UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Ref: Exhibit H1, Tab 1, pages 50-52

In the EB-2010-0296 proceeding, Union noted that a firm monthly transportation demand charge of $1.176/GJ will be applied to daily contracted demand for firm C1 Kirkwall to Dawn customers. Union noted that this component of the rate is intended to provide a reasonable recovery of the fixed costs associated with the assets used to provide the transportation service and to recover the costs associated with the new facilities necessary to provide the firm transportation service.

For the C1 Kirkwall to Dawn transportation service, Union is proposing to remove the direct assignment of Kirkwall metering facilities modification costs from the firm monthly demand charge. Union proposed to allocate the Kirkwall metering costs consistent with the Board-approved cost allocation methodology used to allocation Dawn-Trafalgar Easterly Transmission demand costs.

a) Please confirm that Union's proposal to remove the direct assignment of Kirkwall metering facility modifications from the firm monthly demand charge is only related to those assets which were constructed with the capital investment of $4.7 million discussed above (which Union stated were required to provide the firm C1 Kirkwall to Dawn transportation service).

b) Please confirm that these facility modification assets only provide service to firm C1 Kirkwall to Dawn transportation customers. If that is the case, please explain why any other group of customers should be responsible for the cost consequences of facilities that are used only to provide service to the C1 Kirkwall to Dawn customers.

Response:

a) Confirmed.

b) Not confirmed. The Kirkwall metering facilities modifications provide service for the C1 Kirkwall to Dawn, C1 Kirkwall to Parkway and M12-X firm transportation services that have Kirkwall as a receipt point.

   As per Union's response to Board Staff interrogatory, part (b), Exhibit B1.03, page 1 in the C1 Kirkwall to Dawn and M12-X proceeding (EB-2010-0296):

   > *"The facility modifications at Kirkwall are required to provide the proposed M12-X service, given that Kirkwall will be a receipt point for the new M12-X as well as the*

new C1 Kirkwall to Dawn transportation service".

Consistent with Union's Board-approved cost allocation methodology, the costs of the Kirkwall metering facilities are allocated to rate classes based on commodity kilometres (i.e. distance-weighted demands). This cost allocation methodology recognizes that the Dawn-Parkway system is designed to meet Easterly peak day requirements and that rate classes use the Dawn-Parkway system to varying degrees depending on their design day demands and the distance those design day demands are required to be transported.

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Ref: Exhibit H3, Tab 4, Schedule 1

Union's customer bill impacts reveal a significant difference between delivery rate impacts for southern customers as compared to the northern and eastern customers. While customers in the Southern Service area will experience an increase of $19, customers in the Northern, Eastern and Western Service areas will experience an increase anywhere between $59 and $76.

a) Please explain the reasons for the significant difference between rate impacts for southern customers as compared to customers of other service areas.

b) Has Union in the past cross-subsidized the residential rate classes. If yes, please provide details of the cross-subsidies and the period in which these occurred. Also, please explain the reasons for doing so.

c) Has Union considered any rate mitigation measures to reduce the impact for Northern, Eastern and Western Service area customers? If no, why not?

Response:

a) As shown at Exhibit H3, Tab 1, Schedule 1, Updated, column (i), proposed Union North delivery rates are increasing by an average of 20%. Union South delivery rates are increasing by an average of 7%. The result is an overall increase in proposed in-franchise delivery rates of approximately 10%.

   The delivery bill impact in Union North is $59 to $76 for the average residential customer. In Union South, the delivery bill impact is $19 for the average residential customer.

   There are two factors causing Union North delivery rates to increase by an average of 20%, while Union South delivery rates increase by an average of 7%. The first is that Union North delivery revenue has decreased as a percentage of total delivery revenue from 2007 Board-approved to 2013 forecast levels. At the same time, the Union North delivery-related revenue requirement has increased as a percentage of the total delivery-related revenue requirement. Please see Attachment 1.

   As shown at Attachment 1, lines 1-3, at 2007 Board-approved levels Union North delivery revenue represented 27% of total delivery revenue, while Union South represented 73%. In Union's 2013 revenue forecast, Union North delivery revenue represents 26% of total delivery revenue, while Union South represents 74%. In dollar terms, Union North delivery revenue has declined by $1.8 million while Union South delivery revenue has increased by $9.9 million.

Given that delivery rates have been essentially flat over the IR term, the decline in Union North delivery revenue demonstrates the loss of volumes in Union North compared to Union South. As shown at Attachment 1, lines 4-6, Union North Rate 01 volumes have decreased by approximately 5% from 2007 Board-approved to 2013 forecast levels, while Union South Rate M1 volumes have increased marginally. The relative change in the 2013 revenue forecast compared to 2007 Board-approved levels by operating area is driving an increase in Union North delivery rates relative to Union South delivery rates.

Concurrently, as described above, the Union North delivery-related revenue requirement has increased as a percentage of total delivery-related revenue requirement from 2007 Board-approved to 2013 forecast levels.

As shown at Attachment 1, lines 19-21, at 2007 Board-approved levels the Union North delivery-related revenue requirement represented 27% of the total revenue requirement, while Union South represented 73%. In Union's 2013 forecast, the Union North delivery-related revenue requirement represents 29% of the total revenue requirement, while Union South represents 71%. In dollar terms, the Union North revenue requirement has increased by $32.9 million while the Union South revenue requirement has increased by $33.8 million. Although the relative share of the Union North/South revenue requirement has only changed moderately, the increase in costs to Union North account for approximately 50% of the 2013 revenue deficiency.

As per Exhibit H3, Tab 1, Schedule 1, Updated, page 1, the Union North delivery-related revenue deficiency resulting from Union's 2013 cost of service forecast is $46.375 million, while the Union South delivery-related revenue deficiency is $46.066 million. After including the ratepayer portion of forecast S&T transactional service revenue in the revenue stream for ratemaking purposes, Union has proposed to recover a deficiency of $35.908 million in Union North delivery rates and $35.669 million in Union South delivery rates.

As forecast 2013 Union North delivery revenue is roughly 1/3 of Union South delivery revenue, the recovery of a $36 million deficiency in each operating area results in a Union North delivery rate increase of 20% that is approximately three times the Union South delivery rate increase of 7%.

Attachment 1 also provides a breakdown of capital and O&M-related revenue requirements from 2007 Board-approved to 2013 proposed levels. Further, Union has provided additional information on the drivers increasing the Union North delivery-related revenue requirement relative to Union South below:

- Local Storage Plant – Hagar LNG net utility plant has increased from the 2007 Board-approved levels due to plant additions of $8.2 million, a transfer of $1.0 million of assets, and a change in the depreciation due to the extended plant life from 2012. The increase in the 2013 Union North revenue requirement compared to 2007 Board-approved levels is approximately $0.9 million.

- Depreciation Expense – The Union North distribution depreciation expense has increased by $6.8 million and Union South distribution depreciation expense has increased by $7.2 million. The Union North depreciation expense is increasing at a higher percentage of Union North revenue requirement compared to Union South due to a variance between 2007 Board-approved levels and 2007 actuals.

  The 2007 Board-approved level of Union North depreciation expense was $0.7 million lower than 2007 actuals, while the 2007 Board-approved level of Union South depreciation expense was $1.7 million higher than 2007 actuals. The disproportionate increase to the Union North revenue requirement from 2007 Board-approved levels to the proposed 2013 revenue requirement is $1.7 million.

- Distribution O&M – Union North distribution O&M has increased by $3.8 million and Union South distribution O&M by $2.4 million from 2007 Board-approved levels to the 2013 forecast. The 2013 O&M budget includes more detail than the 2007 forecast, which makes a comparison between Union North and Union South difficult. One specific item which has increased for both Union North and Union South are line locates, which have both increased by approximately $1.5 million since the 2007 Board-approved forecast. The disproportionate increase to the Union North revenue requirement from Board-approved 2007 to the proposed 2013 revenue requirement is $2.8 million, which includes the allocation of direct and indirect costs. The difference calculation assumes that the Union North and Union South distribution O&M increased at same rate of 11% since the Board-approved 2007 forecast. Of this increase, the disproportionate increase of line locates results in a Union North revenue requirement increase of $0.7 million.

- Sales and Promotion Costs – In the 2007 Board-approved cost allocation study, 97% of sales and promotion supervision costs were allocated to Union South in-franchise customers, excluding gas supply and DSM direct assignments. The addition of DSM related costs to the Sales and Promotion category in the cost study resulted in most of the costs being classified to demand and allocated to only Union South in-franchise customers. In the 2013 cost allocation study, Union corrected the classification to exclude DSM. This change results in costs being classified as customer-related and allocated based on an analysis of sales activities. This correction results in 75% of the sales and promotion supervision costs being allocated to Union South and 25% to Union North, for a Union North revenue requirement increase of $1.9 million.

- General Operating and Engineering O&M Costs – The general operating and engineering operating expenses are functionalized based on an analysis of activities. Examples of the costs in this category include planning and dispatch, engineering, geology, capacity management, S&T sales, and gas control. In the 2007 Board-approved cost allocation study, the analysis was based on a sample of the internal work orders. In 2013, the analysis includes a larger sample size representing 91% of the operating expenses. The increased sample size results in a decrease of costs functionalized to transmission and purchase production functions and an increase to distribution. The functionalization update results in an increased allocation of $4.7 million delivery-related revenue requirement to Union North rate classes.

b) Union's historical revenue-to-cost ratios for General Service rate classes have minimized the cross-subsidization of residential customers in Union's rate classes.

c) Union has not proposed any rate mitigation measures to reduce the rate impacts on Union North customers specifically. Union's proposed 2013 rates for both Union South and Union North appropriately recover the 2013 test year revenue requirement and reflect the differing costs associated with serving each delivery area.

   Notwithstanding Union's view that its 2013 rate proposals are appropriate, Union has considered a number of rate mitigation measures. They are:

   1. At Exhibit F1, Tab 1, Union has proposed to increase the equity component of its capital structure from 36% to 40% to align with capital structures of other North American natural gas and electricity utilities of similar risk. The revenue requirement impact associated with this proposal is approximately $15 million. To manage the overall revenue requirement and rate impacts, increasing the equity component of Union's capital structure could be phased in over 2 to 4 years.

   2. At Exhibit C1, Tab 5, Union is proposing to change its weather normalization method from the current 55:45 (55% 30 year average and 45% 20 year declining trend) method to 100% 20 year declining trend. This proposal increases Union's 2013 revenue deficiency by approximately $7 million. To manage the overall revenue requirement and rate impacts, implementation of the 20 year declining trend weather normalization methods could be phased in over 2 to 5 years.

   3. As indicated at Exhibit C1, Tab 3, based on TCPL's proposal to eliminate the FT-RAM program, Union has not included any FT-RAM revenue in its 2013 short-term transportation and exchange revenue forecast. In the alternative, Union could partially mitigate 2013 rate impacts in Union North by including revenue associated with FT-RAM in Union North delivery rates on the assumption that TCPL is not successful in eliminating the FT-RAM program. If Union were to take this approach, Union would require deferral account protection to cover the possibility that the FT-RAM program is eliminated or materially changed as a result of TCPL's mainline rate proceeding.

4. Finally, the Board could find that, in the course of setting just and reasonable rates, it would be in the public interest to allow the 2013 revenue-to-cost ratios for Union South and Union North general service rate classes to be adjusted such that the gap between Union South and Union North delivery rates is reduced or eliminated.

Total In-franchise Delivery Revenue and Revenue Requirement
2007 Board-Approved vs. 2013 Forecast

Line No.	Particulars ($000's)	2007 Board-Approved		2013 Forecast		Difference 2013 less 2007		Difference % Δ
		(a)	(b)	(c)	(d)	(e) = (c-a)	(f)	(g) = (e/a)
	Revenue							
1	Union North Delivery (1)	180,861	27%	179,100	26%	(1,761)		-1%
2	Union South Delivery & Storage (2)	500,500	73%	510,391	74%	9,891		2%
3	Total In-franchise Delivery Revenue	681,361	100%	689,491	100%	8,130		1%
	Billing Units (10^3m^3)							
4	Rate 01 Delivery (3)	905,311	24%	855,598	23%	(49,713)		-5%
5	Rate M1 Delivery (4)	2,862,265	76%	2,876,411	77%	14,146		0%
6	Total Rate 01 and Rate M1 Delivery	3,767,576	100%	3,732,009	100%	(35,567)		-1%
	Revenue Requirement							
7	Union North Capital-Related Costs	122,605	30%	133,362	30%	10,757	30%	9%
8	Union South Capital-Related Costs	288,330	70%	313,030	70%	24,700	70%	9%
9	Total In-franchise Capital-Related Costs (5)	410,935	100%	446,392	100%	35,457	100%	9%
10	Union North O&M Costs	72,177	25%	94,886	27%	22,709	42%	31%
11	Union South O&M Costs	220,835	75%	252,601	73%	31,766	58%	14%
12	Total In-franchise O&M Costs	293,012	100%	347,487	100%	54,475	100%	19%
13	Union North Cost of Gas Costs	3,540	10%	2,763	25%	(777)	3%	-22%
14	Union South Cost of Gas Costs	32,137	90%	8,422	75%	(23,715)	97%	-74%
15	Total In-franchise Cost of Gas Costs (6)	35,677	100%	11,185	100%	(24,492)	100%	-69%
16	Union North Other Revenue	(5,770)	24%	(5,535)	24%	234	18%	-4%
17	Union South Other Revenue	(18,664)	76%	(17,596)	76%	1,068	82%	-6%
18	Total In-franchise Other Revenue	(24,434)	100%	(23,131)	100%	1,302	100%	-5%
19	Union North Revenue Requirement (1)	192,552	27%	225,475	29%	32,924	49%	17%
20	Union South Revenue Requirement (2)	522,637	73%	556,457	71%	33,820	51%	6%
21	Total In-franchise Revenue Requirement	715,189	100%	781,932	100%	66,744	100%	9%

Notes:

(1) Union North revenue and revenue requirement for delivery rates, as per EB-2005-0520, Rate Order, Working Papers, Schedule 5, page 1, line 7 and EB-2011-0210, Exhibit H3, Tab 1, Schedule 1, Updated, page 1, line 6.

(2) Union South revenue and revenue requirement for Union South delivery and storage rates, as per EB-2005-0520, Rate Order, Working Papers, Schedule 5, page 1, line 16 and EB-2011-0210, Exhibit H3, Tab 1, Schedule 1, Updated, line 17.

(3) Rate 01 delivery billing units, as per EB-2005-0520, Rate Order, Working Papers, Schedule 6, page 1, line 12, column (a) and EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, Updated, page 1, line 7, column (a).

(4) Rate M1 delivery billing units, as per EB-2005-0520, Rate Order, Working Papers, Schedule 21, line 12, column (a) and EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, Updated, page 5, line 5, column (a).

(5) Capital-related costs include return, taxes and depreciation expense.

(6) The Cost of Gas related costs include compressor fuel. The costs exclude gas supply commodity and gas supply commodity fuel.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H3, Tab 1, Schedule 1, Updated

a) Please explain why there is a revenue sufficiency of $2.227 million shown in line 19 on page 2.

b) Please confirm that the M1 and M2 and 01 and 10 rate classes used in this table are still based on a breakpoint of 50,000 m³.

c) Please show the rate change (column (i)) if the revenue to cost ratios were all maintained at the EB-2005-0520 approved levels.

Response:

a) The revenue sufficiency of $2.227 million shown at Exhibit H3, Tab 1, Schedule 1, Updated, page 2, line 19 is comprised of the items shown at Table 1 below:

Table 1

Line No.	Particulars ($ millions)	Amount
1	Gas Supply Commodity Sufficiency	1.765
2	Shareholder Portion of Short-Term Storage Margin	0.523
3	Less: Heritage Pool Sufficiency Revenue	0.060
4	Total	2.227

As described at Exhibit H1, Tab 1, page 8, Union will process the Gas Supply Commodity sufficiency of $1.765 million through the Board-approved QRAM process.

The short-term storage margin of $0.523 million that is attributable to the shareholder represents a sufficiency that is not included in the revenue stream for ratemaking purposes.

The Heritage pool sufficiency revenue is revenue related to transporting gas to and from the Heritage pool and is derived based on proposed Rate M16 rates.

b) Confirmed.

c) Please see Attachment 1.

To maintain EB-2005-0520 approved revenue-to-cost ratios for 2013 proposed rates, Union would require additional S&T transactional credits of approximately $17 million. Union has updated revenue-to-cost ratios for Union North Delivery and Union South Delivery and Storage only.

The proposed rates shown in column (g) of Attachment 1 do not reflect Union's rate design considerations described at Exhibit H1, Tab 1, Updated, page 11.

UNION GAS LIMITED
Revenue Deficiency Recovery (6)
Effective January 1, 2013

Line No.	Particulars	Before Recovery: Current Approved Revenue (1) ($000's) (a)	Current Approved Rates (2) (cents/m^3) (b)	Revenue (Deficiency) / Sufficiency ($000's) (c) = (a - d)	Proposed Revenue Requirement (3) ($000's) (d)	After Recovery: Revenue (Deficiency) / Sufficiency ($000's) (e) = (f - d)	Proposed Revenue (4) ($000's) (f)	Proposed Rates (5) (cents/m^3) (g)	Revenue to Cost Ratios (h) = (f / d)	Rate Change (%) (i) = (g - b) / (b)	EB-2005-0520 Approved Revenue to Cost Ratios (j)
	North Delivery										
1	R01	137,746	16.0994	(27,116)	164,862	(3,916)	160,945	18.8109	0.976	16.8%	0.976
2	R10	16,637	5.2606	(2,608)	19,246	1,109	20,354	6.4358	1.058	22.3%	1.058
3	R20	9,721	1.5476	(8,608)	18,330	(7,378)	10,951	1.7434	0.597	12.7%	0.597
4	R25	2,337	1.8052	(4,364)	6,701	(3,571)	3,131	2.4178	0.467	33.9%	0.467
5	R100	12,658	0.6678	(3,679)	16,337	(1,710)	14,627	0.7717	0.895	15.6%	0.895
6	Total North Delivery	179,100		(46,375)	225,475	(15,467)	210,009		0.931	17.3%	0.939
7	Total Recovery of North Delivery Deficiency (col. f - a)						30,908				
	South Delivery & Storage										
8	M1	379,511	13.2224	(25,163)	404,674	(11,290)	393,384	13.6762	0.972	3.4%	0.972
9	M2	44,036	4.6078	(9,393)	53,430	(1,493)	51,937	5.4290	0.972	17.8%	0.972
10	M4	10,841	2.8157	(5,220)	16,061	(3,478)	12,582	3.2681	0.783	16.1%	0.783
11	M5A	8,874	1.6666	(7,560)	16,434	(2,889)	13,545	2.5439	0.824	52.6%	0.824
12	M7	3,951	2.6852	(1,387)	5,338	(1,616)	3,722	2.5293	0.697	-5.8%	0.697
13	M9	819	1.3486	34	786	(42)	743	1.2235	0.946	-9.3%	0.946
14	M10	5	2.5245	(71)	75	(71)	5	2.8022	0.070	11.0%	0.131
15	T1	57,783	1.1187	3,014	54,769	(1,500)	53,269	1.0314	0.973	-7.8%	0.973
16	T3	4,571	1.6762	(319)	4,890	(281)	4,610	1.6903	0.943	0.8%	0.943
17	Total South Delivery & Storage	510,391		(46,066)	556,457	(22,660)	533,797		0.959	4.6%	0.958
18	Total Recovery of South Delivery & Storage Deficiency (col. f - a)						23,406				
19	Total In-Franchise Delivery (line 6 + line 17)	689,491		(92,441)	781,932	(38,127)	743,806		0.951	7.9%	0.953

Notes:
(1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (b).
(2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (c).
(3) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (e).
(4) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (g).
(5) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).
(6) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 1, Updated.

UNION GAS LIMITED
Revenue Deficiency Recovery (6)
Effective January 1, 2013

Line No.	Particulars	Before Recovery: Current Approved Revenue (1) ($000's)	Before Recovery: Current Approved Rates (2) (cents/m^3)	Before Recovery: Revenue (Deficiency) / Sufficiency ($000's)	Proposed Revenue Requirement (3) ($000's)	After Recovery: Revenue (Deficiency) / Sufficiency ($000's)	After Recovery: Proposed Revenue (4) ($000's)	After Recovery: Proposed Rates (5) (cents/m^3)	After Recovery: Revenue to Cost Ratios	After Recovery: Rate Change (%)	EB-2005-0520 Approved Revenue to Cost Ratios
		(a)	(b)	(c) = (a -d)	(d)	(e) = (f - d)	(f)	(g)	(h) = (f / d)	(i) = (g - b) / (b)	(j)
	North Transportation & Storage										
1	R01	68,509	8.0071	(3,265)	71,774	-	71,774	8.3888	1.000	4.8%	1.000
2	R10	22,677	7.1700	(622)	23,299	-	23,299	7.3667	1.000	2.7%	1.000
3	R20	8,815	7.2291	1,048	7,767	-	7,767	6.3699	1.000	-11.9%	1.000
4	R25	1,685	3.9269	(432)	2,117	-	2,117	4.9339	1.000	25.6%	1.000
5	R100	197	-	78	119	12	131	-	1.099		0.701
6	Total North Transportation & Storage	101,882		(3,194)	105,076	12	105,088		1.000	3.1%	0.991
7	Total Recovery of North Transport & Storage Deficiency (col. f -a)						3,206				
8	Total In-Franchise (page 1, line 19 + line 6)	791,374		(95,635)	887,008	(38,115)	848,894		0.957	7.3%	0.956
9	Total Recovery of In-Franchise Deficiency (col. f - a)						57,520				
	Ex-Franchise										
10	M12	164,181		(4,683)	168,865	(2,612)	166,252		0.985	1.3%	0.984
11	M13	373		153	220	209	429		1.950	14.9%	1.470
12	M16	767		287	480	298	777		1.620	1.3%	1.356
13	C1	38,767		23,626	15,141	23,421	38,562		2.547	-0.5%	2.610
14	Total Ex-Franchise	204,089		19,384	184,705	21,315	206,020		1.115	0.9%	1.177
15	Total Recovery of Ex-Franchise Deficiency (col. f - a)						1,931				
16	Total Delivery, Transportation & Storage (line 8 + line 14)	995,462		(76,251)	1,071,713	(16,800)	1,054,914		0.984	6.0%	1.004
17	Total In-Franchise Commodity / Admin	610,495		5,397	605,099	1,765	606,863		1.003	-0.6%	-
18	Total Recovery of Commodity / Admin Sufficiency (col. f - a)						(3,632)				
19	Total Union Gas (line 16 + line 17)	1,605,958		(70,854)	1,676,812	(15,036)	1,661,778		0.991	3.5%	1.002

Notes:
(1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (b).
(2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (c).
(3) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (e).
(4) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (g).
(5) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).
(6) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 1, Updated.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H3, Tab 1, Schedule 1, Updated

Please provide a version of the schedule where the proposed revenue to cost ratios for each rate class are constrained by the EB-2005-0520 Approved Revenue to Cost Ratios as follows. For approved ratios less than 1.00 the proposed ratio cannot be lower than the approved ratio and cannot be higher than 1.00 and for approved ratios greater than 1.00 the proposed ratio cannot be higher than the approved ratio nor can it be less than 1.00. In another words, the proposed ratios cannot be further from 1.00 than the approved ratios and they cannot cross over the value of 1.00.

Response:

Please see Attachment 1.

Where applicable, Union adjusted the S&T Transactional credits by $1.253 million to achieve the desired revenue-to-cost ratios by rate class. Union has updated revenue-to-cost ratios for Union North Delivery and Union South Delivery and Storage only.

The proposed rates shown in column (g) of Attachment 1 do not reflect Union's rate design considerations described at Exhibit H1, Tab 1, Updated, page 11.

UNION GAS LIMITED
Revenue Deficiency Recovery (6)
Effective January 1, 2013

		Before Recovery				After Recovery					
Line No.	Particulars	Current Approved Revenue (1) ($000's)	Current Approved Rates (2) (cents/m^3)	Revenue (Deficiency) / Sufficiency ($000's)	Proposed Revenue Requirement (3) ($000's)	Revenue (Deficiency) / Sufficiency ($000's)	Proposed Revenue (4) ($000's)	Proposed Rates (5) (cents/m^3)	Revenue to Cost Ratios	Rate Change (%)	EB-2005-0520 Approved Revenue to Cost Ratios
		(a)	(b)	(c) = (a -d)	(d)	(e) = (f - d)	(f)	(g)	(h) = (f / d)	(i) = (g - b) / (b)	(j)
	North Delivery										
1	R01	137,746	16.0994	(27,116)	164,862	(2,716)	162,145	18.9511	0.984	17.7%	0.976
2	R10	16,637	5.2606	(2,608)	19,246	29	19,274	6.0943	1.001	15.8%	1.058
3	R20	9,721	1.5476	(8,608)	18,330	(4,378)	13,951	2.2210	0.761	43.5%	0.597
4	R25	2,337	1.8052	(4,364)	6,701	(3,351)	3,351	2.5878	0.500	43.4%	0.467
5	R100	12,658	0.6678	(3,679)	16,337	(50)	16,287	0.8592	0.997	28.7%	0.895
6	Total North Delivery	179,100		(46,375)	225,475	(10,467)	215,009		0.954	20.0%	0.939
7	Total Recovery of North Delivery Deficiency (col. f - a)						35,908				
	South Delivery & Storage										
8	M1	379,511	13.2224	(25,163)	404,674	(240)	404,434	14.0604	0.999	6.3%	0.972
9	M2	44,036	4.6078	(9,393)	53,430	(1,443)	51,987	5.4343	0.973	17.9%	0.972
10	M4	10,841	2.8157	(5,220)	16,061	(3,078)	12,982	3.3720	0.808	19.8%	0.783
11	M5A	8,874	1.6666	(7,560)	16,434	(2,864)	13,570	2.5486	0.826	52.9%	0.824
12	M7	3,951	2.6852	(1,387)	5,338	(1,196)	4,142	2.8147	0.776	4.8%	0.697
13	M9	819	1.3486	34	786	(2)	784	1.2902	0.998	-4.3%	0.946
14	M10	5	2.5245	(71)	75	(65)	10	5.3075	0.133	110.2%	0.131
15	T1	57,783	1.1187	3,014	54,769	(100)	54,669	1.0585	0.998	-5.4%	0.973
16	T3	4,571	1.6762	(319)	4,890	(156)	4,735	1.7361	0.968	3.6%	0.943
17	Total South Delivery & Storage	510,391		(46,066)	556,457	(9,144)	547,313		0.984	7.2%	0.958
18	Total Recovery of South Delivery & Storage Deficiency (col. f - a)						36,921				
19	Total In-Franchise Delivery (line 6 + line 17)	689,491		(92,441)	781,932	(19,611)	762,321		0.975	10.6%	0.953

Notes:
(1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (b).
(2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (c).
(3) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (e).
(4) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (g).
(5) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).
(6) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 1, Updated.

UNION GAS LIMITED
Revenue Deficiency Recovery (6)
Effective January 1, 2013

Line No.	Particulars	Before Recovery: Current Approved Revenue (1) ($000's) (a)	Before Recovery: Current Approved Rates (2) (cents/m^3) (b)	Before Recovery: Revenue (Deficiency) / Sufficiency ($000's) (c) = (a -d)	Proposed Revenue Requirement (3) ($000's) (d)	After Recovery: Revenue (Deficiency) / Sufficiency ($000's) (e) = (f - d)	After Recovery: Proposed Revenue (4) ($000's) (f)	After Recovery: Proposed Rates (5) (cents/m^3) (g)	After Recovery: Revenue to Cost Ratios (h) = (f / d)	After Recovery: Rate Change (%) (i) = (g - b) / (b)	EB-2005-0520 Approved Revenue to Cost Ratios (j)
	North Transportation & Storage										
1	R01	68,509	8.0071	(3,265)	71,774	-	71,774	8.3888	1.000	4.8%	1.000
2	R10	22,677	7.1700	(622)	23,299	-	23,299	7.3667	1.000	2.7%	1.000
3	R20	8,815	7.2291	1,048	7,767	-	7,767	6.3699	1.000	-11.9%	1.000
4	R25	1,685	3.9269	(432)	2,117	-	2,117	4.9339	1.000	25.6%	1.000
5	R100	197	-	78	119	12	131	-	1.099		0.701
6	Total North Transportation & Storage	101,882		(3,194)	105,076	12	105,088		1.000	3.1%	0.991
7	Total Recovery of North Transport & Storage Deficiency (col. f -a)						3,206				
8	Total In-Franchise (page 1, line 19 + line 6)	791,374		(95,635)	887,008	(19,599)	867,409		0.978	9.6%	0.956
9	Total Recovery of In-Franchise Deficiency (col. f - a)						76,035				
	Ex-Franchise										
10	M12	164,181		(4,683)	168,865	(2,612)	166,252		0.985	1.3%	0.984
11	M13	373		153	220	209	429		1.950	14.9%	1.470
12	M16	767		287	480	298	777		1.620	1.3%	1.356
13	C1	38,767		23,626	15,141	23,421	38,562		2.547	-0.5%	2.610
14	Total Ex-Franchise	204,089		19,384	184,705	21,315	206,020		1.115	0.9%	1.177
15	Total Recovery of Ex-Franchise Deficiency (col. f - a)						1,931				
16	Total Delivery, Transportation & Storage (line 8 + line 14)	995,462		(76,251)	1,071,713	1,716	1,073,430		1.002	7.8%	1.004
17	Total In-Franchise Commodity / Admin	610,495		5,397	605,099	1,765	606,863		1.003	-0.6%	-
18	Total Recovery of Commodity / Admin Sufficiency (col. f - a)						(3,632)				
19	Total Union Gas (line 16 + line 17)	1,605,958		(70,854)	1,676,812	3,481	1,680,293		1.002	4.6%	1.002

Notes:
(1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (b).
(2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (c).
(3) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (e).
(4) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (g).
(5) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).
(6) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 1, Updated.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H3, Tab 1, Schedules 1 & 2 & 3, Updated

Please update Schedules 1 & 2 & 3 to reflect the most recent Board approved rates for 2012.

Response:

Please refer to Attachments 1, 2 & 3 for the update to Exhibit H3, Tab 1, Schedules 1, 2 & 3, Updated using Board-approved April 1, 2012 QRAM (EB-2012-0070) rates as current approved.

UNION GAS LIMITED
Revenue Deficiency Recovery (6)
Effective January 1, 2013

Line No.	Particulars	Before Recovery: Current Approved Revenue (1) ($000's)	Before Recovery: Current Approved Rates (2) (cents/m³)	Before Recovery: Revenue (Deficiency) / Sufficiency ($000's)	Proposed Revenue Requirement (3) ($000's)	After Recovery: Revenue (Deficiency) / Sufficiency ($000's)	After Recovery: Proposed Revenue (4) ($000's)	After Recovery: Proposed Rates (5) (cents/m³)	After Recovery: Revenue to Cost Ratios	After Recovery: Rate Change (%)	EB-2005-0520 Approved Revenue to Cost Ratios
		(a)	(b)	(c) = (a -d)	(d)	(e) = (f - d)	(f)	(g)	(h) = (f / d)	(i) = (g - b) / (b)	(j)
	North Delivery										
1	R01	139,472	16.3011	(25,390)	164,862	(2,716)	162,145	18.9511	0.984	16.3%	0.976
2	R10	15,010	4.7461	(4,235)	19,246	(21)	19,224	6.0785	0.999	28.1%	1.058
3	R20	9,095	1.4479	(9,235)	18,330	(4,378)	13,951	2.2210	0.761	53.4%	0.597
4	R25	2,337	1.8051	(4,364)	6,701	(3,351)	3,351	2.5878	0.500	43.4%	0.467
5	R100	11,745	0.6196	(4,592)	16,337	(0)	16,337	0.8619	1.000	39.1%	0.895
6	Total North Delivery	177,660		(47,816)	225,475	(10,467)	215,009		0.954	21.0%	0.939
7	Total Recovery of North Delivery Deficiency (col. f - a)						37,349				
	South Delivery & Storage										
8	M1	384,938	13.4113	(19,736)	404,674	460	405,134	14.0847	1.001	5.0%	0.972
9	M2	44,487	4.6551	(8,943)	53,430	(2,493)	50,937	5.3245	0.953	14.4%	0.972
10	M4	9,599	2.4931	(6,462)	16,061	(3,078)	12,982	3.3720	0.808	35.3%	0.783
11	M5A	8,878	1.6673	(7,557)	16,434	(3,864)	12,570	2.3608	0.765	41.6%	0.824
12	M7	3,696	2.5116	(1,642)	5,338	(1,196)	4,142	2.8147	0.776	12.1%	0.697
13	M9	786	1.2935	0	786	0	786	1.2935	1.000	0.0%	0.946
14	M10	5	2.4919	(71)	75	(71)	6	2.9772	0.075	19.5%	0.131
15	T1	58,065	1.1242	3,296	54,769	(0)	54,769	1.0604	1.000	-5.7%	0.973
16	T3	4,488	1.6459	(402)	4,890	(156)	4,735	1.7361	0.968	5.5%	0.943
17	Total South Delivery & Storage	514,940		(41,516)	556,457	(10,398)	546,060		0.981	6.0%	0.958
18	Total Recovery of South Delivery & Storage Deficiency (col. f - a)						31,120				
19	Total In-Franchise Delivery (line 6 + line 17)	692,600		(89,332)	781,932	(20,864)	761,069		0.973	9.9%	0.953

Notes:
(1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (b).
(2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (c).
(3) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (e).
(4) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (g).
(5) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).
(6) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 1, Updated.

UNION GAS LIMITED
Revenue Deficiency Recovery (7)
Effective January 1, 2013

		Before Recovery				After Recovery					
Line No.	Particulars	Current Approved Revenue (1) ($000's)	Current Approved Rates (2) (cents/m^3)	Revenue (Deficiency) / Sufficiency ($000's)	Proposed Revenue Requirement (3) ($000's)	Revenue (Deficiency) / Sufficiency ($000's)	Proposed Revenue (4) ($000's)	Proposed Rates (5) (cents/m^3)	Revenue to Cost Ratios	Rate Change (%)	EB-2005-0520 Approved Revenue to Cost Ratios
		(a)	(b)	(c) = (a -d)	(d)	(e) = (f - d)	(f)	(g)	(h) = (f / d)	(i) = (g - b) / (b)	(j)
	North Transportation & Storage										
1	R01	85,976	10.0487	14,203	71,774	-	71,774	8.3888	1.000	-16.5%	1.000
2	R10	29,008	9.1721	5,710	23,299	-	23,299	7.3667	1.000	-19.7%	1.000
3	R20	11,320	9.2837	3,553	7,767	-	7,767	6.3699	1.000	-31.4%	1.000
4	R25	2,335	5.4421	218	2,117	-	2,117	4.9339	1.000	-9.3%	1.000
5	R100	197	-	78	119	12	131	-	1.099		0.701
6	Total North Transportation & Storage	128,837		23,761	105,076	12	105,088		1.000	-18.4%	0.991
7	Total Recovery of North Transport & Storage Deficiency (col. f -a)						(23,749)				
8	Total In-Franchise (page 1, line 19 + line 6)	821,437		(65,571)	887,008	(20,853)	866,157		0.976	5.4%	0.956
9	Total Recovery of In-Franchise Deficiency (col. f - a)						44,719				
	Ex-Franchise										
10	M12	163,667		(5,198)	168,865	(2,612)	166,252		0.985	1.6%	0.984
11	M13	368		148	220	209	429		1.950	16.7%	1.470
12	M16	743		263	480	298	777		1.620	4.6%	1.356
13	C1	38,761		23,620	15,141	23,421	38,562		2.547	-0.5%	2.610
14	Total Ex-Franchise	203,538		18,833	184,705	21,315	206,020		1.115	1.2%	1.177
15	Total Recovery of Ex-Franchise Deficiency (col. f - a)						2,482				
16	Total Delivery, Transportation & Storage (line 8 + line 14)	1,024,975		(46,738)	1,071,713	463 (6)	1,072,177		1.000	4.6%	1.004
17	Total In-Franchise Commodity / Admin	463,650		(141,449)	605,099	(145,081)	460,018		0.760	-0.8%	-
18	Total Recovery of Commodity / Admin Sufficiency (col. f - a)						(3,632)				
19	Total Union Gas (line 16 + line 17)	1,488,625		(188,187)	1,676,812	(144,618)	1,532,195		0.914	2.9%	1.002

Notes:
(1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (b).
(2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (c).
(3) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (e).
(4) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (g).
(5) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).
(6) Includes Phase I sharing of short-term storage margin of $0.754 million and Phase II update of a $0.231 million decrease; and Heritage Pool sufficiency of $0.060 million.
(7) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 1, Updated.

