

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an Application by Union Gas Limited for an Order or Orders approving or fixing a multi-year incentive rate mechanism to determine rates for the regulated distribution, transmission and storage of natural gas, effective January 1, 2008;

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an Order or Orders approving or fixing rates for the distribution, transmission and storage of natural gas, effective January 1, 2008;

AND IN THE MATTER OF a combined proceeding Board pursuant to section 21(1) of the *Ontario Energy Board Act, 1998*.

**INTERROGATORIES OF THE INDUSTRIAL GAS USERS
ASSOCIATION (“IGUA”) TO UNION GAS LIMITED (“UNION”)**

- 1. Reference:** Union Evidence, Ex.B, Tab 1, page 8, Table 1
Issue No.: 1.2
Issue: What is the method for incentive regulation that the Board should approve for each utility?

IGUA wishes to understand the differences between the IR regime being proposed by Union and the recommendations of Pacific Economics Group (“PEG”) for Union. In this context, please provide responses to the following questions:

- (a) Please revise Table 1 to show how Union’s summary would differ if the Board accepted PEG’s recommendations for Union.

- 2. Reference:** Union Evidence, Ex.B, Tab 1, page 6
Issue Nos.: 1.2, 5.1, 6.1
Issue: 1.2 What is the method for incentive regulation that the Board should approve for each utility?
5.1 What are the Y Factors that should be included in the IR plan?
6.1 What are the criteria for establishing Z Factors that should be included in the IR plan?

Union’s evidence suggests that an IR plan should be comprehensive. Yet, the IR plan Union proposes has Y factor features, including Deferral Accounts, and Z factor features. IGUA regards Y factors, including Deferral Accounts, and Z factors as continuing features of Cost of Service (“COS”) rate regulation. IGUA wishes to obtain from Union an analysis of the extent to which the regulated revenue requirement of Union will continue to be subject to some form of continuing COS regulation over the duration of any IR plan the Board might approve for

Union. To this end, please provide the following information:

- (a) Union's total base year regulated revenue requirement.
- (b) The portion of the revenue requirement amount to be provided in response to question (a) which is Union's total base year delivery-related regulated revenue requirement.
- (c) A segregation of the total base year regulated revenue requirement to be provided in response to question (a) between the following broad categories:
 - Cost of gas, operations and maintenance expenses,
 - Depreciation,
 - Property taxes,
 - Capital taxes,
 - Return segregated as follows:
 - Equity return
 - Cost of debt
 - Income taxes
- (d) Within each of these broad categories, list and quantify any item of COS which, in whole or in part, falls within the categories of Y factors, including Deferral Accounts, and Z factors proposed by Union.
- (e) Using information to be provided in response to the previous questions, estimate the following:
 - (i) the proportion of the total regulated revenue requirement provided in response to question (a) which will not be subject to some form of continuing COS treatment under the IR plan proposed by Union, and
 - (ii) the proportion of the delivery-related revenue requirement for Union provided in response to question (b) which will not be subject to some form of continuing COS treatment under the IR plan proposed by Union.
- (f) Please list all of the Deferral Accounts for which Union has obtained Board approval and indicate whether Union is proposing to eliminate any of those Deferral Accounts as part of its proposed IR plan.
- (g) Is Union proposing to add any Deferral Accounts as part of its proposed IR plan?

3. Reference: Union Evidence, Ex.B, Tab 1, page 8, Table 1

Issue Nos.: 1.1 and 1.2

- Issue:**
- 1.1 What are the implications associated with a revenue cap, a price cap and other alternative multi-year incentive ratemaking frameworks?**
 - 1.2 What is the method for incentive regulation that the Board should approve for each utility?**

IGUA wishes to have Union provide a schedule which will illustrate the incremental revenues, over and above the base year revenue requirement, which will be available to Union in an illustrative 1% price cap scenario for each of the years 2008 to 2012 inclusive.

Please make the following assumptions:

- a 2007 rate base of \$3.4B
- a composite depreciation rate of 3%
- a 2007 revenue requirement, including cost of gas of \$2B, with the delivery-related component thereof in an amount of \$900M
- over the years 2008 to 2012 inclusive, the addition of 20,000 residential customers per year

If further assumptions need to be made to provide the illustrations, then please make the further assumptions which Union considers to be reasonable.

