

December 18, 2008

Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2008-0220 - Corrections to Evidence and Interrogatory Responses

On December 17, 2008 Union filed responses to interrogatories in EB-2008-0220. Union's evidence and two interrogatory responses require correction.

The second table in Exhibit 5.1b) incorrectly identifies the 2008 capital investment as \$92,000. The correct capital investment for 2008 is \$592,000. The corrected Exhibit B5.1 is attached. The IFRS Z factor costs were correctly captured in the pre-filed evidence.

The 2007 actual throughput data used in the Average Use adjustment calculations was incorrect in Union's pre-filed evidence and interrogatory response Exhibit 5.2. The corrected Exhibit B5.2 is attached.

In addition, Union has attached a corrected Working Papers Schedule 10 Calculation of 2009 Average Use Adjustment. The corrections result in a rate increase of approximately \$500,000 to the General Service rate classes (M1, M2, Rate 01 and Rate 10). For the average residential customer consuming 2,600 m³ per year, the bill impact of this correction is approximately \$0.23 per year.

Union will file a draft rate order following the Board's Decision which will incorporate the corrected AU calculation and the Board's December 10, 2008 Tax Decision.

Yours truly,

[original signed by]

Chris Ripley
Manager, Regulatory Applications

cc: EB-2007-0606 Intervenor
M. Penny (Torys)

UNION GAS LIMITED

Answer to Interrogatory from
The London Property Management Association ("LPMA")

Ref: Exhibit A, Tab 1, pages 4 – 10

Question:

- a) Please provide a breakdown of the capital investment figures shown in Table 1 for each year 2008 through 2012 showing the amount and nature of the investment including, but not limited to, the asset category and the CCA class to which the investment will be booked.*
- b) Please provide a breakdown of the depreciation expense for each year shown in Table 1 for each of the asset categories requested in part (a) above. Please also provide the Board approved depreciation rate used to calculate each component of the overall depreciation expense, along with all calculations used.*
- c) Please provide all the calculations and assumptions used to calculate the interest cost shown in Table 1 for each year shown, including the derivation of the interest rate used. If applicable, please provide the Board approved rates used. Please also show the calculation and assumptions used to determine the rate base amount that needs to be financed for each of the years.*
- d) Please provide a detailed breakdown of the O&M costs for each year shown in Table 1.*
- e) Please explain why none of the O&M costs shown in Table 1 are capitalized.*
- f) What evidence does Union have that "corporations carrying on business internationally likely already comply with the new international standards and will not incur conversion costs." (page 8)?*
- g) Is there any impact on Union related to IFRS reporting related to the EB-2008-0034 application that transfers ownership of Union to a limited partnership?*
- h) How are the costs being shared between Union and the other groups within Spectra Energy related to shared resources and information? Are any of these costs included in Table 1? If so, please provide a breakout of these shared costs that are included in Table 1.*
- i) Please provide the assumptions and calculations used to calculate the taxes for each year in 2008 through 2012 shown in Table 2.*

Question: December 1, 2008

Answer: December 17, 2008

Docket: EB-2008-0220

- j) *Please explain why Union is proposing to recover costs in 2011 and 2012 through an adjustment to the Z factor when, according to Table 1, the costs for 2011 and 2012 would not meet the materiality threshold for a Z factor event.*
 - k) *Please provide an update to the first column in Table 1 for 2008, showing the year-to-date costs incurred and the projected year-end costs. Please explain any variances from the 2008 figures provided in Table 1.*
 - l) *Please provide all the assumptions and calculations used to calculate the reduction in the revenue requirement related to taxes, including the calculation of CCA deductions for each year shown in Table 2.*
 - m) *The evidence at page 9 indicates that Union is proposing to make the Z factor adjustments provided in Table 2 annually over the IR term starting in 2009. However, the table only shows Z factor adjustments beginning in 2010. Please reconcile.*
 - n) *Are there any cost reductions or eliminations associated with the systems that are going to be replaced by the new software (O&M and/or capital investments)? Please explain.*
 - o) *Union indicates that it wants to recover the costs shown for 2009, 2010, 2011 and 2012 in Table 2, but not the amount of \$868 shown for 2008. Please explain. Please also explain why the 2011 and 2012 costs would be recoverable when the pre-tax figures shown in Table 1 are below the \$1.5 million materiality threshold.*
 - p) *Union indicates at page 7 that the change in accounting standards is beyond management control. However the criteria for determining whether an event qualifies for a Z factor is that the cost must be beyond the control of the utility's management. Please explain how the costs, and the timing of those costs, are beyond the control of management.*
 - q) *How does Union propose to treat any variance between the actual IFRS conversion revenue requirement in 2009 through 2012 as compared to the forecasted figures shown in Table 2?*
-

Response:

- a) The capital expenditures shown at Exhibit A, Table 1 are related to changes and enhancements to the Company's accounting system (SAP). These changes are required to enable the Company to report both OEB regulatory requirements and under IFRS. These are software costs and are subject to CCA class 11.

