

August 3, 2012

Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

**RE: EB-2011-0210 – Union Gas Limited – 2013 Rates Application –
Undertaking Responses**

Dear Ms. Walli,

Please find attached Union's responses to the following undertakings of the EB-2011-0210 proceeding.

J1.3 Corrected, J11.7, J11.8, J11.9, J11.10, J12.1, J12.3, and J12.4.

These files complete the undertakings.

Yours truly,

[original signed by]

Chris Ripley
Manager, Regulatory Applications

cc: Crawford Smith, Torys
EB-2011-0210 Intervenors

UNION GAS LIMITED

Undertaking of Mr. Aiken
To Mr. Gardiner

Please provide standard regression statistics for each of four equations, and 2013 degree-day forecast for North and South regions using the equation with dummy variable included.

The results for the four requested regressions are contained in Attachments 1-4. The time period for estimation is 1992 to 2011, 20 years.

Two models are estimated for Union South and Union North, respectively:

- Model 1 regresses actual heating degree days against time and a dummy variable for the period 1998 to 2011.
- Model 2 is the 20-Year Declining Trend method.

In Union's view, the inclusion of a dummy variable is not appropriate because inclusion of the dummy variable would necessitate the annual respecification of the degree day trend equation and be subjective. For example, starting the dummy variable in 1999 would result in a weather normal not materially different (1%) from the 20-year trend, while starting in 1998 would because 2012 is warmer than normal. Consideration would also have to be given to setting the dummy variable for 2012 to 1 or even 2 from 0.

SUMMARY OUTPUT: Southern HDD - Time & dummy variables for 1998 to 2011

Time Span: 1992 to 2011

Regression Statistics

Multiple R	75%
R Square	56%
Adjusted R Square	51%
Standard Error	179.93
Observations	20

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	708,723.71	354,361.85	10.95	0.00
Residual	17	550,352.11	32,373.65		
Total	19	1,259,075.82			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	-30,764.03	22,927.10	-1.34	0.20	-79,135.98	17,607.92
X Time	17.46	11.50	1.52	0.15	-6.79	41.71
X Dummy 98-11	-563.12	144.64	-3.89	0.00	-868.29	-257.95

RESIDUAL OUTPUT

<i>Observation</i>	<i>Actual HDD</i>	<i>Predicted HDD</i>	<i>Residuals</i>
1992	4031	4012	19
1993	4105	4030	75
1994	4055	4047	8
1995	3987	4065	-78
1996	4153	4082	70
1997	4005	4099	-94
1998	3175	3554	-379
1999	3554	3571	-18
2000	3792	3589	203
2001	3469	3606	-138
2002	3652	3624	28
2003	3988	3641	347
2004	3807	3659	148
2005	3838	3676	161
2006	3407	3693	-286
2007	3700	3711	-11
2008	3869	3728	141
2009	3824	3746	78
2010	3574	3763	-190
2011	3695	3781	-86

2012 3798

2013 3816

forecast is highlighted

SUMMARY OUTPUT: Southern HDD - 20 Year Trend

Time Span: 1992 to 2011

<i>Regression Statistics</i>	
Multiple R	42%
R Square	17%
Adjusted R Square	13%
Standard Error	240.49
Observations	20

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	218,044.26	218,044.26	3.77	0.07
Residual	18	1,041,031.56	57,835.09		
Total	19	1,259,075.82			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	40,026.27	18,665.61	2.14	0.05	811.27	79,241.27
X Time	- 18.11	9.33	- 1.94	0.07	- 37.70	1.49

RESIDUAL OUTPUT

<i>Observation</i>	<i>Actual HDD</i>	<i>Predicted HDD</i>	<i>Residuals</i>
1992	4,031	3,956	75
1993	4,105	3,938	167
1994	4,055	3,920	135
1995	3,987	3,902	85
1996	4,153	3,883	269
1997	4,005	3,865	140
1998	3,175	3,847	-672
1999	3,554	3,829	-276
2000	3,792	3,811	-19
2001	3,469	3,793	-324
2002	3,652	3,775	-123
2003	3,988	3,757	231
2004	3,807	3,739	68
2005	3,838	3,720	117
2006	3,407	3,702	-295
2007	3,700	3,684	16
2008	3,869	3,666	203
2009	3,824	3,648	176
2010	3,574	3,630	-56
2011	3,695	3,612	83
2012		3,594	
2013		3,576	

forecast is highlighted

SUMMARY OUTPUT: Northern HDD - Time & dummy variables for 1998 to 2011

Time Span: 1992 to 2011

<i>Regression Statistics</i>	
Multiple R	78%
R Square	60%
Adjusted R Square	56%
Standard Error	234.89
Observations	20

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	1,419,229.11	709,614.55	12.86	0.00
Residual	17	937,980.83	55,175.34		
Total	19	2,357,209.94			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	4,784.81	29,931.31	0.16	0.87	- 58,364.73	67,934.36
X Time	0.32	15.01	0.02	0.98	- 31.34	31.98
X Dummy 98-11	- 584.49	188.83	- 3.10	0.01	- 982.89	- 186.09

