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PREFILED EVIDENCE OF

LINDA VIENNEAU, MANAGER, PLANT ACCOUNTING

MICHAEL BROEDERS, MANAGER FINANCIAL PLANNING AND FORECASTING

The purpose of this evidence is to address the following components of Union's utility rate base:

1/ Gross Plant

2/ Accumulated Depreciation

3/ Working Capital

4/ 2007-2009 Historical Plant Continuity

Table 1 summarizes the major components of Union's utility rate base for 2007 Board-approved and for each year 2010 through to the 2013 test year forecast.

Table 1
Utility Rate Base Summary

Line No.	$ millions	Board-Approved 2007 (a)	Actual 2010 (b)	Outlook 2011 (c)	Forecast 2012 (d)	Forecast 2013 (e)
1	Gross plant	5,170.8	5,839.8	5,986.3	6,208.9	6,374.3
2	Accumulated depreciation	(2,014.7)	(2,374.9)	(2,501.2)	(2,640.2)	(2,753.7)
3	Net plant	3,156.1	3,464.9	3,485.1	3,568.7	3,620.6
4	Working capital & other	284.3	221.8	180.2	199.1	190.6
5	Accumulated deferred taxes	(169.5)	(116.4)	(100.3)	(85.0)	(69.7)
6	Rate base	3,270.9	3,570.3	3,565.0	3,682.8	3,741.5

A detailed schedule of the components of rate base for each of these years is provided at Exhibit B1, Summary Schedule 1.

Rate base for the 2013 test year is forecast to be $3,741.5 million compared to $3,270.9 million approved by the Board in the EB-2005-0520 proceeding. The growth in rate base of $470.6 million is primarily due to increased investment in utility plant required to serve customers of $1,203.5 million and a reduction in accumulated deferred income taxes of $99.8 million, offset by additional accumulated depreciation of $739.0 million and a decrease in total working capital of $93.7 million.

1/ GROSS PLANT

Union's average investment in gross plant for the 2013 test year is $6,374.3 million, an increase of $1,203.5 million over Board-approved for 2007. This increase is the result of capital expenditures offset by asset retirements.

Table 2 summarizes the continuity of gross plant from 2010 actual results to the 2013 test year forecast.

Table 2
Gross Plant Continuity Summary

Line No.	$ millions	Actual 2010 (a)	Outlook 2011 (b)	Forecast 2012 (c)	Forecast 2013 (d)
1	Opening balance	5,772.4	5,913.8	6,140.9	6,298.3
2	Capital expenditures	201.1	288.5	232.7	312.5
3	Transfers	0.0	0.0	10.5	0.0
4	Retirements	(59.7)	(61.4)	(85.8)	(78.7)
5	Closing balance	5,913.8	6,140.9	6,298.3	6,532.1
6	Average balance	5,839.8	5,986.3	6,208.9	6,374.3

The average balance shown above is a calculation of the average of the monthly averages found at Exhibit B3 through Exhibit B6, Tab 2, Schedule 1 for the 2013 test year forecast to 2010 actual results, respectively. The transfer identified in 2012 is the return of assets to rate base related to Dawn Gateway that has been held for sale since 2009. A detailed breakdown of the plant continuity by function, and plant account is provided at Exhibit B3 through Exhibit B6, Tab 2, Schedule 2. A summary of the capital expenditures by project for all years is found at Exhibit B1, Summary Schedule 2.

2/ ACCUMULATED DEPRECIATION

Union's average balance of accumulated depreciation for the 2013 test year is $2,753.7 million, an increase of $739.0 million over 2007 Board-approved. This increase is primarily the result of the additional years depreciation offset by asset retirements and a one-time transfer to the unregulated storage business during this period.

Table 3 summarizes the continuity of accumulated depreciation from 2010 actual results to the 2013 test year forecast.

Table 3
Accumulated Depreciation Continuity Summary

Line No.	$ millions	Actual 2010 (a)	Outlook 2011 (b)	Forecast 2012 (c)	Forecast 2013 (d)
1	Opening balance	2,289.2	2,416.2	2,550.2	2,670.0
2	Provision	191.7	199.1	206.1	198.7
3	Salvage	(5.0)	(3.8)	(5.6)	(3.4)
4	Retirements	(59.7)	(61.3)	(85.8)	(78.7)
5	Transfers	0.0	0.0	5.1	0.0
6	Closing balance	2,416.2	2,550.2	2,670.0	2,786.6
7	Average balance	2,374.9	2,501.2	2,640.2	2,753.7

The average balance shown above is a calculation of the average of the monthly averages found at Exhibit B3 through Exhibit B6, Tab 2, Schedule 1 for the 2013 test year forecast to 2010 actual results, respectively. The transfer identified in 2012 is the return of assets to rate base related to Dawn Gateway that has been held for sale since 2009. A detailed breakdown of the accumulated depreciation by function, and plant account is provided at Exhibit B3 through Exhibit B6, Tab 2, Schedule 3 for the 2013 test year forecast to 2010 actual results, respectively.

The provision for depreciation for 2007 to 2012 is based on the depreciation rates approved by the Board in the RP-2003-0063 proceeding (2004 Cost of Service proceeding). The provision

for depreciation for the 2013 test year is based on the rates proposed in Union's 2011 Depreciation Rate Study provided at Exhibit D1, Tab 6.

3/ WORKING CAPITAL

Union's average balance of working capital components for the 2013 test year is $190.6 million, a decrease of $93.7 million compared to the 2007 Board-approved level. The decrease in working capital is primarily due to updates to the cash working capital requirement of $12.7 million (described at Exhibit B1, Tab 8) and a decrease in gas in storage and line pack gas due to lower gas prices offset by a decrease in ABC receivables of $8.9 million.

Table 4 summarizes the average balance for each of the working capital components included in rate base for 2007, 2010, 2011, 2012 and 2013.

Table 4
Average Balance of Working Capital Components

Line No.	$ millions	Board-Approved 2007 (a)	Actual 2010 (b)	Outlook 2011 (c)	Forecast 2012 (d)	Forecast 2013 (e)
1	Cash working capital	32.7	30.5	31.1	31.8	20.0
2	Gas in storage and line pack gas	188.8	167.6	138.1	154.2	157.0
3	Balancing gas	129.6	94.4	78.9	73.0	73.0
4	ABC Receivable (gas in storage)	(53.8)	(46.8)	(52.1)	(46.3)	(44.9)
5	Inventory of stores, spare equipment	28.5	29.2	29.9	30.4	29.6
6	Prepaid and deferred expenses	2.7	4.3	5.0	5.0	4.9
7	Customer deposits	(43.9)	(56.8)	(50.0)	(48.2)	(48.2)
8	Customer interest	(0.3)	(0.6)	(0.7)	(0.8)	(0.8)
9		284.3	221.8	180.2	199.1	190.6

The calculation of the average of the monthly averages is provided at Exhibit B3 through Exhibit B6, Tab 3, Schedule 1 for the 2013 test year forecast to 2010 actual results respectively. The Board-approved balance is provided at Exhibit B1, Summary Schedule 1.

2013 Test Year Forecast vs. 2012 Bridge Year Forecast

Union's rate base is projected to be $3,741.5 million for the 2013 test year, up $58.7 million from the 2012 bridge year. The increase is primarily a result of additions to plant (Exhibit B1, Tab 2) partially offset by a decrease in cash working capital and the drawdown of accumulated deferred taxes.

2012 Bridge Year Forecast vs. 2011 Outlook

Union's rate base is projected to be $3,682.8 million for the 2012 bridge year, up $117.8 million from the 2011 outlook primarily as a result of additions to plant, an increase in gas in storage, and drawdown of accumulated deferred taxes.

2011 Outlook vs. 2010 Actual Results

Union's rate base is projected to be $3,565.0 million for the 2011 outlook, down $5.3 million from 2010 actual results primarily as a result of decreases in gas in storage offset by additions to plant and drawdown of accumulated deferred taxes.

2010 Actual vs. 2007 Board-Approved

Union's actual rate base for 2010 was $3,570.3 million, up $299.4 million from the level approved by the Board in EB-2005-0520 primarily as a result of plant additions, customer deposits, and the drawdown of accumulated deferred taxes offset partially by a decrease in gas in storage.

4/ 2007-2009 HISTORICAL PLANT CONTINUITY

Per the EB-2007-0606 Settlement Agreement the historical plant continuity schedules for 2007 to 2009 can be found at Exhibit B7 through Exhibit B8.

PREFILED EVIDENCE OF

BETH CUMMINGS, MANAGER OF O&M AND CAPITAL REPORTING

PAUL TROMBLEY, MANAGER CAPITAL REPORTING

The purpose of this evidence is to provide an overview of Union's capital budget for 2012 and 2013.

Table 1 summarizes Union's capital expenditures by function for 2007 actuals, 2010 actuals, 2011 outlook, 2012 bridge year forecast and 2013 test year forecast.

Table 1
Capital Budget Summary by Function

Line No.	Particulars ($ millions)	Actual 2007 (a)	Actual 2010 (b)	Outlook 2011 (c)	Forecast 2012 (d)	Forecast 2013 (e)
1	Storage	7.2	17.9	42.3	14.3	13.5
2	Transmission	159.1	25.1	45.5	48.0	114.1
3	Distribution	93.7	101.8	113.1	125.9	155.8
4	General	29.5	32.8	36.4	37.7	38.5
5	Overhead	56.1	49.1	51.8	54.7	54.3
6	Total	345.6	226.7	289.1	280.6	376.2
7	Less: Unreg S&T	1.5	5.9	15.2	3.0	2.2
8	Less: Unreg General & Overhead	1.4	1.2	4.2	2.5	2.3
9	Total Regulated	342.7	219.6	269.7	275.1	371.7

A complete list of projects greater than $0.5 million for the above years is provided at Exhibit B1, Summary Schedule 2.

The methodology to allocate costs between the regulated and unregulated businesses can be found at Exhibit A2, Tab 2.

2007 Board-approved Capital Budget

Union does not have a detailed 2007 Board-approved capital budget. As part of the EB-2005-0520 Settlement Agreement the parties agreed that Union would reduce the 2007 proposed rate base amount of $3,412.2 million by $35.0 million. The Settlement Agreement did not specify the manner in which capital expenditures or working capital items would be adjusted to determine rate base.

The Board determined in the Natural Gas Electricity Interface Review (EB-2005-0551) that it would forbear from regulating storage which the utilities could sell at market based prices. As a result of this decision unregulated assets were removed from rate base resulting in a revised utility rate base of $3,270.9 million. Actual 2007 utility rate base was $3,202.7 million which is $68.2 million less than the Board-approved rate base.

The underground storage function includes the cost of facilities at the Dawn Station and pool sites such as storage rights, wells, cushion gas, compressor equipment, and measurement and gathering lines.

The transmission function includes the cost of facilities on Union's Dawn-Parkway system and other major transmission lines such as pipelines, compressor equipment, measurement and regulation.

The distribution function includes the cost of facilities required to distribute natural gas to current and new customers such as meters, regulators, mains, measurement, regulation and service centres.

General use plant includes furniture and office equipment, computer equipment, tools and work equipment, transportation and heavy work equipment, and buildings.

Overhead capitalization refers to the overheads attributable to capital expenditures. Union's guidelines for capitalization of costs are included at Appendix A.

2013 Test Year Forecast

The total capital expenditures forecasted for 2013 is $376.2 million, of which $371.7 million is related to the regulated business.

Storage projects represent approximately $13.5 million of the total capital forecast, of which $11.6 million is related to the regulated business. The major storage projects for 2013 are Dawn E Gas Turbine Overhaul at a cost of $2.2 million, Dawn G Silencer replacement at a cost of $1.4

million and Great Lakes Controllers 36" Bypass at a cost of $1.2 million. The remaining capital expenditure consists of an accumulation of other less significant projects. Storage projects are described further in the evidence of Mr. Doug Alexander at Exhibit B1, Tab 6.

Transmission projects represent approximately $114.1 million of the total capital forecast, of which $113.8 million is related to the regulated business. The major transmission projects for 2013 are the Parkway West project at a cost of $80.0 million, the Owen Sound Replacement project at a cost of $17.9 million and the Integrity Management Program at a cost of $5.3 million. Transmission projects are described further in the evidence of Mr. Matt Wood at Exhibit B1, Tab 5.

Distribution projects represent approximately $155.8 million of the total capital forecast, all of which is regulated. New Business projects account for $48.6 million. This is the cost associated with forecast customer attachments. The major distribution projects for 2013 are facilities to serve the Thunder Bay Power Plant at a cost of $28.0 million net of aid and pre-construction costs to service the Lambton Power Plant at a cost of $1.8 million. In addition, costs are included to complete the replacement of the Hamilton Service Centre at a cost of $13.6. Other major projects include Meter and Regulator replacements, Main replacements, and Service Line replacements. Distribution projects are described further in the evidence of Mr. Wes Armstrong at Exhibit B1, Tab 4.

General projects represent approximately $38.5 million of the total capital forecast, of which $37.2 million is related to the regulated business. The most significant projects include transportation replacements, information technology ("IT") hardware and software and major system upgrades/replacements. Transportation replacement is described in the evidence of Mr. Wes Armstrong at Exhibit B1, Tab 4, and IT projects are described in the evidence of Mr. Mike Packer at Exhibit B1, Tab 7.

Total capitalized overheads for 2013 are forecast to be $54.3 million, of which $53.3 million is related to the regulated business.

2012 Bridge Year Forecast

The total capital forecast for the 2012 bridge year is $280.6 million, of which $275.1 million is related to the regulated business.

Storage projects represent approximately $14.3 million of the total capital forecast, of which $11.4 million is related to the regulated business. The major storage project for 2012 is the completion of the multi-year project to construct Dawn Plant J at a cost of $2.0 million. The remaining capital expenditure consists of an accumulation of other less significant projects.

Transmission projects represent approximately $48.0 million of the total capital forecast, of which $47.9 million is related to the regulated business. The major transmission projects for

2012 are the Parkway West project at a cost of $15.0 million, the Parkway TCPL Measurement Upgrade project at a cost of $6.7 million, the Dawn-Parkway System Replacements project at a cost of $6.2 million, the Marcellus-Kirkwall Station Modification project at a cost of $4.7 million, and the Integrity Management Program at a cost of $7.0 million.

Distribution projects represent approximately $125.9 million of the total capital forecast, all of which is regulated. New Business projects account for $43.0 million. Other major projects include the Hamilton Service Centre for $11.7 million, the Waterloo District Office renovations for $2.3 million and the costs to provide distribution services to the town of Red Lake for $7.4 million. Other major projects include Meter and Regulator replacements, Main replacements, and Service Line replacements.

General projects represent approximately $37.7 million of total capital forecast, of which $36.5 million is related to the regulated business. The most significant projects include transportation replacements, IT hardware and software, and major system upgrades/replacements.

Total capitalized overheads for 2012 are forecast to be $54.7 million, of which $53.4 million is related to the regulated business.

2011 Outlook

Total capital outlook for 2011 is $289.1 million, of which $269.7 million is related to the regulated business.

Storage projects represent approximately $42.3 million of total capital spending, of which $27.1 million is related to the regulated business. The major storage projects for 2011 are the multi-year project to construct Dawn Plant J at a cost of $27.9 million and the Dawn B Gas Generator Midlife project at a cost of $1.4 million.

Transmission projects represent approximately $45.5 million of total capital spending, all of which is regulated. The major transmission projects for 2011 are the Lobo A/B project at a cost of $32.3 million and the Integrity Management Program at a cost of $5.7 million.

Distribution projects represent approximately $113.1 million of total capital spending, all of which is regulated. New Business projects account for $35.0 million. The major distribution projects for 2011 are the Waterloo District Office renovations at a cost of $5.5 million, the replacement of the Hamilton Service Centre at a cost of $2.7 million and the London Reinforcement project at a cost of $3.9 million. Other major projects include Meter and Regulator replacements, Main replacements, and Service Line replacements.

General projects represent approximately $36.4 million of total capital spending, of which $35.2 million is related to the regulated business. The most significant projects include transportation replacements, IT hardware and software, and major system upgrades/replacements.

Total capitalized overheads for 2011 are forecast to be $51.8 million, of which $48.8 million is related to the regulated business.

2010 Actuals

The total capital expenditure for 2010 was $226.7 million, of which $219.6 million was related to the regulated business.

Storage projects represented $17.9 million of total capital spending, of which $12.0 million was related to the regulated business. The major storage project for 2010 was the multi-year project to construct Dawn Plant J at a cost of $10.0 million.

Transmission expenditures were $25.1 million of total spending in 2010, all of which was regulated. The major transmission projects for 2010 were the Lobo A/B project at a cost of $7.3 million, the Highway 26 - Woodford to Meaford (Phase 2) replacement project at a cost of $4.0 million, and the Integrity Management Program at a cost of $7.3 million.

Distribution expenditures represented $101.8 million of total capital spending, all of which was regulated. New Business projects accounted for $35.2 million. Major projects for 2010 were the Fort Frances Replacement project at a cost of $5.4 million, pre-construction costs to replace the Hamilton Service Centre of $2.8 million, the Milton – East Gate Station project at a cost of $2.3 million, and the North Bay Meter Shop Addition project at a cost of $2.0 million. Other major projects included Meter and Regulator replacements, Main replacements, and Service Line replacements.

General expenditures represented $32.8 million of total capital spending, of which $31.7 million was related to the regulated business. The most significant projects included vehicle replacements, IT hardware and software and major system upgrades.

Total capitalized overheads for 2010 were $49.1 million, of which $49.0 million was related to the regulated business.

2007 Actuals

The total capital expenditure for 2007 was $345.6 million, of which $342.7 million was related to the regulated business.

Storage projects represented $7.2 million of total capital spending, of which $5.7 million was related to the regulated business. The major storage project for 2007 was the Dawn Plant F Compressor project at a cost of $2.2 million.

Transmission expenditures represented $159.1 million of total capital spending, all of which was regulated. The major transmission projects for 2007 were the Parkway B Compressor project at a cost of $58.3 million, the Dawn-Parkway System (Strathroy to Lobo) project at a cost of $50.3 million, the Dawn-Parkway System (Bright) project at a cost of $18.5 million, the St. Clair Energy Centre project at a cost of $11.4 million and the Integrity Management Program at a cost of $8.0 million.

Distribution expenditures represented $93.7 million of the total capital spending, all of which was regulated. New Business projects accounted for $35.3 million. Major distribution projects for 2007 were the Burlington Service Centre project at a cost of $8.0 million, the Inside Meter/Reg Relocation project at a cost of $2.8 million and the Highway 518 Relocation Phase II project at a cost of $2.7 million. Other major projects included Meter and Regulator replacements, Main replacements, and Service Line replacements. These project costs were offset by the proceeds from the sale of the Windsor and Kingston Service Centres for the amount of $6.1 million and $1.0 million, respectively. Pre-spending costs to construct new service centres for both Windsor and Kingston accounted for $1.2 million and $0.9 million respectively.

General expenditures represented $29.5 million of total capital spending, of which $28.2 million was related to the regulated business. The most significant projects included vehicle replacements, IT hardware and software, and major system upgrades/replacements.

Total capitalized overheads for 2007 were $56.1 million, of which $56.0 million was related to the regulated business.

A summary of the major variances by expenditure type is shown in Table 2 for 2010 actuals, 2011 outlook, 2012 bridge year forecast and the 2013 test year forecast relative to 2007 actuals.

Table 2
Capital Budget Summary Year over Year Change by Function

Line No.	Particulars ($ millions)	Actual 2010	Outlook 2011	Forecast 2012	Forecast 2013
		(a)	(b)	(c)	(d)
1	2007 Actual Spend	342.7			
2	Prior Period		219.6	269.7	275.1
3	Storage	10.7	24.4	(28.0)	(0.8)
4	Transmission	(134.0)	20.4	2.5	66.1
5	Distribution	8.1	11.3	12.8	29.9
6	General	3.3	3.6	1.3	0.8
7	Overhead	(7.0)	2.7	2.9	(0.4)
8	Sub-Total: Change in Spend by Function	(118.9)	62.4	(8.5)	95.6
9	Adjustment: Change in Unregulated Projects	(4.2)	(12.3)	13.9	1.0
10	Sub-Total: Change in Spend for Regulated Projects	(123.1)	50.1	5.4	96.6
11	Current Period	219.6	269.7	275.1	371.7

2013 Test Year Forecast vs. 2012 Bridge Year Forecast

The capital forecast for the 2013 test year versus the 2012 forecast year reflects an increase of $96.6 million. Spending is forecast to increase because of the incremental cost of the Parkway West project of $65.0 million, the Thunder Bay Power Plant Project of $27.1 million and the Owen Sound Replacement Project of $16.7 million. These additional costs are off-set by several projects that are forecasted to be completed in 2012 including Red Lake, Dawn-Parkway System Replacements, Marcellus–Kirkwall Station Modifications and the Parkway TCPL Measurement Upgrade.

2012 Bridge Year Forecast vs. 2011 Outlook

The capital forecast for the 2012 bridge year forecast is expected to increase $5.4 million from the 2011 outlook. The increase is primarily due to the Parkway West project, the Red Lake Project and the Hamilton Service Centre project. These increases are offset by decreases in the Dawn J and Lobo A/B multi-year projects as both projects near completion. Smaller increases are also driven by an increase in customer attachments year over year and an increase in IT spending.

2011 Outlook vs. 2010 Actual

The increase in the capital forecast for 2011 from 2010 actuals is $50.1 million. The increase is primarily due to increased spending on the Dawn J and Lobo A/B projects as well as increased spending to renovate the Waterloo district office.

2010 Actual vs. 2007 Actual

Capital investment in 2010 was $123.1 million less than 2007 actual expenditures. The decrease results from a number of major projects that were underway in 2007 but were complete by 2010. These projects included the Dawn-Parkway System (Strathroy to Lobo) project, the Parkway B Compressor project and the St. Clair Energy Centre project. Overhead capitalization costs also decreased in 2010 compared to 2007 as processes were implemented to support more direct to capital charging of project costs.

Union Gas Limited

Capitalization Policy

Linda Vienneau
8/23/2011

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1. Statement of Purpose and Philosophy

This document describes the accounting policies and recommended accounting treatment for the appropriate classification of Union Gas Limited's ("UGL" or "Union") expenditures, outlining when expenditures are to be capitalized on the balance sheet (capital assets) or expensed to operations in the period incurred (O&M expense).

Accurate recognition of our expenditures as either capital assets or O&M expense is necessary to meet the financial reporting requirements of our regulator, the Ontario Energy Board ("OEB") and to provide accurate financial reporting to management and our shareholders.

This policy has been prepared in accordance with US Generally Accepted Accounting Principles ("US GAAP"), and applicable OEB Regulations as published in the OEB's Uniform System of Accounts ("USOA") for Class "A" Gas Utilities, dated April 1, 1996 for regulated assets.

The criteria for an item to be considered for capitalization are:

- It is probable that future economic benefits associated with the item will flow to the entity
- The cost of the item can be measured reliably
- It is held for use in the production or supply of goods and services, for rental to others, or for administrative purposes
- It is expected to be used during more than one period

Accounting transactions are required to be recorded for the following transaction types:

- Capital asset additions
- Assets retired from service
- Assets sold
- Asset Transfers or movement of plant

This document addresses the above transaction types. The Plant Accounting department must be informed of any of the above transactions to ensure that the proper accounting transactions are recorded.

2. Capital Asset Additions

Capital assets are comprised of property, plant and equipment ("PP&E") and intangible assets.

Expenditures incurred for the following purposes shall be capitalized if they have a benefit beyond one year and the cost exceeds the established minimum rule:

- Purchase or construction of assets;
- Design and development of specific assets;
- Additions of new or replacement components for existing assets; and

- Betterments of existing PP&E. Betterments are enhancements that result in improvements in capacity or physical output, decrease in associated operating costs or an increase in profits, or improvement in the quality of the asset's output.

All other expenditures are expensed in the accounting period in which they are incurred.

If PP&E is acquired through a non-monetary transaction, the cost of such an item of property, plant & equipment is measured at fair value unless:

(a) the exchange transaction lacks commercial substance; or
(b) the fair value of neither the asset received nor the asset given can be measured reliably. Sufficient details supporting the valuation of the asset shall be retained.

The cost of capital asset additions shall be charged to the appropriate plant category and component. Refer to the OEB's USOA for a detailed listing of plant categories.

Components

A component is not necessarily a complete structure, but may be part of a complete structure. It is to be recorded separately if the cost is significant in relation to the total cost of the asset, the useful life of the components comprising a complete structure are materially different and it is physically distinct.

Refer to Appendix B for a listing of UGL's components.

Amortized Assets

For efficiency, capital assets that have a high volume but low unit value are capitalized as a group. In addition, no record-keeping system is in place to track the disposition of these assets. Assets currently amortized include computer hardware and software, office furniture and equipment, tools and communication equipment.

Minimum Rule

This rule is put in place for accounting convenience to prevent the capitalization of minor items of plant.

The minimum spend in order to be eligible for capitalization is $1,000. If an item has a value of less than $1,000 it is expensed regardless of whether it meets the criteria outlined above. The exceptions to this rule are as follows:

1. The replacement of a length of pipe section 1 m or more in length is capital regardless of the cost. If the replacement is less than 1 m the cost is to be expensed.
2. The original purchase of all meters and regulators are capital regardless of the cost.
3. The initial purchase of computer hardware and accessories to be used in combination as a set for workstations is capitalized regardless of cost.
4. The original purchase of a set or system (for general plant, including computer hardware, tools, office furniture and equipment). The value of the set must exceed $1,000 to be capitalized but the value of each item purchased within the set does not need to exceed $1,000.

Replacements of individual items that were originally purchased as a set or system are to be treated as expense. However, if replacement is part of a lifecycle replacement of the entire set or system, then the costs are to be treated as capital.

Example:

a) 10 chairs are purchased at $200 each. The chairs will be used to replace individual office chairs as required throughout head office. This purchase is to be expensed as the chairs are not maintained as a set and the individual cost of each chair is less than $1,000.
b) 10 chairs are purchased at $200 each. The chairs are to replace all of the existing chairs in the Board Room (they will be kept together as a set). This purchase is to be capitalized as it will be maintained as a set that cost greater than $1,000.
c) A suite of office furniture (Desk, chair, side table and chairs, white board etc.) should be capitalized on the original purchase. As individual components (e.g. white board, chair) are replaced, they are to be expensed if less than $1,000 each.
d) A set of tools purchased to outfit a new USR truck would be capitalized as the set is being maintained in one vehicle. The individual replacement of one of those tools would be expensed if the individual cost of that tool did not exceed $1,000

Phases of Construction

Union will review costs incurred for PP&E in accordance with the following project timeline classification:

Pre-Construction / Pre-Engineering Phase

This phase includes all internal and external costs expended to develop, design and investigate the feasibility of a capital project. These costs are treated as follows:

- Regulated assets – these costs are collected separately and are allocated to overhead capitalization and become part of the regulatory assets capitalized for the year. If the project does not proceed, the costs incurred during this phase are to be treated as O&M expense.
- Unregulated assets – these costs are not allowable capital expenditures. They are O&M expense.

Acquisition, Development or Execution Phase

Only costs that are an allowable expenditure and are directly attributable to the project can be capitalized. In addition, the cost must be incurred after project start and before project complete to be capitalized to a project in SAP. See Appendix C for a complete listing of costs that can be charged directly to a project and Appendix D for a listing of costs that cannot be charged directly to a project.

Post Project Complete

A project is complete when any scope included in the design drawings, design specifications and construction contract have been completed. This includes all approved scope changes but excludes warranty work. Operationally, Union defines project complete as being nine months after the project has been placed into service. All costs incurred after project complete are O&M expense.

Overhead Capitalization
Capitalized overhead (OH) costs are the costs associated with activities that support the production or construction of an asset but that cannot be charged directly to an individual project. Overheads include engineering, supervision, administrative salaries and expenses, construction engineering and supervision, legal expenses, and taxes**.** Union captures these costs within expense accounts and subsequently allocates a portion to capital. The overhead capitalization policy (filed as part of the 2007 EB-2005-0520 rate case) can be found in Exhibit D2, Tab 1.

Regulatory Overhead Assets
Overheads settled to capital from O&M are allocated to Regulatory Overhead Assets as they are incurred. Six asset types have been identified (local storage, storage, transmission, distribution south, distribution north and general) and OH is allocated in proportion to budgeted capital spend.

Loadings
There are a number of allowable costs that can be directly attributed to capital projects, but because of the nature of the expenditure it is difficult to charge the appropriate amount to a specific project. The method UGL uses to charge these cost to a specific project is loadings. Loadings are based on the labour charges to a specific capital project, with the exception of the warehouse loading which is based on materials issued from a UGL warehouse.

The following construction costs are allocated to projects using loadings:

- HR benefits and incentive pay
- Non productive labour (vacation and sick time only)
- Fleet maintenance
- Fleet depreciation
- Planning & dispatch
- Construction oversight costs
- Warehouse costs (only on materials that move through a UGL warehouse)

Project In-Service
The determination of whether a project is considered in-service will be made on a case by case basis and will be based on the specific facts and circumstances. Some factors to consider include:

a) whether care, custody, and control has been transferred to UGL;
b) whether the warranty period has begun;
c) whether the 24-hour test has been successfully completed;
d) whether gas is flowing to the pipeline.

For example, a capital project for a pipeline would be considered in-service when the gas is flowing, even though ground repairs and landscaping still need to be completed.

On the date the plant is placed in-service, the company should cease to record any interest charge for funds used during construction of such plant.

Costs incurred in using or redeploying an item of PP&E are not included in the carrying amount of that item. This means that the following types of costs are not included in the cost of an asset:

- costs incurred while the facility or asset is operating at less than full capacity
- initial operating losses (losses incurred while waiting for the demand for the output to build)
- cost of relocating or reorganizing all or part of an entity's operations

It is the responsibility of the project manager to notify Plant Accounting that a project is in-service.

Betterment / Overhaul

Betterments and overhauls need to be distinguished from maintenance costs. An asset is considered to be overhauled when the cost of renewals to a component, including materials and labour, but excluding the cost to dismantle the unit and repair old parts to be reused, exceeds 50% of the replacement cost of a similar new item.

When each betterment or overhaul occurs, the cost is recognized in the appropriate plant account. A portion of the carrying amount of the asset bettered / overhauled will need to be derecognized to reflect the replacement.

- Regulated assets – for regulatory purposes these costs are included in the appropriate plant account and depreciated using the rate for that group.
- Unregulated assets – the costs of an overhaul is included in the appropriate plant account and depreciated based on the period between overhauls (i.e. if, based on operating conditions, overhauls are typically required every 10 years, the overhaul would be depreciated over 10 years). The cost of a betterment is included in the appropriate plant component and depreciated using the useful life of the specific component.

Major Spare Parts

Spare parts and servicing equipment are usually carried as inventory and recognized in profit or loss as they are consumed. Major spare parts and stand-by equipment qualify as property, plant and equipment when:

- An entity expects to use them during more than one period
- They can be used only in connection with an item of PP&E

Union tracks these items as inventory and a balance sheet reclassification entry is prepared as required to reclassify these items to a long term asset for financial statement reporting purposes.

Depreciation will only be recorded on these items once they are used in the construction or betterment of an asset. The depreciation rate used will be the rate appropriate for the component into which it has been installed.

Second-Hand Plant
When second-hand plant is acquired in such a physical condition that it is necessary to make extensive repairs to bring it to the standard required by Union, the cost of the repairs will be capitalized.

3. Interest During Construction ("IDC")

IDC is capitalized on all qualifying projects from the date that costs are continuously incurred. Capitalization stops when the asset has been placed into service.

Capitalization of IDC also stops during periods when Union suspends substantially all activities related to the project. However, brief interruptions that are inherent to the construction process do not require the capitalization of IDC to be suspended. For example, construction delays due to rain will not result in the suspension of IDC. In addition, capitalization is not suspended if substantial technical and administrative work is being completed.

Qualifying projects are projects that have a budget or plan that exceeds $1,000,000 and construction is expected to take more than twelve months to complete. Project cost, prior to the consideration of aid, is used to determine whether the project qualifies for IDC, unless the aid is received in advance of construction.

- Regulated assets - IDC is calculated at the rate approved by the OEB, as posted to the OEB's website, whether or not long-term debt has been incurred.
- Unregulated assets – IDC is calculated using the Average Cost of Debt.

4. Aid to Construct

Aid from customers can be grouped into four categories:
- New Business, including Service installations
- New Assets, including Pipeline interconnections and producer stations
- Relocation / upgrade of existing facilities, including Municipal relocations, Ministry of Transportation ("MTO") relocations and other facility upgrades
- Construction of new connections to a large group of customers / community

In all of the above categories, the asset constructed is owned and operated by Union. The aid received will be charged to the aid to construct account and the appropriate components. This account will be depreciated consistent with the depreciation rate for the capital asset components to which they relate.

Upon retirement of the asset, the associated aid for that asset will also be retired.

5. Asset Retirements / Asset Sales / Insurance Proceeds

All assets should be disposed of at fair market value, unless being donated to a charity. Management approval is required per the delegation of authority to dispose of assets that are not at the end of its useful life.

The following costs relating to retiring existing plant should be identified and charged to capital projects:

- Cost to abandon
- Proceeds received on disposal (including insurance proceeds)

Depreciable Plant

Regulated Plant – Ordinary Retirement

An ordinary retirement results from causes reasonably assumed to have been contemplated in prior depreciation provisions, and normally expected to occur when plant reaches the end of its expected service life.

- Regulated assets - the asset value shall be eliminated by crediting the appropriate plant accounts and debiting accumulated depreciation for the same amount. Net salvage shall be charged to accumulated depreciation.
- Unregulated assets – the asset value shall be eliminated by crediting the appropriate plant accounts and debiting accumulated depreciation for the amount related to the specific asset. The resulting net book value is charged to gain / loss in the income statement. Net salvage shall be charged to the gain / loss account.

Regulated Plant – Extraordinary Retirement

An extraordinary retirement results from causes not reasonably assumed to have been contemplated in prior depreciation or amortization provisions. Such causes include unusual casualties due to fire, storm, flood, etc., sudden and complete obsolescence, or unexpected and permanent shut down of an operating assembly or plant. An extraordinary retirement results in a gain / loss being recorded net of any abandonment costs or proceeds.

Unregulated Plant

When a plant component is retired, the net book value shall be eliminated by crediting the appropriate plant accounts and debiting accumulated depreciation relating to the specific asset. The net book value and any abandonment cost net of proceeds received would be posted to the gain / loss account.

Non-Depreciable Plant

When non-depreciable plant is sold / retired, the book value of such plant shall be credited to the applicable plant account and debited to the gain / loss account. Abandonment costs and / or proceeds (including insurance recovered) shall be charged to the gain / loss account. Land and base pressure gas are examples of non-depreciable plant.

Amortized Assets
When amortized assets are sold, the proceeds on disposal are to be identified in the capital project and offset against the cost of the current year's acquisitions. No asset retirement is required. Amortized assets are retired at the end of their defined life regardless of when physical disposition occurs.

Pipe Relocation
When a pipe is relocated, the portion of the line that is taken out of service will be considered retired and will be accounted for as described above. The cost of removing the retired plant or abandoning it in place will be accounted for as salvage. The new line will be accounted for as an addition and the cost will be charged to the appropriate plant account.

Pipe Replacements
When the retired pipe is replaced with pipe in the same location, the project will be charged to the appropriate plant account, with the exception of the costs associated with removing the existing pipe from the trench. These costs shall be accounted for as salvage.

If the pipe replaced is less than 1 m of pipe, the cost is expensed to O&M.

Partial Retirement / Replacement
There may be instances where part of a component is replaced. The cost of the replacement part is capitalized to the appropriate plant category. The part replaced is derecognized. If the cost of the part replaced is not readily available, the cost of the replacement can be used as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

Materials recovered from Plant Retired
If the materials recovered are sold, the proceeds are recorded as salvage in the project and offset against accumulated depreciation.

If the materials recovered are to be retained for use by UGL, the item will be transferred to inventory using the original cost (or book value) of the asset. The resulting salvage entry will be offset against accumulated depreciation. If a repair is required before the material can be issued to inventory, the cost of the repair is added to the book value of the material and the combined cost is the value for inventory purposes. As inventory is to be recorded at the lower of cost and net realizable value (current replacement cost), any amount in excess of current replacement cost will be expensed to O&M.

6. Asset Transfers

Any transfer of Union assets from one location to another must be communicated to Plant Accounting. An entry to record the transfer in our plant records will be made accordingly.

7. Projects with Rescheduled In-Service Dates

Capital projects with rescheduled in-service dates are those having their in-service dates postponed into the future. There are two separate scenarios as follows:

Deferred Capital projects
Capital projects are considered to be deferred when construction, acquisition or development activities halt. The cause of the interruption can be within or beyond UGL's control. Examples of situations where UGL decides to halt a project include changes in economic conditions, changes in technology or internal schedule changes. Examples of interruptions that are beyond UGL's control are material shortages, vendor strikes or labour strikes.

In general, with a deferred project, it is the intent of the company to resume design and construction activities at a later date.
During the deferral period project costs will remain in construction work in progress and the capitalization of IDC will cease. These projects are to be reviewed periodically to confirm their status.

Delayed Capital projects
Capital projects are delayed when UGL decides to postpone the scheduled in-service date into the future and construction, acquisition or development activities continue uninterrupted at a reduced pace.

Qualifying projects will continue to have IDC capitalized throughout the entire construction period.

8. Projects Cancelled

Capital projects are considered to be cancelled when all the related design and construction activities are suspended and there is no longer a reasonable expectation of completion. The costs accumulated in the project will be expensed to the individual responsibility areas O&M if the cost is less than $100,000. If the project costs exceed $100,000, the project costs will still be transferred to O&M but they will be managed by the company rather than the individual responsibility area.

9. Depreciation

Depreciation will be charged on a monthly basis to allocate the depreciable amount of an asset over its estimated service life in a systematic and rational manner.

Depreciation Method
Depreciation is calculated using the straight line method and the rates described below. In addition, Union applies the half year rule in both the year of acquisition and the year of disposal.

- Regulated assets – group depreciation is used for all asset classes, with the exception of 4 plant accounts in which amortization accounting has been adopted. The vintage group, remaining life technique applied by UGL takes into consideration that there are variations in the service lives of the assets constituting the group; even among the same component and that a portion of the investment will be recovered through salvage. The total cost of the asset class is depreciated using the OEB approved rate until such time that the entire class becomes fully depreciated. The group method of depreciation does not track and record accumulated depreciation on individual assets.
- Unregulated assets – for all accounts individual asset accounting is maintained such that the accumulated depreciation associate with each asset or component can be specifically identified. Each individual asset is depreciated over its useful life and depreciation stops once that individual asset becomes fully depreciated.

Timing of Depreciation
Depreciation commences in the year that the asset or component is considered available for use (i.e. placed into service). Depreciation expense is accrued monthly, followed by a system calculation at year end to true-up for any difference between the accrual and expense.

Depreciation Rates

- Regulated assets – each group or asset class has a unique depreciation rate which has been approved by the OEB. If a new asset class is identified, an interim rate estimated by UGL will be used until approved by the OEB. Union uses an external consultant to review and update the depreciation rates approximately every 5 years for submission to the OEB for approval. The rates are based on the estimated service values and estimated service lives of plant developed using a statistical analysis of history and experience, also taking into consideration engineering and other information that may be available with respect to future conditions.
- Regulatory Overhead Assets – each asset has a unique depreciation rate which has been approved by UGL management. The rates are based on the average life of the overhead bearing asset classes within each function group.
- Unregulated assets – each component has an individually defined useful life. UGL management determines the useful lives based on the period over which the component is expected to be used by Union, rather than the assets economic life. Useful lives are reviewed annually and if expectations differ from previous estimates, the depreciation charge is adjusted prospectively.

10. Net Salvage

Net salvage is the estimated future asset removal cost offset by any proceeds on disposal of the asset. Negative salvage is the situation where estimated future asset removal costs exceed the proceeds. Regulated depreciation rates take into consideration the original cost of the asset as well as net salvage. At the end of the asset's life, UGL will have over-depreciated the asset by the amount of the negative salvage.

- Regulated assets – depreciation rates established by the depreciation consultant include a component for net salvage. For regulatory reporting to the OEB, negative salvage is a component of accumulated depreciation. Negative salvage is reclassified to a liability for financial statement reporting - reported as an Asset Retirement Obligation if a legal obligation exists as outlined below, or as a Regulatory Liability.
- Unregulated assets – net salvage does not apply.

11. Asset Retirement Obligation ("ARO")

UGL recognizes a provision for ARO's in the period in which they are incurred if a legal obligation is present and a reasonable estimate of fair value can be made.

Union has the following legal obligations:

- Pipelines – Storage, Transmission and Distribution – obligation to cut, cap and purge abandoned pipelines.
- Asbestos – obligation to appropriately handle and dispose of asbestos in buildings or other facilities that contain asbestos.
- Roadway Easements – obligation to remove and remediate the land on which UGL roadways exist to access storage wells.
- Railway licenses – obligation to remove pipeline from under municipal and private railway crossings.
- Storage Wells – obligation to safely abandon storage wells on retirement.

UGL has established ARO's for all obligations except roadway easements and railway licenses. The obligation related to roadway easements and railway licenses have been measured, but have been deemed to be immaterial.

ARO's are monitored quarterly for additions and retirements that need to be reflected in the estimate.

Appendix A – Definitions

Accumulated Depreciation – is the cumulative amount of depreciation recorded against the applicable plant.

Amortization Accounting – is the depreciation of assets straight line over their defined useful life, with no recognition of disposals during that life. Amortization accounting is used on asset classes whose additions are typically low dollars, but high volume. The administration required to maintain an appropriate ledger to record retirements far outweighs the benefits. Union currently amortizes computer hardware, computer software, and office furniture and tools & work equipment.

Betterment – expenditures incurred to enhance the service potential of an existing asset. Service potential can be enhanced by increasing the physical output or service capacity, lowering operating costs, extending the useful life or improving the quality of output.

Book Value – is the amount at which the plant is carried in the accounts before deducting accumulated depreciation. Book value is normally the cost of the plant.

Depreciable Amount – is the cost of the asset less its residual value.

Depreciation – is the systematic allocation of the depreciable amount of an asset over its useful life.

Intangible Assets – capital assets that lack physical substance. Examples of intangible assets include land rights, franchise agreements and computer software.

Maintenance – the ongoing cost of keeping a capital asset in good operating condition. Maintenance costs are expensed in the period incurred.

Net Book Value – is the book value less accumulated depreciation relating to the applicable plant.

Net Salvage Value – is salvage value less removal costs. In cases where removal costs exceed salvage value, the net salvage value will be negative.

Overhaul – the cost of renewals to a component, including materials and labour, but excluding the cost to dismantle the unit and repair old parts to be reused, exceeds 50% of the replacement cost of a similar new item.

Project Complete – a project is complete when any scope included in the design drawings, design specifications and construction contract have been completed. This includes all approved scope changes but excludes warranty work.

Project Start – a project starts after the appropriate Delegation of Authority (DOA) approval has been received.

Property, Plant and Equipment – These are capital assets that are tangible. Examples of PP&E include vehicles, pipeline systems and buildings.

Residual Value – the estimated amount that the entity would currently obtain from disposal of the asset, after deducting the estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Many items have a negligible residual value because they are kept for their entire physical lives.

Useful Life – is (a) the period over which an asset is expected to be available for use by the entity; or (b) the number of production or similar units expected to be obtained from the asset by an entity.

Vintage group, remaining life technique – in determining UGL's depreciation rates, each asset class is grouped by vintage. The life statistic applied to UGL's plant accounts is the remaining life technique.

Appendix B - Components

Below is a table which outlines the components defined by UGL.

Facilities

Component	Description
Landscaping	Landscaping
Fencing	Steel, chain link and wooden
Parking lots	Sidewalks, asphalt, laneways, drainage and paving
Controls	Heating system controls, access controls, cameras & close circuit controls, air conditioning controls, intrusion controls
HVAC – Class A	Packaged unit (Air Cool Tech), natural gas unit compressor, heating system boiler, natural gas unit engine
HVAC – Class B	Natural gas unit pumps, centrifical cooling system cooling tower, centrifical cooling system generator, centrifical cooling system chiller
Building Structure – Class A	1/ Site work including earthworks & site services; 2/ concrete formwork, supply & rebar; 3/ Masonry & installation of door frames; 4/ Metals including structural steel, metal decking, parapet steel, miscellaneous metals; 5/ rough carpentry; 6/ Fireproofing (thermal protection); 7/ overhead doors, glazing entrances; 8/ cranes; 9/ heating & cooling duct work & piping; 10/ transformers; 11/ winter heat, testing & inspections, street cleaning, garbage removal, caulking, fire stopping/smoke seals, waterproofing, regular gas line, high pressure gas line; 12/ steel structure, foundation, footings, elevators, electrical systems, plumbing, water, sewer system; 13/ Site superintendent, preconstruction labour, materials, subcontract; 14/ project team labour
Building Structure – Class B	Storage buildings / sheds
Roof – Class A	Built up roofing, rubber
Roof – Class B	Vinyl, PVC
Roof – Class C	Steel
Interior & Exterior Building	Interior includes - millwork, lighting, interior doors including metal & wood doors & hardware, drywall: acoustic ceilings, ceramic floor, carpet/resilient, painting, toilet partitions, washroom accessories, grills, louvers, wire mesh partitions, operable panel partitions, foot grills, sunshades. Exterior includes - exterior doors, exterior protection including brick & siding
Leasehold Improvements	Separate category for each lease term

Compressors

Component	Description
Engine (Reciprocal)	Engine, Custom Lifting Tools
Compressor (Reciprocal)	Compressor, valves, cylinders
Engine (Centrifugal)	Engine, Engine / power turbine combination (unique to Hagar)
Engine Overhaul (Centrifugal)	Overhaul
Power Turbine	Rotor, case, custom lifting tools
Compressor Aero Assembly (Centrifugal)	Fan blades, shaft, impeller, custom lifting tools
Compressor Case (Centrifugal)	Compressor case, custom lifting tools
Exhaust / Silencer	Exhaust and silencing equipment
Air Intake	
Lube Oil System	Skid, cooler
Gas Aftercooler	
Engine Cooler	
Filtration Equipment	Filters, scrubbers , filter separators
Other Auxiliaries	Air compressors, auxiliary generators, boilers, blow down silencer, power gas package

LNG at Hagar

Component	Description
LNG Storage Tank	Inner and outer LNG tank, foundations
LNG Pumps	LNG pumps and motors
LNG Vaporizers	LNG vaporizers incl. blowers, tanks and burners
LNG Cold Box	Includes case, foundation, insulation and heat exchangers

Storage Wells

Component	Description
Storage Well	Well head, casing, drilling, rectifier, clearing site for drilling
Field Lines	Pipe, valves not separately identified, permanent pig launchers, permanent pig receivers
Base Pressure Gas	

Station Units

Component	Description
Piping, Valving and Miscellaneous	Piping, fittings & materials, valving, weld, headers
Heater	Electric heater, catalytic heater, Cold Weather Technologies, BS&B or Natco indirect-fired heater, or a hydronic boiler system and associated components
Odorant Equipment (Class A)	Odorant Tank, valves & piping, Odorant containment building
Odorant Equipment (Class B)	MOIS Cabinet (this is the system that actually puts the odorant in the line), regulator panel, Injection point equipment
Electrical Equipment	Transformers, MCC & VFD, transfer switch, switchgear, UPS, VFD, cables, transformer substation
Filter	Special "one-of" order item that is designed to meet specific site requirements
Electronic Controls	Packaged electrical controls, telemetry, transmitters , station panels, Dehy Electrical & Controls, Skid Control Panel, electronic components for SCADA system
Dehydration System	Dehydration Piping & Other, Glycol Contactor (tower), Glycol Cooler, Glycol Still Column, Glycol Surge Tanks, Glycol Re-Boiler, Heat Exchanger, Water Storage Tank, Incinerator
Dehydration Towers Internal	Packing, Trays
Valve Operators	
Control Valves	Control valves are valves that by design have flow through them in various positions between fully open and fully closed
Block Valves	Block valves are designed to be either fully open or fully closed - NPS 16 and above - includes ball valves, check valves, plug valves
Gas Chromatograph	

Mains / Lines

Component	Description
Pipeline – Steel	Pipe, valves not separately identified, permanent pig launchers, permanent pig receivers
Pipeline - Plastic	Pipe, valves not separately identified
Services - Steel	
Services – Plastic	
Groundbed	
Rectifier	

Transportation

Component	Description
Heavy Duty / Medium Diesel Trucks	Highway Tractors, Dump Trucks > 14500 GVW, F450 (Medium Diesel engine trucks < 14500 GVW), F550 LCF (Medium Diesel engine trucks < 14500 GVW)
Medium Gas Trucks	F450 (Medium Gasoline engine trucks < 14500 GVW), F550 LCF (Medium Gasoline engine trucks < 14500 GVW)
Medium / Light Duty Trucks, Cars and Compact Trucks < 4550 GVW	F150, F250, F350, E250, E250, Minivans, Low Cab Forward, Rangers, Focus, Fusions, Taurus X, Escape Hybrid

Heavy Work Equipment

Component	Description
Construction Equipment (Class A)	Crawler-Dozer, Excavator, Towed Air Compressors, Stiff Boom Cranes, Forklifts > 1814 GVW
Construction Equipment (Class B)	Tractor - Loader, Tractor - Backhoe, Forklift < 1814 GVW, Knuckle Boom Cranes
Construction Equipment (Class C)	Tractor - Mower, Welder
Construction Equipment (Class D)	Snowmobiles / ATVs, Mounted Air Compressors
Trailers (mobile work) (Class A)	Trailers > 10000 GVW
Trailers (mobile work) (Class B)	Trailers < 10000 GVW
Trailers (mobile work) (Class C)	Trailers < 2700 GVW

Appendix C – Costs to be charged directly to a project

The following is a list of costs that can be charged directly to a capital project:

Salaries & Wages
- Regular and overtime wages for employees working directly on the project
- Management of front-line construction
- Employee benefits associated with those wages

Construction & Related Costs
- Materials (including cost of procurement on significant projects and material handling)
- Delivery
- Inspection / testing (if performed prior to asset being in use)
- Design
- Mapping
- On-site construction
- Contractor costs
- Environmental costs incurred to meet safety or environmental regulations

Lands & Related Costs
- Land (including the cost of acquisition)
- Land permits
- Land rights
- Preparation & clearing
- Geological
- Environmental costs incurred to meet safety or environmental regulations

Regulatory Proceedings
- Preparation & filing of documentation
- Hearings

Fleet
- Operational costs and depreciation
- Procurement / delivery (external costs only)

Training
- Only allowable if the training is required to configure, construct or install the assets (disallowable – development and delivery of user training)

Computer Hardware / Software & Related Costs

IT / ITI
- Computer hardware & software
- Software design
- Procurement / Delivery

- Inspection / testing (prior to asset being in use)
- Configuration
- Installation

Other Functional Groups

- Only incremental costs for activities noted above (example employee backfill costs)

Appendix D – Costs that cannot be charged directly to a project

The following is a list of costs that cannot be charged directly to a project:

- Abnormal amounts of wasted material, labour or other resources incurred in self-constructed assets
- Maintenance costs
- Building maintenance costs (excluding warehouses)
- General and administrative costs
    - General budgeting and reporting activities
    - Support group activities
    - Payable
    - Plant Accounting
- Business Development Group
- Strategic Development Group
- Management and executive oversight
- Training – preparation of training for users, delivery of user training
- Testing as part of regular maintenance
- IT Help Desk
- Salary & Wage components:
    - Supervision of non-front line workers or employees not directly working on the project
    - Payroll obligations for non-active employees (includes salary continuance, severance pay, long term disability and benefits)
    - Non-productive labour ("NPL") – see loadings for allowable NPL
    - Training unless specifically required to construct or install the asset
    - Time not directly benefitting a specific capital project
    - Housekeeping, down-time, general corporate training (e.g. EH&S)

PREFILED EVIDENCE OF

JEFF OKRUCKY

DIRECTOR, DISTRIBUTION MARKETING

The purpose of this evidence is to:

1/ Outline Union's approach to attaching new customers and provide the Company's "Distribution New Business Guidelines" for attaching new customers to the distribution system;

2/ Provide a forecast of customer attachments for 2013;

3/ Address outstanding New Business-related Board Directives; and,

4/ Seek approval to discontinue reporting on prior expansion projects defined in New Business-related Board Directives from prior rate cases or facilities hearings.

