and partly included in current pricing
- Includes compliance review of insert and notifying Bill-Print SP of new 3rd party
- Fixed cost and partly included in current pricing
- Involves all Bill-Print SP activities that includes setting up stations, envelope stuffing, mailing etc.
- No EGD involvement except for notification to SP at this stage
- Variable (based on # of inserts; system wide vs. FSA vs. Regional); included in the rate

- Currently Kubra, Symcor and ABSU do not charge additional costs for handling bill inserts
 - No incremental charge for EGD to maximize the use of all the insert stations
- EGD's charge of \$0.05/insert is an intelligent estimate based on some market pricing info and operational overhead with a small margin
 - There has not been detailed analysis conducted to calculate exact costs incurred while providing this service

Bill Insert Services

Pricing Model - Assumptions

Following is TMG proposed mechanism for EGD to manage Bill Insert Services operations. The intent is to ensure fairness and transparency in providing this service to 3rd parties while recuperating all operating costs:

- Provide bill inserts service for all months except the black-out period (QRAM)
- Increase the mail weight capacity to 50 grams for non-QRAM months – revise contract with Canada Post.
 - This will provide a total capacity of 28 grams for inserts. Include the additional postage costs as part of Bill Insert operations (\$0.08 cents per mail)
- Standardize the inserts to two-panels (2 grams per insert). This allows up to 7 inserts per bill – leverages all the 7 hoppers and falls within the total capacity of 28 grams
 - If customer requires 3 or 4 panels, apply postage incremental fee of \$0.0022 per gram over 1.88m bills
- Set the pricing based on volume of inserts (# of customers). One hopper is dedicated to each insert regardless of volume - FSA(s), Region(s) or System-Wide
- Market is untested – set a price for inserts and adjust based on actual demand, if required
- There is uneven distribution of customers in the 8 regions within EGD's footprint
 - Pricing by region or by FSA cannot be entertained – too many permutations
- EGD will allocate a dedicated resource for marketing/campaigning of the Bill Insert Program

Bill Insert Services

Pricing Model – Assumptions (Cont'd.)

No.	Product / Service	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	Furnaces			X					X	X	X		
2	Air Conditioning				X	X		X					
3	Fireplaces								X	X	X	X	
4	Barbecues			X	X	X	X	X					
5	Pool Heaters			X	X	X	X						
6	Water Heaters				X	X	X		X	X	X	X	
7	Protection Plans	X	X	X	X	X	X	X	X	X	X	X	X
8	Windows / Roofs		X	X	X	X			X	X	X		
9	Ranges / Dryers			X	X	X	X	X	X	X	X		
10	Maintenance Programs (Cleanings)			X	X	X	X	X	X	X	X		
11	Duct Cleaning			X	X	X	X	X	X	X	X		
12	Insulation			X	X	X	X		X	X	X		
Blackout Months													
Months by demand		-	L	-	-	H	H	-	H	H	-	L	L

Provide two separate rates for High and Low demand months

- Black-out months are Jan, Mar, Apr, Jul and Oct
- High (demand) months are May, Jun, Aug and Sep
- Low (demand) months are Feb, Nov and Dec

Customer survey shows that inserts during non-QRAM months are not perceived as clutter

Bill Insert Services

Pricing Model - Assumptions (Cont'd.)

- Proposed pricing will be effective in tandem with nCIS Go-Live date
- Setup a web-enabled online booking system with no human intervention:
 - 3rd parties can login to book the available 7 slots on a 'First-Come-First-Served' basis. This is open for booking on a particular day of the month at a fixed time (example: Ticketmaster).
 - This system will stay open for a fixed period of time for 3rd parties to book slots with an option to cancel with a deadline
 - EGD will review all bookings for content and provide a quote based on volume requested
 - Should any 3rd party choose to reject the quote, the system will be reopened with the newly available slots for booking at a fixed time on a later date
 - These bookings cannot be resold or transferable
- The list of 3rd parties who bought insert services for any given month will be audited by a third party at regular intervals (to ensure fairness and transparency)
- Symcor does not charge EGD any fee for including inserts as part of the bill. Should this arrangement change, this will impact the pricing model
- Currently up to 3 pages are used for bills – which can be accommodated in two sheets with an additional page available to accommodate a few more biller charges. It is assumed that no more than 2 sheets will be required for bills
- It is assumed if the weight is beyond the Canada Post threshold even for one FSA, the postal rate for all bills for that month will increase accordingly. Currently, EGD distributes mail to all FSAs/Regions evenly among each billing cycle

Bill Insert Services

Pricing Model

# of Customers - Range	Option 1: Rates based on volume		Option 2: Flat price based on volume	
	High	Low	High	Low
Up to 0.5m	\$ 0.095	\$ 0.075	\$ 47,500	\$ 37,500
0.5 - 1m	\$ 0.090	\$ 0.070	\$ 90,000	\$ 70,000
1 - 1.5m	\$ 0.085	\$ 0.065	\$ 127,500	\$ 97,500
1.5m - sw	\$ 0.080	\$ 0.060	\$ 150,450	\$ 112,837

Comments

- It is assumed the inserts sold per month is at least twice the number of EGD customers. Pricing is set based on the assumption that EGD will recuperate all operating costs and post a 30% margin in any given 'Low' month
- Calculations are based on a total volume of 1,880,621 customers (actual as at Sep/'08)
- Administrative costs for 2 inserts and incremental postage fee amounts to \$172k
- According to consumer survey conducted by Ipsos Reid (Bill Insert Research 2008), customers do not perceive inserts as clutter during non-QRAM months
- TMG recommends Option 1 pricing model

Billing Insert Services

Fully Allocated Cost Analysis

Allocation of postage fee to inserts

- Currently Canada Post charges \$0.51 for each EGD bill up to total weight of 30 grams
- Outer envelope, return envelope and 2 bill sheets weigh 22 grams – this leaves 8 grams for mailing inserts or QRAM notices
- TMG was instructed by the consultative to calculate postal charges that can be allocated to insert services
- Based on weight, \$0.136 (out of \$0.51) can be allocated to insert services. This amounts to \$256k per month
 - This will increase the total cost of operation to \$428k
 - If entertained, System-Wide rate for Low and High months will be \$0.15 and \$0.17 per insert respectively. These rates will not be palatable in the market
- TMG recommends not to allocate postal charges from the base '30 grams mail' to bill insert services. Following are some reasons:
 - Demand for insert services is unknown. Risk of allocating postage costs to a service that is not yet launched/proven
 - Challenges around cost allocation only for selective months in a year
- One option is to share margin based on a post-sales true-up exercise for each month after recovering the operating costs



Next Steps



December 1, 2008

Next Steps

- Present TMG proposed pricing models and get approval from consultative
 - Revise model if required based on feedback
- Develop final report
 - Distribute to consultative for feedback
 - Finalize document for OEB submission



AIRD & BERLIS LLP

Barristers and Solicitors

David Stevens
Direct: 416.865.7783
E-mail: dstevens@airdberlis.com

December 5, 2008

DELIVERED AND FILED VIA RESS

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

Dear Ms Walli:

**Re: EB-2006-0034: Enbridge Gas Distribution application re. open bill issues:
request for extension to filing date**

We represent Enbridge Gas Distribution Inc. (EGD).

We write on behalf of EGD, and participants in the ongoing consultative/stakeholder process related to open bill issues, to request an extension of the date on which EGD must file its application proposing comprehensive billing services and bill insert offerings. The current deadline for this application is December 31, 2008. EGD and the most active members of the open bill consultative/stakeholder committee request and extension of this date to February 13, 2009. The reasons for this request are set out below.

Background

In EGD's F2007 rate proceeding, settlements were reached between interested parties in respect of certain issues related to "open bill access" issues.¹ These settlements were reached as a result of a consultative process involving EGD and interested stakeholders, and were approved by the Board as part of the Decision with Reasons in the EB-2006-0034 proceeding.²

One of the main aspects of these settlements was that EGD would implement interim solutions for third party billing (billing services) and bill inserts using the Company's existing CIS system, and that these approaches would be replaced by a "comprehensive solution" to be put in place when EGD's new CIS system is operating.

The settlements contemplated that EGD would undertake a number of steps to arrive at this comprehensive solution. One was the establishment of a "stakeholder committee",

¹ EB-2006-0034, Ex. N1-1-1, Schedules C and D.

² The billing services settlement was agreed to by all parties, and was approved by the Board; there was some opposition to the settlement related to bill inserts, but it too was approved by the Board, with modest changes (see EB-2006-0034 Decision with Reasons, as pp. 35-37).

December 5, 2008

Page 2

including users of billing services/bill inserts and ratepayer representatives, to meet with the Company to address issues related to open bill services. Another was that an independent consultant would be retained to undertake a costing and pricing analysis for EGD's billing services and bill inserts. Ultimately, the settlements direct EGD to file an application to the OEB "prior to the end of 2008" proposing comprehensive billing services and bill inserts offerings. This application is supposed to include, among other things (i) a report on EGD's experience under the "interim solutions"; (ii) the independent consultant's report(s); (iii) reports or minutes of meetings with the stakeholder committee; and (iv) the Company's proposal about whether and on what terms billing services should continue.

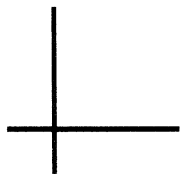
Current Status

The stakeholder committee, which is largely comprised on members of the consultative group that reached the open bill access settlements in the 2007 rate proceeding, has continued its work over the past 18 months. All parties agreed on retaining TMG Consulting (TMG) as the independent consultant to undertake the costing and pricing analysis of EGD's billing services and bill inserts. The stakeholder committee has been meeting regularly, and providing input to and receiving updates from TMG as it prepares its report.

On December 1, 2008, TMG presented its pricing model to the stakeholder committee for discussion. This pricing model will form a large part of the basis for TMG's report to EGD and the consultative group/stakeholder committee. At present, TMG anticipates being able to present a draft report by December 12, 2008, and a final report by December 19, 2008. TMG's report will be included with EGD's application proposing comprehensive billing services and bill insert offerings, and the conclusions in that report will likely influence the proposals made in EGD's application.

Many of the members of the stakeholder committee, including EGD, are concerned that the timelines leading up to the filing of EGD's application are too tight. In particular, there is not much time for the members of the consultative/stakeholder committee to make meaningful comments about TMG's draft report or for TMG to consider those comments before finalizing the report. In addition, there will not be any opportunity for EGD to present its proposed "comprehensive solution" to the consultative/stakeholder committee in advance of filing with the OEB (because EGD's application cannot be completed until after TMG's final report is received). All parties believe that it would be beneficial for EGD to share its proposed application, including its "comprehensive solution", with the consultative/stakeholder committee before it is filed with the OEB. This would allow EGD to consider comments received before finalizing the application. In addition, it might allow for some aspects of EGD's application to be settled and presented to the OEB as having been accepted or agreed upon by members of the consultative/stakeholder committee.

We write, therefore, with the support of the most active members of the consultative/stakeholder committee (who are largely the same parties who signed the settlement agreements in the F2007 proceeding), to request that the deadline for EGD to file its application in respect of open bill services issues be extended to Friday, February 13, 2009. This will allow for a more meaningful comments process on TMG's report, and it will allow for EGD to present and discuss its draft application with members of the consultative/stakeholder committee.



December 5, 2008

Page 3

Given that the current December 31st deadline is quickly approaching, we respectfully request a response to this request as soon as possible.

Please contact me should you have any questions.

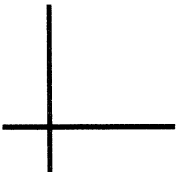
Yours very truly,

AIRD & BERLIS LLP

A handwritten signature in black ink, appearing to read 'David Stevens', written over the printed name.

David Stevens

cc. Enbridge Gas Distribution
Members of the Open Bill Consultative
All parties registered in EB-2008-0219 (EGD's 2009 rate adjustment proceeding)



Mike
Fenn/GAS/En
bridge

01/23/2009

03:20 PM

To Ric.Forster@directenergy.com, admin@megacityhvac.com, lliao@newten.ca, dellis@planetenergy.ca, jmendesdefranca@reliancecomfort.com, mluymes@hrai.ca, mbuonaguro@piac.ca, anthony.horton@ener-defense.com, Candace.Steinberg@ServiceExperts.com, JDrummond@universalenergy.ca, rhiggin@econalysis.ca

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Sub Enbridge Open Bill Access and Billing Insert - Consultative - Meeting Presentation, Summary & Supporting
ject Documents - January 22, 2009

Hi All,

As promised, here are the items that we've discussed at our Stakeholder group meeting on January 22, 2009 as well as the supporting documentation that was discussed ...

To the Stakeholder group members - Please review and let me know if you have any additions, changes or deletions. **Please send us the issues you have with the Company 's proposal by end of day on Tuesday January 27th.**

To the wider audience - This is for your information.

Regards,

Mike Fenn
Manager, Billing Relationships
Enbridge Gas Distribution
PO Box 650,
Scarborough, ON M1K 5E3

Phone: 416 495 6132
Fax: 416 753 6674



e:mail: mike.fenn@enbridge.com Open Bill & Bill Insert Meeting Summary - Jan22, 2009.doc



Open Bill & Bill Insert Stakeholder Meeting - January 22, 2009.ppt



EGD prefiled evidence - proposal re. open bill and bill insert services.DOC TMG_Final documents.zip Open Bill Service Overview.ppt

ENBRIDGE GAS DISTRIBUTION (EGD) OPEN BILL/BILL INSERT CONSULTATIVE

STAKEHOLDER GROUP MEETING – JANUARY 22, 2009

The parties in **attendance** today were:

- EGD – Mike Fenn, Steve McGill, Paul Green, Christine McLean, Patrick Hoey, Robert Bourke, Sandra Idenouye & David Stevens
- TMG Consulting (TMG) –Ashok Sundaram and Marco Rizzi
- Direct Energy – Ric Forster
- LivClean – Dave Ellis
- HVAC – Martin Luymes
- Reliance Comfort – Joanna Mendes de Franca
- VECC – Michael Buonaguro, Roger Higgin
- MegaCity – Tammy Maillet
- NewtEn Home Comfort – Leo Liao

The stakeholders that were **absent** today were:

- National Energy – Jonathan Drummond
- Lennox Service – Candace Steinberg
- ENER-Defense – Anthony Horton

Mike Fenn presented slides addressing the following **agenda** for the meeting:

- Open Bill Update
- Response to Stakeholders Feedback on TMG's Report
- EGD's Comprehensive Open Bill / Bill Insert Solution Proposal

TMG representatives conducted a walk through session with stakeholders on all comments raised on TMG's Billing and Bill Insert Services Costing and Pricing Model Study report. They did this by reviewing each comment initiated by a stakeholder and provided the response.

The following **decisions/actions** were identified during the meeting of January 22nd, 2009:

EGD to:

- Distribute TMG's response to Consultative Feedback on the Billing and Bill Insert Services Costing and Pricing Model Study Final Report.
- Provide the Stakeholder group with a copy of the Comprehensive Solution Proposal after it has been filed with the OEB on or before Feb 13, 2009. (the package will include the required data and calculations for the Proposed Open Bill Earnings Forecast).
- Perform analysis on Revenue Sharing using the IR Model (numbers will be based on specific assumptions)

- Validate if a new Y or Z factor can be added to the Revenue Sharing model.
- Send a copy of the Open Bill Intro presentation to Martin Luymes by Jan 22.
- Send a copy of the Open Bill Intro presentation to all stakeholders with the Meeting minutes.

Stakeholders to:

- By end of day Tuesday January 27, 2009 - Provide EGD with your feedback and issues regarding "The Company's Proposal to Continue the Provision of Billing and Bill Insert Services" document, specifically identifying any issues that you have with the Company's proposal.

Enbridge Gas Distribution Open Bill & Billing Insert Consultative



*Stakeholder Meeting
January 22, 2009*

Agenda



- **Welcome & Intro's**
- **Open Bill Update**
- **Response to Stakeholders Feedback on TMG's Report**
- **EGD's Comprehensive Open Bill / Bill Insert Solution Proposal**
- **Next Steps**
- **Review Decisions / Actions & Close**

Open Bill Update



- **The current Open Bill Access Service agreements expire between March and June 2009, thus we've decided to send extension agreements to all active billers to provide us with additional time to finalize the new OBA agreement and to accommodate the startup of the new Customer Information System**
- **The new OBA agreement will include the following significant changes:**
 - General clarifications (and in particular with reference to Customer Billing Dispute process) to ensure consistency with Biller requirements under Consumer Protection Act;
 - Additional remedies available to EGD short of Biller termination including: (i) suspension of new enrollments and/or general suspension of billing; and (ii) ability of EGD to rectify Biller errors and/or noncompliance with applicable laws (e.g. erroneous and duplicate billings);
 - EGD right of immediate termination to address material defaults or defaults not capable of being remedied;
 - Recovery of certain third party service provider charges incurred as a result of requests by Biller for changes to certain Biller/Products/Service specific information;

Open Bill / Bill Insert Cost Study – Response to Feedback



- **TMG's Response to Stakeholders
Feedback on TMG's Open Bill / Bill Insert
Cost Study**

EGD's Comprehensive Solution



- **EGD's Comprehensive Open Bill / Bill
Insert Solution Proposal**

Next Steps



- **Facilitated by Enbridge**



- **Review Decisions / Actions & Close**



Open Bill Project

- Billing and Bill Insert Services Costing and Pricing Model Study**

Date Distributed: January 19, 2009

Version: Final



Open Bill Project

- Billing and Bill Insert Services Costing and Pricing Model Study



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1 Purpose

The purpose of this document is to outline in detail the background, objectives, approach and finally the various decisions taken to perform a costing and pricing analysis for the Billing and Bill Insert services provided by Enbridge Gas Distribution (EGD). This will serve participants of the consultative as a reference document and provide an overview of any pertinent member who was not part of the project.

This will also be TMG's final report/deliverable of the project and will be submitted to the Ontario Energy Board (OEB).

Open Bill Project

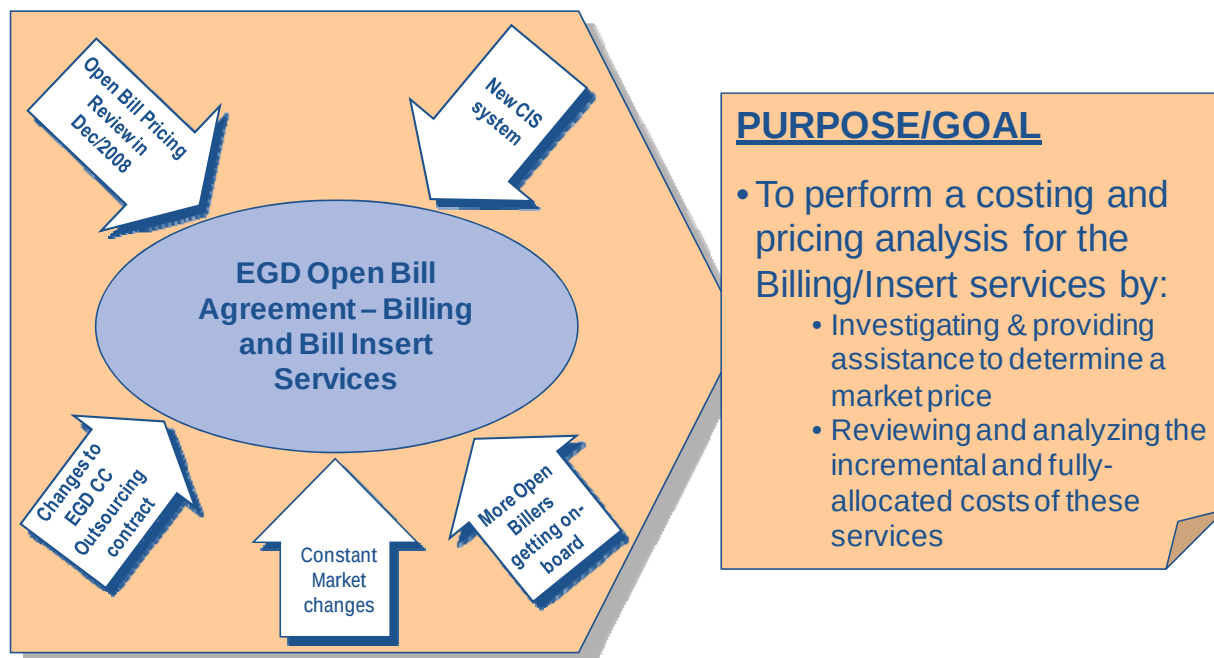
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2 Introduction

EGD is currently in the process of developing a pricing model for the Open Bill service which will be reviewed for approval by the OEB in early 2009. In June 2008, the Consultative engaged TMG Consulting to undertake a project to develop a cost and pricing model for EGD's Billing and Bill Insert services.

The intent of this study is to evaluate work effort/costs associated with providing these services using the new Customer Information System (the "nCIS") that is being implemented at EGD. Another objective of this study is to research prices for such a service provided by 3rd parties currently in the market.



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3 Open Bill Services Overview

This section provides an overview of EGD's existing Billing & Bill Insert services.

3.1 Billing Services

EGD started to offer the Billing service to all potential open billers as of April 2008. This is a fee based service to bill and collect charges on behalf of all open billers. This service is targeted at providers of energy related services. The scope of service includes; i) bill administration (processing, verification, printing and mailing), ii) call center support, iii) cash management and remittance, and iv) biller receivable guarantee. EGD guarantees 99.5% of the total biller receivable charge and retains 0.5% to cover any of the bad debt cost of the biller receivables.

The service is open to all billers that are within EGD's franchise area and who satisfy EGD's financial assurances and insurance criteria. The biller is required to perform a credit check of their customers to determine if they can be billed using this service. For example, customers who have a "red-locked" account for non-payment are not eligible for the service. This will ensure that the bad debt costs remain manageable for EGD.

The current price of the service is \$0.829 per shared bill and \$1.389 per standalone bill and will remain fixed until at least December 31, 2008. All open billers using the service pay the same price per bill for a standard set of services and EGD does not offer volume discounts. The price was based on a model created by EGD which was previously approved by OEB. This model is known as Exhibit JT.5 and the details of the model are included in the OEB submission EB-2006-0034 (Exhibit JT.5 updated) filed on February 8, 2007. New prices for the service will be proposed by EGD as part of their comprehensive solution to the OEB and is expected to take into effect as of the nCIS Go-Live date upon OEB approval.

The EGD customer care service operations are outsourced to Accenture Business Services for Utilities ("ABSU") and the agreement to perform these services came into effect April 1, 2007. The agreement is for a five year period with an option to extend the service for another two years. ABSU bills for the following services; i) Billing, Billing and General Inquiries and Billing Administration Fees, ii) Emergency and Service Call Handling Fees, and iii) Collection Fees. Only the service fees for Billing, Billing and General Inquiries and Billing Administration are applicable to Billing services.

There are currently seventeen billers active in the Billing service as of December 2008. This equates to an increase in new biller participants of 350% since April 2008. The total billed receivables for the period from April 2008 to December 2008 is expected to be approximately \$317M which equates to an average monthly billed receivable amount of approximately \$35M. The total service revenues for the same period and monthly are expected to be approximately \$10.7M and \$1.2M, respectively (nine months in 2008).

3.2 Bill Insert Services

EGD has been providing a 3rd party insert service since August 2006. The scope of service includes; i) pursuit and sign-up of 3rd parties and ii) insert administration (processing, verification, inserting and mailing).

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The Bill Insert service allows a 3rd party to include an insert for marketing purposes into an EGD bill. They have three options by which they can target an EGD customer; i) System Wide, ii) one or more Regions, and iii) one or more FSAs (i.e. Postal Code). Regional and FSA refers to Canada Post specific geographical area or general areas within the EGD franchise. The System Wide option will put an insert into every EGD customer bill. The Regional/FSA options will put an insert into every customer bill within the Regional/FSA chosen by the 3rd Party. There are currently eight regions and 299 FSA's within the EGD franchise and the total customers per region/FSA were not equally distributed across the eight regions.

The 3rd party inserts are restricted to seven months of the year and is not included in the month when EGD mails safety and rate notices.

The dimensions of a 3rd party insert are standardized however the number of panels can range anywhere from one to four panels. A maximum of seven four-panel inserts can be included in a bill.

The price of the service is \$0.05 per bill insert and will remain fixed until at least December 31, 2008. All 3rd parties using the service pay the same price and EGD does not offer any volume discounts. The price was based on a model created by EGD and is an intelligent estimate based on some market pricing info and operational overhead with a small margin. This model was submitted to the OEB for approval and the details of the model are included in the OEB submission EB-2006-0034 (Exhibit JT.5 updated) filed on February 8, 2007. New prices for the service will be proposed by EGD as part of their comprehensive solution to the OEB and is expected to take into effect as of the nCIS Go-Live date upon approval.

The Bill Insert service has been used a total of 18 months since August 2006 and the total revenue generated is approximately \$1.3M. The true market potential of this service is unknown.

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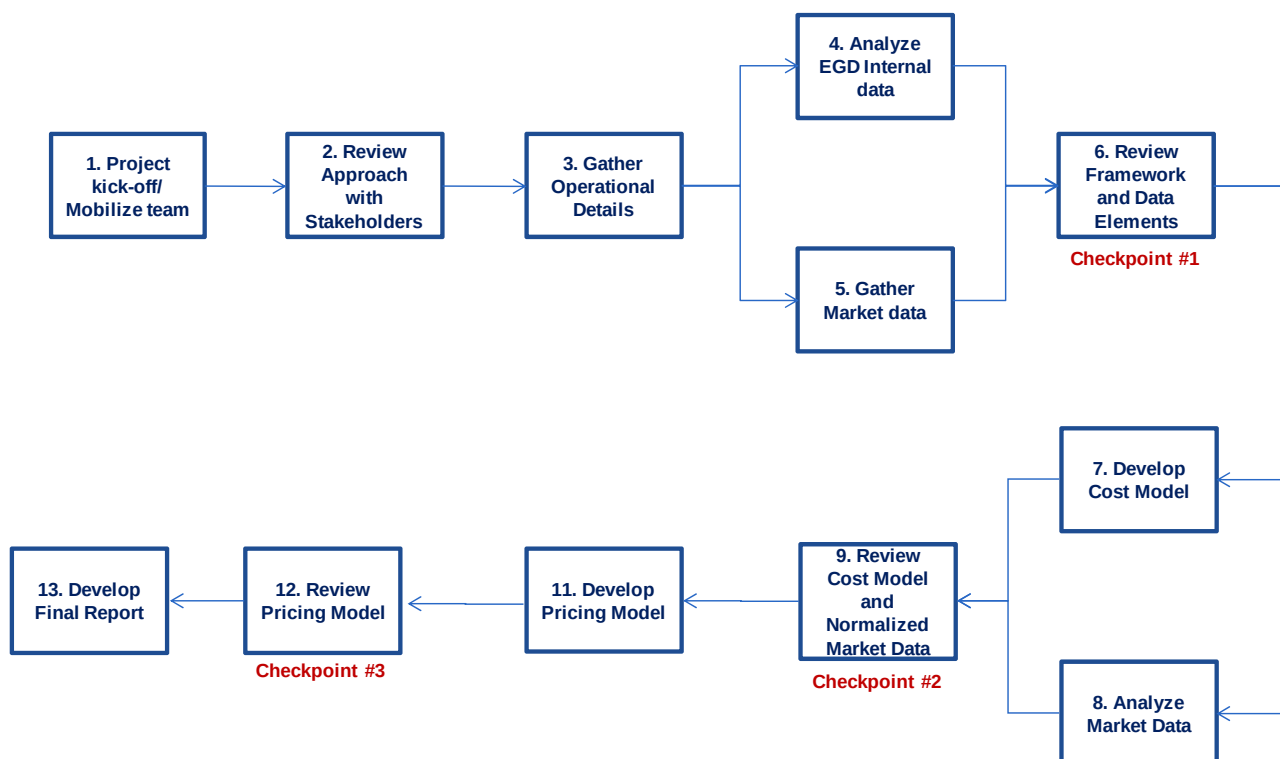
4 Project Approach

EGD is in the process of developing a pricing model for Billing and Bill Insert services to its open bill clients and interveners. The stakeholder committee has engaged TMG in assisting EGD to develop a pricing model. This section outlines the approach proposed by TMG and the work plan used to achieve the purpose/goal of this project. TMG worked closely with the key stakeholders by soliciting feedback throughout the duration of the project in order to meet this objective.

The stakeholders are comprised of members from EGD staff and the Consultative group. EGD was represented by the business sponsors for Billing and Bill Insert services which were Customer Care and Marketing Communications, respectively. The Consultative was represented by Direct Energy, Vulnerable Energy Consumers Coalition (VECC), Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI), Lennox Service Experts, LivClean Corp., MegaCity Heating and Air Conditioning Ltd., National Energy Corp., Newton Home Comfort Inc., ENER-Defense Inc. and Reliance Comfort Ltd.

4.1 Project Process Steps

The project was a six month engagement, from July 2008 to December 2008 which included the following major process steps:



Three checkpoint meetings were scheduled as part of the project plan. These meetings were conducted to provide project status updates to the stakeholders and used as a forum to discuss any project issues and receive directions for this project.

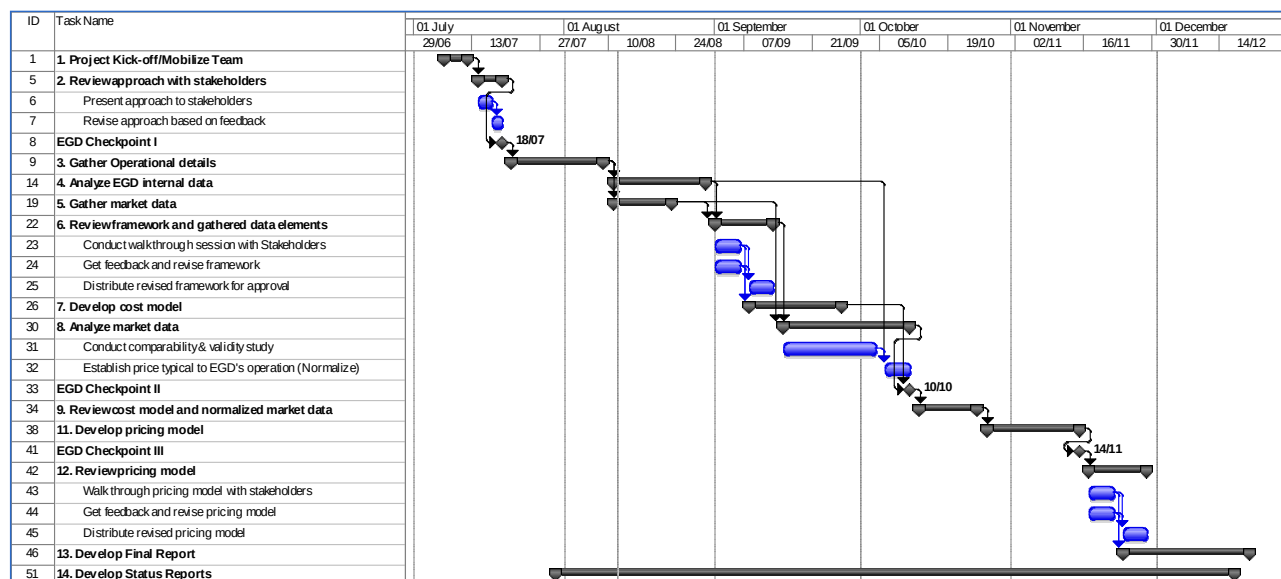
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4.2 Project Timeline

Following is TMG's project plan as approved by the consultative:



4.3 Consultative Checkpoints and Outcomes

The project commenced with a kick-off meeting with the stakeholders (EGD and the Consultative) on July 15, 2008. The purpose of the meeting was to present TMG's proposed project approach and to solicit feedback from the stakeholders before launching the project. TMG received some feedback on its approach/timeline and the project proceeded as scheduled.

The first consultative meeting (Checkpoint #1) was conducted on September 7, 2008. The purpose of the first meeting was to provide the Consultative with a walk-through of TMG's findings, to solicit their feedback and get consensus on the future direction of the project. The findings included a list of all operational activities (EGD, ABSU and 3rd party), CIS costs, operational areas subject to change and fixed/variable costs. Non-normalized market indices as gathered by TMG were also presented.

The second consultative meeting (Checkpoint #2) was held on October 27, 2008. The purpose of the second meeting was to present the Consultative with the cost model for the Billing and Bill Insert services along with normalized market data. These activities included determination of future processes, analysis/estimation of Open Bill cost data, development of Open Bill cost models and normalization of market data.

The third and final consultative meeting (Checkpoint #3) was held on December 1, 2008. The purpose of the third meeting was to present the Consultative with the price model for the Billing and Bill Insert services. In addition TMG also presented the fully allocated cost elements and a fully allocated cost model for informational purposes as requested by the Consultative.

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TMG met all the activities required for the three checkpoints as per the agreed approach of the Open Bill project. TMG was successful in providing a cost and price model as mandated and has delivered on all the project objectives.

4.4 Key Activities and Deliverables

The activities and agreed list of deliverables for this project are listed below. Project activities were conducted in parallel wherever possible to shorten the project timeline.

No.	Process Step	Activities	Deliverables	Due Date
1	Project Kick-off/Mobilize Team	Identify project sponsor, stakeholders & deploy team Confirm project objectives and scope Launch Project & validate preliminary workplan	Revised project plan	Jul/11/08
2	Review approach with stakeholders	Present approach to stakeholders Revise approach based on feedback		
3	Gather Operational details	Review existing open bill documentation Review current cost model Understand current open bill processes Identify rules stipulated by the settlement agreement		
4	Analyze EGD internal data	List all operational costs (EGD, ABSU, 3rd party) List all new CIS system costs Conduct standalone model analysis Conduct shared model analysis		
5	Gather market data	Review existing market data Identify gaps and gather missing data		
6	Review framework and gathered data elements	Conduct walk through session with stakeholders Get feedback and revise framework Distribute revised framework for approval		
7	Develop cost model	Estimate setup costs Estimate standalone and shared costs Develop costing model for both scenarios	Shared, standalone & ex-franchise cost model	Oct/10/08
8	Analyze market data	Conduct comparability & validity study Establish price typical to EGD's operation	Market pricing model	Oct/10/08
9	Review cost model and normalized market data	Walk through populated cost model and market data Get feedback and revise model Distribute revised model and get approval		
11	Develop pricing model	Compare EGD internal cost model to market price Establish a price that is value-added to stakeholders	EGD pricing model	Nov/11/08
12	Review pricing model	Walk through pricing model with stakeholders Get feedback and revise pricing model Distribute revised pricing model		
13	Develop Final Report	Develop and review draft with EGD Distribute updated document to stakeholders for review Incorporate comments/changes into the document Finalize report for OEB submission	Final report	Dec/19/08

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5 Open Bill Service Analysis

In order to develop pricing models for the Open Bill services an analysis of each service from activities of support functions/groups to costs need to be conducted. The description of the cost items analyzed is discussed in this section.

5.1 Processes and Activities

Interviews with EGD staff/subject matter experts were conducted to perform a high level assessment of the Open Bill service which included a review of all existing process maps, activities and existing pricing model (JT5). The intent was to arrive at a clearly defined process map for the Open Bill service. After the high level assessment was completed, the information was reviewed by EGD for accuracy and completeness.

Refer to Appendices A and B for the process maps and activity tables.

5.2 Life-Cycle

The process maps and associated activities are based on the life-cycle of each Open Bill service. Life cycle covers all the activities associated with the contract life of an Open Biller/3rd party from pursuit/sign-up through services rendered to contract termination within each Open Bill service. The life cycle approach was used to ensure that all key processes are factored in the analysis and that the evaluation of all work activities is carried out in a standard and structured manner.

Refer to Appendix C for detailed information on life-cycles of Billing and Bill Insert Services.

5.3 Gap Analysis

The introduction of the nCIS and the respective changes to the ABSU customer care service agreement will change EGD's current operation and hence will impact the work effort and costs associated with Open Bill service. The impact to the Billing and Bill Insert activities was determined to be 16% and 0%, respectively – the rate of change is based on number of activities and not on work effort. The activities impacted in Billing services are mostly related to non-core customer service activities handled by ABSU. Many of these activities will be internally managed by EGD in the future. The Bill Insert activities are not impacted because none of the activities are directly related to nCIS or ABSU. It is important to note that as the Open Bill service matures, certain activities may be modified or removed and there is also the possibility of new activities being added. Refer to the table below for a list of the cycles impacted due to nCIS.