RESIDUAL OUTPUT

<i>Observation</i>	<i>Actual HDD</i>	<i>Predicted HDD</i>	<i>Residuals</i>
1992	5,489	5,422	67
1993	5,460	5,422	38
1994	5,294	5,422	-129
1995	5,358	5,423	-65
1996	5,550	5,423	127
1997	5,384	5,423	-39
1998	4,457	4,839	-382
1999	4,754	4,839	-85
2000	5,065	4,840	225
2001	4,613	4,840	-227
2002	5,007	4,840	166
2003	5,147	4,841	306
2004	5,216	4,841	375
2005	4,866	4,841	24
2006	4,473	4,842	-369
2007	4,888	4,842	46
2008	5,040	4,842	197
2009	5,049	4,843	206
2010	4,462	4,843	-381
2011	4,741	4,843	-102
2012		4,844	
2013		4,844	

forecast is highlighted

SUMMARY OUTPUT: Northern HDD - 20 Year Trend

Time Span: 1992 to 2011

<i>Regression Statistics</i>	
Multiple R	61%
R Square	38%
Adjusted R Square	34%
Standard Error	285.44
Observations	20

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	890,597.4	890,597.4	10.9	0.0
Residual	18	1,466,612.5	81,478.5		
Total	19	2,357,209.9			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	78,261.81	22,154.81	3.53	0.00	31,716.28	124,807.33
X Time	- 36.60	11.07	- 3.31	0.00	- 59.85	- 13.34

RESIDUAL OUTPUT

<i>Observation</i>	<i>Actual HDD</i>	<i>Predicted Y</i>	<i>Residuals</i>
1992	5,489	5,363	126
1993	5,460	5,327	134
1994	5,294	5,290	4
1995	5,358	5,253	104
1996	5,550	5,217	333
1997	5,384	5,180	204
1998	4,457	5,144	-686
1999	4,754	5,107	-353
2000	5,065	5,070	-5
2001	4,613	5,034	-421
2002	5,007	4,997	9
2003	5,147	4,961	186
2004	5,216	4,924	292
2005	4,866	4,887	-22
2006	4,473	4,851	-378
2007	4,888	4,814	74
2008	5,040	4,778	262
2009	5,049	4,741	308
2010	4,462	4,704	-243
2011	4,741	4,668	73