1/ ATTACHING NEW CUSTOMERS

The Board's E.B.O. 188 Report provides the underlying principles for distribution system expansion. Union's approach to attaching new business continues to be consistent with the principles identified in the E.B.O. 188 Report. The Company engages in system expansion where it is economic to do so using the portfolio approach accepted by the Board in Union's E.B.R.O. 499 proceeding. This approach ensures that the cost of the new business portfolio for

the year will not create an undue burden on existing customers. Union continues to use discounted cash flow ("DCF") analysis to determine the feasibility of extending gas service to new customers. Individual projects are required to achieve a minimum threshold profitability index ("PI") of 0.8, while maintaining a rolling profitability index of at least 1.0 for the entire distribution portfolio.

Union's "Distribution New Business Guidelines" document is attached as Appendix A. The guidelines deal with a variety of system expansion-related matters including accountability for decisions, economic acceptance criteria, use of aids-to-construction, operational considerations, and minimum load requirements to provide initial service. These guidelines have been modified from those filed in Union's EB-2005-0520 proceeding.

Union will no longer offer the Market Charge option as a means of financing community expansion projects. The reason for this change is that on average, customer additions for these projects have been lower than forecast. This is the case despite the fact forecast attachments are based primarily on customer survey responses obtained prior to construction. As a result, Union has not been able to recover the full amount of the Market Charge.

The adjustments to the guidelines also include changes to residential service lateral lengths, the excess service length charge, and minimum load requirements. These factors will be adjusted

from time to time in order to ensure continued ability to manage the portfolio to the minimum PI as noted above.

2/ CUSTOMER ATTACHMENT FORECAST

The customer attachment forecast is compiled from four categories of attachments; new residential housing, residential conversions, commercial customer additions, and small industrial customer additions. New housing estimates are determined based on an assessment of forecast provincial new housing starts supported by broader economic forecasts, and adjustments to reflect regional market share and natural gas residential customer penetration levels. Residential conversion estimates are based on recent history and knowledge of potential expansion areas. Commercial and industrial estimates are based on historical ratios to residential attachments. Each of these areas is explained in detail below. The final attachment forecast is a key component of the both the non-contract revenue forecast and the capital forecast.

Initial planning estimates are reviewed by regional Union representatives as well as construction and growth managers, and adjusted if deemed appropriate. Market information at a local level is used to validate or modify the information provided by the initial forecast. Many of Union's regional personnel hold positions in local homebuilder associations and are well positioned to understand the local building market and factors which may not be factored into reports issued by external agencies.

New Housing

The new housing market is the main driver for growth in Union's customer base. The Ontario economy is gradually recovering from the 2008/2009 recession with the housing cycle entering a moderate growth phase; both of these factors support the new housing start estimates. Mortgage rates are expected to rise only slightly from the record low mortgage rates of the past few years and are not expected to impede the positive activity. Unemployment is slowly decreasing and this is also a positive indicator for new housing.

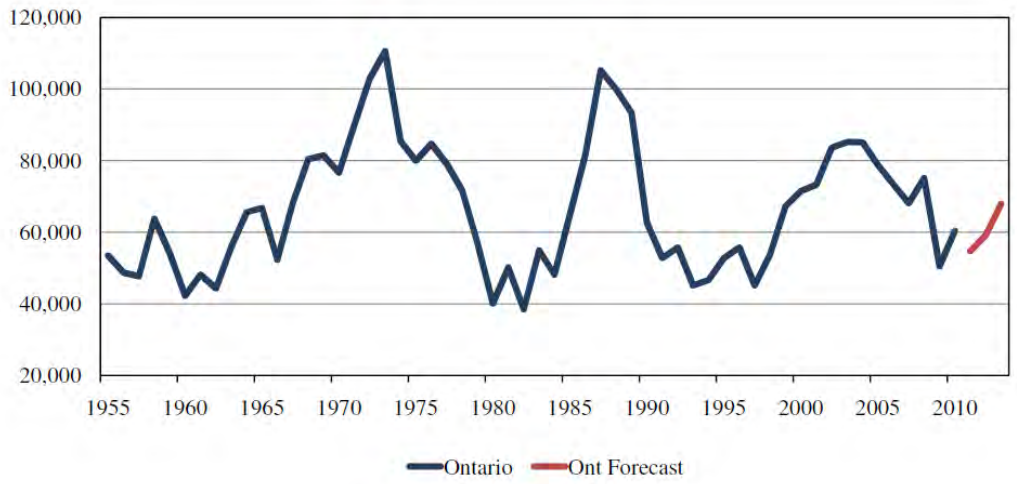
A consensus of provincial housing starts obtained from 10 external agencies (e.g. Canada Mortgage and Housing Corporation, Consensus Economics and several chartered banks) provides a base planning estimate. Table 1 highlights the total Ontario housing start estimates considered by Union to develop its customer attachment forecast. At the time of forecast preparation, only two forecasters had published estimates for 2013, but both the direction and the level of the average of these forecasts for 2013 fit with a longer term housing cycle described below.

Table 1
Ontario Housing Starts

Housing Forecaster	Issued	2011	2012	2013
CMHC	Q4 2010	55,000		
Banque Nationale	Dec-10	55,000	65,000	
Banque Laurentienne	Sep-10	55,000	58,300	
RBC Bank	Dec-10	59,000		
BMO Nesbitt	Dec-10	57,000	58,000	
TD Bank	Nov-10	47,000	54,500	
Scotia Bank	Nov-10	58,000		
Desjardins	Dec-10	52,000	70,000	72,000
Global Insight	Jan-10	54,980	57,133	63,784
Consensus Economics	Jan-11	54,644	50,992	
Consensus Average		**54,762**	**59,132**	**67,892**

Figure 1 provides the historic total number of housing starts in Ontario as well as the consensus average forecast estimates. The figure clearly shows that a housing cycle exists, with three peak years and four trough years experienced since 1955. The rise in construction activity observed in 2010 and drop off in 2011 occurred as a result of mortgage eligibility changes and the introduction of the Harmonized Sales Tax ("HST") in mid 2010, which Union believes led some buyers to begin planned 2011 new home construction a year early to avoid HST application.

Figure 1: Historical and Forecasted Ontario Housing Starts- 1955 to 2013



Regional housing start data reported by the Canada Mortgage and Housing Corporation is used to determine the provincial market share for Union. Since the year 2000, the market share has been between 24 and 31%. The market share is mainly affected by the location and type of real estate development within the Greater Toronto Area ("GTA"), which both Union and Enbridge serve. The market share estimate for 2013 is 28.5% based on the most recent 7-year average. This is slightly higher than the most recent 3-year average of 26.7%. A 1% market share equates to about 680 new homes.

Customer surveys indicate that Union serves about 94% of all new single family housing in the franchise and about 84% of the multi-family market. Applying these penetration rates to the housing starts of each type estimated for the franchise area yields the residential new home customer attachment estimates.

These above noted factors lead to a forecast of 17,702 new housing starts in Union's franchise area in 2013.

Residential Conversions

The residential conversion market is essentially saturated; regional market assessments indicate a declining level of future energy conversion activity. The conversion estimates reflect two key factors; 1) fewer anticipated natural gas community expansion projects due to the distance of remaining non-gas communities from existing assets; and, 2) increased saturation of natural gas in currently serviced areas resulting in limited numbers of homes using fuel oil, propane, or electricity for space heating available for conversion. As a result of these factors, Union estimates the total number of residential conversion customers in 2013 to be 3,000.

Commercial and Industrial (Non-Contract Rate) Attachments

The non-residential customer attachments tend to increase proportionately with growth in residential attachments. The projected proportion is approximately 1 commercial or industrial attachment for every 11.6 residential attachments, based on the 2008 to 2010 trend.

The number of light industrial customer attachments has declined since the 1990's when attachments were approximately 150 to 250 per year. The activity from 2008 to 2010 is much lower, averaging about 66 per year. Competition from global manufacturing and increased value of the Canadian dollar are key reasons for the observed decline in new industrial attachments. A

total of 85 industrial attachments are projected for 2013. The 2013 forecast is slightly higher than the 2008 to 2010 average, reflecting moderate growth following the recent recession.

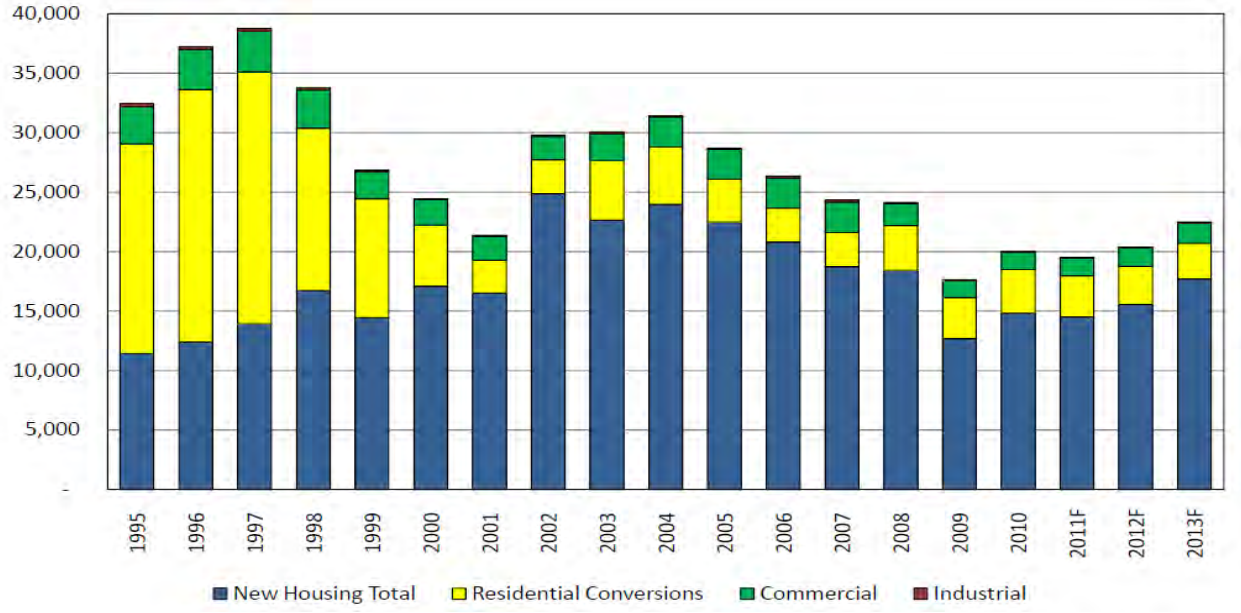
Commercial attachments are derived from the residual of total commercial and industrial forecasted attachments less the industrial forecast. This results in an increase from 1,464 actual additions in 2010 to 1,704 in 2013. About 80% of all Union's commercial and industrial attachments occur in Union's southern franchise area. Office and retail-related establishments constitute the largest percentage of commercial accounts.

Total Customer Attachment Estimates

In 2007, Union attached a total of 24,335 customers, which was 0.3% lower than the 2007 Board-approved forecast of 24,409 attachments. In 2008, 2009 and 2010, Union attached 24,122, 17,634 and 19,995 customers, respectively.

Union is forecasting modest increases in customer attachments over the 2011 to 2013 period. As shown in Appendix B, in the years 2011, 2012 and 2013, the customer attachments are expected to equal 19,510, 20,380, and 22,491, respectively. Figure 2 shows the actual new customer attachments for new residential housing, residential conversions, and commercial/industrial customers from 1995 to 2010. It also provides the forecast estimates for the period of 2011 to 2013.

Figure 2: Historical and Forecasted Customer Attachments



Appendix B also provides a breakout of the forecast by type (new build versus conversion), by market segment (residential, commercial and industrial) and by geographic area (Union North and Union South).

3/ OUTSTANDING NEW BUSINESS RELATED DIRECTIVES

A listing of outstanding New Business-related Board Directives from prior rate cases or facilities hearings and the reporting Union has done to respond to these Directives are included in Appendix C.

4/ APPROVAL TO DISCONTINUE REPORTING ON PRIOR EXPANSION PROJECTS

Union is seeking Board approval to discontinue reporting on prior expansion projects defined in the New Business-related Board Directives.

The six expansion projects included in these Directives were put into service in late 1999 or earlier, and market contribution charge periods for these projects, which were set for either five or 10 years depending on the specific project economics, have now all fully expired. For these reasons, the rationale for continuing to report on these projects no longer applies.

DISTRIBUTION NEW BUSINESS GUIDELINES

PURPOSE

- To ensure that customers are treated fairly and consistently.
- To manage growth of the natural gas distribution business by providing guidelines for capital investment to ensure no undue rate impact for existing customers.
- To provide business principles and guidelines for distribution new business investments.
- To streamline administrative processes and approvals where possible.
- To delegate authority where appropriate to field operations staff.

DEFINITIONS

Distribution New Business - is defined as providing gas service to new customers in all market segments (i.e. new and existing housing, commercial and industrial) who do not currently have access to natural gas. It also includes providing incremental gas supply capacity to existing customers.

Distribution Project Portfolio - An accumulation of all the new business capital requisitions that are issued and approved in the current month. It includes all future customer attachments, revenues and costs on the basis of the life cycle of each project. It excludes those customers requiring only a service lateral from an existing main.

Rolling Project Portfolio – An accumulation of the new business capital requisitions from the past 12-months Distribution Project Portfolio. The rolling Profitability Index (P.I.) is the cumulative P.I. data from the Rolling Project portfolio.

Investment Portfolio- The costs and revenues associated with all new distribution customers who are forecast to attach in a particular test year (including new customers attaching on existing mains). The Investment Portfolio includes a forecast of normalized reinforcement costs.

Major Projects - All new business projects with capital costs greater than $500,000.

Service Lateral - A gas pipeline connecting the company gas main to the customer's gas meter as measured from property line to meter.

Minimum Size: The minimum pipeline design size required to supply gas to the affected customers without consideration of potential customer demand downstream from this customer.

ACCOUNTABILITY

The Company manages separate corporate distribution portfolios for the Northern Operations area and the Southern Operations area. The rolling portfolio P.I. for each area must remain above 1.0 and the Net Present Value (NPV) must remain greater than 0 at all times.

The Director, Distribution Marketing is accountable for ensuring that the corporate rolling P.I. exceeds 1.0 on an ongoing basis.

Each district is accountable for ensuring that they maintain a district rolling P.I. at or greater than a specified threshold. As a general rule the threshold is a P.I. of 1.0. However, at the discretion of the company, a district threshold may be set higher or lower for specified periods to balance the needs of customers and maintain the rolling P.I. for each operations area in excess of 1.0.

PROJECT ACCEPTANCE LEVELS

The minimum qualifying project P.I. shall be .80 including any customer contributions. The company will manage the Investment Portfolio ensuring that the portfolio P.I. remains above 1.0 and the rate impact is acceptable.

Requests for exceptions to the minimum P.I. must be authorized by the Director, Distribution Marketing, and the Director, Distribution Operations.

A P.I. of 1.0 is required in situations where there is no further growth anticipated in the surrounding area and /or a dedicated line is required (i.e. a large industrial customer or a customer requiring only a service). Where the cost of proposed projects exceeds the capital available in a particular year, Union will proceed with the most profitable projects.

COLLECTING A CONTRIBUTION

Projects that do not meet the minimum stage 1 economic criteria shall require that a contribution be collected from the customer(s).

The Company uses an Aid to construct method to collect these contributions. This can be defined as a charge collected in advance of construction from new customers who have agreed to fund the shortfall in the economics.

a) The amount of aid to construct charged to the customer(s) will be based on the minimum size facilities to service that customer(s).

b) The customer(s) will have the option of paying the aid to construct upfront as a lump sum or have the amount financed at the company's finance rate.

PROJECT COSTS

a) When available, economic feasibility analysis shall use project specific data (costs, volumes, customer attachments) based on survey data, historical practice, weather and local conditions to determine the costs, load and forecast.

b) When no specific data is available or the project is a minor project, district averages shall be used.

SERVICE LATERALS

a) The company shall provide at its cost up to 30 metres of service line to connect a residential customer.

b) Services over the length specified above shall require the prior agreement of the customer to pay an "excess charge" of $45.00 per metre. This charge reflects a company-wide average of summer versus winter pricing, open versus built up conditions and company versus contractor crew pricing. In all cases the customer/builder shall be advised in advance of this charge.

c) The P.I. analysis for non-residential services shall be individually calculated reflecting the site specific lateral length, pipeline sizing, costs, gas usage and margins. Non-residential customers shall be required to contribute Aid to Construct if necessary to achieve a minimum P.I. of 1.0.

d) The service lateral is measured from property line to meter.

e) The minimum requirement to qualify for residential service shall be attachment of a water heater or a primary heat source. Requests for service without meeting this condition shall be considered but will require a discounted cash flow analysis with estimated costs to be completed and any required customer contribution to be made in advance.

CUSTOMER ATTACHMENTS - 2007 TO 2013

Line No.		2007	2008	2009	2010	Forecast 2011	2012	2013
	NORTHERN/EASTERN							
1	Residential - New	3,149	3,080	2,073	2,550	2,891	3,040	3,472
2	Residential - Conversions	1,328	1,685	1,637	1,710	1,596	1,480	1,388
3	Commercial	568	447	339	344	370	356	346
4	Industrial	7	9	6	10	10	10	10
5	Total North	5,052	5,221	4,055	4,614	4,867	4,886	5,216
	SOUTHERN							
6	Residential - New	15,579	15,348	10,604	12,279	11,608	12,512	14,230
7	Residential - Conversions	1,546	2,083	1,814	1,955	1,854	1,720	1,612
8	Commercial	1,985	1,381	1,104	1,120	1,131	1,202	1,358
9	Industrial	173	89	57	27	50	60	75
10	Total South	19,283	18,901	13,579	15,381	14,643	15,494	17,275
	TOTAL							
11	Residential - New	18,728	18,428	12,677	14,829	14,499	15,552	17,702
12	Residential - Conversions	2,874	3,768	3,451	3,665	3,450	3,200	3,000
13	Commercial	2,553	1,828	1,443	1,464	1,501	1,558	1,704
14	Industrial	180	98	63	37	60	70	85
15	GRAND TOTAL	24,335	24,122	17,634	19,995	19,510	20,380	22,491
	ECONOMIC INDICATORS							
16	5 Yr. Mortgage Rate %	7.07	7.06	5.63	5.61	5.70	6.10	6.10
17	Ont. Unemployment Rate %	6.27	6.37	6.46	8.90	8.20	7.90	7.90

DISTRIBUTION NEW BUSINESS DIRECTIVES FROM PRIOR RATE CASES AND FACILITIES HEARINGS

Board File No.	Directive	Response
E.B.L.O. 253 (Wingham Project)	Union is directed to record separately the monies obtained from market contribution for this project for each class of customer and to report on this matter at future rate hearings. Market contribution period expired in 2001.	Collections began March 96.Actual collections to July 2005 are $583,186.
RP-1999-0035 Aurora Township Project	Union shall track the revenues received from customer contributions, the level and pattern of customer attachments and the construction costs incurred relating to this project for filing in a future rate case and as may be required from time to time by the Board. Market contribution period expired in 2004.	This project went into service in October 99 Estimated construction cost – $419,715 Actual construction costs - $223,175 First year forecast customer attachments - 62 First year actual customer attachments - 109 Customer contributions to July 2005 - $ 27,584 Forecast attachments to Dec 2002 - 122 Actual attachments to end of July 2005 - 120
EBLO 270 Parry Sound Project	Union shall establish a separate account to track the revenues received from customer contributions and to report on the level of attachments and customer contributions received relating to this project, in a future rate case and as may be required from time to time by the Board. Market contribution period expired in 2009.	This project went into service November 1999 Cumulative actual attachments to Dec 02 - 466 Customer contributions to July 2005 – $361,482 Actual attachments to end of 2010- 1,039 Customer contributions to end of 2010- $543,168
E.B.A 883, 884, 885 EBC 290, 289, 288 South Bruce Expansion Project	Union shall establish a separate account to track revenues received from customer contributions and to report on level of attachments and customer contributions received relating to this project, in future rate cases and as may be required from time to time by the Board. Market contribution period expired in 2009.	This project went into service in November 1999 Actual customer attachments to Dec 02 - 381 Customer contributions to July 2005 - $171,661 Actual attachments to end of 2010- 635 Customer contributions to end of 2010- $208,529
EBLO 259 Port Elgin / Southampton and Wiarton Area Project	Union is directed to establish a separate account to track revenues received from customer contributions and to report on level of attachments and customer contributions received in future rate cases and as may be required from time to time by the Board. Market contribution period expired in 2008.	This project went into service in November 1998 (2 phases). Actual customer attachments to Dec 02 – 4389 Actual customer contributions to July 2005 - $3,607,526 Actual attachments to end of 2010- 7,822 Customer contributions to end of 2010- $3,859,857

Board File No.	**Directive**	**Response**
RP-1999-0006 Colborne Township Project	Union shall track the revenues received from customer contributions, the level and pattern of customer attachments, and the construction costs incurred relating to this project for filing in future rate cases and as may be required from time to time by the Board. Market contribution period expired in 2004.	This project went into service in October 99 Estimated construction cost - $ 404,264 Actual construction cost - $ 388,473 First year forecast customer attachments - 125 First year actual customer attachments – 135 Forecast customer attachments to Dec 02 – 219 Actual customer attachments to Dec 02 – 201 Customer contributions to July 2005 $87,128

1

PREFILED EVIDENCE OF

WES ARMSTRONG

DIRECTOR, DISTRIBUTION OPERATIONS SUPPORT

The purpose of this evidence is to provide detail on Union's capital spending in the Distribution Operations area. Capital spending in Distribution Operations includes distribution-related growth and replacement spending, field facilities as well as elements of the General capital budget. This evidence addresses Union's capital budgets for each of these cost types in 2013 and 2012. Further detail regarding this capital spending can be found in Exhibit B1, Summary Schedule 2.

The capital expenditures highlighted in this evidence include expenditures that are 100% regulated and those general capital items where a portion is allocated between Union's regulated and unregulated businesses. For an overview of Union's overall capital budget, please refer to the evidence of Ms. Beth Cummings and Mr. Paul Trombley filed at Exhibit B1, Tab 2. This evidence details Union's capital expenditures by function for 2007 actual, 2010 actual, 2011 outlook and forecast totals for 2012 and 2013. Where expenditures are allocated between the regulated and unregulated businesses, Union has provided the level of total expenditures and the portion allocated to the regulated business. The methodology used to allocate costs between the regulated and unregulated businesses is filed at Exhibit A2, Tab 2.

OVERVIEW OF DISTRIBUTION CAPITAL

Union's Distribution capital budget includes the following types of expenditures:

1/ New Business

2/ Meter and Regulator Replacements

3/ Main Replacements

4/ Service Replacements

5/ Specified Projects

6/ Field Facilities

As noted above, Distribution Operations is accountable for an element of Union's General capital budget. Details of Distribution Operations forecast 2013 and 2012 General capital spend are highlighted later in this submission.

1/ NEW BUSINESS

This category reflects the costs required to attach the forecasted customer additions. Included in this category are the cost of the service installation, the new meter and regulator as well as additional stations and mains to service the new development areas.

The total spending for this category in 2013 is $48.6 million while the 2012 spending level is $43.0 million. The increase in spending between 2012 and 2013 is explained by a modest year-over-year increase in forecasted new customer attachments and major reinforcement projects to support growth.

2/ METER AND REGULATOR REPLACEMENTS

This category represents the replacement of meters and regulators that have reached the end of their economic life. As meters age, they become less accurate. When the meters fail to meet Measurement Canada guidelines for accuracy, they need to be removed from service and replaced. Since this workload can vary significantly from year to year, Union changes an average number of meters each year to effectively manage the workload and better utilize resources.

On January 1, 2011, Measurement Canada introduced regulation SS06 with full compliance required by 2014. In the new regulation, meters are to be replaced before they fail which means Union must test more meters, with the expectation of no failures. In anticipation of these new regulations, Union has been proactively managing the anticipated increase in meter changes since 2006, which has resulted in higher year-over-year budgeted costs. In doing so, Union has avoided a single year spike of additional meter and regulator replacements. Meter and regulator replacement forecast costs are $11.0 million in 2013 and $12.0 million in 2012.

3/ MAIN REPLACEMENTS

These projects include main and station replacements due to age and condition as well as municipal roadwork. This category includes all distribution replacement projects with an annual budget of less than $0.5 million. Age and condition projects are required to ensure the ongoing reliability and integrity of the system. All age and condition projects are prioritized using an internal qualitative risk assessment. Municipal roadwork replacement is done at the request of

municipalities to ensure the safe relocation of Union's infrastructure when municipal construction projects occur. In 2013, Union's forecast spending is $17.4 million while in 2012 the forecast spend is $16.5 million.

Union's main and station replacement spending supports the Company's Asset Integrity Management ("AIM") programs through initiatives such as utility cross bore risk mitigation, proactive assessment of distribution systems, risk based replacement of distribution infrastructure and the use of new risk mitigation tools (excess flow valves). Specifics of Union's AIM programs are provided in the evidence of Mr. Doug Alexander filed at Exhibit B1, Tab 6.

4/ SERVICE REPLACEMENTS

Service replacements include work required to replace services due to age and condition, municipal roadwork and plant improvements. In 2013, Union's forecast spend is $2.6 million while 2012 spending is $2.4 million.

5/ SPECIFIED PROJECTS

This section details the 2013 and 2012 Distribution projects in excess of $1.0 million as shown on Exhibit B1, Summary Schedule 2.

Ontario Power Generation ("OPG") – Thunder Bay

Union is scheduled to spend $28.0 million in 2013 and $0.8 million in 2012 to serve the OPG Thunder Bay plant.[1] This investment supports the Ontario Government's initiative to replace coal-burning power generation. The facilities include approximately 18.6 km of NPS 16 pipeline and 13.1 km of NPS 12 pipeline. 18.3 km of the NPS 16 pipeline will replace existing NPS 10 pipeline. The project also includes an upgrade to the Belrose and Onion Lake Stations and the installation of a new customer station.

Red Lake Distribution Phase 2

Red Lake is one of the largest communities in Ontario without natural gas service. Phase 2 of this project, scheduled for 2012, consists of constructing distribution pipelines to provide natural gas service to the residents and businesses of Red Lake and surrounding areas. On July 25, 2011 the Board issued a decision approving the Red Lake project. This project is dependant upon funding from both the Provincial and Federal Governments. Union's cost to support this project in 2012 is $7.4 million.

Sudbury – Kelly Lake

In 2012, Union plans to replace 0.56 km of NPS 4 main, 0.45 km of NPS 6 main and add one new station. Reinforcement is necessary to ensure system pressures and satisfy

[1] Total cost for the Thunder Bay – OPG project is $57.8 million. The forecast 2012 and 2013 costs are net of aid.

residential/commercial customer growth forecasted on the system. The cost to reinforce this pipe is $1.1 million.

Lambton Power Plant

The Lambton project is identified in the Ontario Long-Term Energy Plan. The intent of this project is to convert 950 MW of coal fired power generation to natural gas fired generation. Union will build 5.0 km of pipeline running from the Lambton site and connecting with existing local Union infrastructure. In 2013, Union will spend $1.8 million.

Windsor Academy LP – Phase 2

Scheduled for 2013, this project involves replacing 9.6 km of main. Additionally, a total of 416 services will be replaced, with 73 of them being inside meters that will be relocated outside. Replacement is due to age and condition of the pipe. The cost of replacing the main and services is $1.9 million.

Guelph – Combined Heat and Power – OPG

Union is projecting to spend $1.1 million in 2013 to serve the OPG Guelph plant. This investment supports the Ontario Government's initiative to replace coal burning power generation. The proposed facilities include 3.6 km of NPS 12, 2.5 km of NPS 4 high pressure main and the installation of a new customer station.

Sarnia – Petrolia Line

In 2013, Union plans to replace 9.1 km of NPS 6 main and 57 first stage cut services. Replacement is due to age and condition of the pipe. The cost of replacing the main and services is $1.6 million.

6/ FIELD FACILITIES

This section includes all capital spending for Union's field-based facility maintenance and replacement. Spending specific to the Chatham Corporate office facilities is included within the General section of Exhibit B1, Summary Schedule 2. The forecast spending in 2013 for field-based facilities is $13.6 million while in 2012, the forecast spend is $14.0 million.

Union engaged a third party vendor, CB Richard Ellis, to conduct a comprehensive review of all of its facilities. The results of this review were used in the development of a multi-year strategic facilities plan. The plan addresses age and condition, capacity and, facility deficiency issues.

The finalized strategy supports the following points:

i) Maximize the use of current real estate holdings;
ii) Utilize Net Present value to establish the most attractive facilities solution from an economic point of view;
iii) Ensure compliance with building code and corporate policies;
iv) Build or renovate buildings to support optimum delivery of services; and,

v) Provide a workspace that encourages productivity through teamwork, interaction and pride.

Over 2012 and 2013, Union will spend $25.3 million to replace the Hamilton District building. Additionally, Union is forecasting to spend $2.3 million in 2012 to complete a $7.8 million renovation of the Company's Waterloo building that commenced in 2010.

GENERAL

The Distribution Operations group is also responsible for the management of capital budgets associated with Transportation Replacements, Chatham Corporate Office Facilities, and Tools. These spends, which are included in the General section of Exhibit B1, Summary Schedule 2, are detailed in Table 1. The General budget also includes Information Technology-related spending. This spending is dealt with as part of the evidence of Mr. Mike Packer filed at Exhibit B1, Tab 7.

Table 1
Distribution Operations General spending

Line No.	Item ($ millions)	2013 (a)	2012 (b)
1	Transportation Replacements	$8.0	$8.0
2	Chatham Corporate Office Facilities	$0.0	$1.5
3	Other (Tools)	$1.9	$2.1

Transportation Replacements

Each year a portion of Union's Transportation assets are replaced. Transportation replacement at Union is aligned with the Spectra Energy Vehicle Replacement Guidelines which are intended to create a balance between age-related maintenance and replacement costs. Union's guidelines were reviewed and validated by a third party vendor, PHH Strategic Consulting. As part of this review, PHH compared Union's replacement guidelines with current industry practices including a financial analysis of the suitability of the guidelines. In both 2012 and 2013, Union's Transportation replacement costs are forecast to be $8.0 million.

Chatham Corporate Office Facilities

As part of Union's long-term strategic facilities plan to address age and condition, capacity, and facility deficiency issues, Union will spend $1.5 million in 2012 to renovate the ground floor tower area of the Chatham Corporate office. The 2012 spend will complete the $4.2 million interior renovation project that was initiated in 2011.

Other

This category features a number of small projects (i.e. tool replacements). Total spending forecast for this category is $2.2 million in 2012 and $1.8 million in 2013.

PREFILED EVIDENCE OF

MATT WOOD, MANAGER, SYSTEM PLANNING

The purpose of this evidence is to provide details on Union's transmission construction projects scheduled for 2013 and 2012. This evidence also addresses the required Parkway commitment for unbundled customers.

The capital expenditures highlighted in this evidence include expenditures that are 100% regulated and asset integrity expenditures where a portion is allocated between Union's regulated and unregulated businesses. For an overview of Union's overall capital budget, please refer to the evidence of Ms. Beth Cummings and Mr. Paul Trombley filed at Exhibit B1, Tab 2. This evidence details Union's capital expenditures by function for 2007 actual, 2010 actual, 2011 outlook and forecast totals for 2012 and 2013. Where expenditures are allocated between the regulated and unregulated businesses, Union has provided the level of total expenditures and the portion allocated to the regulated business. The methodology used to allocate costs between the regulated and unregulated businesses is filed at Exhibit A2, Tab 2.

This evidence is discussed in the following sections:

1/ Dawn-Parkway System

2/ Other Transmission Pipeline Projects (2013 and 2012)

3/ Parkway Commitment for Unbundled Customers

1/ DAWN -PARKWAY SYSTEM

Union's Dawn-Parkway system begins at Union's Dawn Compressor Station ("Dawn") and extends 228 km northeast to Parkway, near Oakville. This system can be seen on the map at Exhibit A1, Tab 8, Schedule 2.

The need for facilities on the Dawn-Parkway system is determined based on the design day requirement for the system. The base design day requirements for the in-franchise customers is developed using the actual volumes from the 2010/2011 winter operation. The design day demand for future years is developed using the winter season volume throughput forecast for the general service customers and the forecast increases and decreases in contract demand for the customers in the contract classes. The design day demand for the ex-franchise customers is based on the contract demands currently in place and the forecast increases and decreases for these customers. The forecast design day demands for the Dawn-Parkway system are shown in Table 1.

Table 1

Forecast Design Day Demands (GJ/d)

	2010/11 Winter	2011/12 Winter	2012/13 Winter	2013/14 Winter
Dawn-Parkway In-franchise	1,703,368	1,690,925	1,657,697	1,648,695
Dawn-Parkway Ex-franchise	5,118,197	5,012,745	4,860,004	4,681,558

Union does not require any investment on its Dawn-Parkway system in 2012 and 2013 to meet these forecast customer demands.

2010/11 Winter

The capability of the Dawn-Parkway system for the 2010/11 winter was not sufficient to meet the demands for the 2010/11 winter. Non-facility capacity was required during the 2010/11 winter. The level of non-facility capacity required was 383,382 GJ/d. The primary driver for this high level of non-facility capacity needed was due to operating restrictions at the Lobo Compressor Station ("Lobo"). In 2011, modifications to Lobo Plants A and B were completed to mitigate this operating restriction.

2011/2012 Winter

The capability of the Dawn-Parkway system for the 2011/12 winter is not expected to be sufficient to meet the demands for the 2011/12 winter. Non-facility capacity is required during the 2011/12 winter. The level of non-facility capacity required is 187,141 GJ/d.

2012/2013 Winter

The capability of the Dawn-Parkway system for the 2012/13 winter is expected to be sufficient to meet the demands for the 2012/13 winter. Union will have excess capacity of 30,798 GJ/d. As shown in Table 1, there is a decrease in ex-franchise demand which results in excess capacity on the Dawn-Parkway system.

2013/2014 Winter

The capability of the Dawn-Parkway system for the 2013/14 winter is expected to be sufficient to meet the demands for the 2013/14 winter. Union will have excess capacity of 209,812 GJ/d.

As shown in Table 1, there is a decrease in ex-franchise demand which results in excess capacity on the Dawn-Parkway system.

2/ OTHER TRANSMISSION PIPELINE PROJECTS

Union has a number of transmission projects forecast for 2013 and 2012. Refer to Exhibit B1, Summary Schedule 2 for a complete listing of these projects. In 2013, transmission capital expenditures are approximately $114.1 million while in 2012 they total approximately $48.0 million. The transmission projects in excess of $1.0 million scheduled for 2013 and 2012 are detailed below.

Projects ($ millions)	2013 (a)	2012 (b)
Parkway West	80.0	15.0
Owen Sound Replacement	17.9	1.2
Integrity Management Program	5.3	7.0
Bristol 3330 Replacement Program	1.7	1.4
Leamington Line Replacement	1.4	1.2
Bright A Silencer Relocation	1.1	-
Odourant/Containment	1.1	-
Depth of Cover Survey	1.0	1.0
Marcellus-Kirkwall Station Modification	-	4.7
Parkway TCPL Measurement Upgrade	-	6.7
Dawn-Parkway System Replacements – Phase II	-	6.2
Bright A Pulsation Mitigation	-	2.0
Lobo A/B	-	1.2
Other	4.6	1.6
Total Transmission Projects	114.1	48.0

The following provides a description of the projects identified above.

Parkway West

Details of the forecast $80.0 million in 2013 and $15.0 million in 2012 for the Parkway West project are in Mr. Jim Redford's evidence filed at Exhibit B1, Tab 9.

Owen Sound Replacement

In 2013, the $17.9 million forecast for this project involves the removal and replacement of approximately 21 km of NPS 12 pipe. This project is designed to mitigate integrity issues from the Owen Sound Take-Off to the Waterloo Gate station. The $1.2 million forecast in 2012 involves the pre-construction activities, environmental report and regulatory filing in support of this project. The in-service date is scheduled for December 1, 2013.

Integrity Management Program ("IMP")

Details of the forecast $5.3 million in 2013 and $7.0 million in 2012 for the IMP for transmission facilities are in Mr. Doug Alexander's evidence filed at Exhibit B1, Tab 6.

Bristol 3330 Replacement Program

This $1.7 million expenditure in 2013 and the $1.4 million expenditure in 2012 are required to replace the Bristol 3330 remote terminal units ("RTU") which became obsolete in 2009. RTUs are used to transmit telemetry data from remote equipment (i.e. valves) into the supervisory control and data acquisition system ("SCADA"), and can also be used to remotely control equipment.

Leamington Line Replacement

In 2013, this $1.4 million project is for the last phase of the Leamington Line replacement. It involves construction activities to replace a section of the Leamington Line and other appurtenances to mitigate integrity issues. The projected in-service date is September 1, 2013. The $1.2 million spend in 2012 involves construction activities to replace a section of the Leamington Line and other appurtenances to mitigate integrity issues. The projected in-service date is October 31, 2012.

Bright A Silencer Relocation

In 2013, this $1.1 million project involves the relocation of four blow-down silencers from Plant A at the Bright Compressor Station ("Bright") to a common blow-down area in the south yard between Plant A and B. The projected in-service date is September 1, 2013.

Odourant/Containment

This $1.1 million project in 2013 is required for the continuation of a multi-year program to rebuild odourant systems in order to reduce risk of spills and minimize negative consequences in the event that a spill occurs.

Depth of Cover Survey

This $1.0 million expenditure forecast for both 2012 and 2013 is part of a multi-year plan to lower or replace sections of the NPS 26 Dawn-Parkway pipeline. These sections were identified in the 2003 Depth of Cover Survey as having insufficient cover requirements as per the CSA

Z662 code. Lowering or replacing these sections of pipe will also address landowner concerns raised during Dawn-Trafalgar Facility Expansion Program ("TFEP") land negotiations.

Marcellus-Kirkwall Station Modification

This $4.7 million spending requirement in 2012 will allow bi-directional metering capabilities between Union and TCPL at the Kirkwall Station to meet contracted demands. The projected in-service date is November 1, 2012.

Parkway TCPL Measurement Upgrade

This $6.7 million project in 2012 will replace the existing NPS 42 ultrasonic export meter and the three NPS 20 ultrasonic import meters with appropriate ultrasonic meters with meter tubes of the correct length. The NPS 42 meter is obsolete and cannot be replaced without significant modification to the surrounding piping if it fails re-certification. This project has a planned in-service date of November 30, 2012.

Dawn-Parkway System Replacements (Phase II)

As a result of continued growth in the Milton area, development is taking place near the Dawn-Parkway system. This growth will change the class location of the Dawn-Parkway system in the area of the development and, to maintain the current Maximum Operating Pressure ("MOP") of 6160 kPa, the affected section of pipelines between Hwy 25 and Tremaine Road requires complete replacement. Phase II continues this work in 2012 at a cost of $6.2 million. The projected in-service date is September 10, 2012.

Bright A Pulsation Mitigation

The $2.0 million forecast in 2012 is required to replace the high pressure gas piping connected to the Bright A1 and A2 compressor casings with more rigid piping. This expenditure will also allow for the replacement of existing piping supports. There have been instances when the compressors have generated high frequency pulsations. These pulsations have caused the piping to vibrate which has led to control/monitoring instrumentation failures. The planned in-service date for this project is October 1, 2012.

Lobo A/B

This $1.2 million project in 2012 involves year-after clean-up work resulting from the Lobo station modifications in 2011.

Other Transmission Projects

There are several other projects with estimated costs of less than $1.0 million that are required to ensure the ongoing safety, system integrity and reliability of Union's transmission facilities. The combined spending forecast for these projects in 2013 is $4.6 million and $1.6 million in 2012.

3/ PARKWAY COMMITMENT FOR UNBUNDLED CUSTOMERS

The operation of Union's Dawn-Parkway system continues to rely on firm deliveries to Union at Parkway. The reliance on these volumes has resulted in Union's Dawn-Parkway system being smaller than it otherwise would have been, therefore costs are lower. All customers, both in-

franchise and ex-franchise, have benefited from this system design through lower rates. This approach to system design requires the continued commitment of obligated volumes at Parkway to ensure Union maintains the required level of Parkway deliverability. This is necessary to operate the system and to ensure all firm demands can be served.

In RP-1999-0017, Union committed to review on an annual basis, the number of days of Parkway call required for the next winter period for customers contracting for its unbundled service. At that time, it was projected that 22 days of call at Parkway would be required. This unbundled service commitment was accepted by the parties and approved by the Board in RP-1999-0017. Union's original submission can be found in RP-1999-0017, Exhibit B, Tab 1.

Determining the number of days of call is complex and is impacted by the following variables:

i) The load duration profile for the Dawn-Parkway System;
ii) The total unbundled Parkway Daily Contract Quantity (DCQ);
iii) The average size of the call volume (on a per contract basis); and,
iv) The potential variance between the forecasted and actual weather.

Using the current load duration profile, Union has determined that 22 days of call will continue to be adequate for the level of unbundling forecast for 2012. The 22 days of call is considered preliminary at this point and will be confirmed in the spring of 2012.

Union will continue to review, on an annual basis, the number of days of Parkway call required for unbundled customers. The number of days of Parkway call will continue to be adjusted, as necessary, on an annual basis as needed to meet Union's operational requirements and will be reflected in unbundled service parameters and contracts.

PREFILED EVIDENCE OF

DOUG ALEXANDER

DIRECTOR, ENGINEERING DESIGN AND EXECUTION

The purpose of this evidence is to:

1/ Provide an update of Union's Asset Integrity Management ("AIM") Programs and provide details for Union's 2013 and 2012 forecast expenditures; and,

2/ Provide details on Union's storage-related capital projects forecast for 2013 and 2012.

1/ ASSET INTEGRITY MANAGEMENT PROGRAMS

Integrity management at Union continues to evolve from the initial focus of assessing the pipe to a broader perspective with increased expectations and costs. Union currently applies a formal approach to manage the integrity of its assets. As detailed later in this evidence, Union's AIM programs are designed to identify both opportunities for improvement and corrective measures to ensure the safety and reliability of Union's overall system.

This asset integrity management evidence will address the following topics:

a) Introduction

b) Background

c) Asset Management - All Asset Groups

a) Introduction

Safety and reliability of its pipeline systems continues to be of paramount importance to Union. Historically, Union has undertaken a number of measures and practices to address the integrity and safety of its pipeline systems. Standard operating practices, such as leakage and corrosion surveys, along with asset replacement programs, have been an integral part of Union's operations for many years. As technology and practices have evolved, Union has applied greater levels of sophistication to manage the integrity of its storage, transmission and distribution systems.

The scope of Union's Pipeline Integrity Management Program ("IMP") as filed in its 2007 rate case (EB-2005-0520) continues to evolve and expand. It has evolved to four programs for distinct gas carrying asset groups that cover the full life-cycle of the assets, under a common Operations Management System ("OMS") framework. Collectively, Union refers to them as its AIM programs.

In EB-2005-0520 (Exhibit B1, Tab 6, Table 2), Union updated a 10-year (2002–2011) IMP forecast that was estimated to cost $75.5 million in capital and $61.0 million in O&M. This portion of the IMP included the pipelines operating equal to or over 30% of the Specified Minimum Yield Strength ("SMYS") and the Storage Down Hole piping. On a comparable basis, Union's actual IMP cost (which includes the 2011 outlook) for the same 10-year period is $82.1 million in capital and $61.4 million in O&M. This is slightly higher than the original estimate for the same time period primarily due to additional repairs to address the results of the assessment.

As part of EB-2005-0520, Union sought recovery of the integrity costs (pipelines over 30% SMYS and Storage Down Hole piping) of $8.5 million in capital and $7.6 million in O&M forecasted for 2007. An additional $0.5 million in capital and $1.0 million in O&M were identified for Distribution Piping Below 30% SMYS.

Union's 2013 integrity spending forecast includes an incremental $6.45 million in capital and $6.16 million in O&M compared to the levels filed for 2007 (see Table 1).

Table 1
2013 Proposed AIM Programs Costs
($ millions)

Line No.		Capital	O&M
1	All Asset Groups	0	1.05
2	Pipeline AIM Program (Pipelines ≥ 30% SMYS)	3.80	9.00
3	Storage Down Hole AIM Program	0.45	0.90
4	Distribution AIM Program (Pipelines <30% SMYS)	7.29	3.28
5	Station AIM Program	3.92	0.50
6	Total Proposed (2013)	15.46	14.73
7	EB-2005-0520 Filed (2007)	9.01	8.57
8	Increase from 2007 Filed	6.45	6.16

These direct asset integrity management costs, along with the costs of other projects and initiatives that are primarily driven by asset integrity management, are included within the overall capital and O&M expenditures within the respective sections of this filing.

b) Background

The use of a management system approach to operating pipeline systems and incorporating risk-based decision making has continued to evolve in the natural gas industry in recent years. The requirement for a "Safety and Loss Management System" was included in the Canadian Standards Association ("CSA") standard for *Oil and Gas Pipeline Systems*, CSA Z662-07, and was adopted by the Technical Standards and Safety Authority ("TSSA") and the National Energy Board ("NEB") for the pipeline systems within their respective jurisdiction in Ontario and across Canada. The scope applies to the assets that are covered by the CSA standard through their full life cycle - from the design phase until they are retired from service. Union's response to this requirement was the development and implementation of an integrated OMS in 2008 that provides the foundation for continual improvement of asset integrity management.

The management system approach provides more structure and controls around the processes that are used by company's operating pipeline systems. This ensures that policies, responsibilities, and practices are clearly documented, communicated, implemented, reviewed and adjusted to meet the stated objectives. This encompasses the use of integrated processes and information systems through the asset life-cycle, including the ongoing assessment of the overall condition of the assets and taking appropriate mitigation steps to address issues that are found.

c) Asset Management – All Asset Groups

With the more formal approach to managing its assets using a common OMS framework, Union is evolving its IMP programs to AIM programs. Similar to what was filed in EB-2005-0520, the programs are further divided into specific asset categories. However, there are also common aspects of the OMS framework, such as employee competency assessment, risk management, document and records management that go across the boundaries of the asset categories and are best managed at an overall level. Resources have been focused to make improvements in all of these areas across all asset groups. In the area of competency assessments, Union's annual O&M expense is approximately $1.0 million.

As specified in the Ontario Regulations, transmission and distribution system IMP programs are to include the following key elements:

a) Management system;
b) Working records management system;
c) Condition monitoring program; and,
d) Mitigation program.

Further guidance for structuring the programs is provided in CSA Z662, Annex N and M for transmission and distribution systems respectively. In the most recent version of the CSA standard, CSA Z662-11, published in the summer of 2011, and proposed to be adopted into Ontario Regulations in 2012, Annex M and N have been combined and are referred to as Annex N.

Union has followed this general outline in structuring its integrity management programs and is currently evolving that structure to encompass the full life-cycle of the assets by including elements dealing with design and construction of the assets and transitioning to AIM programs.

Specifics for each of the programs are provided in the following sections of this evidence. Beyond these specific costs, there are projects such as the GIS Replacement project which support records management across of all of the pipeline systems. Future initiatives, such as the Enterprise Asset Management ("EAM") project will deliver a foundational SAP system to better manage the records and work execution processes associated will all of the asset groups.

Pipelines at or above 30% SMYS

As discussed in EB-2005-0520, Union's IMP program has focused on pipelines operating at levels equal to or over 30% of the SMYS.

In 2002, Union initiated a 10-year plan to systematically assess the condition of approximately 2,800 km of pipelines that were within the scope of this program and implement mitigation plans to address any integrity issues that were identified. The primary method used to complete condition monitoring is through internal inline inspection, or "pigging" of the lines, to detect metal loss and other anomalies. The major challenge with this method is that many portions of these lines, some installed in the 1950's and 1960's, were not designed to accommodate "pigging" devices. A significant amount of work, along with associated capital cost, has been required to remove

obstructions in the lines and make them "piggable". The process of sending the "pigging" devices through the lines is quite involved and requires coordination with a number of functional areas within the Company to ensure that proper flow conditions can be maintained to capture the required data by the inline inspection devices while maintaining gas service to customers.

Union has also used the External Corrosion Direct Assessment ("ECDA") process for some lines as an alternative to the "pigging" process to provide an indication of the effectiveness of Union's corrosion protection system. ECDA involves the use of two or more above-ground inspection methods to identify locations where there may be potential corrosion problems. These inspections help identify defects within the external coating on the pipe. They also help determine if there is adequate cathodic protection on the pipeline to protect it from corrosion in the event the coating is damaged. This data is integrated with other sources of data and analyzed to identify potential areas of concern. Although ECDA eliminates the need to spend capital to make pipelines "piggable", it does have some limitations and as a result it is applied to less than 20% of the lines that need to be assessed. Union will continue to monitor its development as well as the use of other practices and technologies to reassess and adjust its approach as required.

Table 2 compares Union's current updated 10-year IMP Plan with the forecast filed in EB-2005-0520. The updated costs reflect actual expenditures except for 2011 which are outlook numbers (combination of actual and forecast).

Table 2
Comparison of IMP 10-Year Plan Costs[2]
(Updated Plan vs. EB-2005-0520 Plan)

($ millions)

	Capital			O&M		
Year	Updated 2011 Actual (a)	EB-2005-0520 Plan (b)	Change (c)	Updated 2011 Actual (d)	EB-2005-0520 Plan (e)	Change (f)
2002	10.57	10.57	0.00	4.05	4.05	0.00
2003	8.29	8.29	0.00	3.59	3.59	0.00
2004	7.75	7.75	0.00	4.35	4.35	0.00
2005	10.12	8.51	1.61	4.64	5.57	(0.93)
2006	9.06	8.51	0.55	5.84	5.57	0.27
2007	8.52	8.51	0.01	6.78	7.57	(0.79)
2008	7.34	8.51	(1.17)	8.93	7.57	1.36
2009	6.92	8.51	(1.59)	6.18	7.57	(1.39)
2010	7.77	3.40	4.37	7.83	7.57	0.26
2011	5.80[1]	2.90	2.90	9.22[1]	7.57	1.65
10 Yr Total 2002-2011	82.14	75.46	6.68	61.41	60.98	0.43

[1] Represents outlook costs.
[2] Scope includes Pipelines operating at or above 30% SMYS and Storage Down Hole Piping.

