SETTLEMENT FRAMEWORK
FOR REDUCTION OF PARKWAY DELIVERY OBLIGATION

A. CONTEXT AND GUIDING PRINCIPLES

1. There is currently an inequity in the manner in which the delivery of gas volumes required by Union at Parkway is achieved. A number of Direct Purchase ("DP") customers are contractually required by Union to deliver their Daily Contract Quantity ("DCQ") of gas to Parkway, at their own expense, in order for Union to operate its system. As a consequence, DP customers with a Parkway Delivery Obligation ("PDO") are conferring a benefit on all users of the Dawn-Parkway transmission system because its size and capacity are less than would otherwise be required.

2. To rectify this inequity, the Parties agree that the PDO should be permanently reduced primarily in the manner Union has proposed and as reflected in its evidence, but with certain modifications and an end-state as outlined below. Conceptually, the modified proposal is for Union to use excess Dawn-Parkway transmission capacity and other resources to provide the PDO relief it proposes, but with a defined end-state which includes the payment of a Parkway Delivery Commitment Incentive ("PDCI") for any continuing obligated DCQ deliveries at Parkway.

3. The ultimate objective of the modified proposal is to remedy an inequity. The guiding principle is to keep Union whole rather than to enhance or reduce its earnings during the operation of the Incentive Regulation Mechanism ("IRM") to December 31, 2018.

4. Union identifies TransCanada Power, a Division of TransCanada Energy Ltd. ("TCE"), as a M12 DP customer having a PDO eligible for reduction by turnback of M12 capacity. (See Exhibit B1.5) TCE holds M12 service for 132,000 GJ/day pursuant to an arrangement made with Union under the auspices of sub-paragraph (b) in the "Delivery Obligations" portion of section 1.3 of the EB-2005-0551 Settlement Agreement dated June 13, 2006 (the "NGEIR Settlement"). Under the provisions of subparagraph (b)(ii) of the NGEIR Settlement, this M12 service arrangement allows TCE's Halton Hills Generating Station ("HHGS") to purchase and deliver all of its DP gas supply to Union at Dawn on a non-obligated basis. Union then transports and delivers those non-obligated volumes from Dawn to HHGS, located near Parkway.

5. These delivery services are provided by Union to TCE for HHGS under the auspices of a M12 Dawn to Parkway contract for 132,000 GJ/day which TCE has assigned to Union and a Rate T2 contract for distribution services at a Billing Contract Demand ("BCD") of approximately 52,000 GJ/day. This is the minimum quantity that causes the Rate T2 demand charges paid by HHGS to fully recover the capital costs of the HHGS lateral under the economic test that is used for leave to construct applications.

6. This PDO Reduction proposal includes within its ambit the 132,000 GJ/day of capacity which TCE holds pursuant to its M12 contract which it has assigned to Union. TCE's M12 contract expires on October 31, 2018.

7. Ratepayer representatives and Union acknowledge that M12 turnback opportunities should be made available to TCE in the same proportions as those opportunities are made available to DP customers with PDOs in excess of 100 GJ/day so that TCE can transition to full Rate T2 service by increasing its BCD above its current level of 52,000 GJ/day. The parties acknowledge that TCE should increase the level of its BCD to the extent necessary to produce an amount of incremental T2 demand revenue which equates to the loss of M12 demand revenue related to TCE's M12 turn back provided that TCE's obligation to increase its Rate T2 BCD ends when it reaches 132,000 GJ/day.

8. The equitable end-state which Union's ratepayers seek is one which either eliminates in its entirety the PDO or, where it is more cost-effective to do so, calls for all ratepayers to compensate DP customers upon whom a PDO is imposed and who deliver PDO volumes at Parkway and sales service customers on whose behalf Union delivers volumes at Parkway for the benefit conferred on Union's integrated system.