UNION GAS LIMITED
Northern & Eastern Operations Area
In-Franchise Customers (5)
Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (1)	Current Approved: Revenue ($000's)	Current Approved: Rates (2) (cents / m^3)	Revenue (Deficiency) / Sufficiency ($000's)	Proposed 2013: Revenue Requirement (3) ($000's)	Proposed 2013: Revenue (Deficiency) / Sufficiency ($000's)	Proposed 2013: Revenue ($000's)	Proposed 2013: Rates (cents / m^3)	Proposed 2013: Revenue to Cost Ratios	Rate Change (%)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (h - c) / (c)
	Rate 01 - Small Volume General Firm Service											
1	Monthly Charge	bills	3,832,876	80,490	$21.00	(37,305)	117,795	(37,305)	80,490	$21.00	0.683	
	Monthly Delivery Charge - All Zones											
2	First 100 m3	10^3m^3	253,052	18,972	7.4971	3,842	15,129	10,590	25,720	10.1637		
3	Next 200 m3	10^3m^3	285,237	19,929	6.9866	4,027	15,901	11,594	27,495	9.6392		
4	Next 200 m3	10^3m^3	124,436	8,243	6.6239	1,663	6,580	4,951	11,531	9.2665		
5	Next 500 m3	10^3m^3	85,489	5,378	6.2911	1,083	4,295	3,335	7,630	8.9245		
6	Over 1,000 m3	10^3m^3	107,383	6,460	6.0162	1,299	5,161	4,119	9,280	8.6420		
7	Delivery Commodity charge - 01		855,598	58,981	6.8936	11,915	47,066	34,588	81,655	9.5436		
8	Total Delivery - 01		855,598	139,472	16.3011	(25,390)	164,862	(2,716)	162,145	18.9511	0.984	16.3%
	Gas Transportation											
9	Fort Frances	10^3m^3	11,920	702	5.8897	180	522	-	496	4.1651		
10	Western	10^3m^3	164,290	10,347	6.2981	2,626	7,721	-	7,448	4.5336		
11	Northern	10^3m^3	373,193	28,547	7.6495	7,284	21,264	-	21,209	5.6831		
12	Eastern	10^3m^3	306,195	26,822	8.7597	6,767	20,055	-	20,408	6.6650		
13	Transportation - 01		855,598	66,418	7.7628	16,857	49,562	-	49,562	5.7926	1.000	-25.4%
	Storage											
14	Fort Frances	10^3m^3	11,920	223	1.8724	(30)	254	-	223	1.8667		
15	Western	10^3m^3	164,290	3,072	1.8700	(418)	3,491	-	3,338	2.0319		
16	Northern	10^3m^3	373,193	8,412	2.2540	(1,142)	9,554	-	9,505	2.5470		
17	Eastern	10^3m^3	306,195	7,851	2.5640	(1,063)	8,914	-	9,146	2.9871		
18	Storage - 01		855,598	19,558	2.2859	(2,654)	22,212	-	22,212	2.5961	1.000	13.6%
19	Gas Supply Commodity (4)	10^3m^3	621,731	56,637	9.1096	(29,789)	86,427	601	87,028	13.9977		
20	Gas Supply Administration Charge	10^3m^3	621,731	1,951	0.3138	655	1,296	-	1,296	0.2085		
21	Total Rate 01		855,598	284,036	-	(40,322)	324,358	(2,115)	322,243	-	-	-

Notes:
(1) EB-2011-0210, Exhibit C3, Tab 2, Schedule 1, Column (b).
(2) EB-2011-0070, Appendix A effective April 1, 2012 (Excludes Price Adjustments).
(3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21, excludes Other Revenue.
(4) Gas Supply Commodity and Fuel Rates will be updated as part of the Board-approved QRAM process.
(5) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 2, Updated.

UNION GAS LIMITED
Northern & Eastern Operations Area
In-Franchise Customers (5)
Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (1) (a)	Current Approved: Revenue ($000's) (b)	Current Approved: Rates (2) (cents / m^3) (c)	Revenue (Deficiency) / Sufficiency ($000's) (d) = (b - e)	Proposed 2013: Revenue Requirement (3) ($000's) (e)	Proposed 2013: Revenue (Deficiency) / Sufficiency ($000's) (f)	Proposed 2013: Revenue ($000's) (g) = (e + f)	Proposed 2013: Rates (cents / m^3) (h) = (g / a)	Proposed 2013: Revenue to Cost Ratios (i) = (g / e)	Rate Change (%) (j) = (h - c) / (c)
	Rate 10 - Large Volume General Firm Service											
1	Monthly Charge	bills	24,573	1,720	$70.00	(2,050)	3,770	(2,050)	1,720	$70.00	0.456	
	Monthly Delivery Charge - All Zones											
2	First 1,000 m3	10^3m^3	23,230	1,404	6.0425	(228)	1,632	131	1,763	7.5883		
3	Next 9,000 m3	10^3m^3	125,165	5,978	4.7758	(978)	6,955	773	7,729	6.1747		
4	Next 20,000 m3	10^3m^3	79,608	3,227	4.0533	(531)	3,758	516	4,274	5.3685		
5	Next 70,000 m3	10^3m^3	60,460	2,171	3.5909	(359)	2,530	403	2,934	4.8524		
6	Over 100,000 m3	10^3m^3	27,805	511	1.8388	(88)	600	206	806	2.8972		
7	Delivery Commodity charge - 10		316,269	13,290	4.2022	(2,185)	15,475	2,029	17,504	5.5346		
8	Total Delivery - 10		316,269	15,010	4.7461	(4,235)	19,246	(21)	19,224	6.0785	0.999	28.1%
	Gas Transportation											
9	Fort Frances	10^3m^3	2,603	142	5.4555	39	103	-	96	3.6881		
10	Western	10^3m^3	43,804	2,569	5.8639	700	1,869	-	1,777	4.0566		
11	Northern	10^3m^3	128,486	9,271	7.2153	2,530	6,740	-	6,689	5.2061		
12	Eastern	10^3m^3	141,376	11,770	8.3255	3,172	8,598	-	8,748	6.1880		
13	Transportation - 10		316,269	23,752	7.5099	6,441	17,310	-	17,310	5.4733	1.000	-27.1%
	Storage											
14	Fort Frances	10^3m^3	2,603	31	1.1964	(4)	35	-	28	1.0933		
15	Western	10^3m^3	43,804	523	1.1941	(73)	596	-	551	1.2585		
16	Northern	10^3m^3	128,486	2,030	1.5796	(283)	2,312	-	2,279	1.7736		
17	Eastern	10^3m^3	141,376	2,673	1.8907	(371)	3,044	-	3,130	2.2137		
18	Storage - 10		316,269	5,257	1.6621	(731)	5,988	-	5,988	1.8934	1.000	13.9%
19	Gas Supply Commodity (4)	10^3m^3	150,962	13,770	9.1215	(7,215)	20,985	175	21,160	14.0166		
20	Gas Supply Administration Charge	10^3m^3	150,962	474	0.3138	159	315	-	315	0.2085		
21	Total Rate 10		316,269	58,263	-	(5,582)	63,844	153	63,998	-	-	-

Notes:
(1) EB-2011-0210, Exhibit C3, Tab 2, Schedule 1, Column (b).
(2) EB-2011-0070, Appendix A effective April 1, 2012 (Excludes Price Adjustments).
(3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21, excludes Other Revenue.
(4) Gas Supply Commodity and Fuel Rates will be updated as part of the Board-approved QRAM process.
(5) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 2, Updated.

UNION GAS LIMITED
Northern & Eastern Operations Area
In-Franchise Customers (5)
Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (1)	Current Approved Revenue ($000's)	Current Approved Rates (2) (cents / m^3)	Revenue (Deficiency) / Sufficiency ($000's)	Proposed 2013 Revenue Requirement (3) ($000's)	Proposed 2013 Revenue (Deficiency) / Sufficiency ($000's)	Proposed 2013 Revenue ($000's)	Proposed 2013 Rates (cents / m^3)	Proposed 2013 Revenue to Cost Ratios	Proposed 2013 Rate Change (%)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (h - c) / (c)
	Rate 20 - Medium Volume Firm Service											
1	Monthly Charge	bills	748	581	$777.19	(2,184)	2,765	(2,017)	748	$1,000.00	0.271	
	Monthly Demand Charge											
2	First 70,000 m3	$10^3m^3/d$	23,260	4,670	20.0760	(5,653)	10,322	(3,613)	6,710	28.8466		
3	All over 70,000 m3	$10^3m^3/d$	19,701	2,326	11.8057	(2,816)	5,141	(1,799)	3,342	16.9632		
4	Total Delivery Demand		42,960	6,995	16.2834	(8,468)	15,464	(5,412)	10,051	23.3971		
	Monthly Commodity Charge											
5	First 852,000 m3	10^3m^3	331,197	861	0.2599	861	-	1,849	1,849	0.5583		
6	All over 852,000 m3	10^3m^3	296,967	556	0.1873	556	-	1,202	1,202	0.4048		
7	Total Delivery Commodity		628,164	1,417	0.2256	1,417	-	3,051	3,051	0.4857		
8	Transportation Account Charge	bills	460	101	$219.21	(0)	101	-	101	$219.43		
9	Total Delivery - 20		628,164	9,095	1.4479	(9,235)	18,330	(4,378)	13,951	2.2210	0.761	53.4%
	Gas Supply Demand Charge											
10	Fort Frances	10^3m^3	-	-	49.3344	-	-	-	-	18.0347		
11	Western	10^3m^3	2,650	1,511	57.0166	774	737	-	737	27.8129		
12	Northern	10^3m^3	702	609	86.6848	209	400	-	400	56.9225		
13	Eastern	10^3m^3	3,521	3,903	110.8603	1,024	2,879	-	2,879	81.7820		
	Commodity Transportation 1											
14	Fort Frances	10^3m^3	-	-	4.2612	-	-	-	-	2.8562		
15	Western	10^3m^3	24,899	1,101	4.4236	337	764	-	764	3.0697		
16	Northern	10^3m^3	7,775	398	5.1192	108	290	-	290	3.7355		
17	Eastern	10^3m^3	40,782	2,320	5.6884	564	1,755	-	1,755	4.3043		
	Commodity Transportation 2											
18	Fort Frances		-	-	0.2893	-	-	-	-	0.1260		
19	Western	10^3m^3	10,903	29	0.2668	16	13	-	13	0.1236		
20	Northern	10^3m^3	6,194	25	0.4111	13	12	-	12	0.1933		
21	Eastern	10^3m^3	31,381	169	0.5383	89	79	-	79	0.2533		
22	Gas Supply Transportation - 20		121,935	10,065	8.2547	3,134	6,931	-	6,931	5.6843	1.000	-31.1%
	Storage (GJ)											
23	Demand	GJ/d	99,288	1,102	11.097	371	731	-	731	7.362		
24	Commodity	GJ	639,477	153	0.239	48	105	-	105	0.164		
25	Storage - 20		639,477	1,255	-	419	836	-	836	-		
26	Gas Supply Commodity (4)	10^3m^3	13,514	1,216	9.0000	(662)	1,879	6	1,884	13.9452		
27	Gas Supply Administration Charge	10^3m^3	13,514	42	0.3138	14	28	-	28	0.2085		
28	Total Rate 20		628,164	21,674	-	(6,330)	28,003	(4,372)	23,631	-	-	-

Notes:
(1) EB-2011-0210, Exhibit C3, Tab 2, Schedule 1, Column (b).
(2) EB-2011-0070, Appendix A effective April 1, 2012 (Excludes Price Adjustments).
(3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21, excludes Other Revenue.
(4) Gas Supply Commodity and Fuel Rates will be updated as part of the Board-approved QRAM process.
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UNION GAS LIMITED
Northern & Eastern Operations Area
In-Franchise Customers (5)
Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (1)	Current Approved Revenue ($000's)	Current Approved Rates (2) (cents / m^3)	Revenue (Deficiency) / Sufficiency ($000's)	Proposed 2013 Revenue Requirement (3) ($000's)	Revenue (Deficiency) / Sufficiency ($000's)	Revenue ($000's)	Rates (cents / m^3)	Revenue to Cost Ratios	Rate Change (%)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (h - c) / (c)
	Rate 25 - Large Volume Interruptible Service											
1	Monthly Charge	bills	842	159	$189.32	(2,855)	3,014	(2,699)	316	$375.00	0.105	
2	Monthly Delivery Charge	10^3m^3	129,481	2,170	1.6759	(1,509)	3,679	(652)	3,027	2.3378		
3	Transportation Account Charge	bills	36	8	$219.21	(0)	8	-	8	$219.43		
4	Total Delivery - 25		129,481	2,337	1.8051	(4,364)	6,701	(3,351)	3,351	2.5878	0.500	43.4%
5	Gas Supply Transportation	10^3m^3	42,913	2,335	5.4421	218	2,117	-	2,117	4.9339		
6	Gas Supply Commodity (4)	10^3m^3	42,913	6,229	14.5152	293	5,936	943	6,879	16.0304		
7	Gas Supply Administration Charge	10^3m^3	42,913	135	0.3138	45	89	-	89	0.2085		
8	Total Rate 25		129,481	11,036	-	(3,808)	14,844	(2,408)	12,436	-	-	-
	Rate 100 - Large Volume Firm Service											
9	Monthly Charge	bills	226	176	$777.19	(841)	1,017	(678)	339	$1,500.00	0.333	
10	Demand	$10^3m^3/d$	71,975	8,576	11.9158	(6,694)	15,271	(3,818)	11,453	15.9125		
11	Commodity	10^3m^3	1,895,488	2,944	0.1553	2,944	-	4,495	4,495	0.2372		
12	Delivery (Commodity/Demand)		1,895,488	11,520	0.6078	(3,751)	15,271	678	15,948	0.8414		
13	Transportation Account Charge	bills	226	50	$219.21	(0)	50	-	50	$219.43		
14	Total Delivery - 100		1,895,488	11,745	0.6196	(4,592)	16,337	(0)	16,337	0.8619	1.000	39.1%
	Gas Supply Demand Charge											
15	Fort Frances	$10^3m^3/d$	-	-	88.0846	-	-	-	-	50.7536		
16	Western	$10^3m^3/d$	-	-	97.0663	-	-	-	-	62.1615		
17	Northern	$10^3m^3/d$	-	-	131.6881	-	-	-	-	96.1227		
18	Eastern	$10^3m^3/d$	-	-	159.8951	-	-	-	-	125.1255		
	Commodity Transportation 1											
19	Fort Frances	-	-	-	7.8681	-	-	-	-	5.2821		
20	Western	10^3m^3	-	-	7.9899	-	-	-	-	5.4422		
21	Northern	10^3m^3	-	-	8.5116	-	-	-	-	5.9416		
22	Eastern	10^3m^3	-	-	8.9385	-	-	-	-	6.3682		
	Commodity Transportation 2											
23	Fort Frances	-	-	-	0.2893	-	-	-	-	0.1260		
24	Western	10^3m^3	-	-	0.2668	-	-	-	-	0.1236		
25	Northern	10^3m^3	-	-	0.4111	-	-	-	-	0.1933		
26	Eastern	10^3m^3	-	-	0.5383	-	-	-	-	0.2533		
27	Gas Supply Transportation - 100		-	-	-	-	-	-	-	-		
	Storage (GJ)											
28	Demand	GJ/d	15,600	173	11.097	66	107	8	115	7.362		
29	Commodity	GJ	100,000	24	0.239	11	13	4	16	0.164		
30	Gas Supply - 100		100,000	197	-	78	119	12	131	-		
31	Total Rate 100		1,895,488	11,942	-	(4,514)	16,457	11	16,468	-	-	-

Notes:
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UNION GAS LIMITED
Southern Operations Area
In-Franchise Customers (5)
Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (1)	Current Approved: Revenue ($000's)	Current Approved: Rates (2) (cents / m^3)	Revenue (Deficiency) / Sufficiency ($000's)	Proposed 2013: Revenue Requirement (3) ($000's)	Proposed 2013: Revenue (Deficiency) / Sufficiency ($000's)	Proposed 2013: Revenue ($000's)	Proposed 2013: Rates (cents / m^3)	Proposed 2013: Revenue to Cost Ratios	Proposed 2013: Rate Change (%)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (h - c) / (c)
	Rate M1 - Small Volume General Service Rate											
1	Monthly Charge	bills	12,706,802	266,843	$21.00	(15,258)	282,101	(15,258)	266,843	$21.00	0.946	
	Monthly Delivery Commodity Charge											
2	First 100 m3	10^3m^3	868,730	30,361	3.4949	(2,694)	33,056	4,714	37,770	4.3477		
3	Next 150 m3	10^3m^3	767,998	25,347	3.3004	(2,273)	27,620	4,184	31,804	4.1412		
4	All over 250 m3	10^3m^3	1,239,684	35,212	2.8404	(3,250)	38,462	6,820	45,282	3.6527		
5	Delivery Commody Charge - M1		2,876,411	90,920	3.1609	(8,217)	99,137	15,718	114,855	3.9930		
6	Total Delivery - M1		2,876,411	357,763	12.4378	(23,475)	381,238	460	381,698	13.2699	1.001	6.7%
7	Storage - M1	10^3m^3	2,876,411	27,174	0.9735	3,738	23,436	-	23,436	0.8148	1.000	-16.3%
8	Gas Supply Commodity (4)	10^3m^3	2,221,004	317,959	14.3160	(91,329)	409,288	34	409,322	18.4296		
9	Gas Supply Administration Charge	10^3m^3	2,221,004	6,970	0.3138	2,339	4,630	-	4,630	0.2085		
10	Total Rate M1		2,876,411	709,866	-	(108,726)	818,592	494	819,086	-	-	-
	Rate M2 - Large Volume General Service Rate											
11	Monthly Charge	bills	81,451	5,702	$70.00	(3,291)	8,992	(3,291)	5,702	$70.00	0.634	
	Monthly Delivery Commodity Charge											
12	First 1,000 m3	10^3m^3	52,132	1,921	3.6843	(266)	2,187	16	2,203	4.2259		
13	Next 6,000 m3	10^3m^3	253,275	9,131	3.6054	(1,269)	10,400	109	10,510	4.1496		
14	Next 13,000 m3	10^3m^3	285,869	9,635	3.3703	(1,352)	10,986	226	11,212	3.9222		
15	All over 20,000 m3	10^3m^3	365,375	11,283	3.0882	(1,604)	12,887	446	13,334	3.6493		
16	Delivery Commody Charge - M2		956,651	31,970	3.3419	(4,491)	36,461	798	37,259	3.8947		
17	Total Delivery - M2		956,651	37,672	3.9379	(7,781)	45,453	(2,493)	42,960	4.4907	0.945	14.0%
18	Storage - M2	10^3m^3	956,651	6,815	0.7172	(1,161)	7,977	-	7,977	0.8338	1.000	16.3%
19	Gas Supply Commodity (4)	10^3m^3	367,242	52,574	14.3160	(15,101)	67,676	6	67,681	18.4296		
20	Gas Supply Administration Charge	10^3m^3	367,242	1,152	0.3138	387	766	-	766	0.2085		
21	Total Rate M2		956,651	98,214	-	(23,657)	121,871	(2,487)	119,384	12.4794	-	-

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UNION GAS LIMITED
Southern Operations Area
In-Franchise Customers (5)
Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (1) (a)	Current Approved: Revenue ($000's) (b)	Current Approved: Rates (2) (cents / m^3) (c)	Revenue (Deficiency) / Sufficiency ($000's) (d) = (b - e)	Proposed 2013: Revenue Requirement (3) ($000's) (e)	Proposed 2013: Revenue (Deficiency) / Sufficiency ($000's) (f)	Proposed 2013: Revenue ($000's) (g) = (e + f)	Proposed 2013: Rates (cents / m^3) (h) = (g / a)	Proposed 2013: Revenue to Cost Ratios (i) = (g / e)	Rate Change (%) (j) = (h - c) / (c)
	Rate M4 - Firm Commercial/Industrial Contract Rate											
	Monthly Demand Charge											
1	First 8,450 m3	$10^3m^3/d$	11,642	5,268	45.2527	(4,920)	10,188	(4,327)	5,861	50.3472		
2	Next 19,700 m3	$10^3m^3/d$	7,864	1,544	19.6336	(1,442)	2,986	(1,049)	1,937	24.6283		
3	All over 28,150 m3	$10^3m^3/d$	4,507	735	16.3047	(686)	1,421	(462)	959	21.2864		
4	Total Delivery Demand		24,012	7,547	31.4293	(7,049)	14,596	(5,838)	8,757	36.4700		
	Monthly Delivery Commodity Charge											
5	First Block	10^3m^3	381,391	2,045	0.5361	585	1,459	2,749	4,208	1.1034		
6	All remaining use	10^3m^3	3,611	7	0.1970	1	6	11	17	0.4618		
7	Total Delivery Commodity		385,002	2,052	0.5329	586	1,465	2,760	4,225	1.0974		
8	Total Delivery - M4		385,002	9,599	2.4931	(6,462)	16,061	(3,078)	12,982	3.3720	0.808	35.3%
9	Gas Supply Commodity (4)	10^3m^3	16,855	2,413	14.3160	(693)	3,106	0	3,106	18.4296		
10	Gas Supply Administration Charge	10^3m^3	16,855	53	0.3138	18	35	-	35	0.2085		
11	Total Rate M4		385,002	12,065	-	(7,137)	19,202	(3,078)	16,124	-	-	-
	Rate M5A - Interruptible Commercial/Industrial Contract Rate											
	Firm contracts											
12	Monthly Demand Charge	$10^3m^3/d$	626	172	27.4318	(432)	604	(401)	202	32.3486		
13	Monthly Delivery Commodity Charge	10^3m^3	17,385	307	1.7681	(3)	310	(132)	179	1.0286		
14	Total Delivery - Firm M5A		17,385	479	2.7552	(435)	914	(533)	381	2.1926	0.417	-20.4%
	Interruptible contracts											
15	Monthly Charge	bills	1,692	843	$498.20	(1,412)	2,255	(1,028)	1,227	$725.00	0.544	
16	Delivery Commodity Charge (Avg Price)	10^3m^3	515,065	7,556	1.4669	(5,710)	13,265	(2,303)	10,962	2.1283		
17	Total Delivery - Interruptible M5A		515,065	8,399	1.6306	(7,122)	15,520	(3,331)	12,189	2.3665	0.785	45.1%
18	Gas Supply Commodity (4)	10^3m^3	14,132	2,023	14.3160	(581)	2,604	0	2,605	18.4296		
19	Gas Supply Administration Charge	10^3m^3	14,132	44	0.3138	15	29	-	29	0.2085		
20	Total Rate M5A		532,451	10,945	-	(8,123)	19,068	(3,864)	15,204	-	-	-

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UNION GAS LIMITED
Southern Operations Area
In-Franchise Customers (5)
Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (1)	Current Approved Revenue ($000's)	Current Approved Rates (2) (cents / m^3)	Revenue (Deficiency) / Sufficiency ($000's)	Proposed 2013 Revenue Requirement (3) ($000's)	Proposed 2013 Revenue (Deficiency) / Sufficiency ($000's)	Proposed 2013 Revenue ($000's)	Proposed 2013 Rates (cents / m^3)	Proposed 2013 Revenue to Cost Ratios	Proposed 2013 Rate Change (%)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (h - c) / (c)
	Rate M7 - Special Large Volume Comm/Ind Contract Rate											
	Firm Contracts											
1	Monthly Demand Charge	10^3m^3/d	14,220	3,582	25.1902	(1,350)	4,932	(1,332)	3,600	25.3195		
2	Monthly Delivery Commodity Charge	10^3m^3	142,488	69	0.0485	(123)	192	291	483	0.3389		
3	Total Delivery - Firm M7		142,488	3,651	2.5624	(1,473)	5,124	(1,041)	4,083	2.8657	0.797	11.8%
	Interruptible / Seasonal Contracts											
4	Monthly Delivery Commodity Charge	10^3m^3	4,655	44	0.9551	(169)	214	(156)	58	1.2526	0.273	31.1%
5	Total Rate M7		147,143	3,696	2.5116	(1,642)	5,338	(1,196)	4,142	2.8147	0.776	12.1%
	Rate M9 - Large Wholesale Service Rate											
6	Monthly Demand Charge	10^3m^3/d	3,993	671	16.8055	(10)	681	0	681	17.0657		
7	Monthly Delivery Commodity Charge	10^3m^3	60,750	115	0.1890	10	104	-	104	0.1719		
8	Total Rate M9		60,750	786	1.2935	0	786	0	786	1.2935	1.000	0.0%
	Rate M10 - Small Wholesale Service Rate											
9	Monthly Delivery Commodity Charge	10^3m^3	189	5	2.4919	(71)	75	(71)	6	2.9772	0.075	19.5%
10	Gas Supply Commodity (4)	10^3m^3	48	7	14.3160	(2)	9	0	9	18.4296		
11	Gas Supply Administration Charge	10^3m^3	48	0	0.3138	0	0	-	0	0.2085		
12	Total Rate M10		189	12	-	(73)	84	(71)	15	-	-	-

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UNION GAS LIMITED
Southern Operations Area
In-Franchise Customers (4)
Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (1)	Current Approved Revenue ($000's)	Current Approved Rates (2) (cents / m^3)	Revenue (Deficiency) / Sufficiency ($000's)	Proposed 2013 Revenue Requirement (3) ($000's)	Proposed 2013 Revenue (Deficiency) / Sufficiency ($000's)	Proposed 2013 Revenue ($000's)	Proposed 2013 Rates (cents / m^3)	Proposed 2013 Revenue to Cost Ratios	Proposed 2013 Rate Change (%)
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (h - c) / (c)
	Rate T1 - Storage and Transportation Rate											
	Storage ($/GJ)											
	Demand:											
	Firm injection / withdrawal											
1	Union provides deliverability inventory	GJ/d/mo.	2,009,280	2,929	1.458	23	2,906	503	3,409	1.696		
2	Customer provides deliverability inventory	GJ/d/mo.	1,503,356	1,521	1.012	79	1,442	436	1,878	1.249		
3	Incremental firm injection right	GJ/d/mo.	-	-	1.012	-	-	-	-	1.249		
4	Interruptible	GJ/d/mo.	477,948	484	1.012	484	-	597	597	1.249		
5	Space	GJ/d/mo.	129,041,736	1,290	0.010	(239)	1,529	8	1,537	0.012		
6	Commodity (Customer Provides)	GJ	10,620,082	74	0.007	(3)	78	2	79	0.007		
7	Commodity (Union Provides)	GJ	-	-	0.035	-	-	-	-	0.029		
8	Customer supplied fuel	GJ	63,427	296	-	66	230	-	230	-		
	Transportation (cents/ m3)											
	Demand											
9	First 140,870 m3	10^3m^3/d/mo.	71,774	13,659	19.0307	184	13,475	(596)	12,879	17.9438		
10	All Over 140,870 m3	10^3m^3/d/mo.	167,088	21,728	13.0041	292	21,436	(949)	20,487	12.2614		
	Commodity											
	Firm											
11	First 2,360,653 m3	10^3m^3	1,241,155	2,810	0.2264	2,522	288	-	288	0.0232		
12	All Over 2,360,653 m3	10^3m^3	3,502,055	3,947	0.1127	3,542	405	-	405	0.0116		
13	Interruptible	10^3m^3	421,771	2,959	0.7014	(1,363)	4,322	-	4,322	1.0247		
14	Monthly Charge	Meter/mo.	972	1,743	$1,793.52	(4,677)	6,421	-	6,421	$6,605.75	1.000	
15	Customer supplied fuel	10^3m^3	26,210	4,624	176.430	2,387	2,238	-	2,238	-		
16	Total Rate T1		5,164,982	58,065	1.1242	3,296	54,769	(0)	54,769	1.0604	1.000	-5.7%
	Rate T3 - Storage and Transportation Rate											
	Storage ($/GJ)											
	Demand											
	Firm injection / withdrawal											
17	Union provides deliverability inventory	GJ/d/mo.	-	-	1.458	-	-	-	-	1.696		
18	Customer provides deliverability inventory	GJ/d/mo.	679,320	687	1.012	(158)	846	3	849	1.249		
19	Incremental firm injection right	GJ/d/mo.	-	-	1.012	-	-	-	-	1.249		
20	Interruptible	GJ/d/mo.	-	-	1.012	-	-	-	-	1.249		
21	Space	GJ/d/mo.	36,614,256	366	0.010	(70)	436	0	436	0.012		
22	Commodity (Customer Provides)	GJ	4,459,672	31	0.007	(2)	33	0	33	0.007		
23	Commodity (Union Provides)	GJ	-	-	0.035	-	-	-	-	0.029		
24	Customer supplied fuel	GJ	26,635	124	-	28	97	-	97	-		
	Transportation (cents/ m3)											
25	Demand	10^3m^3/d/mo.	28,200	2,535	8.9901	(493)	3,028	(159)	2,868	10.1718		
26	Commodity	10^3m^3	272,712	186	0.0681	156	30	-	30	0.0110		
27	Monthly Charge	Meter/mo.	12	211	$17,549.76	(49)	259	-	259	$21,612.54	1.000	
28	Customer supplied fuel	10^3m^3	1,972	348	176.430	186	162	-	162	-		
29	Total Rate T3		272,712	4,488	1.6459	(402)	4,890	(156)	4,735	1.7361	0.968	5.5%

Notes:
(1) EB-2011-0210, Exhibit C3, Tab 2, Schedule 1, Column (b).
(2) EB-2011-0070, Appendix A effective April 1, 2012 (Excludes Price Adjustments).
(3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21, excludes Other Revenue.
(4) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 2, Updated.

UNION GAS LIMITED
Southern Operations Area
Ex-Franchise Customers (7)
Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (a)	Current Approved: Revenue ($000's) (1) (b)	Current Approved: Rates (2), (4) ($/$10^3m^3$) (c)	Revenue (Deficiency) / Sufficiency ($000's) (d) = (b - e)	Proposed 2013: Revenue Requirement (3) ($000's) (e)	Proposed 2013: Revenue (Deficiency) / Sufficiency ($000's) (f)	Proposed 2013: Revenue ($000's) (g) = (e + f)	Proposed 2013: Rates ($/$10^3m^3$) (h) = (g / a)	Proposed 2013: Revenue to Cost Ratios (i) = (g / e)	Proposed 2013: Rate Change % (j) = (g - b) / (b)
	M12 Transportation Service											
	Demand:											
	Dawn to Kirkwall											
1	- 12 months	10^3m^3/d/mo	11,108	11,128 (5)	74.670	(7,769)	18,897	(708)	11,751	78.850		
2	- 10 months	10^3m^3/d/mo	8,068	6,024	74.670	6,024			6,362	78.850		
3	- 2 months	10^3m^3/d/mo	486	73	74.670	73			77	78.850		
4	- F24-T - 12 months	10^3m^3/d/mo	1,311	410	26.048	251	159	-	159	10.121		
	Dawn to Parkway											
5	- 12 months	10^3m^3/d/mo	85,458	98,491 (5)	87.697	(12,355)	110,846	(4,248)	104,974	93.469		
6	- 10 months	10^3m^3/d/mo	1,722	1,510	87.697	1,510			1,609	93.469		
7	- 3 months	10^3m^3/d/mo	53	14	87.697	14			15	93.469		
8	- F24-T - 12 months	10^3m^3/d/mo	8,132	2,542	26.048	1,554	988	-	988	10.121		
	M12-X Easterly (between Dawn, Kirkwall and Parkway)											
9	- 12 months	10^3m^3/d/mo	10,358	10,900	87.697	(1,180)	12,081	(463)	11,618	93.469		
	M12-X Westerly (between Dawn, Kirkwall and Parkway)											
10	- 12 months	10^3m^3/d/mo	10,358	2,555	20.560	2,555	-	2,830	2,830	22.771		
	Kirkwall to Parkway											
11	- 12 months	10^3m^3/d/mo	2,344	363	13.029 (6)	(208)	571	(24)	411	14.620		
12	- 2 months	10^3m^3/d/mo	4,629	109	13.029 (6)	109			135	14.620		
	Commodity:											
13	Easterly - Providing Own Fuel	10^3m^3	18,688,739	29,434		4,167	25,268	-	25,268			
	Westerly - Providing Own Fuel	10^3m^3										
14	Parkway to Kirkwall/Dawn		23,986	17		4	13	0	13			
15	Kirkwall to Dawn		133,279	95		54	42	-	42			
16	**Total Rate M12**		18,846,004	163,667		(5,198)	168,865	(2,613)	166,252		0.985	1.6%

Notes:
(1) EB-2011-0210, Exhibit C3, Tab 4, Schedule 1.
(2) EB-2011-0070, Appendix A, pages 13-15 effective April 1, 2012.
(3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21.
(4) The conversion factor used to convert to $/GJ as found in the rate schedules is 37.75 GJ per 10^3m^3.
(5) M12 demand revenues for Dawn to Kirkwall and Dawn to Parkway also include F24-T demands.
(6) Decision and Order, EB-2011-0257.
(7) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 2, Updated.

UNION GAS LIMITED
Southern Operations Area
Ex-Franchise Customers (5)
Effective January 1, 2013

				Current Approved			Proposed 2013						
Line No.	Particulars	Billing Units	2013 Forecast Usage	Revenue ($000's) (1)	Rates (2), (4) ($/$10^3m^3$)	Revenue (Deficiency) / Sufficiency ($000's)	Revenue Requirement (3) ($000's)	Revenue (Deficiency) / Sufficiency ($000's)	Revenue ($000's)	Rates ($/$10^3m^3$)	Revenue to Cost Ratios	Rate Change %
			(a)	(b)	(c)	(d) = (b - e)	(e)	(f)	(g) = (e + f)	(h) = (g / a)	(i) = (g / e)	(j) = (g - b) / (b)
	M13 Transportation of Locally Produced Gas											
1	Monthly Fixed Charge	monthly	15	118	$656.48	(53)	171	-	171	$948.58		
2	Transmission Commodity Charge	10^3m^3	157,205	149	0.947	149		209	209	1.330		
3	Commodity	10^3m^3	157,205	100	0.639	51	49	-	49	0.314		
4	**Total Rate M13**		157,205	368		148	220	209	429		1.950	16.7%
	M16 Transportation Service											
5	Monthly Fixed Charge	monthly	4	32	$664.93	(39)	71	-	71	$1,476.26		
6	Transmission Commodity Charge	10^3m^3	165,202	202	0.947	202		220	220	1.330		
	Charges West of Dawn:											
7	Firm Demand Charge	10^3m^3/d	473	207	36.514	(36)	243	(6)	237	41.811		
8	Fuel & UFG to Dawn	10^3m^3	108,577	62	0.639	28	34	-	34	0.314		
9	Fuel & UFG to Pool	10^3m^3	108,577	82	0.840	(14)	96	-	96	0.885		
	Charges East of Dawn:											
10	Firm Demand Charge	10^3m^3/d	240	79	27.431	79		84	84	29.071		
11	Fuel & UFG to Dawn	10^3m^3	56,626	36	0.639	18	18	-	18	0.314		
12	Fuel & UFG to Pool	10^3m^3	56,626	42	0.750	25	18	-	18	0.314		
13	**Total Rate M16**		330,405	743		263	480	298	777		1.620	4.6%

Notes:
(1) EB-2011-0210, Exhibit C3, Tab 4, Schedule 1.
(2) EB-2011-0070, Appendix A, pages 13-15 effective April 1, 2012.
(3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21.
(4) The conversion factor used to convert to $/GJ as found in the rate schedules is 37.75 GJ per 10^3m^3.
(5) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 2, Updated.

UNION GAS LIMITED
Southern Operations Area
Ex-Franchise Customers (6)
Effective January 1, 2013

Line No.	Particulars	Billing Units	2013 Forecast Usage (a)	Current Approved Revenue ($000's) (1) (b)	Current Approved Rates (2), (4) ($/$10^3m^3$) (c)	Revenue (Deficiency) / Sufficiency ($000's) (d) = (b - e)	Proposed 2013 Revenue Requirement (3) ($000's) (e)	Proposed 2013 Revenue (Deficiency) / Sufficiency ($000's) (f)	Proposed 2013 Revenue ($000's) (g) = (e + f)	Proposed 2013 Rates ($/$10^3m^3$) (h) = (g / a)	Proposed 2013 Revenue to Cost Ratios (i) = (g / e)	Proposed 2013 Rate Change % (j) = (g - b) / (b)
	C1 Cross Franchise Transportation Service											
	Storage Service:											
1	Peak Storage(Short-term)	10^3m^3	626,720	8,988		4,419	4,569	4,419	8,988			
	Commodity					(1,692)	1,692	(1,692)				
2	Off Peak Storage/ Balancing /Loans	10^3m^3	0	2,500		2,500	-	2,500	2,500			
	Transportation Service:											
	Demand:											
	St.Clair & Dawn, Ojibway & Dawn											
3	- 12 months	10^3m^3/mo	2,264	1,102	36.514	(33)	1,135	111	1,246	41.811		
	Parkway to Dawn/Kirkwall											
4	- 12 months	10^3m^3/mo	9,202	2,270	20.560	2,270	-	2,613	2,514	22.771		
5	- 3 months	10^3m^3/mo	1,440	89	20.560	89			98	22.771		
6	Kirkwall to Dawn	10^3m^3/mo	0	-	44.352			-		40.159		
	Dawn to Parkway											
7	- 12 months	10^3m^3/mo	187	413	87.697	377	35	377	413	93.469		
8	Kirkwall to Parkway	10^3m^3/mo			13.029 (5)					14.620		
	Dawn to Dawn Vector											
9	- 12 months	10^3m^3/mo	2,459	47	1.586	47	-	33	33	1.103		
	Dawn to Dawn TCPL											
10	- 12 months	10^3m^3/mo	13,245	1,320	8.305	767	553	263	816	5.136		
	Firm Commodity											
	Easterly											
	Union Providing Fuel											
11	Dawn to Parkway (TCPL)	10^3m^3	64,193	103		11	92	2	94			
	Providing Own Fuel											
12	Dawn to Dawn TCPL	10^3m^3	132,450	171		79	92	0	92			
13	Dawn to Dawn Vector	10^3m^3	484,257	140		(133)	273	-	273			
14	Ojibway to Dawn	10^3m^3	264,068	290		98	192	(8)	184			
	Westerly - Providing Own Fuel											
15	Parkway to Kirkwall	10^3m^3	0	-		-		-				
16	Parkway to Dawn	10^3m^3	105,702	76		17	58	(1)	57			
17	Short-term Transportation & Exchanges	10^3m^3	4,702,773	20,186		13,738	6,448	13,738	20,186			
18	Other Transactional			1,067		1,067	-	1,067	1,067			
19	**Total Rate C1**		5,753,444	38,761		23,620	15,141	23,421	38,562		2.547	-0.5%
20	**Total Ex-Fran**			203,538		18,833	184,705	21,314	206,020			

Notes:
(1) EB-2011-0210, Exhibit C3, Tab 4, Schedule 1.
(2) EB-2011-0070, Appendix A, pages 13-15 effective April 1, 2012.
(3) EB-2011-0210, Exhibit G3, Tab 2, Schedules 2-21.
(4) The conversion factor used to convert to $/GJ as found in the rate schedules is 37.75 GJ per 10^3m^3.
(5) Decision and Order, EB-2011-0257.
(6) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 2, Updated.