Under these assumptions, please provide an exhibit which will show the following:

- (a) The incremental revenues over and above the base year revenue requirement which a 1% price cap for each of the years 2008 to 2012 will produce in each of those years.
- (b) The estimated amount of capital spending which the 1% price cap will accommodate in each of the years 2008 to 2012 inclusive.
- (c) Please produce all documents in Union's possession, including internal e-mail communications, PowerPoint presentations, etc., containing Union's estimates of the incremental revenues which will be available on a year-by-year basis under PEG's Price Cap proposals for Union and under Union's Price Cap proposals, for each of the years 2008 to 2012 inclusive.
- (d) Please quantify the opportunities Union has to enhance and increase the portion of its base year revenue requirement which is attributable to Union's use of temporarily idle utility assets to generate incremental revenues, and produce any and all documents in Union's possession, including internal e-mail communications, and PowerPoint presentations, etc., containing estimates of this incremental revenue potential, for each of the years 2008 to 2012 inclusive.
- (e) Please quantify the extent to which Union has opportunities to reduce costs included in its 2007 base year revenue requirement, and produce any and all documents in its possession, including internal e-mail communications and PowerPoint presentations, etc., containing estimates of this cost reduction potential for each of the years 2008 to 2012 inclusive.

- 4. Reference: Union Evidence, Ex.B, Tab 1, pp. 23 to 26**
Issue No.: 3.1
Issue: How should the X factor be determined?

The evidence indicates that the X factor is an off-set to inflation in the adjustment formula Union proposes to apply. Consultatives with respect to the X factor issue have revealed that its

statistically-derived components are controversial and its judgementally determined components are equally controversial. In this context, please provide responses to the following questions:

- (a) Does a negative X factor imply negative productivity?
- (b) Does Union agree that regulators ought not to countenance negative productivity? Please include a brief rationale for Union's response to this question.
- (c) What simplified approaches to the X factor component of the adjustment mechanism did Union consider? For example, did Union consider the rate freeze approach or a percentage of inflation approach as simplified approaches to the adjustment mechanism? Please explain the extent to which simplified approaches were considered and the results of Union's consideration of each approach considered.

- 5. Reference:** Union Evidence, Ex.B, Tab 1, pp. 26 to 32
Issue Nos.: 4.1, 4.2 and 4.3
Issue: 4.1 Is it appropriate to include the impact of changes in average use in the annual adjustment?
 4.2 How should the impact of changes in average use be calculate?
 4.3 If so, how should the impact of changes in average use be applied (e.g., to all customer rate classes equally, should it be differentiated by customer rate classes or some other manner)?

The evidences discusses the average use factor as an adjustment to the X factor. Union's IR plan contemplates that matters pertaining to Demand Side Management ("DSM") will be a Y factor adjustment. The evidence also indicates that DSM measures and declines in average use are inter-related. In this context, please provide Union's response to the following questions:

- (a) Is there any reason why declines in average use could not be included within the ambit of the Board's consideration of matters pertaining to a Y factor for DSM or as a separate average use Y factor?
- (b) Please revise the Summary PCI and Service Group PCIs shown in Union's Table 1 at Ex.B, Tab 1, page 8 to exclude declining average use as an adjustment to the X factor.

- 6. Reference:** Union Evidence, Ex.B, Tab 1, page 42, Ex.B, Tab 1, Appendix A
Issue Nos.: 10.1 and 10.2
Issue: 10.1 Should an ESM be included in the IR plan?
 10.2 If so, what should be the parameters?

In the Board Staff Discussion Paper attached as Appendix A to Ex.B, Tab 1, Board Staff appears to support the notion that an Earnings Sharing Mechanism ("ESM") should not be part of an IR mechanism. In its evidence, Union suggests there is no need for off-ramps and does not mention an ESM as a feature of an IR plan. IGUA is interested in obtaining Union's views

on matters pertaining to the appropriateness of including or excluding an ESM as a feature of its IR plan. In this context, please provide Union's responses to the following questions:

- (a) In Union's view, does a regulator have a continuing obligation over the duration of an IR regime to monitor the rates being charged to assess whether they remain within just and reasonable limits and are not producing unreasonable returns for utility shareholders?
- (b) In Union's view, is an ESM feature of an IR plan equivalent to treating a portion of equity return in excess of the utility allowed return a Y factor or a Z factor adjustment to rates?
- (c) Is the excessive return off-ramp equivalent to a 100% ESM mechanism in favour of the ratepayers?