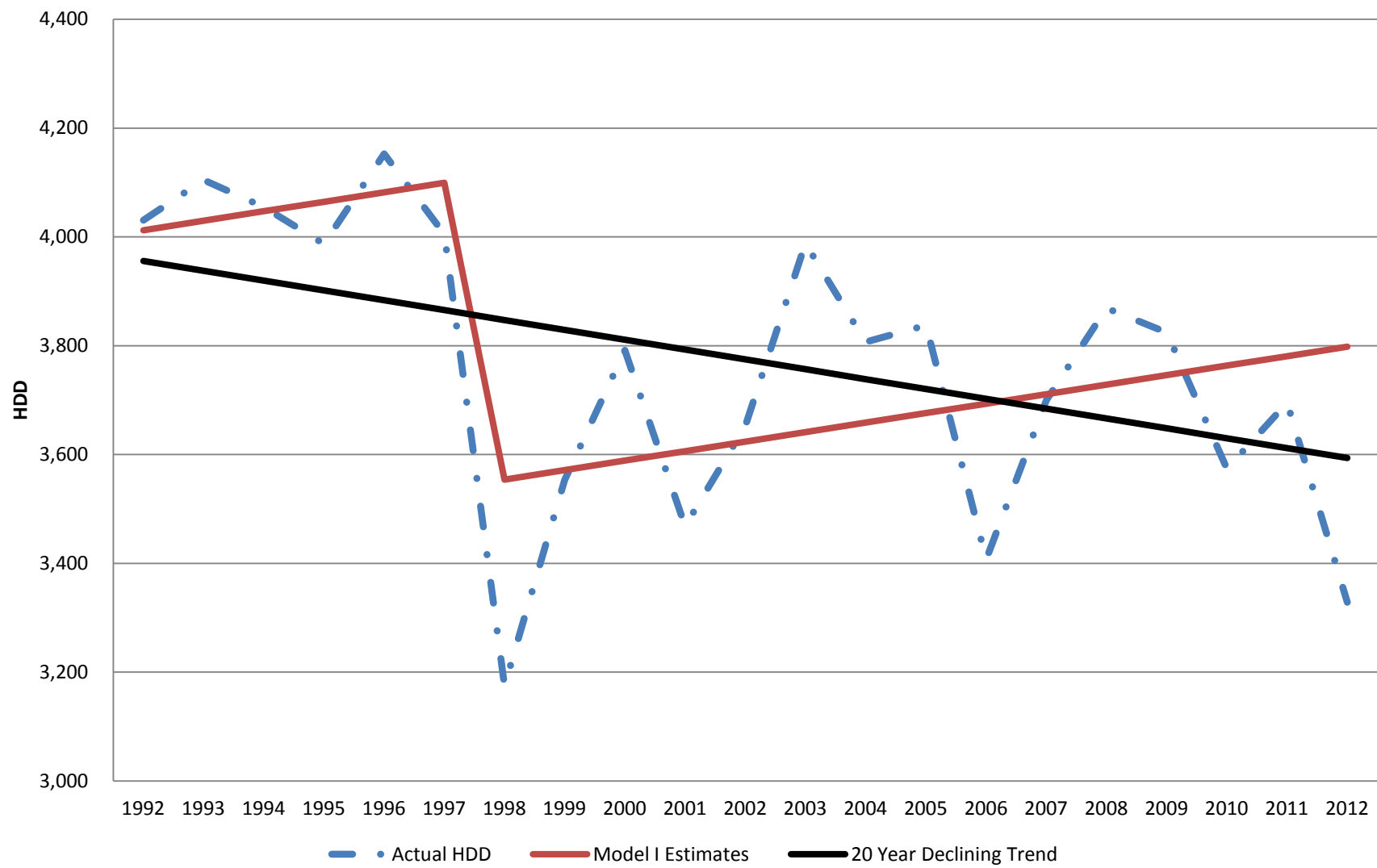
2012 4,631

2013 4,595

forecast is highlighted

Southern HDD Actuals & Normals

2012 is a 6 month actual & 6 estimated



UNION GAS LIMITED

Undertaking of Mr. Tetreault
To Mr. Wolnik

Please provide response as to how much Rates 20, 25 and 100 would be affected if some RAM credits were allocated.

Please see the response at Exhibit J11.10.

UNION GAS LIMITED

Undertaking of Mr. Tetreault
To Mr. Wolnik

Please provide response as to how much change in ROE from prior Board-approved numbers to the current formula method, as forecasted for 2013, has changed Rates 20, 25 and 100.

The change in ROE from prior Board-approved numbers to the current formula method results in a \$19 million increase to Union's 2013 revenue requirement.

For the purposes of this response, Union has reduced its 2013 revenue requirement by \$19 million. Of this amount, the revenue requirement reduction allocated to the Rate 20, Rate 25 and Rate 100 rate classes is \$0.767 million.

The rate changes associated with the ROE revenue requirement reduction for Rate 20, Rate 25 and Rate 100 as compared to Union's July 13, 2012 settlement filing are provided in the table below.

North Delivery Rate Change Impacts
Board-approved ROE Formula vs. Current Formula Method

Line No.	Particulars	Rate Change (%)		
		Delivery Rate Change per Settlement Filing (a)	Delivery Rate Change per Undertaking (b)	Variance (c) = (b) - (a)
1	Rate 20	33.3%	29.7%	-3.6%
2	Rate 25	27.8%	22.4%	-5.4%
3	Rate 100	29.0%	26.7%	-2.3%

UNION GAS LIMITED

Undertaking of Mr. Tetreault
To Mr. Wolnik

Please indicate rate impact to the three rates.

Rate Impact of North Distribution Customer Station and
Distribution Maintenance - Equipment on Customer Premises on
Rates 01, 10, 20, 25 and 100

Line No.	Particulars	Rate Change (%)		
		Delivery Rate Change per Settlement Filing	Delivery Rate Change per Undertaking	Variance
		(a)	(b)	(c) = (b) - (a)
1	Rate 01	14.9%	16.0%	1.1%
2	Rate 10	15.1%	26.4%	11.3%
3	Rate 20	33.3%	18.0%	-15.3%
4	Rate 25	27.8%	-34.7%	-62.6%
5	Rate 100	29.0%	25.6%	-3.4%

UNION GAS LIMITED

Undertaking of Mr. Tetreault
To Mr. Wolnik

Please explain what other measures, by order of priority, could be used to reach 10 percent threshold, if the four mitigation tools were insufficient.

The Board's guidance to electricity distributors regarding rate mitigation contemplates a mitigation plan where a customer class or group **total** bill increase exceeds 10%. There is no comparable guidance provided to gas distributors. Union's proposed deficiency and the associated total bill impacts for each rate class fall below the 10% threshold. Please see Attachment 1.

Union does not consider mitigation to be necessary. If mitigation were ordered by the Board, any one of the mitigation measures included in Exhibit J.H-1-1-2 would keep the total bill impact below 10%.

Notwithstanding the fact that the total bill impacts provided in Attachment 1 do not exceed 10% for any in-franchise rate class, Union has provided Attachment 2. Attachment 2 provides the delivery rate impact associated with the expected reduction in return on equity ("ROE") from 9.58% to 9.10%, the impact of an alternative allocation of the distribution-related rate base reduction agreed to at Issue 1.4 of the EB-2011-0210, Settlement Agreement ("Settlement") and the mitigation measures discussed at Exhibit J.H-1-1-2.