UNION GAS LIMITED
Northern & Eastern Operations Area
Percentage Change in Average Unit Price (4)
Effective January 1, 2013

Line No.	Particulars (cents/m^3)	Rate Classification	Current Approved Rates (1) (cents / m^3)	Rate Change	Proposed Rates (2) (cents / m^3)	Percent Change (3) (%)
			(a)	(b) = (c - a)	(c)	(d) = (b / a)
	Small Volume General Service	01				
1	Delivery		16.3011	2.6500	18.9511	16.3%
2	Gas Supply Transportation		7.7628	(1.9702)	5.7926	-25.4%
3	Storage		2.2859	0.3102	2.5961	13.6%
4	Total		26.3498	0.9901	27.3399	3.8%
	Large Volume General Service	10				
5	Delivery		4.7461	1.3324	6.0785	28.1%
6	Gas Supply Transportation		7.5099	(2.0366)	5.4733	-27.1%
7	Storage		1.6621	0.2313	1.8934	13.9%
8	Total		13.9182	(0.4729)	13.4452	-3.4%
	Medium Volume Firm Service	20				
9	Delivery		1.4479	0.7731	2.2210	53.4%
10	Gas Supply Transportation		8.2547	(2.5705)	5.6843	-31.1%
11	Total		9.7026	(1.7973)	7.9052	-18.5%
	Large Volume High Load Factor	100				
12	Delivery		0.6196	0.2422	0.8619	39.1%
	Large Volume Interruptible	25				
13	Delivery		1.8051	0.7827	2.5878	43.4%

Notes:
(1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (c).
(2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).
(3) Excludes Gas Supply Commodity related costs.
(4) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 3, Updated.

UNION GAS LIMITED
Southern Operations Area
Percentage Change in Average Unit Price (4)
Effective January 1, 2013

Line No.	Particulars (cents/m^3)	Rate Classification	Current Approved Rates (1) (cents / m^3)	Rate Change	Approved Rates (2) (cents / m^3)	Percent Change (3) (%)
			(a)	(b) = (c - a)	(c)	(d) = (b / a)
	General Service	M1				
1	Delivery		12.4378	0.8321	13.2699	6.7%
2	Storage		0.9735	(0.1587)	0.8148	-16.3%
3	Total		13.4113	0.6734	14.0847	5.0%
	General Service	M2				
4	Delivery		3.9379	0.5528	4.4907	14.0%
5	Storage		0.7172	0.1166	0.8338	16.3%
6	Total		4.6551	0.6694	5.3245	14.4%
	Firm Contract Commercial / Industrial	M4				
7	Delivery		2.4931	0.8789	3.3720	35.3%
	Firm Contract Commercial / Industrial	M5 (F)				
8	Delivery		2.7552	(0.5626)	2.1926	-20.4%
	Interruptible Contract Commercial / Industrial	M5 (I)				
9	Delivery		1.6306	0.7359	2.3665	45.1%
	Firm Special Large Volume Contract	M7 (F)				
10	Delivery		2.5624	0.3033	2.8657	11.8%
	Interruptible Special Large Volume Contract	M7 (I)				
11	Delivery		0.9551	0.2975	1.2526	31.1%
	Large Wholesale Service	M9				
12	Delivery		1.2935	0.0000	1.2935	0.0%
	Small Wholesale Service	M10				
13	Delivery		2.4919	0.4853	2.9772	19.5%
	Storage and Transportation	T1 (F/I)				
14	Delivery		1.1242	(0.0638)	1.0604	-5.7%
15	Delivery excluding fuel		1.0289	(0.0163)	1.0126	-1.6%
16	Storage and Transportation Distributor	T3	1.6459	0.0902	1.7361	5.5%

Notes:
(1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (c).
(2) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, column (h).
(3) Excludes Gas Supply Commodity related costs.
(4) Grey shading represents all changes when compared to Exhibit H3, Tab 1, Schedule 3, Updated.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H3, Tab 2, Schedule 1, Updated

Please update Schedule 1 to reflect current 2012 rates.

Response:

Please see Attachment 1 for the update to Exhibit H3, Tab 2, Schedule 1, Updated using Board-approved April 1, 2012 QRAM (EB-2012-0070) rates as current approved.

UNION GAS LIMITED
Northern & Eastern Operations Area
Summary of Changes to Sales Rates (1)
Rate 01A - Small Volume General Firm Service

Line No.	Particulars (cents/m^3)	EB-2012-0070 Approved April 1, 2012 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
1	Monthly Charge - All Zones	$21.00		$21.00
	Monthly Delivery Charge - All Zones			
2	First 100 m^3	7.4971	2.6666	10.1637
3	Next 200 m^3	6.9866	2.6526	9.6392
4	Next 200 m^3	6.6239	2.6426	9.2665
5	Next 500 m^3	6.2911	2.6334	8.9245
6	Over 1,000 m^3	6.0162	2.6258	8.6420
	Gas Transportation Service			
7	Fort Frances	5.8897	(1.7246)	4.1651
8	Western Zone	6.2981	(1.7645)	4.5336
9	Northern Zone	7.6495	(1.9664)	5.6831
10	Eastern Zone	8.7597	(2.0947)	6.6650
	Storage Service			
11	Fort Frances	1.8724	(0.0057)	1.8667
12	Western Zone	1.8700	0.1619	2.0319
13	Northern Zone	2.2540	0.2930	2.5470
14	Eastern Zone	2.5640	0.4231	2.9871
	Commodity Cost of Gas and Fuel			
15	Fort Frances	9.3029	4.7125	14.0154
16	Western Zone	9.3537	4.7406	14.0943
17	Northern Zone	9.4180	4.7803	14.1983
18	Eastern Zone	9.4749	4.8129	14.2878

Notes
(1) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Northern & Eastern Operations Area
Summary of Changes to Sales Rates (1)
Rate 10 - Large Volume General Firm Service

Line No.	Particulars (cents/m^3)	EB-2012-0070 Approved April 1, 2012 Rate	Rate Change	EB-2011-0210 Proposed January 1, 2013 Rate
		(a)	(b)	(c)
1	Monthly Charge - All Zones	$70.00		$70.00
	Monthly Delivery Charge - All Zones			
2	First 1,000 m^3	6.0425	1.5458	7.5883
3	Next 9,000 m^3	4.7758	1.3989	6.1747
4	Next 20,000 m^3	4.0533	1.3152	5.3685
5	Next 70,000 m^3	3.5909	1.2615	4.8524
6	Over 100,000 m^3	1.8388	1.0584	2.8972
	Gas Transportation Service			
7	Fort Frances	5.4555	(1.7674)	3.6881
8	Western Zone	5.8639	(1.8073)	4.0566
9	Northern Zone	7.2153	(2.0092)	5.2061
10	Eastern Zone	8.3255	(2.1375)	6.1880
	Storage Service			
11	Fort Frances	1.1964	(0.1031)	1.0933
12	Western Zone	1.1941	0.0644	1.2585
13	Northern Zone	1.5796	0.1940	1.7736
14	Eastern Zone	1.8907	0.3230	2.2137
	Commodity Cost of Gas and Fuel			
15	Fort Frances	9.3029	4.7125	14.0154
16	Western Zone	9.3537	4.7406	14.0943
17	Northern Zone	9.4180	4.7803	14.1983
18	Eastern Zone	9.4749	4.8129	14.2878

Notes
(1) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Northern & Eastern Operations Area
Summary of Changes to Sales Rates (1)
Rate 20 - Medium Volume Firm Service

Line No.	Particulars (cents/m^3)	EB-2012-0070 Approved April 1, 2012 Rate	Rate Change	EB-2011-0210 Proposed January 1, 2013 Rate
		(a)	(b)	(c)
1	Monthly Charge	$777.19	$222.81	$1,000.00
	Delivery Demand Charge			
2	First 70,000 m^3	20.0760	8.7706	28.8466
3	All over 70,000 m^3	11.8057	5.1575	16.9632
	Delivery Commodity Charge			
4	First 852,000 m^3	0.2599	0.2983	0.5583
5	All over 852,000 m^3	0.1873	0.2174	0.4048
	Monthly Gas Supply Demand Charge			
6	Fort Frances	49.3344	(31.2997)	18.0347
7	Western Zone	57.0166	(29.2037)	27.8129
8	Northern Zone	86.6848	(29.7623)	56.9225
9	Eastern Zone	110.8603	(29.0783)	81.7820
	Commodity Transportation 1			
10	Fort Frances	4.2612	(1.4050)	2.8562
11	Western Zone	4.4236	(1.3539)	3.0697
12	Northern Zone	5.1192	(1.3837)	3.7355
13	Eastern Zone	5.6884	(1.3841)	4.3043
	Commodity Transportation 2			
14	Fort Frances	0.2893	(0.1633)	0.1260
15	Western Zone	0.2668	(0.1432)	0.1236
16	Northern Zone	0.4111	(0.2178)	0.1933
17	Eastern Zone	0.5383	(0.2850)	0.2533
	Commodity Cost of Gas and Fuel			
18	Fort Frances	9.3197	4.7543	14.0740
19	Western Zone	9.3705	4.7826	14.1531
20	Northern Zone	9.4350	4.8225	14.2575
21	Eastern Zone	9.4919	4.8555	14.3474
	Bundled Storage Service ($/GJ)			
22	Monthly Demand Charge	11.097	(3.735)	7.362
23	Commodity Charge	0.239	(0.075)	0.164

Notes
(1) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Northern & Eastern Operations Area
Summary of Changes to Sales Rates (1)
Rate 100 - Large Volume High Load Factor Firm Service

Line No.	Particulars (cents/m^3)	EB-2012-0070 Approved April 1, 2012 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
1	Monthly Charge	$777.19	$722.81	$1,500.00
	Delivery Demand Charge			
2	All Zones	11.9158	3.9967	15.9125
	Delivery Commodity Charge			
3	All Zones	0.1553	0.0819	0.2372
	Monthly Gas Supply Demand Charge			
4	Fort Frances	88.0846	(37.3310)	50.7536
5	Western Zone	97.0663	(34.9048)	62.1615
6	Northern Zone	131.6881	(35.5654)	96.1227
7	Eastern Zone	159.8951	(34.7696)	125.1255
	Commodity Transportation 1			
8	Fort Frances	7.8681	(2.5860)	5.2821
9	Western Zone	7.9899	(2.5477)	5.4422
10	Northern Zone	8.5116	(2.5700)	5.9416
11	Eastern Zone	8.9385	(2.5703)	6.3682
	Commodity Transportation 2			
12	Fort Frances	0.2893	(0.1633)	0.1260
13	Western Zone	0.2668	(0.1431)	0.1236
14	Northern Zone	0.4111	(0.2178)	0.1933
15	Eastern Zone	0.5383	(0.2850)	0.2533
	Commodity Cost of Gas and Fuel			
16	Fort Frances	9.3197	4.7543	14.0740
17	Western Zone	9.3705	4.7826	14.1531
18	Northern Zone	9.4350	4.8225	14.2575
19	Eastern Zone	9.4919	4.8555	14.3474
	Bundled Storage Service ($/GJ)			
20	Monthly Demand Charge	11.097	(3.735)	7.362
21	Commodity Charge	0.239	(0.075)	0.164

Notes
(1) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Northern & Eastern Operations Area
Summary of Changes to Sales Rates (1)

Line No.	Particulars (cents/m^3)	EB-2012-0070 Approved April 1, 2012 Rate	Rate Change	EB-2011-0210 Proposed January 1, 2013 Rate
		(a)	(b)	(c)
	Rate 25 - Large Volume Interruptible Service			
1	Monthly Charge	$189.32	$185.68	$375.00
	Delivery Charge - All Zones *			
2	Maximum	3.7144	1.2668	4.9812
	Gas Supply Charges - All Zones			
3	Minimum	14.3135		14.3135
4	Maximum	140.5622		140.5622

* see Exhibit H3, Tab 2, Schedule 2.

Notes
(1) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Sales Rates (3)

Line No.	Particulars (cents/m^3)	EB-2012-0070 Approved April 1, 2012 Rate	Rate Change	EB-2011-0210 Proposed January 1, 2013 Rate
		(a)	(b)	(c)
	Utility Sales			
1	Commodity and Fuel	9.4749	4.8129	14.2878
2	Transportation	5.1549	(0.8046)	4.3503
3	Total Gas Supply Commodity Charge	14.6298	4.0083	18.6381
	M4 Firm Commercial/Industrial			
4	Minimum annual gas supply commodity charge	5.7081	(0.7523)	4.9558
	M5A Interruptible Commercial/Industrial			
5	Minimum annual gas supply commodity charge	5.7081	(0.7523)	4.9558
	Storage and Transportation Supplemental Services - Rate T1, Rate T	$/GJ		$/GJ
	Monthly demand charges: ($/GJ)			
6	Firm gas supply service	63.207	(15.828)	47.379
7	Firm backstop gas	1.687	0.428	2.115
	Commodity charges:			
8	Gas supply	2.565	1.234	3.799
9	Backstop gas	4.222	1.116	5.338
10	Reasonable Efforts Backstop Gas	5.050	1.257	6.307
11	Supplemental Inventory	Note (1)		Note (1)
12	Supplemental Gas Sales Service (cents/m^3)	17.2975	4.4549	21.7524
13	Failure to Deliver	2.549	0.1880	2.737
14	Discretionary Gas Supply Service (DGSS)	Note (2)		Note (2)

Notes:

(1) The charge for banked gas purchases shall be the higher of the daily spot gas cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
(2) Reflects the "back to back" price plus gas supply administration charge.
(3) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Sales Rates (1)

Line No.	Particulars (cents/m^3)	EB-2012-0070 Approved April 1, 2012 Rate	Rate Change	EB-2011-0210 Proposed January 1, 2013 Rate
		(a)	(b)	(c)
	Rate M1 - Small Volume General Service Rate			
1	Monthly Charge	$21.00		$21.00
2	First 100 m^3	3.4949	0.8528	4.3477
3	Next 150 m^3	3.3004	0.8408	4.1412
4	All over 250 m^3	2.8404	0.8123	3.6527
5	Storage Service	0.9735	(0.1587)	0.8148
	Rate M2 - Large Volume General Service Rate			
6	Monthly Charge	$70.00		$70.00
7	First 1,000 m^3	3.6843	0.5416	4.2259
8	Next 6,000 m^3	3.6054	0.5442	4.1496
9	Next 13,000 m^3	3.3703	0.5519	3.9222
10	All over 20,000 m^3	3.0882	0.5611	3.6493
11	Storage Service	0.7172	0.1166	0.8338
	Rate M4 - Firm comm/ind contract rate			
	Monthly demand charge:			
12	First 8,450 m^3	45.2527	5.0945	50.3472
13	Next 19,700 m^3	19.6336	4.9947	24.6283
14	All over 28,150 m^3	16.3047	4.9817	21.2864
	Monthly delivery commodity charge:			
15	First block	0.5361	0.5673	1.1034
16	All remaining use	0.1970	0.2648	0.4618
17	Minimum annual delivery commodity charge	0.8499	0.4620	1.3119

Notes
(1) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Sales Rates (1)

Line No.	Particulars (cents/m^3)	EB-2012-0070 Approved April 1, 2012 Rate	Rate Change	EB-2011-0210 Proposed January 1, 2013 Rate
		(a)	(b)	(c)
	Rate M5A - interruptible comm/ind contract			
	Firm contracts *			
1	Monthly demand charge	27.4318	4.9168	32.3486
2	Monthly delivery commodity charge	2.1087	(1.0801)	1.0286
	Interruptible contracts *			
3	Monthly Charge	$498.20	$226.80	$725.00
	Daily delivery commodity charge:			
4	4,800 m^3 to 17,000 m^3	2.1435	0.2904	2.4340
5	17,000 m^3 to 30,000 m^3	2.0136	0.2904	2.3041
6	30,000 m^3 to 50,000 m^3	1.9453	0.2904	2.2358
7	50,000 m^3 to 70,000 m^3	1.8974	0.2904	2.1879
8	70,000 m^3 to 100,000 m^3	1.8631	0.2904	2.1536
9	100,000 m^3 to 140,870 m^3	1.8294	0.2904	2.1199
10	Annual minimum delivery commodity charge	2.4573	0.1851	2.6424
	Rate M7 - Special large volume contract			
	Firm			
11	Monthly demand charge	25.1902	0.1292	25.3195
12	Monthly delivery commodity charge	0.0485	0.2904	0.3389
	Interruptible *			
	Monthly delivery commodity charge:			
13	Maximum	2.4147	1.5387	3.9534
	Seasonal *			
	Monthly delivery commodity charge:			
14	Maximum	2.1706	1.5387	3.7093
	Rate M9 - Large wholesale service			
15	Monthly demand charge	16.8055	0.2602	17.0657
16	Monthly delivery commodity charge	0.1890	(0.0171)	0.1719
	Rate M10 - Small wholesale service			
17	Monthly delivery commodity charge	2.4919	0.4853	2.9772

* Price changes to individual interruptible and seasonal contract rates are provided at Exhibit H3, Tab 2, Schedule 2.

Notes
(1) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Contract Carriage Rates (2)

Line No.	Particulars	EB-2012-0070 Approved April 1, 2012 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
	Contract Carriage Service			
	T1 Storage and Transportation (1)			
	Storage ($ / GJ)			
	Monthly demand charges:			
1	Firm space	0.010		-
	Firm Injection/Withdrawal Right			
2	Union provides deliverability inventory	1.458		-
3	Customer provides deliverability inventory	1.012		-
4	Firm incremental injection	1.012		-
5	Interruptible withdrawal	1.012		-
	Commodity charges:			
6	Withdrawal	0.035		-
7	Customer provides compressor fuel	0.007		-
8	Injection	0.035		-
9	Customer provides compressor fuel	0.007		-
10	Storage fuel ratio - customer provides fuel	0.597%		-
	Transportation (cents / m^3)			
11	Monthly demand charge first 140,870 m^3	19.0307		-
12	Monthly demand charge all over 140,870 m^3	13.0041		-
	Firm commodity charges:			
13	Union provides compressor fuel first 2,360,653 m^3	0.3241		-
14	Union provides compressor fuel all over 2,360,653 m^3	0.2104		-
15	Customer provides compressor fuel first 2,360,653 m^3	0.2264		-
16	Customer provides compressor fuel all over 2,360,653 m^3	0.1127		-
	Interruptible commodity charges: *			
17	Maximum - Union provides compressor fuel	2.4147		-
18	Maximum - customer provides compressor fuel	2.3170		-
19	Transportation fuel ratio - customer provides fuel	0.554%		-
	Authorized overrun services			
	Storage ($ / GJ)			
	Commodity charges			
20	Injection / Withdrawals	0.103		-
21	Customer provides compressor fuel	0.055		-
22	Transportation commodity charge (cents/m^3)	0.9498		-
23	Customer provides compressor fuel	0.8521		-
24	Monthly Charge	$1,793.52		-

* Price changes to individual interruptible contract rates are provided at Exhibit H3, Tab 2, Schedule 2.

Notes:
(1) Per Union's proposal to split current Rate T1 into small Rate T1 and large Rate T2.
(2) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Contract Carriage Rates (2)

Line No.	Particulars	EB-2012-0070 Approved April 1, 2012 Rate	Rate Change	EB-2011-0210 Proposed January 1, 2013 Rate
		(a)	(b)	(c)
	Contract Carriage Service			
	Rate T1 - Storage and Transportation (1)			
	Storage ($ / GJ)			
	Monthly demand charges:			
1	Firm space	0.010	0.002	0.012
	Firm Injection/Withdrawal Right			
2	Union provides deliverability inventory	1.458	0.239	1.696
3	Customer provides deliverability inventory	1.012	0.237	1.249
4	Firm incremental injection	1.012	0.237	1.249
5	Interruptible withdrawal	1.012	0.237	1.249
	Commodity charges:			
6	Withdrawal	0.035	(0.006)	0.029
7	Customer provides compressor fuel	0.007		0.007
8	Injection	0.035	(0.006)	0.029
9	Customer provides compressor fuel	0.007		0.007
10	Storage fuel ratio - customer provides fuel	0.597%	-0.194%	0.403%
	Transportation (cents / m^3)			
11	Monthly demand charge first 28,150 m^3	-		31.0721
12	Monthly demand charge all over 112,720 m^3	-		23.4173
	Firm commodity charges:			
13	Union provides compressor fuel - All volumes	-		0.1233
14	Customer provides compressor fuel - All volumes	-		0.0714
	Interruptible commodity charges: *			
15	Maximum - Union provides compressor fuel	-		3.9534
16	Maximum - customer provides compressor fuel	-		3.9015
17	Transportation fuel ratio - customer provides fuel	-		0.256%
	Authorized overrun services			
	Storage ($ / GJ)			
	Commodity charges			
18	Injection / Withdrawals	-		0.109
19	Customer provides compressor fuel	-		0.063
20	Transportation commodity charge (cents/m^3)	-		1.0935
21	Customer provides compressor fuel	-		1.0930
22	Monthly Charge	-		$ 1,998.83

* Price changes to individual interruptible contract rates are provided at Exhibit H3, Tab 2, Schedule 2.

Notes:
(1) Per Union's proposal to split current Rate T1 into small Rate T1 and large Rate T2.
(2) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Contract Carriage Rates (2)

Line No.	Particulars	EB-2012-0070 Approved April 1, 2012 Rate	Rate Change	EB-2011-0210 Proposed January 1, 2013 Rate
		(a)	(b)	(c)
	Contract Carriage Service			
	Rate T2 - Storage and Transportation (1)			
	Storage ($ / GJ)			
	Monthly demand charges:			
1	Firm space	0.010	0.002	0.012
	Firm Injection/Withdrawal Right			
2	Union provides deliverability inventory	1.458	0.239	1.696
3	Customer provides deliverability inventory	1.012	0.237	1.249
4	Firm incremental injection	1.012	0.237	1.249
5	Interruptible withdrawal	1.012	0.237	1.249
	Commodity charges:			
6	Withdrawal	0.035	(0.006)	0.029
7	Customer provides compressor fuel	0.007		0.007
8	Injection	0.035	(0.006)	0.029
9	Customer provides compressor fuel	0.007		0.007
10	Storage fuel ratio - customer provides fuel	0.597%	-0.194%	0.403%
	Transportation (cents / m^3)			
11	Monthly demand charge first 140,870 m^3	-		21.8224
12	Monthly demand charge all over 140,870 m^3	-		11.3992
	Firm commodity charges:			
13	Union provides compressor fuel - All volumes	-		0.0556
14	Customer provides compressor fuel - All volumes	-		0.0081
	Interruptible commodity charges: *			
15	Maximum - Union provides compressor fuel	-		3.9534
16	Maximum - customer provides compressor fuel	-		3.9060
17	Transportation fuel ratio - customer provides fuel	-		0.234%
	Authorized overrun services			
	Storage ($ / GJ)			
	Commodity charges			
18	Injection / Withdrawals	-		0.109
19	Customer provides compressor fuel	-		0.063
20	Transportation commodity charge (cents/m^3)	-		0.7260
21	Customer provides compressor fuel	-		0.7256
22	Monthly Charge	-		$ 6,000.00

* Price changes to individual interruptible contract rates are provided in Exhibit H3, Tab 2, Schedule 2.

Notes:
(1) Per Union's proposal to split current Rate T1 into small Rate T1 and large Rate T2.
(2) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Contract Carriage Rates (1)

Line No.	Particulars	EB-2012-0070 Approved April 1, 2012 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
	Rate T3 - Storage and Transportation			
	Storage ($ / GJ)			
	Monthly demand charges:			
1	Firm space	0.010	0.002	0.012
	Firm Injection/Withdrawal Right			
2	Union provides deliverability inventory	1.458	0.239	1.696
3	Customer provides deliverability inventory	1.012	0.237	1.249
4	Firm incremental injection	1.012	0.237	1.249
5	Interruptible withdrawal	1.012	0.237	1.249
	Commodity charges:			
6	Withdrawal	0.035	(0.006)	0.029
7	Customer provides compressor fuel	0.007		0.007
8	Injection	0.035	(0.006)	0.029
9	Customer provides compressor fuel	0.007		0.007
10	Storage fuel ratio- Cust. provides fuel	0.597%	-0.194%	0.403%
	Transportation (cents / m^3)			
11	Monthly demand charge	8.9901	1.1817	10.1718
	Firm commodity charges			
12	Union supplies compressor fuel	0.1955	(0.1250)	0.0705
13	Customer provides compressor fuel	0.0681	(0.0571)	0.0110
14	Transportation fuel ratio- Cust. provides fuel	0.722%	-0.429%	0.293%
	Authorized overrun services			
	Storage ($ / GJ)			
	Commodity charges:			
15	Injection / Withdrawals	0.103	0.006	0.109
16	Customer provides compressor fuel	0.055	0.008	0.063
17	Transportation commodity charge (cents/m^3)	0.4910	(0.0861)	0.4049
18	Customer provides compressor fuel (cents/m^3)	0.3637	(0.0183)	0.3454
	Monthly Charge			
19	City of Kitchener	$17,549.76	$4,062.78	$21,612.54
20	Natural Resource Gas	$2,694.07	$623.68	$3,317.75
21	Six Nations	$898.02	$207.89	$1,105.92

Notes:
(1) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Summary of Changes to Transportation Rates (3)

Line No.	Particulars ($/GJ)	EB-2012-0070 Approved April 1, 2012 Rate	Rate Change	EB-2011-0210 Proposed January 1, 2013 Rate
		(a)	(b)	(c)
	M12 Transportation Service			
	Firm Transportation			
	Monthly demand charges:			
1	Dawn to Kirkwall	1.978	0.111	2.089
2	Dawn to ~~Oakville~~/Parkway	2.323	0.153	2.476
3	Kirkwall to Parkway	0.345	0.042	0.387
4	F24-T	0.689	(0.421)	0.268
	M12-X Firm Transportation			
5	Between Dawn, Kirkwall and Parkway	2.868	0.212	3.079
	Commodity charges:			
6	Easterly	Note (1)		Note (1)
7	Westerly	Note (1)		Note (1)
8	Parkway (TCPL) to Parkway (Cons)	Note (1)		Note (1)
	Limited Firm/Interruptible			
	Monthly demand charges:			
9	Maximum	5.576	0.366	5.942
	Commodity charges :			
10	Others	Note (1)		Note (1)
	Authorized Overrun			
	Transportation commodity charges:			
	Easterly:			
11	Dawn to Kirkwall - Union supplied fuel	Note (1)		Note (1)
12	Dawn to ~~Oakville~~/Parkway - Union supplied fuel	Note (1)		Note (1)
13	Dawn to Kirkwall - Shipper supplied fuel	0.065 (1)	0.004	0.069 (1)
14	Dawn to ~~Oakville~~/Parkway - Shipper supplied fuel	0.076 (1)	0.005	0.081 (1)
15	Kirkwall to Parkway - Union supplied fuel	Note (1)		Note (1)
16	Kirkwall to Parkway - Shipper supplied fuel	0.011 (1)	0.001	0.013
17	Westerly - Union supplied fuel	Note (1)		Note (1)
18	Westerly - Shipper supplied fuel	0.076 (1)	0.005	0.081 (1)
	M12-X Firm Transportation			
19	Between Dawn, Kirkwall and Parkway - Union supplied fuel	Note (1)		Note (1)
20	Between Dawn, Kirkwall and Parkway - Shipper supplied fuel	0.094 (1)	0.007	0.101
	M13 Transportation of Locally Produced Gas			
21	Monthly fixed charge per customer station	$655.83	292.750	$948.58
22	Transmission commodity charge to Dawn	0.025	0.010	0.035
23	Commodity charge - Union supplies fuel	0.017	(0.009)	0.008
24	Commodity charge - Shipper supplies fuel	Note (2)		Note (2)
25	Authorized Overrun - Union supplies fuel	0.074	0.006	0.080
26	Authorized Overrun - Shipper supplies fuel	0.057 (2)	0.015	0.072 (2)

Notes:
(1) Monthly fuel rates and ratios per Exhibit H3, Tab 2, Schedule 3 (Schedule "C").
(2) Plus customer supplied fuel per rate schedule.
(3) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Summary of Changes to Transportation Rates (2)

Line No.	Particulars ($/GJ)	EB-2012-0070 Approved April 1, 2012 Rate	Rate Change	EB-2011-0210 Proposed January 1, 2013 Rate
		(a)	(b)	(c)
	M16 Storage Transportation Service			
1	Monthly fixed charge per customer station	$664.27	811.995	$1,476.26
	Monthly demand charges:			
2	East of Dawn	0.725	0.045	0.770
3	West of Dawn	0.967	0.140	1.108
4	Transmission commodity charge to Dawn	0.025	0.010	0.035
	Transportation Fuel Charges to Dawn:			
5	East of Dawn - Union supplied fuel	0.017	(0.009)	0.008
6	West of Dawn - Union supplied fuel	0.017	(0.009)	0.008
7	East of Dawn - Shipper supplied fuel	Note (1)		Note (1)
8	West of Dawn - Shipper supplied fuel	Note (1)		Note (1)
	Transportation Fuel Charges to Pools:			
9	East of Dawn - Union supplied fuel	0.020	(0.012)	0.008
10	West of Dawn - Union supplied fuel	0.022	0.001	0.023
11	East of Dawn - Shipper supplied fuel	Note (1)		Note (1)
12	West of Dawn - Shipper supplied fuel	Note (1)		Note (1)
	Authorized Overrun			
	Transportation Fuel Charges to Dawn:			
13	East of Dawn - Union supplied fuel	0.066	0.003	0.069
14	West of Dawn - Union supplied fuel	0.074	0.006	0.080
15	East of Dawn - Shipper supplied fuel	0.049 (1)	0.012	0.061 (1)
16	West of Dawn - Shipper supplied fuel	0.057 (1)	0.015	0.072 (1)
	Transportation Fuel Charges to Pools:			
17	East of Dawn - Union supplied fuel	0.044	(0.010)	0.034
18	West of Dawn - Union supplied fuel	0.054	0.006	0.060
19	East of Dawn - Shipper supplied fuel	0.024 (1)	0.001	0.025 (1)
20	West of Dawn - Shipper supplied fuel	0.032 (1)	0.005	0.036 (1)
	C1 Storage & Cross Franchise Transportation Service			
	Transportation service			
	Monthly demand charges:			
21	St. Clair / Bluewater & Dawn	0.967	0.140	1.108
22	Ojibway & Dawn	0.967	0.140	1.108
23	Parkway to Dawn	0.545	0.059	0.603
24	Parkway to Kirkwall	0.545	0.059	0.603
25	Kirkwall to Dawn	1.175	(0.111)	1.064
26	Dawn to Kirkwall	1.978	0.111	2.089
27	Dawn to Parkway	2.323	0.153	2.476
28	Kirkwall to Parkway	0.345	0.042	0.387
29	Dawn to Dawn-Vector	0.042	(0.013)	0.029
30	Dawn to Dawn-TCPL	0.220	(0.084)	0.136
	Short-term:			
31	Maximum	75.00		75.00
	Commodity charges:			
32	St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.021	(0.007)	0.014
33	St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.018	(0.008)	0.011
34	Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.025	(0.009)	0.016
35	Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.022	0.001	0.023
36	Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.016	(0.008)	0.008
37	Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.017	(0.003)	0.014
38	Kirkwall to Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.016	(0.008)	0.008
39	Kirkwall to Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.017	(0.009)	0.008
40	Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)	0.053	(0.014)	0.039
41	Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)	0.024	(0.007)	0.017
42	Dawn to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.053	(0.001)	0.052
43	Dawn to Parkway - Union supplied fuel (Apr. 1 - Oct.31)	0.024	0.004	0.028
44	Kirkwall to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.025	(0.003)	0.022
45	Kirkwall to Parkway - Union supplied fuel (Apr. 1 - Oct.31)	0.016	0.004	0.020

Notes:
(1) Plus customer supplied fuel per rate schedule.
(2) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED
Summary of Changes to Transportation Rates (2)

Line No.	Particulars ($/GJ)	EB-2012-0070 Approved April 1, 2012 Rate (a)	Rate Change (b)	EB-2011-0210 Proposed January 1, 2013 Rate (c)
	C1 Storage & Cross Franchise Transportation Service			
	Transportation service cont'd			
1	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
2	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
3	Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
4	Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
5	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
6	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
7	Kirkwall to Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
8	Kirkwall to Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
9	Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
10	Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (1)		Note (1)
11	Dawn to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
12	Dawn to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)	Note (1)		Note (1)
13	Kirkwall to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
14	Kirkwall to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)	Note (1)		Note (1)
15	Dawn to Dawn-Vector - Shipper supplied fuel (Nov. 1 - Mar. 31)	n/a		Note (1)
16	Dawn to Dawn-Vector - Shipper supplied fuel (Apr. 1 - Oct . 31)	Note (1)		Note (1)
17	Dawn to Dawn-TCPL - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (1)		Note (1)
18	Dawn to Dawn-TCPL - Shipper supplied fuel (Apr. 1 - Oct . 31)	Note (1)		Note (1)
	Interruptible commodity charges:			
19	Maximum	75.00		75.00
20	Dawn(Tecumseh), Dawn(Facilities or TCPL), Dawn (Vector) and Dawn (TSLE)	Note (1)		Note (1)
	Authorized Overrun			
	Firm transportation commodity charges:			
21	St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.054	(0.004)	0.050
22	St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.049	(0.001)	0.047
23	Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.059	(0.007)	0.052
24	Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.055	0.004	0.060
25	Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.073	0.049	0.122
26	Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.037	0.091	0.128
27	Kirkwall to Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.026	0.017	0.043
28	Kirkwall to Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.027	0.017	0.043
29	Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)	0.111	0.029	0.140
30	Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)	0.082	0.036	0.118
31	Dawn to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.129	0.037	0.166
32	Dawn to Parkway - Union supplied fuel (Apr. 1 - Oct.31)	0.095	0.046	0.142
33	Kirkwall to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.037	0.029	0.066
34	Kirkwall to Parkway - Union supplied fuel (Apr. 1 - Oct.31)	0.027	0.038	0.065
35	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.032 (1)	0.004	0.036 (1)
36	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.032 (1)	0.004	0.036 (1)
37	Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.032 (1)	0.004	0.036 (1)
38	Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.032 (1)	0.004	0.036 (1)
39	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.018 (1)	0.002	0.020 (1)
40	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.018 (1)	0.002	0.020 (1)
41	Kirkwall to Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.039 (1)	(0.004)	0.035 (1)
42	Kirkwall to Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.039 (1)	(0.004)	0.035 (1)
43	Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.065 (1)	0.004	0.069 (1)
44	Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.065 (1)	0.004	0.069 (1)
45	Dawn to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.076 (1)	0.005	0.081 (1)
46	Dawn to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)	0.076 (1)	0.005	0.081 (1)
47	Kirkwall to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.011 (1)	0.001	0.013 (1)
48	Kirkwall to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)	0.011 (1)	0.001	0.013 (1)
49	Dawn to Dawn-Vector - Shipper supplied fuel (Nov. 1 - Mar. 31)	n/a (1)		0.001 (1)
50	Dawn to Dawn-Vector - Shipper supplied fuel (Apr. 1 - Oct . 31)	0.001 (1)	(0.000)	0.001 (1)
51	Dawn to Dawn-TCPL - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.007 (1)	(0.003)	0.004 (1)
52	Dawn to Dawn-TCPL - Shipper supplied fuel (Apr. 1 - Oct . 31)	0.007 (1)	(0.003)	0.004 (1)
	Short Term Firm transportation commodity charges:			
53	Maximum	75.00		75.00

Notes:
(1) Plus customer supplied fuel per rate schedule.
(2) Grey shading represents all changes when compared to Exhibit H3, Tab 2, Schedule 1, Updated.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H3, Tab 4, Schedule 1, Updated

Please update Schedule 1 to reflect approved 2012 rates.

Response:

Please see Attachment 1 for the Exhibit H3, Tab 4, Schedule 1, Updated using April 1, 2012 QRAM rates (excluding updates for price adjustments) as current approved (EB-2012-0070).

Comparing bill impacts using April 1, 2012 QRAM rates versus January 1, 2011 QRAM rates (per Union's EB-2011-0210 filing):

i) The delivery bill impact for an average Rate M1 residential customer using 2,200 m^3 per year decreases from \$21.25 or 6.3% (as shown at Exhibit H3, Tab 4, Schedule 1, Updated, page 1, line 5, column (c)) to a delivery bill impact of \$15.01 or 4.3%.

ii) The delivery bill impact for an average Rate 01 residential customer (Eastern Zone) using 2,200 m^3 per year decreases from \$64.89 or 16.1% (as shown at Exhibit H3, Tab 4, Schedule 1, Updated, page 3, line 3, column (f)) to a delivery bill impact of \$58.49 or 14.3%.

UNION GAS LIMITED
Southern Operations Area
General Service Customer Bill Impacts (3)

		Rate M1 - Residential (Annual Consumption of 2,200 m³)				Rate M2 - Commercial (Annual Consumption of 73,000 m³)			
Line No.		EB-2012-0070 Approved 01-Apr-12 Total Bill ($) (1)	EB-2011-0210 Proposed 01-Jan-13 Total Bill ($) (1)	Impact ($)		EB-2012-0070 Approved 01-Apr-12 Total Bill ($) (1)	EB-2011-0210 Proposed 01-Jan-13 Total Bill ($) (1)	Impact ($)	
		(a)	(b)	(c) = (b) - (a)		(d)	(e)	(f) = (e) - (d)	
	Delivery Charges								
1	Monthly Charge	252.00	252.00	-		840.00	840.00	-	
2	Delivery Commodity Charge	72.65	91.15	18.50		2,599.26	2,997.62	398.36	
3	Prospective Recovery - Delivery	-	-	-		0.21	0.21	-	
4	Storage Services	21.41	17.92	(3.49)		523.56	608.68	85.12	
5	Total Delivery Charge	346.06	361.07	15.01	4.3%	3,963.03	4,446.51	483.48	12.2%
	Supply Charges								
6	Transportation to Union	113.40	95.71	(17.69)		3,763.09	3,175.70	(587.39)	
7	Commodity & Fuel (2)	208.47	314.34	105.87		6,916.67	10,430.06	3,513.39	
8	Prospective Recovery - Commodity & Fuel	(20.26)	(20.26)	-		(672.12)	(672.12)	-	
9	Subtotal	188.21	294.08	105.87		6,244.55	9,757.94	3,513.39	
10	Total Gas Supply Charge (line 6 + line 9)	301.61	389.79	88.18		10,007.64	12,933.64	2,926.00	
11	Total Bill	647.67	750.86	103.19	15.9%	13,970.67	17,380.15	3,409.48	24.4%
12	Impacts for Customer Notices - Sales (line 11)			103.19				3,409.48	
13	Impacts for Customer Notices - Direct Purchase (line 5)			15.01				483.48	

Notes:
(1) Excludes temporary charges/(credits).
(2) Reflects changes in the Gas Supply Administration charge only.
(3) Grey shading represents all changes when compared to Exhibit H3, Tab 4, Schedule 1, Updated.

UNION GAS LIMITED
Northern & Eastern Operations Area
General Service Customer Bill Impacts (3)

Line No.		(Fort Frances) Rate 01 - Residential (Annual Consumption of 2,200 m³) EB-2012-0070 Approved 01-Apr-12 Total Bill ($) (1)	EB-2011-0210 Proposed 01-Jan-13 Total Bill ($) (1)	Impact ($)		(Western) Rate 01 - Residential (Annual Consumption of 2,200 m³) EB-2012-0070 Approved 01-Apr-12 Total Bill ($) (1)	EB-2011-0210 Proposed 01-Jan-13 Total Bill ($) (1)	Impact ($)	
		(a)	(b)	(c) = (b) - (a)		(d)	(e)	(f) = (e) - (d)	
	Delivery Charges								
1	Monthly Charge	252.00	252.00	-		252.00	252.00	-	
2	Delivery Commodity Charge	158.47	216.95	58.48		158.47	216.95	58.48	
3	Total Delivery Charge	410.47	468.95	58.48	14.2%	410.47	468.95	58.48	14.2%
	Supply Charges								
4	Transportation to Union	129.57	91.64	(37.93)		138.55	99.75	(38.80)	
5	Prospective Recovery - Transportation	5.26	5.26	-		5.26	5.26	-	
6	Storage Services	41.19	41.06	(0.13)		41.14	44.70	3.56	
7	Prospective Recovery - Storage	-	-	-		-	-	-	
8	Subtotal	176.02	137.96	(38.06)	-21.6%	184.95	149.71	(35.24)	-19.1%
9	Commodity & Fuel (2)	204.66	308.33	103.67		205.79	310.08	104.29	
10	Prospective Recovery - Commodity & Fuel	(51.26)	(51.26)	-		(51.26)	(51.26)	-	
11	Subtotal	153.40	257.07	103.67		154.53	258.82	104.29	
12	Total Gas Supply Charge (line 8 + line 11)	329.42	395.03	65.61		339.48	408.53	69.05	
13	Total Bill	739.89	863.98	124.09	16.8%	749.95	877.48	127.53	17.0%
14	Impacts for Customer Notices - Sales (line 13)			124.09				127.53	
15	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)			20.42				23.24	

Notes:
(1) Excludes temporary charges/(credits).
(2) Reflects changes in the Gas Supply Administration charge only.
(3) Grey shading represents all changes when compared to Exhibit H3, Tab 4, Schedule 1, Updated.

UNION GAS LIMITED
Northern & Eastern Operations Area
General Service Customer Bill Impacts (3)

		(Northern) Rate 01 - Residential (Annual Consumption of 2,200 m³)				(Eastern) Rate 01 - Residential (Annual Consumption of 2,200 m³)			
Line No.		EB-2012-0070 Approved 01-Apr-12 Total Bill ($) (1)	EB-2011-0210 Proposed 01-Jan-13 Total Bill ($) (1)	Impact ($)		EB-2012-0070 Approved 01-Apr-12 Total Bill ($) (1)	EB-2011-0210 Proposed 01-Jan-13 Total Bill ($) (1)	Impact ($)	
		(a)	(b)	(c) = (b) - (a)		(d)	(e)	(f) = (e) - (d)	
	Delivery Charges								
1	Monthly Charge	252.00	252.00	-		252.00	252.00	-	
2	Delivery Commodity Charge	158.38	216.87	58.49		158.10	216.59	58.49	
3	Total Delivery Charge	410.38	468.87	58.49	14.3%	410.10	468.59	58.49	14.3%
	Supply Charges								
4	Transportation to Union	168.28	125.01	(43.27)		192.71	146.64	(46.07)	
5	Prospective Recovery - Transportation	5.28	5.28	-		5.28	5.28	-	
6	Storage Services	49.59	56.02	6.43		56.41	65.72	9.31	
7	Prospective Recovery - Storage	-	-	-		-	-	-	
8	Subtotal	223.15	186.31	(36.84)	-16.5%	254.40	217.64	(36.76)	-14.4%
9	Commodity & Fuel (2)	207.21	312.37	105.16		208.45	314.32	105.87	
10	Prospective Recovery - Commodity & Fuel	(51.25)	(51.25)	-		(51.26)	(51.26)	-	
11	Subtotal	155.96	261.12	105.16		157.19	263.06	105.87	
12	Total Gas Supply Charge (line 8 + line 11)	379.11	447.43	68.32		411.59	480.70	69.11	
13	Total Bill	789.49	916.30	126.81	16.1%	821.69	949.29	127.60	15.5%
14	Impacts for Customer Notices - Sales (line 13)			126.81				127.60	
15	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)			21.65				21.73	

Notes:
(1) Excludes temporary charges/(credits).
(2) Reflects changes in the Gas Supply Administration charge only.
(3) Grey shading represents all changes when compared to Exhibit H3, Tab 4, Schedule 1, Updated.

UNION GAS LIMITED
Northern & Eastern Operations Area
General Service Customer Bill Impacts (3)

Line No.		(Fort Frances) Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m³) EB-2012-0070 Approved 01-Apr-12 Total Bill ($) (1)	EB-2011-0210 Proposed 01-Jan-13 Total Bill ($) (1)	Impact ($)		(Western) Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m³) EB-2012-0070 Approved 01-Apr-12 Total Bill ($) (1)	EB-2011-0210 Proposed 01-Jan-13 Total Bill ($) (1)	Impact ($)	
		(a)	(b)	(c) = (b) - (a)		(d)	(e)	(f) = (e) - (d)	
	Delivery Charges								
1	Monthly Charge	840.00	840.00	-		840.00	840.00	-	
2	Delivery Commodity Charge	4,508.00	5,816.67	1,308.67		4,508.00	5,816.67	1,308.67	
3	Total Delivery Charge	5,348.00	6,656.67	1,308.67	24.5%	5,348.00	6,656.67	1,308.67	24.5%
	Supply Charges								
4	Transportation to Union	5,073.60	3,429.89	(1,643.71)		5,453.42	3,772.61	(1,680.81)	
5	Prospective Recovery - Transportation	223.11	223.11	-		223.11	223.11	-	
6	Storage Services	1,112.65	1,016.78	(95.87)		1,110.50	1,170.39	59.89	
7	Prospective Recovery - Storage	-	-	-		-	-	-	
8	Subtotal	6,409.36	4,669.78	(1,739.58)	-27.1%	6,787.03	5,166.11	(1,620.92)	-23.9%
9	Commodity & Fuel (2)	8,651.71	13,034.29	4,382.58		8,698.93	13,107.68	4,408.75	
10	Prospective Recovery - Commodity & Fuel	(2,166.53)	(2,166.53)	-		(2,166.53)	(2,166.53)	-	
11	Subtotal	6,485.18	10,867.76	4,382.58		6,532.40	10,941.15	4,408.75	
12	Total Gas Supply Charge (line 8 + line 11)	12,894.54	15,537.54	2,643.00		13,319.43	16,107.26	2,787.83	
13	Total Bill	18,242.54	22,194.21	3,951.67	21.7%	18,667.43	22,763.93	4,096.50	21.9%
14	Impacts for Customer Notices - Sales (line 13)			3,951.67				4,096.50	
15	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)			(430.91)				(312.25)	

Notes:
(1) Excludes temporary charges/(credits).
(2) Reflects changes in the Gas Supply Administration charge only.
(3) Grey shading represents all changes when compared to Exhibit H3, Tab 4, Schedule 1, Updated.

UNION GAS LIMITED
Northern & Eastern Operations Area
General Service Customer Bill Impacts (3)

Line No.		(Northern) Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m³) EB-2012-0070 Approved 01-Apr-12 Total Bill ($) (1)	EB-2011-0210 Proposed 01-Jan-13 Total Bill ($) (1)	Impact ($)		(Eastern) Rate 10 - Commercial / Industrial (Annual Consumption of 93,000 m³) EB-2012-0070 Approved 01-Apr-12 Total Bill ($) (1)	EB-2011-0210 Proposed 01-Jan-13 Total Bill ($) (1)	Impact ($)	
		(a)	(b)	(c) = (b) - (a)		(d)	(e)	(f) = (e) - (d)	
	Delivery Charges								
1	Monthly Charge	840.00	840.00	-		840.00	840.00	-	
2	Delivery Commodity Charge	4,502.99	5,811.09	1,308.10		4,515.86	5,825.43	1,309.57	
3	Total Delivery Charge	5,342.99	6,651.09	1,308.10	24.5%	5,355.86	6,665.43	1,309.57	24.5%
	Supply Charges								
4	Transportation to Union	6,710.24	4,841.68	(1,868.56)		7,742.72	5,754.85	(1,987.87)	
5	Prospective Recovery - Transportation	223.11	223.11	-		223.12	223.12	-	
6	Storage Services	1,469.03	1,649.45	180.42		1,758.38	2,058.73	300.35	
7	Prospective Recovery - Storage	-	-	-		-	-	-	
8	Subtotal	8,402.38	6,714.24	(1,688.14)	-20.1%	9,724.22	8,036.70	(1,687.52)	-17.4%
9	Commodity & Fuel (2)	8,758.74	13,204.39	4,445.65		8,811.66	13,287.63	4,475.97	
10	Prospective Recovery - Commodity & Fuel	(2,166.52)	(2,166.52)	-		(2,166.55)	(2,166.55)	-	
11	Subtotal	6,592.22	11,037.87	4,445.65		6,645.11	11,121.08	4,475.97	
12	Total Gas Supply Charge (line 8 + line 11)	14,994.60	17,752.11	2,757.51		16,369.33	19,157.78	2,788.45	
13	Total Bill	20,337.59	24,403.20	4,065.61	20.0%	21,725.19	25,823.21	4,098.02	18.9%
14	Impacts for Customer Notices - Sales (line 13)			4,065.61				4,098.02	
15	Impacts for Customer Notices - Direct Purchase (line 3 + line 8)			(380.04)				(377.95)	

Notes:
(1) Excludes temporary charges/(credits).
(2) Reflects changes in the Gas Supply Administration charge only.
(3) Grey shading represents all changes when compared to Exhibit H3, Tab 4, Schedule 1, Updated.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H3, Tab 10, Schedule 1, Updated & Exhibit C1, Tab 3, Updated

Please reconcile the total revenue figures shown on each line of Exhibit H3, Tab 10, Schedule 1, Updated with the various tables and forecasts provided in Exhibit C1, Tab 3, Updated.

Response:

Please see Attachment 1.

The various tables and forecasts provided at Exhibit C1, Tab 3, Updated include Union's 2013 storage and transportation ("S&T") revenue forecast and can be found at column (a).

To reconcile to the 2013 S&T forecasted revenue figures provided at Exhibit C1, Tab 3, Updated, column (b) was added to reflect the total revenue including customer supplied fuel revenue before recovery of the 2013 revenue requirement as per Exhibit H3, Tab 1, Schedule 2, Updated, pages 9 to 11, column (b).

The 2013 S&T total revenue before recovery reconciles with the exception of the customer supplied fuel revenue which was identified as a variance in column (c). Exhibit C1, Tab 3, Updated does not include any customer supplied fuel revenue as this revenue is netted off against the compressor fuel operating expense in Cost of Gas operating expense. This adjustment is included in the Gas Purchase Expense schedule found at Exhibit D3, Tab 2, Schedule 1, Updated, page 2, line 7 (Company Use Adj.).

The S&T revenue figures shown on each line of proposed Exhibit H3, Tab 10, Schedule 1, Updated as well as in column (d) of the attachment represent the 2013 proposed revenue after recovery of the revenue requirement for each of the ex-franchise rate class.

Finally, column (e) identifies the ex-franchise transportation-related revenue deficiency of $1.931 million to be recovered in the proposed 2013 rates.

UNION GAS LIMITED
Summary of 2013 S&T Forecasted & Proposed Revenues

Line No.	Particulars ($ 000's)	Exhibit C1, Tab 3, Updated Evidence Total 2013 Forecasted Revenue (a)		Exhibit H3, Tab 1, Schedule 2, Updated Before Recovery Total 2013 Forecasted Revenue (1) (b)	Total 2013 Forecasted Revenue Variance (c) = (b - a)	Exhibit H3, Tab 10, Schedule 1, Updated After Recovery Total 2013 Proposed Revenue (2) (d)	Total 2013 Proposed Recovery of Revenue Deficiency (e) = (d - b)
	Short-term Storage and Other Balancing Services Acct. 179-70						
1	Short Term Peak Storage Services	8,988	(3)	8,988	-	8,988	-
2	Off Peak Storage/Balancing/Loans Services	2,500	(3)	2,500	-	2,500	-
3	Total Short-term Storage and Other Balancing Services	11,488		11,488	-	11,488	-
	M12						
4	M12 Long-term Transportation	121,109	(4)	118,157	-	125,334	7,177
5	F24-T			2,952		1,147	(1,805)
6	M12-X	13,499	(4)	13,499	-	14,448	949
7	Fuel			29,573	29,573	25,323	(4,251)
8	Total M12	134,608		164,181	29,573	166,252	2,071
9	M13	367	(5)	373	6	429	56
10	M16	581	(5)	767	186	777	10
	C1						
11	Long-term Transportation	5,246	(5)	5,246	-	5,121	(126)
12	Fuel			780	780	701	(79)
13	Short-term Transportation & Exchanges	20,186	(6)	20,186	0	20,186	-
14	Other Transactional	1,067	(7)	1,067	-	1,067	-
15	Total C1	26,499		27,279	780	27,074	(205)
16	Total S&T Revenues	173,543		204,089	30,545	206,020	1,931

Notes:
(1) EB-2011-0210, Exhibit H3, Tab 1, Schedule 2, Updated, page 9 - 11, col (b).
(2) EB-2011-0210, Exhibit H3, Tab 10, Schedule 1, Updated, col (a).
(3) EB-2011-0210, Exhibit C1, Tab 3, Updated, Table 5, page 15.
(4) EB-2011-0210, Exhibit C1, Tab 3, Updated, Table 1, page 2.
(5) EB-2011-0210, Exhibit C1, Tab 3, Updated, Table 2, page 7.
(6) EB-2011-0210, Exhibit C1, Tab 3, Updated, Table 3, page 10 and Table 4, page 12.
(7) EB-2011-0210, Exhibit C1, Tab 3, Updated, page 9.

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Ref: Exhibit H1, Tab 1, Section 4 &
Exhibit H3, Tab 1, Schedule 1

The 2013 proposed revenue to cost ratios are within an acceptable range and are generally consistent with those approved by the Board in EB-2005-0520.

a) Confirm the 2013 Rates and R/C ratios presented in the Schedule are without the General Service rate redesign.

b) Why is R100 R/C ratio for Delivery and Transmission/Storage "within an acceptable Range"?

c) Why are the rate increases averaging 7.0% (South) and 20% (North) acceptable and in line with the principles articulated at the first reference? Please discuss.

d) Explain in detail what rate mitigation for 2013 Union is proposing for classes in excess of the generally accepted 10% rate increase level, particularly for the North/East service area.

Response:

a) Confirmed.

b) The Rate 100 Delivery revenue to cost ratio is 1.000 and is consistent with revenue to cost ratios previously approved by the Board. Proposed Rate 100 delivery rates are designed to recover the proposed revenue requirement per the cost allocation study.

   The Rate 100 Transportation and Storage revenue to cost ratio of 1.099 is the result of Union's rate design methodology to set a common, cost-based bundled storage rate in Union North, as shown at Exhibit H3, Tab 5, Schedule 2, Updated, page 1, column (f). When comparing the 2013 proposed revenue with the allocated costs for Rate 100, this storage rate design drives a $12,000 sufficiency in Rate 100 Transportation and Storage, which results in a revenue to cost ratio of 1.099.

c) Please see the response at Exhibit J.H-1-1-2 part a).

d) Please see the response at Exhibit J.H-1-1-2 part c).

UNION GAS LIMITED

Answer to Interrogatory from
Consumers Council of Canada ("CCC")

Do these rates represent an appropriate base for an incentive regulation mechanism for the period beyond 2013? If not, why not? Please explain on what basis Union intends to apply for rate approvals beyond 2013 (Cost of Service or IRM).

Response:

At this time, Union intends to file the application and evidence in support of its next IR mechanism in 2013, for rates effective January 1, 2014. Rates determined in this proceeding are expected to be base rates for the next IR mechanism starting in 2014. However, the IR mechanism application and Union's proposals are dependent on the outcome of this proceeding and the resolution of the issues discussed at Exhibit A2, Tab 1.

UNION GAS LIMITED

Answer to Interrogatory from
Consumers Council of Canada ("CCC")

Ref: Exhibit H1, Tab 1, page 14

The evidence states that the proposed revenue to cost ratios are within an acceptable range and are generally consistent with those previously approved by the Board. Please identify what Union views as an "acceptable range". What, from Union's perspective, would not be an acceptable revenue to cost ratio?

Response:

Revenue-to-cost ratios are the outcome, not an input, of the application of Union's Rate Design Considerations described at Exhibit H1, Tab 1, Updated, page 11. As a final check on its rate design, Union reviews the resulting revenue-to-cost ratios for reasonableness. Acceptable revenue-to-cost ratios must:

1. satisfy rate design principles set forth in evidence, and
2. bear a reasonable relationship to previously approved revenue-to-cost ratios.

When setting 2013 rates, revenue-to-cost ratios also reflect the application of $20.852 million in S&T transactional credits to in-franchise rates with the resulting revenue-to-cost ratio for all in-franchise delivery services of 95.3%.

Acceptable revenue-to-cost ratios guidelines will usually include:

1. Firm in-franchise general services (Rate 01, Rate 10, Rate M1 & Rate M2) close to unity.
2. Large firm in-franchise contract services (Rate T1, Rate T3 and Rate 100) close to unity.
3. Other in-franchise firm services between (1) and (2) above will vary due to firm rate continuum considerations. A revenue-to-cost ratio approximating 80% or more is generally realized.
4. Rate M12 firm transportation service close to unity.
5. Interruptible in-franchise service pricing is set in relative relationship to firm services, with the resulting revenue-to-cost ratios showing greater deviation from unity.

Rate designs not meeting the above criteria would be considered unacceptable.

UNION GAS LIMITED

Answer to Interrogatory from
TransCanada PipeLines Limited ("TCPL")

Reference: (1) Exhibit H1, Tab 1, pg 55, lines 8 - 11

Preamble: Union discusses Dawn to Dawn Vector service charges.

a) Please provide the historical daily flow between Dawn and Dawn Vector for each of the past five years.
b) Please provide the historical daily flow between Dawn and Dawn-TCPL since the inception of service.

Response:

a) For the period January 1, 2007 to December 31, 2011 all days were zero except:
- May 24, 2009. The activity for this day was 20,801 10^3m^3.

b) All days were zero except:
- January 19, 2012 – 648 10^3m^3
- January 20, 2012 – 2,377 10^3m^3
- January 21, 2012 – 6 10^3m^3

UNION GAS LIMITED

Answer to Interrogatory from
City of Kitchener

Ref: Exhibit H3, Tab 2, Schedule 1, Page 12

a) For cost of service rate-making purposes for Rate T3, please verify that Kitchener's transportation demand has reduced by about 8% from 2,558 10^3 m^3 in Union's approved 2007 base rates to 2,350 10^3 m^3 in Union's proposed 2013 base rates.

b) Given the 8% reduction in Kitchener's transportation demand under Rate T3, please explain fully why the proposed monthly demand charge for transportation service shown at line 11 is increasing by 1.3150 cents per m3, or about 15%? To the extent possible, please identify and quantify each major component of the demand related costs to serve Kitchener which the proposed monthly demand charge is intended to recover.

c) Please explain fully why the proposed monthly charge for Kitchener under Rate T3 at line 19 is increasing by $3,355 or about 19% to $ 20,923? To the extent possible, please identify and quantify each major component of the customer related costs to serve Kitchener which the proposed monthly charge is intended to recover.

d) What portion, if any, of Kitchener's monthly charge under Rate T3 at line 19 is allocated to the ultimate rebuild of the existing Kitchener Gate Station and the Plains Road Station?

e) Would there be an additional charge imposed by Union for a guaranteed minimum delivery pressure of 225 psig or 275 psig to Kitchener at the time of rebuild?

f) If there is to be an additional charge, what components, or incremental change in the components of the station(s) rebuild, would be covered by this charge?

g) Given Union's responses to Kitchener's Interrogatory # 1 under Issue B #1, what would Union's justification be for any incremental charge to guarantee a minimum delivery pressure to Kitchener of 225 psig?

Response:

a) Confirmed.

b) As shown at Exhibit H3, Tab 2, Schedule 1, Updated, page 12, line 11, Union is proposing an increase of 1.1499 cents/m^3 to the Rate T3 transportation demand charge, from 9.0218 cents/m^3 to 10.1718 cents/m^3.

Attachment 1 compares the calculation of the 2013 proposed transportation demand charge with the 2007 Board-Approved and 2011 current approved demand charges.

When compared to 2007 Board-approved, the 2013 proposed demand-related costs, including S&T transactional credits have increased. The increase in the 2013 proposed Rate T3 transportation demand charge can be explained by the increase in the demand-related costs and the 8% reduction in transportation demand billing units.

c) The increase in the Rate T3 monthly customer charge is a result of an increase in the allocation of customer-related costs to Rate T3. The revenue requirement increase allocated to Rate T3 is $0.054 million.

Union proposed customer-related methodology changes to distribution maintenance costs for meter and regulator repairs and equipment on customer premises. The result of those proposals is an increase of $0.029 million to Rate T3. A description of the proposals is provided at Exhibit G1, Tab 1, pages 11-14.

The sales, promotion and merchandise cost increase of $0.009 million is due to the sales representative cost increase to serve Rate T3. The sales-related costs are directly assigned to the Rate T3 rate class.

The remaining increase of $0.021 million is based on the overall increase in administration and general costs. The administration and general costs have increased by $45 million from the 2007 Board-approved cost allocation study to the 2013 proposed cost allocation study. Union allocates a portion of the administration and general costs to Rate T3 in proportion to Distribution Customer O&M.

A summary of the increase in customer-related costs allocated to Rate T3 is provided at Attachment 2.

d) There are no costs associated with the rebuilds of the Kitchener Gate and Plains Road stations in Union's 2013 forecast. The proposed Rate T3 monthly customer charge recovers forecasted customer-related costs only.

e) Yes, an additional charge would be imposed to recover the station modifications costs required to guarantee Kitchener a higher pressure than was contracted.

f) If Union incurs costs to make changes to a customer station at the request of the customer, and Union earns no incremental revenue from those changes, the customer would pay 100% of the costs.

g) Please see the response at f) above and Attachment 3 which is Exhibit J5.01 from EB-2005-0520.

Comparison of the Calculation of the Rate T3 Demand Charge for
2007 Board-approved, 2013 Current Approved and 2013 Proposed

Line No.	Particulars	EB-2005-0520 01-Jan-07 Approved Demand Charge	EB-2010-0359 01-Jan-11 Current Approved Demand Charge	EB-2011-0210 01-Jan-13 Proposed Demand Charge	Variance	
		(a)	(b)	(c)	(d) = (c - b)	(e) = (d / b)
1	Demand Related Costs for Recovery ($000's)	2,766	2,769	2,868	99	3.6%
2	Annual Demand Billing Units (10^3m^3/d/mo)	30,696	30,696	28,200	(2,496)	-8.1%
3	Rate T3 Demand Charge (cents/m^3) (line 1 / line 2)	9.0121	9.0218	10.1718	1.1499	12.7%

Summary of Customer-Related Costs Allocated to Rate T3
Proposed 2013 vs. 2007 Board-Approved Cost Allocation Study

Line No.	Particulars ($000's)	2007	2013	Difference	Proposed Methodology Changes: Meter and Regulator Repairs	Proposed Methodology Changes: Equipment on Customer Premises	Difference less Methodology Changes
		(a)	(b)	(c) = (b - a)	(d)	(e)	(f) = (c - d - e)
1	Return and Taxes	68	61	(6)	0	0	(7)
2	Depreciation Expense	50	52	2	1	0	0
	Operating Expenses						
3	Distribution (Southern Ontario)	0	15	15	10	5	0
4	General Operating & Engineering	7	7	0	0	0	0
5	Sales Promotion and Merchandise	45	54	9	0	0	9
6	Distribution Customer Accounting	2	1	(0)	0	0	(0)
7	Administrative & General	34	68	35	9	5	21
8	Total Revenue Requirement	206	259	54	19	10	24

UNION GAS LIMITED

Answer to Interrogatory from
City Of Kitchener ("CCK")

Reference: *System Reinforcement (B1 Summary Schedule 3 and H1 Tab 1)*

Issue 1.3 - Is the amount proposed for Rate Base in 2007 appropriate?
Issue 6.1 - Is the full schedule of rates as proposed in Exhibit H3, Tab 2 appropriate?

Question:

a) *On February 23, 2005, Union Gas indicated via email that it may not be able to maintain the historic delivery pressures to the City. Please provide the string of email communication between C. Ripley and D. Quinn on this issue ending August 31, 2005.*

b) *In responding to Union's alternatives provided to maintain delivery pressure, Kitchener requested an understanding of the rate impact of contemplated changes. Please provide the cost of regulator changes needed to maintain the current delivery pressure of 225 psi and the cost to provide a delivery pressure of 275 psi at the current peak volume levels. For each of these costs, please provide the specific rate impacts to the T3 rate schedule assuming the respective costs provided above are recovered completely in rates (i.e., no one time charge).*

c) *Please provide the design drawings for Kitchener Gate delivery station for the regulator rebuild circa 1991. Given the likely challenge presented by the size of paper for the design drawing, please ensure that the design parameters on the drawing and in the station file are provided with clarity.*

d) *Please provide the inlet pressures on a design day and the historic delivery pressures for Union Gas Strausburg and Kitchener Gate stations since 1991. For simplicity, please provide only 1991, 1996, 2001 and 2006.*

Response:

a) Union did not indicate that it was unable to maintain the historic delivery pressure to the City of Kitchener. Union indicated that it continues to guarantee the contracted minimum pressure of 175 psi (as specified on page 32 of the T3 Carriage Service Contract). Union did say that if the City of Kitchener required 225 psi to operate its system that Union could not guarantee any pressure greater than the 175 psi pressure specified in the contract.

Witness: Doug Alexander / Mark Kitchen / Bruce Rogers
Question: March 15, 2006
Answer: April 4, 2006
Docket: EB-2005-0520

Kitchener and Union exchanged email correspondence regarding the delivery pressures to Kitchener starting on February 23, 2005 through to September 15, 2005.

Attached are four email chains between Kitchener and Union with the following "Subjects":

1. "T3" (Attachment #1)
2. "Station Pressure and flow" (Attachment #2)
3. "Delivery Pressure" (Attachment #3)
4. "Kitchener Gate" (Attachment #4)

In addition, Kitchener and Union had telephone and face-to-face discussions regarding this issue.

b) The capital costs associated with providing CCK with delivery pressures of 225 psi and 275 psi are approximately $0.260 million and $0.800 million, respectively. Consistent with the Board's EBO 188 Decision, Union's practice is to recover any revenue shortfall required to produce a Profitability Index (PI) of 1.0 in the form of an aid-to-construct. Since the modifications generate no incremental revenue, the entire capital cost would be recovered in an aid. Accordingly, there is no impact on the T3 rate.

c) Union fails to see the relevance of this request for setting its 2007 rates. Despite this, the requested drawings for Union's Kitchener Gate station project have been provided to CCK.

d) The current inlet pressures on a design day for the Kitchener and Strausburg Gate Stations are 2930 kPa and 4770 kPa respectively. Attachment #5 is a chart showing the historic delivery pressures for the Strausburg and Kitchener Gate Stations. Union is only able to provide data from 2001 to present.

Witness: Doug Alexander / Mark Kitchen / Bruce Rogers
Question: March 15, 2006
Answer: April 4, 2006
Docket: EB-2005-0520

Chris Ripley

From: Chris Ripley
Sent: September 15, 2005 11:32 AM
To: 'dwayne.quinn@city.kitchener.on.ca'; 'jim.gruenbauer@city.kitchener.on.ca'
Cc: Chris Ripley; David Dent
Subject: T3

Dwayne, thank you for your voice mail...that was very helpful. My first reaction is we should address the regulators at Kitchener Gate and then focus on inlet pressures and a possible load shift to Strausburg. Without a load shift to Strausburg we are looking at a very costly expansion to the feed at Kitchener Gate in 2007. I will provide costs shortly.

Jim, I look forward to talking to you tomorrow. I have some answers for the follow-ups which I'd like to discuss.

Chris.

Chris Ripley
Manager, Retail Marketer Services
cripley@uniongas.com
Office (519) 436-5476
Cell (519) 365-0450

Chris Ripley

From:	Chris Ripley
Sent:	August 9, 2005 2:53 PM
To:	jim.gruenbauer@city.kitchener.on.ca; dwayne.quinn@city.kitchener.on.ca; Chris Ripley
Cc:	David Dent
Subject:	Station Pressure and flow

Dwayne/Jim:

Earlier this year we were discussing Kitchener Gate station and the possibility of rebuilding the station, moving more throughput to Strausburg or Kitchener purchasing the station.

As I mentioned earlier this year, I need CCK to identify the required pressure and flow rates for Kitchener Gate for the next 5 years. This will allow us to assess whether the system, with some changes, can meet your needs.

I recently met with the engineering group who are scoping 2006 projects and developing work plans. I need to provide the engineering group with some direction with respect to Kitchener Gate and any additional requirements that CCK will require in the next T3 contract.

Should we schedule a call to discuss?

Chris.

Chris Ripley
Manager, Retail Marketer Services
cripley@uniongas.com
Office (519) 436-5476
Cell (519) 365-0450

Chris Ripley

From: dwayne.quinn@city.kitchener.on.ca
Sent: September 8, 2005 11:13 AM
To: dwayne.quinn@city.kitchener.on.ca; CRipley@uniongas.com
Cc: DDent@uniongas.com; jim.gruenbauer@city.kitchener.on.ca
Subject: RE: Delivery Pressure

Hi Chris. I hope we can get together on Monday to move toward finalizing our contract. While Jim did not identify it in his discussions with you, I hope we have the opportunity to discuss the delivery pressure issue. I am just looking for round numbers to understand the alternatives. In parallel, I have been considering options to see if we could do things on our side which would move more load to the south but they are not cheap.

Let me know if you have anything further on the costs for number 1 alternative (reg. upgrade). Thanks,

Dwayne Quinn
Director of Utilities
(519) 741-2538
Leadership is doing what is right when no one is watching.
-----Original Message-----
From: Dwayne Quinn
Sent: Wednesday, August 31, 2005 10:03 AM
To: Chris Ripley
Cc: David Dent; Jim Gruenbauer
Subject: FW: Delivery Pressure

Hi Chris. Sorry for the delayed response to your email of August 9th.
In the interim, I have been a little busy on the water side of Utilities and covering some of Jim's responsibilities during his vacation. I suspected you, like Loraine, were pretty focused on GDAR. However, Jim informed me that you were inquiring again yesterday.

Chris, I would like to bring this matter to a close for your and our certainty. I am resending the last email in our chain that started last February. As far as I know, this was our last correspondence on this issue. If that is not the case, please advise. In your February 23rd email, you outlined in your three options. Obviously, there are cost consequences to both parties. In my April email, I requested the cost consequences to Kitchener from Union Gas incurred costs to deliver each of the three options. That information is needed to be able to determine which alternative that we would like to proceed with. Can you provide that information and we can then dialogue through meeting or conference call and come to a game plan for the next year and beyond?

Thanks,

Dwayne Quinn
Director of Utilities
(519) 741-2538
Leadership is doing what is right when no one is watching.

-----Original Message-----
From: Dwayne Quinn
Sent: Friday, April 08, 2005 9:29 AM
To: 'Chris Ripley'; Jim Gruenbauer; David Dent
Subject: RE: Delivery Pressure

Chris, I am still confused. We have been receiving more than 175 psig for some time and we have relied on that pressure in our system.
However, I am willing to work with Union on ensuring that we both have sufficient delivery pressures for our respective customers.

In order that we can assess the best option for us, I would like you to provide the cost consequences of each alternative to our T3 rate. I
don't need specificity in the numbers - more an idea of the cost and

how it will translate to into costs to us. Are you looking to recover
a one time charge or would it be put into station costs and recovered in rates? If it is the latter, what kind of increase would we expect.

With that information and a technical assessment of the options, we should be able to come to an agreement.

Dwayne Quinn
Director of Utilities
(519) 741-2538
"Energy and persistence conquers all things"
Benjamin Franklin

-----Original Message-----
From: Chris Ripley [mailto:CRipley@uniongas.com]
Sent: Monday, March 14, 2005 12:46 PM
To: Chris Ripley; Dwayne Quinn; Jim Gruenbauer; David Dent
Subject: RE: Delivery Pressure

Jim/Dwayne:

Our operations group has indicated that we will need a commitment from CCK by mid-April in order for us to proceed with the pressure upgrade in 2005.

If sufficient notice is given, our target is to complete the work by September 1st, 2005 prior to the heating season.

~~Again, this is only contingent on CCK wanting a firm delivery pressure of~~
225 psi.

Do we need a quick conference call to discuss any concerns or issues?

Chris.

-----Original Message-----
From: Chris Ripley
Sent: Wednesday, February 23, 2005 4:21 PM
To: 'dwayne.quinn@city.kitchener.on.ca';
'jim.gruenbauer@city.kitchener.on.ca'; David Dent; Chris Ripley
Subject: Delivery Pressure

During our T3 contract and Northland Power discussions the issue of delivery
pressure at Kitchener Gate was raised as a potential concern.

The T3 contract states (page 32) that Union must deliver "not less than a
gauge pressure of two hundred and seven kilopascals (207kPa) and at not less
than a gauge pressure of one thousand two hundred and seven kilopascals (1207 kPa)". The 207 kPa service is the "low" pressure side at 60 psi and
the 1207 kPa is the "high pressure" at (175 psi).

Our systems have been planned based on the T3 contract parameters. Said another way, the operation group has an obligation to provide CCK with 175
psi. It is my understanding that over the past couple of years, CCK has been receiving a higher pressure than 175 psi.

It has recently come to our attention that under certain conditions Union
can only supply gas to CCK at a pressure of 175 psi. It is my understanding
that this may create issues within your franchise and I wanted you to be aware of the potential problem.

Although we will need more detailed discussions, I have spoken with our operations group about options to supply CCK with a pressure higher than 175
psi. They have responded with three potential options:

1) Upgrade Kitchener Gate Station with new regulators
2) Pass more volume through Strausburg and less through Kitchener Gate
3) Provide direct feed from transmission system and CCK manages pressure.

As I mentioned during our earlier telephone discussions, I'm not sure if a
delivery pressure of 175 psi is a problem for CCK. If it is, then I suggest
we begin discussing how to best ensure a higher pressure for CCK. If it is
a requirement for this year, we would need to order equipment and schedule
the work over the next few weeks.

Please call when you have chance to discuss.

Chris.

Chris Ripley
Manager, Retail Marketer Services
cripley@uniongas.com
Office (519) 436-5476
Cell (519) 365-0450

Chris.

Chris Ripley

From: Chris Ripley
Sent: May 5, 2005 10:52 AM
To: Chris Ripley; 'NOTES:'; 'dwayne.quinn@city.kitchener.on.ca'
Cc: David Dent
Subject: RE: Kitchener Gate

Dwayne, I don't want your questions about the delivery pressure to go unanswered.

Did the tech clarify the issue?

Chris.

-----Original Message-----
From: Chris Ripley
Sent: Tuesday, May 03, 2005 11:09 AM
To: 'NOTES:'; Chris Ripley; 'dwayne.quinn@city.kitchener.on.ca'
Cc: David Dent
Subject: Re: Kitchener Gate

Excellent questions.

We are working on the purchase price - at least at a high level - but we'll need some time to pull it together.

We'll need to think about the rate impact. I have some ideas which we can discuss.

I'm out today but back in the office tomorrow.

Chris.

-----Original Message-----
From: <jim.gruenbauer@city.kitchener.on.ca>@DUKEPOWER
[NOTES:<jim.gruenbauer@city.kitchener.on.ca>@DUKEPOWER]
To: Chris Ripley <CRipley@duke-energy.com>; dwayne.quinn@city.kitchener.on.ca
<dwayne.quinn@city.kitchener.on.ca>
CC: David Dent <DDent@duke-energy.com>
Sent: Tue May 03 09:32:44 2005
Subject: RE: Kitchener Gate

Purchase the Kitchener Gate Station -- an interesting option, Chris.

Would the purchase price be based on net book value? If so, roughly, how much money are we are looking at?

