August 28, 2014

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

Dear Ms. Walli:

Re: EB-2014-0145 – Union Gas Limited – 2013 Deferrals Compendium

Please find attached Union's Compendium for the above noted proceeding.

If you have any questions with respect to this submission please contact me at (519) 436-5473.

Yours truly,

[Original signed by]

Karen Hockin
Manager, Regulatory Initiatives

Cc: EB-2014-0145 Intervenors
Crawford Smith, Torys
Mark Kitchen, Union

EB-2014-0145

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 clearing certain non-commodity related deferral accounts;

UNION GAS LIMITED
COMPENDIUM INDEX

Tab Contents

Tab 1

EB-2007-0606

UNION GAS LIMITED

SETTLEMENT AGREEMENT

January 3, 2008

3.3 WHAT ARE THE EXPECTED COST AND REVENUE CHANGES DURING THE IR PLAN THAT SHOULD BE TAKEN INTO ACCOUNT IN DETERMINING AN APPROPRIATE X FACTOR?

(Complete Settlement)

See 3.1 above.

Evidence Reference:
1. C3.16, C22.11, C23.21, C23.22, C23.23, C23.52, C23.53, C28.1.
2. L/T1/S2, L/T4S1.

4 AVERAGE USE FACTOR

4.1 IS IT APPROPRIATE TO INCLUDE THE IMPACT OF CHANGES IN AVERAGE USE IN THE ANNUAL ADJUSTMENT?

(Complete Settlement)

The parties agree that it is appropriate during the IR term to adjust rates to reflect the impact of changes in average use per general service customer on a class by class basis. This average use adjustment is, for the term of the IR plan, only applicable to rate classes M1, M2, 01 and 10. Further, the parties agree that the way to accomplish this is to reduce the volume used to determine rates by the average of the most recent three years' actual weather normalized volume loss (using the 55/45 blended weather method, updated annually) per general service customer within each rate class. This methodology is similar to how the volume losses associated with DSM are handled when rates are determined.

Further, parties agree to establish a new deferral account to capture the variance between forecast use per customer declines (based on the three year historical average) and what is observed on an actual basis.

For 2008, the parties agree that the use per customer declines to be incorporated into rates (subject to later true-up through the application of the deferral account) are as follows:

M1/M2 – 1.7%
R01 – 2.4%
R10 – 1.8%

An illustrative example of the M1 rate class has been provided in Appendix C.

The following parties agree with the settlement of this issue: APPrO, BOMA, CCC, Energy Probe, IGUA, Jason Stacey, Kitchener, LPMA, OAPPA, SEC, Sithe, Timmins, TransAlta, Union, VECC, WGSPG.

The following parties take no position on this issue: Coral, EGD, GEC, PP, PWU, TCPL.

Evidence Reference:
1. B/T1 p.26.
2. C13.5, C23.24, C23.25, C23.26, C23.27, C23.28, C23.29, C23.30, C23.31, C32.10.
3. JTA.14.
4. L/T1/S2, L/T3, L/T4/S1.

4.2 HOW SHOULD THE IMPACT OF CHANGES IN AVERAGE USE BE CALCULATED?

(Complete Settlement)

See 4.1 above.

Evidence Reference:
1. B/T1 p.32.
2. C1.6, C1.7, C3.11, C3.12, C3.17, C3.18, C4.11, C13.5, C32.11.
3. JTA.7, JTA.43, JTA.44, JTA.45.
4. L/T1/S2.

4.3 IF SO, HOW SHOULD THE IMPACT OF CHANGES IN AVERAGE USE BE APPLIED (E.G., TO ALL CUSTOMER RATE CLASSES EQUALLY, SHOULD IT BE DIFFERENTIATED BY CUSTOMER RATE CLASSES OR SOME OTHER MANNER)?

(Complete Settlement)

See 4.1 above and 12.3.1 below.

Evidence Reference:
1. B/T1, p. 36-37.
2. C1.8, C1.9, C13.5, C32.13, C32.14, C32.17.
3. L/T1/S2.

5 Y FACTOR

5.1 WHAT ARE THE Y FACTORS THAT SHOULD BE INCLUDED IN THE IR PLAN?

(Partial Settlement on the treatment of any temporary revenue deficiencies associated with customer additions; Complete Settlement on the remainder of the issue.)

The parties agree that identified Y factors will not be adjusted by the price cap index but will be passed through to rates.

