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June 1, 2015

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli,

RE: EB-2015-0029 - London Property Management Association Interrogatories for Union Gas

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

Yours very truly,

Randy Aiken

Randy Aiken
Aiken & Associates

c.c. 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 pursuant to Section 36(1) of the *Ontario Energy Board Act*, *1998*, for an Order or Orders approving the 2015 to 2020 Demand Side Management Plan.

INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT ASSOCIATION

1. Guiding Principles and OEB Priorities

Interrogatory #1

Ref: Exhibit A, Tab 1, page 7

a) What steps has Union taken in order to coordinate and integrate DSM activities with Enbridge in order to avoid duplication of and to minimize portfolio costs for research, evaluation, administration and pilots?

b) Union is proposing significant expenditures in 2015 and 2016 for DSM tracking and reporting system upgrades.

- i) Has Union consulted with Enbridge to see if they have a system that could be used by Union? If not, why not?
- ii) Has Union consulted with Enbridge to see if they would be interested in using the upgraded Union system? If not, why not?

2. DSM Targets

Interrogatory #2

Ref: Exhibit A, Tab 2, page 13

Please provide the post-audit scorecard cost-effectiveness measure (cumulative m^3 per promotion and incentive dollar spent) for 2014 and each of the preceding years for which it is available.

Interrogatory #3

Ref: Exhibit A, Tab 2, page 14

Please provide an illustrative example of the calculation referenced for the deep savings - commercial/industrial. Please explain fully how the actual weather normalized consumption for participants in the immediately preceding year are calculated.

Interrogatory #4

Ref: Exhibit A, Tab 2, Tables 4 & 8 & page 16

a) Please explain why the amounts shown in Table 8 ($2.383 million and $1.104 million) total $3.487 million, while the incentive/promotion budget shown in Table 4 for these rate classes is $3.587 million.

b) Please provide the post-audit scorecard cost-effectiveness measure (cumulative m^3 per incentive dollar spent) for 2014 and each of the preceding years for which it is available.

c) If promotion costs are not tracked at a rate class level, please explain why Table 4 shows a line labeled Large Volume T1/T2/R100 Incentives/Promotion. Does this mean that there is promotion expense included for these rate classes in aggregate but Union does not split this amount between T1 versus T2/R100?

d) What is the amount of promotion expense included in this line item?

Interrogatory #5

Ref: Exhibit A, Tab 2, Table 10

a) What is the actual percentage of homes built in 2014 that were 20% above the OBC 2012 by the participating builders? If Union does not have an actual figure at this time, does it have an estimated figure?

b) Should the "2014 Actual" shown in each of the columns shown in Table 10 actually be "2014 Actual %" to be consistent with footnote 9 on page 20?

Interrogatory #6

Ref: Exhibit A, Tab 3

Please expand Table 3 to include actual figures for 2012, 2013 and 2014 and indicate whether the 2014 figures are audited actuals or preliminary actuals.

Interrogatory #7

Ref: Exhibit A, Tab 3, Table 4

a) Please provide the post-audit scorecard yield for each of 2012 and 2013, along with the pre-audit scorecard yield for 2014 and the targeted yield for 2015. In addition, please provide the cumulative natural gas savings and the associated promotion and incentive spend used to calculate the yield.

b) Please explain why for 2017 through 2020 the Home Reno Rebate target is the previous year's post-audit yield times the promotion and incentive budget without any stretch increase in the yield.

c) Please explain why the yield from the post-audit from the previous year is multiplied by the current year resource acquisition promotion and incentive budget pre the inflation adjustment for both metrics.

d) Please explain why Union is continuing to propose a 2% increase in the yield each year for the cumulative natural gas savings metric.

e) Please explain why Union is proposing a fixed number as the target for cumulative natural gas savings in 2016 rather than using the same formula as in 2017 through 2020, that is consistent with the 2012-2014 plan and is being used for 2015 as well.

f) Please calculate the 2016 target using the same formula as is proposed for 2015 using the most recent yield, or expected yield, from the 2014 program.

Interrogatory #8

Ref: Exhibit A, Tab 3, Table 5

Please explain why Union is not proposing any incremental factor similar to the 2% increase used for the cumulative natural gas savings metric in the resource acquisition scorecard for the low income metrics.

