

October 30th, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**RE: Union Gas Limited (“Union”) - Undertakings
EB-2013-0109**

Please find attached Union’s responses to the following Undertakings in the above captioned proceeding:

J1.2; J1.3; J1.4; J1.6; J2.2; J2.4; J2.5; J2.6; J2.7, J3.1

Yours truly,

[original signed by]

Vanessa Innis
Manager, Regulatory Initiatives

Encl.

cc: Crawford Smith, Torys
All intervenors

UNION GAS LIMITED

Undertaking of Mr. Tetreault
To Mr. Higgin

Please update Energy Probe Schedule 1 with Energy Probe Option C.

For the purposes of this undertaking response, Union allocated the ratepayer portion of the 2012 FT-RAM Optimization margin (75% of \$36.6 million or \$27.5 million) to in-franchise and ex-franchise customers (M12 and C1) consistent with the disposition of the 2007 Transportation and Exchange Services Deferral Account (179-69) balance. Specifically, in-franchise and ex-franchise customers received an allocation of the FT-RAM Optimization margin based on actual 2007 available capacity. Further, Union allocated the portion of the balance applicable to Union South in-franchise customers among rate classes in proportion to EB-2005-0520 design day demands. The portion of the balance applicable to Union North in-franchise customers has been allocated among rate classes in proportion to the allocation of 2007 storage demand costs as approved in EB-2005-0520. Please see Attachments 1 and 2.

In the EB-2007-0606 Settlement Agreement (Union's 2008-2012 IRM), parties agreed to the elimination of the Transportation and Exchange Services Deferral Account (179-69) and three other deferral accounts. With the elimination of the deferral accounts, parties also agreed to reduce 2008 in-franchise rates by increasing the amount of S&T margin in rates by \$4.3 million. As a result, the total amount of transportation and exchange-related S&T margin included in in-franchise rates from 2008-2012 was \$6.9 million. There was no transportation and exchange-related S&T margin included in 2008-2012 ex-franchise rates.

Given the treatment of transportation and exchange-related S&T margin in Board-approved rates during Union's 2008-2012 IRM, Union has prepared an alternate response to undertaking J1.2 and J1.3. In this response, Union allocated the ratepayer portion of the 2012 FT-RAM Optimization margin (75% of \$36.6 million or \$27.5 million) to in-franchise customers only. Union South and Union North in-franchise customers received an allocation of the FT-RAM Optimization margin based on actual 2007 available capacity. Further, Union allocated the portion of the balance applicable to Union South in-franchise customers among rate classes in proportion to EB-2005-0520 design day demands. The portion of the balance applicable to Union North in-franchise customers has been allocated among rate classes in proportion to the allocation of 2007 storage demand costs as approved in EB-2005-0520. This approach is also consistent with the manner in which Union allocated Board-approved transportation-related S&T margin in 2013 rates. Please see Attachments 3 and 4.

Energy Probe FT-RAM Financial and Rate Impact Comparison Schedule 1

Attributes	A. EB-2012-0087 FT-RAM Gas Cost Reduction applied to 2012	B. EB-2013-0109 Earnings Sharing Revenue 2012 Utility Income.	C. Alternative (EB-2013-0109) FT-RAM Exchange 2007 179-69 Allocation Methodology
Base 2012 Non FT_RAM Deferral Accts	\$15.929 million ⁽¹⁾	\$15.929 million ⁽¹⁾	\$15.929 million ⁽¹⁾
FT-RAM Transaction Classification	Temporary Surplus Upstream Capacity Facilitates Exchanges	FT-RAM transaction classified as Exchange	FT-RAM transaction classified as Exchange
2012 FT RAM Gross Revenues	\$40.004 Million ⁽²⁾	\$40.004 Million ⁽²⁾	\$40.004 Million ⁽²⁾
2012 FT-RAM Expenses	Fuel,UFG,TP costs \$3.363 million ⁽²⁾	Fuel,UFG,TP costs \$3.363 million ⁽²⁾	Fuel,UFG,TP costs \$3.363 million ⁽²⁾
Union Incentive Payment 10%	\$3.664 million ⁽²⁾	N/A	N/A
2012 FT-RAM net revenue	\$32.977 million	\$32.977 million	\$36.641 million
Amount Recorded in FT_RAM Upstream Opt Acct.179-130	\$ 32.977 million (net of Union10% incentive)	\$ 0 million	\$ 0 million
Amount recorded in <i>notional</i> FT_RAM TS Acct 179-xx	\$ 0 million	\$ 0 million	\$36.641 million
A.Gas Cost Reduction (QRAM)	\$37.3 million		
Union Share (10%)	\$4.3 million (incl fuel costs)		
Rate Payer Share (90%)	\$32.977 million		
Union North (FT Allocation)	\$15.239 million ⁽³⁾		
Union South (Sales Volumes)	\$17.737 million ⁽³⁾		
B.ESM Amount (after tax)	\$0 million	\$37.3 million ⁽⁴⁾	\$0 million
Union Share		\$21.6 million⁽⁴⁾	
Rate Payer Share		\$15.73 million	
-Union North		\$3.916 million ⁽³⁾	
-Union South		\$8.731 million ⁽³⁾	
C.Notional TSDA Acct Disposition			\$36.641 million
Union Share (Base)			
Union Share 25%			\$9.16 million
Rate Payer Share (75%)			\$27.481 million
Union North			\$0.692 million
Union South			\$7.929 million
Union Storage and Transportation			\$18.860 million

References EP Schedule 1

- (1) Exhibit A Tab 3 Appendix A Schedule 1
(2) Exhibit A Tab1 Appendix B Schedule 2
(3) Exhibit D10.09 Attachment 1
(4) Exhibit D8.17

Revised/corrected

Notes:
(1) Correction to Energy Probe file.
(2) Correction to Union Gas Interrogatory D10.09.

Energy Probe FT-RAM Financial and Rate Impact Comparison Schedule 1

Attributes	A. EB-2012-0087 FT-RAM Gas Cost Reduction applied to 2012	B. EB-2013-0109 Earnings Sharing Revenue 2012 Utility Income.	C. Alternative (EB-2013-0109) FT-RAM Exchange 2007 179-69 Allocation Methodology – In-Franchise Only
Base 2012 Non FT_RAM Deferral Accts	\$15.929 million ⁽¹⁾	\$15.929 million ⁽¹⁾	\$15.929 million ⁽¹⁾
FT-RAM Transaction Classification	Temporary Surplus Upstream Capacity Facilitates Exchanges	FT-RAM transaction classified as Exchange	FT-RAM transaction classified as Exchange
2012 FT RAM Gross Revenues	\$40.004 Million ⁽²⁾	\$40.004 Million ⁽²⁾	\$40.004 Million ⁽²⁾
2012 FT-RAM Expenses	Fuel,UFG,TP costs \$3.363 million ⁽²⁾	Fuel,UFG,TP costs \$3.363 million ⁽²⁾	Fuel,UFG,TP costs \$3.363 million ⁽²⁾
Union Incentive Payment 10%	\$3.664 million ⁽²⁾	N/A	N/A
2012 FT-RAM net revenue	\$32.977 million	\$32.977 million	\$36.641 million
Amount Recorded in FT_RAM Upstream Opt Acct.179-130	\$ 32.977 million (net of Union10% incentive)	\$ 0 million	\$ 0 million
Amount recorded in <i>notional</i> FT_RAM TS Acct 179-xx	\$ 0 million	\$ 0 million	\$36.641 million
A.Gas Cost Reduction (QRAM)	\$37.3 million		
Union Share (10%)	\$4.3 million (incl fuel costs)		
Rate Payer Share (90%)	\$32.977 million		
Union North (FT Allocation)	\$15.239 million ⁽³⁾		
Union South (Sales Volumes)	\$17.737 million ⁽³⁾		
B.ESM Amount (after tax)	\$0 million	\$37.3 million ⁽⁴⁾	\$0 million
Union Share		\$21.6 million⁽⁴⁾	
Rate Payer Share		\$15.73 million	
-Union North		\$3.916 million ⁽³⁾	
-Union South		\$8.731 million ⁽³⁾	
C.Notional TSDA Acct Disposition			\$36.641 million
Union Share (Base)			
Union Share 25%			\$9.16 million
Rate Payer Share (75%)			\$27.481 million
Union North			\$2.205 million
Union South			\$25.276 million
Union Storage and Transportation			\$0 million

References EP Schedule 1

- (1) Exhibit A Tab 3 Appendix A Schedule 1
- (2) Exhibit A Tab1 Appendix B Schedule 2
- (3) Exhibit D10.09 Attachment 1
- (4) Exhibit D8.17

