

August 7, 2013

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

Attention: Ms. Kirsten Walli, Board Secretary

**RE: EB-2013- 0109– Union Gas Limited
2012 Earnings Sharing and Disposition of Deferral Account and Other
Balances – Settlement Conference**

Dear Ms. Walli,

We are writing on behalf of Union Gas Limited and the intervenor parties to this proceeding: Association of Power Producers of Ontario (“APPrO”), Building Owners and Managers Association (“BOMA”), Canadian Manufacturers and Exporters (“CME”), Consumers Council of Canada (“CCC”), Corporation of the City of Kitchener (“Kitchener”), Energy Probe Research Foundation (“Energy Probe”), Federation of Rental-housing Providers of Ontario (“FRPO”), Industrial Gas Users Association (“IGUA”), London Property Management Association (“LPMA”), Ontario Greenhouse Vegetable Growers (“OGVG”), School Energy Coalition (“SEC”), and Vulnerable Energy Consumers Coalition (“VECC”).

On August 1, 2013, the parties conducted a settlement conference. The conference was facilitated by Mr. Paul Vlahos. As reflected in the Board’s Settlement Conference guidelines, the purpose of a settlement conference is among other things, to settle all the issues referred to the settlement conference in a proceeding or, at least, to settle as many issues as possible.

While a formal settlement was not reached, Union and the intervenor parties have agreed that there are no matters in dispute with respect to the balances to be cleared and the allocation to ratepayers of the following deferral accounts

- Short-Term Storage and Other Balancing Services (Account No. 179-70);
- Unbundled Services Unauthorized Storage Overrun (Account No. 179-103);
- Gas Distribution Access Rule Costs (Account No. 179-112);
- Late Payment Penalty Litigation (Account No. 179-113);

- Carbon Dioxide Offset Credits (Account No. 179-117);
- Average Use Per Customer (Account No. 179-118);
- International Financial Reporting Standards Conversion Costs (Account No. 179-120);
- Conservation Demand Management (Account No. 179-123);
- Harmonized Sales Tax (Account No. 179-124);
- Pension Charge on Transition to U.S. GAAP (Account No. 179-127); and
- Federal and Provincial Tax Changes.

With respect to the remaining matters raised by the present application, the parties request an oral hearing on dates to be determined by the Board:

- Unabsorbed Demand Costs (Account No. 179-108);
- Upstream Transportation FT-RAM Optimization (Account No. 179-130) and associated impacts on the Earnings Sharing Calculation;
- Lost Revenue Adjustment Mechanism (Account No. 179-75);
- Demand Side Management Variance Account (Account No. 179-111);
- Shared Savings Mechanism Variance Account (Account No. 179-115);
- Demand Side Management Incentive Deferral Account (Account No. 179-126);
- Union's request for Deferral Clearing Variance Account (Account No. 179-132);
- Preparation of Audited Utility Financial Statements (Account No. 179-129);
- Exhibit A, Tab 3 (Allocation and Disposition of 2012 Deferral Account Balances; Federal and Provincial Tax Changes and 2012 Earnings Sharing Amounts);
- Exhibit A, Tab 4 (Incremental Transportation Contracting Analysis); and
- Exhibit B, Tab 5, Exhibit C, Tab 2 and Exhibit C, Tab 3 (Union's responses to the Board's EB-2011-0210 Gas Supply Plan Review and associated third party studies).

If you have any questions with respect to this letter please contact me at (519) 436- 5473.

Yours truly,

[original signed by]

Karen Hockin
Manager, Regulatory Initiatives

cc: Crawford Smith, Torys
All Intervenors