Question: December 1, 2008

Answer: December 17, 2008

Docket: EB-2008-0220

- b) The following table provides the CCA and depreciation rates for each year of depreciation.

| Year | CCA | Depreciation |
|------|-------|--------------|
| 1 | 50.0% | 12.5% |
| 2 | 50.0% | 25.0% |
| 3 | | 25.0% |
| 4 | | 25.0% |
| 5 | | 12.5% |
| | 100% | 100.0% |

The following table is a schedule of depreciation using the rates noted in the table above:

| (\$000's) | | | | | |
|----------------------|------|-------|---------|-------|---------|
| Year of Investment | | 2008 | 2009 | 2010 | Total |
| Capital Investment → | | \$592 | \$1,334 | \$263 | \$2,189 |
| Year of depreciation | 2008 | 74 | | | 74 |
| | 2009 | 148 | 167 | | 315 |
| | 2010 | 148 | 333 | 33 | 514 |
| | 2011 | 148 | 334 | 65 | 547 |
| | 2012 | 74 | 333 | 66 | 473 |
| | 2013 | | 167 | 66 | 233 |
| | 2014 | | | 33 | 33 |
| | 2015 | | | | |
| | | \$592 | \$1,334 | \$263 | \$2,189 |

- c) The interest rate used in Exhibit A, Table 1 is consistent with the 4.706% rate used in the Board Approved weighted average cost of capital calculation.

Question: December 1, 2008

Answer: December 17, 2008

Docket: EB-2008-0220

(\$000's)

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------------|-------|-------|-------|-------|-------|
| Capital Investment | | | | | |
| Opening balance | - | 592 | 1,926 | 2,189 | 2,189 |
| Additions | 592 | 1,334 | 263 | - | - |
| Closing balance | 592 | 1,926 | 2,189 | 2,189 | 2,189 |
| Accumulated depreciation | 74 | 389 | 903 | 1,450 | 1,924 |
| NBV | 518 | 1,537 | 1,286 | 739 | 265 |
| Rate base (average) | 259 | 1,028 | 1,412 | 1,012 | 502 |
| Interest rate | 4.71% | 4.71% | 4.71% | 4.71% | 4.71% |
| Interest expense | \$12 | \$ 48 | \$ 66 | \$48 | \$24 |

- d) The following table provides a detailed breakdown of the O&M costs for each year, by major cost type.

(\$000's)

| O&M Costs | 2008 | 2009 | 2010 | 2011 | 2012 | Total |
|----------------------|-------|---------|-------|------|------|---------|
| Consulting | \$768 | \$441 | \$394 | \$35 | - | \$1,638 |
| Additional staff | 48 | 205 | 416 | 51 | - | 720 |
| Project management | 53 | 163 | 79 | - | - | 295 |
| Administrative costs | 13 | 40 | 40 | 10 | - | 103 |
| Audit fees | - | 299 | - | - | - | 299 |
| | \$882 | \$1,148 | \$929 | \$96 | - | \$3,055 |

- e) The O&M costs shown at Exhibit A, Table 1 are not capitalized because they do not meet the CICA or OEB guidelines for capitalization. To be capitalized the costs would need to embody a future benefit that involves a capacity to contribute directly or indirectly to future net cash flows (CICA 1000.30).
- f) IFRS is an international accounting standard recognized in over 100 countries¹. Corporations in Canada that operate internationally are likely already **reporting** under IFRS and would have systems, policies and procedures that are IFRS compliant. If they

¹ IFRS Conversions: What CFOs Need to Know and Do (page 3). www.cica.ca

are already IFRS compliant, there is no need for those companies to convert.

- g) There is no impact on Union related to IFRS reporting related to the EB-2008-0304 application.
- h) The cost of resources and information shared between Union and the other groups within Spectra Energy are shared equally between Union Gas and Westcoast, the two Spectra publicly accountable enterprises in Canada. A summary of these costs that are included on line 5 of Exhibit A, Table 1 are as follows:

(\$000's)

| | | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|-------------------------|---------|--------|------|------|
| 1 | Consultant | \$ 8.8 | 118.8 | - | - | - |
| 2 | Project management | \$ 106.7 | 325.2 | 157.5 | - | - |
| 3 | Total Shared Costs Union's Share (50%) | Lines 1 + 2 \$ 115.5 | 444.0 | 157.5 | - | - |
| 4 | included in line 5 of table 1 | Line 3 x 50% \$ 57.8 | \$222.0 | \$78.8 | - | - |

i)

(\$000's)

| | | 2008 | 2009 | 2010 | 2011 | 2012 | |
|----|---------------------|---------------------------|-------|---------|---------|-------|-------|
| 1 | Revenue Requirement | Table 2, line 6 | \$868 | \$1,239 | \$1,440 | \$919 | \$712 |
| 2 | O&M | Table 2, line 1 | 882 | 1,148 | 929 | 96 | 0 |
| 3 | Depreciation | Table 2, line 2 | 74 | 315 | 514 | 547 | 473 |
| 4 | Interest | Table 2, line 3 | 12 | 48 | 66 | 48 | 24 |
| 5 | | line 2 + line 3 + line 4 | 968 | 1,511 | 1,509 | 691 | 497 |
| 6 | Income before taxes | line 1 - line 5 | (100) | (272) | (69) | 228 | 215 |
| 7 | add depreciation | line 3 | 74 | 315 | 514 | 547 | 473 |
| 8 | deduct CCA | See Exhibit 5.1a) and b)* | (296) | (963) | (799) | (132) | 0 |
| 9 | Taxable Income | line 6 + line 7 + line 8 | (322) | (920) | (353) | 644 | 688 |
| 10 | tax rate | | 34% | 33% | 32% | 31% | 29% |
| 11 | | line 9 x line 10 | (108) | (304) | (113) | 196 | 200 |