Revised/corrected

EP Schedule 2 based on Exhibit D 10.9 Attachment 1

Impacts of Options/Scenarios On Rate Classes										Alternative Scenario		
Rate Classes				Option A			Option B		Difference	Option C		Difference
		customers	Volume	Base Deferral	FT-RAM Deferral	Total Impact	Earnings Sharing	Total Impact	B-A	2007 179-69 Allocation Methodology - In-Franchise Only	Total Impact	C-A
		#	103 M3	Recovery(-Refund)	179-130(-Refund)	Recovery(-Refund)	Recovery(-Refund)	Recovery(-Refund)	Recovery(-Refund)	Recovery(-Refund)	Recovery(-Refund)	Recovery(-Refund)
		(a)	(b)	(c)	(d)	(e)=(c+d)	(f)	(g)=(c+f)	h=(e-g)	(i)	(j)=(c+i)	k=(j-e)
Union South												
M1	Sales		1,985,247	\$9,621,735	-\$14,558,504	-\$4,936,769	-\$5,613,268	\$4,008,467	-\$8,945,236	-\$9,804,537	-\$182,802	\$4,753,967
	DP		247,631	\$966,506	\$0	\$966,506	-\$700,175	\$266,331	\$700,175	-\$1,222,977	-\$256,471	-\$1,222,977
				\$10,588,241	-\$14,558,504	-\$3,970,263	-\$6,313,443	\$4,274,798	-\$8,245,061	-\$11,027,514	-\$439,273	\$3,530,990
M2	Sales		412,655	\$1,566,890	-\$3,026,144	-\$1,459,254	-\$496,418	\$1,070,472	-\$2,529,726	-\$1,866,570	-\$299,680	\$1,159,574
	DP		385,090	\$1,098,844	\$0	\$1,098,844	-\$463,257	\$635,587	\$463,257	-\$1,741,883	-\$643,039	-\$1,741,883
				\$2,665,734	-\$3,026,144	-\$360,410	-\$959,675	\$1,706,059	-\$2,066,469	-\$3,608,454	-\$942,720	-\$582,310
M4	Sales	15	20,353	\$109,712	-\$78,867	\$30,845	-\$12,148	\$97,564	-\$66,719	-\$59,040	\$50,672	\$19,827
	DP	146	408,288	\$1,997,268	\$0	\$1,997,268	-\$243,693	\$1,753,575	\$243,693	-\$1,184,343	\$812,925	-\$1,184,343
				\$2,106,980	-\$78,867	\$2,028,113	-\$255,841	\$1,851,139	\$176,974	-\$1,243,382	\$863,598	-\$1,164,515
M5	Sales	10	19,039	\$27,925	-\$73,774	-\$45,849	-\$6,351	\$21,574	-\$67,423	-\$3,557	\$24,368	\$70,217
	DP	134	451,207	\$436,827	\$0	\$436,827	-\$150,524	\$286,303	\$150,524	-\$84,303	\$352,524	-\$84,303
				\$464,752	-\$73,774	\$390,978	-\$156,875	\$307,877	\$83,101	-\$87,860	\$376,892	-\$14,086
M7	DP	4	141,165	-\$202,623	\$0	-\$202,623	-\$158,644	-\$361,267	\$158,644	-\$876,643	-\$1,079,266	-\$876,643
M9	DP	3	57,878	\$9,330	\$0	\$9,330	-\$13,291	-\$3,961	\$13,291	-\$88,253	-\$78,923	-\$88,253
M10	Sales	3	118	\$398	-\$457	-\$59	-\$378	\$20	-\$79	-\$2,581	-\$2,183	-\$2,124
	DP	1	79	\$228	\$0	\$228	-\$254	-\$26	\$254	-\$1,734	-\$1,506	-\$1,734
				\$626	-\$457	\$169	-\$632	-\$6	\$175	-\$4,315	-\$3,689	-\$3,858
T1	DP	60	5,023,637	\$2,734,706 (1)	\$0	\$2,734,706 (1)	-\$778,218	\$1,956,488 (1)	\$778,218	-\$7,289,280	-\$4,554,574	-\$7,289,280
T3	DP	1	239,361	\$97,624	\$0	\$97,624	-\$93,748	\$3,876	\$93,748	-\$1,050,011	-\$952,387	-\$1,050,011
TOTAL	Sales		2,437,412	\$11,326,660	-\$17,737,746	-\$6,411,086	-\$6,128,563	\$5,198,097	-\$11,609,183	-\$11,736,285	-\$409,625	\$6,001,461
	DP		6,954,336	\$7,138,710	\$0	\$7,138,710	-\$2,601,804	\$4,536,906	\$2,601,804	-\$13,539,427	-\$6,400,717	-\$13,539,427
TOTAL			9,391,748	\$18,465,370	-\$17,737,746	\$727,624	-\$8,730,367	\$9,735,003	-\$9,007,379	-\$25,275,711	-\$6,810,341	-\$7,537,965
Union North												
Rate 01	Sales+ BT		714,975	-\$2,430,620	-\$9,477,094	-\$11,907,714	-\$2,701,031	-\$5,131,651	-\$6,776,063	-\$1,562,839	-\$3,993,459	\$7,914,255
Rate 10	Sales+BT		241,642	-\$1,964,705	-\$3,854,333	-\$5,819,038	-\$498,327	-\$2,463,032	-\$3,356,006	-\$499,333	-\$2,464,038	\$3,355,000
	T-Service		427	-\$1,943	\$0	-\$1,943	-\$880	-\$2,823	\$880	-\$882	-\$2,825	-\$882
					-\$3,854,333	-\$5,820,981	-\$499,207	-\$2,465,855	-\$3,355,126	-\$500,215	-\$2,466,863	\$3,354,118
Rate 20	Sales	2	6,471	\$563	-\$102,316	-\$101,753	-\$2,555	-\$1,992	-\$99,761	-\$596	-\$33	\$101,720
	DP	18	96,026	\$8,350	-\$1,518,320	-\$1,509,970	-\$37,909	-\$29,559	-\$1,480,411	-\$8,849	-\$499	\$1,509,471
	T-Service	36	552,219	\$676,916	\$0	\$676,916	-\$218,003	\$458,913	\$218,003	-\$50,889	\$626,027	-\$50,889
					-\$1,620,636	-\$934,807	-\$258,467	\$427,362	-\$1,362,169	-\$60,334	\$625,495	\$1,560,302
Rate 100	T-Service	17	1,912,232	\$716,413	\$0	\$716,413	-\$342,029	\$374,384	\$342,029	-\$81,863	\$634,550	-\$81,863
Rate 25	Sales	58	44,659	\$6,376	-\$287,345	-\$280,969	-\$24,951	-\$18,575	-\$262,394	\$0	\$6,376	\$287,345
	T-Service	43	162,978	\$23,267	\$0	\$23,267	-\$91,058	-\$67,791	\$91,058	\$0	\$23,267	\$0
					-\$287,345	-\$257,702	-\$116,009	-\$86,366	-\$171,336	\$0	\$29,643	\$287,345
TOTALS												
	Sales+BT			-\$4,380,036	-\$15,239,408	-\$19,619,444	-\$3,264,773	-\$7,644,809	-\$11,974,635	-\$2,071,617	-\$6,451,653	\$13,167,791
	DP			\$1,414,654	\$0	\$1,414,654 (2)	-\$651,970	\$762,684	\$651,970	-\$133,633	\$1,281,020	-\$133,633
					-\$15,239,408	-\$18,204,790	-\$3,916,743	-\$6,882,125	-\$11,322,665	-\$2,205,251	-\$5,170,634	\$13,034,157

Notes:

- (1) Correction to Energy Probe file.
(2) Correction to Union Gas Interrogatory D10.09.

UNION GAS LIMITED

Undertaking of Mr. Tetreault
To Mr. Higgin

Please update Energy Probe Schedule 2 with Energy Probe Option C.

Please refer to Exhibit J1.2.

UNION GAS LIMITED

Undertaking of Mr. Tetreault
To Mr. Thompson

Please provide the number of manufacturers in various rate classes.

Please refer to Attachment 1 for Interrogatory J.C-3-14-1 and Attachment 2 for Undertaking JT1.16 from the EB-2011-0210 proceeding.

UNION GAS LIMITED

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

Ref: Exhibit C1, Tab 1
Exhibit C1, Summary Schedules 1, 2, 3 and 4

With respect to the "Volume Comparison by Market Sector", for the period 2007 through to 2013 shown in Tables 1 and 2 of Exhibit C1, Tab 2 and the "Volume Comparison by Rate Class" shown in Table 3 of Exhibit C1, Tab 2, please provide the following additional information:

- a) Add a column to each of Tables 1, 2 and 3 to show the number of customers in 2013 in each market sector and each rate class;
- b) For each market sector and for 2013 only, please provide an estimate of the number of customers, the volume, and the revenue that is attributable to customers that Union would classify as manufacturers;

Response:

- a) and b) Please see Attachment 1, Attachment 2 and Attachment 3. Customer numbers are as forecast at December 31, 2013.

Volume Comparison by Market Sector
2007 Board-Approved through 2013 Forecast
 (10⁶m³)

<u>Market Sector</u>	Board- approved <u>2007</u>	Actual <u>2007</u>	Actual <u>2008</u>	Actual <u>2009</u>	Actual <u>2010</u>	Actual <u>2011</u>	Forecast <u>2012</u>	Forecast <u>2013</u>	Forecast Volume Not MFG	Forecast Volume MFG	Forecast Customer # Not MFG	Forecast Customer # MFG
									<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>
1 Power	1,831	2,078	1,659	1,854	2,349	2,464	2,215	2,189	2,189	0	28	0
2 Steel/Chemical/Refinery	3,374	3,272	3,523	2,971	3,271	3,582	3,866	3,734	0	3,734	0	34
3 LCI/Key	2,825	2,806	2,697	2,218	2,163	2,180	2,110	2,117	522	1,596	109	227
4 Greenhouse	146	173	203	197	246	287	303	315	315	0	101	0
5 Wholesale/REM	346	297	305	319	315	324	330	334	334	0	6	0
6 Totals ⁽¹⁾	8,521	8,625	8,386	7,560	8,344	8,837	8,824	8,689	3,359	5,329	244	261

(1) Excludes MAV Volumes

Revenue Comparison by Market Sector
2007 Board-Approved through 2013 Forecast
(\$ Millions)

Line No.	Market Sector	Board- approved 2007	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Forecast 2012	Forecast 2013	Forecast Revenue Not MFG 2013	Forecast Revenue MFG 2013	Forecast Customer # Not MFG 2013	Forecast Customer # MFG 2013
1	Power	23.5	26.8	26.3	29.0	32.2	32.7	29.7	29.5	29.5	0.0	28	0
2	Steel/Chemical/Refinery	37.2	38.5	37.7	37.0	36.7	38.4	36.1	35.5	0.0	35.5	0	34
3	LCI/Key	44.8	45.1	43.9	39.5	36.8	36.4	35.2	34.7	10.2	24.5	109	227
4	Greenhouse	4.0	3.9	5.2	4.9	5.8	6.3	6.2	6.5	6.5	0.0	101	0
5	Wholesale/REM	<u>6.2</u>	<u>5.5</u>	<u>5.7</u>	<u>5.8</u>	<u>5.7</u>	<u>5.5</u>	<u>5.4</u>	<u>5.4</u>	<u>5.4</u>	<u>0.0</u>	<u>6</u>	<u>0</u>
6	Totals ⁽¹⁾	<u>115.7</u>	<u>119.8</u>	<u>118.8</u>	<u>116.2</u>	<u>117.2</u>	<u>119.2</u>	<u>112.6</u>	<u>111.6</u>	<u>51.6</u>	<u>59.9</u>	<u>244</u>	<u>261</u>

(1) 2007 actual to 2013 Revenue is calculated using Q1, 2011 Rates.

Volume Comparison by Rate Class
2007 Board-Approved through 2013
Forecast
 (10⁶m³)

Line No.	Rate Class	Board-approved <u>2007</u>	Actual <u>2007</u>	Actual <u>2008</u>	Actual <u>2009</u>	Actual <u>2010</u>	Actual <u>2011</u>	Forecast <u>2012</u>	Forecast <u>2013</u>	Forecast Volume Not MFG <u>2013</u>	Forecast Volume MFG <u>2013</u>	Forecast Customer # Not MFG <u>2013</u>	Forecast Customer # MFG <u>2013</u>
1	100	2,203	2,015	1,964	1,806	1,883	1,892	1,904	1,891	896	995	6	11
2	20	505	451	481	557	546	645	569	610	390	220	30	33
3	25	101	424	308	200	220	158	133	129	48	82	35	57
4	T1	4,232	3,831	3,757	3,446	4,102	4,607	4,814	4,666	81	300	17	47
5	M7	278	584	554	309	315	258	149	147	363	168	1	3
6	M4	452	520	519	446	439	442	409	380	1,196	3,471	38	77
7	M5	405	504	498	476	525	511	519	531	52	95	111	33
8	Other (T3,M9,M10)	<u>346</u>	<u>296</u>	<u>305</u>	<u>319</u>	<u>315</u>	<u>324</u>	<u>330</u>	<u>334</u>	<u>334</u>	<u>0</u>	<u>6</u>	<u>0</u>
9	Totals ⁽¹⁾	<u>8,521</u>	<u>8,625</u>	<u>8,386</u>	<u>7,560</u>	<u>8,345</u>	<u>8,837</u>	<u>8,827</u>	<u>8,688</u>	<u>3,359</u>	<u>5,329</u>	<u>244</u>	<u>261</u>

(1) Excludes MAV Volumes

UNION GAS LIMITED

Undertaking of Mr. Thompson
To Ms. Van Der Paelt

Please provide number of M1 and M2 customers that are manufacturers.

