



**uniongas**  
A Spectra Energy Company

November 2, 2009

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

Attention: Ms. Kirsten Walli, Board Secretary

**Re: Union's 2010 Rates Application - Settlement Agreement - (EB-2009-0275 – Effective January 1, 2010)**

Dear Ms. Walli:

Please find attached the Settlement Agreement (“the Agreement”) for Union’s 2010 Rate application (EB-2009-0275) as agreed to by Union and the intervenors listed in the Agreement. All issues were completely settled.

Union is filing the Agreement in accordance with Procedural Order No. 1.

At the settlement conference, the consensus of intervenors and Union was that, subject to any concerns from the Board, the settled issues and the Agreement would not require an oral hearing on November 6, 2009 as noted in Procedural Order No. 1.

If you have any questions, please contact me at 519-436-5476.

Yours truly,

*[original signed by]*

Chris Ripley  
Manager, Regulatory Applications

cc: EB-2009-0275 Intervenors  
Michael Penny (Torys)

**EB-2009-0275**

**UNION GAS LIMITED**

**SETTLEMENT AGREEMENT**

**November 2, 2009**

**EB-2009-0275**

**SETTLEMENT AGREEMENT**

This Settlement Agreement (“Agreement”) is for the consideration of the Ontario Energy Board (“the Board”) in its determination, under Docket No. EB-2009-0275, of Calendar 2010 rates for Union Gas Limited (“Union”). By Procedural Order No. 1 dated October 6, 2009, the Board scheduled a Settlement Conference to commence at 9:00 a.m. on October 28, 2009. The Settlement Conference was duly convened, in accordance with Procedural Order No. 1, and concluded the same day.

The following parties participated in the Settlement Conference:

Canadian Manufacturers & Exporters (“CME”)

City of Kitchener (“CCK”)

Enbridge Gas Distribution Inc. (“EGD”)

Energy Probe Research Foundation (“Energy Probe”)

Federation of Rental-housing Providers of Ontario (“FRPO”)

Jason Stacey, Energy Consultant (“Stacey”)

London Property Management Association (“LPMA”)

Ontario Association of Physical Plant Administrators (“OAPPA”)

School Energy Coalition (“SEC”)

Vulnerable Energy Consumers Coalition (“VECC”)

The Association of Power Producers of Ontario (“APPrO”), Consumers’ Council of Canada (“CCC”) and Industrial Gas Users Association (“IGUA”) monitored the Settlement Conference and are participants in this Settlement Agreement.

A complete settlement was reached on all issues by all parties. The Agreement is supported by the evidence filed in the EB-2009-0275 proceeding.

It is acknowledged and agreed that none of the provisions of this Agreement is severable. If the Board does not, prior to the commencement of the hearing of the evidence in EB-2009-0275, accept the Agreement in its entirety, there is no Agreement (unless the parties agree that any portion of the Agreement the Board does accept may continue as a valid Agreement).

It is further acknowledged and agreed that parties will not withdraw from this Agreement under any circumstances except as provided under Rule 32.05 of the Ontario Energy Board's Rules of Practice and Procedure.

It is also acknowledged and agreed that this Agreement is without prejudice to parties re-examining these issues in any other proceeding.

The parties agree that all positions, information, documents, negotiations and discussion of any kind whatsoever which took place or were exchanged during the Settlement Conference are strictly confidential and without prejudice, and inadmissible unless relevant to the resolution of any ambiguity that subsequently arises with respect to the interpretation of any provision of this Agreement.

The role adopted by Board Staff in Settlement Conferences is set out on page 5 of the Board's Settlement Conference Guidelines. Although Board Staff is not a party to this Agreement, as

noted in the Guidelines, “Board Staff who participate in the settlement conference are bound by the same confidentiality standards that apply to parties to the proceeding”.

The form of the Agreement generally follows the major issues outlined in the prefiled evidence. There were no other issues raised requiring resolution in this proceeding. The evidence supporting the agreement on each issue is cited in each section of the Agreement. Abbreviations will be used when identifying exhibit references. For example, Exhibit B1, Tab 4, Schedule 1, Page 1 will be referred to as B1/T4/S1/p. 1. On October 27, 2009, Union filed an update to one issue, Z Factor Adjustment, which had the effect of increasing the net credit to customers on account of tax changes in the 2009/2010 period. Those changes were reviewed, discussed and accepted by all parties in the course of the Settlement Conference. A full updated evidence package reflecting the changes to the tax calculations is being filed concurrently with this Agreement at the Board’s request, reflecting the October 27, 2009 evidence update. All evidence references are to the updated evidence package filed on October 30, 2009. The structure and presentation of the settled issues is consistent with settlement agreements which have been accepted by the Board in prior cases. The parties agree that this Agreement forms part of the record in this proceeding.

## **1     2010 INFLATION FACTOR AND PRODUCTIVITY FACTOR**

(Complete Settlement)

Evidence References:

1. A/T1/p. 3, Rate Order Working Papers/S1/pp. 1-2 and S4

## **2     Z FACTOR ADJUSTMENT**

(Complete Settlement)

Evidence Reference:

1. A/T1/pp. 3-4, Rate Order Working Papers/S13 and S15
2. B3.2

## **3     Y FACTOR ADJUSTMENTS**

(Complete Settlement)

The parties wish to clarify that a portion of the 2010 DSM budget relating to the low-income DSM plan (\$1.730 million) had not yet been approved by the Board. As such, the complete settlement of this issue is premised on the agreement that if the amount attributable to the low-income DSM plan is changed by the Board, that change will either be reflected in the draft rate order or, if not resolved in time, reflected in the DSM variance account for future disposition.

Evidence References:

1. A/T1/pp. 4-7, Rate Order Working Papers/S2 and 14

## **4     AVERAGE USE FACTOR**

(Complete Settlement)

Evidence References:

1. A/T1/p. 7, Rate Order Working Papers/S4 and 10
2. B5.3

## **5     ANNUAL ADJUSTMENTS TO GENERAL SERVICE MONTHLY CHARGES**

(Complete Settlement)

Evidence References:

1. A/T1/pp. 7-8, Rate Order Working Papers/S4

## **6     CUSTOMER BILL IMPACTS**

(Complete Settlement (other than CCK which takes no position))

Evidence references:

1. A/T1/p. 8, Rate Order Working Papers/S9
2. B2.1

## **7     IMPLEMENTATION**

(Complete Settlement)

Evidence References:

1. A/T1/p. 8

## **8     CHANGES TO EXISTING DEFERRAL ACCOUNTS**

(Complete Settlement)

Evidence References:

1. A/T1/pp. 8-9