Items that will be treated as Y factors are:

- Upstream gas costs
- Upstream transportation costs
- Incremental DSM costs (as determined in EB-2006-0021 and in any subsequent DSM proceeding) and volume reductions
- Storage margin sharing changes (as determined in EB-2005-0551)

Example of 2008 Rate Adjustments Excluding Base Rate Adjustments and Y Factors

IMPACTS - Delivery & Storage

Rate M1	2007	IR	Diff	%
1,500	287	294	7	2.5%
2,200	327	333	5	1.6%
2,600	350	354	4	1.1%
30,000	1,863	1,792	(72)	-3.8%

Rate M1

Line No.	Particulars	Billing Units 10^3m^3 (a)	Revenue ($000's) (b)	Rates (cents/m^3) (c)	Change in Rates (cents/m^3) (d)
	M1 Using $16.00 Monthly Charge - 2007 Approved				
1	Monthly Charge	11,761,016	188,176	$16.00	
2	First 100 m^3	942,287	51,148	5.4281	
3	Next 150 m^3	787,238	40,534	5.1489	
4	All Over 250 m^3	1,132,740	50,838	4.4881	
5	Total	2,862,265	330,697		
6	Storage	2,862,265	28,757	1.0047	
	M1 Using $16.04 Monthly Charge -> after PCI of 0.22% is applied				
7	Monthly Charge	11,761,016	188,590	$16.04	
8	First 100 m^3	942,287	51,261	5.4400	
9	Next 150 m^3	787,238	40,623	5.1602	
10	All Over 250 m^3	1,132,740	50,950	4.4980	
11	Total	2,862,265	331,425		
12	Storage	2,862,265	28,820	1.0069	
	M1 Using $17 Monthly Charge				
13	Monthly Charge	11,761,016	199,937	$17.00	$0.96
14	First 100 m^3	942,287	47,189	5.0079	(0.4322)
15	Next 150 m^3	787,238	37,396	4.7503	(0.4099)
16	All Over 250 m^3	1,132,740	46,903	4.1406	(0.3573)
17	Total	2,862,265	331,425		
18	Storage	2,862,265	28,820	1.0069	
	M1 Using $17 Monthly Charge -> With Decline in AU of 1.7%				
19	Monthly Charge	11,761,016	199,937	$17.00	$0.00
20	First 100 m^3	926,268	47,189	5.0945	0.0866
21	Next 150 m^3	773,855	37,396	4.8324	0.0822
22	All Over 250 m^3	1,113,483	46,903	4.2123	0.0716
23	Total	2,813,607	331,425		
24	Storage	2,862,265	28,820	1.0069	

UNION GAS LIMITED

Accounting Entries for
Average Use Per Customer
Deferral Account No. 179-118

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

Debit	-	Account No. 500 Sales Revenue
Credit	-	Account No. 179-118 Other Deferred Charges - Average Use Per Customer

To record as a debit (credit) in Deferral Account No. 179-118 the margin variance resulting from the difference between the actual rate of decline in use-per-customer and forecast rate of decline in use-per-customer included in gas delivery rates as approved by the Board in 2013. Actual and forecast rate of declines in use-per-customer will be calculated on a percentage and rate class specific basis for rate classes M1, M2, 01 and 10, be normalized for weather and exclude the impacts attributed to DSM which are captured in the Lost Revenue Adjustment Mechanism Deferral Account No. 179-75.

Debit	-	Account No. 179-118 Other Deferred Charges - Average Use Per Customer
Credit	-	Account No. 323 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-118, interest on the balance in Deferral Account No. 179-118. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

UNION GAS LIMITED

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

Ref: Exhibit A, Tab 1, page 12

Please provide the calculations and figures used to generate the credit balance of $5.390 million including the forecast and actual use-per-customer for each of the impacted rate classes.

Response:

The Average Use ("AU") deferral account compares Union's forecast (based on the three year historical average) and actual average use per customer changes for general service rate classes.

In accordance with the EB-2007-0606 Settlement Agreement, the AU deferral account balance is calculated by first determining the volumetric difference between forecast and actual average use per customer. The volume impact by general service rate class is then determined by applying the 2007 Board Approved number of customers to the volumetric difference per customer. Finally, 2008 Board Approved average delivery rates are used to calculate the Average Use deferral account balance by general service rate class.

Please see Attachment 1.

