

January 25, 2016

BY COURIER & RESS

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

RE: EB-2015-0029 – Union Gas Limited 2015-2020 DSM Plan – Request for Decision Clarification

Dear Ms. Walli,

On January 20, 2016, the Ontario Energy Board (“Board”) released its Decision and Order (“Decision”) in EB-2015-0029 / EB-2015-0049, Union Gas Limited (“Union”) and Enbridge Gas Distribution Inc. applications for approval of 2015-2020 Demand Side Management (“DSM”) Plans.

In its application and evidence, Union requested approval to embed the DSM Incentive at target into rates. At Exhibit A, Tab 3, page 37 Union stated:

Beginning in 2016, Union proposes to include the DSM Incentive at Target, \$4.180 million, in rates. Customers have expressed interest in building the DSM Incentive into rates to avoid large out-of-period adjustments when Union disposes of its non-commodity deferral account balances. The variance between the DSM Incentive built into rates and the actual DSM Incentive achieved by Union will be recorded in the DSM Incentive Deferral Account (“DSMIDA”).

Union’s Reply Argument addressed embedding the incentive in rates at paragraphs 101-102. Union noted:

Embedding in rates – intervenors’ submissions

OGVG supports embedding 100% of the shareholder incentive in rates as a “sensible measure”¹. SEC is opposed embedding any part of the shareholder incentive in rates because, in its view, performance-based compensation should only be paid on

¹ OGVG Submissions, p. 4.

*performance. Embedding any part of the incentive in rates will, in SEC's view, make the gas utilities more inclined to see the incentive as an entitlement rather than a reward.*²

Embedding in rates – Union's reply

*While SEC is right to observe that the shareholder incentive is a reward for performance that should not be taken for granted, Union believes that this consideration does not outweigh the benefits of smoothing out rate impacts by including a part of the shareholder incentive in rates. OGVG's support of Union's proposal underlines the interest customers have expressed in building the DSM Incentive into rates to avoid large out-of-period adjustments when Union disposes of its non-commodity deferral account balances.*³

Union was unable to find any specific reference related to this request in the Board's Decision. In its February 3, 2016 filing of written comments related to the calculations in the Decision, Union intends to include information showing the allocation to rate classes. Union therefore respectfully requests clarification from the Board on this request prior to its February 3, 2016 filing.

If you have any questions with respect to this submission please contact me at 519-436-5334.

Yours truly,

[original signed by]

Vanessa Innis
Manager, Regulatory Initiatives

cc: Valerie Bennett, Board Staff
Alex Smith, Torys
All Intervenors (EB-2015-0029)

² SEC Submissions, pp. 39-40.

³ Exhibit A, Tab 3, p. 37