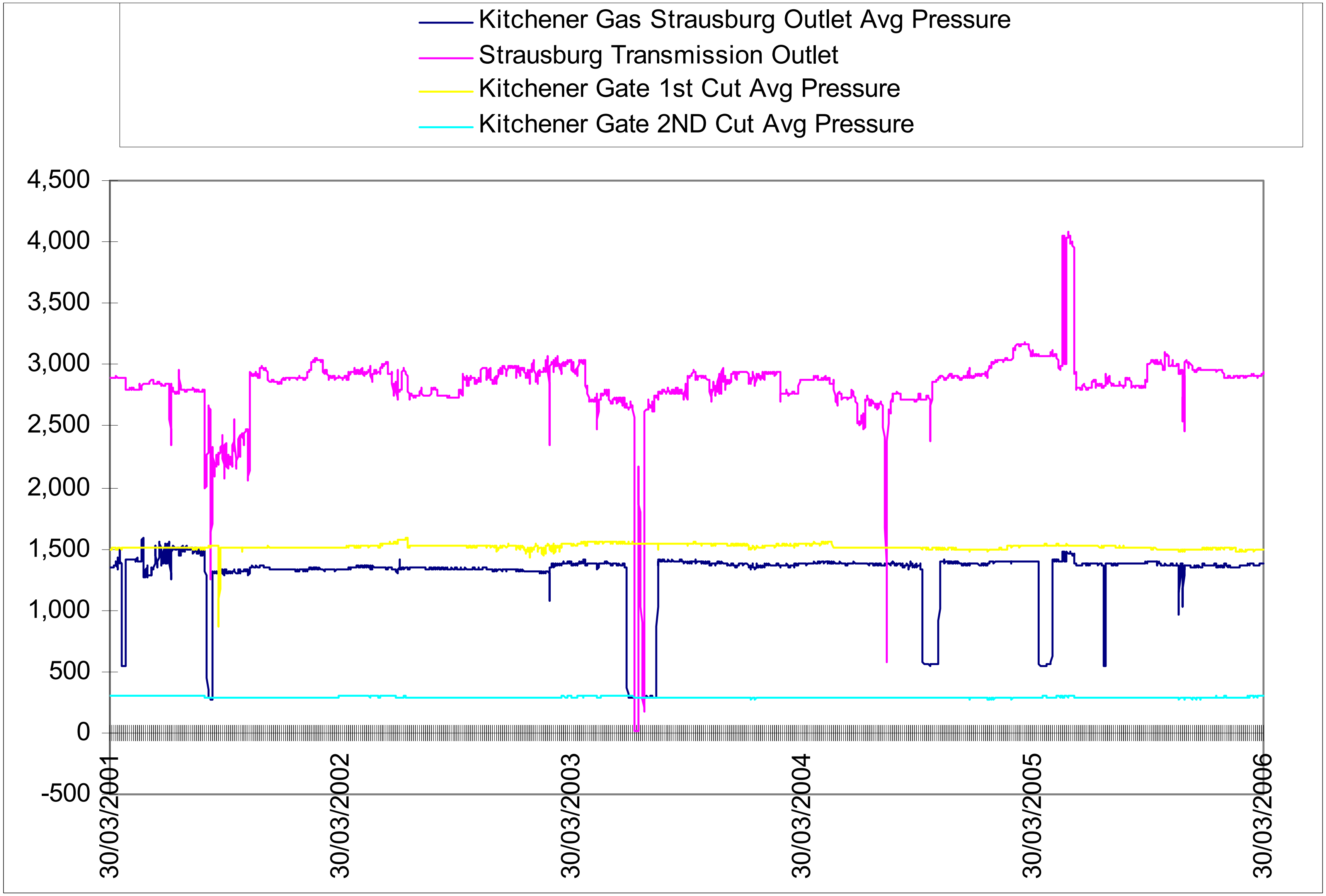
Another question that leaps to mind is, what impact would exercising that option have on our monthly customer charge under T3? I've never fully understood Union's rationale for the gulf between CCK's T3 customer charge and the T1 customer charge paid by Union's large industrial customers, some of whom have multiple stations on contiguous and non-contiguous property and relatively complex M & R facilities to serve their gas loads.

I'm sure Dwayne would have a few more questions.

But, as my former mentor, Jim Hamilton, liked to say..."options are good".

Jim Gruenbauer, CMA
City of Kitchener - Utilities

Manager, Regulatory Affairs & Supply
Fax: (519) 762 2579
Cell: (519) 580 3568
e-mail: jim.gruenbauer@city.kitchener.on.ca
-----Original Message-----
From: Chris Ripley [mailto:CRipley@duke-energy.com]
Sent: Monday, May 02, 2005 2:51 PM
To: Dwayne Quinn; Jim Gruenbauer
Cc: David Dent; Chris Ripley
Subject: Kitchener Gate
Dwayne, I understand you met with the Union technician on Friday.
Was the tech able to answer all of your questions regarding the delivery pressure?
Also, another possible option you can add to my previous email is to allow Kitchener to purchase the Kitchener Gate station. I'm not sure if this an option you would consider but it is available.
Chris.
Chris Ripley
Manager, Retail Marketer Services
cripley@uniongas.com
Office (519) 436-5476
Cell (519) 365-0450


Kitchener Gas Strausburg Outlet Avg Pressure
Strausburg Transmission Outlet
Kitchener Gate 1st Cut Avg Pressure
Kitchener Gate 2ND Cut Avg Pressure
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
-500
30/03/2001
30/03/2002
30/03/2003
30/03/2004
30/03/2005
30/03/2006

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-Housing Providers of Ontario ("FRPO")

Ref: Exhibit H3, Tab 8, Schedule 7

Please describe how the rate design considerations listed on Exhibit H1, Tab 1, Page 11 have been applied to the calculation of the St. Clair to Dawn and Bluewater to Dawn transportation rates.

Response:

The rate design considerations described at Exhibit H1, Tab 1, Updated, page 11 are the factors taken into consideration in Union's design of 2013 proposed in-franchise and ex-franchise rates. Exhibit H3, Tab 8, Schedule 7, Updated shows the derivation of Bluewater/St. Clair and Ojibway to Dawn Rate C1 firm transportation demand rates. In accordance with the Board-approved rate design, the main rate design consideration when designing Rate C1 firm transportation demand rates is the allocated cost of service.

As shown at Exhibit H3, Tab 8, Schedule 7, Updated, Union sets Rate C1 firm transportation demand rates based on the fully allocated cost of service, including Rate C1 system integrity costs, and the design day demands of the Ojibway/St. Clair transmission system.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-Housing Providers of Ontario ("FRPO")

Ref: Exhibit H3, Tab 8, Schedule 7

Did Union undertake a review of the rate design for C1 transportation service from St. Clair and Bluewater for this rate proceeding? If so, please describe the results.

Response:

No. There is no material change in allocated costs or service that warrants a review of the rate design for Rate C1 firm transportation service from St. Clair and Bluewater.

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-Housing Providers of Ontario ("FRPO")

Ref: Exhibit H3, Tab 10, Schedule 1

Please provide a table showing the portion of the Total S&T Transactional Margin included in 2013 in-franchise rates ($20,852,000) that is credited to each rate class.

Response:

Please see Attachment 1. The allocation of the S&T transactional margin includes Union's rate design considerations as described at Exhibit H1, Tab 1, Updated, page 11.

Allocation of 2013 S&T Transactional Margin by in-franchise rate class

Line No.	Particulars ($000's)	S&T Transactional Margin (1)
	North Delivery	
1	Rate 01	(2,716)
2	Rate 10	(21)
3	Rate 20	(4,378)
4	Rate 25	(3,351)
5	Rate 100	-
6	Total North Delivery (lines 1-5)	(10,466)
	South Delivery & Storage	
7	Rate M1	460
8	Rate M2	(2,493)
9	Rate M4	(3,078)
10	Rate M5A	(3,864)
11	Rate M7	(1,196)
12	Rate M9	-
13	Rate M10	(71)
14	Rate T1	-
15	Rate T3	(156)
16	Total South Delivery & Storage (lines 7-15)	(10,398)
	North Transportation & Storage	
17	Rate 01	-
18	Rate 10	-
19	Rate 20	-
20	Rate 25	-
21	Rate 100	12
22	Total North Transportation & Storage (lines 17-21)	12
23	Total In-Franchise (line 6 + line 16 + line 22)	(20,852)

Notes:
(1) Exhibit H3, Tab 1, Schedule 1, Updated, column (e).

UNION GAS LIMITED

Answer to Interrogatory from
Ontario Association of Physical Plant Administrators ("OAPPA")

Reference: Exhibit H1, Tab 1

Please list the factors that Union considered in deciding whether a rate design proposal, if approved, should take effect January 1, 2013 or January 1, 2014.

Response:

Union is proposing to implement its in-franchise rate design proposals, with the exception of the Rate T1 redesign, effective January 1, 2014 rather than January 1, 2013 to allow sufficient time to modify Union's billing and administrative systems.

Union will not begin modifications to its billing and administrative systems until the Board approves Union's in-franchise rate design proposals.

Union's proposal to implement its in-franchise rate design proposals, with the exception of the Rate T1 redesign, on January 1, 2014 is consistent with the approach used to implement the split of the former Rate M2 rate class. In EB-2005-0520 (Union's 2007 rate case), Union proposed and the Board approved the rates and rate structures for the new Rate M1 and Rate M2 rate classes for implementation effective January 1, 2008.

Union is proposing to implement the Rate T1 redesign on January 1, 2013 rather than January 1, 2014 because of the small number of customers impacted by the Rate T1 redesign and the minimal impacts on billing and administrative systems.

UNION GAS LIMITED

Answer to Interrogatory from
Ontario Association of Physical Plant Administrators ("OAPPA")

Reference: Exhibit H1, Tab 1, page 12

Please explain more fully what Union means by "meaningful average costing/pricing".

Response:

The reference to "meaningful average costing/pricing" within the sufficient rate class size guideline described at Exhibit H1, Tab 1, Updated, page 12, relates to the importance of rate class size in achieving rate stability within a rate class over time.

If a rate class has a small number of customers, changes in costs or the number of customers in the rate class can result in average costs and rates that are less stable and predictable on a year-over-year basis.

A rate class with a large number of customers will tend to have average costs and rates that are more stable and predictable on a year-over-year basis, where changes in costs and the number of customers have less influence on these averages.

UNION GAS LIMITED

Answer to Interrogatory from
Ontario Association of Physical Plant Administrators ("OAPPA")

Reference: Exhibit H1, Tab 1, page 48

a) Union proposes to increase the monthly customer charge for interruptible Rate M5A by the average percentage increase in the Rate M5A interruptible delivery service. Does this proposal represent a change in methodology? If yes, what was the previous methodology and what monthly customer charge would the previous approach have produced?

b) Please explain how the proposed approach to the monthly customer charge for interruptible Rate M5A "manages the impact of monthly customer charge changes for small volume customers in the Rate M5A rate class".

Response:

a) Union's approach to setting the Rate M5A monthly charge in 2013 proposed rates does not represent a change in methodology.

In RP-2003-0063, (Union's 2004 rate case), Union proposed and the Board approved the introduction of a monthly charge of $500 in Rate M5A to recover a portion of customer-related costs previously recovered solely in the volumetric rates of all Rate M5A customers. An interruptible volumetric rate, absent a monthly customer charge, resulted in large volume customers paying a disproportionate share of the fixed costs. The introduction of the interruptible customer charge recovered 11.9 % of the approved interruptible revenue.

In EB-2005-0520, (Union's 2007 rate case), Union maintained the $500 monthly charge in Rate M5A to recover 13.4 % of the approved interruptible revenue.

Union's 2013 proposal sets the monthly charge at $725, which recovers 10.1 % of the proposed interruptible revenue.

b) Please see Attachment 1 for an example of how Union's proposed Rate M5A monthly customer charge manages the impact of monthly customer charge changes for small volume customers.

For a Rate M5A customer consuming an annual volume of 700,000 m^3 (the current volume eligibility threshold), the annual revenue from the monthly customer charge equates to an average unit price of 1.2429 cents/m^3 (line 4).

If the Rate M5A monthly customer charge was set to fully recover customer-related costs at the same annual volume, the annual revenue from the monthly customer charge would equate to an average unit price of 2.2847 cents/m^3 (line 10).

Union's approach manages the impact of the proposed change in the Rate M5A monthly customer charge on small volume customers by limiting the increase in the monthly customer charge to the proposed interruptible Rate M5A revenue as a whole.

Setting the Monthly Customer Charge for Rate M5A

Impact on a small customer with an annual volume of 700,000 m^3

Line No.	Particulars		
	Union's Proposed 2013 Monthly Charge		
1	Proposed Monthly Customer Charge ($)	725.00	(1)
2	Annual Customer Charge ($) (line 1 x 12 months)	8,700.00	
3	Annual Volume - Small Customer (m^3)	700,000	
4	Customer Charge (cents/m^3) (line 2 / line 3)	1.2429	
	Recovery of all Customer-Related Costs in the Monthly Charge		
5	Customer-Related Costs ($000's)	2,255	(1)
6	Customer Charge - Annual Billing Units	1,692	(1)
7	Cost-based Charge per customer ($) (line 5 / line 6)	1,332.74	
8	Annual Customer Charge ($) (line 7 x 12 months)	15,992.91	
9	Annual Volume - Small Customer (m^3)	700,000	
10	Customer Charge (cents per m^3) (line 8 / line 9)	2.2847	

Notes:

(1) Exhibit H3, Tab 1, Schedule 2, Updated, page 6, line 15.

UNION GAS LIMITED

Answer to Interrogatory from
Ontario Association of Physical Plant Administrators ("OAPPA")

Reference: Exhibit H3, Tab 1, Schedule 3

a) Please provide the unit delivery rate changes and the associated percentage changes for a typical small customer and a typical large customer in each of the following rate groups: Rate 10 and Rate 20 in the Northern and Eastern Operations Area and Rates M2, M4 and M5 in the Southern Operations Area.

b) For Rate 10, Rate 20, M2, M4 and M5 Interruptible, please describe any factors, in addition to the increased cost of service, driving the average percentage increases of 15.5%, 43.5%, 15.5%, 19.8%, and 45.2%, respectively.

c) Has Union considered rate mitigation measures for customers in the groups listed in a) and b)? If yes, please describe the measures that have been considered. If not, please explain why increases of the magnitude shown in Schedule 3 are considered appropriate.

Response:

a) For a typical small commercial/industrial customer in Rate 10 (Eastern Zone) with an annual volume of 60,000 m^3, the unit delivery rate will increase by approximately 0.8180 cents/m^3 or 11.6%.

For a typical large commercial/industrial customer in Rate 10 (Eastern Zone) with an annual volume of 250,000 m^3, the unit delivery rate will increase by approximately 0.8180 cents/m^3 or 15.5%.

For a typical small commercial/industrial customer in Rate 20 (Eastern Zone) with a firm demand of 14,000 m^3 per day and an annual volume of 3,000,000 m^3, the unit delivery rate will increase by approximately 0.7653 cents/m^3 or 42.3%.

For a typical large commercial/industrial customer in Rate 20 (Eastern Zone) with a firm demand of 60,000 m^3 per day and an annual volume of 15,000,000 m^3, the unit delivery rate will increase by approximately 0.6083 cents/m^3 or 44.5%.

For a typical small commercial/industrial customer in Rate M2 with an annual volume of 60,000 m^3, the unit delivery rate will increase by approximately 0.7167 cents/m^3 or 12.7%.

For a typical large commercial/industrial customer in Rate M2 with an annual volume of 250,000 m^3, the unit delivery rate will increase by approximately 0.7167 cents/m^3 or 16.4%.

For a typical small commercial/industrial customer in Rate M4 with a firm demand of 4,800 m^3 per day and an annual volume of 875,000 m^3, the unit delivery rate will increase by approximately 0.5747 cents/m^3 or 15.0%.

For a typical large commercial/industrial customer in Rate M4 with a firm demand of 50,000 m^3 per day and an annual volume of 12,000,000 m^3, the unit delivery rate will increase by approximately 0.4968 cents/m^3 or 25.1%.

For a typical small commercial/industrial customer in Rate M5 with an interruptible demand of 7,500 m^3 per day and an annual volume of 825,000 m^3, the unit delivery rate will increase by approximately 0.9916 cents/m^3 or 39.7%.

For a typical large commercial/industrial customer in Rate M5 with an interruptible demand of 70,000 m^3 per day and an annual volume of 6,500,000 m^3, the unit delivery rate will increase by approximately 0.7042 cents/m^3 or 44.5%.

The calculation of bill impacts for typical small and large customers in Rates 10, 20, M2, M4 and M5 is provided in Attachment 1.

b) Please see the response at Exhibit J.H-1-1-2 part a).

c) Please see the response at Exhibit J.H-1-1-2 part c).

Calculation of Annual Bill Impacts for Typical Small and Large Customers in Rates 10, 20, M2, M4 and M5

		Current Approved		2013 Proposed		Impact		
Line No.	Particulars	Bill ($)	Unit Rate (cents/m^3)	Bill ($)	Unit Rate (cents/m^3)	Unit Rate (cents/m^3)	Bill ($)	Bill (%)
		(a)	(b)	(c)	(d)	(e) = (d-b)	(f) = (c-a)	(g) = (f/a)
	Small Rate 10							
1	Delivery Charges	4,224	7.0394	4,714	7.8574	0.8180	491	11.6%
2	Gas Supply Charges	12,188	20.3141	12,360	20.5998	0.2857	171	1.4%
3	Total Bill	16,412	27.3535	17,074	28.4572	1.1037	662	4.0%
	Large Rate 10							
4	Delivery Charges	13,228	5.2912	15,273	6.1091	0.8180	2,045	15.5%
5	Gas Supply Charges	50,785	20.3141	51,500	20.5998	0.2857	714	1.4%
6	Total Bill	64,013	25.6053	66,772	26.7089	1.1037	2,759	4.3%
	Small Rate 20							
7	Delivery Charges	54,251	1.8084	77,211	2.5737	0.7653	22,960	42.3%
8	Gas Supply Charges	605,494	20.1831	598,915	19.9638	(0.2193)	(6,579)	-1.1%
9	Total Bill	659,745	21.9915	676,126	22.5375	0.5460	16,381	2.5%
	Large Rate 20							
10	Delivery Charges	204,868	1.3658	296,109	1.9741	0.6083	91,241	44.5%
11	Gas Supply Charges	2,865,317	19.1021	2,837,130	18.9142	(0.1879)	(28,186)	-1.0%
12	Total Bill	3,070,185	20.4679	3,133,240	20.8883	0.4204	63,055	2.1%
	Small Rate M2							
13	Delivery Charges	3,387	5.6453	3,817	6.3621	0.7167	430	12.7%
14	Gas Supply Charges	10,694	17.8227	10,630	17.7174	(0.1053)	(63)	-0.6%
15	Total Bill	14,081	23.4680	14,448	24.0794	0.6114	367	2.6%
	Large Rate M2							
16	Delivery Charges	10,906	4.3623	12,698	5.0790	0.7167	1,792	16.4%
17	Gas Supply Charges	44,557	17.8227	44,293	17.7174	(0.1053)	(263)	-0.6%
18	Total Bill	55,463	22.1850	56,991	22.7964	0.6114	1,528	2.8%
	Small Rate M4							
19	Delivery Charges	33,628	3.8432	38,656	4.4179	0.5747	5,028	15.0%
20	Gas Supply Charges	155,949	17.8227	155,027	17.7174	(0.1053)	(921)	-0.6%
21	Total Bill	189,577	21.6659	193,684	22.1353	0.4694	4,107	2.2%
	Large Rate M4							
22	Delivery Charges	237,903	1.9825	297,518	2.4793	0.4968	59,616	25.1%
23	Gas Supply Charges	2,138,724	17.8227	2,126,088	17.7174	(0.1053)	(12,636)	-0.6%
24	Total Bill	2,376,627	19.8052	2,423,606	20.1967	0.3915	46,980	2.0%
	Small Rate M5							
25	Delivery Charges	20,602	2.4972	28,782	3.4887	0.9916	8,180	39.7%
26	Gas Supply Charges	147,037	17.8227	146,169	17.7174	(0.1053)	(869)	-0.6%
27	Total Bill	167,639	20.3199	174,951	21.2061	0.8863	7,312	4.4%
	Large Rate M5							
28	Delivery Charges	102,925	1.5835	148,697	2.2876	0.7042	45,772	44.5%
29	Gas Supply Charges	1,158,476	17.8227	1,151,631	17.7174	(0.1053)	(6,845)	-0.6%
30	Total Bill	1,261,401	19.4062	1,300,328	20.0050	0.5989	38,927	3.1%

UNION GAS LIMITED

Answer to Interrogatory from
Association of Power Producers of Ontario ("APPRO")

Reference: Exhibit H3, Tab 1, Schedule 2, Pages 3 and 4
Exhibit G1, Tab 1, Appendix B, Page 2

Union is proposing to increase Rate 20, Rate 25 and Rate 100 by 43.5%, 43.4% and 29.1% respectively.

a) Please provide a detailed explanation by rate class illustrating why these rates are increasing as much as proposed.

b) Please explain why such significant increases are just reasonable and do not constitute rate shock.

Response:

a) Please see the response at Exhibit J.H-1-1-2 a).

b) Please see the response at Exhibit J.H-1-1-2 c).

UNION GAS LIMITED

Answer to Interrogatory from
Association of Power Producers of Ontario ("APPRO")

Reference: Exhibit H3, Tab 2, Schedule 1, Page 2, Line 19, Columns (d) and (f)

Column (f) indicates that it represents the revenue requirement 'after recovery'. Column (d) is the proposed revenue requirement. The difference between line 19 columns (f) and (d) is $2,227,000 (col (e)). Please explain what this amount represents.

Response:

Please see the response at Exhibit J.H-1-2-1 part a).

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers & Exporters ("CME")

Ref: Exhibit A1, Tab 3, Schedule 2
Exhibit H1, Tab 1

Exhibit A1, Tab 3, Schedule 2 lists the eight specific Rate Design changes that Union asks the Board to approve. Further details of these proposals are contained in Exhibit H1, Tab 1. In connection with this evidence, please provide the following additional information:

a) Are any of the Rate Design changes Union is proposing being made in response to specific requests for such changes from ratepayers? If so, then please provide details of the customer requests for such rate changes, including copies of any documents exchanged between Union and its customers with respect to such requests.

b) Are any of the Rate Design changes Union is proposing contingent on a finding that there is a revenue deficiency rather than a revenue sufficiency for the 2013 Test Year?

Response:

a) No.

b) No.

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers & Exporters ("CME")

Ref: Exhibit A1, Tab 3, Schedule 2
Exhibit H1, Tab 1

CME wishes to obtain a better understanding of the impacts of Union's proposed Rate Design changes on the manufacturers being served under the auspices of Union's rates. Union's manufacturer customers will be more specifically identified when Union provides its response to Interrogatory C3.1 herein. For the purposes of the information requests that follow, CME assumes that one or more manufacturers are currently being served under the auspices of Rates 01 and 10 in the Northern Zone and Rates M4, M5A, M7 and T1 in Union's Southern operations area. In connection with proposals that Union is making will affect customers served under the auspices of these existing rates, please provide the following information:

a) Identify the total number of commercial and industrial customers who will receive an annual bill impact in excess of 2% as a result of moving from current Rate 01 and M1 to proposed Rates 10 and M2;

b) Table 14 in Exhibit H1, Tab 1 indicates that the annual bill impacts on existing M1 customers that will move to proposed Rate Class M2 with annual volumes between 7,000 and 60,000 M^3/year will face very significant annual bill increases. Have the customers who will be affected by Union's proposal been notified of the steep bill increases they will face if Union's proposals are approved? If so, then please provide copies of such notices and the responses from customers, if any.

c) Please broaden Table 14 in Exhibit H1, Tab 1 to include annual volumes of 6,000 M^3/year, 60,000 M^3/year and 70,000 M^3/year.

d) With respect to the proposal to lower the Rate 7 eligibility to capture 5 customers currently forecast on Rate M4 at 17 customers currently on Rate M5A, please provide information that will show the rate and annual bill impacts on each of the 22 customers that will be brought within the ambit of Rate M7 under Union's proposal.

e) What will be the impact on rates and annual bills of customers who choose to utilize Union's proposed Rate M4 interruptible service offering?

f) With respect to Union's proposal to split current Rate T1 into two rate classes, please provide the following:

   i. A Schedule that will show the range of rate and annual bill impacts on the 59 customers currently served under Rate T1 if Union's proposal is adopted;

ii. Identify by letter or number each customer to be served under proposed Rate T1 and proposed Rate T2 that will be facing either a rate or a total annual bill impact increase that is 2% or greater;

iii. Any specific notice that Union has provided to T1 customers of the rate and/or annual bill impacts that they will likely face if Union's proposed Rate Design change is approved and the responses that Union received to these notices, if any.

Response:

a) Based on 2010 actual customer data, Union estimates the number of accounts and the financial impact on each of the four rate classes is as follows:

Union North - Rate 01 and Rate 10

1) 281,246 accounts with annual volume up to 5,000 m^3 will see no impact at 100 m^3 and an annual decrease of approximately $2 at 5,000 m^3. These existing Rate 01 accounts will continue to take service under the proposed Rate 01 in 2014.

2) 18,163 accounts with annual volume between 5,000 m^3 and 50,000 m^3 represent existing Rate 01 accounts that will take service under the proposed Rate 10 in 2014. Financial impacts are as follows:

    i) An annual bill increase for 6,816 accounts with annual volumes between 5,000 m^3 and 7,000 m^3. The annual increase ranges from approximately $43 at 5,001 m^3 to $4 at 7,000 m^3.

    ii) An annual bill decrease for 11,347 accounts with annual volumes between 7,001 m^3 and 50,000 m^3. The annual decrease ranges from approximately $5 at 7,500 m^3 to $816 at 50,000 m^3.

3) 1,735 accounts with annual volume over 50,000 m^3 represent existing Rate 10 accounts that will continue to take service under the proposed Rate 10 in 2014. Financial impacts are as follows:

    i) 1,142 accounts with annual volume between 50,000 m^3 and 117,000 m^3 will see an annual decrease from approximately $266 at 50,001 m^3 to approximately $1 at 117,000 m^3.

    ii) 593 accounts with annual volume over 117,000 m^3 will see an annual increase of from approximately $14 at 120,000 m^3 to approximately $42,153 at 3,000,000 m^3.

Union South - Rate M1 and Rate M2

1) 941,737 accounts with annual volume up to 5,000 m^3 will see no impact at 100 m^3 and an annual increase of up to $2 at 5,000 m^3. These existing Rate M1 accounts will continue to take service under the proposed Rate M1 in 2014.

2) 50,847 accounts with annual volume between 5,000 m^3 and 50,000 m^3 will see an annual bill increase from approximately $148 at 5,001 m^3 to $48 at 50,000 m^3. These existing Rate M1 accounts will now take service under the proposed Rate M2 in 2014.

3) 6,228 accounts with annual volume over 50,000 m^3 will see an annual bill decrease from approximately $771 at 50,001 m^3 to approximately $13,800 at 3,000,000 m^3. These existing Rate M2 accounts will continue to take service under the proposed Rate M2 in 2014.

b) No. On approval of its rate redesign proposals, Union will advise customers in anticipation of 2014 rate implementation. This approach is consistent with the implementation used in EB-2005-0520 in which Union advised customers in 2007 prior to the 2008 implementation.

c) Please see Attachment 1.

d) Please see Attachment 2.

Rate M5A customers will move to Rate M7 on a revenue neutral basis on the interruptible portion of their bill. There is no bill impact as the Rate M7 interruptible rate will be set to recover the same revenue calculated using the Rate M5A bill provided interruptible customers maintain the same contractual MAV commitment.

For firm Rate M4 and interruptible Rate M5A customers with an optional firm service, the firm service will be re-priced using the firm contract parameters priced at the Rate M7 firm rates.

e) The introduction of an interruptible service offering in Rate M4 will have no impact on rates. Interruptible pricing in Rate M4 will match the rates calculated under Rate M5A, which will ensure that customers in Rate M4 and Rate M5A pay the same price for the same interruptible service.

The annual bill of customers who choose to utilize Union's proposed Rate M4 interruptible service offering will depend on the level of interruptible service elected by the customer.

For example, a current Rate M5A customer with an interruptible contracted demand of 4,800 m^3 and an annual volume of 700,000 m^3 has a bill, based on current approved rates, consisting of:

a. A monthly customer charge of $498.20
b. A daily interruptible delivery commodity charge of 2.1435 cents/m^3 for all interruptible volumes used, and
c. An interruptible day's use discount of 0.2035 cents/m^3 based on 146 days use of contracted demand.

A Rate M4 customer exercising the Rate M4 interruptible offering will pay exactly the same price as a Rate M5A customer.

f) i) Please see Attachment 3 for the annual firm transportation bill impacts related to the 2013 proposed redesign. The bill impacts have been calculated using 2013 forecast billing units and include the monthly customer charge, firm transportation demand and firm transportation commodity portions of the bill only.

ii) Please see Attachment 3, note (2). For proposed Rate T1, the bill impacts range from an increase of 11.3% to an increase of 39.3%. For proposed Rate T2, the bill impacts range from a decrease of 18.9% to an increase of 37.0%.

iii) In 2011, at customer meetings in London and Burlington, Union made preliminary presentations about some of the Rate Design proposals in its 2013 Cost of Service hearing. No additional detailed or specific information about the rate or annual bill impacts of the Rate Design changes have been shared through broad based customer communication at this time. Union historically has communicated this information at customer meetings after the evidence has been filed with the Board. Consistent with past practices Union will be presenting this information at customers meetings in 2012.

Annual General Service Delivery Bill Impacts - Union South
of Proposed 2014 Change in Annual Volume Breakpoint (1)

Annual Volume	2013 Proposed with Annual Volume Breakpoint of 50,000 m^3 Rate M1	2013 Proposed with Annual Volume Breakpoint of 50,000 m^3 Rate M2	2014 Proposed with Annual Volume Breakpoint of 5,000 m^3 Rate M1	2014 Proposed with Annual Volume Breakpoint of 5,000 m^3 Rate M2	Bill Impacts $	Bill Impacts %
1,800	327.69		328.98		1.29	0.4%
2,200	343.16		344.58		1.42	0.4%
2,600	358.55		360.08		1.53	0.4%
3,000	373.82		375.47		1.65	0.4%
5,000	449.13		451.34		2.21	0.5%
5,001	449.17			597.10	147.93	32.9%
6,000	486.16			632.34	146.18	30.1%
7,000	523.15			667.37	144.22	27.6%
10,000	633.91			771.65	137.74	21.7%
20,000	999.67			1,117.24	117.58	11.8%
30,000	1,364.94			1,461.55	96.62	7.1%
50,000	2,095.47			2,143.84	48.37	2.3%
60,000		3,316.76		2,478.58	(838.18)	-25.3%
70,000		3,717.42		2,812.62	(904.79)	-24.3%
80,000		4,117.07		3,146.02	(971.06)	-23.6%
100,000		4,911.88		3,809.88	(1,102.00)	-22.4%
200,000		8,736.83		7,084.44	(1,652.39)	-18.9%
300,000		12,470.81		10,332.91	(2,137.89)	-17.1%
500,000		19,846.07		16,797.86	(3,048.22)	-15.4%

Notes:
(1) Grey shading represents all changes when compared to Exhibit H1, Tab 1, Updated, Table 12, page 27.

Annual Bill Impact of Rate M4 and Rate M5A customers moving to Rate M7
per Union's 2014 Rate Design Proposal

Particulars ($)	2013 Delivery Bill	2014 M7 Delivery Bill	Bill Impact	
	(a)	(b)	(c) = (b-a)	(d) = (c/a)
Rate M4				
Customer 1	329,400	247,319	(82,080)	-24.9%
Customer 2	340,573	250,206	(90,367)	-26.5%
Customer 3	369,878	268,438	(101,440)	-27.4%
Customer 4	439,357	318,328	(121,029)	-27.5%
Customer 5	525,126	398,254	(126,871)	-24.2%
Rate M5A				
Customer 1	274,177	274,177	-	0.0%
Customer 2	98,931	98,931	-	0.0%
Customer 3	142,822	142,822	-	0.0%
Customer 4	255,200	255,200	-	0.0%
Customer 5	97,733	82,502	(15,231)	-15.6%
Customer 6	62,021	62,021	-	0.0%
Customer 7	129,731	102,642	(27,089)	-20.9%
Customer 8	220,261	220,261	-	0.0%
Customer 9	98,224	98,224	-	0.0%
Customer 10	439,276	439,276	-	0.0%
Customer 11	225,251	225,251	-	0.0%
Customer 12	215,550	215,550	-	0.0%
Customer 13	180,323	180,323	-	0.0%
Customer 14	392,773	392,773	-	0.0%
Customer 15	418,369	418,369	-	0.0%
Customer 16	630,803	630,803	-	0.0%
Customer 17	409,338	409,338	-	0.0%

Estimated Rate T1 Firm Transportation
Bill Impacts of 2013 Proposed Redesign

Particulars ($)	Proposed Rate Class	Current Approved Firm Transportation Bill (1)	2013 Proposed Firm Transportation Bill with Redesign (1)	Annual Bill Impact	% Change (2)
		(a)	(b)	(c) = (b-a)	(d) = (c/a)
Customer 1	Rate T1	21,544	23,986	2,442	11.3
Customer 2	Rate T1	42,848	58,662	15,814	36.9
Customer 3	Rate T1	86,361	114,892	28,531	33.0
Customer 4	Rate T1	94,362	125,382	31,021	32.9
Customer 5	Rate T1	90,389	124,545	34,156	37.8
Customer 6	Rate T1	89,619	124,245	34,627	38.6
Customer 7	Rate T1	93,975	127,359	33,384	35.5
Customer 8	Rate T1	94,708	131,900	37,192	39.3
Customer 9	Rate T1	101,427	140,409	38,981	38.4
Customer 10	Rate T1	112,669	148,957	36,288	32.2
Customer 11	Rate T1	108,539	147,973	39,434	36.3
Customer 12	Rate T1	121,229	155,790	34,561	28.5
Customer 13	Rate T1	128,922	166,458	37,536	29.1
Customer 14	Rate T1	159,639	199,770	40,131	25.1
Customer 15	Rate T1	136,169	175,034	38,865	28.5
Customer 16	Rate T1	135,386	175,641	40,255	29.7
Customer 17	Rate T1	144,358	182,058	37,701	26.1
Customer 18	Rate T1	146,602	186,769	40,167	27.4
Customer 19	Rate T1	148,354	188,410	40,056	27.0
Customer 20	Rate T1	155,364	193,057	37,693	24.3
Customer 21	Rate T1	160,855	199,990	39,135	24.3
Customer 22	Rate T1	154,782	198,586	43,804	28.3
Customer 23	Rate T1	161,311	202,086	40,775	25.3
Customer 24	Rate T1	154,536	202,327	47,791	30.9
Customer 25	Rate T1	173,537	216,437	42,900	24.7
Customer 26	Rate T1	197,783	249,149	51,366	26.0
Customer 27	Rate T1	194,137	247,729	53,592	27.6
Customer 28	Rate T1	191,458	238,760	47,302	24.7
Customer 29	Rate T1	193,218	241,364	48,145	24.9
Customer 30	Rate T1	188,705	240,758	52,053	27.6
Customer 31	Rate T1	214,011	259,049	45,038	21.0
Customer 32	Rate T1	243,463	286,113	42,651	17.5
Customer 33	Rate T1	248,168	289,610	41,442	16.7
Customer 34	Rate T1	254,468	293,981	39,513	15.5
Customer 35	Rate T1	251,359	293,013	41,654	16.6
Customer 36	Rate T1	332,148	400,055	67,908	20.4
Customer 37	Rate T1	371,724	441,887	70,163	18.9
Customer 38	Rate T1	354,402	440,310	85,909	24.2
Customer 39	Rate T1	407,264	473,683	66,418	16.3
Customer 40	Rate T2	422,269	475,738	53,469	12.7
Customer 41	Rate T2	532,573	729,420	196,847	37.0
Customer 42	Rate T2	501,369	512,914	11,545	2.3
Customer 43	Rate T2	516,698	526,565	9,867	1.9
Customer 44	Rate T2	564,066	560,266	(3,800)	(0.7)
Customer 45	Rate T2	662,646	696,598	33,951	5.1
Customer 46	Rate T2	820,330	762,447	(57,883)	(7.1)
Customer 47	Rate T2	1,192,074	1,168,246	(23,828)	(2.0)
Customer 48	Rate T2	1,073,332	1,006,110	(67,222)	(6.3)
Customer 49	Rate T2	1,312,872	1,309,569	(3,303)	(0.3)
Customer 50	Rate T2	1,394,087	1,194,373	(199,714)	(14.3)
Customer 51	Rate T2	2,154,750	2,053,372	(101,378)	(4.7)
Customer 52	Rate T2	1,897,176	1,654,410	(242,766)	(12.8)
Customer 53	Rate T2	2,129,710	1,806,544	(323,166)	(15.2)
Customer 54	Rate T2	2,366,153	1,919,752	(446,401)	(18.9)
Customer 55	Rate T2	2,225,734	1,962,540	(263,194)	(11.8)
Customer 56	Rate T2	2,483,231	2,143,945	(339,287)	(13.7)
Customer 57	Rate T2	3,938,286	3,344,998	(593,288)	(15.1)
Customer 58	Rate T2	4,981,287	4,283,886	(697,401)	(14.0)
Customer 59	Rate T2	4,637,274	4,032,344	(604,930)	(13.0)

Notes:
(1) Calculation of bill includes monthly customer charge, firm transportation demand and firm transportation commodity portions only.
(2) Grey shading includes customers with a bill impact greater than 2%.

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

Please confirm that the calculations in the table set forth below are accurate in all respects. If they are not accurate, please provide a corrected table in the same format.

