

December 19, 2012

Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: EB-2012-0087 - Union Gas Limited - 2011 Earnings Sharing & Disposition of Deferral Accounts and Other Balances – Update to Schedules

On April 13, 2012, Union Gas Limited (“Union”) filed an application for its 2011 Earnings Sharing & Disposition of Deferral Accounts and Other Balances. The Board assigned file number EB-2012-0087 to the Application.

In Procedural Order No. 5, dated October 24, 2012, the Board ordered that a Settlement Conference be convened on November 27 and 29, 2012. In Procedural Order No. 6 dated December 3, 2012, the Board ordered that any Settlement Proposal arising from the Settlement Conference should be filed with the Board on or before December 14, 2012. A Settlement Agreement was filed on Friday, December 14, 2012. Issue 19 of the Settlement Agreement addresses the earnings sharing calculation for 2011. The parties agreed that the income tax amount would be updated to reflect a future tax rate of 26.5%. The impact to earnings sharing of this adjustment is \$0.086 million.

Union has updated all schedules impacted by the change in the future tax amount.

Please find attached the following schedules:

- Exhibit A, Tab 1, Schedule 1 as filed with Union’s November 26, 2012 submission to reflect the Board’s Decision on the Preliminary Issue;
- Exhibit A, Tab 2, Appendix A, Schedules 1, 2, 3 and 14 which have been updated to reflect the change for the future tax rate;
- Exhibit A, Tab 2, Appendix A, Schedule 11 which has been updated to reflect the Board’s Decision on the Preliminary Issue, not previously filed;
- Exhibit A, Tab 2, Appendix B, Schedule 1 as filed with the Settlement Agreement on December 14, 2012 to reflect the change in future tax rate; and
- Exhibit A, Tab 3, Schedules 1 – 3 which have been updated since they were filed in Union’s November 26, 2012 submission. These schedules now reflect the change for the future tax rate.

All changes have been blacklined.

There are two items of note in the Exhibit A, Tab 3 schedules. They are:

1) Correction to the Disposition of the Upstream Transportation FT-RAM Optimization Deferral Account Balance Allocated to the Rate 25 Rate Class

Union proposed as part of its November 26, 2012 filing to allocate the portion of the Upstream Transportation FT-RAM Optimization deferral account balance attributed to Union North to rate classes in proportion to the allocation of 2007 Board-approved TCPL FT transportation demand costs. Accordingly, this approach allocates the deferral account balance to the Rate 01, Rate 10, Rate 20 and Rate 25 rate classes. This results in a credit of \$164,000 to Rate 25.

Union proposed at Exhibit A, Tab 3, Schedule 2, Page 5 of 6, Line 2 of its November 26, 2012 filing to dispose of the \$164,000 credit to Rate 25 customers as a one-time adjustment to sales service customers based on 2011 actual volumes of 157,090 10³m³. This volume is incorrect, as it includes 2011 actual volumes for Rate 25 T-Service customers. Rate 25 T-Service customers provide their own upstream transportation and therefore should not receive any portion of the \$164,000 credit allocated to Rate 25.

Union has provided a corrected version of Exhibit A, Tab 3, Schedule 2, Page 5 of 6, which includes 2011 actual volumes of 39,268 10³m³ for Rate 25 sales service customers only. This correction was noted during the settlement conference.

2) Refund of FT-Ram Revenue to South Sales Customers

In Union's 2011 Earnings Sharing and Disposition of Deferral Accounts filing, dated November 26, 2012, Exhibit A, Tab 3, Schedule 2, pages 2 and 5 incorrectly included prospective refunds (page 2) and one-time adjustments (page 5) to gas supply transportation rates for South sales service customers. The prospective refunds and one-time adjustments relate to the disposition of the Upstream Transportation FT-RAM Optimization gas supply deferral account (Account No. 179-130) balance allocated to South sales service customers.

The disposition of the Upstream Transportation FT-RAM Optimization deferral account balance to South sales service customers should have been treated as a unit rate for prospective refund in gas supply commodity rates. This approach will ensure that the Upstream Transportation FT-RAM Optimization deferral account balance disposition to South sales service customers is consistent with the disposition of the Unabsorbed Demand Costs gas supply deferral account(Account No. 179-108) balance to these customers.

Accordingly, Union has removed the prospective refunds and one-time adjustments to South sales service customers from Exhibit A, Tab 3, Schedule 2, pages 2 and 5 and included the Upstream Transportation FT-RAM deferral account balance for disposition as a prospective refund in gas supply commodity rates on Exhibit A, Tab 3, Schedule 2, page 3. There is no impact to customers.

If you have any questions please contact me at (519) 436-5473.