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**Billing Services**

Cycle Phase	Total Activities	Open Biller Activities	Non-Biller Activities	nCIS Impact to Activities	% Impact to Non-Biller Activities
Bill Pursuit	28	7	21	0	0%
Biller Setup	18	4	14	4	4%
Operatons	17	2	15	5	5%
Biller Relationship Mgmt					
Biller Invoicing	16	2	14	2	2%
Biller Account Change	16	3	13	3	3%
Disputes	9	3	6	0	0%
Non-Disputes	10	3	7	0	0%
Contract Termination	11	2	9	2	2%
Total	125	26	99	16	16%

Billing Insert Services

Cycle Phase	Total Activities	3rd Party Activities	Non 3rd Party Activities	nCIS Impact to Activities	% Impact to Non 3rd Party Activities
Gather Prospect Info / Sign Contract	16	4	12	0	0%
Review / Approve Insert	5	1	4	0	0%
Stuff Insert and Mail	3	1	2	0	0%
Total	24	6	18	0	0%

5.4 Activity Cost

The gap analysis provided the necessary information to model the future activities for the Open Bill service. Interviews with EGD staff were conducted to determine what level resource will be responsible (i.e. Sr. Analyst, Manager, etc.) and the work effort (in hours) required to complete each activity within each Open Bill service.

Fully loaded hourly rate list that was provided by EGD (as at June 2008) was used to calculate the total cost per activity. The fully loaded cost includes administration, facilities, short term incentive pay and general overhead costs. Refer to table below for a list of the EGD fully loaded hourly rates by position title.

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EGD Staff Position	Fully Loaded Hourly Rate (\$)
Senior Council	116.79
Senior Manager (Range 10)	108.50
Senior Manager (Range 9)	96.64
Middle Manager	89.83
Program Manager/Supervisor	80.60
Senior Analyst	75.48
Analyst	70.05
Junior Analyst	65.58

The activity cost is calculated as follows:

$$\text{Activity Cost} = \text{Total Hours to Complete Activity} \times \text{EGD Staff Hourly Rate}$$

5.5 Support Function/Groups

The support function/groups are operational components that are collectively required to provide the Open Bill service. An analysis of the Open Bill service support function/groups was conducted to gather the required information to facilitate in the creation of the cost models. The objective of the analysis was to ensure that an exhaustive list of support function/groups and costs are accounted for in the development of the future cost models.

The support function/groups can be categorized into three main areas - CIS, ABSU and EGD. The CIS component is the operation that supports the hosting of nCIS. The ABSU component is the operation that supports EGD's customer cares services. The EGD component is the operation that supports all other functions that includes such activities as biller and 3rd party relationship management, legal contract reviews, development and maintenance of applications, and biller invoicing.

There are a total of 14 support function/groups within Billing services that will be included in the future cost model. Not all of these are accounted for in the current cost model. There are a total of five support function/groups within Bill Insert services which will be included in the future cost model of which none are accounted for in the current cost model.

The future cost for each support function/group was also categorized as either incremental or fully allocated. The definitions for fully allocated and incremental costs are as follows:

Fully-Allocated Cost: Calculated by allocating a percentage of the work effort of a given group or operating cost of a system to a particular work activity. This is done by deploying some estimation techniques that will compare the work effort to the overall workload of a given group or functionality of a system. Costs are typically fully-loaded with overhead, salary, benefits, maintenance, administration etc., are factored in.

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Incremental Cost: The additional cost incurred to perform an activity that is incremental to an organization's current scope of activity.

Refer to table below for a list of all the identified support function/groups and their cost types:

Billing Service

No.	Support Function/Group	In Current Model	In Future Model	Proposed Model
CIS				
1	Hosting	No	Yes	Fully Allocated
2	Maintenance	No	Yes	Fully Allocated
3	Application Support Services	No	Yes	Fully Allocated
ABSU				
4	Account Mangement	Yes	Yes	Incremental
5	Billing	Yes	Yes	Incremental
6	Payment Processing	Yes	Yes	Incremental
7	Collections	Yes	Yes	Incremental
8	Call Center Operations	Yes	Yes	Incremental
EGD				
9	Biller Relations	Yes	Yes	Fully Allocated
10	ABSU Contract Management	Yes	Yes	Fully Allocated
11	Biller Charge File Management	No	Yes	Incremental
12	Legal	No	Yes	Incremental
13	Finance	No	Yes	Incremental
14	Corporate Communications	No	Yes	Incremental

Bill Insert Service

No.	Support Function/Group	In Current Model	In Future Model	Proposed Model
EGD				
1	Marketing Communciations	No	Yes	Incremental
2	Business Development Research	No	Yes	Incremental
3	Legal	No	Yes	Incremental
4	Corporate Communications	No	Yes	Incremental
Canada Post				
5	Postal Rate	No	Yes	Incremental

5.6 ABSU Customer Care Service Fee

ABSU charges two separate fees to handle customer care services for shared and standalone bills based on a per transaction basis. These fees apply only to Billing services. There are no ABSU or 3rd party service provider fees for the Bill Insert service. A shared bill is one in which EGD includes additional charges on behalf of the open biller in the bill to its customers. These are essentially gas customers within EGD's footprint. A standalone bill (also known as Tenant 9) is

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one where a separate bill is sent to customer of an open biller. No EGD charges are included in stand-alone bills (non-EGD customers only).

The current ABSU customer care service agreement (CCSA Schedule 3.1) was reviewed to determine the fee structure for shared and standalone bills. ABSU charges an open bill fee for rendering billing, billing and general inquiries, and billing administration services. See table below for ABSU open bill fees as per the Customer Care Service Agreement (CCSA) contract schedule. Refer to Appendix D for more details on the customer care service agreement. Note that ABSU's fees for stand-alone bills need to be amended in the CCSA.

Monthly ABSU Customer Care Service Fees (\$/Customer)

Customer	Year 1 Apr/'07 - Mar/'08	Year 2 Apr/'08 - Mar/'09	Year 3 Apr/'09 - Mar/'10	Year 4 Apr/'10 - Mar/'11	Year 5 Apr/'11 - Mar/'12
Shared	\$ 0.42	\$ 0.43	\$ 0.45	\$ 0.46	\$ 0.48
Standalone	\$ 0.42	\$ 0.73	\$ 0.75	\$ 0.76	\$ 0.78

5.7 Customer Base Data

Historical (Jan/'08 – Sep/'08) and forecasted (Oct/'08 – Dec/'08) customer base for shared and standalone customers were collected from EGD data sources. The average of this data was used to create a common divisor to calculate costs on a “per bill” basis within the cost models. The data was also used to review the expected short-term growth trend of the customer base. The growth is currently low but this is mainly because the program is restricted to adding more billers to the program prior to the nCIS Go-Live date (code freeze). The customer base is expected to grow after the Go-Live date. The customer base totals are presented below:

Customer Base for Year 2008

Month	Shared	Standalone	Total
January	1,327,716	53,167	1,380,883
February	1,326,872	53,130	1,380,002
March	1,326,141	52,533	1,378,675
April	1,336,534	51,351	1,387,885
May	1,345,314	51,677	1,396,991
June	1,349,848	51,798	1,401,646
July	1,337,595	53,306	1,390,901
August	1,350,925	51,105	1,402,030
September	1,349,764	51,166	1,400,930
October	1,342,734	52,466	1,395,200
November	1,342,659	52,461	1,395,120
December	1,346,099	52,461	1,398,560

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5.8 Bill Weights and Postage Rates

A naked bill is comprised of an outer envelope, a return envelope and two bill sheets. The first sheet includes the summary of all bill charges and the details of the commodity/distribution charges. The second sheet includes all the details of non-commodity related charges such as water heater rental charges from open billers. There is option to include 3rd party bill inserts with the bills within the present threshold of 30 grams.

There is a maximum of four billers per bill sheet and EGD believes that it is unlikely that this threshold will be exceeded. Assuming each biller will include 6 lines of charges, only 4 bill pages are required at the maximum and this can be included within the current two bill sheets. The weights of each of these items are presented below:

Envelope Item	Weight (grams)
Return envelope	5
Outer envelope	5
Two bill sheets	12
Total	22

The total weight of a bill excluding inserts equates to 22 grams which is below Canada Post's first weight threshold of 30 grams. This leaves eight grams for inserts that can be used for EGD safety/rate notices and 3rd party inserts without incurring additional postage charges. Note that each panel of an insert weighs one gram – 2-panel insert will weigh two grams; 4-panel insert will weigh four grams. If the total bill weight falls within the second Canada Post threshold range, from 30 grams to 50 grams, an additional \$0.08 per bill will be added to the postage charge. There is a third Canada Post threshold range from 50 grams to 100 grams. This charge will include the second threshold postage charge plus an additional \$0.0022 per bill for every gram over 50 grams. Canada Post randomly samples the bills on a daily basis for weight measurement purposes. Given that EGD evenly distributes bills in all 21 cycles for any given FSA, the result of the sampled bill weight will determine the applicable postage rate for all bills for that month (even if weight for one FSA is increased beyond the current threshold by an additional insert). Also, if more than two bill sheets are required then there will be no room for any inserts in the current 30 gram weight threshold without incurring additional postage charges.

5.9 Bill Insert Operation

The bill-print and bill insert processes are handled by Symcor as part of the outsourced customer care operation of EGD. The inserts are delivered to the Symcor processing facility by the 3rd parties which are then loaded into the available insert stations or hoppers. There are a total of 14 stations that EGD has access to however only seven stations can be used for inserts at any given time.

The 3rd party inserts are restricted to seven months of the year and can not be included during QRAM and safety months.

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A maximum of seven four-panel inserts can be included in a bill which equates to a maximum insert weight of 28 grams. Accounting for the other bill items (22 grams) the maximum bill weight for any given month will be 50 grams (22 grams + 28 grams). This will incur an additional \$0.08 postage charge per bill since the 50 grams falls with the second Canada Post weight threshold range.

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6 Open Bill Service Cost Models

It was agreed that only one cost model for each Open Bill service will be created and this model will constitute a mix of incremental and fully allocated cost items. It was mutually agreed by the stakeholders that not every fully allocated cost item will be included in the cost models. An analysis of incorporating all fully allocated cost items in the cost model was undertaken for informational purposes only at the request of the Consultative. See Section 7 for results of this analysis.

6.1 Billing Service Cost Model

This section discusses cost model of Billing Services only.

6.1.1 Model Period

The cost model is designed for a three year period and is aligned with the nCIS Go-Live date and the ABSU customer care license agreement. This equates to three annual periods in a range from April 2009 to March 2012. The annual periods are April 2009-March 2010 (Year 1), April 2010-March 2011 (Year 2) and April 2011-March 2012 (Year 3).

6.1.2 Cost Components

The cost model includes the following cost components:

- *Customer Care Costs:* These are the costs associated with the internal management of Billing services by EGD Customer Care which includes biller relationship, ABSU contract management etc.
- *CIS Functional IT Costs:* These costs are associated with the functional and technical management of the nCIS by EGD Customer Care and IT departments.
- *OBA Tool:* These costs are associated with the management and security of biller charge files to the EGD server by IT. This includes the development and maintenance of an application that enable the biller to easily transfer/receive files more effectively to and from the EGD server.
- *EGD Support Costs:* These costs are associated with the management of administrative services provided by other groups within EGD such as Legal, Finance and Corporate Communications.
- *Postage:* This is the cost associated with the mailing of shared and standalone bills.
- *Contingency:* All the new CIS processes have not been finalized therefore a contingency was added.
- *ABSU:* This cost is associated with the management of the customer care services by ABSU. It includes services for Account Management, Billing, Payment Processing and Collections Operations.

6.1.2.1 Customer Care Costs

TMG identified that there is fixed effort required to manage/provide biller relationship management regardless of the number of customer each biller may have. Based on work effort estimation, TMG calculated a total of six open billers can be managed with one full time equivalent (FTE). There are

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only two full time employees currently allocated to Customer Care to manage the Billing service. At the time the model was being created there was a total of 18 billers signed up to the Billing service however not all were active. They are expected to be active at the nCIS Go-Live date and Customer Care will require the addition of one full time employee to handle all 18 billers.

The cost for these support functions were calculated by applying a yearly fully loaded cost of three FTEs. The Customer Care cost for Year 1 of the program is approximately \$411K or approximately \$0.024 per shared bill. An annual CPA rate of 2% is added to arrive at costs for Year 2 & 3.

6.1.2.2 CIS Functional and CIS IT

The budgeted amount for the operation of the nCIS is approximately \$2M, to be split between the CIS Functional and CIS IT groups. This does not include any costs to support the Open Bill initiative. Interviews were conducted with the Functional and IT groups to determine their support costs for Open Bill. It was concluded that 20% of the budgeted amount would be a appropriate estimate of the support costs for the service. This amount would be in addition to the already allocated IR settlement amounts.

The CIS Functional and CIS IT cost for Year 1 of the program is approximately \$200K or approximately \$0.011 per shared bill for each group, respectively. An annual CPA rate of 2% is added to arrive at costs for Year 2 & 3.

6.1.2.3 OBA Tool

The cost to develop the OBA tool was approximately \$100K. The cost for Year 1 is approximately \$33K or approximately \$0.002 per shared bill.

6.1.2.4 EGD Support Costs

The cost for these support functions were calculated by applying an hourly rate to the time spent to complete each activity within the support function. The hourly rate was based on the EGD fully loaded hourly rates.

The cost for Year 1 is approximately \$261K or approximately \$0.015 per shared bill. An annual CPA rate of 2% is added to arrive at costs for Year 2 & 3.

6.1.2.5 Postage

This is the cost associated with mailing a shared bill. The postage cost is based on the total percentage of the Open Bill revenue amount as a percentage of total revenue billed. Considering the seasonality, an average was calculated and it equates to approximately 9%. An alternative solution is to use the percentage of the shared bill weight to the total weight of the bill however it was concluded that this was a less accurate cost estimation. Also, there are logistic issues with this solution such as the ability to monitor the amount of biller pages and their respective weight ratio per envelope with/without inserts which may vary month over month.

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A standalone bill will incorporate the full cost of postage. The cost for Year 1 is approximately \$787K or approximately \$0.046 per shared bill. Canada Post is in the process of increasing rates for Year 2 & 3.

6.1.2.6 Contingency

Given there is no historical operational data available for nCIS and only 90% of the processes are finalized at this point. To ensure a fixed price for the term of contract, a 10% contingency is added to certain elements of the operational cost.

The cost for Year 1 is approximately \$87K or approximately \$0.005 per shared bill.

6.1.2.7 ABSU

The ABSU Customer Care operational rates are set out as per CCSA Schedule 3.1. These rates will not be re-negotiated as they are already approved by OEB and incorporated into the IR settlement.

The cost for Year 1 is approximately \$7,524K or approximately \$0.448 per shared bill. Rates for Year 2 & 3 will change based on CCSA Schedule 3.1

6.1.3 Billing Service Cost

The total annual costs and cost per bill for a shared customer is presented below for Year 1 and all subsequent years.

Cost/bill - Shared

Cost Items	Apr/'09 - Mar/'10	Apr/'10 - Mar/'11	Apr/'11 - Mar/'12
Customer Care Costs	\$ 0.0245	\$ 0.0250	\$ 0.0255
CIS Functional	\$ 0.0119	\$ 0.0122	\$ 0.0124
CIS IT	\$ 0.0119	\$ 0.0122	\$ 0.0124
OBA Tool	\$ 0.0020	\$ 0.0020	\$ 0.0020
EGD Support costs	\$ 0.0156	\$ 0.0159	\$ 0.0162
Postage	\$ 0.0469	\$ 0.0488	\$ 0.0506
Contingency	\$ 0.0052	\$ 0.0053	\$ 0.0054
ABSU	\$ 0.4483	\$ 0.4642	\$ 0.4800
Incremental Cost per Bill	\$ 0.5663	\$ 0.5854	\$ 0.6045

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**Total Cost/Year - Shared**

Items	Apr/'09 - Mar/'10	Apr/10 - Mar/'11	Apr/'11 - Mar/'12
Customer Care Costs	\$ 411,028	\$ 419,249	\$ 427,634
CIS Functional	\$ 200,000	\$ 204,000	\$ 208,080
CIS IT	\$ 200,000	\$ 204,000	\$ 208,080
OBA Tool	\$ 33,333	\$ 33,333	\$ 33,333
EGD Support costs	\$ 261,287	\$ 266,513	\$ 271,843
Postage	\$ 787,445	\$ 818,325	\$ 849,206
Contingency	\$ 87,232	\$ 88,976	\$ 90,756
ABSU	\$ 7,524,253	\$ 7,789,979	\$ 8,055,706
Annual Incremental Cost	\$ 9,504,578	\$ 9,824,376	\$ 10,144,637

Standalone costs are calculated by adding the additional ABSU and postage charges to the administration cost to manage the Billing service. Administration cost is comprised of the following cost items; Customer Care Costs, CIS Functional, CIS IT, OBA Tool, EGD Support Costs and Contingency.

The standalone costs are presented below:

Cost/bill - Standalone

Cost Items	Apr/'09 - Mar/'10	Apr/10 - Mar/'11	Apr/'11 - Mar/'12
Shared Cost per Bill	\$ 0.0711	\$ 0.0725	\$ 0.0739
Postage	\$ 0.5100	\$ 0.5300	\$ 0.5500
ABSU	\$ 0.7483	\$ 0.7642	\$ 0.7800
Incremental Cost per Bill	\$ 1.3294	\$ 1.3666	\$ 1.4039

6.1.4 Cost Model Assumptions

The following are the assumptions used in the Billing service cost model:

- New OBA pricing will be effective as of April 2009 in tandem with the nCIS Go-Live date
- Costs associated with contract termination and off-set process will be charged separately based on each instance and are not included in the cost model
- Current cost model is valid until the ABSU customer care service agreement contract expires on March 31, 2012
- EGD Customer Care staffing to manage biller relations, pursuit and setup will amount to approximately one full time employee for every 6 billers. All activities are predominantly fixed costs and it does not matter how many customers that the new biller may have
- It is forecasted that the number of billers will be 18 with a total of 1,398,560 bills as of the nCIS Go-Live date. All cost model calculations are based on this number. Any increase/decrease in billers/bills past Go-Live will impact overall costing

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- CIS implementation costs and SAP licensing costs associated with OBA will not be included as part of the Billing Services cost model
- The cost model does not include the revenue billed for bad debt
- Given there is no historical operational data available with the new CIS and only 90% of the processes are finalized at this point, a 10% contingency is added to key EGD operational costs

6.2 Bill Insert Service Cost Model

This section discusses cost model of Bill Insert services only.

6.2.1 Model Period

The cost model is to be aligned with the nCIS Go-Live date effective April 2009 and will be valid until the ABSU customer care agreement expires in March 2012.

6.2.2 Cost Components

The cost model includes the following cost items:

- *EGD Support Costs:* These are the costs associated with the management of Bill Insert Services by EGD staff which includes Marketing Communications, Business Development Research and Legal
- *Postage:* This is the cost associated with the mailing of a bill with 3rd party inserts

6.2.2.1 EGD Support Costs

The cost for these support functions were calculated by applying an hourly rate to the time spent to complete each activity within the support function. The hourly rate was based on the EGD fully loaded hourly rates.

Support costs are not contingent on the number of panels an insert may have. The time spent to review, approve and sign contract for an insert is the same regardless of the number of panels used. Support costs are only impacted by the number of inserts that are included in a bill for any given month.

The total support costs based on total number of inserts is presented below:

EGD support costs based on number of inserts

No. Of Inserts	Marketing Comm.	Bus. Dev. Research	Legal	Total Monthly Cost
1	\$ 14,318	\$ 1,661	\$ 2,102	\$ 18,081
2	\$ 15,769	\$ 1,812	\$ 3,037	\$ 20,617
3	\$ 17,220	\$ 1,963	\$ 3,971	\$ 23,153
4	\$ 18,670	\$ 2,114	\$ 4,905	\$ 25,689
5	\$ 20,121	\$ 2,265	\$ 5,840	\$ 28,225
6	\$ 21,572	\$ 2,415	\$ 6,774	\$ 30,761
7	\$ 23,023	\$ 2,566	\$ 7,708	\$ 33,297

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**6.2.2.2 Postage**

As explained in Section 5.9, an additional \$0.08 cost per bill will be incurred for a bill that exceeds the 30 gram postal weight threshold. Based on a total EGD customer base of approximately 1,890K and the additional postage cost of \$0.08 per bill this equates to a total incurred cost of approximately \$151K per month.

The total postal costs based on the total number of inserts are presented below. These costs vary based on number of panels used in each insert.

Postage costs based on weight

1 Panel		2 Panel		3 Panel		4 Panel	
No. of Inserts	Postal Costs	No. of Inserts	Postal Costs	No. of Inserts	Postal Costs	No. of Inserts	Postal Costs
1	\$ -	1	\$ -	1	\$ -	1	\$ -
2	\$ -	2	\$ -	2	\$ -	2	\$ -
3	\$ -	3	\$ -	3	\$ 151,232	3	\$ 151,232
4	\$ -	4	\$ -	4	\$ 151,232	4	\$ 151,232
5	\$ -	5	\$ 151,232	5	\$ 151,232	5	\$ 151,232
6	\$ -	6	\$ 151,232	6	\$ 151,232	6	\$ 151,232
7	\$ -	7	\$ 151,232	7	\$ 151,232	7	\$ 151,232

6.2.3 Cost Model Assumptions

The following are the assumptions used in the Bill Insert service cost model:

- Inserts will be mailed seven times a year and will not be included when EGD safety and rate notices are mailed
- Symcor does not charge EGD any fee for including inserts as part of the bill
- Current cost model is valid until the ABSU customer care service agreement contract expires on March 31, 2012
- All calculations in the cost model are limited to a maximum of seven inserts per bill
- It is assumed if the weight is beyond the Canada Post threshold even for one FSA, the postal rate for all bills for that month will increase accordingly. Currently, EGD distributes mail to all FSAs/Regions evenly among each bill cycle
- Currently up to three pages are used for bills which can be accommodated in two sheets with an additional page available to accommodate a few more biller charges. It is assumed that no more than two sheets will be required for bills
- If more than two sheets are used, there will be no room for any inserts without increasing the postal rate

6.2.4 Issue of High Cost of Entry

One issue with the current billing services model is the high legal cost barrier to entry for the small billers. HRAI discussions with their members concluded that they were concerned about the high legal fees (approximately \$10K in some cases) to review the EGD legal contract prior to actually signing for the service. One option presented to the stakeholders was for EGD to standardize their

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legal contract and have a consortium, such as HRAI, agree to the terms on behalf of their members. Such a standardized contract will negate the need for small billers to engage their own lawyers to review the contract and hence will lower their upfront costs to sign up for EGD's Billing services.

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7 Fully Allocated Cost Model – Open Bill Services

A fully allocated cost model for Open Bill Services was created for informational purposes at the request of the Consultative. This involved reviewing additional cost items as per the IR settlement and analyzing EGD and Open Biller monthly billing revenues.

7.1 Cost Allocator for Open Bill

The Open Bill service is a revenue recovery service and one good method to allocate cost is by calculating the Open Biller revenue as a percentage of the overall revenue billed. This applied to revenue associated only with shared bills. The monthly commodity/distribution and Open Biller monthly revenue was gathered and analyzed in order to determine the allocator. The Open Biller revenue allocator is the interpolation of Open Bill revenue as a percentage of total revenue billed which equates to approximately 9%. The result of the revenue analysis is provided below:

Month	Total Revenue		Total Number of Bills			Number of OBA	OBA Split Revenue		Total Revenue Cndty + Distr + OBA (\$M)	OBA % of Total Revenue
	Cndty/Distr (\$M)	OBA (\$M)	EGD	Shared	Standalone		(\$M)			
Oct-07	146	35	1,845,491	1,329,420	52,466	1	105	34%	182	19%
Nov-07	327	35	1,850,820	1,325,795	52,461	1	235	15%	362	10%
Dec-07	571	34	1,856,139	1,328,830	53,151	1	410	8%	605	6%
Jan-08	609	36	1,861,647	1,326,540	53,117	1	437	8%	645	6%
Feb-08	633	34	1,865,399	1,325,810	52,520	1	454	8%	667	5%
Mar-08	615	34	1,868,631	1,336,200	51,338	1	441	8%	649	5%
Apr-08	388	35	1,871,156	1,344,843	51,659	4	279	12%	423	8%
May-08	241	35	1,873,048	1,349,511	51,785	4	173	20%	276	13%
Jun-08	177	35	1,874,489	1,349,559	51,555	5	127	28%	212	17%
Jul-08	136	35	1,876,133	1,349,834	51,291	8	98	36%	171	21%
Aug-08	145	35	1,878,039	1,351,276	51,105	8	104	34%	181	20%
Sep-08	143	35	1,880,621	1,350,065	51,166	8	103	34%	179	20%
Totals							2,966	14%	4,551	9%

7.2 Fully Allocated Cost Items – Billing Services

Interviews were conducted with EGD staff to identify the cost items within the IR settlement applicable to Billing services. Refer to Appendix F for the IR Settlement document and the Customer Care Cost Template. Cost components that were analyzed to calculate fully-allocated costs are CIS implementation (IR Item #3), CIS hosting and support (IR Item #4), SAP license fees (IR Item #6), SAP modifications (IR Item #7) and customer care licenses (IR Item #11).

The following are the IR Items that have been excluded and the rationale for doing so:

IR Items #1-2a: These items are related to the amounts that can be recovered in rates related to payments for CIS services and for the use of the legacy CIS. These items are no longer applicable to nCIS.

IR Items #5: This item is related to EGD back-office staffing to support nCIS and is already accounted for in the TMG cost model as CIS IT and Functional costs.

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IR Items #8: This item is related to the amounts that can be recovered in rates related to CWLP customer care services. These amounts are no longer applicable since ABSU now provides customer care services for EGD.

IR Items #9-10, #14-15: These amounts represent the transition costs associated with moving from CWLP as the customer care service provider to a different third party service provider should ABSU was not selected. Since ABSU was chosen as the new customer care service all the future amounts are zero.

The CIS implementation component was reviewed in more detail since it is a composite of many support functions/groups. Only support function/groups applicable to Billing services for Open Bill were used for allocation. They were identified as follows:

- Project Management Office
- Functional
- Order Change Management
- Technical

Each support function/group was assessed a Billing Service allocation weight and a cost allocator rate based on either a 3% or 9% revenue split. All functions that are directly attributable to revenue recovery process were applied an allocator of 9%. All other functions like PMO, change management were applied an allocator of 3%. TMG calculated 3% as allocator for work effort associated with open bill initiative in the CIS project team. Refer to Appendix G for details on the CIS implementation cost details. The total CIS Implementation fully allocated cost to the Billing services equates to approximately \$3.4M. Amortized equally over ten years this equates to approximately \$343K per year. For reference purposes, note that Sapient presented a proposal to implement Open Bill functionality at EGD for approximately \$2.5M in 2006.

The CIS Hosting and Support, SAP license fees, SAP modifications and Customer Care license costs are all applicable to Billing services and were allocated based on a 9% revenue split.

The costs in the IR settlement are based on a calendar year schedule and were adjusted to coincide with the contract schedule as per the current customer care service agreement. The additional fully allocated costs items as per the IR settlement will add less than \$0.10 per bill in any one contract year. The results of the fully allocated cost analysis are presented below:

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**Fully Allocated Cost per Bill - Shared**

Cost Items	IR Item No.	Apr/'09 - Mar/'10	Apr/10 - Mar/'11	Apr/'11 - Mar/'12
CIS Implementation	3	\$ 0.0205	\$ 0.0205	\$ 0.0205
CIS Hosting and Support	4	\$ 0.0358	\$ 0.0477	\$ 0.0477
SAP License Fees	6	\$ 0.0092	\$ 0.0122	\$ 0.0122
SAP Modifications	7	\$ 0.0055	\$ 0.0041	\$ -
Customer Care Licenses	11	\$ 0.0077	\$ 0.0077	\$ 0.0077
Allocated Cost per Bill		\$ 0.0786	\$ 0.0922	\$ 0.0880

Fully Allocated Cost per Year - Shared

Cost Items	IR Item No.	Apr/'09 - Mar/'10	Apr/10 - Mar/'11	Apr/'11 - Mar/'12
CIS Implementation	3	\$ 343,631	\$ 343,631	\$ 343,631
CIS Hosting and Support	4	\$ 600,300	\$ 800,400	\$ 800,400
SAP License Fees	6	\$ 153,663	\$ 204,884	\$ 204,884
SAP Modifications	7	\$ 92,000	\$ 69,000	\$ -
Customer Care Licenses	11	\$ 128,800	\$ 128,800	\$ 128,800
Allocated Cost per Bill		\$ 1,318,394	\$ 1,546,715	\$ 1,477,715

7.3 Fully Allocated Cost Components – Bill Insert Services

TMG was instructed by the Consultative to calculate the postage charges that can be allocated to the Bill Insert service. There are 22 grams in a bill excluding bill inserts. The maximum bill weight without incurring any additional postage charge is 30 grams which leaves 8 grams available for bill inserts. This represents a bill insert weight to total bill weight ratio of 27%. Applying this ratio to the current postage rate of \$0.51 equates to a postage charge of \$0.137 per bill or an additional monthly charge of \$256K. Including this amount in the cost model will increase the price of the service and will not be palatable in the market.

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8 Market Data Analysis

This section discusses the details around TMG's research on vendor pricing to provide a service similar to EGD's Open Bill service.

8.1 Market Data Analysis – Billing Services

Data was analyzed on 1) industry benchmarks with respect to customer care costs, 2) vendor market pricing for billing services and 3) a utility with similar billing services as EGD. Gathering such a wide spectrum of data provided a means to verify the validity of the market data. The data was also normalized to match EGD's Billing service.

8.1.1 Industry Benchmark Cost Data

Industry benchmark data on customer care costs was sourced from two generally accepted industry consultant surveys with a total of 38 North American utility participants. One survey included 12 Canadian utility participants and the other survey included 26 North American utility participants. The number of customers per utility was typically greater than 125K.

The industry benchmark data was analyzed to identify the core customer care services and their associated costs within the utility industry. The normalized core customer care services were identified as: i) bill print, processing and payment, ii) credit and collections, iii) call center operations and iv) services to support customer care services. The services and costs were normalized by stripping out some services and costs to match the EGD's Billing services (example: Meter Reading). The normalized industry benchmark costs are presented below:

Source 1

<i>Service Provided</i>	<i>Monthly Cost per Bill (\$CDN)</i>	<i>Annual Cost per Bill (\$CDN)</i>
Core Customer Care Costs	3.05	36.53
Bill print, processing and payment	1.58	18.97
Credit and collections	0.53	6.34
Call center operations	0.94	11.22
Other Customer Care Service	0.91	10.92
Total cost per bill	3.96	47.45

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**Source 2**

Service Provided	Monthly Cost per Bill (\$US)	Annual Cost per Bill (\$US)
Core Customer Care Costs	2.34	27.97
Bill print, processing and payment	0.57	6.82
Credit and collections	1.11	13.29
Call center operations	0.66	7.86
Other Customer Care Service	0.77	9.40
Total cost per bill	3.11	37.37

8.1.2 Vendor Market Price Data

One vendor participated in the study and provided a price range (min/max) for their customer care services. They were not able to provide a fixed price since this would require knowing the specificity of the clients' requirements such as the degree of customization required for customer care services, contract duration and service level agreements. Each individual component of the customer care service can be customized and the price may increase or decrease based on those needs. Providing EGD's Open Bill operational details as requirement to a vendor and requesting for a market price/quote is beyond the scope of this project. For the purposes of this study, it was concluded that working with the available market price range will provide a price ceiling within which EGD's price will be confirmed.

The vendor price is for a "meter to cash" solution and is based on a Tier-1 client with a customer base between 100K - 500K. The vendor also provides application hosting which includes activities such as planning, recovery management, storage management, hardware management, production environment, report database, etc.

The vendor market price was normalized by applying only a percentage of the applicable core customer service and support functions to arrive at a shared bill price. The normalized vendor market price for a shared and standalone bill are presented below:

Service Provided	Standalone Monthly Price per Bill (\$US)		Shared Monthly Price per Bill (\$US)	
	Min	Max	Min	Max
Bill print, processing and payment	1.39	1.72	0.49	0.60
Credit and collections	0.46	0.58	0.16	0.20
Call center operations	0.82	1.02	0.29	0.36
Other	0.99	1.23	0.35	0.43
Total normalized price per bill	3.67	4.55	1.28	1.59

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**8.1.3 Similar Utility Market Price Data**

Utility companies offering similar billing services as EGD especially “like-for-like” are difficult to find. Currently EGD is the only gas utility company in Canada offering this service hence no Canadian comparables can be made. A water utility company based in the U.S. with a customer base over 450K was identified to have a billing service similar to EGD. Approximately 250K of these customers are mailed a shared bill.

The market price was normalized by stripping costs that are not core customer service or support functions to match EGD operations to arrive at a standalone price. The price for a standalone and shared bill are identical and the utility does not plan on offering a discount in price for a shared bill. The price for a shared and standalone bill are presented below:

<i>Service Provided</i>	<i>Standalone/Shared Monthly Price per Bill (\$US)</i>
Bill print, processing and payment	1.40
Credit and collections	0.47
Call center operations	0.83
Other	1.00
Total normalized price per bill	3.71

8.2 Market Data Analysis – Bill Insert Services

Pricing data was sourced from two external vendors for services comparable to the Bill Insert service. TMG was also instructed by the Consultative to gather information on alternative mailing services. The data does not require normalization to match EGD’s Bill Insert service.

8.2.1 Vendor Market Price Data

Two vendors participated in the study and provided pricing for their insert services. After further analysis one vendor was eliminated since the data lacked relevance to EGD’s Bill Insert service (not within utility industry).

The remaining vendor is part of the utility industry and provides a bill insert service similar to that of EGD’s. The vendor provided a price range (min/max) and was not able to provide a fixed price without knowing the specificity of the clients’ requirements such as target distribution, distribution frequency and envelope exclusivity. Providing EGD’s bill insert operational data as requirement to the vendor and request for a price/quote was beyond the scope of this project.

The vendor provided two prices and its contingent upon whether or not the client uses the billing services as well. A preferential insert price is offered to clients who are part of the billing services. The vendor pricing is presented below:

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Description	Cost per Insert (\$US)	
	Min	Max
Client of billing services	0.02	0.05
Non-client	0.20	0.25

8.2.2 Alternative Mailing Services

TMG gathered additional market data by sourcing alternative mailing services in the market at the request of the Consultative. The three sources approached were Imagitas Inc, Canada Post and ActionPak. However analysis shows that they are not comparable to the EGD's Bill Insert service.

8.2.2.1 Imagitas Inc.

Imagitas Inc. which is a wholly-owned subsidiary of Pitney Bowes is a marketing services company that allows advertisers to connect with consumers via their U.S. government partners. Imagitas Inc. was not able to provide any pricing information.

8.2.2.2 Canada Post

Canada Post provides a direct mail service called AdCard that prints and distributes individual flyers via their addressed/unaddressed Admail delivery service. Addressed Admail delivery service allows the client to mail their flyer on a targeted and personalized basis. Unaddressed Admail delivery service allows the client to mail their flyer to targeted neighborhoods.

8.2.2.3 ActionPak

ActionPak provides a direct mail service that designs, prints and distributes flyers to a targeted area within Canada via Canada Post. There are 24 mailings per year (bi-monthly) and each envelope can hold up to 25 flyers. ActionPak tries to avoid flyers that are from competitors for promoting similar products but it does not guarantee it. The price is approximately \$0.03 per insert with a minimum insert volume purchase of 50K.

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9 Open Bill Service Price Models

The proposed price model for the Open Bill service will be based on the cost models presented earlier in this report. This section will outline TMG's rationalization of the price models for EGD's Open Bill service.

Based on TMG's market research of typical vendors/service providers of Customer Care outsourcing services, any given new client is offered a price based on the vendor's incremental cost model. In other words, the vendor estimates the costs associated with additional work effort in providing the Billing/Bill Insert service to a potential client and adds an acceptable margin on these costs to arrive at a price. Based on this learning, TMG recommends that a market acceptable price for EGD's Billing/Bill Insert services can be attained by adding a margin to their incremental costs.

9.1 Billing Service Price Models

TMG developed two pricing models for the Billing service and each model is based on estimated operational cost with an acceptable industry margin. The operational cost for the Billing service is based on a three year period with Year 2 representing the median cost for the period. The median cost was used for the price models since this represents the average cost for the period and will guarantee a fixed price over the 3 year contract term. The Year 2 costs for a shared and standalone bill are presented below for review purposes.

Cost Item	EGD Cost	
	Shared	Standalone
Administration	\$ 0.07	\$ 0.07
ABSU	\$ 0.46	\$ 0.76
Postage	\$ 0.05	\$ 0.53
Total Cost	\$ 0.59	\$ 1.37

TMG's research shows that service providers add a margin in the range from 50% to 75% to their operating costs to arrive at a market price. The margins are based on customer volumes whereby the larger the customer volume the smaller the margin and vice-versa. A service provider will typically offer prices at a 50% margin with a customer base over four million while in EGD's case the margin will typically be 75%. TMG proposes that EGD align their margin within the typical industry margin range, 50%-75%.

