



**uniongas**

A Spectra Energy Company

November 4, 2010

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4B 1E4

Dear Ms. Walli:

**Re: EB-2010-0148 – Union's 2011 Rates Interrogatory Responses**

Please find attached Union's interrogatory responses for above noted proceeding.

Yours truly,

*[Original signed by]*

Chris Ripley  
Manager, Regulatory Applications

CR/la

Attach.

c.c.: EB-2010-0148 Intervenors  
Crawford Smith (Torys)

UNION GAS LIMITED

Answer to Interrogatory from  
Board Staff

Re: LEAP Emergency Financial Assistance (Y Factor)

Ref: Exhibit A/Tab 1/pages 2, 8-10

In its letter dated October 20, 2010, the Board indicated that Union did not need to make any additional contribution to the Winter Warmth program for 2011.

- a) Please provide the impact on rates of removing the \$836,000 related to LEAP Funding from the revenue requirement.
- b) What would be the corresponding bill impact for general service customers?

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**Response:**

a), b) The rate impact of removing the LEAP funding of \$836,000 and the corresponding bill impact for an average residential customer in the Rate 01 and M1 rate classes is provided in the following Attachment.

<u>Rate &amp; Bill Impact of Removing LEAP Funding Amount from Rates</u>					
<u>Particulars</u>	<u>EB-2010-0148 Proposed Including LEAP (cents/m<sup>3</sup>) (a)</u>	<u>EB-2010-0148 Proposed Excluding LEAP (cents/m<sup>3</sup>) (b)</u>	<u>Rate Impact (cents/m<sup>3</sup>) (c) = (b - a)</u>	<u>Average Annual Consumption (m<sup>3</sup>) (d)</u>	<u>Bill Impact (\$) (e) = (c x d)/100</u>
<b><u>Rate 01 - Delivery</u></b>					
First 100 m <sup>3</sup>	7.8076	7.7831	(0.0245)	1,040	(0.25)
Next 200 m <sup>3</sup>	7.2815	7.2586	(0.0229)	1,126	(0.26)
Next 200 m <sup>3</sup>	6.9076	6.8859	(0.0217)	435	(0.09)
Next 500 m <sup>3</sup>	6.5645	6.5439	(0.0206)	-	-
Over 1,000 m <sup>3</sup>	6.2811	6.2614	(0.0197)	-	-
				<u>2,600</u>	<u>(0.61)</u>
<b><u>Rate M1 - Delivery</u></b>					
First 100 m <sup>3</sup>	3.8104	3.7845	(0.0259)	1,044	(0.27)
Next 150 m <sup>3</sup>	3.6025	3.5780	(0.0245)	884	(0.22)
All over 250 m <sup>3</sup>	3.1107	3.0895	(0.0212)	672	(0.14)
				<u>2,600</u>	<u>(0.63)</u>

UNION GAS LIMITED

Answer to Interrogatory from  
Board Staff

Re: LEAP Emergency Financial Assistance (Y Factor)

Ref: Exhibit A/Tab 1/pages 13-15, Appendix F

- a) Please file Appendix F of the draft rate order titled "Accounting Orders" relating to Union's request for three new deferral accounts.
  - b) Is Union proposing any other changes to the existing deferral accounts?
- 

**Response:**

- a) Please see Attachment 1 for the Conservation Demand Management accounting order and Attachment 2 for the Harmonized Sales Tax accounting order.

As per Union's October 22, 2010 response to the board's LEAP Emergency Financial Assistance letter dated October 20, 2010, Union has withdrawn its LEAP deferral account request.

- b) No.

**UNION GAS LIMITED**

**Accounting Entries for  
Conservation Demand Management  
Deferral Account No. 179-XXX**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit            -        Account No. 312  
                              Non-Gas Operating Revenue

Credit           -        Account No.179 -XXX  
                              Other Deferred Charges – Conservation Demand Management

To record, as a credit in Deferral Account No. 179-XXX, 50% of the actual revenues generated from the Conservation Demand Management (CDM) program that will be paid to customers upon approval by the Board for rate making purposes.

Debit            -        Account No.179 -XXX  
                              Other Deferred Charges – Conservation Demand Management

Credit           -        Account No. 323  
                              Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179 -XXX, interest expense on the balance in Deferral Account No. 179-XXX. Simple interest will be computed monthly on the opening balance in the said account at the short term debt rate as approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Harmonized Sales Tax  
Deferral Account No. 179-XXX**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit            -        Account No. 300  
                              Operating revenue

Credit           -        Account No.179 -XXX  
                              Other Deferred Charges – Harmonized Sales Tax

To record, as a credit in Deferral Account No. 179-XXX, the amount of Provincial Sales Tax (PST) previously paid and collected in approved rates now subject to Harmonized Sales Tax (HST) tax credits. Also, to record as a debit in Deferral Account No. 179-XXX, the amount of HST paid on taxable items for which no tax credits are received from the Canadian Revenue Agency (CRA).

Debit            -        Account No. 323  
                              Other Interest Expense

Credit           -        Account No.179 -XXX  
                              Other Deferred Charges – Harmonized Sales Tax

To record, as a credit (debit) in Deferral Account No. 179 -XXX, interest expense on the balance in Deferral Account No. 179-XXX. Simple interest will be computed monthly on the opening balance in the said account at the short term debt rate as approved by the Board in EB-2006-0117.

UNION GAS LIMITED

Answer to Interrogatory from  
Board Staff

Re: LEAP Emergency Financial Assistance (Y Factor)

Ref: Exhibit A/Tab 1/page 11, Working Papers Schedule 10 (Average Use)

- a) Please provide detailed calculations supporting the average use changes for each general service class.
  - b) Please provide the historical average use numbers by rate class for the years 2004 to 2009, as well as the estimated average use for 2010.
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**Response:**

- a) Please see the attached Tables 1 – 5.
- b) Please see Table 5 in the response to a).

The estimated annual average use per customer by rate class for 2010 is the following:

- M1/M2 rate: 4,092 m<sup>3</sup>
- Rate 01: 3,146 m<sup>3</sup>
- Rate 10: 168,397 m<sup>3</sup>

These estimates incorporate September 2010 year-to-date actuals and 3 months of forecast consumption.

