

UNION GAS LIMITED

BUDGET PROCESS (CAPITAL & OPERATING)

Union's annual budget, expressed in the form of Budget Financial Statements, is derived from five major planning sub-processes: Capital, Operating and Maintenance ("O&M"), Revenue, Cost of Gas, and Financial Statements.

This section of evidence describes the sub-processes specifically related to:

1. O&M Budget Process
2. Capital Budget Process
3. Preparation of the Budget Financial Statements

Revenue and cost of gas forecasting process are described at Exhibit C1, Tab 1 to Tab 3 and Exhibit D1, Tab 1 respectively.

1. O&M BUDGET PROCESS

The O&M budget process is designed to provide a forecast of the company's future operating costs, based on an economic outlook. Each area of responsibility within the company provides the Finance department with a forecast of costs approved by their respective senior management.

There are six major steps in the O&M budget process:

- 1) Preparation of Economic Outlook
- 2) Senior Management Review and Approval of Outlook
- 3) Distribution of Budget Directions
- 4) Preparation of Operating Budget
- 5) Senior Management Review and Approval
- 6) Final Submission to Finance

These steps are described in greater detail below:

1) PREPARATION OF ECONOMIC OUTLOOK

Market information is gathered from various external sources in order to formulate the economic assumptions to be used in the forecasting process. The assumptions include, but are not limited to, inflation, GDP growth and salary and wage increases. A copy of the assumptions can be found at Appendix A.

2) SENIOR MANAGEMENT REVIEW AND APPROVAL OF OUTLOOK

The key assumptions are presented to senior management for review and approval.

1 **3) DISTRIBUTION OF BUDGET DIRECTIONS**

2 Following senior management approval, the assumptions, along with the timetable and
3 instructions for completing the forecast, are distributed to all budget process participants.
4 Training of budget participants also occurs so that everyone is aware of both what is required of
5 them and the assumptions that are to be used to formulate the budget. A copy of the O&M
6 budget guidelines and the April 21, 2005 “Budget Kick off Meeting” presentation have been
7 provided at Appendices B and C, respectively.

9 **4) PREPARATION OF OPERATING BUDGET**

10 Demand/revenue level information is obtained in order to calculate O&M related expenditures.
11 This includes items such as customer growth and new customer attachments.

13 Details of affiliate services revenue and costs are also obtained. These amounts relate to services
14 provided by one affiliate to one or more other affiliates. The figures used in the budgeting
15 process are based on the Service Agreements (“SAs”) in place between Union and its affiliates.

17 Each budget area starts with expense figures from the last approved budget. In order to meet
18 Union’s overall productivity target, goals are established at the administrator level. For the 2005
19 through 2007 period, a productivity improvement target of 1.0% per year is to be achieved by
20 each functional area, across all expense items. In addition to savings from improved

1 productivity, an inflation factor is added to the historical expense figure, which is based on
2 market indicators. The budget that is established (i.e. prior year -productivity +inflation) is then
3 adjusted to reflect the impact of new program additions or deletions as well as any existing
4 programs that will be materially changed. The costs of the various projects are then assigned to
5 the relevant budget expense line items to ensure proper identification of costs.

6
7 A review of planned activities is completed for the budget period detailing how manpower will
8 be utilized in order to accomplish the work plan. Additional staffing requirements are
9 considered, as is the need to employ consultants or contract employees in order to complete the
10 required workload in a timely, cost effective manner. Wage and overtime costs applicable to
11 each budget area are then determined.

12
13 Benefit costs are determined through consultation with an independent HR consultant. These
14 costs tend to change at different rates than the average inflation figure. Inflation and discount
15 rates (for pension expense) are applied as required, and the resulting overhead and benefit cost
16 figures are added to the wage rates. At this point, the labour cost component of the proposed
17 budget has been developed.

18
19 Based on the resources required to carry out the work plan, relevant material, equipment and
20 vehicle costs are incorporated into the detail.

December, 2005

1 **5) SENIOR MANAGEMENT REVIEW AND APPROVAL**

2 The budgets are reviewed at successively higher levels of management, with modifications made
3 on an iterative basis as required. A final budget for each area is developed and approved by the
4 Vice President responsible for each area.

6 **6) FINAL SUBMISSION TO FINANCE**

7 The budget, as modified, is then sent to Finance for inclusion in the overall corporate forecast.

9 **2. CAPITAL BUDGET PROCESS**

10 The capital budget process produces a forecast of capital expenditures required to expand system
11 capacity to meet customer demands for additional service, to maintain the existing facilities, to
12 ensure Union provides safe, reliable service to customers, and to facilitate the company's goal of
13 providing cost effective service to customers through the use of technological enhancements.

15 There are six major steps in the capital budget process:

- 16 1) Distribution of Budget Directions
17 2) Project Identification
18 3) Project Specifications and Costing
19 4) Technical/Economic Review

1 5) Senior Management Review and Approval

2 6) Final Submission to Finance

3
4 These steps are described in greater detail below:

5
6 **1) DISTRIBUTION OF BUDGET DIRECTIONS**

7 The key assumptions, as approved by senior management, are received from the O&M budget
8 process. The assumptions, along with the timetable and instructions for completing the forecast,
9 are distributed to all budget process participants. Training of budget participants also occurs so
10 that everyone is aware of both what is required of them and the assumptions that are to be used
11 to formulate the budget. The capital guidelines and instructions are contained within the copy of
12 the “Budget Kick off Meeting” presentation found at Appendix C, starting at slide 21.

13
14 **2) PROJECT IDENTIFICATION**

15 Required capital expenditures are required for four primary reasons.

- 16 1. Special programs that result in the need for capital expenditures.
- 17 2. System integrity expenditures required to maintain or enhance the integrity of the company’s
18 plant through changes to codes/regulations or commonly accepted industry practices. Union
19 must ensure that it is in compliance with codes and regulations governing the industry.

3. System replacement expenditures required as a result of requests from municipalities and others under the terms of franchise or other occupancy agreements. Union is contractually obligated to comply with these agreements and the resulting modifications required.