Interrogatory #9

Ref: Exhibit A, Tab 3, Table 6 & page 31

Please confirm that the target of "2015 Actual + 20%" shown in Table 6 actually means "201Actual % + 20%" to agree with footnote 22 on the following page.

Interrogatory #10

Ref: Exhibit A, Tab 3, Table 7 & page 33

a) Please explain how the 2016 target of 25 RunSmart participants equates to the target of Union successfully engaging 10% of customers that consume more than 50,000 m^3 per year of natural gas without prior DSM participation history.

Interrogatory #11

Ref: Exhibit A, Tab 3, page 34

a) Please explain SEM participants is not a proposed metric for 2019 and 2020. In particular, please explain how this relates to the 5 year customer commitment that is required to establish a baseline and demonstrate savings.

b) How does the situation differ for 2017 and 2018 given the 5 year customer commitment?

Interrogatory #12

Ref: Exhibit A, Tab 3, page 35

a) Why is Union not proposing that the targets for the RunSmart savings metric for 2018-2019 be set equal to actual audited level achieved in the previous year, rather than keeping the targets at the same level in each of 2016 through 2020?

b) Could Union set the targets in each of 2017 through 2020 equal to the audited level from the previous year, or the figures shown in Table, whichever is the higher? If not, why not?

c) Why is Union not proposing the same type of adjustment for the RunSmart savings metric target as it is proposing for the SEM savings (i.e. previous year percentage, plus 2%)?

Interrogatory #13

Ref: Exhibit A, Tab 3, page 36

The evidence indicates that the DSM incentive will be allocated between the scorecards based on the approved program budget shares and that the target amount of $4.18 million will be built into rates to minimize large out of period adjustments. Will the DSM incentive be allocated between the scorecards based on the actual (rather than budgeted) share of costs as part of the true-up? If not, please explain why not?

Interrogatory #14

Ref: Exhibit A, Tab 3, pages 37 & 38

With respect to the cost efficiency incentive, Union indicates that if it meets it annual savings targets it would be able to carry forward any remaining approved DSM budget amounts to the immediately following year and that these amounts would be incremental to the approved budget for the following year and can be used to help achieve the targets for the following year.

a) Does this carry forward apply to the program budgets only or also to the portfolio budget? Please explain fully.

b) Are any carry forward amounts that may exist to be carried forward and remain within the same program budget for the following year? For example, if Union had a $1 million carry forward from the low income program, would that $1 million be added to the approved low income budget for the following year or could Union add it to any combination of the programs it wanted?

c) A number of the metrics targets are based on yield from the previous year times the budgeted amount for the current year. If Union were to carry forward an amount from one year to the next, would this amount be included in the calculation of the target for the following year? If not, please explain why not.

3. DSM Budgets

Interrogatory #15

Ref: Exhibit A, Tab 2, Tables 2 & 4

Please reconcile the figures shown in Table 2 of $32,049 for the 2014 DSM budget and the $538 for inflation with the figures in Table 4 of $30,091 for the DSM budget pre-inflation and the inflation figure of $2,497.

Interrogatory #16

Ref: Exhibit A, Tab 2, Table 3

Are the costs included in Table 3 one-time costs? If not, please provide the forecast of costs in each of 2016 through 2020 associated with each item in the table.

Interrogatory #17

Ref: Exhibit A, Tab 2, pages 35-36

Please explain why the DSM tracking and reporting system upgrades will be expensed rather than capitalized.

Interrogatory #18

Ref: Exhibit A, Tab 3, Table 2

a) Please show the calculation of the cumulative inflation numbers in the table.

b) Please indicate where in the EB-2014-0134 Report of the Board the adjustment for inflation has been discussed.

c) If Union has a budget for each of 2016 through 2020, why is an adjustment made to the budget for inflation?

d) How will Union allocate the dollars associated with the inflation figure in each of the years?

e) Please reconcile the Board conclusion that for Union the total annual DSM amount is $70 million (inclusive of the maximum annual shareholder incentive) with the maximum shareholder incentive of $10.45 million the proposed DSM plan budgets of $61.4 million in 2018, $62.5 million in 2019 and $64.7 million in 2020.