**TABLE 1: TOTAL NUMBER OF BILLED CUSTOMERS**

Row	Column	A	B	C	D	E	F	G	H	I	J	K	L	M
Union South Only Rate M1 / M2 Billed Customers														
	<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
1	2004	915,414	916,492	917,952	919,353	921,737	921,211	923,281	923,984	926,056	927,491	931,700	935,557	11,080,228
2	2005	936,960	938,271	939,841	941,096	942,052	941,386	942,736	943,515	946,531	947,839	952,192	956,004	11,328,423
3	2006	956,680	957,734	959,146	960,782	961,996	961,514	962,873	962,851	965,386	965,966	969,500	972,180	11,556,608
4	2007	973,383	975,413	976,592	977,620	979,782	978,712	980,023	980,828	982,235	982,606	986,180	989,531	11,762,905
5	2008	989,482	990,996	992,434	993,543	996,580	995,547	995,256	997,306	998,561	999,366	1,002,626	1,005,480	11,957,177
6	2009	1,005,558	1,006,696	1,008,019	1,009,365	1,010,363	1,009,682	1,010,230	1,010,623	1,010,650	1,011,222	1,013,884	1,017,713	12,124,005
Union North Rate 01 Billed Customers														
	<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
7	2004	281,444	281,544	281,648	281,948	282,117	282,219	282,599	282,478	282,552	283,137	284,280	285,201	3,391,167
8	2005	285,382	285,437	285,485	285,732	285,502	285,543	285,937	285,944	286,187	286,871	287,925	288,801	3,434,746
9	2006	288,644	288,715	288,953	289,362	289,367	289,417	289,912	289,761	290,156	290,765	291,584	292,070	3,478,706
10	2007	292,176	292,562	292,659	293,073	293,375	293,452	294,131	294,516	294,788	295,149	296,241	296,979	3,529,101
11	2008	296,802	297,147	297,264	297,508	298,028	297,924	298,136	298,484	298,547	299,155	300,161	301,020	3,580,176
12	2009	300,950	301,223	301,357	301,310	301,660	301,760	302,103	302,058	302,080	302,642	303,480	304,583	3,625,206
Union North Rate 10 Billed Customers including CIA Rate 10														
	<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
13	2004	2,891	2,878	2,869	2,895	2,883	2,886	2,871	2,871	2,873	2,878	2,903	2,914	34,612
14	2005	2,924	2,923	2,932	2,941	3,012	3,065	3,085	3,073	3,057	3,069	3,102	3,114	36,297
15	2006	3,138	3,142	3,139	3,155	3,161	3,141	3,138	3,116	3,127	3,126	3,125	3,137	37,645
16	2007	3,153	3,140	3,140	3,150	3,133	2,978	2,332	2,321	2,319	2,321	2,326	2,326	32,639
17	2008	2,348	2,360	2,353	2,357	2,357	2,363	2,347	2,347	2,347	2,357	2,398	2,405	28,339
18	2009	2,407	2,393	2,408	2,556	2,444	2,422	2,433	2,543	2,236	2,200	2,315	2,247	28,604

**TABLE 2: TOTAL THROUGHPUT VOLUMES: 10<sup>3</sup> m<sup>3</sup>**  
Before the adjustment for the cumulative DSM Program volume impacts

Row	Column	A	B	C	D	E	F	G	H	I	J	K	L	M
Union South Only Rate M1 / M2 Billed Customers														
	<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
1	2004	692,973.0	624,629.2	505,991.1	337,576.6	174,979.9	79,867.7	95,617.7	102,620.4	138,821.4	228,105.6	393,752.5	601,002.3	3,975,937.4
2	2005	704,420.3	616,048.7	520,861.9	332,044.4	176,305.7	92,562.2	88,551.9	95,205.0	127,731.3	238,720.2	397,711.9	600,939.5	3,991,102.9
3	2006	690,844.3	612,199.0	534,055.6	331,286.9	172,360.1	91,662.0	100,437.7	92,790.1	118,797.8	247,484.0	425,868.1	622,841.4	4,040,627.1
4	2007	688,790.5	610,406.9	569,644.4	363,433.3	209,791.3	97,127.8	99,592.6	94,905.8	121,432.1	248,188.1	379,026.7	617,711.5	4,100,051.1
5	2008	703,671.3	625,607.7	593,788.2	305,750.9	180,570.7	77,079.5	101,588.8	98,015.4	116,309.4	233,206.5	406,740.8	631,579.8	4,073,908.9
6	2009	701,872.1	585,187.9	537,867.0	332,070.6	185,132.4	77,982.9	105,093.8	101,380.1	115,599.4	237,975.0	410,378.3	629,523.5	4,020,062.9
Union North Rate 01 Billed Customers														
	<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
7	2004	169,350.1	144,830.9	115,848.4	70,855.0	39,919.5	16,571.9	21,667.6	18,303.4	32,402.3	49,574.2	91,769.3	138,694.6	909,787.1
8	2005	171,968.9	145,025.7	115,600.8	71,633.7	38,817.3	18,875.1	16,580.9	16,674.3	26,899.1	51,406.1	89,853.2	139,783.9	903,118.9
9	2006	170,045.9	136,851.6	114,426.4	70,974.7	37,669.1	17,230.4	18,168.0	15,715.6	24,233.0	53,199.5	99,568.4	136,814.3	894,897.1
10	2007	168,474.5	135,725.3	122,329.4	77,175.3	41,283.3	17,802.6	17,946.4	16,587.0	26,629.4	52,473.5	91,858.0	143,173.1	911,457.8
11	2008	179,283.1	141,287.8	118,104.4	77,585.3	38,888.3	22,692.9	19,808.9	17,261.5	23,496.3	52,376.9	94,806.9	144,864.4	930,456.9
12	2009	181,823.4	135,661.2	123,793.7	76,197.0	38,757.6	16,946.0	20,145.7	18,252.4	24,706.7	55,714.9	99,218.2	136,909.1	928,125.9
Union North Rate 10 Billed Customers including CIA Rate 10														
	<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
13	2004	56,029.0	56,699.3	45,708.7	26,586.0	17,747.5	16,997.9	13,411.3	13,232.5	15,368.0	26,550.0	39,383.6	52,537.7	380,251.4
14	2005	63,184.0	55,769.0	47,999.4	30,921.6	20,242.6	12,868.8	11,058.7	11,872.0	12,519.5	27,659.8	40,209.4	55,588.2	389,893.2
15	2006	61,612.9	54,811.0	50,762.7	31,093.1	20,037.0	12,019.9	12,140.9	11,179.1	13,228.8	30,883.4	42,531.3	53,516.3	393,816.3
16	2007	62,817.6	52,075.5	53,095.0	31,885.7	20,905.3	12,183.0	10,894.0	10,884.3	11,965.1	24,826.8	34,206.6	46,224.1	371,963.1
17	2008	57,246.2	49,127.3	46,586.9	31,647.4	18,419.3	13,110.2	12,078.0	11,074.6	12,666.0	24,521.5	36,892.1	47,545.9	360,915.5
18	2009	62,638.4	45,725.0	44,352.0	28,938.8	18,135.4	10,055.6	12,383.5	11,088.1	11,802.2	23,299.8	37,792.3	49,908.9	356,120.1