Manufacturers by General Service Rate Class
from Billing System Enquiry June 1 2012

Union South	Rate M1	6,718
	Rate M2	<u>1,505</u>
	Sub-Total	<u>8,223</u>
Union North	Rate 01	1,150
	Rate 10	<u>247</u>
	Sub-Total	<u>1,397</u>
All General Service Rates Classes		<u><u>9,620</u></u>

UNION GAS LIMITED

Undertaking of Mr. Tetreault
To Mr. Quinn

Please add additional column to information provided in D2.20 showing impacts on rate classes of EB-2011-0210 decision on optimizations; and to provide same for schedules 1-3 in Exhibit B, Tab 4.

The impact of reflecting the EB-2011-0210 decision results in 90% of net Base exchange revenue of \$12.45 million, or \$11.204 million in the deferral balance. Net Base exchange revenue is comprised of \$14.278 million (Exhibit B, Tab 2, Page 9, Table 1, item 3), less fuel and UFG costs of \$1.828 million.

Please see Attachment 1 and 2.

UNION GAS LIMITED
Calculation of 2012 Deferral Impacts by Rate Class

Line No.	Rate Class	Particulars (\$)	Customers (a)	Consumption (10 ³ m ³) (b)	Earnings Sharing (c)	FT-RAM Deferral (d)	Difference (e) = (d-c)	FT-RAM Deferral and Base Exchanges (f)	Difference (g) = (f-d)
Union South									
1	M1	Sales Service		1,985,247 (1)	4,008,467	(4,936,769)	(8,945,237)	(7,385,276)	(2,448,507)
2		Direct Purchase		247,631 (1)	266,330	966,506	700,175	966,506	0
3				2,232,879 (1)	4,274,798	(3,970,263)	(8,245,061)	(6,418,770)	(2,448,507)
4	M2	Sales Service		412,655 (1)	1,070,472	(1,459,254)	(2,529,726)	(1,968,203)	(508,949)
5		Direct Purchase		385,090 (1)	635,587	1,098,844	463,257	1,098,844	0
6				797,745 (1)	1,706,059	(360,410)	(2,066,469)	(869,359)	(508,949)
7	M4	Sales Service	15	20,353 (2)	97,564	30,845	(66,719)	17,581	(13,264)
8		Direct Purchase	146	408,288 (2)	1,753,575	1,997,268	243,693	1,997,268	0
9			161	428,641 (2)	1,851,140	2,028,113	176,973	2,014,849	(13,264)
10	M5	Sales Service	10	19,039 (2)	21,573	(45,849)	(67,423)	(58,257)	(12,408)
11		Direct Purchase	134	451,207 (2)	286,303	436,827	150,524	436,827	0
12			144	470,246 (2)	307,876	390,978	83,102	378,570	(12,408)
13	M7	Direct Purchase	4	141,165 (2)	(361,267)	(202,623)	158,644	(202,623)	0
14			4	141,165 (2)	(361,267)	(202,623)	158,644	(202,623)	0
15	M9	Direct Purchase	3	57,878 (2)	(3,960)	9,330	13,291	9,330	0
16			3	57,878 (2)	(3,960)	9,330	13,291	9,330	0
17	M10	Sales Service	3	118 (2)	20	(59)	(79)	(136)	(77)
18		Direct Purchase	1	79 (2)	(26)	228	254	228	0
19			4	197 (2)	(6)	169	175	92	(77)
20	T1	Direct Purchase	60	5,023,637 (2)	1,956,488	2,734,706	778,218	2,734,706	0
21			60	5,023,637 (2)	1,956,488	2,734,706	778,218	2,734,706	0
22	T3	Direct Purchase	1	239,361 (2)	3,876	97,624	93,748	97,624	0
23			1	239,361 (2)	3,876	97,624	93,748	97,624	0
24		Total Sales Service			5,198,097	(6,411,086)	(11,609,183)	(9,394,291)	(2,983,205)
25		Total Direct Purchase			4,536,906	7,138,710	2,601,804	7,138,710	0
26		Total Union South (line 24 + line 25)			9,735,003	727,624	(9,007,380)	(2,255,581)	(2,983,205)
Union North									
27	Rate 01	Sales Service & Bundled T		714,975 (1)	(5,131,651)	(11,907,714)	(6,776,063)	(17,020,282)	(5,112,569)
28				714,975 (1)	(5,131,651)	(11,907,714)	(6,776,063)	(17,020,282)	(5,112,569)
29	Rate 10	Sales Service & Bundled T		241,642 (1)	(2,463,032)	(5,819,038)	(3,356,006)	(7,898,320)	(2,079,281)
30		T-Service		427 (1)	(2,823)	(1,943)	880	(1,943)	0
31				242,068 (1)	(2,465,855)	(5,820,981)	(3,355,126)	(7,900,262)	(2,079,281)
32	Rate 20	Sales Service	2	6,471 (2)	(1,992)	(101,753)	(99,761)	(156,949)	(55,196)
33		Bundled DP	18	96,026 (2)	(29,558)	(1,509,969)	(1,480,411)	(2,329,051)	(819,082)
34		T-Service	36	552,219 (2)	458,914	676,916	218,003	676,916	0
35			56	654,716 (2)	427,364	(934,806)	(1,362,170)	(1,809,084)	(874,278)
36	Rate 100	T-Service	17	1,912,232 (2)	374,384	716,413	342,029	716,413	0
37			17	1,912,232 (2)	374,384	716,413	342,029	716,413	0
38	Rate 25	Sales Service	58	44,659 (2)	(18,576)	(280,969)	(262,394)	(435,982)	(155,013)
39		T-Service	43	162,978 (2)	(67,790)	23,267	91,058	23,267	(0)
40			101	207,636 (2)	(86,366)	(257,702)	(171,336)	(412,715)	(155,013)
41		Total Sales Service & Bundled T			(7,644,809)	(19,619,444)	(11,974,635)	(27,840,584)	(8,221,140)
42		Total T-Service			762,685	1,414,654	651,090	1,414,654	(0)
43		Total Union North (line 41 + line 42)			(6,882,124)	(18,204,789)	(11,323,545)	(26,425,929)	(8,221,140)
44		Total Infranchise (line 26 + line 43)			2,852,879	(17,477,166)	(20,330,925)	(28,681,511)	(11,204,345)
Ex-Franchise									
45	Rate M12				(2,626,936)	438,461	3,065,397	438,461	0
46	Rate M13				(2,714)	(340)	2,374	(340)	0
47	Rate M16				(21,649)	(10,364)	11,285	(10,364)	0
48	Rate C1				(2,487)	844	3,331	844	0
49		Total Ex-Franchise			(2,653,786)	428,600	3,082,386	428,600	0
50		Total Company (line 44 + line 49)			199,093	(17,048,566)	(17,248,539)	(28,252,910)	(11,204,345)

Notes:

(1) Based on forecast consumption for the period October 1, 2013 to March 31, 2014.
(2) Based on 2012 actual annual volume.