Comparison of M1 and M2 Rates by Volume - 2013 Proposed Rates

Monthly Volume	Monthly Bill at M1 Rate Schedule					Monthly Bill at M2 Rate Schedule				
	Fixed	Volumetric	Total	Unit Cost	Avg. Vol. Rate	Fixed	Volumetric	Total	Unit Cost	Avg. Vol. Rate
250	$21.00	$10.56	$31.56	$0.1262	$0.0422	$70.00	$10.56	$80.56	$0.3223	$0.0423
500	$21.00	$19.69	$40.69	$0.0814	$0.0394	$70.00	$21.13	$91.13	$0.1823	$0.0423
750	$21.00	$28.82	$49.82	$0.0664	$0.0384	$70.00	$31.69	$101.69	$0.1356	$0.0423
1000	$21.00	$37.95	$58.95	$0.0590	$0.0380	$70.00	$42.26	$112.26	$0.1123	$0.0423
1500	$21.00	$56.22	$77.22	$0.0515	$0.0375	$70.00	$63.01	$133.01	$0.0887	$0.0420
2000	$21.00	$74.48	$95.48	$0.0477	$0.0372	$70.00	$83.76	$153.76	$0.0769	$0.0419
3000	$21.00	$111.01	$132.01	$0.0440	$0.0370	$70.00	$125.25	$195.25	$0.0651	$0.0418
4000	$21.00	$147.54	$168.54	$0.0421	$0.0369	$70.00	$166.75	$236.75	$0.0592	$0.0417
4166.67	$21.00	$153.62	$174.62	$0.0419	$0.0369	$70.00	$173.66	$243.66	$0.0585	$0.0417
5000	$21.00	$184.06	$205.06	$0.0410	$0.0368	$70.00	$208.24	$278.24	$0.0556	$0.0416
6000	$21.00	$220.59	$241.59	$0.0403	$0.0368	$70.00	$249.74	$319.74	$0.0533	$0.0416
7000	$21.00	$257.12	$278.12	$0.0397	$0.0367	$70.00	$291.24	$361.24	$0.0516	$0.0416
8000	$21.00	$293.64	$314.64	$0.0393	$0.0367	$70.00	$330.46	$400.46	$0.0501	$0.0413
9000	$21.00	$330.17	$351.17	$0.0390	$0.0367	$70.00	$369.68	$439.68	$0.0489	$0.0411
10000	$21.00	$366.70	$387.70	$0.0388	$0.0367	$70.00	$408.91	$478.91	$0.0479	$0.0409
11000	$21.00	$403.22	$424.22	$0.0386	$0.0367	$70.00	$448.13	$518.13	$0.0471	$0.0407
12000	$21.00	$439.75	$460.75	$0.0384	$0.0366	$70.00	$487.35	$557.35	$0.0464	$0.0406
13000	$21.00	$476.28	$497.28	$0.0383	$0.0366	$70.00	$526.57	$596.57	$0.0459	$0.0405
14000	$21.00	$512.81	$533.81	$0.0381	$0.0366	$70.00	$565.79	$635.79	$0.0454	$0.0404
15000	$21.00	$549.33	$570.33	$0.0380	$0.0366	$70.00	$605.02	$675.02	$0.0450	$0.0403
16000	$21.00	$585.86	$606.86	$0.0379	$0.0366	$70.00	$644.24	$714.24	$0.0446	$0.0403
17000	$21.00	$622.39	$643.39	$0.0378	$0.0366	$70.00	$683.46	$753.46	$0.0443	$0.0402
18000	$21.00	$658.91	$679.91	$0.0378	$0.0366	$70.00	$722.68	$792.68	$0.0440	$0.0401
19000	$21.00	$695.44	$716.44	$0.0377	$0.0366	$70.00	$761.90	$831.90	$0.0438	$0.0401
20000	$21.00	$731.97	$752.97	$0.0376	$0.0366	$70.00	$801.13	$871.13	$0.0436	$0.0401

Response:

The table is not accurate with respect to rate applicability. In 2013, Rate M1 is only available for customers with annual volumes less than or equal to 50,000 m^3. Rate M2 is only available for customers with annual volumes greater than 50,000 m^3.

Union has provided the corrected table based on annual bills since annual bills are more reflective of the load profile of Rate M1 and Rate M2 than monthly bills. Customers in each of Rate M1 and Rate M2 do not consume equal volumes in each month.

A corrected table appears as Attachment 1.

Rate Analysis based on an Annual Volume of 50,000 m^3
and an Annual Volume Breakpoint of 50,000 m^3 per year
(cents/m^3)

		Small Volume General Service				Large Volume General Service			Difference by Rate Component		
Line No.	Particulars	Average Annual Fixed Rate (1)	Average Annual Volumetric Rate	Total Annual Average Rate	Particulars	Average Annual Fixed Rate (2)	Average Annual Volumetric Rate	Total Annual Average Rate	Average Annual Fixed Rate	Average Annual Volumetric Rate	Total Annual Average Rate
		(a)	(b)	(c)		(d)	(e)	(f)	(g) = (d-a)	(h) = (e-b)	(i) = (f-c)
	2013				2013						
1	Rate M1	0.5040	3.6869	4.1909	Rate M2	1.6800	4.1503	5.8303	1.1760	0.4633	1.6393
2	Rate 01	0.5040	8.7898	9.2938	Rate 10	1.6800	6.5139	8.1939	1.1760	(2.2758)	(1.0998)

Notes:
(1) The volumetric equivalent of the fixed rate for Rate M1 and Rate 01 is based on a Monthly Customer Charge of $21 in 2013.
(2) The volumetric equivalent of the fixed rate for Rate M2 and Rate 10 is based on a Monthly Customer Charge of $70 for 2013.

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

With respect to the table contained in Exhibit J.H-1-15-1:

a) Please explain why the average unit cost to distribute gas to higher volume general service customers is in all cases higher than the average unit cost to distribute gas to lower volume general service customers.

b) Please identify and quantify all diseconomies of scale affecting the cost to distribute gas to higher volume general service customers.

c) Please explain why the average volumetric rate for M2 customers is in all cases higher than the average volumetric rate for M1 customers. Please explain the cost drivers causing this result.

d) Please prepare a table in this format performing the same calculations for Rates 01 and 10. Please explain why the same pattern of higher unit rates for higher volume customers (both overall unit rate and average volumetric rate) does not apply to these rate classes in the same way as M1 and M2. Please identify and quantify the costs that cause this different result.

Response:

Please see Attachments 1-4.

The relationship of the average unit cost to distribute gas to higher volume general service customers when compared to lower volume general service customers is affected by:

a. the effect of the monthly charge increases in the small volume general service rates during the incentive regulation period,
b. cost differences by rate class, and
c. rate design differences arising due to the rate class composition.

The attachments identify the impact of these changes on volumetric rates.

i. Attachment 1 shows the appropriate annual rate comparison using an annual volume breakpoint of 50,000 m^3 at 2013 proposed rates.

ii. Attachment 2 details the 2013 fixed costs by rate class recovered in volumetric rates.

iii. Attachment 3 shows the appropriate annual rate comparison using an annual volume breakpoint of 5,000 m^3 at 2014 proposed rates.

iv. Attachment 4 details the 2014 fixed costs by rate class recovered in volumetric rates.

Effect of the Monthly Charge Increases during the IR period

During the incentive regulation period, annual increases of $1 per month in the monthly charge, from $16 in 2007 to $21 in 2012, for each of Rates M1 and Rate 01, were offset by reductions in volumetric rates for these rate classes on a revenue neutral basis.

During this same period there were no similar increases in monthly charges or corresponding reductions in volumetric rates of the large volume general service classes. Consequently the smooth rate continuum, with relatively small price differentials at the annual volume breakpoint in 2008 rates, was eroded. Attachment 1 shows the impact of this change from 2008 to 2012 at lines 1-4.

Cost differences between Small Volume and Large Volume General Service Rate Classes

Rate M1 small volume general service costs are primarily customer-related. With about 95% of the customer-related costs recovered by the monthly charge of $21, only 5% of customer-related costs (or $15.258 million) and 100% of the demand-related costs ($102.204 million) are shifted to volumetric rates yielding an average volumetric rate of 4.0836 cents/m^3 to recover fixed costs shown at Attachment 2, line 9, column (a).

Rate M2 large volume general services cost are primarily demand-related costs. With about 63% of the customer-related costs recovered by the monthly charge of $70, about 37% (or $3.290 million) of customer-related costs and 100% of the demand-related costs ($34.915 million) are shifted to volumetric rates yielding an average volumetric rate of 3.9936 cents/m^3 shown at Attachment 2, line 9, column (b) . Large volume general service rate classes recover significant fixed costs in volumetric rates. This results in unit cost shifts to volumetric rates that are almost identical for Rate M1 and Rate M2.

Attachment 2 also shows the comparable analysis for Union North. In the case of Union North more of the customer-related costs are shifted to volumetric rates for Rate 01 resulting in an average volumetric rate of 9.8611 cents/m^3 shown at Attachment 2, line 9, column (c). For Rate 10, the average volumetric rate of 5.5412 cents/m^3 is shifted to volumetric rates shown at Attachment 2, line 9, column (d). At an annual volume of 50,000 m^3, Rate 10 compares favourably with Rate 01.

Rate design differences arising due to the rate class composition

The rate setting process for each of these classes, as they are currently constituted, is impacted by the number of customers and annual volumes for each rate class. Small volume rate classes have a large number of customers and significant annual volume. By comparison, large volume general service rate classes are comparatively small in the number of customers and annual volumes.

Comparison of 2013 and 2014

With the proposed 2014 reduction in the annual volume breakpoint from 50,000 m^3 to 5,000 m^3, the rate class composition changes. The proposed reduction in monthly customer charge from \$70/month to \$35/month will recover most of the customer-related costs of the large volume Rate M2 and Rate 10 in the monthly charge. With less fixed costs shifted to volumetric rates, the volumetric rates for each of Rate 10 and Rate M2 are lower. Attachment 4 shows the same calculation for 2014 as Attachment 2 does for 2013.

With the lower volume threshold for the large volume rates, the effect of setting the monthly customer charge at \$35 for a customer consuming 5,000 m^3 or more, results in a commodity equivalent monthly charge of 8.4000 cents/m^3 shown at Attachment 4, line 12, column (b) and (d). For a small volume customer at 5,000 m^3, the comparable commodity equivalent to the monthly charge of \$21 is 5.0400 cents/m^3 shown at Attachment 4, line 12, column (a) and (c). The effect of this 3 cents/m^3 differential between monthly charges in the small volume and large volume general service rate results in:

1. Minimum bill impacts for Union North customers, now eligible for new Rate 10.

2. Rate increases for Union South customers, now eligible for new Rate M2, that diminish as volume increases. Customers in the new Rate M2 rate class at the lower end of the monthly usage scale will see an increase in their monthly bills, mainly due to the increase in the monthly charge occurring at 5,000 m^3. Most customers at the higher end of the usage range will see reduced bills.

Rate Analysis based on an Annual Volume of 50,000 m^3
and an Annual Volume Breakpoint of 50,000 m^3 per year
(cents/m³)

		Small Volume General Service				Large Volume General Service			Difference by Rate Component		
Line No.	Particulars	Average Annual Fixed Rate (1)	Average Annual Volumetric Rate	Total Annual Average Rate	Particulars	Average Annual Fixed Rate (2)	Average Annual Volumetric Rate	Total Annual Average Rate	Average Annual Fixed Rate	Average Annual Volumetric Rate	Total Annual Average Rate
		(a)	(b)	(c)		(d)	(e)	(f)	(g) = (d-a)	(h) = (e-b)	(i) = (f-c)
	2008				2008						
1	Rate M1	0.4080	4.1418	4.5498	Rate M2	1.6800	3.6070	5.2870	1.2720	(0.5348)	0.7372
2	Rate 01	0.4080	7.3849	7.7929	Rate 10	1.6800	6.2640	7.9440	1.2720	(1.1209)	0.1511
	2012				2012						
3	Rate M1	0.5040	2.9215	3.4255	Rate M2	1.6800	3.6691	5.3491	1.1760	0.7476	1.9236
4	Rate 01	0.5040	6.2151	6.7191	Rate 10	1.6800	5.1042	6.7842	1.1760	(1.1110)	0.0650
	2013				2013						
5	Rate M1	0.5040	3.6869	4.1909	Rate M2	1.6800	4.1503	5.8303	1.1760	0.4633	1.6393
6	Rate 01	0.5040	8.7898	9.2938	Rate 10	1.6800	6.5139	8.1939	1.1760	(2.2758)	(1.0998)

Notes:
(1) The volumetric equivalent of the fixed rate for Rate M1 and Rate 01 is based on a Monthly Customer Charge of $17 in 2008 and $21 in 2012 and 2013.
(2) The volumetric equivalent of the fixed rate for Rate M2 and Rate 10 is based on a Monthly Customer Charge of $70 for each of 2008, 2012 and 2013.

Analysis of Fixed Cost Recovery in 2013 Monthly Charges and Volumetric Rates
based on 2013 General Service Rate Class Billing Units and an Annual Volume Breakpoint of 50,000 m^3

Line No.	Particulars ($000's)	Union South Rate M1 (a)	Union South Rate M2 (b)	Union North Rate 01 (c)	Union North Rate 10 (d)
	Recovery of Fixed Costs in Volumetric Rates				
1	Customer -Related Costs	282,101	8,992	117,795	3,770
2	Monthly Charge Revenue	266,843	5,702	80,490	1,720
3	Customer-related costs less monthly charge revenue (line 1 - line 2)	15,258	3,290	37,305	2,050
4	Proportion recovered in monthly charge	95%	63%	68%	46%
5	Proportion recovered in volumetric rates	5%	37%	32%	54%
6	Demand-Related Costs	102,204	34,915	47,066	15,475
7	Amount Shifted to Volumetric Rates (line 3 + line 6)	117,462	38,205	84,371	17,525
8	Annual Volume - 2013 Forecast (10^3m^3)	2,876,411	956,651	855,598	316,269
9	Average Volumetric Rate to Recover Fixed Costs (line 7 / line 8)	4.0836	3.9936	9.8611	5.5412
	Volume Equivalent Rate for Monthly Charge				
10	Monthly Customer Charge ($)	21.00	70.00	21.00	70.00
11	Annual Customer Charge Revenue ($) (line 10 x 12 months)	252.00	840.00	252.00	840.00
12	Equivalent Volumetric Charge at 50,000 m^3 (cents/m^3)	0.5040	1.6800	0.5040	1.6800

Rate Analysis at Annual Volume of 5,000 m^3
Using 2014 Proposed Rates and Annual Volume Breakpoint of 5,000 m^3
(cents/m^3)

		Small Volume General Service				Large Volume General Service			Difference by Rate Component		
Line No.	Particulars	Average Annual Fixed Rate (1)	Average Annual Volumetric Rate	Total Annual Average Rate	Particulars	Average Annual Fixed Rate (2)	Average Annual Volumetric Rate	Total Annual Average Rate	Average Annual Fixed Rate	Average Annual Volumetric Rate	Total Annual Average Rate
		(a)	(b)	(c)		(d)	(e)	(f)	(g) = (d-a)	(h) = (e-b)	(i) = (f-c)
	2014										
1	Rate M1	5.0400	3.9868	9.0268	Rate M2	8.4000	3.5412	11.9412	3.3600	(0.4456)	2.9144
2	Rate 01	5.0400	9.4882	14.5282	Rate 10	8.4000	7.0322	15.4322	3.3600	(2.4560)	0.9040

Notes:
(1) The volumetric equivalent of the fixed rate for Rate M1 and Rate 01 is based on a Monthly Customer Charge of $21 in 2014.
(2) The volumetric equivalent of the fixed rate for Rate M2 and Rate 10 is based on a Monthly Customer Charge of $35 in 2014.

Analysis of Fixed Cost Recovery in 2014 Monthly Charges and Volumetric Rates
based on 2014 General Service Rate Class Billing Units and an Annual Volume Breakpoint of 5,000 m^3

Line No.	Particulars ($000's)	Union South Rate M1 (a)	Union South Rate M2 (b)	Union North Rate 01 (c)	Union North Rate 10 (d)
	Recovery of Fixed Costs in Volumetric Rates				
1	Customer -Related Costs	269,086	22,006	111,039	10,527
2	Monthly Charge Revenue	253,207	25,577	75,654	8,921
3	Customer-related costs less monthly charge revenue (line 1 - line 2)	15,879	(3,571)	35,385	1,606
4	Proportion recovered in monthly charge (line 2 / line 1)	94%	116%	68%	85%
5	Proportion recovered in volumetric rates (line 3 / line 1)	6%	-16%	32%	15%
6	Demand-Related Costs	76,763	60,356	35,211	27,330
7	Amount Shifted to Volumetric Rates (line 3 + line 6)	92,642	56,785	70,596	28,936
8	Annual Volume - 2013 Forecast (10^3m^3)	2,145,851	1,687,211	659,769	512,098
9	Average Volumetric Rate to Recover Fixed Costs (cents/m^3) (line 7 / line 8)	4.3173	3.3656	10.7001	5.6505
	Volume Equivalent Rate for Monthly Charge				
10	Monthly Customer Charge ($)	21.00	35.00	21.00	35.00
11	Annual Customer Charge Revenue ($) (line 10 x 12 months)	252.00	420.00	252.00	420.00
12	Equivalent Volumetric Charge at 50,000 m^3 (cents/m^3)	5.0400	8.4000	5.0400	8.4000

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Ref: Exh H1/Tab 1/pp.14-27

Union proposed a reduction to the annual volume breakpoint for its North - Rate 01 / Rate 10 and South - Rate M1 / Rate M2 customers and the harmonization of the delivery rate block structures for the same rate classes. Union has proposed that this proposal take effect as of January 1, 2014.

These proposals, combined, can result in significant rate impacts for certain customers (depending on consumption levels) that fall in the above noted rate classes (as shown in Table 11 and 12 in Exhibit H1).

For example, a Northern customer consuming approx 30,000 M3/year that would have been served under the Rate 01 class would move to the Rate 10 class and see an annual decrease of approximately 14.9% from 2013 to 2014.

A Southern customer consuming approx. 7,000 M3/year that would have been served under the M1 rate class would move to the M2 rate class and see an annual increase of approximately 27.6% from 2013 to 2014.

a) Please explain why Union has proposed to implement this change in 2014 (as opposed to 2013)? Please provide a discussion of any communication activities that Union would undertake in 2013 to inform customers of the rate class changes.

b) Please provide the number of customers that would see rate impacts of greater than 10% (both upwards and downwards) resulting from Union's proposal.

c) Please discuss whether Union has considered creating a new medium volume general service rate class to resolve some of the issues discussed in its proposal. Please explain why lowering the volume threshold for the Rate 10 and Rate M2 classes is preferable to establishing a new medium volume general service rate class.

d) Please explain why Union is proposing to use its M1 and M2 rate blocking structures for its Rate 01 and Rate 10 classes. Please include discussion of the impacts of using the Rate 01 and Rate 10 rate blocking structures for the M1 and M2 rate classes instead. Please provide bill impact tables that use the Rate 01 and Rate 10 rate blocking structures for the Rate M1 and M2 rate classes (combined with Union's volume threshold change proposal).

Response:

a) Please see the response at Exhibit J.H-1-11-1.

b) Based on Union's 2010 actual data, the number of customers that would see rate impacts of greater than 10% are as follows:

Union North

11 customers with annual volumes over 1,020,000 m^3 would see an increase of greater than 10%.

4,283 customers with annual volumes between 16,000 m^3 and 50,000 m^3 would see a decrease of greater than 10%.

4,294 customers would see rate impacts of greater than 10% resulting from Union's proposal. This represents approximately 1.4% of Union North general service customers.

Union South

43,744 customers with annual volumes between 5,000 m^3 and 23,000 m^3 would see an increase of greater than 10%.

6,228 customers with annual volumes over 50,000 m^3 would see a decrease of greater than 10%.

49,972 customers would see rate impacts of greater than 10% resulting from Union's proposal. This represents approximately 5.0% of Union South general service customers.

c) As part of its 2013 rate design proposals, Union has not considered or analyzed the creation of a third rate class in addition to Rate M1 and Rate M2 and Rate 01 and Rate 10.

The creation of a third rate class was considered, at a high level, in EB-2005-0520 (Union's 2007 rate case) as part of the Navigant Consulting Inc. ("NCI") review of options to split the General Service M2 rate class. However, Union proposed and the Board approved the separation of the former single Rate M2 class into two new General Service rate classes, Rate M1 and Rate M2.

Union's 2013 rate proposal to lower the annual volume breakpoint between small volume General Service rate classes Rate 01 and Rate M1 and large volume General Service rate classes (Rate 10 and Rate M2) to 5,000 m^3 from 50,000 m^3 will improve the rate class composition of Rate 01 and Rate M1 and achieve more homogeneous rate classes. Union's proposal will also improve the rate class size in Rate 10 and Rate M2, which will ensure viable large volume General Service rate classes and improve rate stability.

d) Union is proposing to use the Union South (Rate M1 and Rate M2) blocking structures for Union North (Rate 01 and Rate 10) as opposed to using Union North blocking structures for Union South, as the Union South blocking better achieves a reasonable distribution of volumes amongst the blocks and better reflects the rate class composition of the proposed rate classes.

Attachment 1 compares the volumes distribution by block using Union South blocking structures to the volume distribution by block using Union North blocking structures, based on Union's proposal annual volume breakpoint of 5,000 m^3. Using the Rate 01 and Rate 10 blocking structures for Rate M1 and Rate M2 shows the following deficiencies:

1. The Rate 01 blocking structure, initially developed using the 50,000 m^3 breakpoint, is not appropriate for a 5,000 m^3 breakpoint. The Rate M1 table shows no volume in the "Over 1,000 m^3" block and less than 20% of annual volume in the last three blocks which represent the volumes over 300 m^3.

2. The Rate 10 blocking structure applied to Rate M2 has similar deficiencies. The "Over 100,000 m^3" block represents about 2.1% of annual volume. The last two blocks of the rate represent only 11.4%.

Based on this review Union finds the application of North blocking structures is not suitable for Union South Rate M1 and Rate M2 and does not provide a reasonable basis for rate design. Consequently bill impact tables illustrating this scenario are not applicable.

Comparison of Blocking Structure
for Union South General Service Rates
(combined with Union's volume threshold change proposal)

Line No.	Rate M1 using Rate 01 Blocking Structure				Rate M1 Profile Using Rate M1 Blocking Structure			
1	No. of Meters	(1)	941,737		No. of Meters	(1)	941,737	
			Annual Volume	Percent of Total Volume			Annual Volume	Percent of Total Volume
2	First 100 m^3		910,296,584	44.5%	First 100 m^3		910,296,584	44.5%
3	Next 200 m^3		806,001,850	39.4%	Next 150 m^3		668,202,390	32.7%
4	Next 200 m^3		265,839,821	13.0%	All over 250 m^3		465,384,946	22.8%
5	Next 500 m^3		61,745,665	3.0%	Total	(1)	2,043,883,921	100.0%
6	Over 1,000 m^3		-	0.0%				
7	Total	(1)	2,043,883,921	100.0%				

	Rate M2 using Rate 10 Blocking Structure				Rate M2 Profile Using Rate M2 Blocking Structure			
8	No. of Meters	(1)	57,075		No. of Meters	(1)	57,075	
			Annual Volume	Percent of Total Volume			Annual Volume	Percent of Total Volume
9	First 1,000 m^3		471,767,212	29.4%	First 1,000 m^3		471,767,212	29.4%
10	Next 9,000 m^3		674,052,113	41.9%	Next 6,000 m^3		571,022,530	35.5%
11	Next 20,000 m^3		267,561,700	16.6%	Next 13,000 m^3		283,956,246	17.7%
12	Next 70,000 m^3		155,091,180	9.7%	All over 20,000 m^3		280,291,401	17.4%
13	Over 100,000 m^3		38,565,184	2.4%	Total	(1)	1,607,037,388	100.0%
14	Total	(1)	1,607,037,388	100.0%				

Notes:
(1) Exhibit H1, Tab 1, Updated, Table 5 , page 16, line 8.

Comparison of Blocking Structure
for Union North General Service Rates
(combined with Union's volume threshold change proposal)

Line No.	Rate 01 using Rate 01 Blocking Structure		Annual Volume	Percent of Total Volume	Rate 01 Profile Using Rate M1 Blocking Structure		Annual Volume	Percent of Total Volume
1	No. of Meters	(1)	281,246		No. of Meters	(1)	281,246	
2	First 100 m³		271,574,173	44.6%	First 100 m³		271,574,173	44.6%
3	Next 200 m³		244,887,148	40.2%	Next 150 m³		204,346,778	33.5%
4	Next 200 m³		75,405,422	12.4%	All over 250 m³		133,450,369	21.9%
5	Next 500 m³		17,504,577	2.9%	Total	(1)	609,371,320	100.0%
6	Over 1,000 m³		-	0.0%				
7	Total	(1)	609,371,320	100.0%				

Line No.	Rate 10 using Rate 10 Blocking Structure		Annual Volume	Percent of Total Volume	Rate 10 using Rate M2 Blocking Structure		Annual Volume	Percent of Total Volume
8	No. of Meters	(1)	19,898		No. of Meters	(1)	19,898	
9	First 1,000 m³		162,813,984	34.4%	First 1,000 m³		162,813,984	34.4%
10	Next 9,000 m³		200,488,770	42.4%	Next 6,000 m³		173,929,921	36.8%
11	Next 20,000 m³		62,967,143	13.3%	Next 13,000 m³		69,518,860	14.7%
12	Next 70,000 m³		36,042,994	7.6%	All over 20,000 m³		66,717,282	14.1%
13	Over 100,000 m³		10,667,155	2.3%	Total	(1)	472,980,046	100.0%
14	Total	(1)	472,980,046	100.0%				

Notes:
(1) Exhibit H1, Tab 1, Updated, Table 6, page 18, line 8.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 1, pages 16-17, Updated

a) Please explain why Union is proposing to implement the annual volume breakpoint in the general service rate classes effective January 1, 2014 rather than January 1, 2013.

b) Has Union considered moving to rate classes based on end-use (similar to electricity distributors) rather than rate classes based on volumes? If not, why not? If yes, why has Union decided not to proceed in that direction?

c) How will the allocation of DSM costs to the existing rate classes be impacted in 2014 under the proposed rate classes?

d) If 2014 rates are set based on some sort of IRM adjustment, how will Union reflect any change in the allocation of DSM related costs to the old classes versus the new classes?

Response:

a) Please see the response at Exhibit J.H-1-11-1.

b) No, Union has not considered moving to rate classes based on end-use rather than rate classes based on volume.

   An end-use based approach to Union class ratemaking has been reviewed and rejected in the past. As part of Navigant Consulting Inc.'s review of General Service rates, the detailed history by rate docket has been summarized at EB-2005-0520, Exhibit H2, Tab 1, pages 8-13, Section II, Background Perspectives, Regulatory History of General Service Rates, as follows:

   "As part of its review of rate classes, Navigant Consulting identified Option 3 (pages 35-36) which considered splitting the M2 rate class into a Residential class and a General Service class to address the existing intra-class cross subsidies. Navigant notes Rate Option 3 …"

   "…was eliminated from further consideration because it would not adequately address the heterogeneity (and associated intra-class cross subsidies) among commercial and industrial customers that would continue to exist within the new General Service class. <u>Union's load data indicated that there were numerous commercial and industrial customers that had very similar load characteristics to those of the residential sub-class.</u>

> *This situation strongly suggests that those commercial and industrial customers should be grouped with Union's residential customers. However, Rate Option 3 would not enable this to occur* ***(emphasis added).***
>
> *In addition, this option was eliminated because of the initial major administrative burden, and ongoing administrative monitoring activities, that Union would have to assume to classify as Residential or General Service each of its approximately 923,000 customers served in the M2 rate class. Finally, NCI believes that relying on volume-based concepts rather than end-use based concepts to establish a utility's rate classes is a more effective way to address intra-class cross subsidy issues within Union's M2 rate class.*
>
> *It continues Union's reliance on volume-based rate classes rather than end-use based rate classes."*

As shown at Exhibit H1, Tab 1, Updated, Tables 5 and 6, pages 16-18, based on the proposed annual volume breakpoint of 5,000 m^3 the residential, commercial and industrial markets all exhibit average uses per customer that are similar in magnitude to the rate class average. Rate classes based on end-use are not required to achieve the desired rate class homogeneity.

c) In designing proposed 2014 general service rates, Union re-allocated DSM costs between proposed Rate M1 and Rate M2 and proposed Rate 01 and Rate 10 based on the 2010 actual volumes as shown at Exhibit H1, Tab 1, Updated, Tables 5 and 6, pages 16-18.

The allocation of DSM costs to other rate classes will not be impacted by Union's 2014 rate proposals.

Union will continue to track the variance between DSM costs in rates and actual DSM costs in the Demand Side Management Variance Account.

d) Please see the response at part c).

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 1, page 16, Updated

a) What is the accuracy level of the customer breakdown between residential, commercial and industrial customers shown in Table 5?

b) Does Table 5 imply that 214 residential customers use an average of 44,835 m^3 per year, that 41 residential customers use an average of 112,764 m^3 per year and 19 residential customers use an average of 170,728 m^3 per year?

c) Please explain why there are a large number of meters shown under Rate M2 in Table 5 that have an average use per customer of well under 50,000 m^3. Why are these customers still in Rate M2 rather than in Rate M1?

d) Please explain the block of figures under the Rate M2 columns (annual volume, number of meters and average use per customer) in the first section of Table 5 (2,500 m^3) in lines 1 through 4. For example, please explain how the customers noted in the Rate M2 section, which all have average uses greater than 2,500 m^3 are included in the 2,500 m^3 block.

e) Please provide the breakpoint analysis in the same level of detail as shown in Tables 5 and 6 for annual volume breakpoints of 7,500 m^3 and 10,000 m^3.

Response:

a) The residential, commercial and industrial classifications are not used for billing purposes. The classifications are used to identify the customer notices that accompany customer bills.

   The customer count and annual volume breakdown of the residential, commercial and industrial categories is based on 2010 actual billing information.

b) Yes. Please see the response at part a).

c) As shown at Exhibit H1, Tab 1, Updated, Table 5, page 16, the number of meters under Rate M2 that have an average use per customer of less than 50,000 m^3 per year is based on the annual volume breakpoint used to define proposed Rate M2.

For example, at lines 1-4 of Table 5, Rate M2 is defined as customers with an annual volume exceeding 2,500 m^3.

Based on this grouping for Rate M2, there are 352,625 meters with an average use of 7,220 m^3 per customer (line 4, columns (e) and (f)). Average use in this grouping always exceeds the 2,500 m^3 per year threshold to qualify for Rate M2 service.

Similarly, using 50,000 m^3 per year breakpoint for Rate M2 yields 6,228 meters with an average use of 155,967 m^3 per customer (line 16, columns (e) and (f)).

d) Please see the response at part c). Lines 1-4 show the breakdown of Rate M1 and Rate M2 customers if the annual volume breakpoint was 2,500 m^3.

   Similarly, lines 5-8 show the breakdown of Rate M1 and Rate M2 customers if the annual volume breakpoint was 5,000 m^3.

e) Please see Attachment 1 and 2 for the inclusion of Union South and Union North annual volume breakpoints of 7,500 m^3 and 10,000 m^3.

Union South - General Service Rate Class Profiles
Annual Volume Breakpoint Analysis using 2010 Actuals

Line No.	Annual Volume Breakpoint	Rate M1 Annual Volume (m³)	Rate M1 Number of Meters	Rate M1 Average Use per Customer (m³)	Rate M2 Annual Volume (m³)	Rate M2 Number of Meters	Rate M2 Average Use per Customer (m³)
		(a)	(b)	(c) = (a/b)	(d)	(e)	(f) = (d/e)
	2,500 m³						
1	Residential	1,073,442,283	619,856	1,732	997,338,294	295,369	3,377
2	Commercial	30,624,470	25,579	1,197	1,237,704,163	52,917	23,390
3	Industrial	930,477	752	1,237	310,881,622	4,339	71,648
4	Total	1,104,997,230	646,187	1,710	2,545,924,079	352,625	7,220
	5,000 m³						
5	Residential	1,949,672,659	898,064	2,171	121,107,917	17,161	7,057
6	Commercial	90,773,709	42,241	2,149	1,177,554,925	36,255	32,480
7	Industrial	3,437,553	1,432	2,401	308,374,546	3,659	84,278
8	Total	2,043,883,921	941,737	2,170	1,607,037,388	57,075	28,157
	7,500 m³ (1)						
9	Residential	2,029,913,527	911,818	2,226	40,867,049	3,407	11,995
10	Commercial	144,091,248	50,952	2,828	1,124,237,385	27,544	40,816
11	Industrial	6,182,003	1,879	3,290	305,630,096	3,212	95,153
12	Total	2,180,186,778	964,649	2,260	1,470,734,531	34,163	43,051
	10,000 m³ (1)						
13	Residential	2,048,362,310	914,004	2,241	22,418,266	1,221	18,361
14	Commercial	191,382,222	56,412	3,393	1,076,946,412	22,084	48,766
15	Industrial	8,877,679	2,188	4,057	302,934,420	2,903	104,352
16	Total	2,248,622,211	972,604	2,312	1,402,299,097	26,208	53,507
	20,000 m³						
17	Residential	2,061,185,940	915,011	2,253	9,594,636	214	44,835
18	Commercial	324,435,758	65,832	4,928	943,892,876	12,664	74,534
19	Industrial	20,838,044	3,021	6,898	290,974,055	2,070	140,567
20	Total	2,406,459,741	983,864	2,446	1,244,461,567	14,948	83,253
	50,000 m³						
21	Residential	2,066,157,260	915,184	2,258	4,623,316	41	112,764
22	Commercial	561,651,565	73,418	7,650	706,677,068	5,078	139,164
23	Industrial	51,749,801	3,982	12,996	260,062,298	1,109	234,502
24	Total	2,679,558,627	992,584	2,700	971,362,682	6,228	155,967
	80,000 m³						
25	Residential	2,067,536,745	915,206	2,259	3,243,831	19	170,728
26	Commercial	698,927,422	75,604	9,245	569,401,212	2,892	196,888
27	Industrial	71,464,633	4,296	16,635	240,347,466	795	302,324
28	Total	2,837,928,799	995,106	2,852	812,992,509	3,706	219,372

Notes:
(1) Grey shading represents all changes when compared to Exhibit H1, Tab 1, Updated, Table 5.

Union North - General Service Rate Class Profiles
Annual Volume Breakpoint Analysis using 2010 Actuals

		Rate 01			Rate 10		
Line No.	Annual Volume Breakpoint	Annual Volume (m³)	Number of Meters	Average Use per Customer (m³)	Annual Volume (m³)	Number of Meters	Average Use per Customer (m³)
		(a)	(b)	(c) = (a/b)	(d)	(e)	(f) = (d/e)
	2,500 m³						
1	Residential	321,514,442	186,202	1,727	292,983,236	86,765	3,377
2	Commercial	9,594,021	7,662	1,252	415,381,609	20,370	20,392
3	Industrial	1,425	5	285	42,876,633	140	306,262
4	Total	331,109,888	193,869	1,708	751,241,478	107,275	7,003
	5,000 m³						
5	Residential	578,531,026	267,742	2,161	35,966,652	5,225	6,884
6	Commercial	30,835,838	13,498	2,284	394,139,792	14,534	27,118
7	Industrial	4,456	6	743	42,873,602	139	308,443
8	Total	609,371,320	281,246	2,167	472,980,046	19,898	23,770
	7,500 m³ (1)						
9	Residential	602,553,691	271,867	2,216	11,943,988	1,100	10,858
10	Commercial	52,406,587	17,018	3,079	372,569,043	11,014	33,827
11	Industrial	11,677	7	1,668	42,866,381	138	310,626
12	Total	654,971,955	288,892	2,267	427,379,411	12,252	34,882
	10,000 m³ (1)						
13	Residential	608,462,560	272,563	2,232	6,035,119	404	14,938
14	Commercial	72,011,110	19,277	3,736	352,964,520	8,755	40,316
15	Industrial	11,677	7	1,668	42,866,381	138	310,626
16	Total	680,485,347	291,847	2,332	401,866,020	9,297	43,225
	20,000 m³						
17	Residential	612,892,618	272,913	2,246	1,605,060	54	29,723
18	Commercial	130,045,789	23,394	5,559	294,929,842	4,638	63,590
19	Industrial	61,526	10	6,153	42,816,533	135	317,160
20	Total	742,999,932	296,317	2,507	339,351,434	4,827	70,303
	50,000 m³						
21	Residential	614,276,579	272,963	2,250	221,100	4	55,275
22	Commercial	222,217,874	26,413	8,413	202,757,756	1,619	125,236
23	Industrial	901,507	33	27,318	41,976,551	112	374,791
24	Total	837,395,960	299,409	2,797	244,955,407	1,735	141,185
	80,000 m³						
25	Residential	614,497,678	272,967	2,251	0	0	0
26	Commercial	270,391,583	27,188	9,945	154,584,047	844	183,156
27	Industrial	2,415,034	56	43,126	40,463,025	89	454,641
28	Total	887,304,295	300,211	2,956	195,047,071	933	209,054

Notes:
(1) Grey shading represents all changes when compared to Exhibit H1, Tab 1, Updated, Table 6.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 1, pages 24-25, Updated

The evidences states that Union proposes to decrease the monthly customer charge to $35 from the current charge of $70. Please confirm that this decrease is for 2014, not 2013.

Response:

Confirmed. Union proposes to decrease the monthly customer charge for Rate M2 and Rate 10 from $70 to $35 per month in 2014.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 1, pages 15-27

a) Has Union considered or analyzed the creation of the a third rate class in addition to rates M1 and M2 and rates 01 and 10? If not, why not? If yes, please provide the analysis done on the additional breakdown points.

b) Please provide an analysis that could create 3 general service rate classes in each of Union North and Union South with the following breakpoints: M1 and 01 with an annual volume breakpoint of 5,000 m^3; M1A and 01A with an annual breakpoint of 50,000 m^3 and M2 and 10 for annual volumes in excess of 50,000 m^3 (i.e. no change from the current threshold). Please provide revised evidence that reflects the additional rate class in each of the North and South in terms of Rate Class Homogeneity, Rate Class Size, Proposed Rate Block Structures (if the Board were to approve three classes) and the Proposed General Service Pricing and Bill Impacts (Tables 9 - 12) for the three classes in the North and the three classes in the South.

Response:

a) Please see the response at Exhibit J.H-3-1-1.

b) Attachment 1 creates three general service rate classes in each of Union North and Union South with annual volume breakpoints of 5,000 m^3 and 50,000 m^3. Rate M1A and Rate 01A represent the new rate class consisting of General Service customers with annual volumes between 5,000 m^3 and 50,000 m^3.

Union observes the following:

1. Number of Rate Classes: Please refer to Union's response to part a) on the number of rate classes. Consideration of the number of rate classes and the precise configuration of the related rate structures favours fewer rate classes rather than more. More rate classes are introduced when there is sufficient differentiation between rate classes or demonstrated material cross-subsidies within the existing rate groupings.

2. Sufficient Class Size: The introduction of the new rate classes does not address the deficiencies in rate class M2 and Rate 10 concerning the number of customers and annual volume. Rate M2 and Rate 10 still do not satisfy the sufficient rate class size criteria

which Union considers essential as part of its class ratemaking.