9. The PDO Reduction Proposal which follows is based on the foregoing concepts and principles.

B. TERMS OF PDO REDUCTION PROPOSAL (EXCLUDING TCE)

(i) <u>Phase 1 (April 1, 2014)</u>

1. Effective April 1, 2014, the PDO will be permanently reduced by 146 TJ/day using temporarily available M12 Dawn to Parkway capacity. Upon Board approval of the PDO Reduction proposal, Union will facilitate a 36.1% reduction of the M12 capacity held by the DP customers identified by Union in Exhibit B1.5, excluding TCE, who elect to change their obligated delivery point from Parkway to Dawn effective April 1, 2014. A proportionate share of the aggregate PDO reduction available will be allocated to all Parkway delivery obligated direct purchase ("PDO DP") customers as follows:

   (a) PDO DP customers with PDOs of 100 GJ/day or less, who elect to change their obligated delivery point from Parkway to Dawn, will have their entire PDO transferred to Dawn;

   (b) PDO DP customers with PDOs above 100 GJ/day, excluding TCE, who elect to change their obligated delivery point from Parkway to Dawn, will have 36.1% of their PDO transferred to Dawn;

   (c) PDO DP customers, excluding TCE, holding M12 Dawn to Parkway capacity to satisfy their PDO may elect to turn back up to 36.1% of that capacity. The total potential M12 turn back by such PDO customers is about 18 TJ/day;

   (d) The annual demand costs of the currently unutilized capacity between Dawn and Parkway to be used to provide 146 TJ/day of PDO relief and the additional 18 TJ/day of capacity to be realized by the turn back of M12 capacity held by PDO DP customers, excluding TCE, will be determined by applying the 2014 proposed M12 rate for Dawn to Parkway transportation at 100% load factor excluding fuel, being a unit rate of $0.080/GJ, for total annual demand costs of about $4.763

million, of which $4.240 million is for the 146 TJ/day and $0.523 million is for the 18 TJ/day, for a total of $4.763 million;

(e) Consistent with Union's evidence, the annual demand costs of $4.763 million will be recovered through a deferral account (see Attachment 1 for the accounting order) for the period April 1, 2014 – December 31, 2014 and thereafter in the delivery rates of in-franchise customers served under the auspices of Rates M1, M2, M4, M5 Firm, M7 Firm, M9, M10, T1, T2 Firm and T3, and will be allocated to those rate classes using the 2013 Board approved Dawn-Parkway Design Day Demands reflected in the In-franchise Peak Day Demand allocation factor updated for the EB-2011-0210 Decision, all as shown in Schedule 1;

(f) Union will include in rates the incremental fuel, per Schedule 2, to transmit, to points east of Dawn, for new obligated deliveries at Dawn described in paragraphs B.1(a), (b) and (c) above and Section C below which fuel volumes are incremental to the fuel volumes already embedded in the rates of Union's in-franchise customers. Union will manage any volume variances associated with actual fuel used to transport in-franchise gas east of Dawn;

(g) Incremental delivery volumes, will continue to be allocated a PDO per Union's existing DCQ policies, if Union, acting reasonably and in a non-discriminatory manner, determines a PDO to be necessary, and will be eligible for the PDCI described in paragraph B.4.

(ii) <u>Phase 2 (April 1, 2014 through October 31, 2018)</u>

2. Between April 1, 2014 and October 31, 2018, there will be a temporary shortfall in the Dawn to Parkway capacity needed to support the PDO reduction proposed by Union in its pre-filed evidence. Based on Union's forecast, the portion of Dawn to Parkway capacity needed to support PDO reduction which will be temporarily unavailable will be as follows:

- Between April 1, 2014 and October 31, 2015 – no Parkway delivery shortfall;
- Between November 1, 2015 and October 31, 2016 – Parkway delivery shortfall of 146 TJ/day;
- Between November 1, 2016 and October 31, 2017 – Parkway delivery shortfall of 118 TJ/day; and
- Between November 1, 2017 and October 31, 2018 – no Parkway delivery shortfall.

The actual Dawn to Parkway capacity which will be temporarily unavailable will vary.