- 7. Reference: Union Evidence, Ex.B, Tab 1, pp. 36 and 37**
Issue Nos.: 3.1 and 3.2
Issue: 3.1 How should the X factor be determined?
3.2 What are the appropriate components of an X factor?

Union's evidence at Ex.B, Tab 1, page 37, Table 3, indicates that the Price Cap Index ("PCI") for its general service customers would be 2.24% and for all other customers, would be 1.12% when a negative average use adjustment factor is included in the X factor. Union's evidence indicates that the PCI for all rates classes would be 1.12% if the average use is treated as a Y factor rather than as an adjustment which reduces the X factor. PEG's evidence indicates different results for PCIs by service groups. In this context, please respond to the following questions:

- (a) What other regulators have adopted service group PCIs in the IR plans for the utilities they regulate?
- (b) What statistical confidence levels apply in measuring PCIs by service group?

- 8.. Reference: Union Evidence, Exhibit "B", Tab 1, p. 5 of 48**
Issue Nos.: 1.1 and 1.2
Issue 1.1: What are the implications associated with a revenue cap, a price cap and other alternative multi-year incentive ratemaking frameworks?
Issue 1.2: What is the method for incentive regulation that the Board should approve for each utility?

Union states that the benefit of productivity improvements, both cost efficiency gains and growth, should ultimately be shared between customers and the utility.

- (a) Does Union believe that the sharing of those efficiency gains and growth should be shared between customers and the utility during the Incentive Regulation ("IR") plan, or only upon completion of the term of the IR plan?

- (b) If Union believes that the sharing of those efficiency gains and growth should be shared between customers and utility during the IR plan, how is this achieved without a positive stretch factor or an Earnings Sharing Mechanism (“ESM”)?

9. Reference: Union Evidence, Ex.B, Tab 1, page 6 of 48
Issue No.: 12
Issue: Rate-Setting Process

Union states that the ratemaking framework should provide the utility with the freedom to make and be accountable for certain pricing and service decisions without undue regulatory intervention.

- (a) Please list all pricing and service decisions which Union seeks the freedom to make without “undue regulatory intervention” during the IR period.

10. Reference: Union Evidence, Ex.B, Tab 1, page 10 of 48
Issue Nos.: 3.1 and 14
Issue 3.1: How should the X factor be determined?
Issue 14: Adjustments to Base Year Revenue Requirements and/or Rates
14.1 Are there adjustments that should be made to base year revenue requirements and/or rates?
14.2 If so, how should these adjustments be made?

Union proposes that certain adjustments be made to the 2007 Board approved revenue requirement and base year rates. One of the reasons for the requested adjustment is a proposed change of the degree days derived from the Board approved weather normalization methodology. In essence, Union is seeking a change in the Board approved weather normalization process because it’s degree day forecast will be lower over the term of the IR Plan. IGUA suggests that there are other items from Union’s 2007 Board approved revenue requirement which will likely be lower during the term of the IR plan. In this context, please:

- (a) Identify all items contained in the 2007 board approved revenue requirement that will reduce below the 2007 level during the 2008-2012 time period.
- (b) List all of Union’s long-term debt instruments.
- (c) Identify which long-term debt instruments will expire during the 2008-2012 time period.
- (d) For all of the long-term debt instruments listed in (c), please provide the reduction in debt costs for the 2008-2012 time period if each instrument is renewed at an interest rate of 6%.

11. Reference: Union Evidence, Ex.B, Tab 1, page 12 of 48
Issue No.: 14
Issue: Adjustments to Base Year Revenue Requirements and/or Rates
14.1 Are there adjustments that should be made to base year revenue requirements and/or rates?
14.2 If so, how should these adjustments be made?

Union proposes that its current board approved weather forecasting methodology be changed from the 55% 30-year average and 45% 20-year declining trend blended method (“55/45 Blend”) to the 20-year declining trend.

- (a) Please provide, in a chart, the degree day forecast for the 2007 Base Year calculated by the following methods: the 55/45 blend, the 20-year declining trend method, the naïve method, the 10-year moving average method, the 20-year moving average method, the DeBeaver method, and the DeBeaver with trend method.
- (b) For each of the methods set out in (b), please set out the estimated adjustment to the rate base that would result from Board approval.