Yours truly,

[Original Signed by]

Karen Hockin
Manager, Regulatory Initiatives

cc Alexander Smith (Torys)
Crawford Smith (Torys)
EB-2012-0087 Intervenors

UNION GAS LIMITED

Deferral Account Balances and Market Transformation Incentive and Incremental Low-income Incentive
Year Ending December 31, 2011

Line No.	Account Number	Account Name	Balance (\$000s)	(1)
<u>Gas Supply Accounts:</u>				
1	179-108	Unabsorbed Demand Costs (UDC) Variance Account	(5,882)	(2)
2	179-130	Upstream Transportation FT-RAM Optimization	(18,947)	(4)
3	Total Gas Supply Accounts (Lines 1 + 2)		(24,829)	
<u>Storage Accounts:</u>				
4	179-70	Short-Term Storage and Other Balancing Services	4,145	(3)
5	179-72	Long-Term Peak Storage Services	-	
6	Total Storage Accounts (Lines 4 + 5)		4,145	
<u>Other:</u>				
7	179-26	Deferred Customer Rebates/Charges	-	
8	179-75	Lost Revenue Adjustment Mechanism	2,009	
9	179-103	Unbundled Services Unauthorized Storage Overrun	-	
10	179-111	Demand Side Management Variance Account	3,081	
11	179-112	Gas Distribution Access Rule (GDAR) Costs	-	
12	179-113	Late Payment Penalty Litigation	1,822	
13	179-115	Shared Savings Mechanism	9,664	
14	179-117	Carbon Dioxide Offset Credits	-	
15	179-118	Average Use Per Customer	(5,105)	
16	179-120	IFRS Conversion Cost	335	
17	179-121	Cumulative Under-recovery – St. Clair Transmission Line	-	
18	179-122	Impact of Removing St. Clair Transmission Line from Rates	-	
19	179-123	Conservation Demand Management	(215)	
20	179-124	Harmonized Sales Tax	(664)	
21	Total Other Accounts (Lines 7 through 20)		10,927	
22	Total Deferral Account Balances (Lines 3 + 6 + 21)		(9,757)	
23	Market Transformation Incentive		500	
24	Incremental Low-income Program		544	
25	Total Deferral Account Balances and Market Transformation and Low-Income Incentives (Lines 22 + 23 + 24)		(8,713)	

Notes:

- (1) Account balances include interest to December 31, 2011 per accounting order EB-2010-0148.
- (2) With the exception of UDC (No. 179-108) and FT-RAM (No. 179-130), all gas supply-related deferral account balances are disposed through the QRAM process.
- (3) Updated per Board Decision and Order (EB-2012-0206) dated July 18, 2012.
- (4) Deferral account ordered per the Board decision in EB-2012-0087 to accumulate the ratepayer portion of net revenues related to upstream transportation FT-RAM optimization.

UNION GAS LIMITED
 Calculation of Revenue Deficiency/(Sufficiency)
Year Ended December 31

Line No.	Particulars (\$000s)	Board-Approved 2007 (a)	Actual 2010 (b)	Actual 2011 (c)
1	Operating revenue	1,948,549	1,704,286	1,677,423
2	Cost of service	<u>1,710,465</u>	<u>1,424,454</u>	<u>1,404,667</u>
3	Utility income	238,084	279,832	272,756
4	Requested return	<u>259,490</u>	<u>260,845</u>	<u>251,384</u>
5	Revenue deficiency / (sufficiency) after tax	21,407	(18,986)	(21,372)
6	Provision for income taxes on deficiency / (sufficiency)	<u>12,104</u>	<u>(8,530)</u>	<u>(8,415)</u>
7	Distribution revenue deficiency / (sufficiency)	33,511	(27,516)	(29,787)
8	Storage premium adjustment	<u>33,511</u>	<u>16,605</u>	<u>11,254</u>
9	Total revenue deficiency/ (sufficiency)	<u>-</u>	<u>(44,121)</u>	<u>(41,041)</u>

UNION GAS LIMITED
Statement of Utility Income
Year Ended December 31

Line No.	Particulars (\$000s)	Board-Approved 2007 (a)	Actual 2010 (b)	Actual 2011 (c)
	Operating Revenues:			
1	Gas sales and distribution	1,796,757	1,497,451	1,482,738
2	Transportation	127,358	183,331	171,605
3	Other	<u>24,434</u>	<u>23,504</u>	<u>23,080</u>
4		<u>1,948,549</u>	<u>1,704,286</u>	<u>1,677,423</u>
	Operating Expenses:			
5	Cost of gas	1,134,293	793,619	754,190
6	Operating and maintenance expenses	325,623	349,373	369,470
7	Depreciation	173,780	190,176	195,477
8	Other financing	315	621	343
9	Property and capital taxes	<u>67,709</u>	<u>65,130</u>	<u>60,699</u>
10		<u>1,701,720</u>	<u>1,398,919</u>	<u>1,380,179</u>
	Other Income (Expense)			
11	Gain/(Loss) on sale of assets	-	1	35
12	Gain/(Loss) on foreign exchange	-	(501)	674
13			<u>(500)</u>	<u>709</u>
14	Utility income before income taxes	246,829	304,867	297,953
15	Income taxes	<u>8,745</u>	<u>25,035</u>	<u>25,197</u>
16	Total utility income	<u><u>238,084</u></u>	<u><u>279,832</u></u>	<u><u>272,756</u></u>

UNION GAS LIMITED
 Statement of Earnings Before Interest and Taxes
 Year Ended December 31

