

Union Gas Limited PBR Proposal - Appendix B

	Union PBR Proposal				
	2000	2001	2002	2003	2004
A 1999 Delivery Revenue Base (\$M)					
Delivery revenue at approved rates (EBRO 499)	787.2				
Delivery/redelivery and storage revenue (N&E)	31.4				
Short term gas supply	(7.6)				
Delivery Commitment Credit (DCC)					
Base Delivery Revenue	811.1	846.4	833.8	841.9	857.9
B Adjustments to base delivery revenue before applying price cap					
Delivery commitment credit	(27.3)	(27.3)	(6.8)		
Y2K costs	(7.6)	(7.6)			
Regulatory costs			(0.8)		
Delivery Revenue for applying price cap	776.2	811.6	826.2	841.9	857.9
C Price cap formula					
Inflation	1.60%	1.60%	1.60%	1.60%	1.60%
TFP	-0.70%	-0.70%	-0.70%	-0.70%	-0.70%
Stretch	0.40%	0.40%	0.40%	0.40%	0.40%
Price cap	1.90%	1.90%	1.90%	1.90%	1.90%
Price cap applied to Delivery Revenue	14.7	15.4	15.7	16.0	16.3
D Adjustments to 1999 Base Rates					
Recovery of accumulated UFG	4.0				
Change in accounting for pension and other post retirement benefits	6.8				
Accumulated deferred tax amortization	(10.3)				
Y2K cost recovery - Jan. 1, 2001		(7.6)			
Delivery commitment credit - April 1, 2001		(20.4)	(6.8)		
Regulatory savings - Jan1, 2002			(0.8)		
Total adjustments to 1999 Base Rates	0.5	(28.0)	(7.6)	0.0	0.0
E Pass-through items					
Gas costs					
UFG	5.6				
Inventory carrying costs	4.1				
Fuel	(0.8)				
Total gas costs	8.8				
ROE	5.7				
UFG	5.6				
Total Pass-throughs	20.1	0.0	0.0	0.0	0.0
F Rate changes					
Price cap component	14.7	15.4	15.7	16.0	16.3
Adjustments to 1999 Base Rates	0.5	(28.0)	(7.6)		
Pass-throughs	20.1				
Total Rate changes	35.4	(12.6)	8.1	16.0	16.3
G Revenue at new rates					
	846.4	833.8	841.9	857.9	874.2