9.1.1 Key Assumptions

- A postage rate of \$0.05 per bill is added as part of costs for shared bills. Open Bill revenue amounts to approximately 9% of the total revenue billed. \$0.05 is approximately 9.2% of the postage fee of \$0.53
- TMG proposes a sign-up fee to be introduced so that it encourages serious enquiries /prospects only
- Contract termination fees (legal, data extract etc.) will be charged as a final bill (not included in the pricing model)

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- Proposed prices are effective when nCIS goes live
- All OBA contracts expire at the same time as CCSA (March 31, 2012)
- Pricing does not include bad debt recovery fee. EGD will continue to deduct 0.5% of the revenue billed for bad debt. This amount will be adjusted periodically based on actual data on revenue recovery rate
- Costs associated with contract termination and off-set process will be charged separately based on each instance – not included in the rates
- Given there is no historical operational data available with nCIS and only 90% of the processes are finalized at this point, a 10% contingency is added to key EGD operational costs that are incorporated as part of the pricing model

9.1.2 Price Model Option 1

This price model is comprised of two components; i) sign-up fee and ii) monthly variable price.

9.1.2.1 Sign-Up Fee

TMG recommends that a one-time sign-up fee of \$2K, which is a 50% discount of actual incurred cost, be charged to the biller to join the Billing service. The sign-up fee will allow EGD to recuperate some of the administration costs for biller pursuit and sign up. TMG believes that the proposed sign-up fee is appropriate to encourage the small biller prospects to join the service but at the same time discourage the “tire kickers”.

9.1.2.2 Monthly Variable Price

The monthly variable price is calculated by applying a specific margin to the total operational cost of the service. The model evenly distributes the operational costs to each bill. The price model calculates two prices based on a 50% and 75% margin and are presented in the table below. It is recommended EGD applies 75% mark up on costs to arrive at the price. TMG’s vendor source revealed that prices with 50% margin are applied to clients with over four million customers.

Margin	EGD Price	
	Shared	Standalone
High (75%)	\$ 1.02	\$ 2.39
Low (50%)	\$ 0.88	\$ 2.05

9.1.3 Price Model Option 2

This price model is comprised of three components; i) sign-up fee, ii) monthly fixed fee, and iii) monthly variable fee.

9.1.3.1 Sign-Up Fee

A sign-up fee will allow EGD to recuperate the administration costs for biller pursuit and contract sign-up process. The model applies a margin to these actual costs

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**9.1.3.2 Monthly Fixed Fee**

This option calculates a monthly fixed price by applying a margin to the fixed cost incurred by providing service to each biller.

9.1.3.3 Monthly Variable Fee

The variable cost components each month is charged with a mark-up to arrive at a price per bill.

Option 2 pricing model is shown below:

Cost Item	Margin	EGD Price	
		Shared	Standalone
Sign-up	High (75%)		\$ 7,000
	Low (50%)		\$ 6,000
Monthly Fixed	High (75%)		\$ 6,856
	Low (50%)		\$ 5,877
Monthly Variable	High (75%)	\$ 0.95	\$ 2.32
	Low (50%)	\$ 0.81	\$ 1.99

9.1.4 Billing Services Price Model Recommendation

TMG recommends Price Model Option 1 and that the service is priced towards the higher end of the margin range.

9.2 Bill Insert Service Price Model

The key objective is to propose a pricing model that ensures fairness and transparency. Based on the estimated costs associated with providing Bill Insert services, TMG proposed a pricing model that will yield a 30% margin in a 'Low' demand month provided that EGD sells inserts twice as much the number of its customer base. These calculations are based on a total volume of 1,880,621 customers (actual as at Sep/'08). Administrative costs for two inserts amounts to \$21K and incremental postage fee amounts to \$151K – a total cost of \$172K. At a rate of \$0.06/insert during low month, a two System-Wide insert price will be approximately \$225K. This will yield a profit margin of 30% over the operational costs.

Volume based price offering is being proposed by TMG. System-Wide rate for inserts will be slightly lower than small volumes. There is also a premium for 'High' demand months. This pricing model is developed based on the premise that customers do not perceive inserts as clutter during non-QRAM months (according to consumer survey conducted by Ipsos Reid - Bill Insert Research 2008).

9.2.1 Key Assumptions

- Provide bill inserts service for all months except the black-out period (QRAM and Safety)

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- Increase the mail weight capacity to 50 grams for non-QRAM months – revise contract with Canada Post. This will provide a total capacity of 28 grams for inserts. Include the additional postage costs as part of Bill Insert operations (\$0.08 cents per bill)
- Standardize the inserts to 2-panels (two grams per insert). This leverages all the seven hoppers and falls within the total capacity of 28 grams. If customer requires three or four panels, apply postage incremental fee of \$0.0022 per gram over 1.88 million bills
- Set the pricing based on volume of inserts (# of customers). One hopper is dedicated to each insert regardless of volume - FSA(s), Region(s) or System-Wide
- Market is untested – set a price for inserts and adjust based on actual demand, if required
- There is uneven distribution of customers in the eight regions within EGD's footprint. Pricing by region or by FSA cannot be entertained – too many permutations
- EGD will allocate a dedicated resource for marketing/campaigning of the Bill Insert Program
- Provide two separate rates for High and Low demand months. Black-out months are Jan, Mar, Apr, Jul and Oct. High (demand) months are May, Jun, Aug and Sep. Low (demand) months are Feb, Nov and Dec
- Setup a web-enabled online booking system with no human intervention:
 - 3rd parties can login to book the available seven slots on a 'First-Come-First-Served' basis. This is open for booking on a particular day of the month at a fixed time (example: Ticketmaster).
 - This system will stay open for a fixed period of time for 3rd parties to book slots with an option to cancel with a deadline
 - EGD will review all bookings for content and provide a quote based on volume requested
 - Should any 3rd party choose to reject the quote, the system will be reopened with the newly available slots for booking at a fixed time on a later date
 - These bookings cannot be resold or transferable
- The list of 3rd parties who bought insert services for any given month will be audited by a third party at regular intervals (to ensure fairness and transparency)
- Symcor does not charge EGD any fee for including inserts as part of the bill. Should this arrangement change, this will impact the pricing model
- Currently up to three pages are used for bills – which can be accommodated in two sheets with an additional page available to accommodate a few more biller charges. It is assumed that no more than two sheets will be required for bills
- It is assumed if the weight is beyond the Canada Post threshold even for one FSA, the postal rate for all bills for that month will increase accordingly. Currently, EGD distributes mail to all FSAs/Regions evenly among each billing cycle

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**9.2.2 Pricing Model Option 1**

This pricing model option offers a rate per insert. This makes it more attractive for smaller billers and 3rd parties who require small volume of inserts. See table below for price sheet based on rate/insert.

# of Customers	Rates based on volume	
	High	Low
Up to 0.5M	\$0.095	\$0.075
0.5 - 1.0M	\$0.090	\$0.070
1.0 - 1.5M	\$0.085	\$0.065
1.5M - SW	\$0.080	\$0.060

9.2.3 Pricing Model Option 2

This option shows a flat price model for insert service in which case, the buyer will have to pay a flat fee based on the volume bucket. Flat price based on volume pricing is shown below:

# of Customers	Flat Price based on	
	High	Low
Up to 0.5M	\$47,500	\$37,500
0.5 - 1.0M	\$90,000	\$70,000
1.0 - 1.5M	\$127,500	\$97,500
1.5M - SW	\$150,450	\$112,837

9.2.4 Bill Insert Services Price Model Recommendation

TMG recommends Price Model 1. TMG recommends not to allocate postal charges from the base '30 gram mail' to Bill Insert services. Following are some reasons:

- Demand for insert services is unknown. Risk of allocating postage costs to a service that is not yet launched/proven
- Challenges around cost allocation only for selective months in a year

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10 Conclusion

This section provides a summary of TMG recommendations.

10.1 Billing Services

TMG gathered market indices for standalone bills but a direct correlation to shared bills could not be attained without some key assumptions. There are also some variations in scope of services and service levels between the market data (gathered by TMG) and EGD's Open Bill operations. It is recommended that EGD Open Bill pricing is based on its operational cost with a industry accepted margin. TMG's research shows that service providers add a margin of 50 – 75% on their operating costs to arrive at a market price.

Service Providers offer prices with 50% margin for accounts with over four million customers. Typically for accounts in the size of EGD, a 75% margin is applied to costs. TMG recommends EGD to offer a price with 75% mark-up of its operational costs. This price will still be perceived as a value proposition based on the following reasons:

- Setup of customers is easier and more accurate than outsourcing to a 3rd party. EGD already has a database of all customers within the franchise (except for Tenant 9 customers)
- The price offered by EGD is below the market price to provide such a service
- 99.5% of the revenue is recovered. Such a high recovery rate is not possible for most companies especially the small billers

Price model Option 1 is recommended with a small start-up fee and a monthly rate per bill as at Go-Live of nCIS. EGD should continue to deduct 0.5% of the revenue billed for bad debt. This amount will be adjusted periodically based on actual data on revenue recovery rate. TMG recommends EGD to standardize its requirements for Open Biller and the existing contract by having it reviewed/endorsed by key consultative members like HVAC.

10.2 Bill Insert Services

Given that the market for Bill Insert services is untested, TMG recommends EGD to set a price with an assumption that all costs can be recovered within a particular volume of sales and adjust it based on actual demand, if required. A volume based pricing is recommended with variable rates for 'High' and 'Low' demand months. It is recommended that EGD refrains from offering Insert Services during the black-out months (GRAM). The value proposition for such a service is as follows:

- Targeted customers for insert services
- Cheaper option compared to individual mailing to customers
- Ability to pick and chose FSAs and Regions

Price model Option 1 (price per insert based on volume) is recommended. This may take into effect as soon as the prices are approved. A web-enabled online booking system should be implemented by EGD which will be audited periodically for fairness. No lottery, quota or blocking/booking should be entertained.

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11 Appendices

11.1 Appendix A - Billing Service Process Maps and Activity Tables



Appendix A - Billing
Service Process Maps

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11.2 Appendix B – Bill Insert Process Maps and Activity Tables



Appendix B - Bill
Insert Service Proces

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11.3 Appendix C – Open Bill Service Life-Cycles



Appendix C1 - Billing
Services Life Cycle.pptx



Appendix C2 - Bill
Insert Services Life C

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11.4 Appendix D – ABSU Customer Care Service Agreement (Schedule 3.1)



Appendix D - ABSU
CCSA Schedule 3.1.d

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11.5 Appendix E – ABSU Statement of Work Activity Matrix



Appendix E -
Statement of Work A

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11.6 Appendix F – EGD IR Settlement Template



Appendix F - EGD IR
Settlement Template.

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11.7 Appendix G – CIS Implementation Cost Analysis Results



Appendix G - CIS
Implementation Cost



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- **TMG's Response to Consultative Feedback on the Billing and Bill Insert Services Costing and Pricing Model Study Final Report**

Date: January 19, 2009

Version: Final



Open Bill Project

TMG's Response to Consultative Feedback - Billing and Bill Insert Services
Costing and Pricing Model Study



Purpose

The purpose of this document is to provide TMG's response to the questions and comments from the members of the Consultative on the draft of TMG's Open Bill final report.

While TMG understands the Consultative members' concerns, we feel that our recommendation as stated in our final report remains the same. We have also added some response to the Consultative comments which we hope will provide some clarification to these questions.

Introduction

EGD is in the process of developing a pricing model for Billing and Bill Insert services to its open bill clients and interveners. The Consultative has engaged TMG in assisting EGD to develop a pricing model. The project commenced on July 15, 2008 and was concluded on December 19, 2008. During this period, TMG conducted three checkpoint meetings to facilitate discussion around scope and costing/pricing methodology, provide update and solicit feedback from the Consultative members. The price model for the Billing and Bill Insert services was presented at the third and final checkpoint meeting which was held on December 1, 2008. TMG completed all the activities associated in developing the deliverables as per the agreed approach of the Open Bill project. Furthermore, we also conducted additional analysis as per request from the members of the Consultative.

A draft report was prepared by TMG and distributed to the Consultative for final review on December 12, 2008. We received feedback from some of the Consultative members by the January 7, 2009 submission deadline. TMG is providing responses to their questions and comments in this document.

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TMG's Response to Consultative Feedback - Billing and Bill Insert Services Costing and Pricing Model Study



Stakeholder Comments

No	Who	TMG Report Section	Comment	TMG Response
1	Direct Energy	6.1.2.1 - Customer Care Costs	TMG has incorrectly concluded that the fixed costs associated with the management of biller relationships should be spread over the entire number of bills produced on a monthly basis. These costs should be attributed to either; a) Enbridge, as a cost of doing business, or b) to each individual client	TMG proposes a pricing model that will ensure recovery of all costs incurred by EGD in providing Billing and Bill Insert services. Based on our research of how a third party service provider allocates costs to customers, we feel that it is reasonable to allocate fixed costs spread over the entire number of bills. TMG considered the option of allocating fixed costs to each individual open biller. The price model appeared to be highly cost prohibitive for small billers and will provide an unfair advantage to large volume billers. This will negate the very objective of the open bill program, that being fair and transparent.
2	Direct Energy Lennox	6.1.2.5 - Postage	Postage should not be included in OBA costs. It is not reasonable to attribute postage costs to billing services that do not relate to increased postage.	Based on TMG's market research, it is normal business practice to evenly distribute the cost associated with billing and recovery of revenue. In essence, if x% of the revenue in a bill is recovered on behalf of another party, this party will pay x% of the costs associated in billing and recovering of that revenue. TMG feels that allocating 9% of the postage for OBA revenue is an acceptable cost allocation methodology.
3	Direct Energy	6.1.2.7 - Contingency	The inclusion of an ongoing 10% contingency in costs is unnecessary and should not be included as all OBA processes will be established prior to nCIS implementation.	As mentioned earlier, the objective of the pricing model is to ensure that all of EGD's operating costs are recovered. Direct Energy (DE) is fully aware that not all these processes are finalized. At this time EGD is working with DE and other billers to define these processes.

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TMG's Response to Consultative Feedback - Billing and Bill Insert Services Costing and Pricing Model Study



No	Who	TMG Report Section	Comment	TMG Response
4	Direct Energy	6.1.2.7 - ABSU Costs	a) TMG did not include their analysis on ABSU costs in Checkpoint #3 in their final report b) ABSU fees of \$0.73 for standalone bill services can not be found in the CCSA c) ABSU OBA fees as per CCSA should be a pass through cost and not have a margin applied to them by EGD in their OBA pricing	The due date for the cost proposal submission is Feb 13, 2009 and the Go-Live date for the project is sometime in the second quarter of 2009. To ensure a constant price is offered for the term of the open bill project, TMG did not have an option but to include a 10% contingency on the cost of the open bill processes. As discussed in one of the checkpoint meetings, one option is to reevaluate the costs after EGD stabilizes its operations post Go-Live. Should OEB or the Consultative entertain a study to reevaluate OBA costs post Go-Live, TMG can not assure that the price can be lower than what is currently proposed. This is due to the possibility that EGD may discover additional processes and new costs associated to OBA, which may drive the price higher. a) ABSU cost analysis was never part of TMG's mandate in setting a pricing model for EGD's Open Bill services. This was discussed in Checkpoint #3, based on a request from DE. However, it was clearly identified that EGD does not have any intentions to reevaluate its position or the terms of CCSA contract which is already being reviewed and approved by the OEB. b) The ABSU fee of \$0.73 for standalone bill services is not in the current CCSA agreement. The fee was changed to \$0.73 in Fall 2008 and the CCSA is yet to be amended to reflect this change at the time of report distribution. c) It is normal business practice to include a margin on subcontracted elements of an agreement purely as a value

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No	Who	TMG Report Section	Comment	TMG Response
5	Direct Energy	8 - Market Data Analysis	a) The Consultative participants have not been given the opportunity to examine the sources used by TMG b) Providing EGD's Open Bill operational details as requirements to a vendor and requesting for a market price/quote is beyond the scope of this project.	added cost. In this case EGD is charging a margin for developing, managing, maintaining and executing the CCSA contract to provide Open Bill services. a) As mentioned in Checkpoint meetings, TMG has signed non-disclosure agreements with vendors from whom we gathered market data on billing services. Hence, TMG is not in the position to reveal its source or entertain Consultative participants to further examine the sources. b) Getting a more detailed market price/quote from the vendor would involve the commencement of a "Request for Information" (RFI) or even a "Request for Proposal" (RFP) process. This would involve a formal engagement with the service providers and extensive effort from EGD staff to gather the necessary requirements. This was not the agreed scope and further more, if entertained, would consume significant amount of effort from both EGD and TMG and will not be delivered within the agreed timeline of the study.
6	Direct Energy Lennox HVAC	9 - Open Bill Service Pricing Models	TMG has not provided any source data for the industry standard margins	As mentioned in our earlier section, TMG cannot reveal its sources based on NDA's. Level of service directly impacts operating costs of the service provider but not the margin. Based on TMG's research, if a client chooses to request additional services, the service provider will incur additional costs accordingly. But the percentage margin of the costs incurred will remain the same. For example, if a service provider entertains two clients with two different service levels, the costs associated in providing the service

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TMG's Response to Consultative Feedback - Billing and Bill Insert Services Costing and Pricing Model Study



No	Who	TMG Report Section	Comment	TMG Response
7	Direct Energy	9 - Open Bill Service Pricing Models	a) Energy related service margins are much thinner b) Volume discounts for larger clients have not been recognized c) No reduced cost/pricing for OBA participants where electronic bills are produced d) No reductions in per bill pricing with increased bill participants and volumes	for each of the client will be different but the margin applied on top of these costs will be the same. TMG will entertain examination of any such evidence DE can present which will support their observation that a 50%-75% margin on OBA services is unacceptable. a) Third party billing service providers do not differentiate energy related bills to other industries. TMG's mandate is to conduct market research to arrive at a pricing model. Based on our findings, we are confident to state that our proposed margins are acceptable and conform to industry norms. b) As discussed in the Checkpoint meetings, applying volume discounts will negate the objective of the Open Bill service (which is to provide a service that is fair and transparent). c) Electronic bills are not part of the scope study. EGD reserves the right whether or not to provide this service. To ensure a constant price for the duration of the contract it is assumed that electronic bills will not be provided as an option. d) As discussed in the checkpoint meetings, TMG recommends that EGD revise its pricing model based on attrition or addition of billers and number of bills. It is EGD's discretion whether to run the risk of providing a constant price through the duration of the contract or to periodically adjust the price based on

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TMG's Response to Consultative Feedback - Billing and Bill Insert Services Costing and Pricing Model Study



No	Who	TMG Report Section	Comment	TMG Response
8	Direct Energy	10 - Conclusions	The process by which EGD bills for OBA bills is very similar to that of a credit card company. Credit card companies charge between 1.8% and 2.8% with 100% revenue being returned to the biller	increased/decreased number of bills/billers. TMG does not agree that OBA services provided by EGD is comparable or similar to the service provided by a credit card company. Should a similar service that of EGD is available in the market that charges a margin of 1.8%-2.8% of the revenue billed, the Open Billers should take advantage of such a value proposition.
9	HVAC Lennox	Startup Fees	The basis for the proposed amount of \$2000 or the 50% of actual incurred cost	The concept of introducing a nominal start up fee is to partially recover the costs associated in pursuing new billers and setting them up in the system. While some of the effort associated with sign-up is incurred within Customer Care, other departments like Finance, Legal and Marketing Communication expend certain levels of effort in signing up a new biller. This was estimated and presented to the Consultative as part of the costing model. Also, this nominal fee is introduced to discourage the tire-kickers from approaching EGD regarding the Open Bill service.

Enbridge Gas Distribution's Third Party Billing & Collection Service



Utility Billing Adds Convenience for Our Customers



- **Added convenience and affordability for customers to purchase natural gas appliance products**
- **Retain and increase natural gas market share across all end uses**
- **Overcome market barriers and position natural gas as the primary fuel of choice**
 - Rising energy prices
 - Often higher first cost for natural gas products
 - Fragmented market place for many products
- **Promotes energy conservation**



Third Party Billing & Collection Service - Overview



- EGD offers a standard third party service to bill & collect Bill Ready & Recurring charges
- Scope of service
 - Bill processing/verification/printing/mailing
 - Basic billing call centre support
 - Product-specific calls transferred to the Biller
 - Cash management & remittance
 - Remittance of the monthly charge back to the Biller 21 days after the billing date
 - Not a financing service!
 - Receivables guarantee
 - The Biller assigns the current monthly receivable to EGD, and EGD guarantees 99.5% of the monthly charge
 - 0.5% “retained amount” to cover the bad debt cost of the Biller receivables (customer non-payment)

Eligibility



- **Open to all Billers in EGD's franchise area**
 - Meet financial assurances & insurance criteria
 - Natural gas and related energy/energy efficiency products & services are eligible
- **Eligible customers are within EGD's franchise area who have an active account**
 - Customer credit check required
 - Customers who have a "red-locked" account for non-payment are not eligible
 - Non-gas customers within the franchise area can be billed via a "non-gas bill"

Pricing & Timing



- Service has been launched with the re-designed utility bill
 - All Biller charges (non-commodity) will appear on separate page
 - Improved customer clarity on which Billers are on the bill
 - Communications were sent to customers in conjunction with the implementation of the re-designed bill
- A system freeze is in place while Enbridge implements a new Customer Information System (CIS) thus no new billers can be added until after the new CIS system has been stabilized (target July 2009)
- Price 82.9¢ /bill/month for a bill that includes “distribution charges” and \$1.389/bill/month for a bill that does not include “distribution charges”
 - Prices are for recurring monthly charges
 - Prices in effect until December 2008

Your Enbridge Bill

Invoice Date October 10, 2007
Account Number
Service #:

Summary of all Charges (taxes included)	
Your last month's bill	130.64
Balance forward & past due - if paid, Thank You	130.64
BBP instalment billed this month	* 76.00
Rate adjustment	* 4.29
New Third Party Services Charges	55.74
Late Payment Charge	1.38
Goods and Services Tax (GST)	8.16
Total Amount Due Now	285.21

* Items subject to GST
*** A REMINDER ***
At the time this bill was printed, full payment of your previous bill had still not been received.
If you have made a recent payment, please accept our thanks.

Terms & Conditions

Enbridge Gas Distribution charges are regulated by the Ontario Energy Board. Gas Charges are based on either actual meter readings or estimates.

For additional information, Please visit: www.enbridge.com/gas

GST Registration: 105005140



PO Box 590
Scarborough, ON M1K 5K3



Budget Billing Plan (BBP) Information	
Gas Charges this billing	43.95
Gas Charges billed to date	68.27
BBP instalments billed to date	152.00
BBP Balance (After Bill has been paid)	88.73 CR

Late Payment Charge

A late payment charge will be added to your bill if payment is not received by the late payment effective date below. This charge is equal to 1.5% of your unpaid Enbridge Gas Distribution charges and 1.5% of your stipulated Direct Energy Essential Home Services rental water heater charges.

E. & O. E. 10/08/07/07

Service:

ACCOUNT #	AMOUNT DUE NOW	LATE PAYMENT EFFECTIVE DATE	AMOUNT PAID
	285.21	28 OCT 07	

How to pay your Enbridge bill:

- Direct withdrawal from your chequing account
 - Mail
 - PC or online banking
 - Most chartered banks
- Please return this stub with your payment.



The 1st page of the
Enbridge bill
Contains summary
information

The 2nd page of the
Enbridge bill
Contains Gas
Charges



Charges For Gas

Invoice Date
Account Number
October 10, 2007
Service NE

Details about your new gas charges	
Customer Charge	11.88
Delivery Charge	11.31
Gas Supply Charge	20.46
Total New Gas Charges	43.65

* Items subject to GST

***** IMPORTANT NOTICE: GAS RATES HAVE CHANGED *****

Please see the enclosed notice for further details.

As of Jul 1st 2007 your gas supply rate is:

Gas cost adjustment (Jul 1-Dec 31 2007):

Total effective gas supply rate:

28.00786/M3
-3.0868/M3
28.0116/M3

* Items subject to GST

***** IMPORTANT NOTICE: GAS RATES HAVE CHANGED *****

Please see the enclosed notice for further details.

As of Jul-1997 your own supply ratio is:

Our cost adjustment (Jul 1-Dec 31 2007):

Total effective gas supply ratio

Enbridge Gas Distribution

Emergency, such as the smell of gas
Biting or mowing
Infections or other work

Customer Charge

This is a fixed amount that is charged monthly per meter to help recover a portion of the many fixed costs that Enbridge incurs to keep our system ready for customer use at all times (e.g. pipeline maintenance, meter reading, and emergency services).

Meter Reading Information

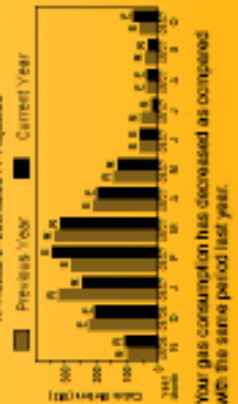
Rate	1	
Current estimated meter reading	05 Oct 07	32749
Less Previous meter reading	05 Sep 07	32671
Billable Period Days	30	

Get listed this period (m2)

CU PART 14 55000 07/01/2014

Comparing Your Gas Consumption

Gas Used Estimated Actual



Your gas consumption has decreased as compared
with the same period last year.

And we're not alone

Payments

If you pay at the bank or by mail, to avoid the late payment charge, allow 7 days for your payment to reach our office.

Payments may be mailed to:
PO Box 644
Southport, ON M1K 5H1

Please make cheque payable to: Enbridge

All payments made to Linbridge are accepted under the express condition that the Company may demand payment of amount deficient in respect of any condition attached to the payment to the customer.

Referee's Name:

Charges from Other Companies

Invoice Date October 10, 2007
Account Number
Serial #:

Third Party Logo		Detailed Charges	
Rental Water Heater	*	10.78	
Rental Furnace	*	44.96	
Total Charges			55.74
* Items added to GST		GST Registration: 85600005	

Third Party Service Provider	
Billing	1111-1111-1111 CR 1000-1000-1000
Service	1000-1000-1000 CH 1000-1000-1000

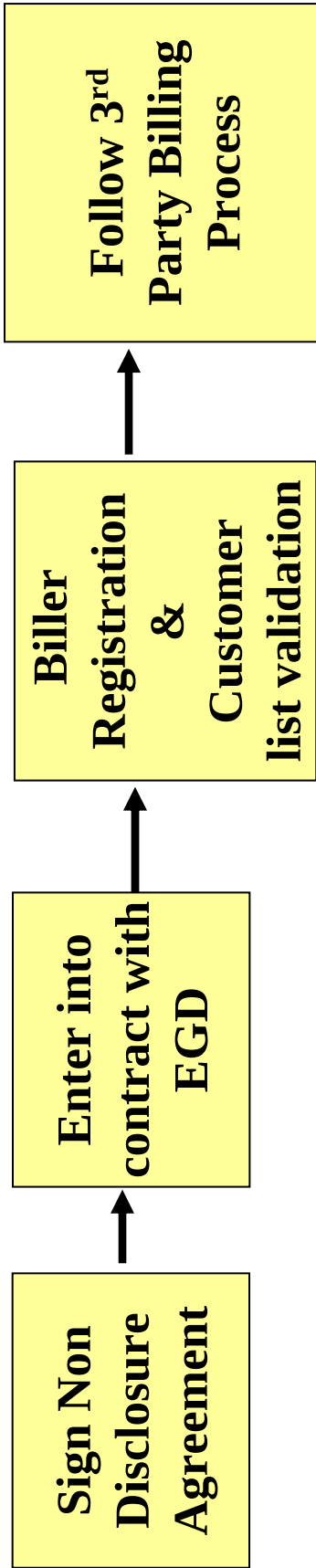
10/10/2007

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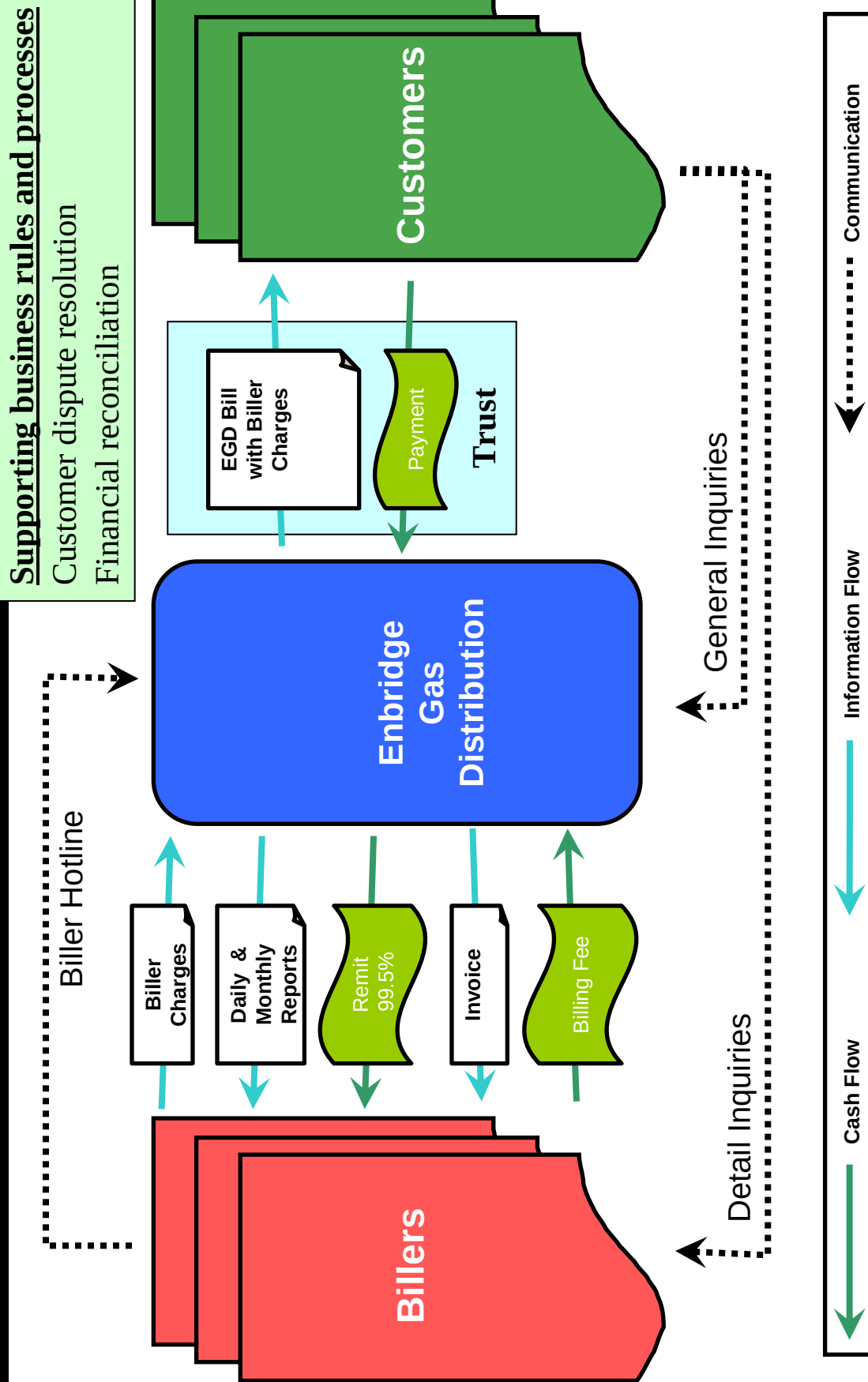


The 3rd page of the
Enbridge bill
Contains Charges
For other billers

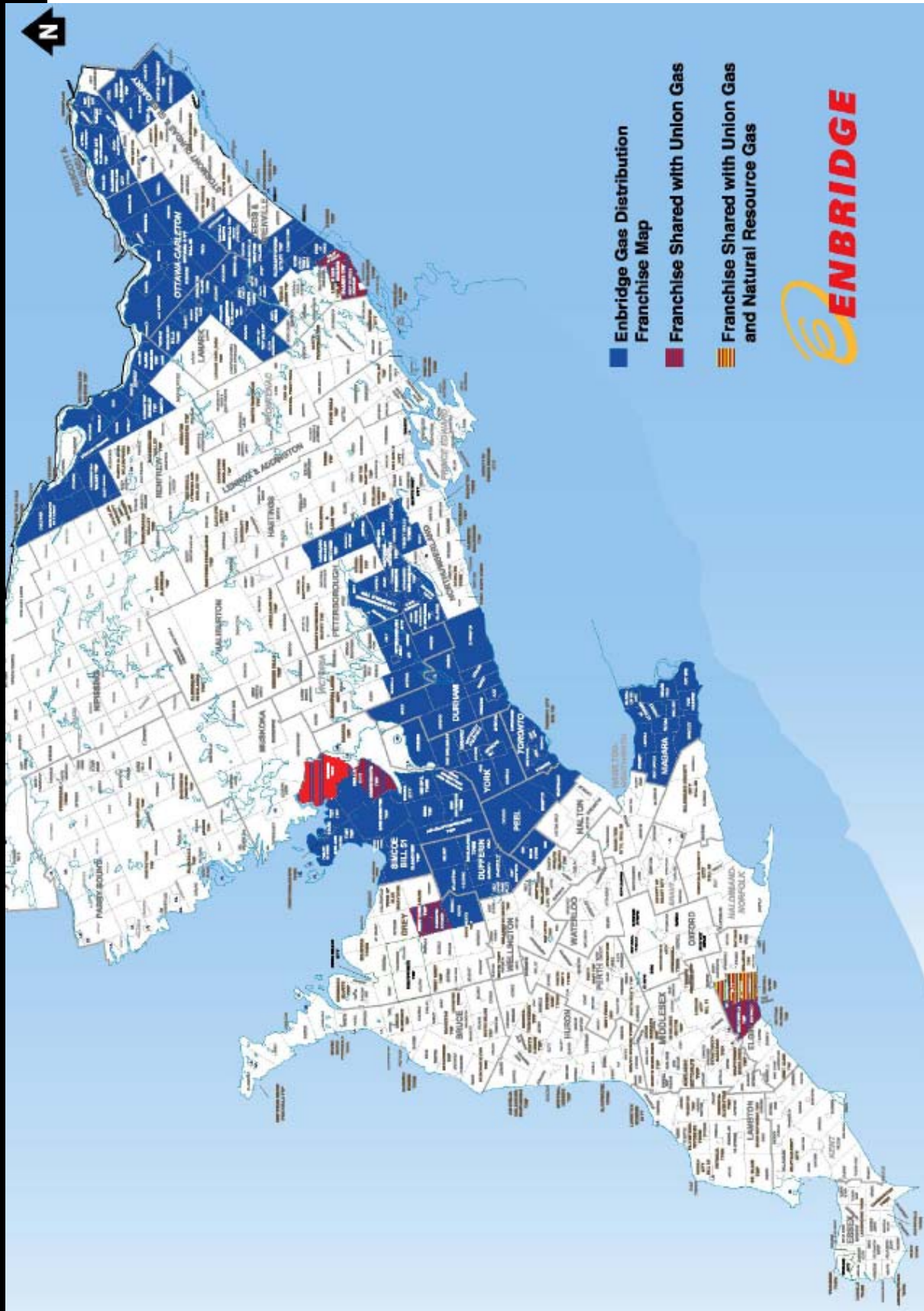
The Enrollment process



Third Party Billing & Collection Service - Overview



EGD's Franchise Area





Open Bill Project

- **Billing and Bill Insert Services Costing and Pricing Model Study**

Date Distributed: January 19, 2009

Version: Final



Open Bill Project

- Billing and Bill Insert Services Costing and Pricing Model Study



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1 Purpose

The purpose of this document is to outline in detail the background, objectives, approach and finally the various decisions taken to perform a costing and pricing analysis for the Billing and Bill Insert services provided by Enbridge Gas Distribution (EGD). This will serve participants of the consultative as a reference document and provide an overview of any pertinent member who was not part of the project.

This will also be TMG's final report/deliverable of the project and will be submitted to the Ontario Energy Board (OEB).