Line No.	Particulars (\$000s)	2007 Board-Approved				2010 Actual				2011 Actual			
		Corporate (a)	Non-Utility Storage (b)	Adjustments (c)	Utility (d)=(a)-(b)+(c)	Corporate (e)	Non-Utility Storage (f)	Adjustments (g)	Utility (h)=(e)-(f)+(g)	Corporate (i)	Non-Utility Storage (j)	Adjustments (k)	Utility (l)=(i)-(j)+(k)
Operating Revenues:													
1	Gas sales and distribution	1,796,757	-	-	1,796,757	1,497,451	-	-	1,497,451	1,484,768	-	(2,030) i	1,482,738
2	Storage & Transportation	191,444	60,019	(4,067)	127,358	307,561	123,904	(326)	183,331	310,109	116,314	(22,190) ii	171,605
3	Other	24,434	-	-	24,434	28,913	-	(5,409)	23,504	34,226	-	(11,146) iv	23,080
4	Earnings Sharing	-	-	-	-	-	-	-	-	-	-	-	-
5		<u>2,012,635</u>	<u>60,019</u>	<u>(4,067)</u>	<u>1,948,549</u>	<u>1,833,925</u>	<u>123,904</u>	<u>(5,735)</u>	<u>1,704,286</u>	<u>1,829,103</u>	<u>116,314</u>	<u>(35,366)</u>	<u>1,677,423</u>
Operating Expenses:													
6	Cost of gas	1,135,842	1,549	-	1,134,293	793,775	726	570	793,619	755,265	(215)	(1,290) iii	754,190
7	Operating and maintenance expenses	333,029	7,002	(404)	325,623	363,410	13,339	(698)	349,373	384,773	14,716	(587) v	369,470
8	Depreciation	178,502	4,722	-	173,780	198,821	-	-	190,176	204,344	8,731	(136) i	195,477
9	Other financing	-	-	315	315	-	-	621	621	-	-	343 vi	343
10	Property and capital taxes	68,671	962	-	67,709	66,791	1,661	-	65,130	62,057	1,358	-	60,699
11		<u>1,716,044</u>	<u>14,235</u>	<u>(89)</u>	<u>1,701,720</u>	<u>1,422,797</u>	<u>24,371</u>	<u>493</u>	<u>1,398,919</u>	<u>1,406,439</u>	<u>24,590</u>	<u>(1,670)</u>	<u>1,380,179</u>
Other Income (Expense)													
12	Gain/(Loss) on sale of assets	-	-	-	-	(399)	(400)	-	1	6,322	(115)	(6,402) vii	35
13	Other	-	-	-	-	(1,067)	(1,067)	-	-	(1,165)	(1,165)	-	-
14	Gain/(Loss) on foreign exchange	-	-	-	-	(520)	(19)	-	(501)	701	27	-	674
15		-	-	-	-	(1,986)	(1,486)	-	(500)	5,858	(1,253)	(6,402)	709
16	Earnings Before Interest and Taxes	<u>296,591</u>	<u>45,784</u>	<u>(3,978)</u>	<u>246,829</u>	<u>409,142</u>	<u>98,047</u>	<u>(6,228)</u>	<u>304,867</u>	<u>428,522</u>	<u>90,471</u>	<u>\$ (40,098)</u>	<u>297,953</u>

Notes:

- i) Impact of Removing St. Clair Transmission Line from rates
- ii) Impact of Removing St. Clair Transmission Line from rates
Removal of FT-RAM optimization revenue (net of TCPL cost)
- iii) Impact of Removing St. Clair Transmission Line from rates
Fuel costs related to FT-RAM optimization
- iv) Shared Savings Mechanism
Market Transformation Incentive
Low Income Program
CDM / HPNC
Dawn Gateway (HST)
- v) Donations
- vi) Customer deposit interest
- vii) Cumulative Under-recovery St. Clair Transmission Line

	(190)
	<u>(22,000)</u>
	<u>(22,190)</u>
	(342)
	<u>(948)</u>
	<u>(1,290)</u>
	(9,862)
	(500)
	(500)
	(244)
	<u>(40)</u>
	<u>(11,146)</u>

UNION GAS LIMITED
Revenue from Regulated Transportation of Gas
Year Ended December 31

Line No.	Particulars (\$000s)	Board-Approved 2007 (a)	Actual 2010 (b)	Actual 2011 (c)
1	M12 Transportation	120,667	141,875	138,256
2	M12-X Transportation	-	-	1,477
3	M12 Transportation Overrun/Limited Firm	-	546	17
4	C1 Long Term Transportation	2,900	6,288	7,570
5	C1 Short Term Transportation and Exchanges	3,742	32,555	22,228
6	C1 Rebate Program	(2,178)	-	-
7	M13 - Local Production	864	386	323
8	M16	553	610	642
9	Other S&T Revenue	810	1,072	1,092
10	Total S&T Revenue	<u>127,358</u>	<u>183,331</u>	<u>171,605</u>