- 12. Reference: Union Evidence, Ex.B, Tab 1, page 12 of 48**
Issue No.: 14
Issue: Adjustments to Base Year Revenue Requirements and/or Rates
14.1 Are there adjustments that should be made to base year revenue requirements and/or rates?
14.2 If so, how should these adjustments be made?

Union proposes that the 20-year declining trend weather forecast method replace its current “55/45 blend”.

- (a) If the 20-year declining trend weather forecasting method is approved, will any of the Price Cap Indexes (“PCIs”) or Service Group PCIs calculated by PEG and/or Union need to be adjusted? If yes, please set out what adjustments would be necessary.

- 13. Reference: Union Evidence, Ex.B, Tab 1, page 15 of 48**
Issue No.: 14
Issue: Adjustments to Base Year Revenue Requirements and/or Rates
14.1 Are there adjustments that should be made to base year revenue requirements and/or rates?
14.2 If so, how should these adjustments be made?

Union’s weather normalization method was approved as part of the Financial Settlement reached in its 2007 Rates Proceeding (EB-2005-0520). Union observes that the 2007 Rates Proceeding financial settlement was for 2007 only and that no representations were made for rates beyond 2007.

- (a) Does Union agree that at the time that the financial settlement for its 2007 Rates Proceeding was being negotiated, it was publicly known that an IR framework would be developed for fiscal 2008?
- (b) If the answer to (a) is yes, does Union agree that it was publicly known that the IR framework developed for 2008 could use the Board approved rates for fiscal 2007 as the Base Rates for that IR Plan?

- 14. Reference:** Union Evidence, Ex.B, Tab 1, pp. 10 to 12
Issue Nos.: 14.1 and 14.2
Issue: 14.1 Are there adjustments that should be made to base year revenue requirements and/or rates?
 14.2 If so, how should these adjustments be made?

In the NGEIR proceeding, Union produced exhibits indicating that its total 2007 storage-related rate base was \$483.619M and that Union had allocated \$102.9M of the rate base to ex-franchise storage sales. The NGEIR evidence indicated that about 90 Bcf of storage was being used in 2007 to support Union's provision of in-franchise storage services, with the remaining 60 Bcf being used to support ex-franchise sales. Accordingly, about 40% of Union's sale of storage services are ex-franchise storage services sales. An allocation of 40% of Union's 2007 storage rate base to ex-franchise sales results in a rate base reduction for the utility of about \$193M and not \$103M which Union has calculated. In this context, please provide a response to the following question:

- (a) What is the reduction in Union's 2007 base year revenue requirement and in rates which will ensue if another \$90M of storage rate base is allocated to ex-franchise sales transactions.

- 15. Reference:** Union Evidence, Ex.B, Tab 1, page 17 of 48
Issue No. 12.3
Issue: Changes in Rate Design
 12.3.1 What should be the criteria for changes in rate design?
 12.3.2 How should the change in the rate design be implemented?
 12.3.3 What should be the information requirements for a change in rate design?

Union states that it would not be appropriate to apply the Price Cap equally to fixed and variable charges as it would result in Fixed Monthly Charges that are not whole numbers, and that it is Union's practice to have Fixed Monthly Charges.

- (a) What is Union's rationale for the practice that it has adopted to having Fixed Monthly Charges that are whole numbers?
 (b) Is Union capable of charging Fixed Monthly Charges that are not whole numbers? If not, why not.

- 16. Reference:** Union Evidence, Ex.B, Tab 1, page 17 of 48
Issue No.: 7.1
Issue: How should the impacts of the NGEIR decisions, if any, be reflected in rates during the IR plan?

Union states that, as part of the NGEIR proceeding (EB-2005-0551) Union identified potential new services for power generators.

- (a) Please provide a list of all potential new services for power generators identified by Union.
- (b) If these new services are implemented during the IR plan, will the costs of those services be allocated to any customer other than power generators? If yes, please explain and identify those classes of customers that would share in the costs of those new services.

17. Reference: Union Evidence, Ex.B, Tab 1, page 17 of 48
Issue No.: 12
Issue: Rate-Setting Process

Union seeks to have the ability to adjust the Fixed Monthly Charge and the Variable Charge on a revenue neutral basis.