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UNION GAS LIMITED

Calculation of 2012 Deferral Impacts for Customers within each Rate Class

Line No.	Particulars	Rate Component	Volume for 2012 Deferral Disposition (m³)	Earnings Sharing			FT-RAM Deferral			Difference (\$)	FT-RAM Deferral and Base Exchanges		
				Unit Rate for Recovery/(Refund) (cents/m³)	Bill Impact (\$)	Unit Rate for Recovery/(Refund) (cents/m³)	Bill Impact (\$)	Unit Rate for Recovery/(Refund) (cents/m³)	Bill Impact (\$)		Difference (\$)		
												(a)	(b)
1	Average Rate 01	Delivery	1,733 (1)	(0.3399)	(5.89)	0.0379	0.66			0.0379	0.66		
2	Annual Volume of 2,200 m³	Commodity	1,733 (1)	-	-	-	-			-	-		
3		Transportation	1,733 (1)	(0.3779)	(6.55)	(1.7034)	(29.51)			(2.4184)	(41.90)		
4				(0.7178)	(12.44)	(1.6655)	(28.85)			(2.3805)	(41.24)		
5	Sales Service				(12.44)		(28.85)	(16.42)			(41.24)	(12.39)	
6	Direct Purchase Bundled T				(12.44)		(28.85)	(16.42)			(41.24)	(12.39)	
7	Small Rate 10	Delivery	43,200 (1)	(0.6614)	(285.73)	(0.4552)	(196.65)			(0.4552)	(196.65)		
8	Annual Volume of 60,000 m³	Commodity	43,200 (1)	-	-	-	-			-	-		
9		Transportation	43,200 (1)	(0.3578)	(154.57)	(1.9529)	(843.66)			(2.8134)	(1,215.40)		
10				(1.0192)	(440.30)	(2.4081)	(1,040.31)			(3.2686)	(1,412.05)		
11	Sales Service				(440.30)		(1,040.31)	(600.01)			(1,412.05)	(371.74)	
12	Direct Purchase Bundled T				(440.30)		(1,040.31)	(600.01)			(1,412.05)	(371.74)	
13	T-Service				(285.73)		(196.65)	89.08			(196.65)	-	
14	Average Rate 10	Delivery	66,961 (1)	(0.6614)	(442.88)	(0.4552)	(304.81)			(0.4552)	(304.81)		
15	Annual Volume of 93,000 m³	Commodity	66,961 (1)	-	-	-	-			-	-		
16		Transportation	66,961 (1)	(0.3578)	(239.59)	(1.9529)	(1,307.68)			(2.8134)	(1,883.88)		
17				(1.0192)	(682.47)	(2.4081)	(1,612.49)			(3.2686)	(2,188.69)		
18	Sales Service				(682.47)		(1,612.49)	(930.02)			(2,188.69)	(576.20)	
19	Direct Purchase Bundled T				(682.47)		(1,612.49)	(930.02)			(2,188.69)	(576.20)	
20	T-service				(442.88)		(304.81)	138.07			(304.81)	-	
21	Large Rate 10	Delivery	180,001 (1)	(0.6614)	(1,190.53)	(0.4552)	(819.37)			(0.4552)	(819.37)		
22	Annual Volume of 250,000 m³	Commodity	180,001 (1)	-	-	-	-			-	-		
23		Transportation	180,001 (1)	(0.3578)	(644.05)	(1.9529)	(3,515.25)			(2.8134)	(5,064.16)		
24				(1.0192)	(1,834.57)	(2.4081)	(4,334.62)			(3.2686)	(5,883.53)		
25	Sales Service				(1,834.57)		(4,334.62)	(2,500.04)			(5,883.53)	(1,548.91)	
26	Direct Purchase Bundled T				(1,834.57)		(4,334.62)	(2,500.04)			(5,883.53)	(1,548.91)	
27	T-Service				(1,190.53)		(819.37)	371.16			(819.37)	-	
28	Small Rate 20	Delivery	3,000,000 (2)	0.0710	2,130.00	0.1105	3,315.00			0.1105	3,315.00		
29	Annual Volume of 3,000,000 m³	Commodity	3,000,000 (2)	-	-	-	-			-	-		
30		Transportation	3,000,000 (2)	(0.1018)	(3,052.68)	(1.6829)	(50,487.40)			(2,5359)	(76,076.81)		
31				(0.0308)	(922.68)	(1.5724)	(47,172.40)			(2,4254)	(72,761.81)		
32	Sales Service				(922.68)		(47,172.40)	(46,249.72)			(72,761.81)	(25,589.41)	
33	Direct Purchase Bundled T				(922.68)		(47,172.40)	(46,249.72)			(72,761.81)	(25,589.41)	
34	T-Service				2,130.00		3,315.00	1,185.00			3,315.00	-	
35	Average Rate 20	Delivery	11,691,000 (2)	0.0710	8,300.61	0.1105	12,918.56			0.1105	12,918.56		
36	Annual Volume of 11,691,000 m³	Commodity	11,691,000 (2)	-	-	-	-			-	-		
37		Transportation	11,691,000 (2)	(0.1018)	(11,896.30)	(1.6829)	(196,749.39)			(2,5359)	(296,471.32)		
38				(0.0308)	(3,595.69)	(1.5724)	(183,830.84)			(2,4254)	(283,552.77)		
39	Sales Service				(3,595.69)		(183,830.84)	(180,235.15)			(283,552.77)	(99,721.93)	
40	Direct Purchase Bundled T				(3,595.69)		(183,830.84)	(180,235.15)			(283,552.77)	(99,721.93)	
41	T-service				8,300.61		12,918.56	4,617.95			12,918.56	-	
42	Large Rate 20	Delivery	15,000,000 (2)	0.0710	10,650.00	0.1105	16,575.00			0.1105	16,575.00		
43	Annual Volume of 15,000,000 m³	Commodity	15,000,000 (2)	-	-	-	-			-	-		
44		Transportation	15,000,000 (2)	(0.1018)	(15,263.40)	(1.6829)	(252,436.99)			(2,5359)	(380,384.04)		
45				(0.0308)	(4,613.40)	(1.5724)	(235,861.99)			(2,4254)	(363,809.04)		
46	Sales Service				(4,613.40)		(235,861.99)	(231,248.59)			(363,809.04)	(127,947.05)	
47	Direct Purchase Bundled T				(4,613.40)		(235,861.99)	(231,248.59)			(363,809.04)	(127,947.05)	
48	T-Service				10,650.00		16,575.00	5,925.00			16,575.00	-	
49	Average Rate 25	Delivery	2,055,000 (2)	(0.0416)	(854.88)	0.0143	293.87			0.0143	293.87		
50	Annual Volume of 2,055,000 m³	Commodity	2,055,000 (2)	-	-	-	-			-	-		
51		Transportation	2,055,000 (2)	(0.0416)	(854.88)	(0.6291)	(13,221.87)			(0.9905)	(20,354.78)		
52				(0.0416)	(854.88)	(0.6291)	(12,928.01)			(0.9762)	(20,060.91)		
53	Sales Service				(854.88)		(12,928.01)	(12,073.13)			(20,060.91)	(7,132.91)	
54	T-Service				(854.88)		293.87	1,148.75			293.87	-	
55	Small Rate 100	Delivery	27,000,000 (2)	0.0195	5,265.00	0.0374	10,098.00			0.0374	10,098.00		
56	T-Service			0.0195	5,265.00	0.0374	10,098.00	4,833.00			10,098.00	-	
57	Average Rate 100	Delivery	112,484,000 (2)	0.0195	21,934.38	0.0374	42,069.02			0.0374	42,069.02		
58	T-service			0.0195	21,934.38	0.0374	42,069.02	20,134.64			42,069.02	-	
59	Large Rate 100	Delivery	486,300,000 (2)	0.0195	94,828.50	0.0374	181,876.20			0.0374	181,876.20		
60	T-Service			0.0195	94,828.50	0.0374	181,876.20	87,047.70			181,876.20	-	

Notes:

- (1) Based on average consumption per customer, for the period October 1, 2013 to March 31, 2014.
(2) Based on annual volumes.

UNION GAS LIMITED
Calculation of 2012 Deferral Impacts for Customers within each Rate Class

Line No.	Particulars	Rate Component	Volume for 2012 Deferral Disposition (m ³)	Earnings Sharing			FT-RAM Deferral			Difference (\$)	FT-RAM Deferral and Base Exchanges			
				Unit Rate for Recovery/(Refund) (cents/m ³)	Bill Impact (\$)	(c) = (a x b) / 100	Unit Rate for Recovery/(Refund) (cents/m ³)	Bill Impact (\$)	(e) = (a x d) / 100		(f) = (e - c)	Unit Rate for Recovery/(Refund) (cents/m ³)	Bill Impact (\$)	Difference (\$)
			(a)	(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)		
1	Average Rate M1	Delivery	1,679 (1)	0.1076	1.81	0.3903	6.55			0.3903	6.55			
2	Annual Volume of 2,200 m ³	Commodity	1,679 (1)	0.0944	1.58	(0.6389)	(10.72)			(0.7623)	(12.80)			
3				0.2020	3.39	(0.2486)	(4.17)			(0.3720)	(6.24)			
4	Sales Service				3.39		(4.17)	(7.56)			(6.24)	(2.07)		
5	Direct Purchase				1.81		6.55	4.75			6.55	-		
6	Small Rate M2	Delivery	45,840 (1)	0.1650	75.64	0.2853	130.78			0.2853	130.78			
7	Annual Volume of 60,000 m ³	Commodity	45,840 (1)	0.0944	43.27	(0.6389)	(292.87)			(0.7623)	(349.44)			
8				0.2594	118.91	(0.3536)	(162.09)			(0.4770)	(218.66)			
9	Sales Service				118.91		(162.09)	(281.00)			(218.66)	(56.57)		
10	Direct Purchase				75.64		130.78	55.15			130.78	-		
11	Average Rate M2	Delivery	55,772 (1)	0.1650	92.02	0.2853	159.12			0.2853	159.12			
12	Annual Volume of 73,000 m ³	Commodity	55,772 (1)	0.0944	52.65	(0.6389)	(356.33)			(0.7623)	(425.15)			
13				0.2594	144.67	(0.3536)	(197.21)			(0.4770)	(266.03)			
14	Sales Service				144.67		(197.21)	(341.88)			(266.03)	(68.82)		
15	Direct Purchase				92.02		159.12	67.09			159.12	-		
16	Large Rate M2	Delivery	191,000 (1)	0.1650	315.15	0.2853	544.92			0.2853	544.92			
17	Annual Volume of 250,000 m ³	Commodity	191,000 (1)	0.0944	180.30	(0.6389)	(1,220.30)			(0.7623)	(1,455.99)			
18				0.2594	495.45	(0.3536)	(675.38)			(0.4770)	(911.07)			
19	Sales Service				495.45		(675.38)	(1,170.83)			(911.07)	(235.69)		
20	Direct Purchase				315.15		544.92	229.77			544.92	-		
21	Small Rate M4	Delivery	875,000 (2)	0.4295	3,758.13	0.4892	4,280.50			0.4892	4,280.50			
22	Annual Volume of 1,100,000 m ³	Commodity	875,000 (2)	0.0499	436.28	(0.3376)	(2,954.29)			(0.4028)	(3,524.52)			
23				0.4794	4,194.41	0.1516	1,326.21			0.0864	755.98			
24	Sales Service				4,194.41		1,326.21	(2,868.19)			755.98	(570.24)		
25	Direct Purchase				3,758.13		4,280.50	522.38			4,280.50	-		
26	Average Rate M4	Delivery	2,662,000 (2)	0.4295	11,433.29	0.4892	13,022.50			0.4892	13,022.50			
27	Annual Volume of 3,300,000 m ³	Commodity	2,662,000 (2)	0.0499	1,327.29	(0.3376)	(8,987.78)			(0.4028)	(10,722.61)			
28				0.4794	12,760.58	0.1516	4,034.72			0.0864	2,299.89			
29	Sales Service				12,760.58		4,034.72	(8,725.86)			2,299.89	(1,734.83)		
30	Direct Purchase				11,433.29		13,022.50	1,589.21			13,022.50	-		
31	Large Rate M4	Delivery	4,019,000 (2)	0.4295	17,261.61	0.4892	19,660.95			0.4892	19,660.95			
32	Annual Volume of 5,300,000 m ³	Commodity	4,019,000 (2)	0.0499	2,003.90	(0.3376)	(13,569.46)			(0.4028)	(16,188.65)			
33				0.4794	19,265.50	0.1516	6,091.49			0.0864	3,472.30			
34	Sales Service				19,265.50		6,091.49	(13,174.01)			3,472.30	(2,619.19)		
35	Direct Purchase				17,261.61		19,660.95	2,399.34			19,660.95	-		
36	Small Rate M5	Delivery	825,000 (2)	0.0635	523.88	0.0968	798.60			0.0968	798.60			
37	Annual Volume of 1,100,000 m ³	Commodity	825,000 (2)	0.0499	411.35	(0.3376)	(2,785.47)			(0.4028)	(3,323.12)			
38				0.1134	935.22	(0.2408)	(1,986.87)			(0.3060)	(2,524.52)			
39	Sales Service				935.22		(1,986.87)	(2,922.09)			(2,524.52)	(537.65)		
40	Direct Purchase				523.88		798.60	274.73			798.60	-		
41	Average Rate M5	Delivery	3,266,000 (2)	0.0635	2,073.91	0.0968	3,161.49			0.0968	3,161.49			
42	Annual Volume of 4,400,000 m ³	Commodity	3,266,000 (2)	0.0499	1,628.45	(0.3376)	(11,027.08)			(0.4028)	(13,155.54)			
43				0.1134	3,702.36	(0.2408)	(7,865.60)			(0.3060)	(9,994.05)			
44	Sales Service				3,702.36		(7,865.60)	(11,567.95)			(9,994.05)	(2,128.46)		
45	Direct Purchase				2,073.91		3,161.49	1,087.58			3,161.49	-		
46	Large Rate M5	Delivery	11,004,000 (2)	0.0635	6,987.54	0.0968	10,651.87			0.0968	10,651.87			
47	Annual Volume of 14,300,000 m ³	Commodity	11,004,000 (2)	0.0499	5,486.66	(0.3376)	(37,153.10)			(0.4028)	(44,324.42)			
48				0.1134	12,474.20	(0.2408)	(26,501.23)			(0.3060)	(33,672.55)			
49	Sales Service				12,474.20		(26,501.23)	(38,975.43)			(33,672.55)	(7,171.32)		
50	Direct Purchase				6,987.54		10,651.87	3,664.33			10,651.87	-		
51	Small Rate M7	Delivery	28,327,000 (2)	(0.2559)	(72,488.79)	(0.1435)	(40,649.25)			(0.1435)	(40,649.25)			
52	Direct Purchase			(0.2559)	(72,488.79)	(0.1435)	(40,649.25)	31,839.55		(0.1435)	(40,649.25)	-		
53	Average Rate M7	Delivery	35,291,000 (2)	(0.2559)	(90,309.67)	(0.1435)	(50,642.59)			(0.1435)	(50,642.59)			
54	Direct Purchase			(0.2559)	(90,309.67)	(0.1435)	(50,642.59)	39,667.08		(0.1435)	(50,642.59)	-		
55	Large Rate M7	Delivery	45,238,000 (2)	(0.2559)	(115,764.04)	(0.1435)	(64,916.53)			(0.1435)	(64,916.53)			
56	Direct Purchase			(0.2559)	(115,764.04)	(0.1435)	(64,916.53)	50,847.51		(0.1435)	(64,916.53)	-		