4. Capital expenditures to replace plant, vehicles and equipment as a result of age, condition, obsolescence, etc.

In addition, new project requirements are identified through the demand/revenue planning process and the gas supply planning process.

3) PROJECT SPECIFICATIONS AND COSTING

A proposed capital expenditure must also conform to company standard pricing and economic justification. The "ratifier" is a functional expert with the responsibility for determining pricing in their particular area of expertise. For example, the ratifier for wage rate projections is the Manager, Compensation.

Each item requested must also conform to established engineering specifications, in relation to design, construction and method of installation.

Individual requests for inclusion in the capital budget are prepared by the budget area managers. Prior to the authorization of each project, an internal approval process is initiated whereby justification/evidence of the need for the project must be made, along with a consideration of

December, 2005

1 alternate means of achieving the goal. Specific information is required regarding in-service
2 dates, interest during construction (IDC) calculations, accounting classification, pipe lengths,
3 and cash flows.

4
5 **4) TECHNICAL/ECONOMIC REVIEW**

6 Each item requested is reviewed and approved by the ratifier of the expenditure type. In addition,
7 each item is reviewed to ensure adherence to established economic standards, through the
8 application of an economic feasibility test. This test is discussed in further detail in Exhibit A2,
9 Tab 2, Schedule 2. Authorized signatures are required to ensure that the information has both
10 been reviewed for capital compliance and meets internal standards and economic thresholds.

11
12 **5) SENIOR MANAGEMENT REVIEW AND APPROVAL**

13 Reviews of the need, timing and economic justification of capital budget requests are then
14 carried out at successively higher levels of management. The overall level of the capital budget
15 is also reviewed to confirm the availability of the capital dollars required.

16
17 The overall capital budget is also reviewed in the context of the overall financial forecast results
18 and customer impacts.

1 **6) FINAL SUBMISSION TO FINANCE**

2 The capital budget, as modified, is then sent to the Finance department for inclusion in the
3 overall corporate forecast.
4

5 **3. PREPARATION OF THE BUDGET FINANCIAL STATEMENTS**

6 The preparation of the budget financial statements is, to a large extent, a culmination of
7 information prepared during the “upstream” budget processes.
8

- 9 • O&M received from the O&M budget process.
- 10 • Revenue received from the demand/revenue planning process.
- 11 • Cost of gas, inventory, ABC payable and balancing gas received from the gas supply
12 planning process.
- 13 • Capital spending, gross plant, accumulated depreciation, depreciation expense, property tax
14 and capital cost allowance received from the capital budget process.
15

16 There are five major steps in the budget financial statements process:

- 17 1. Review and Verification of Input
- 18 2. Preparation of Financial Statements
- 19 3. Review and Approval
- 20 4. Submission to DEGT

December, 2005

5. Presentation to Board of Directors

1) REVIEW AND VERIFICATION OF INPUT

The information is reviewed to ensure consistent and correct application of budget assumptions, prior to incorporation into the financial forecast. In addition, the budget information is reviewed for overall reasonability. In the event the information does not reflect the appropriate assumptions or appears unreasonable, follow-up discussions may occur with upstream process participants. Otherwise, the information is incorporated into the budget financial statements.

2) PREPARATION OF FINANCIAL STATEMENTS

Once all upstream information has been validated, the budget financial statements are created. The utility earnings, rate base, capital costs and overall revenue deficiency/sufficiency schedules are prepared after the corporate financial statements have been prepared.

3) REVIEW AND APPROVAL

The corporate and utility budget financial statements are presented to Union's senior management for review and approval.

1 **4) SUBMISSION TO DEGT**

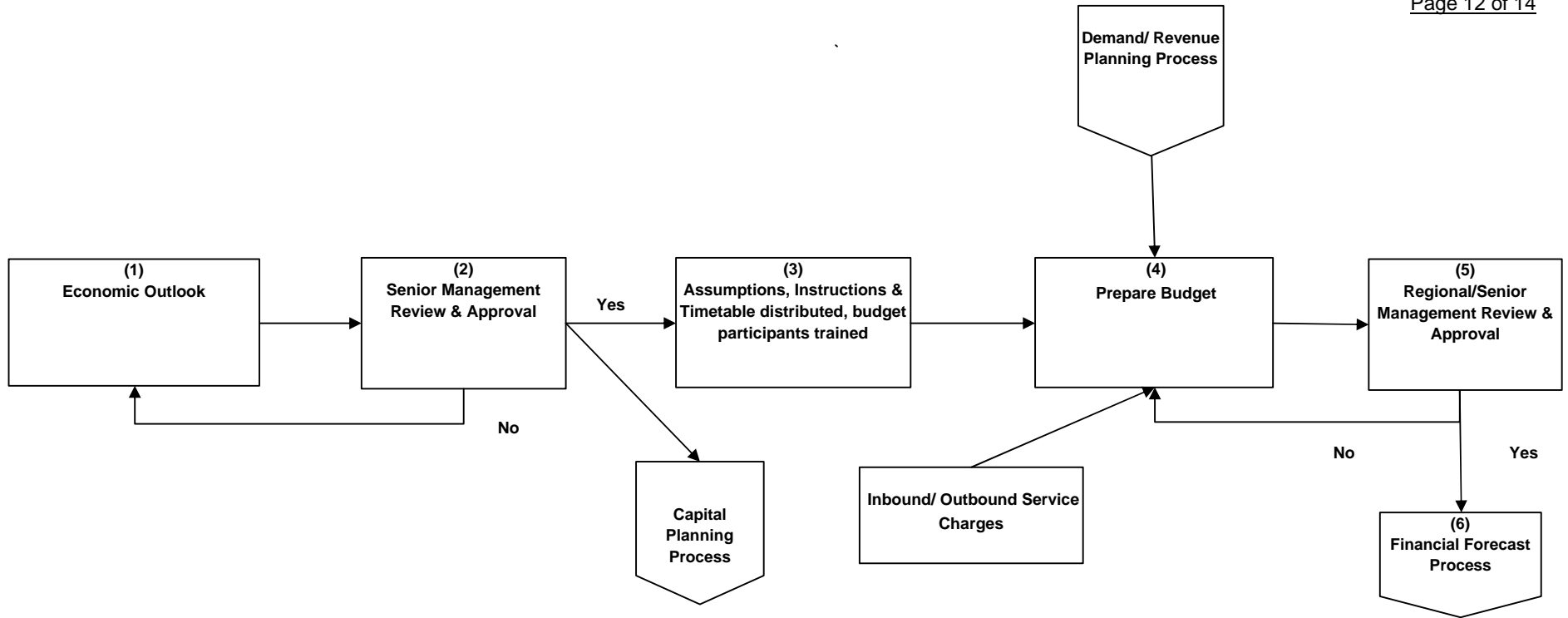
2 The corporate financial statements are presented to Duke Energy Gas Transmission (“DEGT”)
3 executive for review and approval.