UNION GAS LIMITED
Calculation of Utility Income Taxes
Year Ended December 31

Line No.	Particulars (\$000s)	Board-Approved 2007 (a)	Actual 2010 (b)	Actual 2011 (c)
<u>Determination of Taxable Income</u>				
1	Utility income before interest and income taxes	246,829	304,867	297,953
Adjustments required to arrive at taxable utility income:				
2	Interest expense	(153,932)	(148,409)	(143,821)
3	Utility permanent differences	1,333	4,589	3,941
4		<u>94,230</u>	<u>161,047</u>	<u>158,073</u>
Utility timing differences				
5	Capital Cost Allowance	(163,089)	(171,709)	(170,080)
6	Depreciation	173,780	190,176	195,477
7	Depreciation through clearing	1,114	1,543	1,674
8	Other	(38,911)	(49,912)	(43,105)
9	Gas Cost Deferrals and Other (current)	-	(152,680)	(2,581)
10		<u>(27,106)</u>	<u>(182,582)</u>	<u>(18,615)</u>
11	Taxable income	<u>67,124</u>	<u>(21,535)</u>	<u>139,458</u>
<u>Calculation of Utility Income Taxes</u>				
12	Income taxes (line 11 * line 18)	24,245	(6,677)	39,397
13	Deferred tax on Gas Cost Deferrals	-	48,753	1,589
14	Deferred tax drawdown	<u>(15,500)</u>	<u>(17,041)</u>	<u>(15,789)</u>
15	Total taxes	<u>8,745</u>	<u>25,035</u>	<u>25,197</u>
<u>Tax Rates</u>				
16	Federal tax	22.12%	18.00%	16.50%
17	Provincial tax	14.00%	13.00%	11.75%
18	Total tax rate	<u>36.12%</u>	<u>31.00%</u>	<u>28.25%</u>

UNION GAS LIMITED
Earnings Sharing Calculation
Year Ended December 31

Line No.	Particulars (\$000s)	2011 (a)	Non-Utility Storage (b)	Adjustments (c)	2011 Utility (d)=(a)-(b)+(c)
Operating Revenues:					
1	Gas Sales and distribution	1,484,768	-	(2,030) i	1,482,738
2	Storage & Transportation	310,109	116,314	(22,190) ii	171,605
3	Other	34,226	-	(11,146) iv	23,080
4		<u>1,829,103</u>	<u>116,314</u>	<u>(35,366)</u>	<u>1,677,423</u>
Operating Expenses:					
5	Cost of gas	755,265	(215)	(1,290) iii	754,190
6	Operating and maintenance expenses	384,773	14,716	(587) v	369,470
7	Depreciation	204,344	8,731	(136) i	195,477
8	Other financing	-	-	343 vi	343
9	Property and capital taxes	62,057	1,358	-	60,699
10		<u>1,406,439</u>	<u>24,590</u>	<u>(1,670)</u>	<u>1,380,179</u>
Other					
11	Gain / (Loss) on sale of assets	6,322	(115)	(6,402) vii	35
12	Other / HTLP	(1,165)	(1,165)	-	-
13	Gain / (Loss) on foreign exchange	701	27	-	674
14		<u>5,858</u>	<u>(1,253)</u>	<u>(6,402)</u>	<u>709</u>
15	Earning Before Interest and Taxes	<u>428,522</u>	<u>90,471</u>	<u>(40,098)</u>	<u>297,953</u>
Financial Expenses:					
16	Long-term debt				142,509
17	Unfunded short-term debt				<u>1,312</u>
18					<u>143,821</u>
19	Utility income before income taxes				154,132
20	Income taxes				25,197
21	Preferred dividend requirements				<u>3,075</u>
22	Utility earnings				<u>125,860</u>
23	Long term storage premium subsidy (after tax)				-
24	Short term storage premium subsidy (after tax)				<u>8,075</u>
25					<u>8,075</u>
26	Earnings subject to sharing				<u>133,935</u>
27	Common equity				1,289,973
28	Return on equity (line 26 / line 27)				10.38%
29	Benchmark return on equity				10.10%
30	50% Earnings sharing % (line 28 - line 29, maximum 1%)				0.28%
31	90% Earnings sharing to ratepayer % (if line 30 = 1% then line 28 - line 29 - line 30)				0.00%
32	50% Earnings sharing \$ (line 27 x line 30 x 50%)				1,824
33	90% Earnings sharing to ratepayer \$ (line 27 x line 31 x 90%)				<u>-</u>
34	Total earnings sharing \$ (line 32 + line 33)				<u>1,824</u>
35	Pre-tax earnings sharing (line 34 / (1 minus tax rate))				<u>2,542</u>

Notes:

i) Impact of Removing St. Clair Transmission Line from rates	
ii) Impact of Removing St. Clair Transmission Line from rates	(190)
Removal of FT-RAM optimization revenue (net of TCPL cost)	<u>(22,000)</u>
	<u>(22,190)</u>
iii) Impact of Removing St. Clair Transmission Line from rates	(342)
Fuel costs related to FT-RAM optimization	<u>(948)</u>
	<u>(1,290)</u>
iv) Shared Savings Mechanism	(9,862)
Market Transformation Incentive	(500)
Low Income Incentive	(500)
CDM / HPNC	(244)
Cash Distribution from DGLP	<u>(40)</u>
	<u>(11,146)</u>
v) Donations	
vi) Customer deposit interest	
vii) Cumulative Under-recovery St. Clair Transmission Line	

UNION GAS LIMITED
Allocation of 2011 Deferral Account Balances, Market Transformation Incentive, Incremental Low-income Incentive,
2011 Earnings Sharing, and 2012 DSM Settlement Rate Impact Amounts to Rate Classes

