

Union Gas to Implement 2010 Regulated Transportation Rates January 1, 2010

December 15, 2009

The Ontario Energy Board (OEB) has approved new rates for regulated transmission services. The new rates take effect January 1, 2010.

Key factors in the 2010 regulated transportation rates implementation

- **2010 Inflation and productivity factors**

The 2010 inflation factor is 2.73% and the approved productivity factor for the term of the Incentive Regulation (IR) period is fixed at 1.82%. The Inflation and Productivity factor contributes a net increase of 0.91%.

- **Z Factor**

The OEB has determined that 50% of the tax savings should be shared with customers every year. For 2010 rates, a Z factor for treatment of tax savings relating to reductions in taxes contributes to a decrease to rates.

M12 Firm transport

M12 – Firm customers will see a demand charge rate increase of 0.35% to Kirkwall and 0.34% to Parkway. The fuel ratio, before YCR adjustment, will increase slightly.

Individual bill impacts will vary depending on a customer's use of the pipeline capacity. Please see the following chart and the link below for more information:

M12 – Firm Transportation	Current rate	Rate change	Approved new rate
Demand charge Dawn to Parkway	\$2.358/GJ/d per month or \$0.0775/GJ/d	0.34% or \$0.008/GJ/d per month	\$2.366/GJ/d per month or \$0.0778/GJ/d
Demand charge Dawn to Kirkwall	\$2.007/GJ/d per month or \$0.0660/GJ/d	0.35% or \$0.007/GJ/d per month	\$2.014/GJ/d per month or \$0.0662/GJ/d

Please [click here](#) to view the updated rate schedule or [click here](#) to view the updated fuel schedule.

C1 Firm Transportation

C1 Transportation service monthly demand charges have also changed. In addition to the Dawn to Kirkwall/Parkway increases outlined above, for Parkway to either Dawn or Kirkwall, the demand charge increase is 0.92%. For the St. Clair / Bluewater and Ojibway systems, the demand charge increase is 0.41%. The Dawn to Dawn-Vector demand charge increase is 2.38%. Commodity rates and fuel ratios have increased slightly.

C1 - Cross Franchise Transportation Service	Monthly demand charges (\$/GJ/d)		
	Current rate	Rate change	Approved new rate
St. Clair / Bluewater & Dawn	0.981	0.004	0.985
Ojibway & Dawn	0.981	0.004	0.985
Parkway to Dawn	0.546	0.005	0.551
Parkway to Kirkwall	0.546	0.005	0.551
Dawn to Kirkwall	2.007	0.007	2.014
Dawn to Parkway	2.358	0.008	2.366
Dawn to Dawn-Vector	0.042	0.001	0.043
Short-term:			
Maximum (\$/GJ)	75.000		75.000

To view the complete updated tariff including commodity and fuel charges, please [click here](#). Starting January 2010, Union Gas will implement changes to some C1 commodity rates. Please see the following note for [more information](#).

M16 Transport

There is a change to all contract rates effective January 1, 2010. Individual bill impacts will vary depending on a customer's M16 parameters and use of the service. Please see the following for more information:

M16 Transportation Service	Current rate	Rate change	Approved new rate
Monthly fixed charge per customer station (\$ per month)	680.74	(8.41)	\$672.33
Transmission commodity charge to Dawn (\$ per GJ)	0.025	-	0.025
Monthly demand charges: (in \$/GJ/d)			
East of Dawn	0.733	0.003	0.736
West of Dawn	0.981	0.004	0.985

To view the complete updated tariff including commodity and fuel charges, please [click here](#). Starting January 2010, Union Gas will implement changes to some M16 commodity rates. Please see the following note for [more information](#).

M13 Transport

There is a change to all contract rates effective January 1, 2010. Individual bill impacts will vary depending on a customer's M13 parameters and use of the service. Please see the following for more information:

M13 Transportation Service	Current rate	Rate change	Approved new rate
Monthly fixed charge per customer station (\$ per month)	660.44	3.34	\$ 663.78
Transmission commodity charge (\$ per GJ)	0.025	-	0.025
Delivery Commodity Charge:			
Union Gas Provides Fuel (in \$/GJ) * see note below	0.031	-	0.031
Customer Provides Own Fuel (in %)	0.329%	0.003%	0.332%

To view the complete updated tariff including commodity and fuel charges, please [click here](#). Starting January 2010, Union Gas will implement changes to some M13 commodity rates. Please see the following note for [more information](#).

Unregulated Storage

At this time, there are no changes to the commodity and fuel charges applicable to unregulated storage.

*Note Affecting M13, M16, and C1 Transportation Shippers

Effective January 1, 2010 gas commodity charges for Shippers taking the Union Gas supplied fuel option (USF) will change on a quarterly basis. The price of gas as calculated as part of the OEB approved Quarterly Rate Adjustment Mechanism (QRAM) will be used to determine the commodity rate each quarter. Union Gas will post the new commodity charges to our website approximately one week prior to beginning of the quarter. This change eliminates the need for a deferral account to reconcile the forecasted price of gas in approved transportation rates and the actual price of gas used to calculate commodity charges. Shippers will pay the commodity charge applicable during the period and not be subject to an adjustment later. Please note that this adjustment will not affect demand charges or fuel ratios. Shippers electing the customer supplied fuel option (providing fuel-in-kind) are not impacted by these quarterly gas cost changes.