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May 25, 2012

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2011-0210
Union Gas Limited – 2013 Rates
Energy Probe – Technical Conference Questions

Pursuant to Procedural Order #5, issued on April 11, 2012, please find the Technical Conference Questions of Energy Probe Research Foundation (Energy Probe) in advance of the Technical Conference to commence on May 31, 2012.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Chris Ripley, Union Gas Limited (By email)
Crawford Smith, Torys LLP (By email)
Roger Higgin, Sustainable Planning Associates (By email)
Intervenors of Record (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

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Ontario Energy Board

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 effective
January 1, 2013.

**TECHNICAL CONFERENCE QUESTIONS ON BEHALF OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

May 25, 2012

**UNION GAS LIMITEED
2013 RATES REBASING
EB-2011-0210**

**ENERGY PROBE RESEARCH FOUNDATION
TECHNICAL CONFERENCE QUESTIONS**

Energy Probe TCQ #1

Ref: J.B-1-3-7

- a) Please provide a complete answer to Part a) Cost Breakdown and multi year Budgets for Union Line Modernization.**

Energy Probe TCQ #2

Ref: J.B-2-3-1 Part c) ii)

- a) Please explain to whom the payments are made (entity) and why this change is better for ratepayers.**

Energy Probe TCQ #3

**Ref: J.C-1-3-5 &
J.C-1-2-4 Page 3**

- a) Please provide an explanation of the 2011 Actual Commercial All rates NAC of 17,006 compared to forecast and the implications for the 2012/2013 forecasts.**

Energy Probe TCQ #4

**Ref: JC-2-3-2 part a) 2) and part k) &
JC-2-4-1 part a)**

- a) Please provide the original evidence used to support the correlation of Pearson Airport Weather with the Southern and Northern zones respectively.**
- b) Please provide the updated Summary Statistics table (first ref. part k) for each of the Northern and Southern zones.**

- c) Please provide the heat-sensitive load and forecast 2013 revenue for each of the franchise areas. Compare this data to the 75:25 weighting for HDD.

Energy Probe TCQ #5

Ref: J.D-2-3-1 Page 1 Part b)

- a) Please comment on the requirements of the ARC regarding SLAs in light of this response.
- b) Please compare to the process and procedures followed by EGDI.

Energy Probe TCQ #6

**Ref: J.D-2-3-2 &
J.D-1-2-7**

- a) Has the Board approved the Corporate Cost Allocation methodology now being used by Spectra to allocate costs such as SAP, to affiliates? If so, please point to the approval.
- b) Is Union requesting approval of the methodology and cost consequences in this proceeding?
- c) Is the full methodology in evidence and has it been independently reviewed?

Energy Probe TCQ #7

Ref: J.D-9-3-1 Attachment 1

- a) For the data provided on Pages 1-6 please graph the \$/FTE for the 5 categories of employee average yearly compensation 2007-2013.
- b) Please provide the following data for the period 2007-2013:
- customer numbers
 - throughput volumes (normalized)
 - ratios of total compensation(O&M) /customer and per m3 and average overall 2007-2013

- c) **Please Graph the above ratios.**
- d) **Please provide a graph of the data on page 7 showing 2007-2013 Total Salaries and Wages-O&M (left axis); Total Benefits (Right axis) and Total O&M Expense (Left axis).**

Energy Probe TCQ #8

**Ref: J.D-9-3-2 &
J.D-9-2-4 Attachment 1**

The Question asked for the latest Salary//Benefits comparison study. Only Benefits was provided in this response with a reference JD-9-2-4.

- a) **The Towers Watson Compensation update (J.D-9-2-4 Attachment 1) addresses Base Pay and STIP but not LTIP and hence Total Compensation. Has Union undertaken or retained consultants to undertake a total compensation benchmark study? When was the last one filed with the Board?**

Energy Probe TCQ #9

**Ref J.E-1-3-1 Attachment 1 &
J.E-1-2-1 Attachment 1**

- a) **Please confirm the second reference lists all Senior Debt Issues and indicates issues that that are Redeemable but not callable and the estimated costs of redemption.**
- b) **List Union's Preference Share Issues and indicate which are callable and/or redeemable indicate those that have a rate reset feature and when that occurs.**

Energy Probe TCQ #10

Ref: J.E-2-3-1

- a) **Please confirm that the differences between Actual and Deemed Capital structure are due in large part to financing of Non-utility Assets/operations.**

- b) What is the amount of Total capitalization related to non utility operations in 2007-2011? Please reconcile to the total capitalization.**
- b) Please eliminate the Non-utility capitalization and provide a comparison table that shows the deemed and actual utility financial structures.**

Energy Probe TCQ #11

Ref: J.E-2-3-6 Attachment 1

- a) Are the Ratings Shown in the attachment based on the latest ratings for Gaz Metro, Union and Enbridge Gas Distribution? If not, please provide the latest ratings from S&P and DBRS. If so, provide a copy of the summary rating discussions for these 3 utilities.**
- b) EGD and Union are rated as A by DBRS despite having the lowest deemed equity ratio. Why is this the case and why are S&P ratings (relatively) lower than DBRS? Please discuss.**

Energy Probe TCQ #12

Ref: J.G-1-3-2 and Attachment 1

- a) Given the Board's Decision in EB-2011 -0025 please discuss why a separate classification/allocation of cross-bore costs is appropriate for 2013.**