Open Bill Project

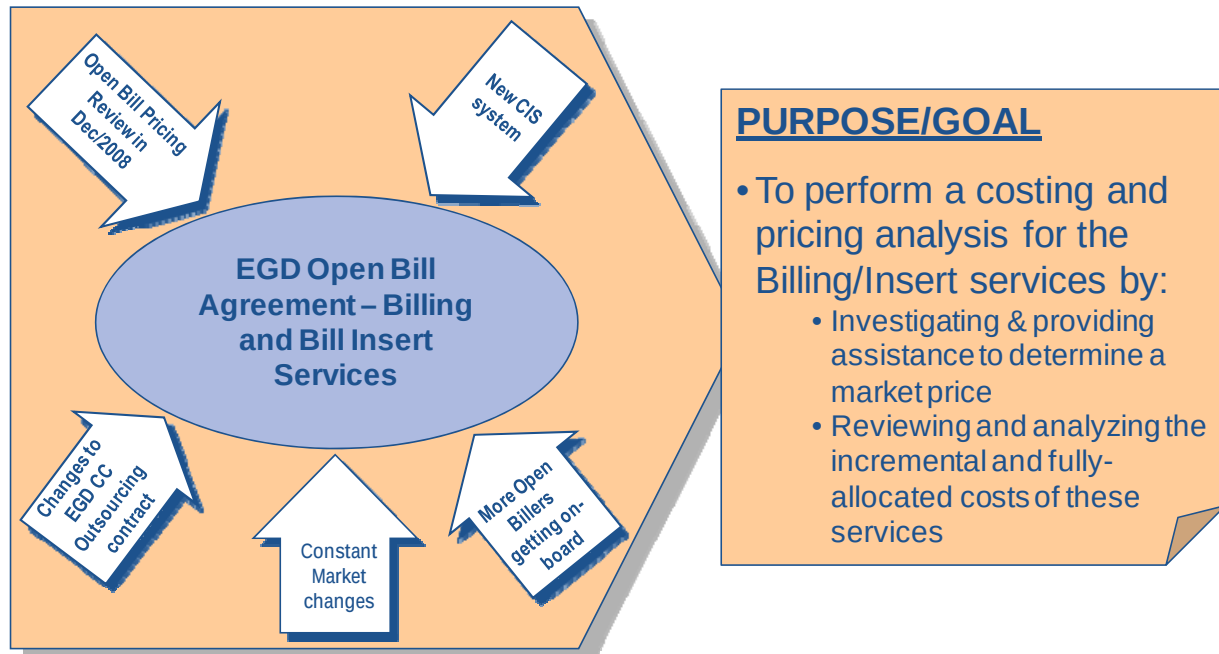
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2 Introduction

EGD is currently in the process of developing a pricing model for the Open Bill service which will be reviewed for approval by the OEB in early 2009. In June 2008, the Consultative engaged TMG Consulting to undertake a project to develop a cost and pricing model for EGD's Billing and Bill Insert services.

The intent of this study is to evaluate work effort/costs associated with providing these services using the new Customer Information System (the "nCIS") that is being implemented at EGD. Another objective of this study is to research prices for such a service provided by 3rd parties currently in the market.



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3 Open Bill Services Overview

This section provides an overview of EGD's existing Billing & Bill Insert services.

3.1 Billing Services

EGD started to offer the Billing service to all potential open billers as of April 2008. This is a fee based service to bill and collect charges on behalf of all open billers. This service is targeted at providers of energy related services. The scope of service includes; i) bill administration (processing, verification, printing and mailing), ii) call center support, iii) cash management and remittance, and iv) biller receivable guarantee. EGD guarantees 99.5% of the total biller receivable charge and retains 0.5% to cover any of the bad debt cost of the biller receivables.

The service is open to all billers that are within EGD's franchise area and who satisfy EGD's financial assurances and insurance criteria. The biller is required to perform a credit check of their customers to determine if they can be billed using this service. For example, customers who have a "red-locked" account for non-payment are not eligible for the service. This will ensure that the bad debt costs remain manageable for EGD.

The current price of the service is \$0.829 per shared bill and \$1.389 per standalone bill and will remain fixed until at least December 31, 2008. All open billers using the service pay the same price per bill for a standard set of services and EGD does not offer volume discounts. The price was based on a model created by EGD which was previously approved by OEB. This model is known as Exhibit JT.5 and the details of the model are included in the OEB submission EB-2006-0034 (Exhibit JT.5 updated) filed on February 8, 2007. New prices for the service will be proposed by EGD as part of their comprehensive solution to the OEB and is expected to take into effect as of the nCIS Go-Live date upon OEB approval.

The EGD customer care service operations are outsourced to Accenture Business Services for Utilities ("ABSU") and the agreement to perform these services came into effect April 1, 2007. The agreement is for a five year period with an option to extend the service for another two years. ABSU bills for the following services; i) Billing, Billing and General Inquiries and Billing Administration Fees, ii) Emergency and Service Call Handling Fees, and iii) Collection Fees. Only the service fees for Billing, Billing and General Inquiries and Billing Administration are applicable to Billing services.

There are currently seventeen billers active in the Billing service as of December 2008. This equates to an increase in new biller participants of 350% since April 2008. The total billed receivables for the period from April 2008 to December 2008 is expected to be approximately \$317M which equates to an average monthly billed receivable amount of approximately \$35M. The total service revenues for the same period and monthly are expected to be approximately \$10.7M and \$1.2M, respectively (nine months in 2008).

3.2 Bill Insert Services

EGD has been providing a 3rd party insert service since August 2006. The scope of service includes; i) pursuit and sign-up of 3rd parties and ii) insert administration (processing, verification, inserting and mailing).

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The Bill Insert service allows a 3rd party to include an insert for marketing purposes into an EGD bill. They have three options by which they can target an EGD customer; i) System Wide, ii) one or more Regions, and iii) one or more FSAs (i.e. Postal Code). Regional and FSA refers to Canada Post specific geographical area or general areas within the EGD franchise. The System Wide option will put an insert into every EGD customer bill. The Regional/FSA options will put an insert into every customer bill within the Regional/FSA chosen by the 3rd Party. There are currently eight regions and 299 FSA's within the EGD franchise and the total customers per region/FSA were not equally distributed across the eight regions.

The 3rd party inserts are restricted to seven months of the year and is not included in the month when EGD mails safety and rate notices.

The dimensions of a 3rd party insert are standardized however the number of panels can range anywhere from one to four panels. A maximum of seven four-panel inserts can be included in a bill.

The price of the service is \$0.05 per bill insert and will remain fixed until at least December 31, 2008. All 3rd parties using the service pay the same price and EGD does not offer any volume discounts. The price was based on a model created by EGD and is an intelligent estimate based on some market pricing info and operational overhead with a small margin. This model was submitted to the OEB for approval and the details of the model are included in the OEB submission EB-2006-0034 (Exhibit JT.5 updated) filed on February 8, 2007. New prices for the service will be proposed by EGD as part of their comprehensive solution to the OEB and is expected to take into effect as of the nCIS Go-Live date upon approval.

The Bill Insert service has been used a total of 18 months since August 2006 and the total revenue generated is approximately \$1.3M. The true market potential of this service is unknown.

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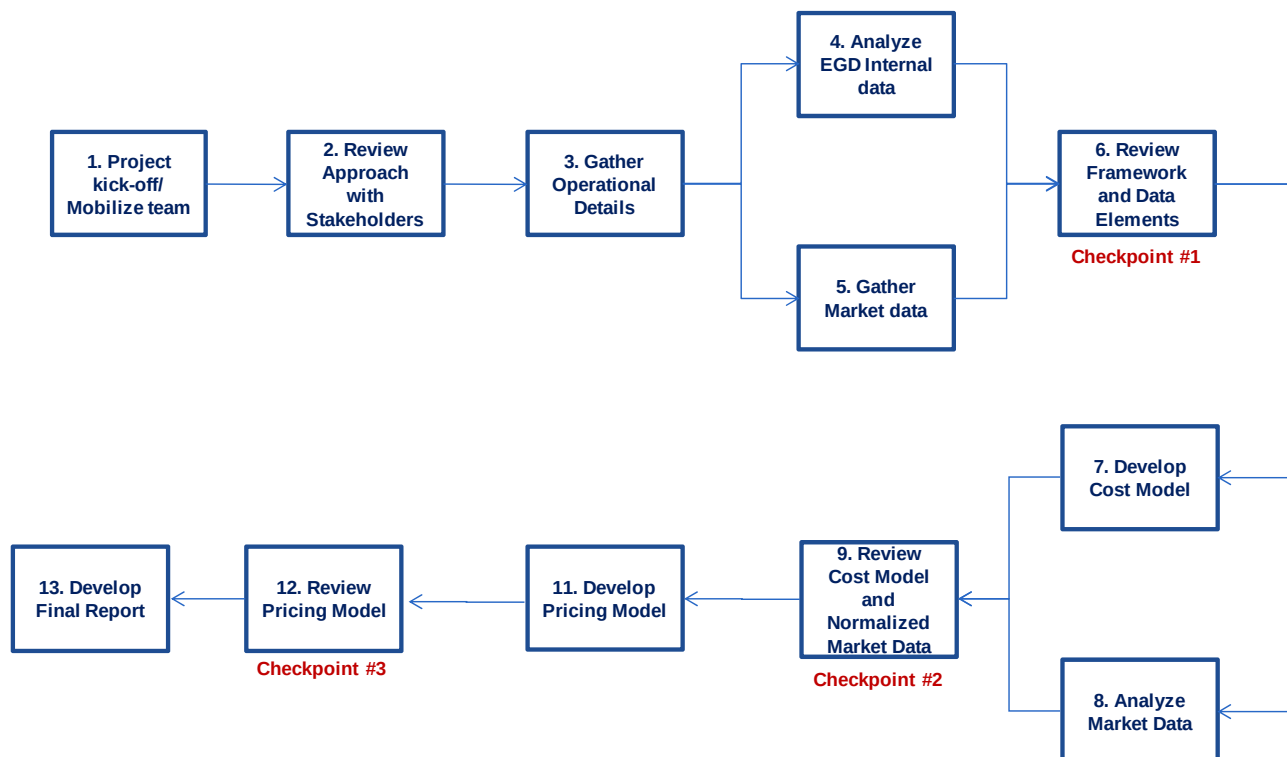
4 Project Approach

EGD is in the process of developing a pricing model for Billing and Bill Insert services to its open bill clients and interveners. The stakeholder committee has engaged TMG in assisting EGD to develop a pricing model. This section outlines the approach proposed by TMG and the work plan used to achieve the purpose/goal of this project. TMG worked closely with the key stakeholders by soliciting feedback throughout the duration of the project in order to meet this objective.

The stakeholders are comprised of members from EGD staff and the Consultative group. EGD was represented by the business sponsors for Billing and Bill Insert services which were Customer Care and Marketing Communications, respectively. The Consultative was represented by Direct Energy, Vulnerable Energy Consumers Coalition (VECC), Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI), Lennox Service Experts, LivClean Corp., MegaCity Heating and Air Conditioning Ltd., National Energy Corp., Newton Home Comfort Inc., ENER-Defense Inc. and Reliance Comfort Ltd.

4.1 Project Process Steps

The project was a six month engagement, from July 2008 to December 2008 which included the following major process steps:



Three checkpoint meetings were scheduled as part of the project plan. These meetings were conducted to provide project status updates to the stakeholders and used as a forum to discuss any project issues and receive directions for this project.

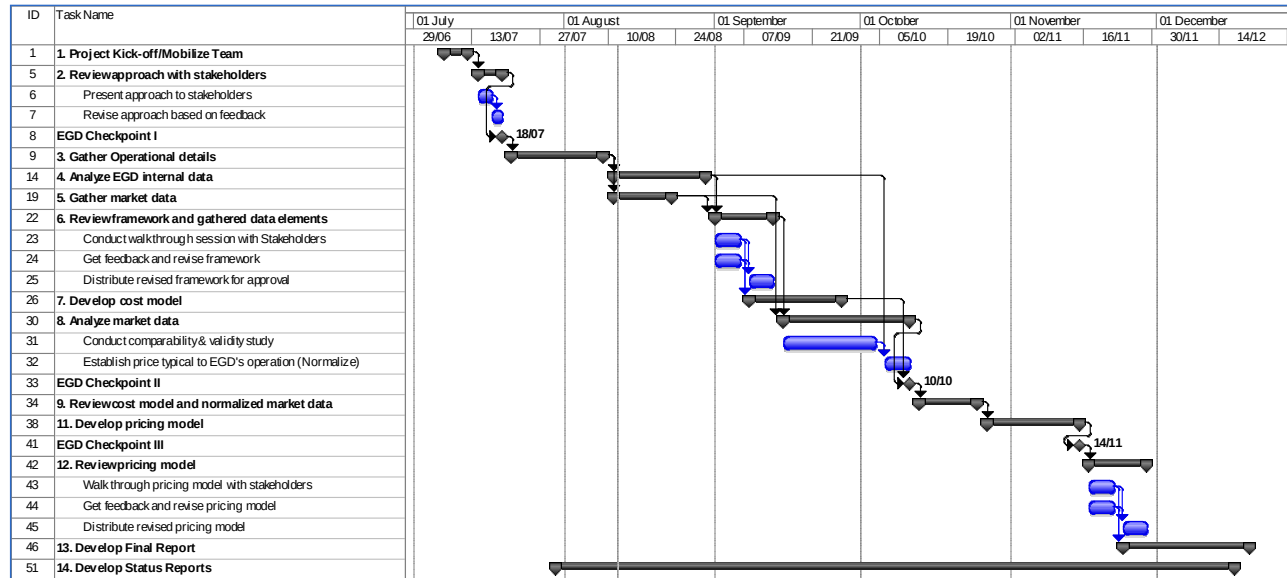
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4.2 Project Timeline

Following is TMG's project plan as approved by the consultative:



4.3 Consultative Checkpoints and Outcomes

The project commenced with a kick-off meeting with the stakeholders (EGD and the Consultative) on July 15, 2008. The purpose of the meeting was to present TMG's proposed project approach and to solicit feedback from the stakeholders before launching the project. TMG received some feedback on its approach/timeline and the project proceeded as scheduled.

The first consultative meeting (Checkpoint #1) was conducted on September 7, 2008. The purpose of the first meeting was to provide the Consultative with a walk-through of TMG's findings, to solicit their feedback and get consensus on the future direction of the project. The findings included a list of all operational activities (EGD, ABSU and 3rd party), CIS costs, operational areas subject to change and fixed/variable costs. Non-normalized market indices as gathered by TMG were also presented.

The second consultative meeting (Checkpoint #2) was held on October 27, 2008. The purpose of the second meeting was to present the Consultative with the cost model for the Billing and Bill Insert services along with normalized market data. These activities included determination of future processes, analysis/estimation of Open Bill cost data, development of Open Bill cost models and normalization of market data.

The third and final consultative meeting (Checkpoint #3) was held on December 1, 2008. The purpose of the third meeting was to present the Consultative with the price model for the Billing and Bill Insert services. In addition TMG also presented the fully allocated cost elements and a fully allocated cost model for informational purposes as requested by the Consultative.

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TMG met all the activities required for the three checkpoints as per the agreed approach of the Open Bill project. TMG was successful in providing a cost and price model as mandated and has delivered on all the project objectives.

4.4 Key Activities and Deliverables

The activities and agreed list of deliverables for this project are listed below. Project activities were conducted in parallel wherever possible to shorten the project timeline.

No.	Process Step	Activities	Deliverables	Due Date
1	Project Kick-off/Mobilize Team	Identify project sponsor, stakeholders & deploy team Confirm project objectives and scope Launch Project & validate preliminary workplan	Revised project plan	Jul/11/08
2	Review approach with stakeholders	Present approach to stakeholders Revise approach based on feedback		
3	Gather Operational details	Review existing open bill documentation Review current cost model Understand current open bill processes Identify rules stipulated by the settlement agreement		
4	Analyze EGD internal data	List all operational costs (EGD, ABSU, 3rd party) List all new CIS system costs Conduct standalone model analysis Conduct shared model analysis		
5	Gather market data	Review existing market data Identify gaps and gather missing data		
6	Review framework and gathered data elements	Conduct walk through session with stakeholders Get feedback and revise framework Distribute revised framework for approval		
7	Develop cost model	Estimate setup costs Estimate standalone and shared costs Develop costing model for both scenarios	Shared, standalone & ex-franchise cost model	Oct/10/08
8	Analyze market data	Conduct comparability & validity study Establish price typical to EGD's operation	Market pricing model	Oct/10/08
9	Review cost model and normalized market data	Walk through populated cost model and market data Get feedback and revise model Distribute revised model and get approval		
11	Develop pricing model	Compare EGD internal cost model to market price Establish a price that is value-added to stakeholders	EGD pricing model	Nov/11/08
12	Review pricing model	Walk through pricing model with stakeholders Get feedback and revise pricing model Distribute revised pricing model		
13	Develop Final Report	Develop and review draft with EGD Distribute updated document to stakeholders for review Incorporate comments/changes into the document Finalize report for OEB submission	Final report	Dec/19/08

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5 Open Bill Service Analysis

In order to develop pricing models for the Open Bill services an analysis of each service from activities of support functions/groups to costs need to be conducted. The description of the cost items analyzed is discussed in this section.

5.1 Processes and Activities

Interviews with EGD staff/subject matter experts were conducted to perform a high level assessment of the Open Bill service which included a review of all existing process maps, activities and existing pricing model (JT5). The intent was to arrive at a clearly defined process map for the Open Bill service. After the high level assessment was completed, the information was reviewed by EGD for accuracy and completeness.

Refer to Appendices A and B for the process maps and activity tables.

5.2 Life-Cycle

The process maps and associated activities are based on the life-cycle of each Open Bill service. Life cycle covers all the activities associated with the contract life of an Open Biller/3rd party from pursuit/sign-up through services rendered to contract termination within each Open Bill service. The life cycle approach was used to ensure that all key processes are factored in the analysis and that the evaluation of all work activities is carried out in a standard and structured manner.

Refer to Appendix C for detailed information on life-cycles of Billing and Bill Insert Services.

5.3 Gap Analysis

The introduction of the nCIS and the respective changes to the ABSU customer care service agreement will change EGD's current operation and hence will impact the work effort and costs associated with Open Bill service. The impact to the Billing and Bill Insert activities was determined to be 16% and 0%, respectively – the rate of change is based on number of activities and not on work effort. The activities impacted in Billing services are mostly related to non-core customer service activities handled by ABSU. Many of these activities will be internally managed by EGD in the future. The Bill Insert activities are not impacted because none of the activities are directly related to nCIS or ABSU. It is important to note that as the Open Bill service matures, certain activities may be modified or removed and there is also the possibility of new activities being added. Refer to the table below for a list of the cycles impacted due to nCIS.

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**Billing Services**

Cycle Phase	Total Activities	Open Biller Activities	Non-Biller Activities	nCIS Impact to Activities	% Impact to Non-Biller Activities
Bill Pursuit	28	7	21	0	0%
Biller Setup	18	4	14	4	4%
Operatons	17	2	15	5	5%
Biller Relationship Mgmt					
Biller Invoicing	16	2	14	2	2%
Biller Account Change	16	3	13	3	3%
Disputes	9	3	6	0	0%
Non-Disputes	10	3	7	0	0%
Contract Termination	11	2	9	2	2%
Total	125	26	99	16	16%

Billing Insert Services

Cycle Phase	Total Activities	3rd Party Activities	Non 3rd Party Activities	nCIS Impact to Activities	% Impact to Non 3rd Party Activities
Gather Prospect Info / Sign Contract	16	4	12	0	0%
Review / Approve Insert	5	1	4	0	0%
Stuff Insert and Mail	3	1	2	0	0%
Total	24	6	18	0	0%

5.4 Activity Cost

The gap analysis provided the necessary information to model the future activities for the Open Bill service. Interviews with EGD staff were conducted to determine what level resource will be responsible (i.e. Sr. Analyst, Manager, etc.) and the work effort (in hours) required to complete each activity within each Open Bill service.

Fully loaded hourly rate list that was provided by EGD (as at June 2008) was used to calculate the total cost per activity. The fully loaded cost includes administration, facilities, short term incentive pay and general overhead costs. Refer to table below for a list of the EGD fully loaded hourly rates by position title.

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EGD Staff Position	Fully Loaded Hourly Rate (\$)
Senior Council	116.79
Senior Manager (Range 10)	108.50
Senior Manager (Range 9)	96.64
Middle Manager	89.83
Program Manager/Supervisor	80.60
Senior Analyst	75.48
Analyst	70.05
Junior Analyst	65.58

The activity cost is calculated as follows:

$$\text{Activity Cost} = \text{Total Hours to Complete Activity} \times \text{EGD Staff Hourly Rate}$$

5.5 Support Function/Groups

The support function/groups are operational components that are collectively required to provide the Open Bill service. An analysis of the Open Bill service support function/groups was conducted to gather the required information to facilitate in the creation of the cost models. The objective of the analysis was to ensure that an exhaustive list of support function/groups and costs are accounted for in the development of the future cost models.

The support function/groups can be categorized into three main areas - CIS, ABSU and EGD. The CIS component is the operation that supports the hosting of nCIS. The ABSU component is the operation that supports EGD's customer cares services. The EGD component is the operation that supports all other functions that includes such activities as biller and 3rd party relationship management, legal contract reviews, development and maintenance of applications, and biller invoicing.

There are a total of 14 support function/groups within Billing services that will be included in the future cost model. Not all of these are accounted for in the current cost model. There are a total of five support function/groups within Bill Insert services which will be included in the future cost model of which none are accounted for in the current cost model.

The future cost for each support function/group was also categorized as either incremental or fully allocated. The definitions for fully allocated and incremental costs are as follows:

Fully-Allocated Cost: Calculated by allocating a percentage of the work effort of a given group or operating cost of a system to a particular work activity. This is done by deploying some estimation techniques that will compare the work effort to the overall workload of a given group or functionality of a system. Costs are typically fully-loaded with overhead, salary, benefits, maintenance, administration etc., are factored in.

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Incremental Cost: The additional cost incurred to perform an activity that is incremental to an organization's current scope of activity.

Refer to table below for a list of all the identified support function/groups and their cost types:

Billing Service

No.	Support Function/Group	In Current Model	In Future Model	Proposed Model
CIS				
1	Hosting	No	Yes	Fully Allocated
2	Maintenance	No	Yes	Fully Allocated
3	Application Support Services	No	Yes	Fully Allocated
ABSU				
4	Account Mangement	Yes	Yes	Incremental
5	Billing	Yes	Yes	Incremental
6	Payment Processing	Yes	Yes	Incremental
7	Collections	Yes	Yes	Incremental
8	Call Center Operations	Yes	Yes	Incremental
EGD				
9	Biller Relations	Yes	Yes	Fully Allocated
10	ABSU Contract Management	Yes	Yes	Fully Allocated
11	Biller Charge File Management	No	Yes	Incremental
12	Legal	No	Yes	Incremental
13	Finance	No	Yes	Incremental
14	Corporate Communications	No	Yes	Incremental

Bill Insert Service

No.	Support Function/Group	In Current Model	In Future Model	Proposed Model
EGD				
1	Marketing Communciations	No	Yes	Incremental
2	Business Development Research	No	Yes	Incremental
3	Legal	No	Yes	Incremental
4	Corporate Communications	No	Yes	Incremental
Canada Post				
5	Postal Rate	No	Yes	Incremental

5.6 ABSU Customer Care Service Fee

ABSU charges two separate fees to handle customer care services for shared and standalone bills based on a per transaction basis. These fees apply only to Billing services. There are no ABSU or 3rd party service provider fees for the Bill Insert service. A shared bill is one in which EGD includes additional charges on behalf of the open biller in the bill to its customers. These are essentially gas customers within EGD's footprint. A standalone bill (also known as Tenant 9) is

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one where a separate bill is sent to customer of an open biller. No EGD charges are included in stand-alone bills (non-EGD customers only).

The current ABSU customer care service agreement (CCSA Schedule 3.1) was reviewed to determine the fee structure for shared and standalone bills. ABSU charges an open bill fee for rendering billing, billing and general inquiries, and billing administration services. See table below for ABSU open bill fees as per the Customer Care Service Agreement (CCSA) contract schedule. Refer to Appendix D for more details on the customer care service agreement. Note that ABSU's fees for stand-alone bills need to be amended in the CCSA.

Monthly ABSU Customer Care Service Fees (\$/Customer)

Customer	Year 1 Apr/'07 - Mar/'08	Year 2 Apr/'08 - Mar/'09	Year 3 Apr/'09 - Mar/'10	Year 4 Apr/'10 - Mar/'11	Year 5 Apr/'11 - Mar/'12
Shared	\$ 0.42	\$ 0.43	\$ 0.45	\$ 0.46	\$ 0.48
Standalone	\$ 0.42	\$ 0.73	\$ 0.75	\$ 0.76	\$ 0.78

5.7 Customer Base Data

Historical (Jan/'08 – Sep/'08) and forecasted (Oct/'08 – Dec/'08) customer base for shared and standalone customers were collected from EGD data sources. The average of this data was used to create a common divisor to calculate costs on a “per bill” basis within the cost models. The data was also used to review the expected short-term growth trend of the customer base. The growth is currently low but this is mainly because the program is restricted to adding more billers to the program prior to the nCIS Go-Live date (code freeze). The customer base is expected to grow after the Go-Live date. The customer base totals are presented below:

Customer Base for Year 2008

Month	Shared	Standalone	Total
January	1,327,716	53,167	1,380,883
February	1,326,872	53,130	1,380,002
March	1,326,141	52,533	1,378,675
April	1,336,534	51,351	1,387,885
May	1,345,314	51,677	1,396,991
June	1,349,848	51,798	1,401,646
July	1,337,595	53,306	1,390,901
August	1,350,925	51,105	1,402,030
September	1,349,764	51,166	1,400,930
October	1,342,734	52,466	1,395,200
November	1,342,659	52,461	1,395,120
December	1,346,099	52,461	1,398,560

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**5.8 Bill Weights and Postage Rates**

A naked bill is comprised of an outer envelope, a return envelope and two bill sheets. The first sheet includes the summary of all bill charges and the details of the commodity/distribution charges. The second sheet includes all the details of non-commodity related charges such as water heater rental charges from open billers. There is option to include 3rd party bill inserts with the bills within the present threshold of 30 grams.

There is a maximum of four billers per bill sheet and EGD believes that it is unlikely that this threshold will be exceeded. Assuming each biller will include 6 lines of charges, only 4 bill pages are required at the maximum and this can be included within the current two bill sheets. The weights of each of these items are presented below:

Envelope Item	Weight (grams)
Return envelope	5
Outer envelope	5
Two bill sheets	12
Total	22

The total weight of a bill excluding inserts equates to 22 grams which is below Canada Post's first weight threshold of 30 grams. This leaves eight grams for inserts that can be used for EGD safety/rate notices and 3rd party inserts without incurring additional postage charges. Note that each panel of an insert weighs one gram – 2-panel insert will weigh two grams; 4-panel insert will weigh four grams. If the total bill weight falls within the second Canada Post threshold range, from 30 grams to 50 grams, an additional \$0.08 per bill will be added to the postage charge. There is a third Canada Post threshold range from 50 grams to 100 grams. This charge will include the second threshold postage charge plus an additional \$0.0022 per bill for every gram over 50 grams. Canada Post randomly samples the bills on a daily basis for weight measurement purposes. Given that EGD evenly distributes bills in all 21 cycles for any given FSA, the result of the sampled bill weight will determine the applicable postage rate for all bills for that month (even if weight for one FSA is increased beyond the current threshold by an additional insert). Also, if more than two bill sheets are required then there will be no room for any inserts in the current 30 gram weight threshold without incurring additional postage charges.

5.9 Bill Insert Operation

The bill-print and bill insert processes are handled by Symcor as part of the outsourced customer care operation of EGD. The inserts are delivered to the Symcor processing facility by the 3rd parties which are then loaded into the available insert stations or hoppers. There are a total of 14 stations that EGD has access to however only seven stations can be used for inserts at any given time.

The 3rd party inserts are restricted to seven months of the year and can not be included during QRAM and safety months.

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A maximum of seven four-panel inserts can be included in a bill which equates to a maximum insert weight of 28 grams. Accounting for the other bill items (22 grams) the maximum bill weight for any given month will be 50 grams (22 grams + 28 grams). This will incur an additional \$0.08 postage charge per bill since the 50 grams falls with the second Canada Post weight threshold range.

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6 Open Bill Service Cost Models

It was agreed that only one cost model for each Open Bill service will be created and this model will constitute a mix of incremental and fully allocated cost items. It was mutually agreed by the stakeholders that not every fully allocated cost item will be included in the cost models. An analysis of incorporating all fully allocated cost items in the cost model was undertaken for informational purposes only at the request of the Consultative. See Section 7 for results of this analysis.

6.1 Billing Service Cost Model

This section discusses cost model of Billing Services only.

6.1.1 Model Period

The cost model is designed for a three year period and is aligned with the nCIS Go-Live date and the ABSU customer care license agreement. This equates to three annual periods in a range from April 2009 to March 2012. The annual periods are April 2009-March 2010 (Year 1), April 2010-March 2011 (Year 2) and April 2011-March 2012 (Year 3).

6.1.2 Cost Components

The cost model includes the following cost components:

- *Customer Care Costs:* These are the costs associated with the internal management of Billing services by EGD Customer Care which includes biller relationship, ABSU contract management etc.
- *CIS Functional IT Costs:* These costs are associated with the functional and technical management of the nCIS by EGD Customer Care and IT departments.
- *OBA Tool:* These costs are associated with the management and security of biller charge files to the EGD server by IT. This includes the development and maintenance of an application that enable the biller to easily transfer/receive files more effectively to and from the EGD server.
- *EGD Support Costs:* These costs are associated with the management of administrative services provided by other groups within EGD such as Legal, Finance and Corporate Communications.
- *Postage:* This is the cost associated with the mailing of shared and standalone bills.
- *Contingency:* All the new CIS processes have not been finalized therefore a contingency was added.
- *ABSU:* This cost is associated with the management of the customer care services by ABSU. It includes services for Account Management, Billing, Payment Processing and Collections Operations.

6.1.2.1 Customer Care Costs

TMG identified that there is fixed effort required to manage/provide biller relationship management regardless of the number of customer each biller may have. Based on work effort estimation, TMG calculated a total of six open billers can be managed with one full time equivalent (FTE). There are

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only two full time employees currently allocated to Customer Care to manage the Billing service. At the time the model was being created there was a total of 18 billers signed up to the Billing service however not all were active. They are expected to be active at the nCIS Go-Live date and Customer Care will require the addition of one full time employee to handle all 18 billers.

The cost for these support functions were calculated by applying a yearly fully loaded cost of three FTEs. The Customer Care cost for Year 1 of the program is approximately \$411K or approximately \$0.024 per shared bill. An annual CPA rate of 2% is added to arrive at costs for Year 2 & 3.

6.1.2.2 CIS Functional and CIS IT

The budgeted amount for the operation of the nCIS is approximately \$2M, to be split between the CIS Functional and CIS IT groups. This does not include any costs to support the Open Bill initiative. Interviews were conducted with the Functional and IT groups to determine their support costs for Open Bill. It was concluded that 20% of the budgeted amount would be a appropriate estimate of the support costs for the service. This amount would be in addition to the already allocated IR settlement amounts.

The CIS Functional and CIS IT cost for Year 1 of the program is approximately \$200K or approximately \$0.011 per shared bill for each group, respectively. An annual CPA rate of 2% is added to arrive at costs for Year 2 & 3.

6.1.2.3 OBA Tool

The cost to develop the OBA tool was approximately \$100K. The cost for Year 1 is approximately \$33K or approximately \$0.002 per shared bill.

6.1.2.4 EGD Support Costs

The cost for these support functions were calculated by applying an hourly rate to the time spent to complete each activity within the support function. The hourly rate was based on the EGD fully loaded hourly rates.

The cost for Year 1 is approximately \$261K or approximately \$0.015 per shared bill. An annual CPA rate of 2% is added to arrive at costs for Year 2 & 3.

6.1.2.5 Postage

This is the cost associated with mailing a shared bill. The postage cost is based on the total percentage of the Open Bill revenue amount as a percentage of total revenue billed. Considering the seasonality, an average was calculated and it equates to approximately 9%. An alternative solution is to use the percentage of the shared bill weight to the total weight of the bill however it was concluded that this was a less accurate cost estimation. Also, there are logistic issues with this solution such as the ability to monitor the amount of biller pages and their respective weight ratio per envelope with/without inserts which may vary month over month.

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A standalone bill will incorporate the full cost of postage. The cost for Year 1 is approximately \$787K or approximately \$0.046 per shared bill. Canada Post is in the process of increasing rates for Year 2 & 3.

6.1.2.6 Contingency

Given there is no historical operational data available for nCIS and only 90% of the processes are finalized at this point. To ensure a fixed price for the term of contract, a 10% contingency is added to certain elements of the operational cost.

The cost for Year 1 is approximately \$87K or approximately \$0.005 per shared bill.

6.1.2.7 ABSU

The ABSU Customer Care operational rates are set out as per CCSA Schedule 3.1. These rates will not be re-negotiated as they are already approved by OEB and incorporated into the IR settlement.

The cost for Year 1 is approximately \$7,524K or approximately \$0.448 per shared bill. Rates for Year 2 & 3 will change based on CCSA Schedule 3.1

6.1.3 Billing Service Cost

The total annual costs and cost per bill for a shared customer is presented below for Year 1 and all subsequent years.

Cost/bill - Shared

Cost Items	Apr/'09 - Mar/'10	Apr/'10 - Mar/'11	Apr/'11 - Mar/'12
Customer Care Costs	\$ 0.0245	\$ 0.0250	\$ 0.0255
CIS Functional	\$ 0.0119	\$ 0.0122	\$ 0.0124
CIS IT	\$ 0.0119	\$ 0.0122	\$ 0.0124
OBA Tool	\$ 0.0020	\$ 0.0020	\$ 0.0020
EGD Support costs	\$ 0.0156	\$ 0.0159	\$ 0.0162
Postage	\$ 0.0469	\$ 0.0488	\$ 0.0506
Contingency	\$ 0.0052	\$ 0.0053	\$ 0.0054
ABSU	\$ 0.4483	\$ 0.4642	\$ 0.4800
Incremental Cost per Bill	\$ 0.5663	\$ 0.5854	\$ 0.6045

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**Total Cost/Year - Shared**

Items	Apr/'09 - Mar/'10	Apr/10 - Mar/'11	Apr/'11 - Mar/'12
Customer Care Costs	\$ 411,028	\$ 419,249	\$ 427,634
CIS Functional	\$ 200,000	\$ 204,000	\$ 208,080
CIS IT	\$ 200,000	\$ 204,000	\$ 208,080
OBA Tool	\$ 33,333	\$ 33,333	\$ 33,333
EGD Support costs	\$ 261,287	\$ 266,513	\$ 271,843
Postage	\$ 787,445	\$ 818,325	\$ 849,206
Contingency	\$ 87,232	\$ 88,976	\$ 90,756
ABSU	\$ 7,524,253	\$ 7,789,979	\$ 8,055,706
Annual Incremental Cost	\$ 9,504,578	\$ 9,824,376	\$ 10,144,637

Standalone costs are calculated by adding the additional ABSU and postage charges to the administration cost to manage the Billing service. Administration cost is comprised of the following cost items; Customer Care Costs, CIS Functional, CIS IT, OBA Tool, EGD Support Costs and Contingency.

The standalone costs are presented below:

Cost/bill - Standalone

Cost Items	Apr/'09 - Mar/'10	Apr/10 - Mar/'11	Apr/'11 - Mar/'12
Shared Cost per Bill	\$ 0.0711	\$ 0.0725	\$ 0.0739
Postage	\$ 0.5100	\$ 0.5300	\$ 0.5500
ABSU	\$ 0.7483	\$ 0.7642	\$ 0.7800
Incremental Cost per Bill	\$ 1.3294	\$ 1.3666	\$ 1.4039

6.1.4 Cost Model Assumptions

The following are the assumptions used in the Billing service cost model:

- New OBA pricing will be effective as of April 2009 in tandem with the nCIS Go-Live date
- Costs associated with contract termination and off-set process will be charged separately based on each instance and are not included in the cost model
- Current cost model is valid until the ABSU customer care service agreement contract expires on March 31, 2012
- EGD Customer Care staffing to manage biller relations, pursuit and setup will amount to approximately one full time employee for every 6 billers. All activities are predominantly fixed costs and it does not matter how many customers that the new biller may have
- It is forecasted that the number of billers will be 18 with a total of 1,398,560 bills as of the nCIS Go-Live date. All cost model calculations are based on this number. Any increase/decrease in billers/bills past Go-Live will impact overall costing

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- CIS implementation costs and SAP licensing costs associated with OBA will not be included as part of the Billing Services cost model
- The cost model does not include the revenue billed for bad debt
- Given there is no historical operational data available with the new CIS and only 90% of the processes are finalized at this point, a 10% contingency is added to key EGD operational costs

6.2 Bill Insert Service Cost Model

This section discusses cost model of Bill Insert services only.

6.2.1 Model Period

The cost model is to be aligned with the nCIS Go-Live date effective April 2009 and will be valid until the ABSU customer care agreement expires in March 2012.

6.2.2 Cost Components

The cost model includes the following cost items:

- *EGD Support Costs:* These are the costs associated with the management of Bill Insert Services by EGD staff which includes Marketing Communications, Business Development Research and Legal
- *Postage:* This is the cost associated with the mailing of a bill with 3rd party inserts

6.2.2.1 EGD Support Costs

The cost for these support functions were calculated by applying an hourly rate to the time spent to complete each activity within the support function. The hourly rate was based on the EGD fully loaded hourly rates.

Support costs are not contingent on the number of panels an insert may have. The time spent to review, approve and sign contract for an insert is the same regardless of the number of panels used. Support costs are only impacted by the number of inserts that are included in a bill for any given month.

The total support costs based on total number of inserts is presented below:

EGD support costs based on number of inserts

No. Of Inserts	Marketing Comm.	Bus. Dev. Research	Legal	Total Monthly Cost
1	\$ 14,318	\$ 1,661	\$ 2,102	\$ 18,081
2	\$ 15,769	\$ 1,812	\$ 3,037	\$ 20,617
3	\$ 17,220	\$ 1,963	\$ 3,971	\$ 23,153
4	\$ 18,670	\$ 2,114	\$ 4,905	\$ 25,689
5	\$ 20,121	\$ 2,265	\$ 5,840	\$ 28,225
6	\$ 21,572	\$ 2,415	\$ 6,774	\$ 30,761
7	\$ 23,023	\$ 2,566	\$ 7,708	\$ 33,297

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6.2.2.2 Postage

As explained in Section 5.9, an additional \$0.08 cost per bill will be incurred for a bill that exceeds the 30 gram postal weight threshold. Based on a total EGD customer base of approximately 1,890K and the additional postage cost of \$0.08 per bill this equates to a total incurred cost of approximately \$151K per month.

The total postal costs based on the total number of inserts are presented below. These costs vary based on number of panels used in each insert.

Postage costs based on weight

1 Panel		2 Panel		3 Panel		4 Panel	
No. of Inserts	Postal Costs	No. of Inserts	Postal Costs	No. of Inserts	Postal Costs	No. of Inserts	Postal Costs
1	\$ -	1	\$ -	1	\$ -	1	\$ -
2	\$ -	2	\$ -	2	\$ -	2	\$ -
3	\$ -	3	\$ -	3	\$ 151,232	3	\$ 151,232
4	\$ -	4	\$ -	4	\$ 151,232	4	\$ 151,232
5	\$ -	5	\$ 151,232	5	\$ 151,232	5	\$ 151,232
6	\$ -	6	\$ 151,232	6	\$ 151,232	6	\$ 151,232
7	\$ -	7	\$ 151,232	7	\$ 151,232	7	\$ 151,232

6.2.3 Cost Model Assumptions

The following are the assumptions used in the Bill Insert service cost model:

- Inserts will be mailed seven times a year and will not be included when EGD safety and rate notices are mailed
- Symcor does not charge EGD any fee for including inserts as part of the bill
- Current cost model is valid until the ABSU customer care service agreement contract expires on March 31, 2012
- All calculations in the cost model are limited to a maximum of seven inserts per bill
- It is assumed if the weight is beyond the Canada Post threshold even for one FSA, the postal rate for all bills for that month will increase accordingly. Currently, EGD distributes mail to all FSAs/Regions evenly among each bill cycle
- Currently up to three pages are used for bills which can be accommodated in two sheets with an additional page available to accommodate a few more biller charges. It is assumed that no more than two sheets will be required for bills
- If more than two sheets are used, there will be no room for any inserts without increasing the postal rate

6.2.4 Issue of High Cost of Entry

One issue with the current billing services model is the high legal cost barrier to entry for the small billers. HRAI discussions with their members concluded that they were concerned about the high legal fees (approximately \$10K in some cases) to review the EGD legal contract prior to actually signing for the service. One option presented to the stakeholders was for EGD to standardize their

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legal contract and have a consortium, such as HRAI, agree to the terms on behalf of their members. Such a standardized contract will negate the need for small billers to engage their own lawyers to review the contract and hence will lower their upfront costs to sign up for EGD's Billing services.

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7 Fully Allocated Cost Model – Open Bill Services

A fully allocated cost model for Open Bill Services was created for informational purposes at the request of the Consultative. This involved reviewing additional cost items as per the IR settlement and analyzing EGD and Open Biller monthly billing revenues.

7.1 Cost Allocator for Open Bill

The Open Bill service is a revenue recovery service and one good method to allocate cost is by calculating the Open Biller revenue as a percentage of the overall revenue billed. This applied to revenue associated only with shared bills. The monthly commodity/distribution and Open Biller monthly revenue was gathered and analyzed in order to determine the allocator. The Open Biller revenue allocator is the interpolation of Open Bill revenue as a percentage of total revenue billed which equates to approximately 9%. The result of the revenue analysis is provided below:

Month	Total Revenue		Total Number of Bills			Number of OBA	OBA Split Revenue		Total Revenue Cndty + Distr + OBA (\$M)	OBA % of Total Revenue
	Cndty/Distr (\$M)	OBA (\$M)	EGD	Shared	Standalone		(\$M)			
Oct-07	146	35	1,845,491	1,329,420	52,466	1	105	34%	182	19%
Nov-07	327	35	1,850,820	1,325,795	52,461	1	235	15%	362	10%
Dec-07	571	34	1,856,139	1,328,830	53,151	1	410	8%	605	6%
Jan-08	609	36	1,861,647	1,326,540	53,117	1	437	8%	645	6%
Feb-08	633	34	1,865,399	1,325,810	52,520	1	454	8%	667	5%
Mar-08	615	34	1,868,631	1,336,200	51,338	1	441	8%	649	5%
Apr-08	388	35	1,871,156	1,344,843	51,659	4	279	12%	423	8%
May-08	241	35	1,873,048	1,349,511	51,785	4	173	20%	276	13%
Jun-08	177	35	1,874,489	1,349,559	51,555	5	127	28%	212	17%
Jul-08	136	35	1,876,133	1,349,834	51,291	8	98	36%	171	21%
Aug-08	145	35	1,878,039	1,351,276	51,105	8	104	34%	181	20%
Sep-08	143	35	1,880,621	1,350,065	51,166	8	103	34%	179	20%
Totals							2,966	14%	4,551	9%

7.2 Fully Allocated Cost Items – Billing Services

Interviews were conducted with EGD staff to identify the cost items within the IR settlement applicable to Billing services. Refer to Appendix F for the IR Settlement document and the Customer Care Cost Template. Cost components that were analyzed to calculate fully-allocated costs are CIS implementation (IR Item #3), CIS hosting and support (IR Item #4), SAP license fees (IR Item #6), SAP modifications (IR Item #7) and customer care licenses (IR Item #11).

The following are the IR Items that have been excluded and the rationale for doing so:

IR Items #1-2a: These items are related to the amounts that can be recovered in rates related to payments for CIS services and for the use of the legacy CIS. These items are no longer applicable to nCIS.

IR Items #5: This item is related to EGD back-office staffing to support nCIS and is already accounted for in the TMG cost model as CIS IT and Functional costs.

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IR Items #8: This item is related to the amounts that can be recovered in rates related to CWLP customer care services. These amounts are no longer applicable since ABSU now provides customer care services for EGD.

IR Items #9-10, #14-15: These amounts represent the transition costs associated with moving from CWLP as the customer care service provider to a different third party service provider should ABSU was not selected. Since ABSU was chosen as the new customer care service all the future amounts are zero.

The CIS implementation component was reviewed in more detail since it is a composite of many support functions/groups. Only support function/groups applicable to Billing services for Open Bill were used for allocation. They were identified as follows:

- Project Management Office
- Functional
- Order Change Management
- Technical

Each support function/group was assessed a Billing Service allocation weight and a cost allocator rate based on either a 3% or 9% revenue split. All functions that are directly attributable to revenue recovery process were applied an allocator of 9%. All other functions like PMO, change management were applied an allocator of 3%. TMG calculated 3% as allocator for work effort associated with open bill initiative in the CIS project team. Refer to Appendix G for details on the CIS implementation cost details. The total CIS Implementation fully allocated cost to the Billing services equates to approximately \$3.4M. Amortized equally over ten years this equates to approximately \$343K per year. For reference purposes, note that Sapient presented a proposal to implement Open Bill functionality at EGD for approximately \$2.5M in 2006.

The CIS Hosting and Support, SAP license fees, SAP modifications and Customer Care license costs are all applicable to Billing services and were allocated based on a 9% revenue split.

The costs in the IR settlement are based on a calendar year schedule and were adjusted to coincide with the contract schedule as per the current customer care service agreement. The additional fully allocated costs items as per the IR settlement will add less than \$0.10 per bill in any one contract year. The results of the fully allocated cost analysis are presented below:

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**Fully Allocated Cost per Bill - Shared**

Cost Items	IR Item No.	Apr/'09 - Mar/'10	Apr/10 - Mar/'11	Apr/'11 - Mar/'12
CIS Implementation	3	\$ 0.0205	\$ 0.0205	\$ 0.0205
CIS Hosting and Support	4	\$ 0.0358	\$ 0.0477	\$ 0.0477
SAP License Fees	6	\$ 0.0092	\$ 0.0122	\$ 0.0122
SAP Modifications	7	\$ 0.0055	\$ 0.0041	\$ -
Customer Care Licenses	11	\$ 0.0077	\$ 0.0077	\$ 0.0077
Allocated Cost per Bill		\$ 0.0786	\$ 0.0922	\$ 0.0880

Fully Allocated Cost per Year - Shared

Cost Items	IR Item No.	Apr/'09 - Mar/'10	Apr/10 - Mar/'11	Apr/'11 - Mar/'12
CIS Implementation	3	\$ 343,631	\$ 343,631	\$ 343,631
CIS Hosting and Support	4	\$ 600,300	\$ 800,400	\$ 800,400
SAP License Fees	6	\$ 153,663	\$ 204,884	\$ 204,884
SAP Modifications	7	\$ 92,000	\$ 69,000	\$ -
Customer Care Licenses	11	\$ 128,800	\$ 128,800	\$ 128,800
Allocated Cost per Bill		\$ 1,318,394	\$ 1,546,715	\$ 1,477,715

7.3 Fully Allocated Cost Components – Bill Insert Services

TMG was instructed by the Consultative to calculate the postage charges that can be allocated to the Bill Insert service. There are 22 grams in a bill excluding bill inserts. The maximum bill weight without incurring any additional postage charge is 30 grams which leaves 8 grams available for bill inserts. This represents a bill insert weight to total bill weight ratio of 27%. Applying this ratio to the current postage rate of \$0.51 equates to a postage charge of \$0.137 per bill or an additional monthly charge of \$256K. Including this amount in the cost model will increase the price of the service and will not be palatable in the market.

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8 Market Data Analysis

This section discusses the details around TMG's research on vendor pricing to provide a service similar to EGD's Open Bill service.

8.1 Market Data Analysis – Billing Services

Data was analyzed on 1) industry benchmarks with respect to customer care costs, 2) vendor market pricing for billing services and 3) a utility with similar billing services as EGD. Gathering such a wide spectrum of data provided a means to verify the validity of the market data. The data was also normalized to match EGD's Billing service.

8.1.1 Industry Benchmark Cost Data

Industry benchmark data on customer care costs was sourced from two generally accepted industry consultant surveys with a total of 38 North American utility participants. One survey included 12 Canadian utility participants and the other survey included 26 North American utility participants. The number of customers per utility was typically greater than 125K.

The industry benchmark data was analyzed to identify the core customer care services and their associated costs within the utility industry. The normalized core customer care services were identified as: i) bill print, processing and payment, ii) credit and collections, iii) call center operations and iv) services to support customer care services. The services and costs were normalized by stripping out some services and costs to match the EGD's Billing services (example: Meter Reading). The normalized industry benchmark costs are presented below:

Source 1

Service Provided	Monthly Cost per Bill (\$CDN)	Annual Cost per Bill (\$CDN)
Core Customer Care Costs	3.05	36.53
Bill print, processing and payment	1.58	18.97
Credit and collections	0.53	6.34
Call center operations	0.94	11.22
Other Customer Care Service	0.91	10.92
Total cost per bill	3.96	47.45

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**Source 2**

Service Provided	Monthly Cost per Bill (\$US)	Annual Cost per Bill (\$US)
Core Customer Care Costs	2.34	27.97
Bill print, processing and payment	0.57	6.82
Credit and collections	1.11	13.29
Call center operations	0.66	7.86
Other Customer Care Service	0.77	9.40
Total cost per bill	3.11	37.37

8.1.2 Vendor Market Price Data

One vendor participated in the study and provided a price range (min/max) for their customer care services. They were not able to provide a fixed price since this would require knowing the specificity of the clients' requirements such as the degree of customization required for customer care services, contract duration and service level agreements. Each individual component of the customer care service can be customized and the price may increase or decrease based on those needs. Providing EGD's Open Bill operational details as requirement to a vendor and requesting for a market price/quote is beyond the scope of this project. For the purposes of this study, it was concluded that working with the available market price range will provide a price ceiling within which EGD's price will be confirmed.

The vendor price is for a "meter to cash" solution and is based on a Tier-1 client with a customer base between 100K - 500K. The vendor also provides application hosting which includes activities such as planning, recovery management, storage management, hardware management, production environment, report database, etc.

The vendor market price was normalized by applying only a percentage of the applicable core customer service and support functions to arrive at a shared bill price. The normalized vendor market price for a shared and standalone bill are presented below:

Service Provided	Standalone Monthly Price per Bill (\$US)		Shared Monthly Price per Bill (\$US)	
	Min	Max	Min	Max
Bill print, processing and payment	1.39	1.72	0.49	0.60
Credit and collections	0.46	0.58	0.16	0.20
Call center operations	0.82	1.02	0.29	0.36
Other	0.99	1.23	0.35	0.43
Total normalized price per bill	3.67	4.55	1.28	1.59

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8.1.3 Similar Utility Market Price Data

Utility companies offering similar billing services as EGD especially “like-for-like” are difficult to find. Currently EGD is the only gas utility company in Canada offering this service hence no Canadian comparables can be made. A water utility company based in the U.S. with a customer base over 450K was identified to have a billing service similar to EGD. Approximately 250K of these customers are mailed a shared bill.

The market price was normalized by stripping costs that are not core customer service or support functions to match EGD operations to arrive at a standalone price. The price for a standalone and shared bill are identical and the utility does not plan on offering a discount in price for a shared bill. The price for a shared and standalone bill are presented below:

<i>Service Provided</i>	<i>Standalone/Shared Monthly Price per Bill (\$US)</i>
Bill print, processing and payment	1.40
Credit and collections	0.47
Call center operations	0.83
Other	1.00
Total normalized price per bill	3.71

8.2 Market Data Analysis – Bill Insert Services

Pricing data was sourced from two external vendors for services comparable to the Bill Insert service. TMG was also instructed by the Consultative to gather information on alternative mailing services. The data does not require normalization to match EGD’s Bill Insert service.

8.2.1 Vendor Market Price Data

Two vendors participated in the study and provided pricing for their insert services. After further analysis one vendor was eliminated since the data lacked relevance to EGD’s Bill Insert service (not within utility industry).

The remaining vendor is part of the utility industry and provides a bill insert service similar to that of EGD’s. The vendor provided a price range (min/max) and was not able to provide a fixed price without knowing the specificity of the clients’ requirements such as target distribution, distribution frequency and envelope exclusivity. Providing EGD’s bill insert operational data as requirement to the vendor and request for a price/quote was beyond the scope of this project.

The vendor provided two prices and its contingent upon whether or not the client uses the billing services as well. A preferential insert price is offered to clients who are part of the billing services. The vendor pricing is presented below:

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Description	Cost per Insert (\$US)	
	Min	Max
Client of billing services	0.02	0.05
Non-client	0.20	0.25

8.2.2 Alternative Mailing Services

TMG gathered additional market data by sourcing alternative mailing services in the market at the request of the Consultative. The three sources approached were Imagitas Inc, Canada Post and ActionPak. However analysis shows that they are not comparable to the EGD's Bill Insert service.

8.2.2.1 Imagitas Inc.

Imagitas Inc. which is a wholly-owned subsidiary of Pitney Bowes is a marketing services company that allows advertisers to connect with consumers via their U.S. government partners. Imagitas Inc. was not able to provide any pricing information.

8.2.2.2 Canada Post

Canada Post provides a direct mail service called AdCard that prints and distributes individual flyers via their addressed/unaddressed Admail delivery service. Addressed Admail delivery service allows the client to mail their flyer on a targeted and personalized basis. Unaddressed Admail delivery service allows the client to mail their flyer to targeted neighborhoods.

8.2.2.3 ActionPak

ActionPak provides a direct mail service that designs, prints and distributes flyers to a targeted area within Canada via Canada Post. There are 24 mailings per year (bi-monthly) and each envelope can hold up to 25 flyers. ActionPak tries to avoid flyers that are from competitors for promoting similar products but it does not guarantee it. The price is approximately \$0.03 per insert with a minimum insert volume purchase of 50K.

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9 Open Bill Service Price Models

The proposed price model for the Open Bill service will be based on the cost models presented earlier in this report. This section will outline TMG's rationalization of the price models for EGD's Open Bill service.

Based on TMG's market research of typical vendors/service providers of Customer Care outsourcing services, any given new client is offered a price based on the vendor's incremental cost model. In other words, the vendor estimates the costs associated with additional work effort in providing the Billing/Bill Insert service to a potential client and adds an acceptable margin on these costs to arrive at a price. Based on this learning, TMG recommends that a market acceptable price for EGD's Billing/Bill Insert services can be attained by adding a margin to their incremental costs.

9.1 Billing Service Price Models

TMG developed two pricing models for the Billing service and each model is based on estimated operational cost with an acceptable industry margin. The operational cost for the Billing service is based on a three year period with Year 2 representing the median cost for the period. The median cost was used for the price models since this represents the average cost for the period and will guarantee a fixed price over the 3 year contract term. The Year 2 costs for a shared and standalone bill are presented below for review purposes.

Cost Item	EGD Cost	
	Shared	Standalone
Administration	\$ 0.07	\$ 0.07
ABSU	\$ 0.46	\$ 0.76
Postage	\$ 0.05	\$ 0.53
Total Cost	\$ 0.59	\$ 1.37

TMG's research shows that service providers add a margin in the range from 50% to 75% to their operating costs to arrive at a market price. The margins are based on customer volumes whereby the larger the customer volume the smaller the margin and vice-versa. A service provider will typically offer prices at a 50% margin with a customer base over four million while in EGD's case the margin will typically be 75%. TMG proposes that EGD align their margin within the typical industry margin range, 50%-75%.

9.1.1 Key Assumptions

- A postage rate of \$0.05 per bill is added as part of costs for shared bills. Open Bill revenue amounts to approximately 9% of the total revenue billed. \$0.05 is approximately 9.2% of the postage fee of \$0.53
- TMG proposes a sign-up fee to be introduced so that it encourages serious enquiries /prospects only
- Contract termination fees (legal, data extract etc.) will be charged as a final bill (not included in the pricing model)

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- Billing and Bill Insert Services Costing and Pricing Model Study



- Proposed prices are effective when nCIS goes live
- All OBA contracts expire at the same time as CCSA (March 31, 2012)
- Pricing does not include bad debt recovery fee. EGD will continue to deduct 0.5% of the revenue billed for bad debt. This amount will be adjusted periodically based on actual data on revenue recovery rate
- Costs associated with contract termination and off-set process will be charged separately based on each instance – not included in the rates
- Given there is no historical operational data available with nCIS and only 90% of the processes are finalized at this point, a 10% contingency is added to key EGD operational costs that are incorporated as part of the pricing model

9.1.2 Price Model Option 1

This price model is comprised of two components; i) sign-up fee and ii) monthly variable price.

9.1.2.1 Sign-Up Fee

TMG recommends that a one-time sign-up fee of \$2K, which is a 50% discount of actual incurred cost, be charged to the biller to join the Billing service. The sign-up fee will allow EGD to recuperate some of the administration costs for biller pursuit and sign up. TMG believes that the proposed sign-up fee is appropriate to encourage the small biller prospects to join the service but at the same time discourage the “tire kickers”.

9.1.2.2 Monthly Variable Price

The monthly variable price is calculated by applying a specific margin to the total operational cost of the service. The model evenly distributes the operational costs to each bill. The price model calculates two prices based on a 50% and 75% margin and are presented in the table below. It is recommended EGD applies 75% mark up on costs to arrive at the price. TMG’s vendor source revealed that prices with 50% margin are applied to clients with over four million customers.

Margin	EGD Price	
	Shared	Standalone
High (75%)	\$ 1.02	\$ 2.39
Low (50%)	\$ 0.88	\$ 2.05

9.1.3 Price Model Option 2

This price model is comprised of three components; i) sign-up fee, ii) monthly fixed fee, and iii) monthly variable fee.

9.1.3.1 Sign-Up Fee

A sign-up fee will allow EGD to recuperate the administration costs for biller pursuit and contract sign-up process. The model applies a margin to these actual costs

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- Billing and Bill Insert Services Costing and Pricing Model Study

**9.1.3.2 Monthly Fixed Fee**

This option calculates a monthly fixed price by applying a margin to the fixed cost incurred by providing service to each biller.

9.1.3.3 Monthly Variable Fee

The variable cost components each month is charged with a mark-up to arrive at a price per bill.

Option 2 pricing model is shown below:

Cost Item	Margin	EGD Price	
		Shared	Standalone
Sign-up	High (75%)		\$ 7,000
	Low (50%)		\$ 6,000
Monthly Fixed	High (75%)		\$ 6,856
	Low (50%)		\$ 5,877
Monthly Variable	High (75%)	\$ 0.95	\$ 2.32
	Low (50%)	\$ 0.81	\$ 1.99

9.1.4 Billing Services Price Model Recommendation

TMG recommends Price Model Option 1 and that the service is priced towards the higher end of the margin range.

9.2 Bill Insert Service Price Model

The key objective is to propose a pricing model that ensures fairness and transparency. Based on the estimated costs associated with providing Bill Insert services, TMG proposed a pricing model that will yield a 30% margin in a 'Low' demand month provided that EGD sells inserts twice as much the number of its customer base. These calculations are based on a total volume of 1,880,621 customers (actual as at Sep/'08). Administrative costs for two inserts amounts to \$21K and incremental postage fee amounts to \$151K – a total cost of \$172K. At a rate of \$0.06/insert during low month, a two System-Wide insert price will be approximately \$225K. This will yield a profit margin of 30% over the operational costs.

Volume based price offering is being proposed by TMG. System-Wide rate for inserts will be slightly lower than small volumes. There is also a premium for 'High' demand months. This pricing model is developed based on the premise that customers do not perceive inserts as clutter during non-QRAM months (according to consumer survey conducted by Ipsos Reid - Bill Insert Research 2008).

9.2.1 Key Assumptions

- Provide bill inserts service for all months except the black-out period (QRAM and Safety)

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- Billing and Bill Insert Services Costing and Pricing Model Study



- Increase the mail weight capacity to 50 grams for non-QRAM months – revise contract with Canada Post. This will provide a total capacity of 28 grams for inserts. Include the additional postage costs as part of Bill Insert operations (\$0.08 cents per bill)
- Standardize the inserts to 2-panels (two grams per insert). This leverages all the seven hops and falls within the total capacity of 28 grams. If customer requires three or four panels, apply postage incremental fee of \$0.0022 per gram over 1.88 million bills
- Set the pricing based on volume of inserts (# of customers). One hop is dedicated to each insert regardless of volume - FSA(s), Region(s) or System-Wide
- Market is untested – set a price for inserts and adjust based on actual demand, if required
- There is uneven distribution of customers in the eight regions within EGD's footprint. Pricing by region or by FSA cannot be entertained – too many permutations
- EGD will allocate a dedicated resource for marketing/campaigning of the Bill Insert Program
- Provide two separate rates for High and Low demand months. Black-out months are Jan, Mar, Apr, Jul and Oct. High (demand) months are May, Jun, Aug and Sep. Low (demand) months are Feb, Nov and Dec
- Setup a web-enabled online booking system with no human intervention:
 - 3rd parties can login to book the available seven slots on a 'First-Come-First-Served' basis. This is open for booking on a particular day of the month at a fixed time (example: Ticketmaster).
 - This system will stay open for a fixed period of time for 3rd parties to book slots with an option to cancel with a deadline
 - EGD will review all bookings for content and provide a quote based on volume requested
 - Should any 3rd party choose to reject the quote, the system will be reopened with the newly available slots for booking at a fixed time on a later date
 - These bookings cannot be resold or transferable
- The list of 3rd parties who bought insert services for any given month will be audited by a third party at regular intervals (to ensure fairness and transparency)
- Symcor does not charge EGD any fee for including inserts as part of the bill. Should this arrangement change, this will impact the pricing model
- Currently up to three pages are used for bills – which can be accommodated in two sheets with an additional page available to accommodate a few more biller charges. It is assumed that no more than two sheets will be required for bills
- It is assumed if the weight is beyond the Canada Post threshold even for one FSA, the postal rate for all bills for that month will increase accordingly. Currently, EGD distributes mail to all FSAs/Regions evenly among each billing cycle

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- Billing and Bill Insert Services Costing and Pricing Model Study

**9.2.2 Pricing Model Option 1**

This pricing model option offers a rate per insert. This makes it more attractive for smaller billers and 3rd parties who require small volume of inserts. See table below for price sheet based on rate/insert.

# of Customers	Rates based on volume	
	High	Low
Up to 0.5M	\$0.095	\$0.075
0.5 - 1.0M	\$0.090	\$0.070
1.0 - 1.5M	\$0.085	\$0.065
1.5M - SW	\$0.080	\$0.060

9.2.3 Pricing Model Option 2

This option shows a flat price model for insert service in which case, the buyer will have to pay a flat fee based on the volume bucket. Flat price based on volume pricing is shown below:

# of Customers	Flat Price based on	
	High	Low
Up to 0.5M	\$47,500	\$37,500
0.5 - 1.0M	\$90,000	\$70,000
1.0 - 1.5M	\$127,500	\$97,500
1.5M - SW	\$150,450	\$112,837

9.2.4 Bill Insert Services Price Model Recommendation

TMG recommends Price Model 1. TMG recommends not to allocate postal charges from the base '30 gram mail' to Bill Insert services. Following are some reasons:

- Demand for insert services is unknown. Risk of allocating postage costs to a service that is not yet launched/proven
- Challenges around cost allocation only for selective months in a year

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- Billing and Bill Insert Services Costing and Pricing Model Study



10 Conclusion

This section provides a summary of TMG recommendations.

10.1 Billing Services

TMG gathered market indices for standalone bills but a direct correlation to shared bills could not be attained without some key assumptions. There are also some variations in scope of services and service levels between the market data (gathered by TMG) and EGD's Open Bill operations. It is recommended that EGD Open Bill pricing is based on its operational cost with a industry accepted margin. TMG's research shows that service providers add a margin of 50 – 75% on their operating costs to arrive at a market price.

Service Providers offer prices with 50% margin for accounts with over four million customers. Typically for accounts in the size of EGD, a 75% margin is applied to costs. TMG recommends EGD to offer a price with 75% mark-up of its operational costs. This price will still be perceived as a value proposition based on the following reasons:

- Setup of customers is easier and more accurate than outsourcing to a 3rd party. EGD already has a database of all customers within the franchise (except for Tenant 9 customers)
- The price offered by EGD is below the market price to provide such a service
- 99.5% of the revenue is recovered. Such a high recovery rate is not possible for most companies especially the small billers

Price model Option 1 is recommended with a small start-up fee and a monthly rate per bill as at Go-Live of nCIS. EGD should continue to deduct 0.5% of the revenue billed for bad debt. This amount will be adjusted periodically based on actual data on revenue recovery rate. TMG recommends EGD to standardize its requirements for Open Biller and the existing contract by having it reviewed/endorsed by key consultative members like HVAC.

10.2 Bill Insert Services

Given that the market for Bill Insert services is untested, TMG recommends EGD to set a price with an assumption that all costs can be recovered within a particular volume of sales and adjust it based on actual demand, if required. A volume based pricing is recommended with variable rates for 'High' and 'Low' demand months. It is recommended that EGD refrains from offering Insert Services during the black-out months (GRAM). The value proposition for such a service is as follows:

- Targeted customers for insert services
- Cheaper option compared to individual mailing to customers
- Ability to pick and chose FSAs and Regions

Price model Option 1 (price per insert based on volume) is recommended. This may take into effect as soon as the prices are approved. A web-enabled online booking system should be implemented by EGD which will be audited periodically for fairness. No lottery, quota or blocking/booking should be entertained.

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- Billing and Bill Insert Services Costing and Pricing Model Study



11 Appendices

11.1 Appendix A - Billing Service Process Maps and Activity Tables



Appendix A - Billing
Service Process Maps

Open Bill Project

- Billing and Bill Insert Services Costing and Pricing Model Study



11.2 Appendix B – Bill Insert Process Maps and Activity Tables



Appendix B - Bill
Insert Service Proces

Open Bill Project

- Billing and Bill Insert Services Costing and Pricing Model Study



11.3 Appendix C – Open Bill Service Life-Cycles



Appendix C1 - Billing
Services Life Cycle.ppt



Appendix C2 - Bill
Insert Services Life C

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- Billing and Bill Insert Services Costing and Pricing Model Study



11.4 Appendix D – ABSU Customer Care Service Agreement (Schedule 3.1)



Appendix D - ABSU
CCSA Schedule 3.1.d

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- Billing and Bill Insert Services Costing and Pricing Model Study



11.5 Appendix E – ABSU Statement of Work Activity Matrix



Appendix E -
Statement of Work A

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- Billing and Bill Insert Services Costing and Pricing Model Study



11.6 Appendix F – EGD IR Settlement Template



Appendix F - EGD IR
Settlement Template.

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- Billing and Bill Insert Services Costing and Pricing Model Study



11.7 Appendix G – CIS Implementation Cost Analysis Results

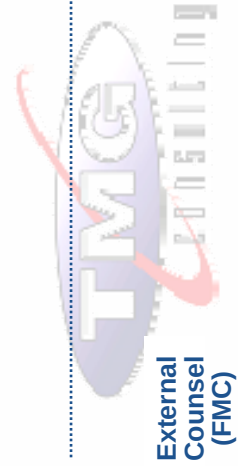
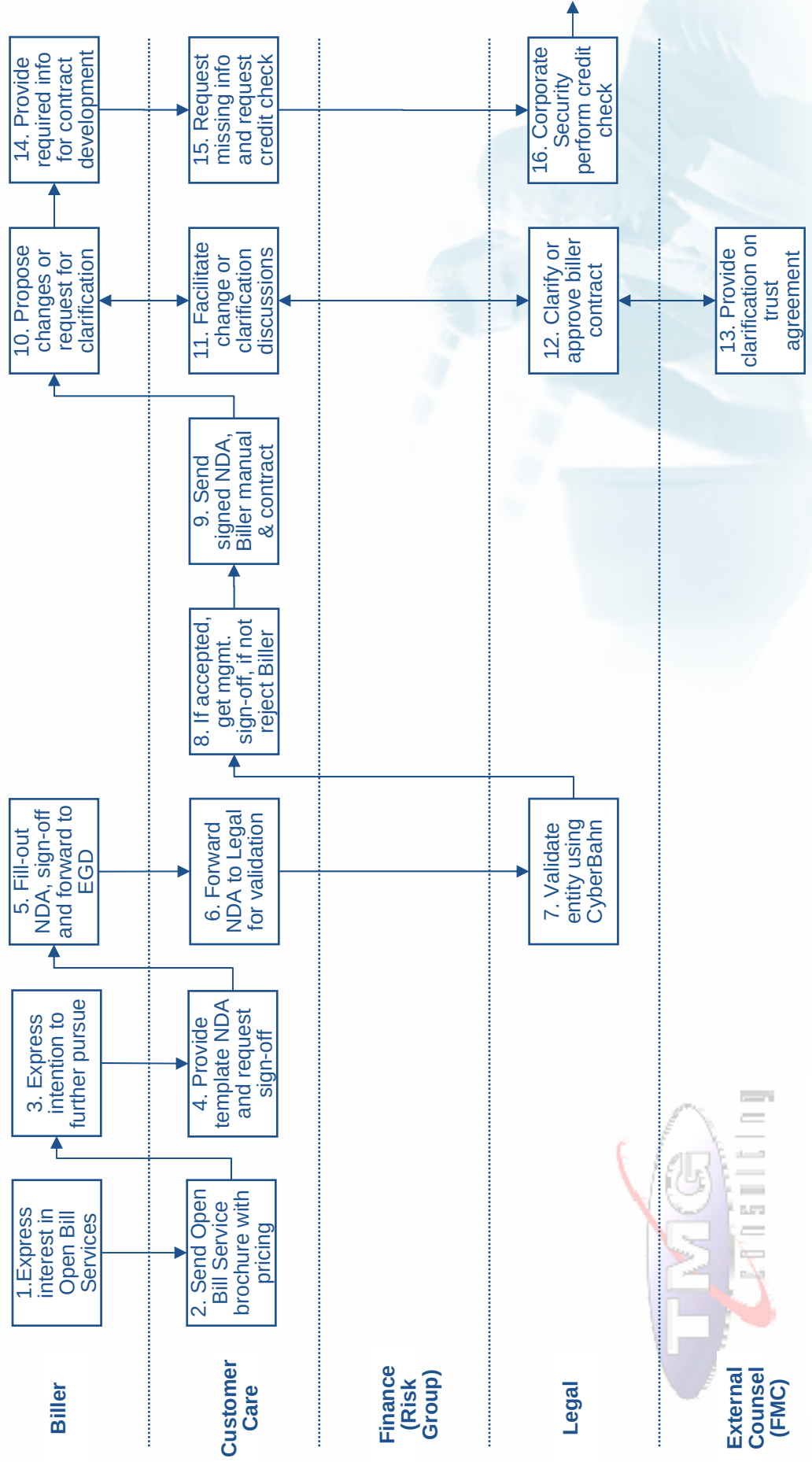


Appendix G - CIS
Implementation Cost

Billing Services

1.0 Pursuit/Contract Sign-up

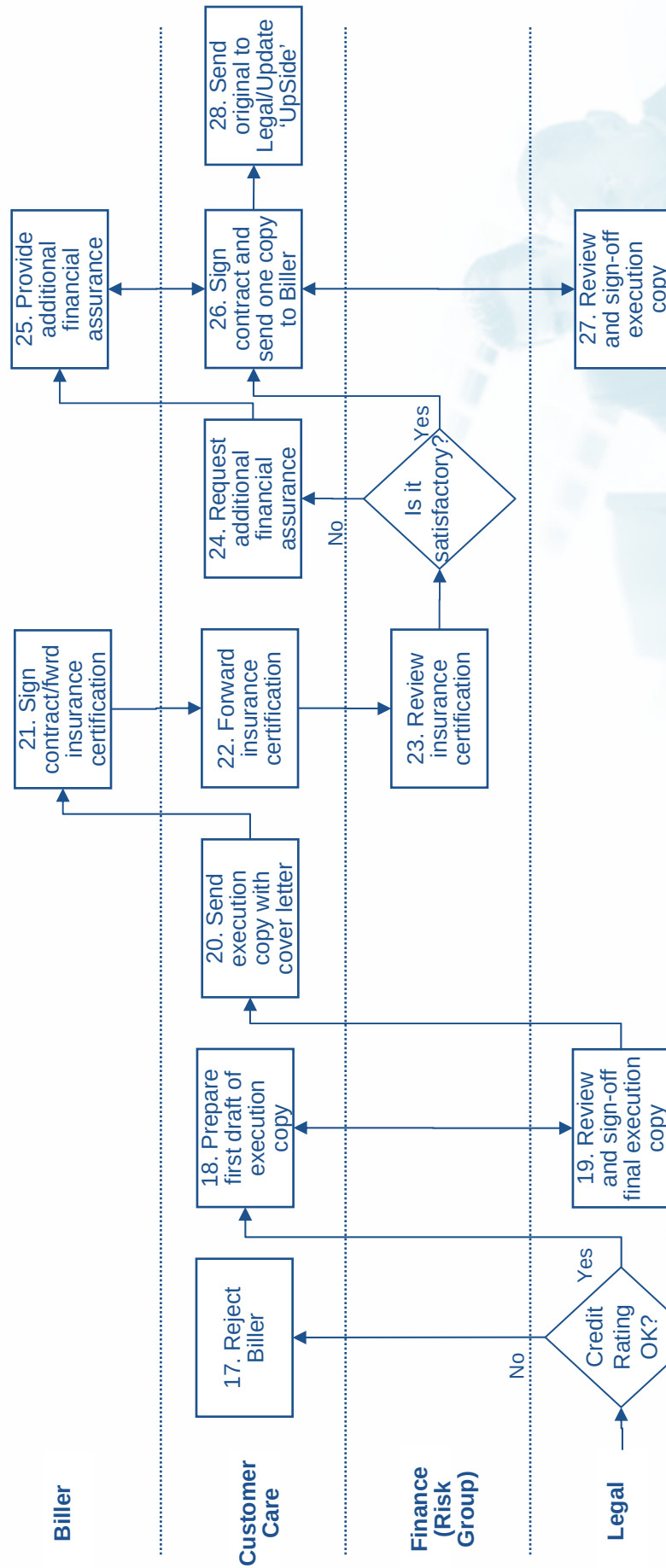
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Billing Services