As Table 2 shows, over the 10-year period Union has managed the cost of the integrity management programs for pipelines that operate at or above 30% SMYS and the storage down hole piping close to the previously filed plan. The additional capital cost was related to the complexity of making some lines "piggable" and higher level of repairs that needed to be made by replacing small sections of pipe.

In EB-2005-0520, Union said it was targeting to complete the baseline assessment of pipelines that operate at or above 30% SMYS within a 10-year plan timeframe that was committed to TSSA. Based on Union's experience in attempting to complete these assessments and mitigate the findings from the inspections, after further consultation with TSSA the timeframe for completing the initial baseline assessment was extended by two years to 2013. The initial assessments on higher risk lines have been completed. The extension was a balance between addressing what was already found on the lines that were inspected and completing the initial assessment of the remaining lines in the program that had a lower risk profile.

Union experienced a number of challenges in making the lines piggable and managing gas flow to run the pigging devices at the appropriate speeds to acquire the required data. There was also a higher level of inspection anomalies or defects that had to be investigated with physical digs. This was a result of the condition of the lines being assessed, the improvements in "pigging" technology to detect the anomalies, and the application of more formal practices for following up on anomalies.

In addition to the above, a number of high profile pipeline incidents in North America have raised the level of awareness and scrutiny that is being applied to these pipelines. Particular attention is being paid to pipelines located in urban areas whose failure could have significant consequences. In Ontario, TSSA has proposed amendments to regulations to identify the lines that are located in high consequence areas and identify what additional steps should be taken to mitigate the risk associated with these lines.

Table 3 shows the forecast of direct Pipeline AIM Program costs for 2012 and 2013.

Table 3
Proposed Pipeline Asset Integrity Expenditures[1]

	($millions)	
	Capital	O&M[2]
Year	(a)	(b)
2012	6.00	9.10
2013	3.80	9.00

[1] Scope includes Pipelines operating at or above 30% SMYS.
[2] Program administrative costs that were included in the 2002 to 2011 expenditures are excluded - they are part of the general overhead costs.

Beyond these direct costs, a number of maintenance capital projects are forecast that are primarily driven by the integrity of the pipelines. The replacement of a section of the Owen Sound Line, as outlined in the evidence of Mr. Matt Wood filed at Exhibit B1, Tab 5, is an example of a major replacement project that was identified as a result of the integrity assessments completed on this line.

As the regulatory environment continues to evolve it is expected that increased scrutiny and higher public expectations will drive additional requirements and higher costs to ensure the integrity of this part of Union's pipeline system. While these are difficult to predict at this time, they will be managed on a risk-based approach within the Pipeline AIM Programs.

Storage Down Hole Piping

Union has been inspecting down hole piping for corrosion using a casing inspection log since 1977. Union developed a formal IMP for piping used within storage wells, starting in 2006. The frequency of the casing inspection logs is defined by CSA Z341 Code for Storage and Hydrocarbons in Underground Formations. The latest version of CSA Z341 allows for a logging frequency between five and 10 years depending on the amount of corrosion in the wellbore. Deficiencies are addressed as part of the ongoing maintenance of these facilities.

The costs associated with the storage down hole piping for the 2002 to 2011 time period are included within the costs listed in Table 1. Of the 10-year total within column (a) and (d), the storage down hole portion is $4.6 million capital and $7.1 million O&M, respectively. The forecast costs for the 2012 and 2013 are shown in Table 4.

Table 4
Proposed Storage Down Hole Asset Integrity Expenditures

	($ millions)	
	Capital	O&M
Year	(a)	(b)
2012	0.45	0.90
2013	0.45	0.90

These costs are comparable to the average expenditures for this program in the previous 10-year period.

Distribution Piping Below 30% SMYS

Union stated in EB-2005-0520 that the development of standards and regulations related to integrity management of distribution pipeline systems that operate below 30% SMYS was a work in progress. As a high level forecast, Union identified the 2007 and 2008 cost estimates for the development and implementation of additional requirements as being $0.5 million capital per year, and $1.0 million and $1.9 million O&M respectively for each of the two years. It was also indicated that this level of spending may increase over time as specific projects are identified under the new requirements.

The CSA standard for integrity management for distribution pipeline systems was published as part of CSA Z662-07, including guidance in Annex M. It was adopted into Ontario Regulations by the TSSA. Union has developed a Distribution System Integrity Management Program to meet the requirements of the new regulations and standards. Union has used the OMS framework to identify areas of focus and continuous improvement to build on previous practices and programs.

One of the key threats to the integrity of distribution pipe continues to be third party damage. Union has a strong damage prevention program and continues its active participation in Ontario One Call, Ontario Regional Common Ground Alliance, and in the development of a national damage prevention strategy through the Canadian Gas Association. Union also supports other key activities such as providing timely locates and working closely with contractors to reduce the likelihood and consequences resulting from damage to its pipeline systems. The use of excess flow valves on new

and replacement residential services is an example of an initiative that was implemented in the last few years to reduce the potential consequences of third party damage to the service lines. The cost associated with this initiative is embedded within the cost of installing services. Based on the recent level of residential service installations, the incremental annual capital cost is $0.3 million, which started in 2010.

A specific industry issue related to third party damage that has been identified is the potential for damage to distribution lines that may have been inadvertently installed through sewer lines through the use of trenchless technology to install the gas lines. TSSA has issued a Director's Order under Ontario Regulations that requires natural gas distributors to have an action plan completed and available to TSSA for inspection by October 30, 2011, that includes the following:

a) a description of the steps to mitigate the potential of penetration of sewer lines by a natural gas line during trenchless installation,
b) a program that raises stakeholder awareness of the potential safety issues that could arise when attempting to clear a blocked sewer service line beyond the outside walls of a building; and,
c) an assessment of potential risks and a plan to mitigate these risks.

Union has worked with other industry participants to develop a "Sewer Lateral Cross Bore Program" that will meet the new regulatory requirements, and has started to implement the program

in 2011. The capital and O&M costs for this initiative are shown in Table 5. These costs have been included within the overall estimates shown in Table 6.

Table 5
Sewer Lateral Cross Bore Program Expenditures

	($ millions)	
Year	Capital	O&M
	(a)	(b)
2011	1.10	0.80
2012	1.10	1.83
2013	1.10	1.86

Another area of focus has been an increased effort to reduce the amount of leaks on Union's distribution piping, primarily due to corrosion. Union has increased the level of O&M and capital spending to repair leaks and replace parts of the system that are of highest risk and can best be addressed through replacement. The incremental funding over the 2007 and prior years base level is also included in Table 6.

Union has also implemented certain practice enhancements to address issues that are identified in the operation. This includes practices like scheduled easement clearance, GPS positioned replacement of pipeline markers, and cathodic protection assessments and improvements, which are applicable to pipelines above and below 30% SMYS.

Table 6
Distribution Piping Asset Integrity Expenditures

Year	($ millions) Capital (a)	O&M (b)
2007	1.08	1.40
2008	0.71	1.03
2009	6.95	-
2010	10.36	0.51
2011	5.80	1.67
2012	6.03	3.23
2013	7.29	3.28

Some of the expenditures that would have been previously identified as Distribution System Integrity have been moved from this program and included under Station Integrity.

The specific initiatives mentioned above are over and above the ongoing surveillance, inspections and maintenance of the distribution system, including the maintenance capital projects that ensure the integrity and reliability of the distribution system.

Station Asset Integrity Management Program

The assets included within this program include the full range of facilities that are "within the fence", ranging from large compressor stations to individual residential customer meter sets. These assets were originally grouped at a high level within integrity programs for either pipelines or distribution systems. The programs are currently being regrouped to pull them out of those

programs and group them into their own program to provide a more focused approach to assessing these types of assets and coordinating the activities from a full life cycle perspective.

Similar to the approach that was taken for Distribution Integrity, Union is applying the OMS framework to station assets to identify areas in current practices and programs that need additional focus to continue to ensure the integrity of these assets. Within Distribution Operations, additional focus has been placed on enhancing corrosion control of above ground plant, station valve maintenance, and mitigating the impact of damage to residential meter sets that are in higher risk areas of being hit by vehicles. Within the Storage and Transmission Operations area, focused assessments are being completed on liquid process lines at Union's compressor stations as part of a more formal process to identify and prioritize parts of the station assets that require additional proactive assessments. These initiatives address more systemic issues and supplement the current operating and maintenance practices and maintenance capital projects that have been identified and implemented over the years.

Expenditures associated with the incremental activities mentioned above are summarized in Table 7.

Table 7
Station Asset Integrity Expenditures

Year	($ millions) Capital (a)	O&M (b)
2007	-	0.11
2008	-	0.26
2009	-	0.23
2010	-	0.88
2011	1.00	0.49
2012	3.42	0.40
2013	3.92	0.50

Records management for station assets has been identified as one area that will need additional focus and resources and will be coordinated in conjunction with the EAM project.

2/ STORAGE CONSTRUCTION PROJECTS

The purpose of this evidence is to address Union's storage related capital projects forecast for 2013 and 2012. The total cost of the projects forecasted for 2013 is $13.5 million while 2012 spending is $14.3 million. Further detail of these projects is found in Exhibit B1, Summary Schedule 2.

The capital expenditures highlighted in this evidence include expenditures that are 100% regulated and those where a portion is allocated between Union's regulated and unregulated businesses. Expenditures on assets that are 100% unregulated are not included. For an overview of Union's overall capital budget, please refer to the evidence of Ms. Beth Cummings and Mr. Paul Trombley

filed at Exhibit B1, Tab 2. This evidence details Union's capital expenditures by function for 2007 actual, 2010 actual, 2011 outlook and forecast totals for 2012 and 2013. Where expenditures are allocated between the regulated and unregulated businesses, Union has provided the level of total expenditures and the portion allocated to the regulated business. The methodology used to allocate costs between the regulated and unregulated businesses is filed at Exhibit A2, Tab 2.

Listed below are the storage projects with capital costs in excess of $1.0 million scheduled for 2013 and 2012. The need for these projects is driven mainly by system integrity and throughput reliability. To establish an appropriate timeline for these projects, Union first prioritizes the work to be completed in the short-term. Union then completes a risk analysis based long-term plan to ensure the ongoing safety and reliability of its facilities. Union uses its experience to assess and adjust this long-term plan as required. In doing so, Union's goal is to comply with all necessary standards and regulations and, optimize the spending and resources available to complete this work.

2013 Projects	($millions)
Dawn E Gas Turbine Overhaul	2.2
Dawn G Silencer Replacement	1.4
Great Lakes Controllers 36" Bypass	1.2
Other Storage Projects	8.7
Total Storage Projects	13.5

Dawn E Gas Turbine Overhaul

An overhaul of the Dawn Pant E gas turbine is required in 2013 pursuant to the manufacturer's specifications for scheduled maintenance at 50,000 operating hours. The cost of the overhauls is $2.2 million. The overhaul includes the disassembly, detailed inspection, repair, balancing and recertification of the Dawn E Rolls Royce RB211 24C gas turbine.

Dawn G Silencer Replacement

To remain compliant with the target noise levels set by the Ministry of the Environment ("MOE") under the Comprehensive Certificate of Approval ("CCofA"), the existing Dawn Plant G exhaust silencer will need to be replaced with the inlet plenum. The cost of the replacement is estimated at $1.4 million.

Great Lakes Controllers 36" Bypass

Replacement of the existing NPS 16 pressure control bypass at Dawn's Great Lakes measurement facility with an NPS 36 pipe and control valve is required to reduce the pressure losses and improve design throughput efficiency. The replacement is estimated to cost $1.2 million and is scheduled to be in-service by December 2013.

Other Storage Projects

There are several other projects with estimated costs of less than $1.0 million that are required to ensure the ongoing safety, system integrity and reliability of Union's storage facilities. The combined spending forecast for these projects in 2013 is $8.7 million.

2012 Projects	($ millions)
Dawn J Plant	2.0
Other Storage Projects	12.3
Total Storage Projects	14.3

Dawn J Plant

The existing Dawn A Plant reciprocating compressors range in age from 35 to 50 years old and have to be retired to comply with the air emission standards set by the MOE's CCofA. The cost of the replacement is estimated at $41.6 million and was placed in-service on October 1, 2011. The clean-up/abandonment cost forecast for this project in 2012 is $2.0 million.

Other Storage Projects

Similar to 2013, there are several other projects with estimated costs of less than $1.0 million that are required to ensure the ongoing safety, system integrity and reliability of Union's storage facilities. The combined spending forecast for these projects in 2012 is $12.3 million.

PREFILED EVIDENCE OF

MIKE PACKER, DIRECTOR INFORMATION SYSTEMS

The purpose of this evidence is to address Union's plans for Information Technology ("IT") expenditures for 2013 and 2012. The total IT forecast for 2013 and 2012 is $28.3 million and $25.4 million respectively.

The capital expenditures highlighted in this evidence include expenditures that are 100% regulated and those where a portion is allocated between Union's regulated and unregulated businesses. For an overview of Union's overall capital budget, please refer to the evidence of Ms. Beth Cummings and Mr. Paul Trombley filed at Exhibit B1, Tab 2. This evidence details Union's capital expenditures by function for 2007 actual, 2010 actual, 2011 outlook and forecast totals for 2012 and 2013. Where expenditures are allocated between the regulated and unregulated businesses, Union has provided the level of total expenditures and the portion allocated to the regulated business. The methodology used to allocate costs between the regulated and unregulated businesses is filed at Exhibit A2, Tab 2.

This evidence identifies IT projects with capital costs in excess of $1.0 million forecast for 2013 and 2012. Further details regarding Union's IT expenditures are found at Exhibit B1, Summary Schedule 2. IT projects are included in the General section of this schedule. The General section

also includes some Distribution-related spending. This Distribution spending is dealt with as part of the evidence of Mr. Wes Armstrong filed at Exhibit B1, Tab 4.

IT projects are proposed primarily to meet compliance, system integrity and reliability requirements. The goal is to comply with all necessary standards and regulations as well as optimize spending and the resources available to complete this work.

In selecting projects, Union also applies a "Demand Management" process to help prioritize its overall IT resource requirements (people and money). This process requires business leaders to submit requests for IT work which they feel offers the highest value to their department and the Company. A business case that identifies the cost and benefits of the request is jointly prepared by the business sponsor and IT. The level of detail of the business case and the number of times it is reviewed to ensure alignment to business value depends on the size and complexity of the request. Requests are placed into a rolling list where they are reviewed by Union's IT Capital Steering Committee. As resources become available, projects are given the approval to proceed.

2013 and 2012 IT Projects ($ millions)	2013	2012
IT Infrastructure Life-cycle	9.2	8.2
Unionline Modernization	9.3	3.0
Meter Reading Replacement	-	3.0
IT Application Life-cycle	2.0	3.5
Business Support	2.3	2.8
Enterprise Asset Management ("EAM")	4.0	1.0
Other IT Spend	1.5	3.9
Total	28.3	25.4

IT INFRASTRUCTURE LIFE- CYCLE

The IT Infrastructure Life-cycle spending is focused entirely on sustaining common computer infrastructure that is key to maintaining safety, business processes and, meeting financial obligations. It is comprised of computer workstations, servers and storage equipment, data and voice network technologies, radio and security infrastructure. More detail on infrastructure costs and how they are managed is detailed later in this evidence.

UNIONLINE MODERNIZATION

The Unionline environment is critical to the sustainment and growth of Union's business, with high expectations for reliability and availability of the system as well as performance and functionality. The core systems included in this environment are Unionline, CARE and Contrax. These core systems are approximately 15 years old. While there have been updates to these systems to enhance functionality, these updates have created a complex structure of code that is difficult to work with, very time consuming to change and difficult to sustain operationally. In addition, maintaining resources that have the knowledge to work with older technologies is becoming increasingly expensive. With dated technology, Union is at risk of not being able to meet the expectations of its customers. In addition, the support and enhancement of these applications have become very complex and costly due to the amount of change/growth that has occurred in these applications over the last 15 years. This project will begin the "modernization" of the Unionline environment to ensure Union is well positioned to meet the future needs of customers.

METER READING REPLACEMENT

The Meter Reading Replacement project was initiated at Union as a life-cycle replacement project for the aging handheld meter reading devices and application. The current system will be unsupported by the vendor (ITRON) on December 31, 2012. This includes the Mobile Collection System software and the Handhelds. After this date, neither support nor professional services will be available for this product or release through standard support agreements. As of December 31, 2009 devices were no longer available to purchase. Union is seeking to purchase a new meter reading solution to replace the existing infrastructure which will include: the application software, handheld mobile collection devices, and meter mounted remote radio encoder/transmitters. The replacement system is necessary to ensure that Union is reliably and efficiently able to read residential customer meters.

IT APPLICATION LIFE-CYCLE

Similar to the IT Infrastructure Life-cycle project, the IT Application Life-cycle project handles the application developer tools and applications that are associated with aging and at risk environments. This project maintains (upgrades or replaces) existing Information Services ("IS") software such as integration, reporting and database tools used by the various business systems/applications. The asset has a limited life. Union is required to upgrade or replace the asset periodically to maintain the business benefits. Based on risk/priority/software support schedules, specific projects are created that represent the highest risk or need. This work extends the life of the asset and maintains the benefits derived from that asset.

BUSINESS SUPPORT

Business Support involves the grouping of smaller capital enhancements that have been identified by the business that will be prioritized and managed through the Demand Management process and approved by the IT Capital Steering Committee.

ENTERPRISE ASSET MANAGEMENT ("EAM")

EAM is a Company-wide initiative that will result in a comprehensive solution to plan and control Union's assets throughout their life-cycle from acquisition through installation, maintenance, and disposal. EAM will provide standardized processes and practices to monitor and measure performance of operating assets, in order to make better decisions about these assets. EAM will manage maintenance activities associated with these assets as well as manage the procurement and materials management functions required to execute construction and maintenance activities. EAM standardized processes and practices will be enabled by a single application. EAM will supply information that will increase Union's ability to manage costs, increase the productivity of each asset and ultimately increase efficiency.

OTHER IT SPEND

This category is comprised mainly of IS-related projects. A significant portion is captured in the General Projects less than $500,000 spending (Exhibit B1, Summary Schedule 2).

IT INFRASTRUCTURE REPLACEMENT PRACTICE

1/ ITI OBJECTIVES

The Information Technology Infrastructure ("ITI") department's main purpose is to provide a stable, reliable and secure foundation for all of Union's IT applications.

The "best practices" which ITI focuses on to meet this objective include:

i) Cost efficient (repairs and upgrades) infrastructure;

ii) End-user productivity;

iii) Quality (technical support); and,

iv) Performance.

Cost Efficient Infrastructure

Several techniques are employed to ensure that the costs for acquisition and ongoing support of IT hardware are minimized such as the centralization of planning and purchasing, standardization of personal computing configurations, and upgrading older equipment at the optimal time. The goal is to minimize the total cost of supporting this infrastructure over the entire lifecycle of the hardware purchased.

Productivity

Several techniques are employed to maximize end-user productivity such as the centralization of end-user support functions and investing in hardware and software for operational support.

Union strives to shift the burden of operational support from end-users to the IT department. This enables end-users to spend more time on their primary responsibilities.

Quality

A high quality IT environment is one which provides reliability of operations, integrity (i.e. accuracy/reliability of data) and security. Union's ongoing investment in its IT infrastructure ensures high quality for its end-users (i.e. minimal unplanned events such as system shut downs).

Performance

Appropriate IT cost management optimizes the use of the acquired hardware in order to minimize future investments. ITI regularly monitors the use of the network servers and printers against the specified capacity of the hardware to identify opportunities for changes. This allows proactive planning for upgrades before problems occur.

2/ THE TCO MODEL

As noted above, Union's IT infrastructure serves as the foundation for its IT applications. The need to replace IT infrastructure is driven by available technology and the demands created by new and existing applications. Technology is constantly changing to increase its overall speed and capacity. Operating systems and application software are designed to take advantage of this improved technology. Newer applications with additional functionality often require changes to the supporting infrastructure. Union works to achieve a balance between the advantages of newer applications and the associated demands on the infrastructure.

Union uses a life-cycle approach when making IT replacement decisions. This life-cycle approach, which is based on industry standard practices, uses a Total Cost of Ownership ("TCO") model. A TCO model looks beyond the price of a purchase to include many other purchase-related costs. A TCO model provides a cost basis for determining the economic value of an investment. It helps prospective purchasers assess direct and indirect costs related to the purchase of any capital investment. This approach has become increasingly important as organizations, such as Union, look for ways to better understand and manage costs.

As noted above, a TCO assessment evaluates not only the cost of purchase but all ongoing costs associated with use and maintenance of the equipment, device, or system considered. Such costs include, for example, the costs associated with:

i) Training support personnel and the users of the system;

ii) Failure or outage (planned and unplanned); and,

iii) Diminished performance (i.e. if users are kept waiting).

In most cases, the initial purchase price is a relatively small component of the overall life-cycle cost of ownership.

3/ TYPES OF IT INFRASTRUCTURE PURCHASED

Union uses the TCO model for each of the five major IT infrastructure spending categories:

1. **Workstations:** Each workstation is constructed using common and standard hardware configurations. A common approach minimizes purchase costs but also helps keep ongoing support costs down.

2. **Networks**: Consists of routers, switches, hubs, firewalls, patch panels, cabling systems that link internal local area networks ("LAN") to high-speed data circuits that offer built-in redundancy and intelligent switching among the telecommunications providers. Devices required to maintain voice communications network are included in this category. This includes telephone switches (PBXs), voice recorders, and voice mail systems.

3. **Servers:** Consists of the Intel and AIX devices that operate Union's applications and store its data. Servers require maintenance and growth management to ensure their ability to operate both applications and data at peak operating periods. Given the importance of each device to ITI system performance as well as the high cost of replacement parts, Union aims to replace production servers prior to the expiry of the three-year manufacturer's warranty.

4. **Radio Infrastructure**: The voice and data radio system has been gradually reduced in recent years as Union moves towards more cost effective public wireless networks. Most of this cost is spent on the removal of the older infrastructure.

5. **Security**: Consists of the risks involving current vulnerabilities. Union has always had devices in place to discourage this type of activity however this risk has increased in recognition of the

number of attacks on related industries/companies. This involves the protection of control systems, business applications, computer infrastructure and data networks.

4/ **REPLACEMENT PRACTICE**

Union's current practice is to replace core network equipment, general purpose servers, desktop and laptop computers after approximately three years of service. Large data storage devices and AIX servers are replaced after five years of service. Software is upgraded when it is no longer supported by the vendor or as a result of security or performance related issues.

Union's IT Infrastructure capital spending forecast as described at Exhibit B1, Summary Schedule 2 is driven by compliance, security, reliability and performance requirements. Security costs relate to anti-virus protection enhancements to workstations, servers and/or network devices. In 2012 and 2013, voice network costs increase to support life-cycling Union's legacy phone systems with Voice-over IP systems. These older PBX systems are going out of vendor support. Union has also experienced a decrease in reliability as the systems age. In 2012, data network forecast costs are higher than 2011 levels. These expenditures are needed to further enhance the security of the data network with investment in firewall and Intrusion Protection Systems ("IPS"). In 2013, the plan is to relocate Union's Disaster Recovery site and its main data centre to more secure environments. An increase in equipment costs is required to support setting up dual environments to manage this transition.

Reliability costs include upgrades to IT hardware such as servers, network devices and workstations. These investments help mitigate unplanned downtime due to equipment failure. Union addresses performance requirement issues through the life-cycle approach it uses to replace or upgrade IT infrastructure.

Union's life-cycle targets are based on industry benchmarks along with internal historical experience. In some cases, Union's life-cycle is slightly longer than the industry standard resulting in additional value being provided.

PREFILED EVIDENCE OF

MICHAEL BROEDERS, MANAGER, FINANCIAL PLANNING & FORECASTING

Union Gas Limited's ("Union") Lead/Lag Study has been updated for the 2013 test year. The update was based on 2010 actual results. The approach used to update the study remains unchanged from that approved by the Board in EB-2005-0520.

This section of evidence will describe the following:

1/ Lead/Lag Methodology

2/ Study Results

1/ LEAD/LAG METHODOLOGY

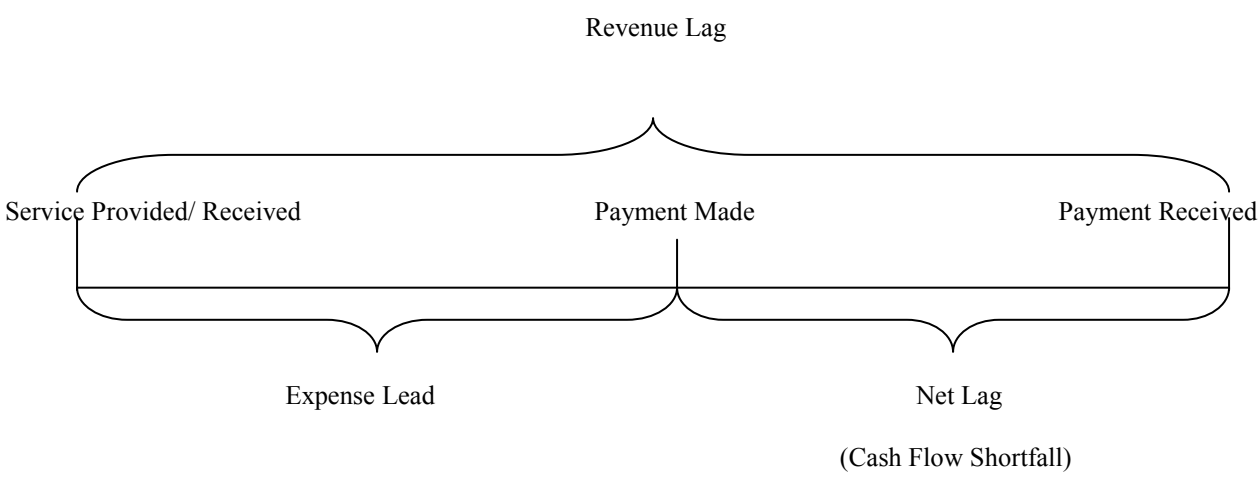
Background

The Lead/Lag study is conducted to determine Union's cash working capital needs. Working capital refers to the funds available for carrying on the activities of a business after an allowance is made for bills paid within the year. In simple terms, working capital is the difference between the funds available and funds required.

The timing and dollar amounts of revenues collected from gas sales, storage and transportation business, and other services are different than those of Union's major expenses such as gas purchases, salaries and wages, and employee benefits. The Lead/Lag Study is a method of measuring this difference.

The difference is determined by comparing the time Union has use of funds to the time that it does not have use of funds.

The time between when Union has received a good or service and when payment is made is referred to as the **Expense Lead** (the time Union has use of funds). Similarly, the time between when Union has provided a good or service and when it receives payment is the **Revenue Lag** (the time Union does not have the use of funds). The difference between the total Expense Leads and the total Revenue Lags is the **Net Lag**. A net lag number greater than zero indicates a cash "shortfall" position, while a net lag number less than zero indicates a cash "surplus" position.



The other key component of the Lead/Lag Study is the Harmonized Sales Tax ("HST") component. An **HST Lead** is the time between HST collection from customers and when Union is required to remit the same to the Receiver General. An **HST Lag** is the time between HST payment on Union's expenses and when it is actually recognized/received by the Receiver

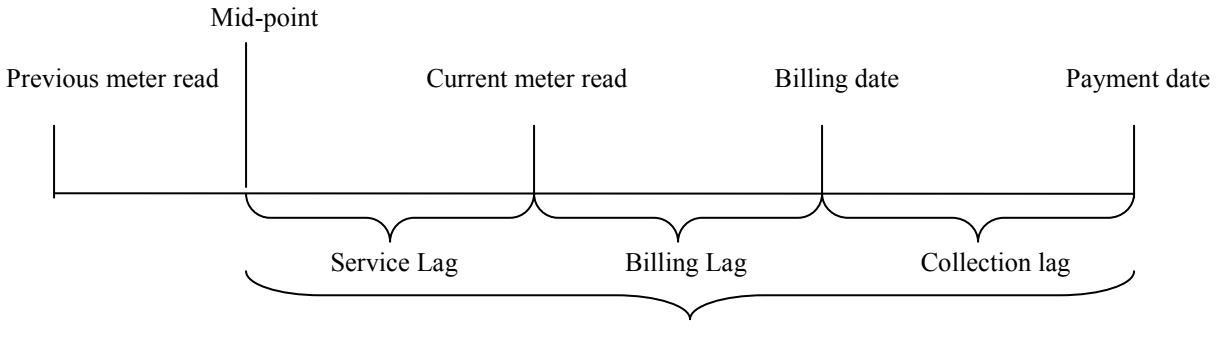
General. The difference between the HST Leads and the HST Lags is the **Cash Flow Requirement for HST**.

The combination of the above two cash flow components equals Union's **Total Cash Working Capital Need.**

Calculation of Revenue Lag

Using actual 2010 information, the number of days between the date the service was provided and the date related revenues were received and available to Union was measured for each major category of Operating Revenues (i.e. gas sales, storage and transportation and other revenue).

The revenue lag is the sum of the service lag, the billing lag and the collection lag. The service lag is the number of days from the date service is rendered (i.e. service date) to the date of the meter read. The billing lag is the number of days between the current meter read and the billing date. The collection lag is the number of days from the billing date to the date the payment is received from the customer.



Revenue Lag

The service date was assumed to be the mid-point of the billing period. The due dates and dollar amounts were identified from actual payment records. The payment date, or invoice date, whichever is later, is considered relevant for the purpose of this study.

All customers do not necessarily pay on the due date. Therefore, to calculate the collection lag it is important to know the percentage of customers that pay on/before the due date, the customers who pay late and by how many days and the customers who do not pay at all.

Customers that delayed payment for unusually long periods of time, or did not pay their bills, were excluded from the study since this is considered bad debt. Therefore, this long revenue lag is not reflected in the weighted average revenue lag determined from the sample. This is consistent with an assigned bad debt expense lead of zero days.

Information on customer class, meter reading date, previous read date, billing date, billed revenue amount and payment date was obtained from each customer payment transaction. In determining the overall revenue lag, each payment lag was dollar weighted according to the amount of billed revenue.

Calculation of Cost of Service Expense Lead

Expense leads were determined for major components of cost of service, including the following:

- Purchased Gas Cost
- Salaries and Wages

- Employee Benefits
- Other O&M

The expense lead measures the number of days from receipt of goods or services (i.e. the service date) until payment is made by the company. Actual 2010 information was used in the calculation of the expense lead. Payment dates were determined based on actual or scheduled payment dates. Service dates were determined depending on the characteristics of the cost of service item.

For purposes of the Lead/Lag Study, all of the purchased gas costs, salaries and wages, and employee benefits were reviewed.

Other O&M includes all gross O&M expenses other than employee salaries and wages and employee benefits. To determine the expense lead for Other O&M expenses a random sample of 96 invoices were selected. A sample size of 96 corresponds to a margin of error of 10% at a 95% confidence level. For each invoice in the sample, service and payment dates were identified. The resulting expense leads were dollar weighted to arrive at the representative expense lead for Other O&M.

For purposes of determining the other O&M expense lead, prepaid insurance amortization and bad debt expense are assigned expense leads of zero days to exclude their resulting working capital impact from the study. The average balance of prepaid insurance is included in the

working capital components of rate base and accordingly, should not be included in the cash working capital requirement.

HST Adjustments to Working Capital Requirements

On July 1, 2010, HST took effect in Ontario and is applied to most purchases and transactions. The 13% HST replaced the federal goods and sales tax ("GST") and the provincial sales tax ("PST"). A combination of 2010 actual results and the HST paid during the period July 1, 2010 to June 30, 2011 was used to calculate HST leads and lags.

An HST lead occurs on revenue collected by Union. The HST lead represents the number of days from the date the HST is collected from the customer to the date Union is required to remit the same to the Receiver General. HST collections are remitted to the Receiver General on the 28th day of the month following the month of collection.

In contrast, a HST lag occurs on Union's expenses. The HST lag is the time between the HST payment date and when Union receives an input credit for the HST paid on taxable purchases. Union pays HST on Canadian expenses (O&M and gas costs) at the time the supplier's invoice is paid. With respect to US gas purchases, Union remits GST directly to the Receiver General. HST remittances (to the supplier or directly to the Receiver General) are claimed as an input tax credit on Union's monthly HST return. HST input tax credits are claimed on the 28th day of the month following the invoice payment.

2/ STUDY RESULTS

Table 1 provides a comparison of the proposed 2013 lead/lag days to the 2007 Board-approved level.

Table 1

Line No.	Particulars (Days)	2013 Proposed	EB-2005-0520 Approved
		(a)	(b)
1	Operating Revenue Lag	38.1	41.2
2	Cost of Purchased Gas Expense Lead	38.8	39.6
3	O&M Expense Lead	20.8	16.0
4	Net Gas Purchase HST Lag	10.1	14.1
5	Net O&M HST Lag	17.5	27.2

The results of the 2013 study are largely the same as the 2007 study. The largest variances relate to the O&M Expense Lead which increased by 4.8 days and the Net O&M HST Lag which decreased by 9.7 days. O&M Expense lead days increased as a result of an increase in the number of days between the receipt of goods or services and the payment being made by the company. Net O&M HST lag days decreased as a result of a decrease in the number of days between when HST is paid on supplier invoices and when Union receives an input credit for the HST paid on taxable purchases.

The updated lead/lag factors and HST rates result in a reduction to the 2013 rate base of $11.8 million with a corresponding $0.9 million decrease in the 2013 revenue deficiency.

UNION GAS LIMITED
Summary of Lead Lag Results
Study Year - Calendar 2010

Line No.	Particulars (Days)	Lead/Lag
	Operating Revenue Lag:	
1	Gas Sales Revenue	38.7
2	Transportation and Storage Revenue	33.1
3	Other Revenue	38.3
4	Overall Operating Revenue Lag (1)	38.1
	Cost of Service Expense Leads:	
5	Cost of Purchased Gas (2)	38.8
	O&M:	
6	Salaries and wages	10.5
7	Employee Benefits	32.1
8	Other O&M	28.3
9	Overall O&M Expense Lead (3)	20.8
10	Gas Purchase Cost Lag (line 4-line 5)	(0.7)
11	O&M Cost Lag (line 4-line 9)	17.3

Note:
(1) Exhibit B1, Tab 8, Schedule 2.
(2) Exhibit B1, Tab 8, Schedule 6.
(3) Exhibit B1, Tab 8, Schedule 7.

UNION GAS LIMITED
Operating Revenue Lag
Study Year - Calendar 2010

Line No	Particulars ($000's)	Amount (a)	Revenue Lag (Days) (b)	Dollar Days (c) = (a) x (b)
1	Gas Sales (1)	1,508,206	38.7	58,421,859
2	Transportation & Storage (2)	184,409	33.1	6,108,410
3	Other Revenue (3)	23,754	38.3	909,131
4	Total	1,716,368	38.1	65,439,400

Note:
(1) Exhibit B1, Tab 8, Schedule 3.
(2) Exhibit B1, Tab 8, Schedule 4.
(3) Exhibit B1, Tab 8, Schedule 5.

UNION GAS LIMITED
Gas Sales Collection Revenue Lag
Study Year - Calendar 2010

Line No	Particulars ($000's)	Total Remittance	Revenue Lag (Days)	Dollar Days
		(a)	(b)	(c) = (a) x (b)
	General Service			
1	Rate M2 (Contract)	5,762	33.3	191,776
2	Rate 01/M2 (Banner)	1,327,992	39.4	52,371,507
3	Rate M1	11	32.3	363
4	Rate 10	8,709	32.6	284,348
5	Rate 01	73	35.0	2,538
6	Rate T-2	3,869	33.2	128,541
7	Total General Service	1,346,417	39.3	52,979,074
	Wholesale Utility			
8	Rate T-9	929	33.1	30,755
9	Rate M10	87	33.0	2,882
10	Rate T-10	80	33.0	2,647
11	Total Wholesale	1,097	33.1	36,284
	Contract			
12	Rate M4	3,226	33.4	107,587
13	Rate T-7	6,295	32.9	207,010
14	Rate 20	29,451	33.7	993,390
15	Rate 30	1,164	33.8	39,328
16	Rate 100	27,189	34.1	926,286
17	Rate T-1	63,320	33.7	2,134,867
18	Rate T-3	4,346	33.9	147,267
19	Rate T-4	12,673	33.2	420,310
20	Rate T-5	10,527	33.1	347,918
21	Rate M5	2,503	33.0	82,538
22	Total Contract	160,692	33.6	5,406,502
23	Total	1,508,206	38.7	58,421,859

UNION GAS LIMITED
Transportation and Storage Revenue Lag
Study Year - Calendar 2010

Line No.	Particulars ($000's)	Total Remittance (a)	Lag Days (b)	Weighted Dollar Days (c) = (a) x (b)
1	Customer 1	66,736	33.4	2,227,304
2	Customer 2	48,676	32.4	1,575,195
3	Customer 3	9,416	33.1	311,855
4	Customer 4	5,150	33.5	172,745
5	Customer 5	4,607	34.2	157,532
6	Customer 6	3,835	33.8	129,726
7	Customer 7	3,509	33.7	118,292
8	Customer 8	3,440	33.3	114,686
9	Customer 9	3,277	33.0	108,265
10	Customer 10	3,151	33.7	106,141
11	Customer 11	2,830	34.6	97,779
12	Customer 12	2,816	33.1	93,257
13	Customer 13	2,071	34.8	71,979
14	Other (less than $2 million)	24,895	33.1	823,654
15	Total	184,409	33.1	6,108,410

UNION GAS LIMITED
Other Revenue Collection Revenue Lag
Study Year - Calendar 2010

Line No.	Particulars ($000's)	Total Remittance (a)	Lag Days (b)	Weighted Dollar Days (c) = (a) x (b)
1	Delayed Payment Charges	5,833	38.7	225,947
2	Account Opening Charges	6,579	38.7	254,844
3	Billing Revenue	7,369	38.8	285,866
4	Mid Market Transactions	2,244	33.6	75,500
5	Other Operating Revenue	1,729	38.7	66,975
6	Total other revenue	23,754	38.3	909,131

UNION GAS LIMITED
Gas Purchase Expense Lead
Study Year - Calendar 2010

Line No	Particulars ($000's)	Amount	Expense Lead (Days)	Dollar Days
		(a)	(b)	(c) = (a) x (b)
1	TCPL Transport	103,752	35.2	3,652,936
2	Other Transport	90,125	35.2	3,173,134
3	Commodity	502,858	40.2	20,219,083
4	Local Producers	4,778	35.2	168,232
5	Storage	274	40.2	11,037
6	Total	701,787	38.8	27,224,422

UNION GAS LIMITED
O&M Expense Lead Summary
Study Year - Calendar 2010

Line No	Particulars ($000's)	Amount (a)	Expense Lead (Days) (b)	Dollar Days (c) = (a) x (b)
1	Salaries & Wages (1)	190,927	10.5	2,009,473
2	Employee Benefits (2)	61,843	32.1	1,982,342
3	Other O&M (3)	170,806	28.3	4,837,156
4	Total	423,576	20.8	8,828,970

Note:
(1) Exhibit B1, Tab 8, Schedule 8.
(2) Exhibit B1, Tab 8, Schedule 9.
(3) Exhibit B1, Tab 8, Schedule 10.

UNION GAS LIMITED
Salary and Wages Lead
Study Year - Calendar 2010

Line No	Particulars ($000's)	Amount	Expense Lead (Days)	Dollar Days
		(a)	(b)	(c) = (a) x (b)
1	Weekly Employees	41,283	14.9	613,599
2	Management	103,342	5.3	545,423
3	Technical/ Salary	46,301	18.4	850,451
4	Total	190,927	10.5	2,009,473

UNION GAS LIMITED
Employee Benefit Lead
Study Year - Calendar 2010

Line No	Particulars ($000's)	Amount (a)	Expense Lead (Days) (b)	Dollar Days (c) = (a) x (b)
1	Employee Pension Plan	32,078	38.8	1,244,564
2	Employee Savings Plan	5,044	24.4	123,003
3	Employee Health Tax	3,867	29.4	113,760
4	Workmans Compensation	931	44.7	41,612
5	Employee Life Insurance AD&D	22	14.5	315
6	Employee Health Benefits	42	14.2	598
7	Long Term Disability	32	14.3	451
8	Employee Dental Insurance	21	14.1	292
9	Employee Flex Benefits	12,467	14.2	177,020
10	Employee Future Benefits	7,168	38.8	278,059
11	Employee Assistance Program	171	15.6	2,669
12	Total	61,843	32.1	1,982,342

UNION GAS LIMITED
Other O&M Lead
Study Year - Calendar 2010

Line No	Particulars ($000's)	Amount (a)	Expense Lead (Days) (b)	Dollar Days (c) = (a) x (b)
1	Prepaid Insurance	7,007		
2	Bad Debt	5,204		
3	Other	158,595	30.5	4,837,156
4	Total	170,806	28.3	4,837,156

UNION GAS LIMITED
HST Lag
Study Year - Calendar 2010

Line No.	Particulars (Days)	Lead/Lag
	Gas Purchase Working Capital	
1	HST Revenue Lead	(25.3)
2	HST Gas Purchase Expense Lag	35.5
3	Gas Purchase HST Lag	10.1
	O&M Working Capital	
4	HST Revenue Lead	(25.3)
5	HST O&M Expense Lag	42.8
6	O&M HST Lag	17.5

PREFILED EVIDENCE OF

JIM REDFORD, DIRECTOR, BUSINESS DEVELOPMENT

The purpose of this evidence is to provide details on Union's Parkway West construction project scheduled for completion in 2014. Further details regarding this investment can be found in Exhibit B1, Summary Schedule 2.

This evidence is organized under the following headings:

1/ Changes in Parkway Exports

2/ Loss of Critical Unit Protection

3/ Gas Supply to the Greater Toronto Area

4/ Parkway West Project Facilities Description

5/ Parkway West Project Timing and Development

The Parkway compressor station ("Parkway") is located at the eastern end of the Dawn to Parkway system. On the suction side of Parkway, Union currently is contracted on a firm basis to deliver 1.6 PJ/d to Enbridge Gas Distribution ("EGD") through the Parkway (Consumers) and Lisgar connections. On the discharge side of Parkway, Union currently is contracted on a firm basis to deliver 2.0 PJ/d to TransCanada Pipelines Limited ("TCPL") through the Parkway (TCPL) connection, including 0.4 PJ/d to supply Union's northern and eastern franchise areas as well as a portion of Union's franchise area in Oakville and Burlington. Schedule 1 provides a schematic of the Dawn to Parkway system.

1/ CHANGES IN PARKWAY COMPRESSION EXPORTS

Flow through the Parkway compression has dramatically increased in the past 6 years from less than 0.5 PJ/d in 2005 to a maximum volume of approximately 2.0 PJ/d in 2011.

Union expects that firm demand on the discharge at Parkway will continue to increase as a result of:

i) Growth in the Greater Toronto Area ("GTA") and in key eastern Canadian and U.S. Northeast markets;

ii) Union's desire to partially supply the northern and eastern franchise areas through short-haul service;

iii) The emergence of new U.S. gas supply seeking Ontario, eastern Canadian and U.S. Northeast markets; and,

iv) A market shift from long-haul transportation to short-haul transportation.

Union estimates that design day demand for exports through Parkway compression could exceed 3.0 PJ/d by 2015/2016.

In addition to an increase in demand, Union has also seen a change in net flows through Parkway. Historically, there have been a number of days during the summer months where gas is imported at Parkway from the TCPL system to fill storage at Dawn or to be exported at Kirkwall. Over the past two years, imports at Parkway from the TCPL system have diminished resulting in a fundamental shift to year-round exports through the Parkway compression as

shown in Schedule 2. Year-round exports through the Parkway compression have impacted the ability to schedule maintenance activities for the Parkway A Unit and Parkway B Unit as well as the associated facilities.

2/ LOSS OF CRITICAL UNIT PROTECTION

Compression on the Dawn to Parkway system is located at Dawn, Lobo, Bright and Parkway. Currently, Union has Loss of Critical Unit ("LCU") protection for Dawn, Lobo and Bright compression which will protect gas flow along the Dawn to Parkway system (including gas to Kirkwall and gas to the Parkway (Consumers) and Lisgar feeds) in the event of a compressor outage at one of those compressor stations. The discharge at Parkway is the only location on the Dawn to Parkway system without 100% LCU coverage. The increase in design day and peak day send out through Parkway compression (today and forecast) and the shift to year-round exports through the Parkway compression makes LCU protection at Parkway critical.

Under current system design however, loss of the Parkway A Unit (24,000 HP) results in a loss of delivery capability to Parkway (TCPL) of 1.0 PJ/d. Loss of the Parkway B Unit (47,000 HP) results in a loss of delivery capability to Parkway (TCPL) of 1.8 PJ/d. An outage of either the Parkway A Unit or the Parkway B Unit could result in the loss of key markets east of Parkway in Ontario, eastern Canada and the U.S. Northeast, particularly during periods of peak demand. In addition to the direct impact of the outage, loss of the Parkway A Unit or Parkway B Unit during a peak period of demand would impact the market's confidence in Union's ability to provide reliable service and could lead to decontracting of the Dawn to Parkway path.

With increasing throughput at Parkway and with year-round Parkway exports, the reliability of the Parkway compressors becomes critical to supplying the major markets mentioned above. To ensure security of supply to these markets and to provide operational flexibility to complete maintenance activities, Union proposes to build LCU coverage for the Parkway (TCPL) discharge**.**

3/ GAS SUPPLY TO THE GREATER TORONTO AREA

In addition to the volumes exported through the Parkway (TCPL) interconnection, Union delivers 1.6 PJ/d to EGD through the Parkway (Consumers) and Lisgar interconnections. EGD supplies the western and central portion of their franchise area within the GTA through Parkway (Consumers) and Lisgar, which is located off of the suction side of Parkway. An outage of the Dawn to Parkway system interconnection at Parkway (including the valve site) would result in no gas being delivered to Parkway (Consumers) and Lisgar. During periods of peak demand, such an outage would have a significant impact on EGD's ability to supply a large number of Ontario customers.

Parkway (Consumers) and Lisgar are critical facilities in servicing the western and central portion of the GTA. To ensure security of supply to these Ontario customers, Union proposes to install a second metering and a header system connected to the Dawn to Parkway system that would allow continued supply to EGD in the event of an outage of the existing Dawn to Parkway system interconnection at Parkway (including the valve site).

4/ PARKWAY WEST PROJECT FACILITIES DESCRIPTION

The Parkway West Project facilities are comprised of three components that are proposed to be constructed over a three year period. These facilities will allow Union to meet export demand on a design day to Parkway (TCPL) and Parkway (Consumers) under an outage of the major components of the existing Parkway compression station.

1. Parkway West Land Purchase – 2012: $15.0 million
2. Parkway West Metering and Headers – 2013: $80.0 million
3. Parkway West Loss of Critical Unit Protection – 2014: $120.0 million

5/ PARKWAY WEST TIMING AND DEVELOPMENT

5.1/ Parkway West Land Purchase

The existing Parkway site is confined by the Ninth Line and housing developments to the east, a proposed development to the south, Highway 407 to the west and Derry Road to the north. Union plans to purchase land in 2012 for the Parkway West site across Highway 407 to the west of the existing Parkway site.