- (a) Please identify every rate class to which Union may seek to change the Fixed Monthly Charge and the Variable Charge during the term of the IR Plan.

18. Reference: Union Evidence, Ex.B, Tab 1, page 17 of 48
Issue No.: 12
Issue: Rate-Setting Process

Union states that it has been slowly moving the Fixed Monthly Charge towards full customer related cost recovery. What is the split between Fixed Monthly Charge and the Variable Charge necessary for Union to obtain full customer related cost recovery? If the split varies by Rate Class, please provide the current split between Fixed and Variable Charges for each applicable Rate Class, and the split necessary for full customer related cost recovery for each applicable Rate Class.

19. Reference: Union Evidence, Ex.B, Tab 1, pp. 17 to 18 of 48
Issue No.: 12.3
Issue: Changes in Rate Design

- 12.3.1 What should be the criteria for changes in rate design?**
- 12.3.2 How should the change in the rate design be implemented?**
- 12.3.3 What should be the information requirements for a change in rate design?**

Union is seeking to have the ability to adjust the Fixed Monthly Charge and the Variable Charge on a revenue neutral basis annually. Please confirm that a change in the Fixed Monthly Charge and the Variable Charge can result in some customers experiencing a rate increase while other customers from that same rate class experience a rate decrease.

20. Reference: Union Evidence, Ex.B, Tab 1, page 18 of 48
Issue No.: 1.2
Issue: What is the method for incentive regulation that the Board should approve for each utility?

Union believes that a Price Cap Mechanism should be used rather than a Revenue Cap Mechanism. Please set out the advantages and disadvantages of the Price Cap Mechanism compared to the Revenue Cap Mechanism.

- 21. Reference: Union Evidence, Ex.B, Tab 1, page 19 of 48**
Issue No.: 1.2
Issue: What is the method for incentive regulation that the Board should approve for each utility?

Union states that Price Cap parameters that are known in advance will result in more stable and predictable rates than a Revenue Cap Mechanism. Please provide the evidence which Union relies upon for this proposition.

- 22. Reference: Union Evidence, Ex.B, Tab 1, page 19 of 48**
Issue No.: 1.2
Issue: What is the method for incentive regulation that the Board should approve for each utility?

Union states that a Revenue Cap Mechanism may result in greater controversy and regulatory administration. Please provide the evidence Union relies upon for this proposition.

- 23. Reference: Union Evidence, Ex.B, Tab 1, page 32 of 48**
Issue No.: 3.1
Issue: How should the X factor be determined?

Union states that it has had a significant motivation to implement productivity improvements over the last ten years. Please list the productivity improvements which have been achieved by Union over that time period.

- 24. Reference: Union Evidence, Ex.B, Tab 1, page 32 of 48**
Issue No.: 3.1
Issue: How should the X factor be determined?

Union states that a stretch factor is usually added to an IR Plan when there is a belief that, during the term of the Plan, the utility will have both an incentive and an ability to increase productivity at a greater percentage than that determined by the historical industry TFP trend.

- (a) Please provide the evidence which Union relies upon for this proposition.
- (b) Is it the position of Union that it will not have, during the term of the IR Plan, an incentive and an ability to increase productivity at a greater percentage than that determined by the historical industry TFP trend? Please explain.
- (c) Is it the position of Union that the productivity improvements it has achieved over the last 10 years are greater than the productivity improvements available over the term of the proposed IR Plan? Please explain.
- (d) If the answer to (c) is yes, why is Union seeking a five-year IR Plan instead of bringing an Annual Cost of Service Application?

- 25. Reference: Union Evidence, Ex.B, Tab 1, page 32 of 48**
Issue No.: 3.1
Issue: How should the X factor be determined?

Union states that there is no justification for a stretch factor during its next IR Plan term. In the absence of a stretch factor, does Union agree that an ESM would be appropriate? Please explain why or why not.

- 26. Reference: Union Evidence, Ex.B, Tab 1, page 32 of 48**
Issue No.: 3.1
Issue: How should the X factor be determined?

Union states that there is no justification for a stretch factor during its next IR Plan term. Is Union aware of any jurisdictions in which a Price Cap Plan has been implemented without the inclusion of either a stretch factor or an ESM? If yes, please provide details of the jurisdiction and the Price Cap Plan.

