

EB-2009-0101

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 CITY OF KITCHENER
FOR UNION GAS LIMITED**

Interrogatory # 1

Ref: Exhibit A, page 2, lines 17 through 19

Does Union Gas accept that it has an obligation during the process of establishing base rates and the incentive regulation mechanism to disclose all information which is reasonably available respecting the likelihood of changes in its revenues during the IRM term?

Interrogatory # 2

Ref: Exhibit A, page 4, Table 1

Please prepare a schedule which classifies the main drivers of Union's total revenue sufficiency in 2008 as due to variances from 2007 base rate assumptions and variances from the components of the IRM formula.

Interrogatory # 3

Ref: Exhibit A, page 5, line 7 through page 6, line 3

For the drivers of incremental gas distribution margin realized during 2008 in the contract rate classes, were any of them the result of negotiated changes to

forecasted levels of service? If so, when were these negotiated changes known by Union for planning purposes?

Interrogatory # 4

Ref: Exhibit A, page 5, lines 19 to 20
Exhibit A, page 6, lines 10 to 11

Union Gas indicates that rate class migration from contract to general service during 2008 resulted in no net change in gas distribution margin, i.e. offsetting impacts of \$ 2.1 million. Shouldn't such rate class migration result in higher net gas distribution margin? If not, then why not? What were the reasons for the rate class migration? Is it expected that the customers who migrated from contract to general service will remain on general service for the remainder of the current IRM term? Does Union anticipate further rate class migration of a similar nature to occur during the remainder of the current IRM term?

Interrogatory # 5

Ref: Exhibit A, page 6, line 17 through page 7, line 20

For the main drivers of incremental gas transportation revenue realized during 2008, were any of them the result of negotiated changes to forecasted levels of service? If so, when were these negotiated changes known by Union for planning purposes?

Interrogatory # 6

Ref: Exhibit A, Page 13, lines 7 through 15

Union's proposed normalization of UFG for 2008 yields an adjustment of \$ 15.6 million to the calculation of utility earnings subject to sharing. This adjustment is significant, for example, in relation to the impact of changes in average use (AU) for Union's rates M1, M2, 01 and 10 as captured by the approved IRM formula and the AU deferral account. Given that the proposed adjustments for normalizing UFG appear to far exceed the impact of changes to AU, please explain why UFG was not identified by Union as a cost that perhaps warranted similar treatment to AU under IRM at the time the mechanism was being developed in EB-2007-0606?

Interrogatory # 7

Ref: Exhibit A, page 27, line 9 through page 28, line 9

Please update the table shown on page 2 of Exhibit C15.4 in EB-2007-0606 to include actual data for 2007 and 2008 and forecast data for 2009 and 2010. Please add line 8 to the table to include actual / forecast throughput to in-franchise customers and lines 9 and 10 to include actual / forecast transportation volumes to ex-franchise customers under short-term and long-term contract service, respectively, for the years 2001 through 2010.

Interrogatory # 8

Ref: Exhibit A, Appendix B, Schedules 1 and 2
Exhibit A, Appendix D, Schedule 1

Please prepare revised schedules as referenced which eliminate the accounting adjustment of \$ 3,654 and UFG normalization adjustment of \$ 15,616.