Line No.	Particulars	Acct No.	Northern and Eastern Operations Area							Southern Operations Area											Total (1) (\$000's)	
			Rate 01 (\$000's)	Rate 10 (\$000's)	Rate 20 (\$000's)	Rate 77 (\$000's)	Rate 100 (\$000's)	Rate 25 (\$000's)	M1 (\$000's)	M2 (\$000's)	M4 (\$000's)	M5A (\$000's)	M7 (\$000's)	M9 (\$000's)	M10 (\$000's)	T1 (\$000's)	T3 (\$000's)	M12 (\$000's)	M13 (\$000's)	C1 (\$000's)		M16 (\$000's)
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)
Gas Supply Related Deferrals:																						
1	Unabsorbed Demand Cost (UDC) Variance Account	179-108	(4,221)	(1,351)	(163)	-	-	-	(123)	(22)	(1)	(1)	-	-	(0)	-	-	-	-	-	-	(5,882)
2	Upstream Transportation FT-RAM Optimization (5)	179-130	(5,409)	(2,200)	(925)	-	-	(164)	(8,573)	(1,510)	(96)	(68)	-	-	(0)	-	-	-	-	-	-	(18,947)
3	Total Gas Supply Related Deferrals		(9,630)	(3,551)	(1,088)	-	-	(164)	(8,696)	(1,531)	(97)	(69)	-	-	(0)	-	-	-	-	-	-	(24,828)
Storage Related Deferrals:																						
4	Short-Term Storage and Other Balancing Services	179-70	541	173	21	-	28	-	1,476	483	166	12	117	12	1	975	141	-	-	-	-	4,145
5	Long-Term Peak Storage Services	179-72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Total Storage Related Deferrals		541	173	21	-	28	-	1,476	483	166	12	117	12	1	975	141	-	-	-	-	4,145
Delivery Related Deferrals:																						
7	Deferred Customer Rebates/Charges	179-26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Lost Revenue Adjustment Mechanism	179-75	253	121	33	-	85	-	573	510	98	224	43	-	-	70	-	-	-	-	-	2,009
9	Unbundled Services Unauthorized Storage Overrun	179-103	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Demand Side Management Variance Account (3)	179-111	299	(1,106)	(735)	-	(1,278)	-	2,494	146	(1,403)	2,104	(320)	-	-	2,880	-	-	-	-	-	3,081
11	Gas Distribution Access Rule (GDAR) Costs	179-112	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Late Payment Penalty Litigation	179-113	419	4	0	0	0	0	1,388	10	0	0	0	0	0	0	0	-	-	-	-	1,822
13	Shared Savings Mechanism	179-115	241	103	321	-	852	-	855	506	550	1,012	669	-	-	4,556	-	-	-	-	-	9,664
14	Carbon Dioxide Offset Credits	179-117	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Average Use Per Customer	179-118	(1,280)	(2,847)	-	-	-	-	(705)	(273)	-	-	-	-	-	-	-	-	-	-	-	(5,105)
16	IFRS Conversion Costs	179-120	59	6	4	0	6	1	176	17	7	3	3	0	0	18	2	24	0	7	0	335
17	Cumulative Under-recovery - St. Clair Transmission Line	179-121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Impact of Removing St. Clair Transmission Line from Rates	179-122	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Conservation Demand Management	179-123	(21)	(18)	(13)	-	(20)	-	(68)	(28)	(23)	-	(9)	-	-	(14)	-	-	-	-	-	(215)
20	Harmonized Sales Tax	179-124	(89)	(10)	(11)	(0)	18	(5)	(332)	17	2	7	2	1	(0)	(55)	(6)	(170)	(0)	(33)	1	(664)
21	Total Delivery-Related Deferrals		(119)	(3,746)	(400)	(0)	(339)	(4)	4,381	903	(768)	3,350	389	1	(0)	7,454	(4)	(147)	(0)	(26)	1	10,927
22	Total 2011 Deferral Account Disposition (Line 3 + Line 6 + Line 21)		(9,208)	(7,124)	(1,467)	(0)	(310)	(168)	(2,840)	(146)	(699)	3,292	506	13	0	8,430	136	(147)	(0)	(26)	1	(9,757)
Other Items:																						
23	2011 Market Transformation Incentive		71	-	-	-	-	-	429	-	-	-	-	-	-	-	-	-	-	-	-	500
24	2011 Incremental Low-income Incentive		79	-	-	-	-	-	465	-	-	-	-	-	-	-	-	-	-	-	-	544
25	Total 2011 Deferrals plus Other Items (Line 22 + Line 23 + Line 24)		(9,058)	(7,124)	(1,467)	(0)	(310)	(168)	(1,946)	(146)	(699)	3,292	506	13	0	8,430	136	(147)	(0)	(26)	1	(8,713)
26	2011 Earnings Sharing (2)		(437)	(81)	(42)	(0)	(55)	(19)	(1,020)	(155)	(41)	(25)	(26)	(2)	(0)	(126)	(15)	(495)	(0)	(2)	(1)	(2,542)
27	Total (Line 25 + Line 26)		(9,495)	(7,205)	(1,509)	-	(366)	(186)	(2,966)	(301)	(741)	3,267	480	11	0	8,304	121	(642)	(1)	(28)	1	(11,255)
28	2012 DSM Settlement Rate Impacts (4)		(537)	(118)	(14)	-	303	-	(2,834)	224	216	1,195	236	-	-	1,330	-	-	-	-	-	0
29	Grand Total (Line 27 + Line 28)		(10,032)	(7,323)	(1,523)	-	(63)	(186)	(5,800)	(76)	(524)	4,462	716	11	0	9,634	121	(642)	(1)	(28)	1	(11,255)

Notes:
(1) EB-2012-0087, Exhibit A, Tab 1, Schedule 1.
(2) EB-2012-0087, Exhibit A, Tab 3, Schedule 1, page 2.
(3) EB-2012-0087, Exhibit A, Tab 1, Schedule 3, Column (c).
(4) EB-2012-0087, Exhibit A, Tab 3, Schedule 5, Column (c).
(5) EB-2012-0087, Exhibit A, Tab 3, Schedule 1, page 3.