Question: December 1, 2008

Answer: December 17, 2008

Docket: EB-2008-0220

- * Amounts by year are calculated based on the following formula:
 (previous year's capital investment x 50%) + (current year's capital investment x 50%)

j) Please see response at Exhibit B2.1 c).

k) Update to Column 1 (2008) from Exhibit A, Table 1

| | |
|--------------------|-----------|
| Capital Investment | 932 |
| Depreciation | 74 |
| Interest | <u>12</u> |
| Total | 86 |
| O&M | 907 |
| Annual Cost | 994 |

The variances in costs are related to the timing of actual expenditures relative to the project plan.

l) Please see response to i) above.

m) The Z factor adjustments at Exhibit A, Table 2 show the increase (or decrease) in the IFRS conversion revenue requirement from the previous year. Each year's adjustment is added to or deducted from the previous year's revenue requirement so that Union is able to recover the amounts labelled "Total" on line 6 of Exhibit A, Table 2.

n) There will not be a reduction to O&M or capital costs due to the new software. The new software is to add functionality to the accounting system required to comply with the new IFRS requirements; it is not intended to increase efficiency of work currently being performed.

o) Union is not proposing to recover the costs associated with 2008 by adjusting 2009 rates because the 2008 costs were not known at the time the 2008 rate order was processed. Please see response to Exhibit B2.1 c).

p) The requirement by the Canadian Accounting Standards Board ("AcSB") that all publicly accountable enterprises adopt IFRS in place of Canadian GAAP for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011 is the precipitating event. The incurrence of the costs and timing of the costs related are a natural consequence of the requirement imposed by the AcSB and thus, are beyond the control of the company's management.

Question: December 1, 2008

Answer: December 17, 2008

Docket: EB-2008-0220

- q) Variances between the estimated cost of conversion included in rates and the actual cost of conversion will be managed by the company.

Question: December 1, 2008

Answer: December 17, 2008

Docket: EB-2008-0220

UNION GAS LIMITED

Answer to Interrogatory from
The London Property Management Association ("LPMA")

Ref: Exhibit A, Tab 1, page 12

Question:

- a) Please provide the 2005 through 2007 data used to calculate the AU adjustments of -0.3% for rates M1 and M2, -0.7% for rate 01 and +1.8% for rate 10.*
 - b) Are the reductions calculated by Union and noted above in (a) based on a starting point of the 2008 average use estimate from the EB-2007-0606 Settlement Agreement dated January 3, 2008 or from Union's most recent forecast of normalized average use for 2008? Please provide the 2008 base to which the changes are to be applied and specify their source.*
 - c) Please provide the 2004 through 2006 data used to calculate the AU declines applied in 2008 of 1.7% for Rates M1 and M2, 2.4% for Rate 01 and 1.8% for Rate 10, as specified in Section 4.1 of the EB-2007-0606 Settlement Agreement dated January 3, 2008.*
 - d) Please confirm that the AU factor is based on normalized actual figures that reflect the 55/45 blended weather method updated annually.*
-

Response:

- a) Tables 1-5 attached, provide the data used to calculate the AU adjustments for Rate M1, Rate M2, Rate 01, and Rate 10. Tables 1-4 provide the number of customers and show the build-up of DSM adjusted annual volumes. Table 5, Column P, shows the calculation of the AU factor under the heading "3 Yr. M.A." (3 year Moving Average). The 2009 annual delivery rate adjustment incorporates AU factors based on annual percent changes observed for the period 2005 to 2007.
- b) The reductions calculated by Union are based on a starting point of the 2008 Average Use estimate from the EB-2007-0606 Settlement Agreement dated January 3, 2008. The 2008 base reflects the final volumes used to set 2008 final rates which appear at EB-2007-0606, Rate Order, Working Papers, Schedule 4, Column (x).
- c) Please see response to a) above.
- d) Confirmed.