1.0 Pursuit/Contract Sign-up (Cont'd.)






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Billing Services

1.0 Pursuit/Contract Sign-up (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Express interest in Open Bill Services	Billor			
2	Send Open Bill Service brochure with pricing	Customer Care	Fixed	*Yes	No
3	Express intention to further pursue	Billor			
4	Provide template NDA and request sign-off	Customer Care	Fixed	*Yes	No
5	Fill-out NDA, sign-off and forward to EGD	Billor			
6	Forward NDA to Legal for validation	Customer Care	Fixed	*Yes	No
7	Validate entity using Cyberbahn	Legal	Fixed	No	No
8	If accepted get management sign-off, if not reject Billor	Customer Care	Fixed	*Yes	No
9	Send signed NDA, Billor manual & contract	Customer Care	Fixed	*Yes	No
10	Propose changes or request for clarification	Billor			
11	Facilitate change or clarification discussions	Customer Care	Fixed	*Yes	No
12	Clarify or approve billor contract changes	Legal	Fixed	No	No
13	Provide clarification on trust agreement	Ext. Counsel (FMC)	Fixed	No	No
14	Provide required info for contract development	Billor			

* Currently at or exceeding capacity




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Billing Services

1.0 Pursuit/Contract Sign-up (Cont'd.)

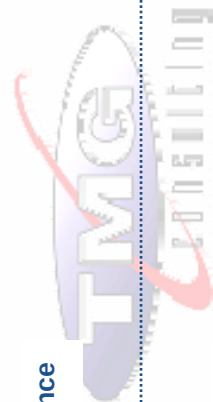
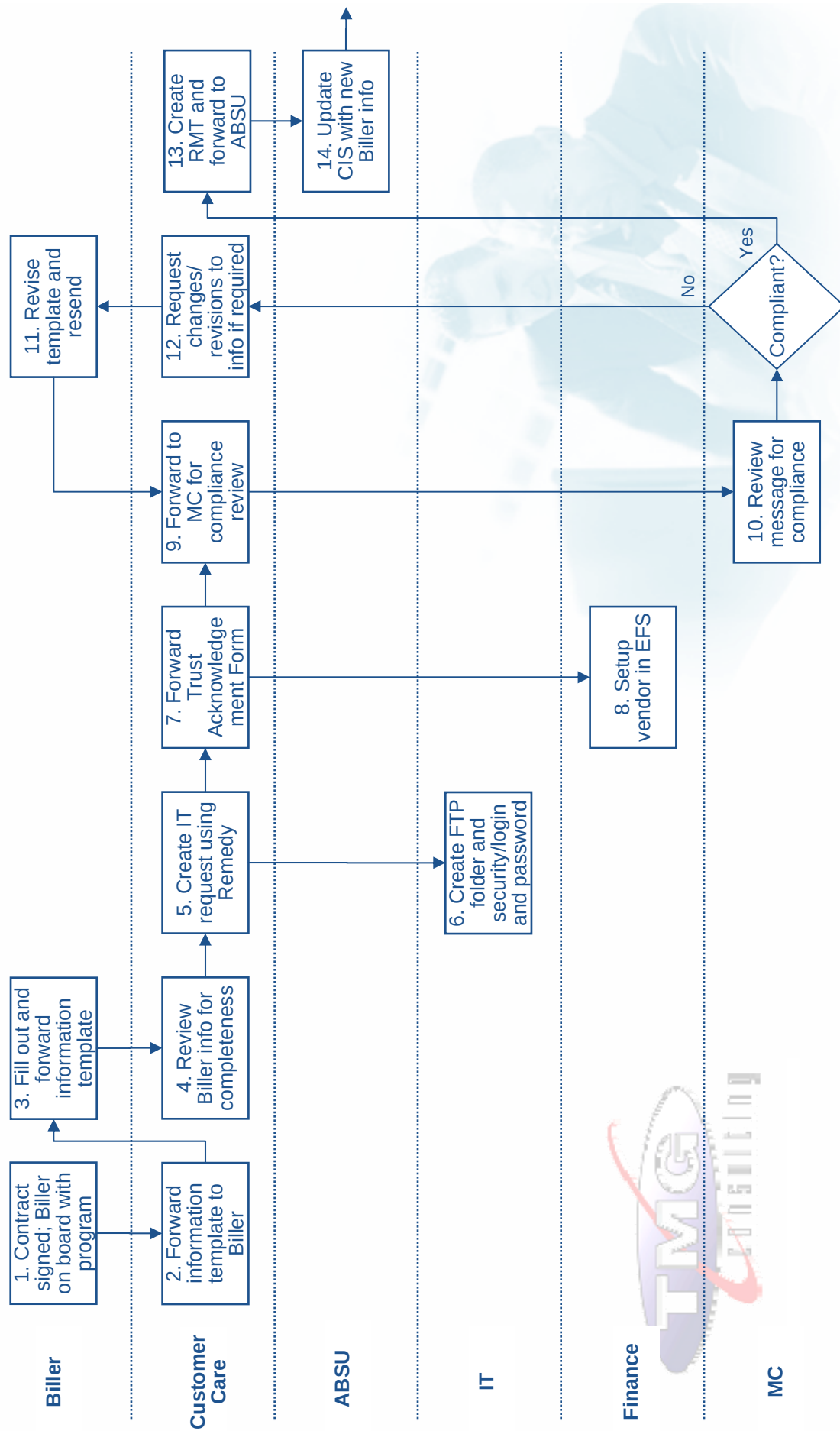
Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
15	Request missing info and request credit check	Customer Care	Fixed	*Yes	No
16	Corporate Security perform credit check	Legal	Fixed	No	No
17	Reject biller	Customer Care	Fixed	*Yes	No
18	Prepare first draft of execution copy	Customer Care	Fixed	*Yes	No
19	Review and sign-off final execution copy	Legal	Fixed	No	No
20	Send execution copy with cover letter	Customer Care	Fixed	*Yes	No
21	Sign contract/forward insurance certification	Biller			
22	Forward insurance certification	Customer Care	Fixed	*Yes	No
23	Review insurance certification	Finance (Risk Dept)	Fixed	No	No
24	Request additional financial assurance	Customer Care	Fixed	*Yes	No
25	Provide additional financial assurance	Biller			
26	Sign contract and send one copy to biller	Customer Care	Fixed	*Yes	No
27	Review and sign-off execution copy	Legal	Fixed	No	No
28	Send original to Legal/Update 'Upside'	Customer Care	Fixed	*Yes	No

* Currently at or exceeding capacity

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Billing Services

2.0 Biller Setup





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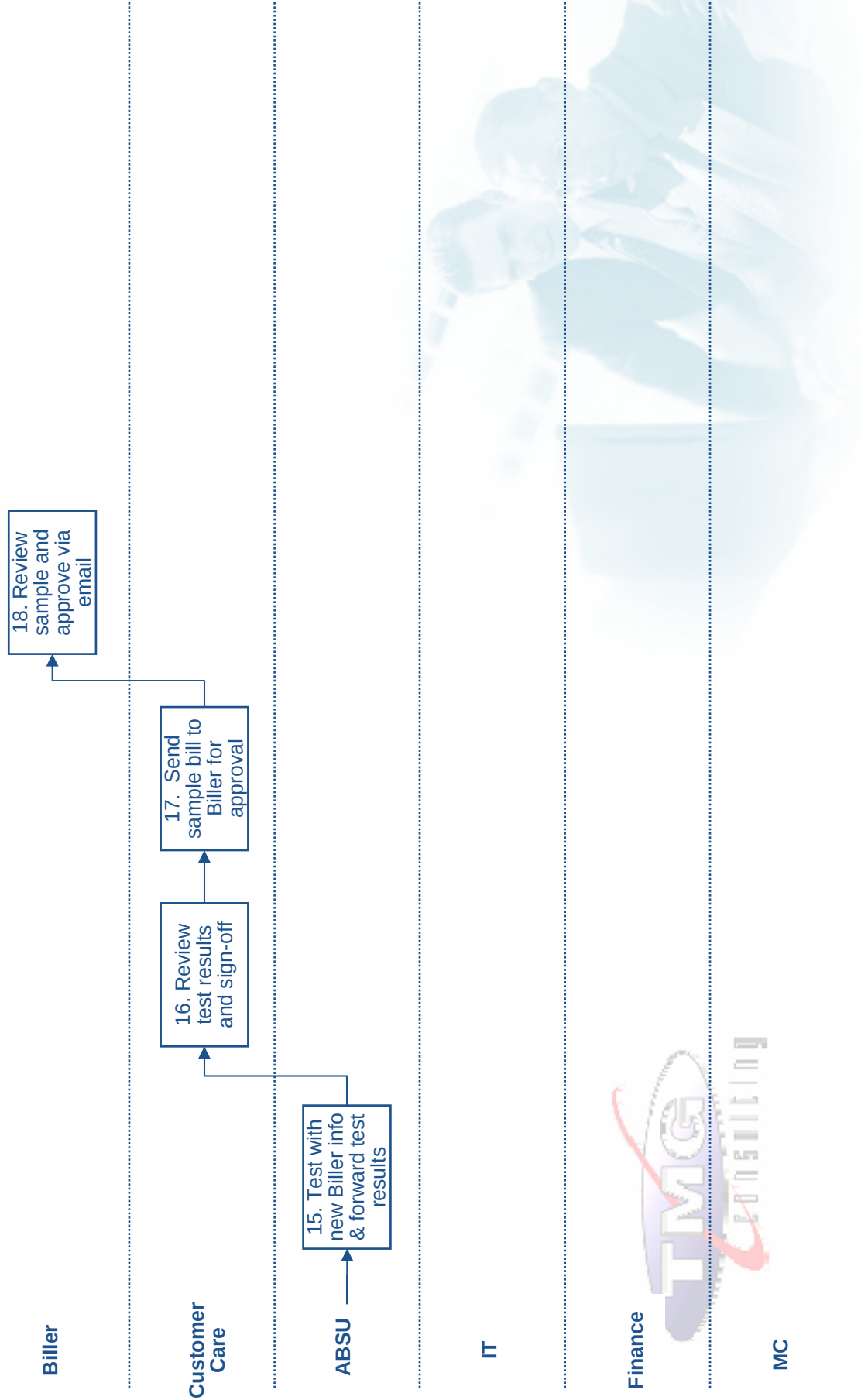
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Billing Services

2.0 Biller Setup (Cont'd.)






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Billing Services

2.0 Biller Setup (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Contract signed; Biller on board with program	Biller			
2	Forward information template to Biller	Customer Care	Fixed	*Yes	No
3	Fill out and forward information template	Biller			
4	Review Biller info for completeness	Customer Care	Fixed	*Yes	No
5	Create IT request using Remedy	Customer Care	Fixed	*Yes	No
6	Create FTP folder and security/login and password	IT	Fixed	No	No
7	Forward Trust Acknowledgement Form	Customer Care	Fixed	*Yes	No
8	Setup vendor in EFS	Finance	Fixed	No	No
9	Forward to MC for compliance review	Customer Care	Fixed	*Yes	No
10	Review message for compliance	Marketing Comm.	Fixed	No	No
11	Revise template and resend	Biller			
12	Request changes/revisions to info if required	Customer Care	Fixed	*Yes	No
13	Create RMT and forward to ABSU	Customer Care	Fixed	*Yes	Yes
14	Update CIS with new Biller info	ABSU	Fixed	No	Yes

* Currently at or exceeding capacity



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Billing Services

2.0 Biller Setup (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
15	Test with new Biller info & forward test results	ABSU	Fixed	No	Yes
16	Review test results and sign-off	Customer Care	Fixed	*Yes	Yes
17	Send sample bill to Biller for approval	Customer Care	Fixed	*Yes	No
18	Review sample and approve via email	Biller			



* Currently at or exceeding capacity






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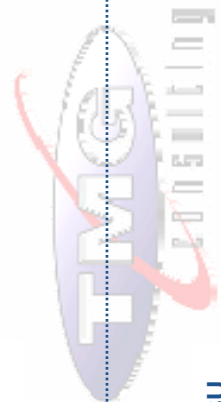
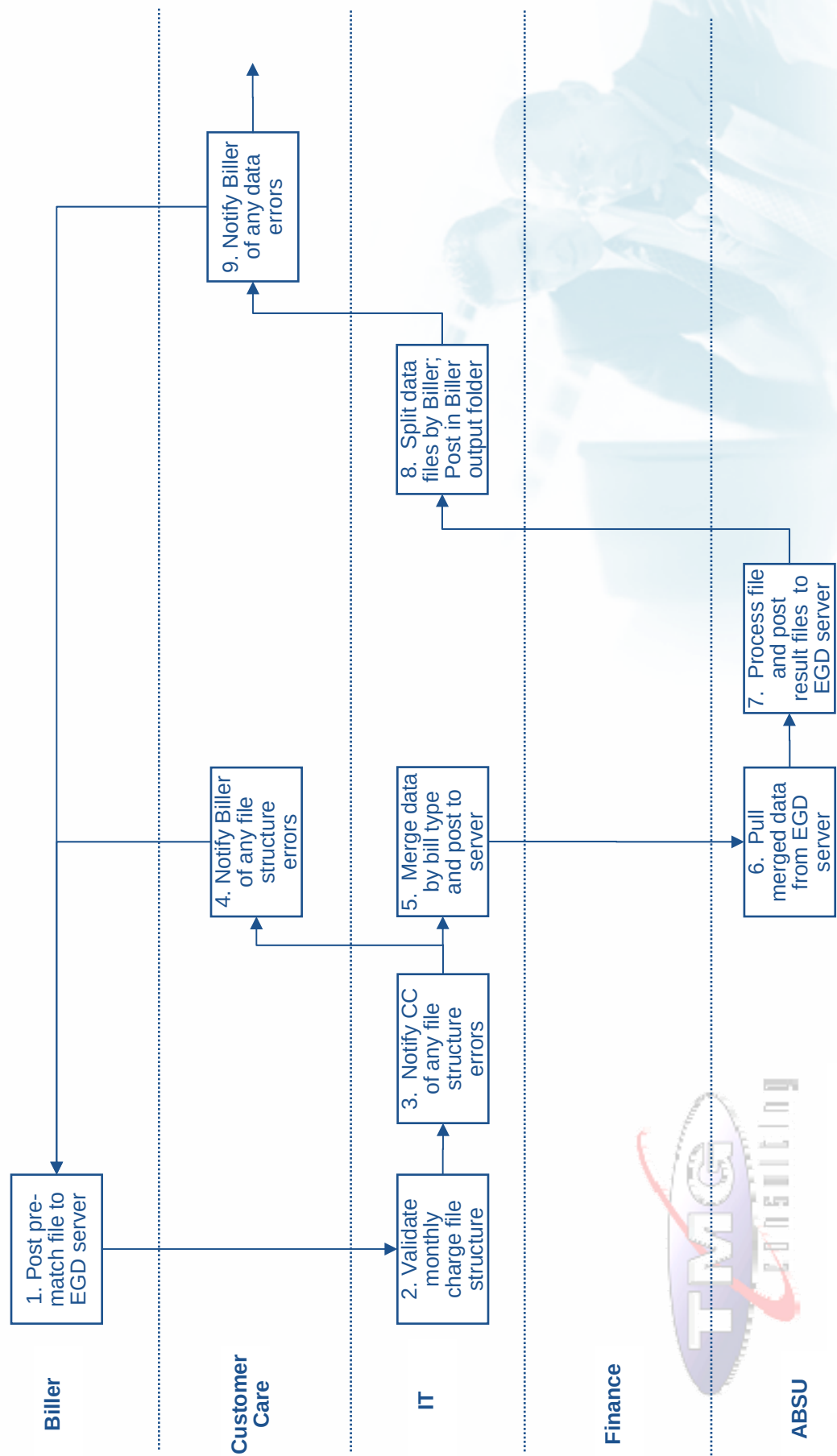
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Billing Services

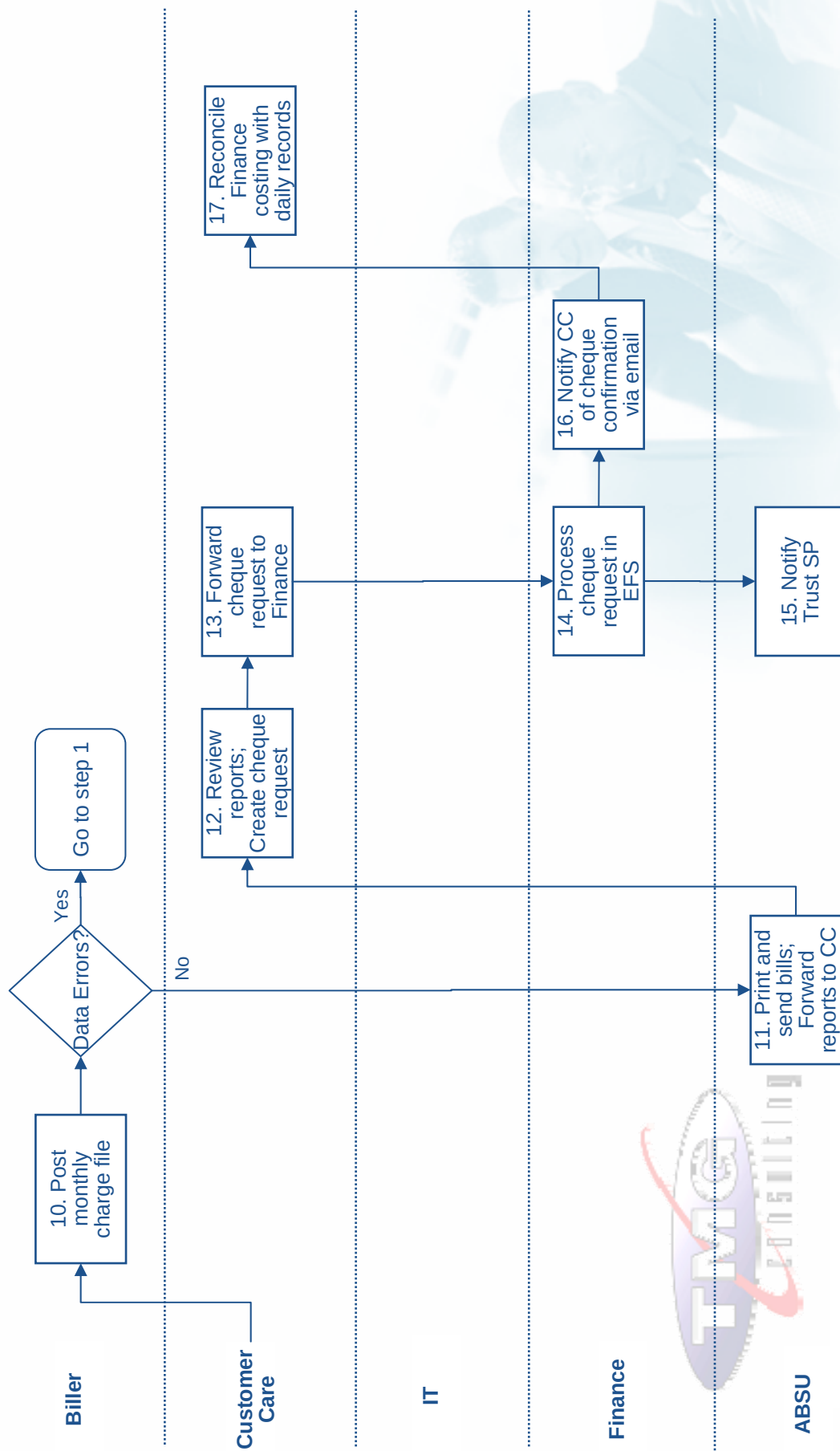
3.0 Operations



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Billing Services

3.0 Operations (Cont'd.)



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Billing Services

3.0 Operations (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Post pre-match file to EGD server	Billor			
2	Validate monthly charge file structure	IT	Fixed	No	No
3	Notify CC of any file structure errors	IT	Fixed	No	No
4	Notify biller of any file structure errors	Customer Care	Fixed	Yes	No
5	Merge data by bill type and post to server	IT	Fixed	No	Yes
6	Pull merged data from EGD server	ABSU	Fixed	Yes	Yes
7	Process file and post result files to EGD server	ABSU	Fixed	Yes	Yes
8	Split data files by Biller; Post in Biller output folder	IT	Fixed	No	No
9	Notify Biller of any data errors	Customer Care	Fixed	Yes	No
10	Post monthly charge file	Billor			
11	Print and send bills; Forward reports to CC	ABSU	Variable	Yes	No
12	Review reports; Create cheque request	Customer Care	Fixed	Yes	Yes
13	Forward cheque request to Finance	Customer Care	Fixed	Yes	Yes
14	Process cheque request in EFS	Finance	Fixed	No	No



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Billing Services

3.0 Operations (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
15	Notify Trust SP	ABSU	Fixed	Yes	No
16	Notify CC of cheque confirmation via email	Finance	Fixed	No	No
17	Reconcile Finance costing with daily records	Customer Care	Fixed	Yes	No

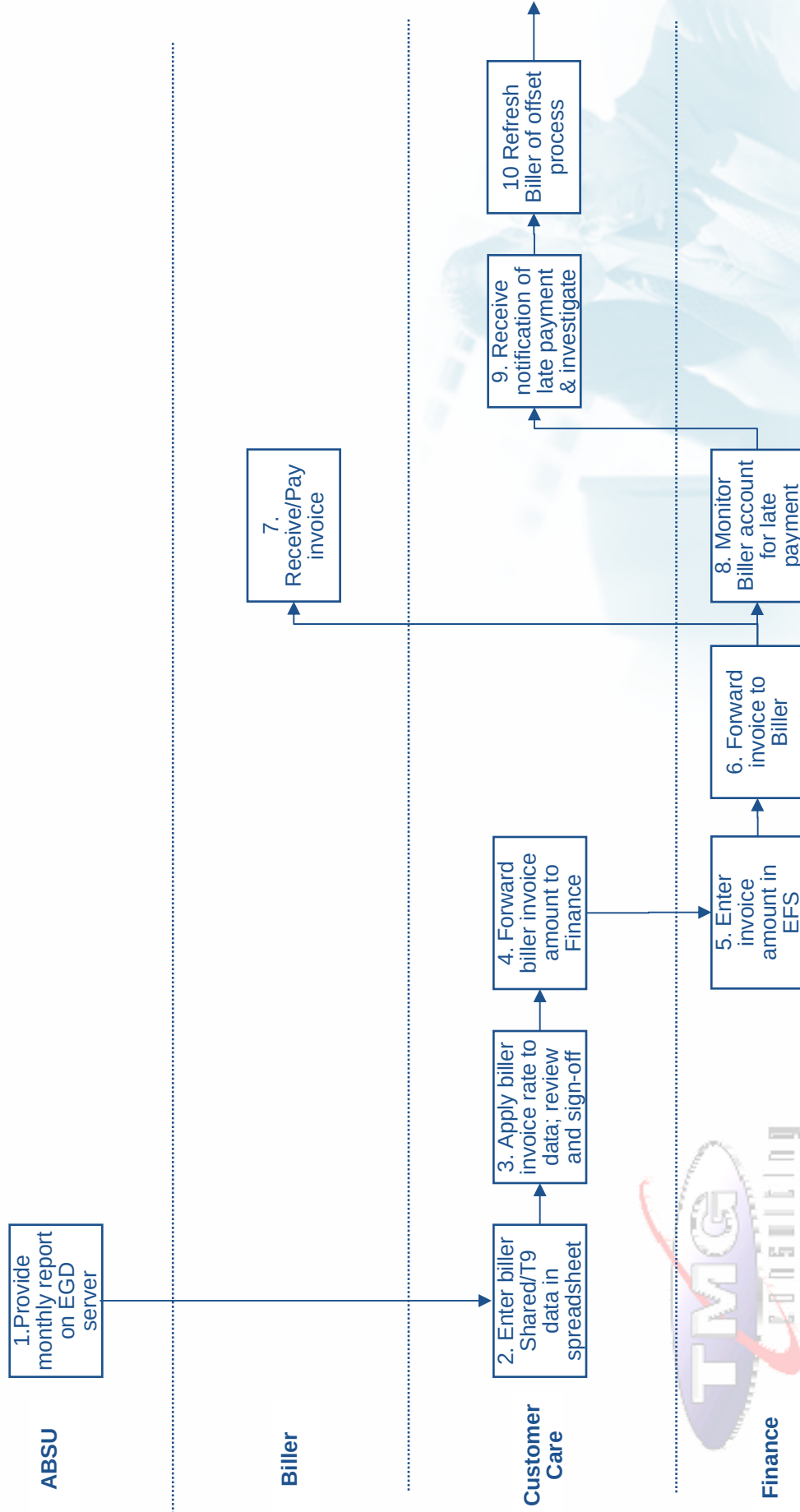




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Billing Services

4.1 Biller Relationship Mgmt. - Biller Invoicing



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Billing Services

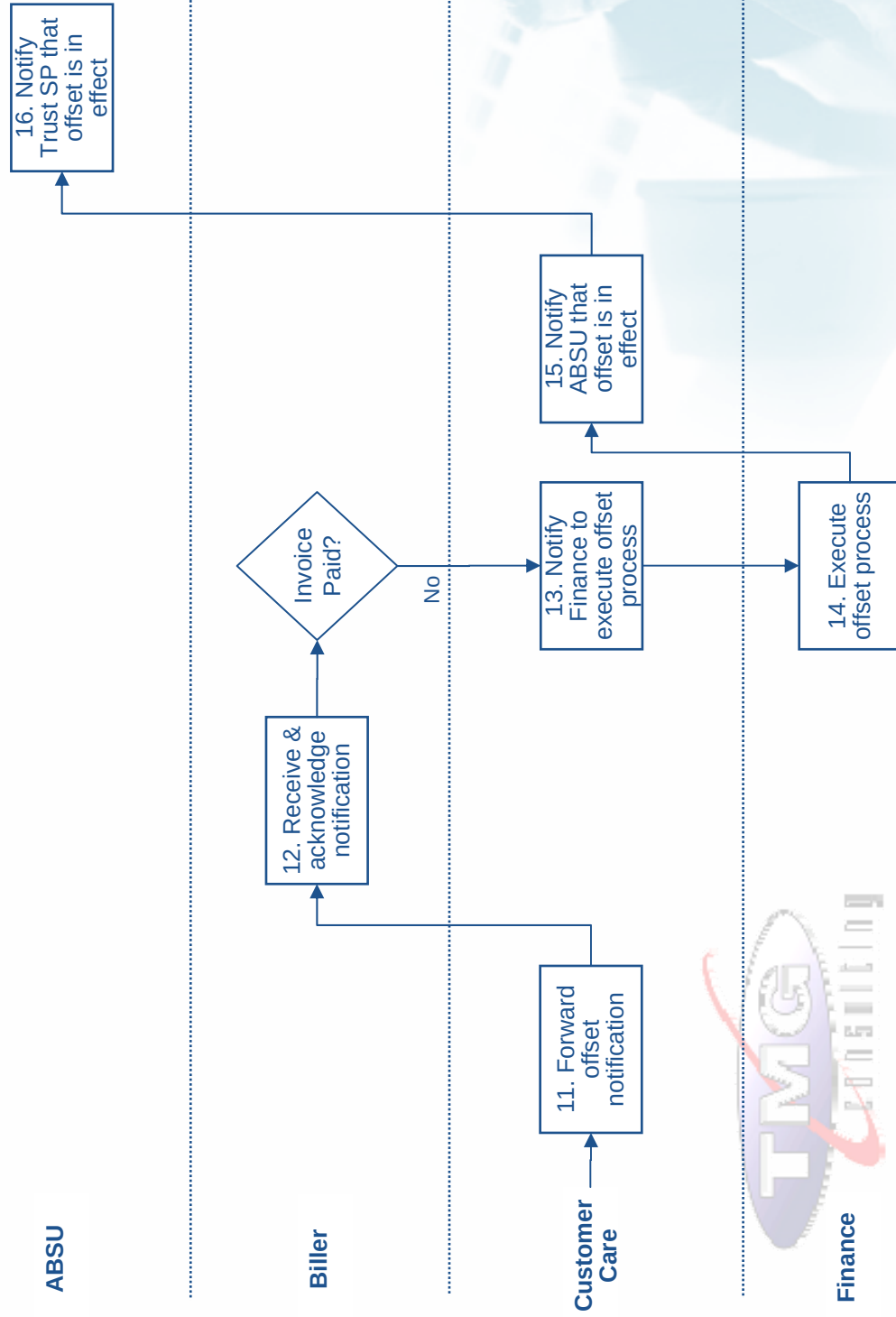
4.1 Biller Relationship Mgmt. - Biller Invoicing (Cont'd.)

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Billing Services

4.1 Biller Relationship Mgmt. - Biller Invoicing (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Provide monthly report on EGD server	ABSU	Fixed	Yes	Yes
2	Enter biller Shared/T9 data in spreadsheet	Customer Care	Fixed	Yes	Yes
3	Apply biller invoice rate to data; review and sign-off	Customer Care	Fixed	Yes	Yes
4	Forward biller invoice amount to Finance	Customer Care	Fixed	Yes	No
5	Enter invoice amount in EFS	Finance	Fixed	No	No
6	Forward invoice to Biller	Finance	Fixed	No	No
7	Receive/Pay invoice	Biller			
8	Monitor Biller account for late payment	Finance	Fixed	No	No
9	Receive notification of late payment & investigate	Customer Care	Fixed	Yes	No
10	Refresh biller of offset process	Customer Care	Fixed	Yes	No
11	Forward offset notification	Customer Care	Fixed	Yes	No
12	Receive and acknowledge notification	Biller			
13	Notify Finance to execute offset process	Customer Care	Fixed	Yes	No
14	Execute offset process	Finance	Fixed	No	No



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Billing Services

4.1 Biller Relationship Mgmt. - Biller Invoicing (Cont'd.)

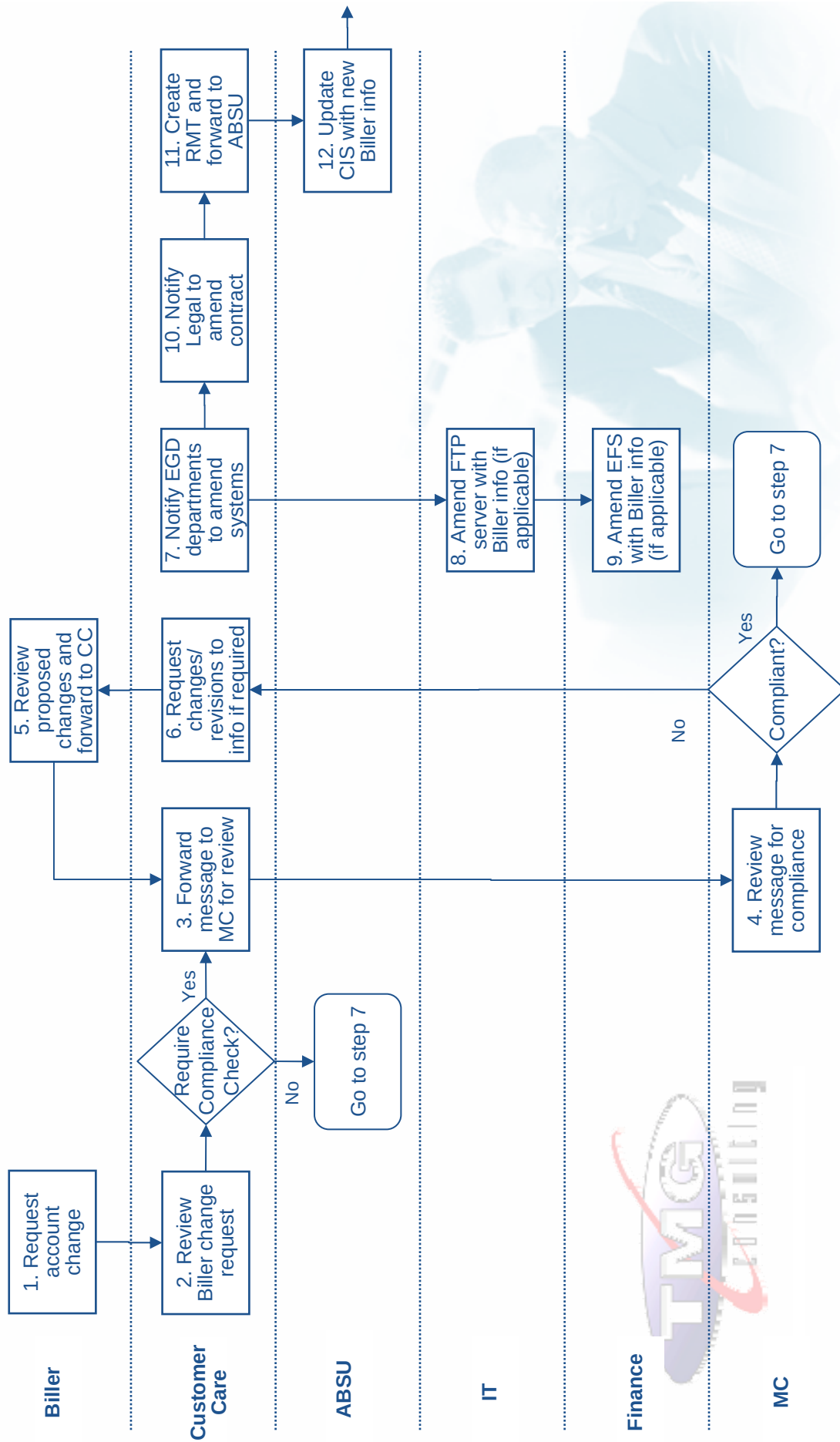
Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
15	Notify ABSU that offset is in effect	Customer Care	Fixed	Yes	No
16	Notify Trust SP that offset is in effect	ABSU	Fixed	Yes	No



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Billing Services

4.2 Biller Relationship Mgmt. – Acct. Change





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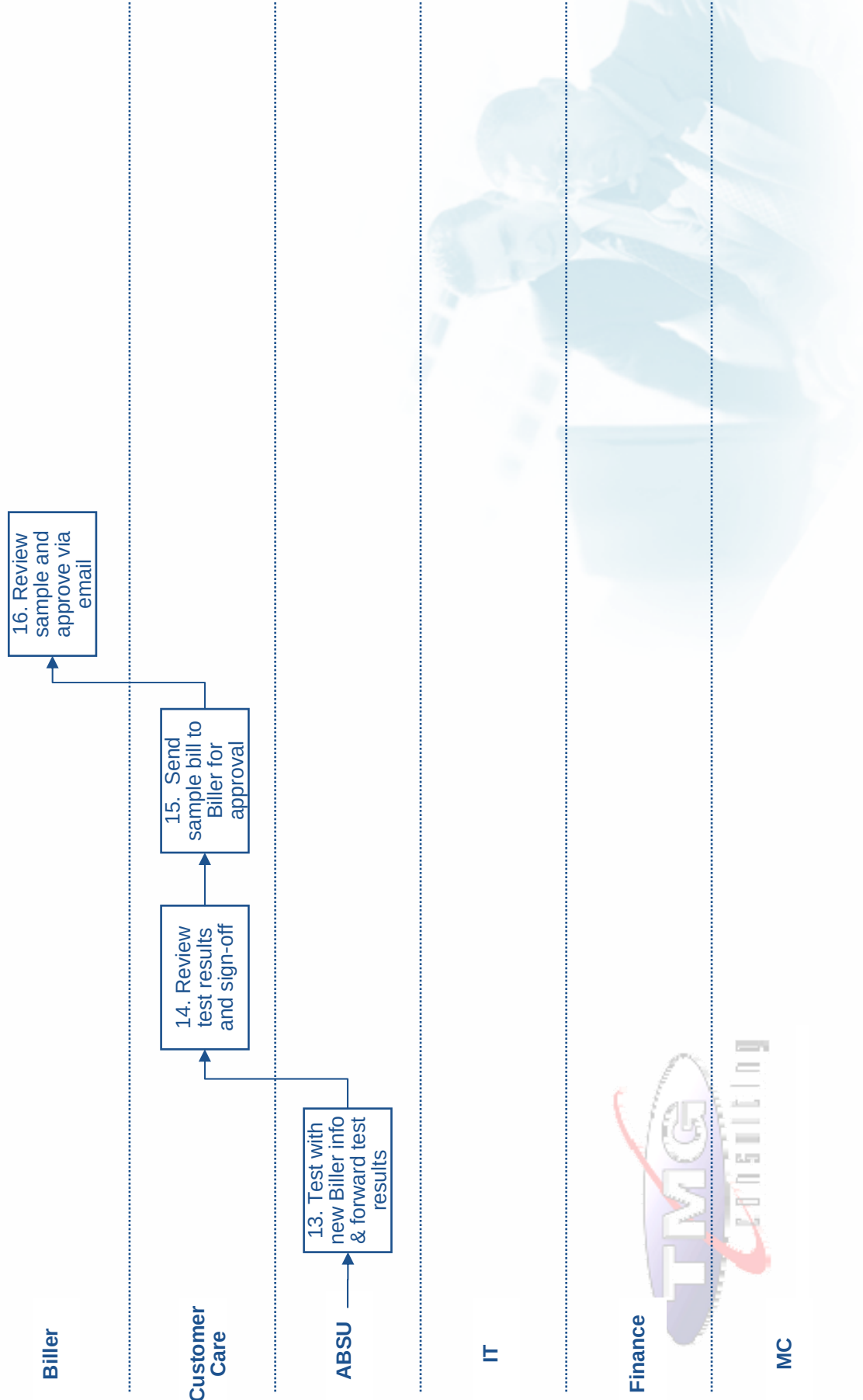
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Billing Services

