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April 16, 2015

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

Dear Ms. Walli:

RE: EB-2014-0273 - Submissions of London Property Management Association

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

Sincerely,

Randy Aiken

Randy Aiken
Aiken & Associates

Encl.

cc: Vanessa Innis, Union Gas Limited (e-mail)

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 noncommodity related deferral accounts.

ARGUMENT OF THE LONDON PROPERTY MANAGEMENT ASSOCIATION

I. INTRODUCTION

This is the argument of the London Property Management Association ("LPMA") on the issues related to an order or orders clearing certain non-commodity related deferral accounts of Union Gas Limited ("Union"). In particular, the accounts that are the subject of this application are all related to Union's conservation efforts, primarily in 2013, and are the DSM Incentive Deferral Account ("DSMIDA"), the Lost Revenue Adjustment Mechanism Variance Account ("LRAM") and the DSM Variance Account ("DSMVA"). The net balance in these accounts total $10,293,000 to be collected from ratepayers.

Union also sought approval to recover the above noted amounts from ratepayers as part of the first available QRAM following Ontario Energy Board ("Board") approval.

II. ARGUMENT

LPMA has reviewed the evidence and the interrogatory responses and has no issues with the amount included in each of the accounts, nor does LPMA have any concerns related to the allocation of the amounts in each accounts to the various rate classes. As noted at Exhibit A, Tab 5, page 1, Corrected, the allocation of the 2013 DSM related deferral and variance account balances to the various rate classes is consistent with the allocation methodologies approved by the Board in the EB-2013-0109 proceeding for 2012 DSM related balances.

However, LPMA does have concerns with the recovery of the amounts allocated to the general service rate classes.

AS noted above, Union proposes to dispose of the balances in these DSM related accounts beginning at the first available QRAM filing, following Board approval.

In particular, Union originally proposed to dispose of the balances allocated to the General Service M1, M2, Rate 01 and Rate 10 prospectively over the April 1, 2015 to September 30, 2015 time period. This approach is consistent with how Union disposed of the 2012 deferral account balances in EB-2013-0109.

The disposition of the general service rate class balances is different from that used by Union to dispose of the balances allocated to the contract rate classes. Union disposes of those balances through a one-time adjustment on the first bill following Board approval, which is also consistent with the methodology used for the disposition of 2012 deferral account balances in EB-2013-0109. LPMA continues to support the one-time adjustment for the contract rate classes.

The disposition of the general service rate class balances is based on the calculation of a unit rate for each of Rates M1, M2, 01 and 10 which utilizes the forecast consumption for these rate classes over the disposal period. In the application, this is the April, 2015 through September, 2015 period.

Given the current status of the application, Union will not be able to implement the rate riders for the general service rate classes effective April 1, 2015. Union indicated that in this eventuality, it would propose to change the recovery period to July 1, 2015 through December 31, 2105 (Exhibit B.LPMA.3). This change results in a change in the rate riders for each of the general service rate classes because the same balances are now recovered over the forecasted July, 2015 through December, 2015 period rather than the April, 2015 through September, 2015 period.

As shown in the Table below, this results in a significant change in the rate rider.

Rate Rider Impacts (cents/m3)

	Original Proposal (1)	Updated Proposal (2)	Difference	% Difference
Rate 01	-0.0882	-0.0477	0.0405	-45.9%
Rate 10	0.4786	0.3123	-0.1663	-34.7%
Rate M1	0.5180	0.2906	-0.2274	-43.9%
Rate M2	0.6072	0.3779	-0.2293	-37.8%

(1) Exhibit A, Tab 5, Schedule 3 Corrected using April - Sept. volumes
(2) Exhibit B.LPMA.3, Attachment 1, using July - Dec. volumes

Part of this change in the rate riders is offset by the increase in the volumes for a typical customer in each the rate class. However, the increase in volumes still results in a significant change in the cost for a typical customer, most notably in the M1 and M2 rate classes, as illustrated in the following table.

Bill Impacts ($)

	Original Proposal (1)	Updated Proposal (2)	Difference	% Difference
Rate 01	-0.41	-0.41	0.00	0.0%
Rate 10	124.62	121.28	-3.34	-2.7%
Rate M1	2.70	2.04	-0.66	-24.4%
Rate M2	104.61	90.21	-14.40	-13.8%

(1) Exhibit A, Tab 5, Schedule 3 Corrected using April - Sept. volumes
(2) Exhibit B.LPMA.3, Attachment 1, using July - Dec. volumes

The following table illustrates the dollar impact of the change in the recovery period from April through September to July through December for different sized M2 customers.

Bill Impacts ($)

	Original Proposal (1)	Updated Proposal (2)	Difference	% Difference
Rate M2 - Small	85.98	74.14	-11.84	-13.8%
Rate M2 Mid-Sized	236.44	203.90	-32.54	-13.8%
Rate M2 - Large	358.25	308.93	-49.32	-13.8%

(1) Exhibit B.LPMA.2, Attachment 1, using April - Sept. volumes
(2) Exhibit B.LPMA.3, Attachment 3, using July - Dec. volumes

As the above analysis demonstrates, there is a significant difference in the rate riders and the dollar impact of using different periods over which to dispose of the balances.

LPMA accepts the disposition period, as proposed by Union, of July 1, 2015 through December 31, 2015, to dispose of the 2014 DSM related balances in this proceeding.

However, for future years, LPMA submits that the disposition of DSM related deferral and variance account balances should be based on a 12 month forward period.

Use of a six month period, or any other period not equal to 12 months, results in winners and losers. For example, neither the original or updated recovery period includes the winter month volumes of January through March. This has resulted in those customers that have a relatively high winter heating load avoiding a significant portion of the costs to be recovered. Similarly, customers with relatively high summer and fall loads (relative to winter load) end up paying more of the DSM-related costs.

LPMA submits that selecting a period of recovery less than one year in length results in winners and losers among the general service classes. The DSM related account balances are based on annual figures and the most equitable way to dispose of (recover or rebate) those balances is also over an annual (12 month) period. This eliminates any gains or losses associated with different load profiles for different types of customers and puts all customers on an equal footing. Customer should not be paying more or less depending on which months are used to calculate rate riders.

LPMA submits that the Board should direct Union to use an annual disposition period going forward. At a minimum, the Board should direct Union to file a comparison between its proposed disposal period and an annual disposal period in future applications.

III. COSTS

LPMA requests that it be awarded 100% of its reasonably incurred costs for participating in this proceeding.

All of which is respectfully submitted this 16th day of April, 2015.

*Randall E. Aiken*_

Randall E. Aiken
Consultant to
London Property Management Association