

April 20, 2007

VIA EMAIL

TO: *ALL EB-2005-0520 INTERVENORS OF RECORD*
GDAR Phase I Working Group

Union Gas filed an application with the Ontario Energy Board (dated April 3, 2007) for an order of the Board approving the rate or rates charged to gas vendors for Invoice Vendor Adjustments (“IVA”), effective June 1, 2007.

Enclosed is a copy of the application, as well as a copy of the Notice of Application issued by the Ontario Energy Board on April 19, 2007 under Docket No. EB-2007-0599.

Yours truly,

[original signed by]

Chris Ripley
Manager, Regulatory Applications

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an Application by Union Gas Limited for an order or orders approving the rate or rates charged to gas vendors for Invoice Vendor Adjustments as of June 1, 2007;

APPLICATION

1. Union Gas Limited (“Union”) is a business corporation, incorporated under the laws of Ontario, with its head office in the Municipality of Chatham-Kent.
2. Union conducts an integrated natural gas utility business that combines the operations of selling, distributing, transmitting and storing gas within the meaning of the *Ontario Energy Board Act, 1998* (the “Act”).
3. By Decision dated November 15, 2005, the Ontario Energy Board (the “Board”) deferred implementation of Phase I of the Gas Distribution Access Rule (“GDAR”) to January 1, 2007 and Phase II to January 1, 2008. The Board also ruled that in the interim, gas distributors are required to offer a form of rate-ready Distributor Consolidated Billing (“DCB”) that features Invoice Vendor Adjustment (“IVA”) functionality.
4. Subsequently, by Notice of Amendment to GDAR dated September 29, 2006, the Board further deferred implementation of Phase I of GDAR to June 1, 2007. Union understands that IVA functionality must also become available by this date as well.
5. IVA functionality provides gas vendors with the ability to make billing adjustments through an additional billing line as part of the existing rate-ready form of DCB. To date,

Union has entered into a number of Service Agreements with gas vendors which provide for IVA functionality. The agreements provide that Union will levy a fee for each use of IVA functionality.

6. Union hereby applies to the Board for a determination allowing it to charge natural gas vendors a flat fee of \$1.85 for each successfully submitted IVA transaction.
7. Union also applies to the Board for such interim order or orders approving interim rates or other charges and accounting orders as may from time to time appear appropriate or necessary.
8. Union further applies to the Board for all necessary orders and directions concerning pre-hearing and hearing procedures for the determination of this application.
9. This application will be supported by written evidence. This evidence will be pre-filed and will be amended from time to time as required by the Board, or as circumstances may require.
10. The persons affected by this application are the customers resident or located in the municipalities, police villages and Indian reserves served by Union, together with those to whom Union sells gas, or on whose behalf Union distributes, transmits or stores gas. It is impractical to set out in this application the names and addresses of such persons because they are too numerous.

11. The address of service for Union is:

Union Gas Limited
P.O. Box 2001
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Attention: Chris Ripley
Manager, Regulatory Applications
Telephone: (519) 436-5476
Fax: (519) 436-4641
cripley@uniongas.com

- and -

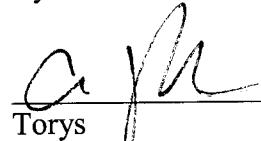
Torys LLP
Suite 3000, Maritime Life Tower
P.O. Box 270
Toronto-Dominion Centre
Toronto, Ontario
M5K 1N2

Attention: Crawford G. Smith
Telephone: (416) 865-8209
Fax: (416) 865-7380
email: csmith@torys.com

DATED: April 3, 2007.

UNION GAS LIMITED

By its Solicitors



Torys
Suite 3000, Maritime Life Tower
P.O. Box 270
Toronto-Dominion Centre
Toronto, Ontario
M5K 1N2

Attention: Crawford G. Smith

Telephone: (416) 865-8209
Fax: (416) 865-7380



EB-2007-0599

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

AND IN THE MATTER OF an Application by Union Gas Limited, pursuant to section 36 of the *Ontario Energy Board Act*, 1998, for an order or orders approving the rate or rates charged to gas vendors for Invoice Vendor Adjustment fee as of June 1, 2007;

NOTICE OF WRITTEN HEARING AND PROCEDURAL ORDER NO. 1

Union Gas Limited ("Union") filed an application on April 4, 2007 (the "Application") with the Ontario Energy Board ("Board") under section 36 of the *Ontario Energy Board Act*, 1998, S.O. c.15, Sched. B, for an order of the Board approving the rate or rates charged to gas vendors for Invoice Vendor Adjustments ("IVA"), effective June 1, 2007. Union's Application has been given Board File No. EB-2007-0599.