Question: December 1, 2008
Answer: December 17, 2008
Docket: EB-2008-0220

TABLE 1: TOTAL NUMBER OF BILLED CUSTOMERS

| Row | Column | A | B | C | D | E | F | G | H | I | J | K | L | M | |
|--|--------|-------------|----------------|-----------------|--------------|--------------|------------|-------------|-------------|---------------|------------------|----------------|-----------------|-----------------|--------------|
| Union South Only Rate M2 Billed Customers | | | | | | | | | | | | | | | |
| | | <u>Year</u> | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> | <u>October</u> | <u>November</u> | <u>December</u> | <u>Total</u> |
| 1 | 2003 | | 892,780 | 894,959 | 896,817 | 897,509 | 900,036 | 900,115 | 901,329 | 901,636 | 902,814 | 905,964 | 909,446 | 911,356 | 10,814,761 |
| 2 | 2004 | | 915,414 | 916,492 | 917,952 | 919,353 | 921,737 | 921,211 | 923,281 | 923,984 | 926,056 | 927,491 | 931,700 | 935,557 | 11,080,228 |
| 3 | 2005 | | 936,960 | 938,271 | 939,841 | 941,096 | 942,052 | 941,386 | 942,736 | 943,515 | 946,531 | 947,839 | 952,192 | 956,004 | 11,328,423 |
| 4 | 2006 | | 956,680 | 957,734 | 959,146 | 960,782 | 961,996 | 961,514 | 962,873 | 962,851 | 965,386 | 965,966 | 969,500 | 972,180 | 11,556,608 |
| 5 | 2007 | | 973,383 | 975,413 | 976,592 | 977,620 | 979,782 | 978,712 | 980,023 | 980,828 | 982,235 | 982,606 | 986,180 | 989,531 | 11,762,905 |
| Union North Rate 01 Billed Customers | | | | | | | | | | | | | | | |
| | | <u>Year</u> | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> | <u>October</u> | <u>November</u> | <u>December</u> | <u>Total</u> |
| 6 | 2003 | | 278,010 | 278,263 | 278,514 | 278,767 | 278,937 | 278,695 | 278,790 | 278,720 | 278,529 | 279,318 | 280,058 | 280,373 | 3,346,974 |
| 7 | 2004 | | 281,444 | 281,544 | 281,648 | 281,948 | 282,117 | 282,219 | 282,599 | 282,478 | 282,552 | 283,137 | 284,280 | 285,201 | 3,391,167 |
| 8 | 2005 | | 285,382 | 285,437 | 285,485 | 285,732 | 285,502 | 285,543 | 285,937 | 285,944 | 286,187 | 286,871 | 287,925 | 288,801 | 3,434,746 |
| 9 | 2006 | | 288,644 | 288,715 | 288,953 | 289,362 | 289,367 | 289,417 | 289,912 | 289,761 | 290,156 | 290,765 | 291,584 | 292,070 | 3,478,706 |
| 10 | 2007 | | 292,176 | 292,562 | 292,659 | 293,073 | 293,375 | 293,452 | 294,131 | 294,516 | 294,788 | 295,149 | 296,241 | 296,979 | 3,529,101 |
| Union North Rate 10 Billed Customers including CIA Rate 10 | | | | | | | | | | | | | | | |
| | | <u>Year</u> | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> | <u>October</u> | <u>November</u> | <u>December</u> | <u>Total</u> |
| 11 | 2003 | | 2,858 | 2,864 | 2,875 | 2,858 | 2,851 | 2,846 | 2,763 | 2,833 | 2,838 | 2,843 | 2,853 | 2,842 | 34,124 |
| 12 | 2004 | | 2,891 | 2,878 | 2,869 | 2,895 | 2,883 | 2,886 | 2,871 | 2,871 | 2,873 | 2,878 | 2,903 | 2,914 | 34,612 |
| 13 | 2005 | | 2,924 | 2,923 | 2,932 | 2,941 | 3,012 | 3,065 | 3,085 | 3,073 | 3,057 | 3,069 | 3,102 | 3,114 | 36,297 |
| 14 | 2006 | | 3,138 | 3,142 | 3,139 | 3,155 | 3,161 | 3,141 | 3,138 | 3,116 | 3,127 | 3,126 | 3,125 | 3,137 | 37,645 |
| 15 | 2007 | | 3,153 | 3,140 | 3,140 | 3,150 | 3,133 | 2,978 | 2,332 | 2,321 | 2,319 | 2,321 | 2,326 | 2,326 | 32,639 |

TABLE 2: TOTAL THROUGHPUT VOLUMES: 10³ m³
Before the adjustment for the cumulative DSM Programme volume impacts