4.2 Biller Relationship Mgmt. – Acct. Change (Cont'd.)






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Billing Services

4.2 Biller Relationship Mgmt. – Acct. Change (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Request account change	Billor			
2	Review Biller change request	Customer Care	Fixed	Yes	No
3	Forward message to MC for review	Customer Care	Fixed	Yes	No
4	Review message for compliance	Marketing Comm.	Fixed	No	No
5	Review proposed changes and forward to CC	Billor			
6	Request changes/revisions to info if required	Customer Care	Fixed	Yes	No
7	Notify EGD departments to amend systems	Customer Care	Fixed	Yes	No
8	Amend FTP server with Biller info (if applicable)	IT	Fixed	No	No
9	Amend EFS with Biller info (if applicable)	Finance	Fixed	No	No
10	Notify Legal to amend contract	Customer Care	Fixed	Yes	No
11	Create RMT and forward to ABSU	Customer Care	Fixed	Yes	Yes
12	Update CIS with new Biller info	ABSU	Fixed	No	Yes
13	Test with new Biller info & forward test results	ABSU	Fixed	Yes	Yes
14	Review test results and sign-off	Customer Care	Fixed	Yes	No



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Billing Services

4.2 Biller Relationship Mgmt. – Acct. Change (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
15	Send sample bill to Biller for approval	Customer Care	Fixed	Yes	No
16	Review sample and approve via email	Billor			






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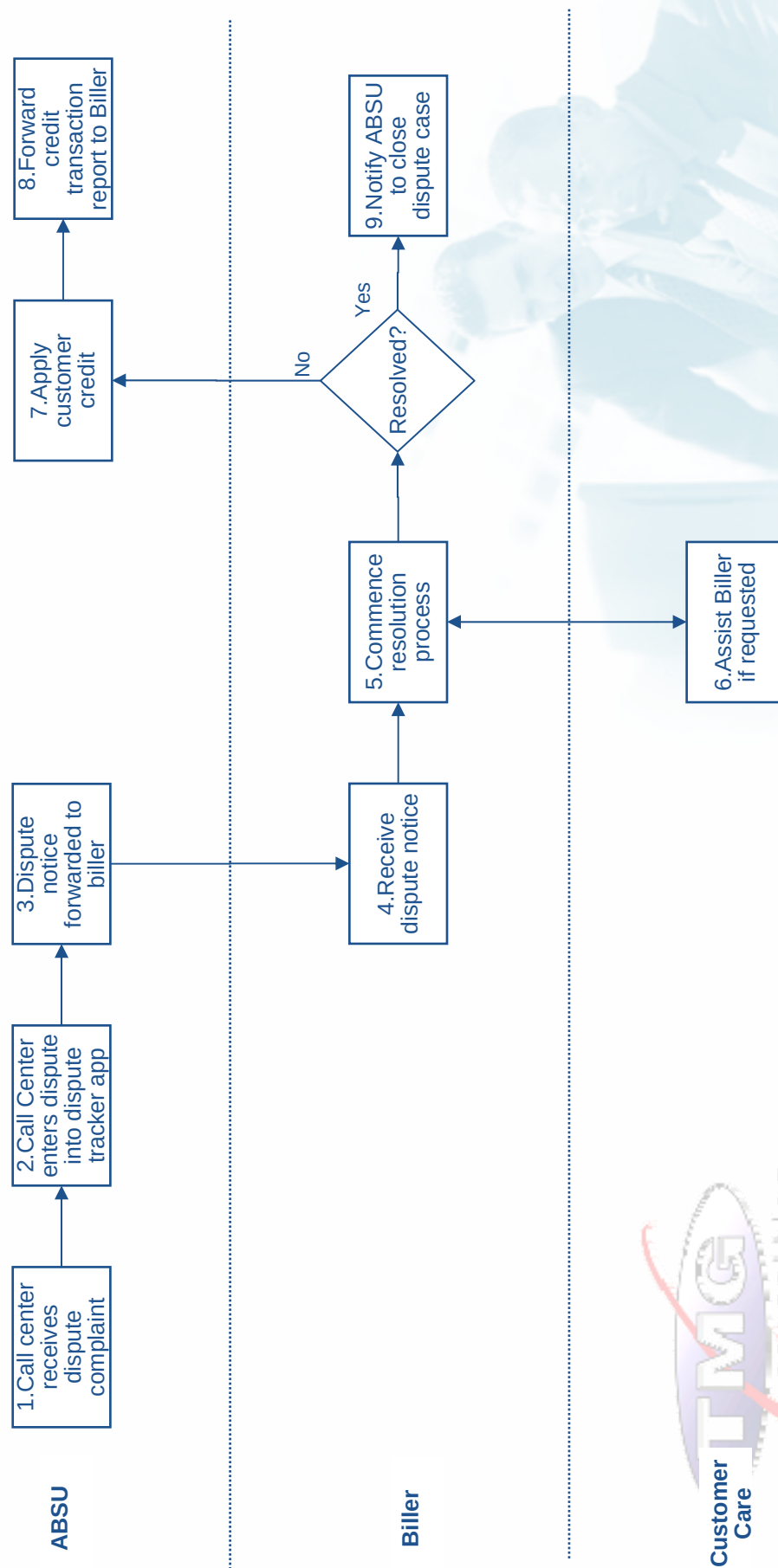
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Billing Services

4.3 Biller Relationship Mgmt. - Disputes



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Billing Services

4.3 Biller Relationship Mgmt. – Disputes (Cont'd.)

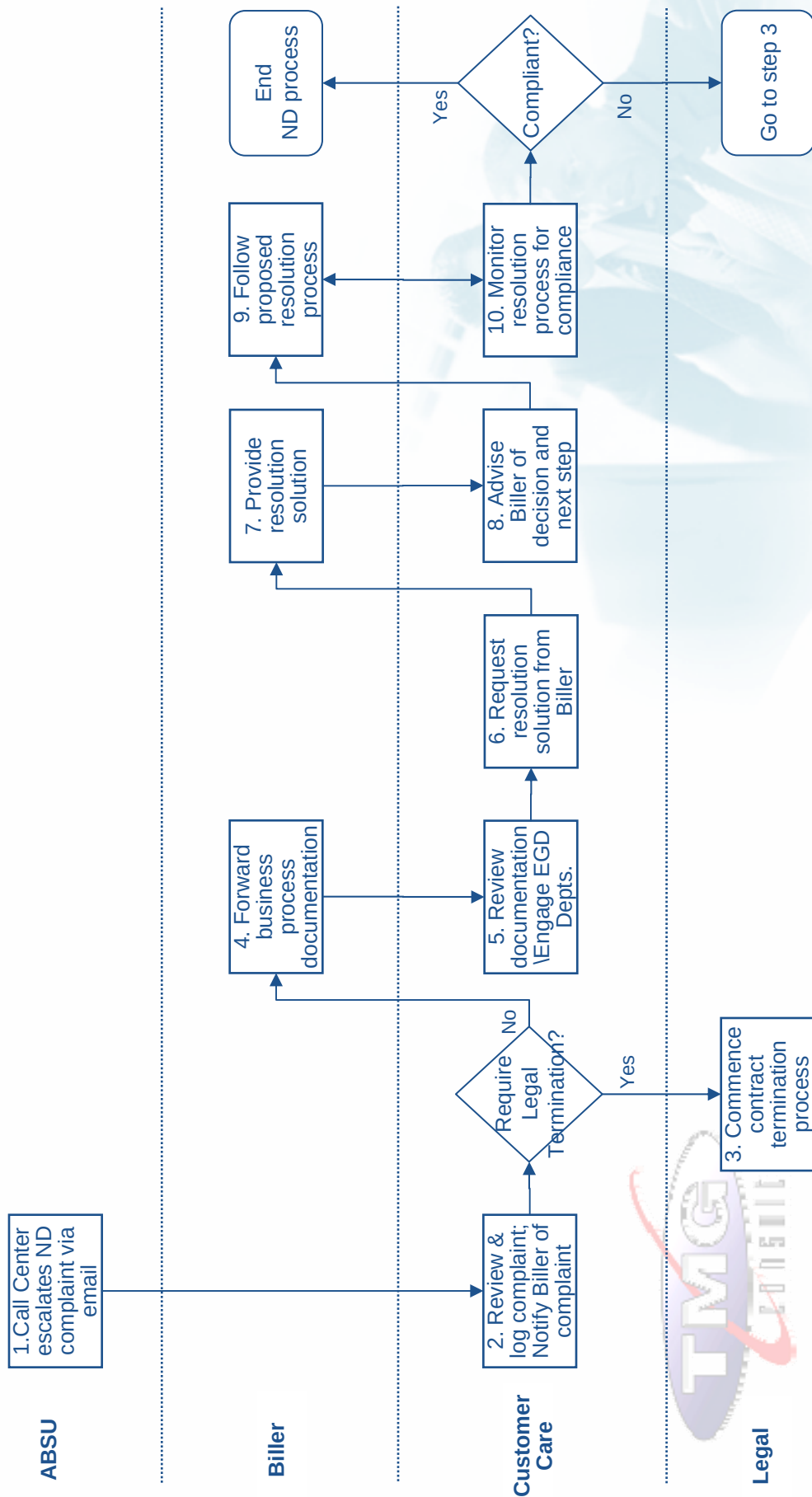
Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Call center receives dispute complaint	ABSU	Variable	Yes	No
2	Call center enters dispute into dispute tracker app	ABSU	Variable	Yes	No
3	Dispute notice forwarded to Biller	ABSU	Variable	Yes	No
4	Receive dispute notice	Biller			
5	Commence resolution process	Biller			
6	Assist Biller if requested	Customer Care	Variable	Yes	No
7	Apply customer credit	ABSU	Variable	Yes	No
8	Forward credit transaction report to Biller	ABSU	Variable	Yes	No
9	Notify ABSU to close dispute case	Biller			



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Billing Services

4.4 Biller Relationship Mgmt. - Non-Disputes



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Billing Services

4.4 Biller Relationship Mgmt. - Non-Disputes (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Call Center escalates ND complaint via email to CC	ABSU	Variable	Yes	No
2	Review and log complaint; Notify Biller of complaint	Customer Care	Variable	Yes	No
3	Commence contract termination process	Legal	Fixed	No	No
4	Forward business process documentation	Biller			
5	Review documentation\Engage EGD Depts	Customer Care	Fixed	No	No
6	Request resolution solution from Biller	Customer Care	Fixed	No	No
7	Provide resolution solution	Biller			
8	Advise Biller of decision and next step	Customer Care	Fixed	No	No
9	Follow proposed resolution process	Biller			
10	Monitor resolution process for compliance	Customer Care	Fixed	No	No






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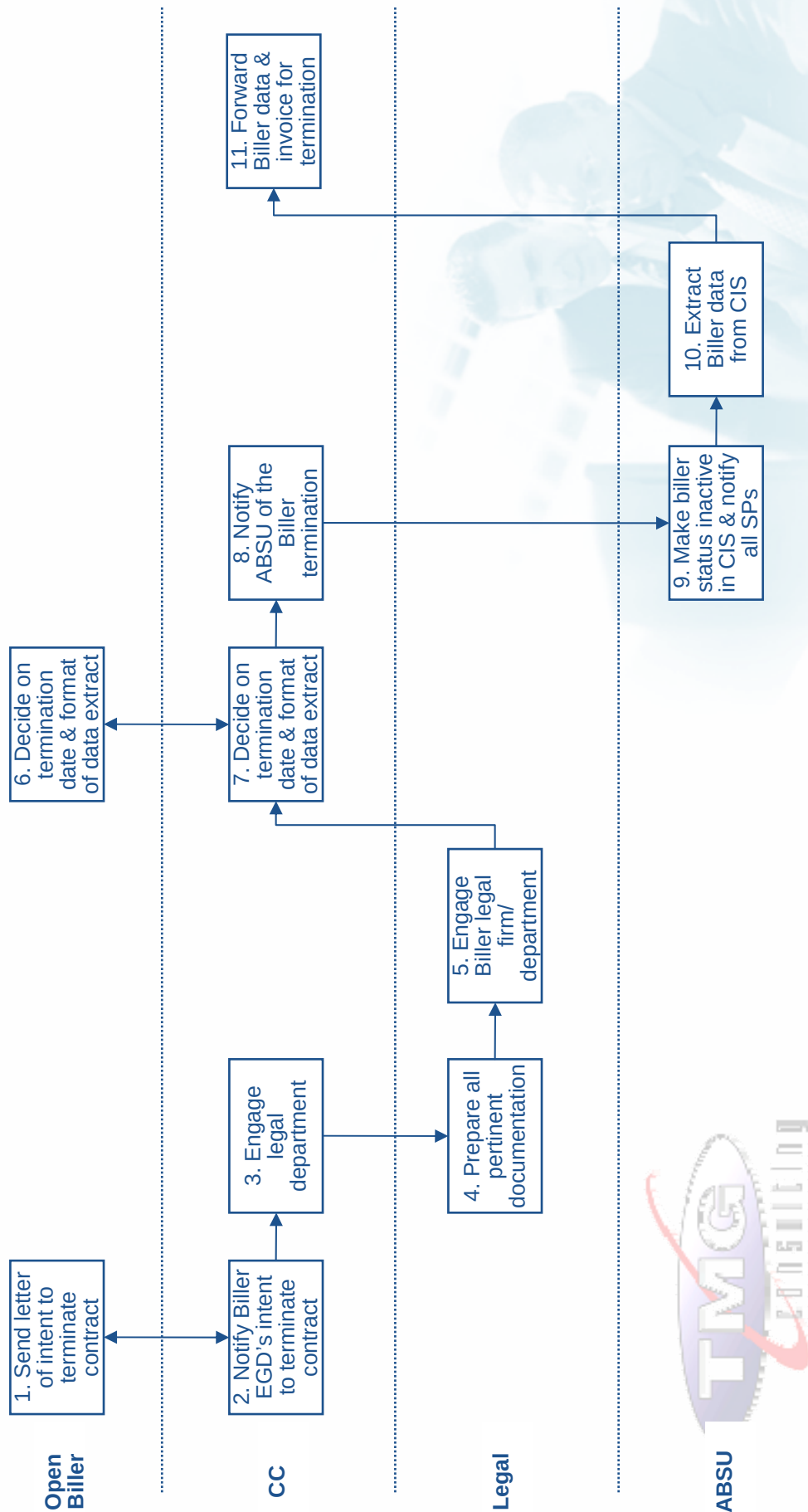
3.0

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5.0

Billing Services

5.0 Contract Termination



* The process remains the same if the contract end date is reached and but parties have no intention to renegotiate another term
 ** As per the Open Bill agreement, EGD will charge the biller with contract termination fees for legal and data extraction costs

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Billing Services

5.0 Contract Termination (Cont'd.)

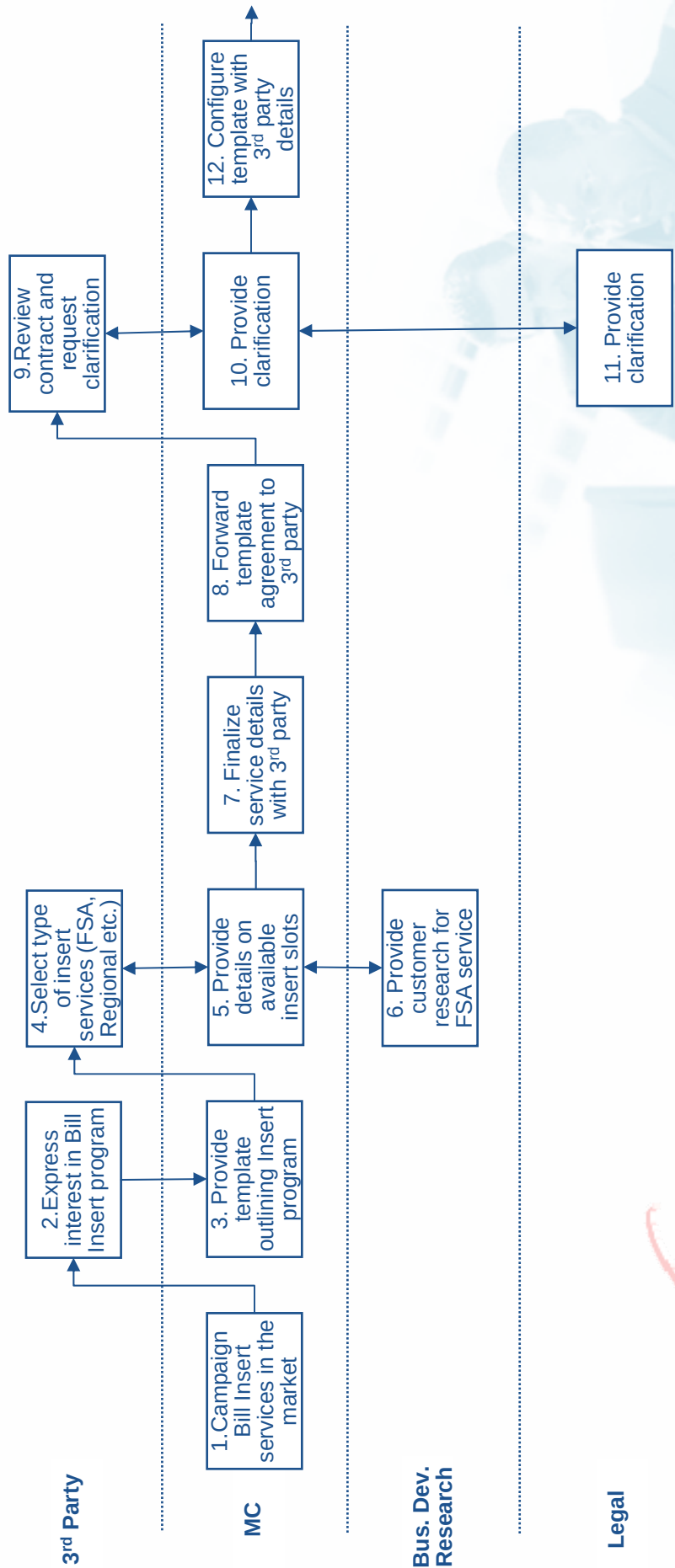
Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Send letter of intent to terminate contract	Billor			
2	Notify Billor EGD's intent to terminate contract	Customer Care	Fixed	No	No
3	Engage Legal department	Customer Care	Fixed	No	No
4	Prepare all pertinent documentation	EGD Legal	Fixed	No	No
5	Engage Billor legal firm/department	EGD Legal	Fixed	No	No
6	Decide on termination date & format of data extract	Billor			
7	Decide on termination date & format of data extract	Customer Care	Fixed	No	No
8	Notify ABSU of the Billor termination	Customer Care	Fixed	No	No
9	Make Billor status inactive in CIS and notify all SPs	ABSU	Fixed	No	Yes
10	Extract Billor data from CIS	ABSU	Variable	No	Yes
11	Forward Billor data & invoice for termination	Customer Care	Fixed	No	No





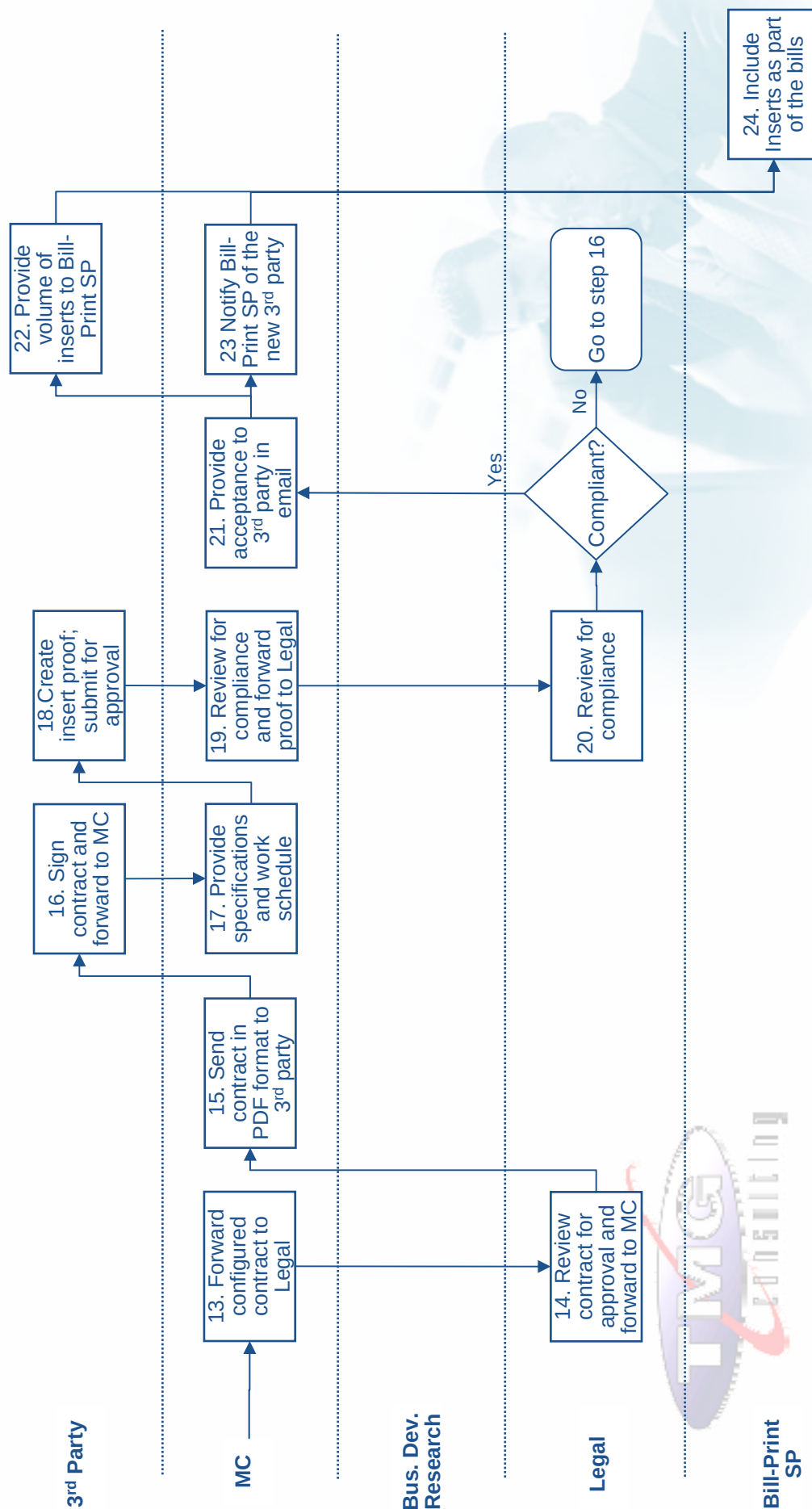
Bill Insert Services

Process Map



Bill Insert Services

Process Map (Cont'd.)





Bill Insert Services

Process Activities (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
1	Campaign bill insert services in the market	Marketing Comm.	Fixed	Yes	No
2	Express interest in Bill insert program	3rd Party			
3	Provide standard contract to 3rd party	Marketing Comm.	Fixed	Yes	No
4	Select type of insert services (FSA, Regional etc.)	3rd Party			
5	Provide details on available insert slots	Marketing Comm.	Fixed	Yes	No
6	Provide customer research for FSA service	Bus. Dev. Research	Fixed	No	No
7	Finalize service details with 3rd party	3rd Party			
8	Forward template agreement to 3rd party	Marketing Comm.	Fixed	Yes	No
9	Review contract and request clarification	3rd Party			
10	Provide clarification	Marketing Comm.	Fixed	Yes	No
11	Provide clarification	Legal	Fixed	No	No
12	Configure template with 3rd party details	Marketing Comm.	Fixed	Yes	No
13	Forward configured contract to Legal	Marketing Comm.	Fixed	Yes	No
14	Review contract approval and forward to MC	Legal	Fixed	No	No



Bill Insert Services

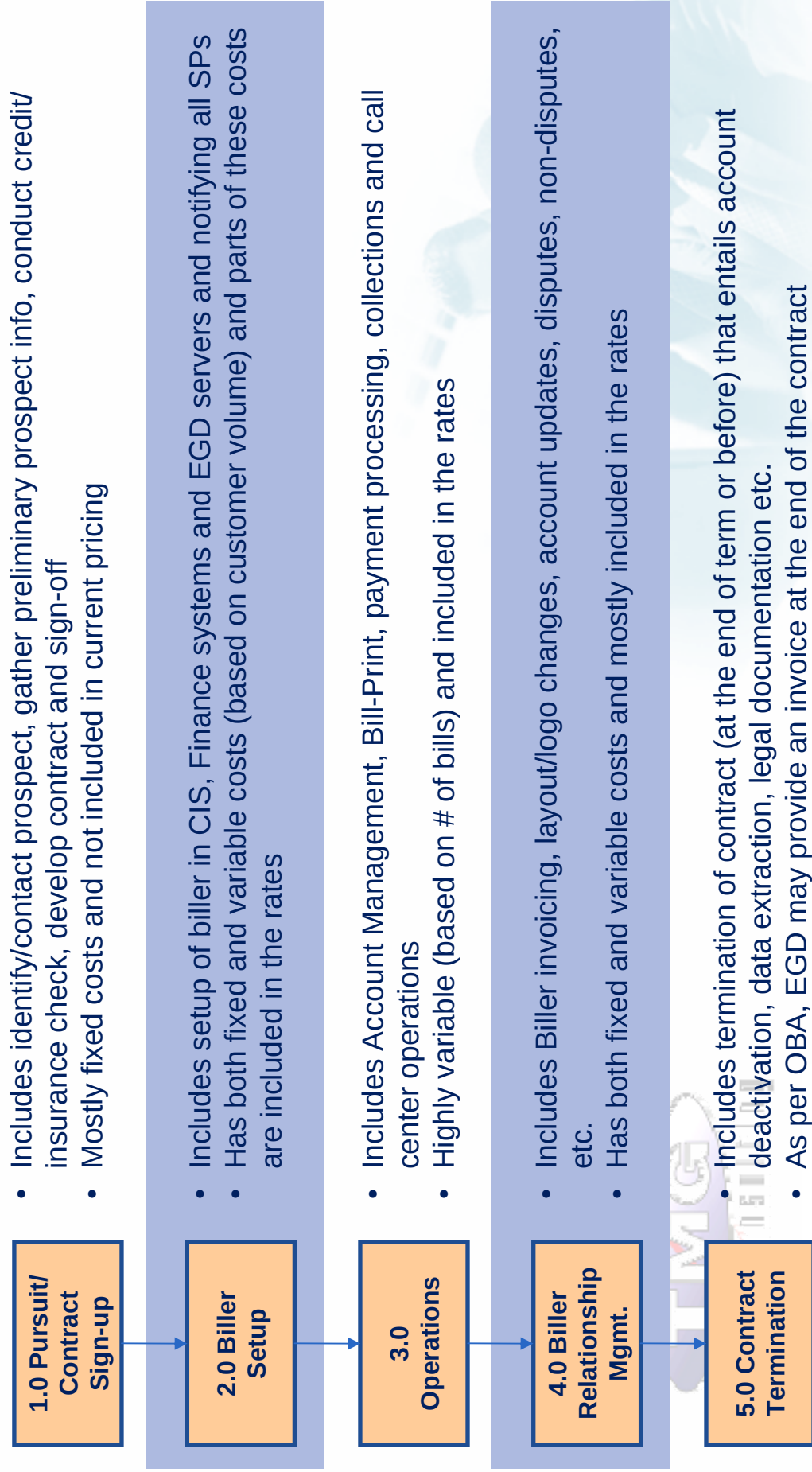
Process Activities (Cont'd.)

Step #	Process	Who	Cost Type	In Current Pricing?	Subject to Change?
15	Send contract to PDF format to 3rd party	Marketing Comm.	Fixed	Yes	No
16	Sign contract and forward to MC	3rd Party			
17	Provide specifications and work schedule	Marketing Comm.	Fixed	Yes	No
18	Create/Review insert proof; submit for approval	3rd Party			
19	Review for compliance and forward proof to Legal	Marketing Comm.	Fixed	Yes	No
20	Review for compliance	Legal	Fixed	No	No
21	Provide acceptance to 3rd party in email	Marketing Comm.	Fixed	Yes	No
22	Provide volume of inserts to Bill-Print SP	3rd Party			
23	Notify bill print SP of the new 3rd party	Marketing Comm.	Fixed	Yes	No
24	Include inserts as part of the bills	Bill-Print SP	Variable	Yes	No





Billing Services Life Cycle





Bill Insert Services Life Cycle

Gather Prospect Info/ Sign Contract

- Includes identify/contact prospect, gather preliminary prospect info, contract development and sign-off
- Fixed cost and partly included in current pricing

Review/ Approve Insert

- Includes compliance review of insert and notifying Bill-Print SP of new 3rd party
- Fixed cost and partly included in current pricing

Stuff Insert and Mail

- Involves all Bill-Print SP activities that includes setting up stations, envelope stuffing, mailing etc.
- No EGD involvement except for notification to SP at this stage
- Variable (based on # of inserts; system wide vs. FSA vs. Regional); included in the rate



Execution Copy

ENBRIDGE GAS DISTRIBUTION INC.

CUSTOMER CARE SERVICES AGREEMENT

SCHEDULE 3.1

SERVICE FEES

APRIL 1, 2007

ACCENTURE BUSINESS SERVICES FOR UTILITIES INC.

Schedule 3.1 – Service Fees

1. Overview

Except as specified elsewhere in the Agreement (e.g. Termination Fees), this Schedule provides a listing of all fees that are payable under the terms of this Agreement. The following general provisions apply to all fees billable under this Agreement:

- (i) All pricing quoted in this Schedule is in Canadian dollars.
- (ii) The annual unit rates per Customer (“**Base Fees**”) take into consideration inflation and cost of living adjustments (COLA). The Base Fees and ARC/RRC adjustments will not be modified or adjusted during the Core Term to reflect increases in inflation or the cost of living.
- (iii) Base Fees are the per customer fees that are billable by the Service Provider when volumes are within +/-5% of the Baseline Volumes.
- (iv) Except as specifically stated in this Schedule, Monthly Fees will be the annual Base Fees divided by 12 for each year of the Core Term.
- (v) Baseline Volumes are the Estimated Number of Customers to which the Base Fees apply as shown in Tables 1A, 1B, 2A, 2B, 3A and 3B.
- (vi) For the purposes of determining amounts payable by EGD through the application of this Schedule 3.1, the term Customer shall mean: a person actively receiving gas distribution and/or natural gas commodity service from EGD; or a person that has had gas distribution and/or natural gas commodity service from EGD terminated for non-payment, which account is subject to Collections Services under this Agreement.

2. Service Category Base Fees

The Service Provider will bill for the following Base Fees for each Service Category provided. The Parties agree and acknowledge that the Base Fees shall be adjusted solely through the Change Order process set out in Article 6:

- 2.1 **Billing, Billing and General Inquiries and Billing Administration Fees:**
 Tables 1A and 1B below list the Baseline Volumes and associated Base Fees for Billing, Billing and General Inquiries and Billing Administration Services.

Schedule 3.1
Customer Care Services Agreement
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Table 1A

Resource Units	Year 1	Year 2	Core Term Year 3	Year 4	Year 5
Estimated Total Number of Customers	1,831,283	1,878,004	1,925,563	1,973,575	2,021,588
Service Provider Unit Price: Price per Customer	\$12.98	\$12.90	\$12.81	\$12.72	\$12.64
Directly Contracted Postage: Price per Customer ¹	\$6.00	\$6.12	\$6.25	\$6.37	\$6.50
Estimated Number of Open Bill Customers	1,339,866	1,353,265	1,366,797	1,380,465	1,394,270
Service Provider Unit Rate: Price per Open Bill Customer per Third Party Bill	\$ 5.02	\$5.20	\$ 5.38	\$5.57	\$ 5.76
Estimated Number of ABC Customers	698,385	698,685	698,986	699,286	699,587
Service Provider Unit Rate: Price per ABC Customer	\$ 2.27	\$2.35	\$2.43	\$2.52	\$ 2.61
New CIS Implementation Charge	\$ -	\$ 351,734	\$ 538,457	\$ -	\$-

Note 1: Postage will not be included in the amounts invoiced to EGD on a monthly basis.

Table 1B

Resource Units	Optional Renewal Year 1	Year 2
Estimated Total Number of Customers	2,069,600	2,121,204
Service Provider Unit Price: Price per Customer	\$12.31	\$12.35
Directly Contracted Postage: Price per Customer ¹	\$6.63	\$6.76
Estimated Number of Open Bill Customers	1,408,213	1,422,295
Service Provider Unit Rate: Price per Open Bill Customer per Third Party Bill	\$5.97	\$6.03
Estimated Number of ABC Customers	699,887	700,188
Service Provider Unit Rate: Price per ABC Customer	\$2.70	\$2.73

Note 1: Postage will not be included in the amounts invoiced to EGD on a monthly basis.

Schedule 3.1
Customer Care Services Agreement
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- 2.2 **Emergency and Service Call Handling Fees:** Tables 2A and 2B below list the Baseline Volumes and associated Base Fees for Emergency and Service Call Handling Services.

Table 2A

Resource Units	Year 1	Year 2	Core Term Year 3	Year 4	Year 5
Estimated Number of Customers	1,831,283	1,878,004	1,925,563	1,973,575	2,021,588
Service Provider Unit Price: Price per Customer	\$3.71	\$3.71	\$3.71	\$3.71	\$3.71
New CIS Implementation Charge	\$-	\$173,242	\$265,210	\$-	\$-

Table 2B

Resource Units	Optional Renewal Year 1	Year 2
Estimated Number of Customers	2,069,600	2,121,204
Service Provider Unit Price: Price per Customer	\$3.76	\$3.76

- 2.3 **Collections Fees:** Tables 3A and 3B below list the Baseline Volumes and associated Base Fees for Collections Services.

Table 3A

Resource Units	Year 1	Year 2	Core Term Year 3	Year 4	Year 5
Estimated Number of Customers	1,831,283	1,878,004	1,925,563	1,973,575	2,021,588
Service Provider Unit Price: Price per Customer	\$7.11	\$7.11	\$7.11	\$7.11	\$7.11
Directly Contracted Postage: Price per Customer ¹	\$0.15	\$0.15	\$0.15	\$0.15	\$0.16
New CIS Implementation Charge	\$-	\$-	\$-	\$-	\$-

Note 1: Postage will not be included in the amounts invoiced to EGD on a monthly basis.

Table 3B

Resource Units	Optional Renewal Year 1	Year 2
Estimated Number of Customers	2,069,600	2,121,204
Service Provider Unit Price: Price per Customer	\$7.42	\$7.42
Directly Contracted Postage: Price per Customer ¹	\$0.16	\$0.16

Note 1: Postage will not be included in the amounts invoiced to EGD on a monthly basis.

Schedule 3.1
Customer Care Services Agreement
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- 2.4 The annual New CIS Implementation Charges for each Service Category will be billed on a pro-rated monthly basis for each year in which they are due and will be applied from the time the New CIS Implementation project commences for the duration of the project, assumed to be 22 months.
- 2.5 Monthly invoiced amounts for the Billing (including ABC and Open Bill), Collections and Emergency and Service Call Handling will be calculated based on the Monthly Fees multiplied by the actual number of Customers in each month in each Service Category. With respect to Open Bill Unit Rate, the fees shall be calculated monthly by multiplying the Unit Rates times the number of Third Parties on the Bill.

Example of Monthly Open Bill Calculation:

Line #	Open Bill Parties	Party A	Party B	Total Monthly Charge
1	Number of Bills on which a Third Party appears	1,325,000	100,000	
2	Open Bill Unit Rate per Third Party per Bill	0.42	0.42	
3	Open Bill Unit Rate per month (Line 1 x Line 2)	556,500	42,000	598,500

3. Partial Termination

Table 4 below indicates the impact to the Base Fees listed above that will result from EGD terminating one or two of the Primary Services.

