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October 16, 2009

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Dear Ms Walli,

Union Gas Limited 2010 Rates Application

Board File No.: EB-2009-0275

Our File No.: 339583-000053

Please find enclosed the Interrogatories being filed on behalf of Canadian Manufacturers & Exporters ("CME") in the above-noted proceedings.

Yours very truly,

for Vincent J. DeRose

VJD/kt
Encl.

c. Chris Ripley (Union Gas Limited)
Interested Parties EB-2009-0275
Paul Clipsham (CME)

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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, pursuant to section 36(1) of the *Ontario
Energy Board Act*, 1998, for an order or orders
approving or fixing just and reasonable rates and
other charges for the sale, distribution, transmission
and storage of gas as of January 1, 2010.

**Interrogatories of
Canadian Manufacturers & Exporters (“CME”)
to Union Gas Limited (“Union”)**

1. At Exhibit A, Tab 1, page 6 of 9, Union confirms that its Board approved 2009 DSM program costs of \$20.57M have been increased by 10% resulting in a total DSM budget of \$22.627M for 2010. Union has also confirmed that the total 2010 DSM program costs of \$22.627M has been allocated to rate classes in the same proportion used to allocate Union's DSM costs in 2007 Rates. Union's Working Papers, Schedule 16, shows that the increased DSM program costs for 2010 have been allocated by escalating the approved 2009 DSM budget for each rate class by 10%.

The manner in which Union's DSM budget is allocated between customer rate classes was established by the Board in EB-2006-0021. In that case, the Board confirmed that cost allocation in rates shall be on the same basis as budgeted DSM spending by rate class, and that this allocation should apply to both direct and indirect DSM program costs (page 9). The Board also confirmed that to the extent that a proposed multi-year plan proposes DSM sector level spending that is significantly different than the historical percentage levels of spending in those sectors, the utility will provide an explanation (page 26).

It is in this context that CME wishes to better understand the manner in which Union intends to allocate its 2010 DSM budget between the various rate classes. To this end, will Union please:

- (a) Prepare a table that lists:
 - (i) Union's Board approved DSM budget for 2008 by rate class and Union's actual DSM spending (including direct and indirect costs) by rate class for 2008;

- (ii) Union's Board approved DSM budget for 2009 by rate class and Union's projected DSM spending (including direct and indirect costs) by rate class for 2009; and
 - (iii) Union's proposed 2010 DSM budget by rate class and, if it is different, Union's projected DSM spending (including direct and indirect costs) by rate class for 2010;
- (b) CME understands that when Union's actual DSM spending by rate class is different than the Board approved DSM budget by rate class, the DSMVA can be used as a "true-up" mechanism. Is this correct? If so, please describe that true-up mechanism. If not, please explain how the DSM program costs are allocated to the rate classes where spending actually occurs.