| Row | Column | A | B | C | D | E | F | G | H | I | J | K | L | M |
|--|--------|-----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Union South Only Rate M2 Billed Customers | | | | | | | | | | | | | | |
| | Year | January | February | March | April | May | June | July | August | September | October | November | December | Total |
| 1 | 2003 | 713,342.6 | 612,636.0 | 527,738.3 | 336,629.0 | 167,699.0 | 92,326.5 | 101,826.1 | 101,005.0 | 129,055.6 | 243,876.2 | 410,369.6 | 613,580.6 | 4,050,084.6 |
| 2 | 2004 | 692,973.0 | 624,629.2 | 505,991.1 | 337,576.6 | 174,979.9 | 79,867.7 | 95,617.7 | 102,620.4 | 138,821.4 | 228,105.6 | 393,752.5 | 601,002.3 | 3,975,937.4 |
| 3 | 2005 | 704,420.3 | 616,048.7 | 520,861.9 | 332,044.4 | 176,305.7 | 92,562.2 | 88,551.9 | 95,205.0 | 127,731.3 | 238,720.2 | 397,711.9 | 600,939.5 | 3,991,102.9 |
| 4 | 2006 | 690,844.3 | 612,199.0 | 534,055.6 | 331,286.9 | 172,360.1 | 91,662.0 | 100,437.7 | 92,790.1 | 118,797.8 | 247,484.0 | 425,868.1 | 622,841.4 | 4,040,627.1 |
| 5 | 2007 | 688,790.5 | 610,406.9 | 569,644.4 | 363,433.3 | 209,791.3 | 97,127.8 | 99,592.6 | 94,905.8 | 121,432.1 | 248,188.1 | 379,026.7 | 617,711.5 | 4,100,051.1 |
| Union North Rate 01 Billed Customers | | | | | | | | | | | | | | |
| | Year | January | February | March | April | May | June | July | August | September | October | November | December | Total |
| 6 | 2003 | 180,637.2 | 144,500.3 | 119,622.2 | 72,789.8 | 43,028.7 | 18,110.1 | 19,755.1 | 17,598.7 | 29,385.2 | 57,009.1 | 97,638.9 | 141,785.2 | 941,860.3 |
| 7 | 2004 | 169,350.1 | 144,830.9 | 115,848.4 | 70,855.0 | 39,919.5 | 16,571.9 | 21,667.6 | 18,303.4 | 32,402.3 | 49,574.2 | 91,769.3 | 138,694.6 | 909,787.1 |
| 8 | 2005 | 171,968.9 | 145,025.7 | 115,600.8 | 71,633.7 | 38,817.3 | 18,875.1 | 16,580.9 | 16,674.3 | 26,899.1 | 51,406.1 | 89,853.2 | 139,783.9 | 903,118.9 |
| 9 | 2006 | 170,045.9 | 136,851.6 | 114,426.4 | 70,974.7 | 37,669.1 | 17,230.4 | 18,168.0 | 15,715.6 | 24,233.0 | 53,199.5 | 99,568.4 | 136,814.3 | 894,897.1 |
| 10 | 2007 | 168,474.5 | 135,725.3 | 122,329.4 | 77,175.3 | 41,283.3 | 17,802.6 | 17,946.4 | 16,587.0 | 26,629.4 | 52,473.5 | 91,858.0 | 143,173.1 | 911,457.8 |
| Union North Rate 10 Billed Customers including CIA Rate 10 | | | | | | | | | | | | | | |
| | Year | January | February | March | April | May | June | July | August | September | October | November | December | Total |
| 11 | 2003 | 61,265.1 | 53,263.1 | 48,373.9 | 30,298.0 | 20,325.3 | 14,262.0 | 11,770.8 | 11,858.8 | 13,720.4 | 28,681.4 | 42,806.9 | 51,104.6 | 387,730.2 |
| 12 | 2004 | 56,029.0 | 56,699.3 | 45,708.7 | 26,586.0 | 17,747.5 | 16,997.9 | 13,411.3 | 13,232.5 | 15,368.0 | 26,550.0 | 39,383.6 | 52,537.7 | 380,251.4 |
| 13 | 2005 | 63,184.0 | 55,769.0 | 47,999.4 | 30,921.6 | 20,242.6 | 12,868.8 | 11,058.7 | 11,872.0 | 12,519.5 | 27,659.8 | 40,209.4 | 55,588.2 | 389,893.2 |
| 14 | 2006 | 61,612.9 | 54,811.0 | 50,762.7 | 31,093.1 | 20,037.0 | 12,019.9 | 12,140.9 | 11,179.1 | 13,228.8 | 30,883.4 | 42,531.3 | 53,516.3 | 393,816.3 |
| 15 | 2007 | 62,817.6 | 52,075.5 | 53,095.0 | 31,885.7 | 20,905.3 | 12,183.0 | 10,894.0 | 10,884.3 | 11,965.1 | 24,826.8 | 34,206.6 | 46,224.1 | 371,963.1 |

