

Aiken & Associates

578 McNaughton Ave. West
Chatham, Ontario, N7L 4J6

Phone: (519) 351-8624
Fax: (519) 351-4331
E-mail: raiken@xcelco.on.ca

May 13, 2009

By Courier

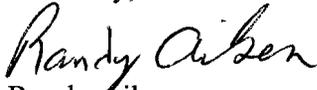
Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

Re: London Property Management Association Interrogatories – EB-2009-0101

As per Procedural Order No. 1 please find attached the interrogatories of the London Property Management Association in the above noted application.

Sincerely,



Randy Aiken
Aiken & Associates

Encl.

c.c. Chris Ripley, Union Gas Limited (delivered)

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. 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 July 1, 2009 in connection with the sharing of 2008 earnings under the incentive rate mechanism approved by the Ontario Energy Board on January 17, 2008.

**INTERROGATORIES OF THE
LONDON PROPERTY MANAGEMENT ASSOCIATION**

Interrogatory # 1

Ref: Exhibit A, page 5

Were the two new gas fired power generation plants operating for the full year in 2008? If not, please indicate how many months each were in operation in 2008.

Interrogatory # 2

Ref: Exhibit A, page 11

a) Are the O&M expenses allocated to Union's unregulated storage operations based on the 2007 Board approved cost study applied to 2008 costs or to 2007 costs? If the costs are not based on actual 2008 costs, please provide the impact of using actual 2008 costs allocated based upon the 2007 Board approved cost study.

b) Why has Union used incremental O&M attributable to new storage investments made subsequent to the 2007 cost study rather than fully allocated costs related to these new storage investments? What would be the impact of using fully allocated costs rather than incremental costing to the new storage investments made subsequent to the 2007 cost study?

c) Please provide a breakdown of the O&M costs of \$12,028 shown in column (b) of Exhibit A, Appendix B, Schedule 1 into the two components of these costs: O&M costs attributable to storage assets included in the 2007 Board approved cost study, and the incremental costs attributable to new storage investment made subsequent to the 2007 cost study.

Interrogatory # 3

Ref: Exhibit A, page 13

- a) What years were used to calculate the UFG volume for test year 2007 in EB-2005-0520?
- b) Please provide the impact on the \$15.6 million if the following years are used in place of the 2005 through 2007 period:
 - i) 2003 through 2005, and
 - ii) 2004 through 2006.
- c) Please explain in detail the rationale for using a forecast methodology to calculate UFG for 2008 when the actual utility UFG of \$44,857 (Exhibit A, Appendix B, Schedule 3) is known.
- d) Please indicate what Union means by “normalized” at line 12. What has been normalized and what has it been normalized to?
- e) Please specify the part in Section 10.1 of the Settlement Agreement upon which Union is relying to use the weighted average of three years for purposes of calculating the 2008 utility earnings.
- f) Please provide examples of Union using the three year weighted average of UFG rather than the actual UFG in reporting on historical costs and utility earnings. In particular, how did Union report actual 2004 utility earnings and costs in EB-2005-0520?

Interrogatory # 4

Ref: Exhibit A, page 17

At what level would the X factor have had to been in 2008 to reduce the normalized return on equity of 12.11% to the benchmark ROE of 8.81%?

Interrogatory # 5

Ref: Exhibit A, page 19

The evidence states that “the recession will also result in lower GDP IPI FDD over the remainder of the IR term.”

- a) What is the GDP IPI FDD factor Union is forecasting to be applicable to the 2010 rates?
- b) What are the GDP IPI FDD figures as reported by Statistics Canada for the third and fourth quarters of 2008 that will be used as part of the determination of 2010 rates?
- c) What is the impact on the 2010 ROE of a 0.25% increase in the GDP IPI FDD forecast for 2010?

Interrogatory # 6

Ref: Exhibit A, page 22

Based on the most recent Consensus Forecast available what would the 2010 benchmark ROE be? Please use only the 12 month ahead forecast for 10 year Government of Canada Bonds (i.e. do not average with the 3 month ahead forecast) for this calculation.

Interrogatory # 7

Ref: Exhibit A, page 22

- a) Please reconcile the figure of 3,232 customer additions in 2009 shown at line 20 with the figure of 4,063 shown in Exhibit A, Appendix C, Schedule 1.
- b) Which figure has been used in the calculation of the 2009 ROE?
- c) What is the most recent year-to-date figure of net attachments in 2009? How does this figure compare to the net attachments at the same time in 2008?
- d) Please confirm that the 2008 customer additions figure of 20,069 shown on line 22 is the net customer additions for 2008. If this cannot be confirmed, please provide the net customer additions for 2008 that is comparable to the projected figures for 2009 and 2010 shown in Exhibit A, Appendix C, Schedule 1.

Interrogatory # 8

Ref: Exhibit A, page 24 – 25

Does Union have any potential revenue increases in 2009 and/or 2010 related to new ethanol plants or to expansions at existing ethanol plants? If yes, has this been factored into Union's forecasts?

Interrogatory # 9

Ref: Exhibit A, pages 22 – 27

For each of the categories listed below, please provide the most recent year-to-revenues for 2009 and the corresponding year-to-date revenues for the same period in 2008.

- i) General Service Revenues;
- ii) Infranchise Contract Delivery Revenue; and
- iii) Transportation Revenue.

Interrogatory # 10

Ref: Exhibit A, Appendix C, Schedule 2

Please provide a sensitivity analysis of the impact on the ROE in 2009 and 2010 of the following changes:

- a) An increase in net customer attachments in 2009 of 1,000.
- b) Salary and wage increase of 2.5% in 2010.
- c) A reduction in inflationary increases in 2009 and 2010 to 1.5% per year.

Interrogatory # 11

Ref: Exhibit A, Appendix A, Schedule 12

- a) Please explain what is meant by energy management consultancy fees in footnote 2.
- b) What is the level of these fees excluded in the 2007 actual figure?
- c) Were there any energy management consultancy fees excluded in the actual 2008 figure? If yes, please explain the rationale for excluding these fees in 2008.