



EB-2005-0520

IN THE MATTER OF the *Ontario Energy Board Act 1998*,
S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF an Application by Union Gas
Limited for an Order or Orders approving or fixing just
and reasonable rates and other charges for the sale,
distribution, transmission and storage of gas commencing
January 1, 2007.

BEFORE: Pamela Nowina
Vice Chair, Presiding Member

Paul Sommerville
Member

Ken Quesnelle
Member

DECISION AND FINAL RATE ORDER

Union Gas Limited ("Union") filed an application with the Ontario Energy Board on December 15, 2005 under section 36 of the Ontario Energy Board Act, S.O. 1998 c. 15, Schedule B. The Application was for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, storage and transmission of gas effective January 1, 2007. The Board assigned file number EB-2005-0520 to the Application.

The Board held a hearing and issued its Decision with Reasons on June 29, 2006. In its decision, the Board noted that there were other proceedings currently before other panels of the Board that would, or may, affect the final 2007 rates prior to their expected date of implementation on January 1, 2007. Among these were the Board's Demand-Side Management (DSM) Generic Proceeding and the Natural Gas-Electricity Interface Review (NGEIR). The Board issued its decisions on DSM and NGEIR on August 25,

2006 and November 7, 2006 respectively. The matters arising from each of those proceedings having rate consequences for Union are captured in this Rate Order.

Union provided its Draft Rate Order and supporting documentation to the Board and all intervenors in the three proceedings; rates, NGEIR and DSM, on November 23, 2006. The Board issued a letter on November 29, 2006 outlining a process for submissions from parties and reply from Union. The Board issued another letter to all parties on December 1, 2006, the subject of which was the Board's notice of intention to proceed with a new interest rate methodology effective January 1, 2007. The Board received five (5) submissions within its specified deadline for the receipt of submissions of December 5, 2006. Union's response to the submissions was filed on December 8, 2006.

The concerns expressed in the submissions can be categorized as follows: requests for clarification of the derivation of amounts to be included in rates; concerns about wording in the Draft Rate Order; concerns about the correct interpretation of the NGEIR Decision; and concerns about appropriate back-up for the calculations included in the Draft Rate Order.

With respect to the requests for clarification of the derivation of amounts to be included in rates, the Board is satisfied that Union has provided the requested clarification.

With respect to the wording concerns, the Board agrees with the suggestion of LPMA / WGSPG with respect to paragraph 13 of the Draft Rate Order and will adopt such wording. The Board notes that Union was not opposed to the suggested change.

With respect to concerns about the correct interpretation of the NGEIR Decision, the Board notes that such concerns are centered on section 7.3 of that Decision at page 107. The sentence reads as follows:

For 2007, forecast margins (on long-term and short-term transactions) now included in the determination of Union's rates will remain unchanged.

The concern is about whether that sentence means that there should be an adjustment to the amounts set out in section 2.4 of the EB-2005-0520 Settlement Agreement on the 2007 Storage and Transportation Revenue Forecast (S&T forecast).

The Board finds that the wording of section 2.4 of the Settlement Agreement clearly envisaged that there may be changes to the S&T forecast as a result of the NGEIR proceeding. The S&T forecast accepted in the Settlement Agreement included revenues associated with providing storage services to ex-franchise customers at market-based rates. The NGEIR Decision at page 65 is unequivocal in its direction on how Enbridge's 2007 storage rates with Union should be treated – i.e., that they be cost-based.

Enbridge's rates in 2007 will continue to reflect cost-based storage rates for the services it acquires from Union.

The Board finds that Union's calculations for 2007 rates included in its Draft Rate Order reflect cost-based storage for the storage services it provides to Enbridge. Further, the Board finds that Union's inclusion of a 90% sharing of S&T forecast margin included in the 2007 rates is appropriate. The Board finds that the NGEIR Decision intended that margins continue to be shared on a 90:10 ratepayer to shareholder ratio for 2007. Union provided the calculations, and the supporting rationale, for the adjustment proposed to the S&T forecast in the EB-2005-0520 Settlement Agreement. The Settlement Agreement included numbers assuming market rates for storage. These numbers needed to be adjusted once the Board's Decision in NGEIR was released. In the Board's view, Union's treatment is consistent with the NGEIR Decision.

With respect to the concerns about the appropriate back-up calculations for the Draft Rate Order, the Board finds that Union has provided such back-up calculations.

Having reviewed all of the materials, the Board considers it appropriate to proceed with its final rate order for Union.

THE BOARD THEREFORE ORDERS THAT:

1. The rate changes set out in Appendix "A" and the rate schedules set out in Appendix "B" are approved effective January 1, 2007. Union shall implement these rates on the first billing cycle on or after January 1, 2007.
2. The Monthly Charge for Rate M2 and Rate 01 shall increase from \$14 to \$16 effective January 1, 2007.
3. In accordance with the EB-2005-0520 Settlement Agreement (item 3.8 at p.17), EB-2005-0520 hearing costs shall be amortized over a two year period, 2007 and 2008. Hearing costs were forecast to be \$4.6 million and the OEB cost assessment was forecast to be \$3.7 million. No variance account has been established for either the hearing cost or the OEB cost assessment.
4. In accordance with the EB-2005-0520 Settlement Agreement (item 4.1 at p. 21) as approved by the Board, the return on equity (ROE) for 2007 has been calculated using the Board's ROE Guidelines updated to reflect the October 2006 Consensus forecast. The updated ROE for 2007 is 8.54%.
5. In accordance with the EB-2005-0520 Decision with Reasons, effective January 1, 2008, the current M2 rate class shall be split into two new classes which are M1 and M2. The new M1 rate class will be the small volume general service rate class for residential and non-contract commercial/industrial customers consuming 50,000 m³ or less per year and the new M2 rate class will be the large volume general service rate class for customers consuming greater than 50,000 m³ per year.

6. In accordance with the EB-2005-0520 Settlement Agreement (item 6.8 at p. 29) as approved by the Board, effective January 1, 2008 Union shall reflect the Gas Distribution Access Rule (GDAR) phase 2 compliance costs in rates. The requirement for \$8.7 million in GDAR related capital and \$138,000 in ongoing O&M expense translate to an additional \$1.643 million in revenue requirement in 2008 at the updated ROE of 8.54%.
7. In accordance with the EB-2006-0021 Decision with Reasons on Demand Side Management, the 2007 budget for direct and indirect DSM costs shall be \$17.0 million (\$15.3 million for direct and \$1.7 million for indirect costs), an increase of \$11.3 million over the amount included in existing rates. This increase will be reflected in rates effective January 1, 2007. The DSM budget shall escalate by 10% annually to \$18.7 million for 2008 and \$20.6 million for 2009. These budget increases shall be reflected in rates effective January 1, 2008 and January 1, 2009 respectively.
8. In accordance with the EB-2006-0021 Decision with Reasons, Union's DSM target for 2007 is \$188 million in TRC savings. The Shared Savings Mechanism ("SSM") at target for 2007 is \$4.75 million.
9. In accordance with the EB-2005-0551 Decision with Reasons, the Board has ceased regulating ex-franchise storage services and new storage services. Other than for Enbridge Gas Distribution Inc. contracts LST045, LST046 and LST047, terms and conditions of service (including pricing, nominations and General Terms and Conditions) previously found on the C1 and M12 rate schedules can now be found under the "Market Price Storage Services" section of Union's website.
10. In accordance with the Board's EB-2005-0551 Decision with Reasons, the phase-out of cost based storage rates (and the transition to market-based pricing) for Enbridge Gas Distribution Inc. will begin in 2008 and be completed in 2010. As a result of the Board's EB-2005-0551 Decision, Enbridge will be provided with cost-based storage rates in 2007. This increases the 2007 revenue deficiency and associated rates by \$8.16 million.
11. In accordance with the EB-2005-0551 Settlement Agreement (at p. 25-27) as approved by the Board, the revenue deficiency has been increased by \$0.15 million to reflect the elimination of the M12 transportation premium. This increase will be reflected in rates effective January 1, 2007.
12. In accordance with the Board's EB-2005-0551 Decision with Reasons, the 2007 revenue deficiency and associated rates shall be increased by \$4.067 million to reflect 10% of the forecast S&T transactional margins. This approach is consistent with Union's treatment of S&T Transactional margins reflected in current Board-approved rates.
13. In accordance with the Board's EB-2005-0551 Decision with Reasons, starting in 2008 the sharing of revenues on Union's short-term storage transactions less

any incremental costs incurred by Union to earn those revenues (i.e. margin) will be shared by Union and ratepayers in proportion to the allocation of rate base between utility and non-utility assets. The allocation is currently 79% utility and 21% non-utility. Union will receive 10% of the margin deemed to be earned from utility assets and 100% of the margin deemed to be earned from non-utility assets.

14. In accordance with the Board's EB-2005-0551 Decision with Reasons, the phase-out of the sharing of margins on Union's long-term storage transactions will take place over four years. After 2007, Union's share of long-term margins will be as follows: 2008 – 25%, 2009 – 50%, 2010 – 75%, 2011 and thereafter – 100%. This phase-out will be reflected in future rates beginning in 2008.
15. The rates pursuant to all contracts for interruptible service under Rates M5A, M7, T1, R16 and R25 shall be adjusted effective January 1, 2007 by the amounts set out in Appendix "C". Union shall implement 2007 changes in rates on the first billing cycle after January 1, 2007.
16. The customer notices in Appendix "D" shall be given to all customers with the first bill or invoice reflecting the new rate.
17. Union shall charge the fees as set out in Appendix "E" for non-energy charges.
18. Union shall close the following deferral accounts effective January 1, 2007:

179-56	Comprehensive Customer Information Program
179-60	Direct Purchase Revenues and Payments
179-110	Storage Rights Compensation Costs
179-114	Incremental OEB Cost Assessment
19. Union shall maintain the following deferral accounts in accordance with Appendix "F".

179-26	Deferred Customer Rebates/Charges
179-69	Transportation & Exchange Services
179-70	Short-term Storage and Other Balancing Services
179-72	Long-term Peak Storage Services
179-73	Other S&T Services
179-74	Other Direct Purchase Services
179-75	Lost Revenue Adjustment Mechanism
179-89	Heating Value
179-100	TCPL Tolls and Fuel – Northern and Eastern Operations Area
179-102	Intra-Period WACOG Changes
179-103	Unbundled Services Unauthorized Storage Overrun
179-105	North Purchase Gas Variance Account
179-106	South Purchase Gas Variance Account
179-107	Spot Gas Variance Account
179-108	Unabsorbed Demand Cost (UDC) Variance Account

179-109	Inventory Revaluation Account
179-111	Demand Side Management Variance Account
179-112	Gas Distribution Access Rule (“GDAR”) Costs
179-113	Late Payment Penalty Litigation
179-115	Shared Savings Mechanism
179-116	Interest on the Gain on the 2004 Cushion Gas Disposition

20. In accordance with the EB-2006-0021 Decision with Reasons, the accounting order for the Demand Side Management Variance Account (No. 179-111) shall be amended to reflect its continuation until it is changed or eliminated. This accounting order shall be further amended to identify that if actual direct DSM expenditures exceed the DSM budget approved for recovery in rates, the variance to be recovered by Union shall be up to a maximum amount of 15% of the approved direct DSM expenditure budget.
21. In accordance with the EB-2006-0021 Decision, Union shall establish the Carbon Dioxide Offset Credits Deferral Account (No. 179-117) to record the amounts representing proceeds from the sale of or other dealings in carbon dioxide offset credits earned as a result of Union’s DSM activities.
22. Any party eligible for an award of costs must file a claim with the Board and Union no later than January 5, 2007. Should Union have any comments concerning any of the claims, these concerns shall be forwarded to the Board and to the claimant by January 10, 2007. Any response to Union’s comments must be filed with the Board and Union by January 12, 2007.
23. Union shall pay the costs of eligible intervenors upon receipt of the Board’s costs order.

DATED at Toronto, December 19, 2006.

ONTARIO ENERGY BOARD

Original signed by

Peter H. O’Dell
Assistant Board Secretary

APPENDIX "A" TO
DECISION AND ORDER
BOARD FILE No. EB-2005-0520
SUMMARY OF CHANGES TO SALES RATES
DATED DECEMBER 19, 2006

UNION GAS LIMITED
Northern & Eastern Operations Area
Summary of Changes to Sales Rates
Rate 01A - Small Volume General Firm Service

Line No.	Particulars (cents/m ³)	EB-2006-0500	Rate Change	EB-2005-0520
		Approved October 1, 2006		Approved January 1, 2007
		Rate		Rate
		(a)	(b)	(c)
1	Monthly Charge - All Zones	\$14.00	\$2.00	\$16.00
	Monthly Delivery Charge - Western, Northern, Eastern			
2	First 100 m3	9.6853	(0.4473)	9.2380
3	Next 200 m3	9.0482	(0.4113)	8.6369
4	Next 200 m3	8.6141	(0.4040)	8.2100
5	Next 500 m3	8.2407	(0.4227)	7.8180
6	Over 1,000 m3	7.9931	(0.4987)	7.4944
7	Delivery - Price Adjustment (All Volumes)	(0.1234) (1)	0.1234	(1)
	Monthly Delivery Charge - Fort Frances			
8	First 100 m3	9.6853	(0.4473)	9.2380
9	Next 200 m3	9.0482	(0.4113)	8.6369
10	Next 200 m3	8.6141	(0.4040)	8.2100
11	Next 500 m3	8.2407	(0.4227)	7.8180
12	Over 1,000 m3	5.0373	2.4571	7.4944
13	Delivery - Price Adjustment (All Volumes)	(0.1234) (1)	0.1234	(1)
	Gas Transportation Service			
14	Fort Frances	2.7223	0.0532	2.7755
15	Western Zone	2.7186	0.0535	2.7721
16	Northern Zone	3.3180	0.0173	3.3353
17	Eastern Zone	3.8019	(0.0120)	3.7899
18	Transportation - Price Adjustment (All Zones)	(1.4169) (2)	1.1731	(0.2438) (3)
	Storage Service			
19	Fort Frances	1.9304	(0.0205)	1.9099
20	Western Zone	2.0056	(0.0981)	1.9075
21	Northern Zone	2.4577	(0.1626)	2.2951
22	Eastern Zone	2.8445	(0.2366)	2.6079
23	Storage - Price Adjustment (All Zones)	(0.0953) (4)		(0.0953) (5)
	Commodity Cost of Gas and Fuel			
24	Fort Frances	34.1331	0.0250	34.1581
25	Western Zone	34.5887	0.0250	34.6137
26	Northern Zone	35.1992	0.0250	35.2242
27	Eastern Zone	35.6946	0.0250	35.7196
28	Commodity and Fuel - Price Adjustment (All Zones)	(4.1428) (6)		(4.1428) (7)

Notes:

- (1) A temporary credit of (0.1234) cents/m³ was in effect for the period October 1 to December 31, 2006.
- (2) Includes Prospective Recovery of (0.0681), (0.0692), (0.1187), 0.0122 and a temporary credit of (1.1731) for the period Oct 1-Dec 31, 2006.
- (3) Includes Prospective Recovery of (0.0681), (0.0692), (0.1187), 0.0122 cents/m³.
- (4) Includes Prospective Recovery of (0.0999), 0.0039, 0.0028 and (0.0021) cents/m³.
- (5) Includes Prospective Recovery of (0.0999), 0.0039, 0.0028 and (0.0021) cents/m³.
- (6) Includes Prospective Recovery of 2.9377, (0.9291), (3.1202) and (3.0312) cents/m³.
- (7) Includes Prospective Recovery of 2.9377, (0.9291), (3.1202) and (3.0312) cents/m³.

UNION GAS LIMITED
Northern & Eastern Operations Area
Summary of Changes to Sales Rates
Rate 10 - Large Volume General Firm Service

Line No.	Particulars (cents/m ³)	EB-2006-0500	Rate	EB-2005-0520
		Approved October 1, 2006	Change	Approved January 1, 2007
		(a)	(b)	(c)
1	Monthly Charge - All Zones	\$70.00		\$70.00
	Monthly Delivery Charge - All Zones			
2	First 1,000 m3	6.9493	0.4070	7.3562
3	Next 9,000 m3	5.5060	0.3484	5.8543
4	Next 20,000 m3	4.6850	0.3130	4.9979
5	Next 70,000 m3	4.1341	0.3154	4.4495
6	Over 100,000 m3	2.1262	0.2463	2.3725
7	Delivery - Price Adjustment (All Volumes)	(0.0872) (1)	0.0872	(1)
	Gas Transportation Service			
8	Fort Frances	2.5453	(0.0010)	2.5443
9	Western Zone	2.5416	(0.0008)	2.5408
10	Northern Zone	3.1410	(0.0370)	3.1040
11	Eastern Zone	3.6249	(0.0663)	3.5586
12	Transportation - Price Adjustment (All Zones)	(1.3137) (2)	1.0838	(0.2299) (3)
	Storage Service			
13	Fort Frances	1.1864	0.0391	1.2255
14	Western Zone	1.2616	(0.0385)	1.2231
15	Northern Zone	1.7137	(0.1030)	1.6107
16	Eastern Zone	2.1005	(0.1770)	1.9235
17	Storage - Price Adjustment (All Zones)	(0.0824) (4)		(0.0824) (5)
	Commodity Cost of Gas and Fuel			
18	Fort Frances	34.1331	0.0250	34.1581
19	Western Zone	34.5887	0.0250	34.6137
20	Northern Zone	35.1992	0.0250	35.2242
21	Eastern Zone	35.6946	0.0250	35.7196
22	Commodity and Fuel - Price Adjustment (All Zones)	(4.1428) (6)		(4.1428) (7)

Notes:

- (1) A temporary credit of (0.0872) cents/m³ was in effect for the period October 1 to December 31, 2006.
- (2) Includes Prospective Recovery of (0.0671), (0.0679), (0.1078), 0.0129 and a temporary credit of (1.0838) for the period Oct 1-Dec 31, 2006.
- (3) Includes Prospective Recovery of (0.0671), (0.0679), (0.1078), 0.0129 cents/m³.
- (4) Includes Prospective Recovery of (0.0696), (0.0046), (0.0030) and (0.0052) cents/m³.
- (5) Includes Prospective Recovery of (0.0696), (0.0046), (0.0030) and (0.0052) cents/m³.
- (6) Includes Prospective Recovery of 2.9377, (0.9291), (3.1202) and (3.0312) cents/m³.
- (7) Includes Prospective Recovery of 2.9377, (0.9291), (3.1202) and (3.0312) cents/m³.

UNION GAS LIMITED
Northern & Eastern Operations Area
Summary of Changes to Sales Rates
Rate 20 - Medium Volume Firm Service

Line No.	Particulars (cents/m ³)	EB-2006-0500	Rate Change	EB-2005-0520
		Approved October 1, 2006 Rate (a)		Approved January 1, 2007 Rate (c)
1	Monthly Charge	\$780.00		\$780.00
	Delivery Demand Charge			
2	First 70,000 m ³	18.9962	1.3355	20.3317
3	All over 70,000 m ³	11.4267	0.5294	11.9561
	Delivery Commodity Charge			
4	First 852,000 m ³	0.2647	0.0230	0.2877
5	All over 852,000 m ³	0.2057	0.0074	0.2131
	Monthly Gas Supply Demand Charge			
6	Fort Frances	26.6352	(2.8400)	23.7952
7	Western Zone	26.6362	(2.8400)	23.7962
8	Northern Zone	42.7632	(2.8400)	39.9232
9	Eastern Zone	55.7302	(2.8400)	52.8902
10	Gas Supply Demand - Price Adjustment (All Zones)	0.1672 (1)		0.1672 (2)
	Commodity Transportation 1			
11	Fort Frances	2.3916	(0.3281)	2.0635
12	Western Zone	2.3916	(0.3281)	2.0635
13	Northern Zone	2.7716	(0.3281)	2.4435
14	Eastern Zone	3.0716	(0.3281)	2.7435
15	Transportation 1 - Price Adjustment (All Zones)	(0.3196) (3)		(0.3196) (4)
	Commodity Transportation 2			
16	Fort Frances	0.1263		0.1263
17	Western Zone	0.1205		0.1205
18	Northern Zone	0.1883		0.1883
19	Eastern Zone	0.2447		0.2447
	Commodity Cost of Gas and Fuel			
20	Fort Frances	34.3669	0.0250	34.3919
21	Western Zone	34.8257	0.0250	34.8507
22	Northern Zone	35.4404	0.0250	35.4654
23	Eastern Zone	35.9393	0.0250	35.9643
24	Commodity and Fuel - Price Adjustment (All Zones)	(4.1428) (5)		(4.1428) (6)
	Bundled Storage Service (\$/GJ)			
25	Monthly Demand Charge	11.820	(0.531)	11.289
26	Commodity Charge	0.236	0.004	0.240
27	Storage Demand - Price Adjustment	(0.642) (7)		(0.642) (8)

Notes:

- (1) Includes Prospective Recovery of (0.4321), 0.2291, 0.2276 and 0.1426 cents/m³.
- (2) Includes Prospective Recovery of (0.4321), 0.2291, 0.2276 and 0.1426 cents/m³.
- (3) Includes Prospective Recovery of (0.0737), (0.0819), (0.1693) and 0.0053 cents/m³.
- (4) Includes Prospective Recovery of (0.0737), (0.0819), (0.1693) and 0.0053 cents/m³.
- (5) Includes Prospective Recovery of 2.9377, (0.9291), (3.1202) and (3.0312) cents/m³.
- (6) Includes Prospective Recovery of 2.9377, (0.9291), (3.1202) and (3.0312) cents/m³.
- (7) Includes Prospective Recovery of (0.450), (0.071), (0.051) and (0.070) \$/GJ.
- (8) Includes Prospective Recovery of (0.450), (0.071), (0.051) and (0.070) \$/GJ.

UNION GAS LIMITED
Northern & Eastern Operations Area
Summary of Changes to Sales Rates
Rate 100 - Large Volume High Load Factor Firm Service

Line No.	Particulars (cents/m ³)	EB-2006-0500 Approved October 1, 2006 Rate (a)	Rate Change (b)	EB-2005-0520 Approved January 1, 2007 Rate (c)
1	Monthly Charge	\$780.00		\$780.00
2	Delivery Demand Charge All Zones	11.2304	0.6964	11.9268
3	Delivery Commodity Charge All Zones	0.1983	0.0119	0.2102
4	Monthly Gas Supply Demand Charge Fort Frances	41.1426	(3.3011)	37.8415
5	Western Zone	41.1436	(3.3011)	37.8425
6	Northern Zone	59.9586	(3.3011)	56.6575
7	Eastern Zone	75.0866	(3.3011)	71.7855
8	Commodity Transportation 1 Fort Frances	4.1400	(0.5101)	3.6299
9	Western Zone	4.1400	(0.5101)	3.6299
10	Northern Zone	4.4200	(0.5101)	3.9099
11	Eastern Zone	4.6500	(0.5101)	4.1399
12	Commodity Transportation 2 Fort Frances	0.1263		0.1263
13	Western Zone	0.1205		0.1205
14	Northern Zone	0.1883		0.1883
15	Eastern Zone	0.2447		0.2447
16	Commodity Cost of Gas and Fuel Fort Frances	34.3669	0.0250	34.3919
17	Western Zone	34.8257	0.0250	34.8507
18	Northern Zone	35.4404	0.0250	35.4654
19	Eastern Zone	35.9393	0.0250	35.9643
20	Commodity and Fuel - Price Adjustment (All Zones)	(4.1428) (1)		(4.1428) (2)
21	Bundled Storage Service (\$/GJ) Monthly Demand Charge	11.820	(0.531)	11.289
22	Commodity Charge	0.236	0.004	0.240
23	Storage Demand - Price Adjustment	(0.642) (3)		(0.642) (4)

Notes:

- (1) Includes Prospective Recovery of 2.9377, (0.9291), (3.1202) and (3.0312) cents/m³.
(2) Includes Prospective Recovery of 2.9377, (0.9291), (3.1202) and (3.0312) cents/m³.
(3) Includes Prospective Recovery of (0.450), (0.071), (0.051) and (0.070) \$/GJ.
(4) Includes Prospective Recovery of (0.450), (0.071), (0.051) and (0.070) \$/GJ.

UNION GAS LIMITED
Northern & Eastern Operations Area
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m ³)	EB-2006-0500 Approved October 1, 2006 Rate (a)	Rate Change (b)	EB-2005-0520 Approved January 1, 2007 Rate (c)
<u>Rate 25 - Large Volume Interruptible Service</u>				
1	Monthly Charge	\$190.00		\$190.00
2	Delivery Charge - All Zones *			
	Maximum	2.8255	1.7513	4.5768
Gas Supply Charges *				
Fort Frances				
3	Minimum	13.7545	0.5590	14.3135
4	Maximum	63.6890	76.8732	140.5622
Western Zone				
5	Minimum	13.8788	0.4347	14.3135
6	Maximum	64.7046	75.8576	140.5622
Northern Zone				
7	Minimum	14.1233	0.1902	14.3135
8	Maximum	67.0257	73.5365	140.5622
Eastern Zone				
9	Minimum	14.3135		14.3135
10	Maximum	68.9354	71.6268	140.5622
<u>Rate 77 - Wholesale Transportation Service</u>				
11	Monthly Charge	\$145.00		\$145.00
Delivery Demand Charge				
12	Fort Frances	28.2609	0.0318	28.2927
13	Western Zone	28.2609	0.0318	28.2927
14	Northern Zone	28.2609	0.0318	28.2927
15	Eastern Zone	28.2609	0.0318	28.2927

• see Appendix C

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m ³)	EB-2006-0500	Rate Change	EB-2005-0520
		Approved October 1, 2006		Approved January 1, 2007
		Rate		Rate
		(a)	(b)	(c)
	<u>Utility Sales</u>			
1	Commodity and Fuel	35.6504	0.0692	35.7196
2	Commodity and Fuel - Price Adjustment	(4.1310) (1)		(4.1310) (2)
3	Transportation	3.2362		3.2362
4	Total Gas Supply Commodity Charge	<u>34.7556</u>	<u>0.0692</u>	<u>34.8248</u>
	<u>M4 Firm Commercial/Industrial</u>			
5	Minimum annual gas supply commodity charge	5.6330	0.0692	5.7022
	<u>M5A Interruptible Commercial/Industrial</u>			
6	Annual minimum gas supply commodity charge	5.6330	0.0692	5.7022
	<u>Storage and Transportation Supplemental Services - Rate T1 & T3</u>	<u>\$/GJ</u>		<u>\$/GJ</u>
	Monthly demand charges: (\$/GJ)			
7	Firm gas supply service	26.488		26.488
8	Firm backstop gas	5.174	(0.735)	4.439
	Commodity charges:			
9	Gas supply	9.473		9.473
10	Backstop gas	12.119	0.187	12.306
11	Reasonable Efforts Backstop Gas	12.092	(0.118)	11.974
12	Supplemental Inventory	Note (3)		Note (3)
13	Supplemental Gas Sales Service (cents/m ³)	48.6214	0.3731	48.9945
14	Failure to Deliver	3.132	(0.1370)	2.995
15	Delivery Commitment Credit (DCC) for all obligated deliveries	(0.023)	0.0230	n/a
16	Discretionary Gas Supply Service (DGSS)	Note (4)		Note (4)

Notes:

- (1) Includes Prospective Recovery unit rate of 1.6954, (1.2079), (2.0812) and (2.5373) cents/m³.
- (2) Includes Prospective Recovery unit rate of 1.6954, (1.2079), (2.0812) and (2.5373) cents/m³.
- (3) The charge for banked gas purchases shall be the higher of the daily spot gas cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted avg. cost of gas.
- (4) Reflects the "back to back" price plus gas supply administration charge.