5.2/ Parkway West Metering and Headers

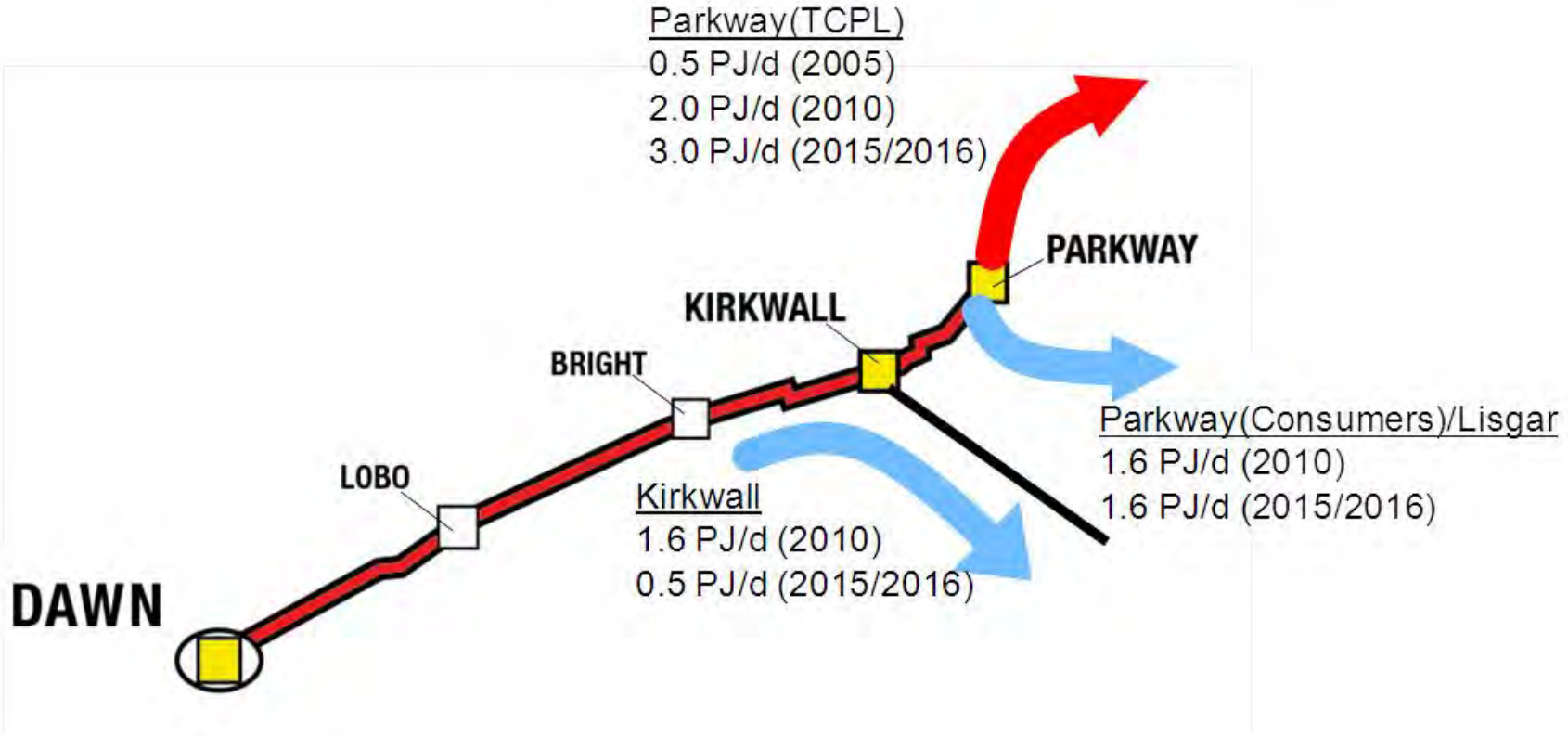
To increase reliability for deliveries to the GTA and to markets east, Union proposes to install i) headers and custody transfer metering to connect the Dawn to Parkway system to the EGD system at the proposed Parkway West station, which will provide EGD with a secure feed in the event of an outage of the existing Parkway (Consumers) feed; and ii) headers to connect the LCU compression to the Dawn to Parkway system and the TCPL system at the proposed Parkway

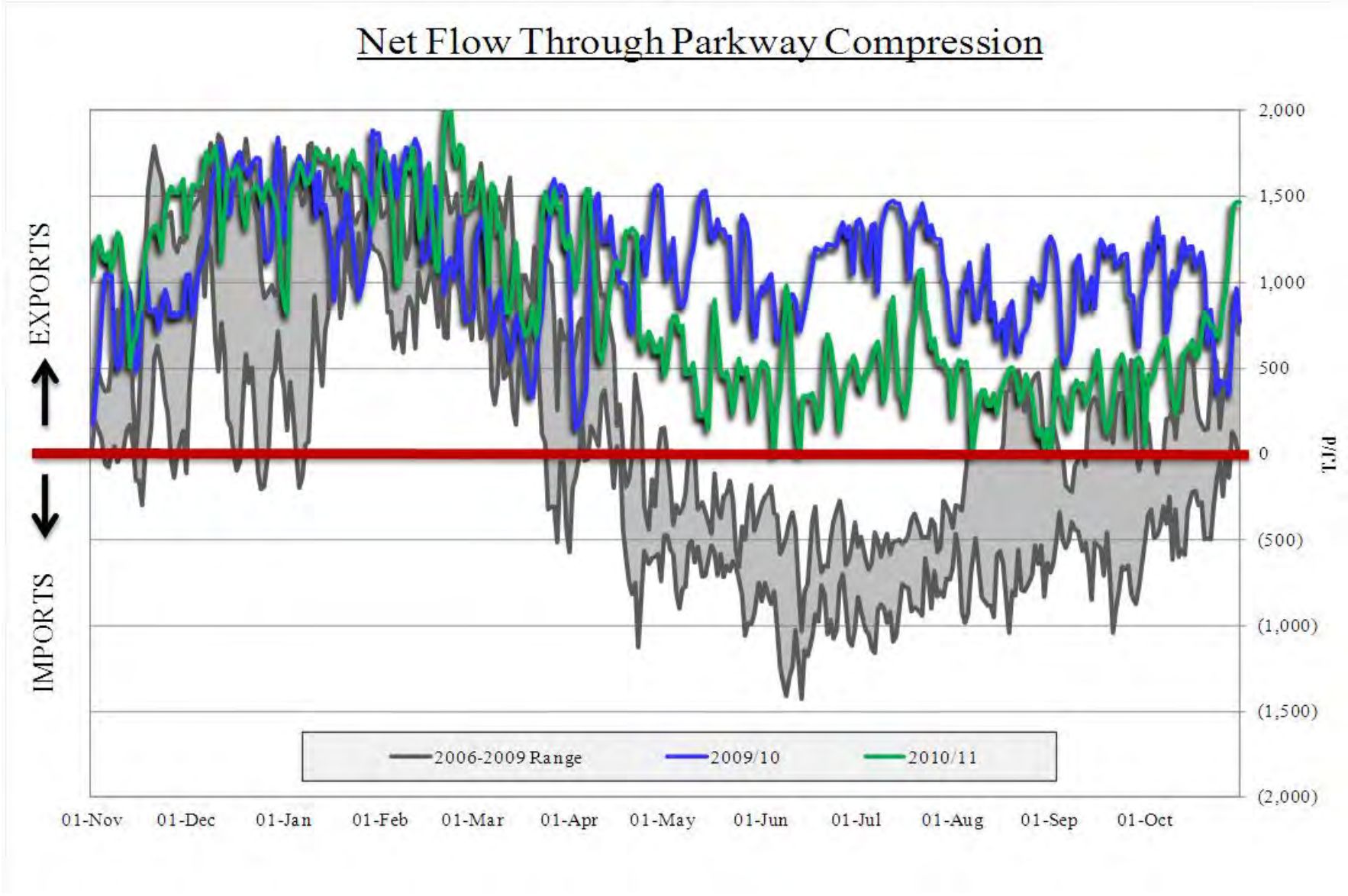
West station, which will provide TCPL with a secure feed in the event of an outage of an existing Parkway compressor or associated piping. These facilities are proposed to be completed for November 1, 2013 at a cost of $80.0 million.

5.3/ Loss of Critical Unit Protection

To increase reliability for deliveries into the TCPL system and to provide operational and maintenance flexibility, Union proposes to install approximately 40,000 HP of compression that connects to suction and discharge headers and custody transfer metering. This compression will provide 100% LCU protection for an outage of either of the Parkway A or Parkway B units. The new interconnection will provide a secure feed to the TCPL system at the proposed Parkway West station. The new compression will give Union the flexibility to operate the Parkway and Parkway West compressor stations as efficiently as possible, will offer lower NO_x emissions, lower fuel utilization and will be more efficient at lower suction pressures. No capacity created by the LCU protection at Parkway will be sold as firm transportation capacity. The facilities are proposed to be completed for November 1, 2014 at a cost of $120 million.

Dawn to Parkway System – Changing Operations and Throughput




Net Flow Through Parkway Compression
EXPORTS
IMPORTS
2,000
1,500
1,000
500
0
(500)
(1,000)
(1,500)
(2,000)
TJ/d
2006-2009 Range
2009/10
2010/11
01-Nov
01-Dec
01-Jan
01-Feb
01-Mar
01-Apr
01-May
01-Jun
01-Jul
01-Aug
01-Sep
01-Oct

1

UNION GAS LIMITED
Statement of Utility Rate Base
Calendar Year Ending December 31

Line No.	Particulars ($000's)	Board Approved 2007	Actual 2010	Outlook 2011	Forecast 2012	Forecast 2013
		(a)	(b)	(c)	(d)	(e)
	Gas Utility Plant					
1	Gross plant at cost	5,170,809	5,839,769	5,986,290	6,208,863	6,374,263
2	Less: accumulated depreciation	2,014,712	2,374,895	2,501,169	2,640,170	2,753,674
3	Net utility plant	3,156,097	3,464,874	3,485,121	3,568,693	3,620,590
	Working Capital and Other Components					
4	Cash working capital	32,672	30,505	31,132	31,784	20,007
5	Gas in storage and line pack gas	188,792	167,629	138,075	154,168	156,991
6	Balancing gas	129,618	94,338	78,864	72,963	72,963
7	ABC receivable (gas in storage)	(53,791)	(46,774)	(52,149)	(46,329)	(44,901)
8	Inventory of stores, spare equipment	28,469	29,238	29,893	30,369	29,618
9	Prepaid and deferred expenses	2,741	4,341	5,059	5,066	4,955
10	Customer deposits	(43,902)	(56,816)	(49,978)	(48,149)	(48,231)
11	Customer interest	(300)	(622)	(738)	(764)	(764)
12	Total working capital and other components	284,299	221,838	180,158	199,108	190,638
13	Total rate base before deduction of accumulated deferred income taxes	3,440,396	3,686,712	3,665,279	3,767,801	3,811,228
14	Accumulated deferred income taxes	169,502	116,410	100,305	84,971	69,686
15	Total rate base	3,270,894	3,570,303	3,564,974	3,682,830	3,741,542

UNION GAS LIMITED
Details of Capital Expenditure and Justification for Projects in excess of $500,000
Calendar Year Ending December 31, 2007, 2010-2013

Line No.	Function	Regulated Actual 2007	Total Actual 2007	Regulated Actual 2010	Total Actual 2010	Regulated Outlook 2011	Total Outlook 2011	Regulated Forecast 2012	Total Forecast 2012	Regulated Forecast 2013	Total Forecast 2013	In Service Date	Justification
1	**Storage** Dawn Plant F Compressor	1,744	2,176									December 29, 2006	This project forms part of the Dawn-Trafalgar Facilities Expansion Program (2006 - 2007 winter), which allows for the incremental expansion of system capacity by adding pipeline sections and compression capability, as required, to meet growth in market demand.
2	Hagar Boil-off Compressor							750	750	750	750	June 1, 2013	Replacement of the aging boil-off compressor to ensure on-going reliability and to reduce vented emissions.
3	Dawn Plant J			5,757	10,004	16,035	27,862	1,169	2,031			October 1, 2011	The Dawn A plant reciprocating compressors, ranging from 35 to 50 years old exceed the legislated Provincial Air emissions standards. The existing A plant has to be replaced in order to comply with the legislation.
4	STO Dehy Incinerator Installations			766	1,228							November 3, 2010	As part of the Comprehensive Certificate of Approval with MOE, benzene emissions from storage pool dehydrators were identified as unacceptable. MOE mandated that incinerators be installed on all 5 storage pool hydrators before the next operating season after 2008/2009.
5	Dawn E Exhaust Silencer Replacement			1,239	1,239							October 1, 2010	This project will replace the exhaust silencer at Dawn E which is currently disintegrating and will help reduce overall noise levels at the plant to below the Certificate of Approval specifications.
6	Dawn E Intake Silencer Replacement					750	750					November 1, 2011	Plant E at the Dawn facility is exceeding target noise levels. In order to remain compliant with our Certificate of Approval, further noise mitigation is required by replacing the existing silencer with the inlet plenum.
7	Dawn E Gas Turbine Overhaul									2,200	2,200	May 1, 2013	To complete a 50,000 hour overhaul on the Dawn E Rolls Royce RB211 24C.
8	Dawn - TCPL Westerly			1,642	1,642	700	700					November 30, 2010	Install a NPS 24 ultrasonic meter run and replace all existing control valves to allow for bi-directional flow; existing valves are only suitable for uni-directional flow.
9	Hagar Solar Compressor Upgrades			589	589							December 10, 2010	The Hagar gas turbine units (solar) were built in the late 1960s and have not been significantly upgraded since that time. With changes to the system, it has also been determined that only one unit will be required. This project will bring one of the Hagar units up to current standards, which will greatly increase reliability and safety.
10	Dawn D Silencer Replacement					600	750					November 1, 2011	Plant D at the Dawn facility is exceeding target noise levels. In order to remain compliant with our Certificate of Approval, further noise mitigation is required by replacing the existing silencer with the inlet plenum.
11	Dawn G Silencer Replacement					600	750			1,093	1,366	November 1, 2011	Plant G at the Dawn facility is exceeding target noise levels. In order to remain compliant with our Certificate of Approval, further noise mitigation is required by replacing the existing silencer with the inlet plenum.
12	27,600 Volt Dead Buss Closure					480	600					July 31. 2011	In the event of a utility (Hydro One) power failure all the individual plant generators at Dawn will start to feed emergency power to their specific areas of the Dawn Plant. If any one of these generators fail during operation and Hydro One power is still not available, that entire section of the facility will have NO POWER to support the associated plants continued operation. We need to have the ability to generate our own power from the 600 Volt system back up to our 27,600 Volt company owned network to allow an alternate power source to the failed area of the plant.
13	Dawn B Gas Generator Miidlife					1,158	1,448					August 17, 2011	The Dawn B RB211 is due for a midlife overhaul in order to maintain unit reliability. Overhauls must occur when the unit has operated for 25,000 hours, but recent repairs have extended the limit to 30,000 hours. The unit currently has operated in excess of 30,700 hours.
14	Dawn Fire Hydrant System Upgrade							400	500	200	250	August 31, 2013	The south yard fire hydrant system is antiquated, unreliable, does not have enough water capacity and the coverage is also inadequate. Recently the JHSC condemned the south yard fire pump because it failed to start the last 3 attempts and parts are not available for the 1943 Continental engine.
15	ECS Mandaumin Pool Modifications							408	680			November 1, 2012	This project consists of construction of a separator, tank, and choker valves at wells 4, 6, and 7. These facilities will increase operational efficiency of the Mandaumin pool, allowing improved injection and withdrawal capacity.
16	STO Hagar Exhaust Stack Replacements							800	800			Summer 2012	The purpose of this project is to reduce the KVGR exhaust noise by 25 dBA, and reduce the JVG, Turbine #1 and #2 exhaust noise by 15 dBA. This work has been identified in our Comprehensive Certificate of Approval and needs to be completed in order to comply with the CC of A.
17	STO Hagar Tank Painting							500	500			June 1, 2012	The scope of the project is to repaint the entire LNG Storage Tank. It is currently degraded and outer tank metal is exposed to harsh elements of Northern Ontario weather. The paint is peeled on various sections exposing primer last barrier of protection.
18	Great Lakes Controllers 36" Bypass									1,158	1,158	December 1, 2013	Replacement of the current NPS 16 pressure control bypass at Dawn's Great Lakes measurement facility with an NPS 36 pipe and control valve. By increasing the size of the Great Lakes Bypass, more effective design day throughput can be achieved.
19	Panhandle MOP Piping Replacement									719	899	July 31, 2013	This project is to enhance the integrity of piping in and around the 20" Panhandle Measurement Site (meter runs and piping, including header connections). Meter run piping is of unknown grade and connecting piping is of a wall thickness and grade combination that results in a south yard MOP of 6778 kPa which is lower than the 6895 kPa MOP of the headers and the rest of the south yard. Removal and replacement of the low MOP 16" piping within the South Yard builds on the Integrity Project of the South Yard.

UNION GAS LIMITED
Details of Capital Expenditure and Justification for Projects in excess of $500,000
Calendar Year Ending December 31, 2007, 2010-2013

Line No.	Function	Regulated Actual 2007	Total Actual 2007	Regulated Actual 2010	Total Actual 2010	Regulated Outlook 2011	Total Outlook 2011	Regulated Forecast 2012	Total Forecast 2012	Regulated Forecast 2013	Total Forecast 2013	In Service Date	Justification
20	STO Bickford Control Systems Upgrade							422	703			April 1, 2012	The Solar Unit at Bickford was installed in the early 80's and still has the original electronic control system with technology that is no longer supported by Solar Turbines. Modules that are sent out for repairs are gone for several weeks. The unit is available to pump gas if any part of the electronics fails. The unit is left unavailable while we wait for replacement parts to be repaired in an exchange program as new modules are not available for purchase.
21	Emergency Shut Down Valve									320	534	November 1, 2013	This project will install Emergency Shutdown Valves (ESV) on all injection/withdrawal wells. The initial phase of this project targets pools that contain wells with the highest risk consequence ratings. High consequence wells were selected based upon: proximity to the nearest residence, distance from Dawn and maximum well flow.
22	Storage Projects listed above	$ 1,744	$ 2,176	$ 9,993	$ 14,702	$ 20,323	$ 32,860	$ 4,449	$ 5,964	$ 6,440	$ 7,157		
23	Storage Projects less than $500,000	3,926	5,028	1,938	3,159	6,794	9,450	6,965	8,341	5,122	6,329		
24		$ 5,670	$ 7,204	$ 11,931	$ 17,861	$ 27,117	$ 42,310	$ 11,414	$ 14,305	$ 11,562	$ 13,486		
	Transmission												
25	Dawn-Trafalgar System - Hamilton to Milton	2,685	2,685									November 1, 2006	In order to meet forecast customer demands for the 2006 - 2007 winter, the Hamilton to Milton pipeline facilities are required. This represents the cost of constructing these new facilities.
26	Dawn-Trafalgar System - Strathroy to Lobo	50,318	50,318									November 1, 2007	This is the 2nd stage of the project. Current demands are being met by existing facilities, but these will be inadequate to meet demands in the future based on the number of forecasted new customers. Phase 2 will be necessary to service new customers added in late 2007 (see Parkway B Compressor below).
27	Parkway B Compressor	58,327	58,327									November 1, 2007	Installation of a new gas turbine compressor at the Parkway station to help meet growing demands based on the number of forcasted new customers. This project coincides with the Strathroy to Lobo expansion of the Dawn-Trafalgar system.
28	Dawn-Trafalgar System - Brooke to Strathroy	2,664	2,664									November 1, 2006	In order to meet forecast customer demands over the 2006 - 2007 winter, additional facilities are required. This represents the cost of obtaining these new facilities.
29	Integrity Management Program	8,000	8,000	7,292	7,292	5,736	5,736	6,834	6,976	5,045	5,315	Ongoing	Represents the continuation of a multi-year program to improve pipeline and station reliability and system performance while meeting all of the requirements of the NEB and TSSA Regulations. Dollars spent are focused on condition monitoring and remediation and risk reduction.
30	St. Clair Energy Centre	11,430	11,430									September 1, 2007	A new power generation facility is being built in the Sarnia-Lambton area. In order to serve this plant, Union must build new facilities, as existing facilities cannot serve the incremental demand.
31	Odourant / Containment	666	666	1,055	1,055	1,097	1,097	575	575	1,149	1,149	Ongoing	Represents the continuation of multi-year program to rebuild odourant systems to reduce risk of spills and minimize negative consequences in the event that a spill happens.
32	Dawn-Trafalgar System - Bright	18,536	18,536			300	300					November 1, 2008	This is Phase 3 of the Trafalgar expansion project, required due to additional customer demand in 2008. This project will increase capacity at the Bright compressor station by 47,000HP, which will create 347 MMcfd of additional transportation capacity on Union's Dawn-Trafalgar system. This expansion will increase existing system capacity by approximately 20%.
33	Bright B Gas Generator			927	927							October 25, 2010	The Dawn B RB211 is due for a midlife overhaul in order to maintain unit reliability. These engines are typically due for midlife after 25000 hours of operation. Due to some recent repairs, the requirement was delayed until 30000 hours which has been surpassed.
34	Lobo B Silencer Replacement			1,546	1,546							December 20, 2010	As part of Union's Emissions Action Plan (EAP), there are a number of noise source at the Lobo Compressor Station that have been identified as exceeding the target noise levels for the Lobo facility. To remain compliant with out Certificate of Approval, further noise mitigation is required which will involve modifying many vents and openings.
35	Bright B Silencer Replacement			1,503	1,503							December 22, 2010	This project is to replace the exhaust silencer on the Bright B Plant. The existing silencer has degraded over time. The replacement is necessary to meet noise emission requirements. Overall noise levels are higher than the Certificate of Approval specifications.
36	Lobo Yard Piping Mod	2,308	2,308									December 14, 2007	The proposed project is to complete piping modifications internal to the A Plant at Lobo station. The proposed work is to install new piping and associated fittings on both the suction and discharge headers of A plant.
37	Parkway Scrubber Refit	1,406	1,406									November 21, 2007	To refit Parkway's TCPL delivery scrubber with cyclotube elements and relocate to Parkway Plan A suction line.
38	Lobo B HP Turbine upgrade	1,366	1,366									December 14, 2007	The Lobo engine (1750-223) RB211 was sent to TransCanada Turbines in the late spring of 2007 for investigative work. Elevated vibrations were detected during the 2006-2007 operating season. Once implemented, three major areas of impact were found: (1) Fire damage to the 05 module; (2) Impact damage to the high pressure section of the compressor; (3) Deterioration of the high pressure turbine blades (HPT).
39	Palmerston HP Looping	668	668									August 10, 2007	The Palmerson MOP 1900kPa system has reached capacity due to continued growth in the communities that it serves. The system was originally installed in 1963 and looping was installed in 2003 and 2005 to restore an inlet pressure of 700kPa into Atwood Gate. Looping in addition to the 2003 and 2005 reinforcement is required to service new customers and maintain minimum inlet pressures to stations along the system.

UNION GAS LIMITED
Details of Capital Expenditure and Justification for Projects in excess of $500,000
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40	West GTA (Halton Hills)			431	431							August 4, 2009	Construct approximately 6 kilometres of 20 or 24 inch pipeline from the Trafalgar Transmission System to the Halton Hills Generating Station. Install valves and odorizing facilities at the take-off and a metering and regulation station at the customer site. Final design including pipeline length and size to be determined subject to the results of environmental routing and public consultation.
41	Lobo A & B			7,288	7,288	32,260	32,260	1,231	1,231			December 1, 2011	With recent system growth Lobo has reached ultimate capacity. Critical system constraint at Lobo due to very high flow, pressure drop, and station configuration. Excessive turbulence and vibration due to high flow velocities have led to unexpected equipment failures over the last 2 winters.
42	Dawn-Trafalgar System Replacements - NPS 26&34 Hwy 25 Tremaine (Phase 2)							6,226	6,226			September 10, 2012	Replacements are required to maintain current MAOP of 6160 kPa as governed by CSA Z662 due to class location changes. Affected section is Trafalger Lines between Hwy 25 and Tremaine Rd, Milton. The scope of work entails complete replacement of both pipelines.
43	Highway 26 - Woodford to Meaford (Phase 2)			4,002	4,002							June 17, 2011	The MTO is planning to rebuild Hwy 26 and Meaford. The road and ditch profile will change along with the entire 4.1km truck climbing passing lane. Due to the extent of conflicts in this section, the entire NPS 6 steel will be replaced with NPS 8. This is the 3rd and final phase of MTO's rebuild.
44	Lobo B Scrubber Upgrade			644	644							September 30, 2010	The current unit internals are a metal mesh material, and are constantly becoming plugged with pipeline liquids and debris. The new style internals ("cyclo-tubes") are a new technology which uses tubes to remove the liquid without risk of plugging. In addition, the increased flow through Lobo B unit is putting the current internals under higher stress loads.
45	Dawn Trafalgar Valve Nest MAOP Upgrade			974	974							October 1, 2010	To replace a number of small pipe segments near the Trafalgar take-off valve nest at the perimeter of the Dawn north yard boundary. This section has a reduced maximum allowable operating pressure as compared to the sections it is connected to.
46	Leamington Line Replacement Ph 3a					1234	1,234					October 31, 2011	This pipe has a history of unweldable pipe which is attributable to 6 C leaks within phase 3 and 4 that exist. 16 service have been teed due to the condition of the pipe, and in certain areas customers were turned down for gas. This project will focus on completing the work in the Town of Wheatley.
47	Milton Replacement Bronte & Farmstead					585	585					October 31, 2011	This project will install road crossings for the Milton replacement project prior to the Town of Milton road construction work. Completing the work prior to the road construction allows us to open cut the road which will have cost savings of approximately $300k on the Milton replacement project in 2012 due to the incremental costs in boring the crossings.
48	Transmission Line of Depth Cover					555	555	972	972	972	972	ongoing	This $1.0 million expenditure forecast for both 2012 and 2013 is part of a multi-year plan to lower or replace sections of the NPS 26 Dawn-Parkway pipeline. These sections were identified in the 2003 Depth of Cover Survey as having insufficient cover requirements as per the CSA Z662 code. Lowering or replacing these sections of pipe will also address landowner concerns raised during Dawn-Trafalgar Facility Expansion Program ("TFEP") land negotiations.
49	Kirkwall 42 - 48 East Header					1,619	1,619					October 1, 2011	This project is to create the 42 – 48 East Header that will better allow for reverse flow at the Kirkwall Interconnect with Interconnect with TCPL. This is to facilitate bringing shale gas from Pennsylvania into the Union Gas Franchise area and ultimately to storage at Dawn. This project will also create the facilities for pigging the 48" Trafalgar East section which is scheduled to be pigged in 2012.
50	Leamington Line Replacement Ph 3b							1,191	1,191			October 31, 2012	This submission is for the 3b phase of the Leamington Line. After this phase there will be one phase remaining in the original scope of work. This project has been identified for many years due to the condition and age of the pipe. There are currently 10 outstanding C leaks which will be eliminated as part of this phase. There was also 2 B leaks which were repaired last year one of which used a $10K pumpkin that will be reclaimed as part of this phase. In addition to the leaks this project will also eliminate numerous repair clamps, dresser couplings without sufficient strapping, a leaking valve nest below grade vault and also many aerial crossings. Many of these aerial crossings have exposed dressers or clamps on them.
51	Leamington Line Replacement Ph 3c									1,358	1,358	September 1, 2013	This submission is for the last phase of the Leamington Line replacement. This project has been identified for many years due to the condition and age of the pipe. There are currently 3 outstanding C leaks and 6 repaired within the past 5 years (1 B leak) which will be eliminated as part of this phase. In addition to the leaks this project will also eliminate numerous repair clamps and dresser couplings without sufficient strapping along with many aerial crossings.
52	Station Painting							800	800	800	800	ongoing	This expenditure supports our overall Distribution Integrity plans and is required to ensure we are completing adequate corrosion protection to the above ground piping at all company stations. As a visible asset we also want to ensure the condition of these stations represents the company's commitment to quality and to ensure safe reliable supply.
53	Parkway West							15,000	15,000	80,000	80,000	November 1, 2014	Development of new compression facilities and security of supply attachment for Enbridge and TCPL.
54	Marcellus - Kirkwall Station Modification							4,651	4,651	51	51	November 1, 2012	This is a strategic project which will allow Marcellus shale gas to access the Union Gas system, including Dawn and Parkway. By attracting Marcellus shale gas to Ontario this provides in-franchise customers access to competitive supply that diversifies the gas supply portfolio.
55	Parkway TCPL Measurement Upgrade							6,710	6,710			November 30, 2012	TCPL measurement at Parkway does not currently meet AGA standards. Significant measurement discrepancy has been recorded between Union and TCPL at this site. Replacement of the Union measurement at this site will reduce measurement error and allow proper reconciliation of volumes.

UNION GAS LIMITED
Details of Capital Expenditure and Justification for Projects in excess of $500,000
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56	Owen Sound Replacement							1,217	1,217	17,893	17,893	December 1, 2013	The Owen Sound Line has been identified as a line that needs to be considered for replacement through the Integrity Management program. The program has found integrity issues which include seam flaws, metal loss, dents and stress corrosion cracking. Several of these issues are not readily detectable through current techniques and are time dependent.
57	ENG - Bristol 3330 Replacement Program							1,386	1,386	1,677	1,677	ongoing	The current technology - the Bristol 3330 RTUs - became obsolete in 2009. Bristol's migration plan is to upgrade the existing Bristol 3330 RTUs to the Control Wave Micro RTU. The goal of the Bristol 3330 Obsolescence Program is to develop a migration plan that would see UGL upgrade stations while recovering and developing inventories to operate and maintain the remaining stations with Bristol 3330's until 2018.
58	Bright A Silencer Relocation									1,100	1,100	September 1, 2013	Relocate/rebuild 4 blowdown silencers in the Bright A yard to a common blowdown area at the south yard between Plant A and B.
59	Dover Transmission STN Rebuild									832	832	May 1, 2013	Currently the Dover transmission station is in deplorable condition and continues to have Non Conformances during QA audits. The money is required to bring the building and station up to standard. Issues include the following: site grading, corrosion and coating issues, buried flanges and building upgrades.
60	20" Panhandle Emerg VLV Relocation									758	758	November 1, 2013	This project would replace and relocate P57, 300 valve and the other infrastructure to the west to the current 16" and 20" Panhandle Launcher Receiver site. Currently, these valves are located in close proximity to the Dawn valley Road. There is no barrier or isolation preventing a car or truck to drive directly into this valve nest. (Last year we did have a close call). In the event this did occur Dawn would not be able to feed either the 16" or 20" Panhandle from Dawn, cutting the complete
61	Bright A Pulsation Mitigation							1,982	1,982			October 1, 2012	Replacement of high pressure gas piping connected to the Bright A1 and A2 compressor casings with stiffer piping and replacement of existing piping supports. High frequency pulsation generated by compressor leading to piping vibrations and continuous instrumentation failures has resulted in reduced control/monitoring.
62	Transmission Projects listed above	$ 158,374	$ 158,374	$ 25,662	$ 25,662	$ 43,386	$ 43,386	48,775	$ 48,917	$ 111,635	$ 111,905		
63	Transmission Projects less than $500,000	746	746	(521)	(521)	2,127	2,127	(890)	(890)	2,160	2,160		
64		$ 159,120	$ 159,120	$ 25,141	$ 25,141	$ 45,513	$ 45,513	$ 47,885	$ 48,027	$ 113,795	$ 114,065		
	Distribution												
65	New Business Portfolio	35,283	35,283	35,226	35,226	35,032	35,032	43,011	43,011	48,592	48,592	ongoing	Represents the costs incurred to attach the forecasted customer additions. Individual project economics are produced for each project before the actual expenditure is undertaken.
66	Replacement Majors												
67	Meter and Regulator Replacements	6,956	6,956	13,363	13,363	14,276	14,276	12,032	12,032	10,958	10,958	ongoing	Represents the replacement of meters and regulators that have reached the end of their life. They are replaced to meet Measurement Canada accuracy standards.
68	Main Replacement - municipal roadwork / leakage	7,382	7,382	14,293	14,293	17,906	17,906	16,477	16,477	17,385	17,385	ongoing	Represents the replacement of main due to age and condition as well as municipal roadwork. Risk based assessment is done to determine which lines to replace for age and condition.
69	Service Replacements	1,768	1,768	1,942	1,942	2,410	2,410	2,400	2,400	2,616	2,616	ongoing	Represents the replacement of services due to age and condition of municipal roadwork, main replacement and plant improvements. Risk based assessment is done to determine which services to replace for age and condition.
	Specified Projects												
70	Inside Meter/Reg Relocation	2,835	2,835									ongoing	Where the service is operating at a pressure greater than 2.5 kPa inside a building with inside regulation, this project includes the relocation of the regulator to the outside of the building.
71	Hwy 518 Relocation Phase II - Parry Sound	2,702	2,702									September 30, 2006	Costs to relocate the Parry Sound Lateral as required by the original Encroachment Agreement with the MTO as a result of road reconstruction on Hwy 518.
72	Leamington Line to Wheatley Replacement	1,540	1,540									September 30, 2006	Replacement of 27km of NPS 6 line operating with a MOP of 620 kPa on the Leamington Line from Stevenson Road in Wheatley to the east side Leamington with NPS 8 3450 MAOP pipe.
73	Oullette Ave Replacement	626	626									December 21, 2007	To replace 880m of NPS 4 IP S CT with approx 545m of NPS 2 IP PE and 623m of NPS 4 IP PE main along Ouellette Avenue - Wyandotte St - Pitt St - Park Street and Goyeau Street.
74	Sudbury Property Line PRS Removal	838	838	519	519							Ongoing	of Sudbury. The removal of the stations is required due to the growth related encroachment on existing municipal right of ways that now cause corrosion of the stations due to winter road maintenance.
75	Windsor Academy LP Phase 1											November 21, 2008	This is the first phase in the replacement of a large low pressure (LP) area in South Windsor. There are over 1,100 homes currently fed by an LP system that will be converted to IP pressure.
76	Windsor Academy LP Phase 2									1,875	1,875	December 1, 2013	This project is the second phase in the replacement of a large low pressure area in South Windsor. The low pressure area is bordered by Dougall Ave to the East, Cabana Rd. to the south, West Grand Blvd. to the north and Mckay to the west. The area is a mixture of LP pipe and IP pipe. It is the second phase of a three-phase plan to replace the LP pipe in this area. This project will eliminate 20 leaks, 11 of which are outstanding. This project is a Risk Rank 3 (L4, C2), and has a P22-C9 on the Leakage model.)
77	Erb St. West Replacement	1,758	1,758									December 7, 2007	Abandon and replace 8" main on Erb St, Waterloo between Fischer Hallman and Westmount Rd. The project included the tie over and replacement of services. Main was under road.

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78	Laural St. Leakage Replacement	525	525									August 29, 2007	This project involves the installation of 631.0m of NPS 2 and NPS 1 1/4 intermediate pressure fused plastic main on Laurel Street, Schlueter St., North St., Eagle St. and Whitley St. It will also include the reclassification of service to main 52.0m of NPS 1 IP PE pipe. This project will involve the renewal of 75 services and the tie-over of 23 services. This project is proposed to eliminate a system of bare, low-pressure pipe that is in very poor condition and is repetitively exhibiting leaks. The upgrade of this system from Low to Intermediate pressure will, furthermore, enable the elimination of one LP distribution station.
79	London - Old South LP Replacement	534	534									August 31, 2006 & 2007	This project includes the first and second phase of LP main replacement on the London Old South system.
80	Hamilton Service Centre			2,817	2,817	2,700	2,700	11,704	11,704	13,575	13,575	November 30, 2013	The current Regional Office Building (62,830 sq.ft.) which was constructed 52 years ago is in need of extensive renovations to bring the building up to today's basic standards for an office environment. This project includes the purchase of land and construction of a new Regional office including the new Central Technical Training Centre located at 918 South Service Road, Hamilton, Community of Stoney Creek.
81	Burlington Service Centre	8,006	8,006									April 1, 2008	The new Burlington facility at 4475 Maniway Rd shall be a single storey 25800 sq ft building on a 4 acre site. It is to replace our current 19636 sq ft leased facility at 4450 Paletta Court in Burlington. Lease expiry April 2008.
82	Windsor Service Centre - Net Property Salvage	(6,059)	(6,059)									June 29, 2007	Proceeds from Sale of the Windsor facility located at 650 Division Rd, Windsor.
83	London Dispatch & Office	1,001	1,001									December 28, 2007	Renovate existing Administration area for Planning and Dispatch to incorporate the R8 Advantex Program recently announced for the Southwest Region.
84	Windsor Service Centre	1,251	1,251									June 8, 2009	The new Windsor facility at 3840 Rhodes Drive shall be a two storey 40440 sq ft building. It is replacing our current 61555 sq ft sold and leased back facility at 650 Division Rd, Windsor. Leaseback expiry June 2009.
85	Kingston Service Centre	918	918									October 19, 2009	The new Kingston facility on Fortune Cres Ext shall be a two storey 30645 sq ft building a 3.1 acre site. It is replacing our current 16 598 sq ft sold and lease back facility at 520 Gardiners Rd, Kingston. Leaseback Expiry Dec, 2009.
86	Windsor- Grand Marais	638	638									July 9, 2007	The 12" bare line is in poor condition, has had numerous leaks and clamps put on it, is fairly shallow and a large portion is under the existing road. Without the installation of approximately 160 anodes in the next couple years, the plant will fall below acceptable corrosion protection.
87	Halton - George-Main St. Church	579	579									March 15, 2007	Reconstruction on Main St from Church St to Guelph St requires the relocation of 230m of NPS 6 HP ST main and 272m of NPS 2 IP ST main. It may be in conflict with the proposed subgrade or water works to be constructed.
88	North Bay - Wickstead DRS Repl	663	663									December 19, 2007	Rebuild of station - Install Station; Install 504.m NPS 6 Stl; Install 70-m NPS 8 Stl; Site Preparation; Retire Station; Land Rights.
89	Windsor - LaSalle Reinforcement	626	626									December 7, 2007	Reinforcement is required due to the continued growth in the municipality of La Salle. This reinforcement will deliver a high pressure feed into downtown La Salle and bring the pressure on the southside of La Salle back up to acceptable levels.
90	London - Hyde Park Reinforcement	538	538									January 21, 2008	This project is Phase 1 of a three phase project that will provide reinforcement to the rapidly growing NW corner of the City of London. The facilities include 3500 metres of 6" ST IP main. Without this project, current facilities will not be able to handle the increased demand.
91	Waterloo - Guelph IP Reinforcement	548	548									June 25, 2007	Existing facilities will not maintain minimum system pressures in Northeast Guelph. Reinforcement involves 2500m NPS 6MOP 420kPa along City Rd 30 from Silvercreek Pkwy to Hwy 6.
92	Kingston - Net Property Salvage	(1,027)	(1,027)									Janaury 31, 2007	Proceeds from Sale of facility located at 520 Gardiners Rd, Kingston.
93	Windsor - Great Northern Hydroponics Cogen	760	760									December 8, 2007	Without the reinforcement, there is not enough capacity in the HP network to service the proposed cogeneration facility. The new dedicated service and customer station are required to service the cogeneration unit.
94	Belleville - Kelloggs Plant	1,923	1,923									October 5, 2007	The current IP system in Belleville will not be able to support the load of a new facility being built by Kellogg's. This project involves looping the existing system as well as some station work.
95	Waterloo - Georgian Villas	1,592	1,592									December 1, 2007	This project is to supply gas to a new residential development located to the north of Owen Sound. There is a plan for roughly 1500 new residential units and several commercial units. The project involves constructing 9100m of NP4 HP Steel, 4700m of NPS6 PE pipe, a distribution station and the distribution network.
96	TSSA Fuel Safety Program							838	838	838	838	ongoing	Upgrade the burner fuel controls for 20 Indirect Fired Line Heaters located in System and Customer Stations throughout Union's franchise area. The specific heaters will be chosen based on a risk level priority and available Union field resources. There are a total of 75 heaters that required the burner fuel controls be upgraded. This expenditure will continue the upgrade for year 4 of a four year program that will see all 75 heater fuel controls upgraded.
97	Fort Frances Replacement			5,385	5,385							ongoing	This Project involves the installation of approximately 800m of 4" plastic main on Christie Ave and Fifth St, in Fort Frances. The reinforcement will restore system pressures and allow for approximately 5 years of future development based on 1% growth rate.

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98	Windsor - Byng/Turner/Bliss Replacement			656	656							November 12, 2010	To abandon approximately 2500m of 4" St, 100m of 2" St and an LP station 06B-505R. This is an LP system which is made up of PTR, DL and Bare pipe in very poor condition. The leak history shows 2 C leaks and 1 B leak on Bliss, 1 C leak and 1 A leak on Byng, 11 C leaks and 2 B leaks on Turner. The installation of approximately 1500m of 1 /14" PE, 2300m of 2" PE and 204 service renewals. Along with the removal of the station will remedy this area of the leaks.
99	Milton - East Gate Station			2,289	2,289							December 1, 2010	The new and proposed commercial/industrial loads along Steeles Ave are currently being fed solely from the Milton Gate 275 psig cut. Since the development commenced along Steeles in 2002, along with other growth throughout Milton, Acton, and Georgetown, the Milton Gate 275 psig cut has exceeded capacity and the 275 psig system has reached its minimum inlet to Acton TBS.
100	Inside Regulator Project			546	546							ongoing	This is the final year of a 3 year program to relocate inside meter regulation setup or install Eccess Flow Valves on services with inside regulation. Mitigation is comprised of relocating the facilities outside where practical to do so and where not practical installation of EFV or ventless regulation will be the desired remediation. At all sites visited during the project we are turning all CVT's and checking all wall pieces for corrosion.
101	Waterloo Office - HVAC, Roof Replacement, Weld Shop Relocation			1,686	1,686							December 30, 2010	The current air handler in the Waterloo office is a Life Cycle issue and is creating a reliability issue as the current Air Handler is 25 years old and showing severe signs of metal decay. The duct work is needed to be expanded to properly service the office area.
102	Kingston Microturbine TriGen - Phase 1			817	817							December 30, 2010	The facility heating and cooling is designed to operate as tri-gen, all other necessary equipment, absorption chiller, cooling tower etc. is being installed. Normalized installation of products and services to enhance the performance of Union Gas facilities in response to safety, environmental, life cycle and recommended activities.
103	North Bay Meter Shop Addition			2,008	2,008							December 30, 2010	The North Bay Meter Shop will not be able to effectively operate in the current state. The lack of space makes working in the warehouse and repair areas challenging. An EHS audit was recently done and the crowded aisles in the warehouse and shops were identified as a problem. it is less effective as they spend a considerable amount of time moving items in order to get stored items.
104	Highway 3 Replacement			516	516							ongoing	To lay 2698.4m of 2" IPPE and 1230.0m of 4" IPPE. To lay 138.0m of 6" IP ST and 194.0m of 8" HP ST. To abandon 3", 6" and 8" SYJ; To abandon 2" IPPE; To abandon 2" SYJ; To abandon 4" IPPE.
105	C&G Cheapside IP Replacement			744	744							November 11, 2010	This project will replace bare, unprotected steel main located on St. George St., Cheapside St. and Richmond St. in the City of London. It will replace 59 services, 900m of 8" bare, unprotected steel and 420m of 6" bare, unprotected steel, with plastic.
106	London - Dundas St. Replacement			1,219	1,219							December 22, 2010	This project replaced bare, unprotected steel main located on Dundas St, Ashland Ave and King St. in the City of London. It replaced 32 services, 15 m of 12" protected steel, 352 m of 8" bare unprotected, 103 m of 8" steel protected, 664 m of 6" bare unprotected and 145 m of 4" protected steel main. This project was part of London District's accelerated bare, unprotected replacement plan. This pipe was installed from 1935-1936. This area has 6 outstanding leaks and 40 historical leaks on this section of pipe, including an 'A' and 'B' leak this past spring bringing the total to 2 'A' leaks and 9 'B' leaks.
107	Windsor - Generic Greenhouse					1,011	1,011	767	767	767	767	ongoing	
108	Windsor - Nature Fresh					1,631	1,631					September 1, 2011	In order to collect additional revenue and allow capacity, Nature Fresh has requested an additional 100 acres of greenhouse growth over the next 4 years and the associated gas. This work would involve approximately 900m of 4" steel, 1400m of 6" steel, 2 customer stations, and the rebuild of the country road 14 station.
109	DO-MUNI-LOND-Commissioners Rd W					992	992					October 31, 2011	This project will relocate approximately 1200 m of NPS 12 ST 1380 kPa, 1100 m of NPS 6 PE 420 kPa, and 840 m of NPS 2 PE 420 kPa. The scope of the work includes sewers, road widening from 2 lanes to 4 lanes plus turning lane, and curbs and sidewalks. This is projected to put the existing NPS 12 HP ST main and NPS 6 IP PE main in direct conflict with the proposed roadway. Although the City of London project will not commence until 2012, due to the scope of the work required, Union Gas will need to undertake this project in 2011 in order to allow the City to begin their construction on time.
110	DO - REPL - LOND - Sterling & Salisbury - London					1,059	1,059					June 1, 2011	This project will replace bare, unprotected steel main that has been identified due to the leaks that have occurred on this section of pipe. This area is part of the London district's 10 year, BARE, Unprotected Steel Replacement Plan.
111	DO - REPL - LOND - Central & Colborne - London					1,223	1,223					June 1, 2011	This project will replace bare, unprotected steel main that has been identified due to the leaks that have occurred on this section of pipe. This area is part of the Pondon district's 10 year, BARE, Unprotected Steel Replacement Plan.
112	DO - REINF - LOND - Third Feed Wonderland Rd					3,878	3,878					May 1, 2011	The northwest area of the City of London is currently experiencing a significant amount of growth, and there are no stations in the vicinity to feed the expanding IP system. Ten year projected loads show the expansion continuing in this direction.
113	DO-REPL-LOND - York&William					525	525					ongoing	This project will replace bare, unprotected steel main that has been identified due to the leaks that have occurred on this section of pipe. This area is part of the London District's 10 year, Bare, Unprotected Steel Replacement Plan. Total Historical Leaks: 1A, 11B, 13C; Leaks in past 5 years: 2B, 7C; Currently Outstanding: 6C. This increasing trend is likely due to the deterioration of the current pipe.

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114	Rest Acre Reinforcement					523	523					July 31, 2011	New Highway 403 Business Park and infill residential subdivision forecasted in South Paris, northwest of the intersection of Rest Acre and Power Line Rd will put the existing distribution system out of capacity. Construction of 2395m of 6" steel high pressure main along Cleaver Rd and Power Line Rd will provide a healthier distribution system to Paris, capacity wise and condition wise.
115	Guelph Watson Rd Reinforcement					657	657					July 10, 2011	Due to continued growth in the City of Guelph, the existing facilities will not maintain minimum system pressures in East Guelph. This project is constructed entirely in road allowance, under 100% built-up condition, with both creek and railway crossings.
116	Dunn - Alder St. REPLACEMENT					709	709					July 15, 2011	This project requires the relocation of gas plant from our existing non-standard location due to municipal road reconstruction. Both main and services are in conflict throughout this project, specifically with the proposed 1050 mm elliptical storm sewer, joint-utility conduit and hydro transformers. The presence of large mature trees throughout the road allowance limits the possibilities for utility redesign to mitigate costs.
117	Upper Canada Ethanol					1,357	1,357					October 31, 2011	Upper Canada Ethanol announced their decision to built an ethanol plant in Loyalist township. The peak hourly loads are projected to be 5916 m^3/h at 420 kPa. The current system that is in the area does not have enough capacity to meet the needs of this ethanol plant.
118	Sewer Line Cross Bore Prevention - Repl					2,525	2,525					on going	In 2010 processes and procedures will be developed/revised to reduce and/or eliminate the likelihood of gas line being installed through a sewer line when any trenchless technology is used during installation. These changes are expected to drive up costs for gas main installations - with built up areas being most impacted. Expected revisions to exiting practices will include increased diligence to locate sewer lines through a variety of methods - including but not limited to (1) request for sewer locates, (2) determining location of unmarked sewer lines through a variety of methods such as sewer cameras and building investigations.
119	SMC - Environmental Heater Upgrade Program					750	750					ongoing	Upgrade the burner fuel controls for 20 Indirect Fired Line Heaters located in System and Customer Stations throughout Union's franchise area. There are a total of 75 heaters that require the burner fuel controls be upgraded. This expenditure will continue the upgrade of a four year program that will see all 75 heater fuel controls upgraded. Failure to comply with TSSA's request will result in an infraction that will shut down the heaters, which will result in the loss of our ability to supply.
120	Th. Bay - Golf Links Rd Reloc.					637	637					September 30, 2011	This project entails the relocation of 1600m of 10" pipe located in Thunder Bay, Ontario from Harbour Exp Way to Oliver Rd. Includes installing approximately 1600m of NPS 10 HP steel pipe, expansion on the NPS 12 HP pipe and NPS 2" pipe, and relocation of Ridgecrest on Gold Links road. This project is required in order to be able to serve existing customers in the area.
121	NW - Kraft SMS - Ft. Frances					982	982					September 30, 2011	This project entails the relocation and reconstruction of the Kraft SMS and Mowatt TBS in Fort Frances. It will reduce the risk of damaging the station pipe, allow technician access. This results in increased Technician time and scheduling in order to perform the required SOP work.
122	Sudbury - Mumford - Relocate TBS					541	541					October 1, 2011	The Walden TBS feeds numerous areas through one main, causing each section to be greatly affected by the others. The operating pressure of some fo these systems are operating very close to the minimum required pressure. The current system cannot accommodate projected loads to current bottlenecks and capacity limits. By relocating the Walden TBS and tying in three separate 4" feeds, there will be increased pressure in the area which will enable accommodation of large portions of future load additions.
123	CS - Waterloo District Office Renovation					5,497	5,497	2,296	2,296			April 1, 2012	The current building was constructed 26 years ago with several small renovations and upgrades. More extensive interior and exterior work is required to bring the existing office building and interior environment up to the LEED standard.
124	Halton Hills - Steeles (Trafalgar - Winston Churchill)							775	775			September 1, 2012	The Region of Halton is urbanizing Steeles ave in Halton Hills from Trafalgar Road to Winston Churchill (Road widening/Curbs/Sidewalks/Storm/Water Main/Sanitary). After providing location and depth mark-ups to the Consultant for the Region it was found that our 8" HP & 2" PE IP mains are in direct conflict with the new curbs/storm drains and drainage ditches (we were advised to relocate back to standard location in areas where the PL has changed due to the widening).
125	ENG - Metretek Replacement					538	538					ongoing	This budget is for the replacement of obsolete Metretek SIPs and ECI-2s with Mercury Modems. Metretek devices are prone to electronic failure and environmental damage (lightning). Due to electric codes and legislation, if a SIP or ECI-2 fails, it must be changed to a Mercury modem and the site must be upgraded to the current Union Gas standard.
126	Thunder Bay Power Plant					150	150	862	862	27,978	27,978	November 30, 2013	The Thunder Bay power generation project is identified in the Ontario Long Term Energy Plan. It will convert 300 MW of coal fired power generation to gas fired power generation. This project is approximately 30 kilometre of pipe in length running from TCPL mainline to the current Thunder Bay coal generation site.
127	Guelph Combined Heat and Power							176	176	1,101	1,101	September 1, 2013	Installation of 3560m of NPS 12 high pressure steel "Guelph Transmission Line" 6160 kPa from Wellington Rd 34, northerly along Wellington Rd 35 to Puslinch Transmission Station and installation of 2500m of NPS 4 high pressure steel 3450 kPa direct feed out of Puslinch Transmission Station to Guelph Combined Heat and Power. Installation of new customer station on Guelph CHP.
128	Sudbury - Kelly Lake IP							1,105	1,105			September 30, 2012	The South section of Sudbury has experienced significantly higher than expected commercial and residential growth in the past number of years which has brought the distribution system to minimum system pressure. To continue serving the current and planned growth in the area, reinforcement is required to increase the capacity of the system.

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129	London-English St. Leakage							612	612			November 30, 2012	This project will replace bare unprotected main with 1750 m NPS 1.25 PE, 640 m NPS2 PE, and 380 m NPS4 PE including 223 services and abandoning 1 LP station. This is part of the London District accelerated replacement program. This project is targeting bare unprotected steel main that has been identified due to leaks that have occurred on this section of pipe.
130	London Centra Ave Leakage							979	979			November 1, 2012	This project will replace bare unprotected LP and IP main with 2180 m NPS 1.25, 800 m NPS2, and 12500 m NPS 8 main including 279 services and abandoning 2 LP station. This is part of the London District accelerated replacement program. This project is targeting bare unprotected steel main that has been identified due to leaks that have occurred on this section of pipe.
131	Sarnia - Petrolia Line Leakage									1637	1,637	August 1, 2013	This project will replace bare, unprotected high pressure NPS 6 steel main on Petrolia Line between Plank Rd and Oozlofsky St, Petrolia that has been identified due to the leaks that have occurred on this section of pipe and the high operating pressure. The bare steel main will be replaced with 9100 m of NPS 6 HP ST main including 57 first stage cut services.
132	Sarnia - Cathcart Leakage									584	584	November 1, 2013	This project will abandon 4380 m NPS 2 and NPS 3 S B and will install 2130 m 1 1/4 PE, 1600 m NPS 2 PE, and 650 m NPE 4 PE IP including 154 services. This is part of the London District accelerated replacement program. This project is targeting bare unprotected steel main that has been identified due to leaks that have occurred on this section of pipe.
133	Sault St. Marie - Goulais Replacement									965	965	June 1, 2013	The NPS 8 piping located under Goulais Ave in SSM is deteriorating. A damage on this line in 2006 reveled that there is a significant build up of debris in the pipe from the manufactured gas, and the pipe itself contained numerous laminations, corrosion pitting and ultra sonic thickness testing indicated that the pipe was welded together with single-pass welds. The proposal includes the retiring of approximately 1070 metres of of coal tar coated NPS 8 Stl main and install 220 metres of NPS 4PE main, 1259 m metres of NPS 2, 475 m of NPS 4 STl, relocate an existing DRS and replacing 70 services. Land will be acquired for the new station.
134	North Bay - Eloy TBS									586	586	June 1, 2013	Eloy Station cuts from TCPL (6895 kPa MOP) to 1210 kPa MOP using monitor regulators. These regulators are not protected with a filter. The turbine meter does not have a filter in front of it to protect the debris from damaging this measuring device. On a design day the station's peak load is currently over capacity (Capacity= 23.4 km^3/hr). The current station design has a 3" axial flow relief valve, however, it can only handle approximately 20,000 m^3/hr of flow before the downstream system pressure will exceed code requirements of maintaining an emergency pressure of 1.1 times MOP: the regulator fail-open capacity is 72,250 m^3/hr, so, depending on how much system demand is on during this failure (max design day flow = 23,660 m^3/hr), the failure of the over-protection will violate code requirements by varying magnitudes. Rebuilding the station to ensure system integrity is not compromised due to not having filters. The new design would remove the possibility of the relief being in close proximity to the entry/exit of the station.
135	Lambton Power Plant					200	200	40	40	1,800	1,800	November 30, 2014	The Lambton project is identified in the Ontario Long Term Energy Plan. It will convert 950 MW of coal fired power generation to gas fired generation. The project will be comprised of approximately five kilometres of pipeline running from the Lambton site and connecting with existing local Union infrastructure.
136	Red Lake Distribution Phase 1			80	80	1,321	1,321					November 15, 2011	The proposed pipelines and ancillary facilities represent Phase I of Union's planned system expansion into this area which includes distribution pipeline conversion of Goldcorp mines located in Town of Red Lake, Ontario.
137	Red Lake Distribution Phase 2							7,370	7,370			September 1, 2012	Phase II of construction will provide distribution pipe into the Municipality of Red Lake. Phase II has been scheduled for 2012. It will involve constructing distribution pipelines to provide natural gas service to the residents and businesses of Red Lake, Balmertown, Cochenour, Chukuni River Subdivisions, and any other residents and businesses along the Red Lake Lateral who request service.
138	Distribution Projects listed above	$ 74,704	$ 74,704	$ 84,106	$ 84,106	$ 99,030	$ 99,030	$ 101,444	$ 101,444	$ 131,257	$ 131,257		
139	Distribution Projects less than $500,000	19,041	19,041	17,730	17,730	14,110	14,110	24,418	24,418	24,540	24,540		
140		$ 93,745	$ 93,745	$ 101,836	$ 101,836	$ 113,140	$ 113,140	$ 125,862	$ 125,862	$ 155,797	$ 155,797		
141	Customer Attachments		24,335		19,995		17,856		20,318		22,491		
142	**General** Transportation Replacements	6,587	6,897	8,500	8,900	7,658	8,019	7,640	8,000	7,645	8,005	ongoing	Represents the cost of the recommended vehicle and equipment replacements based on the corporate replacement policy.
143	ITE Project	4,097	4,220	4,848	4,994	6,542	6,739	7,959	8,198	8,939	9,208	ongoing	
144	Gas Distribution Access Rules	2,287	2,356									January 1, 2007	This represents the cost of IT technology required to implement the final phase of the GDAR. The in-service date for EBT standards and rate-ready ABC service for large volume customers is January 1, 2007 and the bill-ready service is January 1, 2008.
145	Replace RM/MC Software	1,793	1,847									January 1, 2007	The Resource Management/Mobile Client software is nearing the end of its life cycle and the manufacturer is no longer developing enhancements for this product. The new software (MDSI) will have the functionality to book appointments and schedule multi-rep and multi-day work; this will enhance productivity and client service.

