



1 Transportation rates in the South will continue to be set by subtracting the SPCD from the TCPL  
2 EDA tolls.

3  
4 **3. RATE RIDERS**

5 In addition to the forecast reference price changes identified above, changes to previously  
6 approved rate riders are required to reflect quarterly updates to gas cost deferral account  
7 balances. Each quarter Union projects the balance expected in each gas cost deferral account over  
8 the next 12 month period. In addition, Union tracks recovery variances (differences between  
9 what Union intended to recover in previous rate riders and what was actually recovered). Each  
10 quarter Union includes that variance in the rate riders established for the next 12 month period.  
11 Rates are changed automatically every quarter to reflect updated projected deferral account  
12 balances and historical recovery variances.

13  
14 A summary of deferral account activity and proposed rate rider unit rate changes are provided at  
15 Tab 2, Schedule 2, Page 1. Projected deferral account balances (lines 1 to 3) are compared to  
16 previously projected balances (line 4) in each gas cost deferral account and variances are  
17 identified (line 5). In addition, the difference between what was actually recovered in previous  
18 rate riders and what Union intended to recover is identified (line 6). This is the difference  
19 between forecast and actual volumes (last three months of actual volumes) multiplied by the  
20 previously approved rate riders. The net amount to be recovered prospectively (line 7) is the  
21 amount which has not been included in rate riders to date. The unit rate rider change in the

current QRAM (line 9) is the net amount in each gas cost deferral account prospectively recovered over forecast consumption in the next twelve months (line 8).

In total, the change in gas cost-related deferrals in the current QRAM is a credit of \$24.819 million. This amount excludes the balances in the North Heat Value Account (Account No. 179-89) and the Joint Unabsorbed Demand Costs Account (Account No. 179-108) which are not prospectively recovered as per the current approved QRAM process.

For each deferral account, Tab 2, Schedule 3, line 20 shows the net prospective rider for the current QRAM period. The net prospective rider includes: (i) the introduction of the unit rate change calculated at Tab 2, Schedule 2, Page 1, line 9 and (ii) the elimination of expiring riders which have been in place for 12 months.

Although Union is proposing a 12 month rolling prospective recovery of deferral account balances, which is part of the approved QRAM process, Union is not seeking final disposition of the deferral account balances. Union will track actual deferral account balances and the revenue attributable to deferral account recovery separately. Actual year-end deferral account balances will continue to be subject to a prudence review by the Board.

1    **4. SUMMARY OF PROPOSED RATE CHANGES**

2    The proposed changes to rates (Appendix A), infranchise rate schedules (Appendix B), and the  
3    summary of interruptible rate changes (Appendix C) are attached. The unit rates for prospective  
4    recovery of the gas cost deferral accounts are provided at Tab 2, Schedule 6 (column c).

6    **5. CUSTOMER BILL IMPACTS**

7    General Service annual customer bill impacts (including the prospective recovery of deferral  
8    account balances outlined at Tab 2, Schedule 2) are provided at Tab 2, Schedule 4. The bill  
9    impacts shown at Tab 2, Schedule 4 reflect (i) the introduction of July 1, 2007 proposed QRAM  
10    changes detailed above and (ii) the elimination of expiring July 1, 2006 prospective riders.

11    A typical M2 residential customer consuming 2,600 m<sup>3</sup> per year will see a net bill increase of  
12    \$42 per year. A typical bundled M2 direct purchase customer will see a net bill decrease of \$0.03  
13    per year. A typical Rate 01 residential customer consuming 2,600 m<sup>3</sup> per year will see a net bill  
14    increase of \$76 per year. A typical bundled Rate 01 direct purchase customer will see a net bill  
15    increase of \$8 per year.

17    General Service quarterly bill impacts (including the prospective recovery of deferral account  
18    balances outlined at Tab 2, Schedule 2) for the period July 1, 2007 to September 30, 2007 are  
19    provided at Tab 2, Schedule 5.

1    **6. CUSTOMER NOTICES**

2    Union has adopted a standard customer notice for use in QRAM commodity price changes.

3    Notices that will accompany the July 2007 bills will be in the same format and use the same

4    standard wording as the current approved QRAM customer notices.