ROE Reduction 9.58% to 9.10%

Based on the June 2012 Consensus of 2012 actual and forecast bond yields, the Board's formula produces an ROE of 9.10%. The ROE included in the revenue requirement underpinning delivery rate impacts provided at Exhibit H1, Tab 1, Schedule 1, revised for the Settlement is 9.58%. Before considering the impact of mitigation measures on delivery rates it is appropriate to adjust for the reduced ROE. The revenue requirement impact of going from 9.58% to 9.10% is approximately \$8.6 million.

FT-RAM Revenue

At Exhibit J.C-4-7-9, Union indicated that if TCPL's RAM program is not eliminated on November 1, 2012, Union's 2013 revenue forecast attributable to FT-RAM would be \$11.6 million. In preparing Attachment 2, Union has reduced delivery rates by \$11.6 million to reflect the continuation of TCPL's RAM program beyond November 1, 2012.

Should the Board order the inclusion of FT-RAM revenue in delivery rates, Union would require deferral account protection, including the attributes as described at Transcript Volume 7 pp. 35-37, against the risk of elimination of the RAM program.

Alternative Allocation of Distribution-Related Rate Base Adjustment

At Issue 1.4 of the Settlement, parties agreed to reduce distribution-related rate base by \$12 million. The effect of the reduction was a revenue requirement reduction of approximately \$1.7 million.

To implement the distribution-related rate base reduction, Union reduced distribution mains, the largest distribution-related plant type. In cross-examination, parties requested that Union consider an alternative method for incorporating the distribution-related rate base adjustment and provide the impact of that alternative.

For the purposes of preparing Attachment 2, rather than attributing the rate base adjustment to distribution mains, Union allocated the adjustment using total distribution rate base. The impact of the alternative allocation is provided at column (h) of Attachment 2.

Phase In of Increase in Common Equity Ratio

For the purposes of preparing Attachment 2, Union was asked to assume that its proposal to increase its common equity ratio from 36% to 40% would be phased in over four years starting in 2013. Phasing in the increase in common equity thickness over four years reduces the 2013 revenue deficiency by approximately \$11.1 million.

Phase In of the 20-Year Declining Trend Weather Methodology

As described in J.H-1-1-2 part c) Union's proposal to change its weather normalization method from the current 55:45 method to 100% 20-year declining trend increases its revenue deficiency by approximately \$7 million. For the purposes of preparing Attachment 2, Union was asked to assume that the change in the weather normalization method would be implemented over five years starting in 2013. Phasing in the weather normalization method over five years reduces the 2013 revenue deficiency by approximately \$5.8 million.

Adjustments to Revenue to Cost Ratios and Other Mitigation Methods

The mitigation measures above were sufficient to reduce the delivery rate impacts below 10%. Accordingly, there were no additional amounts to be deferred for future recovery and no need to adjust revenue to cost ratios. Union's view is that no further adjustments should be made to the revenue to cost ratios between North and South unless the Board was to set a longer term direction for Union to harmonize rate levels as well as rate structures between North and South customers.

Union North
Calculation of Annual Bill Impacts for Typical Small and Large Customers

Line No.	Particulars	Current Approved		2013 Proposed		Impact			Volumes Used for Rate Calcs
		Bill	Unit Rate	Bill	Unit Rate	Unit Rate	Bill	Bill	
		(\$)	(cents/m ³)	(\$)	(cents/m ³)	(cents/m ³)	(\$)	(%)	
		(a)	(b)	(c)	(d)	(e) = (d-b)	(f) = (c-a)	(g) = (f/a)	
1	<u>Small Rate 01</u>								
2	Delivery Charges	404	18.3500	459	20.8509	2.5009	55	13.6%	2,200
3	Gas Supply Charges	469	21.3359	480	21.7968	0.4609	10	2.2%	2,200
	Total Bill	873	39.6859	938	42.6477	2.9618	65	7.5%	2,200
4	<u>Small Rate 10</u>								
5	Delivery Charges	4,224	7.0394	4,699	7.8320	0.7925	476	11.3%	60,000
6	Gas Supply Charges	12,188	20.3141	12,334	20.5563	0.2422	145	1.2%	60,000
	Total Bill	16,412	27.3535	17,033	28.3883	1.0348	621	3.8%	60,000
7	<u>Large Rate 10</u>								
8	Delivery Charges	13,228	5.2912	15,209	6.0837	0.7926	1,981	15.0%	250,000
9	Gas Supply Charges	50,785	20.3141	51,391	20.5564	0.2423	606	1.2%	250,000
	Total Bill	64,013	25.6053	66,600	26.6401	1.0348	2,587	4.0%	250,000
10	<u>Small Rate 20</u>								
11	Delivery Charges	54,251	1.8084	71,780	2.3927	0.5843	17,529	32.3%	3,000,000
12	Gas Supply Charges	605,494	20.1831	595,032	19.8344	(0.3488)	(10,463)	-1.7%	3,000,000
	Total Bill	659,745	21.9915	666,811	22.2270	0.2355	7,066	1.1%	3,000,000
13	<u>Large Rate 20</u>								
14	Delivery Charges	204,868	1.3658	271,339	1.8089	0.4431	66,471	32.4%	15,000,000
15	Gas Supply Charges	2,865,317	19.1021	2,818,008	18.7867	(0.3154)	(47,308)	-1.7%	15,000,000
	Total Bill	3,070,185	20.4679	3,089,348	20.5957	0.1278	19,163	0.6%	15,000,000
	<u>Average Rate 25</u>								
16	Delivery Charges	33,278	1.7988	42,569	2.3010	0.5022	9,291	27.9%	1,850,000
17	Gas Supply Charges	326,112	17.6277	344,766	18.6360	1.0083	18,654	5.7%	1,850,000
18	Total Bill	359,391	19.4265	387,335	20.9370	1.5105	27,945	7.8%	1,850,000
	<u>Small Rate 100</u>								
19	Delivery Charges	207,338	0.7679	272,804	1.0104	0.2425	65,466	31.6%	27,000,000
20	Gas Supply Charges	5,508,162	20.4006	5,481,147	20.3005	(0.1001)	(27,015)	-0.5%	27,000,000
21	Total Bill	5,715,500	21.1685	5,753,951	21.3109	0.1424	38,451	0.7%	27,000,000
	<u>Large Rate 100</u>								
22	Delivery Charges	1,713,524	0.7140	2,208,728	0.9203	0.2063	495,204	28.9%	240,000,000
23	Gas Supply Charges	48,118,849	20.0495	47,877,126	19.9488	(0.1007)	(241,724)	-0.5%	240,000,000
24	Total Bill	49,832,373	20.7635	50,085,853	20.8691	0.1056	253,480	0.5%	240,000,000