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146	GIS Upgrade Phase 1	855	881	2,426	2,499							April 30, 2010	The current product is obsolete and the vendor is no longer supporting or enhancing the product. This project is to provide additional internal resources to support and upgrade the system. Failing to do so will result in returning to paper mapping, which is not a feasible option.
147	CARE Reliability	548	564									Dec.31, 2006 & 2007	This represents the cost of hiring external contractors to assist with the critical problem of dealing with the "must do" CARE items. These items cannot be supported by the existing IS complement.
148	IVR Replacement	795	819									December 31, 2007	The existing IVR system is reaching the end of its life. The vendor is starting to curtail system support in 2006 and will no longer offer support in 2008. The new system will have improved functionality and handle a greater number of incoming calls. The increased capacity will benefit Union and its clients in future years as the customer base continues to expand.
149	SCADA Telemetry Replacement	783	807	1,209	1,245							Dec.31, 2007 & 2008 & 2009	This project is to implement new, more efficient and cost effective technology to connect the SCADA host computer to the field equipment on the pipeline. The current use of dedicated Bell circuits is inefficient as the technology is outdated.
150	SCADA Replacement	796	820	3,152	3,247	2,934	3,022					November 7, 2011	This project is to replace the SCADA host system (not field equipment or telemetry infrastructure), as the hardware and software is >10 years old and obsolete. The SCADA system is used to operate the Union Gas transmission, storage and distribution systems.
151	Customer Support Reliability	564	581									January 28, 2007	Ensure funding is available for Contract Resources and third party IS vendors to maintain compliance with internal and external mandates. These dollars will be utilized to hire contractors and professional services in support of Union Gas IT applications.
152	ESPM (NGEIR)	1,876	1,932									June 15, 2008	In response to the OEB Natural Gas Electric Interface Review ("NGEIR") process, Union Gas entered into a Settlement Agreement on June 13, 2006. As part of this Agreement, Union committed to offering new exfranchise power services. This capital project will fund the changes required to offer these new services.
153	Cafeteria Equipment Upgrade - Safety Initiative	111	114									November 20, 2008	Upgrade the kitchen equipment and food display units in order to offer healthier food options in a reinvented atmosphere that encourages Union Gas employees to choose the cafeteria over dining elsewhere.
154	IT Demand Management - Bus Development/S&T					7,372	7,594					ongoing	Uses allocate IT capital to group a dozen smaller projects into a single submission to be managed by IT Demand Management, based on emerging demands.
155	Probability and Risk Optimization			1,167	1,202							February 28, 2012	This project reviews the historical use of assets (molecule, space, Dawn to Parkway transportation, and deliverability) to determine opportunity for increased revenues.
156	Panasonic Laptops			2,240	2,307							December 22,2010	This project is to lifecycle the current in-truck Panasonic CF29 Toughbooks.
157	SAP BCP Implementation			810	834							April 18, 2011	Implement SAP: Business Objects Planning and Consolidation (BPC) an IT solution for budgeting and forecasting to replace the current Excel model.
158	GIS Replacement					1,488	1,533					April 30, 2011	Replace the existing Intergraph AM/FM?GIS System for both distribution and Transmission. This project ensures the foundational system is in place to foster continued compliance to the Pipeline Integrity Program. The current technological system is unreliable and obsolete.
159	IS Projects					1,627	1,676	1,942	2,000	1,942	2,000	ongoing	Include upgrades replacements, replatforming work that keeps the asset running and supported. This will ensure continued vendor support and reliable product and development environments.
160	Supply Chain Excellence Program					3,624	3,733	126	130			December 31, 2011	Supply Chain Excellence is an enterprise - wide effort to transform the way we source, manage, and buy materials and services.
161	Ground Floor Tower Renovations					2,633	2,712	1,459	1,503			April 1, 2012	The proposal is design & engineer to completely renovate the ground floor tower to accommodate an auditorium, conference and meeting rooms. HVAC, washrooms and access/exiting facilities shall be modified to suit new purpose as per ULG direction.
162	Gas Measurement Business Intelligence					721	743	582	600			July 1, 2012	The investment in this project will provide the following benefits to Union Gas: increase the effectiveness of the business by removing barriers between information; improve the consistency, quality and timeliness of information; improve decision quality through the use of timely, accurate information and proper tools; reducing risk by managing info throughout its life cycle and by making it easier to analyze; creating business value by allowing business units the ability to combine info in new ways to create new products and services faster and at less cost.
163	Business Support							2,752	2,835	2,257	2,325	ongoing	This project includes the Demand Management process which will evaluate emerging enhancement requests to determine if they meet specific criteria prior to being approved. Demand Management will also include links back to Finance for any identified process efficiencies or new revenue opportunities.
164	Contact Centre Infrastructure - VOIP							728	750	728	750	ongoing	Develop a platform to support VOIP for contact centers centrally with full redundancy. This will include Avaya Aura and more then likely a call recorder due to the fact this is standard in each call center configuration we have today. It's expected this project will see all call center sites moved to this platform over the life of the project (Brantford, Thunder Bay, London, caps, hr, DP etc.).
165	IS Application Lifecycle Projects							1,456	1,500			ongoing	This capital submission will fund the smaller lifecycle projects of Union Gas Business Groups that are associated with aging and at risk environments.
166	CARE / Contrax Replacements							2,973	3,062	9,006	9,277	June 30, 2014	This project will begin the 'modernization' of the Unionline environment to ensure that we are well positioned to meet the needs of our customers in the future. The core of CARE and Contrax are approximately 15 years old, with Unionline being approximately 10 years old. With dated technology, we are at risk of not being able to meet the expectations of our customers as noted above. In addition, the support and enhancement of these applications have become very complex and costly due to the amount of change/growth that has occurred in these applications over the last 15 years.

UNION GAS LIMITED
Details of Capital Expenditure and Justification for Projects in excess of $500,000
Calendar Year Ending December 31, 2007, 2010-2013

Line No.	Function	Regulated Actual 2007	Total Actual 2007	Regulated Actual 2010	Total Actual 2010	Regulated Outlook 2011	Total Outlook 2011	Regulated Forecast 2012	Total Forecast 2012	Regulated Forecast 2013	Total Forecast 2013	In Service Date	Justification
167	EAM (Enterprise Asset Management)							971	1,000	3,883	4,000	ongoing	A company-wide effort which will result in a comprehensive solution to plan and control Union Gas's assets throughout their lifecycle from acquisition through installation, maintenance, and disposal. EAM will provide standardized processes and practices to monitor and measure performance of operating assets, in order to make better decisions about these assets within the regulatory framework. EAM will manage maintenance activities associated with these assets, as well as manage the procurement and materials management functions required to execute construction and maintenance activities. EAM standardized processes and practices will be enabled by a single application. EAM will supply information which will increase the ability to manage costs, increase the productivity of each asset, increase efficiency and ensure compliance with regulatory requirements.
168	GMAS Upgrade							612	630			December 31, 2012	The Gas Measurement and Accounting System (GMAS) is Union's software tool used to track and manage daily physical measurement, including that for storage injections and withdrawals and for all pipeline interconnects. Houston and Calgary are also running their own instances of the GMAS application. This application was first implemented in 2007 and it's upgrade is overdue. This upgrade is totally dependent on the 3rd party vendor 'Telvent' and the successful implementation of the upgrade in Houston.
169	Meter Reading Replacement							2,912	3,000			December 31, 2012	Union Gas ITRON handheld meter reading units and system needs to be replaced / upgraded due to end of life.
170	SCADA Enchancements							827	852	584	602	ongoing	The purpose of this project is to provide enhancements to the SCADA system used to operate the Union Gas storage, transmission and compression assets. These enhancements are required to derive the maximum value from the newly updated SCADA system and to maintain compliance with our IT standards for control systems.
171	General Projects listed above	$ 21,091	$ 21,838	$ 24,351	$ 25,228	$ 34,600	$ 35,771	$ 32,939	$ 34,060	$ 34,984	$ 36,167		
172	General Projects less than $500,000	7,104	7,648	7,346	7,547	561	601	3,526	3,664	2,231	2,325		
173		$ 28,195	$ 29,486	$ 31,697	$ 32,775	$ 35,161	$ 36,372	36,465	$ 37,724	$ 37,215	$ 38,492		
	Other												
174	Indirect Overheads	$ 48,756	$ 48,824	$ 48,994	$ 49,128	$ 48,761	$ 51,813	$ 53,426	$ 54,707	$ 53,333	$ 54,322		
175	Direct Capitalization	7,251	7,251										
176		$ 56,007	$ 56,075	$ 48,994	$ 49,128	$ 48,761	$ 51,813	$ 53,426	$ 54,707	$ 53,333	$ 54,322		
177	TOTAL	$ 342,737	$ 345,630	$ 219,599	$ 226,741	$ 269,692	$ 289,148	$ 275,052	$ 280,625	$ 371,702	$ 376,162		

UNION GAS LIMITED
Comparison of Utility Rate Base
Calendar Year Ending December 31

Line No.	Particulars ($000's)	Forecast 2013 (a)	Forecast 2012 (b)	Difference (c)
	Gas Utility Plant [1]			
1	Gross plant at cost	6,374,263	6,208,863	165,400
2	Less: accumulated depreciation	2,753,674	2,640,170	113,503
3	Net utility plant	3,620,590	3,568,693	51,897
	Working Capital and Other Components [2]			
4	Cash working capital	20,007	31,784	(11,777)
5	Gas in storage and line pack gas	156,991	154,168	2,823
6	Balancing gas	72,963	72,963	-
7	ABC receivable (gas in storage)	(44,901)	(46,329)	1,428
8	Inventory of stores, spare equipment	29,618	30,369	(751)
9	Prepaid and deferred expenses	4,955	5,066	(111)
10	Customer deposits	(48,231)	(48,149)	(82)
11	Customer interest	(764)	(764)	-
12	Total working capital and other components	190,638	199,108	(8,470)
13	Total rate base before deduction of accumulated deferred income taxes	3,811,228	3,767,801	43,427
14	Accumulated deferred income taxes [3]	69,686	84,971	(15,285)
15	Total rate base	3,741,542	3,682,830	58,711

Note:
(1) Exhibit B3, Tab 2, Schedule 1.
(2) Exhibit B3, Tab 3, Schedule 1.
(3) Exhibit B3, Tab 3, Schedule 3.

UNION GAS LIMITED
12 Month Average Utility Net Plant
Total Property, Plant and Equipment
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	Opening Balance	Capital Budget	Transfers	Salvage	Retirements	Closing Balance	Accumulated Depreciation	Net Plant	Average
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	December 2012						6,298,277	2,670,001	3,628,276	
2	January	6,298,277	14,065			(240)	6,312,102	2,685,882	3,626,220	3,627,248
3	February	6,312,102	6,577			(550)	6,318,129	2,701,853	3,616,276	3,621,248
4	March	6,318,129	6,280			(3,230)	6,321,179	2,715,044	3,606,135	3,611,206
5	April	6,321,179	10,208			(390)	6,330,997	2,731,075	3,599,922	3,603,029
6	May	6,330,997	8,315			(2,440)	6,336,872	2,744,916	3,591,956	3,595,939
7	June	6,336,872	17,597			(1,970)	6,352,499	2,759,147	3,593,352	3,592,654
8	July	6,352,499	11,803			(2,910)	6,361,392	2,772,478	3,588,914	3,591,133
9	August	6,361,392	15,861			(1,180)	6,376,073	2,787,559	3,588,514	3,588,714
10	September	6,376,073	13,506			(1,180)	6,388,399	2,802,630	3,585,769	3,587,142
11	October	6,388,399	70,478			(14,400)	6,444,477	2,804,401	3,640,076	3,612,923
12	November	6,444,477	99,046			(9,680)	6,533,843	2,810,782	3,723,061	3,681,569
13	December 2013	6,533,843	38,795			(40,524)	6,532,114	2,786,630	3,745,484	3,734,273
14	Total		312,531	-	-	(78,694)				43,447,075
15	Average of monthly averages (1/12 of total)						6,374,263	2,753,674		3,620,590
	Gas Plant held for future use:									
16	Ontario exploration and development						-	-		-
17	Unused services						-	-		-
18	Total utility net plant						6,374,263	2,753,674		3,620,590

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/12	Additions				Retirements	Estimated Balance Dec. 31/13	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service:										
	Intangible plant:										
1	Franchises and consents	401	1,321						1,321		1,321
2	Other intangible plant	402	6,356						6,356		6,356
3			7,677	-	-	-	-	-	7,677	-	7,677
	Local Storage Plant										
4	Land	440	7						7		7
5	Structures and improvements	442	3,299						3,299		3,299
6	Gas holders - storage	443	4,574						4,574		4,574
7	Gas holders - equipment	443	12,360	1,779			1,779		14,139		14,139
8	Regulatory Overheads		1,554	204			204		1,758		1,758
9			21,794	1,983	-	-	1,983	-	23,777	-	23,777
	Underground storage plant:										
10	Land	450	3,814						3,814		3,814
11	Land rights	451	32,062						32,062		32,062
12	Structures and improvements	452	47,606	434			434	(63)	47,977	1,272	49,249
13	Wells	453/4/5	89,593	1,192			1,192	(232)	90,553		90,553
14	Compressor equipment	456	236,092	4,138			4,138	(4,557)	235,673		235,673
15	Measuring & regulating equipment	457	44,937	2,677			2,677	(1)	47,613	8,056	55,669
16	Base pressure gas	458	35,204						35,204		35,204
17	Other equipment	459	2,302						2,302		2,302
18	Regulatory Overheads		13,629	2,069			2,069		15,698		15,698
19			505,239	10,510	-	-	10,510	(4,853)	510,896	9,328	520,224

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/12	Additions				Retirements	Estimated Balance Dec. 31/13	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	Transmission plant:										
1	Land	460	24,902	250			250	(12)	25,140		25,140
2	Land rights	461	37,921					(151)	37,770		37,770
3	Structures & improvements	462/3/4	54,322	581			581	(21)	54,882	(1,272)	53,610
4	Mains	465	1,067,028	26,734			26,734	(2,960)	1,090,802		1,090,802
5	Compressor equipment	466	337,125	2,347			2,347	(2,356)	337,116		337,116
6	Measuring & regulating equipment	467	163,707	6,711			6,711	(1,061)	169,357	(8,056)	161,301
7	Regulatory Overheads		33,457	22,655			22,655		56,112		56,112
8			1,718,462	59,278	-	-	59,278	(6,561)	1,771,179	(9,328)	1,761,851
	Distribution plant - Southern Operations										
9	Land	470	7,400	3,047			3,047	(5)	10,442		10,442
10	Land rights	471	7,471	199			199		7,670		7,670
11	Structures & improvements	472	112,139	34,005			34,005	(54)	146,090		146,090
12	Services - metallic	473	112,515	3,718			3,718	(1,203)	115,030		115,030
13	Services - plastic	473	773,639	22,138			22,138	(1,749)	794,028		794,028
14	Regulators	474	76,560	4,368			4,368	(19,926)	61,002		61,002
15	House regulators & meter installations	474	69,577	756			756	(65)	70,268		70,268
16	Mains - metallic	475	412,428	6,035			6,035	(1,362)	417,101		417,101
17	Mains - plastic	475	523,728	16,500			16,500	(462)	539,766		539,766
18	Measuring & regulating equipment	477	36,434	4,230			4,230	(51)	40,613		40,613
19	Meters	478	219,621	20,812			20,812	(6,249)	234,184		234,184
20	Regulatory Overheads		65,191	13,865			13,865		79,056		79,056
21			2,416,703	129,673	-	-	129,673	(31,126)	2,515,250	-	2,515,250
	Distribution plant - Northern & Eastern Operations										
22	Land	470	4,047	65			65		4,112		4,112
23	Land rights	471	9,396	94			94		9,490		9,490
24	Structures & improvements	472	61,989	441			441	(129)	62,301		62,301
25	Services - metallic	473	95,938	1,403			1,403	(397)	96,944		96,944
26	Services - plastic	473	369,740	10,315			10,315	(331)	379,724		379,724
27	Regulators	474	30,440	1,571			1,571	(7,864)	24,147		24,147
28	House regulators & meter installations	474	29,649	414			414	(22)	30,041		30,041
29	Mains - metallic	475	362,948	33,124			33,124	(453)	395,619		395,619
30	Mains - plastic	475	206,704	3,274			3,274	(45)	209,933		209,933
31	Compressor equipment	476									
32	Measuring & regulating equipment	477	109,248	2,658			2,658	(379)	111,527		111,527
33	Meters	478	63,279	7,095			7,095	(2,166)	68,208		68,208
34	Regulatory Overheads		27,589	9,867			9,867		37,456		37,456
35			1,370,967	70,321	-	-	70,321	(11,786)	1,429,502	-	1,429,502

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/12	Additions				Retirements	Estimated Balance Dec. 31/13	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	General plant:										
1	Land	480	621						621		621
2	Structures & improvements	482	44,381					(395)	43,986		43,986
3	Office furniture & equipment	483	6,450	243			243	(333)	6,360		6,360
4	Office equipment - computers	483	94,047	29,682			29,682	(14,122)	109,607		109,607
5	Transportation equipment	484	41,508	6,526			6,526	(6,060)	41,974		41,974
6	Heavy work equipment	485	18,379	1,719			1,719	(1,179)	18,919		18,919
7	Tools & work equipment	486	29,513	1,845			1,845	(1,482)	29,876		29,876
8	Communication equipment	488	14,943	751	450		1,201	(797)	15,347		15,347
9	Communication structures	488	450		(450)		(450)				
10	Regulatory Overheads		7,143						7,143		7,143
11			257,435	40,766	-	-	40,766	(24,368)	273,833	-	273,833
12	Total gas plant in service	100	6,298,277	312,531	-	-	312,531	(78,694)	6,532,114	-	6,532,114
	Gas plant held for future use -										
13	Gas plant under construction	115	63,892	55,747			55,747		119,639		119,639
14	Total property plant and equipment		6,362,169	368,278	-	-	368,278	(78,694)	6,651,753	-	6,651,753

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/12 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Estimated Balance Dec. 31/13 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	Gas Plant in Service:									
	Intangible Plant:									
1	Franchises and consents	401	575		63			638		638
2	Intangible Plant - other	402	5,527		122			5,649		5,649
3			6,102	-	185	-	-	6,287	-	6,287
	Local Storage Plant									
4	Structures and improvements	442	2,631	(859)	94			1,866		1,866
5	Gas holders - storage	443	4,820	(1,640)	116			3,296		3,296
6	Gas holders - equipment	443	8,695	(3,086)	469			6,078		6,078
7	Regulatory Overheads		56		55			111		111
8			16,202	(5,585)	734	-	-	11,351	-	11,351
	Underground storage plant:									
9	Land rights	451	11,715	1,020	673			13,408		13,408
10	Structures & improvements	452	16,369	4,713	1,195	(63)	(3)	22,211	834	23,045
11	Wells and lines	453/4/5	39,913	6,872	2,234	(232)	(27)	48,760		48,760
12	Compressor equipment	456	114,050	(2,823)	6,322	(4,557)	(174)	112,818		112,818
13	Measuring & regulating equipment	457	32,039	(4,197)	1,439	(1)	(25)	29,255	5,117	34,372
14	Other equipment	459	881		460			1,341		1,341
15	Regulatory Overheads		585		419			1,004		1,004
16			215,552	5,585	12,742	(4,853)	(229)	228,797	5,951	234,748
	Transmission plant:									
17	Land rights	461	10,256	81	666	(151)		10,852		10,852
18	Structures & improvements	462/3/4	27,710	(1,033)	1,108	(21)	(8)	27,756	(834)	26,922
19	Mains	465	444,818	(7,243)	21,362	(2,960)	(135)	455,842		455,842
20	Compressor equipment	466	103,006	18,467	10,889	(2,356)		130,006		130,006
21	Measuring & regulating equipment	467	73,840	(10,272)	4,330	(1,061)	(465)	66,372	(5,117)	61,255
22	Regulatory Overheads		1,143		1,120			2,263		2,263
23			660,773	-	39,475	(6,549)	(608)	693,091	(5,951)	687,140

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/12 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Estimated Balance Dec. 31/13 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	Distribution plant - Southern Operations									
1	Land rights	470	1,395	(27)	125			1,493		1,493
2	Structures & improvements	471	50,158	(13,872)	2,866	(54)		39,098		39,098
3	Services - metallic	472	105,848	(8,948)	3,197	(1,203)	(372)	98,522		98,522
4	Services - plastic	472	335,329	(46,527)	19,674	(1,749)	(151)	306,576		306,576
5	Regulators	473	29,938	13,178	3,439	(19,926)		26,629		26,629
6	Regulator & meter installations	474	31,234	(4,716)	1,956	(65)	(63)	28,346		28,346
7	Mains - metallic	475	227,857	61,238	11,738	(1,362)	(1,391)	298,080		298,080
8	Mains - plastic	475	178,924	469	12,284	(462)	(117)	191,098		191,098
9	Measuring & regulating equipment	477	17,841	(4,075)	1,410	(51)	(298)	14,827		14,827
10	Meters	478	64,022	3,280	8,668	(6,249)	79	69,800		69,800
11	Regulatory Overheads		2,881		2,061			4,942		4,942
12			1,045,427	-	67,418	(31,121)	(2,313)	1,079,411	-	1,079,411
	Distribution plant - Northern & Eastern Operations									
13	Land rights	471	3,356	(373)	161			3,144		3,144
14	Structures & improvements	472	24,707	(8,420)	1,498	(129)		17,656		17,656
15	Services - metallic	473	66,984	(8,964)	3,106	(397)	(375)	60,354		60,354
16	Services - plastic	473	176,113	(39,644)	9,743	(331)	(136)	145,745		145,745
17	Regulators	474	13,252	5,207	1,365	(7,864)		11,960		11,960
18	Regulator & meter installations	474	12,147	(586)	871	(22)		12,410		12,410
19	Mains - metallic	475	163,298	77,140	11,454	(453)	(260)	251,179		251,179
20	Mains - plastic	475	81,109	(8,034)	4,958	(45)	(24)	77,964		77,964
21	Compressor Equipment	476								
22	Measuring & regulating equipment	477	59,826	(16,894)	4,162	(379)	(93)	46,622		46,622
23	Meters	478	16,797	568	2,649	(2,166)	34	17,882		17,882
24	Regulatory Overheads		1,214		929			2,143		2,143
25			618,803	-	40,896	(11,786)	(854)	647,059	-	647,059

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/12 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Estimated Balance Dec. 31/13 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	General plant:									
1	Structures & improvements	482	19,828	(8,179)	848	(395)		12,102		12,102
2	Office furniture & equipment	483	944	548	427	(333)		1,586		1,586
3	Office equipment - computers	483	55,784	(285)	25,457	(14,122)		66,834		66,834
4	Transportation equipment	484	7,885	4,362	5,539	(6,060)	629	12,355		12,355
5	Heavy work equipment	485	295	3,140	1,291	(1,179)		3,547		3,547
6	Tools and other equipment	486/89/79	13,533	89	1,981	(1,482)		14,121		14,121
7	Communication equipment	488	7,592	(45)	1,010	(797)		7,760		7,760
8	Communication structures	488	(330)	370	15		(51)	4		4
9	Regulatory Overheads		1,611		714			2,325		2,325
10			107,142	-	37,282	(24,368)	578	120,634	-	120,634
11	Total gas plant in service		2,670,001	-	198,732	(78,677)	(3,426)	2,786,630	-	2,786,630
12	Total		2,670,001	-	198,732	(78,677)	(3,426)	2,786,630	-	2,786,630

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/12	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/13
			(a)	(b)	(c)	(d)	(e)
	Gas Plant Under Construction (O.E.B. Account Number 115)						
	Local Storage Plant						
1	Land	440					
2	Structure	442					
3	Gas Holder - Storage Tank	443					
4	Gas Holder - Equipment	443	750	(750)	-	(750)	-
5	Total Local Storage Plant		750	(750)	-	(750)	-
	Underground Storage Plant:						
6	Land	450					
7	Land Rights	451					
8	Structures and Improvements	452					
9	Dawn Plant J						
10	Wells	453/4					
11	Field Lines	455					
12	Compressor Equipment	456					
13	STO Dawn E HPT Blade Rejuvenation						
14	Integrity -Dawn North						
15	Dawn Plant J						
16	Expansion Pre-spend		3,900	-	2,000	2,000	5,900
17	Measuring & Regulating Equipment	457	2,409	(2,409)	2,409	-	2,409
18	Dehy Incinerator Installations						
19	Dawn Plant J						
20	Integrity - 48" Trafalgar						
21	Base Pressure Gas	458					
22	Total Underground Storage Plant		6,309	(2,409)	4,409	2,000	8,309

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/12	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/13
			(a)	(b)	(c)	(d)	(e)
	Transmission Plant						
1	Land	460					
2	Parkway Lands						
3	Dawn-Trafalgar System - Strathroy-Lobo						
4	Milton East Gate Station						
5	Parkway West		15,000	-	-	-	15,000
6	Land Rights	461					
7	Dawn-Trafalgar System - Strathroy-Lobo						
8	St. Clair Energy Centre						
9	Brantford-Kirkwall						
10	Highway 26 - Woodford to Meaford (Phase 2)						
11	Structures	462/463/464					
12	Parkway B Compressor						
13	Dawn-Trafalgar System - Bright						
14	Lobo A&B						
15	Milton East Gate Station						
16	Mains	465	2,446	(2,446)	2,446	-	2,446
17	Dawn-Trafalgar System - Strathroy-Lobo						
18	St. Clair Energy Centre						
19	West GTA (Halton Hills)						
20	Meaford Big Head River						
21	Traf Repl NPS 26&34 Hwy 25						
22	Brantford-Kirkwall						
23	Integrity-48" Trafalgar						
24	Stratford Gate Relocation						
25	Highway 26 - Woodford to Meaford (Phase 2)						
26	Owen Sound Replacement		1,217	(1,217)	-	(1,217)	-
27	Compressor Equipment	466	2,365	(2,365)	2,365	-	2,365
28	Parkway B Compressor						
29	Dawn-Trafalgar System - Bright						
30	Dawn-Trafalgar System - Phase IV-Lobo C						
31	Lobo A&B						
32	Parkway West		-	-	80,000	80,000	80,000
33	Measuring & Regulating Equipment	467					
34	Parkway B Compressor						
35	Milton East Gate Station						
36	Lobo A&B						
37	TSSA Fuel Safety Program						
38	Total Transmission Plant		21,028	(6,028)	84,811	78,783	99,811

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/12	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/13
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	South						
1	Land	470					
2	Windsor Service Centre						
3	Burlington Service Centre						
4	Hyde Park Reinforcement						
5	Leamington Line Replacement						
6	Hamilton Service Centre (Glover Rd, Stoney Creek)		2,938	(2,938)	-	(2,938)	-
7	Land Rights	471					
8	West GTA (Halton Hills)						
9	Structures	472					
10	Burlington Service Centre						
11	Hamilton Building (Pritchard Rd Hamilton)						
12	Chatham HO Chiller						
13	Windsor Service Centre						
14	Waterloo Building						
15	Hamilton Service Centre (Glover Rd, Stoney Creek)		18,703	(18,703)	-	(18,703)	-
16	Services - metallic	473					
17	Leamington Line Replacement						
18	Services - plastic	473					
19	Leamington Line Replacement						
20	Dalhousie St Replacement						
21	Highway 26 - Woodford to Meaford (Phase 2)						
22	Mains - metallic	475					
23	Leamington Line Replacement						
24	Hyde Park Reinforcement						
25	Steeles Ave HP Hamilton						
26	Burlington Service Centre						
27	Dalhousie St Replacement						
28	Milton East Gate Station						
29	Lambton Power Plant		240	-	1,800	1,800	2,040
30	Nanticoke Power Plant		100	-	-	-	100
31	Mains - plastic	475	1,753	(1,753)	1,753	-	1,753
32	Leamington Line Replacement						
33	Dalhousie St Replacement						
34	Highway 26 - Woodford to Meaford (Phase 2)						
35	Measuring & regulating equipment	477	2,403	(2,403)	2,403	-	2,403
36	Leamington Line Replacement						
37	West GTA (Halton Hills)						
38	Highway 26 - Woodford to Meaford (Phase 2)						
39	TSSA Fuel Safety Program						
40	Customer Stations	474					
41	St. Clair Energy Centre						
42	Toyota Plant						
43	Leamington Line Replacement						
44	West GTA (Halton Hills)						
45	Dalhousie St Replacement						
46	Total Distribution South Plant		26,137	(25,797)	5,956	(19,841)	6,296

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/12	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/13
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	North & East						
1	Land	470					
2	Kingston Service Centre						
3	Land Rights	471					
4	Structures	472					
5	Kingston Service Centre						
6	Services - metallic	473					
7	Services - plastic	473					
8	Mains - metallic	475					
9	Integrity - Thunder Bay Loop						
10	Red Lake Distribution Phase 1						
11	Thunder Bay Power Plant		1,472	(1,472)	-	(1,472)	-
12	Mains - plastic	475	495	(495)	495	-	495
13	Measuring & regulating equipment	477	922	(922)	922	-	922
14	TSSA Heater Upgrade						
15	Iroquious TBS						
16	Customer Stations	474					
17	Total Distribution North & East Plant		2,889	(2,889)	1,417	(1,472)	1,417
18	Total Distribution Plant		29,026	(28,686)	7,373	(21,313)	7,713

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/12	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/13
			(a)	(b)	(c)	(d)	(e)
	General Plant						
1	Structures	482					
2	SCADA Replacement (Building)						
3	Office equipment - computers	483	3,806	(3,806)	3,806	-	3,806
4	Gas Distribution Access Rule						
5	Replace RM/MC Software						
6	IVR Replacement						
7	GIS Replacement						
8	ESPM (NGEIR)						
9	Parkway B Compressor						
10	SAP-East ERP Upgrade						
11	SCADA Replacement						
12	Probability & Risk Optimization						
13	SAP BPC Implementation						
14	Care/Contrax Replacement		2,973	(2,973)	-	(2,973)	-
15	Tools & work equipment	486					
16	Office Furniture	483					
17	Burlington Service Centre						
18	SCADA Replacement						
19	Total General Plant		6,779	(6,779)	3,806	(2,973)	3,806
20	Total		63,892	(44,652)	100,399	55,747	119,639
	Undistributed plant:						
	Unclassified plant-						
21	Interest During Construction						
22	Overhead Capitalization						
23	Total of all projects		63,892	(44,652)	100,399	55,747	119,639

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/13 (a)	Balance Gross Asset Dec. 31/13 (b)	Ratio % (c)
	Gas Plant in Service:				
	Intangible plant:				
1	Franchises and consents	401	638	1,321	48.3%
2	Other intangible plant	402	5,649	6,356	88.9%
3			6,287	7,677	
	Local Storage Plant:				
4	Land	440	0	7	0.0%
5	Structures and improvements	442	1,866	3,299	56.6%
6	Gas holders - storage	443	3,296	4,574	72.1%
7	Gas holders - equipment	443	6,078	14,139	43.0%
8	Regulatory Overheads		111	1,758	6.3%
9			11,351	23,777	
	Underground storage plant:				
10	Land	450	0	3,814	0.0%
11	Land rights	451	13,408	32,062	41.8%
12	Structures and improvements	452	23,045	49,249	46.8%
13	Wells	453/4/5	48,760	90,553	53.8%
14	Compressor equipment	456	112,818	235,673	47.9%
15	Measuring & regulating equipment	457	34,372	55,669	61.7%
16	Base pressure gas	458	0	35,204	0.0%
17	Other equipment	459	1,341	2,302	58.3%
18	Regulatory Overheads		1,004	15,698	6.4%
19			234,748	520,224	
	Transmission plant:				
20	Land	460	0	25,140	0.0%
21	Land rights	461	10,852	37,770	28.7%
22	Structures & improvements	462/3/4	26,922	53,610	50.2%
23	Mains	465	455,842	1,090,802	41.8%
24	Compressor equipment	466	130,006	337,116	38.6%
25	Measuring & regulating equipment	467	61,255	161,301	38.0%
26	Regulatory Overheads		2,263	56,112	4.0%
27			687,140	1,761,851	
	Distribution - Southern Operations				
28	Land	470	0	10,442	0.0%
29	Land rights	471	1,493	7,670	19.5%
30	Structures & improvements	472	39,098	146,090	26.8%
31	Services - metallic	473	98,522	115,030	85.6%
32	Services - plastic	473	306,576	794,028	38.6%
33	Regulators	474	26,629	61,002	43.7%
34	House Regulators & Installations	474	28,346	70,268	40.3%
35	Mains - metallic	475	298,080	417,101	71.5%
36	Mains - plastic	475	191,098	539,766	35.4%
37	Measuring & regulating equipment	477	14,827	40,613	36.5%
38	Meters	478	69,800	234,184	29.8%
39	Regulatory Overheads		4,942	79,056	6.3%
40			1,079,411	2,515,250	

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/13 (a)	Balance Gross Asset Dec. 31/13 (b)	Ratio % (c)
	Gas Plant in Service:				
	Distribution - Northern Operations				
1	Land	470	0	4,112	0.0%
2	Land rights	471	3,144	9,490	33.1%
3	Structures & improvements	472	17,656	62,301	28.3%
4	Services - metallic	473	60,354	96,944	62.3%
5	Services - plastic	473	145,745	379,724	38.4%
6	Regulators	474	11,960	24,147	49.5%
7	Regulator & meter installations	474	12,410	30,041	41.3%
8	Mains - metallic	475	251,179	395,619	63.5%
9	Mains - plastic	475	77,964	209,933	37.1%
10	Compressor equipment	476	0	0	0.0%
11	Measuring & regulating equipment	477	46,622	111,527	41.8%
12	Meters	478	17,882	68,208	26.2%
13	Regulatory Overheads		2,143	37,456	5.7%
14			647,059	1,429,502	
	General plant:				
15	Land	480	0	621	0.0%
16	Structures & improvements	482	12,102	43,986	27.5%
17	Office furniture & equipment	483	1,586	6,360	24.9%
18	Office equipment - computers	483	66,834	109,607	61.0%
19	Transportation equipment	484	12,355	41,974	29.4%
20	Heavy work equipment	485	3,547	18,919	18.7%
21	Tools & work equipment	486/89/79	14,121	29,876	47.3%
22	Communication equipment	488	7,760	15,347	50.6%
23	Communication structures	488	4	0	0.0%
24	Regulatory Overheads		2,325	7,143	32.5%
25			120,634	273,833	
26	Total property plant and equipment		2,786,630	6,532,114	

UNION GAS LIMITED
12 Month Average Working Capital and Other Summary
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Average of Monthly Averages
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	Cash working capital	20,007	20,007	20,007	20,007	20,007	20,007	20,007	20,007	20,007	20,007	20,007	20,007	20,007	20,007
2	Average cost of gas in storage and line pack gas	206,613	142,307	92,959	45,722	50,528	82,513	124,304	168,390	211,834	244,367	256,954	253,341	214,734	156,991
3	Average cost of balancing gas	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963
4	Average cost of ABC receivable (gas in storage)	3,625	(27,639)	(74,971)	(91,099)	(98,587)	(93,003)	(79,099)	(61,005)	(39,451)	(11,670)	14,578	19,552	3,556	(44,901)
5	Average cost of inventory of stores spare equipment	28,390	28,402	28,495	28,961	29,734	30,560	30,560	30,811	30,625	30,373	29,734	28,707	28,521	29,618
6	Average cost of prepaid and deferred expenses	2,213	1,631	1,049	501	841	8,783	8,330	5,341	6,918	8,339	8,741	6,777	2,214	4,955
7	Average customer deposits	(47,478)	(45,469)	(45,107)	(44,747)	(48,949)	(49,457)	(49,678)	(49,609)	(49,731)	(49,791)	(49,693)	(49,026)	(47,563)	(48,231)
8	Average customer deposit interest	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)
9	Month end	285,569	191,438	94,631	31,544	25,774	71,602	126,622	186,134	252,401	313,824	352,521	351,558	293,668	190,638

UNION GAS LIMITED
Cash Working Capital
Calendar Year Ending December 31

Line No.	Particulars ($000's)	Test Year 2013
	Working capital for operating and maintenance expenses:	
1	Operating and maintenance expenses [(1)]	377,189
	Adjustments:	
2	Company used gas (net)	(2,369)
3	Excess utility storage space costs excluding fuel	(2,261)
4	Total utility operating and maintenance expenses other than gas purchases costs	372,559
5	Working capital allowance based on 17.3 days (17.3/365 * line 4)	17,658
6	HST working capital allowance based on 17.5 days [(line 4 * 13% * .5)*17.5/365)]	1,161
7	Working capital allowance for O&M expenses (line 5 + line 6)	18,819
	Working capital allowance for gas purchase costs	
8	Cost of gas [(1)]	706,756
	Adjustments:	
9	Company used gas (net)	2,369
10	Excess utlity storage space fuel costs	(1,933)
11	Adjusted cost of gas	707,192
12	Working capital allowance based on -0.7 days (-0.7/365 * line 11)	(1,356)
13	HST working capital allowance based on 10.1 days [(line 11 * 13%)*10.1/365)]	2,544
14	Working capital allowance for gas purchase costs	1,188
15	Total cash working capital for O&M and cost of gas	20,007

Note:
(1) Exhibit D3, Tab 1, Schedule 1.

UNION GAS LIMITED
Details of Accumulated Deferred Income Taxes
Calendar Year Ending December 31, 2013

Line No.	Particulars ($000's)	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Monthly Averages
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	Utility deferred tax	79,263	75,111	72,151	70,003	68,767	68,283	68,449	68,699	68,971	68,932	68,411	66,775	64,094	69,686

UNION GAS LIMITED
Comparison of Utility Rate Base
Calendar Year Ending December 31

Line No.	Particulars ($000's)	Forecast 2012 (a)	Forecast 2011 (b)	Difference (c)
	Gas Utility Plant [1]			
1	Gross plant at cost	6,208,863	5,986,290	222,573
2	Less: accumulated depreciation	2,640,170	2,501,169	139,001
3	Net utility plant	3,568,693	3,485,121	83,572
	Working Capital and Other Components [2]			
4	Cash working capital	31,784	31,132	652
5	Gas in storage and line pack gas	154,168	138,075	16,093
6	Balancing gas	72,963	78,864	(5,901)
7	ABC receivable (gas in storage)	(46,329)	(52,149)	5,820
8	Inventory of stores, spare equipment	30,369	29,893	476
9	Prepaid and deferred expenses	5,066	5,059	7
10	Customer deposits	(48,149)	(49,978)	1,829
11	Customer interest	(764)	(738)	(26)
12	Total working capital and other components	199,108	180,158	18,950
13	Total rate base before deduction of accumulated deferred income taxes	3,767,801	3,665,279	102,522
14	Accumulated deferred income taxes [3]	84,971	100,305	(15,334)
15	Total rate base	3,682,830	3,564,974	117,856

Note:
(1) Exhibit B4, Tab 2, Schedule 1.
(2) Exhibit B4, Tab 3, Schedule 1.
(3) Exhibit B4, Tab 3, Schedule 3.

UNION GAS LIMITED
12 Month Average Utility Net Plant
Total Property, Plant and Equipment
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	Opening Balance (a)	Capital Budget (b)	Transfers (c)	Salvage (d)	Retirements (e)	Closing Balance (f)	Accumulated Depreciation (g)	Net Plant (h)	Average (i)
1	December 2011						6,140,861	2,550,180	3,590,681	
2	January	6,140,861	12,088	10,569		(260)	6,163,258	2,571,461	3,591,797	3,591,239
3	February	6,163,258	5,788			(600)	6,168,446	2,587,975	3,580,471	3,586,134
4	March	6,168,446	5,383			(3,520)	6,170,309	2,601,399	3,568,910	3,574,691
5	April	6,170,309	8,959			(430)	6,178,838	2,617,913	3,560,925	3,564,918
6	May	6,178,838	7,546			(2,660)	6,183,724	2,631,967	3,551,757	3,556,341
7	June	6,183,724	15,524			(2,150)	6,197,098	2,646,411	3,550,687	3,551,222
8	July	6,197,098	10,444			(3,180)	6,204,362	2,659,885	3,544,477	3,547,582
9	August	6,204,362	13,932			(1,290)	6,217,004	2,675,279	3,541,725	3,543,101
10	September	6,217,004	11,840			(1,290)	6,227,554	2,690,663	3,536,891	3,539,308
11	October	6,227,554	58,997			(15,710)	6,270,841	2,691,497	3,579,344	3,558,118
12	November	6,270,841	45,070			(10,560)	6,305,351	2,697,501	3,607,850	3,593,597
13	December 2012	6,305,351	37,112			(44,186)	6,298,277	2,670,001	3,628,276	3,618,063
14	Total		232,683	10,569	-	(85,836)				42,824,313
15	Average of monthly averages (1/12 of total)						6,208,863	2,640,170		3,568,693
	Gas Plant held for future use:									
16	Ontario exploration and development						-	-		-
17	Unused services						-	-		-
18	Total utility net plant						6,208,863	2,640,170		3,568,693

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/11	Additions				Retirements	Estimated Balance Dec. 31/12	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service:										
	Intangible plant:										
1	Franchises and consents	401	1,321						1,321		1,321
2	Other intangible plant	402	6,370					(14)	6,356		6,356
3			7,691	-	-	-	-	(14)	7,677	-	7,677
	Local Storage Plant										
4	Land	440	7						7		7
5	Structures and improvements	442	2,789	510			510		3,299		3,299
6	Gas holders - storage	443	4,574						4,574		4,574
7	Gas holders - equipment	443	11,173	1,187			1,187		12,360		12,360
8	Regulatory Overheads		687	867			867		1,554		1,554
9			19,230	2,564	-	-	2,564	-	21,794	-	21,794
	Underground storage plant:										
10	Land	450	3,814						3,814		3,814
11	Land rights	451	32,062						32,062		32,062
12	Structures and improvements	452	56,404	604			604	(9,402)	47,606		47,606
13	Wells	453/4/5	88,695	1,130			1,130	(232)	89,593		89,593
14	Compressor equipment	456	241,611	2,275			2,275	(7,803)	236,083	9	236,092
15	Measuring & regulating equipment	457	52,059	355			355	(7,477)	44,937		44,937
16	Base pressure gas	458	35,204						35,204		35,204
17	Other equipment	459	2,302						2,302		2,302
18	Regulatory Overheads		10,627	3,002			3,002		13,629		13,629
19			522,778	7,366	-	-	7,366	(24,914)	505,230	9	505,239

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/11	Additions: Capital Additions	Additions: Transfers	Additions: Net Salvage	Additions: Net Additions	Retirements	Estimated Balance Dec. 31/12	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	Transmission plant:										
1	Land	460	24,670	250			250	(18)	24,902		24,902
2	Land rights	461	37,620					(151)	37,469	452	37,921
3	Structures & improvements	462/3/4	54,939	565			565	(1,182)	54,322		54,322
4	Mains	465	1,049,318	12,949			12,949	(2,960)	1,059,307	7,721	1,067,028
5	Compressor equipment	466	340,361	2,905			2,905	(6,141)	337,125		337,125
6	Measuring & regulating equipment	467	146,373	16,201			16,201	(1,103)	161,471	2,236	163,707
7	Regulatory Overheads		21,477	11,980			11,980		33,457		33,457
8			1,674,758	44,850	-	-	44,850	(11,555)	1,708,053	10,409	1,718,462
	Distribution plant - Southern Operations										
9	Land	470	7,402	16			16	(18)	7,400		7,400
10	Land rights	471	7,272	199			199		7,471		7,471
11	Structures & improvements	472	108,230	3,963			3,963	(54)	112,139		112,139
12	Services - metallic	473	110,231	3,487			3,487	(1,203)	112,515		112,515
13	Services - plastic	473	755,156	20,232			20,232	(1,749)	773,639		773,639
14	Regulators	474	74,379	3,750			3,750	(1,569)	76,560		76,560
15	House regulators & meter installations	474	69,157	480			480	(65)	69,572	5	69,577
16	Mains - metallic	475	408,597	5,193			5,193	(1,362)	412,428		412,428
17	Mains - plastic	475	511,134	13,056			13,056	(462)	523,728		523,728
18	Measuring & regulating equipment	477	32,107	4,378			4,378	(51)	36,434		36,434
19	Meters	478	206,242	19,482			19,482	(6,249)	219,475	146	219,621
20	Regulatory Overheads		42,902	22,289			22,289		65,191		65,191
21			2,332,809	96,525	-	-	96,525	(12,782)	2,416,552	151	2,416,703
	Distribution plant - Northern & Eastern Operations										
22	Land	470	4,022	25			25		4,047		4,047
23	Land rights	471	9,246	150			150		9,396		9,396
24	Structures & improvements	472	61,557	561			561	(129)	61,989		61,989
25	Services - metallic	473	94,095	2,240			2,240	(397)	95,938		95,938
26	Services - plastic	473	358,462	11,609			11,609	(331)	369,740		369,740
27	Regulators	474	28,980	1,460			1,460		30,440		30,440
28	House regulators & meter installations	474	29,576	95			95	(22)	29,649		29,649
29	Mains - metallic	475	356,014	7,387			7,387	(453)	362,948		362,948
30	Mains - plastic	475	202,782	3,967			3,967	(45)	206,704		206,704
31	Compressor equipment	476									
32	Measuring & regulating equipment	477	106,264	3,363			3,363	(379)	109,248		109,248
33	Meters	478	58,359	7,086			7,086	(2,166)	63,279		63,279
34	Regulatory Overheads		17,102	10,487			10,487		27,589		27,589
35			1,326,459	48,430	-	-	48,430	(3,922)	1,370,967	-	1,370,967

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/11	Additions: Capital Additions	Additions: Transfers	Additions: Net Salvage	Additions: Net Additions	Retirements	Estimated Balance Dec. 31/12	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	General plant:										
1	Land	480	621						621		621
2	Structures & improvements	482	43,287	1,489			1,489	(395)	44,381		44,381
3	Office furniture & equipment	483	7,208	399			399	(1,157)	6,450		6,450
4	Office equipment - computers	483	96,322	18,290			18,290	(20,565)	94,047		94,047
5	Transportation equipment	484	41,445	6,123			6,123	(6,060)	41,508		41,508
6	Heavy work equipment	485	16,550	2,292			2,292	(463)	18,379		18,379
7	Tools & work equipment	486	29,088	2,217			2,217	(1,792)	29,513		29,513
8	Communication equipment	488	13,508	1,610			1,610	(175)	14,943		14,943
9	Communication structures	488	2,492					(2,042)	450		450
10	Regulatory Overheads		6,615	528			528		7,143		7,143
11			257,136	32,948	-	-	32,948	(32,649)	257,435	-	257,435
12	Total gas plant in service	100	6,140,861	232,683	-	-	232,683	(85,836)	6,287,708	10,569	6,298,277
	Gas plant held for future use -										
13	Gas plant under construction	115	24,049	39,843			39,843		63,892		63,892
14	Total property plant and equipment		6,164,910	272,526	-	-	272,526	(85,836)	6,351,600	10,569	6,362,169

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/11 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Estimated Balance Dec. 31/12 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	Gas Plant in Service:									
	Intangible Plant:									
1	Franchises and consents	401	512		63			575		575
2	Intangible Plant - other	402	5,419		122	(14)		5,527		5,527
3			5,931	-	185	(14)	-	6,102	-	6,102
	Local Storage Plant									
4	Structures and improvements	442	2,531		100			2,631		2,631
5	Gas holders - storage	443	4,697		123			4,820		4,820
6	Gas holders - equipment	443	8,342		433		(80)	8,695		8,695
7	Regulatory Overheads		19		37			56		56
8			15,589	-	693	-	(80)	16,202	-	16,202
	Underground storage plant:									
9	Land rights	451	11,000		715			11,715		11,715
10	Structures & improvements	452	24,554		1,217	(9,402)		16,369		16,369
11	Wells and lines	453/4/5	37,801		2,371	(232)	(27)	39,913		39,913
12	Compressor equipment	456	114,786	6	7,620	(7,803)	(559)	114,050		114,050
13	Measuring & regulating equipment	457	37,481		2,085	(7,477)	(50)	32,039		32,039
14	Other equipment	459	421		460			881		881
15	Regulatory Overheads		238		347			585		585
16			226,281	6	14,815	(24,914)	(636)	215,552	-	215,552
	Transmission plant:									
17	Land rights	461	9,522	130	755	(151)		10,256		10,256
18	Structures & improvements	462/3/4	27,497		1,453	(1,182)	(58)	27,710		27,710
19	Mains	465	419,779	3,410	25,079	(2,960)	(490)	444,818		444,818
20	Compressor equipment	466	99,118		11,924	(6,141)	(1,895)	103,006		103,006
21	Measuring & regulating equipment	467	68,081	1,437	5,597	(1,103)	(172)	73,840		73,840
22	Regulatory Overheads		456		687			1,143		1,143
23			624,453	4,977	45,495	(11,537)	(2,615)	660,773	-	660,773