Union intends to manage its Parkway delivery requirement as proposed in its pre-filed evidence and interrogatory responses as follows:

i. 146 TJ/day of temporarily available M12 Dawn to Parkway capacity will be used to reduce the PDO from April 1, 2014 to October 31, 2015.

ii. Effective November 1, 2015, the temporarily available Dawn to Parkway capacity will be used for other purposes leaving Parkway in a delivery shortfall position. The demand costs associated with the temporarily unavailable capacity as described above will nevertheless remain in delivery rates to be used by Union to manage the Parkway delivery shortfall through the acquisition of incremental resources, the costs of which are not already covered by base rates, Y factors and/or deferral and variance accounts and subject to the reporting and risk allocation measures described in paragraph B.10 (c) below.

iii. Any Dawn to Kirkwall M12 capacity turned back to Union by ex-franchise shippers will be used to first, reduce the Parkway shortfall and secondly, to further reduce the PDO. All incremental costs associated with the incremental PDO reduction, including demand charges and fuel, will be recovered by Union either through the deferral account due to timing differences or included in rates per paragraphsB.1 (d), B.1 (e), B.1(f) and B.3.

iv. The 98 TJ/day currently being delivered to Parkway by Union on behalf of sales service gas customers will transition to Dawn by November 1, 2016, as described at Exhibit B1.9.

3. The demand costs associated with the Dawn to Parkway capacity, the Parkway shortfall and M12 turn back used to support the PDO reduction will be calculated using the Board-approved M12 Dawn to Parkway toll at 100% load factor excluding fuel.

4. From and after November 1, 2016, all PDO volumes (DP and sales service gas) will attract a PDCI. The PDCI will be set at the Board approved M12 Dawn to Parkway toll at 100% load factor including fuel based on the fuel cost included in Union's October 1 QRAM each year.

5. The PDCI will be paid on the Parkway deliveries Union requires from DP customers, for which they commit to deliver their DCQ volumes at Parkway, and requires from its sales service customers. For greater clarity, volumes voluntarily delivered to Parkway, rather than delivered pursuant to a PDO required by Union, will not attract the PDCI.

6. The payment of the PDCI to sales service customers will be made by way of a credit to the Union South gas supply transportation rate. The payment of the PDCI to DP customers will be by way of a credit on the bill to the Bundled Transportation contract holder.

7. The costs of the PDCI will be allocated to rate classes and recovered in rates in the same manner as the PDO reduction costs are allocated to rate classes and recovered in rates as described in paragraphs B.1(e) and B.1(g) above. Schedule 1 includes illustrations of the manner in which the PDCI will be allocated and recovered from in-franchise rate classes, the manner in which the credit for sales service customers will be

applied and the manner in which the PDCI will be credited on the bills to Bundled transportation contract holders for ratepayers who acquire their gas under the auspices of DP arrangements.

(iii) Phase 3 (November 1, 2016 and beyond)

8. Effective November 1, 2016, or such earlier date upon which, as described in Exhibit B1.9, Union transitions to Dawn delivery volumes currently being delivered to Parkway by Union on behalf of sales service customers, any remaining PDO for all DP customers and sales service customers will be eliminated provided that it can be eliminated in a manner which is more cost-effective for all of Union's ratepayers than the terms and conditions described in paragraphs B.4 through B.7.

9. Should DP customers renew their M12 Dawn to Parkway contract and Union subsequently offers a reduction to the direct purchase PDO, then notwithstanding these renewals, such customers will be allowed to reduce their M12 contracts by an amount equivalent to that PDO reduction.

(iv) Annual Reporting

10. Union will include in its annual rate case filings a report on:

(a) Capacity that could become available, or could be made available, in the 2 years commencing with the test year, and could be used to further reduce the PDO in place at the time of the rate case filing on a more cost effective (i.e. lower revenue requirement) basis than the cost of the PDCI. Parties in the rate review process may explore any such options and advocate for further physical displacement of remaining PDOs to Dawn or other delivery points less costly to deliver to than Parkway.

(b) Forecast PDO volumes for the two years commencing with the test year. This information will facilitate consideration, at the time of rebasing, of the status of the PDO and associated PDCI provided for in this agreement.

