

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2010

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2010. Your new rates are shown on the accompanying **Rate 100** schedule. Changes in the rates are detailed in the attached appendix. The enclosed bill uses the new approved rates.

Delivery

Approved 2010 delivery rates reflect changes related to Incentive Regulation and Gas Cost Standardization. Individual customer impacts will vary.

Incentive Regulation

Approved 2010 delivery rates reflect a rate class average increase of 2.7%.

Gas Cost Standardization

The cost of gas in delivery rates is now adjusted quarterly and approved by the OEB as part of the Quarterly Rate Adjustment Mechanism. Rate 100 delivery commodity rates reflect changes in the costs for compressor fuel, unaccounted for gas, and carrying costs of gas in inventory due to changes in the cost of gas. As a result, approved January 1, 2010 delivery commodity rates include a decrease of 0.0303 cents/m³.

Transportation

Changes in the gas transportation rate, **if applicable to your service**, reflect the changes in the costs to provide transportation service effective January 1, 2010.

Gas Supply Charges

New rates, **if applicable to your service**, reflect changes in Union Gas' forecast cost to purchase natural gas for the next 12 months. In addition, there is an increase due to the difference between the projected costs that Union Gas expects to pay and the amounts that Union Gas expects to recover through rates over the next 12 months. The changes by zone are detailed in the attached appendix.

Adjusting your gas rate in this way ensures that you are billed at a rate that more closely reflects the market price of natural gas and avoids large out-of-period adjustments. Union Gas does not earn income on the sale of the natural gas commodity. The price we pay for the gas commodity is passed on directly to customers with no profit included.

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

Rate 100 + Appendix A (Rate 100)
[Rate schedule attached]