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/11	Transfers	Provisions	Retirements	Net Salvage /(Costs)	Estimated Balance Dec. 31/12	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Distribution plant - Southern Operations									
1	Land rights	470	1,272		123			1,395		1,395
2	Structures & improvements	471	47,006		3,206	(54)		50,158		50,158
3	Services - metallic	472	103,220		4,110	(1,203)	(279)	105,848		105,848
4	Services - plastic	472	312,918		24,308	(1,749)	(148)	335,329		335,329
5	Regulators	473	29,017		2,490	(1,569)		29,938		29,938
6	Regulator & meter installations	474	28,895	4	2,435	(65)	(35)	31,234		31,234
7	Mains - metallic	475	220,018		10,427	(1,362)	(1,226)	227,857		227,857
8	Mains - plastic	475	167,398		12,108	(462)	(120)	178,924		178,924
9	Measuring & regulating equipment	477	16,633		1,590	(51)	(331)	17,841		17,841
10	Meters	478	62,214	100	7,878	(6,249)	79	64,022		64,022
11	Regulatory Overheads		1,337		1,544			2,881		2,881
12			989,928	104	70,219	(12,764)	(2,060)	1,045,427	-	1,045,427
	Distribution plant - Northern & Eastern Operations									
13	Land rights	471	3,199		157			3,356		3,356
14	Structures & improvements	472	22,923		1,933	(129)	(20)	24,707		24,707
15	Services - metallic	473	64,343		3,401	(397)	(363)	66,984		66,984
16	Services - plastic	473	164,962		11,615	(331)	(133)	176,113		176,113
17	Regulators	474	12,260		992			13,252		13,252
18	Regulator & meter installations	474	11,133		1,036	(22)		12,147		12,147
19	Mains - metallic	475	154,951		9,059	(453)	(259)	163,298		163,298
20	Mains - plastic	475	76,366		4,811	(45)	(23)	81,109		81,109
21	Compressor Equipment	476								
22	Measuring & regulating equipment	477	55,276		4,989	(379)	(60)	59,826		59,826
23	Meters	478	16,697		2,232	(2,166)	34	16,797		16,797
24	Regulatory Overheads		576		638			1,214		1,214
25			582,686	-	40,863	(3,922)	(824)	618,803	-	618,803

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/11	Transfers	Provisions	Retirements	Net Salvage /(Costs)	Estimated Balance Dec. 31/12	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	General plant:									
1	Structures & improvements	482	19,289		934	(395)		19,828		19,828
2	Office furniture & equipment	483	1,646		455	(1,157)		944		944
3	Office equipment - computers	483	52,553		23,796	(20,565)		55,784		55,784
4	Transportation equipment	484	8,957		4,177	(6,060)	811	7,885		7,885
5	Heavy work equipment	485	(37)		795	(463)		295		295
6	Tools and other equipment	486/89/79	13,371		1,954	(1,792)		13,533		13,533
7	Communication equipment	488	6,970		949	(175)	(152)	7,592		7,592
8	Communication structures	488	1,640		72	(2,042)		(330)		(330)
9	Regulatory Overheads		923		688			1,611		1,611
10			105,312	-	33,820	(32,649)	659	107,142	-	107,142
11	Total gas plant in service		2,550,180	5,087	206,090	(85,800)	(5,556)	2,670,001	-	2,670,001
12	Total		2,550,180	5,087	206,090	(85,800)	(5,556)	2,670,001	-	2,670,001

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/11	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/12
			(a)	(b)	(c)	(d)	(e)
	Gas Plant Under Construction (O.E.B. Account Number 115)						
	Local Storage Plant						
1	Land	440					
2	Structure	442					
3	Gas Holder - Storage Tank	443					
4	Gas Holder - Equipment	443	-	-	750	750	750
5	Total Local Storage Plant		-	-	750	750	750
	Underground Storage Plant:						
6	Land	450					
7	Land Rights	451					
8	Structures and Improvements	452					
9	Dawn Plant J						
10	Wells	453/4					
11	Field Lines	455					
12	Compressor Equipment	456					
13	STO Dawn E HPT Blade Rejuvenation						
14	Integrity -Dawn North						
15	Dawn Plant J						
16	Expansion Pre-spend		1,900	-	2,000	2,000	3,900
17	Measuring & Regulating Equipment	457	300	(300)	2,409	2,109	2,409
18	Dehy Incinerator Installations						
19	Dawn Plant J						
20	Integrity - 48" Trafalgar						
21	Base Pressure Gas	458					
22	Total Underground Storage Plant		2,200	(300)	4,409	4,109	6,309

UNION GAS LIMITED
Continuity of Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/11	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/12
			(a)	(b)	(c)	(d)	(e)
	Transmission Plant						
1	Land	460					
2	Parkway Lands						
3	Dawn-Trafalgar System - Strathroy-Lobo						
4	Milton East Gate Station						
5	Parkway West		-	-	15,000	15,000	15,000
6	Land Rights	461					
7	Dawn-Trafalgar System - Strathroy-Lobo						
8	St. Clair Energy Centre						
9	Brantford-Kirkwall						
10	Highway 26 - Woodford to Meaford (Phase 2)						
11	Structures	462/463/464					
12	Parkway B Compressor						
13	Dawn-Trafalgar System - Bright						
14	Lobo A&B						
15	Milton East Gate Station						
16	Mains	465	2,068	(2,068)	2,446	378	2,446
17	Dawn-Trafalgar System - Strathroy-Lobo						
18	St. Clair Energy Centre						
19	West GTA (Halton Hills)						
20	Meaford Big Head River						
21	Traf Repl NPS 26&34 Hwy 25						
22	Brantford-Kirkwall						
23	Integrity-48" Trafalgar						
24	Stratford Gate Relocation						
25	Highway 26 - Woodford to Meaford (Phase 2)						
26	Owen Sound Replacement		-	-	1,217	1,217	1,217
27	Compressor Equipment	466	2,000	(2,000)	2,365	365	2,365
28	Parkway B Compressor						
29	Dawn-Trafalgar System - Bright						
30	Dawn-Trafalgar System - Phase IV-Lobo C						
31	Lobo A&B						
32	Parkway West						
33	Measuring & Regulating Equipment	467					
34	Parkway B Compressor						
35	Milton East Gate Station						
36	Lobo A&B						
37	TSSA Fuel Safety Program						
38	Total Transmission Plant		4,068	(4,068)	21,028	16,960	21,028

UNION GAS LIMITED
Continuity of Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/11	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/12
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	South						
1	Land	470					
2	Windsor Service Centre						
3	Burlington Service Centre						
4	Hyde Park Reinforcement						
5	Leamington Line Replacement						
6	Hamilton Service Centre (Glover Rd, Stoney Creek)		2,817	-	121	121	2,938
7	Land Rights	471					
8	West GTA (Halton Hills)						
9	Structures	472					
10	Burlington Service Centre						
11	Hamilton Building (Pritchard Rd Hamilton)						
12	Chatham HO Chiller						
13	Windsor Service Centre						
14	Waterloo Building						
15	Hamilton Service Centre (Glover Rd, Stoney Creek)		7,120	-	11,583	11,583	18,703
16	Services - metallic	473					
17	Leamington Line Replacement						
18	Services - plastic	473					
19	Leamington Line Replacement						
20	Dalhousie St Replacement						
21	Highway 26 - Woodford to Meaford (Phase 2)						
22	Mains - metallic	475	200	(200)	-	(200)	-
23	Leamington Line Replacement						
24	Hyde Park Reinforcement						
25	Steeles Ave HP Hamilton						
26	Burlington Service Centre						
27	Dalhousie St Replacement						
28	Milton East Gate Station						
29	Lambton Power Plant		200	-	40	40	240
30	Nanticoke Power Plant		100				100
31	Mains - plastic	475	1,459	(1,459)	1,753	294	1,753
32	Leamington Line Replacement						
33	Dalhousie St Replacement						
34	Highway 26 - Woodford to Meaford (Phase 2)						
35	Measuring & regulating equipment	477	2,000	(2,000)	2,403	403	2,403
36	Leamington Line Replacement						
37	West GTA (Halton Hills)						
38	Highway 26 - Woodford to Meaford (Phase 2)						
39	TSSA Fuel Safety Program						
40	Customer Stations	474					
41	St. Clair Energy Centre						
42	Toyota Plant						
43	Leamington Line Replacement						
44	West GTA (Halton Hills)						
45	Dalhousie St Replacement						
46	Total Distribution South Plant		13,896	(3,659)	15,900	12,241	26,137

UNION GAS LIMITED
Continuity of Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/11	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/12
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	North & East						
1	Land	470					
2	Kingston Service Centre						
3	Land Rights	471					
4	Structures	472					
5	Kingston Service Centre						
6	Services - metallic	473					
7	Services - plastic	473					
8	Mains - metallic	475					
9	Integrity - Thunder Bay Loop						
10	Red Lake Distribution Phase 1						
11	Thunder Bay Power Plant		610	-	862	862	1,472
12	Mains - plastic	475	430	(430)	495	65	495
13	Measuring & regulating equipment	477	800	(800)	922	122	922
14	TSSA Heater Upgrade						
15	Iroquious TBS						
16	Customer Stations	474					
17	Total Distribution North & East Plant		1,840	(1,230)	2,279	1,049	2,889
18	Total Distribution Plant		15,736	(4,889)	18,179	13,290	29,026

UNION GAS LIMITED
Continuity of Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2012

	Particulars ($000's)	O.E.B. No.	Estimated Balance Dec. 31/11	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/12
			(a)	(b)	(c)	(d)	(e)
	General Plant						
1	Structures	482					
2	SCADA Replacement (Building)						
3	Office equipment - computers	483	2,045	(2,045)	3,806	1,761	3,806
4	Gas Distribution Access Rule						
5	Replace RM/MC Software						
6	IVR Replacement						
7	GIS Replacement						
8	ESPM (NGEIR)						
9	Parkway B Compressor						
10	SAP-East ERP Upgrade						
11	SCADA Replacement						
12	Probability & Risk Optimization						
13	SAP BPC Implementation						
14	Care/Contrax Replacement		-	-	2,973	2,973	2,973
15	Tools & work equipment	486					
16	Office Furniture	483					
17	Burlington Service Centre						
18	SCADA Replacement						
19	Total General Plant		2,045	(2,045)	6,779	4,734	6,779
20	Total		24,049	(11,302)	51,145	39,843	63,892
	Undistributed plant:						
	Unclassified plant-						
21	Interest During Construction						
22	Overhead Capitalization						
23	Total of all projects		24,049	(11,302)	51,145	39,843	63,892

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/12 (a)	Balance Gross Asset Dec. 31/12 (b)	Ratio % (c)
	Gas Plant in Service:				
	Intangible plant:				
1	Franchises and consents	401	575	1,321	43.5%
2	Other intangible plant	402	5,527	6,356	87.0%
3			6,102	7,677	
	Local Storage Plant:				
4	Land	440	0	7	0.0%
5	Structures and improvements	442	2,631	3,299	79.8%
6	Gas holders - storage	443	4,820	4,574	105.4%
7	Gas holders - equipment	443	8,695	12,360	70.3%
8	Regulatory Overheads		56	1,554	3.6%
9			16,202	21,794	
	Underground storage plant:				
10	Land	450	0	3,814	0.0%
11	Land rights	451	11,715	32,062	36.5%
12	Structures and improvements	452	16,369	47,606	34.4%
13	Wells	453/4/5	39,913	89,593	44.5%
14	Compressor equipment	456	114,050	236,092	48.3%
15	Measuring & regulating equipment	457	32,039	44,937	71.3%
16	Base pressure gas	458	0	35,204	0.0%
16	Other equipment	459	881	2,302	38.3%
17	Regulatory Overheads		585	13,629	4.3%
18			215,552	505,239	
	Transmission plant:				
19	Land	460	0	24,902	0.0%
20	Land rights	461	10,256	37,921	27.0%
21	Structures & improvements	462/3/4	27,710	54,322	51.0%
22	Mains	465	444,818	1,067,028	41.7%
23	Compressor equipment	466	103,006	337,125	30.6%
	Measuring & regulating equipment	467	73,840	163,707	45.1%
24	Regulatory Overheads		1,143	33,457	3.4%
25			660,773	1,718,462	
	Distribution - Southern Operations				
26	Land	470	0	7,400	0.0%
27	Land rights	471	1,395	7,471	18.7%
28	Structures & improvements	472	50,158	112,139	44.7%
29	Services - metallic	473	105,848	112,515	94.1%
30	Services - plastic	473	335,329	773,639	43.3%
31	Regulators	474	29,938	76,560	39.1%
32	House Regulators & Installations	474	31,234	69,577	44.9%
33	Mains - metallic	475	227,857	412,428	55.2%
34	Mains - plastic	475	178,924	523,728	34.2%
35	Measuring & regulating equipment	477	17,841	36,434	49.0%
36	Meters	478	64,022	219,621	29.2%
37	Regulatory Overheads		2,881	65,191	4.4%
38			1,045,427	2,416,703	

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/12 (a)	Balance Gross Asset Dec. 31/12 (b)	Ratio % (c)
	Gas Plant in Service:				
	Distribution - Northern Operations				
1	Land	470	0	4,047	0.0%
2	Land rights	471	3,356	9,396	35.7%
3	Structures & improvements	472	24,707	61,989	39.9%
4	Services - metallic	473	66,984	95,938	69.8%
5	Services - plastic	473	176,113	369,740	47.6%
6	Regulators	474	13,252	30,440	43.5%
7	Regulator & meter installations	474	12,147	29,649	41.0%
8	Mains - metallic	475	163,298	362,948	45.0%
9	Mains - plastic	475	81,109	206,704	39.2%
10	Compressor equipment	476	0	0	0.0%
11	Measuring & regulating equipment	477	59,826	109,248	54.8%
12	Meters	478	16,797	63,279	26.5%
13	Regulatory Overheads		1,214	27,589	4.4%
14			618,803	1,370,967	
	General plant:				
15	Land	480	0	621	0.0%
16	Structures & improvements	482	19,828	44,381	44.7%
17	Office furniture & equipment	483	944	6,450	14.6%
18	Office equipment - computers	483	55,784	94,047	59.3%
19	Transportation equipment	484	7,885	41,508	19.0%
20	Heavy work equipment	485	295	18,379	1.6%
21	Tools & work equipment	486/89/79	13,533	29,513	45.9%
22	Communication equipment	488	7,592	14,943	50.8%
23	Communication structures	488	(330)	450	(73.3%)
24	Regulatory Overheads		1,611	7,143	22.6%
25			107,142	257,435	
26	Total property plant and equipment		2,670,001	6,298,277	

UNION GAS LIMITED
12 Month Average Working Capital and Other Summary
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Average of Monthly Averages
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	Cash working capital	31,784	31,784	31,784	31,784	31,784	31,784	31,784	31,784	31,784	31,784	31,784	31,784	31,784	31,784
2	Average cost of gas in storage and line pack gas	213,276	145,591	92,481	42,141	46,224	78,058	119,582	163,440	206,620	243,304	254,991	248,435	205,026	154,168
3	Average cost of balancing gas	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963	72,963
4	Average cost of ABC receivable (gas in storage)	5,321	(28,032)	(78,437)	(95,809)	(101,916)	(96,517)	(81,423)	(61,619)	(39,823)	(11,775)	14,919	20,013	3,625	(46,329)
5	Average cost of inventory of stores spare equipment	31,299	29,303	29,496	29,981	30,412	30,897	31,090	31,144	30,950	30,897	30,121	29,724	29,530	30,369
6	Average cost of prepaid and deferred expenses	1,937	1,441	945	474	920	9,080	8,606	5,540	7,141	8,582	8,983	6,965	2,302	5,066
7	Average customer deposits	(47,443)	(45,384)	(45,022)	(44,663)	(48,864)	(49,372)	(49,593)	(49,524)	(49,646)	(49,706)	(49,608)	(48,942)	(47,478)	(48,149)
8	Average customer deposit interest	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)
9	Month end	308,374	206,901	103,446	36,107	30,759	76,129	132,245	192,964	259,225	325,285	363,390	360,179	296,989	199,108

UNION GAS LIMITED
Cash Working Capital
Calendar Year Ending December 31

Line No.	Particulars ($000's)	Bridge Year 2012
	Working capital for operating and maintenance expenses:	
1	Operating and maintenance expenses [(1)]	375,869
	Adjustments:	
2	Company used gas (net)	(2,342)
3	Excess utility storage space costs excluding fuel	(2,261)
4	Total utility operating and maintenance expenses other than gas purchases costs	371,266
5	Working capital allowance based on 25.2 days (25.2/365 * line 4)	25,633
6	GST working capital allowance based on 27.2 days [(line 4 * 7% * .5)*27.2/365)]	968
7	Working capital allowance for O&M expenses (line 5 + line 6)	26,601
	Working capital allowance for gas purchase costs	
8	Cost of gas [(1)]	730,925
	Adjustments:	
9	Company used gas (net)	2,342
10	Excess utlity storage space fuel costs	(1,978)
11	Adjusted cost of gas	731,289
12	Working capital allowance based on 1.6 days [1.6/365 * line 11)]	3,206
13	GST working capital allowance based on 14.1 days [(line 11 * 7%)*14.1/365)]	1,977
14	Working capital allowance for gas purchase costs	5,183
15	Total cash working capital for O&M and cost of gas	31,784

Note:
(1) Exhibit D4, Tab 1, Schedule 1.

UNION GAS LIMITED
Details of Accumulated Deferred Income Taxes
Calendar Year Ending December 31, 2012

Line No.	Particulars ($000's)	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Monthly Averages
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	Utility deferred tax	94,098	90,555	87,911	85,735	84,485	83,850	83,871	83,955	84,018	83,784	83,142	81,659	79,263	84,971

UNION GAS LIMITED
Comparison of Utility Rate Base
Calendar Year Ending December 31

Line No.	Particulars ($000's)	Outlook 2011 (a)	Actual 2010 (b)	Difference (c)
	Gas Utility Plant [1]			
1	Gross plant at cost	5,986,290	5,839,769	146,521
2	Less: accumulated depreciation	2,501,169	2,374,895	126,275
3	Net utility plant	3,485,121	3,464,874	20,247
	Working Capital and Other Components [2]			
4	Cash working capital	31,132	30,505	627
5	Gas in storage and line pack gas	138,075	167,629	(29,554)
6	Balancing gas	78,864	94,338	(15,474)
7	ABC receivable (gas in storage)	(52,149)	(46,774)	(5,375)
8	Inventory of stores, spare equipment	29,893	29,238	655
9	Prepaid and deferred expenses	5,059	4,341	718
10	Customer deposits	(49,978)	(56,816)	6,838
11	Customer interest	(738)	(622)	(116)
12	Total working capital and other components	180,158	221,838	(41,681)
13	Total rate base before deduction of accumulated deferred income taxes	3,665,279	3,686,712	(21,434)
14	Accumulated deferred income taxes [3]	100,305	116,410	(16,104)
15	Total rate base	3,564,974	3,570,303	(5,330)

Note:
(1) Exhibit B5, Tab 2, Schedule 1.
(2) Exhibit B5, Tab 3, Schedule 1.
(3) Exhibit B5, Tab 3, Schedule 3.

UNION GAS LIMITED
12 Month Average Utility Net Plant
Total Property, Plant and Equipment
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	Opening Balance (a)	Capital Budget (b)	Transfers (c)	Salvage (d)	Retirements (e)	Closing Balance (f)	Accumulated Depreciation (g)	Net Plant (h)	Average (i)
1	December 2010						5,913,764	2,416,153	3,497,611	
2	January	5,913,764	13,881			(610)	5,927,035	2,431,466	3,495,569	3,496,590
3	February	5,927,035	6,429			(680)	5,932,784	2,447,410	3,485,374	3,490,472
4	March	5,932,784	6,131			(2,890)	5,936,025	2,461,004	3,475,021	3,480,198
5	April	5,936,025	9,977			(370)	5,945,632	2,477,098	3,468,534	3,471,778
6	May	5,945,632	8,140			(1,470)	5,952,302	2,491,872	3,460,430	3,464,482
7	June	5,952,302	17,227			(3,870)	5,965,659	2,504,576	3,461,083	3,460,757
8	July	5,965,659	11,603			(2,640)	5,974,622	2,518,020	3,456,602	3,458,843
9	August	5,974,622	15,527			(1,230)	5,988,919	2,532,944	3,455,975	3,456,289
10	September	5,988,919	13,222			(1,410)	6,000,731	2,547,728	3,453,003	3,454,489
11	October	6,000,731	70,991			(11,850)	6,059,872	2,552,042	3,507,830	3,480,417
12	November	6,059,872	66,317			(1,600)	6,124,589	2,566,706	3,557,883	3,532,857
13	December 2011	6,124,589	49,038			(32,766)	6,140,861	2,550,180	3,590,681	3,574,282
14	Total		288,483	-	-	(61,386)				41,821,450
15	Average of monthly averages (1/12 of total)						5,986,290	2,501,169		3,485,121
	Gas Plant held for future use:									
16	Ontario exploration and development						-	-		-
17	Unused services						-	-		-
18	Total utility net plant						5,986,290	2,501,169		3,485,121

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/10	Additions				Retirements	Estimated Balance Dec. 31/11	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service:										
	Intangible plant:										
1	Franchises and consents	401	1,321						1,321		1,321
2	Other intangible plant	402	6,370						6,370		6,370
3			7,691	-	-	-	-	-	7,691	-	7,691
	Local Storage Plant										
4	Land	440	7						7		7
5	Structures and improvements	442	2,674	115			115		2,789		2,789
6	Gas holders - storage	443	4,574						4,574		4,574
7	Gas holders - equipment	443	9,773	1,400			1,400		11,173		11,173
8	Regulatory Overheads		228	459			459		687		687
9			17,256	1,974	-	-	1,974	-	19,230	-	19,230
	Underground storage plant:										
10	Land	450	3,814						3,814		3,814
11	Land rights	451	32,062						32,062		32,062
12	Structures and improvements	452	55,119	1,348			1,348	(63)	56,404		56,404
13	Wells	453/4/5	87,602	1,326			1,326	(233)	88,695		88,695
14	Compressor equipment	456	214,182	29,093			29,093	(1,664)	241,611		241,611
15	Measuring & regulating equipment	457	51,445	615			615	(1)	52,059		52,059
16	Base pressure gas	458	35,204						35,204		35,204
17	Other equipment	459	1,642	660			660		2,302		2,302
18	Regulatory Overheads		2,996	7,631			7,631		10,627		10,627
19			484,066	40,673	-	-	40,673	(1,961)	522,778	-	522,778

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/10	Additions				Retirements	Estimated Balance Dec. 31/11	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	Transmission plant:										
1	Land	460	23,743	928			928	(1)	24,670		24,670
2	Land rights	461	37,709	62			62	(151)	37,620		37,620
3	Structures & improvements	462/3/4	53,544	1,433			1,433	(38)	54,939		54,939
4	Mains	465	1,041,972	10,172			10,172	(2,826)	1,049,318		1,049,318
5	Compressor equipment	466	300,909	41,936			41,936	(2,484)	340,361		340,361
6	Measuring & regulating equipment	467	142,621	4,639			4,639	(887)	146,373		146,373
7	Regulatory Overheads		7,515	13,962			13,962		21,477		21,477
8			1,608,013	73,132	-	-	73,132	(6,387)	1,674,758	-	1,674,758
	Distribution plant - Southern Operations										
9	Land	470	6,932	536			536	(66)	7,402		7,402
10	Land rights	471	5,494	1,778			1,778		7,272		7,272
11	Structures & improvements	472	101,967	8,577			8,577	(2,314)	108,230		108,230
12	Services - metallic	473	109,633	2,286			2,286	(1,688)	110,231		110,231
13	Services - plastic	473	741,618	15,493			15,493	(1,955)	755,156		755,156
14	Regulators	474	70,083	4,296			4,296		74,379		74,379
15	House regulators & meter installations	474	67,556	1,802			1,802	(201)	69,157		69,157
16	Mains - metallic	475	399,123	10,532			10,532	(1,058)	408,597		408,597
17	Mains - plastic	475	502,505	9,052			9,052	(423)	511,134		511,134
18	Measuring & regulating equipment	477	29,227	2,948			2,948	(68)	32,107		32,107
19	Meters	478	191,615	19,872			19,872	(5,245)	206,242		206,242
20	Regulatory Overheads		25,370	17,532			17,532		42,902		42,902
21			2,251,123	94,704	-	-	94,704	(13,018)	2,332,809	-	2,332,809
	Distribution plant - Northern & Eastern Operations										
22	Land	470	3,829	197			197	(4)	4,022		4,022
23	Land rights	471	9,011	235			235		9,246		9,246
24	Structures & improvements	472	62,149	128			128	(720)	61,557		61,557
25	Services - metallic	473	92,761	1,757			1,757	(423)	94,095		94,095
26	Services - plastic	473	354,121	4,607			4,607	(266)	358,462		358,462
27	Regulators	474	27,056	1,924			1,924		28,980		28,980
28	House regulators & meter installations	474	29,090	523			523	(37)	29,576		29,576
29	Mains - metallic	475	351,222	5,257			5,257	(465)	356,014		356,014
30	Mains - plastic	475	201,073	1,754			1,754	(45)	202,782		202,782
31	Compressor equipment	476									
32	Measuring & regulating equipment	477	103,779	2,908			2,908	(423)	106,264		106,264
33	Meters	478	52,403	7,827			7,827	(1,871)	58,359		58,359
34	Regulatory Overheads		11,596	5,506			5,506		17,102		17,102
35			1,298,090	32,623	-	-	32,623	(4,254)	1,326,459	-	1,326,459

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/10	Additions: Capital Additions	Additions: Transfers	Additions: Net Salvage	Additions: Net Additions	Retirements	Estimated Balance Dec. 31/11	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	General plant:										
1	Land	480	621						621		621
2	Structures & improvements	482	41,368	2,315			2,315	(396)	43,287		43,287
3	Office furniture & equipment	483	10,789	889			889	(4,470)	7,208		7,208
4	Office equipment - computers	483	83,576	30,435			30,435	(17,689)	96,322		96,322
5	Transportation equipment	484	42,627	5,578			5,578	(6,760)	41,445		41,445
6	Heavy work equipment	485	15,812	2,483			2,483	(1,745)	16,550		16,550
7	Tools & work equipment	486	30,813	2,245			2,245	(3,970)	29,088		29,088
8	Communication equipment	488	13,319	732			732	(543)	13,508		13,508
9	Communication structures	488	2,685					(193)	2,492		2,492
10	Regulatory Overheads		5,915	700			700		6,615		6,615
11			247,525	45,377	-	-	45,377	(35,766)	257,136	-	257,136
12	Total gas plant in service	100	5,913,764	288,483	-	-	288,483	(61,386)	6,140,861	-	6,140,861
	Gas plant held for future use -										
13	Gas plant under construction	115	46,589	(22,540)			(22,540)		24,049		24,049
14	Total property plant and equipment		5,960,353	265,943	-	-	265,943	(61,386)	6,164,910	-	6,164,910

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/10	Transfers	Provisions	Retirements	Net Salvage /(Costs)	Estimated Balance Dec. 31/11	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Gas Plant in Service:									
	Intangible Plant:									
1	Franchises and consents	401	449		63			512		512
2	Intangible Plant - other	402	5,301		118			5,419		5,419
3			5,750	-	181	-	-	5,931	-	5,931
	Local Storage Plant									
4	Structures and improvements	442	2,453		90		(12)	2,531		2,531
5	Gas holders - storage	443	4,574		123			4,697		4,697
6	Gas holders - equipment	443	7,957		385			8,342		8,342
7	Regulatory Overheads		4		15			19		19
8			14,988	-	613	-	(12)	15,589	-	15,589
	Underground storage plant:									
9	Land rights	451	10,285		715			11,000		11,000
10	Structures & improvements	452	23,312		1,305	(63)		24,554		24,554
11	Wells and lines	453/4/5	35,711		2,345	(233)	(22)	37,801		37,801
12	Compressor equipment	456	109,331		7,270	(1,664)	(151)	114,786		114,786
13	Measuring & regulating equipment	457	35,295		2,225	(1)	(38)	37,481		37,481
14	Other equipment	459	27		394			421		421
15	Regulatory Overheads		43		195			238		238
16			214,004	-	14,449	(1,961)	(211)	226,281	-	226,281
	Transmission plant:									
17	Land rights	461	8,920		753	(151)		9,522		9,522
18	Structures & improvements	462/3/4	26,093		1,442	(38)		27,497		27,497
19	Mains	465	397,889		24,785	(2,826)	(69)	419,779		419,779
20	Compressor equipment	466	90,361		11,286	(2,484)	(45)	99,118		99,118
21	Measuring & regulating equipment	467	63,772		5,216	(887)	(20)	68,081		68,081
22	Regulatory Overheads		94		362			456		456
23			587,129	-	43,844	(6,386)	(134)	624,453	-	624,453

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/10 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Estimated Balance Dec. 31/11 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	Distribution plant - Southern Operations									
1	Land rights	470	1,165		107			1,272		1,272
2	Structures & improvements	471	46,262		3,058	(2,314)		47,006		47,006
3	Services - metallic	472	101,161		4,056	(1,688)	(309)	103,220		103,220
4	Services - plastic	472	291,246		23,800	(1,955)	(173)	312,918		312,918
5	Regulators	473	26,633		2,384			29,017		29,017
6	Regulator & meter installations	474	26,721		2,398	(201)	(23)	28,895		28,895
7	Mains - metallic	475	212,172		10,258	(1,058)	(1,354)	220,018		220,018
8	Mains - plastic	475	156,518		11,860	(423)	(557)	167,398		167,398
9	Measuring & regulating equipment	477	15,364		1,423	(68)	(86)	16,633		16,633
10	Meters	478	60,050		7,360	(5,245)	49	62,214		62,214
11	Regulatory Overheads		362		975			1,337		1,337
12			937,654	-	67,679	(12,952)	(2,453)	989,928	-	989,928
	Distribution plant - Northern & Eastern Operations									
13	Land rights	471	3,046		153			3,199		3,199
14	Structures & improvements	472	21,707		1,936	(720)		22,923		22,923
15	Services - metallic	473	61,820		3,344	(423)	(398)	64,343		64,343
16	Services - plastic	473	154,004		11,366	(266)	(142)	164,962		164,962
17	Regulators	474	11,324		936			12,260		12,260
18	Regulator & meter installations	474	10,143		1,027	(37)		11,133		11,133
19	Mains - metallic	475	146,900		8,911	(465)	(395)	154,951		154,951
20	Mains - plastic	475	71,688		4,745	(45)	(22)	76,366		76,366
21	Compressor Equipment	476								
22	Measuring & regulating equipment	477	50,944		4,863	(423)	(108)	55,276		55,276
23	Meters	478	16,508		2,032	(1,871)	28	16,697		16,697
24	Regulatory Overheads		166		410			576		576
25			548,250	-	39,723	(4,250)	(1,037)	582,686	-	582,686

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/10 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Estimated Balance Dec. 31/11 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	General plant:									
1	Structures & improvements	482	18,784		901	(396)		19,289		19,289
2	Office furniture & equipment	483	5,515		601	(4,470)		1,646		1,646
3	Office equipment - computers	483	47,755		22,487	(17,689)		52,553		52,553
4	Transportation equipment	484	11,063		4,232	(6,760)	422	8,957		8,957
5	Heavy work equipment	485	972		736	(1,745)		(37)		(37)
6	Tools and other equipment	486/89/79	15,344		1,997	(3,970)		13,371		13,371
7	Communication equipment	488	6,618		895	(543)		6,970		6,970
8	Communication structures	488	2,031		126	(193)	(324)	1,640		1,640
9	Regulatory Overheads		296		627			923		923
10			108,378	-	32,602	(35,766)	98	105,312	-	105,312
11	Total gas plant in service		2,416,153	-	199,091	(61,315)	(3,749)	2,550,180	-	2,550,180
12	Total		2,416,153	-	199,091	(61,315)	(3,749)	2,550,180	-	2,550,180

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/10	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/11
			(a)	(b)	(c)	(d)	(e)
	Gas Plant Under Construction						
	(O.E.B. Account Number 115)						
	Local Storage Plant						
1	Land	440					
2	Structure	442					
3	Gas Holder - Storage Tank	443					
4	Gas Holder - Equipment	443					
5	Total Local Storage Plant		-	-	-	-	-
	Underground Storage Plant:						
6	Land	450					
7	Land Rights	451					
8	Structures and Improvements	452	292	(292)	-	(292)	-
9	Dawn Plant J		305	(305)	-	(305)	-
10	Wells	453/4	364	(364)	-	(364)	-
11	Field Lines	455					
12	Compressor Equipment	456					
13	STO Dawn E HPT Blade Rejuvenation						
14	Integrity -Dawn North						
15	Dawn Plant J		1,303	(1,303)	-	(1,303)	-
16	Expansion Pre-spend		-	-	1,900	1,900	1,900
17	Measuring & Regulating Equipment	457	(52)	52	300	352	300
18	Dehy Incinerator Installations		523	(523)	-	(523)	-
19	Dawn Plant J		5,135	(5,135)	-	(5,135)	-
20	Integrity - 48" Trafalgar		1,427	(1,427)	-	(1,427)	-
21	Base Pressure Gas	458					
22	Total Underground Storage Plant		9,297	(9,297)	2,200	(7,097)	2,200

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/10	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/11
			(a)	(b)	(c)	(d)	(e)
	Transmission Plant						
1	Land	460	394	(394)	-	(394)	-
2	Parkway Lands						
3	Dawn-Trafalgar System - Strathroy-Lobo						
4	Milton East Gate Station		434	(434)	-	(434)	-
5	Parkway West						
6	Land Rights	461					
7	Dawn-Trafalgar System - Strathroy-Lobo						
8	St. Clair Energy Centre						
9	Brantford-Kirkwall						
10	Highway 26 - Woodford to Meaford (Phase 2)		62	(62)	-	(62)	-
11	Structures	462/463/464	150	(150)	-	(150)	-
12	Parkway B Compressor						
13	Dawn-Trafalgar System - Bright						
14	Lobo A&B		62	(62)	-	(62)	-
15	Milton East Gate Station		76	(76)	-	(76)	-
16	Mains	465	450	(450)	2,068	1,618	2,068
17	Dawn-Trafalgar System - Strathroy-Lobo						
18	St. Clair Energy Centre						
19	West GTA (Halton Hills)						
20	Meaford Big Head River						
21	Traf Repl NPS 26&34 Hwy 25						
22	Brantford-Kirkwall						
23	Integrity-48" Trafalgar						
24	Stratford Gate Relocation						
25	Highway 26 - Woodford to Meaford (Phase 2)		3,600	(3,600)	-	(3,600)	-
26	Owen Sound Replacement						
27	Compressor Equipment	466	624	(624)	2,000	1,376	2,000
28	Parkway B Compressor						
29	Dawn-Trafalgar System - Bright						
30	Dawn-Trafalgar System - Phase IV-Lobo C						
31	Lobo A&B		5,420	(5,420)	-	(5,420)	-
32	Parkway West						
33	Measuring & Regulating Equipment	467	496	(496)	-	(496)	-
34	Parkway B Compressor						
35	Milton East Gate Station		1,349	(1,349)	-	(1,349)	-
36	Lobo A&B		3,585	(3,585)	-	(3,585)	-
37	TSSA Fuel Safety Program		287	(287)	-	(287)	-
38	Total Transmission Plant		16,989	(16,989)	4,068	(12,921)	4,068

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/10	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/11
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	South						
1	Land	470	86	(86)	-	(86)	-
2	Windsor Service Centre						
3	Burlington Service Centre						
4	Hyde Park Reinforcement						
5	Leamington Line Replacement		3	(3)	-	(3)	-
6	Hamilton Service Centre (Glover Rd, Stoney Creek)		2,817	-	-	-	2,817
7	Land Rights	471					
8	West GTA (Halton Hills)						
9	Structures	472					
10	Burlington Service Centre						
11	Hamilton Building (Pritchard Rd Hamilton)						
12	Chatham HO Chiller						
13	Windsor Service Centre						
14	Waterloo Building		13	(13)	-	(13)	-
15	Hamilton Service Centre (Glover Rd, Stoney Creek)				7,120	7,120	7,120
16	Services - metallic	473	25	(25)	-	(25)	-
17	Leamington Line Replacement		12	(12)	-	(12)	-
18	Services - plastic	473	(29)	29	-	29	-
19	Leamington Line Replacement		16	(16)	-	(16)	-
20	Dalhousie St Replacement						
21	Highway 26 - Woodford to Meaford (Phase 2)		69	(69)	-	(69)	-
22	Mains - metallic	475	374	(374)	200	(174)	200
23	Leamington Line Replacement		817	(817)	-	(817)	-
24	Hyde Park Reinforcement						
25	Steeles Ave HP Hamilton						
26	Burlington Service Centre						
27	Dalhousie St Replacement						
28	Milton East Gate Station		609	(609)	-	(609)	-
29	Lambton Power Plant		-	-	200	200	200
30	Nanticoke Power Plant		-	-	100	100	100
31	Mains - plastic	475	661	(661)	1,459	798	1,459
32	Leamington Line Replacement		3	(3)	-	(3)	-
33	Dalhousie St Replacement						
34	Highway 26 - Woodford to Meaford (Phase 2)		141	(141)	-	(141)	-
35	Measuring & regulating equipment	477	360	(360)	2,000	1,640	2,000
36	Leamington Line Replacement		254	(254)	-	(254)	-
37	West GTA (Halton Hills)						
38	Highway 26 - Woodford to Meaford (Phase 2)		14	(14)	-	(14)	-
39	TSSA Fuel Safety Program		111	(111)	-	(111)	-
40	Customer Stations	474	13	(13)	-	(13)	-
41	St. Clair Energy Centre						
42	Toyota Plant						
43	Leamington Line Replacement						
44	West GTA (Halton Hills)						
45	Dalhousie St Replacement						
46	Total Distribution South Plant		6,369	(3,552)	11,079	7,527	13,896

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/10	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/11
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	North & East						
1	Land	470					
2	Kingston Service Centre						
3	Land Rights	471	90	(90)	-	(90)	-
4	Structures	472					
5	Kingston Service Centre						
6	Services - metallic	473	10	(10)	-	(10)	-
7	Services - plastic	473	3	(3)	-	(3)	-
8	Mains - metallic	475	125	(125)	-	(125)	-
9	Integrity - Thunder Bay Loop						
10	Red Lake Distribution Phase 1		83	(83)	-	(83)	-
11	Thunder Bay Power Plant		-	-	610	610	610
12	Mains - plastic	475	34	(34)	430	396	430
13	Measuring & regulating equipment	477	172	(172)	800	628	800
14	TSSA Heater Upgrade		764	(764)	-	(764)	-
15	Iroquious TBS						
16	Customer Stations	474	113	(113)	-	(113)	-
17	Total Distribution North & East Plant		1,394	(1,394)	1,840	446	1,840
18	Total Distribution Plant		7,763	(4,946)	12,919	7,973	15,736

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/10	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Estimated Balance Dec. 31/11
			(a)	(b)	(c)	(d)	(e)
	General Plant						
1	Structures	482					
2	SCADA Replacement (Building)		419	(419)	-	(419)	-
3	Office equipment - computers	483	3,595	(3,595)	2,045	(1,550)	2,045
4	Gas Distribution Access Rule						
5	Replace RM/MC Software						
6	IVR Replacement						
7	GIS Replacement						
8	ESPM (NGEIR)						
9	Parkway B Compressor						
10	SAP-East ERP Upgrade						
11	SCADA Replacement		4,691	(4,691)	-	(4,691)	-
12	Probability & Risk Optimization		1,775	(1,775)	-	(1,775)	-
13	SAP BPC Implementation		834	(834)	-	(834)	-
14	Care/Contrax Replacement						
15	Tools & work equipment	486					
16	Office Furniture	483					
17	Burlington Service Centre						
18	SCADA Replacement		106	(106)	-	(106)	-
19	Total General Plant		11,420	(11,420)	2,045	(9,375)	2,045
20	Total		45,469	(42,652)	21,232	(21,420)	24,049
	Undistributed plant:						
	Unclassified plant-						
21	Interest During Construction						
22	Overhead Capitalization		1,120	(1,120)	-	(1,120)	-
23	Total of all projects		46,589	(43,772)	21,232	(22,540)	24,049

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/11 (a)	Balance Gross Asset Dec. 31/11 (b)	Ratio % (c)
	Gas Plant in Service:				
	Intangible plant:				
1	Franchises and consents	401	512	1,321	38.8%
2	Other intangible plant	402	5,419	6,370	85.1%
3			5,931	7,691	
	Local Storage Plant:				
4	Land	440	0	7	0.0%
5	Structures and improvements	442	2,531	2,789	90.7%
6	Gas holders - storage	443	4,697	4,574	102.7%
7	Gas holders - equipment	443	8,342	11,173	74.7%
8	Regulatory Overheads		19	687	2.8%
9			15,589	19,230	
	Underground storage plant:				
10	Land	450	0	3,814	0.0%
11	Land rights	451	11,000	32,062	34.3%
12	Structures and improvements	452	24,554	56,404	43.5%
13	Wells	453/4/5	37,801	88,695	42.6%
14	Compressor equipment	456	114,786	241,611	47.5%
15	Measuring & regulating equipment	457	37,481	52,059	72.0%
16	Base pressure gas	458	0	35,204	0.0%
17	Other equipment	459	421	2,302	18.3%
18	Regulatory Overheads		238	10,627	2.2%
19			226,281	522,778	
	Transmission plant:				
20	Land	460	0	24,670	0.0%
21	Land rights	461	9,522	37,620	25.3%
22	Structures & improvements	462/3/4	27,497	54,939	50.1%
23	Mains	465	419,779	1,049,318	40.0%
24	Compressor equipment	466	99,118	340,361	29.1%
25	Measuring & regulating equipment	467	68,081	146,373	46.5%
26	Regulatory Overheads		456	21,477	2.1%
27			624,453	1,674,758	
	Distribution - Southern Operations				
28	Land	470	0	7,402	0.0%
29	Land rights	471	1,272	7,272	17.5%
30	Structures & improvements	472	47,006	108,230	43.4%
31	Services - metallic	473	103,220	110,231	93.6%
32	Services - plastic	473	312,918	755,156	41.4%
33	Regulators	474	29,017	74,379	39.0%
34	House Regulators & Installations	474	28,895	69,157	41.8%
35	Mains - metallic	475	220,018	408,597	53.8%
36	Mains - plastic	475	167,398	511,134	32.8%
37	Measuring & regulating equipment	477	16,633	32,107	51.8%
38	Meters	478	62,214	206,242	30.2%
39	Regulatory Overheads		1,337	42,902	3.1%
40			989,928	2,332,809	

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/11 (a)	Balance Gross Asset Dec. 31/11 (b)	Ratio % (c)
	Gas Plant in Service:				
	Distribution - Northern Operations				
1	Land	470	0	4,022	0.0%
2	Land rights	471	3,199	9,246	34.6%
3	Structures & improvements	472	22,923	61,557	37.2%
4	Services - metallic	473	64,343	94,095	68.4%
5	Services - plastic	473	164,962	358,462	46.0%
6	Regulators	474	12,260	28,980	42.3%
7	Regulator & meter installations	474	11,133	29,576	37.6%
8	Mains - metallic	475	154,951	356,014	43.5%
9	Mains - plastic	475	76,366	202,782	37.7%
10	Compressor equipment	476	0	0	0.0%
11	Measuring & regulating equipment	477	55,276	106,264	52.0%
12	Meters	478	16,697	58,359	28.6%
13	Regulatory Overheads		576	17,102	3.4%
14			582,686	1,326,459	
	General plant:				
15	Land	480	0	621	0.0%
16	Structures & improvements	482	19,289	43,287	44.6%
17	Office furniture & equipment	483	1,646	7,208	22.8%
18	Office equipment - computers	483	52,553	96,322	54.6%
19	Transportation equipment	484	8,957	41,445	21.6%
20	Heavy work equipment	485	(37)	16,550	(0.2%)
21	Tools & work equipment	486/89/79	13,371	29,088	46.0%
22	Communication equipment	488	6,970	13,508	51.6%
23	Communication structures	488	1,640	2,492	65.8%
24	Regulatory Overheads		923	6,615	14.0%
25			105,312	257,136	
26	Total property plant and equipment		2,550,180	6,140,861	

UNION GAS LIMITED
12 Month Average Working Capital and Other Summary
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Average of Monthly Averages
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	Cash working capital	31,132	31,132	31,132	31,132	31,132	31,132	31,132	31,132	31,132	31,132	31,132	31,132	31,132	31,132
2	Average cost of gas in storage and line pack gas	155,615	78,623	27,309	25,483	25,551	58,318	108,384	163,165	224,559	244,581	261,056	255,421	213,276	138,075
3	Average cost of balancing gas	94,338	94,338	94,338	75,280	75,280	75,280	75,280	75,280	75,280	75,280	74,123	72,963	72,963	78,864
4	Average cost of ABC receivable (gas in storage)	(9,156)	(48,370)	(83,522)	(103,550)	(112,625)	(108,450)	(87,180)	(64,019)	(39,997)	(11,842)	14,535	21,154	5,321	(52,149)
5	Average cost of inventory of stores spare equipment	28,070	27,972	28,053	28,547	28,622	29,048	29,336	29,295	29,322	33,431	33,334	32,074	31,299	29,893
6	Average cost of prepaid and deferred expenses	2,369	1,775	1,187	1,028	999	8,599	8,093	5,224	7,016	8,519	9,003	7,115	1,937	5,059
7	Average customer deposits	(51,110)	(50,627)	(50,254)	(50,004)	(50,167)	(50,295)	(50,458)	(50,458)	(50,050)	(49,671)	(49,573)	(48,906)	(47,443)	(49,978)
8	Average customer deposit interest	(673)	(690)	(705)	(718)	(729)	(739)	(745)	(756)	(764)	(764)	(764)	(764)	(764)	(738)
9	Month end	250,585	134,154	47,538	7,198	(1,937)	42,893	113,843	188,863	276,498	330,667	372,846	370,190	307,721	180,158

UNION GAS LIMITED
Cash Working Capital
Calendar Year Ending December 31

Line No.	Particulars ($000's)	Outlook 2011
	Working capital for operating and maintenance expenses:	
1	Operating and maintenance expenses [(1)]	364,337
	Adjustments:	
2	Company used gas (net)	(2,795)
3	Excess utility storage space costs excluding fuel	(2,261)
4	Total utility operating and maintenance expenses other than gas purchases costs	359,281
5	Working capital allowance based on 25.2 days (25.2/365 * line 4)	24,805
6	GST working capital allowance based on 27.2 days [(line 4 * 7% * .5)*27.2/365)]	937
7	Working capital allowance for O&M expenses (line 5 + line 6)	25,742
	Working capital allowance for gas purchase costs	
8	Cost of gas [(1)]	759,739
	Adjustments:	
9	Company used gas (net)	2,795
10	Excess utlity storage space fuel costs	(2,088)
11	Adjusted cost of gas	760,446
12	Working capital allowance based on 1.6 days [1.6/365 * line 11)]	3,334
13	GST working capital allowance based on 14.1 days [(line 11 * 7%)*14.1/365)]	2,056
14	Working capital allowance for gas purchase costs	5,390
15	Total cash working capital for O&M and cost of gas	31,132

Note:
(1) Exhibit D5, Tab 1, Schedule 1.

UNION GAS LIMITED
Details of Accumulated Deferred Income Taxes
Calendar Year Ending December 31, 2011

Line No.	Particulars ($000's)	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Monthly Averages
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	Utility deferred tax	109,104	106,715	104,332	102,054	100,402	99,603	99,199	98,705	98,650	98,440	97,696	96,262	94,098	100,305

UNION GAS LIMITED
Comparison of Utility Rate Base
Calendar Year Ending December 31

Line No.	Particulars ($000's)	Actual 2010 (a)	Board - Approved 2007 (b)	Difference (c)
	Gas Utility Plant [1]			
1	Gross plant at cost	5,839,769	5,170,809	668,960
2	Less: accumulated depreciation	2,374,895	2,014,712	360,183
3	Net utility plant	3,464,874	3,156,097	308,777
	Working Capital and Other Components [2]			
4	Cash working capital	30,505	32,672	(2,167)
5	Gas in storage and line pack gas	167,629	188,792	(21,163)
6	Balancing gas	94,338	129,618	(35,280)
7	ABC receivable (gas in storage)	(46,774)	(53,791)	7,017
8	Inventory of stores, spare equipment	29,238	28,469	769
9	Prepaid and deferred expenses	4,341	2,741	1,600
10	Customer deposits	(56,816)	(43,902)	(12,914)
11	Customer interest	(622)	(300)	(322)
12	Total working capital and other components	221,838	284,299	(62,460)
13	Total rate base before deduction of accumulated deferred income taxes	3,686,712	3,440,396	246,317
14	Accumulated deferred income taxes [3]	116,410	169,502	(53,092)
15	Total rate base	3,570,303	3,270,894	299,410

Note:
(1) Exhibit B6, Tab 2, Schedule 1.
(2) Exhibit B6, Tab 3, Schedule 1.
(3) Exhibit B6, Tab 3, Schedule 3.