Table 4

Remaining Primary Services	Billing Base Fee Impact	Collections Base Fee Impact	Emergency and Service Call Handling Base Fee Impact
The percentage impact on Base Fees of continuing to contract for only the Billing Service Category	10%	0.00%	0.00%
The percentage impact on Base Fees of continuing to contract for only the Collections Service Category	0.00%	30%	0.00%
The percentage impact on Base Fees of continuing to contract for only the Emergency and Service Call Handling Service Category	0.00%	0.00%	80%
The percentage impact on Base Fees of continuing to contract for both the Billing and Collections Service Categories	5%	5%	0.00%
The percentage impact on Base Fees of continuing to contract for both the Billing and ESCH Service Categories	5%	0.00%	5%
The percentage impact on Base Fees of continuing to contract for both the Collections and ESCH Service Categories	0.00%	20%	20%

4. New CIS Implementation

Service Provider has developed a fixed-price for implementing the new CIS system which includes the New CIS Implementation Charges specified in Tables 1A, 2A and 3A and certain amounts for the impact to operations which are included in the Base Fees for each of the Service Categories. The price quote is based on the following assumptions:

- (a) the new CIS system will not 'go live' between October 1st and November 30th, inclusive, in any year;
- (b) the new CIS system performance will meet planned parameters regarding technical performance, following attainment of steady state;
- (c) the new CIS system will be accepted by EGD according to criteria that will validate that functionality, data conversion, technical performance and training programs are in accordance with specifications;
- (d) acceptance criteria will be established by EGD, and Service Provider will be consulted at each major acceptance checkpoint, but all final decisions on acceptance pursuant to such criteria shall be with EGD;
- (e) for 6 months prior and 6 months after 'go live' of the new CIS system, each of the Parties will minimize the introduction of new or changed business practices and policies to the greatest extent possible unless such changes would impact its critical business plans or, in the case of EGD, its regulatory requirements;

Service Provider will be actively involved in the planning for and, as it relates to the delivery of the Services, implementation of the new CIS, and agrees to bring its expertise to that process, and to use its commercially reasonable efforts to assist EGD in achieving a prompt steady state status of the new CIS. Should the assumptions contained in this Section prove incorrect, the Parties will negotiate in good faith to equitably adjust the Base Fees prospectively, and/or the New CIS Implementation Charges.

5. Price Adjustment

There may be, from time to time, an event which is caused by EGD which does not involve a Change Order but which does require a sustained increase in the resources required by the Service Provider to deliver the Services. In such event Service Provider will use commercially reasonable efforts to minimize or eliminate such requirements. Service Provider may, through the governance process in ARTICLE 7, identify any remaining increases in resources and thereafter the Parties will negotiate in good faith to equitably adjust the Service Fees to reflect the remaining increase.

Schedule 3.1
Customer Care Services Agreement
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6. Rate Card

Parts A and B below provide hourly rates that apply for all rate card services provided in the Agreement.

Part A

Table 5A

Position	Core Term									
	Year 1		Year 2		Year 3		Year 4		Year 5	
	Billing Rate		Billing Rate		Billing Rate		Billing Rate		Billing Rate	
	Onshore	Offshore	Onshore	Offshore	Onshore	Offshore	Onshore	Offshore	Onshore	Offshore
Business Lead / Manager	\$150.00	\$ -	\$155.25	\$ -	\$160.68	\$ -	\$166.30	\$ -	\$172.12	\$ -
Senior Business Analyst	\$115.00	\$ -	\$119.03	\$ -	\$123.20	\$ -	\$127.51	\$ -	\$131.97	\$ -
Business Analyst	\$ 85.00	\$ -	\$ 87.98	\$ -	\$ 91.06	\$ -	\$ 94.25	\$ -	\$ 97.55	\$ -
Clerk/Customer Service Representative	\$ 45.00	\$ -	\$ 46.58	\$ -	\$ 48.21	\$ -	\$ 49.90	\$ -	\$ 51.65	\$ -
Other										
Insert Title										
Insert Title										
Insert Title										
Insert Title										
Insert Title										
Insert Title										

Table 5B

Position	Optional Renewal			
	Year 1		Year 2	
	Billing Rate		Billing Rate	
	Onshore	Offshore	Onshore	Offshore
Business Lead / Manager	\$178.14	\$ -	\$184.37	\$ -
Senior Business Analyst	\$136.59	\$ -	\$141.37	\$ -
Business Analyst	\$100.96	\$ -	\$104.49	\$ -
Clerk/Customer Service Representative	\$ 53.46	\$ -	\$ 55.33	\$ -
Other				
Insert Title				
Insert Title				
Insert Title				
Insert Title				
Insert Title				
Insert Title				

Schedule 3.1
Customer Care Services Agreement
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Part B**Table 6A**

Position	Year 1		Year 2		Year 3		Year 4		Year 5	
	Billing Rate		Billing Rate		Billing Rate		Billing Rate		Billing Rate	
	Onshore	Offshore	Onshore	Offshore	Onshore	Offshore	Onshore	Offshore	Onshore	Offshore
Business Lead / Manager	\$150.00	\$ -	\$155.25	\$ -	\$160.68	\$ -	\$166.30	\$ -	\$172.12	\$ -
Senior Business Analyst	\$115.00	\$ -	\$119.03	\$ -	\$123.20	\$ -	\$127.51	\$ -	\$131.97	\$ -
Business Analyst	\$ 85.00	\$ -	\$ 87.98	\$ -	\$ 91.06	\$ -	\$ 94.25	\$ -	\$ 97.55	\$ -
Clerk/Customer Service Representative	\$ 45.00	\$ -	\$ 46.58	\$ -	\$ 48.21	\$ -	\$ 49.90	\$ -	\$ 51.65	\$ -
Other										
Insert Title										
Insert Title										
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Table 6B

Position	Optional Renewal			
	Year 1		Year 2	
	Billing Rate		Billing Rate	
	Onshore	Offshore	Onshore	Offshore
Business Lead / Manager	\$178.14	\$ -	\$184.37	\$ -
Senior Business Analyst	\$136.59	\$ -	\$141.37	\$ -
Business Analyst	\$100.96	\$ -	\$104.49	\$ -
Clerk/Customer Service Representative	\$ 53.46	\$ -	\$ 55.33	\$ -
Other				
Insert Title				
Insert Title				
Insert Title				
Insert Title				
Insert Title				
Insert Title				

7. Pricing Reset

7.1 If the actual number of Customers, Open Bill Customers or ABC Customers falls 5% above or 5% below the Estimated Number of Customers, Open Bill Customers or ABC Customers for three consecutive months, then the Parties will negotiate in good faith to equitably adjust the Base Fees, or the fees for Open Bill Customers or ABC Customers, as applicable, and this constitutes a Change for which Service Provider may submit a Change Request or EGD may submit a Change Order pursuant to ARTICLE 6.

7.2 Within the first month of the Core Term, EGD will provide monthly estimates of the number of Customers for the Core Term based on the annual Estimated

Number of Customers and historical seasonal fluctuations, provided that such estimates will be regularly updated with forecasts provided through the governance framework in Article 7.

8. One Time Charges

Pursuant to Exhibit "A" to Schedule 2.2A, the outstanding one time implementation fees applicable to the referenced SOW's are set forth in Table 8A below. Such fees will be paid in accordance with the terms of the applicable SOW.

Table 8A

Item	SOW #	Scope	Outstanding Implementation Fees
OEB Service Quality Regulation (SQR) Requirements	43547	Documentation & Reporting of the details of Emergency Telephone Enquires and related work orders to comply with the OEB SQR requirement.	One Time Charge: \$147K
GDAR	37842	Activity: the processes required to respond to customer inquiries concerning natural gas purchase from third party gas marketers and creating and posting related transactions to customer systems.	Customer Care related One Time Charge \$213K
Open Bill	39821	Activity: the processes involved in the addition of the charges of additional third parties to the EGD bill. Item #2.8.22 from Schedule 2.2A.	One time Charge: \$611K
Bill Refresh	42580	Implementation of a new EGD bill layout, a knowledge base web tool and the ability to enter reads online.	One Time Charge: \$860K

#	Activities	EGD	Shared	Standalone	CCSA 3.1
1.0 Prepare and Manage Meter Reading Routs	The activities involved in preparing meter reading routes	X			N/A
1.1 Consecutive Estimates Program	The activities involved in managing scheduled readings of hard-to-access gas meters with four or more consecutive estimates	X			N/A
1.2 Regular Meter Reading	The activities involved in obtaining meter readings in the field	X			N/A
1.3 Automated Meter Reading Using Radio Frequency	The activities involved in acquiring meter reads through radio frequency	X			N/A
1.4 Special / Check Readings	The activities involved in completing ad hoc meter readings to verify a previous meter reading	X			N/A
1.5 Move In / Move Out Readings	The activities involved in completing a final meter reading where there is a change in ownership	X			N/A
1.6 Final-Reading and Meter Locks	The activities involved in completing a final meter reading and meter lock	X			N/A
1.7 Meter Locks for Termination of Service for Non-Payment	The activities involved in terminating services for non-payment	X			N/A
1.8 Meter Reading Quality Assurance	The activities involved in planning and implementing quality assurance processes for meter reading	X			N/A
1.9 Meter Reading Key Program	The activities involved managing the customer meter reading key program	X			N/A

#	Activities	EGD	Shared	Standalone	CCSA 3.1
2.0	Set up a new account record Set-up new account record	X	X	X	Billing
2.1	Bill Calculation The activities involved in calculating the bill				
	Mass Market Gas Calculations	X			Billing
	Mass Market Test Bills	X	X	X	Billing
	Large Volume	X			Billing
2.2	Canada Post Standards Compliance The activities involved in gathering and maintaining mailing addresses according to Canada Post standards	X	X	X	Billing
2.3	Refund Management The activities involved in verifying, processing and issuing refunds	X	X	X	Billing
2.4	Lawyer Letter Management The activities involved in processing customer move orders at the request of their lawyer and provide arrears and lien information	X	X		Billing
2.5	Escalated Complaints Manage and resolve escalated complaints	X	X	X	Billing
2.6	Bill Production and Delivery The activities involved in Bill production and delivery - in English or French (paper and electronic) or Braille				
	Mass Market	X	X	X	Billing
	Monthly Statement	X	X	X	Billing
	Large Volume	X			Billing
2.7	Print Services Provide print services as required	X	X	X	Billing
2.8	Payment Processing The activities involved in processing payments for all customers				
	Pre-authorized Debit Program (PAD) Administration	X	X	X	Billing
	Payment processing for Mass Market Accounts, Key Accounts, and Monthly Statement Accounts	X	X	X	Billing
2.9	Budget Billing Plan Administer Budget Billing Plan (BBP)	X			Billing
2.10	Billing Exception Handling and Adjustments Manage Billing Exceptions and Adjustments	X			Billing
2.11	Contract Non-Compliance Tracking, Reporting and Billing for Large Volume Accounts The activities involved in tracking, calculating, reporting and billing contract non-compliance	X			
2.12	Call Management The activities involved in responding to billing and general inquiries				
2.12.1	Receive, resolve, and respond to incoming customer calls, including transactions executed through the Company provided system (e.g., revenue adjustments, change of ownership, Budget Billing Plan adjustments, etc.)	X	X	X	Billing
2.12.2	Provide required Telephony and Contact Handling Infrastructure to enable effective customer management as follows: ACD, IVR (including virtual hold options), CTI, 100% Call Recording, Skills Based Routing, Reporting, Contact Management/CRM	X	X	X	Billing
2.12.3	Effectively manage customers on hold (e.g., estimated wait time announcements, on-hold messaging including informational messages, virtual hold options, etc.)	X	X	X	Billing
2.12.4	Provide Knowledge Management functionality	X	X	X	Billing
2.12.5	Promote and sign up customers in various Company provided programs	X			Billing
2.12.6	Capture inquiry resolution details in the Company provided customer information system (e.g., call disposition codes, free form details, etc.)	X	X	X	Billing
2.12.7	Update customer information when the information on file has changed or is missing (i.e., Telephone numbers, names, contacts, postal codes)	X	X	X	Billing
2.12.8	Escalate customer inquiries (if necessary) following Company specified escalation process	X	X	X	Billing
2.12.9	Prepare regularly scheduled performance reports	X	X	X	Billing
2.13	Correspondence Management The activities involved in processing all customer correspondence	X	X	X	Billing
2.14	Customer Care Communication Communicate new/changed information to Service Provider	X	X	X	Billing
2.15	Specialized Telephone Campaigns Activities involved in making live or automated outbound telephone campaigns to communicate with customers regarding new Company programs	X			Billing
2.16	Security Deposit Administration The activities involved in administering the security deposit program	X			Billing
2.17	Meter Reading Administration The back office activities involved in Meter Reading	X			Billing

#	Activities	EGD	Shared	Standalone	CCSA 3.1
3.0 Collection of Large Volume Accounts	The activities involved in collection of Large Volume Accounts	X			Collections
3.1 Collection of Mass Market Accounts	The activities involved in managing arrears and ensuring effective collection recovery	X	X	X	Collections
3.2 Collection of Sundry Accounts	The activities involved in collection of Sundry Accounts	X			Collections
3.3 Manage and Execute Service Disconnection for Non-Payment Accounts (Large Volume Accounts)	The Activities involved in determining and executing service disconnections for Key Accounts	X			Collections
3.4 Manage and Execute Service Disconnection for Non-Payment Accounts (Mass Market)	The Activities involved in determining and executing service disconnections	X			Collections
3.5 Manage service reconnection (Large Volume Accounts) - Note: Physical service reconnection is performed by Company	The activities involved in managing service reconnections	X			Collections
3.6 Manage service reconnection (Mass Market) -Note: Physical service reconnection is performed by Company	The activities involved in managing service reconnections	X			Collections
3.7 Collection Agency Administration	The activities involved in managing the final bill portfolio assigned to third party collection agencies	X	X	X	Collections
3.8 Escalated Complaints	Manage and resolve escalated complaints	X	X	X	Collections
3.9 Correspondence Management	The activities involved in processing all customer correspondence	X	X	X	Collections
3.10 Call Management (Inbound and Outbound)	The activities involved in responding to collections inquiries	X	X	X	Collections

#	Activities	EGD	Shared	Standalone	CCSA 3.1
4.0 Emergency Call Handling The activities involved in immediate response to emergency service order requests		X			E&S Call Handling
4.1 Other Service Call Handling The activities involved in responding to other service order requests		X			E&S Call Handling
4.2 Escalated Call Handling The activities involved in handling call escalations from customers		X			E&S Call Handling
4.3 Specialized Telephone Campaigns The Activities involved in making automated outbound telephone campaigns to communicate service outages		X			E&S Call Handling
4.4 Service Appointment Reminders The Activities involved in making automated telephone service reminder (next day)		X			E&S Call Handling

#	Activities	EGD	Shared	Standalone	CCSA 3.1
5.0 Meter Reading Policies and Procedures Manual	The activities involved in maintaining this manual. This manual contains the general policies guiding the processes for the meter reading function	X			N/A
5.1 Billing, Billing and General Inquiries, Billing Administration Policies and Procedures Manual	The activities involved in maintaining this manual. This manual contains the general policies guiding the processes of the Billing, Billing and General Inquiries, Billing Administration	X	X	X	Billing
5.2 Collection Services Policies and Procedures Manual	The activities involved in maintaining this manual. This manual contains the general policies guiding the processes of the Collections Services function	X	X	X	Collections
5.3 Emergency and Service Call Handling Services Policies and Procedures Manual	The activities involved in maintaining this manual. This manual contains the general policies guiding the processes of the Emergency and Service Call Handling services function	X			E&S Call Handling
5.4 Customer Information System Policies and Procedures Manual	The activities involved in maintaining this manual for the customer information system and other Company provided systems	X	X	X	All
5.5 Knowledge Management Policies and Procedures	The activities involved in maintaining the online procedures for knowledge management	X	X	X	All
5.6 Training Manuals	The activities involved in maintaining the online training manuals covering the associated functions in each Service Category	X	X	X	All
5.7 Business Process Manual	The activities involved in documenting business processes	X	X	X	All

#	Activities	EGD	Shared	Standalone	CCSA 3.1
6.0	Reporting - Service				
	The activities involved in developing and delivering Service Reports to Enbridge				
	Service Reports	X	X	X	All
	Finance	X			
	Forecasting and Budgeting	X			
	Audit	X	X	X	All
	ARCs / RRCs Management	X			
	Invoicing	X	X	X	All
	Project Tracking	X	X	X	All
	Sarbanes-Oxley (SOX) Compliance	X	X	X	Billing
6.1	Communications	X	X	X	All
6.2	Performance and Continuous Improvement	X			
6.3	Relationship Management	X	X	X	All
6.4	Business Requirements	X	X	X	All
6.5	Contract Conformance	X	X	X	All
6.6	Policy & Procedure Development & Control	X	X	X	All
6.7	Operational Performance Management	X	X	X	All

Filed: March 21, 2007
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 Exhibit N1
 Tab 1
 Schedule 1
 Appendix F
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Customer Care and CIS Settlement Template								
#	Category of Cost	A 2007	B 2008	C 2009	D 2010	E 2011	F 2012	G Totals
CIS Related Categories								
1	Old CIS Licence Fee	\$14,200,000	\$9,800,000	\$4,900,000	\$0	\$0	\$0	\$28,900,000
2	Old CIS Hosting and Support							
2a	Incumbent (CWLP) CIS Services being provided from January to March 2007							
3	New CIS Capital Cost	\$0	\$0	\$880,000	(\$5,340,000)	\$25,810,000	\$24,860,000	\$46,210,000
4	New CIS Hosting and Support	\$0	\$0	\$4,350,000	\$8,700,000	\$8,700,000	\$8,700,000	\$30,450,000
5	CIS Backoffice (EGD Staffing)	\$1,000,000	\$1,030,000	\$2,000,000	\$2,060,000	\$2,121,800	\$2,185,454	\$10,397,254
6	SAP Licence Fees	\$0	\$0	\$1,113,500	\$2,227,000	\$2,227,000	\$2,227,000	\$7,794,500
7	SAP Modifications	\$0	\$0	\$1,000,000	\$1,000,000	\$0	\$0	\$2,000,000
Customer Care Related Categories								
8	Incumbent (CWLP) Customer Care Services being provided from - January to March 2007	\$16,900,000	\$0	\$0	\$0	\$0	\$0	\$16,900,000
9	Customer Care Transition Service Provider Contract Cost - ABSU April, 2007 to Sep 30, 2008	Up to \$52,263,000	Up to \$42,623,000	\$0	\$0	\$0	\$0	\$0
10	New Service Provider Contract Cost	TBD	TBD	TBD	TBD	TBD	TBD	\$0
11	Customer Care Licences	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$8,400,000
12	Customer Care Backoffice (EGD staffing)	\$3,100,000	\$3,193,000	\$3,286,790	\$3,387,454	\$3,489,077	\$3,593,750	\$20,052,071
13	Customer Care Procurement Costs	\$0	\$980,000	\$960,000	\$960,000	\$980,000	\$980,000	\$4,900,000
14	Transition Costs - Consultants and ISP	\$0	\$2,220,000	\$2,220,000	\$2,220,000	\$2,220,000	\$2,220,000	\$11,100,000
15	Transition Costs - EGD Staffing							
16	Total CIS & Customer Care	TBD	TBD	TBD	TBD	TBD	TBD	TBD
17	Number of Customers	1,831,283	1,878,004	1,925,563	1,973,575	2,021,588	2,069,600	11,699,613

CIS Implementation Cost Allocation to OBA

Track	Baseline Budget (\$000's)	Allocation Weight	Allocated (\$000's)	OBA Impact	OBA Cost (\$000's)	% Split
PMO						
Sapient	\$ 49,500	1.00	\$ 49,500	X	\$ 1,485	3%
EGD	\$ 30,485	1.00	\$ 30,485	X	\$ 915	3%
Total PMO	\$ 79,985		\$ 79,985		\$ 2,400	

Functional	\$ 3,555					
Billing		0.20	\$ 711	X	\$ 64	9%
Device Management		0.20	\$ 711		\$ -	
FICA		0.20	\$ 711	X	\$ 64	9%
Call Center		0.20	\$ 711		\$ -	
Credit & Collections		0.20	\$ 711	X	\$ 64	9%
Total Functional	\$ 3,555		\$ 3,555		\$ 192	

OCM	\$ 1,200					
Communication		0.20	\$ 240	X	\$ 7	3%
Change Management		0.40	\$ 480	X	\$ 14	3%
Training		0.40	\$ 480	X	\$ 14	3%
Total OCM	\$ 1,200		\$ 1,200		\$ 36	

Technical						
Data Conversion	\$ 1,829	1.00	\$ 1,829	X	\$ 55	3%
Integration	\$ 6,522	1.00	\$ 6,522	X	\$ 196	3%
Hosting	\$ 5,092	1.00	\$ 5,092	X	\$ 153	3%
Service Mgmt	\$ 165	1.00	\$ 165		\$ -	
Partner Systems	\$ 1,015				\$ -	
Forest Green		0.05	\$ 51		\$ -	
Canada Post		0.05	\$ 51	X	\$ 5	9%
Collection Agency		0.05	\$ 51	X	\$ 5	9%
T5 Print		0.05	\$ 51	X	\$ 5	9%
CRA		0.05	\$ 51		\$ -	
RBC		0.10	\$ 102	X	\$ 9	9%
Symcor		0.18	\$ 186	X	\$ 17	9%
TD Bank		0.10	\$ 102	X	\$ 9	9%
Kubra Bill Print		0.18	\$ 186	X	\$ 17	9%
Kubra eBill		0.18	\$ 186	X	\$ 17	9%
OBA	\$ 85	1.00	\$ 85	X	\$ -	0%
Downstream Systems						
Downstream PM	\$ 780	1.00	\$ 780		\$ -	
EnVision	\$ 3,237	1.00	\$ 3,237		\$ -	
EnTrac	\$ 1,307	1.00	\$ 1,307		\$ -	
EnMar	\$ 661	1.00	\$ 661		\$ -	
RAVE DW	\$ 416	1.00	\$ 416	X	\$ 37	9%
RAVE	\$ 367	1.00	\$ 367	X	\$ 33	9%
CB3	\$ 252	1.00	\$ 252		\$ -	
BRARE	\$ 232	1.00	\$ 232		\$ -	
Others	\$ 200				\$ -	
MVRS		0.05	\$ 9		\$ -	
UCIR		0.25	\$ 50	X	\$ 5	9%
EFS		0.25	\$ 50	X	\$ 5	9%
CPC		0.05	\$ 9		\$ -	
DRN		0.05	\$ 9		\$ -	
WMA		0.05	\$ 9		\$ -	
RATES		0.05	\$ 9		\$ -	
DREAM		0.05	\$ 9		\$ -	
CMM		0.05	\$ 9		\$ -	
Xerox		0.05	\$ 9		\$ -	
Web Initiatives		0.05	\$ 9		\$ -	
Paymentus		0.05	\$ 9		\$ -	
Dialer		0.05	\$ 9	X	\$ 1	9%
Total Technical	\$ 22,160		\$ 22,160		\$ 566	

Sub-Total	\$ 106,900		\$ 106,900		\$ 3,193	

Capital Interest	\$ 5,300		\$ 5,300		\$ -	
Contingency	\$ 8,100		\$ 8,100		\$ 243	3%
Grand Total	\$ 120,300		\$ 120,300		\$ 3,436	



Open Bill Project

- **TMG's Response to Consultative Feedback on the Billing and Bill Insert Services Costing and Pricing Model Study Final Report**

Date: January 19, 2009

Version: Final



Open Bill Project

TMG's Response to Consultative Feedback - Billing and Bill Insert Services
Costing and Pricing Model Study



Purpose

The purpose of this document is to provide TMG's response to the questions and comments from the members of the Consultative on the draft of TMG's Open Bill final report.

While TMG understands the Consultative members' concerns, we feel that our recommendation as stated in our final report remains the same. We have also added some response to the Consultative comments which we hope will provide some clarification to these questions.

Introduction

EGD is in the process of developing a pricing model for Billing and Bill Insert services to its open bill clients and interveners. The Consultative has engaged TMG in assisting EGD to develop a pricing model. The project commenced on July 15, 2008 and was concluded on December 19, 2008. During this period, TMG conducted three checkpoint meetings to facilitate discussion around scope and costing/pricing methodology, provide update and solicit feedback from the Consultative members. The price model for the Billing and Bill Insert services was presented at the third and final checkpoint meeting which was held on December 1, 2008. TMG completed all the activities associated in developing the deliverables as per the agreed approach of the Open Bill project. Furthermore, we also conducted additional analysis as per request from the members of the Consultative.

A draft report was prepared by TMG and distributed to the Consultative for final review on December 12, 2008. We received feedback from some of the Consultative members by the January 7, 2009 submission deadline. TMG is providing responses to their questions and comments in this document.

Open Bill Project

TMG's Response to Consultative Feedback - Billing and Bill Insert Services Costing and Pricing Model Study



Stakeholder Comments

No	Who	TMG Report Section	Comment	TMG Response
1	Direct Energy	6.1.2.1 - Customer Care Costs	TMG has incorrectly concluded that the fixed costs associated with the management of biller relationships should be spread over the entire number of bills produced on a monthly basis. These costs should be attributed to either; a) Enbridge, as a cost of doing business, or b) to each individual client	TMG proposes a pricing model that will ensure recovery of all costs incurred by EGD in providing Billing and Bill Insert services. Based on our research of how a third party service provider allocates costs to customers, we feel that it is reasonable to allocate fixed costs spread over the entire number of bills. TMG considered the option of allocating fixed costs to each individual open biller. The price model appeared to be highly cost prohibitive for small billers and will provide an unfair advantage to large volume billers. This will negate the very objective of the open bill program, that being fair and transparent.
2	Direct Energy Lennox	6.1.2.5 - Postage	Postage should not be included in OBA costs. It is not reasonable to attribute postage costs to billing services that do not relate to increased postage.	Based on TMG's market research, it is normal business practice to evenly distribute the cost associated with billing and recovery of revenue. In essence, if x% of the revenue in a bill is recovered on behalf of another party, this party will pay x% of the costs associated in billing and recovering of that revenue. TMG feels that allocating 9% of the postage for OBA revenue is an acceptable cost allocation methodology.
3	Direct Energy	6.1.2.7 - Contingency	The inclusion of an ongoing 10% contingency in costs is unnecessary and should not be included as all OBA processes will be established prior to nCIS implementation.	As mentioned earlier, the objective of the pricing model is to ensure that all of EGD's operating costs are recovered. Direct Energy (DE) is fully aware that not all these processes are finalized. At this time EGD is working with DE and other billers to define these processes.

Open Bill Project

TMG's Response to Consultative Feedback - Billing and Bill Insert Services Costing and Pricing Model Study



No	Who	TMG Report Section	Comment	TMG Response
4	Direct Energy	6.1.2.7 - ABSU Costs	a) TMG did not include their analysis on ABSU costs in Checkpoint #3 in their final report b) ABSU fees of \$0.73 for standalone bill services can not be found in the CCSA c) ABSU OBA fees as per CCSA should be a pass through cost and not have a margin applied to them by EGD in their OBA pricing	The due date for the cost proposal submission is Feb 13, 2009 and the Go-Live date for the project is sometime in the second quarter of 2009. To ensure a constant price is offered for the term of the open bill project, TMG did not have an option but to include a 10% contingency on the cost of the open bill processes. As discussed in one of the checkpoint meetings, one option is to reevaluate the costs after EGD stabilizes its operations post Go-Live. Should OEB or the Consultative entertain a study to reevaluate OBA costs post Go-Live, TMG can not assure that the price can be lower than what is currently proposed. This is due to the possibility that EGD may discover additional processes and new costs associated to OBA, which may drive the price higher. a) ABSU cost analysis was never part of TMG's mandate in setting a pricing model for EGD's Open Bill services. This was discussed in Checkpoint #3, based on a request from DE. However, it was clearly identified that EGD does not have any intentions to reevaluate its position or the terms of CCSA contract which is already being reviewed and approved by the OEB. b) The ABSU fee of \$0.73 for standalone bill services is not in the current CCSA agreement. The fee was changed to \$0.73 in Fall 2008 and the CCSA is yet to be amended to reflect this change at the time of report distribution. c) It is normal business practice to include a margin on subcontracted elements of an agreement purely as a value

Open Bill Project

TMG's Response to Consultative Feedback - Billing and Bill Insert Services Costing and Pricing Model Study



No	Who	TMG Report Section	Comment	TMG Response
5	Direct Energy	8 - Market Data Analysis	a) The Consultative participants have not been given the opportunity to examine the sources used by TMG b) Providing EGD's Open Bill operational details as requirements to a vendor and requesting for a market price/quote is beyond the scope of this project.	added cost. In this case EGD is charging a margin for developing, managing, maintaining and executing the CCSA contract to provide Open Bill services. a) As mentioned in Checkpoint meetings, TMG has signed non-disclosure agreements with vendors from whom we gathered market data on billing services. Hence, TMG is not in the position to reveal its source or entertain Consultative participants to further examine the sources. b) Getting a more detailed market price/quote from the vendor would involve the commencement of a "Request for Information" (RFI) or even a "Request for Proposal" (RFP) process. This would involve a formal engagement with the service providers and extensive effort from EGD staff to gather the necessary requirements. This was not the agreed scope and further more, if entertained, would consume significant amount of effort from both EGD and TMG and will not be delivered within the agreed timeline of the study.
6	Direct Energy Lennox HVAC	9 - Open Bill Service Pricing Models	TMG has not provided any source data for the industry standard margins	As mentioned in our earlier section, TMG cannot reveal its sources based on NDA's. Level of service directly impacts operating costs of the service provider but not the margin. Based on TMG's research, if a client chooses to request additional services, the service provider will incur additional costs accordingly. But the percentage margin of the costs incurred will remain the same. For example, if a service provider entertains two clients with two different service levels, the costs associated in providing the service

Open Bill Project

TMG's Response to Consultative Feedback - Billing and Bill Insert Services Costing and Pricing Model Study



No	Who	TMG Report Section	Comment	TMG Response
7	Direct Energy	9 - Open Bill Service Pricing Models	a) Energy related service margins are much thinner b) Volume discounts for larger clients have not been recognized c) No reduced cost/pricing for OBA participants where electronic bills are produced d) No reductions in per bill pricing with increased bill participants and volumes	for each of the client will be different but the margin applied on top of these costs will be the same. TMG will entertain examination of any such evidence DE can present which will support their observation that a 50%-75% margin on OBA services is unacceptable. a) Third party billing service providers do not differentiate energy related bills to other industries. TMG's mandate is to conduct market research to arrive at a pricing model. Based on our findings, we are confident to state that our proposed margins are acceptable and conform to industry norms. b) As discussed in the Checkpoint meetings, applying volume discounts will negate the objective of the Open Bill service (which is to provide a service that is fair and transparent). c) Electronic bills are not part of the scope study. EGD reserves the right whether or not to provide this service. To ensure a constant price for the duration of the contract it is assumed that electronic bills will not be provided as an option. d) As discussed in the checkpoint meetings, TMG recommends that EGD revise its pricing model based on attrition or addition of billers and number of bills. It is EGD's discretion whether to run the risk of providing a constant price through the duration of the contract or to periodically adjust the price based on

Open Bill Project

TMG's Response to Consultative Feedback - Billing and Bill Insert Services Costing and Pricing Model Study



No	Who	TMG Report Section	Comment	TMG Response
8	Direct Energy	10 - Conclusions	The process by which EGD bills for OBA bills is very similar to that of a credit card company. Credit card companies charge between 1.8% and 2.8% with 100% revenue being returned to the biller	increased/decreased number of bills/billers. TMG does not agree that OBA services provided by EGD is comparable or similar to the service provided by a credit card company. Should a similar service that of EGD is available in the market that charges a margin of 1.8%-2.8% of the revenue billed, the Open Billers should take advantage of such a value proposition.
9	HVAC Lennox	Startup Fees	The basis for the proposed amount of \$2000 or the 50% of actual incurred cost	The concept of introducing a nominal start up fee is to partially recover the costs associated in pursuing new billers and setting them up in the system. While some of the effort associated with sign-up is incurred within Customer Care, other departments like Finance, Legal and Marketing Communication expend certain levels of effort in signing up a new biller. This was estimated and presented to the Consultative as part of the costing model. Also, this nominal fee is introduced to discourage the tire-kickers from approaching EGD regarding the Open Bill service.

PRO FORMA COPY OF THE PROPOSED NEW STANDARD FORM
OF OPEN BILL ACCESS SERVICE AGREEMENT

To be filed at a later date

EX-FRANCHISE BILLING SERVICES

Background

1. The Board's 2007 EGD Rate Decision included an approved settlement with respect to costs flowing from the Company's acquisition of the nCIS and customer care costs during the years from 2007 to 2012 (filed as EB-2006-0034, Exhibit N1, Tab 1, Schedule 1, Appendix F). This Settlement Agreement included an undertaking by the Company to identify and take advantage of opportunities to use the nCIS to provide CIS services to third party organizations to generate additional revenue opportunities, with revenues stemming from such opportunities to be shared as agreed with intervenors and/or determined by the Board. In particular, the Settlement Agreement provided, at page 16 of 30, that:

The Company agrees to use its best efforts to identify and take advantage of opportunities to use the new CIS asset to provide CIS services to third party organizations to generate additional revenue opportunities, and that the gains from any such opportunities shall be shared with ratepayers in a manner to be agreed upon. A consultative group, including Intervenors, may be convened to consider how such opportunities would be addressed. The parties agree that, in the event that the sharing of such gains cannot be agreed upon by the parties, then they will put the issue of the appropriate gainsharing to be used to the Board. The parties agree that any gains to be shared with ratepayers would be cleared to ratepayers by way of an annual adjustment to delivery rates.

Billing services on the Enbridge Gas Distribution bill are covered by the Supplementary Settlement Proposal related to open bill access (Ex. N1-1-1, Appendix C), and are not included in or affected by the provisions set out above.

Nature of the Service

2. EGD has developed the capability to provide for billing services outside of the EGD service area as part of its nCIS project. The ex-franchise billing service offered by EGD will be significantly different from the in-franchise OBA Service.
3. The ex-franchise billing service will provide for a completely separate invoice for each ex-franchise billing client. These invoices will be in the name of the client

and there will be no reference to EGD or Enbridge in the invoice or billing envelope.

4. EGD will undertake the following as part of the ex-franchise billing service:
 - (a) set-up and administration of ex-franchise accounts,
 - (b) posting amounts to appear on the client's ex-franchise invoices,
 - (c) printing ex-franchise invoices,
 - (d) insertion of ex-franchise invoices and billing client bill inserts into the client's bill envelopes,
 - (e) delivery of completed bill envelopes to Canada Post for mail delivery,
 - (f) processing of ex-franchise payments and deposit of payment amounts into the ex-franchise billing client's designated bank account, and
 - (g) the provision of reports to the billing client to validate transactions billed and payments made by their customers.
5. Ex-franchise billing clients will submit billing transactions to EGD via the same interface software used by in-franchise billing clients in the same format. However, in contrast to in-franchise OBA Services, EGD will not take any responsibility for the collection of ex-franchise billing client receivables, or bad debt expense associated with them. Further, the ex-franchise invoices will contain no EGD contact information and EGD will not provide any customer contact support with respect to these invoices. These functions will be the sole responsibility of the ex-franchise billing client.
6. As these invoices will have no association with the EGD or Enbridge brand, EGD does not believe that there ought to be any concern with respect to access to this service.

Costs and Pricing

7. Consistent with the Company's beliefs about the competitive nature of billing services, the Company does not believe that it is necessary or appropriate for the Board to regulate the pricing or contract terms associated with ex-franchise billing services.
8. For the purposes of revenue sharing, EGD will deduct the incremental costs associated with the ex-franchise billing service from the associated revenues, in order to determine the net revenues to be included in the derivation of total net revenues associated with Open Bill Services and ex-franchise billing services.
9. EGD is currently negotiating the contract terms and pricing for ex-franchise billing services with one client and expects that this arrangement will generate full twelve month annual revenues of approximately \$70,000.
10. Set out below is EGD's estimate of net revenue from ex-franchise billing services in 2009 (based on 12 months, although the service will only be available for seven months or less):

2009 Estimated Ex-Franchise Billing Net Revenue	
Revenues	
Number Of Accounts (per month)	25,000
Fee per Bill (excluding postage, which is a pass-through)	\$1.85
Annual Revenue	\$555,000
Costs	
Amortisation of Allocated nCIS Capital	\$88,776
O&M	\$394,691
Net Revenue	\$71,612.50

11. Once EGD has completed the implementation of the nCIS and stabilized this system in the second half of 2009, the Company anticipates that additional ex-franchise billing clients will be added.