- 27. Reference: Union Evidence, Ex.B, Tab 1, page 32 of 48, and PEG Report, p. (vii)**
Issue No. 3.1
Issue: How should the X factor be determined?

PEG states in its report that no evidence has been brought to its attention concerning the recent operating efficiency of Enbridge or Union. Please explain why Union did not provide any evidence to PEG with respect to its operating efficiency.

- 28. Reference: Union Evidence, Ex.B, Tab 1, page 40 of 48**
Issue No.: 6
Issue: Z Factor
6.1 What are the criteria for establishing Z factors that should be included in the IR plan?
6.2 Should there be materiality tests, and if so, what should they be?

Union identifies changes in the ROE formula used by the NEB and OEB, and changes in the OEB approved capital structure for other utilities in the province, as a possible Z factors.

- (a) Please explain why a change in the ROE formula used by the NEB would justify a change to Union's ROE.
- (b) If the ROE formula applicable to Union is changed during the term of the IR Plan, will this necessitate any changes to the Board approved PCI? If yes, please explain.
- (c) Will Union be taking or supporting an initiative to change the ROE formula during the term of the IR plan?

- 29. Reference: Union Evidence, Ex.B, Tab 1, page 42 of 48**
Issue No. : 11.1
Issue: What information should the Board consider and stakeholders be provided with during the IR plan?

IGUA has previously advocated that Union and Enbridge should file information equivalent to quarterly surveillance reports required by the NEB. In IGUA's view, the utilities should be required to provide the following information:

- (a) Financial Statements of both the utility and of its parent company (or, those portions of the parent company financial statements reflecting the utility's contributions)
- (b) Rate Base and Capital Expenditures, including:
 - (i) gross assets by function;
 - (ii) accumulated depreciation by function;
 - (iii) allowance for Working Capital by component;
- (c) Gas Delivery Volumes by rate class and by sales versus direct customers; and customer additions (number, by rate class, volume)
- (d) Revenue from operations, including:
 - (i) weather normalization;
 - (ii) by rate class;
 - (iii) unit revenues by rate class;
 - (iv) non-distribution revenue by source (storage, T-service, load balancing, miscellaneous fees);
 - (v) transactional services.
- (e) Operating Costs (excluding Cost of Gas)
 - (i) Operations and Maintenance broken down by major cost elements (executive, information services, legal and regulatory, engineering, operations, buildings, communications, etc.);
 - (ii) Depreciation, Amortization and Depreciation;
 - (iii) Corporate Cost Allocation;
 - (iv) Income Tax, Corporation Tax, Capital Tax;
 - (v) DSM program costs.

- (f) Cost of Gas
 - (i) Average cost of gas purchases for sales customers;
 - (ii) Average cost of gas used in operations;
 - (iii) Lost and unaccounted for gas;
 - (iv) Cost of transportation by upstream contract, both total and average/per unit cost.
- (g) Return on Equity (dollar and percentage)
- (h) Deferral Account Balances
- (i) Cost Allocation
 - (i) Allocation of costs by customer class
 - (ii) Allocation of rate base by customer class
- (j) Rate Design Schedules

Please identify from the information listed in (a) through to (j) which items Union opposes to producing on a quarterly basis. For those items to which Union opposes quarterly reporting, please provide an explanation.

- 30. Reference: Union Evidence, Ex.B**
Issue No.: 1.2
Issue: What is the method for incentive regulation that the Board should approve for each utility?

Please provide copies of all documents, including internal memoranda and PowerPoint Presentations, presented to Union's management, Board of Directors or Shareholders, that address Union's proposed Price Cap, including the consideration of a revenue cap compared to a price cap.

- 31. Reference: PEG Report, p. (v), and Union Evidence, Ex.B, Tab 1, page 18**
Issue No.: 1.2
Issue: What is the method for incentive regulation that the Board should approve for each utility?

Union believes that a Price Cap Mechanism should be used. PEG has calculated a Price Cap Index and Revenue Cap Index.

- (a) If the Board determines that a Revenue Cap Mechanism is more appropriate than a Price Cap Mechanism, does Union accept the Revenue Cap Index set out in the PEG Report?

- (b) If the answer to (a) is no, please identify which components of the Revenue Cap Index, set out at (vi) of the PEG Report, Union does and does not accept. For those components of the Revenue Cap Index that Union does not accept, please provide an explanation.