Notes:

(1) Based on average consumption per customer, for the period October 1, 2013 to March 31, 2014.
(2) Based on annual volumes.

UNION GAS LIMITED

Calculation of 2012 Deferral Impacts for Customers within each Rate Class

Line No.	Particulars	Rate Component	Volume for 2012 Deferral Disposition (m ³) (a)	(2)	Earnings Sharing		FT-RAM Deferral		Difference (\$) (f) = (e - c)	FT-RAM Deferral and Base Exchanges		
					Unit Rate for Recovery/(Refund) (cents/m ³) (b)	Bill Impact (\$) (c) = (a x b) / 100	Unit Rate for Recovery/(Refund) (cents/m ³) (d)	Bill Impact (\$) (e) = (a x d) / 100		Unit Rate for Recovery/(Refund) (cents/m ³) (g)	Bill Impact (\$) (h) = (a x g) / 100	Difference (\$) (i) = (h - e)
1	Small Rate T1	Delivery	7,537,000	(2)	0.0389	2,931.89	0.0544	4,100.13		0.0544	4,100.13	
2	Direct Purchase				0.0389	2,931.89	0.0544	4,100.13	1,168.24	0.0544	4,100.13	-
3	Average Rate T1	Delivery	82,265,000	(2)	0.0389	32,001.09	0.0544	44,752.16		0.0544	44,752.16	
4	Direct Purchase				0.0389	32,001.09	0.0544	44,752.16	12,751.08	0.0544	44,752.16	-
5	Large Rate T1	Delivery	197,789,850	(2)	0.0389	76,940.25	0.0544	107,597.68		0.0544	107,597.68	
6	Direct Purchase				0.0389	76,940.25	0.0544	107,597.68	30,657.43	0.0544	107,597.68	-
7	Largest Rate T1	Delivery	628,870,000	(2)	0.0389	244,630.43	0.0544	342,105.28		0.0544	342,105.28	
8	Direct Purchase				0.0389	244,630.43	0.0544	342,105.28	97,474.85	0.0544	342,105.28	-

Notes:

- (1) Based on average consumption per customer, for the period October 1, 2013 to March 31, 2014.
(2) Based on annual volumes.

UNION GAS LIMITED

Undertaking of Ms. Elliott
To Ms. Sebalj

To advise how the ESM Revenues change if \$5.9 million is removed from the total in revenues in Line 7; to put March and November back into Winter and advise revenues are available for sharing, and the amount that would end up in the Deferral Account; to take March revenue amount out of the ESM calculation and advise how it changes the revenue amount in the ESM and Deferral Account.

Comparison of Union's Proposed Treatment and Proposed Scenarios by Board Staff
(\$000s)

Line No.	Particulars	Proposed Treatment	Scenario 1	Scenario 2	Scenario 3
1	Deferral Account Balance	15,929	15,929	15,929	15,929
2	Impact on Deferral Account	0	(5,310)	(6,851)	(6,175)
3	Revised Deferral Account Balance	15,929	10,619	9,078	9,754
4	Earnings Sharing	(15,730)	(15,730)	(15,730)	(15,730)
5	Impact on Earnings Sharing	0	5,310	6,717	6,175
6	Revised Earnings Sharing	(15,730)	(10,420)	(9,013)	(9,555)
7	Total (Line 3 + Line 6)	199	199	65	199

Notes:

Proposed Treatment - Per EB-2013-0109, Exhibit B, Tab 1, Table 1

Scenario 1 - Remove \$5.9M (Winter) from total revenues per Exhibit B, Tab 2, Table 1, Line 7

Scenario 2 - Put March and November back into Winter, and remove \$7.6M from total revenues

Scenario 3 - Put March back into Winter, and remove \$6.9M from total revenues

Line 2 - Impact on deferral account is 90% of Winter revenues

Line 5 - Impact is contingent upon applicable earnings sharing level. In Scenario 1 and 3

Union remains in 90/10 sharing, in Scenario 2 the majority of the earnings sharing impact is at 90/10 with a small amount at 50/50 sharing.

UNION GAS LIMITED

Undertaking of Mr. Isherwood
To Mr. Quinn

To provide credit levels in the STS Pool Account, year-end 2008 through 2012, and then monthly credits 2012 for pool credits and the EDA.

As described at Exhibit B, Tab 3, pages 35-36, and further explained by Mr. Isherwood at Volume 2, pages 114-116, STS is a storage transportation service offered by TCPL. The service is specifically designed to connect each of the Union North delivery areas to Dawn storage. This service allows Union to effectively flow gas from delivery areas to Dawn (via Parkway) in the summer when the delivery area does not need the gas (STS injection), and then deliver gas from Dawn back to the delivery area on winter days when demand is higher (STS withdrawal). This allows Union to flow gas on long haul contracts at a higher load factor and avoid additional unabsorbed demand charges (UDC).

As a condition of this service, TCPL tracks the GJ's injected and the GJ's withdrawn on a cumulative basis in an STS volume balance account. The STS volume balance does not impact TCPL's firm service to Union's northern delivery areas; gas continues to flow as required irrespective of the balance. TCPL provides firm service from Parkway to each delivery area during the winter months, although the fee for this service is dependent upon the cumulative STS volume balance account. When there is a positive cumulative STS balance, standard withdrawal rates apply. If withdrawals are made when the cumulative balance is zero, an additional STS withdrawal charge is applied. The additional fee varies by delivery area, but as an example was \$0.076/gj for the Union EDA in 2012.

In 2012, Union incurred additional STS withdrawal fees for Union EDA which were attributed to S&T Exchange Revenue. The depletion of the STS volume balance account for Union EDA occurred as S&T optimized the Empress – Union EDA capacity between 2008 – 2011. The proceeds from this optimization activity benefited ratepayers. For 2012, Union continued to transact exchange activity provided the revenue covered all costs related to the incremental STS withdrawal charge.

Union has two volume balancing STS accounts with TCPL. One is upstream of Parkway (the balance for NDA, WDA, SSMDA and NCDA), and one is downstream of Parkway (the balance for Union EDA). The year end balances for both accounts from 2008 to 2012, and monthly for 2012 are included in Attachment 1.

STS BALANCES - UPSTREAM AND DOWNSTREAM ACCOUNTS*

	<u>Upstream</u> <u>STS Account</u> GJs	<u>Downstream</u> <u>STS Account</u> GJs
<i>Balance as at December 31st</i>		
2008	42,208,830	12,415,320
2009	48,413,230	8,708,418
2010	52,439,182	4,936,241
2011	40,505,690	-
2012	10,126,624	-
<i>Monthly Balance during 2012</i>		
Jan. 31, 2012	37,937,535	-
Feb. 28, 2012	35,629,960	-
Mar. 31, 2012	32,834,940	-
Apr. 30, 2012	29,031,931	-
May 31, 2012	25,300,316	-
June 30, 2012	23,283,914	-
July 31, 2012	22,024,495	-
Aug. 31, 2012	20,737,888	-
Sept. 30, 2012	19,128,805	-
Oct. 31, 2012	16,149,609	-
Nov. 30, 2012	13,085,999	-
Dec. 31, 2012	10,126,624	-

* Upstream STS Account is for Union EDA.

Downstream STS Account is for Union NDA, WDA, SSMDA and NCDA.

UNION GAS LIMITED

Undertaking of Mr. Shorts
To Mr. Quinn

To identify where in Union's QRAM the cost associated with the contract is identified and to provide that schedule.

The costs associated with the Parkway to Union CDA capacity are allocated primarily (approximately 83%) to Union North customers. The volumes transported from Parkway to the Union CDA replace Union South supply on the TCPL Empress to Union CDA contract, which is required in Union North to meet design day requirements.

The costs allocated to Union North customers are recorded as one component of the costs in the North Tolls & Fuel Deferral Account (179-100). These costs are recovered from sales service and bundled direct purchase customers. Please see Attachment 1, Column A, November to March.

The remaining costs associated with the Parkway to Union CDA capacity are allocated to Union South customers. They are one component of the costs recorded in the South Purchased Gas Variance Account (179-106). These costs are recovered from sales service customers only. Please see Attachment 2, Column A, November to March.