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m ³)	EB-2006-0500	Rate Change	EB-2005-0520
		Approved October 1, 2006 Rate (a)		Approved January 1, 2007 Rate (c)
	<u>M2 General Service Rate</u>			
1	Monthly Charge	\$14.00	\$2.00	\$16.00
	Monthly delivery commodity charge:			
2	First 1 400 m ³	5.6614	(0.4913)	5.1701
3	Next 4 600 m ³	4.0465	0.0962	4.1427
4	Next 124 000 m ³	2.8544	0.2315	3.0859
5	Next 270 000 m ³	2.1188	0.3555	2.4743
6	All over 400 000 m ³	1.9749	0.3229	2.2978
7	Delivery - Price Adjustment (All Volumes)	(0.2433) (1)	0.1515	(0.0918) (2)
8	Storage Service	0.9544	(0.0235)	0.9309
	<u>M4 Firm comm/ind contract rate</u>			
	Monthly demand charge:			
9	First 8 450 m ³	46.9922	(1.3178)	45.6744
10	Next 19 700 m ³	17.5809	2.2356	19.8165
11	All over 28 150 m ³	13.8932	2.5633	16.4565
	Monthly delivery commodity charge:			
12	First block	0.7963	0.1328	0.9291
13	All remaining use	0.3930	0.1159	0.5089
14	Delivery - Price Adjustment (All Volumes)	(0.1326) (3)		(0.1326) (4)
15	Minimum annual delivery commodity charge	1.0444	0.2020	1.2464
	<u>M5A interruptible comm/ind contract</u>			
	<u>Firm contracts *</u>			
16	Monthly demand charge	25.5770	2.0015	27.5785
17	Monthly delivery commodity charge	1.5756	0.2201	1.7957
18	Delivery - Price Adjustment (All Volumes)	(0.0715) (5)		(0.0715) (6)
	<u>Interruptible contracts *</u>			
19	Monthly Charge	\$500.00		\$500.00
	Daily delivery commodity charge:			
20	4 800 m ³ to 17 000 m ³	1.8642	0.0377	1.9019
21	17 000 m ³ to 30 000 m ³	1.7343	0.0377	1.7720
22	30 000 m ³ to 50 000 m ³	1.6660	0.0377	1.7037
23	50 000 m ³ to 70 000 m ³	1.6181	0.0377	1.6558
24	70 000 m ³ to 100 000 m ³	1.5838	0.0377	1.6215
25	100 000 m ³ to 140 870 m ³	1.5501	0.0377	1.5878
26	Delivery - Price Adjustment (All Volumes)	(0.0715) (5)		(0.0715) (6)
27	Annual minimum delivery commodity charge	2.1123	0.1069	2.2192

Notes:

- (1) Includes Prospective Recovery of (0.0015), (0.0020), (0.0855), (0.0028) and a temporary credit of (0.1515) for the period Oct 1-Dec 31, 2006.
- (2) Includes Prospective Recovery of (0.0015), (0.0020), (0.0855) and (0.0028) cents/m³.
- (3) Includes Prospective Recovery of (0.0008), (0.0010), (0.1300) and (0.0008) cents/m³.
- (4) Includes Prospective Recovery of (0.0008), (0.0010), (0.1300) and (0.0008) cents/m³.
- (5) Includes Prospective Recovery of (0.0024), (0.0700) and 0.0009 cents/m³ associated with load balancing costs.
- (6) Includes Prospective Recovery of (0.0024), (0.0700) and 0.0009 cents/m³ associated with load balancing costs.

* Price changes to individual M5A firm and interruptible contract rates are provided in Appendix C.

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Sales Rates

Line No.	Particulars (cents/m ³)	EB-2006-0500 Approved October 1, 2006 Rate (a)	Rate Change (b)	EB-2005-0520 Approved January 1, 2007 Rate (c)
	<u>M7 Special large volume contract</u>			
	<u>Firm</u>			
1	Monthly demand charge	24.8644	0.6782	25.5426
2	Monthly delivery commodity charge	0.2739	0.0605	0.3344
3	Delivery - Price Adjustment	(0.1026) (1)		(0.1026) (2)
	<u>Interruptible *</u>			
4	Monthly delivery commodity charge: Maximum	2.6095	0.1242	2.7337
5	Delivery - Price Adjustment	(0.1026) (1)		(0.1026) (2)
	<u>Seasonal *</u>			
6	Monthly delivery commodity charge: Maximum	2.3654	0.1242	2.4896
7	Delivery - Price Adjustment	(0.1026) (1)		(0.1026) (2)
	<u>M9 Large wholesale service</u>			
8	Monthly demand charge	17.2858	(0.1956)	17.0902
9	Monthly delivery commodity charge	0.5233	0.0134	0.5367
10	Delivery - Price Adjustment	(0.1219) (3)		(0.1219) (4)
	<u>M10 Small wholesale service</u>			
11	Monthly delivery commodity charge	2.7318	(0.0340)	2.6978

Notes:

- (1) Includes Prospective Recovery of (0.0002), (0.0043), (0.1107) and 0.0126 cents/m³.
(2) Includes Prospective Recovery of (0.0002), (0.0043), (0.1107) and 0.0126 cents/m³.
(3) Includes Prospective Recovery of (0.0032), (0.0045), (0.1123) and (0.0019) cents/m³.
(4) Includes Prospective Recovery of (0.0032), (0.0045), (0.1123) and (0.0019) cents/m³.

* Price changes to individual interruptible and seasonal contract rates are provided in Appendix C.

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Contract Carriage Rates

Line No.	Particulars	EB-2006-0500 Approved October 1, 2006 Rate (a)	Rate Change (b)	EB-2005-0520 Approved January 1, 2007 Rate (c)
	<u>Contract Carriage Service</u>			
	<u>T1 Storage and Transportation</u>			
	<u>Storage (\$ / GJ)</u>			
	Monthly demand charges:			
1	Firm space	0.010		0.010
	Firm Injection/Withdrawal Right			
2	Union provides deliverability inventory	1.966	0.014	1.980
3	Customer provides deliverability inventory	1.023	0.027	1.050
4	Firm incremental injection	1.023	0.027	1.050
5	Interruptible withdrawal	1.023	0.027	1.050
	Commodity charges:			
6	Withdrawal	0.056	0.008	0.064
7	Customer provides compressor fuel	0.004	0.003	0.007
8	Injection	0.056	0.008	0.064
9	Customer provides compressor fuel	0.004	0.003	0.007
10	Storage fuel ratio - customer provides fuel	0.631%	-0.031%	0.600%
	<u>Transportation (cents / m³)</u>			
11	Monthly demand charge first 140,870 m ³	16.9379	2.0092	18.9471
12	Monthly demand charge all over 140,870 m ³	12.2359	0.7111	12.9470
	Commodity charges:			
13	Firm- Union provides compressor fuel first 2,360,653 m ³	0.3151	0.0422	0.3573
14	Union provides compressor fuel all over 2,360,653 m ³	0.2598	0.0169	0.2767
15	Customer provides compressor fuel first 2,360,653 m ³	0.1336	0.0268	0.1604
16	Customer provides compressor fuel all over 2,360,653 m ³	0.0783	0.0015	0.0798
	Interruptible: *			
17	Maximum - Union provides compressor fuel	2.6095	0.1242	2.7337
18	Maximum - customer provides compressor fuel	2.5542	(0.0174)	2.5368
19	Transportation fuel ratio - customer provides fuel	0.584%	-0.030%	0.554%
	<u>Authorized overrun services</u>			
	<u>Storage (\$ / GJ)</u>			
	Commodity charges			
20	Injection May 1 to Oct 31	0.155	0.0140	0.169
21	Customer provides compressor fuel	0.069	0.0030	0.072
22	Withdrawals Nov 1 to Apr 30	0.155	0.0140	0.169
23	Customer provides compressor fuel	0.069	0.0030	0.072
24	Transportation commodity charge (cents / m ³)	0.8719	0.1084	0.9803
25	Customer provides compressor fuel	0.6905	0.0928	0.7833
26	<u>Monthly Charge</u>	\$1,800		\$1,800

* Price changes to individual interruptible and seasonal contract rates are provided in Appendix C.

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Contract Carriage Rates

Line No.	Particulars	EB-2006-0500 Approved October 1, 2006 Rate (a)	Rate Change (b)	EB-2005-0520 Approved January 1, 2007 Rate (c)
<u>T3 Storage and Transportation</u>				
<u>Storage (\$ / GJ)</u>				
Monthly demand charges:				
1	Firm space	0.010		0.010
	Firm Injection/Withdrawal Right			
2	Union provides deliverability inventory	1.966	0.014	1.980
3	Customer provides deliverability inventory	1.023	0.027	1.050
4	Firm incremental injection	1.023	0.027	1.050
5	Interruptible withdrawal	1.023	0.027	1.050
Commodity charges :				
6	Withdrawal	0.056	0.008	0.064
7	Customer provides compressor fuel	0.004	0.003	0.007
8	Injection	0.056	0.008	0.064
9	Customer provides compressor fuel	0.004	0.003	0.007
10	Storage fuel ratio- Cust. provides fuel	0.631%	-0.031%	0.600%
 <u>Transportation (cents / m³)</u>				
11	Monthly demand charge	13.0145	(4.0024)	9.0121
Commodity charges				
12	Firm- Union supplies compressor fuel	0.2547	0.0695	0.3242
13	Customer provides compressor fuel	0.0733	(0.0067)	0.0666
14	Transportation fuel ratio- Cust. provides fuel	0.584%	0.141%	0.725%
 <u>Authorized overrun services</u>				
<u>Storage (\$ / GJ)</u>				
Commodity charges:				
15	Injection	0.155	0.014	0.169
16	Customer provides compressor fuel	0.069	0.003	0.072
17	Withdrawals	0.155	0.014	0.169
18	Customer provides compressor fuel	0.069	0.003	0.072
19	Transportation commodity charge (cents / m ³)	0.6826	(0.0621)	0.6205
20	Customer provides compressor fuel (cents / m ³)	0.5012	(0.1383)	0.3629
 <u>Monthly Charge</u>				
21	City of Kitchener	\$15,083	\$2,072	\$17,155
22	Natural Resource Gas	\$1,417	\$1,214	\$2,631
23	Six Nations	\$250	\$627	\$877

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Unbundled Rates

Line No.	Particulars	EB-2006-0500 Approved October 1, 2006 Rate (a)	Rate Change (b)	EB-2005-0520 Approved January 1, 2007 Rate (c)
<u>U2 Unbundled Customers</u>				
<u>Storage (\$ / GJ)</u>				
Monthly demand charges:				
1	Standard Storage Service (SSS) Combined Firm Space & Deliverability	0.022	(0.001)	0.021
2	Standard Peaking Service (SPS) Combined Firm Space & Deliverability	0.103	0.003	0.106
3	Incremental firm injection right	0.929	0.026	0.955
4	Incremental firm withdrawal right	0.929	0.026	0.955
Commodity charges:				
5	Injection customer provides compressor fuel	0.013	0.002	0.015
6	Withdrawal customer provides compressor fuel	0.013	0.002	0.015
7	Storage fuel ratio - Customer provides fuel	0.631%	-0.031%	0.600%
<u>Authorized overrun services</u>				
<u>Storage (\$ / GJ)</u>				
Commodity charges:				
8	Injection customer provides compressor fuel	0.044	0.002	0.046
9	Withdrawal customer provides compressor fuel	0.044	0.002	0.046
<u>U5 Unbundled Customers</u>				
<u>Storage (\$ / GJ)</u>				
Monthly demand charges:				
10	Combined Firm Space & Deliverability	0.022	(0.001)	0.021
11	Incremental firm injection right	0.929	0.026	0.955
12	Incremental firm withdrawal right	0.929	0.026	0.955
Commodity charges:				
13	Injection customer provides compressor fuel	0.013	0.002	0.015
14	Withdrawal customer provides compressor fuel	0.013	0.002	0.015
15	Storage fuel ratio - Customer provides fuel	0.631%	-0.031%	0.600%
<u>Delivery (cents / m³)</u>				
<u>Firm contracts</u>				
16	Monthly demand charge	21.4790	0.3446	21.8236
17	Monthly delivery commodity charge	1.5777	0.2180	1.7957
18	Transportation fuel ratio - Customer provides fuel	0.584%	(0.0003)	0.554%
<u>Interruptible contracts</u>				
19	Monthly Charge	\$500.00		\$500.00
Monthly delivery commodity charge:				
20	4 800 m ³ to 17 000 m ³	1.4724	0.0740	1.5464
21	17 000 m ³ to 30 000 m ³	1.3425	0.0740	1.4165
22	30 000 m ³ to 50 000 m ³	1.2742	0.0740	1.3482
23	50 000 m ³ to 70 000 m ³	1.2263	0.0740	1.3003
24	70 000 m ³ to 100 000 m ³	1.1920	0.0740	1.2660
25	100 000 m ³ to 140 870 m ³	1.1583	0.0740	1.2323
<u>Authorized overrun services</u>				
<u>Storage (\$ / GJ)</u>				
Commodity charges:				
26	Injection customer provides compressor fuel	0.044	0.002	0.046
27	Withdrawal customer provides compressor fuel	0.044	0.002	0.046

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Unbundled Rates

Line No.	Particulars	EB-2006-0500 Approved October 1, 2006 Rate (a)	Rate Change (b)	EB-2005-0520 Approved January 1, 2007 Rate (c)
<u>U7 Unbundled Customers</u>				
<u>Storage (\$ / GJ)</u>				
Monthly demand charges:				
1	Combined Firm Space & Deliverability	0.022	(0.001)	0.021
2	Incremental firm injection right	0.929	0.026	0.955
3	Incremental firm withdrawal right	0.929	0.026	0.955
Commodity charges:				
4	Injection customer provides compressor fuel	0.013	0.002	0.015
5	Withdrawal customer provides compressor fuel	0.013	0.002	0.015
6	Storage fuel ratio - Customer provides fuel	0.631%	-0.031%	0.600%
<u>Delivery (cents / m³)</u>				
7	Monthly demand charge first 140,870 m ³	16.9379	2.0092	18.9471
8	Monthly demand charge all over 140,870 m ³	12.2359	0.7111	12.9470
Commodity charges				
9	Firm Customer provides compressor fuel first 2,360,653 m ³	0.1336	0.0268	0.1604
10	Firm Customer provides compressor fuel all over 2,360,653 m ³	0.0783	0.0015	0.0798
Interruptible:				
11	Maximum customer provides compressor fuel	2.5542	(0.0174)	2.5368
12	Transportation fuel ratio - Customer provides fuel	0.584%	-0.030%	0.554%
<u>Authorized overrun services</u>				
<u>Storage (\$ / GJ)</u>				
Commodity charges:				
13	Injection customer provides compressor fuel	0.044	0.002	0.046
14	Withdrawal customer provides compressor fuel	0.044	0.002	0.046
15	Transportation commodity charge(cents / m ³)	0.6905	0.0928	0.7833
<u>Other Services & Charges</u>				
16	Monthly Charge	\$1,800		\$1,800

UNION GAS LIMITED
Southern Operations Area
Summary of Changes to Unbundled Rates

Line No.	Particulars	EB-2006-0500 Approved October 1, 2006 Rate (a)	Rate Change (b)	EB-2005-0520 Approved January 1, 2007 Rate (c)
	<u>U9 Unbundled Customers</u>			
	<u>Storage (\$ / GJ)</u>			
	Monthly demand charges:			
1	Firm space	0.022	(0.001)	0.021
2	Incremental firm injection right	0.929	0.026	0.955
3	Incremental firm withdrawal right	0.929	0.026	0.955
	Commodity charges:			
4	Injection customer provides compressor fuel	0.013	0.002	0.015
5	Withdrawal customer provides compressor fuel	0.013	0.002	0.015
6	Storage fuel ratio - Customer provides fuel	0.631%	-0.031%	0.600%
	<u>Delivery (cents / m³)</u>			
7	Monthly demand charge	13.0145	(4.0024)	9.0121
	Commodity charges			
8	Firm customer provides compressor fuel	0.0733	(0.0067)	0.0666
9	Transportation fuel ratio - Customer provides fuel	0.584%	0.141%	0.725%
	<u>Authorized overrun services</u>			
	<u>Storage (\$ / GJ)</u>			
	Commodity charges:			
10	Injection customer provides compressor fuel	0.044	0.002	0.046
11	Withdrawal customer provides compressor fuel	0.044	0.002	0.046
12	Transportation commodity charge (cents / m ³)	0.5012	(0.1383)	0.3629
	<u>Other Services & Charges</u>			
	Monthly Charge			
13	City of Kitchener	\$15,083	\$2,072	\$17,155
14	NRG	\$1,417	\$1,214	\$2,631
15	Six Nations	\$250	\$627	\$877

UNION GAS LIMITED
Summary of Changes to Storage and Transportation Rates

Line No.	Particulars (\$/GJ)	EB-2005-0531 Approved January 1, 2006 Rate (a)	Rate Change (b)	EB-2005-0520 Approved January 1, 2007 Rate (c)
<u>M12 Storage & Transportation Service</u>				
<u>Storage service</u>				
Monthly demand charges:				
1	Space- Union providing deliverability inventory	0.026		n/a
2	Space- Shipper providing deliverability inventory	0.010		0.010
3	Firm deliverability	1.024	0.026	1.050
4	Interruptible deliverability			
	Maximum	3.575		n/a
Commodity charges:				
5	Injection / Withdrawal - Union supplied fuel (includes UFG)	0.056		n/a
6	Injection / Withdrawal - Shipper supplied fuel (includes UFG)	0.004 (2)	0.002	0.006
7	Dehydration commodity	0.001	0.002	0.003
<u>Firm transportation</u>				
Monthly demand charges:				
8	Without compression - Kirkwall	1.713		n/a
9	Without compression - Oakville/Parkway	2.079		n/a
10	With compression - Kirkwall	1.968	0.068	2.036
11	With compression - Oakville/Parkway	2.334	0.058	2.392
12	Dawn Compression	0.255		n/a
13	Dehydration	0.045	(0.009)	0.036
Commodity charges:				
14	Easterly without compression	Note (1)		n/a
15	Easterly with compression	Note (1)		Note (1)
16	Westerly with compression	Note (1)		Note (1)
<u>Limited Firm/Interruptible</u>				
Monthly demand charges:				
17	Maximum	5.602	0.139	5.741
Commodity charges :				
18	Others with compression	Note (1)		Note (1)
<u>Firm Transportation from Dawn to Kirkwall / Parkway without LCU Protection</u>				
Monthly demand charges:				
19	Dawn to Kirkwall/Parkway Without LCU Protection			
	Maximum	5.602		n/a
Commodity charges :				
20	Others with compression	Note (1)		n/a
<u>Authorized Overrun</u>				
Storage commodity charges:				
21	Injection / Withdrawal - Union supplied fuel (includes UFG)	0.124		n/a
22	Injection / Withdrawal - Shipper supplied fuel (includes UFG)	0.038 (2)	0.003	0.041
23	Dehydration - Tecumseh	0.003	0.001	0.004
24	Dehydration - Others	0.001		n/a
25	Dawn Compression commodity charge	0.008		n/a

Note: (1) Monthly fuel rates and ratios per Schedule "C".
Note: (2) Plus customer supplied fuel per rate schedule.

UNION GAS LIMITED
Summary of Changes to Storage and Transportation Rates

Line No.	Particulars (\$/GJ)	EB-2005-0531 Approved January 1, 2006 Rate (a)	Rate Change (b)	EB-2005-0520 Approved January 1, 2007 Rate (c)
<u>M12 Storage & Transportation Service (cont'd)</u>				
<u>Authorized Overrun</u>				
Transportation commodity charges:				
Easterly without compression				
1	Dawn to Kirkwall - Union supplied fuel	Note (1)		n/a
2	Dawn to Oakville - Union supplied fuel	Note (1)		n/a
3	Dawn to Kirkwall - Shipper supplied fuel	0.056 (1)		n/a
4	Dawn to Oakville - Shipper supplied fuel	0.068 (1)		n/a
Easterly with compression :				
5	Dawn to Kirkwall - Union supplied fuel	Note (1)		Note (1)
6	Dawn to Oakville - Union supplied fuel	Note (1)		Note (1)
7	Dawn to Kirkwall - Shipper supplied fuel	0.065 (1)	0.002	0.067 (1)
8	Dawn to Oakville - Shipper supplied fuel	0.077 (1)	0.002	0.079 (1)
9	Westerly - Union supplied fuel	Note (1)		Note (1)
10	Westerly - Shipper supplied fuel	0.077 (1)	0.002	0.079 (1)
<u>Unauthorized Overrun</u>				
Overrun of Maximum Storage Balance				
11	August 1 to December 15	0.937	59.063	60.000
12	December 16 to July 31	0.094	5.906	6.000
Drafted Storage Balance				
13	February 1 to April 30	0.937	59.063	60.000
14	May 1 to January 31	0.094	5.906	6.000
<u>M13 Transportation of Locally Produced Gas</u>				
15	Monthly fixed charge per customer station	\$347	\$315	\$662
16	Transmission commodity charge to Dawn	n/a		0.025
17	Commodity charge - Union supplies fuel	0.068	(0.037)	0.031
18	Commodity charge - Shipper supplies fuel	0.027 (2)		Note (2)
19	Authorized Overrun - Union supplies fuel	0.103	(0.013)	0.090
20	Authorized Overrun - Shipper supplies fuel	0.061 (2)	(0.002)	0.059 (2)
<u>M16 Storage Transportation Service</u>				
21	Monthly fixed charge per customer station	\$525	\$225	\$750
Monthly demand charges:				
22	East of Dawn	0.726	0.018	0.744
23	West of Dawn	1.049	(0.035)	1.014
24	Transmission commodity charge to Dawn	0.025		0.025
Transportation Fuel Charges to Dawn:				
25	East of Dawn - Union supplied fuel	0.029	0.002	0.031
26	West of Dawn - Union supplied fuel	0.029	0.002	0.031
27	East of Dawn - Shipper supplied fuel	Note (2)		Note (2)
28	West of Dawn - Shipper supplied fuel	Note (2)		Note (2)
Transportation Fuel Charges to Pools:				
29	East of Dawn - Union supplied fuel	0.037	0.003	0.040
30	West of Dawn - Union supplied fuel	0.044	0.003	0.047
31	East of Dawn - Shipper supplied fuel	Note (2)		Note (2)
32	West of Dawn - Shipper supplied fuel	Note (2)		Note (2)

Note: (1) Monthly fuel rates and ratios per Schedule "C".
Note: (2) Plus customer supplied fuel per rate schedule.

UNION GAS LIMITED
Summary of Changes to Storage and Transportation Rates

Line No.	Particulars (\$/GJ)	EB-2005-0531 Approved January 1, 2006 Rate (a)	Rate Change (b)	EB-2002-0363 Approved January 1, 2007 Rate (c)
<u>M16 Storage Transportation Service (cont'd)</u>				
<u>Authorized Overrun</u>				
Transportation Fuel Charges to Dawn:				
1	East of Dawn - Union supplied fuel	0.078	0.003	0.081
2	West of Dawn - Union supplied fuel	0.088	0.002	0.090
3	East of Dawn - Shipper supplied fuel	0.049 (2)	0.001	0.050 (2)
4	West of Dawn - Shipper supplied fuel	0.059 (2)		0.059 (2)
Transportation Fuel Charges to Pools:				
5	East of Dawn - Union supplied fuel	0.061	0.004	0.065
6	West of Dawn - Union supplied fuel	0.078	0.002	0.080
7	East of Dawn - Shipper supplied fuel	0.024 (2)		0.024 (2)
8	West of Dawn - Shipper supplied fuel	0.034 (2)	(0.001)	0.033 (2)
 <u>C1 Storage & Cross Franchise Transportation Service</u>				
<u>Storage service</u>				
Commodity charges :				
Long Term (2 years or more) / Short-Term (less than 2 years)				
Combined Storage Space and Interruptible Deliverability				
9	Maximum	3.000		n/a
Firm Deliverability				
10	Maximum	3.000		n/a
Commodity charges:				
11	Injection / Withdrawal - Union supplied fuel (includes UFG)	n/a		n/a
12	Injection / Withdrawal - Shipper supplied fuel (includes UFG)	n/a		n/a
13	Dehydration commodity	n/a		n/a
 <u>Transportation service</u>				
Monthly demand charges:				
14	St. Clair / Bluewater & Dawn	1.049	(0.035)	1.014
15	Ojibway & Dawn	1.049	(0.035)	1.014
16	Parkway to Dawn	0.569	(0.015)	0.554
17	Parkway to Kirkwall	0.569	(0.015)	0.554
18	Dawn to Kirkwall with Dawn compression	1.968	0.068	2.036
19	Dawn to Parkway with Dawn compression	2.334	0.058	2.392
Short-term:				
20	Maximum	5.602	69.398	75.000
Dawn to Kirkwall/Parkway Without LCU Protection				
21	Maximum	5.602		n/a
Commodity charges:				
22	St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.036	0.005	0.041
23	St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.036	(0.003)	0.033
24	Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.095	(0.041)	0.054
25	Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.095	(0.048)	0.047
26	Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.033	(0.002)	0.031
27	Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.033		0.033
28	Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)	0.081	0.026	0.107
29	Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)	0.081	(0.032)	0.049
30	Dawn to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.081	0.026	0.107
31	Dawn to Parkway - Union supplied fuel (Apr. 1 - Oct.31)	0.081	(0.032)	0.049
32	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (2)		Note (2)
33	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (2)		Note (2)
34	Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (2)		Note (2)
35	Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (2)		Note (2)
36	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (2)		Note (2)
37	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (2)		Note (2)
38	Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (2)		Note (2)
39	Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)	Note (2)		Note (2)
40	Dawn to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	Note (2)		Note (2)
41	Dawn to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)	Note (2)		Note (2)

Note: (1) Monthly fuel rates and ratios per Schedule "C".
Note: (2) Plus customer supplied fuel per rate schedule.