Calculation of Balances by Rate Class in Deferral Account No. 179-118
for 2008 Deferral Disposition (EB-2009-0052)

Line No.	Particulars (m^3)		Rate 01 (a)	Rate 01 (b)	Rate 10 (c)	Rate 10 (d)	Rate M1/M2 (e)	Rate M1/M2 (f)	Net Account Balance (g)
1	2007 Actual Average Use		3,230		140,491		4,359		
2	2008 Target Average Use		3,153	-2.4%	137,974	-1.8%	4,286	-1.7%	
3	2008 Actual Average Use		3,252	0.7%	161,629	15.0%	4,272	-2.0%	
4	Forecast decline in Average Use per customer (line 2 - line 1)	(1)	-77		-2,517		-73		
5	Actual decline in Average Use per customer (line 3 - line 1)		22		21,138		-88		
6	Change in Average Use - Forecast vs. Actual (line 4 - line 5)	(2)	-99		-23,655		14		
7	2007 Board Approved Number of Customers		295,672		2,966		987,063		
8	Volume Impact (10^3m^3) (line 6 x line 7)		-29,297		-70,152		13,932		
9	2008 Board Approved Average Delivery Rate ($\$/10^3m^3$)		81.091		51.256		42.303		
10	Average Use Deferral ($000's) (line 8 x line 9)	(3)	-2,376		-3,591		577		-5,390

Notes:
(1) Calculated volume variance by rate class after applying the Average Use percentage identified in Board Approved Accounting Order for Deferral Account #179-118
(2) Change in Average Use is calculated as the year-over-year volume variance after actual 2008 volumes are weather normalized and DSM adjusted
(3) EB-2009-0052, Exhibit A, Tab 2, Schedule 1

Tab 2

UNION GAS LIMITED

Answer to Interrogatory from
Building Owners and Managers Association ("BOMA")

Reference: Letter of OEB to Union dated April 9, 2014

Union states that over 95% of its customers met their contractual obligations.

a) Please provide a copy of Union's reply to the Board's letter.

b) How many T1/T2/Rate 25 customers did not meet their contractual obligations in February and/or March 2014? What were volumes not provided by each of those customers?

Response:

a) and b) Please see Attachment 1. Due to re-billings, Union has updated the previously filed Attachments to Union's letter dated April 10, 2014. Please see Attachments 2 and 3.

April 10, 2014

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

Dear Ms. Walli:

RE: Union Gas Limited
Reduction of Certain Charges Applied to Direct Purchase Customers
Board File No. EB-2014-0154

This letter is in response to questions received on April 9, 2014 from the Board regarding Union's proposal to reduce the charges to Direct Purchase ("DP") customers who did not meet their contractual obligations during the month of February and March, 2014. Please see below for Union's response to these questions.

1) *Please confirm that the charges for Supplementary Inventory, Unauthorized Overrun Gas and Banked Gas Account imbalances contained in the terms of the contracts reflect the charges that are provided for in the relevant rate schedules approved by the Board.*

   Confirmed.

2) *Please indicate whether Union is asking that the Board consider its letter an application to approve, without a hearing (under Section 21(4)(b) of the Ontario Energy Board Act, 1998), a one-time exemption from the relevant rate schedules to allow the proposed reduction to certain charges that would apply to some direct purchase customers.*

   Yes, in recognition of the extraordinary weather conditions this past winter, Union is seeking, without a hearing, a one-time exemption from the relevant rate schedules.

3) *Please provide the total amount that Union will receive from the charges applied to the affected customers pursuant to the existing provisions (i.e. $78.73/GJ for the month of February and March 2014).*

   Please see Attachment 1.

4) *Please provide the total amount that Union would receive from the charges applied to the customers set out in its letter at the proposed reduced charge of $50.50/GJ for February 2014 and $52.04/GJ for March 2014.*

   Please see Attachment 1.

5) *The Board understands that the amounts arising from the charges set out in Union's letter are to be included in Union's Purchased Gas Variance Account for disposition to ratepayers as part of its next QRAM proceeding. Please quantify the impact (in dollars and percentages) of this proposed foregone revenue at the rate class level.*

   Please see Attachment 2.

Yours truly,

[Original signed by]

Mark Kitchen
Director, Regulatory Affairs

cc: Michael Millar
Crawford Smith (Torys)

Summary of February and March 2014 Balancing Penalty Provisions

Table 1
February, 2014 Balancing Penalty Provisions

Line No.	Rate Class (a)	No. of Customers (b)	GJ (c)	Penalty Provision at $78.73 (d)=(c) x $78.73	Penalty Provision at $50.50 (e)=(c) x $50.50	Reduction (f)=(d)-(e)
1	Southern BT February Checkpoint	11	55,339	$4,356,727	$2,794,851	$1,561,876
2	Southern BT February Contract Expiries	2	2,881	$226,816	$145,503	$81,313
3	Rate 25 Unauthorized Overrun	5	2,217	$174,544	$111,971	$62,574
4	T1 Supplemental Inventory	1	13	$1,023	$657	$367
5	**Total**	**19**	**60,450**	**$4,759,111**	**$3,052,982**	**$1,706,129**

