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July 5, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

RE: EB-2013-0109 - Interrogatories of London Property Management Association

Please find attached the interrogatories of the London Property Management Association in the above noted proceeding.

Sincerely,

Randy Aiken

Randy Aiken
Aiken & Associates

Encl.

cc: Karen Hockin, Union Gas Limited (e-mail)

EB-2013-0109

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 clearing certain non-commodity related deferral accounts and sharing utility earnings pursuant to a Board approved earnings sharing mechanism.

INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT ASSOCIATION

Interrogatory #1

Ref: Exhibit A, Tab 1, pages 39-41

a) Please provide the completion date for the disposition of deferral account balances for each of 2010, 2012 and 2012.

b) Please provide the most recent projected under or over recovery of the deferral account balances for 2011, similar to the $1.3 million excess refunded for 2010. Please break the estimate out by rate class for each rate class that contributes to the variance.

c) Was the primary cause for the over refund in 2010 and the projected over refund in 2011 volume forecast error over the refund period?

d) Was the over refund limited to the M1, M1, 01 and 10 rate classes, or was there an over refund associated with the contract rate classes? If not, please explain why not.

e) Given this potential issue should have been known to Union based on the difference between forecast and actual volumes in the general service rate classes, why did Union not propose to refund/collect the balances in the same manner as for contract rate customers?

f) Please confirm that the requested deferral account would be used for both the 2011 and 2012 deferral account, ESM and other balances disposition.

g) Will the deferral account be used for 2013 or subsequent year disposals?

Interrogatory #2

Ref: Exhibit A, Tab 2

Is the calculation of utility earnings and earnings sharing consistent with the methodology used to calculate the 2011 earnings sharing in EB-2012-0087? If not, please explain any differences, other than the treatment of FT-RAM optimization revenue.

Interrogatory #3

Ref: Exhibit A, Tab 2, page 2

Please show the calculation of the benchmark return on equity for 2012 of 7.67%.

Interrogatory #4

Ref: Exhibit A, Tab 2, page 4

What is the rate base amount associated with the St. Clair Transmission Line that has been excluded from the earnings sharing calculation for 2012?

Interrogatory #5

Ref: Exhibit A, Tab 2, page 7

Please explain how the cancellation of the proposed decrease in the Ontario corporate tax rate results in increases to distribution revenue and storage & transportation revenue.

Interrogatory #6

Ref: Exhibit A, Tab 2, page 9

a) What is Union's normalized actual return on equity for 2012?

b) At what level would the X factor have had to been in 2012 to result in a normalized return on equity equal to the benchmark ROE of 7.67%?

Interrogatory #7

Ref: Exhibit A, Tab 3, page 4

a) Has Union disposed of any balances in the Gas Distribution Access Rule Costs Deferral Account (179-112) in prior proceedings? If yes, please explain the allocation methodology used in those dispositions.

b) Please explain why Union proposes to allocate the costs in this account in proportion to the Board-approved number of customers in Rate 01 and Rate M1.

c) Did Union consider any other allocation methodology other than that proposed? If yes, please explain why the other methodology was rejected in favour of that proposed by Union.

d) Please explain why no GDAR related costs are allocated to Rates 10, M2 and other rather classes.

Interrogatory #8

Ref: Exhibit A, Tab 3, page 6

a) Has Union disposed of any balances in the Pension Charge on Transition to US GAAP Account (179-127) in prior proceedings? If yes, please explain the allocation methodology used in those dispositions.

b) Please explain why Union proposes to allocate the costs in this account in proportion to the Board-approved allocation of Employee Benefits expense in Administrative & General O&M Expense.

c) Did Union consider any other allocation methodology other than that proposed? If yes, please explain why the other methodology was rejected in favour of that proposed by Union.

Interrogatory #9

Ref: Exhibit A, Tab 3, Appendix A, Schedule 1 & Exhibit A, Tab 3, Appendix B, Schedule 1

Please provide a table that shows by rate class, the allocation of the earnings sharing amount of $15,730 as shown in Exhibit A, Tab 3, Appendix A, Schedule 1 & the allocation of the amount in the Upstream Transportation FT-RAM Optimization Account (179-130) amount of $32,977 shown in Exhibit A, Tab 3, Appendix B, Schedule 1.

Interrogatory #10

Ref: Exhibit A, Tab 3, pages 8 and 10-11

Union provides the impact on a typical residential customer in both Union South and Union North for both sales service and direct purchase customers under two competing scenarios reflected in Appendix A (Union proposal for FT-RAM optimization revenue) and Appendix B (Board approved methodology for 2011 FT-RAM optimization revenue). Please provide a similar comparison for a typical commercial customer in both Rates M1 and 01 and Rates M2 and 10.