TABLE 3: DSM PROGRAM VOLUMES: 10<sup>3</sup> m<sup>3</sup>

Row	Column	A	B	C	D	E	F	G	H	I	J	K
	<u>Year</u>	Audited DSM Volumes										
		M1 / M2 (Res)	R01 (Res)	M1 / M2 Comm	M1 / M2 Ind	01 Comm	10 Comm	10 Ind	Total	Rate M1 / M2	Rate 01	Rate 10
1	2004	3,904.0	1,121.0	12,743.0		674.0	2,583.0		21,025.0	16,647.0	1,795.0	2,583.0
2	2005	3,703.0	1,359.0	11,661.0	1,262.0	1,340.0	2,170.0	621.0	22,116.0	16,626.0	2,699.0	2,791.0
3	2006	10,194.0	2,222.0	19,101.0	1,638.0	4,522.2	1,473.0	600.0	39,750.2	30,933.0	6,744.2	2,073.0
4	2007	4,662.0	943.0	10,659.0	732.0	1,440.0	1,355.0	3,997.0	23,788.0	16,053.0	2,383.0	5,352.0
5	2008	6,477.0	1,361.0	10,204.0	574.0	1,248.0	1,389.0	1,054.0	22,307.0	17,255.0	2,609.0	2,443.0
6	2009	6,066.8	1,195.5	15,587.5	2,601.9	1,463.9	1,205.8	5,071.9	33,193.3	24,256.2	2,659.4	6,277.7
	<u>Year</u>	Cumulative DSM Vol. since 1998										
		M1 / M2 (Res)	R01 (Res)	M1 / M2 Comm	M1 / M2 Ind	01 Comm	10 Comm	10 Ind	Total	Rate M1 / M2	Rate 01	Rate 10
7	2004	52,481.0	21,216.5	50,029.5	-	4,286.0	8,644.5	-	136,657.5	102,510.5	25,502.5	8,644.5
8	2005	56,284.5	22,456.5	62,231.5	631.0	5,293.0	11,021.0	310.5	158,228.0	119,147.0	27,749.5	11,331.5
9	2006	63,233.0	24,247.0	77,612.5	2,081.0	8,224.1	12,842.5	921.0	189,161.1	142,926.5	32,471.1	13,763.5
10	2007	70,661.0	25,829.5	92,492.5	3,266.0	11,205.2	14,256.5	3,219.5	220,930.2	166,419.5	37,034.7	17,476.0
11	2008	76,230.5	26,981.5	102,924.0	3,919.0	12,549.2	15,628.5	5,745.0	243,977.7	183,073.5	39,530.7	21,373.5
12	2009	82,502.4	28,259.8	115,819.8	5,506.9	13,905.2	16,925.9	8,807.9	271,727.9	203,829.1	42,164.9	25,733.9
	<u>Year</u>	Actual Throughput Vol. 10 <sup>3</sup> m <sup>3</sup>			Cumulative DSM Vol. since 1998			Cumulative DSM Volumes as % of Actual Throughput Volumes (1)				
		Rate M1 / M2	Rate 01	Rate 10	Rate M1 / M2	Rate 01	Rate 10	Rate M1 / M2	Rate 01	Rate 10		
13	2004	3,942,356.2	919,355.0	298,001.5	102,510.5	25,502.5	8,644.5		2.6%	2.8%		2.9%
14	2005	4,027,678.7	885,594.6	302,609.5	119,147.0	27,749.5	11,331.5		3.0%	3.1%		3.7%
15	2006	3,672,938.7	803,723.3	284,111.3	142,926.5	32,471.1	13,763.5		3.9%	4.0%		4.8%
16	2007	3,999,325.2	891,295.8	366,635.1	166,419.5	37,034.7	17,476.0		4.2%	4.2%		4.8%
17	2008	4,159,625.5	931,871.6	362,051.1	183,073.5	39,530.7	21,373.5		4.4%	4.2%		5.9%
18	2009	4,015,470.5	919,776.3	354,717.2	203,829.1	42,164.9	25,733.9		5.1%	4.6%		7.3%

Note (1) These percentages are applied to the reported weather normalized throughput volumes to adjust for the audited DSM programs volume impacts

**TABLE 4: TOTAL THROUGHPUT VOLUMES: 10<sup>3</sup> m<sup>3</sup>**  
After the adjustment for the cumulative DSM Program volume impacts since 1998

Row	Column	A	B	C	D	E	F	G	H	I	J	K	L	M
Union South Only Rate M1 / M2 Billed Customers														
	<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
1	2004	710,992.0	640,871.0	519,148.0	346,354.3	179,529.8	81,944.4	98,104.0	105,288.8	142,431.1	234,036.9	403,991.0	616,629.8	4,079,321.1
2	2005	725,258.5	634,272.7	536,270.1	341,867.0	181,521.2	95,300.4	91,171.4	98,021.4	131,509.9	245,782.0	409,477.0	618,716.5	4,109,168.0
3	2006	717,727.4	636,021.8	554,837.5	344,178.4	179,067.2	95,228.9	104,346.1	96,400.9	123,420.7	257,114.5	442,440.1	647,078.3	4,197,861.6
4	2007	717,452.4	635,807.1	593,348.3	378,556.5	218,521.1	101,169.5	103,736.8	98,855.1	126,485.2	258,515.7	394,798.8	643,415.6	4,270,662.0
5	2008	734,641.3	653,142.0	619,922.0	319,207.6	188,518.0	80,471.9	106,060.0	102,329.2	121,428.4	243,470.4	424,642.2	659,376.9	4,253,209.9
6	2009	737,499.8	614,892.6	565,169.6	348,926.8	194,529.9	81,941.4	110,428.5	106,526.3	121,467.4	250,054.8	431,209.5	661,478.7	4,224,125.1
Union North Rate 01 Billed Customers														
	<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
7	2004	174,047.8	148,848.4	119,062.0	72,820.4	41,026.8	17,031.6	22,268.6	18,811.2	33,301.1	50,949.4	94,315.0	142,541.9	935,024.2
8	2005	177,357.4	149,570.0	119,223.0	73,878.3	40,033.6	19,466.6	17,100.5	17,196.7	27,741.9	53,016.8	92,668.7	144,163.9	931,417.5
9	2006	176,915.9	142,380.5	119,049.4	73,842.2	39,191.0	17,926.5	18,902.0	16,350.5	25,212.0	55,348.8	103,591.1	142,341.8	931,051.7
10	2007	175,474.8	141,364.9	127,412.4	80,382.1	42,998.7	18,542.3	18,692.1	17,276.2	27,735.9	54,653.9	95,674.8	149,122.2	949,330.2
11	2008	186,888.5	147,281.4	123,114.5	80,876.5	40,538.0	23,655.6	20,649.2	17,993.7	24,493.1	54,598.8	98,828.7	151,009.7	969,927.6
12	2009	190,158.7	141,880.3	129,468.8	79,690.0	40,534.4	17,722.8	21,069.2	19,089.2	25,839.4	58,269.0	103,766.6	143,185.3	970,673.6
Union North Rate 10 Billed Customers including CIA Rate 10														
	<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
13	2004	57,654.3	58,344.0	47,034.6	27,357.2	18,262.3	17,491.0	13,800.3	13,616.4	15,813.8	27,320.1	40,526.1	54,061.7	391,281.8
14	2005	65,550.0	57,857.4	49,796.8	32,079.5	21,000.6	13,350.7	11,472.8	12,316.6	12,988.3	28,695.5	41,715.1	57,669.7	404,493.1
15	2006	64,597.7	57,466.3	53,221.8	32,599.4	21,007.7	12,602.2	12,729.0	11,720.6	13,869.6	32,379.5	44,591.7	56,108.8	412,894.4
16	2007	65,811.9	54,557.7	55,625.8	33,405.6	21,901.8	12,763.7	11,413.3	11,403.1	12,535.4	26,010.2	35,837.1	48,427.4	389,693.0
17	2008	60,625.7	52,027.5	49,337.2	33,515.7	19,506.7	13,884.1	12,791.0	11,728.4	13,413.7	25,969.2	39,070.0	50,352.8	382,222.0
18	2009	67,182.7	49,042.2	47,569.6	31,038.2	19,451.1	10,785.1	13,281.9	11,892.5	12,658.4	24,990.1	40,534.1	53,529.7	381,955.8