4
5 **5) PRESENTATION TO BOARD OF DIRECTORS**

6 The corporate financial statements are presented to Union’s Board of Directors for review and
7 approval.

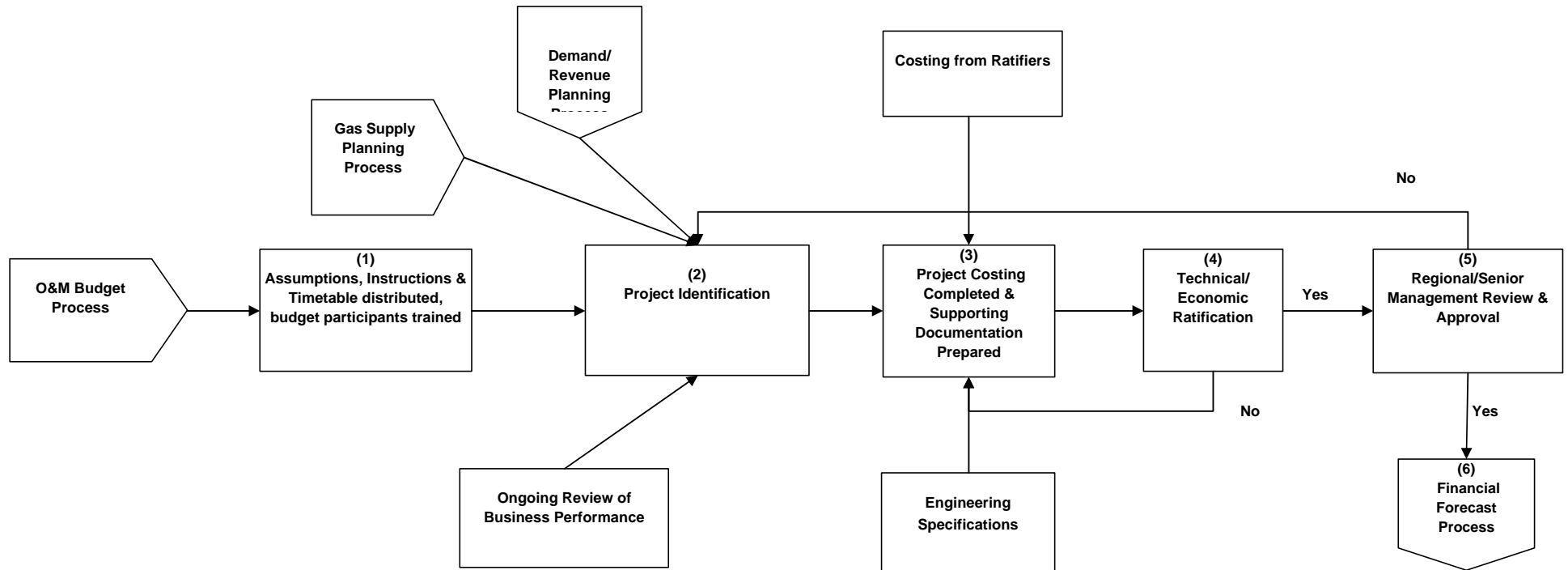
Union Gas Limited Operating and Maintenance Budget Process

EB-2005-0520
Exhibit A2
Tab 2
Schedule 1
Page 12 of 14



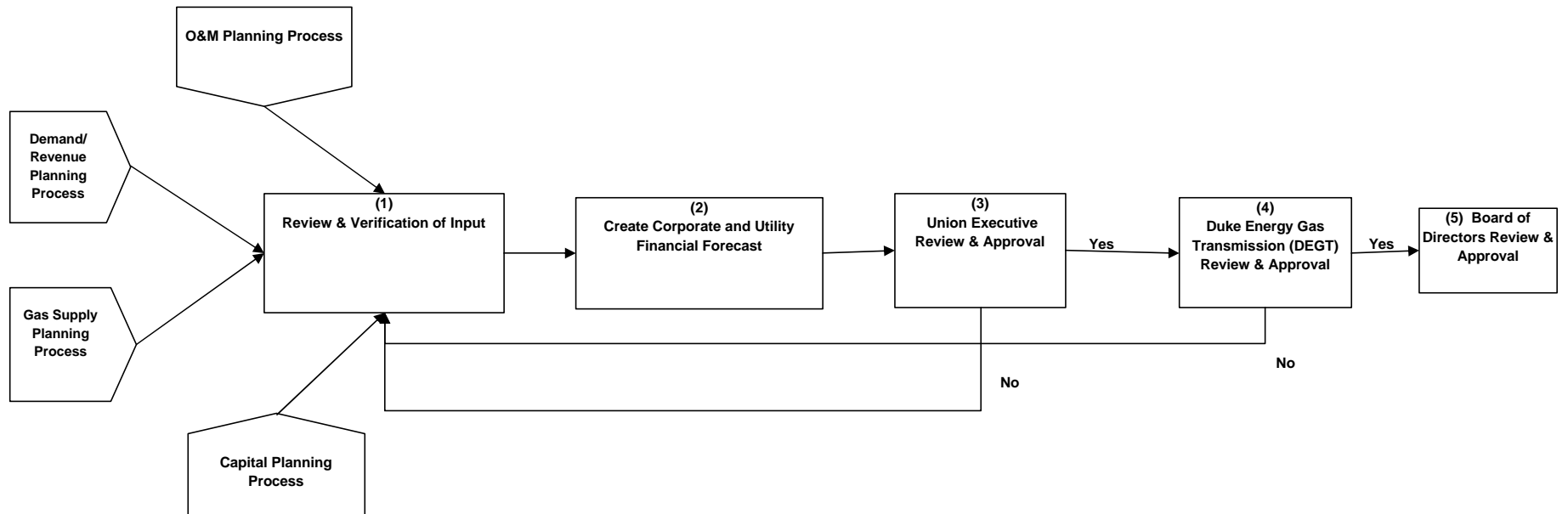
Union Gas Limited Capital Budget Process