Interrogatory #11

Ref: Exhibit B, Tab 1, page 1

When did Union review the Gas Supply planning process, as directed by the Board in EB-2011-0210?

Interrogatory #12

Ref: Exhibit B, Tab 1, page 6

Point 6 on page 6 states that Union's proposed treatment of net FT-RAM revenue will ensure that a robust and active secondary market for transportation services will continue to exist and provide ongoing benefits to Ontario.

a) When will FT-RAM credits no longer be available to Union Gas?

b) Based on the above response please explain how Union's proposal will affect the future of the secondary market in Ontario after the FT-RAM credits no longer exist.

Interrogatory #13

Ref: Exhibit B, Tab 1, page 18 & Exhibit A, Tab 1, pages 39-41

a) At page 18 of Exhibit B, Tab 1, Union states that it believes that all of the components of the IRM should remain together. Please explain how Union's request for a deferral account is consistent with "all components of the IRM should remain together".

B) Was there any such true-up mechanism, as that now requested by Union, in place during the IRM plan for 2008, 2009 or 2010 balances that were disposed of?

Interrogatory #14

Ref: Exhibit B, Tab 1

Some suppliers offer a discount on their invoice for service provided for early payment of the invoice.

a) Does Union have any suppliers that offer this option? If yes, does Union take advantage of the discount available by paying the invoice earlier than it otherwise would?

b) If Union does take advantage of the early payment discount, how does Union account for this discount? Does it get recorded as a reduced cost or as a cost and a revenue equal to the discount received?

Interrogatory #15

Ref: Exhibit B, Tab 1, page 38

The evidence states that "all upstream assets in the Gas Supply Plan serve the purpose of meeting design day market demands and annual customer requirements."

a) Please explain how these upstream assets contracted by Union meet the design day market demands of each of system gas customers, bundled direct purchase customers, unbundled direct purchase customers and T-service customers. How are the costs associated with these upstream assets recovered from each of these four types of customers?

b) Please explain how the upstream assets contracted by Union are used to meet the annual customer requirements of system gas customers, bundled direct purchase customers , unbundled direct purchase customers and T-service customers. How are the costs associated with upstream assets recovered of these four types of customers?

c) How do the upstream assets referred to that serve the purpose of meeting design day market demands and annual customer requirements impact on ex-franchise customers, such as those served under M12. In particular, what portion of the associated costs of these upstream assets are allocated to and recovered from the ex-franchise rate customers?

d) Please confirm that under Union's proposal to include the transportation exchange revenue in earnings sharing, that system gas customers, bundled direct purchase customers, unbundled direct purchase customers, T-service customers and ex-franchise customers will all share in this revenue. If this cannot be confirmed, please show the allocation of the earnings sharing amount associated with the transportation exchange revenues (as an incremental amount to the remaining earnings sharing) by both rate class and by the type of customer. If the latter is not possible, please indicate for each rate class which of the types of customers will share in the amount allocated to the rate class.

Interrogatory #16

Ref: Exhibit B, Tab 2, page 2

a) Please provide a breakdown of the transportation exchange revenue into two categories, the first of which is the movement of gas between a location not located on the Union transmission system and the second point is a location on the Union transmission system and the second of which is the movement of gas between two locations, both of which are not located on the Union transmission system.

b) For each location utilized to generate transportation exchange revenue that is not located on the Union transmission system, please indicate how Union holds capacity at that location and who ultimately pays for that capacity through their delivery and/or gas commodity/transportation charges to Union.

Interrogatory #17

Ref: Exhibit B, Tab 2, page 19

Please provide a breakdown of the transportation exchange revenue into categories that reflect each of the potential combinations of the three types of resources(from 1 alone to all 3) used to provide transportation exchange services.

Interrogatory #18

Ref: Exhibit B, Tab 2, page 21

In the case of a temporary surplus of upstream transportation capacity that is related to demands in the market area, and not to the supply to be delivered pursuant to the Gas Supply Plan, please indicate:

a) Is the cost of the transportation associated with the temporary surplus upstream transportation capacity flowed through to gas costs through a PGVA mechanism? If so, please explain.

b) If there are costs in addition to the gas supply that is purchased as the planned location to get the gas at the required locations to meet the needs of the system sales and bundled direct purchase customers, are these costs flowed through the gas costs through a PGVA mechanism? If so, please explain.

Interrogatory #19

Ref: Exhibit B, Tab 2, page 79

The evidence indicates the Board approved treatment of Union's optimization activity for 2013. What will be the proposed treatment of Union's optimization activity for 2014 through 2018 under the next IRM plan? Please highlight any differences between the 2014 through 2018 treatment with that approved by the Board for 2013.

Interrogatory #20

Ref: Exhibit B, Tab 4, Schedules 1 & 2

Please expand Schedules 1 and 2 to include ex-franchise rates.