For 2012, the total cost allocated to customers for the Parkway to Union CDA contracts is:

	<u>\$000's</u>	
Union North:	\$3,705	(83%)
Union South:	<u>\$ 776</u>	(17%)
Total	\$4,481	

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EB-2012-0437

Tab 1

Schedule 3

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UNION GAS LIMITED
Deferral Account for
North TCPL Tolls and Fuel - Northern and Eastern Operations Area
(Deferral Account 179-100)

Line No.	Particulars	North TCPL Tolls			North TCPL Fuel			Total Deferral Amount With Interest (\$000's) (g) = (c) + (f)
		Deferral Amount Before Interest (\$000's) (a)	Interest (\$000's) (1) (b)	Deferral Amount With Interest (\$000's) (c) = (a) + (b)	Deferral Amount Before Interest (\$000's) (d)	Interest (\$000's) (1) (e)	Deferral Amount With Interest (\$000's) (f) = (d) + (e)	
1	Cumulative to end of December, 2011	\$ 12,501	\$ 67	\$ 12,568	\$ (1,984)	\$ 53	\$ (1,931)	\$ 10,637
2	January, 2012 *	\$ 543	\$ (0)	\$ 543	\$ (32)	\$ (1)	\$ (33)	\$ 510
3	February *	\$ 884	\$ (3)	\$ 881	\$ 60	\$ (1)	\$ 59	\$ 940
4	March *	\$ 448	\$ (5)	\$ 443	\$ (120)	\$ (1)	\$ (120)	\$ 323
5	April, 2012 *	\$ 732	\$ (6)	\$ 725	\$ (109)	\$ (1)	\$ (110)	\$ 615
6	May *	\$ 630	\$ (7)	\$ 623	\$ (102)	\$ (1)	\$ (103)	\$ 521
7	June *	\$ 856	\$ (6)	\$ 850	\$ (103)	\$ (1)	\$ (104)	\$ 746
8	July, 2012 *	\$ 668	\$ (6)	\$ 662	\$ (51)	\$ (1)	\$ (52)	\$ 610
9	August *	\$ 452	\$ (5)	\$ 447	\$ (35)	\$ (1)	\$ (36)	\$ 411
10	September *	\$ 191	\$ (5)	\$ 186	\$ (46)	\$ (1)	\$ (47)	\$ 139
11	October, 2012	\$ 426	\$ (5)	\$ 421	\$ (29)	\$ (1)	\$ (30)	\$ 391
12	November	\$ 1,642	\$ (5)	\$ 1,637	\$ 7	\$ (1)	\$ 6	\$ 1,643
13	December	\$ 1,641	\$ (5)	\$ 1,636	\$ 19	\$ (1)	\$ 18	\$ 1,654
14	Total (Lines 1 to 13)	\$ 21,615	\$ 7	\$ 21,621	\$ (2,523)	\$ 40	\$ (2,483)	\$ 19,139
<u>Current QRAM Period</u>								
15	January, 2013	\$ 1,886	\$ -	\$ 1,886	\$ (17)	\$ -	\$ (17)	\$ 1,869
16	February	\$ 1,884	\$ -	\$ 1,884	\$ (13)	\$ -	\$ (13)	\$ 1,871
17	March	\$ 1,892	\$ -	\$ 1,892	\$ (25)	\$ -	\$ (25)	\$ 1,866
18	April, 2013	\$ 786	\$ -	\$ 786	\$ 2	\$ -	\$ 2	\$ 788
19	May	\$ 796	\$ -	\$ 796	\$ 13	\$ -	\$ 13	\$ 809
20	June	\$ 801	\$ -	\$ 801	\$ 19	\$ -	\$ 19	\$ 820
21	July, 2013	\$ 802	\$ -	\$ 802	\$ 22	\$ -	\$ 22	\$ 824
22	August	\$ 802	\$ -	\$ 802	\$ 24	\$ -	\$ 24	\$ 825
23	September	\$ 799	\$ -	\$ 799	\$ 23	\$ -	\$ 23	\$ 822
24	October, 2013	\$ 793	\$ -	\$ 793	\$ 19	\$ -	\$ 19	\$ 811
25	November	\$ 1,861	\$ -	\$ 1,861	\$ 17	\$ -	\$ 17	\$ 1,878
26	December	\$ 1,860	\$ -	\$ 1,860	\$ 27	\$ -	\$ 27	\$ 1,887
27	Total (Lines 15 to 26)	\$ 14,961	\$ -	\$ 14,961	\$ 110	\$ -	\$ 110	\$ 15,071

* Reflects actual information.

Notes:

(1) Interest is computed on the deferral amount balance net of the actual prospective recovery amount for the quarter prior to the current QRAM period.

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Tab 1

Schedule 3

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UNION GAS LIMITED
Deferral Account for
South Purchased Gas Variance Account
(Deferral Account 179-106)

Line No.	Particulars	Purchase Cost (\$000's)	Volume (GJ)	Weighted Avg. Price (\$/GJ)	Reference Price (\$/GJ) (1)	Unit Rate Difference (\$/GJ)	Monthly Deferral Amount (\$000's)	Southern Portfolio Cost Differential Adjustment (\$000's)	Deferral Amount Before Interest (\$000's)	Adjustments (\$000's)	Total Deferral Before Interest (\$000's)	Interest (\$000's) (2)	Total Deferral Amount (\$000's)
		(a)	(b)	(c) = (a)/(b)	(d)	(e) = (c) - (d)	(f) = (b) x (e)	(g)	(h) = (f) + (g)	(i)	(j) = (h) + (i)	(k)	(l) = (j) + (k)
1	Cumulative to end of December, 2011						\$ (497,361)	\$ 166,175	\$ (331,187)	\$ 4,558	\$ (326,629)	\$ (1,342)	\$ (327,971)
2	January, 2012 *	\$ 35,390	9,179,200	\$ 3.855	\$ 5.386	\$ (1.531)	\$ (14,049)	\$ 8,230	\$ (5,819)	\$ -	\$ (5,819)	\$ (27)	\$ (5,846)
3	February *	\$ 29,664	8,587,890	\$ 3.454	\$ 5.386	\$ (1.932)	\$ (16,590)	\$ 7,699	\$ (8,891)	\$ -	\$ (8,891)	\$ (16)	\$ (8,907)
4	March *	\$ 24,993	8,347,826	\$ 2.994	\$ 5.386	\$ (2.392)	\$ (19,969)	\$ 8,230	\$ (11,738)	\$ -	\$ (11,738)	\$ (12)	\$ (11,750)
5	April, 2012 *	\$ 19,853	7,273,463	\$ 2.730	\$ 4.665	\$ (1.935)	\$ (14,078)	\$ 8,044	\$ (6,034)	\$ -	\$ (6,034)	\$ (20)	\$ (6,054)
6	May *	\$ 18,728	6,795,222	\$ 2.756	\$ 4.665	\$ (1.909)	\$ (12,971)	\$ 8,312	\$ (4,660)	\$ -	\$ (4,660)	\$ (19)	\$ (4,679)
7	June *	\$ 20,808	6,552,494	\$ 3.176	\$ 4.665	\$ (1.489)	\$ (9,759)	\$ 8,044	\$ (1,716)	\$ -	\$ (1,716)	\$ (30)	\$ (1,746)
8	July, 2012 *	\$ 26,839	7,340,592	\$ 3.656	\$ 4.823	\$ (1.167)	\$ (8,565)	\$ 9,043	\$ 478	\$ -	\$ 478	\$ (37)	\$ 440
9	August *	\$ 28,489	7,350,165	\$ 3.876	\$ 4.823	\$ (0.947)	\$ (6,961)	\$ 9,043	\$ 2,082	\$ -	\$ 2,082	\$ (42)	\$ 2,040
10	September *	\$ 29,720	8,520,488	\$ 3.488	\$ 4.823	\$ (1.335)	\$ (11,375)	\$ 8,751	\$ (2,624)	\$ -	\$ (2,624)	\$ (43)	\$ (2,667)
11	October, 2012	\$ 29,679	7,358,524	\$ 4.033	\$ 5.025	\$ (0.992)	\$ (7,297)	\$ 5,349	\$ (1,949)	\$ -	\$ (1,949)	\$ (51)	\$ (1,999)
12	November	\$ 40,463	9,378,928	\$ 4.314	\$ 5.025	\$ (0.711)	\$ (6,666)	\$ 5,068	\$ (1,598)	\$ -	\$ (1,598)	\$ (51)	\$ (1,649)
13	December	\$ 43,899	9,969,062	\$ 4.403	\$ 5.025	\$ (0.622)	\$ (6,196)	\$ 5,349	\$ (847)	\$ -	\$ (847)	\$ (51)	\$ (898)
14	Total (Lines 1 to 13)	\$ 348,524	96,653,854				\$ (631,838)	\$ 257,335	\$ (374,503)	\$ 4,558	\$ (369,945)	\$ (1,740)	\$ (371,685)
Current QRAM Period													
15	January, 2013	\$ 43,431	9,770,627	\$ 4.445	\$ 5.566	\$ (1.121)	\$ (10,952)	\$ 9,536	\$ (1,416)	\$ -	\$ (1,416)	\$ -	\$ (1,416)
16	February	\$ 40,094	8,825,083	\$ 4.543	\$ 5.566	\$ (1.023)	\$ (9,027)	\$ 8,613	\$ (414)	\$ -	\$ (414)	\$ -	\$ (414)
17	March	\$ 43,423	9,770,627	\$ 4.444	\$ 5.566	\$ (1.122)	\$ (10,961)	\$ 9,536	\$ (1,424)	\$ -	\$ (1,424)	\$ -	\$ (1,424)
18	April, 2013	\$ 40,158	9,075,792	\$ 4.425	\$ 5.566	\$ (1.141)	\$ (10,358)	\$ 9,229	\$ (1,129)	\$ -	\$ (1,129)	\$ -	\$ (1,129)
19	May	\$ 41,059	9,312,540	\$ 4.409	\$ 5.566	\$ (1.157)	\$ (10,775)	\$ 9,536	\$ (1,239)	\$ -	\$ (1,239)	\$ -	\$ (1,239)
20	June	\$ 40,347	9,075,792	\$ 4.446	\$ 5.566	\$ (1.120)	\$ (10,169)	\$ 9,229	\$ (940)	\$ -	\$ (940)	\$ -	\$ (940)
21	July, 2013	\$ 41,511	9,312,540	\$ 4.458	\$ 5.566	\$ (1.108)	\$ (10,323)	\$ 9,536	\$ (786)	\$ -	\$ (786)	\$ -	\$ (786)
22	August	\$ 36,722	8,011,426	\$ 4.584	\$ 5.566	\$ (0.982)	\$ (7,869)	\$ 9,536	\$ 1,667	\$ -	\$ 1,667	\$ -	\$ 1,667
23	September	\$ 41,041	9,075,792	\$ 4.522	\$ 5.566	\$ (1.044)	\$ (9,475)	\$ 9,229	\$ (247)	\$ -	\$ (247)	\$ -	\$ (247)
24	October, 2013	\$ 42,479	9,312,540	\$ 4.561	\$ 5.566	\$ (1.005)	\$ (9,355)	\$ 9,536	\$ 181	\$ -	\$ 181	\$ -	\$ 181
25	November	\$ 42,074	8,814,230	\$ 4.773	\$ 5.566	\$ (0.793)	\$ (6,986)	\$ 9,229	\$ 2,243	\$ -	\$ 2,243	\$ -	\$ 2,243
26	December	\$ 44,664	9,108,038	\$ 4.904	\$ 5.566	\$ (0.662)	\$ (6,032)	\$ 9,536	\$ 3,504	\$ -	\$ 3,504	\$ -	\$ 3,504
27	Total (Lines 15 to 26)	\$ 497,002	109,465,027				\$ (112,280)	\$ 112,280	\$ (0)	\$ -	\$ (0)	\$ -	\$ (0)

* Reflects actual information.