Table 2
March, 2014 Balancing Penalty Provisions

Line No.	Rate Class (a)	No. of Customers (b)	GJ (c)	Penalty Provision at $78.73 (d)=(c) x $78.73	Penalty Provision at $52.04 (e)=(c) x $52.04	Reduction (f)=(d)-(e)
1	Southern BT March Contract Expiries	0	0	$0	$0	$0
2	Rate 25 Unauthorized Overrun	1	16	$1,225	$810	$415
3	T1 Supplemental Inventory	2	54,937	$4,325,086	$2,858,938	$1,466,148
4	**Total**	**3**	**54,953**	**$4,326,311**	**$2,859,748**	**$1,466,563**

Table 3
February and March 2014 Balancing Penalty Provisions

Line No.	Rate Class (a)	No. of Customers (b)	GJ (c)	Penalty Provision at $78.73 (d)=(c) x $78.73	Penalty Provision at $50.50 or $52.04 (e)=(c) x $50.50 or $52.04 per above	Reduction (f)=(d)-(e)
1	Southern BT February Checkpoint	11	55,339	$4,356,727	$2,794,851	$1,561,876
2	Southern BT Contract Expiries	2	2,881	$226,816	$145,503	$81,313
3	Rate 25 Unauthorized Overrun	5	2,233	$175,770	$112,781	$62,989
4	T1 Supplemental Inventory	3	54,950	$4,326,109	$2,859,595	$1,466,514
5	**Total**	**21**	**115,403**	**$9,085,422**	**$5,912,730**	**$3,172,692**

Union Gas Limited
Impact of Proposed Foregone Revenue by Rate Class

Line No.	Particulars	Account Balance ($)	Annual Disposition Volume (10^3m^3)	Unit Rate (cents/m^3)
		(a)	(b)	(c) = (a/b*10)
	February 2014			
1	Union North - PGVA	62,574	925,217	0.0068
2	Union South - PGVA	1,643,556	2,994,724	0.0549
3	Total	1,706,129.43	3,919,940	
	March 2014			
4	Union North - PGVA	415	925,217	0.0000
5	Union South - PGVA	1,466,148	2,994,724	0.0490
6	Total	1,466,563	3,919,940	
	March and February 2014			
7	Union North - PGVA	62,989	925,217	0.0068
8	Union South - PGVA	3,109,703	2,994,724	0.1038
9	Total	3,172,692	3,919,940	

Line No.	Particulars ($) (1)	February 2014 Change to PGVA	March 2014 Change to PGVA	Total Change to PGVA	Percent of Total Foregone Revenue
		(d)	(e)	(f) = (d+e)	(g)
10	Rate 01	51,221	340	51,561	1.6%
11	Rate 10	10,906	72	10,978	0.3%
12	Rate 20	447	3	450	0.0%
13	Total Union North	62,574	415	62,989	
14	Rate M1	1,335,659	1,191,486	2,527,145	79.7%
15	Rate M2	277,621	247,654	525,275	16.6%
16	Rate M4	17,543	15,650	33,193	1.0%
17	Rate M5	12,602	11,242	23,844	0.8%
18	Rate M10	130	116	247	0.0%
19	Total Union South	1,643,556	1,466,148	3,109,703	
20	Total	1,706,129	1,466,563	3,172,692	

Notes:
(1) Rate class impact based on EB-2014-0050 (April 2014 QRAM) sales service volumes.

Summary of February and March 2014 Balancing Penalty Provisions- Updated

Table 1
February, 2014 Balancing Penalty Provisions

Line No.	Rate Class (a)	No. of Customers (b)	GJ (c)	Penalty Provision at $78.73 (d)=(c) x $78.73	Penalty Provision at $50.50 (e)=(c) x $50.50	Reduction (f)=(d)-(e)
1	Southern BT February Checkpoint	11	55,339	$4,356,727	$2,794,851	$1,561,876
2	Southern BT February Contract Expiri	2	2,881	$226,816	$145,503	$81,313
3	Rate 25 Unauthorized Overrun	5	2,217	$174,544	$111,971	$62,574
4	T1 Supplemental Inventory					
5	**Total**	**18**	**60,437**	**$4,758,087**	**$3,052,325**	**$1,705,763**