Union South
Calculation of Annual Bill Impacts for Typical Small and Large Customers

Small Rate M1									
25	Delivery Charges	340	15.4464	355	16.1350	0.6886	15	4.5%	2,200
26	Gas Supply Charges	392	17.8227	390	17.7073	(0.1155)	(3)	-0.6%	2,200
27	Total Bill	732	33.2691	745	33.8423	0.5732	13	1.7%	2,200
Small Rate M2									
28	Delivery Charges	3,387	5.6453	3,738	6.2306	0.5853	351	10.4%	60,000
29	Gas Supply Charges	10,694	17.8227	10,624	17.7070	(0.1157)	(69)	-0.6%	60,000
30	Total Bill	14,081	23.4680	14,363	23.9376	0.4696	282	2.0%	60,000
Large Rate M2									
31	Delivery Charges	10,906	4.3623	12,369	4.9476	0.5853	1,463	13.4%	250,000
32	Gas Supply Charges	44,557	17.8227	44,268	17.7070	(0.1157)	(289)	-0.6%	250,000
33	Total Bill	55,463	22.1850	56,637	22.6547	0.4696	1,174	2.1%	250,000
Small Rate M4									
34	Delivery Charges	33,628	3.8432	38,172	4.3626	0.5193	4,544	13.5%	875,000
35	Gas Supply Charges	155,949	17.8227	154,936	17.7070	(0.1157)	(1,012)	-0.6%	875,000
36	Total Bill	189,577	21.6659	193,109	22.0696	0.4036	3,532	1.9%	875,000
Large Rate M4									
37	Delivery Charges	237,903	1.9825	291,342	2.4278	0.4453	53,439	22.5%	12,000,000
38	Gas Supply Charges	2,138,724	17.8227	2,124,840	17.7070	(0.1157)	(13,884)	-0.6%	12,000,000
39	Total Bill	2,376,627	19.8052	2,416,182	20.1348	0.3296	39,555	1.7%	12,000,000
Small Rate M5									
40	Delivery Charges	20,602	2.4972	27,525	3.3363	0.8392	6,923	33.6%	825,000
41	Gas Supply Charges	147,037	17.8227	146,083	17.7070	(0.1157)	(955)	-0.6%	825,000
42	Total Bill	167,639	20.3199	173,608	21.0433	0.7235	5,969	3.6%	825,000
Large Rate M5									
43	Delivery Charges	102,925	1.5835	141,680	2.1797	0.5962	38,754	37.7%	6,500,000
44	Gas Supply Charges	1,158,476	17.8227	1,150,955	17.7070	(0.1157)	(7,521)	-0.6%	6,500,000
45	Total Bill	1,261,401	19.4062	1,292,635	19.8867	0.4805	31,234	2.5%	6,500,000
Small Rate M7									
46	Delivery Charges	579,244	1.6090	611,959	1.6999	0.0909	32,715	5.6%	36,000,000
47	Gas Supply Charges	6,416,172	17.8227	6,374,520	17.7070	(0.1157)	(41,652)	-0.6%	36,000,000
48	Total Bill	6,995,416	19.4317	6,986,479	19.4069	(0.0248)	(8,937)	-0.1%	36,000,000
Large Rate M7									
49	Delivery Charges	2,298,408	4.4200	2,337,963	4.4961	0.0761	39,556	1.7%	52,000,000
50	Gas Supply Charges	9,267,804	17.8227	9,207,640	17.7070	(0.1157)	(60,164)	-0.6%	52,000,000
51	Total Bill	11,566,212	22.2427	11,545,603	22.2031	(0.0396)	(20,608)	-0.2%	52,000,000
Small Rate M9									
52	Delivery Charges	130,944	1.8841	124,832	1.7962	(0.0879)	-6,112	-4.7%	6,950,000