EB-2005-0520
Exhibit A2
Tab 2
Schedule 1
Page 13 of 14



Union Gas Limited
Preparation of Corporate Financial Statements

EB-2005-0520
Exhibit A2
Tab 2
Schedule 1
Page 14 of 14



UNION GAS LIMITED

Economic and Key Assumptions
For the Year Ended December 31

Line No.	Description	2005 (a)	2006 (b)	2007 (c)
	<u>Economic Outlook:</u>			
1	GDP - Canada (1)	2.8%	3.0%	3.0%
2	GDP - USA (1)	3.5%	3.4%	3.4%
3	GDP - Ontario (1)	2.4%	2.6%	2.6%
4	FX rate US \$ = 1 Canadian \$ (1)	0.818	0.818	0.818
5	Inflation rate (1)	1.9%	1.9%	1.9%
6	Salary and Wage Increase	3.5%	4.0%	3.5%
7	Unemployment rate (1)	7.1%	7.0%	7.0%
8	Housing starts - Canada (1)	209,000	189,000	189,000
9	Housing starts - Union Franchise Area	24,331	21,779	21,779

Notes:

(1) Source: Consensus Economics, February 2005



Operating & Maintenance Expense 2006 – 2008 Budget Guidelines

Table of Contents

- General Guidelines and Definitions
- Cost Type Specifications
- Salary and Wage planning
- Budget Transfers
- Budget Assumptions
- O&M Budget Department Contacts
- Key Dates Planning Timetable



Operating & Maintenance Expense Planning 2006 – 2008 Budget Guidelines

Operating and Maintenance Budget

The Operating and Maintenance budget for 2006 and 2007 are required to be fully detailed in SAP. (Please see attached timetable) The 2008 Forecast will be a Macro budget at this time, and not detailed in SAP.

What is a Macro Budget?

- The Macro Budget process is designed with an emphasis on planning. It is prepared at the Administrator level, with the emphasis on identifying major program changes.

Internal Order Planning

O&M Planning and direct postings of actuals will be structured at the internal order (IO) level only, with further detailing at the Primary Cost Element (PCE) level. It is important to Cashflow your plan as accurately as possible; the payroll schedule has been attached for your planning convenience. The more accurately the cashflow is detailed into SAP at the planning stage, the fewer timing variances we experience once actuals begin to flow and it makes our Outlook assumptions less complicated throughout the year.

\$1000 Capital Rule

Office furniture, tools and equipment and communication equipment with a value < \$1000 are expensed. If over \$1000, the item is capitalized. If an item has a value < \$1000 and is purchased and maintained as a set with a total value > \$1000, it should be capitalized. The \$1000 Rule also applies to all software purchases. Hardware upgrades purchased during the same calendar year the computer was purchased are capitalized.

Telecommunication Costs

Charges for cell phones, pagers, calling cards and PC dial in access will continue to be budgeted within each administrator's area. To reduce the administration effort required to process the charges, it is recommended that cells, pagers, calling cards and PC dial in charges be consolidated and budgeted at the Administrative IO level

Salaries and Wages PCE's

The best indicator of the appropriate PCE to use for budgeting Salaries and Wages is an employee's band or grade level. The following table should be used when selecting the appropriate Salaries and Wages PCE:

Executive	410001
Management	410001
Technical / Analyst	410002
Sales Reps	410002
Clerical Unionized	410003
Clerical Non-Union	410003
Hourly Unionized	410004
Hourly "Operations" – Non-Union	410004

Overtime

Please refer to the H.R. policies on the portal for the rates and employee eligibility for overtime pay.

Vacancy Allowances

When budgeting salaries and wages, a provision for vacancies may be included at the discretion of each administrator. Vacancies result for any number of reasons including:

- Persons leaving due to acceptance of a new position within the company
- The time between adding a new role and filling the position
- Attrition

2006 Pay Periods – Based on Deposit Dates

Attached for your reference is a payroll schedule outlining the pay periods for 2006. Please ensure you take the pay periods per month into account when detailing salary and wage related costs.

Note: New **Distribution Keys** will be available in SAP.

	Unionized (Weekly) -Cycle3 Z06E	Salaried Employees North & South -Cycle4 Z06F	Bi-Weekly North & South -Cycle6 Z06G
January	4	2	2
February	4	2	2
March	5	2	3
April	4	2	2
May	4	2	2
June	5	3	2
July	4	2	2
August	5	2	3
September	4	2	2
October	4	2	2
November	5	2	2
December	4	3	2
Total	52	26	26

2007 Pay Periods – Based on Deposit Dates

	Unionized (Weekly) -Cycle3 Z07E	Salaried Employees North & South -Cycle4 Z07F	Bi-Weekly North & South -Cycle6 Z07G
January	4	2	2
February	4	2	2
March	5	2	3
April	4	2	2
May	5	2	2
June	4	3	2
July	4	2	2
August	5	2	3
September	4	2	2
October	4	2	2
November	5	3	2
December	4	2	2
Total	52	26	26

2008 Pay Periods – Based on Deposit Dates – Detailing Not Required

	Unionized (Weekly) -Cycle3	Salaried Employees North & South -Cycle4	Bi-Weekly North & South -Cycle6
January	5	2	2
February	4	2	2
March	4	2	2
April	4	2	2
May	5	3	2
June	4	2	2
July	5	2	3

August	4	2	2
September	4	2	2
October	5	3	2
November	4	2	2
December	4	2	3
Total	52	26	26



Transfers of O&M Target/Expense between Business Areas

All Transfers between Business Areas must be greater than \$50,000 annually. In addition, the following steps must be completed:

- Complete the O&M Target/Expense Transfer Form #8090, which is located on the portal under Forms/Canada East/Finance/Table of Contents-Finance. The following information will be required:
 - 1) Description of the Expense
 - 2) Justification for the transfer
 - 3) Total amount budgeted in 2006
 - 4) Identification of the impacted Business Area
 - 5) Capitalization % for both Business Areas
 - 6) Authorization of the initiating and receiving groups (Level 3 Managers)
- Forward completed transfer form to Finance. (see timelines) If the parties involved have authorized the transfer, the 2006 Targets will be adjusted accordingly.
- If the two parties are in dispute over the transfer please forward the unauthorized request form to Finance. Finance will schedule and mediate a meeting between the parties, ensuring that a final decision is reached.