TABLE 3: DSM PROGRAMME VOLUMES: 10³ m³

| Row | Column | A | B | C | D | E | F | G | H | I | J | K |
|--|------------------------------------|---|-----------|-----------|---------|-----------|----------|----------|-----------|-----------|----------|----------|
| | | Audited DSM Programme Annual Volumes | | | | | | | | | | |
| | Year | M2 (Res) | R01 (Res) | M2 Comm | M2 Ind | 01 Comm | 10 Comm | 10 Ind | Total | Rate M2 | Rate 01 | Rate 10 |
| 1 | 2003 | 7,220.0 | 5,239.0 | 9,104.0 | - | 549.0 | 1,080.0 | - | 23,192.0 | 16,324.0 | 5,788.0 | 1,080.0 |
| 2 | 2004 | 3,904.0 | 1,121.0 | 12,743.0 | - | 674.0 | 2,583.0 | - | 21,025.0 | 16,647.0 | 1,795.0 | 2,583.0 |
| 3 | 2005 | 3,703.0 | 1,359.0 | 11,661.0 | 1,262.0 | 1,340.0 | 2,170.0 | 621.0 | 22,116.0 | 16,626.0 | 2,699.0 | 2,791.0 |
| 4 | 2006 | 10,194.0 | 2,222.0 | 19,101.0 | 1,638.0 | 4,522.2 | 1,473.0 | 600.0 | 39,750.2 | 30,933.0 | 6,744.2 | 2,073.0 |
| 5 | 2007 | 4,662.0 | 943.0 | 10,659.0 | 732.0 | 1,440.0 | 1,355.0 | 3,997.0 | 23,788.0 | 16,053.0 | 2,383.0 | 5,352.0 |
| Cumulative DSM Volumes since 1998 | | | | | | | | | | | | |
| 6 | Post application of the 50:50 rule | | | | | | | | | | | |
| | | 46,919.0 | 18,036.5 | 39,106.0 | - | 3,674.5 | 6,813.0 | - | 114,549.0 | 86,025.0 | 21,711.0 | 6,813.0 |
| 7 | | 52,481.0 | 21,216.5 | 50,029.5 | - | 4,286.0 | 8,644.5 | - | 136,657.5 | 102,510.5 | 25,502.5 | 8,644.5 |
| 8 | | 56,284.5 | 22,456.5 | 62,231.5 | 631.0 | 5,293.0 | 11,021.0 | 310.5 | 158,228.0 | 119,147.0 | 27,749.5 | 11,331.5 |
| 9 | | 63,233.0 | 24,247.0 | 77,612.5 | 2,081.0 | 8,224.1 | 12,842.5 | 921.0 | 189,161.1 | 142,926.5 | 32,471.1 | 13,763.5 |
| 10 | | 70,661.0 | 25,829.5 | 92,492.5 | 3,266.0 | 11,205.2 | 14,256.5 | 3,219.5 | 220,930.2 | 166,419.5 | 37,034.7 | 17,476.0 |
| Cumulative DSM Volumes as % of Actual Throughput Volumes (1) | | | | | | | | | | | | |
| | | Cumulative DSM Vol. since 1998 | | | | | | | | | | |
| | | Actual Throughput Vol. 10 ³ m ³ | | | | | | | | | | |
| | | Rate M2 | Rate 01 | Rate 10 | | Rate M2 | Rate 01 | Rate 10 | | Rate M2 | Rate 01 | Rate 10 |
| 11 | 2003 | 4,164,390.9 | 957,204.3 | 310,631.0 | | 86,025.0 | 21,711.0 | 6,813.0 | | 2.1% | 2.3% | 2.2% |
| 12 | 2004 | 3,942,356.2 | 919,355.0 | 298,001.5 | | 102,510.5 | 25,502.5 | 8,644.5 | | 2.6% | 2.8% | 2.9% |
| 13 | 2005 | 4,027,678.7 | 885,594.6 | 302,609.5 | | 119,147.0 | 27,749.5 | 11,331.5 | | 3.0% | 3.1% | 3.7% |
| 14 | 2006 | 3,672,938.7 | 803,723.3 | 284,111.3 | | 142,926.5 | 32,471.1 | 13,763.5 | | 3.9% | 4.0% | 4.8% |
| 15 | 2007 | 3,999,325.2 | 891,295.8 | 366,635.1 | | 166,419.5 | 37,034.7 | 17,476.0 | | 4.2% | 4.2% | 4.8% |

note (1) These percentages are applied to the reported weather normalized throughput volumes to adjust for the audited DSM programmes volume impacts

TABLE 4: TOTAL THROUGHPUT VOLUMES: 10³ m³
After the adjustment for the cumulative DSM Programme volume impacts since 1998