Table 2
March, 2014 Balancing Penalty Provisions

Line No.	Rate Class (a)	No. of Customers (b)	GJ (c)	Penalty Provision at $78.73 (d)=(c) x $78.73	Penalty Provision at $52.04 (e)=(c) x $52.04	Reduction (f)=(d)-(e)
1	Southern BT March Contract Expiries	0	0	$0	$0	$0
2	Rate 25 Unauthorized Overrun	3	1,015	$79,869	$52,794	$27,075
3	T1 Supplemental Inventory	2	54,937	$4,325,086	$2,858,922	$1,466,164
4	**Total**	**5**	**55,952**	**$4,404,955**	**$2,911,716**	**$1,493,239**

Table 3
February and March 2014 Balancing Penalty Provisions

Line No.	Rate Class (a)	No. of Customers (b)	GJ (c)	Penalty Provision at $78.73 (d)=(c) x $78.73	Penalty Provision at $50.50 or $52.04 (e)=(c) x $50.50 or $52.04 per above	Reduction (f)=(d)-(e)
1	Southern BT February Checkpoint	11	55,339	$4,356,727	$2,794,851	$1,561,876
2	Southern BT Contract Expiries	2	2,881	$226,816	$145,503	$81,313
3	Rate 25 Unauthorized Overrun	5	3,232	$254,413	$164,765	$89,649
4	T1 Supplemental Inventory	2	54,937	$4,325,086	$2,858,922	$1,466,164
5	**Total**	**20**	**116,389**	**$9,163,042**	**$5,964,041**	**$3,199,001**

Union Gas Limited
Impact of Proposed Foregone Revenue by Rate Class- Updated

Line No.	Particulars	Account Balance ($)	Annual Disposition Volume (10^3m^3)	Unit Rate (cents/m^3)
		(a)	(b)	(c) = (a/b*10)
	February 2014			
1	Union North - PGVA	62,574	925,217	0.0068
2	Union South - PGVA	1,643,189	2,994,724	0.0549
3	Total	1,705,763	3,919,940	
	March 2014			
4	Union North - PGVA	27,075	925,217	0.0029
5	Union South - PGVA	1,466,164	2,994,724	0.0490
6	Total	1,493,239	3,919,940	
	March and February 2014			
7	Union North - PGVA	89,649	925,217	0.0097
8	Union South - PGVA	3,109,352	2,994,724	0.1038
9	Total	3,199,001	3,919,940	

	Particulars ($) (1)	February 2014 Change to PGVA	March 2014 Change to PGVA	Total Change to PGVA	Percent of Total Foregone Revenue
		(d)	(e)	(f) = (d+e)	(g)
10	Rate 01	51,221	22,163	73,384	2.3%
11	Rate 10	10,906	4,719	15,625	0.5%
12	Rate 20	447	193	640	0.0%
13	Total Union North	62,574	27,075	89,649	
14	Rate M1	1,335,361	1,191,499	2,526,860	79.0%
15	Rate M2	277,559	247,657	525,215	16.4%
16	Rate M4	17,539	15,650	33,189	1.0%
17	Rate M5	12,599	11,242	23,841	0.7%
18	Rate M10	130	116	247	0.0%
19	Total Union South	1,643,189	1,466,164	3,109,352	
20	Total	1,705,763	1,493,239	3,199,001	

Notes:
(1) Rate class impact based on EB-2014-0050 (April 2014 QRAM) sales service volumes.

UNION GAS LIMITED

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers ("OGVG")

Reference: EB-2014-0154 Response to Board Staff Questions filed 20140410

Under Union's proposed approach, where would the resulting margins accrue?

a) Who would be the beneficiaries of the resulting margins?

b) Would direct purchase customers benefit?

c) In reviewing answers to a) and b) and the company's policies around load balancing, please comment on the issue of cost causality in terms the allocation of the resulting margin.

Response:

a) Union South bundled direct purchase and Rate T1/T2 Supplementary Inventory penalty charges above the approved reference price are recorded in the South Purchased Gas Variance Account ("SPGVA") and disposed of to Union South sales service customers. Union North penalty charges above the approved reference price are recorded in North deferral accounts (North Purchased Gas Variance Account or Spot Deferral Account) and disposed of to Union North sales service customers.

b) No.

c) The penalty charges are not based on cost causality but as a deterrent to discourage customers from making economic decisions on whether or not to comply with their contractual obligations. The charge to DP customers is credited to Union North and Union South sales service customers to ensure that the cost consequences of DP customers failing to balance are not borne by these customers. This is consistent with past practice. Please see the response at Exhibit B.OGVG.1.