UNION GAS LIMITED
Allocation of 2011 Earnings Sharing Amounts to Rate Classes

Line No.	Particulars	Rate Class	C2007 Return on Equity Allocation (1) (\$000's) (a)	2011 Earnings Sharing (\$000's) (b)
<u>Northern & Eastern Operations Area</u>				
1	Small Volume General Firm Service	01	44,549	(437)
2	Large Volume General Firm Service	10	8,234	(81)
3	Medium Volume Firm Service	20	4,263	(42)
4	Large Volume High Load Factor Firm Service	100	5,641	(55)
5	Large Volume Interruptible Service	25	1,913	(19)
6	Wholesale Transportation Service	77	8	(0)
7	Total Northern & Eastern Operations Area		64,608	(633)
<u>Southern Operations Area</u>				
8	Small Volume General Service Rate	M1	104,130	(1,020)
9	Large Volume General Service Rate	M2	15,828	(155)
10	Firm Industrial and Commercial Contract Rate	M4	4,220	(41)
11	Interruptible Industrial & Commercial Contract Rate	M5A	2,587	(25)
12	Special Large Volume Industrial & Commercial Contract Rate	M7	2,617	(26)
13	Large Wholesale Service Rate	M9	219	(2)
14	Small Wholesale Service Rate	M10	10	(0)
15	S & T Rates for Contract Carriage Customers	T1	12,835	(126)
16	S & T Rates for Contract Carriage Customers	T3	1,546	(15)
<u>Storage and Transportation</u>				
17	Cross Franchise Transportation Rates	C1	186	(2)
18	Storage & Transportation Rates	M12	50,557	(495)
19	Transportation of Locally Produced Gas	M13	39	(0)
20	Storage & Transportation Services - Transportation Charges	M16	55	(1)
21	Total Southern Operations Area		194,830	(1,909)
22	Total		259,438	(2,542) (2)

Notes:

- (1) Allocated costs per 2007 Decision in EB-2005-0520.
 (2) EB-2012-0087, Exhibit A, Tab 2, Appendix B, Schedule 1, column (d), line 35.

UNION GAS LIMITED
Allocation of Ratepayer Portion of 2011 Gas Supply Optimization Margin

Line No.	Particulars	Union North FT Demand Allocation Units TRANSALLO (1) (\$000's) (a)	Union North Margin (2) (\$000's) (b)	Forecast Sales Service Volumes (3) (10 ³ m ³) (c)	Union South Margin (4) (\$000's) (d)	Total Margin (\$000's) (e) = (b + d)
<u>Union North</u>						
1	Rate 01	27,667	(5,409)			(5,409)
2	Rate 10	11,252	(2,200)			(2,200)
3	Rate 20	4,731	(925)			(925)
4	Rate 25	839	(164)			(164)
5	Rate 100	-	-			-
6	Total Union North	<u>44,489</u>	<u>(8,699)</u>			<u>(8,699)</u>
<u>Union South</u>						
7	Rate M1			508,469	(8,573)	(8,573)
8	Rate M2			89,545	(1,510)	(1,510)
9	Rate M4			5,679	(96)	(96)
10	Rate M5A			4,048	(68)	(68)
11	Rate M7			-	-	-
12	Rate M9			-	-	-
13	Rate M10			11	(0)	(0)
14	Rate T1			-	-	-
15	Rate T3			-	-	-
16	Total Union South			<u>607,752</u>	<u>(10,247)</u>	<u>(10,247)</u>
17	Total Ratepayer Portion of 2011 Gas Supply Optimization Margin (line 6 + line 16)					<u>(18,946)</u>

Notes:

- (1) EB-2005-0520, Exhibit G3, Tab 5, Schedule 25, Page 1, updated for EB-2005-0520 Board Decision.
- (2) Allocated using column (a).
- (3) Forecast Sales Service volumes for the period April 1, 2013 to September 30, 2013.
- (4) Allocated using column (c).