(c) The measures that Union used and the costs incurred to manage the Parkway delivery shortfall (described in paragraph B.2) to acquire incremental resources, the costs of which are not already recovered in base rates, Y factors and/or existing deferral and variance accounts.

If the costs incurred to manage the Parkway delivery shortfall component of the PDO reduction in any year are less than the annual demand costs related to the shortfall in that year and actual fuel costs in that year for capacity equal to the shortfall capacity, then the entire amount of such cost savings will accrue to Union. Conversely, if the actual costs in any year to manage the Parkway Delivery shortfall in that year exceed annual demand costs and actual fuel costs in that year for capacity equal to the shortfall amount, then Union will be entirely responsible for those excess costs.[1] Parties further agree that ratepayers will be entitled to recover from Union that portion of the costs incurred by Union to manage the Parkway Delivery shortfall to the extent that the cost of the measures used by Union to manage the shortfall are already covered in base rates, Y factors and/or existing deferral or variance accounts.

(d) The total actual transmission compressor fuel used on the Dawn to Parkway system in the prior year.

C. TCE PDO Reduction Proposal

1. Immediately following the Board's approval of the PDO Reduction settlement, Halton Hills Generating Station ("HHGS"), through TCE, will be entitled to elect to turn back up to 36.1% of its 132,000 GJ/day of M12 capacity effective April 1, 2014, being a turn back amount of up to 47,652 GJ/day, provided that there is a one-time increase in the HHGS Rate T2 Billing Contract Demand ("BCD") to the extent necessary to make the increase in Rate T2 demand payments, taking into account the demand rate adjustments resulting from B.1(e), equal to the reduction in M12 demand payments associated with the turn back volumes, and HHGS will continue to have non-obligated delivery at Dawn for its full Contract Demand.

Example

If HHGS elects the full M12 reduction of 47,652 GJ/day, the M12 demand costs would be reduced by $115,318 per month at current rates [47,652 x $2.420 = $115,318]. To keep the total demand payments the same, HHGS would need to increase its BCD by 1,071,600 m^3/day (approximately 40,250 GJ/day) [1,071,600 x $0.107608 = $115,318] from 1,374,000 m^3/day (approximately 52,000 GJ/day) to 2,445,600 m^3/day (approximately 92,550 GJ/day).

2. The increase in Rate T2 demand payments will accrue entirely to the benefit of ratepayers exposed to the PDO Reduction costs associated with the HHGS M12 turn back so that their exposure to such costs will be eliminated.

Example

The incremental T2 revenue of $115,318/month described above would accrue entirely to the benefit of ratepayers exposed to PDO Reduction costs associated with the M12 turn back and effectively eliminate ratepayer responsibility for PDO Reduction costs associated with TCE's M12 turn back of 47,652 GJ/day.

1 Based on Union's forecasts, of the total of $4.763 million per annum of demand costs plus actual fuel costs to be paid by ratepayers to Union for PDO Reduction, the amount of $4.240 million plus actual fuel costs related to the shortfall amount of 146 TJ/day will be available for use by Union to manage Parkway shortfall between October 1, 2015 and October 31, 2016. Between November 1, 2016 and October 31, 2017,the portion of the total of $4.763 million of demand costs plus actual fuel costs which will be available for use to manage Parkway shortfall will be $3.446M of demand costs plus actual fuel costs related to the shortfall amount of 118 TJ/day.

3. HHGS will have the right to turn back additional M12 capacity as and when that turn back option is made available to DP customers with a PDO obligation greater than 100 GJ/day, as described in B.8 above, provided that HHGS, through TCE, further increases its BCD in the manner described in C.1 above, up to but not exceeding its Rate T2 Contract Demand ("CD") of 132,000 GJ/day.

4. T2 demand revenues associated with increases in BCD from 92,250 GJ/day to 132,000 GJ/day will be applied as described in C.2 above.

5. The application of the demand revenues in the manner described in C.2 and C.4 above will prevail until the end of Union's Incentive Regulation Mechanism ("IRM") term on December 31, 2018 or when the BCD of HHGS, through TCE, has reached 132,000 GJ/day and TCE has turned back all of its M12 capacity, whichever last occurs.