| Row | Column | A | B | C | D | E | F | G | H | I | J | K | L | M | N |
|-----|-------------|--|-----------------|--------------|--------------|------------|-------------|-------------|---------------|------------------|----------------|-----------------|-----------------|--------------|---|
| | | Union South Only Rate M2 Billed Customers | | | | | | | | | | | | | |
| | Year | January | February | March | April | May | June | July | August | September | October | November | December | Total | |
| 1 | 2003 | 728,078.3 | 625,291.4 | 538,639.9 | 343,582.9 | 171,163.2 | 94,233.7 | 103,929.6 | 103,091.5 | 131,721.5 | 248,914.0 | 418,846.7 | 626,255.5 | 4,133,748.3 | |
| 2 | 2004 | 710,992.0 | 640,871.0 | 519,148.0 | 346,354.3 | 179,529.8 | 81,944.4 | 98,104.0 | 105,288.8 | 142,431.1 | 234,036.9 | 403,991.0 | 616,629.8 | 4,079,321.1 | |
| 3 | 2005 | 725,258.5 | 634,272.7 | 536,270.1 | 341,867.0 | 181,521.2 | 95,300.4 | 91,171.4 | 98,021.4 | 131,509.9 | 245,782.0 | 409,477.0 | 618,716.5 | 4,109,168.0 | |
| 4 | 2006 | 717,727.4 | 636,021.8 | 554,837.5 | 344,178.4 | 179,067.2 | 95,228.9 | 104,346.1 | 96,400.9 | 123,420.7 | 257,114.5 | 442,440.1 | 647,078.3 | 4,197,861.6 | |
| 5 | 2007 | 717,452.4 | 635,807.1 | 593,348.3 | 378,556.5 | 218,521.1 | 101,169.5 | 103,736.8 | 98,855.1 | 126,485.2 | 258,515.7 | 394,798.8 | 643,415.6 | 4,270,662.0 | |
| | | Union North Rate 01 Billed Customers | | | | | | | | | | | | | |
| | Year | January | February | March | April | May | June | July | August | September | October | November | December | Total | |
| 6 | 2003 | 184,734.4 | 147,777.8 | 122,335.4 | 74,440.8 | 44,004.7 | 18,520.8 | 20,203.1 | 17,997.9 | 30,051.7 | 58,302.1 | 99,853.5 | 145,001.1 | 963,223.3 | |
| 7 | 2004 | 174,047.8 | 148,848.4 | 119,062.0 | 72,820.4 | 41,026.8 | 17,031.6 | 22,268.6 | 18,811.2 | 33,301.1 | 50,949.4 | 94,315.0 | 142,541.9 | 935,024.2 | |
| 8 | 2005 | 177,357.4 | 149,570.0 | 119,223.0 | 73,878.3 | 40,033.6 | 19,466.6 | 17,100.5 | 17,196.7 | 27,741.9 | 53,016.8 | 92,668.7 | 144,163.9 | 931,417.5 | |
| 9 | 2006 | 176,915.9 | 142,380.5 | 119,049.4 | 73,842.2 | 39,191.0 | 17,926.5 | 18,902.0 | 16,350.5 | 25,212.0 | 55,348.8 | 103,591.1 | 142,341.8 | 931,051.7 | |
| 10 | 2007 | 175,474.8 | 141,364.9 | 127,412.4 | 80,382.1 | 42,998.7 | 18,542.3 | 18,692.1 | 17,276.2 | 27,735.9 | 54,653.9 | 95,674.8 | 149,122.2 | 949,330.2 | |
| | | Union North Rate 10 Billed Customers including CIA Rate 10 | | | | | | | | | | | | | |
| | Year | January | February | March | April | May | June | July | August | September | October | November | December | Total | |
| 11 | 2003 | 62,608.8 | 54,431.3 | 49,434.8 | 30,962.5 | 20,771.1 | 14,574.8 | 12,028.9 | 12,118.9 | 14,021.3 | 29,310.5 | 43,745.7 | 52,225.5 | 396,234.2 | |
| 12 | 2004 | 57,654.3 | 58,344.0 | 47,034.6 | 27,357.2 | 18,262.3 | 17,491.0 | 13,800.3 | 13,616.4 | 15,813.8 | 27,320.1 | 40,526.1 | 54,061.7 | 391,281.8 | |
| 13 | 2005 | 65,550.0 | 57,857.4 | 49,796.8 | 32,079.5 | 21,000.6 | 13,350.7 | 11,472.8 | 12,316.6 | 12,988.3 | 28,695.5 | 41,715.1 | 57,669.7 | 404,493.1 | |
| 14 | 2006 | 64,597.7 | 57,466.3 | 53,221.8 | 32,599.4 | 21,007.7 | 12,602.2 | 12,729.0 | 11,720.6 | 13,869.6 | 32,379.5 | 44,591.7 | 56,108.8 | 412,894.4 | |
| 15 | 2007 | 65,811.9 | 54,557.7 | 55,625.8 | 33,405.6 | 21,901.8 | 12,763.7 | 11,413.3 | 11,403.1 | 12,535.4 | 26,010.2 | 35,837.1 | 48,427.4 | 389,693.0 | |

TABLE 5: Weather Normalized Average Consumption : m³ per customer
After the adjustment for the cumulative DSM Programme volume impacts since 1998