UNION GAS LIMITED
Summary of Changes to Storage and Transportation Rates

Line No.	Particulars (\$/GJ)	EB-2005-0531 Approved January 1, 2006 Rate (a)	Rate Change (b)	EB-2002-0363 Approved January 1, 2007 Rate (c)
<u>C1 Storage & Cross Franchise Transportation Service</u>				
<u>Transportation service cont'd</u>				
	Interruptible commodity charges:			
1	Maximum	9.373	65.627	75.000
2	Dawn(Tecumseh), Dawn(Facilities or TCPL) and Dawn (Vector)	0.007		Note (2)
<u>Authorized Overrun</u>				
Storage commodity charges:				
Injection / Withdrawal:				
3	Maximum	3.000		n/a
4	Injection / Withdrawal - Union supplied fuel (includes UFG)	n/a		n/a
5	Injection / Withdrawal - Customer supplied fuel (includes UFG)	n/a		n/a
6	Dehydration commodity	n/a		n/a
Firm transportation commodity charges:				
7	St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.070	0.004	0.074
8	St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.070	(0.003)	0.067
9	Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.129	(0.042)	0.087
10	Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.129	(0.049)	0.080
11	Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)	0.051	(0.002)	0.049
12	Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)	0.052		0.052
13	Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)	0.146	0.028	0.174
14	Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)	0.146	(0.030)	0.116
15	Dawn to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)	0.158	0.028	0.186
16	Dawn to Parkway - Union supplied fuel (Apr. 1 - Oct.31)	0.158	(0.030)	0.128
17	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.034 (2)	(0.001)	0.033 (2)
18	St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.034 (2)	(0.001)	0.033 (2)
19	Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.034 (2)	(0.001)	0.033 (2)
20	Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.034 (2)	(0.001)	0.033 (2)
21	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.018 (2)		0.018 (2)
22	Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.018 (2)		0.018 (2)
23	Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.065 (2)	0.002	0.067 (2)
24	Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)	0.065 (2)	0.002	0.067 (2)
25	Dawn to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)	0.077 (2)	0.002	0.079 (2)
26	Dawn to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)	0.077 (2)	0.002	0.079 (2)
Short Term Firm transportation commodity charges:				
27	Maximum	9.373	65.627	75.000
<u>Unauthorized Overrun</u>				
Overrun of Maximum Storage Balance				
28	August 1 to December 15	0.937		n/a
29	December 16 to July 31	0.094		n/a
Drafted Storage Balance				
30	February 1 to April 30	0.937		n/a
31	May 1 to January 31	0.094		n/a

Note: (1) Monthly fuel rates and ratios per Schedule "C".
Note: (2) Plus customer supplied fuel per rate schedule.

APPENDIX "B" TO
DECISION AND ORDER
BOARD FILE No. EB-2005-0520
RATE SCHEDULES
DATED DECEMBER 19, 2006



RATE 01A – SMALL VOLUME GENERAL FIRM SERVICE

ELIGIBILITY

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end user whose total gas requirements at that location are equal to or less than 50,000 m³ per year.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer and transported by TCPL under a firm transportation service tariff or equivalent National Energy Board Order. For this service, the Monthly and Delivery Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, and Delivery Charges, as well as the Storage and Transportation Charges of the Gas Supply Charge shall apply.

MONTHLY RATES AND CHARGES

Zone	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
Rate Schedule No.	201	101	301	601
<u>APPLICABLE TO ALL SERVICES</u>				
<u>MONTHLY CHARGE</u>	\$16.00	\$16.00	\$16.00	\$16.00
<u>DELIVERY CHARGE</u>	<u>¢ per m³</u>	<u>¢ per m³</u>	<u>¢ per m³</u>	<u>¢ per m³</u>
First 100 m ³ per month @	9.2380	9.2380	9.2380	9.2380
Next 200 m ³ per month @	8.6369	8.6369	8.6369	8.6369
Next 200 m ³ per month @	8.2100	8.2100	8.2100	8.2100
Next 500 m ³ per month @	7.8180	7.8180	7.8180	7.8180
Over 1,000 m ³ per month @	7.4944	7.4944	7.4944	7.4944
Delivery- Price Adjustment (All Volumes)	-	-	-	-



uniongas

Effective
2007-01-01
Rate 01A
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ADDITIONAL CHARGES FOR SALES SERVICE

GAS SUPPLY CHARGES

Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

MONTHLY BILL

The monthly bill will equal the sum of the monthly charges plus the rates multiplied by the applicable gas quantities delivered plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply.

MINIMUM MONTHLY BILL

The Minimum Monthly Bill shall be the Monthly Charge.

DELAYED PAYMENT

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

SERVICE AGREEMENT

Customers providing their own gas supply in whole or in part, for transportation by Union, must enter into a Service Agreement with Union.

TERMS AND CONDITIONS OF SERVICE

1. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
2. Customers must enter into a Service Agreement with Union prior to the commencement of service.
3. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

January 1, 2007
O.E.B. ORDER # EB-2005-0520

Chatham, Ontario

Supersedes EB-2006-0500 Rate Schedule effective October 1, 2006.



RATE 10 – LARGE VOLUME GENERAL FIRM SERVICE

ELIGIBILITY

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user whose total firm gas requirements at one or more Company-owned meters at one location exceed 50,000 m³ per year.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer and transported by TCPL under a firm transportation service tariff or equivalent National Energy Board Order. For this service, the Monthly, and Delivery Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, and Delivery Charges, as well as the Storage and Transportation Charges of the Gas Supply Charge shall apply.

MONTHLY RATES AND CHARGES

Zone Rate Schedule No.	<u>Fort Frances</u> 210	<u>Western</u> 110	<u>Northern</u> 310	<u>Eastern</u> 610
<u>APPLICABLE TO ALL SERVICES</u>				
<u>MONTHLY CHARGE</u>	\$70.00	\$70.00	\$70.00	\$70.00
<u>DELIVERY CHARGE</u>	<u>¢ per m³</u>	<u>¢ per m³</u>	<u>¢ per m³</u>	<u>¢ per m³</u>
First 1,000 m ³ per month @	7.3562	7.3562	7.3562	7.3562
Next 9,000 m ³ per month @	5.8543	5.8543	5.8543	5.8543
Next 20,000 m ³ per month @	4.9979	4.9979	4.9979	4.9979
Next 70,000 m ³ per month @	4.4495	4.4495	4.4495	4.4495
Over 100,000 m ³ per month @	2.3725	2.3725	2.3725	2.3725
Delivery-Price Adjustment (All Volumes)	-	-	-	-



ADDITIONAL CHARGES FOR SALES SERVICE

GAS SUPPLY CHARGES

Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

MONTHLY BILL

The monthly bill will equal the sum of the monthly charges plus the rates multiplied by the applicable gas quantities delivered plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply.

MINIMUM MONTHLY BILL

The minimum monthly bill shall be the Monthly Charge.

DELAYED PAYMENT

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

SERVICE AGREEMENT

Customers providing their own gas supply in whole or in part, for transportation by Union and customers purchasing gas from Union with maximum daily requirements in excess of 3,000 m³ per day must enter into a Service Agreement with Union.

TERMS AND CONDITIONS OF SERVICE

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

January 1, 2007
O.E.B. ORDER # EB-2005-0520

Chatham, Ontario

Supersedes EB-2006-0500 Rate Schedule effective October 1, 2006.



RATE 20 – MEDIUM VOLUME FIRM SERVICE

ELIGIBILITY

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose total maximum daily requirements for firm or combined firm and interruptible service is 14,000 m³ or more.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, Delivery, Gas Supply Demand and Commodity Transportation Charges shall apply.

(d) **Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, bundled and unbundled storage and delivery/redelivery services will be provided.

The charge for Bundled Storage Service will consist of the charges for Transportation Service plus the charges for Bundled Storage Service.

The charge for Unbundled Storage Service will consist of the charges for Transportation Service plus the charges for Unbundled Storage Service which must include charges for delivery/redelivery service to/from storage.

NOTE: Union has a short-term intermittent gas supply service under Rate 30 which customers may avail themselves of, if they qualify for use of the service.



MONTHLY RATES AND CHARGES

APPLICABLE TO ALL SERVICES – ALL ZONES (1)

<u>MONTHLY CHARGE</u>	\$780.00
<u>DELIVERY CHARGES</u> (cents per month per m ³)	
Monthly Demand Charge for first 70,000 m ³ of Contracted Daily Demand	20.3317
Monthly Demand Charge for all units over 70,000 m ³ of Contracted Daily Demand	11.9561
Commodity Charge for first 852,000 m ³ of gas volumes delivered	0.2877
Commodity Charge for all units over 852,000 m ³ of gas volumes delivered	0.2131

NOTE

(1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.

ADDITIONAL CHARGES FOR SALES SERVICE

Gas Supply Charge

The gas supply charge is comprised of charges for transportation and for commodity and fuel.
The applicable rates are provided in Schedule "A".

Commodity Transportation

Charge 1 applies for all gas volumes delivered in the billing month up to the volume represented by the Contract Demand multiplied by the number of days in the billing month multiplied by 0.4.

Charge 2 applies for all additional gas volumes delivered in the billing month.

HEAT CONTENT ADJUSTMENT

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m³) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m³, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.



COMMISSIONING AND DECOMMISSIONING RATE

The contract may provide that the Monthly Demand Charges specified above shall not apply on all or part of the daily contracted demand used by the customer either during the testing, commissioning and phasing in of gas using equipment or, alternatively, in the decommissioning and phasing out of gas using equipment being displaced by other gas using equipment, for a period not to exceed one year ("the transition period"). To be eligible the new or displaced gas using equipment must be separately meterable. In such event, the contract will provide the following rates that such volume during the transitional period will be charged.

Zone Rate Schedule No.	<u>Fort Frances</u> 220	<u>Western</u> 120	<u>Northern</u> 320	<u>Eastern</u> 620
<u>MONTHLY CHARGE</u>	\$780.00	\$780.00	\$780.00	\$780.00
<u>DELIVERY CHARGES</u>	<u>cents per m³</u>	<u>cents per m³</u>	<u>cents per m³</u>	<u>cents per m³</u>
Commodity Charge for each unit of gas volumes delivered	1.6246	1.6246	1.6246	1.6246

GAS SUPPLY CHARGES

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

ADDITIONAL CHARGES FOR TRANSPORTATION AND STORAGE SERVICES – ALL ZONES

MONTHLY TRANSPORTATION ACCOUNT CHARGE

For customers that currently have installed or will require installing telemetering equipment: \$220.00

BUNDLED (T-SERVICE) STORAGE SERVICE CHARGES

Monthly Demand Charge for each unit of Contracted Daily Storage Withdrawal Entitlement (\$ per GJ per Month) \$11.289

Monthly Storage Demand- Price Adjustment for each unit of Contracted Daily Storage Withdrawal Entitlement: (\$ per GJ per Month) (\$0.642)

Commodity Charge for each unit of gas withdrawn from storage (\$ per GJ) \$0.240

Authorized Overrun Commodity Charge on each additional unit of gas Union authorizes for withdrawal from storage (\$ per GJ) \$0.611

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

UNBUNDLED STORAGE SERVICE CHARGES

Storage Space Charge:

Applied to Contracted Maximum Storage Balance (\$ per GJ per Month) \$0.032

Fuel Ratio:

Applied to all gas injected and withdrawn from storage (%) 0.600%

Commodity Charge:

Applied to all gas injected and withdrawn from storage (\$ per GJ) \$0.015

UNBUNDLED STORAGE SERVICE AUTHORIZED OVERRUN CHARGES:

Fuel Ratio:

Applied to all gas injected and withdrawn from storage (%) 1.03%

Commodity Charge:

Applied to all gas injected and withdrawn from storage (\$ per GJ) \$0.072

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.



UNBUNDLED STORAGE SERVICE UNAUTHORIZED OVERRUN CHARGES

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

UNBUNDLED SERVICE NOMINATION VARIANCES

The rate for unauthorized parking or drafting which results from nomination variances shall be equal to 50% of the "Daily Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff. No Daily Balancing Fee is payable on the portion of the nomination variance which is less than the greater of 4% of the nominated amount and 150 GJ.

Zone Rate Schedule No.	<u>Fort Frances</u> 220	<u>Western</u> 120	<u>Northern</u> 320	<u>Eastern</u> 620
<u>Delivery service to Storage Facilities (1)</u>				
Demand Charge (\$/GJ/month)	N/A	\$29.227	\$12.025	\$1.202
Commodity (\$/GJ)	N/A	\$0.032	\$0.024	\$0.019
<u>Redelivery Service from Storage Facilities</u>				
Demand Charge (\$/GJ/month)	\$2.255	\$2.255	\$2.255	\$5.916
Commodity (\$/GJ)	N/A	\$0.095	\$0.095	\$0.099

Notes:

1. Delivery Service to Storage Facilities is not available to Northern Zone Customers in the Sault Ste. Marie Delivery Area (SSMDA).
2. Daily Firm injection and Withdrawal Rights shall be pursuant to the storage contract.
3. Storage Space, Withdrawal Rights and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.

DIVERSION TRANSACTION CHARGE

Charge to a customer Receiving Delivery of diverted gas each time such customer requests a diversion and Union provides the service: \$10.00

THE BILL

The bill will equal the sum of the charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation and Storage Services will apply.

MINIMUM BILL

The minimum bill shall be the Monthly Charge, the Transportation Account Charge and the Demand Charges, as applicable.



DELAYED PAYMENT

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

SERVICE AGREEMENT

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.

TERMS AND CONDITIONS OF SERVICE

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the billing data of individual end-users to generate a single bill which is less than the sum of the bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.



RATE 25 – LARGE VOLUME INTERRUPTIBLE SERVICE

ELIGIBILITY

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose total maximum daily interruptible requirement is 3,000 m³ or more or the interruptible portion of a maximum daily requirement for combined firm and interruptible service is 14,000 m³ or more and whose operations, in the judgement of Union, can readily accept interruption and restoration of gas service.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Sales Service**

For interruptible supply of natural gas by Union and associated transportation services necessary to ensure its delivery in accordance with customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For delivery of natural gas owned by the customer on Union's distribution system from the Point of Receipt from TCPL's system to the Point of Consumption on the customer's or end-user's premises, providing that, in the judgement of Union, acting reasonably, the customer-owned gas does not displace service from Union under a Rate 20 or Rate 100 contract specific to that location. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply.

NOTE: Union has a short-term intermittent gas supply service under Rate 30 which customers may avail themselves of, if they qualify for use of the service.

MONTHLY RATES AND CHARGES

APPLICABLE TO ALL SERVICES – ALL ZONES (1)

MONTHLY CHARGE \$190.00

DELIVERY CHARGES cents per m³

A Delivery Price for all volumes delivered to the customer to be negotiated between Union and the customer and the average price during the period in which these rates remain in effect shall not exceed: 4.5768

NOTE

(1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.



ADDITIONAL CHARGES FOR SALES SERVICE

Gas Supply Charge

As per applicable rate provided in Schedule "A".

Interruptible Service Applicable all year at a price agreed upon between Union and the customer and the average price during the period in which these rates remain in effect.

HEAT CONTENT ADJUSTMENT

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m³) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m³, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.

ADDITIONAL CHARGES FOR TRANSPORTATION – ALL ZONES

MONTHLY TRANSPORTATION ACCOUNT CHARGE: For customers that currently have installed or will require installing telemetering equipment.

\$220.00

THE BILL

The bill will equal the sum of the monthly charges for all services selected plus the rates multiplied by the applicable gas volumes delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation will apply.

MINIMUM BILL

The minimum bill shall be the Monthly Charge and the Transportation Account Charge, if applicable.

DELAYED PAYMENT

When payment of the monthly bill has not been made in full, 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

SERVICE AGREEMENT

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.



TERMS AND CONDITIONS OF SERVICE

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the volumes or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total volumes of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.



RATE 30 – INTERMITTENT GAS SUPPLY SERVICE
AND SHORT TERM STORAGE / BALANCING SERVICE

ELIGIBILITY

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones already connected to Union's gas distribution system who is an end-user or is authorized to serve an end-user.

SERVICE AVAILABLE

For intermittent, short-term gas supply which will be a substitute for energy forms other than Company owned gas sold under other rate schedules. This may include situations where customer-owned gas supplies are inadequate and short-term backstopping service is requested or during a situation of curtailment on the basis of price when the purchase price of Spot gas is outside the interruptible service price range. The gas supply service available hereunder is offered only in conjunction with service to the customer under an applicable firm or interruptible service rate schedule of Union. The service is for intermittent gas supply and short term storage / balancing service and will be billed in combination with Monthly, Delivery, and other applicable charges for such services under the applicable rate schedule. Gas supply under this rate will be provided when, at the sole discretion of Union, adequate supplies are available.

GAS SUPPLY CHARGE

The gas supply charge shall be \$5.00 per 10³m³ plus the greater of the incremental cost of gas for Union and the customer's gas supply charge.

SHORT TERM STORAGE / BALANCING SERVICE

Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
- ii) short-term firm deliverability, OR
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) the minimum amount of storage service to which a customer is willing to commit,
- ii) whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) utilization of facilities, and
- iv) competition.

A commodity charge to be negotiated between Union and the customer not to exceed \$6.000/GJ.

THE BILL

The bill for gas supply and/or short term supplemental services under this rate shall be rendered in conjunction with the billing for delivery and other services under the customer's applicable rate for such services.

SERVICE AGREEMENT

All customers must enter into a Service Agreement with Union for this service and must agree therein to curtail or interrupt use of gas under this rate schedule whenever requested to do so by Union.



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TERMS AND CONDITIONS OF SERVICE

1. Failure of the customer to interrupt or curtail use of gas on this rate as requested by Union shall be subject to the Unauthorized Overrun Gas Penalty as provided in Union's Terms and Conditions. Anytime the customer has such failure, Union reserves the right to cancel service under this rate.
2. The Terms and Conditions of the applicable rate schedule for delivery of the gas sold hereunder shall also apply.
3. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

January 1, 2007
O.E.B. ORDER # EB-2005-0520

Chatham, Ontario

Supersedes EB-2006-0500 Rate Schedule effective October 1, 2006.



RATE 77 – WHOLESALE TRANSPORTATION SERVICE

ELIGIBILITY

Any natural gas distributor in Union's Fort Frances, Western, Northern or Eastern Zones who uses Union's gas distribution facilities for the transportation of natural gas to customers outside Union's franchise area.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Transportation Service**

For the continuous delivery through Union's distribution system from the Point of Receipt on TCPL to the Point of Consumption at the Consumer's distribution system of natural gas owned by the customer. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly and Delivery Charges shall apply.

MONTHLY RATES AND CHARGES – ALL ZONES

<u>MONTHLY CHARGE</u> (\$ per month)	\$145.00
<u>MONTHLY DELIVERY DEMAND CHARGE</u> (cents per m ³)	28.2927

THE BILL

The bill will equal the sum of the monthly charges plus all applicable taxes.

DELAYED PAYMENT

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

SERVICE AGREEMENT

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.

TERMS AND CONDITIONS OF SERVICE

1. Service shall be for a minimum term of one year.
2. Customers must enter into a Service Agreement with Union prior to the commencement of service.
3. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

January 1, 2007
O.E.B. ORDER # EB-2005-0520

Chatham, Ontario

Supersedes EB-2006-0500 Rate Schedule effective October 1, 2006.



RATE 100 – LARGE VOLUME HIGH LOAD FACTOR FIRM SERVICE

ELIGIBILITY

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose maximum daily requirement for firm service is 100,000 m³ or more, and whose annual requirement for firm service is equal to or greater than its maximum daily requirement multiplied by 256.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, Delivery, Gas Supply Demand and Commodity Transportation Charges shall apply.

(d) **Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, bundled and unbundled storage and delivery/redelivery services will be provided.

The charge for Bundled Storage Service will consist of the charges for Transportation Service plus the charges for Bundled Storage Service.

The charge for Unbundled Storage Service will consist of the charges for Transportation Service plus the charges for Unbundled Storage Service which must include charges for delivery/redelivery service to/from storage.

NOTE: Union has a short-term intermittent gas supply service under Rate 30 which customers may avail themselves of, if they qualify for use of the service.



MONTHLY RATES AND CHARGES

APPLICABLE TO ALL SERVICES – ALL ZONES (1)

<u>MONTHLY CHARGE</u>	\$780.00
<u>DELIVERY CHARGES</u> (cents per Month per m ³ of Daily Contract Demand) Monthly Demand Charge for each unit of Contracted Daily Demand:	11.9268
COMMODITY CHARGE for each unit of gas volumes delivered (cents per m ³)	0.2102

NOTE:

(1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.

ADDITIONAL CHARGES FOR SALES SERVICE

Gas Supply Charges

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

Commodity Transportation

Charge 1 applies for all gas volumes delivered in the billing month up to the volume represented by the Contract Demand multiplied by the number of days in the billing month multiplied by 0.3.

Charge 2 applies for all additional gas volumes delivered in the billing month.

HEAT CONTENT ADJUSTMENT

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m³) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m³, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.



COMMISSIONING AND DECOMMISSIONING RATE

The contract may provide that the Monthly Demand Charges specified above shall not apply on all or part of the daily contracted demand used by the customer either during the testing, commissioning and phasing in of gas using equipment or, alternatively, in the decommissioning and phasing out of gas using equipment being displaced by other gas using equipment, for a period not to exceed one year ("the transitional period"). To be eligible the new or displaced gas using equipment must be separately meterable. In such event, the contract will provide the following rates that such volume during the transitional period will be charged.

Zone Rate Schedule No.	<u>Fort Frances</u> 2100	<u>Western</u> 1100	<u>Northern</u> 3100	<u>Eastern</u> 6100
<u>MONTHLY CHARGE</u>	\$780.00	\$780.00	\$780.00	\$780.00
<u>DELIVERY CHARGES</u>				
Commodity Charge for each unit of gas volumes delivered	<u>cents per m³</u> 0.7704	<u>cents per m³</u> 0.7704	<u>cents per m³</u> 0.7704	<u>cents per m³</u> 0.7704

GAS SUPPLY CHARGES

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

ADDITIONAL CHARGES FOR TRANSPORTATION AND STORAGE SERVICES – ALL ZONES

MONTHLY TRANSPORTATION ACCOUNT CHARGE

For customers that currently have installed or will require installing telemetering equipment \$220.00

BUNDLED (T-SERVICE) STORAGE SERVICE CHARGES

Monthly Demand Charge for each unit of Contracted Daily Storage Withdrawal Entitlement (\$ per GJ per Month) \$11.289

Monthly Storage Demand- Price Adjustment for each unit of Contracted Daily Storage Withdrawal Entitlement: (\$ per GJ per Month) (\$0.642)

Commodity Charge for each unit of gas withdrawn from storage (\$ per GJ) \$0.240

Authorized Overrun Commodity Charge on each additional unit of gas Union authorizes for withdrawal from storage (\$ per GJ) \$0.611

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

UNBUNDLED STORAGE SERVICE CHARGES

Storage Space Charge:
Applied to Contracted Maximum Storage Balance (\$ per GJ per Month) \$0.032

Fuel Ratio:
Applied to all gas injected and withdrawn from storage (%) 0.600%

Commodity Charge:
Applied to all gas injected and withdrawn from storage (\$ per GJ) \$0.015

UNBUNDLED STORAGE SERVICE AUTHORIZED OVERRUN CHARGES

Fuel Ratio:
Applied to all gas injected and withdrawn from storage (%) 1.03%

Commodity Charge:
Applied to all gas injected and withdrawn from storage (\$ per GJ) \$0.072

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.



UNBUNDLED STORAGE SERVICE UNAUTHORIZED OVERRUN CHARGES

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

UNBUNDLED SERVICE NOMINATION VARIANCES

The rate for unauthorized parking or drafting which results from nomination variances shall be equal to 50% of the "Daily Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff. No Daily Balancing Fee is payable on the portion of the nomination variance which is less than the greater of 4% of the nominated amount and 150 GJ.

Zone Rate Schedule No.	<u>Fort Frances</u> 2100	<u>Western</u> 1100	<u>Northern</u> 3100	<u>Eastern</u> 6100
<u>Delivery service to Storage Facilities (1)</u>				
Demand Charge (\$/GJ/month)	N/A	\$29.227	\$12.025	\$1.202
Commodity (\$/GJ)	N/A	\$0.032	\$0.024	\$0.019
<u>Redelivery Service from Storage Facilities</u>				
Demand Charge (\$/GJ/month)	\$2.255	\$2.255	\$2.255	\$5.916
Commodity (\$/GJ)	N/A	\$0.095	\$0.095	\$0.099

Notes:

1. Delivery Service to Storage Facilities is not available to Northern Zone customers in the Sault Ste. Marie Delivery Area (SSMDA).
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the storage contract.
3. Storage Space, Withdrawal Rights and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.

DIVERSION TRANSACTION CHARGE

Charge to a customer Receiving Delivery of diverted gas each time such customer requests a diversion and Union provides the service: \$10.00

THE BILL .

The bill will equal the sum of the charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation and Storage Services will apply.

MINIMUM BILL

The minimum bill shall be the Monthly Charge, the Transportation Account Charge and the Demand Charges, as applicable.



DELAYED PAYMENT

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

SERVICE AGREEMENT

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.

TERMS AND CONDITIONS OF SERVICE

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the billing data of individual end-users to generate a single bill which is less than the sum of the bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.



RATE S1 – GENERAL FIRM SERVICE STORAGE RATES

ELIGIBILITY

Any customer or agent in Union's Fort Frances, Western, Northern or Eastern Zones who is authorized to serve an end-user of gas, paying for delivery services under Rate 01A or Rate 10.

SERVICES AVAILABLE

The following services are available under this rate schedule:

(a) **Transportation Service**

The customer is responsible for obtaining all Gas Supply services to the end-user including the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Diversion Transaction Charge shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems.

(b) **Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, unbundled storage and delivery/redelivery services will be provided.

The charge for Unbundled Storage Service will consist of the charges for Transportation Service plus the charges for Unbundled Storage Service which must include charges for delivery/redelivery service to/from storage.

MONTHLY RATES AND CHARGES

UNBUNDLED STORAGE SERVICE CHARGES

Storage Space Charge		
Applied to Contracted Maximum Storage Space (\$ per GJ per Month)		\$0.032
Fuel Ratio		
Applied to all gas injected and withdrawn from storage (%)		0.600%
Commodity Charge		
Applied to all gas injected and withdrawn from storage (\$ per GJ)		\$0.015

UNBUNDLED STORAGE SERVICE AUTHORIZED OVERRUN CHARGES

Fuel Ratio		
Applied to all gas injected and withdrawn from storage (%)		1.03%
Commodity Charge		
Applied to all gas injected and withdrawn from storage (\$ per GJ)		\$0.072

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.



UNBUNDLED STORAGE SERVICE UNAUTHORIZED OVERRUN CHARGES

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

Zone	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
<u>Delivery Service to Storage Facilities (1)</u>				
Demand Charge (\$/GJ/month)	N/A	\$29.227	\$12.025	\$1.202
Commodity (\$/GJ)	N/A	\$0.032	\$0.024	\$0.019
<u>Redelivery Service from Storage Facilities</u>				
Demand Charge (\$/GJ/month)	\$2.255	\$2.255	\$2.255	\$5.916
Commodity (\$/GJ)	N/A	\$0.095	\$0.095	\$0.099

Notes:

1. Delivery Service to Storage Facilities is not available to Northern Zone customers in the Sault Ste. Marie Delivery Area (SSMDA).
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the storage contract.
3. Storage Space, Withdrawal Rights, and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.

Diversion Transaction Charge

Charge to a customer receiving delivery of diverted gas each time such customer requests a diversion and Union provides the service: \$10.00

MONTHLY BILL

The monthly bill will equal the sum of the monthly charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes.

DELAYED PAYMENT

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

TERMS AND CONDITIONS OF SERVICE

1. Customers must enter into a Service Agreement with Union prior to the commencement of service.
2. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

January 1, 2007
O.E.B. ORDER # EB-2005-0520

Chatham, Ontario

Supersedes EB-2006-0500 Rate Schedule effective October 1, 2006.



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Schedule "A"
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Union Gas Limited
Northern and Eastern Operations Area
Gas Supply Charges

(A) Availability

Available to customers in Union's Fort Frances, Western, Northern and Eastern Delivery Zones.

(B) Applicability:

To all sales customers served under Rate 01A, Rate 10, Rate 20 and Rate 100.