Interrogatory #19

Ref: Exhibit A, Tab 3, page 8

a) Given that the $2 per customer impact represents a greater hardship on low income customers and which is an approximate doubling of the cost to residential customers, why has Union not increased the low income program budget above the 26% share of the total program budget, which is consistent with the 2012-2014 plan?

b) How does the 70% of the total program budget allocated to the residential and commercial/industrial programs compare to the share under the 2012-2014 plan?

Interrogatory #20

Ref: Exhibit A, Tab 3, page 10 and Exhibit A, Tab 1, Appendix A, Schedule 4

a) Please explain what Union means by the residential customer class. Does this mean Rates M1 and 01 only?

b) Will Union be allocating any residential program costs to rate M2 or 10?

c) Will Union be allocating any of the commercial/industrial program costs to rates M1 or 01 given that they include significant numbers of commercial and industrial customers, as shown in Schedule 4, of Exhibit A, Tab 1, Appendix A?

Interrogatory #21

Ref: Exhibit A, Tab 3, Table 2

Please provide a table that shows the mapping of the 2016 costs shown in Table 2 to the rate classes broken down by residential resource acquisition, commercial/industrial resource acquisition, performance-based program, low-income program, large volume program, Optimum home program and portfolio. Please explain and provide numerical examples of the allocations used and the basis for their use.

If some components of the line items noted above are allocated differently from other components of the same line item, please provide a further level of detail to show the allocation. Please also explain fully.

Interrogatory #22

Ref: Exhibit A, Tab 3, Appendix E

a) Please provide versions of Schedules 1, 2, 3 and 4 that reflect the proposed DSM budgets plus the maximum shareholder incentive available of $10.45 million, in place of the 100% utility incentive of $4.2 million.

b) Based on the above calculations, please show the bill impact on a small M2 customer, an average sized M2 customer (if different from the 250,000 m^3 annual volume used in Schedule 2) and a large M2 customer.

c) Based on the above calculations, please show the bill impact on a small, medium and large M4 customer.

d) Please provide a new schedule that shows by rate class for 2020, the total DSM costs allocated to each rate class, the total savings for each rate class (consistent with the average savings presented in Schedule 4) and the difference by rate class. Please provide this calculation under two scenarios, the first which includes the $4.2 million for the 100% shareholder incentive and the second which includes the $10.45 million maximum incentive.

Interrogatory #23

Ref: Exhibit A, Tab 3, page 68

The evidence states that the average rate M1 and 01 customer that participates in a DSM program the annual volume savings in 2020 would be 65 m^3. Is this figure the cumulative average reduction in 2020 of participating in the DSM programs in 2015 through 2020? If not, please explain what this figure represents.

Interrogatory #24

Ref: Exhibit A, Tab 3, pages 66-67

a) Does Union agree that the Board determined that the annual DSM budgets should be guided by the simple principle that DSM costs (including both DSM budget amounts and shareholder incentive amounts) for a typical residential customer should be no greater than about $2 per month, and that based on this per customer figure the Board estimated that the total annual cost for Union would be about $70 million, inclusive of the DSM budget and the maximum annual shareholder incentive?

b) Please confirm that the Board estimated that Union's annual budget level, excluding the maximum annual incentive, was about $60 million.

Interrogatory #25

Ref: Exhibit A, Tab 3, pages 71-72 & Appendix E, Schedule 3

a) Please provide the 2015 approved billing units for rates M4, M5 and M7.

b) If these figures do not match those shown in Schedule 3 of Appendix E, please explain.

c) The Rate M7 billing units shown in Schedule 3 of Appendix E is about 140,000 10^3 m^3. The written evidence at pages 71-72 indicates that the volume transitioned from Rates M4 and M5 for the 22 customers noted was about 300,000 10^3 m^3. Please reconcile these figures.

d) The evidence indicates that Union proposed to track the variance between the DSM budget included in rates and the actual DSM spending in rates M4, M5 and M7 on a pooled basis in 2016 through 2018. How does Union propose to allocate any pooled variance among the 3 rate classes at the time of the annual disposition?

e) If Union does not have a cost of service proceeding for 2019 or 2020, would the pooling concept continue beyond 2018 until there is a cost of service proceeding?