Notes:

- (1) The reference price from January 2012 to March 2012 is as approved in EB-2011-0382.
The reference price from April 2012 to June 2012 is as approved in EB-2012-0070.
The reference price from July 2012 to September 2012 is as approved in EB-2012-0249.
The reference price from October 2012 to December 2012 is as approved in EB-2012-0345.
The reference price from January 2013 to December 2013 is as proposed in EB-2012-0437.

- (2) Interest is computed on the deferral amount balance net of the actual prospective recovery amount for the quarter prior to the current QRAM period.

UNION GAS LIMITED

Undertaking of Mr. Isherwood
To Mr. Quinn

To provide the total amount of deliveries for all delivery areas, less those not available on peak days, for the years 2011, 2012, 2013.

Attachment 1 provides the reconciliation of Union contracted capacity on TCPL (as reported in the TCPL CDE report) relative to the balance (demand vs. TCPL contracted capacity) contained in the Sussex Report (Exhibit C, Tab 2, page 28) for all of Union North. The differences in capacity between the two reports are due to temporary assignments for in-franchise T-service customers and STS. Contract Demand on TCPL's CDE report does not reflect temporary assignments, STS withdrawals for all delivery areas, or the use of STS pooling across delivery areas. When this is considered, the CDE report matches the Sussex Report, which shows that all assets in the Union North portfolio are required to meet design day requirements. There are no excess capacities in the Gas Supply Plan for Union North. This same conclusion holds true for Union CDA and Union South, as described below.

This undertaking followed a lengthy discussion on October 23 at the oral hearing of this proceeding (Volume 2, pg. 131-169), which entailed many issues related to the Union CDA. The discussion centered around Mr. Quinn's question as articulated on Volume 2, pg. 137, lines 25 - 26: "How would [Union] know if they didn't have excess in the CDA, excess capability in the CDA?". In order to resolve this question, Mr. Quinn directly and indirectly asked Union to address the following:

- What are the design day demands of the Union CDA and what capacities are used to meet these demands
 - How and why is the Union CDA capacity used to meet Union North design day requirements
 - How do the capacities in the Sussex report reconcile to the Union CDA quantities reported in TCPL's public "CDE" report as filed in Exhibit K2.1
 - How can S&T optimize 96% of the Union CDA capacity, as reported at D8.12
- Attachment 2

The following addresses these questions in order to provide the necessary context and explanation to fully respond to the discussion in the hearing and the undertaking noted above. The conclusion of this discussion is that the Union CDA is appropriately sized to meet requirements in both Union South and Union North, and does not include any excess capacity. The optimization of this contract is using temporary surplus capacity.

Union CDA Design Day Demands

On the TCPL system, “Union CDA” is a TCPL delivery area that is located at the eastern end of Union’s Dawn-Parkway System. It is located entirely within in the Union South operating area. Union South includes customers located west of Mississauga and south of Georgian Bay (Windsor/Chatham, London/Sarnia, Waterloo/Brantford and Hamilton/Halton Districts). The TCPL Union CDA encompasses four city gate stations that are within Union’s franchise area: Bronte, Burlington, Hamilton Gate, and Nanticoke. The TCPL CDA supplies a portion of this area while the Union transmission and distribution system supplies the remainder. A map to illustrate Union South and Union CDA is included in Attachment 2.

From a gas supply perspective, Union South is served through a combination of upstream transportation contracts (including Dawn supply purchases), Dawn storage, and transportation on the Dawn-Parkway system. The Dawn-Parkway System is designed to meet design day demands of Union South and all volumes required to go through Parkway. Volumes going through Parkway include contracted obligations for ex-franchise (M12 customers) and either FT short haul or STS from Parkway to points in Union North to meet design day.

In order to effectively manage costs for Union South customers, upstream transportation contracts are sized to meet average day (annual) requirements; these contracts flow at, or very close to, 100% load factor on a planned basis. Dawn storage withdrawals and transportation on the Dawn-Parkway system is used in conjunction with the upstream transportation contracts (plus direct purchase supply received on Union’s system) to meet design day requirements for Union South. The design day demand for Union South is 2,583 TJ/d. The supply, and related upstream transportation capacity, to meet this demand is found at Exhibit C, Tab 2, page 30, which reconciles how Union meets design day demands in Union South.

In determining gas supply and upstream transportation requirements, Union does not separate individual cities or city gate stations. Therefore, Union does not plan for, or contract for, Union CDA requirements independently in determining Union’s gas supply arrangements. However, since the Union CDA is a TCPL delivery point, Union can and does contract for transportation capacity to this point that is used to serve Union South requirements as identified in the Gas Supply Plan and the Sussex report. Union holds approximately 70 TJ/d of TCPL Empress to Union CDA upstream transportation capacity to meet Union South average day requirements.

Use of TCPL Empress to Union CDA Contract to serve Union North

Union completes the Gas Supply Plan on an integrated basis. That is, it considers Union North and Union South requirements on a combined basis in order to manage costs for all ratepayers. One example of this is the use of the Empress to Union CDA contract to serve two purposes. In addition to meeting average day (annual) requirements for Union South as described above, the Empress to Union CDA contract of approximately 70 TJ/d is also used to meet Union North design day requirements. As described in Exhibit B, Tab 3, page 21 and Exhibit D8.40, the Empress to Union CDA contract is used to serve markets in Union NDA, WDA, and MDA on design day. On a design day, Union would simply leave this gas in the respective delivery area in the North rather than shipping the gas all the way to the Union CDA. The use of the Empress to

Union CDA contract in this way reduces the assets that would otherwise be required to serve North design day demands. The North replaces these volumes at the Union CDA (as described at Volume 2 of the Transcript, page 45, lines 10 to 25) and pays for the related Dawn-Parkway and Parkway to Union CDA capacity.

Mr. Shorts summarized why the Empress to Union CDA resource is used to serve the North on design day at Volume 2, page 156, lines 14-17: “It is an economical way for the North to be served that way, rather than contracting for Empress to the NDA capacity for the entire year”. If Union were to contract for Empress to the NDA capacity for the entire year instead of using the upstream diversion, the cost would be approximately \$30 million at current TCPL tolls.

Reconciliation to TCPL CDE Report

As requested, the total amount of contracted capacity on TCPL to the Union CDA for 2011-2013 has been summarized in the table below:

Reconciliation of Union CDA Capacity			
	TJ/d		
	Jan, 2011	Jan , 2012	Jan, 2013
Contracts per TCPL CDE Report*:			
1. Empress to Union CDA	70	70	67
2. STS (WDA/NDA to Union CDA)	52	52	52
3. Dawn to Union CDA	60	60	60
4. Parkway Belt to Union CDA			
a) TCPL FT Contract	0	16	16
b) TCPL FT-NR Contract	0	64	0
Sub-Total – TCPL CDE Report	182	262	196
Third Party Contract			
Parkway Belt to Union CDA	0	0	64
Total	182	262	259

*Note: Using column titled “Contract Demand” less temporary assignments for in-franchise T-service customers of 1.8 TJ/d (2011 and 2012) and 0.3 TJ/d (2013)

Of these four contracts noted above, only the Empress to Union CDA contract is reflected in design day analysis for Union South (as shown in the Sussex Report, Exhibit C, Tab 2, Page 30) since it delivers supply from Empress to Union South. Each contract is described below to explain why this is appropriate.

1. TCPL Empress to Union CDA:

This is the contract as described above which is held in the upstream transportation portfolio to meet both Union South average day requirements and Union North design day requirements.

2. STS (WDA/NDA to Union CDA):

Union holds an STS contract to balance annual requirements for the WDA and NDA. These contracts are in the Gas Supply Plan to provide a direct link between the North and Dawn storage (in summer to inject and in winter to withdraw). They are included in the Gas Supply Plan for withdrawals to meet design day demand requirements in Union North. The 52 TJ noted in the chart is the corresponding injection rights on the STS contract. The withdrawal capacity is not included as Union only pays a demand charge for the injection service. STS injection service cannot be used as a design day asset to serve Union CDA or Union South because the STS withdrawal is needed to serve Union North design requirements.

Union notes that the TCPL CDE report reflects that the STS service terminates at Union CDA, however Union's STS contract with TCPL specifies this service is to Parkway (in this context, defined as Union Parkway Belt). An excerpt of this contract is provided in Attachment 3.

3. Dawn to Union CDA:

This capacity is contracted primarily to transport Union's Trunkline and Panhandle deliveries to Parkway for Union South System Sales and Bundled T Direct Purchase customers. This capacity is already captured on Page 30 of the Sussex report through the reporting of the Trunkline and Panhandle supplies. Including this capacity again would be double counting the supplies. This contract simply moves gas from one point within Union South to another point within Union South.

The remaining portion of this contract is used to supplement Dawn to Parkway capacity that is included in rates for Union's North customers.

4. Parkway Belt to Union CDA:

Mr. Quinn expressed specific concerns with these two contracts in the TCPL CDE report for the Union CDA in January, 2012, and that they may be surplus: "What I'm seeing here is additional capacity that's available from Union Parkway Belt to the Union CDA. And I think I've just heard that 2012, '13 was in proper balance for a design day. It strikes me as to why – what are the purposes of those two contracts and why are they part of the Gas Supply Plan?" (Volume 2, Page 157 line 25 – Page 158 line 3).

These contracts are not surplus and do not reflect incremental supply. The contracts were acquired in response to a new requirement from TCPL to hold Parkway to Union CDA transportation capacity. In early 2011, TCPL indicated that Union would need to contract and pay specifically to transport volumes from Parkway to Union CDA in order to meet consumption requirements. Historically, TCPL had not charged for this service and Union had not had to contract for it.

As a result of this, Union secured two Parkway to Union CDA contracts with TCPL, one FT contract for 16 TJ/d (standard FT contract with renewal rights), and one FT-NR (non-

renewable and only valid for one year) contract for 64 TJ/d, for a total of 80 TJ/d, commencing November 1, 2011. TCPL would not offer 64 TJ/d on a renewable basis. Consistent with gas supply planning principles, these contracts ensure that volumes transported to Parkway (in Union South) can be further transported on TCPL on a firm basis to the Union CDA to meet customers' firm needs, also within Union South. Again, this contract simply facilitates the movement of volumes from one point in Union South to another point in Union South, something Union has always done.

These contracts are not part of the Gas Supply Plan and are not included in the Sussex Report because the associated supply is already accounted for. As testified by Mr. Shorts: "That contract is really to move volumes that are already being delivered on the Union system from Parkway to the Union CDA... Those deliveries of the supply are already included in what they have included for the south... It's just what TransCanada required to move those volumes into the [Union] CDA, they required the...contracts to move that volume across the meter" (Volume 2, page 159 lines 5-14).