3. Block Structure: Union's proposed four block rate structure provides sufficient rate differentiation between customers on the "5,000-50,000 m^3" interval and the "Over 50,000 m^3" interval. The suggested medium volume general service Rates M1A and Rate 01A have on average, equal volumes in the first two blocks for most customer taking 15,000 m^3 to 20,000 m^3 per year. The proposed large volume General Service Rates M2 and Rate 10 have, on average, equal volumes in the second and third blocks for most customers taking 125,000 m^3 to 140,000 m^3 per year. The rate blocks address the variation between medium-sized and large volume General Service customers.

4. Sufficient Differentiation among Rate Groupings: Creating two separate rate classes for customers with annual volume over 5,000 m^3 shows no improvement in rate class homogeneity. It does, however, add administrative burden and ongoing administrative monitoring and reporting for the new rate classes.

5. Rate Class Stability: Administering the annual volume boundaries– both minimum volume and maximum volume – has the potential to produce instability with customers at both breakpoints being switched from Rate M1A or Rate 01A into adjacent rate classes.

Based on Attachment 1 and rate design criteria presented above, Union has not prepared rate structures, pricing and bill impact comparisons for the suggested three general service rate classes for Union North and Union South.

General Service Rate Class Profiles
Annual Volume Breakpoint Analysis using 2010 Actuals

		Union South								
		Rate M1 Annual Volume 0 m³ to 5,000 m³			Rate M1A Annual Volume 5,000 m³ to 50,000 m³			Rate M2 Annual Volume over 50,000 m³		
Line No.	Particulars	Annual Volume (m³)	Number of Meters	Average Use per Customer (m³)	Annual Volume (m³)	Number of Meters	Average Use per Customer (m³)	Annual Volume (m³)	Number of Meters	Average Use per Customer (m³)
		(a)	(b)	(c) = (a/b)	(d)	(e)	(f) = (d/e)	(g)	(h)	(i) = (g/h)
1	Residential	1,949,672,659	898,064	2,171	116,484,601	17,120	6,804	4,623,316	41	112,764
2	Commercial	90,773,709	42,241	2,149	470,877,857	31,177	15,103	706,677,068	5,078	139,164
3	Industrial	3,437,553	1,432	2,401	48,312,248	2,550	18,946	260,062,298	1,109	234,502
4	Total	2,043,883,921	941,737	2,170	635,674,707	50,847	12,502	971,362,682	6,228	155,967

		Union North								
		Rate 01 Annual Volume 0 m³ to 5,000 m³			Rate 01A Annual Volume 5,000 m³ to 50,000 m³			Rate 10 Annual Volume over 50,000 m³		
		Annual Volume (m³)	Number of Meters	Average Use per Customer (m³)	Annual Volume (m³)	Number of Meters	Average Use per Customer (m³)	Annual Volume (m³)	Number of Meters	Average Use per Customer (m³)
		(a)	(b)	(c) = (a/b)	(d)	(e)	(f) = (d/e)	(g)	(h)	(i) = (g/h)
5	Residential	578,531,026	267,742	2,161	35,745,553	5,221	6,846	221,100	4	55,275
6	Commercial	30,835,838	13,498	2,284	191,382,036	12,915	14,819	202,757,756	1,619	125,236
7	Industrial	4,456	6	743	897,051	27	33,224	41,976,551	112	374,791
8	Total	609,371,320	281,246	2,167	228,024,640	18,163	12,554	244,955,407	1,735	141,185

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Ref: Exhibit H1, Tab 1, Tables 5 and 6 Updated

a) Compare EGD and Union General Service rate class Structures including volume cut offs, Average Volumes and customer charge.

b) Comment on the differences in the above and why Unions 2013 proposals are appropriate.

Response:

a) Enbridge Gas Distribution ("EGD") General Service rate classes, as described in their Rate Handbook, are Rate 1, Rate 6 and Rate 9. Each of these General Service rates are based on end-use: Rate 1 is available to residential customers, Rate 6 is available to non-residential customers, and Rate 9 applies to filling pressurized containers.

   Union's General Service rates (Rate 01, Rate 10, Rate M1 and Rate M2) are volume-based and are available to any of residential, commercial and industrial customers satisfying the annual volume criteria of each respective rate class described below.

   For EGD and Union, the General Service distribution rates consist of a monthly customer charge and a multi-block volumetric rate.

   EGD's rates Applicability Section specifies no volume cut-offs provided customers meet the definition of the end-use service.

   Union's small volume (Rate 01 and Rate M1) and large volume (Rate 10 and Rate M2) General Service rates currently have an annual volume breakpoint of 50,000 m^3. For 2014, Union proposes to reduce the annual volume breakpoint between Small Volume and Large Volume General Service from 50,000 m^3 to 5,000 m^3.

b) Union's 2013 rate proposals for Union North and Union South are based on the rate design considerations and rate review guidelines described at Exhibit H1, Tab 1, Updated, pages 11-13.

   Any discussion on the differences between, or appropriateness of, EGD's current or proposed rates and Union's 2013 rate proposals is not relevant to the consideration of Union's rate proposals and has not been provided.

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Ref: Exhibit H1, Tab 1, Page 20

The increase in rate class size in the Rate 10 and Rate M2 is consistent with Union's rate review guidelines and will ensure viable large volume General Service rate classes with improved rate class composition. The increase in rate class size will allow for more meaningful average pricing and rate stability in these rate classes.

a) Please provide a copy of Unions rate review guidelines.

b) Show how rate stability will result for customers above the proposed Breakpoint.

c) Show how the new block structure will stabilize delivery bills stating in 2014

Response:

a) Union's rate design considerations and rate review guidelines are provided at Exhibit H1, Tab 1, Updated, pages 11-13.

b) Exhibit H3, Tab 11, Schedule 2, Updated illustrates the proposed 2014 changes for Rate 10 and Rate M2.

   Please see the response at Exhibit J.H-1-11-2.

   Union's proposed annual volume breakpoint of 5,000 m^3 improves the rate class size in large volume general service rate classes Rate 10 and Rate M2 and distributes the customer-related costs over a broader base of customers, promoting rate stability.

   Similarly, Union's proposed blocking structure results in rate classes that have significant volume in each rate block and well-distributed volumes across all rate blocks within each rate class.

   Accordingly, Union's proposed blocking structure will result in more stable and predictable delivery rate changes on a year-over-year basis.

c) Please see the response at part b).

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Ref: Exhibit H1, Tab 1, Table 12 Updated &
Exhibit H3, Tab 1, Schedule 3

a) Confirm the Bill Impact shown in Table 12 appears reduced due to the higher base rates resulting from the increased 2013 revenue requirement.

b) Does Union agree that the major issue remains the big increase for M1 customers 7,000-30,000 m3/year?

c) Provide a Version of Exhibit H3, Tab 1, Schedule 3 that shows the Combined Impact of 2013 Revenue deficiency recovery AND rate design for "old M1" customers' 2014 base rates.

d) What Rate mitigation is Union Proposing for these customers?

Response:

a) The general service delivery bill impacts shown at Exhibit H1, Tab 1, Updated, Table 12, page 27 illustrate the bill impacts of Union's Rate M1/M2 rate redesign only.

b) Yes. While Union's general service rate redesign proposals, if approved, will be implemented on a revenue neutral basis, the bill impacts for current Rate M1 customers switching to the proposed Rate M2 in 2014 will be largest at the 5,000 m^3 annual volume breakpoint and gradually diminish as annual volume approaches 50,000 m^3.

These bill impacts are largely the result of the increase in the monthly customer charge from $21 under current Rate M1 to $35 under proposed Rate M2 in 2014. As volume increases, the bill impact of the increase in the monthly customer charge diminishes.

c) If the proposed 2014 General Service rate redesign is not approved by the Board, Rate M1 rates in 2014 will be the same as 2013 proposed shown at Exhibit H3, Tab 1, Schedule 3, Updated, page 2, lines 1-3, column (c).

d) Please see the response at Exhibit J.H-1-1-2 part c).

UNION GAS LIMITED

Answer to Interrogatory from
Consumers Council of Canada ("CCC")

Ref: Exhibit H1, Tab 1, pages 17-30

Please provide the estimated annual bills of the following:

A customer consuming 5,050 m3/year in the new M2 class with the 5000 m3 threshold;
A customer consuming 5,050 m3/year in the M1 class assuming no change to the threshold;
A customer consuming 5,050 m3/year in the new Rate 10 class with the 5000 m3 threshold;
A customer consuming 5,050 m3/year in the Rate 01 class assuming no change to the threshold;
A customer consuming 2,170 m3/year in the M1 class assuming the new threshold is approved;
A customer consuming 2,170 m3/year in the M1 class assuming no change to the threshold;
A customer consuming 2,167 m3/year in the new Rate 1 class with the 5000 m3 threshold;
A customer consuming 2,167 m3/year in the Rate 1 class assuming no change to the threshold;

Response:

The estimated annual delivery bill (consisting of the monthly customer charge and delivery commodity portions only) for:

A customer consuming 5,050 m^3/year in the new Rate M2 class with the 5,000 m^3 threshold is $598.83.

A customer consuming 5,050 m^3/year in the Rate M1 class assuming no change to the threshold is $450.99.

A customer consuming 5,050 m^3/year in the new Rate 10 class with the 5,000 m^3 threshold is $775.10.

A customer consuming 5,050 m^3/year in the Rate 01 class assuming no change to the threshold is $732.49.

A customer consuming 2,170 m^3/year in the Rate M1 class assuming the new threshold is approved is $343.42.

A customer consuming 2,170 m^3/year in the Rate M1 class assuming no change to the threshold is $342.01.

A customer consuming 2,167 m^3/year in the new Rate 01 class with the 5,000 m^3 threshold is \$464.17.

A customer consuming 2,167 m^3/year in the Rate 01 class assuming no change to the threshold is \$465.45.

UNION GAS LIMITED

Answer to Interrogatory from
Consumers Council of Canada ("CCC")

Ref: Exhibit H1, Tab 1, page 26

Please provide a schedule setting out the monthly fixed charge for Rates 01 and M1 for the years 2007-2013. What percentage of fixed costs is currently recovered through the monthly fixed charges?

Response:

The monthly fixed charge for Rate 01 and Rate M1 for the years 2007-2013 is summarized in the table below.

Effective Date	Rate 01 Monthly Fixed Charge	Rate M1 Monthly Fixed Charge	Approved	Proposed
January 1, 2007	$16.00	n/a	EB-2005-0520	-
January 1, 2008	$17.00	$17.00	EB-2007-0606	-
January 1, 2009	$18.00	$18.00	EB-2008-0220	-
January 1, 2010	$19.00	$19.00	EB-2009-0275	-
January 1, 2011	$20.00	$20.00	EB-2010-0148	-
January 1, 2012	$21.00	$21.00	EB-2011-0025	-
January 1, 2013	$21.00	$21.00	-	EB-2011-0210

For Rate 01, the percentage of 2007 Board-approved fixed costs currently recovered by the 2012 Board-approved monthly fixed charge of $21.00 is 48.3%. The percentage of 2013 proposed fixed costs recovered by the 2013 proposed monthly fixed charge of $21.00 is 43.3%.

For Rate M1, the percentage of 2007 Board-approved fixed costs currently recovered by the 2012 Board-approved monthly fixed charge of $21.00 is 68.3%. The percentage of 2013 proposed fixed costs recovered by the 2013 proposed monthly fixed charge of $21.00 is 65.7%.

UNION GAS LIMITED

Answer to Interrogatory from
Consumers Council of Canada ("CCC")

Ref: Exhibit H1, Tab 1, page 26

Has Union considered lowering the monthly fixed charge for Rates 1 and M1 in order to encourage conservation? If not, why not?

Response:

No. Union sets the Rate 01 and Rate M1 monthly customer charges to achieve a reasonable recovery of customer-related costs; costs that vary directly by the number of customers and independently of the volume consumed.

At 2013 proposed rates, the monthly customer charge of $21 for Rate 01 and Rate M1 represents approximately 27-34 % of the total sales service annual bill (refer to Exhibit H3, Tab 4, Schedule 1, Updated, pages 1-3). Approximately 66-73 % of the total sales service bill varies with volume. This ratio of fixed/variable recovery maintains a strong incentive to encourage conservation.

UNION GAS LIMITED

Answer to Interrogatory from
Just Energy

Ref: Exhibit H1, Tab 1, pages 14-15

Union proposes to lower the annual volume breakpoint between small volume General Service rate classes, Rage 01 and Rate M1, and large volume General Service rate classes, Rate 10 and Rate M2, from 50,000 m^3 to 5,000 m^3. Just Energy respectfully requests the following information

a) How many customer accounts will this change impact?

b) What will the financial impact be to those customers affected?

Response:

a) Please see the response at Exhibit J.H-1-14-2 part a).

b) Please see the response at Exhibit J.H-1-14-2 part a).

UNION GAS LIMITED

Answer to Interrogatory from
Just Energy

Ref: Exhibit H1, Tab 1, page 20

Union proposes to harmonize the rate block structures of its small volume General Service rate classes, Rate 01 and Rate M1 and its large volume General Service rate classes, Rate 10 and Rate M2. How will this harmonization financially impact each of the four Rate classes noted above.

Response:

Please see the response at Exhibit J.H-1-14-2 part a).

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

Ref: Is the proposal to lower the breakpoint between small and large volume general service customers to 5000 m^3 per year effective January 1, 2014 appropriate?

Please provide a detailed explanation as to why the Applicant proposes to implement this change on January 1, 2014 rather than on January 1, 2013 along with other rate changes.

Response:

Please see the response at Exhibit J.H-1-11-1.

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

Please confirm that the calculations in the table set forth below are accurate in all respects. If they are not accurate, please provide a corrected table in the same format.

Comparison of M1 and M2 Rates by Volume - 2014 Proposed Rates

Monthly Volume	Monthly Bill at M1 Rate Schedule					Monthly Bill at M2 Rate Schedule				
	Fixed	Volumetric	Total	Unit Cost	Avg. Vol. Rate	Fixed	Volumetric	Total	Unit Cost	Avg. Vol. Rate
250	$21.00	$10.68	$31.68	$0.1267	$0.0427	$35.00	$8.85	$43.85	$0.1754	$0.0354
416.667	$21.00	$16.81	$37.81	$0.0908	$0.0404	$35.00	$14.76	$49.76	$0.1194	$0.0354
500	$21.00	$19.88	$40.88	$0.0818	$0.0398	$35.00	$17.71	$52.71	$0.1054	$0.0354
750	$21.00	$29.08	$50.08	$0.0668	$0.0388	$35.00	$26.56	$61.56	$0.0821	$0.0354
1000	$21.00	$38.28	$59.28	$0.0593	$0.0383	$35.00	$35.41	$70.41	$0.0704	$0.0354
1500	$21.00	$56.67	$77.67	$0.0518	$0.0378	$35.00	$52.58	$87.58	$0.0584	$0.0351
2000	$21.00	$75.07	$96.07	$0.0480	$0.0375	$35.00	$69.75	$104.75	$0.0524	$0.0349
3000	$21.00	$111.87	$132.87	$0.0443	$0.0373	$35.00	$104.08	$139.08	$0.0464	$0.0347
4000	$21.00	$148.66	$169.66	$0.0424	$0.0372	$35.00	$138.41	$173.41	$0.0434	$0.0346
5000	$21.00	$185.45	$206.45	$0.0413	$0.0371	$35.00	$172.75	$207.75	$0.0415	$0.0345
6000	$21.00	$222.25	$243.25	$0.0405	$0.0370	$35.00	$207.08	$242.08	$0.0403	$0.0345
7000	$21.00	$259.04	$280.04	$0.0400	$0.0370	$35.00	$241.42	$276.42	$0.0395	$0.0345
8000	$21.00	$295.84	$316.84	$0.0396	$0.0370	$35.00	$269.98	$304.98	$0.0381	$0.0337
9000	$21.00	$332.63	$353.63	$0.0393	$0.0370	$35.00	$298.54	$333.54	$0.0371	$0.0332
10000	$21.00	$369.42	$390.42	$0.0390	$0.0369	$35.00	$327.10	$362.10	$0.0362	$0.0327
11000	$21.00	$406.22	$427.22	$0.0388	$0.0369	$35.00	$355.66	$390.66	$0.0355	$0.0323
12000	$21.00	$443.01	$464.01	$0.0387	$0.0369	$35.00	$384.22	$419.22	$0.0349	$0.0320
13000	$21.00	$479.81	$500.81	$0.0385	$0.0369	$35.00	$412.78	$447.78	$0.0344	$0.0318
14000	$21.00	$516.60	$537.60	$0.0384	$0.0369	$35.00	$441.34	$476.34	$0.0340	$0.0315
15000	$21.00	$553.39	$574.39	$0.0383	$0.0369	$35.00	$469.90	$504.90	$0.0337	$0.0313
16000	$21.00	$590.19	$611.19	$0.0382	$0.0369	$35.00	$498.46	$533.46	$0.0333	$0.0312
17000	$21.00	$626.98	$647.98	$0.0381	$0.0369	$35.00	$527.02	$562.02	$0.0331	$0.0310
18000	$21.00	$663.78	$684.78	$0.0380	$0.0369	$35.00	$555.58	$590.58	$0.0328	$0.0309
19000	$21.00	$700.57	$721.57	$0.0380	$0.0369	$35.00	$584.14	$619.14	$0.0326	$0.0307
20000	$21.00	$737.36	$758.36	$0.0379	$0.0369	$35.00	$612.70	$647.70	$0.0324	$0.0306

Response:

The table is not accurate with respect to rate applicability: Rate M1 is only available for customers with annual volumes less than or equal to 5,000 m^3. Rate M2 is only available for customers with annual volumes greater than 5,000 m^3.
Union has provided an attachment based on annual bills since annual bills are more reflective of the load profile of Rate M1 and Rate M2 than monthly bills. Rate M1 and Rate M2 customers do

not consume equal volumes in every month.

A corrected table appears as Attachment 3 at Exhibit J.H-1-15-2.

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

With respect to the table contained in Exhibit J.H-3-15-2:

a) Please confirm that, until a 6000 m3 per month volume level, the cost to distribute gas to higher volume general service customers at M2 rates is higher than the cost to distribute gas to lower volume general service customers at M1 rates. Please explain the reasons for this result.

b) Please confirm that changing the break point to 5000 m3 per year has the result that all customers that shift from M1 to M2 under the Applicant's proposal will have a higher monthly distribution cost, despite being in a higher volume general service class.

c) Please identify and quantify all diseconomies of scale affecting the cost to distribute gas to higher volume general service customers.

d) Please explain what changes were made between the original filing and the update to cause the volumetric rates for M2 to now be lower than the lowest volumetric rate for M1, when they were not in the original filing.

e) Please compare the cost profile for rates M1 and M2 for 2013 and 2014, and explain in detail any changes to costs that have driven changes to the profile of those costs by volume.

f) Please prepare a table in this format performing the same calculations for Rates 01 and 10. Please explain why the same pattern of higher unit rates for higher volume customers (both overall unit rate and average volumetric rate) does not apply to these rate classes in the same way as M1 and M2. Please identify and quantify the costs that cause this different result.

Response:

Please see the response at Exhibit J.H-1-15-2.

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

Ref: Exhibit H1, Tab 1, page 17

Please provide a summary of the rationale used by the Applicant in EB-2005-0520 to use the 50,000 m3 breakpoint to split the former M2 rate class into M1 and M2.

Response:

In EB-2005-0520, Union supported the report of Navigant Consulting Inc. ("NCI"), presented at Exhibit H2, Tab 1, which proposed an annual volume breakpoint of 50,000 m^3. The rationale for selecting this breakpoint included:

1. Homogeneity of rate classes: As indicated in the NCI report, the breakpoint of 50,000 m^3 results in less variation in average use per customer and load factor for each of the new rate classes when compared to the current Rate M2 rate class. As a result, the new rate classes are more homogeneous.

2. Harmonizing Union North and Union South General Service Volume Breakpoints: The breakpoint of 50,000 m^3 is the same as the current Board-approved breakpoint for Rate 01 and Rate 10 in Union North. By adopting a breakpoint of 50,000 m^3 for the M1 and M2 rate classes, Union will have harmonized the eligibility criteria for Union's General Service rate classes in both operating areas.

3. Service Differentiation Guidelines: The 50,000 m^3 breakpoint is also consistent with the Board's own guidelines for determining whether a gas marketer requires a licence to sell gas.

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

Ref: Exhibit H1, Tab 1, page 18

Please explain why in EB-2005-0520 the Applicant believed that the new M1 rate class would have homogeneity when the overwhelming majority of the customers in the class would be residential at much lower volumes. Please explain any changes that have taken place between that proceeding and today that result in the homogeneity of the class changing.

Response:

The increased homogeneity of the rate classes, based on the Navigant Consulting Inc. study provided at Exhibit H2, Tab 1 in EB-2005-0520, refers to the improvement in homogeneity obtained when the former Rate M2 class was split into a Small Volume Rate M1 class and a Large Volume Rate M2 class. Within the new Rate M1 class, the average annual residential use of 2,580 m^3 more closely approximates the average Rate M1 class average volume of 3,074 m^3 than the previous Rate M2 class average of 4,296 m^3. In addition, similarities in load factor and load profile supported the placement of the overwhelming majority of residential customers with lower annual volumes within the new Rate M1 class.

Since the implementation of the Rate M1/M2 rate class split in 2008, Union now has several years of actual data (since the original 2005 data used to split the former Rate M2 class) supporting its 2013 proposals. Tables 5 and 6 in Exhibit H1, Tab 1, Updated, pages 16-18 show the improvement in rate class homogeneity for Rate 01 and Rate M1 at the proposed annual volume breakpoint of 5,000 m^3.

Union's 2013 proposals are refinements based on the same ratemaking principles underlying the setting of the initial annual volume breakpoint for Rate M1 and Rate M2 in Union South and Rate 01 and Rate 10 in Union North.

Please also see the response at Exhibit J.H-3-15-4.

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

Ref: Exhibit H1, Tab 1, pages 29, 30

Please provide all calculations of the numbers on Tables 13 and 14.

Response:

Please see Attachment 1 for details of Union North calculations found at Exhibit H1, Tab 1, Updated, Table 11, page 26.

Please see Attachment 2 for details of Union South calculations found at Exhibit H1, Tab 1, Updated, Table 12, page 27.

Union Gas Limited - Northern and Eastern Operations Area

Detail Calculation of Delivery Bill Impacts for Proposed 2013 and 2014 General Service Delivery Rates

	ANNUAL VOLUME									
Particulars	1,800	2,200	2,600	3,000	5,000	7,000	10,000	20,000	30,000	50,000
Proposed Rate 01 - 2013										
First 100 m^3	944	998	1,040	1,077	1,191	1,200	1,200	1,200	1,200	1,200
Next 200 m^3	832	1,011	1,126	1,233	1,575	1,845	2,113	2,400	2,400	2,400
Next 200 m^3	23	190	435	651	1,084	1,307	1,544	2,125	2,400	2,400
Next 500 m^3	-	-	-	39	1,150	2,179	2,844	3,988	4,766	5,906
Over 1,000 m^3	-	-	-	-	-	469	2,300	10,288	19,234	38,094
Total	1,800	2,200	2,600	3,000	5,000	7,000	10,000	20,000	30,000	50,000
Block 1 Rate	10.1637	10.1637	10.1637	10.1637	10.1637	10.1637	10.1637	10.1637	10.1637	10.1637
Block 2 Rate	9.6392	9.6392	9.6392	9.6392	9.6392	9.6392	9.6392	9.6392	9.6392	9.6392
Block 3 Rate	9.2665	9.2665	9.2665	9.2665	9.2665	9.2665	9.2665	9.2665	9.2665	9.2665
Block 4 Rate	8.9245	8.9245	8.9245	8.9245	8.9245	8.9245	8.9245	8.9245	8.9245	8.9245
Block 5 Rate	8.6420	8.6420	8.6420	8.6420	8.6420	8.6420	8.6420	8.6420	8.6420	8.6420
Delivery Block 1 ($)	95.96	101.47	105.67	109.42	121.01	121.96	121.96	121.96	121.96	121.96
Delivery Block 2 ($)	80.24	97.48	108.50	118.89	151.82	177.87	203.63	231.34	231.34	231.34
Delivery Block 3 ($)	2.17	17.64	40.29	60.32	100.48	121.07	143.05	196.91	222.40	222.40
Delivery Block 4 ($)	-	-	-	3.49	102.63	194.44	253.79	355.87	425.31	527.11
Delivery Block 5 ($)	-	-	-	-	-	40.56	198.77	889.05	1,662.24	3,292.08
Total	178.37	216.59	254.46	292.12	475.95	655.92	921.21	1,795.14	2,663.26	4,394.89
Monthly Charge ($)	252.00	252.00	252.00	252.00	252.00	252.00	252.00	252.00	252.00	252.00
Total Delivery Bill ($)	430.37	468.59	506.46	544.12	727.95	907.92	1,173.21	2,047.14	2,915.26	4,646.89

Proposed Rate 01 - 2014					
First 100 m^3	944	998	1,040	1,077	1,191
Next 150 m^3	714	818	912	983	1,238
Over 250 m^3	142	383	648	940	2,572
Total	1,800	2,200	2,600	3,000	5,000
Block 1 Rate	10.1235	10.1235	10.1235	10.1235	10.1235
Block 2 Rate	9.6941	9.6941	9.6941	9.6941	9.6941
Block 3 Rate	9.0949	9.0949	9.0949	9.0949	9.0949
Delivery Block 1 ($)	95.58	101.07	105.25	108.99	120.53
Delivery Block 2 ($)	69.19	79.33	88.44	95.34	119.96
Delivery Block 3 ($)	12.93	34.86	58.94	85.49	233.91
Total	177.70	215.26	252.63	289.81	474.41
Monthly Charge ($)	252.00	252.00	252.00	252.00	252.00
Total Delivery Bill ($)	429.70	467.26	504.63	541.81	726.41

	ANNUAL VOLUME									
Particulars	7,000	10,000	20,000	30,000	50,000	80,000	100,000	200,000	300,000	500,000
Proposed Rate 10 - 2013										
First 1,000 m^3						12,000	12,000	12,000	12,000	12,000
Next 9,000 m^3						64,339	72,992	96,642	105,296	108,000
Next 20,000 m^3						3,661	15,008	91,358	137,681	190,652
Next 70,000 m^3						-	-	-	45,023	189,348
Over 100,000 m^3						-	-	-	-	-
Total						80,000	100,000	200,000	300,000	500,000
Block 1 Rate						7.5883	7.5883	7.5883	7.5883	7.5883
Block 2 Rate						6.1747	6.1747	6.1747	6.1747	6.1747
Block 3 Rate						5.3685	5.3685	5.3685	5.3685	5.3685
Block 4 Rate						4.8524	4.8524	4.8524	4.8524	4.8524
Block 5 Rate						2.8972	2.8972	2.8972	2.8972	2.8972
Delivery Block 1 ($)						910.59	910.59	910.59	910.59	910.59
Delivery Block 2 ($)						3,972.74	4,507.03	5,967.34	6,501.65	6,668.64
Delivery Block 3 ($)						196.52	805.69	4,904.51	7,391.36	10,235.08
Delivery Block 4 ($)						-	-	-	2,184.70	9,187.87
Delivery Block 5 ($)						-	-	-	-	-
Total						5,079.86	6,223.31	11,782.44	16,988.31	27,002.19
Monthly Charge ($)						840.00	840.00	840.00	840.00	840.00
Total Delivery Bill ($)						5,919.86	7,063.31	12,622.44	17,828.31	27,842.19
Proposed Rate 10 - 2014										
First 1,000 m^3	6,970	8,499	10,864	11,730	12,000	12,000	12,000	12,000	12,000	12,000
Next 6,000 m^3	30	1,501	9,136	18,270	37,584	50,994	57,123	69,864	72,000	72,000
Next 13,000 m^3	-	-	-	-	416	17,006	30,877	88,121	116,391	145,903
Over 20,000 m^3	-	-	-	-	-	-	-	30,016	99,609	270,097
Total	7,000	10,000	20,000	30,000	50,000	80,000	100,000	200,000	300,000	500,000
Block 1 Rate	7.0317	7.0317	7.0317	7.0317	7.0317	7.0317	7.0317	7.0317	7.0317	7.0317
Block 2 Rate	6.7640	6.7640	6.7640	6.7640	6.7640	6.7640	6.7640	6.7640	6.7640	6.7640
Block 3 Rate	5.9923	5.9923	5.9923	5.9923	5.9923	5.9923	5.9923	5.9923	5.9923	5.9923
Block 4 Rate	5.0853	5.0853	5.0853	5.0853	5.0853	5.0853	5.0853	5.0853	5.0853	5.0853
Delivery Block 1 ($)	490.12	597.64	763.94	824.79	843.80	843.80	843.80	843.80	843.80	843.80
Delivery Block 2 ($)	2.02	101.51	617.94	1,235.81	2,542.21	3,449.22	3,863.81	4,725.58	4,870.08	4,870.08
Delivery Block 3 ($)	-	-	-	-	24.91	1,019.07	1,850.23	5,280.46	6,974.50	8,742.97
Delivery Block 4 ($)	-	-	-	-	-	-	-	1,526.39	5,065.46	13,735.33
Total	492.14	699.15	1,381.88	2,060.60	3,410.92	5,312.09	6,557.85	12,376.24	17,753.84	28,192.19
Monthly Charge ($)	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00
Total Delivery Bill ($)	912.14	1,119.15	1,801.88	2,480.60	3,830.92	5,732.09	6,977.85	12,796.24	18,173.84	28,612.19

Union Gas Limited - Southern Operations Area

Detail Calculation of Delivery Bill Impacts for Proposed 2013 and 2014 General Service Delivery Rates

Particulars	ANNUAL VOLUME 1,800	2,200	2,600	3,000	5,000	7,000	10,000	20,000	30,000	50,000
Proposed Rate M1 - 2013										
First 100 m^3	949	1,007	1,044	1,082	1,200	1,200	1,200	1,200	1,200	1,200
Next 150 m^3	685	779	884	966	1,260	1,458	1,700	1,800	1,800	1,800
Over 250 m^3	166	415	672	952	2,540	4,342	7,100	17,000	27,000	47,000
Total	1,800	2,200	2,600	3,000	5,000	7,000	10,000	20,000	30,000	50,000
Block 1 Rate	4.3477	4.3477	4.3477	4.3477	4.3477	4.3477	4.3477	4.3477	4.3477	4.3477
Block 2 Rate	4.1412	4.1412	4.1412	4.1412	4.1412	4.1412	4.1412	4.1412	4.1412	4.1412
Block 3 Rate	3.6527	3.6527	3.6527	3.6527	3.6527	3.6527	3.6527	3.6527	3.6527	3.6527
Delivery Block 1 ($)	41.27	43.77	45.41	47.04	52.17	52.17	52.17	52.17	52.17	52.17
Delivery Block 2 ($)	28.35	32.24	36.60	40.00	52.18	60.38	70.40	74.54	74.54	74.54
Delivery Block 3 ($)	6.07	15.14	24.54	34.77	92.78	158.60	259.34	620.95	986.22	1,716.76
Total	75.69	91.16	106.55	121.82	197.13	271.15	381.91	747.67	1,112.94	1,843.47
Monthly Charge ($)	252.00	252.00	252.00	252.00	252.00	252.00	252.00	252.00	252.00	252.00
Total Delivery Bill ($)	327.69	343.16	358.55	373.82	449.13	523.15	633.91	999.67	1,364.94	2,095.47

Proposed Rate M1 - 2014					
First 100 m^3	949	1,007	1,044	1,082	1,200
Next 150 m^3	685	779	884	966	1,260
Over 250 m^3	166	415	672	952	2,540
Total	1,800	2,200	2,600	3,000	5,000
Block 1 Rate	4.4858	4.4858	4.4858	4.4858	4.4858
Block 2 Rate	4.1311	4.1311	4.1311	4.1311	4.1311
Block 3 Rate	3.6794	3.6794	3.6794	3.6794	3.6794
Delivery Block 1 ($)	42.58	45.16	46.85	48.54	53.83
Delivery Block 2 ($)	28.28	32.16	36.51	39.91	52.05
Delivery Block 3 ($)	6.12	15.25	24.72	35.03	93.46
Total	76.98	92.58	108.08	123.47	199.34
Monthly Charge ($)	252.00	252.00	252.00	252.00	252.00
Total Delivery Bill ($)	328.98	344.58	360.08	375.47	451.34

Particulars	ANNUAL VOLUME 7,000	10,000	20,000	30,000	50,000	80,000	100,000	200,000	300,000	500,000
Proposed Rate M2 - 2013										
First 1,000 m^3						12,000	12,000	12,000	12,000	12,000
Next 6,000 m^3						45,240	49,800	62,000	69,000	72,000
Next 13,000 m^3						22,760	38,200	80,200	98,400	121,000
Over 20,000 m^3						-	-	45,800	120,600	295,000
Total						80,000	100,000	200,000	300,000	500,000
Block 1 Rate						4.2259	4.2259	4.2259	4.2259	4.2259
Block 2 Rate						4.1496	4.1496	4.1496	4.1496	4.1496
Block 3 Rate						3.9222	3.9222	3.9222	3.9222	3.9222
Block 4 Rate						3.6493	3.6493	3.6493	3.6493	3.6493
Delivery Block 1 ($)						507.11	507.11	507.11	507.11	507.11
Delivery Block 2 ($)						1,877.28	2,066.50	2,572.75	2,863.22	2,987.71
Delivery Block 3 ($)						892.69	1,498.28	3,145.60	3,859.44	4,745.85
Delivery Block 4 ($)						-	-	1,671.38	4,401.05	10,765.41
Total						3,277.07	4,071.88	7,896.83	11,630.81	19,006.07
Monthly Charge ($)						840.00	840.00	840.00	840.00	840.00
Total Delivery Bill ($)						4,117.07	4,911.88	8,736.83	12,470.81	19,846.07
Proposed Rate M2 - 2014										
First 1,000 m^3	6,521	7,710	9,800	10,700	11,900	12,000	12,000	12,000	12,000	12,000
Next 6,000 m^3	479	2,290	10,200	19,300	34,250	45,240	49,800	62,000	69,000	72,000
Next 13,000 m^3	-	-	-	-	3,850	22,760	38,200	80,200	98,400	121,000
Over 20,000 m^3	-	-	-	-	-	-	-	45,800	120,600	295,000
Total	7,000	10,000	20,000	30,000	50,000	80,000	100,000	200,000	300,000	500,000
Block 1 Rate	3.5412	3.5412	3.5412	3.5412	3.5412	3.5412	3.5412	3.5412	3.5412	3.5412
Block 2 Rate	3.4334	3.4334	3.4334	3.4334	3.4334	3.4334	3.4334	3.4334	3.4334	3.4334
Block 3 Rate	3.2856	3.2856	3.2856	3.2856	3.2856	3.2856	3.2856	3.2856	3.2856	3.2856
Block 4 Rate	3.2221	3.2221	3.2221	3.2221	3.2221	3.2221	3.2221	3.2221	3.2221	3.2221
Delivery Block 1 ($)	230.92	273.03	347.04	378.91	421.40	424.94	424.94	424.94	424.94	424.94
Delivery Block 2 ($)	16.45	78.62	350.21	662.65	1,175.94	1,553.27	1,709.83	2,128.71	2,369.05	2,472.05
Delivery Block 3 ($)	-	-	-	-	126.50	747.80	1,255.10	2,635.05	3,233.03	3,975.58
Delivery Block 4 ($)	-	-	-	-	-	-	-	1,475.74	3,885.89	9,505.29
Total	247.37	351.65	697.24	1,041.55	1,723.84	2,726.02	3,389.88	6,664.44	9,912.91	16,377.86
Monthly Charge ($)	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00
Total Delivery Bill ($)	667.37	771.65	1,117.24	1,461.55	2,143.84	3,146.02	3,809.88	7,084.44	10,332.91	16,797.86

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 1, pages 16-17, Updated

Please explain why Union is proposing to implement the rate block structure harmonization in the general service rate classes effective January 1, 2014 rather than January 1, 2013.

Response:

Please see the response at Exhibit J.H-1-11-1.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 1, Tables 9 & 10

For each rate class shown (M1, M2, 01, 10), please provide the percentage of the fixed costs recovered through the monthly charge in 2013. Please provide a comparison to the percentage of the fixed costs recovered through the monthly charge based on the Board approved rates for 2007.

Response:

Please see Table 1 for the percentage of fixed costs recovered in the monthly customer charge for 2013 proposed and 2007 Board-approved General Service rate classes.

Table 1

Percentage of Fixed Costs recovered in the Monthly Customer Charge (MCC)
for General Service rate classes
2013 Proposed and 2007 Board-approved

		2013 Proposed ($000's)			2007 Board-approved ($000's)		
Line No.	Rate Class	MCC Revenue	Fixed Costs	Percent Recovery	MCC Revenue	Fixed Costs	Percent Recovery
		(a)	(b)	(c) = (a/b)	(d)	(e)	(f) = (d/e)
1	Rate 01	80,490	185,970	43.3%	56,769	154,398	36.8%
2	Rate 10	1,720	24,348	7.1%	2,488	25,964	9.6%
3	Rate M1	266,843	406,097	65.7%	188,176	361,546	52.0%
4	Rate M2	5,702	51,338	11.1%	5,862	44,005	13.3%

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Ref: Exhibit H1, Tab 1, Tables 9 & 10

a) Please provide the percentage of the fixed costs recovered through the monthly charge in 2013 for general service rates M1, M2, 01, 10.

b) Please provide a comparison to Board approved rates for 2007.

c) What has changed to require increased fixed charges?

d) How much does the increase reduce Union's Business and Financial Risk? Please Comment.

Response:

a) Please see the response at Exhibit J.H-4-2-2.

b) Please see the response at Exhibit J.H-4-2-2.

c) As approved by the Board in the EB-2007-0606 Settlement Agreement dated January 3, 2008, the fixed monthly customer charge in the Rate M1 and Rate 01 rate classes was increased by $1.00 per month on a revenue neutral basis in each year of Union's 5 year Incentive Regulation term (2008-2012).

   Union's proposed 2013 rates do not contemplate any increase in the monthly customer charges from current approved levels for the Rate M1, Rate M2, Rate 01 and Rate 10 rate classes.

