

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.**

Submission of the Federation of Rental-housing Providers of Ontario

EB-2009-0052

May 15, 2009

1 Background

2 The following represents the written submissions of the Federation of Rental-housing Providers
3 of Ontario (FRPO) in the matter of 2008 deferral account dispositions by Union Gas Ltd. as
4 proposed in their application to the Board March 31, 2009. With the number of concurrent
5 natural gas proceedings, it is understandable that it was anticipated that deferral account
6 dispositions could be handled in an efficient written fashion. However, the written process to
7 this point has not resulted in clarity on the practice and supporting assumptions the applicant has
8 made in the area of storage dispositions. In FRPO's respectful submission, the applicant has not
9 discharged their onus of establishing the values presented are consistent with Board direction in
10 this matter.

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12 Storage Account Dispositions

13 In its prefiled evidence, Exhibit A, Tab 1, pages 5-7, Union verbally described its calculation and
14 proposed disposition of Storage and Transportation Deferral Accounts. FRPO desired to create
15 additional clarity around issues of methodology, assumptions and cost allocation. In submitting
16 interrogatories in this area, FRPO requested quantification and description of the components
17 that contributed to the determination of net revenues. The resulting interrogatory response,
18 Exhibit B3.1, provided some clarity on the quantification but little in the way of description or
19 explanation. In attempting to stay on track with the established deadlines, FRPO submitted a
20 request for clarification on May 12th that was answered by the applicant on May 14th.
21 Unfortunately, in simple terms, FRPO does not have clarity in terms of the components,
22 assumptions and asset costs that it was trying to establish in creating confidence in the figures
23 proposed. At this juncture of final submissions, FRPO cannot support the deferral account
24 dispositions proposed.

1 Relief Sought

2 FRPO believes that greater discovery and clarity would be important in the public interest and
3 that the applicant has not discharged its onus. However, FRPO is also sensitive to organizations,
4 particularly large volume consumers who would benefit from an earlier disposition of deferral
5 account balances especially in these difficult economic times. In its respectful submission,
6 FRPO would recommend that the Board approve the disposition of the proposed balances on an
7 interim basis. The final approval could be deferred until after the concurrent Earnings Sharing
8 Mechanism proceeding EB-2009-0101 is decided. In that way, any increments in disposition or
9 recovery related to Deferral Accounts could be netted against the values determined in Earnings
10 Sharing Mechanisms, while large consumers would benefit from the impact of cash flow.

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12 Vector Pipeline

13 FRPO inquired with the applicant regarding managing the risk of currency exchange for its
14 ratepayers. FRPO's simple premise is: if the revenues are always collected in Canadian dollars,
15 then paying the costs in American dollars leaves customers exposed to currency risk. If a
16 pipeline is best value at the time of contracting in Canadian dollars, then it may be appropriate
17 for the utility to consider crystallizing the exchange rate at that time minimizing the risk for
18 customers. However, at this stage, this issue may best be left to subsequent Long Term
19 Contracts as established through the Boards' recent Guidelines for Long-Term Contracting.
20 Therefore, FRPO does not seek any relief on this issue in this proceeding.

21
22 ALL OF WHICH IS RESPECTFULLY SUBMITTED MAY 15, 2009-05-15



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24 Dwayne Quinn (on behalf of FRPO)