(C) Rates

Utility Sales

	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
<u>Rate 01A (cents / m³)</u>				
Effective January 1, 2006 (EB-2005-0520)				
Storage	1.9099	1.9075	2.2951	2.6079
Storage - Price Adjustment (1)	(0.0953)	(0.0953)	(0.0953)	(0.0953)
Commodity and Fuel	34.1581	34.6137	35.2242	35.7196
Commodity and Fuel - Price Adjustment (1)	(4.1428)	(4.1428)	(4.1428)	(4.1428)
Transportation	2.7755	2.7721	3.3353	3.7899
Transportation - Price Adjustment (1)	(0.2438)	(0.2438)	(0.2438)	(0.2438)
Total Gas Supply Charge	34.3617	34.8114	36.3727	37.6355

Rate 10 (cents / m³)

Effective January 1, 2006 (EB-2005-0520)				
Storage	1.2255	1.2231	1.6107	1.9235
Storage - Price Adjustment (1)	(0.0824)	(0.0824)	(0.0824)	(0.0824)
Commodity and Fuel	34.1581	34.6137	35.2242	35.7196
Commodity and Fuel - Price Adjustment (1)	(4.1428)	(4.1428)	(4.1428)	(4.1428)
Transportation	2.5443	2.5408	3.1040	3.5586
Transportation - Price Adjustment (1)	(0.2299)	(0.2299)	(0.2299)	(0.2299)
Total Gas Supply Charge	33.4728	33.9226	35.4838	36.7467

Notes:

(1) As laid out in Appendix A. The Commodity and Fuel line includes gas supply administration charge of 0.3173 cents/m³.



Union Gas Limited
Northern and Eastern Operations Area
Gas Supply Charges

Utility Sales

	<u>Fort Frances</u>	<u>Western</u>	<u>Northern</u>	<u>Eastern</u>
<u>Rate 20 (cents / m³)</u>				
Effective January 1, 2006 (EB-2005-0520)				
Commodity and Fuel	34.3919	34.8507	35.4654	35.9643
Commodity and Fuel - Price Adjustment (1)	(4.1428)	(4.1428)	(4.1428)	(4.1428)
Commodity Transportation - Charge 1	2.0635	2.0635	2.4435	2.7435
Transportation 1 - Price Adjustment (1)	(0.3196)	(0.3196)	(0.3196)	(0.3196)
Commodity Transportation - Charge 2	0.1263	0.1205	0.1883	0.2447
Monthly Gas Supply Demand	23.7952	23.7962	39.9232	52.8902
Gas Supply Demand - Price Adjustment (1)	0.1672	0.1672	0.1672	0.1672

Rate 100 (cents / m³)

Effective January 1, 2006 (EB-2005-0520)				
Commodity and Fuel	34.3919	34.8507	35.4654	35.9643
Commodity and Fuel - Price Adjustment (1)	(4.1428)	(4.1428)	(4.1428)	(4.1428)
Commodity Transportation - Charge 1	3.6299	3.6299	3.9099	4.1399
Commodity Transportation - Charge 2	0.1263	0.1205	0.1883	0.2447
Monthly Gas Supply Demand	37.8415	37.8425	56.6575	71.7855

Rate 25 (cents/ m³)

Effective January 1, 2006 (EB-2005-0520)				
Gas Supply Charge:	Interruptible Service			
	Minimum	14.3135	14.3135	14.3135
	Maximum	140.5622	140.5622	140.5622

Notes:

(1) As laid out in Appendix A. The Commodity and Fuel line includes gas supply administration charge of 0.3173 cents/m³.

Effective: January 1, 2007
O.E.B. Order # EB-2005-0520

Chatham, Ontario

Supersedes EB-2006-0500 Rate Schedule effective October 1, 2006.



GENERAL SERVICE RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To residential and non-contract commercial and industrial customers.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

a) Monthly Charge \$ 16.00

b) Delivery Charge

First	1 400 m ³	5.1701¢ per m ³
Next	4 600 m ³	4.1427¢ per m ³
Next	124 000 m ³	3.0859¢ per m ³
Next	270 000 m ³	2.4743¢ per m ³
All Over	400 000 m ³	2.2978¢ per m ³

Delivery – Price Adjustment (All Volumes) (0.0918)¢ per m³

c) Storage Charge (if applicable) 0.9309¢ per m³

Applicable to all bundled customers (sales and bundled transportation service).

d) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.
The applicable rates are provided in Schedule "A".

During any month in which a customer terminates service or begins service, the fixed charge for the month will be prorated to such customer.

(D) Supplemental Service to Commercial and Industrial Customers Under Group Meters

Combination of readings from several meters may be authorized by the Company and the Company will not reasonably withhold authorization in cases where meters are located on contiguous pieces of property of the same owner not divided by a public right-of-way. In such cases, an additional service charge shall be rendered each month in the amount of \$15.00 per month for each additional meter so combined.

(E) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.



(F) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(G) Overrun Charge

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. The customer may pay 6.1010¢ per m³ for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m³, plus 7¢ per m³.

(H) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union. Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

(I) Company Policy Relating to Terms of Service

- a. Customers who temporarily discontinue service during any twelve consecutive months without payment of the monthly fixed charge for the months in which the gas is temporarily disconnected shall pay for disconnection and reconnection.
- b. When gas is delivered at an absolute pressure in excess of 101.325 kilopascals, then for purposes of measurement, hereunder, such volume of gas shall be corrected to an absolute pressure of 101.325 kilopascals. Atmospheric pressure is assumed to be the levels shown below in kilopascals (absolute) regardless of the actual atmospheric pressure at which the gas is measured and delivered.

<u>Zone</u>	Assumed Atmospheric Pressure <u>kPa</u>
1	100.148
2	99.494
3	98.874
4	98.564
5	98.185
6	97.754
7	97.582
8	97.065
9	96.721
10	100.561
11	99.321
12	98.883



FIRM INDUSTRIAL AND COMMERCIAL CONTRACT RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a daily contracted demand between 4 800 m³ and 140 870 m³.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. Bills will be rendered monthly and shall be the total of:

(i) A Monthly Demand Charge		
First	8 450 m ³ of daily contracted demand	45.6744¢ per m ³
Next	19 700 m ³ of daily contracted demand	19.8165¢ per m ³
All Over	28 150 m ³ of daily contracted demand	16.4565¢ per m ³
(ii) A Monthly Delivery Commodity Charge		
First 422 250 m ³ delivered per month		0.9291¢ per m ³
Next volume equal to 15 days use of daily contracted demand		0.9291¢ per m ³
For remainder of volumes delivered in the month		0.5089¢ per m ³
Delivery- Price Adjustment (All Volumes)		(0.1326)¢ per m ³
(iii) Gas Supply Charge (if applicable)		

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A"

2. Overrun Charge

Authorized overrun gas is available provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 103% of contracted daily demand. Authorized overrun will be available April 1 through October 31 and will be paid for at a Delivery Rate of 2.4307¢ per m³ and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m³ for all volumes purchased.

Unauthorized overrun gas taken in any month shall be paid for at the rate of 6.1010¢ per m³ for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m³ for all gas supply volumes purchased.

3. Minimum Annual Charge

In each contract year, the customer shall purchase from Union or pay for a minimum volume of gas or transportation services equivalent to 146 days use of contracted demand. Overrun gas volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume the customer shall pay an amount equal to the deficiency from the minimum volume times a Delivery Charge of 1.2464¢ per m³ and, if applicable a gas supply commodity charge provided in Schedule "A".

In the event that the contract period exceeds one year the annual minimum volume will be prorated for any part year.



(D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

(E) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems for all volumes. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(F) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.



INTERRUPTIBLE INDUSTRIAL AND COMMERCIAL CONTRACT RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a daily contracted demand between 4 800 m³ and 140 870 m³ inclusive.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. Interruptible Service

The price of all gas delivered by Union pursuant to any contract, contract amendment, or contract renewal shall be determined on the basis of the following schedules:

a) (i) Monthly Delivery Commodity Charge

<u>Daily Contracted Demand Level (CD)</u>	<u>Price per m³</u>
4 800 m ³ ≤ CD < 17 000 m ³	1.9019¢ per m ³
17 000 m ³ ≤ CD < 30 000 m ³	1.7720¢ per m ³
30 000 m ³ ≤ CD < 50 000 m ³	1.7037¢ per m ³
50 000 m ³ ≤ CD < 70 000 m ³	1.6558¢ per m ³
70 000 m ³ ≤ CD < 100 000 m ³	1.6215¢ per m ³
100 000 m ³ ≤ CD ≤ 140 870 m ³	1.5878¢ per m ³

Delivery- Price Adjustment (All Volumes) (0.0715)¢ per m³

(ii) Days Use of Interruptible Contract Demand

The price determined under Paragraph 1(a) of "Rates" will be reduced by the amount based on the number of Days Use of Contracted Demand as scheduled below:

For 75 days use of contracted demand	.0530¢ per m ³
For each additional days use of contracted demand up to a maximum of 275 days, an additional discount of	.00212¢ per m ³

(iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A"

(iv) Monthly Charge \$500 per month



2. In each contract year, the customer shall take delivery from Union, or in any event pay for, if available and not accepted by the customer, a minimum volume of gas or transportation services as specified in the contract between the parties and which will not be less than 700 000 m³ per annum. Overrun volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume, the customer shall pay an amount equal to the deficiency from the minimum volume times a Delivery Charge of 2.2192¢ per m³, and if applicable, a gas supply charge provided in Schedule "A".

In the event that the contract period exceeds one year, the annual minimum volume will be prorated for any part year.

3. Overrun gas is available without penalty provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 105% of contracted daily demand.

Unauthorized overrun gas taken in any month shall be paid for at the rate of 6.1010¢ per m³ for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m³ for all gas supply volumes purchased.

4. Non-Interruptible Service

Union may agree, in its sole discretion, to combine an interruptible service with a firm service in which case the amount of firm daily demand to be delivered shall be agreed upon by Union and the customer.

- a) The monthly demand charge for firm daily deliveries will be 27.5785¢ per m³.
- b) The commodity charge for firm service shall be the rate for firm service at Union's firm rates net of a monthly demand charge of 27.5785¢ per m³ of daily contracted demand and a delivery commodity price adjustment of (0.0715)¢ per m³.
- c) The interruptible commodity charge will be established under Clause 1 of this schedule.

(D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

(E) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(F) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

Effective

January 1, 2007
O.E.B. ORDER # EB-2005-0520

Chatham, Ontario

Supersedes EB-2006-0500 Rate Schedule effective October 1, 2006.



SPECIAL LARGE VOLUME
INDUSTRIAL AND COMMERCIAL CONTRACT RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a Customer

- a) who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a combined maximum daily requirement for firm, interruptible and seasonal service of at least 140 870 m³, and a qualifying annual volume of at least 28 327 840 m³; and
- b) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. Bills will be rendered monthly and shall be the total of:

(i) A Monthly Demand Charge

A negotiated Monthly Demand Charge of up to 25.5426¢ per m³ for each m³ of daily contracted firm demand.

(ii) A Monthly Delivery Commodity Charge

- (1) A Monthly Firm Delivery Commodity Charge for all firm volumes of 0.3344¢ per m³ for each m³, and a Delivery- Price Adjustment of (0.1026)¢ per m³.
- (2) A Monthly Interruptible Delivery Commodity Charge for all interruptible volumes to be negotiated between Union and the customer not to exceed an annual average of 2.7337¢ per m³.
- (3) A Monthly Seasonal Delivery Commodity Charge for all seasonal volumes to be negotiated between Union and the customer not to exceed an annual average of 2.4896¢ per m³.

(iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".



(iv) **Overrun Gas**

Overrun gas is available without penalty provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization.

Unauthorized overrun gas taken in any month shall be paid for at the M2 rate in effect at the time the overrun occurs, plus, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m³ for all the gas supply volumes purchased.

2. In negotiating the Monthly Interruptible and Seasonal Commodity Charges, the matters to be considered include:
 - a) The volume of gas for which the customer is willing to contract,
 - b) The load factor of the customer's anticipated gas consumption, the pattern of annual use, and the minimum annual quantity of gas which the customer is willing to contract to take or in any event pay for,
 - c) Interruptible or curtailment provisions, and
 - d) Competition.
3. In each contract year, the customer shall take delivery from Union, or in any event, pay for if available and not accepted by the customer, a minimum volume of gas as specified in the contract between the parties. Overrun gas volumes will not contribute to the minimum volume.
4. The contract may provide that the Monthly Demand Charge specified in Rate Section 1 above shall not apply on all or part of the daily contracted firm demand used by the customer during the testing, commissioning, phasing in, decommissioning and phasing out of gas-using equipment for a period not to exceed one year (the "transition period"). In such event, the contract will provide for a Monthly Delivery Commodity Charge to be applied on such volume during the transition of 2.3527¢ per m³ and the total gas supply charge for utility sales provided in Schedule "A" per m³, if applicable.
5. Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

(D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

(E) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(F) Bundled Direct Purchase Delivery and Short Term Supplemental Services

Where a customer elects transportation service and/or a short term supplemental service under this rate schedule, the customer must enter into a Contract under rate schedule R1.

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January 1, 2007
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Chatham, Ontario

Supersedes EB-2006-0500 Rate Schedule effective October 1, 2006.



LARGE WHOLESALE SERVICE RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a distributor who enters into a contract to purchase and/or receive delivery of a firm supply of gas for distribution to its customers and who agrees to take or pay for an annual quantity of at least two million cubic metres.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. (i) A Monthly Demand Charge of 17.0902¢ per m³ of established daily demand determined in accordance with the service contract, such demand charge to be computed on a calendar month basis and a prorata charge to be made for the fraction of a calendar month which will occur if the day of first regular delivery does not fall on the first day of a month,
- (ii) A Delivery Commodity Charge of .5367¢ per m³, a Delivery- Price Adjustment of (0.1219)¢ per m³ for gas delivered and,
- (iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.
The applicable rates are provided in Schedule "A".

(D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

(E) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(F) Overrun Charge

Authorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has been received, the customer will be charged 1.0986¢ per m³. Overrun will be authorized by Union at its sole discretion.

Unauthorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 36.0¢ per m³.



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(G) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

Effective

January 1, 2007
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Chatham, Ontario

Supersedes EB-2006-0500 Rate Schedule effective October 1, 2006.



SMALL WHOLESALE SERVICE RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a non-contract distributor who purchases and/or receives delivery of a firm supply of gas for distribution only to its own customers.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. A Delivery Commodity Charge of 2.6978¢ per m³ for gas delivered
2. Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.
The applicable rates are provided in Schedule "A".

(D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

(E) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(F) Overrun Charge

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. This gas shall be paid for at the rate of 6.1010¢ per m³ for the delivery and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m³, plus 7¢ per m³ for all gas supply volumes purchased.

(G) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

Effective

January 1, 2007
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Chatham, Ontario

Supersedes EB-2006-0500 Rate Schedule effective October 1, 2006.



BUNDLED DIRECT PURCHASE CONTRACT RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer who enters into a Receipt Contract or Gas Purchase Contract for delivery and/or sale of gas to Union.

(C) Rates

	<u>Demand Charge Rate/GJ/month</u>	<u>Commodity Charges/Credits Rate/GJ</u>
a) Transportation by Union For gas delivered to Union at any point other than the Ontario Point(s) of Receipt, Union will charge a customer all approved tolls and charges, incurred by Union to transport the gas to the Ontario Point(s) of Receipt		
b) Firm Backstop Gas Applied to the contracted Firm Backstop Gas Supply Service	\$4.439	
Backstop Gas Commodity Charge On all quantities supplied by Union to the Ontario Point(s) of Receipt		\$12.306
c) Reasonable Efforts Backstop Gas Paid on all quantities of gas supplied by Union to the customer's Point(s) of Consumption		\$11.974
d) Banked Gas Purchase T-service		Note (1)
e) Failure to Deliver Applied to all quantities not delivered to Union in the event the customer's supply fails		\$2.995
f) Short Term Storage / Balancing Service (2) Maximum		\$6.000
g) Discretionary Gas Supply Service ("DGSS")		Note (3)



Notes:

- (1) The charge for banked gas purchases shall be the higher of the daily spot cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (2) Short Term Storage / Balancing Service is:
 - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
 - ii) short-term firm deliverability, OR
 - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for short term storage services, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
 - ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
 - iii) Utilization of facilities, and
 - iv) Competition
- (3) Discretionary Gas Supply Service price reflects the "back-to-back" price plus gas supply administration charge.



STORAGE AND TRANSPORTATION RATES
FOR CONTRACT CARRIAGE CUSTOMERS

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer

- a) whose combined firm and interruptible service minimum annual transportation of natural gas is 5 000 000 m³ or greater; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for use at facilities located within Union's gas franchise area; and
- c) who has meters with electronic recording at each Point of Consumption; and
- d) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances; and
- e) for whom Union has determined transportation and/or storage capacity is available.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

(C) Rates

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

STORAGE SERVICE:

	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	<u>For Customers Providing Their Own Compressor Fuel</u>	
			<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
a) Annual Firm Storage Space Applied to contracted Maximum Annual Storage Space	\$0.010			
b) Annual Firm Injection/Withdrawal Right: Applied to the contracted Maximum Annual Firm Injection/Withdrawal Right Union provides deliverability Inventory	\$1.980			
Customer provides deliverability Inventory (4)	\$1.050			
c) Incremental Firm Injection Right: Applied to the contracted Maximum Incremental Firm Injection Right	\$1.050			
d) Annual Interruptible Withdrawal Right: Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.050			



	<u>Demand Charge Rate/GJ/mo</u>	<u>Commodity Charge Rate/GJ</u>	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
			<u>For Customers Providing Their Own Compressor Fuel</u>	
e) Withdrawal Commodity Paid on all quantities withdrawn from storage up to the Maximum Daily Storage Withdrawal Quantity		\$0.064	0.600%	\$0.007
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.064	0.600%	\$0.007
g) Short Term Storage / Balancing Service Maximum		\$6.000		

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union. Storage and withdrawal rights are for the exclusive purpose of meeting the requirements of the specific locations included in each contract.
4. Deliverability Inventory being defined as 20% of annual storage space.
5. Short Term Storage / Balancing Service is:
 - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
 - ii) short-term firm deliverability, OR
 - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition



TRANSPORTATION CHARGES:

	Demand Charge <u>Rate/m³/mo</u>	Commodity Charge <u>Rate/m³</u>	For Customers Providing Their Own Compressor Fuel	
			Fuel Ratio (5) (6)	Commodity Charge <u>Rate/m³</u>
a) Annual Firm Transportation Demand Applied to the Firm Daily Contract Demand				
First 140,870 m ³ per month	18.9471¢			
All over 140,870 m ³ per month	12.9470¢			
b) Firm Transportation Commodity Paid on all firm quantities redelivered to the customer's Point(s) of Consumption				
First 2,360,653 m ³ per month		0.3573¢	0.554%	0.1604¢
All over 2,360,653 m ³ per month		0.2767¢	0.554%	0.0798¢
c) Interruptible Transportation Commodity Paid on all interruptible quantities redelivered to the customer's Point(s) of Consumption				
Maximum		2.7337¢	0.554%	2.5368¢

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, at its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m³/day and who are directly connected to i) the Dawn-Trafalgar transmission system in close proximity to Parkway or ii) a third party pipeline, have the option to pay for service using a Billing Contract Demand. The Billing Contract Demand shall be determined by Union such that the annual revenues over the term of the contract will recover the invested capital, return on capital and operating and maintenance costs associated with the dedicated service in accordance with Union's system expansion policy. The firm transportation demand charge will be applied to the Billing Contract Demand. For customers choosing the Billing Contract Demand option, the authorized transportation overrun rate will apply to all volumes in excess of the Billing Contract Demand but less than the daily firm demand requirement.
3. In negotiating the rate to be charged for the transportation of gas under Interruptible Transportation, the matters that are to be considered include:
 - a) The amount of the interruptible transportation for which customer is willing to contract,
 - b) The anticipated load factor for the interruptible transportation quantities,
 - c) Interruptible or curtailment provisions, and
 - d) Competition.
4. In each contract year, the customer shall pay for a Minimum Interruptible Transportation Activity level as specified in the Contract. Overrun activity will not contribute to the minimum activity level.
5. Transportation fuel ratios do not apply to customers served from dedicated facilities directly connected to third party transmission systems with custody transfer metering at the interconnect.
6. Firm transportation fuel ratio does not apply to new customers or existing customers with incremental daily firm demand requirements in excess of 1,200,000 m³/day that contract for M12 Dawn to Parkway transportation service equivalent to 100% of their daily firm demand requirement. If a customer with a daily firm demand requirement in



excess of 1,200,000 m³/day contracts for M12 Dawn to Parkway transportation service at less than 100% of their firm daily demand requirement, the firm transportation fuel ratio will be applicable to daily volumes not transported under the M12 transportation contract.

7. Either Union or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

SUPPLEMENTAL CHARGES:

Rates for supplemental services are provided in Schedule "A".

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

OVERRUN SERVICE:

1. Annual Storage Space

Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion. Storage Space Overrun equal to the customer's firm deliveries from TCPL: less the customer's Firm Daily Contract Demand, all multiplied by the Days of Interruption called during the period of November 1 to March 31, will be automatically authorized until the following July 1.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



2. Injection, Withdrawals and Transportation

Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

Automatic authorization of Injection Overrun will be given during all Days a customer has been interrupted.

	<u>Union Providing Fuel</u>	<u>For Customers Providing Their Own Compressor Fuel Firm or Interruptible Service</u>	
	<u>Firm or Interruptible Service</u>	<u>Fuel Ratio</u>	<u>Commodity Charge</u>
Storage Injections	\$0.169/GJ	1.03%	\$0.072/GJ
Storage Withdrawals	\$0.169/GJ	1.03%	\$0.072/GJ
Transportation	0.9803 ¢/m ³	0.554%	0.7833 ¢/m ³

Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 6.1010¢ per m³ or \$1.619 per GJ, as appropriate.

3. Storage / Balancing Service

Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

	<u>Firm Service Rate/GJ</u>
Space	\$6.000
Injection / Withdrawal Maximum	\$6.000



OTHER SERVICES & CHARGES:

1. Monthly Charge

In addition to the rates and charges described previously for each Point of Consumption, a Monthly Charge shall be applied as follows:

Monthly Charge	\$1 800
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2. Diversion of Gas

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

3. Delivery Obligations

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m³/day who are delivering gas to Union under direct purchase arrangements may be entitled to non-obligated deliveries. The delivery options available to customers are detailed at www.uniongas.com/aboutus/regulatory/rates/deliveryobligations.asp.

Unless otherwise authorized by Union, all other customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

4. Nominations

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m³/day who have non obligated deliveries may contract to use Union's 5 additional nomination windows (13 in total) for the purposes of delivering gas to Union. These windows are in addition to the standard NAESB and TCPL STS nomination windows. Customers taking the additional nomination window service will pay an additional monthly demand charge of \$0.692/GJ/day/month multiplied by the non-obligated daily contract quantity.

5. Additional Service Information

Additional information on Union's T1 service offering can be found at www.uniongas.com/aboutus/regulatory/rates/T1info.asp. The additional information consists of, but is not limited to, the following:

- i. Storage space and deliverability entitlement;
- ii. The determination of gas supply receipt points and delivery obligations;
- iii. The nomination schedule;
- iv. The management of multiple redelivery points by a common fuel manager; and
- v. The availability of supplemental transactional services including title transfers.



uniongas

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(D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.

Effective

January 1, 2007
O.E.B. ORDER # EB-2005-0520

Chatham, Ontario

Supersedes EB-2006-0500 Rate Schedule effective October 1, 2006.



**STORAGE AND TRANSPORTATION RATES
FOR CONTRACT CARRIAGE CUSTOMERS**

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a Distributor:

- a) whose minimum annual transportation of natural gas is 700 000 m³ or greater; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for distribution to its customers; and
- c) who has meters with electronic recording at each Point of Redelivery; and
- d) for whom Union has determined transportation and/or storage capacity is available.

(C) Rates

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

STORAGE SERVICE

	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	<u>For Customers Providing Their Own Compressor Fuel</u>	
			<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
a) Annual Firm Storage Space Applied to contracted Maximum Annual Storage Space	\$0.010			
b) Annual Firm Injection/Withdrawal Right Applied to the contracted Maximum Annual Firm Injection/Withdrawal Right Union provides deliverability Inventory	\$1.980			
Customer provides deliverability Inventory (4)	\$1.050			
c) Incremental Firm Injection Right Applied to the contracted Maximum Incremental Firm Injection Right	\$1.050			
d) Annual Interruptible Withdrawal Right Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.050			



	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	For Customers Providing <u>Their Own Compressor Fuel</u>	
			Fuel Ratio	Commodity Charge <u>Rate/GJ</u>
e) Withdrawal Commodity Paid on all quantities withdrawn from storage up to the Maximum Daily Storage Withdrawal Quantity		\$0.064	0.600%	\$0.007
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.064	0.600%	\$0.007
g) Short Term Storage / Balancing Service Maximum		\$6.000		

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.
4. Deliverability Inventory being defined as 20% of annual storage space.
5. Short Term Storage / Balancing Service is:
 - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
 - ii) short-term firm deliverability, OR
 - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for this service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition



TRANSPORTATION CHARGES

	Demand Charge <u>Rate/m³/mo</u>	Commodity Charge <u>Rate/m³</u>	<u>For Customers Providing Their Own Compressor Fuel</u>	
			<u>Fuel Ratio</u>	<u>Commodity Charge Rate/m³</u>
a) Annual Firm Transportation Demand (1) Applied to the Firm Daily Contract Demand	9.0121¢			
b) Firm Transportation Commodity Paid on all firm quantities redelivered to the Customer's Point(s) of Redelivery		0.3242¢	0.725%	0.0666¢

Notes:

- (1) All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.

SUPPLEMENTAL CHARGES

Rates for supplemental services are provided in Schedule "A".

Notes:

- 1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

OVERRUN SERVICE

1. Annual Storage Space

Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day, the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



2. Injection, Withdrawals and Transportation

Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

	Union Providing <u>Fuel</u>	For Customers Providing Their Own Compressor Fuel <u>Firm or Interruptible Service</u>	
	Firm or Interruptible <u>Service</u>	Fuel <u>Ratio</u>	Commodity <u>Charge</u>
Storage Injections	\$0.169/GJ	1.03%	\$0.072/GJ
Storage Withdrawals	\$0.169/GJ	1.03%	\$0.072/GJ
Transportation	0.6205¢/m ³	0.725%	0.3629¢/m ³

Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 36.0¢ per m³ or \$9.554 per GJ, as appropriate.

3. Short Term Storage Services

Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

	Firm Service <u>Rate/GJ</u>
Space	\$6.000
Injection Maximum	\$6.000



OTHER SERVICES & CHARGES

1. Monthly Charge

In addition to the rates and charges described previously for each Point of redelivery a Monthly Charge shall be applied to each specific customer as follows:

	<u>Monthly Charge</u>
City of Kitchener	\$ 17,155
NRG	\$ 2,631
Six Nations	\$ 877

If a customer combines Sales Service with Contract Carriage Service, the monthly charge will be prorated such that the customer will under both services pay no more than the above monthly charge.

2. Diversion of Gas

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

3. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.