6. On or after November 1, 2018, HHGS will have the option to turn back all or any portion of its remaining M12 capacity and convert an equal amount of the PDO to non-obligated deliveries at Dawn, subject to the BCD modification described in C.1 and C.3 above, or HHGS may convert to standard Rate T2 service, with non-obligated deliveries at Dawn for 100% of the Rate T2 Contract Demand. Under the full conversion option, HHGS will turn back, or allow the term to expire, any remaining Rate M12 capacity and pay Rate T2 demand charges on 100% of the Rate T2 Contract Demand.

7. This proposal is in no way intended to degrade or lessen the quality of the firm services HHGS contracted with Union under the terms and conditions of the existing tariff structure.

8. Once the HHGS Rate T2 BCD equals the Contract Demand of 3,480,000 m^3/d (about 132,000 GJ/day), HHGS will have the option to shorten the T2 contract term to end one year from the date of full Contract Demand conversion as per 3 or 6 above, with one year renewal, provided, however that HHGS will contract for at least 1,374,000 m^3/d (about 52,000 GJ/day) of firm Rate T2 service through July 31, 2029.

9. HHGS, through TCE, will not become entitled to the PDCI with respect to any of its M12 capacity which it refrains from turning back.

UNION GAS LIMITED
Estimated Delivery Impacts to Union South In-Franchise customers of M12 Demand Costs
Based on 212 TJ per day of M12 Dawn to Parkway capacity and 48 TJ per day of T2 Billing Contract Demand Revenue Credit

Line No.	Rate Class ($000's)	2013 Approved Dawn-Parkway Design Day Demands (1) (10^3m^3/d)	Dawn-Parkway Demand Costs of 146 TJ/d (2) ($000's)		Dawn-Parkway Demand Costs of 66 TJ/d (2) ($000's)		Dawn-Parkway Demand Costs of 212 TJ/d ($000's)	T2 BCD Revenue Credit of 48 TJ/d ($000's) (5)	Total Demand Costs ($000's)
		(a)	(b)		(c)		(d) = (b + c)	(e)	(f) = (d + e)
1	Rate M1	22,132	2,151		972		3,123	(707)	2,416
2	Rate M2	7,435	723		327		1,049	(238)	812
3	Rate M4	2,162	210		95		305	(69)	236
4	Rate M5 Firm	20	2		1		3	(1)	2
5	Rate M5 Interruptible	-	-		-		-	-	-
6	Rate M7 Firm	997	97		44		141	(32)	109
7	Rate M7 Interruptible	-	-		-		-	-	-
8	Rate M9	356	35		16		50	(11)	39
9	Rate M10	11	1		0		2	(0)	1
10	Rate T1 Firm	1,068	104		47		151	(34)	117
11	Rate T1 Interruptible	-	-		-		-	-	-
12	Rate T2 Firm	6,931	674		304		978	(221)	757
13	Rate T2 Interruptible	-	-		-		-	-	-
14	Rate T3	2,511	244		110		354	(80)	274
15	Total	43,624	4,240	(3)	1,917	(4)	6,156	(1,394)	4,763

Notes:

(1) In-franchise Design Day Demand Allocation Factor per EB-2011-0210, Exhibit G3, Tab 5, Schedule 23, Page 7, line 2, Updated for Board Decision.
(2) Allocated using column (a).
(3) Calculated as 146 TJ x 2.420 x 12 = $4.240 million. Rate represents the M12 Dawn to Parkway demand rate per EB-2013-0365.
(4) Calculated as 66 TJ x 2.420 x 12 = $1.917 million. Rate represents the M12 Dawn to Parkway demand rate per EB-2013-0365.
(5) Calculated as 48 TJ x 2.420 x 12 = $1.394 million. Rate represents the M12 Dawn to Parkway demand rate per EB-2013-0365.