| Row | Column | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|--|--------|---------|----------|--------|--------|-------|-------|-------|--------|-----------|---------|----------|----------|---------|--------|----------|------------|
| Union South Only Rate M2 Billed Customers | | | | | | | | | | | | | | | | | |
| | Year | January | February | March | April | May | June | July | August | September | October | November | December | Total | Change | % Change | 3 Yr. M.A. |
| 1 | 2003 | 816 | 699 | 601 | 383 | 190 | 105 | 115 | 114 | 146 | 275 | 461 | 687 | -4,591 | | | |
| 2 | 2004 | 777 | 699 | 566 | 377 | 195 | 89 | 106 | 114 | 154 | 252 | 434 | 659 | -4,421 | -169 | -3.7% | |
| 3 | 2005 | 774 | 676 | 571 | 363 | 193 | 101 | 97 | 104 | 139 | 259 | 430 | 647 | -4,354 | -67 | -1.5% | |
| 4 | 2006 | 750 | 664 | 578 | 358 | 186 | 99 | 108 | 100 | 128 | 266 | 456 | 666 | -4,361 | 7 | 0.2% | -1.7% |
| 5 | 2007 | 737 | 652 | 608 | 387 | 223 | 103 | 106 | 101 | 129 | 263 | 400 | 650 | -4,359 | -2 | 0.0% | -0.5% |
| Union North Rate 01 Billed Customers | | | | | | | | | | | | | | | | | |
| | Year | January | February | March | April | May | June | July | August | September | October | November | December | Total | Change | % Change | 3 Yr. M.A. |
| 6 | 2003 | 664 | 531 | 439 | 267 | 158 | 66 | 72 | 65 | 108 | 209 | 357 | 517 | 3,453 | | | |
| 7 | 2004 | 618 | 529 | 423 | 258 | 145 | 60 | 79 | 67 | 118 | 180 | 332 | 500 | 3,309 | -145 | -4.2% | |
| 8 | 2005 | 621 | 524 | 418 | 259 | 140 | 68 | 60 | 60 | 97 | 185 | 322 | 499 | 3,253 | -56 | -1.7% | |
| 9 | 2006 | 613 | 493 | 412 | 255 | 135 | 62 | 65 | 56 | 87 | 190 | 355 | 487 | 3,212 | -41 | -1.2% | -2.4% |
| 10 | 2007 | 601 | 483 | 435 | 274 | 147 | 63 | 64 | 59 | 94 | 185 | 323 | 502 | 3,230 | 18 | 0.5% | -0.8% |
| Union North Rate 10 Billed Customers including CIA Rate 10 | | | | | | | | | | | | | | | | | |
| | Year | January | February | March | April | May | June | July | August | September | October | November | December | Total | Change | % Change | 3 Yr. M.A. |
| 11 | 2003 | 21,907 | 19,005 | 17,195 | 10,834 | 7,286 | 5,121 | 4,354 | 4,278 | 4,941 | 10,310 | 15,333 | 18,376 | 138,938 | | | |
| 12 | 2004 | 19,943 | 20,272 | 16,394 | 9,450 | 6,334 | 6,061 | 4,807 | 4,743 | 5,504 | 9,493 | 13,960 | 18,552 | 135,513 | -3,425 | -2.5% | |
| 13 | 2005 | 22,418 | 19,794 | 16,984 | 10,908 | 6,972 | 4,356 | 3,719 | 4,008 | 4,249 | 9,350 | 13,448 | 18,520 | 134,725 | -789 | -0.6% | |
| 14 | 2006 | 20,586 | 18,290 | 16,955 | 10,333 | 6,646 | 4,012 | 4,056 | 3,761 | 4,435 | 10,358 | 14,269 | 17,886 | 131,588 | -3,137 | -2.3% | -1.8% |
| 15 | 2007 | 20,873 | 17,375 | 17,715 | 10,605 | 6,991 | 4,286 | 4,894 | 4,913 | 5,406 | 11,206 | 15,407 | 20,820 | 140,491 | 8,903 | 6.8% | 1.3% |

UNION GAS LIMITED
Calculation of 2009 Average Use Volume Adjustment

| Line No. | Particulars | 2008 Billing Units (1) (10 ³ m ³) (a) | Average Use Volume Adjustment (10 ³ m ³) (b) | 2009 Billing Units (10 ³ m ³) (c) | Change in Volume (2) (%) (d) |
|----------|--------------------------------|---|--|---|---------------------------------------|
| Rate M1 | | | | | |
| 1 | First 100 m ³ | 925,696 | (4,628) | 921,067 | |
| 2 | Next 150 m ³ | 773,377 | (3,867) | 769,510 | |
| 3 | All Over 250 m ³ | 1,112,795 | (5,564) | 1,107,231 | |
| 4 | Total | <u>2,811,868</u> | <u>(14,059)</u> | <u>2,797,809</u> | <u>-0.5%</u> |
| Rate M2 | | | | | |
| 5 | First 1 000 m ³ | 76,390 | (382) | 76,008 | |
| 6 | Next 6 000 m ³ | 371,307 | (1,857) | 369,450 | |
| 7 | Next 13 000 m ³ | 305,234 | (1,526) | 303,708 | |
| 8 | All over 20 000 m ³ | 336,223 | (1,681) | 334,542 | |
| 9 | Total | <u>1,089,154</u> | <u>(5,446)</u> | <u>1,083,708</u> | <u>-0.5%</u> |
| Rate 01 | | | | | |
| 10 | First 100 m ³ | 202,014 | (1,616) | 200,398 | |
| 11 | Next 200 m ³ | 282,491 | (2,260) | 280,231 | |
| 12 | Next 200 m ³ | 135,281 | (1,082) | 134,199 | |
| 13 | Next 500 m ³ | 128,900 | (1,031) | 127,869 | |
| 14 | Over 1 000 m ³ | 134,838 | (1,079) | 133,760 | |
| 15 | Total | <u>883,524</u> | <u>(7,068)</u> | <u>876,456</u> | <u>-0.8%</u> |
| Rate 10 | | | | | |
| 16 | First 1 000 m ³ | 23,172 | 301 | 23,474 | |
| 17 | Next 9 000 m ³ | 143,455 | 1,865 | 145,320 | |
| 18 | Next 20 000 m ³ | 100,995 | 1,313 | 102,308 | |
| 19 | Next 70 000 m ³ | 69,358 | 902 | 70,260 | |
| 20 | Over 100 000 m ³ | 40,552 | 527 | 41,079 | |
| 21 | Total | <u>377,532</u> | <u>4,908</u> | <u>382,440</u> | <u>1.3%</u> |

Notes:

- (1) EB-2007-0606, Rate Order, Working Papers, Schedule 4, Column (x)
(2) EB-2007-0606, Settlement Agreement, Page 13