STORAGE RATES FOR
UNBUNDLED CUSTOMERS

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer, or an agent, who is authorized to service residential and non-contract commercial and industrial end-users paying for the Monthly Fixed Charge and Delivery charge under Rate M2:

- a) who enters into an Unbundled Service Contract with Union for the storage of Gas for use at facilities located within Union's gas franchise area;
- b) who contracts for Standard Peaking Service (SPS) with Union unless the customer can demonstrate that it has a replacement to the deliverability available in the SPS physically tied into Union's system and an OEB approved rate to provide the SPS replacement service;
- c) who accepts daily estimates of consumption at Points of Consumption as prepared by Union so that they may nominate an equivalent amount from storage, upstream transportation, or Ontario Producers authorized to sell to third parties;
- d) who nominates injections and withdrawals from storage and deliveries on upstream pipeline systems daily or Ontario Producers authorized to sell to third parties;
- e) for whom Union has determined storage capacity is available; and
- f) who accepts a monthly bill as prepared by Union.

(C) Rates

The following rates shall be charged for all volumes contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

STORAGE SERVICE

	<u>Demand Charge Rate/GJ/mo</u>	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
i) Standard Storage Service (SSS)			
a) Combined Storage Space & Deliverability Applied to contracted Maximum Storage Space	\$0.021		
b) Injection Commodity		0.600%	\$0.015
c) Withdrawal Commodity		0.600%	\$0.015
ii) Standard Peaking Service (SPS)			
a) Combined Storage Space & Deliverability Applied to contracted Maximum Storage Space	\$0.106		
b) Injection Commodity		0.600%	\$0.015
c) Withdrawal Commodity		1.03%	\$0.015



	<u>Demand Charge</u> <u>Rate/GJ/mo</u>	<u>Fuel</u> <u>Ratio</u>	<u>Commodity Charge</u> <u>Rate/GJ</u>
iii) Supplemental Service			
a) Incremental Firm Injection Right: (5) Applied to the contracted Maximum Incremental Firm Injection Right	\$0.955		
b) Incremental Firm Withdrawal Right: (5) Applied to the contracted Maximum Incremental Firm Withdrawal Right	\$0.955		
c) Short Term Storage / Balancing Service - Maximum			\$6.000

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the Contract, which shall not be less than one year, unless Union, in its sole discretion, accepts a term of less than one year.
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the Storage Contract.
3. Storage Space, Withdrawal Rights, and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.
4. Short Term Storage / Balancing service (less than 2 years) is:
 - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
 - ii) short-term incremental firm deliverability, OR
 - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
 - ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
 - iii) Utilization of facilities,
 - iv) Competition, and
 - v) Term.
5. Union's ability to offer incremental injection and withdrawal rights is subject to annual asset availability.



OVERRUN SERVICE

1. Injection and Withdrawal

Authorized

	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
Injection	1.03%	\$0.046
Withdrawal	1.03%	\$0.046

The Authorized Overrun rate is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

OTHER SERVICES & CHARGES

1. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must commit to provide a call at Parkway, throughout the winter period, for a specified number of days. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.



**STORAGE AND DELIVERY RATES
FOR UNBUNDLED CUSTOMERS**

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To an interruptible industrial and commercial customer:

- a) whose daily contracted demand is between 4 800 m³ and 140 870 m³ inclusive;
- b) who enters into an Unbundled Service Contract with Union for the delivery or the storage and delivery of Gas for use at facilities located within Union's gas franchise area;
- c) who has meters with electronic recording at each Point of Consumption;
- d) who nominates injections and withdrawals from storage, deliveries on upstream pipeline systems daily or Ontario Producers authorized to sell to third parties; and
- e) for whom Union has determined delivery and/or storage capacity is available.

(C) Rates

The following rates shall be charged for all volumes contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

STORAGE SERVICE

	<u>Demand Charge Rate/GJ/mo</u>	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
i) Standard Storage Service (SSS)			
a) Combined Storage Space & Deliverability Applied to contracted Maximum Storage Space	\$0.021		
b) Injection Commodity		0.600%	\$0.015
c) Withdrawal Commodity		0.600%	\$0.015
ii) Supplemental Service			
a) Incremental Firm Injection Right (5) Applied to the contracted Maximum Incremental Firm Injection Right	\$0.955		
b) Incremental Firm Withdrawal Right (5) Applied to the contracted Maximum Incremental Firm Withdrawal Right	\$0.955		
c) Short Term Storage / Balancing Service - Maximum			\$6.000



Notes:

1. Demand charges for Annual Services are paid monthly during the term of the Contract, which shall not be less than one year, unless Union, in its sole discretion, accepts a term of less than one year.
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the Storage Contract.
3. Storage Space, Withdrawal Rights, and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.
4. Short Term Storage / Balancing service (less than 2 years) is:
 - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
 - ii) short-term incremental firm deliverability, OR
 - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
 - ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
 - iii) Utilization of facilities,
 - iv) Competition, and
 - v) Term.
5. Union's ability to offer incremental injection and withdrawal rights is subject to annual asset availability.

DELIVERY SERVICE

1. Interruptible Service

The price of all gas delivered by the Company pursuant to any contract, contract amendment, or contract renewal shall be determined on the basis of the following schedules:

(i) Monthly Delivery Commodity Charge

<u>Daily Contracted Demand Level (CD)</u>	<u>Price per m³</u> (¢/m ³)
4 800 m ³ ≤ CD < 17 000 m ³	1.5464
17 000 m ³ ≤ CD < 30 000 m ³	1.4165
30 000 m ³ ≤ CD < 50 000 m ³	1.3482
50 000 m ³ ≤ CD < 70 000 m ³	1.3003
70 000 m ³ ≤ CD < 100 000 m ³	1.2660
100 000 m ³ ≤ CD ≤ 140 870 m ³	1.2323

(ii) Days Use of Interruptible Contract Demand

The price determined under Paragraph 1(i) of "Delivery Service" will be reduced by the amount based on the number of Days Use of Contracted Demand as scheduled below:

For 75 days use of contracted demand	.053¢ per m ³ minimum
For each additional days use of contracted demand up to a maximum of 275 days, an additional discount of	.00212¢ per m ³ minimum

(iii) Monthly Charge \$500 per month



- 2. In each contract year, the customer shall take delivery from the Company or in any event pay for if available and not accepted by the customer, a minimum volume of gas or delivery services as specified in the contract between the parties and which will not be less than 700 000 m³ per annum. Overrun volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume, the customer shall pay an amount equal to the deficiency from the minimum volume times a Delivery charge of 1.5464¢ per m³.

In the event that the contract period exceeds one year, the annual minimum volume will be prorated for any part year.

3. Non-Interruptible Service

The Company may agree, at its sole discretion, to combine an interruptible service with a firm service in which case the amount of firm daily demand to be delivered shall be agreed upon by the Company and the customer.

- a) The monthly demand charge for firm daily deliveries will be 21.8236¢ per m³.
- b) The commodity charge for firm service shall be the rate for firm service at the Company's firm rates net of a monthly demand charge of 21.8236¢ per m³ of daily contracted demand.
- c) The interruptible commodity charge will be established under Clause 1 of "Delivery Service" of this schedule.

OVERRUN SERVICE

1. Injection and Withdrawal

Authorized

	Fuel Ratio	Commodity Charge Rate/GJ
Injection	1.03%	\$0.046
Withdrawal	1.03%	\$0.046

The Authorized Overrun rate is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.



2. Delivery

Authorized

Overrun Delivery Service is available without penalty provided that it is authorized by the Company in advance. The Company will not unreasonably withhold authorization.

Unauthorized

Unauthorized Delivery Overrun Service taken in a month shall be paid for at the rate of 6.1010¢ per m³.

OTHER SERVICES & CHARGES

1. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must commit to provide a call at Parkway, throughout the winter period, for a specified number of days. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

2. Nomination Variances

The rate for unauthorized parking or drafting which results from nomination variances shall be equal to 50% of the "Daily Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff. During the period September 1 to November 30, and February 1 to April 30, no Daily Balancing Fee is payable on the portion of the nomination variance which is less than the greater of 4% of the nominated amount and 150 GJ's. For the remainder of the year, no Daily Balancing Fee is payable on the portion of the nomination variance which is less than the greater of 8% of the nominated amount and 302 GJ's.

(D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.



**STORAGE AND DELIVERY RATES
FOR UNBUNDLED CUSTOMERS**

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a customer:

- a) whose combined firm and interruptible service minimum annual delivery of natural gas is 5 000 000 m³ or greater;
- b) who enters into an Unbundled Service Contract with Union for the delivery or the storage and delivery of Gas for use at facilities located within Union's gas franchise area;
- c) who has meters with electronic recording at each Point of Consumption;
- d) who nominates injections and withdrawals from storage, deliveries on upstream pipeline systems daily, or Ontario Producers authorized to sell to third parties;
- e) for whom Union has determined delivery and/or storage capacity is available; and
- f) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's property will be used, irrespective of the number of meters installed.

(C) Rates

The following rates shall be charged for all volumes contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

STORAGE SERVICE

	<u>Demand Charge Rate/GJ/mo</u>	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
i) Standard Storage Service (SSS)			
a) Combined Storage Space & Deliverability Applied to contracted Maximum Storage Space	\$0.021		
b) Injection Commodity		0.600%	\$0.015
c) Withdrawal Commodity		0.600%	\$0.015
ii) Supplemental Service			
a) Incremental Firm Injection Right (5) Applied to the contracted Maximum Incremental Firm Injection Right	\$0.955		
b) Incremental Firm Withdrawal Right (5) Applied to the contracted Maximum Incremental Firm Withdrawal Right	\$0.955		
c) Short Term Storage / Balancing Service - Maximum			\$6.000



Notes:

1. Demand charges for Annual Services are paid monthly during the term of the Contract, which shall not be less than one year, unless Union, in its sole discretion, accepts a term of less than one year.
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the Storage Contract.
3. Storage Space, Withdrawal Rights, and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.
4. Short Term Storage / Balancing Service (less than 2 years) is:
 - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
 - ii) short-term incremental firm deliverability, OR
 - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
 - ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
 - iii) Utilization of facilities,
 - iv) Competition, and
 - v) Term.
5. Union's ability to offer incremental injection and withdrawal rights is subject to annual asset availability.

DELIVERY SERVICE

	<u>Demand Charge</u> Rate/m ³ /mo	<u>Fuel</u> Ratio (5), (6)	<u>Commodity Charge</u> Rate/ m ³
a) Annual Firm Delivery Demand Applied to the Firm Daily Contracted Demand			
First 140,870 m ³ per month	18.9471¢		
All over 140,870 m ³ per month	12.9470¢		
b) Firm Delivery Commodity Paid on all firm volumes redelivered to the customer's Point(s) of Consumption			
First 2,360,653 m ³ per month		0.554%	0.1604¢
All over 2,360,653 m ³ per month		0.554%	0.0798¢
c) Interruptible Delivery Commodity Paid on all interruptible volumes redelivered to the customer's Point of Consumption – Maximum		0.554%	2.5368¢



Notes:

1. All demand charges are paid monthly during the term of the Contract, which shall not be less than one year unless Union, at its sole discretion, accepts a term of less than one year.
2. Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m³/day and who are directly connected to i) the Dawn-Trafalgar transmission system in close proximity to Parkway or ii) a third party pipeline, have the option to pay for service using a Billing Contract Demand. The Billing Contract Demand shall be determined by Union such that the annual revenues over the term of the contract will recover the invested capital, return on capital and operating and maintenance costs associated with the dedicated service in accordance with Union's system expansion policy. The firm transportation demand charge will be applied to the Billing Contract Demand. For customers choosing the Billing Contract Demand option, the authorized transportation overrun rate will apply to all volumes in excess of the Billing Contract Demand but less than the daily firm demand requirement.
3. In negotiating the rate to be charged for the delivery of gas under interruptible Delivery, the matters that are to be considered include:
 - a) The amount of the Interruptible Delivery for which customer is willing to contract,
 - b) The anticipated load factor for the Interruptible Delivery volumes,
 - c) Interruptible or curtailment provisions, and
 - d) Competition.
4. In each contract year, the customer shall pay for a Minimum Interruptible Delivery Activity level as specified in the Contract. Overrun activity will not contribute to the minimum activity level.
5. Transportation fuel ratios do not apply to customers served from dedicated facilities directly connected to third party transmission systems with custody transfer metering at the interconnect.
6. Firm transportation fuel ratio does not apply to new customers or existing customers with incremental daily firm demand requirements in excess of 1,200,000 m³/day that contract for M12 Dawn to Parkway transportation service equivalent to 100% of their daily firm demand requirement. If a customer with a daily firm demand requirement in excess of 1,200,000 m³/day contracts for M12 Dawn to Parkway transportation service at less than 100% of their firm daily demand requirement, the firm transportation fuel ratio will be applicable to daily volumes not transported under the M12 transportation contract.



OVERRUN SERVICE

1. Injection and Withdrawal

Authorized

	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
Injection	1.03%	\$0.046
Withdrawal	1.03%	\$0.046

The Authorized Overrun rate is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

2. Delivery

Authorized

The following Authorized Overrun rates are applied to any volumes transported in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/ m³</u>
Delivery	0.554%	0.7833¢

Unauthorized

For all volumes on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged a rate of 6.1010¢ per m³.



OTHER SERVICES & CHARGES

1. Monthly Charge

In addition to the rates and charges described previously for each Point of Consumption, a Monthly Charge shall be applied as follows:

Monthly Charge	\$1 800 per month
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2. Delivery Obligations

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m³/day who are delivering gas to Union under direct purchase arrangements may be entitled to non-obligated deliveries. The delivery options available to customers are detailed at www.uniongas.com/aboutus/regulatory/rates/deliveryobligations.asp.

Unless otherwise authorized by Union, all other customers who are delivering gas to Union under direct purchase arrangements must commit to provide a call at Parkway, throughout the winter period, for a specified number of days. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

3. Nominations

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m³/day who have non obligated deliveries may contract to use Union's 5 additional nomination windows (13 in total) for U7 storage services, U7 delivery services and U7 gas supply receipts. These windows are in addition to the standard NAESB and TCPL STS nomination windows. Customers taking the additional nomination window service will pay an additional monthly demand charge of \$0.692/GJ/day/month multiplied by the non-obligated daily contract quantity.

4. Nomination Variances

The rate for unauthorized parking or drafting which results from nomination variances (i.e. the difference between nominated consumption and actual consumption) shall be equal to 50% of the "Daily Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff. During the period September 1 to November 30, and February 1 to April 30, no Daily Balancing Fee is payable on the portion of the nomination variance which is less than the greater of 4% of the nominated amount and 150 GJ's. For the remainder of the year, no Daily Balancing Fee is payable on the portion of the nomination variance which is less than the greater of 8% of the nominated amount and 302 GJ's.



5. Additional Service Information

Additional information on Union's U7 service offering can be found at www.uniongas.com/aboutus/regulatory/rates/U7info.asp. The additional information consists of, but is not limited to, the following:

- i. Storage space and deliverability entitlement;
- ii. The determination of gas supply receipt points and delivery obligations;
- iii. The nomination schedule;
- iv. The management of multiple redelivery points by a common fuel manager; and
- v. The availability of supplemental transactional services including title transfers.

(D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.



STORAGE AND DELIVERY RATES
FOR UNBUNDLED CUSTOMERS

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a Distributor

- a) whose minimum annual delivery of natural gas is 700 000 m³ or greater;
- b) who enters into an Unbundled Service Contract with Union for the delivery or the storage and delivery of Gas for use at facilities located within Union's gas franchise area;
- c) who has meters with electronic recording at each Point of Consumption;
- d) who nominates injections and withdrawals from storage, deliveries on upstream pipeline systems daily or Ontario Producers authorized to sell to third parties; and
- e) for whom Union has determined delivery and/or storage capacity is available.

(C) Rates

The following rates shall be charged for all volumes contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

STORAGE SERVICE

	<u>Demand Charge Rate/GJ/mo</u>	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
i) Standard Storage Service (SSS)			
a) Combined Storage Space & Deliverability Applied to contracted Maximum Storage Space	\$0.021		
b) Injection Commodity		0.600%	\$0.015
c) Withdrawal Commodity		0.600%	\$0.015
ii) Supplemental Service			
a) Incremental Firm Injection Right (5) Applied to the contracted Maximum Incremental Firm Injection Right	\$0.955		
b) Incremental Firm Withdrawal Right (5) Applied to the contracted Maximum Incremental Firm Withdrawal Right	\$0.955		
c) Short Term Storage / Balancing Service - Maximum			\$6.000



Notes:

1. Demand charges for Annual Services are paid monthly during the term of the Contract, which shall not be less than one year, unless Union, in its sole discretion, accepts a term of less than one year.
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the Storage Contract.
3. Storage Space, Withdrawal Rights, and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.
4. Short Term Storage / Balancing service (less than 2 years) is:
 - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
 - ii) short-term incremental firm deliverability, OR
 - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
 - ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
 - iii) Utilization of facilities,
 - iv) Competition, and
 - v) Term.
5. Union's ability to offer incremental injection and withdrawal rights is subject to annual asset availability.

DELIVERY SERVICE

	<u>Demand Charge Rate/ m³/mo</u>	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/ m³</u>
a) Annual Firm Delivery Demand (1) Applied to the Firm Daily Contracted Demand	9.0121¢		
b) Firm Delivery Commodity Paid on all firm volumes redelivered to the customer's Point(s) of Consumption		0.725%	0.0666¢

Notes:

1. All demand charges are paid monthly during the term of the Contract, which shall not be less than one year unless Union, at its sole discretion, accepts a term of less than one year.



OVERRUN SERVICE

1. Injection and Withdrawal

Authorized

	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
Injection	1.03%	\$0.046
Withdrawal	1.03%	\$0.046

The Authorized Overrun rate is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

2. Delivery

Authorized

The following Authorized Overrun rates are applied to any volumes transported in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

	<u>Fuel Ratio</u>	<u>Commodity Charge Rate/ m³</u>
Delivery	0.725%	0.3629¢

Unauthorized

For all volumes on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 36.0¢ per m³ or \$9.554 per GJ, as appropriate.

OTHER SERVICES & CHARGES

1. Monthly Charge

In addition to the rates and charges described previously for each Point of Consumption, a Monthly Charge shall be applied to each specific customer as follows:

	<u>Monthly Charge</u>
City of Kitchener	\$17 155
NRG	\$ 2 631
Six Nations	\$ 877

If a customer combines Sales Service with Contract Carriage Service, the monthly charge will be prorated such that the customer will under both services pay no more than the above monthly charge.



2. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must commit to provide a call at Parkway, throughout the winter period, for a specified number of days. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

3. **Nomination Variances**

The rate for unauthorized parking or drafting which results from nomination variances shall be equal to 50% of the "Daily Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff. During the period September 1 to November 30, and February 1 to April 30, no Daily Balancing Fee is payable on the portion of the nomination variance which is less than the greater of 4% of the nominated amount and 150 GJ's. For the remainder of the year, no Daily Balancing Fee is payable on the portion of the nomination variance which is less than the greater of 8% of the nominated amount and 302 GJ's.

(D) Delayed Payment

When payment of the monthly bill has not been made in full 16 days after the bill has been issued, the unpaid balance including previous arrears shall be increased by 1.5%.



Effective
2007-01-01
Schedule "A"

Gas Supply Charges

(A) Availability:

Available to customers in Union's Southern Delivery Zone.

(B) Applicability:

To all sales customers served under rates M2, M4, M5A, M7, M9, M10 and storage and transportation customers taking supplemental services under rates T1 and T3.

(C) Rates:

cents / m³

Utility Sales

Commodity and Fuel	35.7196 (1)
Commodity and Fuel - Price Adjustment	(4.1310)
Transportation	3.2362
Total Gas Supply Commodity Charge	34.8248

Minimum Annual Gas Supply Commodity Charge

Rate M4 Firm and Rate M5A Interruptible Contract 5.7022

Storage and Transportation Supplemental Services - Rate T1 & T3

\$/GJ

Monthly demand charges:	
Firm gas supply service	26.488
Firm backstop gas	4.439
Commodity charges:	
Gas supply	9.473
Backstop gas	12.306
Reasonable Efforts Backstop Gas	11.974
Supplemental Inventory	Note (2)
Supplemental Gas Sales Service (cents / m ³)	48.9945
Failure to Deliver: Applied to quantities not delivered to Union in the event the customer's supply fails	2.995
Delivery Commitment Credit (DCC) for all obligated deliveries	n/a
Discretionary Gas Supply Service (DGSS)	Note (3)

Notes:

- (1) The Commodity and Fuel line includes gas supply administration charge of 0.3173 cents/ m³.
- (2) The charge for banked gas purchases shall be the higher of the daily spot gas cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (3) Reflects the "back to back" price plus gas supply administration charge.

Effective: January 1, 2007
O.E.B. Order # EB-2005-0520

Chatham, Ontario

Supersedes EB-2006-0500 Rate Schedule effective October 1, 2006.



STORAGE AND TRANSPORTATION RATES

(A) **Applicability**

The charges under this schedule shall be applicable to a Shipper who enters into a Storage or Transportation Service Contract with Union.

(B) **Services**

Storage service under this rate schedule shall be for Enbridge Gas Distribution Inc only, contracts LST045 expiring March 31, 2008, LST046 expiring March 31, 2009, and LST047 expiring March 31, 2010.

Transportation Service under this rate schedule shall be for transportation on Union's Dawn – Oakville facilities.

(C) **Rates**

The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

	Monthly Demand Charge (applied to daily contract demand) Rate/GJ	Commodity and Fuel Changes	
		Fuel Ratio %	AND Commodity Charge Rate/GJ
<u>Storage (1)</u>			
Space – Shipper Providing Deliverability (2)	\$0.010		
Deliverability - Firm	\$1.050		
Injection		0.600%	\$0.006
Withdrawal		0.600%	\$0.006
<u>Firm Transportation (3)</u>			
Dawn to Oakville/Parkway	\$2.392	Monthly fuel rates and ratios shall be in accordance with schedule "C".	
Dawn to Kirkwall	\$2.036		
Parkway to Dawn	n/a		
<u>Limited Firm/Interruptible Transportation (3)</u>			
Dawn to Parkway – Maximum	\$5.741	Monthly fuel rates and ratios shall be in accordance with schedule "C".	
Dawn to Kirkwall - Maximum	\$5.741		
Parkway (TCPL) to Parkway (Cons) (4)		0.329%	
<u>Dehydration (5)</u>			
Tecumseh Dehydration	\$0.036		\$0.003



(C) Rates (Cont'd)

Authorized Overrun (6)

Authorized overrun rates will be payable on all quantities in excess of Union's obligation on any day. The overrun charges payable will be calculated at the following rates. Overrun will be authorized at Union's sole discretion.

	If Union supplies fuel Commodity Charge Rate/GJ	Commodity and Fuel Changes		Commodity Charge Rate/GJ
		Fuel Ratio %	AND	
Storage Commodity:				
Injection	n/a	1.03%		\$0.041
Withdrawal	n/a	1.03%		\$0.041
Transportation Overrun				
Dawn to Parkway		Monthly fuel rates and ratios shall		\$0.079
Dawn to Kirkwall		be in accordance with schedule "C".		\$0.067
Parkway to Dawn				\$0.079
Parkway (TCPL) Overrun (7)	n/a	0.54%		n/a
Tecumseh Dehydration (5)	\$0.004	n/a		\$0.004

Unauthorized Overrun (8)

Authorized Overrun rates will be payable on all quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun shall be the higher of the reported daily spot price of gas at either Dawn, Parkway, Niagara or Iroquois in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

Overrun of Maximum Storage Balance

The rate payable shall be \$60/GJ on the Excess Storage Balance during the period of August 1 through to and including December 15. The rate payable shall be \$6/GJ on the Excess Storage Balance during the period of December 16 through to and including July 31.

For any Extension Period, the rate payable shall be \$0.63/GJ times the quantity in the Excess Storage Balance as of the date of such extension.

Union, during any Extension Period, may upon forty-eight (48) hours verbal notice to Shipper (to be followed in writing) take possession of Shipper's gas in storage (which shall be immediately forfeited to Union without further recourse).

These rates will be charged in addition to the normal injection and withdrawal changes.

Drafted Storage Balance

The rate payable shall be \$60/GJ on the Drafted Storage Balance during the period of February 1 through to and including April 30.

The rate payable shall be \$6/GJ on the Drafted Storage Balance during the period of May 1 through to and including January 31.



(C) **Rates (Cont'd)**

For any Extension Period, the rate payable shall be \$0.63/GJ times the quantity in the Drafted Storage Balance as of the date of such extension.

Union, during any Extension Period, may upon forty-eight (48) hours verbal notice to Shipper (to be followed in writing), replace the outstanding gas at Shipper's expense (which will include all costs related to replacing such gas, plus a charge equal to 25% of the incremental cost of the gas purchased for each unit so replaced).

These rates will be charged in addition to the normal injection and withdrawal charges.

Overrun of Firm Injections

The rate payable shall be \$60/GJ on the injections in excess of the Injection Demand during the period of August 1 through to and including December 15. The rate payable shall be \$6/GJ on the injections in excess of the Injection Demand during the period of December 16 through to and including July 31.

Overrun on Firm Withdrawals

The rate payable shall be \$60/GJ on the withdrawals in excess of the Withdrawal Demand during the period of February 1 through to and including April 30. The rate payable shall be \$6/GJ on the withdrawals in excess of the Withdrawal Demand during the period of May 1 through to and including January 31.

Nomination Variances

Where Union and the shipper have entered into a Limited Balancing Agreement ("LBA"), the rate for unauthorized parking or drafting which results from nomination variances shall equal the "Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff.

Notes for Section (C) Rates:

- (1) Storage service under this rate schedule shall be for Enbridge Gas Distribution Inc only, contracts LST045 expiring March 31, 2008, LST046 expiring March 31, 2009, and LST047 expiring March 31, 2010.
- (2) Deliverability inventory being defined as 25% of storage space.
- (3) The annual transportation commodity charge is calculated by application of the YCRR Formula, as per Section (D). The annual transportation fuel required is calculated by application of the YCR Formula, as per Section (D).
- (4) This rate is for westerly transportation within the Parkway yard, from Parkway (TCPL) to Parkway (Cons) or Lisgar.
- (5) Monthly dehydration demand charges on this schedule are only applicable to the Enbridge/Tecumseh storage facility. Commodity charges are applicable to all quantities withdrawn from the Enbridge/Tecumseh storage facility on any day that Union's Dawn dehydrator unit is in operation.
- (6) For purposes of applying the YCRR Formula or YCR Formula (Section (D)) to transportation overrun quantities, the transportation commodity revenue will be deemed to be equal to the commodity charge of the applicable service as detailed in Section (B).
- (7) This ratio will be applied to all gas quantities for which Union is obligated to deliver to Parkway (Cons) or Lisgar and has agreed to deliver to Parkway (TCPL) on an interruption basis. This will be in addition to any rate or ratio paid for transportation easterly to Parkway (Cons) or Lisgar.



(C) Rates (Cont'd)

(8) A demand charge of \$0.692/GJ/day/month will be applicable for customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for firm transportation service to either Kirkwall or Parkway.

(D) Transportation Commodity

The annual fuel charge in kind or in dollars for transportation service in any contract year shall be equal to the sum of the application of the following equation applied monthly for the 12 months April through March (The "YCRR" or "YCR" Formula). An appropriate adjustment in the fuel charges will be made in May for the previous 12 months ending March 31st to obtain the annual fuel charges as calculated using the applicable "YCRR" or "YCR" Formula. At Union's sole discretion Union may make more frequent adjustments than once per year. The YCRR and YCR adjustments must be paid/remitted to/from Shippers at Dawn within one billing cycle after invoicing.

$$YCR = \sum_1^4 [(0.003289 \times (QT1 + QT3)) + (DSF \times (QT1 + QT3)) + F_{ST}] \text{ For June 1 to Sept. 30}$$

plus

$$\sum_5^{12} [(0.003289 \times (QT1 + Q3)) + (DWF \times QT1) + F_{WT}] \text{ For Oct. 1 to May 31}$$

$$YCRR = \sum_1^4 [(0.003289 \times (QT1 + QT3)) + (DSF \times (QT1 + QT3)) + F_{ST}] \times R \text{ For June 1 to Sept. 30}$$

plus

$$\sum_5^{12} [(0.003289 \times (QT1 + Q3)) + (DWF \times QT1) + F_{WT}] \times R \text{ For Oct. 1 to May 31}$$

where: DSF = 0.00000 for Dawn summer fuel requirements
DWF = 0.0020 for Dawn winter fuel requirements

in which:

YCR Yearly Commodity Required

The sum of 12 separate monthly calculations of Commodity Quantities required for the period from April through March.

YCRR Yearly Commodity Revenue Required

The sum of 12 separate monthly calculations of Commodity Revenue required for the period April through March.

QT1 Monthly quantities in GJ transported easterly hereunder received at Dawn at not less than 4 850 kPa but less than 5 860 kPa (compression required at Dawn).



(D) Transportation Commodity (cont'd)

QT3 Monthly quantities in GJ transported westerly hereunder received at the Parkway (Oakville) Delivery Point.

F_{WT} The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway Compressor Stations ("Lobo", "Bright", "Trafalgar" and "Parkway") to transport the same Shipper's QT1 monthly quantities easterly.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

The monthly Lobo and Bright compressor fuel will be allocated to each Shipper in the same proportion as the Shipper's monthly quantities transported is to the monthly transported quantity for all users including Union.

The monthly Parkway and Trafalgar compressor fuel used will be allocated to each Shipper in the same proportion as the monthly quantity transported to Parkway (TCPL) for each user is to the total monthly quantity transported for all users including Union.

F_{ST} The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway compressor stations to transport the same Shipper's quantity on the Trafalgar system.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

R Union's weighted average cost of gas in \$/GJ.

Notes

- (i) In the case of Easterly flow, direct deliveries by TCPL at Parkway to Union or on behalf of Union to Union's Storage and Transportation Shippers will be allocated to supply Union's markets on the Dawn-Oakville/Parkway facilities starting at Parkway and proceeding westerly to successive laterals until exhausted.

(E) Provision for Compressor Fuel

For a Shipper that has elected to provide its own compressor fuel.

Transportation Fuel

On a daily basis, the Shipper will provide Union at the delivery point and delivery pressure as specified in the contract, a quantity (the "Transportation Fuel Quantity") representing the Shipper's share of compressor fuel and unaccounted for gas for transportation service on Union's system.

The Transportation Fuel Quantity will be determined on a daily basis, as follows:

Transportation Fuel Quantity = Transportation Quantity x Transportation Fuel Ratio.

In the event that the actual quantity of fuel supplied by the Shipper was different from the actual fuel quantity as calculated using the YCR formula, an adjustment will be made in May for the previous 12 months ending March 31st.



(E) **Provision for Compressor Fuel (cont'd)**

Nominations

The Shipper will be required to nominate its Transportation Fuel Quantity in addition to its normal nominations for transportation services.

(F) **Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A".

(G) **Nominations**

Nominations under this rate schedule shall be in accordance with the attached Schedule "B"

(H) **Monthly Fuel Rates and Ratios**

Monthly fuel rates and ratios under this rate schedule shall be in accordance with Schedule "C".

**RATE M12
GENERAL TERMS & CONDITIONS**

I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Contract" shall refer to the contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m³" shall mean cubic metre of gas and "10³m³" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper", shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
18. "TCPL" means TransCanada PipeLines Limited;

II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's natural gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjecting of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
 - a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows,
 - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing,
 - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
 - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
 - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
 - f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
 - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
 - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of the gas,
 - i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5500) kPa pressure,
 - j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas,
 - k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.
3. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Section 2.

III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: ("The Unit") The Unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m³) or one thousand cubic metres (10³m³) at Union's discretion.
2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), assented to 31 March, 1982 and the Electricity and Gas Inspection Regulations, P.C. 1986-116, 16 January, 1986, and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII - Measuring Equipment, of this schedule.

IV. RECEIPT POINT AND DELIVERY POINT

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract where Shipper takes possession of the gas.

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

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VI. FACILITIES ON SHIPPER'S PROPERTY

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery, or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III subparagraph 2.a.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the

purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.

3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Electricity and Gas Inspection Act (1982) and regulations thereunder, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

IX. PAYMENTS

1. Monthly payments: Shipper shall, unless otherwise directed by Union, pay directly into Union's account at the Canadian Imperial Bank of Commerce, Chatham, Ontario by electronic funds transfer to transit 010 00282, account 00-3301 if paying in Canadian funds; and, account 02-6717 if paying in US funds, so that Union shall receive payment from Shipper, on or before the twentieth (20th) day of each month, payment on the bill provided by Union. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20th) day of the month.

2. Remedies for non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
 - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
 - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any Act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

XI. FORCE MAJEURE

1. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning,

earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not as soon as possible after determining or within a period within which it should acting reasonably have determined that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.

XII. DEFAULT AND TERMINATION

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof) which has not been waived by the other party, then and in every such case and as often as the same may happen, the Non-defaulting party may give written notice to the Defaulting party requiring it to remedy such default and in the event of the Defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the Non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

XIII. MODIFICATION

Subject to Union's M12 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the M12 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

XIV. NON-WAIVER AND FUTURE DEFAULT

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XV. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**RATE M12
NOMINATIONS**

- a) For Services provided either under this rate schedule or referenced to this rate schedule:
- i) For Services required on any day Shipper shall provide Union with a nomination (the "Shipper's Nomination") of the quantity it desires to be handled at the applicable Receipt Point and/or Delivery Point. Such Shipper's Nomination is to be provided in writing so as to be received by Union's Gas Management Services on or before 1230 hours in the Eastern time zone, unless agreed to otherwise in writing by the parties, on the business day immediately preceding the day for which service is requested.
 - ii) If, in Union's sole opinion, operating conditions permit, a change in Shipper's Nomination may be accepted after 1230 hours in the Eastern time zone.
 - iii) For customers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the contract.
- b) Union shall determine whether or not all or any portion of Shipper's Nomination will be accepted. In the event Union determines that it will not accept such nomination, Union shall advise Shipper, on or before 1730 hours in the Eastern time zone on the business day immediately preceding the day for which service is requested, of the reduced quantity (the "Quantity Available") for Services at the applicable points. Forthwith after receiving such advice from Union but no later than 1800 hours in the Eastern time zone on the same day, Shipper shall provide a "Revised Nomination" to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available. If the Revised Nomination (delivered within the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
- c) That portion of a Shipper's Nomination or Revised Nomination, as set out in (a) and (b), above, which Union shall accept for Services hereunder, shall be known as Shipper's "Authorized Quantity".
- d) If on any day the actual quantities handled by Union, for each of the Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Services exceed Shipper's Authorized Quantity, such excess shall be deemed "Unauthorized Overrun".
- e) The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20) of the quantity received for that day. Union shall have the right to limit Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20) of the quantity handled for that day, for each applicable Service.
- f) A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.
- g) Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.

UNION GAS LIMITED
M12 Monthly Transportation Fuel Ratios and Rates
 Firm or Interruptible Transportation Commodity
 Effective January 1, 2007

Month	VT1 Easterly to Parkway (TCPL) With Dawn Compression		VT1 Easterly to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression		VT3 Westerly to Kirkwall, Dawn	
	Fuel Ratio (%)	Fuel Rate (\$/GJ)	Fuel Ratio (%)	Fuel Rate (\$/GJ)	Fuel Ratio (%)	Fuel Rate (\$/GJ)
April	0.77	0.072	0.77	0.072	0.33	0.031
May	0.63	0.059	0.63	0.059	0.33	0.031
June	0.42	0.039	0.33	0.031	0.42	0.039
July	0.36	0.034	0.33	0.031	0.36	0.034
August	0.35	0.033	0.33	0.031	0.35	0.033
September	0.37	0.035	0.35	0.033	0.37	0.035
October	0.75	0.071	0.70	0.066	0.33	0.031
November	0.95	0.090	0.77	0.072	0.33	0.031
December	1.18	0.111	0.95	0.090	0.33	0.031
January	1.31	0.124	1.08	0.102	0.33	0.031
February	1.21	0.114	0.99	0.094	0.33	0.031
March	1.05	0.099	0.86	0.081	0.33	0.031

UNION GAS LIMITED
M12 Monthly Transportation Authorized Ovrerrun Fuel Ratios and Rates
 Firm or Interruptible Transportation Commodity
 Effective January 1, 2007

Month	VT1 Easterly to Parkway (TCPL) With Dawn Compression		VT1 Easterly to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression		VT3 Westerly to Kirkwall, Dawn	
	Fuel Ratio (%)	Fuel Rate (\$/GJ)	Fuel Ratio (%)	Fuel Rate (\$/GJ)	Fuel Ratio (%)	Fuel Rate (\$/GJ)
April	1.37	0.207	1.37	0.196	0.93	0.166
May	1.23	0.194	1.23	0.183	0.93	0.166
June	1.02	0.175	0.93	0.155	1.02	0.175
July	0.96	0.169	0.93	0.155	0.96	0.169
August	0.95	0.168	0.93	0.155	0.95	0.168
September	0.97	0.170	0.95	0.156	0.97	0.170
October	1.35	0.206	1.30	0.189	0.93	0.166
November	1.55	0.225	1.37	0.196	0.93	0.166
December	1.78	0.246	1.55	0.213	0.93	0.166
January	1.91	0.259	1.68	0.225	0.93	0.166
February	1.81	0.249	1.59	0.217	0.93	0.166
March	1.65	0.234	1.46	0.204	0.93	0.166



TRANSPORTATION OF
LOCALLY PRODUCED GAS

(A) Applicability

The charges under this rate schedule shall be applicable to a customer who enters into a contract with Union for gas received at a local production point to be transported to Dawn.

(B) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Demand Commodity

	<u>Demand Charge Rate/Month</u>	<u>Commodity Charge Union Provides Fuel Rate/GJ</u>	<u>Customer Provides Own Fuel Fuel Ratio</u>
1. Monthly fixed charge per Customer Station	\$662		
2. Transmission Commodity Charge		\$0.025	
3. Delivery Commodity Charge		\$ 0.031	0.329%

These charges are in addition to the transportation, storage and/or balancing charges which shall be paid for under Rate M12 or Rate C1, or other services that may be negotiated.

4. Overrun Services

Authorized Overrun

Authorized overrun will be payable on all quantities transported in excess of Union's obligation on any day. The overrun charges payable will be calculated at \$0.090/GJ. Overrun will be authorized at Union's sole discretion.

	<u>Commodity Charge Union Provides Fuel Rate/GJ</u>	<u>Customers Provides Own Fuel Commodity Charge Rate/GJ</u>	<u>Fuel Ratio</u>
Authorized Overrun Charge	\$0.090	\$0.059	0.329%

Unauthorized Overrun

Authorized Overrun rates payable on all volumes up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun rate during the November 1 to April 15 period will be \$50 per GJ for all usage on any day in excess of 102% of Union's contractual obligation. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$9.373 per GJ for all usage on any day in excess of 102% of Union's contractual obligation.

(C) Terms of Service

General Terms & Conditions applicable to this rate shall be in accordance with the attached Schedule "A".

Effective January 1, 2007
O.E.B. ORDER # EB-2005-0520 Chatham, Ontario
Supersedes EB-2004-0210 Rate Schedule effective April 1, 2004.

**GENERAL TERMS & CONDITIONS
M13 TRANSPORTATION AGREEMENT**

SCHEDULE "A"

I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business.
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "B".
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m³" shall mean cubic metre of gas and "10³m³" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;

14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's Agent(s);
16. "subsidiary" shall mean a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;
17. "TCPL" means TransCanada PipeLines Limited;
18. "NOVA" means NOVA Gas Transmission Ltd;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
- i. "GLGT" means Great Lakes Gas Transmission Company.
- ii. "CMS" means CMS Gas Transmission and Storage Company; and,
- iii. "Consumers" means The Consumers' Gas Company, Limited.

II. QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's natural gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjecting of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Delivery Locations hereunder,
 - a. shall be merchantable and commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;
 - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than one hundred (100) milligrams of total sulphur (S) per cubic metre of gas as determined by standard methods of testing;
 - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;
 - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;
 - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;

- i. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas.
 - g. shall not contain more than four point zero (4.0) by volume molar percent of hydrogen in the gas;
 - h. shall not contain more than eighty (80) milligrams of water per cubic metre of the gas;
 - i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand five hundred (5500) kPa pressure;
 - j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas.
 - k. shall at all time be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36;
 - l. shall not exceed forty-three degrees Celsius (43°C);
 - m. shall not be odourized by Shipper.
3. Shipper shall subject any gas delivered hereunder to compression, cooling, cleaning or other processes to such an extent as may be required to obtain the necessary quality and for transmission to the Delivery Locations, provided the quality of the gas continues to comply with the specifications set out in this Contract.
 4. Shipper may extract hydrocarbon and non-hydrocarbon constituents, other than methane except as required in the processing or compression of the gas, prior to delivery at the Delivery Locations hereunder, and shall have the right to remove such methane as is removed by necessity from the gas in removing other constituents, provided that Shipper in such processing shall not reduce the Gross Heating Value below that which is stated in Section II, Clause 1 herein and provided that such extraction will not cause a breach of the quality specifications set forth in this Section II.
 5. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
 6. If the Shipper's gas fails at any time to conform to the requirements of this Section II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Delivery Locations hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
 7. Freedom from objectionable matter: The gas to be delivered to Union at Dawn (TCPL) or the gas to be delivered by Union to Shipper at Dawn (TCPL) hereunder,
 - a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;
 - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing;
 - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;
 - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;

- e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;
- f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas;
- g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas;
- h. shall not contain more than eighty (80) milligrams of water vapour per cubic metre of the gas;
- i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5500) kPa pressure;
- j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas;
- k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.

III. MEASUREMENTS

1. **The Service Unit:** ("The Unit") The Unit of the gas delivered to Union shall be a quantity of 10³m³. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m³) or one thousand cubic metres (10³m³) at Union's discretion.
2. Determination of Volume and Energy:
 - a. The volume and energy amounts determined under this contract shall be determined in accordance with the Electricity and Gas Inspection Act, assented to 31 March, 1982 and the Electricity and Gas Inspection Regulations, P.C. 1986-16, 16 January, 1986, and any documents issued under the authority of the Act and Regulations and any amendments thereto.
 - b. The gross heating value of the gas per cubic metre at each delivery point or redelivery point shall be measured by a FMCCA approved device for the measurement of energy content installed at the receipt or delivery point, or an alternative method of gross heating value determined which is mutually agreed upon by all parties to the Contract.
 - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII - Measuring Equipment, of this schedule.
 - d. The uncorrected quantity determined from the metering equipment shall be corrected according to Charles Law, Boyle's Law and deviation from Boyle's Law. The factor for correction for deviation from Boyle's Law shall be determined and applied in accordance either with the method laid down in the American Gas Association's "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published 1962 or with methods laid down in the American Gas Association's "Transmission Measurement Committee Report No.8" at the discretion of Union. Union shall notify Shipper of the specific method to be used. When gas is measured by means other than an orifice meter, the factor for correction for deviation from Boyle's Law shall be the square of the factor determined by following one of the methods above.
 - e. The average absolute atmospheric (barometric) pressure, for the purpose of measurement shall be assumed to be a constant pressure of 99.285 kPa.

IV. POINT OF RECEIPT AND POINT OF DELIVERY

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.

2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear herein, it shall mean Point of Delivery as defined in this Article IV.

V. FACILITIES ON CUSTOMER'S PROPERTY

N/A.

VI. MEASURING EQUIPMENT

1. Custody Transfer Measuring Equipment: In the event that all or any gas received or delivered hereunder is measured by a meter (where the term "meter" shall include but not be limited to positive displacement meters, orifice meters, turbine meters, and associated gauges and instrumentation), such meter shall be installed and operated in accordance with the Electricity and Gas inspection Act. (assented to March 31, 1982), (and amendments thereto), and the Electricity and Gas inspection Regulations, P.C. 1986 - 116, January 16, 1986 (and amendments thereto).

In the event that all or any gas received or delivered hereunder is measured by a meter that is owned and operated by an upstream or downstream transporter (the "Transporter") whose facilities may or may not interconnect with Union's, then Union and Shipper agree to accept that metering for the purpose of determining the quantity of gas received or delivered on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the General Terms and Conditions as incorporated in that Transporter's gas tariff as approved by their regulatory body.

2. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment or any other Delivery Location equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts or deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Electricity and Gas Inspection Act (1982) and regulations thereunder, as may be amended from time to time and in accordance with any successor statutes and regulations.
3. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data and other relevant records.

VII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

VIII. PAYMENTS

1. Monthly payments: Shipper shall pay directly into Union's account at the Canadian Imperial Bank of Commerce, 99 King Street W., Chatham, Ontario by electronic funds transfer to transit 010 00282, account 00-3301 if paying in Canadian funds; and, account 02-6717 if paying in US funds, so that Union shall receive payment from Shipper, on or before the twentieth (20th) day of each month, payment on the invoice provided by Union. If the payment date is not a Banking Day, then payment must be received in Union's account on the first Banking Day preceding the twentieth (20th) day of the month.
2. Remedies for nonpayment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such nonpayment unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.
3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

IX. ARBITRATION

If and when any dispute, difference or question shall arise between the parties heretotouching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any Act passed in amendment thereof or substitution therefor, shall apply to each such submission. Operations under this Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

X. FORCE MAJEURE

N/A

XI. DEFAULT AND TERMINATION

N/A

XII. MODIFICATION

N/A

XIII. NONWAIVER AND FUTURE DEFAULT

N/A

XIV. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.



STORAGE AND TRANSPORTATION SERVICES
TRANSPORTATION CHARGES

(A) **Availability**

The charges under this rate schedule shall be applicable for transportation service rendered by Union for all quantities transported to and from embedded storage pools located within Union's franchise area and served using Union's distribution and transmission assets.

(B) **Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

a) Charges Applicable to both Firm and/or Interruptible Transportation Services:

Monthly Fixed Charge per customer station (\$ per month) (1)	\$750
Transmission Commodity Charge to Dawn (\$ per GJ)	\$0.025

	<u>Customers located East of Dawn</u>	<u>Customers located West of Dawn</u>
Transportation Fuel		
Fuel Charges to Dawn:		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.031	\$0.031
Fuel Ratio - customer provides fuel (%)	0.329%	0.329%
Fuel Charge to the Pool		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.040	\$0.047
Fuel Ratio - customer provides fuel (%)	0.425%	0.497%

b) Firm Transportation Demand Charges: (2)

	<u>Customers located East of Dawn</u>	<u>Customers located West of Dawn</u>
Monthly Demand Charge applied to contract demand (\$ per GJ)	\$0.744	\$1.014

Authorized Overrun:

The authorized overrun rate payable on all quantities transported in excess of Union's obligation any day shall be:

	<u>Customers located East of Dawn</u>	<u>Customers located West of Dawn</u>
Firm Transportation:		
Charges to Dawn		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.081	\$0.090
Commodity Rate - customer provides fuel (\$ per GJ)	\$0.050	\$0.059
Fuel Ratio - customer provides fuel (%)	0.329%	0.329%
Charges to the Pool		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.065	\$0.080
Commodity Rate - customer provides fuel (\$ per GJ)	\$0.024	\$0.033
Fuel Ratio - customer provides fuel (%)	0.425%	0.497%

Overrun will be authorized at Union's sole discretion.



Unauthorized Overrun

Authorized Overrun rates payable on all transported quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun rate during the November 1 to April 15 period will be \$50 per GJ for all usage on any day in excess of 102% of Union's contractual obligation. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$9.373 per GJ for all usage on any day in excess of 102% of Union's contractual obligation.

Charges aforesaid in respect of any given month in accordance with General Terms & Conditions shall be payable no later than the twenty-fifth day of the succeeding month.

Notes for Section (B) Rates:

- (1) The monthly fixed charge will be applied once per month per customer station regardless of service being firm, interruptible or a combination thereof.
- (2) Demand charges will be applicable to customers firm daily contracted demand or the firm portion of a combined firm and interruptible service.

(C) Terms of Service

General Terms & Conditions applicable to this rate schedule shall be in accordance with attached Schedule "A".

Effective

January 1, 2007
O.E.B. ORDER #EB-2005-0520

Chatham, Ontario

Supersedes EB-2005-0232 Rate Schedule effective April 1, 2005.

SCHEDULE "A"

GENERAL TERMS & CONDITIONS M16 TRANSPORTATION AGREEMENT

I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business.
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "B".
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m³" shall mean cubic metre of gas and "10³m³" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;

14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's Agent(s);
16. "subsidiary" means a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;
17. "TCPL" means TransCanada PipeLines Limited;
18. "NOVA" means Gas Transmission Ltd.;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
24. "GLGT" means Great Lakes Gas Transmission Company;
25. "CMS" means CMS Gas Transmission and Storage Company; and,
26. "Consumers" means The Consumers' Gas Company, Limited.

II. QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's natural gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Delivery Locations hereunder,
 - a. shall be merchantable and commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;
 - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than one hundred (100) milligrams of total sulphur (S) per cubic metre of gas as determined by standard methods of testing;
 - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;
 - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;
 - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;

- f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas.
 - g. shall not contain more than four point zero (4.0) by volume molar percent of hydrogen in the gas;
 - h. shall not contain more than eighty (80) milligrams of water per cubic metre of the gas;
 - i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand five hundred (5500) kPa pressure;
 - j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas.
 - k. shall at all time be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36;
 - l. shall not exceed forty-three degrees Celsius (43°C);
 - m. shall not be odourized by Shipper.
3. Shipper shall subject any gas delivered hereunder to compression, cooling, cleaning or other processes to such an extent as may be required to obtain the necessary quality and for transmission to the Delivery Locations, provided the quality of the gas continues to comply with the specifications set out in this Contract.
 4. Shipper may extract hydrocarbon and non-hydrocarbon constituents, other than methane except as required in the processing or compression of the gas, prior to delivery at the Delivery Locations hereunder, and shall have the right to remove such methane as is removed by necessity from the gas in removing other constituents, provided that Shipper in such processing shall not reduce the Gross Heating Value below that which is stated in Section II, Clause 1 herein and provided that such extraction will not cause a breach of the quality specifications set forth in this Section II.
 5. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
 6. If the Shipper's gas fails at any time to conform to the requirements of this Section II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Delivery Locations hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
 7. Freedom from objectionable matter: The gas to be delivered to Union at Dawn (TCPL) or the gas to be delivered by Union to Shipper at Dawn (TCPL) hereunder,
 - a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;
 - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing;
 - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;
 - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;
 - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;

- f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas;
- g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas;
- h. shall not contain more than eighty (80) milligrams of water vapour per cubic metre of the gas;
- i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5500) kPa pressure;
- j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas;
- k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.

III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: ("The Unit") The Unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic meter (m³) or one thousand cubic metres (10³m³) at Union's discretion.
2. Determination of Volume and Energy:
 - a. The volume and energy amounts determined under this contract shall be determined in accordance with the Electricity and Gas Inspection Act, assented to 31 March, 1982 and the Electricity and Gas Inspection Regulations, P.C. 1986-116, 16 January, 1986, and any documents issued under the authority of the Act and Regulations and any amendments thereto.
 - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion.
 - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII - Measuring Equipment, of this schedule.

IV. POINT OF RECEIPT AND POINT OF DELIVERY

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered thereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear hereon, it shall mean Point of Delivery as defined in this Article IV.

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

N/A.

VI. FACILITIES ON SHIPPER'S PROPERTY

N/A.

VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations in III 2.a.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by a pipeline company whose facilities interconnect with Union's, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the General Terms & Conditions as incorporated in that pipeline company's gas tariff as approved by their Regulatory Body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under this Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Electricity and Gas Inspection Act (1982) and regulations thereunder, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

IX. PAYMENTS

1. Monthly payments: Shipper shall pay directly into Union's account at the Canadian Imperial Bank of Commerce, 99 King Street W., Chatham, Ontario by electronic funds transfer to transit 010 00282, account 00-3301 if paying in Canadian funds; and, account 02-6717 if paying in US funds, so that Union shall receive payment from Shipper, on or before the twentieth (20th) day of each month, payment on the invoice provided by Union, and pursuant to Article VII above. If the payment date is not a Banking Day, then payment must be received in Union's account on the first Banking Day preceding the twentieth (20th) day of the month.
2. Remedies for nonpayment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such nonpayment unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.

Notwithstanding the foregoing paragraph, this does not relieve Shipper from the obligation to continue its deliveries of gas under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties heretotouching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any Act passed in amendment thereof or substitution therefor, shall apply to each such submission. Operations under this Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

XI. FORCE MAJEURE

N/A

XII. DEFAULT AND TERMINATION

N/A

XIII. MODIFICATION

N/A

XIV. NONWAIVER AND FUTURE DEFAULT

N/A

XV. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.



CROSS FRANCHISE TRANSPORTATION RATES

(A) Applicability

To a Shipper who enters into a Contract with Union for delivery by Shipper of gas to Union at one of Union's points listed below for redelivery by Union to Shipper at one of Union's points.

<u>Applicable Points</u>	(1)	(2)
	Ojibway	WDA
	St. Clair	NDA
	Dawn*	SSMDA
	Parkway	SWDA
	Kirkwall	CDA
	Bluewater	EDA

*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh) and Dawn (Vector)

(B) Services

Transportation Service under this rate schedule is transportation on Union's pipeline facilities between any two Points as specified in Section (A), column 1.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Transportation Service:

	Monthly Demand Charge (applied to daily contract demand) <u>Rate/GJ</u>	Commodity Charges			
		If Union supplies fuel Commodity Charge		If Shipper supplies fuel Fuel Ratio	
		<u>Apr. 1-Oct.31</u> <u>Rate/GJ</u>	<u>Nov. 1-Mar.31</u> <u>Rate/GJ</u>	<u>Apr. 1-Oct.31</u> <u>%</u>	<u>Nov. 1-Mar.31</u> <u>%</u>
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$1.014	\$0.033	\$0.041	0.353%	0.432%
Ojibway & Dawn	\$1.014	\$0.047	\$0.054	0.497%	0.567%
Bluewater & Dawn	\$1.014	\$0.033	\$0.041	0.353%	0.432%
From:					
Parkway to Kirkwall	\$0.554	\$0.033	\$0.031	0.354%	0.329%
Parkway to Dawn	\$0.554	\$0.033	\$0.031	0.354%	0.329%
Dawn to Kirkwall	\$2.036	\$0.049	\$0.107	0.519%	1.139%
Dawn to Parkway	\$2.392	\$0.049	\$0.107	0.519%	1.139%
b) Interruptible and Short Term (1 year or less) Firm Transportation:					
Maximum		\$75.00	\$75.00		
c) Interruptible Transportation between two points within Dawn*					
*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh) and Dawn (Vector)				0.329%	0.329%



(C) Rates (Cont'd)

Authorized Overrun:

The following Overrun rates are applied to any quantities transported in excess of the Contract parameters. Overrun will be authorized at Union's sole discretion.