Union reviews the requirement for Parkway to Union CDA transportation each year. For November, 2012, Union contracted in the secondary market with a third party for 64 TJ/d from Parkway to Union CDA to replace the FT-NR capacity with TCPL that had expired and was not available for renewal. For January to October, 2012, Union held 80 TJ/d of TCPL Parkway-Union CDA capacity; for the remainder of the year, Union held a TCPL contract for 16 TJ/d and a third party contract for 64 TJ/d, for the same total of 80 TJ/d. Therefore, the capacity did not change between years and there was not excess capacity purchased.

Optimization of the Union CDA Contract

The Sussex report and Mr. Stephens' testimony on October 23, 2013 (Volume 2) demonstrate that Union's Gas Supply Plan for both Union South and Union North is "right sized". The response to Exhibit D8.12 indicates that S&T optimized the TCPL Empress to Union CDA contract 96%. These two facts can be reconciled because S&T optimization is using temporary surplus capacity on the Union CDA contract that is not required to meet Union North or Union South design day requirements. This is illustrated by the two main types of Union CDA optimization transactions completed in 2012:

Capacity Assignments in winter:

In the Gas Supply Plan, the Empress to Union CDA contract is designed to serve Union North markets on design day (as described earlier). In 2012, S&T used temporary surplus capacity to optimize this capacity through the following steps:

- The Empress to Union CDA capacity was assigned to a third party in the secondary market.
- Union completed an exchange with the same third party, where Union delivered its same system supply that it would otherwise buy at Empress and the third party re-

delivered the gas to the NDA or WDA on a firm basis. The S&T customer paid Union for this combined transaction.

As Mr. Isherwood testified (Volume 2, pg. 47 lines 6-21), the transaction results in the Union CDA supply being dropped off in the Union NDA or WDA for the entire month. On a peak winter day (for example, February 15), the gas is exactly where the Gas Supply Plan intended it to be. For the rest of the month, the capacity is being optimized.

This scenario is more fully described as Case 5, at Exhibit B, Tab 2, page 64.

Capacity Assignments in summer:

In the summer, there is temporary surplus capacity since the Empress to Union CDA contract is not required to meet a design day in the North and is to be injected at Dawn. In the summer, the Empress to Union CDA contract is expected to go to Parkway for delivery to Dawn for injection via the Union Dawn-Parkway system. S&T “unlocked” the value of the temporary surplus capacity by assigning the Empress to Union CDA capacity to a third party in combination with an exchange of gas between Empress and Dawn. This transaction had value for the S&T customer, who paid Union for the combined transaction.

In summary, the Empress to Union CDA contract is held in Union’s Gas Supply portfolio to meet annual requirements in Union South and design day requirements in Union North. There are no contracts to Union CDA that are held for purposes of optimization.

TCPL CDE Reports Summary¹ - Union North Delivery Areas
Quantity (TJ/d)

Delivery Area	Union MDA			Union WDA			Union SSMDA			Union NDA			Union NCDA			Union EDA		
Receipt Point	Jan-11	Jan-12	Jan-13	Jan-11	Jan-12	Jan-13	Jan-11	Jan-12	Jan-13	Jan-11	Jan-12	Jan-13	Jan-11	Jan-12	Jan-13	Jan-11	Jan-12	Jan-13
Empress	5	5	5	40	40	40	9	3	3	68	66	65	11	11	11	59	59	59
STS (Parkway - EDA)																69	69	69
Parkway Belt																35	35	35
Sault Ste Marie								6	6									
Total	5	5	5	40	40	40	9	9	9	68	66	65	11	11	11	163	163	163
Supply from Upstream			5			68			34			101			37			154
Transport & Storage^{2,5}																		
Total Difference			0			28			25			36			26			(9)
Due to STS ³						31			26			52			28			(9)
Due to In-franchise T-Service ⁴						(3)			(1)			(16)			(2)			0

¹ Source: TCPL CDE Reports, column titled "Contract Demand". Reports for each year dated January 4, 2011, January 3, 2012 and January 3, 2013 per Exhibit K2.1.

² Source: Sussex Report, filed at Exhibit C, Tab 2, Page 28. The Sussex report reflects the Gas Supply Plan for the period of November, 2012 to October, 2013, and is therefore only comparable to the TCPL CDE report for January, 2013.

³ The TCPL CDE report only reflects services which attract a firm demand charge. It does not include STS Withdrawal or Injection quantities contracted into areas where no demand toll is distinctly charged. For Union, this means that the STS withdrawals (contracted or pooled) for Union WDA, Union SSMDA, Union NDA, and Union NCDA are not captured on the CDE report. STS withdrawals for the Union EDA are captured in the CDE report for the full contracted level of 69 TJ/d but does not reflect 9 TJ/d of capacity that the Gas Supply Plan pools to other northern delivery areas. STS withdrawals are required by all Union North delivery areas (except Union MDA) to meet design day demands.

⁴ The "Contract Demand" column on the CDE report does not include any temporary assignments; the Sussex Report is net of temporary assignments to in-franchise T-Service customers. The "Temp Assigned Qty" column on the CDE report includes temporary assignments for both in-franchise T-Service customers and S&T capacity assignments.

⁵ The above reconciliation does not include the diversion of the Empress-Union CDA contract into Union North on peak day. This is not reflected in TCPL's CDE reports, but is shown in the Sussex report as noted "Diversion - from Union South transportation portfolio".

Union South and Union CDA

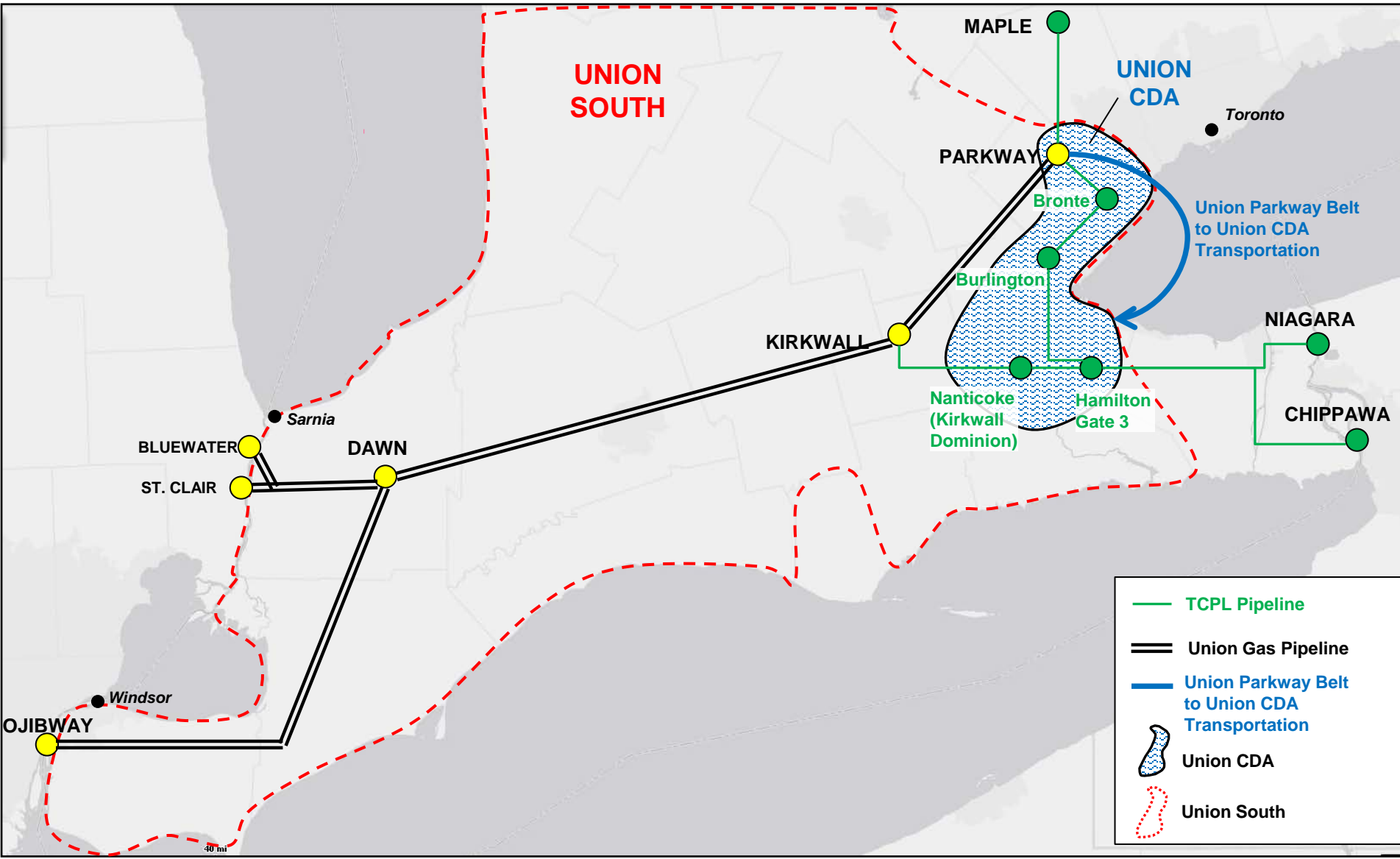




EXHIBIT "A"

This is EXHIBIT "A" to the restated CONTRACT for STORAGE TRANSPORTATION SERVICE, made as of the 28th day of September, 2009, between TRANSCANADA PIPELINES LIMITED and UNION GAS LIMITED

The Storage Delivery Point(s) hereunder are located as follows:

Union Dawn:

At the junction of the facilities of TransCanada and Union adjacent to Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn, in the County of Lampton, in the Province of Ontario.

Enbridge Dawn:

Part of Lot 26, concession I, in the Township of Dawn, in the County of Lampton, in the Province of Ontario.

Union Parkway Belt:

At the junction of the facilities of TransCanada and Union in Part of Lot Ten (10), Concession Nine (9), New Survey, in the Town of Milton, in the Regional Municipality of Halton.

Approved For Execution
Legal D&J
Finance Eric VanderBrink
Acquisition JH
Credit JH

eric
VanderBrink

UNION GAS LIMITED

Undertaking of Mr. Isherwood
To Mr. Thompson

To provide breakdown of time spent by S&T group on utility and non-utility.

S&T Group

Utility	76%
Non-Utility	24%

UNION GAS LIMITED

Undertaking of Mr. Clarke
To Mr. Shepherd

To explain why two numbers are the same.

There was an error in the report.

For the project in question, the Annual Electric Consumption Savings Rate should read 1,555,428 kWh/Year instead of 1,523,659 kWh/Year as originally stated.

Although this is an increase, Union does not propose any changes to its claimed savings.