Interrogatory #26

Ref: Exhibit A, Tab 3, Table 2

a) Please explain what costs are included in the residential administration, commercial/industrial administration, performance based administration, low-income administration and large volume administration program costs shown in Table 2.

b) Please explain what costs are included in the portfolio administration costs.

4. Shareholder Incentive

Interrogatory #27

Ref: Exhibit A, Tab 3, pages 17-18

a) Please explain why Union has not set the scorecard metric levels for the upper band at 150% as set out in Section 3.2 of the Framework but rather has set them at 125%, as was done in the 2012-2014 plan.

b) Assume Union hits 125% of its target in each of the scorecards. Please show (with calculations), the shareholder incentive payable to Union based on its proposal to use an upper band of 125% and based on the Board's upper band of 150%.

Interrogatory #28

Ref: Exhibit A, Tab 3, pages 20-37

a) Please confirm that the DSM incentive cap is based on the weighted scorecard score for each of the resource acquisition, performance based, low income and market transformation scorecards and not on the score for the individual metrics within each scorecard.

b) Please confirm that if Union hit 132% of both the single family cumulative natural gas savings and the social and assisted multi-family cumulative natural gas savings metrics and less than 75% of the market rate multi-family cumulative natural gas metric in the low income scorecard, Union would qualify the maximum incentive for the low income scorecard.

c) Please confirm that Union would qualify for the maximum incentive associated with the resource acquisition scorecard if it achieved 150% of the cumulative natural gas savings metric and 50% of the home reno rebate participants metric.

5. Program Types

Interrogatory #29

Ref: Exhibit A, Tab 3, Appendix A

a) What is the typical cost of the D and E assessments (page 4)?

b) Does Union offer any rebates or incentives to install solar water heating (page 5)? If not, why not? Does Union offer any information on the benefits and costs of installing solar water heating?

c) Does Union offer any rebates or incentives to add basement insulation, where part of the basement may already be insulated (page 5)? If not, why not?

Interrogatory #30

Ref: Exhibit A, Tab 3, Appendix A

Does Union offer any programs to incent the use of solar water heating for commercial or industrial general service customers (pages 27-28)? If not, why not?

10. Accounting Treatment: Recovery and Disposition of DSM Amounts

Interrogatory #31

Ref: Exhibit A, Tab 2, pages 22-23

a) Please provide the amount currently included in rates in 2015 by rate class.

b) Is Union proposing any changes in the allocation of DSM costs in 2015 as compared to the allocation used in 2012 through 2014? If yes, please describe the change in the allocation and provide the rationale for the change.

Interrogatory #32

Ref: Exhibit A, Tab 3, pages 38-39

Is Union proposing any changes in the allocation of DSM costs in 2016-2020 as compared to the allocation used in 2012 through 2014? If yes, please describe the change in the allocation and provide the rationale for the change.

11. Integration and Coordination of Natural Gas DSM and Electricity CDM Programs

Interrogatory #33

Ref: Exhibit A, Tab 2, pages 36-37

Union has a deferral account for Conservation and Demand Management ("CDM") (Account No.179-123) to track revenues and costs associated with CDM activities delivered by Union on behalf of electric LDS`s. The net margin of these activities is shared equally between Union and ratepayers.

Does Union plan on continuing this account throughout the 2015-2020 period? Does Union plan on requesting any changes to this account over the 2015-2020 period? If yes, please elaborate.

12. Further Infrastructure Planning Activities

Interrogatory #34

Ref: Exhibit A, Tab1, Appendix D & Exhibit A, Tab 2, page 35

Union indicates that the DSM and infrastructure planning study will commence in 2015.

a) What is the current status of the study?

b) When does Union expect to file the study the Board and parties?

Interrogatory #35

Ref: Exhibit A, Tab 2, pages 37-38

Please provide an example of a standard format that is used in other jurisdictions that allows customers easier comparison of their consumption information.

13. Other

Interrogatory #36

Ref: Exhibit A, Tab 2, page 27

Please confirm that the reference to Exhibit B on line 20 on page 27 should be to Exhibit A.

Interrogatory #37

Ref: Exhibit A, Tab 3, Appendix E, Schedule 4

For each rate class shown, please show the rate used to calculate the savings amount. Please show the disaggregation of this rate into each of its components (e.g. gas commodity, delivery, storage, upstream transportation, etc.).