UNION GAS LIMITED
12 Month Average Utility Net Plant
Total Property, Plant and Equipment
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	Opening Balance	Capital Budget	Transfers	Salvage	Retirements	Closing Balance	Accumulated Depreciation	Net Plant	Average
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	December 2009						5,772,389	2,289,199	3,483,190	
2	January	5,772,389	10,400				5,782,789	2,305,144	3,477,645	3,480,418
3	February	5,782,789	8,396				5,791,185	2,321,089	3,470,096	3,473,871
4	March	5,791,185	9,939			(2,036)	5,799,088	2,334,731	3,464,357	3,467,227
5	April	5,799,088	19,734			(511)	5,818,311	2,349,849	3,468,462	3,466,410
6	May	5,818,311	11,691			(1,834)	5,828,168	2,363,630	3,464,538	3,466,500
7	June	5,828,168	14,945			(1,107)	5,842,006	2,378,034	3,463,972	3,464,255
8	July	5,842,006	10,091			(1,101)	5,850,996	2,392,555	3,458,441	3,461,207
9	August	5,850,996	11,383			(422)	5,861,957	2,407,682	3,454,275	3,456,358
10	September	5,861,957	10,272				5,872,229	2,423,178	3,449,051	3,451,663
11	October	5,872,229	18,063			(2,033)	5,888,259	2,436,260	3,451,999	3,450,525
12	November	5,888,259	27,526			(16,615)	5,899,170	2,433,910	3,465,260	3,458,630
13	December 2010	5,899,170	48,691	(7)		(34,090)	5,913,764	2,416,153	3,497,611	3,481,436
14	Total		201,131	(7)	-	(59,749)				41,578,497
15	Average of monthly averages (1/12 of total)						5,839,769	2,374,895		3,464,874
	Gas Plant held for future use:									
16	Ontario exploration and development						-	-		-
17	Unused services						-	-		-
18	Total utility net plant						5,839,769	2,374,895		3,464,874

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/09	Additions				Retirements	Actual Balance Dec. 31/10	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service:										
	Intangible plant:										
1	Franchises and consents	401	1,321						1,321		1,321
2	Other intangible plant	402	6,370						6,370		6,370
3			7,691	-	-	-	-	-	7,691	-	7,691
	Local Storage Plant										
4	Land	440	7						7		7
5	Structures and improvements	442	2,512	162			162		2,674		2,674
6	Gas holders - storage	443	4,574						4,574		4,574
7	Gas holders - equipment	443	8,679	1,094			1,094		9,773		9,773
8	Regulatory Overheads			228			228		228		228
9			15,772	1,484	-	-	1,484	-	17,256	-	17,256
	Underground storage plant:										
10	Land	450	3,814						3,814		3,814
11	Land rights	451	32,062						32,062		32,062
12	Structures and improvements	452	55,033	86			86		55,119		55,119
13	Wells	453/4/5	87,165	437			437		87,602		87,602
14	Compressor equipment	456	223,076	1,721			1,721	(10,615)	214,182		214,182
15	Measuring & regulating equipment	457	49,130	2,303	13		2,316	(1)	51,445		51,445
16	Base pressure gas	458	30,350	4,854			4,854		35,204		35,204
17	Other equipment	459		1,642			1,642		1,642		1,642
18	Regulatory Overheads			2,996			2,996		2,996		2,996
19			480,630	14,039	13	-	14,052	(10,616)	484,066	-	484,066

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/09	Additions				Retirements	Actual Balance Dec. 31/10	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	Transmission plant:										
1	Land	460	23,672	103			103	(32)	23,743		23,743
2	Land rights	461	37,637	72			72		37,709		37,709
3	Structures & improvements	462/3/4	53,259	285			285		53,544		53,544
4	Mains	465	1,035,507	6,902	9		6,911	(446)	1,041,972		1,041,972
5	Compressor equipment	466	295,912	5,059			5,059	(62)	300,909		300,909
6	Measuring & regulating equipment	467	140,446	2,292	480		2,772	(597)	142,621		142,621
7	Regulatory Overheads			7,515			7,515		7,515		7,515
8			1,586,433	22,228	489	-	22,717	(1,137)	1,608,013	-	1,608,013
	Distribution plant - Southern Operations										
9	Land	470	6,932						6,932		6,932
10	Land rights	471	5,333	161			161		5,494		5,494
11	Structures & improvements	472	100,094	1,891			1,891	(18)	101,967		101,967
12	Services - metallic	473	110,133	582	(479)		103	(603)	109,633		109,633
13	Services - plastic	473	728,311	14,164	463		14,627	(1,320)	741,618		741,618
14	Regulators	474	71,502	3,287			3,287	(4,706)	70,083		70,083
15	House regulators & meter installations	474	66,352	1,080	163		1,243	(39)	67,556		67,556
16	Mains - metallic	475	395,813	5,126	(9)		5,117	(1,807)	399,123		399,123
17	Mains - plastic	475	491,495	11,538			11,538	(528)	502,505		502,505
18	Measuring & regulating equipment	477	28,676	1,352	(767)		585	(34)	29,227		29,227
19	Meters	478	177,434	20,863	16		20,879	(6,698)	191,615		191,615
20	Regulatory Overheads			25,370			25,370		25,370		25,370
21			2,182,075	85,414	(613)	-	84,801	(15,753)	2,251,123	-	2,251,123
	Distribution plant - Northern & Eastern Operations										
22	Land	470	3,635	194			194		3,829		3,829
23	Land rights	471	8,892	119			119		9,011		9,011
24	Structures & improvements	472	58,884	3,293			3,293	(28)	62,149		62,149
25	Services - metallic	473	92,060	1,022	(67)		955	(254)	92,761		92,761
26	Services - plastic	473	344,755	9,818	25		9,843	(477)	354,121		354,121
27	Regulators	474	25,550	1,506			1,506		27,056		27,056
28	House regulators & meter installations	474	28,860	180	62		242	(12)	29,090		29,090
29	Mains - metallic	475	345,430	5,893			5,893	(101)	351,222		351,222
30	Mains - plastic	475	196,367	4,746			4,746	(40)	201,073		201,073
31	Compressor equipment	476									
32	Measuring & regulating equipment	477	101,862	1,872	84		1,956	(39)	103,779		103,779
33	Meters	478	52,023	2,559			2,559	(2,179)	52,403		52,403
34	Regulatory Overheads			11,596			11,596		11,596		11,596
35			1,258,318	42,798	104	-	42,902	(3,130)	1,298,090	-	1,298,090

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/09	Additions				Retirements	Actual Balance Dec. 31/10	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	General plant:										
1	Land	480	621						621		621
2	Structures & improvements	482	41,153	215			215		41,368		41,368
3	Office furniture & equipment	483	14,983	276			276	(4,470)	10,789		10,789
4	Office equipment - computers	483	84,439	16,826			16,826	(17,689)	83,576		83,576
5	Transportation equipment	484	39,169	5,653			5,653	(2,195)	42,627		42,627
6	Heavy work equipment	485	12,330	3,860			3,860	(378)	15,812		15,812
7	Tools & work equipment	486	32,903	1,764			1,764	(3,854)	30,813		30,813
8	Communication equipment	488	13,187	659			659	(527)	13,319		13,319
9	Communication structures	488	2,685						2,685		2,685
10	Regulatory Overheads			5,915			5,915		5,915		5,915
11			241,470	35,168	-	-	35,168	(29,113)	247,525	-	247,525
12	Total gas plant in service	100	5,772,389	201,131	(7)	-	201,124	(59,749)	5,913,764	-	5,913,764
	Gas plant held for future use -										
13	Gas plant under construction	115	29,630	16,959			16,959		46,589		46,589
14	Total property plant and equipment		5,802,019	218,090	(7)	-	218,083	(59,749)	5,960,353	-	5,960,353

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/09 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Actual Balance Dec. 31/10 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	Gas Plant in Service:									
	Intangible Plant:									
1	Franchises and consents	401	386		63			449		449
2	Intangible Plant - other	402	5,183		118			5,301		5,301
3			5,569	-	181	-	-	5,750	-	5,750
	Local Storage Plant									
4	Structures and improvements	442	2,366		87			2,453		2,453
5	Gas holders - storage	443	4,609		(35)			4,574		4,574
6	Gas holders - equipment	443	7,625		339		(7)	7,957		7,957
7	Regulatory Overheads				4			4		4
8			14,600	-	395	-	(7)	14,988	-	14,988
	Underground storage plant:									
9	Land rights	451	9,570		715			10,285		10,285
10	Structures & improvements	452	22,023		1,289			23,312		23,312
11	Wells and lines	453/4/5	33,387		2,324			35,711		35,711
12	Compressor equipment	456	112,985		6,974	(10,615)	(13)	109,331		109,331
13	Measuring & regulating equipment	457	33,148	7	2,163	(1)	(22)	35,295		35,295
14	Other equipment	459			27			27		27
15	Regulatory Overheads				43			43		43
16			211,113	7	13,535	(10,616)	(35)	214,004	-	214,004
	Transmission plant:									
17	Land rights	461	8,166		754			8,920		8,920
18	Structures & improvements	462/3/4	24,673		1,421		(1)	26,093		26,093
19	Mains	465	373,852	5	24,618	(446)	(140)	397,889		397,889
20	Compressor equipment	466	79,826		10,504	(62)	93	90,361		90,361
21	Measuring & regulating equipment	467	59,157	255	5,109	(597)	(152)	63,772		63,772
22	Regulatory Overheads				94			94		94
23			545,674	260	42,500	(1,105)	(200)	587,129	-	587,129

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/09 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Actual Balance Dec. 31/10 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	Distribution plant - Southern Operations									
1	Land rights	470	1,075		90			1,165		1,165
2	Structures & improvements	471	43,324		2,956	(18)		46,262		46,262
3	Services - metallic	472	99,149	(439)	4,055	(603)	(1,001)	101,161		101,161
4	Services - plastic	472	269,478	432	23,372	(1,320)	(716)	291,246		291,246
5	Regulators	473	29,003		2,336	(4,706)		26,633		26,633
6	Regulator & meter installations	474	24,340	91	2,350	(39)	(21)	26,721		26,721
7	Mains - metallic	475	205,581	(4)	10,096	(1,807)	(1,694)	212,172		212,172
8	Mains - plastic	475	145,660		11,629	(528)	(243)	156,518		156,518
9	Measuring & regulating equipment	477	14,632	(412)	1,343	(34)	(165)	15,364		15,364
10	Meters	478	59,846	6	6,828	(6,698)	68	60,050		60,050
11	Regulatory Overheads				362			362		362
12			892,088	(326)	65,417	(15,753)	(3,772)	937,654	-	937,654
	Distribution plant - Northern & Eastern Operations									
13	Land rights	471	2,901		150		(5)	3,046		3,046
14	Structures & improvements	472	19,815		1,917	(28)	3	21,707		21,707
15	Services - metallic	473	59,188	(44)	3,308	(254)	(378)	61,820		61,820
16	Services - plastic	473	143,405	27	11,147	(477)	(98)	154,004		154,004
17	Regulators	474	10,445		878		1	11,324		11,324
18	Regulator & meter installations	474	9,113	28	1,014	(12)		10,143		10,143
19	Mains - metallic	475	138,847		8,778	(101)	(624)	146,900		146,900
20	Mains - plastic	475	67,069		4,670	(40)	(11)	71,688		71,688
21	Compressor Equipment	476								
22	Measuring & regulating equipment	477	46,242	44	4,761	(39)	(64)	50,944		50,944
23	Meters	478	16,745		1,916	(2,179)	26	16,508		16,508
24	Regulatory Overheads				166			166		166
25			513,770	55	38,705	(3,130)	(1,150)	548,250	-	548,250

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/09 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Actual Balance Dec. 31/10 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	General plant:									
1	Structures & improvements	482	17,851		933			18,784		18,784
2	Office furniture & equipment	483	9,126		859	(4,470)		5,515		5,515
3	Office equipment - computers	483	44,442		21,002	(17,689)		47,755		47,755
4	Transportation equipment	484	8,939		4,118	(2,195)	201	11,063		11,063
5	Heavy work equipment	485	709		641	(378)		972		972
6	Tools and other equipment	486/89/79	17,074		2,124	(3,854)		15,344		15,344
7	Communication equipment	488	6,262		883	(527)		6,618		6,618
8	Communication structures	488	1,969		131		(69)	2,031		2,031
9	Regulatory Overheads				296			296		296
10			106,372	-	30,987	(29,113)	132	108,378	-	108,378
11	Total gas plant in service		2,289,186	(4)	191,720	(59,717)	(5,032)	2,416,153	-	2,416,153
12	Total		2,289,186	(4)	191,720	(59,717)	(5,032)	2,416,153	-	2,416,153

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/09	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/10
			(a)	(b)	(c)	(d)	(e)
	Gas Plant Under Construction (O.E.B. Account Number 115)						
	Local Storage Plant						
1	Land	440					
2	Structure	442					
3	Gas Holder - Storage Tank	443					
4	Gas Holder - Equipment	443					
5	Total Local Storage Plant		-	-	-	-	-
	Underground Storage Plant:						
6	Land	450					
7	Land Rights	451					
8	Structures and Improvements	452	298	(298)	292	(6)	292
9	Dawn Plant J		-	-	305	305	305
10	Wells	453/4	-	-	364	364	364
11	Field Lines	455	203	(203)	-	(203)	-
12	Compressor Equipment	456	179	(179)	-	(179)	-
13	STO Dawn E HPT Blade Rejuvenation						
14	Integrity -Dawn North		935	(935)	-	(935)	-
15	Dawn Plant J		1,376	-	(73)	(73)	1,303
16	Expansion Pre-spend						
17	Measuring & Regulating Equipment	457	569	(569)	(52)	(621)	(52)
18	Dehy Incinerator Installations		-	-	523	523	523
19	Dawn Plant J		-	-	5,135	5,135	5,135
20	Integrity - 48" Trafalgar		-	-	1,427	1,427	1,427
21	Base Pressure Gas	458					
22	Total Underground Storage Plant		3,560	(2,184)	7,921	5,737	9,297

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/09	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/10
			(a)	(b)	(c)	(d)	(e)
	Transmission Plant						
1	Land	460	43	(43)	394	351	394
2	Parkway Lands						
3	Dawn-Trafalgar System - Strathroy-Lobo						
4	Milton East Gate Station		179	-	255	255	434
5	Parkway West						
6	Land Rights	461					
7	Dawn-Trafalgar System - Strathroy-Lobo						
8	St. Clair Energy Centre						
9	Brantford-Kirkwall						
10	Highway 26 - Woodford to Meaford (Phase 2)		-	-	62	62	62
11	Structures	462/463/464	21	(21)	150	129	150
12	Parkway B Compressor						
13	Dawn-Trafalgar System - Bright						
14	Lobo A&B		-	-	62	62	62
15	Milton East Gate Station		-	-	76	76	76
16	Mains	465	147	(147)	450	303	450
17	Dawn-Trafalgar System - Strathroy-Lobo						
18	St. Clair Energy Centre						
19	West GTA (Halton Hills)						
20	Meaford Big Head River						
21	Traf Repl NPS 26&34 Hwy 25		2,497	(2,497)	-	(2,497)	-
22	Brantford-Kirkwall						
23	Integrity-48" Trafalgar						
24	Stratford Gate Relocation		(498)	498	-	498	-
25	Highway 26 - Woodford to Meaford (Phase 2)		-	-	3,600	3,600	3,600
26	Owen Sound Replacement						
27	Compressor Equipment	466	246	(246)	624	378	624
28	Parkway B Compressor						
29	Dawn-Trafalgar System - Bright						
30	Dawn-Trafalgar System - Phase IV-Lobo C						
31	Lobo A&B		1,446	-	3,974	3,974	5,420
32	Parkway West						
33	Measuring & Regulating Equipment	467	230	(230)	496	266	496
34	Parkway B Compressor						
35	Milton East Gate Station		-	-	1,349	1,349	1,349
36	Lobo A&B		-	-	3,585	3,585	3,585
37	TSSA Fuel Safety Program		-	-	287	287	287
38	Total Transmission Plant		4,311	(2,686)	15,364	12,678	16,989

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/09	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/10
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	South						
1	Land	470	-	-	86	86	86
2	Windsor Service Centre						
3	Burlington Service Centre						
4	Hyde Park Reinforcement						
5	Leamington Line Replacement		3	-	-	-	3
6	Hamilton Service Centre (Glover Rd, Stoney Creek)		-	-	2,817	2,817	2,817
7	Land Rights	471	71	(71)	-	(71)	-
8	West GTA (Halton Hills)						
9	Structures	472					
10	Burlington Service Centre						
11	Hamilton Building (Pritchard Rd Hamilton)						
12	Chatham HO Chiller						
13	Windsor Service Centre						
14	Waterloo Building		-	-	13	13	13
15	Hamilton Service Centre (Glover Rd, Stoney Creek)						
16	Services - metallic	473	-	-	25	25	25
17	Leamington Line Replacement		11	-	1	1	12
18	Services - plastic	473	21	(21)	(29)	(50)	(29)
19	Leamington Line Replacement		16	-	-	-	16
20	Dalhousie St Replacement		23	(23)	-	(23)	
21	Highway 26 - Woodford to Meaford (Phase 2)		-	-	69	69	69
22	Mains - metallic	475	758	(758)	374	(384)	374
23	Leamington Line Replacement		786	-	31	31	817
24	Hyde Park Reinforcement						
25	Steeles Ave HP Hamilton						
26	Burlington Service Centre						
27	Dalhousie St Replacement		510	(510)	-	(510)	-
28	Milton East Gate Station		-	-	609	609	609
29	Lambton Power Plant						
30	Nanticoke Power Plant						
31	Mains - plastic	475	280	(280)	661	381	661
32	Leamington Line Replacement		3	-	-	-	3
33	Dalhousie St Replacement		6	(6)	-	(6)	-
34	Highway 26 - Woodford to Meaford (Phase 2)		-	-	141	141	141
35	Measuring & regulating equipment	477	165	(165)	360	195	360
36	Leamington Line Replacement		233	-	21	21	254
37	West GTA (Halton Hills)						
38	Highway 26 - Woodford to Meaford (Phase 2)		-	-	14	14	14
39	TSSA Fuel Safety Program		-	-	111	111	111
40	Customer Stations	474	(66)	66	13	79	13
41	St. Clair Energy Centre						
42	Toyota Plant						
43	Leamington Line Replacement		10	(10)	-	(10)	-
44	West GTA (Halton Hills)						
45	Dalhousie St Replacement		35	(35)	-	(35)	-
46	Total Distribution South Plant		2,865	(1,813)	5,317	3,504	6,369

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/09	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/10
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	North & East						
1	Land	470					
2	Kingston Service Centre						
3	Land Rights	471	7	(7)	90	83	90
4	Structures	472					
5	Kingston Service Centre						
6	Services - metallic	473	-	-	10	10	10
7	Services - plastic	473	2	(2)	3	1	3
8	Mains - metallic	475	(87)	87	125	212	125
9	Integrity - Thunder Bay Loop		601	(601)		(601)	
10	Red Lake Distribution Phase 1		-	-	83	83	83
11	Thunder Bay Power Plant						
12	Mains - plastic	475	7	(7)	34	27	34
13	Measuring & regulating equipment	477	32	(32)	172	140	172
14	TSSA Heater Upgrade		-	-	764	764	764
15	Iroquious TBS						
16	Customer Stations	474	-	-	113	113	113
17	Total Distribution North & East Plant		562	(562)	1,394	832	1,394
18	Total Distribution Plant		3,427	(2,375)	6,711	4,336	7,763

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/09	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/10
			(a)	(b)	(c)	(d)	(e)
	General Plant						
1	Structures	482				-	-
2	SCADA Replacement (Building)		-	-	419	419	419
3	Office equipment - computers	483	1,529	(1,529)	3,595	2,066	3,595
4	Gas Distribution Access Rule						
5	Replace RM/MC Software						
6	IVR Replacement						
7	GIS Replacement		6,028	(6,028)	-	(6,028)	-
8	ESPM (NGEIR)						
9	Parkway B Compressor						
10	SAP-East ERP Upgrade						
11	SCADA Replacement		1,970	-	2,721	2,721	4,691
12	Probability & Risk Optimization		573	-	1,202	1,202	1,775
13	SAP BPC Implementation		-	-	834	834	834
14	Care/Contrax Replacement						
15	Tools & work equipment	486					
16	Office Furniture	483					
17	Burlington Service Centre						
18	SCADA Replacement		-	-	106	106	106
19	Total General Plant		10,100	(7,557)	8,877	1,320	11,420
20	Total		21,398	(14,802)	38,873	24,071	45,469
	Undistributed plant:						
	Unclassified plant-						
21	Interest During Construction						
22	Overhead Capitalization		8,232	(8,232)	1,120	(7,112)	1,120
23	Total of all projects		29,630	(23,034)	39,993	16,959	46,589

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/10 (a)	Balance Gross Asset Dec. 31/10 (b)	Ratio % (c)
	Gas Plant in Service:				
	Intangible plant:				
1	Franchises and consents	401	449	1,321	34.0%
2	Other intangible plant	402	5,301	6,370	83.2%
3			5,750	7,691	
	Local Storage Plant:				
4	Land	440	0	7	0.0%
5	Structures and improvements	442	2,453	2,674	91.7%
6	Gas holders - storage	443	4,574	4,574	100.0%
7	Gas holders - equipment	443	7,957	9,773	81.4%
8	Regulatory Overheads		4	228	1.8%
9			14,988	17,256	
	Underground storage plant:				
10	Land	450	0	3,814	0.0%
11	Land rights	451	10,285	32,062	32.1%
12	Structures and improvements	452	23,312	55,119	42.3%
13	Wells	453/4/5	35,711	87,602	40.8%
14	Compressor equipment	456	109,331	214,182	51.0%
15	Measuring & regulating equipment	457	35,295	51,445	68.6%
16	Base pressure gas	458	0	35,204	0.0%
17	Other equipment	459	27	1,642	1.6%
18	Regulatory Overheads		43	2,996	1.4%
19			214,004	484,066	
	Transmission plant:				
20	Land	460	0	23,743	0.0%
21	Land rights	461	8,920	37,709	23.7%
22	Structures & improvements	462/3/4	26,093	53,544	48.7%
23	Mains	465	397,889	1,041,972	38.2%
24	Compressor equipment	466	90,361	300,909	30.0%
25	Measuring & regulating equipment	467	63,772	142,621	44.7%
26	Regulatory Overheads		94	7,515	1.3%
27			587,129	1,608,013	
	Distribution - Southern Operations				
28	Land	470	0	6,932	0.0%
29	Land rights	471	1,165	5,494	21.2%
30	Structures & improvements	472	46,262	101,967	45.4%
31	Services - metallic	473	101,161	109,633	92.3%
32	Services - plastic	473	291,246	741,618	39.3%
33	Regulators	474	26,633	70,083	38.0%
34	House Regulators & Installations	474	26,721	67,556	39.6%
35	Mains - metallic	475	212,172	399,123	53.2%
36	Mains - plastic	475	156,518	502,505	31.1%
37	Measuring & regulating equipment	477	15,364	29,227	52.6%
38	Meters	478	60,050	191,615	31.3%
39	Regulatory Overheads		362	25,370	1.4%
40			937,654	2,251,123	

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/10 (a)	Balance Gross Asset Dec. 31/10 (b)	Ratio % (c)
	Gas Plant in Service:				
	Distribution - Northern Operations				
1	Land	470	0	3,829	0.0%
2	Land rights	471	3,046	9,011	33.8%
3	Structures & improvements	472	21,707	62,149	34.9%
4	Services - metallic	473	61,820	92,761	66.6%
5	Services - plastic	473	154,004	354,121	43.5%
6	Regulators	474	11,324	27,056	41.9%
7	Regulator & meter installations	474	10,143	29,090	34.9%
8	Mains - metallic	475	146,900	351,222	41.8%
9	Mains - plastic	475	71,688	201,073	35.7%
10	Compressor equipment	476	0	0	0.0%
11	Measuring & regulating equipment	477	50,944	103,779	49.1%
12	Meters	478	16,508	52,403	31.5%
13	Regulatory Overheads		166	11,596	1.4%
14			548,250	1,298,090	
	General plant:				
15	Land	480	0	621	0.0%
16	Structures & improvements	482	18,784	41,368	45.4%
17	Office furniture & equipment	483	5,515	10,789	51.1%
18	Office equipment - computers	483	47,755	83,576	57.1%
19	Transportation equipment	484	11,063	42,627	26.0%
20	Heavy work equipment	485	972	15,812	6.1%
21	Tools & work equipment	486/89/79	15,344	30,813	49.8%
22	Communication equipment	488	6,618	13,319	49.7%
23	Communication structures	488	2,031	2,685	75.6%
24	Regulatory Overheads		296	5,915	5.0%
25			108,378	247,525	
26	Total property plant and equipment		2,416,153	5,913,764	

UNION GAS LIMITED
12 Month Average Working Capital and Other Summary
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Average of Monthly Averages
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	Cash working capital	30,505	30,505	30,505	30,505	30,505	30,505	30,505	30,505	30,505	30,505	30,505	30,505	30,505	30,505
2	Average cost of gas in storage and line pack gas	206,078	145,124	96,043	83,205	109,423	142,093	173,813	184,724	218,562	235,129	230,404	212,171	155,615	167,629
3	Average cost of balancing gas	94,338	94,338	94,338	94,338	94,338	94,338	94,338	94,338	94,338	94,338	94,338	94,338	94,338	94,338
4	Average cost of ABC receivable (gas in storage)	(8,795)	(58,374)	(88,331)	(111,188)	(102,867)	(88,772)	(64,641)	(41,271)	(19,965)	523	9,520	13,060	(9,156)	(46,774)
5	Average cost of inventory of stores spare equipment	28,943	29,095	29,050	28,834	29,086	29,232	29,605	29,755	29,617	29,600	29,532	28,941	28,070	29,238
6	Average cost of prepaid and deferred expenses	1,991	1,493	995	609	97	8,246	7,506	5,347	6,757	7,821	7,493	4,266	946	4,341
7	Average customer deposits	(58,348)	(58,297)	(57,758)	(57,329)	(57,617)	(57,499)	(58,045)	(57,678)	(57,133)	(55,970)	(55,756)	(53,981)	(51,110)	(56,816)
8	Average customer deposit interest	(452)	(477)	(496)	(511)	(531)	(554)	(571)	(651)	(698)	(780)	(816)	(814)	(673)	(622)
9	Month end	294,260	183,407	104,346	68,462	102,434	157,588	212,509	245,069	301,983	341,166	345,220	328,485	248,534	221,838

UNION GAS LIMITED
Cash Working Capital
Calendar Year Ending December 31

Line No.	Particulars ($000's)	Actual 2010
	Working capital for operating and maintenance expenses:	
1	Operating and maintenance expenses [(1)]	351,634
	Adjustments:	
2	Company used gas (net)	(2,359)
3	Excess utility storage space costs excluding fuel	(2,261)
4	Total utility operating and maintenance expenses other than gas purchases costs	347,014
5	Working capital allowance based on 25.2 days (25.2/365 * line 4)	23,958
6	GST working capital allowance based on 27.2 days [(line 4 * 7% * .5)*27.2/365)]	905
7	Working capital allowance for O&M expenses (line 5 + line 6)	24,863
	Working capital allowance for gas purchase costs	
8	Cost of gas [(1)]	795,549
	Adjustments:	
9	Company used gas (net)	2,359
10	Excess utlity storage space fuel costs	(1,873)
11	Adjusted cost of gas (net)	796,035
12	Working capital allowance based on 1.6 days [1.6/365 * line 11)]	3,489
13	GST working capital allowance based on 14.1 days [(line 11 * 7%)*14.1/365)]	2,153
14	Working capital allowance for gas purchase costs	5,642
15	Total cash working capital for O&M and cost of gas	30,505

Note:
(1) Exhibit D6, Tab 1, Schedule 1.

UNION GAS LIMITED
Details of Accumulated Deferred Income Taxes
Calendar Year Ending December 31, 2010

Line No.	Particulars ($000's)	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Monthly Averages
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	Utility deferred tax	126,145	123,174	120,098	118,145	116,811	116,140	115,801	115,157	114,644	114,547	113,075	111,696	109,104	116,410

UNION GAS LIMITED
12 Month Average Utility Net Plant
Total Property, Plant and Equipment
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	Opening Balance	Capital Budget	Transfers	Salvage	Retirements	Closing Balance	Accumulated Depreciation	Net Plant	Average
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	December 2008						5,606,910	2,183,989	3,422,921	
2	January	5,606,910	21,816			(480)	5,628,246	2,197,648	3,430,598	3,426,760
3	February	5,628,246	11,451			(979)	5,638,718	2,212,526	3,426,192	3,428,395
4	March	5,638,718	5,823			(3,863)	5,640,678	2,224,245	3,416,433	3,421,313
5	April	5,640,678	12,818			(127)	5,653,369	2,239,789	3,413,580	3,415,007
6	May	5,653,369	10,970			(2,793)	5,661,546	2,252,256	3,409,290	3,411,435
7	June	5,661,546	33,192			(2,619)	5,692,119	2,264,847	3,427,272	3,418,281
8	July	5,692,119	12,632			(4,529)	5,700,222	2,275,463	3,424,759	3,426,016
9	August	5,700,222	38,283			(685)	5,737,820	2,290,051	3,447,769	3,436,264
10	September	5,737,820	21,282			(1,297)	5,757,805	2,303,724	3,454,081	3,450,925
11	October	5,757,805	43,974			(30,865)	5,770,914	2,288,045	3,482,869	3,468,475
12	November	5,770,914	19,233			(3,031)	5,787,116	2,300,167	3,486,949	3,484,909
13	December 2009	5,787,116	16,539	(14)		(31,252)	5,772,389	2,289,199	3,483,190	3,485,070
14	Total		248,013	(14)	-	(82,520)				41,272,848
15	Average of monthly averages (1/12 of total)						5,696,516	2,257,113		3,439,403
	Gas Plant held for future use:									
16	Ontario exploration and development						-	-		-
17	Unused services						-	-		-
18	Total utility net plant						5,696,516	2,257,113		3,439,403

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/08	Additions				Retirements	Actual Balance Dec. 31/09	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service:										
	Intangible plant:										
1	Franchises and consents	401	2,102					(781)	1,321		1,321
2	Other intangible plant	402	9,370					(3,000)	6,370		6,370
3			11,472	-	-	-	-	(3,781)	7,691	-	7,691
	Local Storage Plant										
4	Land	440	7						7		7
5	Structures and improvements	442	2,603	10	(101)		(91)		2,512		2,512
6	Gas holders - storage	443	4,473		101		101		4,574		4,574
7	Gas holders - equipment	443	7,663	20	996		1,016		8,679		8,679
8	Regulatory Overheads								0		
9			14,746	30	996	-	1,026	-	15,772	-	15,772
	Underground storage plant:										
10	Land	450	3,814						3,814		3,814
11	Land rights	451	32,012	50			50		32,062		32,062
12	Structures and improvements	452	53,804	1,222	197		1,419	(190)	55,033		55,033
13	Wells	453/4/5	86,898	324			324	(57)	87,165		87,165
14	Compressor equipment	456	221,469	3,915			3,915	(2,308)	223,076		223,076
15	Measuring & regulating equipment	457	47,455	1,677			1,677	(2)	49,130		49,130
16	Base pressure gas	458	30,350						30,350		30,350
17	Other equipment	459									
18	Regulatory Overheads										
19			475,802	7,188	197	-	7,385	(2,557)	480,630	-	480,630

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/08	Additions				Retirements	Actual Balance Dec. 31/09	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	Transmission plant:										
1	Land	460	23,861	(185)			(185)	(4)	23,672		23,672
2	Land rights	461	34,282	3,807			3,807	(452)	37,637		37,637
3	Structures & improvements	462/3/4	52,064	893	363		1,256	(61)	53,259		53,259
4	Mains	465	999,000	44,719			44,719	(8,212)	1,035,507		1,035,507
5	Compressor equipment	466	298,979	3,938			3,938	(7,005)	295,912		295,912
6	Measuring & regulating equipment	467	136,460	6,831	(341)		6,490	(2,504)	140,446		140,446
7	Regulatory Overheads										
8			1,544,646	60,003	22	-	60,025	(18,238)	1,586,433	-	1,586,433
	Distribution plant - Southern Operations										
9	Land	470	5,520	1,430	(3)		1,427	(15)	6,932		6,932
10	Land rights	471	5,048	282	3		285		5,333		5,333
11	Structures & improvements	472	77,182	23,121	(71)		23,050	(138)	100,094		100,094
12	Services - metallic	473	110,861	619			619	(1,347)	110,133		110,133
13	Services - plastic	473	711,167	19,166	(201)		18,965	(1,821)	728,311		728,311
14	Regulators	474	68,006	3,496			3,496		71,502		71,502
15	House regulators & meter installations	474	58,186	8,303			8,303	(137)	66,352		66,352
16	Mains - metallic	475	386,096	11,566			11,566	(1,849)	395,813		395,813
17	Mains - plastic	475	471,092	21,158			21,158	(755)	491,495		491,495
18	Measuring & regulating equipment	477	27,864	884			884	(72)	28,676		28,676
19	Meters	478	171,232	12,507	1		12,508	(6,306)	177,434		177,434
20	Regulatory Overheads										
21			2,092,254	102,532	(271)	-	102,261	(12,440)	2,182,075	-	2,182,075
	Distribution plant - Northern & Eastern Operations										
22	Land	470	3,342	293			293		3,635		3,635
23	Land rights	471	8,790	102			102		8,892		8,892
24	Structures & improvements	472	41,869	16,876	476		17,352	(337)	58,884		58,884
25	Services - metallic	473	91,956	620			620	(516)	92,060		92,060
26	Services - plastic	473	336,443	8,346	200		8,546	(234)	344,755		344,755
27	Regulators	474	24,243	1,307			1,307		25,550		25,550
28	House regulators & meter installations	474	28,304	609			609	(53)	28,860		28,860
29	Mains - metallic	475	338,900	7,247			7,247	(717)	345,430		345,430
30	Mains - plastic	475	187,828	8,586			8,586	(47)	196,367		196,367
31	Compressor equipment	476	1,341		(996)		(996)	(345)			
32	Measuring & regulating equipment	477	94,393	8,999	(638)		8,361	(892)	101,862		101,862
33	Meters	478	49,416	4,924			4,924	(2,317)	52,023		52,023
34	Regulatory Overheads										
35			1,206,825	57,909	(958)	-	56,951	(5,458)	1,258,318	-	1,258,318

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/08	Additions				Retirements	Actual Balance Dec. 31/09	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	General plant:										
1	Land	480	621				-		621		621
2	Structures & improvements	482	41,585	73			73	(505)	41,153		41,153
3	Office furniture & equipment	483	16,117	832			832	(1,966)	14,983		14,983
4	Office equipment - computers	483	90,975	15,228			15,228	(21,764)	84,439		84,439
5	Transportation equipment	484	45,979	1,849	(51)		1,798	(8,608)	39,169		39,169
6	Heavy work equipment	485	13,873	891	51		942	(2,485)	12,330		12,330
7	Tools & work equipment	486	33,352	1,779			1,779	(2,228)	32,903		32,903
8	Communication equipment	488	14,631	465			465	(1,909)	13,187		13,187
9	Communication structures	488	3,266					(581)	2,685		2,685
10	Regulatory Overheads										
11			260,399	21,117	-	-	21,117	(40,046)	241,470	-	241,470
12	Total gas plant in service	100	5,606,144	248,779	(14)	-	248,765	(82,520)	5,772,389	-	5,772,389
	Gas plant held for future use -										
13	Gas plant under construction	115	59,086	(29,456)			(29,456)		29,630		29,630
14	Total property plant and equipment		5,665,230	219,323	(14)	-	219,309	(82,520)	5,802,019	-	5,802,019

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/08 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Actual Balance Dec. 31/09 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	Gas Plant in Service:									
	Intangible Plant:									
1	Franchises and consents	401	1,084		83	(781)		386		386
2	Intangible Plant - other	402	8,060		123	(3,000)		5,183		5,183
3			9,144	-	206	(3,781)	-	5,569	-	5,569
	Local Storage Plant									
4	Structures and improvements	442	2,376	(94)	84			2,366		2,366
5	Gas holders - storage	443	4,394	94	121			4,609		4,609
6	Gas holders - equipment	443	6,525	816	301		(17)	7,625		7,625
7	Regulatory Overheads									
8			13,295	816	506	-	(17)	14,600	-	14,600
	Underground storage plant:									
9	Land rights	451	8,856		714			9,570		9,570
10	Structures & improvements	452	20,850	89	1,274	(190)		22,023		22,023
11	Wells and lines	453/4/5	31,129		2,315	(57)		33,387		33,387
12	Compressor equipment	456	108,338	3	7,090	(2,308)	(138)	112,985		112,985
13	Measuring & regulating equipment	457	31,067		2,077	(2)	6	33,148		33,148
14	Other equipment	459								
15	Regulatory Overheads									
16			200,240	92	13,470	(2,557)	(132)	211,113	-	211,113
	Transmission plant:									
17	Land rights	461	7,577	322	719	(452)		8,166		8,166
18	Structures & improvements	462/3/4	23,291	154	1,401	(61)	(112)	24,673		24,673
19	Mains	465	353,654	4,311	24,109	(8,212)	(10)	373,852		373,852
20	Compressor equipment	466	76,287		10,470	(7,005)	74	79,826		79,826
21	Measuring & regulating equipment	467	56,017	656	4,998	(2,504)	(10)	59,157		59,157
22	Regulatory Overheads									
23			516,826	5,443	41,697	(18,234)	(58)	545,674	-	545,674

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/08 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Actual Balance Dec. 31/09 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	Distribution plant - Southern Operations									
1	Land rights	470	989		86			1,075		1,075
2	Structures & improvements	471	40,899	(32)	2,594	(138)	1	43,324		43,324
3	Services - metallic	472	96,995		4,077	(1,347)	(576)	99,149		99,149
4	Services - plastic	472	248,778	(69)	22,888	(1,821)	(298)	269,478		269,478
5	Regulators	473	26,702		2,301			29,003		29,003
6	Regulator & meter installations	474	22,290	1	2,186	(137)		24,340		24,340
7	Mains - metallic	475	200,225		9,930	(1,849)	(2,725)	205,581		205,581
8	Mains - plastic	475	135,379		11,263	(755)	(227)	145,660		145,660
9	Measuring & regulating equipment	477	13,474		1,312	(72)	(82)	14,632		14,632
10	Meters	478	59,500	46	6,450	(6,306)	156	59,846		59,846
11	Regulatory Overheads									
12			845,231	(54)	63,087	(12,425)	(3,751)	892,088	-	892,088
	Distribution plant - Northern & Eastern Operations									
13	Land rights	471	2,752		149			2,901		2,901
14	Structures & improvements	472	18,327	230	1,595	(337)		19,815		19,815
15	Services - metallic	473	56,937		3,294	(516)	(527)	59,188		59,188
16	Services - plastic	473	132,774	69	10,865	(234)	(69)	143,405		143,405
17	Regulators	474	9,613		832			10,445		10,445
18	Regulator & meter installations	474	8,167		1,000	(53)	(1)	9,113		9,113
19	Mains - metallic	475	131,140		8,623	(717)	(199)	138,847		138,847
20	Mains - plastic	475	62,631		4,514	(47)	(29)	67,069		67,069
21	Compressor Equipment	476	1,141	(816)	20	(345)				
22	Measuring & regulating equipment	477	42,948	(303)	4,543	(892)	(54)	46,242		46,242
23	Meters	478	17,196		1,861	(2,317)	5	16,745		16,745
24	Regulatory Overheads									
25			483,626	(820)	37,296	(5,458)	(874)	513,770	-	513,770

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/08	Transfers	Provisions	Retirements	Net Salvage /(Costs)	Actual Balance Dec. 31/09	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	General plant:									
1	Structures & improvements	482	17,423		933	(505)		17,851		17,851
2	Office furniture & equipment	483	10,055		1,037	(1,966)		9,126		9,126
3	Office equipment - computers	483	44,289		21,927	(21,764)	(10)	44,442		44,442
4	Transportation equipment	484	13,251	(9)	4,287	(8,608)	18	8,939		8,939
5	Heavy work equipment	485	2,586	9	595	(2,485)	4	709		709
6	Tools and other equipment	486/89/79	17,086		2,209	(2,228)	7	17,074		17,074
7	Communication equipment	488	7,245		926	(1,909)		6,262		6,262
8	Communication structures	488	2,403		147	(581)		1,969		1,969
9	Regulatory Overheads									
10			114,338	-	32,061	(40,046)	19	106,372	-	106,372
11	Total gas plant in service		2,182,700	5,477	188,323	(82,501)	(4,813)	2,289,186	-	2,289,186
12	Total		2,182,700	5,477	188,323	(82,501)	(4,813)	2,289,186	-	2,289,186

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/08	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/09
			(a)	(b)	(c)	(d)	(e)
	Gas Plant Under Construction (O.E.B. Account Number 115)						
	Local Storage Plant						
1	Land	440					
2	Structure	442					
3	Gas Holder - Storage Tank	443					
4	Gas Holder - Equipment	443					
5	Total Local Storage Plant		-	-	-	-	-
	Underground Storage Plant:						
6	Land	450					
7	Land Rights	451					
8	Structures and Improvements	452	496	(496)	298	(198)	298
9	Dawn Plant J						
10	Wells	453/4					
11	Field Lines	455	-	-	203	203	203
12	Compressor Equipment	456	726	(726)	179	(547)	179
13	STO Dawn E HPT Blade Rejuvenation		637	(637)	-	(637)	-
14	Integrity -Dawn North				935	935	935
15	Dawn Plant J		1,576	-	(200)	(200)	1,376
16	Expansion Pre-spend						
17	Measuring & Regulating Equipment	457	(80)	80	569	649	569
18	Dehy Incinerator Installations						
19	Dawn Plant J						
20	Integrity - 48" Trafalgar						
21	Base Pressure Gas	458					
22	Total Underground Storage Plant		3,355	(1,779)	1,984	205	3,560

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/08	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/09
			(a)	(b)	(c)	(d)	(e)
	Transmission Plant						
1	Land	460	45	(45)	43	(2)	43
2	Parkway Lands						
3	Dawn-Trafalgar System - Strathroy-Lobo						
4	Milton East Gate Station		-	-	179	179	179
5	Parkway West						
6	Land Rights	461					
7	Dawn-Trafalgar System - Strathroy-Lobo						
8	St. Clair Energy Centre						
9	Brantford-Kirkwall		1	(1)	-	(1)	-
10	Highway 26 - Woodford to Meaford (Phase 2)						
11	Structures	462/463/464	181	(181)	21	(160)	21
12	Parkway B Compressor						
13	Dawn-Trafalgar System - Bright						
14	Lobo A&B						
15	Milton East Gate Station						
16	Mains	465	524	(524)	147	(377)	147
17	Dawn-Trafalgar System - Strathroy-Lobo						
18	St. Clair Energy Centre						
19	West GTA (Halton Hills)		497	(497)	-	(497)	-
20	Meaford Big Head River		1,047	(1,047)	-	(1,047)	-
21	Traf Repl NPS 26&34 Hwy 25		5,275	-	(2,778)	(2,778)	2,497
22	Brantford-Kirkwall		43	(43)	-	(43)	-
23	Integrity-48" Trafalgar		912	(912)	-	(912)	-
24	Stratford Gate Relocation		-	-	(498)	(498)	(498)
25	Highway 26 - Woodford to Meaford (Phase 2)						
26	Owen Sound Replacement						
27	Compressor Equipment	466	520	(520)	246	(274)	246
28	Parkway B Compressor						
29	Dawn-Trafalgar System - Bright		682	(682)	-	(682)	-
30	Dawn-Trafalgar System - Phase IV-Lobo C		3,499	(3,499)	-	(3,499)	-
31	Lobo A&B		-	-	1,446	1,446	1,446
32	Parkway West						
33	Measuring & Regulating Equipment	467	747	(747)	230	(517)	230
34	Parkway B Compressor						
35	Milton East Gate Station						
36	Lobo A&B						
37	TSSA Fuel Safety Program						
38	Total Transmission Plant		13,973	(8,698)	(964)	(9,662)	4,311

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/08	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/09
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	South						
1	Land	470					
2	Windsor Service Centre		1,377	(1,377)	-	(1,377)	-
3	Burlington Service Centre						
4	Hyde Park Reinforcement						
5	Leamington Line Replacement		3	-	-	-	3
6	Hamilton Service Centre (Glover Rd, Stoney Creek)						
7	Land Rights	471	5	(5)	71	66	71
8	West GTA (Halton Hills)		1,406	(1,406)	-	(1,406)	-
9	Structures	472					
10	Burlington Service Centre						
11	Hamilton Building (Pritchard Rd Hamilton)						
12	Chatham HO Chiller						
13	Windsor Service Centre		8,594	(8,594)	-	(8,594)	-
14	Waterloo Building						
15	Hamilton Service Centre (Glover Rd, Stoney Creek)						
16	Services - metallic	473	74	(74)	-	(74)	-
17	Leamington Line Replacement		11	-	-	-	11
18	Services - plastic	473	112	(112)	21	(91)	21
19	Leamington Line Replacement		16	-	-	-	16
20	Dalhousie St Replacement		-	-	23	23	23
21	Highway 26 - Woodford to Meaford (Phase 2)						
22	Mains - metallic	475	1,055	(1,055)	758	(297)	758
23	Leamington Line Replacement		715	-	71	71	786
24	Hyde Park Reinforcement						
25	Steeles Ave HP Hamilton		691	(691)	-	(691)	-
26	Burlington Service Centre						
27	Dalhousie St Replacement		-	-	510	510	510
28	Milton East Gate Station						
29	Lambton Power Plant						
30	Nanticoke Power Plant						
31	Mains - plastic	475	2,181	(2,181)	280	(1,901)	280
32	Leamington Line Replacement		3	-	-	-	3
33	Dalhousie St Replacement		-	-	6	6	6
34	Highway 26 - Woodford to Meaford (Phase 2)						
35	Measuring & regulating equipment	477	449	(449)	165	(284)	165
36	Leamington Line Replacement		220	-	13	13	233
37	West GTA (Halton Hills)		1	(1)	-	(1)	-
38	Highway 26 - Woodford to Meaford (Phase 2)						
39	TSSA Fuel Safety Program						
40	Customer Stations	474	147	(147)	(66)	(213)	(66)
41	St. Clair Energy Centre						
42	Toyota Plant						
43	Leamington Line Replacement		10	-	-	-	10
44	West GTA (Halton Hills)		157	(157)		(157)	
45	Dalhousie St Replacement		-	-	35	35	35
46	Total Distribution South Plant		17,227	(16,249)	1,887	(14,362)	2,865

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/08	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/09
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	North & East						
1	Land	470					
2	Kingston Service Centre		129	(129)	-	(129)	-
3	Land Rights	471	4	(4)	7	3	7
4	Structures	472					
5	Kingston Service Centre		3,743	(3,743)	-	(3,743)	-
6	Services - metallic	473					
7	Services - plastic	473	24	(24)	2	(22)	2
8	Mains - metallic	475	50	(50)	(87)	(137)	(87)
9	Integrity - Thunder Bay Loop		-	-	601	601	601
10	Red Lake Distribution Phase 1						
11	Thunder Bay Power Plant						
12	Mains - plastic	475	337	(337)	7	(330)	7
13	Measuring & regulating equipment	477	492	(492)	32	(460)	32
14	TSSA Heater Upgrade						
15	Iroquious TBS		591	(591)	-	(591)	-
16	Customer Stations	474					
17	Total Distribution North & East Plant		5,370	(5,370)	562	(4,808)	562
18	Total Distribution Plant		22,597	(21,619)	2,449	(19,170)	3,427

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/08	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/09
			(a)	(b)	(c)	(d)	(e)
	General Plant						
1	Structures	482	24	(24)	-	(24)	-
2	SCADA Replacement (Building)						
3	Office equipment - computers	483	1,504	(1,504)	1,529	25	1,529
4	Gas Distribution Access Rule						
5	Replace RM/MC Software						
6	IVR Replacement						
7	GIS Replacement		3,573	-	2,455	2,455	6,028
8	ESPM (NGEIR)						
9	Parkway B Compressor						
10	SAP-East ERP Upgrade		953	(953)	-	(953)	-
11	SCADA Replacement		504	-	1,466	1,466	1,970
12	Probability & Risk Optimization		-	-	573	573	573
13	SAP BPC Implementation						
14	Care/Contrax Replacement						
15	Tools & work equipment	486	15	(15)	-	(15)	-
16	Office Furniture	483					
17	Burlington Service Centre						
18	SCADA Replacement						
19	Total General Plant		6,573	(2,496)	6,023	3,527	10,100
20	Total		46,498	(34,592)	9,492	(25,100)	21,398
	Undistributed plant:						
	Unclassified plant-						
21	Interest During Construction						
22	Overhead Capitalization		12,588	(12,588)	8,232	(4,356)	8,232
23	Total of all projects		59,086	(47,180)	17,724	(29,456)	29,630

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/09 (a)	Balance Gross Asset Dec. 31/09 (b)	Ratio % (c)
	Gas Plant in Service:				
	Intangible plant:				
1	Franchises and consents	401	386	1,321	29.2%
2	Other intangible plant	402	5,183	6,370	81.4%
3			5,569	7,691	
	Local Storage Plant:				
4	Land	440	0	7	0.0%
5	Structures and improvements	442	2,366	2,512	94.2%
6	Gas holders - storage	443	4,609	4,574	100.8%
7	Gas holders - equipment	443	7,625	8,679	87.9%
8	Regulatory Overheads		0	0	0.0%
9			14,600	15,772	
	Underground storage plant:				
10	Land	450	0	3,814	0.0%
11	Land rights	451	9,570	32,062	29.8%
12	Structures and improvements	452	22,023	55,033	40.0%
13	Wells	453/4/5	33,387	87,165	38.3%
14	Compressor equipment	456	112,985	223,076	50.6%
15	Measuring & regulating equipment	457	33,148	49,130	67.5%
16	Base pressure gas	458	0	30,350	0.0%
17	Other equipment	459	0	0	0.0%
18	Regulatory Overheads		0	0	0.0%
19			211,113	480,630	
	Transmission plant:				
20	Land	460	0	23,672	0.0%
21	Land rights	461	8,166	37,637	21.7%
22	Structures & improvements	462/3/4	24,673	53,259	46.3%
23	Mains	465	373,852	1,035,507	36.1%
24	Compressor equipment	466	79,826	295,912	27.0%
25	Measuring & regulating equipment	467	59,157	140,446	42.1%
26	Regulatory Overheads		0	0	0.0%
27			545,674	1,586,433	
	Distribution - Southern Operations				
28	Land	470	0	6,932	0.0%
29	Land rights	471	1,075	5,333	20.2%
30	Structures & improvements	472	43,324	100,094	43.3%
31	Services - metallic	473	99,149	110,133	90.0%
32	Services - plastic	473	269,478	728,311	37.0%
33	Regulators	474	29,003	71,502	40.6%
34	House Regulators & Installations	474	24,340	66,352	36.7%
35	Mains - metallic	475	205,581	395,813	51.9%
36	Mains - plastic	475	145,660	491,495	29.6%
37	Measuring & regulating equipment	477	14,632	28,676	51.0%
38	Meters	478	59,846	177,434	33.7%
39	Regulatory Overheads		0	0	0.0%
40			892,088	2,182,075	

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2009

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/09 (a)	Balance Gross Asset Dec. 31/09 (b)	Ratio % (c)
	Gas Plant in Service:				
	Distribution - Northern Operations				
1	Land	470	0	3,635	0.0%
2	Land rights	471	2,901	8,892	32.6%
3	Structures & improvements	472	19,815	58,884	33.7%
4	Services - metallic	473	59,188	92,060	64.3%
5	Services - plastic	473	143,405	344,755	41.6%
6	Regulators	474	10,445	25,550	40.9%
7	Regulator & meter installations	474	9,113	28,860	31.6%
8	Mains - metallic	475	138,847	345,430	40.2%
9	Mains - plastic	475	67,069	196,367	34.2%
10	Compressor equipment	476	0	0	0.0%
11	Measuring & regulating equipment	477	46,242	101,862	45.4%
12	Meters	478	16,745	52,023	32.2%
13	Regulatory Overheads		0	0	0.0%
14			513,770	1,258,318	
	General plant:				
15	Land	480	0	621	0.0%
16	Structures & improvements	482	17,851	41,153	43.4%
17	Office furniture & equipment	483	9,126	14,983	60.9%
18	Office equipment - computers	483	44,442	84,439	52.6%
19	Transportation equipment	484	8,939	39,169	22.8%
20	Heavy work equipment	485	709	12,330	5.8%
21	Tools & work equipment	486/89/79	17,074	32,903	51.9%
22	Communication equipment	488	6,262	13,187	47.5%
23	Communication structures	488	1,969	2,685	73.3%
24	Regulatory Overheads		0	0	0.0%
25			106,372	241,470	
26	Total property plant and equipment		2,289,186	5,772,389	

