

September 15, 2011

Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

**Re: EB-2011-0038 - Union Gas Limited - 2010 Earnings Sharing & Disposition of  
Deferral Accounts and Other Balances**

On September 13, 2011 Union Gas Limited (“Union”) filed Minutes of Settlement agreeing to file all of the information sought in the CME Motion dated August 15, 2011.

Please find enclosed the following:

- a) Attachment 1: The calculation of the Return on Equity on Union’s unregulated storage investments for 2008-2010;
- b) Attachment 2: The calculation of return and taxes for Union’s incremental and purchased storage assets for 2008-2010.

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

Yours truly,

*[original signed by]*

Chris Ripley  
Manager, Regulatory Applications

cc Crawford Smith (Torys)  
EB-2011-0038 Intervenors

UNION GAS LIMITED  
Return on Equity - Unregulated Storage Investment

Particulars (\$000's)	2008	2009	2010
1 Earnings Before Interest and Taxes	52,201	90,052	98,047
2 Financial Expenses	7,069	11,752	11,348
3 Income before income taxes	45,132	78,300	86,699
4 Income taxes	15,119	25,839	26,877
5 Preferred dividend requirements	178	178	178
6 Unregulated earnings	29,835	52,283	59,644
7 Long-term storage premium subsidy to ratepayers (after tax)	(10,676)	(7,171)	(3,692)
8 Short-term storage premium subsidy to ratepayers (after tax)	(7,484)	(7,540)	(7,765)
9	(18,160)	(14,711)	(11,457)
10 Net earnings from unregulated business	11,675	37,572	48,187
11 Unregulated storage investment	178,906	268,229	264,173
12 Equity component @ 36%	64,406	96,562	95,102
13 Return on equity	18.13%	38.91%	50.67%

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Long-Term Return and Taxes 2008 -2010

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Line No.	Particulars (\$000's)	As filed (a)	Board-approved Return (b)	Difference (c)
<u>2010</u>				
1	Existing Assets	3,263	3,263	
2	Incremental Assets	6,369	3,775	2,594
3	Purchased Assets	6,630	3,930	2,700
4	Total	<u>16,262</u>	<u>10,968</u>	<u>5,294</u>
5	Taxes	8,215	5,541	2,674
<u>2009</u>				
6	Existing Assets	3,263	3,263	
7	Incremental Assets	6,551	3,876	2,675
8	Purchased Assets	4,406	2,610	1,796
9	Total	<u>14,220</u>	<u>9,749</u>	<u>4,471</u>
10	Taxes	7,510	5,149	2,361
<u>2008</u>				
11	Existing Assets	3,263	3,263	
12	Incremental Assets	1,901	1,123	778
13	Purchased Assets	2,115	1,252	863
14	Total	<u>7,279</u>	<u>5,638</u>	<u>1,641</u>
15	Taxes	3,886	3,014	872