2006– 2008 Budget Assumptions

Inflation Assumption

Consumer Price Index 2006	1.9%
Consumer Price Index 2007	1.9%
Consumer Price Index 2008	1.9%

U.S. Exchange Rate

Year-end value	<u>CAD per USD</u>	<u>USD per CAD</u>
2006	1.222	0.818
2007	1.222	0.818
2008	1.222	0.818

WACOG Forecast

2006 – 2008 322.784 per 103m*3 (WACOG approved on April 1, 2005)
Subsequently revised to July 1, 2005 WACOG (\$355.473)

Customer Attachments

2006	28,287
2007	24,409
2008	23,781

Salary and Wage Increases

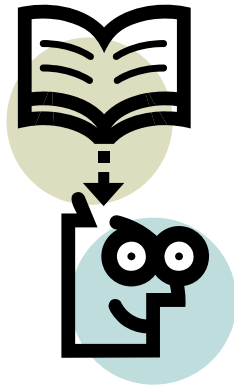
For the salary and wage increases for 2006 – 2008 O&M Budget, please contact Terry Laframboise in Finance at Ext. 2014.

SAP Versions

2006 O&M Budget – Internal Order Planning – SAP Version 52
2007 O&M Budget – Internal Order Planning – SAP Version
2008 O&M Macro Budget – will not be detailed in SAP

O&M Budget Department Contact Personnel

Terry Laframboise	Team Leader	Ext. 2014
Chris Young	Sr. O&M Analyst	Ext. 2710
Erin Verkaik	O&M Analyst	Ext. 2246



O&M Planning Timetable (Budget Co-ordinators)

April 21	Instructions & Training
April 30	SAP (version #52) will be open for detailing 2006 & 2007
TBD	O&M Targets/templates issued for 2006 & 2007
May 9-Jun 16	Budget kick off with each Dept. Manager
June 30	SAP closed for detailing
June 30	Budget Transfer Forms must be received by the Finance Dept. – Completed & signed. O&M Budget Templates must be received by the Finance Dept. Completed and signed. (Dual sign-off on Templates by Business Unit VP and UG VP)
July 15	Variance explanations 2006 to 2007 must be received by the Finance Dept.





2006-2008 Budget Kick off Meeting

April 21st, 2005

WELCOME! ☺

EB-2005-0520
Exhibit A2
Tab 2
Schedule 1
Appendix C

Agenda

2006-2008 Customer Attachments Forecast

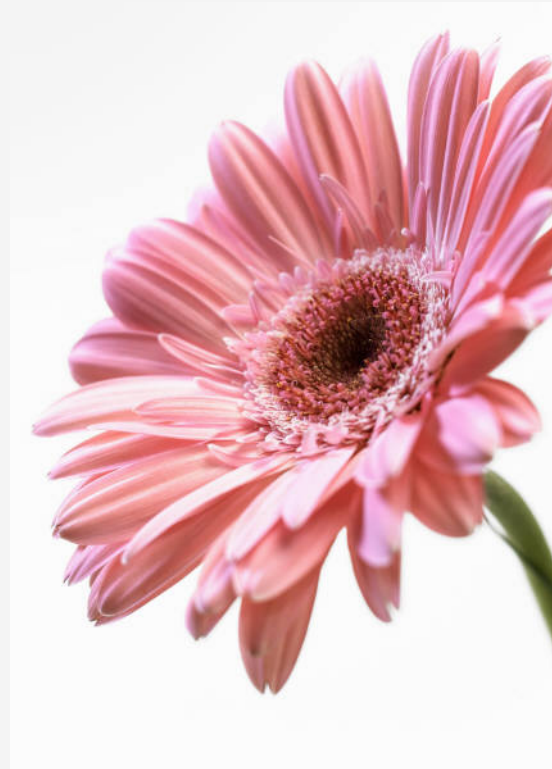
- ☐ Executive Summary

Operating and Maintenance Budget

- ☐ Key Dates
- ☐ O&M Targets
- ☐ Budget Assumptions
- ☐ Journal Entries and Accruals

Capital Budget

- ☐ General Guidelines
- ☐ Key Dates
- ☐ Budget Assumptions
- ☐ Schedule 3 revisions
- ☐ Tracking System
- ☐ SOX





2006-2008 Customer Attachment Forecast

Executive Presentation

April 25th, 2005

Executive Summary

Macro Forecast – Prepared by Market Knowledge

Considers:

- New attachments only
- Historical trends
- Consensus forecast outlooks from CMHC, RBC Bank, Consensus Economics, BMO Nesbitt for housing starts
- Share of Ontario housing starts applicable to Union
- GTA urban sprawl flowing into Union Gas franchise area and restriction of development in greenbelt area
- Flat immigration rate and Ontario is losing share of population migration between provinces
- Economic Indicators
 - GDP
 - unemployment rate
 - mortgage rates
 - US exchange rates

Excludes:

- Conversions and Major Projects



Executive Summary

Macro Forecast – Prepared by Market Knowledge

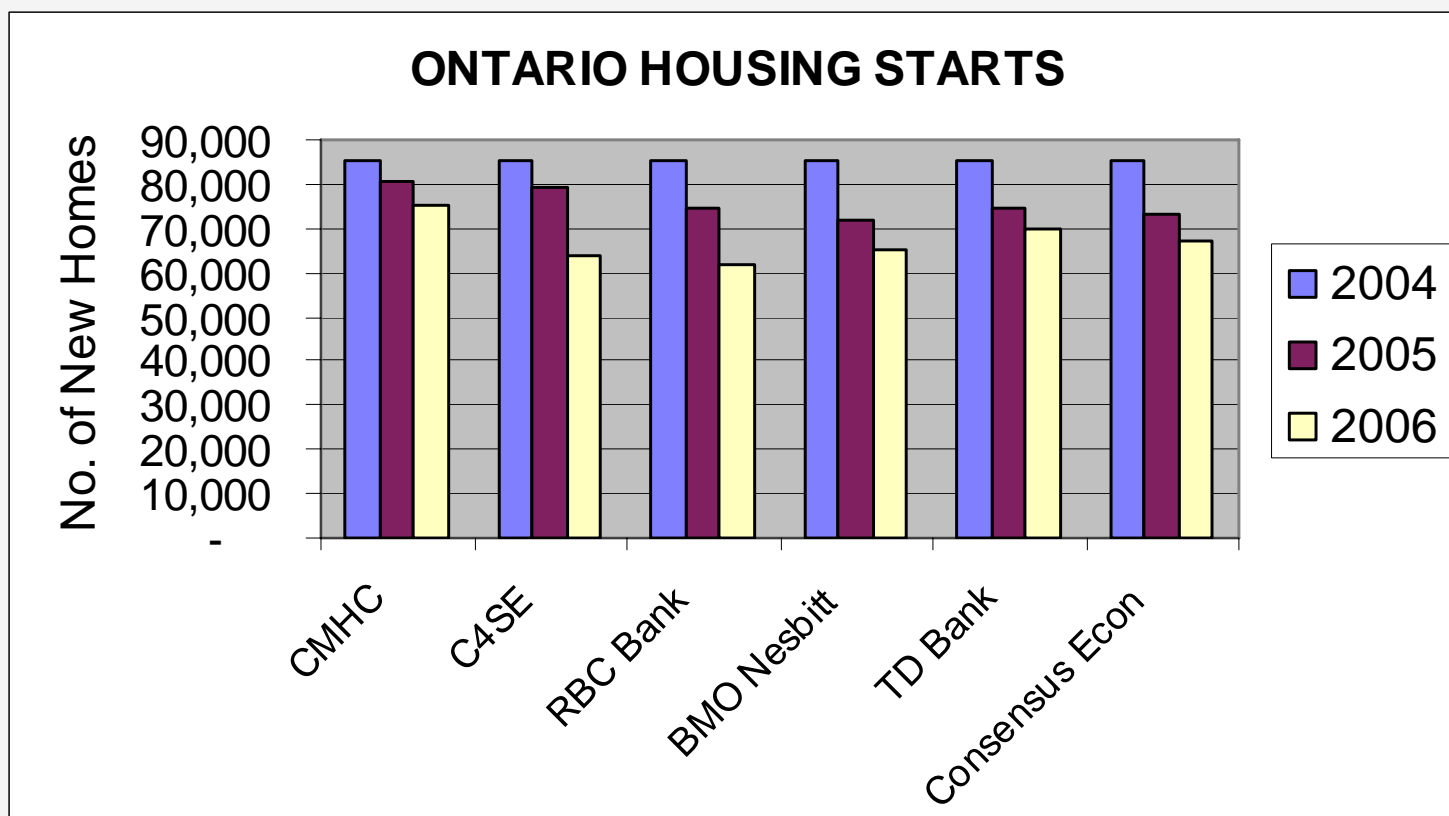
Highlights

- ❑ Consensus of 6 forecasts shows decline over next few years for new housing starts in Ontario – only one forecasting group forecasts beyond 2006
- ❑ The early 1990s saw a recession and a jobless recovery period. This created a pent up demand for housing. Both low mortgage rates and this pent up demand for housing created a boom in the late 1990s. Housing analysts indicate that this pent up demand is now essentially exhausted.
- ❑ Mortgage rates are expected to increase from 6 to 7.5 percent
- ❑ Union will obtain 1/3 of total provincial housing starts – Note: This increased over the last few years due to the increased urban sprawl
- ❑ Light industrial customer should experience fall in number of attachments due to higher value of Canadian dollar – increasing 4 cents over 2004-2006 period
- ❑ The unemployment rate is expected to remain rather flat over the next few years and household incomes are forecast to grow slightly faster than annual inflation in the 2.5 to 3.5 percent range.



