

Ontario Energy Board

EB-2012-0206

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 amending or varying the
rate or rates charged to customers as of October 1, 2011.

AND IN THE MATTER OF a proceeding commenced by the
Ontario Energy Board on its own motion to determine the accuracy
of the calculation of margin sharing related to Deferral Account
179-70 – Short-Term Storage and Other Balancing Services.

WRITTEN SUBMISSIONS OF THE CITY OF KITCHENER

1. These are the submissions of The Corporation of the City of Kitchener ("Kitchener") pursuant to the Ontario Energy Board ("Board") Notice of Motion to Review, Notice of Motion Hearing and Procedural Order No. 1 dated May 2, 2012 ("Notice").
2. The Board's Notice provided that all intervenors and Union be given an opportunity to make additional submissions on the single issue of calculating the amount of margin sharing in the Short-Term Storage Account. Kitchener appreciates being given this opportunity by the Board.
3. Kitchener has reviewed the Board's findings in its EB-2011-0038 Decision and Order on Draft Rate Order dated February 29, 2012 ("Decision"). The following findings from the Decision are clear and unambiguous:

"The Board's findings in this proceeding result in the sharing with ratepayers of all net revenues (minus a 10% incentive payment as set out in the NGEIR Decision) in the Short-term Storage Account as it is a utility asset which is supporting these transactions."
4. Kitchener has also reviewed the four letters submitted by CME and Union as incorporated by the Board in the instant proceeding.
5. The accounting entries for Deferral Account 179-70 – Short-Term Storage and Other Balancing Services are recorded as follows:

"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." [emphasis added]

6. Based on the Board's clear findings in its Decision as noted above, the approved accounting protocol for Deferral Account 179-70 as noted above and the evidentiary record as cited in the various CME and Union letters, Kitchener respectfully submits that the calculation of margin sharing in the Short-Term Storage Account for disposition of the 2010 deferred balance is very straight forward:

	\$ 000
Actual Net Revenue	\$ 16,753 (1)
Less: 10% Incentive Payment	<u>1,675</u>
Actual Adjusted Net Revenue	\$ 15,078
Less: Short-Term Margin in Rates	<u>11,254 (2)</u>
Deferral Account Balance for Disposition	\$ <u>3,824</u>

Notes: (1) EB-2011-0038, Rate Order, Appendix C, Schedule 2, Updated

(2) EB-2010-0148, Rate Order, Working Papers, S. 14, Column (g), line 7: \$ 15.829 million * 79% * 90% = \$ 11.254 million

7. Based on the above calculation for 2010, shared margins of \$ 3.824 million for short-term storage transactions were generated and supported wholly by utility assets and should be disposed of to ratepayers.

All of which is respectfully submitted.

The Corporation of the City of Kitchener
 James A. Gruenbauer, CMA
 Manager, Regulatory Affairs & Supply

Per:

