

K 2.3

Filed: 2014-05-02
 EB-2014-0145
 Exhibit A
 Tab 2
 Appendix B
 Schedule 1

UNION GAS LIMITED
 Return on Equity
 Calendar Year Ending December 31, 2013

Line No.	Particulars (\$000s)	2013 (a)	Unregulated Storage (b)	Adjustments (c)	2013 Utility (d)=(a)-(b)+(c)
Operating Revenues					
1	Gas Sales	1,620,985	-	(15,697) i	1,605,289
2	Transportation	161,178	(356)	(1,426) ii	160,108
3	Storage	90,672	81,828	-	8,844
4	Other	27,268	-	(9,224) iii	18,045
5		<u>1,900,104</u>	<u>81,472</u>	<u>(26,346)</u>	<u>1,792,286</u>
Operating Expenses					
6	Cost of gas	848,876	2,879	(15,697) i	830,300
7	Operating and maintenance expenses	397,275	13,283	(2,954) iv	381,038
8	Depreciation	202,682	9,725	-	192,957
9	Other financing	-	-	383 v	383
10	Property and other taxes	65,288	1,444	-	63,845
11		<u>1,514,122</u>	<u>27,330</u>	<u>(18,268)</u>	<u>1,468,523</u>
Other					
12	Gain / (Loss) on sale of assets	(227)	(291)	-	64
13	Other / Huron Tipperary	(1,580)	(1,580)	-	-
14	Gain / (Loss) on foreign exchange	(1,051)	(22)	374 vi	(655)
15		<u>(2,858)</u>	<u>(1,893)</u>	<u>374</u>	<u>(592)</u>
16	Earnings before interest and taxes	<u>383,124</u>	<u>52,249</u>	<u>(8,705)</u>	323,171
17	Income taxes				<u>25,815</u>
18	Total utility income				297,356
Less debt and preference share return components					
19	Long-term debt				147,362
20	Unfunded short-term debt				652
21	Preferred dividend requirements				<u>2,060</u>
					<u>150,074</u>
Less shareholder portions of:					
22	Net short-term storage revenue (after tax)				223
23	Net optimization activity (after tax)				<u>1,746</u>
					<u>1,969</u>
24	Utility earnings				<u>145,313</u>
25	Common equity				1,362,188
26	Return on common equity (line 24 / line 25)				10.67%
27	Benchmark return on common equity				8.93%

Notes:

- i Reclassification of optimization revenue as cost of gas
- ii Reversal of FT RAM fuel cost provision for 2011 and 2012
- iii Demand-side management incentive
- iv Donations
 CDM program (2,952)
(2)
 (2,954)
- v Facility fees and customer deposit interest
- vi Foreign exchange gain on bank balances