UNION GAS LIMITED
12 Month Average Utility Net Plant
Total Property, Plant and Equipment
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	Opening Balance (a)	Capital Budget (b)	Transfers (c)	Salvage (d)	Retirements (e)	Closing Balance (f)	Accumulated Depreciation (g)	Net Plant (h)	Average (i)
1	December 2007						5,351,727	2,050,075	3,301,652	
2	January	5,351,727	23,095	(14)		-	5,374,808	2,063,832	3,310,976	3,306,314
3	February	5,374,808	5,126	(3)		(331)	5,379,600	2,078,609	3,300,991	3,305,984
4	March	5,379,600	4,531	(2)		(1,657)	5,382,472	2,092,135	3,290,337	3,295,664
5	April	5,382,472	16,834	(9)		(342)	5,398,955	2,106,945	3,292,010	3,291,174
6	May	5,398,955	6,461	(4)		(1,203)	5,404,209	2,120,683	3,283,526	3,287,768
7	June	5,404,209	21,551	(12)		(923)	5,424,825	2,134,536	3,290,289	3,286,908
8	July	5,424,825	20,024	(11)		(1,304)	5,443,534	2,148,124	3,295,410	3,292,850
9	August	5,443,534	15,519	(8)		(1,758)	5,457,287	2,161,278	3,296,009	3,295,710
10	September	5,457,287	20,248	(11)		(1,451)	5,476,073	2,174,813	3,301,260	3,298,635
11	October	5,476,073	95,424	(52)		(1,461)	5,569,984	2,188,166	3,381,818	3,341,539
12	November	5,569,984	23,703	(13)		(799)	5,592,875	2,202,226	3,390,649	3,386,234
13	December 2008	5,592,875	44,984	(24)		(30,925)	5,606,910	2,183,989	3,422,921	3,406,785
14	Total		297,500	(163)	-	(42,154)				39,795,562
15	Average of monthly averages (1/12 of total)						5,448,662	2,132,365		3,316,297
	Gas Plant held for future use:									
16	Ontario exploration and development						-	-		-
17	Unused services						-	-		-
18	Total utility net plant						5,448,662	2,132,365		3,316,297

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/07	Additions: Capital Additions	Additions: Transfers	Additions: Net Salvage	Additions: Net Additions	Retirements	Actual Balance Dec. 31/08	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service:										
	Intangible plant:										
1	Franchises and consents	401	2,102						2,102		2,102
2	Other intangible plant	402	9,370						9,370		9,370
3			11,472	-	-	-	-	-	11,472	-	11,472
	Local Storage Plant										
4	Land	440	7						7		7
5	Structures and improvements	442	2,578	25			25		2,603		2,603
6	Gas holders - storage	443	4,473						4,473		4,473
7	Gas holders - equipment	443	7,663						7,663		7,663
8	Regulatory Overheads										
9			14,721	25	-	-	25	-	14,746	-	14,746
	Underground storage plant:										
10	Land	450	3,814						3,814		3,814
11	Land rights	451	31,983	29			29		32,012		32,012
12	Structures and improvements	452	51,681	2,123			2,123		53,804		53,804
13	Wells	453/4/5	85,843	1,694			1,694	(639)	86,898		86,898
14	Compressor equipment	456	220,423	1,796			1,796	(750)	221,469		221,469
15	Measuring & regulating equipment	457	47,398	57			57		47,455		47,455
16	Base pressure gas	458	30,350						30,350		30,350
17	Other equipment	459									
18	Regulatory Overheads										
19			471,492	5,699	-	-	5,699	(1,389)	475,802	-	475,802

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/07	Additions: Capital Additions	Additions: Transfers	Additions: Net Salvage	Additions: Net Additions	Retirements	Actual Balance Dec. 31/08	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	Transmission plant:										
1	Land	460	24,349	(488)			(488)		23,861		23,861
2	Land rights	461	34,209	73			73		34,282		34,282
3	Structures & improvements	462/3/4	44,439	7,628			7,628	(3)	52,064		52,064
4	Mains	465	984,378	14,845			14,845	(223)	999,000		999,000
5	Compressor equipment	466	146,874	152,105			152,105		298,979		298,979
6	Measuring & regulating equipment	467	130,366	6,176			6,176	(82)	136,460		136,460
7	Regulatory Overheads		-				-		0		-
8			1,364,615	180,339	-	-	180,339	(308)	1,544,646	-	1,544,646
	Distribution plant - Southern Operations										
9	Land	470	4,163	1,357			1,357		5,520		5,520
10	Land rights	471	4,629	419			419		5,048		5,048
11	Structures & improvements	472	60,429	16,760			16,760	(7)	77,182		77,182
12	Services - metallic	473	111,421	1,150	(49)		1,101	(1,661)	110,861		110,861
13	Services - plastic	473	679,998	33,277	(2)		33,275	(2,106)	711,167		711,167
14	Regulators	474	64,643	3,363			3,363		68,006		68,006
15	House regulators & meter installatio	474	49,544	8,661			8,661	(19)	58,186		58,186
16	Mains - metallic	475	375,989	10,488	49		10,537	(430)	386,096		386,096
17	Mains - plastic	475	448,685	22,506	2		22,508	(101)	471,092		471,092
18	Measuring & regulating equipment	477	23,760	4,151			4,151	(47)	27,864		27,864
19	Meters	478	167,992	8,984			8,984	(5,744)	171,232		171,232
20	Regulatory Overheads		-				-		0		-
21			1,991,253	111,116	-	-	111,116	(10,115)	2,092,254	-	2,092,254
	Distribution plant - Northern & Eastern Operations										
22	Land	470	3,261	81			81		3,342		3,342
23	Land rights	471	8,611	179			179		8,790		8,790
24	Structures & improvements	472	41,620	270			270	(21)	41,869		41,869
25	Services - metallic	473	90,341	2,036			2,036	(421)	91,956		91,956
26	Services - plastic	473	325,536	11,188			11,188	(281)	336,443		336,443
27	Regulators	474	23,221	1,022			1,022		24,243		24,243
28	House regulators & meter installatio	474	25,906	2,398			2,398		28,304		28,304
29	Mains - metallic	475	329,596	9,844			9,844	(540)	338,900		338,900
30	Mains - plastic	475	183,450	4,426			4,426	(48)	187,828		187,828
31	Compressor equipment	476	1,341				-		1,341		1,341
32	Measuring & regulating equipment	477	88,277	6,322			6,322	(206)	94,393		94,393
33	Meters	478	49,096	2,322			2,322	(2,002)	49,416		49,416
34	Regulatory Overheads		-				-		0		-
35			1,170,256	40,088	-	-	40,088	(3,519)	1,206,825	-	1,206,825

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/07	Additions: Capital Additions	Additions: Transfers	Additions: Net Salvage	Additions: Net Additions	Retirements	Actual Balance Dec. 31/08	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	General plant:										
1	Land	480	621				-		621		621
2	Structures & improvements	482	41,193	1,107	(12)		1,095	(703)	41,585		41,585
3	Office furniture & equipment	483	16,289	1,134	5		1,139	(1,311)	16,117		16,117
4	Office equipment - computers	483	81,929	21,184	(273)		20,911	(11,865)	90,975		90,975
5	Transportation equipment	484	47,431	6,204	68		6,272	(7,724)	45,979		45,979
6	Heavy work equipment	485	13,651	937	(11)		926	(704)	13,873		13,873
7	Tools & work equipment	486	32,376	2,346	(29)		2,317	(1,341)	33,352		33,352
8	Communication equipment	488	17,494	226	86		312	(3,175)	14,631		14,631
9	Communication structures	488	3,263		3		3		3,266		3,266
10	Regulatory Overheads								0		-
11			254,247	33,138	(163)	-	32,975	(26,823)	260,399	-	260,399
12	Total gas plant in service	100	5,278,056	370,405	(163)	-	370,242	(42,154)	5,606,144	-	5,606,144
	Gas plant held for future use -										
13	Gas plant under construction	115	133,285	(74,199)			(74,199)		59,086		59,086
14	Total property plant and equipment		5,411,341	296,206	(163)	-	296,043	(42,154)	5,665,230	-	5,665,230

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/07 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Actual Balance Dec. 31/08 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	Gas Plant in Service:									
	Intangible Plant:									
1	Franchises and consents	401	983		101			1,084		1,084
2	Intangible Plant - other	402	7,937		123			8,060		8,060
3			8,920	-	224	-	-	9,144	-	9,144
	Local Storage Plant									
4	Structures and improvements	442	2,291		85			2,376		2,376
5	Gas holders - storage	443	4,274		120			4,394		4,394
6	Gas holders - equipment	443	6,247		282		(4)	6,525		6,525
7	Regulatory Overheads									
8			12,812	-	487	-	(4)	13,295	-	13,295
	Underground storage plant:									
9	Land rights	451	8,142		714			8,856		8,856
10	Structures & improvements	452	19,795		1,234		(179)	20,850		20,850
11	Wells and lines	453/4/5	30,258		2,298	(639)	(788)	31,129		31,129
12	Compressor equipment	456	102,779		7,048	(750)	(739)	108,338		108,338
13	Measuring & regulating equipment	457	29,220		2,039		(192)	31,067		31,067
14	Other equipment	459								
15	Regulatory Overheads									
16			190,194	-	13,333	(1,389)	(1,898)	200,240	-	200,240
	Transmission plant:									
17	Land rights	461	6,892		685			7,577		7,577
18	Structures & improvements	462/3/4	22,012		1,283	(3)	(1)	23,291		23,291
19	Mains	465	330,534		23,503	(223)	(160)	353,654		353,654
20	Compressor equipment	466	68,078		7,847		362	76,287		76,287
21	Measuring & regulating equipment	467	51,355		4,817	(82)	(73)	56,017		56,017
22	Regulatory Overheads									
23			478,871	-	38,135	(308)	128	516,826	-	516,826

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/07 (a)	Transfers (b)	Provisions (c)	Retirements (d)	Net Salvage /(Costs) (e)	Actual Balance Dec. 31/08 (f)	Adjustments (g)	Adjusted Utility Balance (h)
	Distribution plant - Southern Operations									
1	Land rights	470	908		81			989		989
2	Structures & improvements	471	38,889		2,021	(7)	(4)	40,899		40,899
3	Services - metallic	472	95,320	(42)	4,102	(1,661)	(724)	96,995		96,995
4	Services - plastic	472	229,093	(1)	22,120	(2,106)	(328)	248,778		248,778
5	Regulators	473	24,513		2,189			26,702		26,702
6	Regulator & meter installations	474	20,419		1,890	(19)		22,290		22,290
7	Mains - metallic	475	192,872	42	9,678	(430)	(1,937)	200,225		200,225
8	Mains - plastic	475	124,969	1	10,760	(101)	(250)	135,379		135,379
9	Measuring & regulating equipment	477	12,432		1,198	(47)	(109)	13,474		13,474
10	Meters	478	58,897		6,276	(5,744)	71	59,500		59,500
11	Regulatory Overheads									
12			798,312	-	60,315	(10,115)	(3,281)	845,231	-	845,231
	Distribution plant - Northern & Eastern Operations									
13	Land rights	471	2,606		146			2,752		2,752
14	Structures & improvements	472	16,993		1,355	(21)		18,327		18,327
15	Services - metallic	473	54,683		3,263	(421)	(588)	56,937		56,937
16	Services - plastic	473	122,574		10,559	(281)	(78)	132,774		132,774
17	Regulators	474	8,817		793		3	9,613		9,613
18	Regulator & meter installations	474	7,219		949		(1)	8,167		8,167
19	Mains - metallic	475	123,417		8,423	(540)	(160)	131,140		131,140
20	Mains - plastic	475	58,334		4,362	(48)	(17)	62,631		62,631
21	Compressor Equipment	476	1,097		44			1,141		1,141
22	Measuring & regulating equipment	477	38,982		4,229	(206)	(57)	42,948		42,948
23	Meters	478	17,378		1,808	(2,002)	12	17,196		17,196
24	Regulatory Overheads									
25			452,100	-	35,931	(3,519)	(886)	483,626	-	483,626

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/07	Transfers	Provisions	Retirements	Net Salvage /(Costs)	Actual Balance Dec. 31/08	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	General plant:									
1	Structures & improvements	482	17,167		959	(703)		17,423		17,423
2	Office furniture & equipment	483	10,247		1,119	(1,311)		10,055		10,055
3	Office equipment - computers	483	34,194		21,960	(11,865)		44,289		44,289
4	Transportation equipment	484	15,611		4,771	(7,724)	593	13,251		13,251
5	Heavy work equipment	485	2,676		614	(704)		2,586		2,586
6	Tools and other equipment	486/89/79	16,196		2,231	(1,341)		17,086		17,086
7	Communication equipment	488	9,255		1,165	(3,175)		7,245		7,245
8	Communication structures	488	2,244		159			2,403		2,403
9	Regulatory Overheads									
10			107,590	-	32,978	(26,823)	593	114,338	-	114,338
11	Total gas plant in service		2,048,799	-	181,403	(42,154)	(5,348)	2,182,700	-	2,182,700
12	Total		2,048,799	-	181,403	(42,154)	(5,348)	2,182,700	-	2,182,700

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/07	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/08
			(a)	(b)	(c)	(d)	(e)
	Gas Plant Under Construction (O.E.B. Account Number 115)						
	Local Storage Plant						
1	Land	440					
2	Structure	442					
3	Gas Holder - Storage Tank	443					
4	Gas Holder - Equipment	443					
5	Total Local Storage Plant		-	-	-	-	-
	Underground Storage Plant:						
6	Land	450					
7	Land Rights	451					
8	Structures and Improvements	452	209	(209)	496	287	496
9	Dawn Plant J						
10	Wells	453/4					
11	Field Lines	455	30	(30)	-	(30)	-
12	Compressor Equipment	456	45	(45)	726	681	726
13	STO Dawn E HPT Blade Rejuvenation		-	-	637	637	637
14	Integrity -Dawn North						
15	Dawn Plant J		-	-	1,576	1,576	1,576
16	Expansion Pre-spend						
17	Measuring & Regulating Equipment	457	49	(49)	(80)	(129)	(80)
18	Dehy Incinerator Installations						
19	Dawn Plant J						
20	Integrity - 48" Trafalgar						
21	Base Pressure Gas	458					
22	Total Underground Storage Plant		333	(333)	3,355	3,022	3,355

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/07	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/08
			(a)	(b)	(c)	(d)	(e)
	Transmission Plant						
1	Land	460	47	(47)	45	(2)	45
2	Parkway Lands						
3	Dawn-Trafalgar System - Strathroy-Lobo						
4	Milton East Gate Station						
5	Parkway West						
6	Land Rights	461					
7	Dawn-Trafalgar System - Strathroy-Lobo						
8	St. Clair Energy Centre						
9	Brantford-Kirkwall		-	-	1	1	1
10	Highway 26 - Woodford to Meaford (Phase 2)						
11	Structures	462/463/464	25	(25)	181	156	181
12	Parkway B Compressor		4,334	(4,334)	-	(4,334)	-
13	Dawn-Trafalgar System - Bright		594	(594)	-	(594)	-
14	Lobo A&B						
15	Milton East Gate Station						
16	Mains	465	495	(495)	524	29	524
17	Dawn-Trafalgar System - Strathroy-Lobo						
18	St. Clair Energy Centre						
19	West GTA (Halton Hills)		117	-	380	380	497
20	Meaford Big Head River		-	-	1,047	1,047	1,047
21	Traf Repl NPS 26&34 Hwy 25		-	-	5,275	5,275	5,275
22	Brantford-Kirkwall		-	-	43	43	43
23	Integrity-48" Trafalgar		-	-	912	912	912
24	Stratford Gate Relocation						
25	Highway 26 - Woodford to Meaford (Phase 2)						
26	Owen Sound Replacement						
27	Compressor Equipment	466	227	(227)	520	293	520
28	Parkway B Compressor		57,125	(57,125)	-	(57,125)	-
29	Dawn-Trafalgar System - Bright		17,965	(17,283)	-	(17,283)	682
30	Dawn-Trafalgar System - Phase IV-Lobo C		-	-	3,499	3,499	3,499
31	Lobo A&B						
32	Parkway West						
33	Measuring & Regulating Equipment	467	962	(962)	747	(215)	747
34	Parkway B Compressor		5,991	(5,991)	-	(5,991)	-
35	Milton East Gate Station						
36	Lobo A&B						
37	TSSA Fuel Safety Program						
38	Total Transmission Plant		87,882	(87,083)	13,174	(73,909)	13,973

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/07	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/08
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	South						
1	Land	470	18	(18)	-	(18)	-
2	Windsor Service Centre		1,310	-	67	67	1,377
3	Burlington Service Centre		1,262	(1,262)	-	(1,262)	-
4	Hyde Park Reinforcement		20	(20)	-	(20)	-
5	Leamington Line Replacement		3	-	-	-	3
6	Hamilton Service Centre (Glover Rd, Stoney Creek)						
7	Land Rights	471	2	(2)	5	3	5
8	West GTA (Halton Hills)		-	-	1,406	1,406	1,406
9	Structures	472	7	(7)	-	(7)	-
10	Burlington Service Centre		7,943	(7,943)	-	(7,943)	-
11	Hamilton Building (Pritchard Rd Hamilton)						
12	Chatham HO Chiller						
13	Windsor Service Centre		1,204	-	7,390	7,390	8,594
14	Waterloo Building						
15	Hamilton Service Centre (Glover Rd, Stoney Creek)						
16	Services - metallic	473	-	-	74	74	74
17	Leamington Line Replacement		-	-	11	11	11
18	Services - plastic	473	297	(297)	112	(185)	112
19	Leamington Line Replacement		24	-	(8)	(8)	16
20	Dalhousie St Replacement						
21	Highway 26 - Woodford to Meaford (Phase 2)						
22	Mains - metallic	475	897	(897)	1,055	158	1,055
23	Leamington Line Replacement		544	-	171	171	715
24	Hyde Park Reinforcement		518	(518)	-	(518)	-
25	Steeles Ave HP Hamilton		405	-	286	286	691
26	Burlington Service Centre		22	(22)	-	(22)	-
27	Dalhousie St Replacement						
28	Milton East Gate Station						
29	Lambton Power Plant						
30	Nanticoke Power Plant						
31	Mains - plastic	475	2,088	(2,088)	2,181	93	2,181
32	Leamington Line Replacement		-	-	3	3	3
33	Dalhousie St Replacement						
34	Highway 26 - Woodford to Meaford (Phase 2)						
35	Measuring & regulating equipment	477	644	(644)	449	(195)	449
36	Leamington Line Replacement		202	-	18	18	220
37	West GTA (Halton Hills)		-	-	1	1	1
38	Highway 26 - Woodford to Meaford (Phase 2)						
39	TSSA Fuel Safety Program						
40	Customer Stations	474	86	(86)	147	61	147
41	St. Clair Energy Centre		2,894	(2,894)	-	(2,894)	-
42	Toyota Plant		(306)	306	-	306	-
43	Leamington Line Replacement		10	-	-	-	10
44	West GTA (Halton Hills)		-	-	157	157	157
45	Dalhousie St Replacement						
46	Total Distribution South Plant		20,094	(16,392)	13,525	(2,867)	17,227

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/07	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/08
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	North & East						
1	Land	470	2	(2)	-	(2)	-
2	Kingston Service Centre		123	-	6	6	129
3	Land Rights	471	92	(92)	4	(88)	4
4	Structures	472					
5	Kingston Service Centre		1,256	-	2,487	2,487	3,743
6	Services - metallic	473					
7	Services - plastic	473	6	(6)	24	18	24
8	Mains - metallic	475	459	(459)	50	(409)	50
9	Integrity - Thunder Bay Loop						
10	Red Lake Distribution Phase 1						
11	Thunder Bay Power Plant						
12	Mains - plastic	475	109	(109)	337	228	337
13	Measuring & regulating equipment	477	477	(477)	492	15	492
14	TSSA Heater Upgrade		448	(448)	-	(448)	-
15	Iroquious TBS		-	-	591	591	591
16	Customer Stations	474	349	(349)	-	(349)	-
17	Total Distribution North & East Plant		3,321	(1,942)	3,991	2,049	5,370
18	Total Distribution Plant		23,415	(18,334)	17,516	(818)	22,597

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
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Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/07	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/08
			(a)	(b)	(c)	(d)	(e)
	General Plant						
1	Structures	482	-	-	24	24	24
2	SCADA Replacement (Building)						
3	Office equipment - computers	483	438	(438)	1,504	1,066	1,504
4	Gas Distribution Access Rule						
5	Replace RM/MC Software		1,793	(1,793)	-	(1,793)	-
6	IVR Replacement						
7	GIS Replacement		856	-	2,717	2,717	3,573
8	ESPM (NGEIR)		1,876	(1,876)	-	(1,876)	-
9	Parkway B Compressor		4	(4)	-	(4)	-
10	SAP-East ERP Upgrade		-	-	953	953	953
11	SCADA Replacement		-	-	504	504	504
12	Probability & Risk Optimization						
13	SAP BPC Implementation						
14	Care/Contrax Replacement						
15	Tools & work equipment	486	-	-	15	15	15
16	Office Furniture	483					
17	Burlington Service Centre		235	(235)	-	(235)	-
18	SCADA Replacement						
19	Total General Plant		5,202	(4,346)	5,717	1,371	6,573
20	Total		116,832	(110,096)	39,762	(70,334)	46,498
	Undistributed plant:						
	Unclassified plant-						
21	Interest During Construction						
22	Overhead Capitalization		16,453	(16,453)	12,588	(3,865)	12,588
23	Total of all projects		133,285	(126,549)	52,350	(74,199)	59,086

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/08 (a)	Balance Gross Asset Dec. 31/08 (b)	Ratio % (c)
	Gas Plant in Service:				
	Intangible plant:				
1	Franchises and consents	401	1,084	2,102	51.6%
2	Other intangible plant	402	8,060	9,370	86.0%
3			9,144	11,472	
	Local Storage Plant:				
4	Land	440	0	7	0.0%
5	Structures and improvements	442	2,376	2,603	91.3%
6	Gas holders - storage	443	4,394	4,473	98.2%
7	Gas holders - equipment	443	6,525	7,663	85.1%
8	Regulatory Overheads		0	0	0.0%
9			13,295	14,746	
	Underground storage plant:				
10	Land	450	0	3,814	0.0%
11	Land rights	451	8,856	32,012	27.7%
12	Structures and improvements	452	20,850	53,804	38.8%
13	Wells	453/4/5	31,129	86,898	35.8%
14	Compressor equipment	456	108,338	221,469	48.9%
15	Measuring & regulating equipment	457	31,067	47,455	65.5%
16	Base pressure gas	458	0	30,350	0.0%
17	Other equipment	459	0	0	0.0%
18	Regulatory Overheads		0	0	0.0%
19			200,240	475,802	
	Transmission plant:				
20	Land	460	0	23,861	0.0%
21	Land rights	461	7,577	34,282	22.1%
22	Structures & improvements	462/3/4	23,291	52,064	44.7%
23	Mains	465	353,654	999,000	35.4%
24	Compressor equipment	466	76,287	298,979	25.5%
25	Measuring & regulating equipment	467	56,017	136,460	41.1%
26	Regulatory Overheads		0	0	0.0%
27			516,826	1,544,646	
	Distribution - Southern Operations				
28	Land	470	0	5,520	0.0%
29	Land rights	471	989	5,048	19.6%
30	Structures & improvements	472	40,899	77,182	53.0%
31	Services - metallic	473	96,995	110,861	87.5%
32	Services - plastic	473	248,778	711,167	35.0%
33	Regulators	474	26,702	68,006	39.3%
34	House Regulators & Installations	474	22,290	58,186	38.3%
35	Mains - metallic	475	200,225	386,096	51.9%
36	Mains - plastic	475	135,379	471,092	28.7%
37	Measuring & regulating equipment	477	13,474	27,864	48.4%
38	Meters	478	59,500	171,232	34.7%
39	Regulatory Overheads		0	0	0.0%
40			845,231	2,092,254	

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2008

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/08 (a)	Balance Gross Asset Dec. 31/08 (b)	Ratio % (c)
	Gas Plant in Service:				
	Distribution - Northern Operations				
1	Land	470	0	3,342	0.0%
2	Land rights	471	2,752	8,790	31.3%
3	Structures & improvements	472	18,327	41,869	43.8%
4	Services - metallic	473	56,937	91,956	61.9%
5	Services - plastic	473	132,774	336,443	39.5%
6	Regulators	474	9,613	24,243	39.7%
7	Regulator & meter installations	474	8,167	28,304	28.9%
8	Mains - metallic	475	131,140	338,900	38.7%
9	Mains - plastic	475	62,631	187,828	33.3%
10	Compressor equipment	476	1,141	1,341	85.1%
11	Measuring & regulating equipment	477	42,948	94,393	45.5%
12	Meters	478	17,196	49,416	34.8%
13	Regulatory Overheads		0	0	0.0%
14			483,626	1,206,825	
	General plant:				
15	Land	480	0	621	0.0%
16	Structures & improvements	482	17,423	41,585	41.9%
17	Office furniture & equipment	483	10,055	16,117	62.4%
18	Office equipment - computers	483	44,289	90,975	48.7%
19	Transportation equipment	484	13,251	45,979	28.8%
20	Heavy work equipment	485	2,586	13,873	18.6%
21	Tools & work equipment	486/89/79	17,086	33,352	51.2%
22	Communication equipment	488	7,245	14,631	49.5%
23	Communication structures	488	2,403	3,266	73.6%
24	Regulatory Overheads		0	0	0.0%
25			114,338	260,399	
26	Total property plant and equipment		2,182,700	5,606,144	

UNION GAS LIMITED
12 Month Average Utility Net Plant
Total Property, Plant and Equipment
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	Opening Balance	Capital Budget	Transfers	Salvage	Retirements	Closing Balance	Accumulated Depreciation	Net Plant	Average
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	December 2006						5,243,340	1,983,223	3,260,117	
2	January	5,243,340	11,314	(177,488)		(1,238)	5,075,928	1,945,920	3,130,008	3,195,063
3	February	5,075,928	6,719			(513)	5,082,134	1,962,140	3,119,994	3,125,001
4	March	5,082,134	8,237			(2,367)	5,088,004	1,975,997	3,112,007	3,116,001
5	April	5,088,004	4,901			(558)	5,092,347	1,991,457	3,100,890	3,106,449
6	May	5,092,347	9,100			(150)	5,101,297	2,005,295	3,096,002	3,098,446
7	June	5,101,297	21,587			(7,210)	5,115,674	2,013,462	3,102,212	3,099,107
8	July	5,115,674	12,430			(1,620)	5,126,484	2,025,544	3,100,940	3,101,576
9	August	5,126,484	16,379			(1,084)	5,141,779	2,038,196	3,103,583	3,102,262
10	September	5,141,779	19,298			(1,180)	5,159,897	2,048,855	3,111,042	3,107,313
11	October	5,159,897	83,635			(716)	5,242,816	2,059,765	3,183,051	3,147,047
12	November	5,242,816	21,772			(414)	5,264,174	2,070,947	3,193,227	3,188,139
13	December 2007	5,264,174	42,712			(28,830)	5,278,056	2,048,799	3,229,257	3,211,242
14	Total		258,084	(177,488)	-	(45,880)				37,597,643
15	Average of monthly averages (1/12 of total)						5,145,936	2,012,799		3,133,137
	Gas Plant held for future use:									
16	Ontario exploration and development						-	-		-
17	Unused services						-	-		-
18	Total utility net plant						5,145,936	2,012,799		3,133,137

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/06	Additions				Retirements	Actual Balance Dec. 31/07	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service:										
	Intangible plant:										
1	Franchises and consents	401	2,102						2,102		2,102
2	Other intangible plant	402	9,370						9,370		9,370
3			11,472	-	-	-	-	-	11,472	-	11,472
	Local Storage Plant										
4	Land	440	7						7		7
5	Structures and improvements	442	2,450	128			128		2,578		2,578
6	Gas holders - storage	443	4,473						4,473		4,473
7	Gas holders - equipment	443	7,573	90			90		7,663		7,663
8	Regulatory Overheads										
9			14,503	218	-	-	218	-	14,721	-	14,721
	Underground storage plant:										
10	Land	450	4,573	295	(1,054)		(759)		3,814		3,814
11	Land rights	451	51,293	6	(19,316)		(19,310)		31,983		31,983
12	Structures and improvements	452	62,162	700	(11,181)		(10,481)		51,681		51,681
13	Wells	453/4/5	137,009	426	(51,589)		(51,163)	(3)	85,843		85,843
14	Compressor equipment	456	275,237	2,196	(54,645)		(52,449)	(2,365)	220,423		220,423
15	Measuring & regulating equipment	457	60,605	249	(13,456)		(13,207)		47,398		47,398
16	Base pressure gas	458	48,544	88	(18,282)		(18,194)		30,350		30,350
17	Other equipment	459									
18	Regulatory Overheads										
19			639,423	3,960	(169,523)	-	(165,563)	(2,368)	471,492	-	471,492

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/06	Additions				Retirements	Actual Balance Dec. 31/07	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	Transmission plant:										
1	Land	460	22,803	1,546			1,546		24,349		24,349
2	Land rights	461	31,925	2,284			2,284		34,209		34,209
3	Structures & improvements	462/3/4	44,340	151			151	(52)	44,439		44,439
4	Mains	465	902,150	82,271			82,271	(43)	984,378		984,378
5	Compressor equipment	466	140,582	6,739			6,739	(447)	146,874		146,874
6	Measuring & regulating equipment	467	124,022	6,419			6,419	(75)	130,366		130,366
7	Regulatory Overheads										
8			1,265,822	99,410	-	-	99,410	(617)	1,364,615	-	1,364,615
	Distribution plant - Southern Operations										
9	Land	470	4,285	62			62	(184)	4,163		4,163
10	Land rights	471	4,469	160			160		4,629		4,629
11	Structures & improvements	472	62,611	4,614			4,614	(6,796)	60,429		60,429
12	Services - metallic	473	110,970	2,508			2,508	(2,057)	111,421		111,421
13	Services - plastic	473	657,236	24,700			24,700	(1,938)	679,998		679,998
14	Regulators	474	61,197	3,446			3,446		64,643		64,643
15	House regulators & meter installations	474	49,549	441			441	(446)	49,544		49,544
16	Mains - metallic	475	366,540	10,345			10,345	(896)	375,989		375,989
17	Mains - plastic	475	436,161	12,936			12,936	(412)	448,685		448,685
18	Measuring & regulating equipment	477	23,059	785			785	(84)	23,760		23,760
19	Meters	478	164,400	7,278			7,278	(3,686)	167,992		167,992
20	Regulatory Overheads										
21			1,940,477	67,275	-	-	67,275	(16,499)	1,991,253	-	1,991,253
	Distribution plant - Northern & Eastern Operations										
22	Land	470	3,220	52			52	(11)	3,261		3,261
23	Land rights	471	8,507	104			104		8,611		8,611
24	Structures & improvements	472	43,366	56			56	(1,802)	41,620		41,620
25	Services - metallic	473	88,577	2,098			2,098	(334)	90,341		90,341
26	Services - plastic	473	314,520	11,300			11,300	(284)	325,536		325,536
27	Regulators	474	22,377	844			844		23,221		23,221
28	House regulators & meter installations	474	24,568	1,375	20		1,395	(57)	25,906		25,906
29	Mains - metallic	475	315,567	14,168			14,168	(139)	329,596		329,596
30	Mains - plastic	475	178,814	4,677			4,677	(41)	183,450		183,450
31	Compressor equipment	476	1,341						1,341		1,341
32	Measuring & regulating equipment	477	83,608	4,860	(20)		4,840	(171)	88,277		88,277
33	Meters	478	48,457	1,932			1,932	(1,293)	49,096		49,096
34	Regulatory Overheads										
35			1,132,922	41,466	-	-	41,466	(4,132)	1,170,256	-	1,170,256

UNION GAS LIMITED
Continuity of Property, Plant and Equipment
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/06	Additions				Retirements	Actual Balance Dec. 31/07	Adjustments	Adjusted Utility Balance
				Capital Additions	Transfers	Net Salvage	Net Additions				
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Gas Plant in Service: (Cont'd)										
	General plant:										
1	Land	480	640		(19)		(19)		621		621
2	Structures & improvements	482	38,603	3,717	(1,127)		2,590		41,193		41,193
3	Office furniture & equipment	483	18,129	912	(529)		383	(2,223)	16,289		16,289
4	Office equipment - computers	483	63,754	30,957	(1,861)		29,096	(10,921)	81,929		81,929
5	Transportation equipment	484	47,435	6,429	(2,135)		4,294	(4,298)	47,431		47,431
6	Heavy work equipment	485	15,507	918	(698)		220	(2,076)	13,651		13,651
7	Tools & work equipment	486	32,191	2,291	(940)		1,351	(1,166)	32,376		32,376
8	Communication equipment	488	19,101	531	(558)		(27)	(1,580)	17,494		17,494
9	Communication structures	488	3,361		(98)		(98)		3,263		3,263
10	Regulatory Overheads										
11			238,721	45,755	(7,965)	-	37,790	(22,264)	254,247	-	254,247
12	Total gas plant in service	100	5,243,340	258,084	(177,488)	-	80,596	(45,880)	5,278,056	-	5,278,056
	Gas plant held for future use -										
13	Gas plant under construction	115	49,342	84,654	(711)		83,943		133,285		133,285
14	Total property plant and equipment		5,292,682	342,738	(178,199)	-	164,539	(45,880)	5,411,341	-	5,411,341

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/06	Transfers	Provisions	Retirements	Net Salvage /(Costs)	Actual Balance Dec. 31/07	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Gas Plant in Service:									
	Intangible Plant:									
1	Franchises and consents	401	881		102			983		983
2	Intangible Plant - other	402	7,814		123			7,937		7,937
3			8,695	-	225	-	-	8,920	-	8,920
	Local Storage Plant									
4	Structures and improvements	442	2,208		83			2,291		2,291
5	Gas holders - storage	443	4,155		120		(1)	4,274		4,274
6	Gas holders - equipment	443	5,967		280			6,247		6,247
7	Regulatory Overheads									
8			12,330	-	483	-	(1)	12,812	-	12,812
	Underground storage plant:									
9	Land rights	451	11,916	(4,487)	713			8,142		8,142
10	Structures & improvements	452	22,707	(3,961)	1,207		(158)	19,795		19,795
11	Wells and lines	453/4/5	44,097	(13,733)	2,278	(3)	(2,381)	30,258		30,258
12	Compressor equipment	456	121,386	(21,667)	7,103	(2,365)	(1,678)	102,779		102,779
13	Measuring & regulating equipment	457	34,097	(6,252)	2,033		(658)	29,220		29,220
14	Other equipment	459								
15	Regulatory Overheads									
16			234,203	(50,100)	13,334	(2,368)	(4,875)	190,194	-	190,194
	Transmission plant:									
17	Land rights	461	6,231		661			6,892		6,892
18	Structures & improvements	462/3/4	20,895		1,181	(52)	(12)	22,012		22,012
19	Mains	465	308,439		22,355	(43)	(217)	330,534		330,534
20	Compressor equipment	466	62,868		5,059	(447)	598	68,078		68,078
21	Measuring & regulating equipment	467	46,935		4,592	(75)	(97)	51,355		51,355
22	Regulatory Overheads									
23			445,368	-	33,848	(617)	272	478,871	-	478,871

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/06	Transfers	Provisions	Retirements	Net Salvage /(Costs)	Actual Balance Dec. 31/07	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Distribution plant - Southern Operations									
1	Land rights	470	832		76			908		908
2	Structures & improvements	471	42,585		1,809	(6,796)	1,291	38,889		38,889
3	Services - metallic	472	93,812		4,103	(2,057)	(538)	95,320		95,320
4	Services - plastic	472	210,020		21,262	(1,938)	(251)	229,093		229,093
5	Regulators	473	22,436		2,077			24,513		24,513
6	Regulator & meter installations	474	19,126		1,739	(446)		20,419		20,419
7	Mains - metallic	475	185,412		9,430	(896)	(1,074)	192,872		192,872
8	Mains - plastic	475	115,196		10,353	(412)	(168)	124,969		124,969
9	Measuring & regulating equipment	477	11,450		1,085	(84)	(19)	12,432		12,432
10	Meters	478	56,347		6,149	(3,686)	87	58,897		58,897
11	Regulatory Overheads									
12			757,216	-	58,083	(16,315)	(672)	798,312	-	798,312
	Distribution plant - Northern & Eastern Operations									
13	Land rights	471	2,462		144			2,606		2,606
14	Structures & improvements	472	17,035		1,410	(1,802)	350	16,993		16,993
15	Services - metallic	473	52,252		3,203	(334)	(438)	54,683		54,683
16	Services - plastic	473	112,781		10,209	(284)	(132)	122,574		122,574
17	Regulators	474	8,053		761		3	8,817		8,817
18	Regulator & meter installations	474	6,391	9	883	(57)	(7)	7,219		7,219
19	Mains - metallic	475	115,612		8,129	(139)	(185)	123,417		123,417
20	Mains - plastic	475	54,146		4,257	(41)	(28)	58,334		58,334
21	Compressor Equipment	476	1,052		45			1,097		1,097
22	Measuring & regulating equipment	477	35,487	(9)	3,979	(171)	(304)	38,982		38,982
23	Meters	478	16,856		1,790	(1,293)	25	17,378		17,378
24	Regulatory Overheads									
25			422,127	-	34,810	(4,121)	(716)	452,100	-	452,100

UNION GAS LIMITED
Continuity of Accumulated Depreciation
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/06	Transfers	Provisions	Retirements	Net Salvage /(Costs)	Actual Balance Dec. 31/07	Adjustments	Adjusted Utility Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	General plant:									
1	Structures & improvements	482	16,729	(488)	926			17,167		17,167
2	Office furniture & equipment	483	11,681	(341)	1,130	(2,223)		10,247		10,247
3	Office equipment - computers	483	27,944	(807)	17,978	(10,921)		34,194		34,194
4	Transportation equipment	484	14,900	(451)	4,669	(4,298)	791	15,611		15,611
5	Heavy work equipment	485	4,253	(148)	647	(2,076)		2,676		2,676
6	Tools and other equipment	486/89/79	15,706	(465)	2,121	(1,166)		16,196		16,196
7	Communication equipment	488	9,925	(291)	1,201	(1,580)		9,255		9,255
8	Communication structures	488	2,146	(61)	159			2,244		2,244
9	Regulatory Overheads									
10			103,284	(3,052)	28,831	(22,264)	791	107,590	-	107,590
11	Total gas plant in service		1,983,223	(53,152)	169,614	(45,685)	(5,201)	2,048,799	-	2,048,799
12	Total		1,983,223	(53,152)	169,614	(45,685)	(5,201)	2,048,799	-	2,048,799

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/06	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/07
			(a)	(b)	(c)	(d)	(e)
	Gas Plant Under Construction (O.E.B. Account Number 115)						
	Local Storage Plant						
1	Land	440					
2	Structure	442					
3	Gas Holder - Storage Tank	443					
4	Gas Holder - Equipment	443					
5	Total Local Storage Plant		-	-	-	-	-
	Underground Storage Plant:						
6	Land	450					
7	Land Rights	451					
8	Structures and Improvements	452	-	-	209	209	209
9	Dawn Plant J						
10	Wells	453/4	219	(219)	-	(219)	-
11	Field Lines	455	29	(29)	30	1	30
12	Compressor Equipment	456	344	(344)	45	(299)	45
13	STO Dawn E HPT Blade Rejuvenation						
14	Integrity -Dawn North						
15	Dawn Plant J						
16	Expansion Pre-spend						
17	Measuring & Regulating Equipment	457	100	(100)	49	(51)	49
18	Dehy Incinerator Installations						
19	Dawn Plant J						
20	Integrity - 48" Trafalgar						
21	Base Pressure Gas	458					
22	Total Underground Storage Plant		692	(692)	333	(359)	333

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/06	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/07
			(a)	(b)	(c)	(d)	(e)
	Transmission Plant						
1	Land	460	26	(26)	47	21	47
2	Parkway Lands		1,800	(1,800)	-	(1,800)	-
3	Dawn-Trafalgar System - Strathroy-Lobo		257	(257)	-	(257)	-
4	Milton East Gate Station						
5	Parkway West						
6	Land Rights	461					
7	Dawn-Trafalgar System - Strathroy-Lobo		1,784	(1,784)	-	(1,784)	-
8	St. Clair Energy Centre		28	(28)	-	(28)	-
9	Brantford-Kirkwall						
10	Highway 26 - Woodford to Meaford (Phase 2)						
11	Structures	462/463/464	72	(72)	25	(47)	25
12	Parkway B Compressor		257	-	4,077	4,077	4,334
13	Dawn-Trafalgar System - Bright		-	-	594	594	594
14	Lobo A&B						
15	Milton East Gate Station						
16	Mains	465	243	(243)	495	252	495
17	Dawn-Trafalgar System - Strathroy-Lobo		4,722	(4,722)	-	(4,722)	-
18	St. Clair Energy Centre		146	(146)	-	(146)	-
19	West GTA (Halton Hills)		-	-	117	117	117
20	Meaford Big Head River						
21	Traf Repl NPS 26&34 Hwy 25						
22	Brantford-Kirkwall						
23	Integrity-48" Trafalgar						
24	Stratford Gate Relocation						
25	Highway 26 - Woodford to Meaford (Phase 2)						
26	Owen Sound Replacement						
27	Compressor Equipment	466	120	(120)	227	107	227
28	Parkway B Compressor		6,483	-	50,642	50,642	57,125
29	Dawn-Trafalgar System - Bright		98	-	17,867	17,867	17,965
30	Dawn-Trafalgar System - Phase IV-Lobo C						
31	Lobo A&B						
32	Parkway West						
33	Measuring & Regulating Equipment	467	537	(537)	962	425	962
34	Parkway B Compressor		2,387	-	3,604	3,604	5,991
35	Milton East Gate Station						
36	Lobo A&B						
37	TSSA Fuel Safety Program						
38	Total Transmission Plant		18,960	(9,735)	78,657	68,922	87,882

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/06	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/07
			(a)	(b)	(c)	(d)	(e)
	Distribution Plant						
	South						
1	Land	470	24	(24)	18	(6)	18
2	Windsor Service Centre		1,256	-	54	54	1,310
3	Burlington Service Centre		1,196	-	66	66	1,262
4	Hyde Park Reinforcement		-	-	20	20	20
5	Leamington Line Replacement		-	-	3	3	3
6	Hamilton Service Centre (Glover Rd, Stoney Creek)						
7	Land Rights	471			2	2	2
8	West GTA (Halton Hills)						
9	Structures	472	1,203	(1,203)	7	(1,196)	7
10	Burlington Service Centre		267	-	7,676	7,676	7,943
11	Hamilton Building (Pritchard Rd Hamilton)		1,236	(1,236)	-	(1,236)	-
12	Chatham HO Chiller		1,912	(1,912)	-	(1,912)	-
13	Windsor Service Centre		-	-	1,204	1,204	1,204
14	Waterloo Building						
15	Hamilton Service Centre (Glover Rd, Stoney Creek)						
16	Services - metallic	473	10	(10)	-	(10)	-
17	Leamington Line Replacement						
18	Services - plastic	473	-	-	297	297	297
19	Leamington Line Replacement		-	-	24	24	24
20	Dalhousie St Replacement						
21	Highway 26 - Woodford to Meaford (Phase 2)						
22	Mains - metallic	475	290	(290)	897	607	897
23	Leamington Line Replacement		-	-	544	544	544
24	Hyde Park Reinforcement		-	-	518	518	518
25	Steeles Ave HP Hamilton		-	-	405	405	405
26	Burlington Service Centre		-	-	22	22	22
27	Dalhousie St Replacement						
28	Milton East Gate Station						
29	Lambton Power Plant						
30	Nanticoke Power Plant						
31	Mains - plastic	475	163	(163)	2,088	1,925	2,088
32	Leamington Line Replacement						
33	Dalhousie St Replacement						
34	Highway 26 - Woodford to Meaford (Phase 2)						
35	Measuring & regulating equipment	477	204	(204)	644	440	644
36	Leamington Line Replacement		-	-	202	202	202
37	West GTA (Halton Hills)						
38	Highway 26 - Woodford to Meaford (Phase 2)						
39	TSSA Fuel Safety Program						
40	Customer Stations	474	21	(21)	86	65	86
41	St. Clair Energy Centre		41	-	2,853	2,853	2,894
42	Toyota Plant		(404)	(498)	596	98	(306)
43	Leamington Line Replacement		-	-	10	10	10
44	West GTA (Halton Hills)						
45	Dalhousie St Replacement						
46	Total Distribution South Plant		7,419	(5,561)	18,236	12,675	20,094

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/06 (a)	Change in Year: Completed From Prior Year (b)	Change in Year: Incomplete Current Year (c)	Change in Year: Net (d)	Actual Balance Dec. 31/07 (e)
	Distribution Plant						
	North & East						
1	Land	470	4	(4)	2	(2)	2
2	Kingston Service Centre		116	-	7	7	123
3	Land Rights	471	3	(3)	92	89	92
4	Structures	472	48	(48)	-	(48)	-
5	Kingston Service Centre		344	-	912	912	1,256
6	Services - metallic	473	4	(4)	-	(4)	-
7	Services - plastic	473	-	-	6	6	6
8	Mains - metallic	475	79	(79)	459	380	459
9	Integrity - Thunder Bay Loop						
10	Red Lake Distribution Phase 1						
11	Thunder Bay Power Plant						
12	Mains - plastic	475	17	(17)	109	92	109
13	Measuring & regulating equipment	477	603	(603)	477	(126)	477
14	TSSA Heater Upgrade		551	-	(103)	(103)	448
15	Iroquious TBS						
16	Customer Stations	474	89	(89)	349	260	349
17	Total Distribution North & East Plant		1,858	(847)	2,310	1,463	3,321
18	Total Distribution Plant		9,277	(6,408)	20,546	14,138	23,415

UNION GAS LIMITED
Continuity of Utility Gas Plant Under
Construction by Major Project
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Actual Balance Dec. 31/06	Change in Year: Completed From Prior Year	Change in Year: Incomplete Current Year	Change in Year: Net	Actual Balance Dec. 31/07
			(a)	(b)	(c)	(d)	(e)
	General Plant						
1	Structures	482					
2	SCADA Replacement (Building)						
3	Office equipment - computers	483	401	(401)	438	37	438
4	Gas Distribution Access Rule		8,878	(8,878)	-	(8,878)	-
5	Replace RM/MC Software		2,227	-	(434)	(434)	1,793
6	IVR Replacement		486	(486)	-	(486)	-
7	GIS Replacement		280	-	576	576	856
8	ESPM (NGEIR)		-	-	1,876	1,876	1,876
9	Parkway B Compressor		-	-	4	4	4
10	SAP-East ERP Upgrade						
11	SCADA Replacement						
12	Probability & Risk Optimization						
13	SAP BPC Implementation						
14	Care/Contrax Replacement						
15	Tools & work equipment	486	251	(251)	-	(251)	-
16	Office Furniture	483	34	(34)	-	(34)	-
17	Burlington Service Centre		-	-	235	235	235
18	SCADA Replacement						
19	Total General Plant		12,557	(10,050)	2,695	(7,355)	5,202
20	Total		41,486	(26,885)	102,231	75,346	116,832
	Undistributed plant:						
	Unclassified plant-						
21	Interest During Construction		784	(784)	-	(784)	-
22	Overhead Capitalization		7,072	(7,072)	16,453	9,381	16,453
23	Total of all projects		49,342	(34,741)	118,684	83,943	133,285

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/07 (a)	Balance Gross Asset Dec. 31/07 (b)	Ratio % (c)
	Gas Plant in Service:				
	Intangible plant:				
1	Franchises and consents	401	983	2,102	46.8%
2	Other intangible plant	402	7,937	9,370	84.7%
3			8,920	11,472	
	Local Storage Plant:				
4	Land	440	0	7	0.0%
5	Structures and improvements	442	2,291	2,578	88.9%
6	Gas holders - storage	443	4,274	4,473	95.6%
7	Gas holders - equipment	443	6,247	7,663	81.5%
8	Regulatory Overheads		0	0	0.0%
9			12,812	14,721	
	Underground storage plant:				
10	Land	450	0	3,814	0.0%
11	Land rights	451	8,142	31,983	25.5%
12	Structures and improvements	452	19,795	51,681	38.3%
13	Wells	453/4/5	30,258	85,843	35.2%
14	Compressor equipment	456	102,779	220,423	46.6%
15	Measuring & regulating equipment	457	29,220	47,398	61.6%
16	Base pressure gas	458	0	30,350	0.0%
17	Other equipment	459	0	0	0.0%
18	Regulatory Overheads		0	0	0.0%
19			190,194	471,492	
	Transmission plant:				
20	Land	460	0	24,349	0.0%
21	Land rights	461	6,892	34,209	20.1%
22	Structures & improvements	462/3/4	22,012	44,439	49.5%
23	Mains	465	330,534	984,378	33.6%
24	Compressor equipment	466	68,078	146,874	46.4%
25	Measuring & regulating equipment	467	51,355	130,366	39.4%
26	Regulatory Overheads		0	0	0.0%
27			478,871	1,364,615	
	Distribution - Southern Operations				
28	Land	470	0	4,163	0.0%
29	Land rights	471	908	4,629	19.6%
30	Structures & improvements	472	38,889	60,429	64.4%
31	Services - metallic	473	95,320	111,421	85.5%
32	Services - plastic	473	229,093	679,998	33.7%
33	Regulators	474	24,513	64,643	37.9%
34	House Regulators & Installations	474	20,419	49,544	41.2%
35	Mains - metallic	475	192,872	375,989	51.3%
36	Mains - plastic	475	124,969	448,685	27.9%
37	Measuring & regulating equipment	477	12,432	23,760	52.3%
38	Meters	478	58,897	167,992	35.1%
39	Regulatory Overheads		0	0	0.0%
40			798,312	1,991,253	

UNION GAS LIMITED
Accumulated Depreciation as a Percentage
of the Gross Asset Value
Calendar Year Ending December 31, 2007

Line No.	Particulars ($000's)	O.E.B. No.	Balance Accumulated Depreciation Dec. 31/07 (a)	Balance Gross Asset Dec. 31/07 (b)	Ratio % (c)
	Gas Plant in Service:				
	Distribution - Northern Operations				
1	Land	470	0	3,261	0.0%
2	Land rights	471	2,606	8,611	30.3%
3	Structures & improvements	472	16,993	41,620	40.8%
4	Services - metallic	473	54,683	90,341	60.5%
5	Services - plastic	473	122,574	325,536	37.7%
6	Regulators	474	8,817	23,221	38.0%
7	Regulator & meter installations	474	7,219	25,906	27.9%
8	Mains - metallic	475	123,417	329,596	37.4%
9	Mains - plastic	475	58,334	183,450	31.8%
10	Compressor equipment	476	1,097	1,341	81.8%
11	Measuring & regulating equipment	477	38,982	88,277	44.2%
12	Meters	478	17,378	49,096	35.4%
13	Regulatory Overheads		0	0	0.0%
14			452,100	1,170,256	
	General plant:				
15	Land	480	0	621	0.0%
16	Structures & improvements	482	17,167	41,193	41.7%
17	Office furniture & equipment	483	10,247	16,289	62.9%
18	Office equipment - computers	483	34,194	81,929	41.7%
19	Transportation equipment	484	15,611	47,431	32.9%
20	Heavy work equipment	485	2,676	13,651	19.6%
21	Tools & work equipment	486/89/79	16,196	32,376	50.0%
22	Communication equipment	488	9,255	17,494	52.9%
23	Communication structures	488	2,244	3,263	68.8%
24	Regulatory Overheads		0	0	0.0%
25			107,590	254,247	
26	Total property plant and equipment		2,048,799	5,278,056	