ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O. 998, c. 15, (Schedule B);

AND IN THE MATTER OF an Application by Union Gas Limited for an Order pursuant to Section 36(1) of the *Ontario Energy Board Act*, 1998, approving the 2012 to 2014 Demand Side Management Plan.

INTERROGATORIES TO UNION GAS LIMITED (Union)

from

INDUSTRIAL GAS USERS ASSOCIATION (IGUA)

1. [Reference: Ex.A/T1/p.7, lines 9 through 15] The evidence describes Union's proposed "Direct Access" plan for proposed Rate T2 and for Rate 100 customers. The proposal is to provide these customers with first access to *"the full customer incentive budget they pay in rates"*.

   [Reference: Ex.A/T1/p.10, Figure 1] Figure 1 provides a graphic breakdown of the Rate T2/Rate T1/Rate 100 DSM budget by expense category.

   Please confirm that the proposal is to provide each T2 and Rate 100 customer with "direct access" to 59% of the amount that they pay in delivery rates on account of Union's DSM program (i.e. net of LRAM and shareholder incentive amounts).

2. [Reference: Ex.A/T1/p.9, Table 1]

   Please provide a table which includes the following information, by year from 2008 through 2012, for each of Rate T1 and Rate 100:

   (a) DSM costs included in rates (but excluding low-income costs for 2012).

   (b) LRAM amounts.

(c) Shareholder incentive amounts.

(d) DSMVA amounts.

3. [Reference: Ex.A/T1/p.13, lines 11 and 12] The evidence provides the proposed allocation of DSM program budget between Rate T1 and the proposed Rate T2. The evidence provides reference to EB-2011-0210 to indicate "consistency" of the proposed allocation with Union's evidence in its 2013 rate case. Further information on the proposed allocation is provided at Ex.A/T1/S1 of the instant application. However, no explanation of the rationale for the proposed allocation is provided.

[Reference: Ex.A/T1/Schedule 3] The evidence indicates that, relative to current T1 customers, if the proposed T2 rate class and Union's proposed budget allocation are approved, remaining T1 customers would see an increase in DSM costs included in rates (a doubling), while new T2 customers would see a decrease (of approximately 20%).

Please provide the rationale for the proposed allocation, illustrated by the supporting calculations.

4. [Reference: Ex.A/T1/p.16, line 8] The evidence regarding the scorecard metric of cumulative natural gas savings makes reference to adjustment for "spillover".

(a) Please confirm that Union has never had inclusion of a "spillover" adjustment approved by the Board.

(b) Please provide the detailed rationale and supporting evidence that Union relies on for inclusion of a "spillover" adjustment in calculation of cubic meter savings for its proposed large volume customer scorecard metrics.

5. [Reference: Ex.A/T1/p.17, lines 10 through 13] The evidence explains the proposed calculation of the "budget spent percentage" metric proposed for the Rate T2/Rate 100 Direct Access program.

Please confirm that the referenced evidence indicates that the minimum 2014 metric target levels will be the 2013 proposed target levels.

6. [Reference: Ex.A/T1/p.17, lines 24 and 25 and p.18, lines 20 *et seq.*] The evidence proposes a 30% downward adjustment from the 2012 cumulative gas savings target for the T1 rate class to derive a proportional Rate T2/Rate 100 cumulative savings target.

   (a) Please indicate whether incentive funding for energy plans and energy monitoring was available to T1/Rate 100 customers in 2012 and earlier.

   (b) Please explain in greater detail why incremental funding will not produce proportionally more gas savings across the rate class, and if this is the case please explain the value provided by the incremental funding.

   (c) Please provide the details for the determination that 30% was the appropriate proportion for the proposed downward adjustment, illustrated by supporting calculations.

7. [Reference: Ex.A/T1/p.18, lines 8 and 9] The evidence proposes adjustment of natural gas savings targets prospectively based on performance in the prior calendar year.

   Given the relatively small number of customers involved in DSM programs for the T1/proposed T2/Rate 100 classes, please comment on the appropriateness of using a 3 year rolling average for prospective adjustment of natural gas savings targets for these rate classes in lieu of the mechanism proposed.

8. [Reference: Ex.A/T1/p.20, Table 5]

   (a) Please confirm that this table indicates that, on a four year average basis, a typical Rate 100/large Rate T1 customer has received 40% or less of the DSM costs paid by the customer in rates back in funding for the customer's own DSM programs.

   (b) Please provide the data, broken down by customer (without naming the customers) that results in this average.

9. [Reference: Ex.A/T1/p.31, lines 19 through 21]

   Please explain how DSM activities *"are ancillary to and support the provision of regulated distribution, transmission and storage services"*.

10. [Reference: Ex.A/T1/p.34, lines 13 and 14] The evidence posits that large volume customers opting out of DSM programming would obtain *"special rate treatment at the expense of other customers in the class"*.

Please identify the customer expenses that would be driven by customers opting out of DSM programming, and how these expenses would end up being paid by other customers in the class.

11. [Reference: Ex.A/T1/p.34, lines 7 through 9]

(a) Please confirm that the DSM technical support provided to large volume customers is paid for, at a rate class level, by the customers benefiting from the support.

(b) In light of the response to (a), please explain what the term "leverage" means as used in the referenced evidence.

(c) Does such "leveraging" entail a cross-subsidy between customers within the class?

12. [Reference: Ex.A/T1/Appendix C] The evidence indicates requests by large volume customers consulted for change to the means by which DSM variances are recovered.

Please confirm that this request is appropriately addressed in Union's current variance and deferral account disposal application [EB-2012-0087].

TOR_LAW\ 8014909\1