	If Union supplies fuel Commodity Charge		Commodity Charges If Shipper supplies fuel Fuel Ratio		Commodity Charge Rate/GJ
	Apr.1-Oct.31 Rate/GJ	Nov.1-Mar.31 Rate/GJ	Apr.1-Oct.31 %	Nov.1-Mar.31 %	
b) Firm Transportation					
Between:					
St.Clair & Dawn	\$0.067	\$0.074	0.353%	0.432%	\$0.033
Ojibway & Dawn	\$0.080	\$0.087	0.497%	0.567%	\$0.033
Bluewater & Dawn	\$0.067	\$0.074	0.353%	0.432%	\$0.033
From:					
Parkway to Kirkwall	\$0.052	\$0.049	0.954%	0.929%	\$0.018
Parkway to Dawn	\$0.052	\$0.049	0.954%	0.929%	\$0.018
Dawn to Kirkwall	\$0.116	\$0.174	1.119%	1.739%	\$0.067
Dawn to Parkway	\$0.128	\$0.186	1.119%	1.739%	\$0.079

Authorized overrun for short-term firm transportation is available at negotiated rates.

Unauthorized Overrun:

The Unauthorized Overrun rate shall be the higher of the reported daily spot price of gas at either, Dawn, Parkway, Niagara or Iroquois in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

(D) Terms of Service

General Terms and Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A".

(E) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule "B".

Effective

January 1, 2007
O.E.B. ORDER # EB-2005-0520

Chatham, Ontario

Supersedes EB-2004-0210 Rate Schedule effective April 1, 2004.

**RATE C1
GENERAL TERMS & CONDITIONS****I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Contract" shall refer to the contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m³" shall mean cubic metre of gas and "10³m³" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper", shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
18. "TCPL" means TransCanada PipeLines Limited;

II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's natural gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjecting of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
 - a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows,
 - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing,
 - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
 - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
 - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
 - f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
 - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
 - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of the gas,
 - i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5500) kPa pressure,
 - j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas,
 - k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.
3. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Section 2.

III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: ("The Unit") The Unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m³) or one thousand cubic metres (10³m³) at Union's discretion.
2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), assented to 31 March, 1982 and the Electricity and Gas Inspection Regulations, P.C. 1986-116, 16 January, 1986, and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII - Measuring Equipment, of this schedule.

IV. RECEIPT POINT AND DELIVERY POINT

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract where Shipper takes possession of the gas.

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

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VI. FACILITIES ON SHIPPER'S PROPERTY

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery, or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III subparagraph 2.a.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the

purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.

3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Electricity and Gas Inspection Act (1982) and regulations thereunder, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

IX. PAYMENTS

1. Monthly payments: Shipper shall, unless otherwise directed by Union, pay directly into Union's account at the Canadian Imperial Bank of Commerce, Chatham, Ontario by electronic funds transfer to transit 010 00282, account 00-3301 if paying in Canadian funds; and, account 02-6717 if paying in US funds, so that Union shall receive payment from Shipper, on or before the twentieth (20th) day of each month, payment on the bill provided by Union. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20th) day of the month.

2. Remedies for non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
- a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
 - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any Act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

XI. FORCE MAJEURE

1. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning,

earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not as soon as possible after determining or within a period within which it should acting reasonably have determined that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.

XII. DEFAULT AND TERMINATION

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof) which has not been waived by the other party, then and in every such case and as often as the same may happen, the Non-defaulting party may give written notice to the Defaulting party requiring it to remedy such default and in the event of the Defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the Non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

XIII. MODIFICATION

Subject to Union's C1 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the C1 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

XIV. NON-WAIVER AND FUTURE DEFAULT

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XV. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**RATE C1
NOMINATIONS**

- a) For Services provided either under this rate schedule or referenced to this rate schedule:
- i) For Services required on any day Shipper shall provide Union with a nomination (the "Shipper's Nomination") of the quantity it desires to be handled at the applicable Receipt Point, and/or Delivery Point. Such Shipper's Nomination is to be provided in writing so as to be received by Union's Gas Management Services on or before 1230 hours in the Eastern time zone, unless agreed to otherwise in writing by the parties, on the business days immediately preceding the day for which service is requested.
 - ii) If, in Union's sole opinion, operating conditions permit, a change in Shipper's Nomination may be accepted after 1230 hours in the Eastern time zone.
 - iii) For customers electing firm all day transportation, nominations shall be provided to Union's Gas Management Services as outlined in the Contract.
- b) Union shall determine whether or not all or any portion of Shipper's Nomination will be accepted. In the event Union determines that it will not accept such nomination, Union shall advise Shipper, on or before 1730 hours in the Eastern time zone on the business day immediately preceding the day for which service is requested, of the reduced quantity (the "Quantity Available") for Services at the applicable points. Forthwith after receiving such advice from Union but no later than 1800 hours in the Eastern time zone on the same day, Shipper shall provide a "Revised Nomination" to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available. If the Revised Nomination (delivered within the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
- c) That portion of a Shipper's Nomination or Revised Nomination, as set out in (a) and (b), above, which Union shall accept for Services hereunder, shall be known as Shipper's "Authorized Quantity".
- d) If on any day the actual quantities handled by Union, for each of the Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Services exceed Shipper's Authorized Quantity, such excess shall be deemed "Unauthorized Overrun".
- e) The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20) of the quantity received for that day. Union shall have the right to limit Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20) of the quantity handled for that day, for each applicable Service.
- f) A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from the Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.
- g) Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.

APPENDIX "C" TO
DECISION AND ORDER
BOARD FILE No. EB-2005-0520
SUMMARY OF AVERAGE RATE CHANGES
for RATES 25, M5A, M7 and T1 INTERRUPTIBLE
CONTRACT SERVICES
DATED DECEMBER 19, 2006

UNION GAS LIMITED
 Infranchise Customers
 Summary of Average Rate Changes for Rates 25, M5A, M7 and T1
Effective January 1, 2007

Line No.	Particulars	Monthly Charge Increase (Decrease) (a)	Delivery Commodity Charge Increase (Decrease) (b)
	Rate 25 (cents/m ³)		
1	Fort Frances		0.0578
2	Western Zone		0.0578
3	Northern Zone		0.0578
4	Eastern Zone		0.0578
	M5A (cents / m ³)		
5	Firm		0.0095
6	Interruptible		0.0377
	M7 (cents / m ³)		
7	Interruptible		0.1457
8	Seasonal		0.1457
	T1-Interruptible (cents / m ³)		
9	Transportation-Union provides fuel		0.0432
10	Transportation-provides own fuel		0.0278

APPENDIX "D" TO
DECISION AND ORDER
BOARD FILE No. EB-2005-0520
CUSTOMER NOTICES
DATED DECEMBER 19, 2006

Important Information About Your Rates
January 2007
Rate 01

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most residential customers the total **increase** will amount to about \$11.80 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in an increase in the transportation rate of 0.0535 cents/m³ to 2.7721 cents/m³. For most residential customers the increase in the transportation rate will amount to about \$1.39 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Transportation to Union Gas**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.1731 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the “**Transportation Price Adjustment**” line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.0981 cents/m³ to 1.9075 cents/m³. For most residential customers the decrease in the storage rate will amount to about \$2.55 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Storage**” line on your bill.

Delivery

Delivery charges on the “**Delivery to You**” and “**Monthly Charge**” lines on your bill have changed to more accurately reflect costs to provide these services. The result is a net increase in your delivery charges of \$12.96, depending on the amount of gas used.

The “**Delivery to You**” charge that varies with consumption has changed. For most residential customers the decrease in the delivery rate will amount to about \$11.04 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Delivery to You**” line on your bill.

To better align charges with the costs of maintaining a safe and reliable natural gas distribution system, the monthly charge has increased from \$14 to \$16 a month. The increase will amount to \$24 in 2007. You will see this new rate on the “**Monthly Charge**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.1234 cents/m³ which appears on the “**Delivery Price Adjustment**” line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Northwestern Zone – Rate 101
Direct Purchase

Important Information About Your Rates
January 2007
Rate 01

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most residential customers the total **increase** will amount to about \$14.46 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Gas Commodity

The gas commodity rate has increased by 0.0250 cents/m³ to 34.1581 cents/m³. For most residential customers, the increase in the gas commodity rate will amount to about \$0.65 in 2007 depending on the amount of natural gas used. You will see the new rate on the “**Gas Used**” line in your bill.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in an increase in the transportation rate of 0.0532 cents/m³ to 2.7755 cents/m³. For most residential customers the increase in the transportation rate will amount to about \$1.36 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Transportation to Union Gas**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.1731 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the “**Transportation Price Adjustment**” line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.0205 cents/m³ to 1.9099 cents/m³. For most residential customers the decrease in the storage rate will amount to about \$0.51 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Storage**” line on your bill.

Delivery

Delivery charges on the “**Delivery to You**” and “**Monthly Charge**” lines on your bill have changed to more accurately reflect costs to provide these services. The result is a net increase in your delivery charges of \$12.96, depending on the amount of gas used.

The “**Delivery to You**” charge that varies with consumption has changed. For most residential customers the decrease in the delivery rate will amount to about \$11.04 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Delivery to You**” line on your bill.

To better align charges with the costs of maintaining a safe and reliable natural gas distribution system, the monthly charge has increased from \$14 to \$16 a month. The increase will amount to \$24 in 2007. You will see this new rate on the “**Monthly Charge**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.1234 cents/m³ which appears on the “**Delivery Price Adjustment**” line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Fort Frances Zone – Rate 201
Sales

Important Information About Your Rates
January 2007
Rate 01

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most residential customers the total **increase** will amount to about \$13.81 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in an increase in the transportation rate of 0.0532 cents/m³ to 2.7755 cents/m³. For most residential customers the increase in the transportation rate will amount to about \$1.36 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Transportation to Union Gas”** line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.1731 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the **“Transportation Price Adjustment”** line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.0205 cents/m³ to 1.9099 cents/m³. For most residential customers the decrease in the storage rate will amount to about \$0.51 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Storage”** line on your bill.

Delivery

Delivery charges on the **“Delivery to You”** and **“Monthly Charge”** lines on your bill have changed to more accurately reflect costs to provide these services. The result is a net increase in your delivery charges of \$12.96, depending on the amount of gas used.

The **“Delivery to You”** charge that varies with consumption has changed. For most residential customers the decrease in the delivery rate will amount to about \$11.04 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Delivery to You”** line on your bill.

To better align charges with the costs of maintaining a safe and reliable natural gas distribution system, the monthly charge has increased from \$14 to \$16 a month. The increase will amount to \$24 in 2007. You will see this new rate on the **“Monthly Charge”** line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.1234 cents/m³ which appears on the **“Delivery Price Adjustment”** line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Fort Frances Zone – Rate 201
Direct Purchase

Important Information About Your Rates
January 2007
Rate 01

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most residential customers the total **increase** will amount to about \$9.82 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Gas Commodity

The gas commodity rate has increased by 0.0250 cents/m³ to 35.2242 cents/m³. For most residential customers, the increase in the gas commodity rate will amount to about \$0.65 in 2007 depending on the amount of natural gas used. You will see the new rate on the “**Gas Used**” line in your bill.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in an increase in the transportation rate of 0.0173 cents/m³ to 3.3353 cents/m³. For most residential customers the increase in the transportation rate will amount to about \$0.44 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Transportation to Union Gas**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.1731 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the “**Transportation Price Adjustment**” line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.1626 cents/m³ to 2.2951 cents/m³. For most residential customers the decrease in the storage rate will amount to about \$4.22 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Storage**” line on your bill.

Delivery

Delivery charges on the “**Delivery to You**” and “**Monthly Charge**” lines on your bill have changed to more accurately reflect costs to provide these services. The result is a net increase in your delivery charges of \$12.95, depending on the amount of gas used.

The “**Delivery to You**” charge that varies with consumption has changed. For most residential customers the decrease in the delivery rate will amount to about \$11.05 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Delivery to You**” line on your bill.

To better align charges with the costs of maintaining a safe and reliable natural gas distribution system, the monthly charge has increased from \$14 to \$16 a month. The increase will amount to \$24 in 2007. You will see this new rate on the “**Monthly Charge**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.1234 cents/m³ which appears on the “**Delivery Price Adjustment**” line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Northern Zone – Rate 301
Sales

Important Information About Your Rates
January 2007
Rate 01

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most residential customers the total **increase** will amount to about \$9.17 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in an increase in the transportation rate of 0.0173 cents/m³ to 3.3353 cents/m³. For most residential customers the increase in the transportation rate will amount to about \$0.44 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Transportation to Union Gas”** line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.1731 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the **“Transportation Price Adjustment”** line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.1626 cents/m³ to 2.2951 cents/m³. For most residential customers the decrease in the storage rate will amount to about \$4.22 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Storage”** line on your bill.

Delivery

Delivery charges on the **“Delivery to You”** and **“Monthly Charge”** lines on your bill have changed to more accurately reflect costs to provide these services. The result is a net increase in your delivery charges of \$12.95, depending on the amount of gas used.

The **“Delivery to You”** charge that varies with consumption has changed. For most residential customers the decrease in the delivery rate will amount to about \$11.05 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Delivery to You”** line on your bill.

To better align charges with the costs of maintaining a safe and reliable natural gas distribution system, the monthly charge has increased from \$14 to \$16 a month. The increase will amount to \$24 in 2007. You will see this new rate on the **“Monthly Charge”** line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.1234 cents/m³ which appears on the **“Delivery Price Adjustment”** line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Northern Zone – Rate 301
Direct Purchase

Important Information About Your Rates
January 2007
Rate 01

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most residential customers the total **increase** will amount to about \$7.20 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Gas Commodity

The gas commodity rate has increased by 0.0250 cents/m³ to 35.7196 cents/m³. For most residential customers, the increase in the gas commodity rate will amount to about \$0.65 in 2007 depending on the amount of natural gas used. You will see the new rate on the “**Gas Used**” line in your bill.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in a decrease in the transportation rate of 0.0120 cents/m³ to 3.7899 cents/m³. For most residential customers the decrease in the transportation rate will amount to about \$0.28 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Transportation to Union Gas**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.1731 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the “**Transportation Price Adjustment**” line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.2366 cents/m³ to 2.6079 cents/m³. For most residential customers the decrease in the storage rate will amount to about \$6.15 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Storage**” line on your bill.

Delivery

Delivery charges on the “**Delivery to You**” and “**Monthly Charge**” lines on your bill have changed to more accurately reflect costs to provide these services. The result is a net increase in your delivery charges of \$12.98, depending on the amount of gas used.

The “**Delivery to You**” charge that varies with consumption has changed. For most residential customers the decrease in the delivery rate will amount to about \$11.02 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Delivery to You**” line on your bill.

To better align charges with the costs of maintaining a safe and reliable natural gas distribution system, the monthly charge has increased from \$14 to \$16 a month. The increase will amount to \$24 in 2007. You will see this new rate on the “**Monthly Charge**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.1234 cents/m³ which appears on the “**Delivery Price Adjustment**” line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Eastern Zone – Rate 601
Sales

Important Information About Your Rates
January 2007
Rate 01

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most residential customers the total **increase** will amount to about \$6.55 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in a decrease in the transportation rate of 0.0120 cents/m³ to 3.7899 cents/m³. For most residential customers the decrease in the transportation rate will amount to about \$0.28 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Transportation to Union Gas**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.1731 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the “**Transportation Price Adjustment**” line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.2366 cents/m³ to 2.6079 cents/m³. For most residential customers the decrease in the storage rate will amount to about \$6.15 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Storage**” line on your bill.

Delivery

Delivery charges on the “**Delivery to You**” and “**Monthly Charge**” lines on your bill have changed to more accurately reflect costs to provide these services. The result is a net increase in your delivery charges of \$12.98, depending on the amount of gas used.

The “**Delivery to You**” charge that varies with consumption has changed. For most residential customers the decrease in the delivery rate will amount to about \$11.02 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Delivery to You**” line on your bill.

To better align charges with the costs of maintaining a safe and reliable natural gas distribution system, the monthly charge has increased from \$14 to \$16 a month. The increase will amount to \$24 in 2007. You will see this new rate on the “**Monthly Charge**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.1234 cents/m³ which appears on the “**Delivery Price Adjustment**” line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Eastern Zone – Rate 601
Direct Purchase

Important Information About Your Rates
January 2007
Rate 10

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most commercial/industrial customers the total **increase** will amount to about \$313.44 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Gas Commodity

The gas commodity rate has increased by 0.0250 cents/m³ to 34.6137 cents/m³. For most commercial/industrial customers, the increase in the gas commodity rate will amount to about \$23.25 in 2007 depending on the amount of natural gas used. You will see the new rate on the "**Gas Used**" line in your bill.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in a decrease in the transportation rate of 0.0008 cents/m³ to 2.5408 cents/m³. For most commercial/industrial customers the decrease in the transportation rate will amount to about \$0.76 in 2007, depending on the amount of natural gas used. You will see this new rate on the "**Transportation to Union Gas**" line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.0838 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the "**Transportation Price Adjustment**" line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.0385 cents/m³ to 1.2231 cents/m³. For most commercial/industrial customers the decrease in the storage rate will amount to about \$35.81 in 2007, depending on the amount of natural gas used. You will see this new rate on the "**Storage**" line in your bill.

Delivery

The delivery charge that varies with consumption has changed. For most commercial/industrial customers the increase in the delivery rate will amount to about \$326.76 in 2007, depending on the amount of natural gas used. You will see this new rate on the "**Delivery to You**" line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.0872 cents/m³ which appears on the "**Delivery Price Adjustment**" line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Northwestern Zone – Rate 110
Sales

Important Information About Your Rates
January 2007
Rate 10

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most commercial/industrial customers the total **increase** will amount to about \$290.19 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in a decrease in the transportation rate of 0.0008 cents/m³ to 2.5408 cents/m³. For most commercial/industrial customers the decrease in the transportation rate will amount to about \$0.76 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Transportation to Union Gas**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.0838 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the “**Transportation Price Adjustment**” line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.0385 cents/m³ to 1.2231 cents/m³. For most commercial/industrial customers the decrease in the storage rate will amount to about \$35.81 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Storage**” line in your bill.

Delivery

The delivery charge that varies with consumption has changed. For most commercial/industrial customers the increase in the delivery rate will amount to about \$326.76 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Delivery to You**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.0872 cents/m³ which appears on the “**Delivery Price Adjustment**” line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Northwestern Zone – Rate 110
Direct Purchase

Important Information About Your Rates
January 2007
Rate 10

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most commercial/industrial customers the total **increase** will amount to about \$385.45 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Gas Commodity

The gas commodity rate has increased by 0.0250 cents/m³ to 34.1581 cents/m³. For most commercial/industrial customers, the increase in the gas commodity rate will amount to about \$23.25 in 2007 depending on the amount of natural gas used. You will see the new rate on the **“Gas Used”** line in your bill.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in a decrease in the transportation rate of 0.0010 cents/m³ to 2.5443 cents/m³. For most commercial/industrial customers the decrease in the transportation rate will amount to about \$0.93 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Transportation to Union Gas”** line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.0838 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the **“Transportation Price Adjustment”** line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in an increase in the storage rate of 0.0391 cents/m³ to 1.2255 cents/m³. For most commercial/industrial customers the increase in the storage rate will amount to about \$36.37 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Storage”** line in your bill.

Delivery

The delivery charge that varies with consumption has changed. For most commercial/industrial customers the increase in the delivery rate will amount to about \$326.76 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Delivery to You”** line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.0872 cents/m³ which appears on the **“Delivery Price Adjustment”** line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Fort Frances Zone – Rate 210
Sales

Important Information About Your Rates
January 2007
Rate 10

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most commercial/industrial customers the total **increase** will amount to about \$362.20 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in a decrease in the transportation rate of 0.0010 cents/m³ to 2.5443 cents/m³. For most commercial/industrial customers the decrease in the transportation rate will amount to about \$0.93 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Transportation to Union Gas**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.0838 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the “**Transportation Price Adjustment**” line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in an increase in the storage rate of 0.0391 cents/m³ to 1.2255 cents/m³. For most commercial/industrial customers the increase in the storage rate will amount to about \$36.37 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Storage**” line in your bill.

Delivery

The delivery charge that varies with consumption has changed. For most commercial/industrial customers the increase in the delivery rate will amount to about \$326.76 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Delivery to You**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.0872 cents/m³ which appears on the “**Delivery Price Adjustment**” line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Fort Frances Zone – Rate 210
Direct Purchase

Important Information About Your Rates
January 2007
Rate 10

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most commercial/industrial customers the total **increase** will amount to about \$219.57 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Gas Commodity

The gas commodity rate has increased by 0.0250 cents/m³ to 35.2242 cents/m³. For most commercial/industrial customers, the increase in the gas commodity rate will amount to about \$23.25 in 2007 depending on the amount of natural gas used. You will see the new rate on the "**Gas Used**" line in your bill.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in a decrease in the transportation rate of 0.0370 cents/m³ to 3.1040 cents/m³. For most commercial/industrial customers the decrease in the transportation rate will amount to about \$34.41 in 2007, depending on the amount of natural gas used. You will see this new rate on the "**Transportation to Union Gas**" line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.0838 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the "**Transportation Price Adjustment**" line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.1030 cents/m³ to 1.6107 cents/m³. For most commercial/industrial customers the decrease in the storage rate will amount to about \$95.78 in 2007, depending on the amount of natural gas used. You will see this new rate on the "**Storage**" line in your bill.

Delivery

The delivery charge that varies with consumption has changed. For most commercial/industrial customers the increase in the delivery rate will amount to about \$326.51 in 2007, depending on the amount of natural gas used. You will see this new rate on the "**Delivery to You**" line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.0872 cents/m³ which appears on the "**Delivery Price Adjustment**" line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Northern Zone – Rate 310
Sales

Important Information About Your Rates
January 2007
Rate 10

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most commercial/industrial customers the total **increase** will amount to about \$196.32 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in a decrease in the transportation rate of 0.0370 cents/m³ to 3.1040 cents/m³. For most commercial/industrial customers the decrease in the transportation rate will amount to about \$34.41 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Transportation to Union Gas**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.0838 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the “**Transportation Price Adjustment**” line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.1030 cents/m³ to 1.6107 cents/m³. For most commercial/industrial customers the decrease in the storage rate will amount to about \$95.78 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Storage**” line in your bill.

Delivery

The delivery charge that varies with consumption has changed. For most commercial/industrial customers the increase in the delivery rate will amount to about \$326.51 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Delivery to You**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.0872 cents/m³ which appears on the “**Delivery Price Adjustment**” line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Northern Zone – Rate 310
Direct Purchase

Important Information About Your Rates
January 2007
Rate 10

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most commercial/industrial customers the total **increase** will amount to about \$124.15 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Gas Commodity

The gas commodity rate has increased by 0.0250 cents/m³ to 35.7196 cents/m³. For most commercial/industrial customers, the increase in the gas commodity rate will amount to about \$23.25 in 2007 depending on the amount of natural gas used. You will see the new rate on the **“Gas Used”** line in your bill.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in a decrease in the transportation rate of 0.0663 cents/m³ to 3.5586 cents/m³. For most commercial/industrial customers the decrease in the transportation rate will amount to about \$61.65 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Transportation to Union Gas”** line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.0838 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the **“Transportation Price Adjustment”** line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.1770 cents/m³ to 1.9235 cents/m³. For most commercial/industrial customers the decrease in the storage rate will amount to about \$164.61 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Storage”** line in your bill.

Delivery

The delivery charge that varies with consumption has changed. For most commercial/industrial customers the increase in the delivery rate will amount to about \$327.16 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Delivery to You”** line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.0872 cents/m³ which appears on the **“Delivery Price Adjustment”** line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Eastern Zone – Rate 610
Sales

Important Information About Your Rates
January 2007
Rate 10

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most commercial/industrial customers the total **increase** will amount to about \$100.90 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Transportation

The cost to transport natural gas to Ontario has changed, resulting in a decrease in the transportation rate of 0.0663 cents/m³ to 3.5586 cents/m³. For most commercial/industrial customers the decrease in the transportation rate will amount to about \$61.65 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Transportation to Union Gas**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 1.0838 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see this new rate on the “**Transportation Price Adjustment**” line on your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.1770 cents/m³ to 1.9235 cents/m³. For most commercial/industrial customers the decrease in the storage rate will amount to about \$164.61 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Storage**” line in your bill.

Delivery

The delivery charge that varies with consumption has changed. For most commercial/industrial customers the increase in the delivery rate will amount to about \$327.16 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Delivery to You**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.0872 cents/m³ which appears on the “**Delivery Price Adjustment**” line on your bill for the period up to December 31, 2006.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

Eastern Zone – Rate 610
Direct Purchase

Important Information About Your Rates
January 2007
M2 Residential

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most residential customers the total **increase** will amount to about \$12.40 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Gas Commodity

The gas commodity rate has increased by 0.0692 cents/m³ to 35.7196 cents/m³. For most residential customers, the increase in the gas commodity rate will amount to about \$1.80 in 2007 depending on the amount of natural gas used. You will see the new rate on the **“Gas Used”** line in your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.0235 cents/m³ to .9309 cents/m³. For most residential customers the decrease in the storage rate will amount to about \$0.62 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Storage”** line on your bill.

Delivery

Delivery charges on the **“Delivery to You”** and **“Monthly Charge”** lines on your bill have changed to more accurately reflect costs to provide these services. The result is a net increase in your delivery charges of \$11.22, depending on the amount of gas used.

The **“Delivery to You”** charge that varies with consumption has decreased by 0.4913 cents/m³ to 5.1701 cents/m³. For most residential customers the decrease in the delivery rate will amount to about \$12.78 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Delivery to You”** line on your bill.

To better align charges with the costs of maintaining a safe and reliable natural gas distribution system, the monthly charge has increased from \$14 to \$16 a month. The increase will amount to \$24 in 2007. You will see this new rate on the **“Monthly Charge”** line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.1515 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see the new rate on the **“Delivery Price Adjustment”** line on your bill.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

(M2 Residential - Sales)

Important Information About Your Rates
January 2007
M2 Residential

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most residential customers the total **increase** will amount to about \$10.60 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.0235 cents/m³ to 0.9309 cents/m³. For most residential customers the decrease in the storage rate will amount to about \$0.62 in 2007, depending on the amount of natural gas used. You will see this new rate on the “**Storage**” line on your bill.

Delivery

Delivery charges on the “**Delivery to You**” and “**Monthly Charge**” lines on your bill have changed to more accurately reflect costs to provide these services. The result is a net increase in your delivery charges of \$11.22, depending on the amount of gas used.

The “**Delivery to You**” charge that varies with consumption has decreased by 0.4913 cents/m³ to 5.1701 cents/m³. For most residential customers, the decrease in the delivery rate will amount to about \$12.78 in 2007 depending on the amount of natural gas used. You will see this new rate on the “**Delivery to You**” line on your bill.