53	Gas Supply Charges	1,238,678	17.8227	1,230,637	17.7070	(0.1157)	(8,041)	-0.6%	6,950,000
54	Total Bill	1,369,622	19.7068	1,355,469	19.5032	(0.2036)	(14,153)	-1.0%	6,950,000
Large Rate M9									
55	Delivery Charges	388,775	1.9267	370,961	1.8384	(0.0883)	-17,815	-4.6%	20,178,000
56	Gas Supply Charges	3,596,264	17.8227	3,572,918	17.7070	(0.1157)	(23,346)	-0.6%	20,178,000
57	Total Bill	3,985,040	19.7494	3,943,879	19.5454	(0.2040)	(41,160)	-1.0%	20,178,000
Small Rate T1									
58	Delivery Charges	94,362	1.2520	126,861	1.6832	0.4312	32,500	34.4%	7,537,000
59	Gas Supply Charges	1,343,297	17.8227	1,334,577	17.7070	(0.1157)	(8,720)	-0.6%	7,537,000
60	Total Bill	1,437,658	19.0747	1,461,438	19.3902	0.3155	23,780	1.7%	7,537,000
Average Rate T1									
61	Delivery Charges	154,443	1.3353	196,360	1.6977	0.3624	41,917	27.1%	11,565,938
62	Gas Supply Charges	2,061,362	17.8227	2,047,981	17.7070	(0.1157)	(13,382)	-0.6%	11,565,938
63	Total Bill	2,215,805	19.1580	2,244,341	19.4047	0.2467	28,536	1.3%	11,565,938
Large Rate T1									
64	Delivery Charges	373,237	1.4566	441,716	1.7238	0.2672	68,479	18.3%	25,624,080
65	Gas Supply Charges	4,566,903	17.8227	4,537,256	17.7070	(0.1157)	(29,647)	-0.6%	25,624,080
66	Total Bill	4,940,140	19.2793	4,978,971	19.4308	0.1515	38,831	0.8%	25,624,080
Small Rate T2									
67	Delivery Charges	501,369	0.8461	510,436	0.8614	0.0153	9,067	1.8%	59,256,000
68	Gas Supply Charges	10,561,019	17.8227	10,492,460	17.7070	(0.1157)	(68,559)	-0.6%	59,256,000
69	Total Bill	11,062,389	18.6688	11,002,896	18.5684	(0.1004)	(59,492)	-0.5%	59,256,000
Average Rate T2									
70	Delivery Charges	1,377,649	0.6965	1,172,515	0.5928	(0.1037)	-205,134	-14.9%	197,789,850
71	Gas Supply Charges	35,251,492	17.8227	35,022,649	17.7070	(0.1157)	(228,843)	-0.6%	197,789,850
72	Total Bill	36,629,140	18.5192	36,195,164	18.2998	(0.2194)	(433,976)	-1.2%	197,789,850
Large Rate T2									
73	Delivery Charges	2,366,153	0.6393	1,907,986	0.5155	(0.1238)	-458,168	-19.4%	370,089,000
74	Gas Supply Charges	65,959,852	17.8227	65,531,659	17.7070	(0.1157)	(428,193)	-0.6%	370,089,000
75	Total Bill	68,326,006	18.4620	67,439,645	18.2225	(0.2395)	(886,361)	-1.3%	370,089,000
Large Rate T3									
76	Delivery Charges	2,940,945	1.0784	3,111,819	1.1411	0.0627	170,873	5.8%	272,712,000
77	Gas Supply Charges	48,604,642	17.8227	48,289,114	17.7070	(0.1157)	(315,528)	-0.6%	272,712,000
78	Total Bill	51,545,587	18.9011	51,400,932	18.8481	(0.0530)	(144,654)	-0.3%	272,712,000

Union Gas Limited
2013 Cost of Service - Rate Impacts of Potential Rate Mitigation Measures