The Board in its Decision dated November 15, 2005 (Board File No. RP-2000-0001) ruled that in the interim, gas distributors are required to offer a form of rate-ready Distributor Consolidated Billing that features IVA functionality. IVA functionality provides gas vendors with the ability to make billing adjustments (e.g. correct billing errors and/or process rebates) through an additional line as part of the existing rate-ready form of Distributor Consolidated Billing. In its Decision the Board also deferred the implementation of Phase I of the Gas Distribution Access Rule ("GDAR") to January 1, 2007 and Phase II to January 1, 2008. Subsequently, by Notice of Amendment to GDAR dated September 29, 2006, the Board further deferred implementation of Phase I of GDAR to June 1, 2007.

In response to the Board's ruling, Union is seeking Board approval to charge gas vendors a flat fee of \$1.85, effective June 1, 2007, for each successfully submitted IVA transaction.

Union has provided written evidence in support of the proposed charge as part of its Application. The Application was sent by Union to all Intervenor of record in the EB-2005-0520 proceeding and the GDAR Phase I Working Group Participants.

Written Hearing

The Board intends to proceed in this matter by way of a written hearing. The Board will consider reasons provided by any party as to why it should proceed by way of an oral hearing.

How to Participate

The Board will make all intervenors in EB-2005-0520 intervenors in this proceeding. If you are not automatically an intervenor, you may participate in one of three ways:

You may send the Board a letter of comment. Your letter must be received no later than 10 days from the date of service of this Notice and Procedural Order No. 1.

You may request observer status in order to receive documents issued by the Board in the proceeding. Your request must be made by letter received by the Board no later than 10 days from the date of service of this Notice and Procedural Order No. 1.

You may request intervenor status if you wish to actively participate in the proceeding. Your request must be made by letter of intervention. Details regarding requests for intervenor status are set out below.

Cost Awards

The Board may order costs in this proceeding. Intervenor will need to indicate whether they expect to seek costs from the applicant and the grounds for their eligibility for costs.

THE BOARD THEREFORE ORDERS THAT:

1. The Board adopts the intervenors in EB-2005-0520 as intervenors in this proceeding. Union shall immediately serve a copy of the Application and this Notice and Procedural Order No. 1 to all intervenors in EB-2005-0520. Union shall also serve a copy of the application and Notice and Procedural Order No. 1

to all participants in the GDAR Phase I Working Group, who are not on the EB-2005-0520 intervenor list. Union shall provide affidavit of proof of all deliveries to the Board.

2. A party which is not already an intervenor may request intervenor status if it wishes to actively participate in the proceeding. Requests must be made by letter of intervention received by the Board Secretary and copied to Union, no later than Monday, April 30, 2007. Your letter of intervention must include a description of how you are, or may be, affected by the proceeding; and if you represent a group, a description of the group and its membership. If you object to proceeding by way of written hearing, your letter of intervention should indicate the reasons for your objection. If any such objections are received by the Board, the Board may amend the deadlines below.
3. The Board may order costs in this proceeding. Any party that expects to seek costs in this proceeding shall file a letter with the Board and copy Union no later than Monday, April 30, 2007. The Board will issue details with respect to the filing of cost claims at a later date. Union will be ordered to pay any cost awards for this proceeding.
4. A technical conference will be held on Wednesday, May 9, 2007 to provide Union with the opportunity to answer questions on the application and for all participants to obtain further clarification of the evidence. Intervenors and Board staff should file any questions with respect to the evidence, with the Board Secretary and Union by Friday, May 4, 2007. The technical conference will be transcribed and the transcript will form part of the record of this proceeding. This technical conference replaces the interrogatory process.
5. If Union is unable to provide a complete and satisfactory answer to questions raised, a participant may seek an undertaking from Union to provide a written response to such questions. Union shall file written responses with the Board and provide copies to all intervenors on or before Thursday, May 10, 2007.
6. A settlement conference will be convened on Friday May 11, 2007, at 9:00 a.m. at the Board offices 2300 Yonge Street, with the objective of reaching a settlement among the intervenors.

7. Any settlement proposal arising from the settlement conference shall indicate not only the matters settled, but a detailed evidentiary basis for the settlement and the reasons for the settlement. The settlement proposal shall be filed with the Board by Tuesday, May 15, 2007.
8. All filings with the Board noted in the Order must be in the form of 10 hard copies and must be received by the Board by 4:30 p.m. on the stated date. The Board requires all correspondence to be in electronic form as well as paper. Therefore, all parties must also e-mail an electronic copy of their filings in MS Word and searchable PDF format to the Board Secretary at Boardsec@oeb.gov.on.ca. Parties must also include the Case Manager, Rudra Mukherji Rudra.Mukherji@oeb.gov.on.ca on all electronic correspondence related to this case.

IMPORTANT: If you do not file any comments in response to this notice, the Board may proceed without your participation and you will not be entitled to any further notice of these proceedings.

ISSUED at Toronto April 19, 2007

ONTARIO ENERGY BOARD

Original signed by

Peter H. O' Dell
Assistant Board Secretary