UNION GAS LIMITED
Estimated Delivery Impacts to Union South In-Franchise customers of M12 Demand and Commodity Costs
Based on 98 TJ per day for the Sales Service PDCI

Line No.	Rate Class ($000's)	2013 Approved Dawn-Parkway Design Day Demands (1) ($10^3m^3/d$)		Allocation of Demand Costs (2) ($000's)		2013 Approved Delivery Volumes East of Dawn (4) (10^3m^3)	Allocation of Fuel & UFG Costs (5) ($000's)		Total Costs ($000's)
		(a)		(b)		(c)	(d)		(e) = (b + d)
1	Rate M1	22,132		1,444		1,823,853	559		2,003
2	Rate M2	7,435		485		645,259	198		683
3	Rate M4	2,162		141		294,126	90		231
4	Rate M5 Firm	20		1		7,501	2		4
5	Rate M5 Interruptible	-		-		203,891	62		62
6	Rate M7 Firm	997		65		118,324	36		101
7	Rate M7 Interruptible	-		-		-	-		-
8	Rate M9	356		23		60,750	19		42
9	Rate M10	11		1		189	0		1
10	Rate T1 Firm	1,068		70		267,950	82		152
11	Rate T1 Interruptible	-		-		28,552	9		9
12	Rate T2 Firm	6,931		452		1,380,265	423		875
13	Rate T2 Interruptible	-		-		32,431	10		10
14	Rate T3	2,511		164		272,712	84		247
15	Total	43,624		2,846	(3)	5,135,803	1,574	(6)	4,420

Notes:
(1) In-franchise Design Day Demand Allocation Factor per EB-2011-0210, Exhibit G3, Tab 5, Schedule 23, Page 7, line 2, Updated for Board Decision.
(2) Allocated using column (a).
(3) Calculated as 98 TJ x 2.420 x 12 = $2.846 million. Rate represents the M12 Dawn to Parkway demand rate per EB-2013-0365.
(4) S_E_INFRFUELVOL Allocation Factor per EB-2011-0210, Exhibit G3, Tab 5, Schedule 21, Page 13 & 14, Updated for Board Decision.
(5) Allocated using column (c).
(6) Calculated as 98 TJ x 365 x 0.044/GJ = $1.574 million. Rate represents the average VT1 Easterly Dawn to Parkway fuel rate per M12 Schedule 'C' per EB-2013-0365.

UNION GAS LIMITED
Estimated Delivery Impacts to Union South In-Franchise customers of M12 Demand and Commodity Costs
Based on 268 TJ per day for Direct Purchase PDCI

Line No.	Rate Class ($000's)	2013 Approved Dawn-Parkway Design Day Demands (1) (10^3m^3/d)	Allocation of Demand Costs (2) ($000's)		2013 Approved Delivery Volumes East of Dawn (4) (10^3m^3)	Allocation of Fuel & UFG Costs (5) ($000's)		Total Costs ($000's)
		(a)	(b)		(c)	(d)		(e) = (b + d)
1	Rate M1	22,132	3,948		1,823,853	1,528		5,477
2	Rate M2	7,435	1,327		645,259	541		1,867
3	Rate M4	2,162	386		294,126	246		632
4	Rate M5 Firm	20	4		7,501	6		10
5	Rate M5 Interruptible	-	-		203,891	171		171
6	Rate M7 Firm	997	178		118,324	99		277
7	Rate M7 Interruptible	-	-		-	-		-
8	Rate M9	356	64		60,750	51		115
9	Rate M10	11	2		189	0		2
10	Rate T1 Firm	1,068	191		267,950	225		415
11	Rate T1 Interruptible	-	-		28,552	24		24
12	Rate T2 Firm	6,931	1,236		1,380,265	1,157		2,393
13	Rate T2 Interruptible	-	-		32,431	27		27
14	Rate T3	2,511	448		272,712	229		676
15	Total	43,624	7,783	(3)	5,135,803	4,304	(6)	12,087