**TABLE 5: Weather Normalized Average Consumption : m<sup>3</sup> per customer**  
After the adjustment for the cumulative DSM Program volume impacts since 1998

Row	Column	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Union South Only Rate M1 / M2 Billed Customers																	
	<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>	<u>Change</u>	<u>% Change</u>	<u>3 Yr. M.A.(1)</u>
1	2004	777	699	566	377	195	89	106	114	154	252	434	659	4,421			
2	2005	774	676	571	363	193	101	97	104	139	259	430	647	4,354	-67	-1.5%	
3	2006	750	664	578	358	186	99	108	100	128	266	456	666	4,361	7	0.2%	
4	2007	737	652	608	387	223	103	106	101	129	263	400	650	4,359	-2	0.0%	-0.5%
5	2008	742	659	625	321	189	81	107	103	122	244	424	656	4,271	-88	-2.0%	-0.6%
6	2009	733	611	561	346	193	81	109	105	120	247	425	650	4,182	-89	-2.1%	-1.4%
Union North Rate 01 Billed Customers																	
	<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>	<u>Change</u>	<u>% Change</u>	<u>3 Yr. M.A.(1)</u>
7	2004	618	529	423	258	145	60	79	67	118	180	332	500	3,309			
8	2005	621	524	418	259	140	68	60	60	97	185	322	499	3,253	-56	-1.7%	
9	2006	613	493	412	255	135	62	65	56	87	190	355	487	3,212	-41	-1.2%	
10	2007	601	483	435	274	147	63	64	59	94	185	323	502	3,230	18	0.5%	-0.8%
11	2008	630	496	414	272	136	79	69	60	82	183	329	502	3,252	22	0.7%	0.0%
12	2009	632	471	430	264	134	59	70	63	86	193	342	470	3,213	-39	-1.2%	0.0%
Union North Rate 10 Billed Customers including CIA Rate 10																	
	<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>	<u>Change</u>	<u>% Change</u>	<u>3 Yr. M.A.(1)</u>
13	2004	19,943	20,272	16,394	9,450	6,334	6,061	4,807	4,743	5,504	9,493	13,960	18,552	135,513			
14	2005	22,418	19,794	16,984	10,908	6,972	4,356	3,719	4,008	4,249	9,350	13,448	18,520	134,725	-789	-0.6%	
15	2006	20,586	18,290	16,955	10,333	6,646	4,012	4,056	3,761	4,435	10,358	14,269	17,886	131,588	-3,137	-2.3%	
16	2007	20,873	17,375	17,715	10,605	6,991	4,286	4,894	4,913	5,406	11,206	15,407	20,820	140,491	8,903	6.8%	1.3%
17	2008	25,820	22,046	20,968	14,220	8,276	5,876	5,450	4,997	5,715	11,018	16,293	20,937	161,615	21,123	15.0%	6.5%
18	2009	27,911	20,494	19,755	12,143	7,959	4,453	5,459	4,677	5,661	11,359	17,509	23,823	161,203	-411	-0.3%	7.2%

Note (1) 3-year moving average based on annual percentages with full open decimals

UNION GAS LIMITED

Answer to Interrogatory from  
Board Staff

Re: LEAP Emergency Financial Assistance (Y Factor)

Ref. Exhibit A/Tab 1/page 11 (Y Factor)

- a) Further to LPMA's interrogatory #3, requesting an estimate of any incremental DSM amount please also provide an update with respect to the timing of the filing as well as any further details with respect to the Low Income DSM plan.
  - b) Does Union expect to file the Low Income DSM plan amendment as part of this rates proceeding?
  - c) If not, how and when does Union propose to deal with the cost and rate consequences of the DSM plan amendment?
- 

**Response:**

- a) Union will file its supplemental Low-Income DSM plan by November 12, 2010.
- b) No, Union will file its supplemental Low-Income DSM Plan as part of the 2011 DSM proceeding under docket number EB-2010-0055.
- c) As noted in section 2.1 of Union's supplemental Low-Income DSM plan, Union is requesting to recover the supplemental low-income budget within Union's Demand Side Management Variance Account (Account No. 179-111). The balance in this account will be disposed of as part of Union's 2011 deferral account disposition proceeding in 2012.

UNION GAS LIMITED

Answer to Interrogatory from  
Canadian Manufacturers and Exporters ("CME")

**Question:**

Ref: 2009 updated cumulative tax savings

- a) At Exhibit A, Tab 1, page 5 of 15, Union states that the ratepayer portion of the 2009 updated cumulative tax savings related to the taxable capital change has decreased from a credit of \$0.907 million to a debit of \$0.320 million, or a difference of \$1.227 million. Was the credit of \$0.907 million included in Union's 2010 rates as approved by the Board in EB-2009-0275? If not, why not?
- b) Does Union agree that, if approved, the \$1.227 million associated with the 2009 updated cumulative tax savings constitutes retroactive ratemaking? If not, why not?
- c) At page 4 of 15, Union states that it did not factor the change in the harmonized calculation of Paid Up Capital for Ontario capital tax purposes in the evidence it filed in its 2009 rate application. To this end, please:
  - i. Confirm whether the "2009 rate application" refers to Union's 2010 rates application (filed in 2009) or Union's 2009 rates application (filed in 2008);
  - ii. Confirm when the Federal and/or Provincial governments announced that the harmonized calculation of Paid Up Capital for Ontario Capital Tax purposes no longer included a deduction for the difference between NBV and UCC; and
  - iii. Provide an explanation as to why this change was not considered in a previous rate application.