   As described at Exhibit H1, Tab 1, Updated, pages 24-25, effective January 1, 2014 Union proposes to decrease the monthly customer charges in Rate M2 and Rate 10 to $35 per month from the current approved monthly customer charge of $70 per month.

d) Union has not analyzed the impact of increasing the monthly charge on its business and financial risk. It is Union's view that increasing the customer charges, or for that matter, any rate design changes that better align cost incurrence with cost recovery is a basic principle of rate design that has no bearing on business or financial risk. Please see the response at Exhibit J.E-2-2-2 e).

UNION GAS LIMITED

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition ("VECC")

Ref: H1 T1

a) Please provide Union's definition of customer-related costs.

b) If Union's definition of customer-related costs differs from its definition of fixed costs, please provide the distinction made.

c) For each rate class M1, M2, Rate 01, and Rate 10, please provide the percentage of customer-related costs recovered through the most recently approved fixed monthly charge for the class.

Response:

a) As described in Exhibit G3, Tab 1, Schedule 1, Updated, Union defines customer-related costs as:

   'costs that are not demand or commodity-related but relate more to providing services at customer locations or that vary with the number of customers. They are affected directly by the number of customers served.'

b) As described in Exhibit G3, Tab 1, Schedule 1, Updated, Union separates functionalized asset and operating costs into categories according to cost incurrence. For purposes of defining fixed and variable costs, Union considers all customer-related costs to be fixed.

   In addition to customer-related costs described in part a), Union also classifies demand-related costs as fixed. Demand-related costs are defined as:

   'costs that vary directly with the size (capacity) of the system facilities. They are required to meet design day demand and are fixed in the short run.'

c) Please see Table 1 for the percentage of 2013 proposed customer-related costs recovered by the 2013 proposed monthly customer charge revenue by rate class.

Table 1

Percentage of 2013 Proposed Customer-related Costs recovered by 2013 Proposed Monthly Customer Charges

Line No.	Rate Class	2013 Proposed Customer-related Costs ($000's)	2013 Proposed Monthly Customer Charge Revenue ($000's)	Percent Recovery
		(a)	(b)	(c) = (b/a)
1	Rate 01	117,795	80,490	68.3%
2	Rate 10	3,770	1,720	45.6%
3	Rate M1	282,101	266,843	94.6%
4	Rate M2	8,992	5,702	63.4%

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

Please provide a detailed explanation as to why the Applicant proposes to implement this change on January 1, 2014 rather than on January 1, 2013 along with other rate changes.

Response:

Please see the response at Exhibit J.H-1-11-1.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 1, page 29, Updated

a) Please provide a breakdown of the 121 M4 customers forecast for 2013 by industry grouping.

b) Please provide a breakdown by industry grouping of the 595 customers currently taking service under Rate M2 that would qualify for the M4 rate.

c) Please provide a bill impact table, similar to Table 12 that shows the annual cost for the following customer profiles under Rate M2 in 2013 and under Rate M4 in 2014:

i) FCD = 2,400 m^3 & annual volume of 350,000 m^3;
ii) FCD = 2,400 m^3 & annual volume of 500,000 m^3;
iii) FCD = 3,600 m^3 & annual volume of 525,600 m^3;
iv) FCD = 3,600 m^3 & annual volume of 650,000 m^3.

Response:

a)

2013 Forecast Customer Count for M4	Count
Greenhouse	11
LCI/Key/Affiliated Steel	104
Total	115

(121 is the average number customers throughout the year while, 115 customers remained at year end)

b) The table below groups the 595 Rate M2 customers with annual volumes exceeding 350,000 m^3 that would potentially qualify for Rate M4 into market sector groupings.

Market Sector Groupings

Line No.	Market Sector	Number of Customers	Percentage of Customers
1	Commercial	302	50.6%
2	Manufacturing	193	32.5%
3	Institutional	70	11.8%
4	Chemical/Refinery	27	4.6%
5	Power	3	0.5%
6	Totals	595	100%

c) Please see Attachment 1.

Annual Delivery Bill Impacts - Union South
Customers in Rate M2 in 2013 moving to Rate M4 in 2014

Line No.	Firm Contract Demand (m^3/day)	Annual Volume (m^3)	Load Factor	2013 Proposed ($) Rate M2 (1)	2013 Proposed ($) Rate M4	2014 Proposed ($) Rate M2	2014 Proposed ($) Rate M4 (2)	Bill Impacts $	Bill Impacts %
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h) = (g-d)	(i) = (h/d)
1	2,400	350,000	40.0%	17,246.01			18,362.00	1,115.99	6.5%
2	2,400	500,000	57.1%	24,015.08			20,017.14	(3,997.95)	-16.6%
3	3,600	525,600	40.0%	25,169.04			27,549.62	2,380.57	9.5%
4	3,600	650,000	49.5%	30,776.56			28,922.28	(1,854.29)	-6.0%

Notes:
(1) Includes impact of the 2013 proposed Rate M2 storage rate of 0.8338 cents/m^3.
(2) Based on parameters provided, all contract demand in first block demand and all throughput volume in first block commodity.

UNION GAS LIMITED

Answer to Interrogatory from
Ontario Association of Physical Plant Administrators ("OAPPA")

Reference: Exhibit H 1, Tab 1, pages 19 and 29

a) Union estimates that lowering the Rate M4 eligibility requirements makes a firm contract service potentially available to a further 595 customers with annual volumes exceeding 350,000 m^3 and currently taking service under Rate M2. How would such a shift from M2 to M4 affect the improvement in rate class size and composition described for M2 with the lowering of the annual volume breakpoint to 5,000 m^3?

b) With the proposed change in eligibility requirements for M4 and M5A in combination with the introduction of a Rate M4 interruptible service offering, what distinguishes delivery service under M4 from delivery service under M5?

Response:

a) The potential shift of up to 595 customers with annual volumes exceeding 350,000 m^3 currently taking service under Rate M2 to Rate M4 service improves the proposed Rate M2 class composition and has minimal impact on Rate M2 rate class size.

With the potential movement of large volume, higher load factor customers to Rate M4, the average use per customer for large commercial and industrial customers in Rate M2, which appears at Exhibit H1, Tab 1, Updated, Table 5, page 16 is reduced. This produces a more homogeneous Rate M2 class.

The impact of moving up to 595 customers from Rate M2 to Rate M4 has a minimal impact on the number of customers in the proposed Rate M2 rate class. It presents approximately a 1% decrease in new Rate M2 customers from 57,075 to 56,480 (per Exhibit H1, Tab 1, Updated, Table 5, line 8).

b) Rate M4 will continue to be a firm, bundled distribution service, with an optional interruptible service, while Rate M5A will continue to be an interruptible, bundled distribution service with an optional, non-interruptible, firm service.

Customers who require a firm bundled distribution service to meet their end-use needs will continue to elect Rate M4 service, while customers who require interruptible, bundled distribution service will continue to elect Rate M5A service.

There are several differences between Rate M4 and Rate M5A related to eligibility criteria and firm service options.

Rate M4 has a 40% load factor requirement (i.e. 140 days use of firm contracted demand) and allows for authorized overrun in the period from April 1 through October 31 at a specified firm price. Rate M5A does not have a load factor requirement or the provision of authorized overrun in the period from April 1 through October 31 at a specified price.

In Rate M4 all firm volumes are priced at the M4 rate and must meet the firm Rate M4 eligibility criteria. In Rate M5A, the non-interruptible, firm service pricing is derived based on the comparable firm service which can be any of firm Rate M1 or Rate M2 or Rate M4, as applicable, with no minimum firm volume level to be eligible for Rate M5A firm service.

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

Please provide a detailed explanation as to why the Applicant proposes to implement this change on January 1, 2014 rather than on January 1, 2013 along with other rate changes.

Response:

Please see the response at Exhibit J.H-1-11-1.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 1, page 31, Updated

a) What is the difference between Rate M4 and Rate M5A based on Union's proposal to include an interruptible component to Rate M4?

b) Is there still a need for separate Rates M4 and M5A? If yes, please explain.

Response:

a) Please see the response at Exhibit J.H-5-11-1 part b).

b) Yes, based on a customer's requirements and the rate class differences described above, there is a need to maintain both the Rate M4 and Rate M5A rate classes.

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

Please provide a detailed explanation as to why the Applicant proposes to implement this change on January 1, 2014 rather than on January 1, 2013 along with other rate changes.

Response:

Please see the response at Exhibit J.H-1-11-1.

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

Please provide a detailed explanation as to why the Applicant proposes to implement this change on January 1, 2014 rather than on January 1, 2013 along with other rate changes.

Response:

Please see the response at Exhibit J.H-1-11-1.

UNION GAS LIMITED

Answer to Interrogatory from
City of Kitchener

Ref: Exhibit H1, Tab 1, Pages 34 to 47
Exhibit H3, Tab 11, Schedule 1

Preamble: Figure 1 on page 40 of Exhibit H1, Tab 1 illustrates the current Rate T1 firm daily contract demand by customer. Larger customers are located in the upper right hand quadrant of the scatter diagram. These customers are included in the proposed Rate T2 redesign. Kitchener understands that the customer related costs of serving T2 customers are partially recovered by the proposed monthly charge of $6,000. Customer related costs include capital and operating costs for delivery gate stations and related facilities needed to provide service.

a) For the three customers in the proposed Rate T2 class which are nearest in size or load characteristics to Kitchener (which can be identified as T2 Customer A, B and C), please provide the following information related to their delivery gate stations: in-service date of each station; capital cost of each station; net book value of each station as of December 31, 2012 and December 31, 2013, respectively; remaining service life of each station; minimum operating delivery pressure and maximum operating delivery pressure of each station; and, estimated capital costs to rebuild each station at the end of their remaining service life.

Response:

Particulars ($000's)	In-Service Date	Gross Book Value	Net Book Value (Dec 31, 2012)	Net Book Value (Dec 31, 2013)
Customer A				
Station 1	Jan-2008	4,497	3,788	3,662
Customer B				
Station 1	Jan-2006	2,687	2,076	2,000
Station 2	Mar-2006	1,341	1,035	998
Station 3	Sep-1984	526	83	69
Station 4	Aug-2004	7	5	4
Customer C				
Station 1	Nov-1995	2,167	853	794
Station 2	Jul-1998	146	77	73

The station details requested are not relevant to setting rates for 2013.

UNION GAS LIMITED

Answer to Interrogatory from
Association of Power Producers of Ontario ("APPRO")

Reference: Exhibit H1, Tab 1

a) Please explain the rationale for the $6,000 monthly charge when the current T1 monthly charge is $1,793.

Response:

Rate T1 monthly charges reflect the customer-related costs to serve the rate class. Based on 2013 customer-related costs of $6.421 million and 81 redelivery points, the cost-based monthly charge for current Rate T1 is $6,605.75 per Exhibit H3, Tab 1, Schedule 2, Updated, page 8, line 14.

The new Rate T1 rate class has a proposed monthly customer charge of $1,998.83 as shown at Table 16 of Exhibit H1, Tab 1, Updated, page 40.

The new Rate T2 rate class has a proposed monthly customer charge of $6,000.00 as shown at Table 18 of Exhibit H1, Tab 1, Updated, page 43.

The rationale for setting the new Rate T2 monthly charge at $6,000 is described at Exhibit H1, Tab 1, Updated, page 44.

UNION GAS LIMITED

Answer to Interrogatory from
Association of Power Producers of Ontario ("APPRO")

Reference: Exhibit H1, Tab 1

a) Please provide the amount in DSM allocated to and included in each of the new rate T1 and new rate T2.

b) Please confirm that these DSM amounts have been allocated and recovered in the commodity components.

c) Please confirm that the commodity rate of rate T1 and T2 are calculated in order to recover 100% of the DSM cost allocated to these rates

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Response:

a) The amount of 2013 DSM costs allocated to the proposed new Rate T1 class is $1.812 million, which includes $1.708 million in DSM program costs and $0.105 million in DSM Low-income costs.

   The amount of 2013 DSM costs allocated to the proposed new Rate T2 class is $2.625 million, which includes $2.067 million in DSM program costs and $0.559 million in DSM Low-income costs.

b) Not confirmed. The DSM amounts allocated to the firm transportation service for proposed new Rate T1 and Rate T2 are fully recovered in the firm transportation demand charge. The DSM amounts allocated to the interruptible transportation service for proposed new Rate T1 and Rate T2 are fully recovered in the interruptible transportation commodity charge.

c) Please see the response at part b).

UNION GAS LIMITED

Answer to Interrogatory from
School Energy Coalition ("SEC")

Please provide a detailed explanation as to why the Applicant proposes to implement this change on January 1, 2013 rather than on January 1, 2014 as proposed for most of the other rate design changes.

Response:

Please see the response at Exhibit J.H-1-11-1.

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Ref: Exh H1/Tab 1 / pp.52-54

Union has proposed to modify the fuel ratio design for the Dawn to Dawn-Vector transportation service to recover UFG on all transportation activity in both the summer and winter periods. Please provide Union's rationale for this proposed modification.

Response:

Union's current fuel ratio design for the Dawn to Dawn-Vector firm transportation service only recovers UFG on 60 days of activity during the summer period. UFG should be recovered on all transportation activity in both summer and winter periods. Union's proposal to modify the fuel ratio design will recover UFG on all transportation activity and is consistent with how Union recovers UFG for other C1 firm transportation services.

A fuel ratio design that recovers UFG on all transportation activity was most recently approved in EB-2010-0207 for the C1 Dawn to Dawn–TCPL firm transportation service.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 1, page 55, Updated

a) When was the current additional service charge of $15 approved by the Board?

b) What was the monthly charge for the M2 rate class when the current additional service charge of $15 was approved by the Board?

c) What was the basis of the charge of $15? Was it cost based?

d) Please explain why Union proposes to increase the additional service charge to $70 in 2013 and then reduced it to $35 in 2014 for the M2 class? Why not remove the volatility and increase it to $35 in 2013?

e) Please provide the number of accounts that are billed the $15 additional service charge for the last year of actual data available for each of the M1 and M2 rate classes.

f) What is the impact on the revenue forecast for each of the M1 and M2 rate classes based on Union's proposals for 2013? How has this additional revenue been included in the forecast?

g) If two or more M1 accounts qualify to combine their meter readings for billing purposes and the annual volume exceeds 5,000 m^3 in 2014, will they qualify to become an M2 customer? If not, please explain why not?

h) If the response to (g) is no, please confirm that the customer can combine his accounts by having Union provide one meter and providing their own behind the meter piping to serve multiple contiguous pieces of property of the same owner not divided by a public right-of-way. If this cannot be confirmed, please explain why.

i) If two or more M2 accounts qualify to combine their meter readings for billing purposes and the annual volume exceeds 350,000 m^3 in 2014 (and meet the firm CD requirements), will they qualify to become an M4 customer? If not, please explain why not?

j) If the response to (i) is no, please confirm that the customer can combine their accounts by having Union provide one meter and providing their own behind the meter piping to serve multiple contiguous pieces of property of the same owner not divided by a public right-of-way. If this cannot be confirmed, please explain why.

k) Can a customer with multiple M1 and M2 accounts located on contiguous pieces of property of the same owner that are not divided by a public right-of-way combine their accounts for billing purposes into an M2 account? If no, please explain why not.

l) Can a customer with multiple M1, M2 and/or M4 accounts located on contiguous pieces of property of the same owner that are not divided by a public right-of-way combine their accounts into an M4 account assuming the total volumes and firm CD qualify as an M4 customer? If no, please explain why not.

m) In either of the situations described in (k) and (l) above, please confirm that the customer can combine their accounts by having Union provide one meter and providing their own behind the meter piping to serve multiple contiguous pieces of property of the same owner not divided by a public right-of-way. If this cannot be confirmed, please explain why.

n) Does Union actively notify customers that may qualify to combine accounts and take advantage of the supplemental service to commercial and industrial customers under grouped meters? If not, why not?

o) Please confirm that the supplemental service to customers under grouped meters is not available to residential customers in either Rates M1 or M2. If confirmed, please provide Union's description of residential customers as compared to commercial customers.

p) What is the impact on existing customers that are taking advantage of the supplemental service to commercial and industrial customers under grouped meters of the change in the breakpoint between M1 and M2 from 50,000 m^3 to 5,000 m^3? In particular, will any customers that currently take advantage of this service be worse off as a result of the proposed change?

q) Does Union offer a similar supplemental service under Rates 01 and 10? If not, why not?

Response:

a) The current additional service charge of $15 per month was approved by the Board in the EBRO 388 Reasons for Decision, dated April 22, 1983.

b) The monthly charge for the Rate M2 rate class was $6.25 when the current additional charge of $15.00 was approved.

c) The additional service charge is not cost-based.

The basis of the $15 charge was an assessment of the net benefits to group billing customers measured by the difference between customer's bill with and without group billing.

In its EBRO 397 Decision with Reasons, the Board stated it *"is satisfied with the current arrangements with respect to group billing and will make no adjustments to the rate schedules with respect to this matter or to the $15.00 per month currently being levied in each additional meter."*

d) Union's proposal to match the additional service charge of $70 in 2013 and $35 in 2014 for the Rate M2 class to the monthly customer charge in proposed rates for each year is meant to ensure that Rate M2 customers who can combine meter readings do not receive an unintended benefit in comparison to Rate M2 customers who cannot combine meter readings.

If Union were to set the additional service charge to $35 in 2013, Rate M2 customers who combine meter readings would receive an unintended benefit in comparison to other Rate M2 customers who continue to pay a monthly customer charge of $70 for meter readings that cannot be combined. The intent of Union's proposal is to avoid this situation beginning in 2013.

e) For the last year of actual data ending April 4, 2012, 969 Rate M1 customers and 71 Rate M2 customers are billed the $15 additional service charge.

f) Based on the last year of actual data ending April 4, 2012, the additional revenue for 2013 would be:

i) Rate M1 = $69,768 (969 accounts x ($21-$15) x 12 months).
ii) Rate M2 = $46,860 (71 accounts x ($70-$15) x 12 months).

Should the Board approve Union's proposal to increase the additional service charges for Rate M1 and Rate M2, Union will update its 2013 proposed rates to recognize the additional forecast revenue.

g) No, two or more Rate M1 accounts that qualify to combine meter readings for billing purposes with annual volume that exceed 5,000 m^3 in 2014 will only qualify to become a Rate M2 customer if one account has an annual volume that exceeds 5,000 m^3. Union will not combine quantities of several Rate M1-size accounts such that eligibility to a different rate class results.

h) If the annual volume taken through a single meter exceeds 5,000 m^3, the customer is eligible for Rate M2 service. Service is only available provided Union determines it can serve the entire load through a single meter off a single distribution pipe.

i) No, two or more Rate M2 accounts who qualify to combine their meter readings for billing purposes and whose annual volume exceeds 350,000 m^3 in 2014 (and meet the firm CD requirements) will only qualify to become a Rate M4 customer if at least one account meets all the following criteria necessary to qualify for revised Rate M4 service in 2014:

a. an annual volume that exceeds 350,000 m^3;
b. a firm daily contracted demand of at least 2,400 m^3; and,
c. a load factor of at least 40% (i.e. 146 days use of contracted demand)

Union will not combine quantities of several Rate M2-size accounts such that eligibility to a different rate class results.

j) If a single meter meets all the eligibility criteria outlined in Union's response to (i) above, the customer is eligible for Rate M4 service. Service is only available provided Union determines it can serve the entire load through a single meter off a single distribution pipe.

k) Yes, provided that Union determines it can serve the entire load through a single meter off a single distribution pipe.

l) Yes, provided a single meter meets all the Rate M4 eligibility criteria and the total firm volumes and total firm CD qualify as a Rate M4 customer. Service is only available provided Union determines it can serve the entire load through a single meter off a single distribution pipe.

m) Yes, provided that Union determines it can serve the entire load through a single meter off a single distribution pipe.

n) Union does not actively notify customers that may qualify to combine accounts, however Consolidated Billing as well as Master Summary Billing is listed and described within the Conditions of Service, located electronically on the Union Gas website and in hardcopy at the Corporate Head Office and by mail.

Upon request of the customer, Union will complete a field investigation to determine if the customer's meters are located on contiguous tracts of land not divided by a public right-of-way as per the requirements for consolidated billing, and if eligible, the customer's meters are consolidated for billing purposes.

o) Confirmed. Supplemental service to customers under grouped meters is not available to residential customers in either Rate M1 or Rate M2.

Descriptions of the residential and commercial customers, provided at Exhibit A1, Tab 13, Schedule 1, Updated, Attachment, page 3, under the heading "Service" are as follows:

<u>Residential</u>: Customers supplied for residential purposes in a single family dwelling or building, or in an individual flat or apartment within a multiple family dwelling or building or a portion of a building occupied as the home, residence, or sleeping place of one or more

persons.

When service for residential purposes is supplied to two or more families served as a single customer under one rate classification contract that service is considered as commercial but is counted as only one customer.

Residential premises also used regularly for professional or business purposes (such as doctor's office in a home or where a small store is integral with the living space), are considered as residential where the residential use of gas is half or more than half of the total service.

Commercial: Applies to customers engaged in selling, warehousing or distributing a commodity, in some business activity or in some other form of economic or social activity (also includes professions).

The size of the customer's operation or volume of use is not a criterion for determining Commercial service.

p) The reduction in the annual volume breakpoint between Rate M1 and Rate M2 from 50,000 m^3 to 5,000 m^3 impacts current commercial and industrial customers under grouped meters is as follows:

Rate M1:

No impact on monthly charges since Union proposes no further changes in the monthly charge or supplemental meter charge for 2014.

Delivery charges for 2013 and 2014 are similar.

Rate M2:

The proposed 2014 reduction in the monthly charge from $70 per month to $35 per month and consequently the additional charge for supplemental meters, reduces the monthly charges to these accounts. Please refer to Union’s response in part (d) above.

The lower annual volume requirement for Rate M2 means more supplemental meters with annual volumes may qualify for Rate M2 service provided at least one account meets the Rate M2 eligibility criteria. Please refer to Union’s response in part (g) above.

The reduction in delivery charges is favourable to eligible commercial and industrial customers under group meters.

Customers who continue service in Rate M1 will see minimal impact. Customers who continue service in Rate M2 will be no worse off.

With the annual volume breakpoint reduction in 2014 some customers currently served under Rate M1 will be taking Rate M2 service. The increase in the monthly charge and additional meter charge increase from $21 in Rate M1 to $35 in Rate M2 will be partially or fully offset by reduced M2 delivery rates. Individual customer impacts will vary.

q) Yes, however Rate 01 and Rate 10 accounts do not have an additional service charge for each additional meter.

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Ref: Exhibit H1, Tab 1, Tables 7 and 8, Updated

a) Compare EGDIs General Service Block structures to Unions Current (2013) and Proposed 2014.

b) Comment on the differences in the above and why Unions 2013 proposals are appropriate.

Response:

a) Please see the response at Exhibit J.H-3-3-1 part a).

b) Please see the response at Exhibit J.H-3-3-1 part b).

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 1, pages 7-8, Updated

a) Does Union have any plans to transport gas from the Heritage Pool to Dawn on a firm basis?

b) If Union were to transport gas from the Heritage Pool to Dawn on a firm basis, what would be the revenue impact from the firm demand charge? Please assume a firm demand level using the same volumetric parameters shown in Exhibit H3, Tab 8, Schedule 14, Updated.

Response:

a) No.

b) If Union were to transport gas from the Heritage Pool to Dawn on a firm basis, the additional revenue from the firm demand charge would be $0.079 million.

Union assumed firm demand of 5,960 GJ/day based on 151 days of winter flow to withdraw 900,000 GJ.

Calculation of Heritage Pool M16 Firm Demand Revenue

Line No.	Particulars	Firm Demand (GJ) (1)	Firm Demand Charge (2) ($/GJ)	Revenue ($)
		(a)	(b)	(c) = (a) * (b) * 12
1	Firm Demand Revenue	5,960	1.108	79,214

Notes:
(1) Firm Demand = 900,000/151 days = 5,960 GJ/day.
(2) Exhibit H3, Tab 2, Schedule 1, Updated, page 14, line 3, column (c).

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Ref: Exhibit H1, Tab 3, pages 1-6

Union proposed to reduce the Distribution Consolidated Billing ("DCB") fee from $1.35 to $0.57. Union noted that a charge of $0.57 will generate sufficient revenues to recover Union's projected costs of $2.137 million to provide DCB services. Union has indicated that the proposed fee is designed in a manner where the customer and utility remain cost and revenue neutral as customers choose to move between sales and service and direct purchase.

a) Please provide the over / under-recovery of DCB related costs for each year of the past IRM term.

b) Please explain how this revenue sufficiency / deficiency was treated during the IRM term.

c) Please provide Union's position on the establishment of a DCB related Deferral Account which would capture the difference between DCB revenues and DCB costs for disposition/recovery to/from ratepayers.

Response:

a) Please see the table below for Union's DCB related revenue. Union does not track the DCB costs.

Line No.	Year	Average # of Customers	DCB Revenue ($000's)
1	(a)	(b)	(c)
2	2007	474,399	7,685
3	2008	444,444	7,200
4	2009	414,349	6,712
5	2010	353,650	5,729
6	2011	282,365	4,574

b) Revenue sufficiency/deficiency of the DCB fee during the IRM term was included in Utility earnings.

c) Union does not intend to establish a deferral account to capture the differences between DCB revenues and costs. Any differences between revenues and costs will be captured in Utility earnings.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 3, page 3, Updated

a) Does Union's proposal that billing system costs be removed from the calculation of the DCB fee mean that a gas vendor that uses Union to bill their customers for the gas supply will get free invoicing and mailing of invoices to their customers? If not, please explain what the gas vendors will be paying to bill their customers for their service.

b) How will the additional costs that remain with the utility be allocated between system gas customers and direct purchase customers under Union's proposal to remove the billing system costs from the calculation of the DCB fee?

c) Please explain how Union's proposal will be cost neutral to system supply customers and direct purchase customers.

d) Please provide the monthly fee for each billed account charged to Union by the third party service provider. Is this fee expected to increase for 2013? If so, please provide details. Please also indicate what costs are included in this monthly fee (invoice printing, envelopes, postage, etc.). Please provide an estimate of the cost to Union for each billed account that is not covered by services provided by the third party provider and included in the monthly fee. Please identify these services.

e) Is Union's proposal to eliminate the billing system costs from the calculation of the DCB fee based on an incremental cost basis or on a fully allocated cost basis? If the former, please explain why this is appropriate.

Response:

a) The reference to "billing system costs" is only for those costs incurred by Union for the customer information system (CIS) which is hosted by a third party service provider.

   The cost for invoicing and mailing of invoices is not an element of Union's current or proposed DCB fee. These billing costs are passed directly to all customers within their distribution rate.

b) There are no additional costs that will remain with the utility. All billing system costs and other billing costs (invoicing and mailing of invoices) are already allocated to all distribution customers regardless of their choice of gas supply (sales service, gas vendor that uses the

DCB service, or gas vendor that does split-billing).

c) Leaving the DCB fee unchanged at $1.35 produces a $2.942 million revenue surplus (Exhibit H1, Tab 3, Updated, Table 1, page 5). This creates a cross-subsidization whereby direct purchase customers are incurring the cost (through the DCB fee charged to their retail energy marketer) but the benefit is being shared by all customers.

   Updating DCB costs, including the removal of the billing system costs from the calculation the DCB fee, eliminates the revenue surplus and ensures that the direct purchase customers are not cross-subsidizing the sales service customers. As such, when a customer chooses to migrate between direct purchase and sales service they are neither cross-subsidizing nor being cross-subsidized.

d) The contract between Union and the third party is subject to a confidentiality agreement. Accordingly, Union filed the contract under the Board's Practice Direction on Confidential Filings under separate confidential cover.

   The monthly fee charged to Union is for the provision of the third party hosted customer information system. The monthly fee does not include any costs for invoice printing, envelopes, postage, etc.

   These billing costs are passed directly to all customers through delivery rates.

e) The proposal to eliminate billing system costs from the DCB fee is on an incremental basis, as billing costs are included in the current DCB fee on an incremental basis

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 3, Table 1, Updated

a) Please update Table 1 (revenues and proposed costs) to reflect the actual number of direct purchase customers as of January 1, 2012.

b) Please provide the details (volumes, prices, etc.) associated with the bad debt costs shown in Table 1 based on the revised response requested in (a) above.

c) How would the revenue surplus have been reflected in rates if the DCB were not changed? In other words, please show the allocation by rate class of the elimination of the forecasted revenue surplus of $2.9 million.

Response:

a)

Particulars ($000's)	As Filed	January 1, 2012
Revenues		
DCB Fee ($1.35 *313,534 *12)	5,079	
DCB Fee ($1.35 *233,001 *12)		3,775
Proposed Costs		
Bad Debt	1,555	1,155
Program Administration	582	503
Total Cost	2,137	1,698
Forecasted Revenue Surplus/ (Shortfall)	2,942	2,217

b) The table below provides the details associated with the bad debt costs shown in a).

Volume	967,189
Rate $/$10^3m^3$	318.59
Revenue ($000's)	308,135
Bad Debt Ratio %	0.31%
Bad Debt ($000's)	970
HST/GST non-recovery ($000's)	149
Collection Costs ($000's)	37
Total Bad Debt ($000's)	1,155

c) Union's 2013 proposed rates include the $5.079 million in forecasted DCB revenue based on the current DCB fee of $1.35 per customer per month.

Should the Board approve Union's proposal to lower the DCB fee to $0.57 per customer per month, Union will update its 2013 proposed rates to remove the forecasted revenue surplus of $2.934 million.

Please see Attachment 1 for the allocation of forecasted DCB revenue and the elimination of the forecasted revenue surplus to rate classes.

Allocation of Eliminated Forecasted DCB Revenue

Line No.	Particulars ($000's)	Allocation of DCB Revenue as Filed	Allocation of Forecasted DCB Revenue Surplus	Resulting Allocation of Proposal DCB Revenue
		(a)	(b)	(c) = (a + b)
1	Rate M1	3,719	(2,148)	1,571
2	Rate M2	46	(27)	19
3	Rate 01	1,301	(751)	549
4	Rate 10	14	(8)	6
5	Total	5,079	(2,934)	2,145

UNION GAS LIMITED

Answer to Interrogatory from
Consumers Council of Canada ("CCC")

Ref: Exhibit H1, Tab 3, pages 3-5

Under Union's proposal to reduce the DCB fee how are gas vendors billed for the use of Union's billing system (exclusive of bad debt and program administration)?

Response:

Please see the response at Exhibit J.H-12-2-1 part a).

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 3, Updated

a) Please provide a summary of the changes proposed to the gas supply administration fee.

b) What is the dollar impact by rate class of the changes proposed for the gas supply administration fee?

Response:

a) The calculation of the proposed 2013 gas supply administration fee is consistent with the methodology approved by the Board in EB-2005-0520. A comparison of the calculation between current Board-approved and 2013 proposed Gas Supply Administration fees is provided at Attachment 1.

b) Please see Attachment 2.

Gas Supply Administration Fee Calculation
Current Board-approved vs. 2013 Proposed

Line No.	Particulars ($000's)	Current Board-approved	2013 Proposed	Variance
		(a)	(b)	(c) = (b -a)
	Costs			
1	Return on Rate Base	614	174	(440)
2	Depreciation Expense	0	297	297
3	Accumulated Deferred Tax Drawdown	0	(6)	(6)
4	Taxes	106	30	(75)
5	General Operating & Engineering	1,147	1,264	117
6	Sales Promotion & Merchandise	0	176	176
7	Distribution Customer Accounting	6,157	2,238	(3,919)
8	Administration & General Expense	1,319	3,015	1,696
9	Total Costs	9,342	7,189	(2,153)
10	Sales Service Volumes (10^3m^3)	2,976,764	3,448,400	471,637
11	Gas Supply Administration Fee (cents/m^3) (line 9 / line 10)	0.3138	0.2085	(0.1053)

Impact by Rate Class of the 2013 Proposed Gas Supply Administration Fee

Line No.	Particulars	Current Approved Rate (cents/m^3)	2013 Forecast Sales Service Volume (10^3m^3)	Current Approved Revenue ($000's)	2013 Proposed Rate (cents/m^3)	2013 Forecast Sales Service Volume (10^3m^3)	2013 Proposed Revenue ($000's)	Revenue Deficiency/ (Sufficiency) ($000's)
		(a)	(b)	(c) = (a x b)	(d)	(e)	(f) = (d x e)	(g) = (f - c)
1	Rate 01	0.3138	621,731	1,951	0.2085	621,731	1,296	(655)
2	Rate 10	0.3138	150,962	474	0.2085	150,962	315	(159)
3	Rate 20	0.3138	13,514	42	0.2085	13,514	28	(14)
4	Rate 25	0.3138	42,913	135	0.2085	42,913	89	(45)
5	Rate M1	0.3138	2,221,004	6,970	0.2085	2,221,004	4,630	(2,340)
6	Rate M2	0.3138	367,242	1,153	0.2085	367,242	766	(387)
7	Rate M4	0.3138	16,855	53	0.2085	16,855	35	(18)
8	Rate M5	0.3138	14,132	44	0.2085	14,132	29	(15)
9	Rate M10	0.3138	48	0	0.2085	48	0	(0)
10	Total		3,448,400	10,822		3,448,400	7,189	(3,632)

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Ref: Exhibit H1, Tab 3, Updated

a) Please provide the drivers for the changes proposed to the gas supply administration fee.

b) What is the dollar impact for customers in the general service rate classes?

c) Compare Union and EGD Gas Supply fees.

Response:

a) Please see the response at Exhibit J.H-13-2-1 part a).

b) Please see the response at Exhibit J.H-13-2-1 part b).

c) Union's 2013 proposed Gas Supply Administration fee is 0.2085 cents/m^3 per EB-2011-0210. Please refer to the response at Exhibit J.H-13-2-1 Attachment 1 for the detail of the calculation of Union's 2013 proposed Gas Supply Administration Fee.

   EGD's Gas Supply Fees, which total 0.1633 cents/m^3, are provided at EB-2011-0354, Exhibit H2, Tab 4, Schedule 1, page 1, items 3.2 to 3.4, column (1). Gas Supply fees for sales service customers include:

   i. a bad debt commodity charge of 0.1130 cents/m^3,
   ii. a system gas fee of 0.0263 cents/m^3, and a
   iii. return on rate base – working cash commodity charge of 0.0240 cents/m^3.

UNION GAS LIMITED

Answer to Interrogatory from
Just Energy

Please provide a breakdown of the annual level of direct purchase and system supply customers in terms of volume and numbers for the past two years with estimates for the next two years.

Response:

Please see the response at Exhibit J.D-16-2-1 b).

UNION GAS LIMITED

Answer to Interrogatory from
Just Energy

Ref: Exhibit H1, Tab 3, page 5

Union proposes to change the current Distributor Consolidated Billing ("DCB") fee to $0.57 per customer per month. Just Energy respectfully requests the following information:

a) Will this change have any impact on the Direct Purchase Administration Charge ("DPAC") or any other direct purchase charges? Please explain.

b) Please provide the proposed DPAC pool and per customer charges.

c) What will the net financial impact of this change be to natural gas marketers?

Response:

a) The proposed change to the DCB fee has no impact on the DPAC or any other direct purchase charges. The forecasted DPAC revenue is expected to cover the associated costs so no price change was required.

b) The DPAC is proposed to remain at $75 per contract per month plus 19 cents per customer per month. The Invoice Vendor Adjustment (IVA) fee is proposed to remain at $1.09 per transaction.

c) The reduction of the DCB from $1.35 to $0.57 per customer per month will reduce the charge to natural gas marketers by $0.78 per customer per month. Based on 233,001 DCB customers at January 2012, this produces an annual reduction of $2.181 million.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: Exhibit H1, Tab 1, Table 12, Updated

a) Please expand Table 12 to reflect a volume of 5,001 m^3 under the proposed M2 rate for 2014 using the same monthly profile as that used in line 5.

b) Please expand Table 12 to reflect volumes of 60,000 and 70,000 m^3.

c) What is the cross over point in volumes in terms of when Union's proposal goes from an rate increase to a rate decrease for annual volumes in excess of 50,000 m^3?

Response:

a) Please see the response at Exhibit J.H-1-14-2 part c).

b) Please see the response at Exhibit J.H-1-14-2 part c).

c) All customers with annual volumes in excess of 50,000 m^3 who remain in Rate M2 will see a rate decrease.

UNION GAS LIMITED

Answer to Interrogatory from
Energy Probe

Ref: Exhibit H1, Tab 1, Table 12, Updated

What Rate Mitigation is Union considering if the 2013 Revenue Requirement is substantially the same as filed?

Response:

Please see the response at Exhibit J.H-1-1-2 part c).

UNION GAS LIMITED

Answer to Interrogatory from
Federation of Rental-Housing Providers of Ontario ("FRPO")

Ref: Exhibit B1, Summary Schedule 2

We require additional information about capital projects to modify the Kirkwall station.

a) What is the relationship between the $1.6 million "Kirkwall 42-48 East Header" project on line 49 and the $4.7 million "Marcellus – Kirkwall Station Modification" project on line 54?

b) Is the "Marcellus – Kirkwall Station Modification" project the same was the $4.7 million in estimated Kirkwall station modifications described in EB-2010-0296?

c) Is it correct that both the "Kirkwall 42-48 East Header" project and the $4.7 million "Marcellus – Kirkwall Station Modification" project are needed to allow Union to physically receive gas from TCPL at Kirkwall. Is this correct?

d) When both of these projects are completed, what will be Union's design day receipt capacity at the Kirkwall interconnection with TCPL?

Response:

a) There is no relationship between the $1.6 million Kirkwall 42-48 East Header project and the $4.7 million Marcellus – Kirkwall Station Modification. The Kirkwall 42-48 East Header project was completed in 2011 to facilitate pigging of the NPS 48 Kirkwall to Parkway section. The Marcellus – Kirkwall Station reverse flow modification is scheduled to be constructed in 2012.

b) Yes, the Marcellus-Kirkwall Station Modification project is the same as the estimated modifications described in EB-2010-0296.

c) No, only the Marcellus - Kirkwall Station Modification is required to physically receive gas from TCPL at Kirkwall.

d) Union's receipt capacity on design day will be Winter 2012/2013 for 88,497 GJ/d and in Winter 2013/2014 for 263,249 GJ/d