Notes:
(1) In-franchise Design Day Demand Allocation Factor per EB-2011-0210, Exhibit G3, Tab 5, Schedule 23, Page 7, line 2, Updated for Board Decision.
(2) Allocated using column (a).
(3) Calculated as 268 TJ x 2.420 x 12 = $7.783 million. Rate represents the M12 Dawn to Parkway demand rate per EB-2013-0365.
(4) S_E_INFRFUELVOL Allocation Factor per EB-2011-0210, Exhibit G3, Tab 5, Schedule 21, Page 13 & 14, Updated for Board Decision.
(5) Allocated using column (c).
(6) Calculated as 268 TJ x 365 x 0.044/GJ = $4.304 million. Rate represents the average VT1 Easterly Dawn to Parkway fuel rate per M12 Schedule 'C' in EB-2013-0365.

Gas Cost Savings for Sales Service Customers
Associated with the 98 TJ/day Reduction for Sales Service PDCI

Line No.	Rate Class	2013 Board Approved Volume (10^3m^3)	Gas Cost Savings ($000's)		Unit Rate ($/$m^3$)
		(a)	(b)		(c) = (b/a)
1	Rate M1	2,271,443	3,745		0.001649
2	Rate M2	378,137	623		0.001649
3	Rate M4	16,855	28		0.001649
4	Rate M5	14,132	23		0.001649
5	Rate M10	48	0		0.001649
6	Total	2,680,616	4,420	(1)	0.001649

Notes:
(1) Page 2, Line 15, Column (e)
(2) The payment of the PDCI to sales service customers will be made by way of a credit to the Union South gas supply transportation rate.

Gas Cost Savings for Direct Purchase Customers
Associated with the 268 TJ per Day for the Direct Purchase PDCI

Line No.	Rate Class	Direct Purchase Allocation (GJ)	Gas Cost Savings for DP ($000's)	
		(a)	(b)	
1	Rate M1	19,532	883	
2	Rate M2	17,466	789	
3	Rate M4	22,309	1,008	
4	Rate M5A	26,300	1,189	
5	Rate M7	8,299	375	
6	Rate M9	3,845	174	
7	Rate T1	27,978	1,264	
8	Rate T2	121,230	5,479	
9	Rate T3	20,498	926	
10	Total	267,457	12,087	(1)

Notes:
(1) Page 3, Line 15, Column (e)

UNION GAS LIMITED
Summary of Estimated Delivery Impacts and PDCI to Union South In-Franchise Customers

Line No.	Rate Class ($000's)	Delivery: Allocation of Demand Costs (1)	Delivery: Allocation of Fuel & UFG Costs (2)	Delivery: Total Costs	Sales PDCI (3)	DP PDCI (4)	Net Amount
		(a)	(b)	(c) = (a + b)	(d)	(e)	(f) = (c + d + e)
1	Rate M1	7,808	2,087	9,896	(3,745)	(883)	5,268
2	Rate M2	2,623	739	3,362	(623)	(789)	1,949
3	Rate M4	763	337	1,099	(28)	(1,008)	63
4	Rate M5 Firm	7	9	16	-	-	16
5	Rate M5 Interruptible	-	233	233	(23)	(1,189)	(978)
6	Rate M7 Firm	352	135	487	-	(375)	112
7	Rate M7 Interruptible	-	-	-	-	-	-
8	Rate M9	126	70	195	-	(174)	22
9	Rate M10	4	0	4	(0)	-	4
10	Rate T1 Firm	377	307	684	-	(1,264)	(581)
11	Rate T1 Interruptible	-	33	33	-	-	33
12	Rate T2 Firm	2,445	1,580	4,025	-	(5,479)	(1,454)
13	Rate T2 Interruptible	-	37	37	-	-	37
14	Rate T3	886	312	1,198	-	(926)	272
15	Total	15,391	5,878	21,269	(4,420)	(12,087)	4,763

Notes:
(1) Calculated as the sum of Page 1, Column (f), Page 2, Column (b) and Page 3, Column (b).
(2) Calculated as the sum of Page 2, Column (d) and Page 3, Column (d).
(3) Page 4, Line 6, Column (b).
(4) Page 5, Line 10, Column (b).