---

**Response:**

- a) Yes, the credit of \$0.907 million was included in Union's 2010 rates as approved by the Board in EB-2009-0275.
- b) No, Union does not agree that, if approved, the \$1.227 million associated with the 2009 updated cumulative tax savings constitutes retroactive ratemaking.

In the Board's EB-2007-0606 Decision dated July 31, 2008, the Board noted on p.8 that:

*"Our conclusion is that a 50/50 sharing of the impact of tax changes, as applied to the tax level reflected in the 2007 Board-approved rates, is a reasonable balance".*

The taxable capital base change is a tax change that must be reflected in 2011 rates to ensure that the cumulative tax savings between 2007 Board-approved rates and proposed 2011 rates are shared 50/50 with ratepayers.

Union's treatment of the ratepayer portion of the cumulative tax savings in this proceeding is consistent with the approach approved by the Board in EB-2009-0275 (Union's 2010 rate application). In EB-2009-0275, a new CCA Class (Class 52) introduced in 2009 required Union to update the ratepayer portion of the cumulative tax savings, resulting in an increase in ratepayer tax savings of \$1.431 million.

c)

- i. The evidence refers to Union's 2009 rate application noting that Union's 2009 rates did not factor in the change in the harmonized calculation of Paid Up Capital for Ontario tax purposes which came into effect for 2009. For clarity, Union's 2010 rate application also did not include the change.
- ii. In late 2006, the Ontario Government introduced legislation in Ontario bill 174 ("Strengthening Business through a Simpler Tax System Act, 2007") which in paragraph 81, defines "taxable capital" to be determined in accordance with section 181.2 of the Federal Act. Section 181.2 of the Federal Act does not permit a deduction to Paid Up Capital for the NBV/ UCC difference. Bill 174 received royal assent on June 4, 2007.
- iii. One of the primary purposes of Bill 174 was to create a simpler tax system to help facilitate a more streamlined tax administration process for businesses. With that in mind; many business, including Union, did not anticipate any tax consequences coming out of this Bill. Due to the fact that Union did not anticipate any tax consequences along with the very subtle introduction of the change by virtue of Bill 174, Union did not become aware of the capital tax impact until filing its 2009 return in 2010. Further, on July 22, 2010, Union filed a letter (see Attachment) noting the impact of the tax changes and its proposal to true-up the balances.

July 22, 2010

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 26<sup>th</sup> Floor  
Toronto, ON  
M4P 1E4

**Re: Union Gas Limited – Understatement of the 2009 Year-end Tax Provision**

Dear Ms. Walli:

The purpose of this letter is to inform the Board and stakeholders that, in the normal process of calculating 2009 actual taxes, Union Gas Limited (“Union”) has determined that the 2009 year-end tax provision may have been understated by approximately \$3.4 million. This determination by Union is preliminary and may be subject to change as Union finalizes its tax calculations later this year. The understatement of the 2009 year-end tax provision is the result of changes in the calculation of taxable capital as a result of the Ontario and Federal tax integration.

As in previous years, Union will record the true-up of the tax provision in its 2010 third quarter financial statements. Union is not proposing any changes to the 2009 deferral account balances or the 2009 earnings sharing calculation. The true-up for the understatement of 2009 capital taxes will be brought forward as part of the disposition of Union’s 2010 deferral account balances and 2010 earnings sharing. This approach is consistent with the true-up of legislative tax changes in prior years.

If you have any questions please call me at (519) 436-5275.

Yours truly,

*[Original signed by]*

Mark Kitchen  
Director, Regulatory Affairs

cc Crawford Smith (Torys)  
EB-2010-0039 Intervenors

UNION GAS LIMITED

Answer to Interrogatory from  
Federation of Rental-housing Providers of Ontario ("FRPO")

Re: Average Use Factors

REF: Exhibit A, Tab 1, p.11

Preamble: Union has provided the average use factors changes that range from a decrease of 1.4% to an increase of 7.2% for general service customers.

Please provide the supporting working papers used to determine the respective factors for each of the rate classes.

---

**Response:**

Please refer to the attachments at Exhibit B1.03.

UNION GAS LIMITED

Answer to Interrogatory from  
Federation of Rental-housing Providers of Ontario ("FRPO")

Re: Average Use Factors

Ref.: Exhibit A, Tab 1, p.11

Preamble: Union has provided the average use factors changes that range from a decrease of 1.4% to an increase of 7.2% for general service customers.

Please provide Union's views on the reasons for the variability i.e., what factors have contributed to the differences in the determined values.

---

**Response:**

Customer rate migration from Rate 10 to Rate 01 caused the range of variability in the AU factor.

UNION GAS LIMITED

Answer to Interrogatory from  
Federation of Rental-housing Providers of Ontario ("FRPO")

Re: M12 RATE SCHEDULE

Ref: Exhibit A, Tab 1, p.13

Preamble: Union has stated that LST-047 was the last remaining M12 contract at cost based rates.

Please provide the OEB decision that provided Union with the right to vary from cost-based rates for M12 contracts to Ontario LDC's.

---

**Response:**

In its RP-1999-0017 Decision (Union's PBR proceeding) dated July 21, 2001, the Board approved Union's "proposal to renew existing ex-franchise cost-based storage contracts (M12) at market prices" (See Attachment 1).

In its EB-2005-0551 (NGEIR) Decision dated November 7, 2006 the Board ruled that "it is not necessary for Union to continue to provide cost-based storage to Enbridge (with the exception of certain existing contracts), or to revert to cost-based storage for Kingston" (See Attachment 2).

The Board, in the EB-2005-0520 (Union's 2007 rate case) Decision and Final Rate Order, stated that "the Board has ceased regulating ex-franchise storage services". Further, the Board noted that "terms and condition of service (including price, nominations and General Terms and Conditions) previously found on the C1 and M12 rate schedules can now be found under the 'Market Price Storage Services' section of Union's website". In paragraph 10 the Board ordered that "the phase-out of cost based storage rates (and the transition to market-based pricing) for Enbridge will begin in 2008 and be completed in 2010" (See Attachment 3).

**RP-1999-0017**

**IN THE MATTER OF** the *Ontario Energy Board Act*, 1998,

**AND IN THE MATTER OF** an Application by Union Gas Limited for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas in accordance with a performance based rate mechanism commencing January 1, 2000;

**AND IN THE MATTER OF** an Application by Union Gas Limited for an order approving the unbundling of certain rates charged for the sale, distribution, transmission and storage of gas.

**BEFORE:** George Dominy  
Presiding Member and Vice Chair

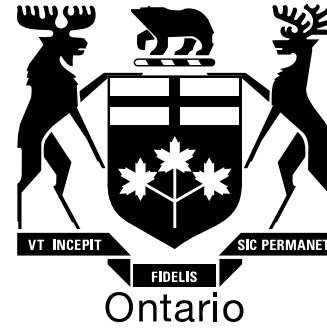
Malcolm Jackson  
Member

**DECISION WITH REASONS**

July 21, 2001

- 2.502 The Board notes that it has in the recent past provided an incentive to Union, through a sharing of the premium on transactional services, to encourage the Company to pursue opportunities to increase the efficient use of the assets. The Board has not to date applied any sharing with regard to the premium on storage. The Board recognizes that there should also be an incentive to efficiently manage the existing storage capacity in Ontario. With respect to the development of new storage during a PBR plan period, incentives will be dealt with within the related applications.
- 2.503 The Board notes that on the one hand, if it had a reliable current forecast of service volumes for the PBR plan period and a reasonable forecast of market prices for storage during the plan period, there would be no need for any deferral account to capture the variance arising from the difference between market-based rates and fully distributed cost-based rates. On the other hand, given the service volume uncertainty and the lack of a reasonable forecast for market-based prices for storage the approach of deferring the variance (premium) seems prudent.
- 2.504 The Board grants Union's proposal to renew existing ex-franchise cost-based storage contracts (M12) at market prices. However, with respect to Union's proposal to eliminate the deferral account for recording the market premiums from these arrangements, the Board finds it appropriate, given the volume and price uncertainties expected during the term of the Board-approved PBR plan maintain a deferral account for recording market premiums. The Board notes that in Chapter 4 the Board denies Union's request to close the transactional services deferral accounts.
- 2.505 The Board recognizes that the assets necessary to provide both transactional services and long-term storage services have been paid for by Union's customers. Providing the Company with a financial incentive to maximize revenues for these services should increase benefits to both the customer and the shareholder. Consequently the Board authorizes a sharing of net revenues for transactional services and market premium for long term storage services in the ratio of 75:25 between ratepayers and shareholder as an incentive to maximize the revenue associated with both these services. The balance in the Long-Term Storage Premium Deferral Account (179-72)

**Ontario Energy Board      Commission de l'Énergie  
de l'Ontario**



**EB-2005-0551**

## **NATURAL GAS ELECTRICITY INTERFACE REVIEW**

**DECISION WITH REASONS**

November 7, 2006

providing a “core” or “utility related” delivery service, and discretionary services that are available because the utility storage infrastructure is not needed from time to time to perform the utility function.

Other parties took the view that storage is a Provincial asset and noted that the Langford Report recommended that distribution companies should have first call on Ontario gas storage. Those parties argued that Union’s storage should be provided at cost-based rates to consumers throughout Ontario, and specifically at cost-based rates to Enbridge and Kingston.

### **Board Findings**

The Board finds that the core/non-core approach may be appropriate in some situations. It could serve, for example, as a means of determining which segment of the in-franchise customers should continue to have its storage rates regulated. However, the Board concludes, for reasons outlined below, that it is not necessary for Union to continue to provide cost-based storage to Enbridge, or to revert to cost-based storage for Kingston, in order to ensure that there is no undue price discrimination in the Province.

The Board agrees that effective competitive storage options do not exist for the in-franchise customers of Union and Enbridge. The Board has already determined that these customers will continue to receive regulated cost-based storage rates. However, Enbridge and Kingston, which are buying storage services on behalf of their customers because they do not have sufficient storage resources of their own, do have access to alternatives. This is as true for Enbridge as it is for GMi. Therefore, the question is whether Enbridge (for its storage needs beyond the capacity of Tecumseh) and Kingston (for all of its storage needs) should be entitled to cost-based storage rates from Union.

Ontario Energy  
Board

Commission de l'Énergie  
de l'Ontario



**EB-2005-0520**

**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 just  
and reasonable rates and other charges for the sale,  
distribution, transmission and storage of gas commencing  
January 1, 2007.

**BEFORE:** Pamela Nowina  
Vice Chair, Presiding Member

Paul Sommerville  
Member

Ken Quesnelle  
Member

## **DECISION AND FINAL RATE ORDER**

Union Gas Limited ("Union") filed an application with the Ontario Energy Board on December 15, 2005 under section 36 of the Ontario Energy Board Act, S.O. 1998 c. 15, Schedule B. The Application was for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, storage and transmission of gas effective January 1, 2007. The Board assigned file number EB-2005-0520 to the Application.

The Board held a hearing and issued its Decision with Reasons on June 29, 2006. In its decision, the Board noted that there were other proceedings currently before other panels of the Board that would, or may, affect the final 2007 rates prior to their expected date of implementation on January 1, 2007. Among these were the Board's Demand-Side Management (DSM) Generic Proceeding and the Natural Gas-Electricity Interface Review (NGEIR). The Board issued its decisions on DSM and NGEIR on August 25,

6. In accordance with the EB-2005-0520 Settlement Agreement (item 6.8 at p. 29) as approved by the Board, effective January 1, 2008 Union shall reflect the Gas Distribution Access Rule (GDAR) phase 2 compliance costs in rates. The requirement for \$8.7 million in GDAR related capital and \$138,000 in ongoing O&M expense translate to an additional \$1.643 million in revenue requirement in 2008 at the updated ROE of 8.54%.
7. In accordance with the EB-2006-0021 Decision with Reasons on Demand Side Management, the 2007 budget for direct and indirect DSM costs shall be \$17.0 million (\$15.3 million for direct and \$1.7 million for indirect costs), an increase of \$11.3 million over the amount included in existing rates. This increase will be reflected in rates effective January 1, 2007. The DSM budget shall escalate by 10% annually to \$18.7 million for 2008 and \$20.6 million for 2009. These budget increases shall be reflected in rates effective January 1, 2008 and January 1, 2009 respectively.
8. In accordance with the EB-2006-0021 Decision with Reasons, Union's DSM target for 2007 is \$188 million in TRC savings. The Shared Savings Mechanism ("SSM") at target for 2007 is \$4.75 million.
9. In accordance with the EB-2005-0551 Decision with Reasons, the Board has ceased regulating ex-franchise storage services and new storage services. Other than for Enbridge Gas Distribution Inc. contracts LST045, LST046 and LST047, terms and conditions of service (including pricing, nominations and General Terms and Conditions) previously found on the C1 and M12 rate schedules can now be found under the "Market Price Storage Services" section of Union's website.
10. In accordance with the Board's EB-2005-0551 Decision with Reasons, the phase-out of cost based storage rates (and the transition to market-based pricing) for Enbridge Gas Distribution Inc. will begin in 2008 and be completed in 2010. As a result of the Board's EB-2005-0551 Decision, Enbridge will be provided with cost-based storage rates in 2007. This increases the 2007 revenue deficiency and associated rates by \$8.16 million.
11. In accordance with the EB-2005-0551 Settlement Agreement (at p. 25-27) as approved by the Board, the revenue deficiency has been increased by \$0.15 million to reflect the elimination of the M12 transportation premium. This increase will be reflected in rates effective January 1, 2007.
12. In accordance with the Board's EB-2005-0551 Decision with Reasons, the 2007 revenue deficiency and associated rates shall be increased by \$4.067 million to reflect 10% of the forecast S&T transactional margins. This approach is consistent with Union's treatment of S&T Transactional margins reflected in current Board-approved rates.
13. In accordance with the Board's EB-2005-0551 Decision with Reasons, starting in 2008 the sharing of revenues on Union's short-term storage transactions less

UNION GAS LIMITED

Answer to Interrogatory from  
London Property Management Association ("LPMA")

Ref: Exhibit A, Tab 1, pages 4-5

Please confirm that as a result of the elimination of the Ontario Capital Tax effective July 1, 2010, that there will be no further impact after 2010 of the changes noted.