To better align charges with the costs of maintaining a safe and reliable natural gas distribution system, the monthly charge has increased from \$14 to \$16 a month. The increase will amount to \$24 in 2007. You will see this new rate on the “**Monthly Charge**” line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.1515 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see the new rate on the “**Delivery Price Adjustment**” line on your bill.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

(M2 Residential – Direct Purchase)

Important Information About Your Rates
January 2007
M2 Commercial/Industrial

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most commercial/industrial customers the total **decrease** will amount to about \$20.70 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Gas Commodity

The gas commodity rate has increased by 0.0692 cents/m³ to 35.7196 cents/m³. For most commercial/industrial customers, the increase in the gas commodity rate will amount to about \$11.79 in 2007 depending on the amount of natural gas used. You will see the new rate on the **“Gas Used”** line in your bill.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.0235 cents/m³ to 0.9309 cents/m³. For most commercial/industrial customers the decrease in the storage rate will amount to about \$3.98 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Storage”** line on your bill.

Delivery

Delivery charges on the **“Delivery to You”** and **“Monthly Charge”** lines on your bill have changed to more accurately reflect costs to provide these services. The result is a net decrease in your delivery charges of \$28.51, depending on the amount of gas used.

The **“Delivery to You”** charge that varies with consumption has changed. For most commercial/industrial customers the decrease in the delivery rate will amount to about \$52.51 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Delivery to You”** line on your bill.

To better align charges with the costs of maintaining a safe and reliable natural gas distribution system, the monthly charge has increased from \$14 to \$16 a month. The increase will amount to \$24 in 2007. You will see this new rate on the **“Monthly Charge”** line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.1515 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see the new rate on the **“Delivery Price Adjustment”** line on your bill.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

(M2 Commercial/Industrial - Sales)

Important Information About Your Rates
January 2007
M2 Commercial/Industrial

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2007. For most commercial/industrial customers the total **decrease** will amount to about \$32.49 in 2007, depending on the amount of gas used. The enclosed bill uses the new approved rates.

Storage

The costs associated with the storage of natural gas have changed, resulting in a decrease in the storage rate of 0.0235 cents/m³ to 0.9309 cents/m³. For most commercial/industrial customers the decrease in the storage rate will amount to about \$3.98 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Storage”** line on your bill.

Delivery

Delivery charges on the **“Delivery to You”** and **“Monthly Charge”** lines on your bill have changed to more accurately reflect costs to provide these services. The result is a net decrease in your delivery charges of \$28.51, depending on the amount of gas used.

The **“Delivery to You”** charge that varies with consumption has changed. For most commercial/industrial customers the decrease in the delivery rate will amount to about \$52.51 in 2007, depending on the amount of natural gas used. You will see this new rate on the **“Delivery to You”** line on your bill.

To better align charges with the costs of maintaining a safe and reliable natural gas distribution system, the monthly charge has increased from \$14 to \$16 a month. The increase will amount to \$24 in 2007. You will see this new rate on the **“Monthly Charge”** line on your bill.

In addition, new rates reflect the expiry of the temporary credit of 0.1515 cents/m³ for the period October 1, 2006 to December 31, 2006. You will see the new rate on the **“Delivery Price Adjustment”** line on your bill.

Questions?

If you have any questions about these rate changes, please call the Union Gas Customer Care phone number listed on your bill, or visit our website at uniongas.com.

(M2 Commercial/Industrial – Direct Purchase)

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers. New rates for **Rate 20** will be applied to bills starting January 1, 2007. Your new rates are shown on the accompanying rate schedule. Changes in the rate levels are detailed in the attached appendix.

Approved 2007 delivery rates reflect a rate class average increase of 6.1% over the previously approved 2006 rates for Rate 20 customers. Individual customer rate impacts will vary.

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 20 + Appendix A (Rate 20)
[Rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers. New rates for **Rate 25** will be applied to bills starting January 1, 2007. Your new rates are shown on the accompanying rate schedule. Changes in the rate levels are detailed in the attached appendices.

Approved 2007 delivery rates reflect a rate class average increase of 2.6% over the previously approved 2006 rates for Rate 25 customers. Individual customer rate impacts will vary.

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 25 + Appendix A (Rate 25) + Appendix C
[Rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers. New rates for **Rate 77** will be applied to bills starting January 1, 2007. Your new rates are shown on the accompanying rate schedule. Changes in the rate levels are detailed in the attached appendix.

Approved 2007 delivery rates reflect a delivery demand charge increase of $0.0318¢/m^3$ for Rate 77 customers.

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 77 + Appendix A (Rate 77)
[Rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers. New rates for **Rate 100** will be applied to bills starting January 1, 2007. Your new rates are shown on the accompanying rate schedule. Changes in the rate levels are detailed in the attached appendix.

Approved 2007 delivery rates reflect a rate class average increase of 6.1% over the previously approved 2006 rates for Rate 100 customers. Individual customer rate impacts will vary.

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

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board (OEB) has approved changes to the rates Union Gas charges its customers. New rates for **Rate M4** will be applied to bills starting January 1, 2007. Your new rates are shown on the accompanying rate schedule. Changes in the rate levels are detailed in the attached appendix.

Approved 2007 delivery rates reflect a rate class average increase of 4.3% over the previously approved 2006 rates for M4 customers. Individual customer rate impacts will vary.

In a previous decision, the OEB directed Union to provide for the proportionate phasing out of the Delivery Commitment Credit (DCC) program over a period of five years until January 1, 2007. Approved 2007 delivery rates reflect the termination of the DCC program. The associated payment for obligated deliveries has also ended.

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 M4 + Appendix A (Rate M4)
[Rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board (OEB) has approved changes to the rates Union Gas charges its customers. New rates for **Rate M5A** will be applied to bills starting January 1, 2007. Your new rates are shown on the accompanying rate schedule. Changes in the rate levels are detailed in the attached appendices.

Approved 2007 delivery rates reflect a rate class average increase of 2.4% over the previously approved 2006 rates for M5A customers. Individual customer rate impacts will vary.

In a previous decision, the OEB directed Union to provide for the proportionate phasing out of the Delivery Commitment Credit (DCC) program over a period of five years until January 1, 2007. Approved 2007 delivery rates reflect the termination of the DCC program. The associated payment for obligated deliveries has also ended.

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 M5A + Appendix A (Rate M5A)+ Appendix C
[Rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board (OEB) has approved changes to the rates Union Gas charges its customers. New rates for **Rate M7** will be applied to bills starting January 1, 2007. Your new rates are shown on the accompanying rate schedule. Changes in the rate levels are detailed in the attached appendices.

Approved 2007 delivery rates reflect a rate class average increase of 5.2% over the previously approved 2006 rates for M7 customers. Individual customer rate impacts will vary.

In a previous decision, the OEB directed Union to provide for the proportionate phasing out of the Delivery Commitment Credit (DCC) program over a period of five years until January 1, 2007. Approved 2007 delivery rates reflect the termination of the DCC program. The associated payment for obligated deliveries has also ended.

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 M7 + Appendix A (Rate M7) + Appendix C
[Rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board (OEB) has approved changes to the rates Union Gas charges its customers. New rates for **Rate M9** will be applied to bills starting January 1, 2007. Your new rates are shown on the accompanying rate schedule. Changes in the rate levels are detailed in the attached appendix.

Approved 2007 delivery rates reflect a rate class average decrease of 0.3% over the previously approved 2006 rates for M9 customers. Individual customer rate impacts will vary.

In a previous decision, the OEB directed Union to provide for the proportionate phasing out of the Delivery Commitment Credit (DCC) program over a period of five years until January 1, 2007. Approved 2007 delivery rates reflect the termination of the DCC program. The associated payment for obligated deliveries has also ended.

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 M9 + Appendix A (Rate M9)
[Rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board (OEB) has approved changes to the rates Union Gas charges its customers. New rates for **Rate M10** will be applied to bills starting January 1, 2007. Your new rates are shown on the accompanying rate schedule. Changes in the rate levels are detailed in the attached appendix.

Approved 2007 delivery rates reflect a rate class average decrease of 1.2% over the previously approved 2006 rates for M10 customers. Individual customer rate impacts will vary.

In a previous decision, the OEB directed Union to provide for the proportionate phasing out of the Delivery Commitment Credit (DCC) program over a period of five years until January 1, 2007. Approved 2007 delivery rates reflect the termination of the DCC program. The associated payment for obligated deliveries has also ended.

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 M10 + Appendix A (Rate M10)
[Rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board (OEB) has approved changes to the rates Union Gas charges its customers. New rates for **Rate T1** will be applied to bills starting January 1, 2007. Your new rates are shown on the accompanying rate schedule. Changes in the rate levels are detailed in the attached appendix.

Approved 2007 rates reflect a rate class average increase of 4.0% over the previously approved 2006 rates for T1 customers. Individual customer rate impacts will vary.

In a previous decision, the OEB directed Union to provide for the proportionate phasing out of the Delivery Commitment Credit (DCC) program over a period of five years until January 1, 2007. Approved 2007 delivery rates reflect the termination of the DCC program. The associated payment for obligated deliveries has also ended.

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 T1 + Appendix A (Rate T1)
[Rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board (OEB) has approved changes to the rates Union Gas charges its customers. New rates for **Rate T3** will be applied to bills starting January 1, 2007. Your new rates are shown on the accompanying rate schedule. Changes in the rate levels are detailed in the attached appendix.

Approved 2007 rates reflect a rate class average increase of 1.8% over the previously approved 2006 rates for T3 customers.

In a previous decision, the OEB directed Union to provide for the proportionate phasing out of the Delivery Commitment Credit (DCC) program over a period of five years until January 1, 2007. Approved 2007 delivery rates reflect the termination of the DCC program. The associated payment for obligated deliveries has also ended.

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]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board (OEB) has approved changes to the rates Union Gas charges its customers. New rates for **Rate R1** will be applied to bills starting January 1, 2007. Your new rates are shown on the accompanying rate schedule.

In a previous decision, the OEB directed Union to provide for the proportionate phasing out of the Delivery Commitment Credit (DCC) program over a period of five years until January 1, 2007. The payment for obligated deliveries has ended.

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 R1

[Rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board (OEB) has approved changes to the rates you pay for **M12 transportation service**. These new rates reflect changes in the overall cost of providing service to natural gas transportation customers. The approved rates are shown on the accompanying rate schedule. Changes in the rate schedule are detailed in the attached appendix. These rates will be applied to bills beginning January 1, 2007.

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 M12 + Appendix A (Rate M12)
[rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board (OEB) has approved changes to the rates you pay for **C1 cross franchise transportation service**. These new rates reflect changes in the overall cost of providing service to natural gas transportation customers. The approved rates are shown on the accompanying rate schedule. Changes in the rate schedule are detailed in the attached appendix. These rates will be applied to bills beginning January 1, 2007.

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 C1 + Appendix A (Rate C1)
[rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board (OEB) has approved changes to the rates you pay for **M13 transportation of locally produced gas**. These new rates reflect changes in the overall cost of providing service to natural gas transportation customers. The approved rates are shown on the accompanying rate schedule. Changes in the rate schedule are detailed in the attached appendix. These rates will be applied to bills beginning January 1, 2007.

The monthly charge is being changed from \$347 per month per station to \$622 per month per station. This monthly charge covers the cost of operating and maintaining each producer station. This change ensures that each customer pays the appropriate costs associated with running each station. The Delivery Commodity charge has been replaced with a Transportation charge for all volumes transported from the local producer station to Dawn and a Commodity charge which is equivalent to the cost of fuel.

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 M13 + Appendix A (Rate M13)
[rate schedule attached]

AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2007

The Ontario Energy Board (OEB) has approved changes to the rates you pay for **M16 storage transportation service**. These new rates reflect changes in the overall cost of providing service to natural gas transportation customers. The approved rates are shown on the accompanying rate schedule. Changes in the rate schedule are detailed in the attached appendix. These rates will be applied to bills beginning January 1, 2007.

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 M16 + Appendix A (Rate M16)
[rate schedule attached]

APPENDIX "E" TO
DECISION AND ORDER
BOARD FILE No. EB-2005-0520
MISCELLANEOUS NON ENERGY CHARGES
DATED DECEMBER 19, 2006

UNION GAS LIMITED
Miscellaneous Non-Energy Charges

Line No.	Service	Fee
	Residential Customer Class Service	
1	Connection Charge	\$35
2	Temporary Seal - Turn-off (Seasonal)	\$22
3	Temporary Seal - Turn-on (Seasonal)	\$35
4	Landlord Turn-on	\$35
5	Disconnect/Reconnect for Non-Payment	\$65
	Commercial/Industrial Customer Class Service	
6	Connection Charge	\$38
7	Temporary Seal - Turn-off (Seasonal)	\$22
8	Temporary Seal - Turn-on (Seasonal)	\$38
9	Landlord Turn-on	\$38
10	Disconnect/Reconnect for Non-Payment	\$65
	Statement of Account/History Statements	
11	History Statement (previous year)	\$15/statement
12	History Statement (beyond previous year)	\$40/hour
13	Duplicate Bills * (if processed by system)	No charge
14	Duplicate Bills * (if manually processed)	\$15/statement
	Dispute Meter Test Charges	
15	Meter Test - Residential Meter	\$50 flat fee for removal and test
16	Meter Test - Commercial/Industrial Meter	hourly charge based on actual costs
	Direct Purchase Administration Charges	
17	Monthly fee per bundled t-service contract	\$75.00
18	Monthly per customer fee	\$0.19

Notes:

- * Duplicate bill charges only apply when customer wants two copies of a bill. List bills from the last billing period will be replaced free of charge.

APPENDIX "F" TO
DECISION AND ORDER
BOARD FILE No. EB-2005-0520
DEFERRAL ACCOUNTS
DATED DECEMBER 19, 2006

UNION GAS LIMITED

**Accounting Entries for
Deferred Customer Rebates/Charges
Deferral Account No. 179-26**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 259 Other Current and Accrued Liabilities
Credit	-	Account No. 179-26 Other Deferred Charges - Deferred Customer Rebates/Charges

To record, as a credit (debit) in Deferral Account No. 179-26, the amounts of any rebates (charges) less than \$10 for final customer accounts, and to record as credit (debit) in Account No. 179-26 the amounts of any rebates (charges) arising from approved Rate Orders which cannot be rebated (charged) to specific customers, as the customers cannot be located.

Debit	-	Account No. 179-26 Other Deferred Charges - Deferred Customer Rebates/Charges
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-26, interest on the balance in Deferral Account No. 179-26. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Transportation and Exchange Services
Deferral Account No. 179-69**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 570 Storage and Transportation Revenue
Credit	-	Account No. 179-69 Other Deferred Charges - Transportation and Exchange Services

To record, as a credit (debit) in Deferral Account No. 179-69, the difference between actual net revenues for Transportation and Exchange Services including C1 Interruptible Transportation, Energy Exchanges, M12 Transportation Overrun, M12 and C1 Non-Loss-of-Critical-Unit Protected Firm Transportation, M12 Limited Firm/Interruptible Transportation and C1 Firm Short Term Transportation, and the net revenues forecast for these services as approved by the Board for rate making purposes.

Debit	-	Account No. 179-69 Other Deferred Charges - Transportation and Exchange Services
Credit	-	Account No. 323 Other Interest Expense

To record as a debit (credit) in Deferral Account No. 179-69, interest on the balance in Deferral Account No. 179-69. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Short-term Storage and Other Balancing Services
Deferral Account No. 179-70**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 570 Storage and Transportation Revenue
Credit	-	Account No. 179-70 Other Deferred Charges - Short-term Storage and Other Balancing Services

To record, as a debit (credit) in Deferral Account No. 179-70 the difference between actual net revenues for Short-term Storage and Other Balancing Services including; C1 Off-Peak Storage, Gas Loans, Consumers' LBA, Supplemental Balancing Services, C1 Firm Peak Storage, C1 Firm Short-term deliverability and M12 Interruptible deliverability and the net revenue forecast for these services as approved by the Board for ratemaking purposes.

Debit	-	Account No.179-70 Other Deferred Charges - Short-term Storage and Other Balancing Services
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-70, interest on the balance in Deferral Account No. 179-70. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Long-Term Peak Storage Services
Deferral Account No. 179-72**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 570 Storage and Transportation Revenue
Credit	-	Account No. 179-72 Other Deferred Charges - Long-Term Peak Storage Services

To record, as a credit (debit) in Deferral Account No. 179-72, the difference between actual net revenues for Long-Term Peak Storage Services including C1 Firm Peak Storage and the net revenues forecast for these services as approved by the Board for rate making purposes.

Debit	-	Account No. 179-72 Other Deferred Charges - Long-Term Peak Storage Services
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-72 interest on the balance in Deferral Account No. 179-72. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Other S&T Services
Deferral Account No. 179-73**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 570 Storage and Transportation Revenue
Credit	-	Account No. 179-73 Other Deferred Charges - Other S&T Services

To record, as a credit (debit) in Deferral Account No. 179-73, the difference between actual net revenues for Other S&T Services including, Offsystem Capacity, Redirection/Name Changes, Ontario Production and other S&T services and the net revenues forecast for these services as approved by the Board for rate making purposes.

Debit	-	Account No. 179-73 Other Deferred Charges - Other S&T Services
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-73 interest on the balance in Deferral Account No. 179-73. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Lost Revenue Adjustment Mechanism
Deferral Account No. 179-75**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No.179-75 Other Deferred Charges - Lost Revenue Adjustment Mechanism
Credit	-	Account No. 529 Other Sales

To record, as a debit (credit) in Deferral Account No. 179-75, the difference between actual margin reductions related to Union's DSM plans and the margin reduction included in gas delivery rates as approved by the Board.

Debit	-	Income Account No. 179-75 Other Deferred Charges - Lost Revenue Adjustment Mechanism
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-75, interest expense on the balance in Deferral Account No. 179-75. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Heating Value
Deferral Account No. 179-89**

This account is applicable to the Northern and Eastern Operations of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit - Account No.179-89
 Other Deferred Charges - Heating Value

Credit - Account No. 623
 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-89, the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates.

Debit - Account No. 179-89
 Other Deferred Charges - Heating Value

Credit - Account No. 323
 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-89, interest on the balance in Deferral Account No. 179-89. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
TCPL Tolls and Fuel – Northern and Eastern Operations Area
Deferral Account No. 179-100**

This account is applicable to the Northern and Eastern Operations of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No.179-100 Other Deferred Charges - TCPL Tolls and Fuel – Northern and Eastern Operations Area
Credit	-	Account No. 623 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-100, the difference in the costs between the actual per unit TCPL tolls and associated fuel and the forecast per unit TCPL tolls and associated fuel costs included in the rates as approved by the Board.

Debit	-	Account No. 623 Cost of Gas
Credit	-	Account No.179-100 Other Deferred Charges - TCPL Tolls and Fuel – Northern and Eastern Operations Area

To record, as a credit (debit) in Deferral Account No. 179-100, the benefit from the temporary assignment of unutilized capacity under Union’s TCPL transportation contracts to the Northern and Eastern Operations Area. The benefit will be equal to the recovery of pipeline demand charges and other charges resulting from the temporary assignment of unutilized capacity that have been included in gas sales rates.

Debit	-	Account No. 179-100 Other Deferred Charges - TCPL Tolls and Fuel – Northern and Eastern Operations Area
Credit	-	Account No. 623 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-100 charges that result from the Limited Balancing Agreement with TCPL.

Debit	-	Account No. 500 Sales Revenue
Credit	-	Account No. 179-100 Other Deferred Charges - TCPL Tolls and Fuel – Northern and Eastern Operations Area

To record, as a credit (debit) in Deferral Account No. 179-100 revenue from T-Service customers for load balancing service resulting from the Limited Balancing Agreement with TCPL.

Debit - Account No. 179-100
Other Deferred Charges - TCPL Tolls and Fuel – Northern and Eastern Operations Area

Credit - Account No. 323
Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-100 interest expense on the balance in Deferral Account No. 179-100. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Intra-Period WACOG Changes
Deferral Account No. 179-102**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit	-	Account No.179-102 Other Deferred Charges – Intra-Period WACOG Changes
Credit	-	Account No. 529 Other Sales

To record as a debit (credit) in Deferral Account No. 179-102 the delivery rate impact of the difference between the actual WACOG as approved by the Board during the year and the WACOG approved for recovery in rates related to inventory carrying costs, compressor fuel and unaccounted for gas.

Debit	-	Account No. 179-102 Other Deferred Charges – Intra-Period WACOG Changes
Credit	-	Account No. 323 Other Interest Expense

To record as a debit (credit) in Deferral Account No. 179-102, interest on the balance in Deferral Account No. 179-102. Simple interest will be computed on the monthly opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Unbundled Services Unauthorized Storage Overrun
Deferral Account No. 179-103**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit	-	Account No.571 Storage Revenue
Credit	-	Account No. 179-103 Other Deferred Charges – Unbundled Services Unauthorized Storage Overrun

To record as a credit (debit) in Deferral Account No. 179-103 any unauthorized storage overrun charges incurred by customers electing unbundled service.

Debit	-	Account No. 179-103 Other Deferred Charges – Unbundled Services Unauthorized Storage Overrun
Credit	-	Account No. 323 Other Interest Expense

To record as a debit (credit) in Deferral Account No. 179-103, interest on the balance in Deferral Account No. 179-103. Simple interest will be computed on the monthly opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
North Purchase Gas Variance Account
Deferral Account No. 179-105**

This account is applicable to the Northern and Eastern Operations area of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit - Account No. 179-105
 Other Deferred Charges – North Purchase Gas Variance Account

Credit - Account No. 623
 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-105, the difference between the unit cost of firm gas purchased each month for the Northern and Eastern Operations area and the unit cost of gas included in the gas sales rates as approved by the Board.

Debit - Account No. 179-105
 Other Deferred Charges - North Purchase Gas Variance Account

Credit - Account No. 323
 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-105, interest expense on the balance in Deferral Account No. 179-105. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
South Purchase Gas Variance Account
Deferral Account No. 179-106**

This account is applicable to the Southern Operations area of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit - Account No. 179-106
 Other Deferred Charges – South Purchase Gas Variance Account

Credit - Account No. 623
 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-106, the difference between the unit cost of gas purchased each month for the Southern Operations and the unit cost of gas included in the gas sales rates as approved by the Board.

Debit - Account No. 179-106
 Other Deferred Charges - South Purchase Gas Variance Account

Credit - Account No. 323
 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-106, interest expense on the balance in Deferral Account No. 179-106. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Spot Gas Variance Account
Deferral Account No. 179-107**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-107 Other Deferred Charges –Spot Gas Variance Account
Credit	-	Account No. 623 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-107, the difference between the unit cost of spot gas purchased each month and the unit cost of gas included in the gas sales rates as approved by the Board on the spot volumes purchased in excess of planned purchases.

Debit	-	Account No. 623 Cost of Gas
Credit	-	Account No. 179-107 Other Deferred Charges –Spot Gas Variance Account

To record, as a credit (debit) in Deferral Account No. 179-107, the approved gas supply charges recovered through the delivery component of rates.

Debit	-	Account No. 179-107 Other Deferred Charges – Spot Gas Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-107, interest expense on the balance in Deferral Account No. 179-107. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Unabsorbed Demand Cost (UDC) Variance Account
Deferral Account No. 179-108**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-108 Other Deferred Charges – Unabsorbed Demand Cost Variance Account
Credit	-	Account No. 623 Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-108, the difference between the actual unabsorbed demand costs incurred by Union and the amount of unabsorbed demand charges included in rates as approved by the Board.

Debit	-	Account No. 179-108 Other Deferred Charges – Unabsorbed Demand Cost Variance Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-108, interest expense on the balance in Deferral Account No. 179-108. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Inventory Revaluation Account
Deferral Account No. 179-109**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-109 Other Deferred Charges – Inventory Revaluation
Credit	-	Account No. 152 Gas Stored Underground - Available for Sales
Credit	-	Account No. 153 Transmission Line Pack Gas

To record, as a debit (credit) in Deferral Account No. 179-109, the decrease (increase) in the value of gas inventory available for sale to sales service customers due to changes in Union's weighted average cost of gas approved by the Board for rate making purposes.

Debit	-	Account No. 179-109 Other Deferred Charges – Inventory Revaluation Account
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-109, interest expense on the balance in Deferral Account No. 179-109. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Demand Side Management Variance Account
Deferral Account No. 179-111**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit - Account No.179-111
 Demand Side Management Variance Account

Credit - Account No. 251
 Accounts Payable

To record as a debit (credit) in Deferral Account No. 179-111, the difference between actual and the approved direct DSM expenditure budget currently approved for recovery in rates, provided that any excess over the approved direct DSM expenditure budget does not exceed 15% of the direct DSM expenditure budget. Any excess over the approved direct DSM expenditure budget for the year must be for incremental DSM volume savings that are cost effective as determined by the Total Resource Cost Test.

Debit - Account No.179-111
 Other Deferred Charges – Demand Side Management Variance Account

Credit - Account No. 323
 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-111, interest expense on the balance in Deferral Account No. 179-111. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Gas Distribution Access Rule (GDAR) Costs
Deferral Account No. 179-112**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-112 Other Deferred Charges - Deferred Gas Distribution Access Rule (GDAR) Costs
Credit	-	Account No. 251 Accounts Payable

To record, as a debit (credit) in Deferral Account No. 179-112 the difference between the actual costs required to implement the appropriate process and system changes to achieve compliance with GDAR and the costs included in rates as approved by the Board.

Debit	-	Account No.179-112 Other Deferred Charges - Deferred Gas Distribution Access Rule (GDAR) Costs
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-112, interest on the balance in Deferral Account No. 179-112. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Late Payment Penalty Litigation
Deferral Account No. 179-113**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit - Account No. 179-113
Late Payment Penalty Litigation Costs

Credit - Account No. 251
Accounts Payable

To record, as a debit (credit) in Deferral Account No. 179-113, the costs Union incurs in defending itself in late payment penalty litigation, specifically, the company's legal costs, costs of actuarial advice and costs of analyzing historic billing records. These costs shall exclude any judgment against the Company.

Debit - Account No. 179-113
Late Payment Penalty Litigation Costs

Credit - Account No. 323
Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-113, interest expense on the balance in Deferral Account No. 179-113. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Shared Savings Mechanism
Deferral Account No. 179-115**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No.179 -115 Shared Savings Mechanism
Credit	-	Account No. 579 Miscellaneous Operating Revenue

To record, as a debit in Deferral Account No. 179-115, the shareholder incentive earned by the Company in relation to its Demand Side Management (DSM) Programs.

Debit	-	Account No.179- 115 Other Deferred Charges – Shared Savings Mechanism
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit in Deferral Account No. 179 -115, interest expense on the balance in Deferral Account No. 179-115. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entry for
Interest on the Gain on the 2004 Cushion Gas Disposition
Deferral Account No. 179-116**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 323 Other Interest Expense
Credit	-	Account No. 179-116 Interest on the Gain on the 2004 Cushion Gas Disposition

To record, as a credit in Deferral Account No. 179-116, the interest expense on the gain on the sale of cushion gas in 2004, starting April 26, 2005. Simple interest will be computed monthly in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

**Accounting Entries for
Carbon Dioxide Offset Credits
Deferral Account No. 179-117**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No.179 -117 Carbon Dioxide Offset Credits
Credit	-	Account No. 579 Miscellaneous Operating Revenue

To record, as a debit in Deferral Account No. 179-117, the amounts representing proceeds from the sale of or other dealings in carbon dioxide offset credits earned as a result of Union's DSM activity.

Debit	-	Account No.179 -117 Other Deferred Charges – Carbon Dioxide Offset Credits
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit in Deferral Account No. 179 -117, interest expense on the balance in Deferral Account No. 179-117. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.