		Per Settlement Filing							Distribution Rate		Common Equity		20-Year Declining Trend		Rate Mitigation	
Line No.	Particulars	Current Approved Revenue (\$000's)	Proposed Revenue (\$000's)	Proposed Rate Change (%)	Reduction in ROE		FT RAM Revenue		Base Alternative		Thickness Phase-In		Weather Phase-In		Proposed Revenue (\$000's)	Proposed Rate Change (%)
		(a)	(b)	(c) = (b/a)	Impact (\$000's)	Impact (%)	(f)	(g) = (f/a)	Impact (\$000's)	Impact (%)	(j)	(k) = (j/a)	(l)	(m) = (l/a)	(n) = (b+d+f+h+j+l)	(o) = (n/a)
North Delivery																
1	Rate 01	137,746	158,311	14.9%	(1,341)	-1.0%	(3,797)	-2.8%	(31)	0.0%	(1,730)	-1.3%	(1,905)	-1.4%	149,507	8.5%
2	Rate 10	16,637	19,144	15.1%	(160)	-1.0%	(437)	-2.6%	17	0.1%	(206)	-1.2%	(299)	-1.8%	18,058	8.5%
3	Rate 20	9,721	12,961	33.3%	(159)	-1.6%	(1,987)	-20.4%	(58)	-0.6%	(205)	-2.1%	-	0.0%	10,552	8.5%
4	Rate 25	2,337	2,988	27.8%	(57)	-2.4%	(301)	-12.9%	(20)	-0.8%	(74)	-3.2%	-	0.0%	2,537	8.5%
5	Rate 100	12,658	16,326	29.0%	(131)	-1.0%	(2,238)	-17.7%	(50)	-0.4%	(169)	-1.3%	-	0.0%	13,738	8.5%
6	Total North Delivery	179,100	209,730	17.1%	(1,848)	-1.0%	(8,760)	-4.9%	(141)	-0.1%	(2,385)	-1.3%	(2,205)	-1.2%	194,392	8.5%
South Delivery & Storage																
7	Rate M1	379,511	397,160	4.4%	(3,337)	-0.9%	-	0.0%	(18)	0.0%	(4,307)	-1.1%	(2,784)	-0.7%	386,714	1.9%
8	Rate M2	44,036	49,680	12.7%	(506)	-1.1%	-	0.0%	76	0.2%	(653)	-1.5%	(767)	-1.7%	47,831	8.6%
9	Rate M4	10,841	12,773	17.8%	(125)	-1.2%	(625)	-5.8%	23	0.2%	(162)	-1.5%	-	0.0%	11,884	9.6%
10	Rate M5	8,874	12,149	36.9%	(107)	-1.2%	(2,215)	-25.0%	32	0.4%	(138)	-1.6%	-	0.0%	9,722	9.6%
11	Rate M7	3,951	4,076	3.2%	(44)	-1.1%	-	0.0%	4	0.1%	(57)	-1.4%	-	0.0%	3,980	0.7%
12	Rate M9	819	768	-6.3%	(8)	-1.0%	-	0.0%	(0)	0.0%	(11)	-1.3%	-	0.0%	749	-8.6%
13	Rate M10	5	6	15.6%	(0)	-6.7%	-	0.0%	(0)	-0.4%	(0)	-8.6%	-	0.0%	5	-0.1%
14	Rate T1	57,783	54,272	-6.1%	(474)	-0.8%	-	0.0%	25	0.0%	(611)	-1.1%	-	0.0%	53,212	-7.9%
15	Rate T3	4,571	4,662	2.0%	(51)	-1.1%	-	0.0%	(0)	0.0%	(66)	-1.4%	-	0.0%	4,545	-0.6%
16	Total South Delivery & Storage	510,391	535,546	4.9%	(4,652)	-0.9%	(2,840)	-0.6%	142	0.0%	(6,004)	-1.2%	(3,551)	-0.7%	518,641	1.6%
17	Total In-Franchise Delivery	689,491	745,276	8.1%	(6,499)	-0.9%	(11,600)	-1.7%	0	0.0%	(8,388)	-1.2%	(5,755)	-0.8%	713,033	3.4%
North Transportation & Storage																
18	Rate 01	68,509	71,411	4.2%	(183)	-0.3%	-	0.0%	-	0.0%	(236)	-0.3%	-	0.0%	70,991	3.6%
19	Rate 10	22,677	23,194	2.3%	(55)	-0.2%	-	0.0%	-	0.0%	(71)	-0.3%	-	0.0%	23,068	1.7%
20	Rate 20	8,815	7,736	-12.2%	(15)	-0.2%	-	0.0%	-	0.0%	(19)	-0.2%	-	0.0%	7,702	-12.6%
21	Rate 25	1,685	2,118	25.7%	(0)	0.0%	-	0.0%	-	0.0%	(0)	0.0%	-	0.0%	2,117	25.7% (1)
22	Rate 100	197	129	-34.7%	(1)	-0.6%	-	0.0%	-	0.0%	(1)	-0.7%	-	0.0%	126	-36.0%
23	Total North Transport & Storage	101,882	104,588	2.7%	(255)	-0.3%	-	0.0%	-	0.0%	(329)	-0.3%	-	0.0%	104,004	2.1%
24	Total In-Franchise	791,374	849,864	7.4%	(6,754)	-0.9%	(11,600)	-1.5%	0	0.0%	(8,717)	-1.1%	(5,755)	-0.7%	817,037	3.2%
Ex-Franchise (2)																
25	Rate M12	161,163	162,785	1.0%	(1,774)	-1.1%	-	0.0%	-	0.0%	(2,289)	-1.4%	-	0.0%	158,722	-1.5%
26	Rate M13	373	423	13.5%	(1)	-0.3%	-	0.0%	-	0.0%	(2)	-0.4%	-	0.0%	420	12.7%
27	Rate M16	748	759	1.5%	(2)	-0.3%	-	0.0%	-	0.0%	(3)	-0.4%	-	0.0%	754	0.8%
28	Rate C1	40,698	40,482	-0.5%	(69)	-0.2%	-	0.0%	-	0.0%	(89)	-0.2%	-	0.0%	40,324	-0.9%
29	Total Ex-Franchise	202,982	204,449	0.7%	(1,846)	-0.9%	-	0.0%	-	0.0%	(2,383)	-1.2%	-	0.0%	200,220	-1.4%
30	Total Union Gas	994,355	1,054,313	6.0%	(8,600)	-0.9%	(11,600)	-1.2%	0	0.0%	(11,100)	-1.1%	(5,755)	-0.6%	1,017,258	2.3%

