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June 16, 2010

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited 2009 ESM and Deferral Account Disposition
Board File Number EB-2010-0039
Interrogatories of the Vulnerable Energy Consumers Coalition**

Pursuant to Procedural Order No. 1, issued by the Board on June 1, 2010, please find enclosed the interrogatories of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding. We have also have directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: Chris Ripley (Union)

Union Gas Limited – 2009 Earnings Sharing & Disposition of Deferral Account and Other Balances
Board File Number EB-2010-0039
Interrogatories of the Vulnerable Energy Consumers Coalition (“VECC”)

Storage Deferral Account Balances

Reference: Exhibit A, Tab 1, Page 8, Table 2

1. Please expand this table to show the breakdown between Short term and Long term **in 2008** similar to what has been provided for 2009.
2. Please provide explanations for all significant variances between 2008 and 2009 revenue and cost items in the expanded table requested in the previous interrogatory.

Market Transformation DSM Program

Reference: Exhibit A, Tab 1, Page 12, Table 3 and Exhibit A, Tab 1, Pages 24 and 25

Preamble: The evidence indicates that Union spent \$1.159M on its MT program and is claiming a \$0.5M incentive based on its 2009 MT Scorecard.

3. Please provide Union's 2008 spending on MT and its 2008 MT incentive payment.
4. Please confirm that Union proposes to recover its actual 2009 MT spending of \$1.159M from ratepayers in addition to the \$0.5M 2009 MT incentive.
5. Please provide Union's views as to whether the results referred to in the previous two interrogatories indicate that the 2008 and 2009 MT incentive schemes were overly generous.
6. Please indicate whether any LRAM or SSM amounts that Union is seeking to recover in the current application are attributable to its 2009 MT spending and, if so, please provide the LRAM or SSM amounts attributed to the 2009 TM program.
7. Please indicate what 2009 TM incentive Union would be entitled to **if the 2010 MT Scorecard** (rather than the 2009 Scorecard) **were used to assess the 2009 TM activities.**

IFRS Conversion Costs

Reference: Exhibit A, Tab 1, Page 21

8. The evidence states that *"Employee costs include incremental salaries and wages related to employees that are solely dedicated to the IFRS transition, training and travel costs related to the transition."* Does this mean that these employees and the incremental costs associated with their salaries, wages, training, and travel costs will be completely saved once the IFRS conversion is complete? Please explain.

2009 SSM Claim

Reference: Exhibit A, Tab 1, Page 12, Table 3 and Exhibit A, Tab 1, Schedule 4

9. Has Union been denied recovery of any DSM amounts spent in the past? If so, please provide details.
10. Please provide Union's total DSM spending claimed for 2008.
11. Please confirm that the application is for the complete recovery of the 2009 total actual DSM spending of \$22.038M, an associated SSM claim of \$8.922M (representing 40.5% of the total recoverable DSM spending), and an LRAM claim holding Union harmless for saved volumes.

Allocation of the IFRS Conversion Cost Balance

Reference: Exhibit A, Tab 3, Pages 5 and 6

Preamble: *"Union proposes to allocate the balance in the IFRS Conversion Costs Account (179-120) to rate classes in proportion to 2007 Board-approved EB-2005-0520, Exhibit G3, Tab 2, Schedule 2, Administrative & General O&M Expense, updated for the EB-2005-0520 Decision."*

12. Please list any other allocators considered for this balance and indicate why each was rejected in favour of the proposed allocator.

Possibility of a True-Up Mechanism for Deferral balance Over/Under Recovery

Reference: Exhibit A, Tab 1, Page 2

13. Union's review indicated that *"the average historical impact of not truing-up the deferral disposition recovery was approximately \$320,000 per year to the benefit of the ratepayer."* Please provide full details of Union's review.

Cost of Gas Allocation

Reference: Exhibit A, Tab 4, Page 24

14. Please explain why UFG is allocated to unregulated operations based on the ratio of actual unregulated storage volumes to Union's total actual storage and transportation volumes.