UNION GAS LIMITED
 General Service Unit Rates for Prospective Recovery/(Refund) - Delivery
2011 Deferral Account Disposition, Market Transformation, Incremental Low-income Incentive, 2011 Earnings Sharing Mechanism and 2012 DSM Settlement Rate Impacts

Line No.	Particulars	Rate Class	2011 Deferral Balances (\$000's) (a)	2011 Market Transformation Incentive (\$000's) (b)	2011 Incremental Low Income Program (\$000's) (c)	2011 Earnings Sharing Mechanism (\$000's) (d)	2012 DSM Settlement Rate Impacts (\$000's) (e)	Balance for Disposition (\$000's) (f) = (a+b+c+d+e)	Forecast Volume (10 ³ m ³) (1) (g)	Unit Rate for Prospective Recovery/(Refund) (cents/m ³) (h) = (f/g)*100
1	Small Volume General Service	01	422	71	79	(437)	(537)	(402)	175,996	(0.2283)
2	Large Volume General Service	10	(3,573)	-	-	(81)	(118)	(3,772)	82,732	(4.5591)
3	Small Volume General Service	M1	5,857	429	465	(1,020)	(2,834)	2,896	656,466	0.4412
4	Large Volume General Service	M2	1,386	-	-	(155)	224	1,455	208,905	0.6965

Notes:

(1) Forecast volume for the period April 1, 2013 to September 30, 2013.

UNION GAS LIMITED
 General Service Unit Rates for Prospective Recovery/(Refund) - Gas Supply Transportation
2011 Deferral Account Disposition, Market Transformation, Incremental Low-income Incentive, 2011 Earnings Sharing Mechanism and 2012 DSM Settlement Rate Impacts

Line No.	Particulars	Rate Class	2011 Deferral Balances (\$000's) (a)	2011 Market Transformation Incentive (\$000's) (b)	2011 Incremental Low Income Program (\$000's) (c)	2011 Earnings Sharing Mechanism (\$000's) (d)	2012 DSM Settlement Rate Impacts (\$000's) (e)	Balance for Disposition (\$000's) (f) = (a+b+c+d+e)	Forecast Volume (10 ³ m ³) (1) (g)	Unit Rate for Prospective Recovery/(Refund) (cents/m ³) (h) = (f/g)*100
1	Small Volume General Service	01	(9,630)	-	-	-	-	(9,630)	175,996	(5.4719)
2	Large Volume General Service	10	(3,551)	-	-	-	-	(3,551)	82,454	(4.3071)

Notes:

(1) Forecast volume for the period April 1, 2013 to September 30, 2013.

UNION GAS LIMITED
 Unit Rates for Prospective Recovery/(Refund) - Gas Supply Commodity
2011 Deferral Account Disposition, Market Transformation, Incremental Low-income Incentive, 2011 Earnings Sharing Mechanism and 2012 DSM Settlement Rate Impacts

Line No.	Particulars	Rate Class	2011 Deferral Balances (\$000's) (a)	2011 Market Transformation Incentive (\$000's) (b)	2011 Incremental Low Income Program (\$000's) (c)	2011 Earnings Sharing Mechanism (\$000's) (d)	2012 DSM Settlement Rate Impacts (\$000's) (e)	Balance for Disposition (\$000's) (f) = (a+b+c+d+e)	Forecast Volume (10 ³ m ³) (1) (g)	Unit Rate for Prospective Recovery/(Refund) (cents/m ³) (h) = (f/g)*100
1	North Sales Service	-	-	-	-	-	-	-	-	-
2	South Sales Service		(147)	-	-	-	-	(147)	607,752	(0.0242)
3	Small Volume General Service	M1	(8,573)	-	-	-	-	(8,573)	508,469	(1.6861)
4	Large Volume General Service	M2	(1,510)	-	-	-	-	(1,510)	89,545	(1.6861)
5	Firm Com/Ind Contract	M4	(96)	-	-	-	-	(96)	5,679	(1.6861)
6	Interruptible Com/Ind Contract	M5	(68)	-	-	-	-	(68)	4,048	(1.6861)
7	Small Wholesale	M10	(0)	-	-	-	-	(0)	11	(1.6861)

Notes:

(1) Forecast sales service volumes for the period April 1, 2013 to September 30, 2013.

UNION GAS LIMITED
 Contract Unit Rates for One-Time Adjustment - Delivery
2011 Deferral Account Disposition, Market Transformation, Incremental Low-income Incentive, 2011 Earnings Sharing Mechanism and 2012 DSM Settlement Rate Impacts

Line No.	Particulars	Rate Class	2011 Deferral Balances (\$000's) (a)	2011 Market Transformation Incentive (\$000's) (b)	2011 Incremental Low Income Program (\$000's) (c)	2011 Earnings Sharing (\$000's) (d)	2012 DSM Settlement Rate Impacts (\$000's) (e)	Balance for Disposition (\$000's) (f) = (a+b+c+d+e)	2011 Actual Volume (10 ³ m ³) (g)	Unit Rate (cents/m ³) (h) = (f/g)*100
<u>Northern and Eastern Operations Area:</u>										
1	Medium Volume Firm Service (1)	20	(94)	-	-	(7)	(3)	(104)	111,535	(0.0933)
2	Medium Volume Firm Service (2)	20T	(329)	-	-	(34)	(12)	(375)	520,888	(0.0721)
3	Large Volume High Load Factor (2)	100T	(315)	-	-	(55)	303	(67)	1,892,682	(0.0036)
4	Wholesale Service	77	(0)	-	-	(0)	-	(0)	-	-
5	Large Volume Interruptible	25	(4)	-	-	(19)	-	(22)	157,090	(0.0142)
<u>Southern Operations Area:</u>										
6	Firm Com/Ind Contract	M4	(602)	-	-	(41)	216	(427)	442,313	(0.0966)
7	Interruptible Com/Ind Contract	M5	3,362	-	-	(25)	1,195	4,531	510,499	0.8876
8	Special Large Volume Contract	M7	506	-	-	(26)	236	716	257,391	0.2783
9	Large Wholesale	M9	13	-	-	(2)	-	11	60,100	0.0175
10	Small Wholesale	M10	1	-	-	(0)	-	0	192	0.2363
11	Contract Carriage Service	T1	8,430	-	-	(126)	1,330	9,634	4,541,959	0.2121
12	Contract Carriage- Wholesale	T3	136	-	-	(15)	-	121	264,032	0.0459

Notes:

- (1) Sales and Bundled-T customers only.
- (2) T-service customers only.