Notes:

- (1) Rate changes in Rate 25 Transportation mainly reflect gas cost pass-through items.
(2) Union is not proposing any rate mitigation measures in the Ex-franchise market.

UNION GAS LIMITED

Undertaking of Mr. Tetreault
To Mr. Aiken

Please file update to J.H-1-14-2, Attachment 1.

Please see the Attachment.

**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		2014 Proposed with Annual Volume Breakpoint of 5,000 m ³		Bill Impacts	
	Rate M1	Rate M2	Rate M1	Rate M2	\$	%
1,800	323.12		324.97		1.85	0.6%
2,200	337.57		339.58		2.01	0.6%
2,600	351.94		354.09		2.14	0.6%
3,000	366.20		368.47		2.27	0.6%
5,000	436.44		439.21		2.77	0.6%
5,001	436.47			585.59	149.12	34.2%
6,000	470.93			618.57	147.64	31.3%
7,000	505.38			651.36	145.98	28.9%
10,000	608.53			749.11	140.58	23.1%
20,000	948.89			1,073.28	124.39	13.1%
30,000	1,288.78			1,396.41	107.64	8.4%
50,000	1,968.54			2,038.38	69.85	3.5%
60,000		3,252.26		2,355.05	(897.21)	-27.6%
70,000		3,642.17		2,671.24	(970.93)	-26.7%
80,000		4,031.07		2,987.00	(1,044.07)	-25.9%
100,000		4,804.38		3,616.58	(1,187.80)	-24.7%
200,000		8,521.82		6,720.25	(1,801.58)	-21.1%
300,000		12,148.30		9,797.39	(2,350.91)	-19.4%
500,000		19,308.57		15,922.58	(3,385.98)	-17.5%

Notes:

(1) Grey shading represents all changes when compared to Exhibit H1, Tab 1, Table 12, page 28 of the July 13, 2012 Settlement filing.

UNION GAS LIMITED

Undertaking of Mr. Pankrac
To Mr. Aiken

Please provide an additional line item to J.H-1-15-2, Attachment 4 which shows volumetric related costs.

Please see the Attachment.

Union South General Service - 2014 Proposed Delivery
Customer, Demand and Commodity-related Costs by Rate Class

Line No.	Particulars (\$000's)	Rate M1 (a)	Rate M2 (b)	Total (c) = (a+b)
1	Customer Related Costs (1)	269,086	22,006	291,092
2	Demand Related Costs (2)	76,763	60,356	137,119
3	Commodity Related Costs	1,799	1,414	3,213
4	Total Allocated Costs (line 1 + line 2 + line 3)	<u>347,648</u>	<u>83,776</u>	<u>431,424</u>

Notes:

- (1) J.H-1-15-2, Attachment 4, line 1.
(2) J.H-1-15-2, Attachment 4, line 6.

Union North General Service - 2014 Proposed Delivery
Customer, Demand and Commodity-related Costs by Rate Class

Line No.	Particulars (\$000's)	Rate 01 (a)	Rate 10 (b)	Total (c) = (a+b)
1	Customer Related Costs (1)	111,039	10,527	121,566
2	Demand Related Costs (2)	35,211	27,330	62,542
3	Commodity Related Costs (3)	-	-	-
4	Total Allocated Costs (line 1 + line 2 + line 3)	<u>146,250</u>	<u>37,857</u>	<u>184,108</u>

Notes:

- (1) J.H-1-15-2, Attachment 4, line 1.
(2) J.H-1-15-2, Attachment 4, line 6.
(3) Union North commodity-related costs are associated with Dawn storage and Dawn-Trafalgar transmission. These costs are considered to be storage-related costs, not delivery-related.

UNION GAS LIMITED

Undertaking of Mr. Tetreault
To Mr. Mondrow

Following previous undertaking, please provide impact per rate class.

Please see the response at Exhibit J11.10.