

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

April 2012

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective April 1, 2012. Your new rates are shown on the accompanying **Rate T3** schedule. Changes in the rates are detailed in the attached appendix. Changes to supplemental service rates reflect changes in gas supply costs effective April 1, 2012. The enclosed bill uses the new approved rates.

Storage and Transportation

Union's storage and transportation rates reflect changes in costs for compressor fuel and unaccounted for gas due to changes in the cost of gas. In addition, where Union provides storage deliverability inventory, there is a change to the carrying cost of gas in inventory due to the changes in the cost of gas. The cost of gas used to set storage and transportation rates is now adjusted quarterly and approved by the OEB as part of the Quarterly Rate Adjustment Mechanism. These changes will only impact customers who elect the Union supplied fuel option. Individual customer impacts will vary based on usage.

One-Time Adjustment

The OEB has also approved a one-time adjustment to your Rate T3 bill. This adjustment reflects: (1) 2010 Earnings Sharing and (2) differences between approved forecast and actual revenues and costs in 2010. The result is a **one-time credit of 0.1819 cents/m³** applied to volumes consumed for the period of January 1, 2010 to December 31, 2010. The one-time adjustment will be applied to your April bill. Individual customer impacts will vary based on usage.

We appreciate and thank you for your business. If you have any questions about the rate change, please call your Account Representative. Our staff will be pleased to answer your questions.

Rate T3 + Appendix A (Rate T3)
[Rate schedule attached]