---

**Response:**

Confirmed.

UNION GAS LIMITED

Answer to Interrogatory from  
London Property Management Association ("LPMA")

Ref: A, Tab 1, Page 10

- a) Please confirm that there were no costs related to assistance for customers, such as a Winter Warmth fund or similar funds, included in the approved revenue requirement in Union's last cost of service proceeding. If this cannot be confirmed, please indicate the amount that was included.
- b) How have the Late Payment Penalty Litigation costs deferral account (179-113) been allocated between customer classes for 2011?
- c) The October 20, 2010 letter from the Board re LEAP Emergency Financial Assistance indicates at Attachment A that the Board has determined that the LEAP funding should be recovered from all rate classes, based on distribution revenue by rate class. If the response to part (b) is not consistent with this allocation of costs please provide a table that shows the current allocation of the late payment penalty litigation costs to the rate classes with an allocation that is based on distribution revenues.
- d) If the response in (b) above is not consistent with the allocation in the October 20, 2010 letter, please explain if Union proposes to change the allocation of the late penalty litigation penalty costs to conform with the Board letter. If not, please explain why not.

---

**Response:**

- a) Confirmed.
- b) In Union's 2009 Deferral Disposition Proceeding (EB-2010-0039), Late Payment Penalty Litigation costs were allocated to in-franchise rate classes in proportion to the allocation of 2007 Board-approved late payment revenue.

There are no Late Payment Penalty Litigation costs included in 2011 rates.

- c) The table provided below shows the allocation of Late Payment Penalty Litigation costs per the EB-2010-0039 proceeding in comparison to an allocation of these costs based on 2009 Board-approved distribution revenues per EB-2008-0220.

<u>Allocation of Late Payment Penalty Litigation costs (#179-113)</u>				
<u>Particulars (\$000's)</u>	<u>2007 Board-Approved Late Payment Revenue (EB-2010-0039)</u>		<u>2009 Board-Approved Distribution Revenue (EB-2008-0220)</u>	
	<u>Allocator</u> (a)	<u>Allocation (1)</u> (b)	<u>Allocator</u> (c)	<u>Allocation (2)</u> (d)
M1	5,510	4,327	359,762	2,901
M2	39	31	51,626	416
M4	1	1	14,082	114
M5	1	1	8,007	65
M7	0	0	6,762	55
M9	0	0	588	5
M10	0	0	5	0
T1	0	0	55,097	444
T3	0	0	5,556	45
Rate 01	1,662	1,306	148,029	1,194
Rate 10	17	13	26,296	212
Rate 20	0	0	8,285	67
Rate 100	0	0	17,754	143
Rate 25	0	0	2,382	19
Rate 77	0	0	28	0
	<u>7,231</u>	<u>5,679</u> (3)	<u>704,260</u>	<u>5,679</u> (3)
<u>Notes:</u>				
(1) Allocated using column (a).				
(2) Allocated using column (c).				
(3) EB-2010-0039, Rate Order, Working Papers, Schedule 1, Page 1, line 11, column (u).				

- d) Union is not proposing a change to the allocation of the late payment penalty litigation costs. In EB-2010-0039, Union and Intervenors agreed on a complete settlement of the deferral account balance in the Late Payment Penalty ("LPP") Litigation account and the allocation of that balance. The allocation of late payment penalty litigation costs relates to a class action lawsuit regarding late penalty fees and is unrelated to the Board's LEAP funding initiative.

UNION GAS LIMITED

Answer to Interrogatory from  
London Property Management Association ("LPMA")

Ref: Exhibit A, Tab 1, page 11

- a) Will the amended low-income proposal include an incremental budget amount over and above the 2011 DSM budget of \$24.890 million noted on page 8 of Exhibit A, Tab 1? If yes, please provide an estimate of the incremental DSM budget related to changes to the DSM plan for low-income customers.
  - b) Will the incremental low-income customer DSM budget costs be allocated only to Rate 1 and Rate 01 customers? If not, please explain what rate classes the incremental costs will be allocated to.
- 

**Response:**

- a) Yes, the amended low-income proposal includes an incremental budget of \$2.465 million.
- b) Yes, the incremental low-income customer budget costs will be allocated to M1 and Rate 01 customers.

UNION GAS LIMITED

Answer to Interrogatory from  
London Property Management Association ("LPMA")

Ref: Exhibit A, Tab 1, pages 12-13

- a) Is the only change in the proposed Payments section related to the removal of Union's bank account number?
  - b) Is there any change related to payment date of the 20<sup>th</sup> day of each month? If yes, what impact would this change have on the working cash requirement?
- 

**Response:**

- a) Yes, the only change in the proposed Payments section is the removal of the account number.
- b) No, there is no change related to the payment date of the 20<sup>th</sup> day of each month.

UNION GAS LIMITED

Answer to Interrogatory from  
London Property Management Association ("LPMA")

Ref: Exhibit A, Tab 1, page 14

- a) Is the deferral account requested by Union a continuation of a similar deferral account to record the input tax credits and debits associated with items not previously subject to PST but now subject to HST with no option or refund for the period July 1, 2010 to the end of 2010? If not, please explain why this deferral account is required for 2011.
  - b) How and where has Union recorded the ratepayer portion of the change related to the HST/PST for the period July 1, 2010 through December 31, 2010?
- 

**Response:**

- a) Since 2008 Union has processed tax changes (e.g. capital tax, income tax) as Z factors without an approved deferral account. To better track the implementation of HST Union is requesting a deferral account to record the input tax credits on distribution revenue requirement items that were not previously subject to PST and have now become subject to PST. In addition, Union proposes the deferral account record the debits associated with distribution revenue requirement items that were not previously subject to PST and have now become subject to PST with no option for refund.
- b) For the period July 1, 2010 to December 31, 2010 Union will record the credits and debits as described above and dispose of the balance in the 2010 deferral disposition proceeding in a similar manner to the disposition of the tax change balances in 2008 and 2009 deferral disposition proceedings.