UNION GAS LIMITED

Contract Unit Rates for One-Time Adjustment - Gas Supply Transportation and Bundled Storage

2011 Deferral Account Disposition, Market Transformation, Incremental Low-income Incentive, 2011 Earnings Sharing Mechanism and 2012 DSM Settlement Rate Impacts

Line No.	Particulars	Rate Class	Billing Units	2011 Deferral Balances (\$000's)	2011 Market Transformation Incentive (\$000's)	2011 Incremental Low Income Program (\$000's)	2011 Earnings Sharing (\$000's)	2012 DSM Settlement Rate Impacts (\$000's)	Balance for Disposition (\$000's)	2011 Actual Volume/Demand	Unit Volumetric/Demand Rate
				(a)	(b)	(c)	(d)	(e)	(f) = (a+b+c+d+e)	(g)	(h) = (f/g)*100
<u>Gas Supply Transportation (cents/m³)</u>											
1	Medium Volume Firm Service	20	10 ³ m ³ /d	(1,088)	-	-	-	-	(1,088)	6,055	(17.9757)
2	Large Volume Interruptible	25	10 ³ m ³	(164)	-	-	-	-	(164)	39,268	(0.4177)
<u>Storage (\$/GJ)</u>											
3	Bundled-T Storage Service	20T/100T	GJ/d	49	-	-	-	-	49	155,904	0.315

UNION GAS LIMITED

Storage and Transportation Service Amounts for Disposition

2011 Deferral Account Disposition, Market Transformation, Incremental Low-income Incentive, 2011 Earnings Sharing Mechanism and 2012 DSM Settlement Rate Impacts

Line No.	Particulars (\$000's) (1)	Rate Class	2011 Deferral Balances (\$000's) (a)	2011 Market Transformation Incentive (\$000's) (b)	2011 Incremental Low Income Program (\$000's) (c)	2011 Earnings Sharing (\$000's) (d)	2012 DSM Settlement Rate Impacts (\$000's) (e)	Balance for Disposition (\$000's) (f) = (a+b+c+d+e)
1	Storage and Transportation	M12	(147)	-	-	(495)	-	(642)
2	Local Production	M13	(0)	-	-	(0)	-	(1)
3	Short-Term Cross Franchise	C1	(26)	-	-	(2)	-	(28)
4	Storage Transportation Service	M16	1	-	-	(1)	-	1

Notes:

(1) Exfranchise M12, M13, M16 and C1 customer specific amounts determined using approved deferral account allocation methodologies.

UNION GAS LIMITED
General Service Bill Impacts

Line No.	Particulars	Rate Component	Unit Rate for Prospective Recovery/(Refund) (cents/m ³) (1) (a)	Volume (m ³) (2) (b)	Bill Impact (\$) (c) = (a x b) / 100
1	<u>Rate 01</u>	Delivery	(0.2283)	553	(1.26)
2		Commodity	-	553	-
3		Transportation	(5.4719)	553	(30.23)
4			<u>(5.7002)</u>		<u>(31.49)</u>
5	Sales Service				(31.49)
6	Direct Purchase Bundled T				(31.49)
7	<u>Rate 10</u>	Delivery	(4.5591)	26,039	(1,187.17)
8		Commodity	-	26,039	-
9		Transportation	(4.3071)	26,039	(1,121.55)
10			<u>(8.8662)</u>		<u>(2,308.71)</u>
11	Sales Service				(2,308.71)
12	Direct Purchase Bundled T				(2,308.71)
13	<u>Rate M1</u>	Delivery	0.4412	616	2.72
14		Commodity	(1.7103) (3)	616	(10.54)
15			<u>(1.2691)</u>		<u>(7.82)</u>
16	Sales Service				(7.82)
17	Direct Purchase				2.72
18	<u>Rate M2</u>	Delivery	0.6965	17,228	119.99
19		Commodity	(1.7103) (4)	17,228	(294.65)
20			<u>(1.0138)</u>		<u>(174.66)</u>
21	Sales Service				(174.66)
22	Direct Purchase				119.99

Notes:

- (1) EB-2012-0087 Exhibit A, Tab 3, Schedule 2, Pages 1-3.
- (2) Average consumption, per customer, for the period April 1, 2013 to September 30, 2013.
- (3) EB-2012-0087 Exhibit A, Tab 3, Schedule 2, Page 3, Column (h), Line 2 + Line 3.
- (4) EB-2012-0087 Exhibit A, Tab 3, Schedule 2, Page 3, Column (h), Line 2 + Line 4.