



uniongas
A Spectra Energy Company

May 15, 2007

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Re: EB-2007-0599 – Union Gas – Invoice Vendor Adjustment Fee Settlement Agreement

Dear Ms. Walli:

Enclosed please find 10 copies of the Settlement Agreement reached during the settlement conference held May 9, 2007.

If there are any questions concerning this matter please call me at (519) 436-5476.

Yours truly,

[original signed by]

Chris Ripley
Manager, Regulatory Applications

Enclosures

cc: A. Gibbs, Direct Energy
N. Ruzycki, Energy Savings
V. DeRose, IGUA
J. Gruenbauer, City of Kitchener
C. Smith, Torys

EB-2007-0599

UNION GAS

SETTLEMENT AGREEMENT

May 15, 2007

ADR AGREEMENT

This agreement (the “Agreement”) is the result of the Alternative Dispute Resolution (“ADR”) process held between Union Gas (“Union”) and the parties listed below (the “Parties”). The Agreement is for the consideration of the Ontario Energy Board (“the Board”) in its determination, under Docket No. EB-2007-0599 (the “Proceeding”), for the rate or rates charged to gas vendors for Invoice Vendor Adjustments (“IVA”) by Union Gas Limited (“Union”). The Agreement is supported by the evidence filed in the Proceeding.

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

For greater certainty, the parties further acknowledge and agree that the above condition applies even where they are shown as taking no position.

It is also acknowledged and agreed that this Agreement is without prejudice to parties re-examining these issues in a future 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 the Settlement Conferences is set out on page 5 of the Board’s Settlement Conference Guidelines. As noted in the Guidelines, “Board Staff who participate in the settlement conference are bound by the same confidentiality standards that apply to parties in the proceeding.” Board Staff is not a party to this Agreement.

The evidence supporting the Agreement on the issue is set out in the Agreement. There is an Appendix to the Agreement which provides further evidentiary support. The parties agree that the Agreement and Appendix form part of the record in the proceeding.

By Procedural Order No. 1 dated April 19, 2007, the Board scheduled a Settlement Conference to commence May 11, 2007. This date was subsequently changed to May 9, 2007, the same day as the Board’s Technical Conference for this same Proceeding.

The following parties participated in the Settlement Conference:

1. Direct Energy Marketing Ltd. (“Direct”)
2. Ontario Energy Savings L.P. (“OESLP”)
3. City of Kitchener (“CCK”)
4. Industrial Gas Users Association (“IGUA”)

1. INVOICE VENDOR ADJUSTMENT (IVA) FEE

A) FEE FOR EACH SUCCESSFULLY SUBMITTED IVA TRANSACTION

(Complete Settlement)

Union Gas may charge gas vendors a flat fee of up to \$1.09 for each successfully submitted IVA transaction, in accordance with the Board's Gas Distribution Access Rule. The fee has been derived on the basis that 26% of IVA transactions will result in a call to Union's call centre and that each such call will average 5.5 minutes in length. Below is a fully detailed derivation of the fee:

Derivation of IVA Fee

Cost per minute	\$0.62
Call Handling Time 5.5 minutes	3.41
Contact Centre Cost	<u>0.60</u>
Total Cost per Call	<u>\$4.01</u>
 Call Rate 26% x \$4.01	 \$1.04
3 rd Party Billing Cost	<u>0.05</u>
IVA Fee	<u>\$1.09</u>

The following parties agree with the settlement of this issue: Direct and OESLP

The following parties take no position on this issue: CCK and IGUA