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By electronic filing

May 25, 2012

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

Dear Ms Walli,

Union Gas Limited ("Union")	
2011 Earnings Sharing and Disposition of Deferral Accounts and Other Balances	
Board File No.:	EB-2012-0087
Our File No.:	339583-000137

In accordance with the Notice of Application and Procedural Order No. 1, we enclose the Interrogatories that are being submitted on behalf of Canadian Manufacturers & Exporters ("CME").

Yours very truly,

A handwritten signature in blue ink, appearing to read 'Peter C. P. Thompson', is written over a light blue circular stamp.

Peter C. P. Thompson, Q.C.

PCT\slc
enclosure

c. Chris Ripley (Union)
Crawford Smith (Torys)
Intervenors EB-2012-0087
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 for an Order or Orders amending or varying the rate or rates charged to customers as of October 1, 2012.

**INTERROGATORIES OF
CANADIAN MANUFACTURERS & EXPORTERS ("CME")
TO UNION GAS LIMITED ("UNION")**

Account No. 179-108 – Unabsorbed Demand Costs ("UDC")

Reference: Exhibit A, Tab 1, Pages 2-4

1. Please explain why UDC collected in the North of \$6.217M is less than the amount of planned UDC in the North of \$6.489M, whereas UDC collected in the South of \$0.146M exceeds planned UDC in the South of \$0.117M.
2. Please explain how "UDC Costs Incurred" of \$0.525M for Union North are derived.

Account No. 179-70 – Short-Term Storage and Other Balancing Services

Reference: Exhibit A, Tab 1, Pages 4-6
Exhibit A, Tab 1, Schedule 7

3. Please confirm that the calculation of the debit balance recoverable from ratepayers, using the amount embedded in rates of \$11.254M as advocated by CME and others in the Review Proceeding that the Board is conducting in EB-2012-0206, is \$4.145M derived as follows:

Actual 2011 Net Margins	\$7.899M
Less 10% Incentive to Union	\$0.790M
90% of actual revenues	\$7.109M
Less amount embedded in rates	\$11.254M
Debit balance charged to ratepayers	(\$4.145M)
Debit claimed by Union	(\$7.137M)
Difference	\$2.992M

(Being the same \$2.992M amount in issue in the Review Proceeding)

Account No. 179-118 – Average Use Per Customer Deferral Account

Reference: **Exhibit A, Tab 1, Pages 18**
 Exhibit A, Tab 1, Schedule 5

4. The evidence indicates that, after normalizing for weather, Actual 2011 Average Uses for the customer classes shown in Exhibit A, Tab 1, Schedule 5 were higher than they were in 2010. In connection with this evidence, please provide the following information:
- (a) Please explain why 2011 Normalized Average Uses increased over 2010 Normalized Average Uses.
- (b) Please provide Actual Average Uses for the customer classes shown in Exhibit A, Tab 1, Schedule 5 at line 4 before normalizing for weather.

Account Nos. 179-121 and 179-122 – St. Clair Line Deferral Accounts

Reference: **Exhibit A, Tab 1, Page 20**
 Exhibit A, Tab 1, Schedule 1, lines 15 and 16

5. The evidence indicates that Union was authorized to close Deferral Accounts 179-121 and 1779-122 effective April 1, 2012. Please revise Exhibit A, Tab 1, Schedule 1 to include the credit balances in the St. Clair Line Deferral Accounts at lines 15 and 16 of Exhibit A, Tab 1, Schedule 1 as they were at December 31, 2011, and provide a revised Exhibit A, Tab 1, Schedule 1 showing a debit balance at line 2 of \$4.145M, rather than \$7.137M, along with the credit balances at lines 15 and 16 as requested herein, and a revised total at line 23.

Earnings Sharing

Reference: **Exhibit A, Tab 2, Pages 1-9**
 Exhibit A, Tab 2, Appendix A, Schedule 3
 Exhibit A, Tab 2, Appendix B, Schedule 1

6. In column (k) of Exhibit A, Tab 2, Appendix A, Schedule 3, Union reduces "Earnings Before Interest and Taxes" by amounts relating to the removal of the St. Clair Transmission Line from rates in 2011. However, in Exhibit A, Tab 1, Schedule 1, Union has excluded the December 31, 2011 credit balances in the St. Clair Line Deferral Accounts at lines 15 and 16. Please provide a revised Exhibit A, Tab 2, Appendix A, Schedule 3 to eliminate from column (k) all of the adjustments pertaining to the "Impact of removing the St. Clair Transmission Line from Rates" and provide a revised Exhibit A, Tab 2, Appendix B, Schedule 1 to show the calculation of the Earnings Sharing amount at line 35 to reflect the adjustments requested herein.

We calculate that the Earnings Sharing amount increases from \$16.652M to \$20.150M and are seeking to ascertain whether our revised calculation is correct.

Allocation of Deferral Account Balances and Earnings Sharing Amount

Reference: **Exhibit A, Tab 3, Pages 1-9**
 Exhibit A, Tab 3, Schedule 1, Page 1

7. What percentage increases in delivery rates will Union's M2, M5A, M7 and T1 customers face if the total amounts shown at line 27 of Exhibit A, Tab 3, Schedule 1, page 1 for each of those rate classes are found by the Board to be recoverable?

Proposed Changes to the TransCanada PipeLines Limited ("TCPL") Tolls and Fuel – Northern Eastern Operations Area Deferral Account 179-100

Reference: **Exhibit A, Tab 4, Pages 13-15**
 Exhibit A, Tab 4, Schedule 3

8. Please list each of the items of expense increase risk that Union faces in 2012 and provide an estimate of its total increased expense exposure in the event that the Board declines to consider the changes that Union proposes to this Deferral Account in this proceeding and defers all matters relating to the proposed change in the scope of this Deferral Account to Union's 2013 Rebasing case.