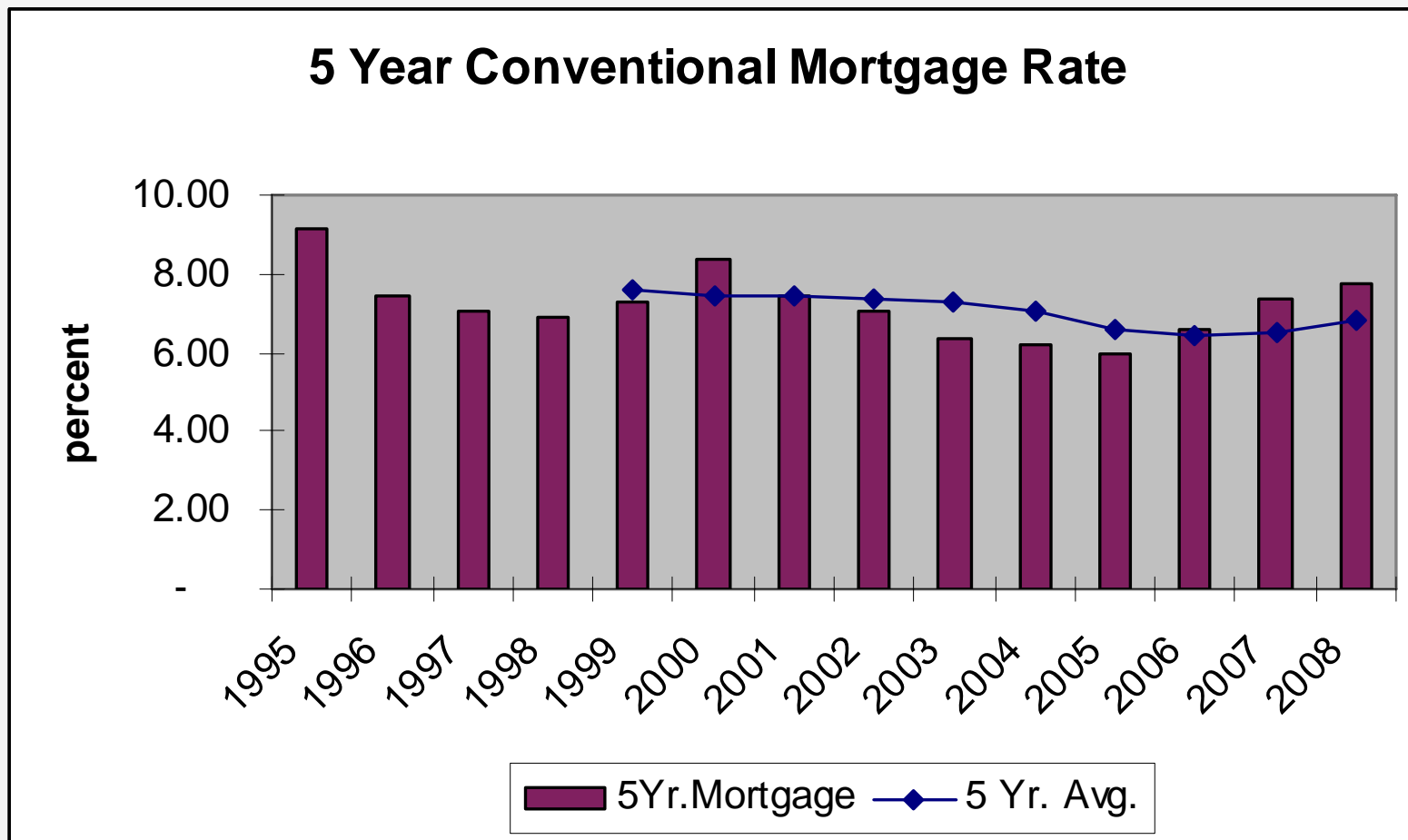
Executive Summary

Macro Forecast – Prepared by Market Knowledge



Executive Summary

Macro Forecast – Prepared by Market Knowledge



Executive Summary

Micro Detailed Forecast

- **Micro forecast completed by Channel Managers considers:**
 - Macro Forecast outputs
 - Builder input
 - Operations input
 - Major projects
 - Conversions



Executive Summary (cont'd.)

- **Major Projects**

- Major projects, and the corresponding implications on capital are considered individually, in addition to scattered attachments.
- Greenhouse customer attachments are considered “major projects” as they are capital intensive relative to the average customer attachment

- **Forecast High/Low Range**

- For purposes of representation to the OEB, we are reflecting a range of approximately 10% recognizing that customer attachments are impacted by many uncontrollable factors

