

Filed: 2011-04-18
EB-2011-0038
Exhibit A
Tab 1
Schedule 2
Page 1 of 3

UNION GAS LIMITED
Lost Revenue Adjustment Mechanism
Breakdown of 2010 LRAM Deferral Account Balance

Line No.	Particulars (\$)	<u>Amounts by DSM Plan Year</u>		<u>Total Amount in LRAM Deferral Account</u>
		<u>2009 ⁽¹⁾</u>	<u>2010 ⁽²⁾</u>	
		(a)	(b)	(c)
	<u>South</u>			
1	M1 Residential	217,259	98,962	316,221
2	M1 Commercial	267,665	126,176	393,841
3	M1 Industrial	22,354	810	23,164
4	M2 Commercial	350,470	95,916	446,387
5	M2 Industrial	75,368	71,209	146,577
	<u>Industrial</u>			
6	M4	26,847	31,208	58,055
7	M5	88,740	60,650	149,390
8	M7	2,921	13,853	16,774
9	T1	20,622	14,527	35,149
10		<u>1,072,246</u>	<u>513,312</u>	<u>1,585,558</u>
	<u>North</u>			
11	Residential 01	92,195	44,634	136,829
12	Commercial 01	126,963	38,036	164,999
13	Commercial 10	68,549	24,850	93,399
14	Industrial 10	299,976	8,846	308,822
	<u>Industrial</u>			
15	Rate 20	16,541	11,517	28,058
16	Rate 100	30,790	35,537	66,327
17		<u>635,014</u>	<u>163,420</u>	<u>798,434</u>
18	Total	<u>1,707,260</u>	<u>676,732</u>	<u>2,383,992</u>

Notes:

- (1) EB-2011-0038, Exhibit A, Tab 1, Schedule 2, page 2 of 3, column (g).
- (2) EB-2011-0038, Exhibit A, Tab 1, Schedule 2, page 3 of 3, column (c).

UNION GAS LIMITED
Shared Savings Mechanism
Based on 2009 Audited and 2010 unaudited Results

Line No.	Particulars (\$)	2009 Amount			2010 Amount Based on Unaudited Results ⁽¹⁾	Total for 2009 and 2010 (e) = (c) + (d)
		Amount Based on 2009 Audited Results ⁽¹⁾	Amount Disposed of in EB-2010-0039 ⁽²⁾	Net Amount (c) = (a) - (b)		
		(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) + (d)
	<u>South</u>					
1	M1	1,635,470	1,552,215	83,255	859,686	942,941
2	M2	1,066,315	1,127,895	(61,580)	544,266	482,686
3	M4	340,348	332,091	8,257	467,085	475,342
4	M5	426,894	435,042	(8,148)	362,449	354,301
5	M7	126,158	115,644	10,514	516,139	526,653
6	T1	2,240,804	2,247,755	(6,951)	1,264,262	1,257,311
7		<u>5,835,989</u>	<u>5,810,642</u>	<u>25,347</u>	<u>4,013,887</u>	<u>4,039,234</u>
	<u>North</u>					
8	Rate 01	341,284	321,291	19,993	173,973	193,966
9	Rate 10	537,875	510,481	27,394	60,295	87,689
10	Rate 20	322,488	273,168	49,320	318,613	367,933
11	Rate 100	1,713,596	2,006,002	(292,406)	1,588,823	1,296,417
12		<u>2,915,243</u>	<u>3,110,941</u>	<u>(195,698)</u>	<u>2,141,704</u>	<u>1,946,006</u>
13	Total	<u>8,751,232</u>	<u>8,921,583</u>	<u>(170,351)</u>	<u>6,155,591</u>	<u>5,985,240</u>

Notes:

- (1) The SSM incentives for 2009 and 2010 are calculated and allocated among rate classes using the mechanism approved by the Board in EB-2006-0021.
- (2) EB-2010-0039 Exhibit A, Tab 1 Schedule 4, Column (f).

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Account 179-75 Lost Revenue Adjustment Mechanism (“LRAM”) Deferral Account

Ref: Exhibit A / Tab 1 / Page 7

The evidence indicates that in accordance with previous Board-approved practice, Union is proposing to clear the recorded LRAM balance related to unaudited 2010 DSM activities. Please indicate when the audited balances will be available and filed with the Board.

Please explain the reasons for the volume variance of 30,284 (122,888 – 92,604) for 2010.

Response:

Union will file the audited 2010 Annual Report, which contains the audited LRAM balance, with the Board, on June 30, 2011.

The volume variance is the difference between the 2009 audited LRAM volumes of 92,604 10³m³ and 2010 unaudited LRAM volumes of 122,888 10³m³. The reason for the volume variance of 30,284 10³m³ is due to increased natural gas savings in 2010 associated with Union’s custom projects. These custom projects substantially increased volume savings from 2009 to 2010 in the following rate classes: Industrial Rate 100, Industrial M7, and Industrial T1.

2009 Audit Outcomes

The Final Audited Annual Report, Auditor's Report Summary of Results and Responses Document were filed on August 20, 2010

Account	Pre-audit	Post-Audit
TRC	\$345,110,572	\$308,255,602
LRAM	\$1,148,868	\$988,695
SSM	\$8,921,583*	\$8,751,232
Market Transformation	\$500,000	\$500,000

2009 Budget Results	
Total Budget	\$20.570M
DSMVA	\$1.652M
Total Actual	\$22.222M

*SSM max payout at TRC of \$312,006,349



uniongas
A Spectra Energy Company

July 29, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Union Gas Limited – 2010 Demand Side Management Audit and Results

In accordance with the EB-2006-0021 Decision with Reasons, please find attached Union's 2010 DSM Annual Report, the 2010 Audit Report, and Union's Audit Summary Report. The filing of these reports fulfills the requirements outlined in Section 2.1.12 of the Board's Reporting and Record Keeping Requirement Rule.

Throughout the audit process, Union consulted with and received input from the Evaluation and Audit Committee ("EAC"). In Union's view, the 2010 Auditor, Cadmus, fulfilled all audit scope requirements. Members of the EAC expressed concerns related to the audit process. These concerns, in Union's view, are related to the current DSM framework and are best addressed as part of the process to develop terms of reference contemplated in the Board's EB-2008-0346, Demand Side Management Guidelines for Natural Gas Utilities.

Yours truly,

[Original signed by]

Marian Redford
Manager, Regulatory Initiatives

Attach.

MR/la