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For immediate release

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OEB Issues Decision with Reasons in the Union 2007 Rates Case

Toronto – Today the Ontario Energy Board (OEB) issued a Decision with Reasons pertaining to Union Gas Limited's (Union) application for approval of delivery rates for its 2007 fiscal year.

The proceeding included a settlement process whereby Union and the other parties reached settlement on a majority of the issues. The remaining unsettled issues were heard by the Board in an oral hearing.

One of the unsettled issues was Union's Gas Cost Risk Management Program. The Board has allowed Union to continue to operate this program on the basis that it is effective in reducing price volatility and the program is modest in terms of its costs of operation.

With respect to Union's request for pre-approval of its proposal for a 24-month fixed cost purchase plan, the Board did not pre-approve this arrangement because the proposal already falls within the scope of Union's Gas Cost Risk Management Program.

Among the other unsettled issues the Board approved in the Decision, was Union's proposal to split the M2 class into two new general service rate classes – a small volume general service rate class for residential and non-contract commercial/industrial customers consuming 50,000 m³ or less per year (M1) and a large volume general service class for customers consuming more than 50,000 m³ per year (M2). The Board also approved Union's proposal to increase the monthly fixed rate from \$14 to \$16 per month effective January 1, 2007, noting the proposed increase to the fixed monthly charge is based on a straight-forward cost allocation element of rate design and is therefore appropriate.

The Board expects to issue a rate order reflecting this Decision prior to the start of the new rate year, which takes effect on January 1, 2007, however several matters currently before the Board, including the Board's Demand-Side Management Generic Proceeding and the Natural Gas-Electricity Interface Review, may affect the final 2007 rates prior to their implementation. The impact on consumers will be determined after these proceedings have concluded and rate schedules have been received.

For more details and other topics considered in the Decision, please refer to the Decision which can be found on the Board's web-site at www.oeb.gov.on.ca.

The Ontario Energy Board regulates the province's electricity and natural gas sectors in the public interest. It envisions a healthy and efficient energy sector with informed consumers, and works towards this vision through regulatory processes that are effective, fair and transparent.

For more information on the Board, please visit our Web site at www.oeb.gov.on.ca or contact the Consumer Relations Centre at 416-314-2455 or toll-free at 1-877-632-2727.

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