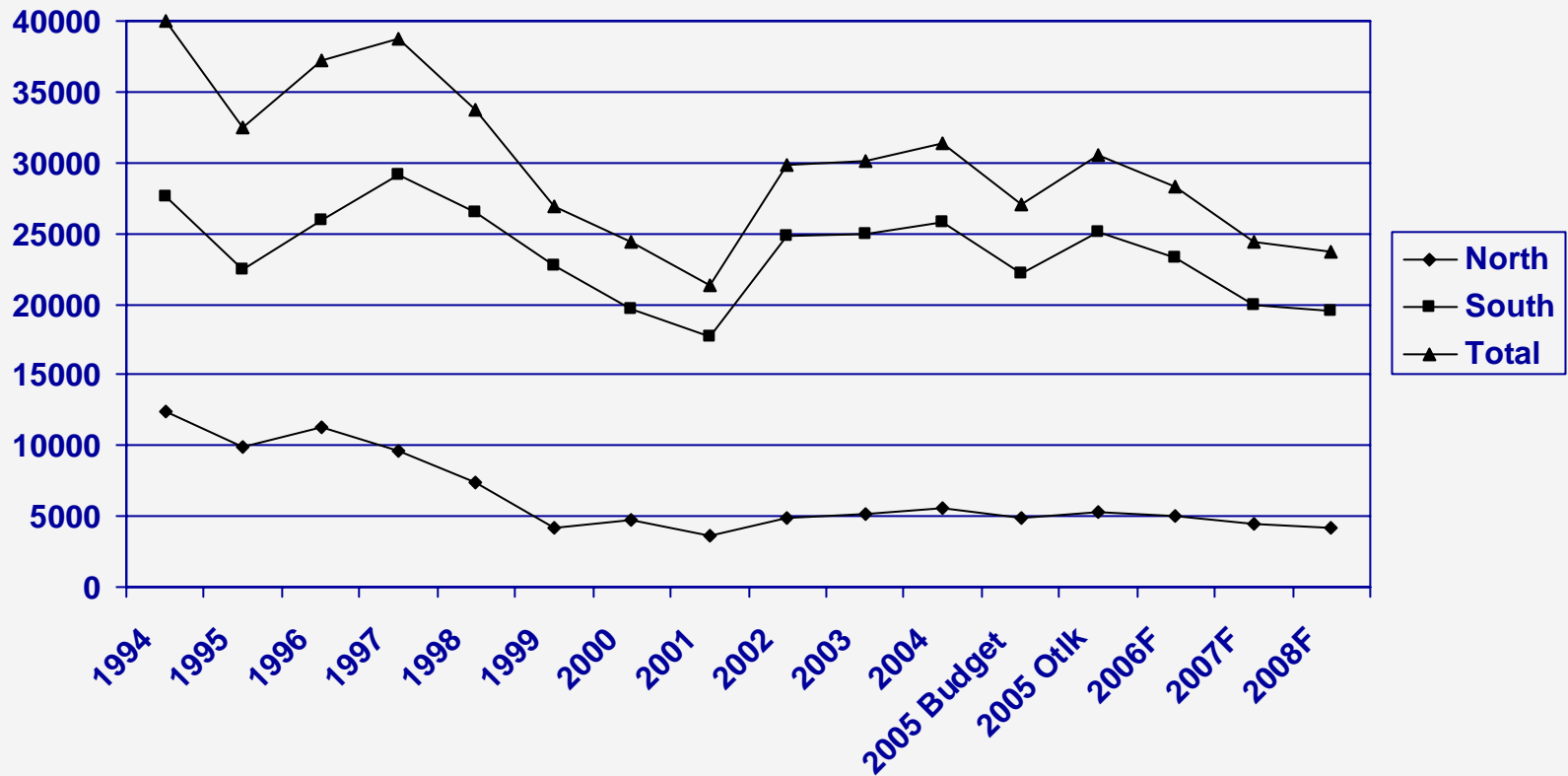


Total Customer Attachment Forecast

	<u>Actual</u>		<u>Budget</u>	<u>Outlook</u>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
TOTAL							
Res. - New	18,190	19,016	16,212	17,633	15,893	12,534	12,462
Res. - Conv.	5,039	4,854	4,946	4,661	5,247	4,986	4,399
MF - Central	-	-	10	10	10	10	10
MF - Independent	4,445	4,947	3,693	5,540	4,853	4,955	4,989
Commercial	2,232	2,503	2,064	2,428	2,172	1,830	1,827
Industrial	160	95	129	124	112	94	94
GRAND TOTAL	<u>30,066</u>	<u>31,415</u>	<u>27,054</u>	<u>30,396</u>	<u>28,287</u>	<u>24,409</u>	<u>23,781</u>



Customer Attachment History 1994-2008



Operating & Maintenance



Key Dates – O&M

O&M Planning Timetable (Budget Co-ordinators)



April 21	Instructions & Training
April 30	SAP Version #52 will be open for detailing 2006 & 2007
TBD	O&M Targets/templates to be issued for 2006 & 2007
June 30	SAP closed for detailing
June 30	Budget Transfer Forms & O&M Budget Templates must be received by the Finance Dept. – Completed & signed. (Dual sign-off on Templates by Business Unit VP and UG VP)
July 15	Variance explanations for 2006 & 2007 must be received by the Finance Dept.



Operating & Maintenance Targets

Targets will be issued in early May

Operating & Maintenance Targets

Template

☐ 2006 Target

☐ +/- Transfers = 2006 Target revised for transfers

+ Program Additions

- Program Reductions

- Productivity Gains

=2006 Budget

☐ Variance Explanations – Overages & Management of Overages

☐ FTE

☐ Dual Approval – Direct and Dotted line VP



Budget Assumptions – O&M

Inflation Assumption

Consumer Price Index 2006	1.9%
Consumer Price Index 2007	1.9%
Consumer Price Index 2008	1.9%

WACOG Forecast

2006 – 2008 \$322.784 per 10*3m*3 (WACOG approved April 1, 2005).

- *Subsequently revise to July 1, 2005 WACOG (\$355.423/10*3m*3)*

Salary and Wage Increases

For the salary and wage increases, please contact Terry Laframboise in Finance at Ext. 2014.

Budget Assumptions – O&M Cont'd

U.S. Exchange Rate

<u>Year-end Value</u>	<u>CAD per USD</u>	<u>USD per CAD</u>
2006-2008	1.222	0.818

Customer Attachments

2006 28,287

2007 24,409

2008 23,781

SAP Versions

2006 O&M – Version 52

2007 O&M – Version 52

2008 O&M Macro Budget



Journal Entries

Duke Energy & Audit Requirements:

☐ 3 signatures

- Do
- Check
- Review



☐ Supporting Documentation

➤ The backup should be clear and easy to follow.

☐ Minimum Value

➤ Routine JE's - \$2000 per line item



Accruals

Duke Energy & Audit Requirements:

- ☐ 3 signatures

- Do
- Check
- Review



- ☐ Supporting Documentation

- Must agree to the amount being accrued and submitted on the journal entry form.
- Must include driver-based calculation if available or supported by a vendor estimate.
- Must be clear enough that someone outside of your business area can follow the calculation.

- ☐ Minimum Value

- Accruals - \$OM- \$10,000, Capital \$25,000



QUESTIONS??



Capital Budget

2006-2008 Budget Guidelines

- **General Guidelines**

- ☐ Input 2006 & 2007 Capital projects on SAP – Version 5
- ☐ Detail capital submissions on SAP to align with the Strategic Plan submitted for 2006-2007

- **Key Dates**

- ☐ Capital submissions deadline is July 29, 2005



Capital Budget

2006-2008 Budget Guidelines

- **Budget Assumptions**

- ☐ Inflation Indices received
- ☐ Leakage Model – in progress
- ☐ UAERR – using same #'s as last year
- ☐ WACOG – 2006 – 2008 \$322.784 per
10*3m*3(WACOG approved April 1, 2005)
 - *Subsequently revised to July 1, 2005 WACOG
(\$355.473/10*3m*3)*
- ☐ IDC – 5.53% (**revised**)

Portal will be updated once assumptions have been received.
DEGT home page/Finance/Union Gas/Budget
Process/Capital/Budget Assumptions



Capital Budget

2006-2008 Budget Guidelines

- **Schedule 3 Revisions**

- ☐ Layout has been changed – Project Justification or Qualitative analysis is now on a separate tab.
PLEASE USE THE REVISED FORM!
- ☐ Project Manager– responsible for managing the entire project.
- ☐ Project Sponsor – owner of the budget \$\$.



Capital Budget

2006-2008 Budget Guidelines

- **Schedule 3 Tracking System**
 - ☐ System will allow users to view the whereabouts of the Schedule 3's
 - ☐ Located on the Public Drive
S1111386/Budgets/Budget Tracking
Models/2006 Budget & 2007 Budget
 - ☐ Training the co-ordinators and designates early part of May



Capital Budget

2006-2008 Budget Guidelines

Forward a Planning Project Summary Report (ZPSRR001) of final plan with VP signature.

Report will become part of the SOX controls for reconciling the authorized Plan to SAP.



Capital Budget

2006-2008 Budget Guidelines

Questions??