UNION GAS LIMITED

Answer to Interrogatory from  
London Property Management Association ("LPMA")

Ref: Draft Rate Order, Appendix E

Is Union proposing any changes in any of the charges shown in Appendix E of the draft rate order from the level currently in place? If yes, please identify and explain.

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**Response:**

No, Union is not proposing any changes to the charges included in Appendix E of the draft rate order.

UNION GAS LIMITED

Answer to Interrogatory from  
London Property Management Association ("LPMA")

Ref: Exhibit A, Tab 1, page 14

At page 2 of the draft rate order it is indicated that the AU volume adjustment is based on the most recent three years' (i.e., 2006 to 2008) actual weather normalized volume loss. Please confirm whether the most recent three years used to calculate the AU adjustment is 2006 to 2008 or 2007 to 2009.

---

**Response:**

The AU volume adjustment incorporated in 2011 rates use customer statistics for the years 2006, 2007, 2008 and 2009 to calculate the annual percent declines contained in the three year percent decline AU factor.

UNION GAS LIMITED

Answer to Interrogatory from  
London Property Management Association ("LPMA")

Ref: Ref: Exhibit A, Tab 1, page 11

Please provide updated tables for Tables 1 through 5 provided in the attachment to Exhibit B3.4 of EB-2009-0275 showing the addition 2009 data and the calculation of the adjustment factors used in the current application.

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**Response:**

Please refer to the attachments at Exhibit B1.03.

UNION GAS LIMITED

Answer to Interrogatory from  
London Property Management Association ("LPMA")

Ref: Working Papers, Schedule 15

Please provide the CCA calculations that give rise the CCA difference figures of (11,870) and (5,962) in columns (f) and (g) of line 1 in Schedule 15.

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**Response:**

Please refer to line 21, columns (d) and (e) in the Attachment.

Estimated Tax Rate Change Impacts (2007-2011)  
(\$ millions)

Line No.		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
	<u>Tax Related Amounts Forecast from CCA Rate Changes</u>	(a)	(b)	(c)	(d)	(e)
1	Computer Equipment (Class 45) - Opening UCC Balance	0.00	6.77	10.50	12.55	13.68
2	New purchases (2007 Board Approved additions)	8.74	8.74	8.74	8.74	8.74
3	Capital cost Allowance (CCA) at 45% - former tax rule CCA rate	1.97	5.02	6.69	7.61	8.12
4	Closing Undepreciated Capital Cost (UCC)	6.77	10.50	12.55	13.68	14.30
5	Computer Equipment (Class 45) - Opening UCC Balance	0.00	6.34	9.19	4.66	2.10
6	New purchases (2007 Board Approved additions)	8.74	8.74	0.73	0.00	8.01
7	Capital cost Allowance (CCA) at 55% - 2007 Federal Budget tax rule CCA rate	2.40	5.89	5.25	2.57	3.36
8	Closing Undepreciated Capital Cost (UCC)	6.34	9.19	4.66	2.10	6.75
9	Computer Equipment (Class 52) - Opening UCC Balance	0.00	0.00	0.00	0.00	0.00
10	New purchases (2007 Board Approved additions)	0.00	0.00	8.01	8.74	0.73
11	Capital cost Allowance (CCA) at 100% - 2009 Federal Budget tax rule CCA rate (for expenditures between Jan 28, 2009 and Feb 2011)	0.00	0.00	8.01	8.74	0.73
12	Closing Undepreciated Capital Cost (UCC)	0.00	0.00	0.00	0.00	0.00
13	Distribution Assets (Class 1) - Opening UCC Balance	0.00	130.56	255.90	376.23	491.74
14	New purchases (2007 Board Approved additions)	133.23	133.23	133.23	133.23	133.23
15	Capital cost Allowance (CCA) at 4% - former tax rule CCA rate	2.66	7.89	12.90	17.71	22.33
16	Closing Undepreciated Capital Cost (UCC)	130.56	255.90	376.23	491.74	602.64
17	Distribution Assets (Class 1) - Opening UCC Balance	0.00	129.23	250.71	364.89	472.23
18	New purchases (2007 Board Approved additions)	133.23	133.23	133.23	133.23	133.23
19	Capital cost Allowance (CCA) at 6% - 2007 Federal Budget tax rule CCA rate	4.00	11.75	19.04	25.89	32.33
20	Closing Undepreciated Capital Cost (UCC)	129.23	250.71	364.89	472.23	573.13
21	CCA Difference <sup>(1)</sup>	1.77	4.74	12.71	11.87	5.96

<sup>(1)</sup> =(Line 7 + Line 11 - Line 3) + (Line 19 - Line 15)

UNION GAS LIMITED

Answer to Interrogatory from  
Vulnerable Energy Consumer's Coalition ("VECC")

**Reference:** Exhibit A, Tab 1, pages 8-11

- a) Does Union believe that the recovery of costs related to LEAP costs by rate class should be on a different basis than the recovery of incremental DSM programs targeted to low-income customers? Please explain.

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**Response:**

- a) No, Union does not believe there should be any difference in the allocation of LEAP funds and the recovery of low income DSM costs. The recovery of costs related to LEAP and Low Income DSM should be allocated to rate classes M1 and R01 which are the rate classes that will benefit from the programs.

UNION GAS LIMITED

Answer to Interrogatory from  
Vulnerable Energy Consumer's Coalition ("VECC")

**Reference:** Schedule 10 of EB-2009-0275 and  
Schedule 10 of EB-2010-0148

- a) In setting rates for 2010, the average use adjustment for rate class M1 was a decline of 0.6%. In the current application, a 1.4% decline in average use is indicated. Does Union have any view as to why the AU, as measured by the average of the most recent three years of normalized usage, has declined at over twice the rate that it declined for 2010?
- b) Please provide Union's estimate of the 2010 year end balances by rate class in Account 179-118.

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**Response:**

- a) The AU for M1/ M2 customers in the current application is a 1.4% decline compared to 0.6% decline in Union's 2010 rate application. The higher rate of decline in the AU factor arises from the economic recession which began in late 2008 and continued through 2009. The recession lowered total throughput volumes in all general service markets in 2009, with the non residential markets bearing the majority (approx. 65%) of the decline observed in the total weather normalized volumes.
- b) The estimated year-end balances for the 2010 AU deferral account based on the September year-to-date actuals and 3 months of forecast consumption estimates are stated below.

M1 / M2	\$5.5 million receivable from customers
Rate 01	\$0.4 million payable to customers
Rate 10	\$2.8 million payable to customers

UNION GAS LIMITED

Answer to Interrogatory from  
Vulnerable Energy Consumer's Coalition ("VECC")

**Reference:** Board Staff IR #3(a)

- a) In providing the response to the referenced IR in this proceeding, please show the breakdown by usage level (e.g., first 100 m3, next 150 m3, etc.) for each rate class
- 

**Response:**

Union cannot provide the detail as requested as it does not calculate AU at the rate class block level.