

IN THE MATTER of the *Ontario Energy Board Act 1998*, Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

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 School Energy Coalition

1. Ref. Exhibit A, p. 8: please provide a summary of the "increases in rate base investment that increased costs [of capital] by \$5.8 million" in 2008.

2. Ref. Exhibit A, p. 10 and 16, and Ex. A, Schedule B:

Ex. A, pg. 10 states that "revenues and costs for unregulated storage services are excluded from the earnings sharing calculation." However, at p. 16, the evidence states that "Earnings from utility operations are increased by the portion of the storage premium reflected in approved rates to determine utility earnings subject to sharing....The after tax earnings impact of the premium in 2008 is \$10.7 million and \$7.5 million respectively." In Exhibit A Schedule B, column 2, it appears that Union has excluded all Storage and Transportation revenues and operating expenses from its utility earnings. At lines 19-21 of the same exhibit appears that certain storage premiums have been added back to utility earnings but it is not clear what the nature of those premiums are (i.e. whether they are in-franchise or ex-franchise).

- (a) Please clarify the treatment of ex-franchise storage revenues for the purposes of determining Union's earnings subject to earnings sharing.
- (b) If Union has not included any ex-franchise storage revenues in its earnings calculation, please explain why that is, given that the Board in the NGEIR decision [p. 107] said that Union would continue to share ex-franchise storage margin with ratepayers in 2008, albeit at a reduced rate (75%) from 2007.
- (c) Please confirm that Column B in Ex. A, Appendix B includes only revenues and costs relating to storage operations and not transportation.

3. Ref. Ex. A, Appendix B: please provide the cost rate used to calculate the unfunded short-term debt amount (line 13) and state the rationale for the cost rate used.

4. Ref.: Ex. A, Appendix B:

- (a) Please explain the entry at line 17: "Preferred dividend requirements", which reduces utility income subject to sharing by \$5.1 million. Is this amount an approved element of Union's cost of capital? If not, what is the rationale for including this deduction in calculating Union's income that is subject to sharing?