

Ontario Energy Board

IN THE MATTER OF the Ontario Energy Board Act, 1998,
S.O. 1998, c.15 (Sched. 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 or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2016.

Union Gas Limited 2016 Rates

Interrogatories of

Energy Probe Research Foundation

November 2, 2015

EB-2015-00116
Union Gas Limited
Application for 2016 Rates under IRM

Interrogatories of Energy Probe Research Foundation

Energy Probe IR #1

Ref: Exhibit A, Tab 1, Page 5 UPDATED
EB-2015-0029, Exhibit A, Tab 3, Appendix E, Schedule 1, Rate Order
Appendix F, Page 10, Deferral Account No. 179-

Preamble: The total cost associated with DSM in 2016 rates is \$61.4 million. The difference between the 2016 DSM budget and actual 2016 DSM budget will be captured in the Demand Side Management Variance Account (“DSMVA”).

- a) Please provide Union’s historical performance (\$ and %) for the years 2011 to 2014 and specifically the forecast for 2015 related to DSM budget spend, shareholder incentive and achievements of Resource Acquisition Targets and compare relative to the 2015 filed proposal and Scorecard.**
- b) Please confirm that the 2016 \$61.4 million DSM Budget is proposed and not approved.**
- c) Please confirm that the DSMVA is for recording the amount/difference between the Approved 2016 Annual DSM Budget and Actual Budget.**
- d) Confirm that the use and disposition of Approved funds in the DSMVA is proscribed by the OEB EB-2014-0134 DSM Filing Guidelines Section 11.2.**
- e) Please indicate if Union agrees that any difference between the Proposed \$61.4 million Budget (including inflation budget) and the yet to be Approved 2016 Budget should be returned to Ratepayers rather than be used via the DSMVA to achieve 2016 Targets as allowed for Approved Budgets. If not explain in detail why not.**

Energy Probe IR #2

Ref: Exhibit A, Tab 1, Page 6 UPDATED
Rate Order, Appendix F, Page 15, Deferral Account No. 179-126

Preamble: The difference between the 2016 DSM Utility Incentive and the actual 2016 DSM Utility Incentive will be captured in the Demand Side Management Incentive Deferral Account ("DSMIDA"). The allocation to rate classes can be found at Working Papers, Schedule 11.

- a) Please confirm the DSM Utility Incentive is proposed not Approved.
- b) Please confirm the DSMIDA is to record the difference between the Approved and Actual DSM Utility Incentive, not the proposed and actual amount.
- c) Please indicate if Union agrees that any difference between the proposed and approved 2016 DSM Utility Incentive Amount should be returned to ratepayers rather than be treated in accordance with the provisions regarding the DSMIDA in Section 11.4 of the OEB EB-2014-0134 DSM Filing Guidelines.
- d) Confirm the allocation to rate classes at Working Papers, Schedule 11 includes:
 - i) the proposed not the approved 2016 DSM Utility Incentive amount
 - ii) the (yet to be approved) DSM Utility Incentive is subject to audit/true up per section 11.4 of the Filing Guidelines.
- e) Please explain why any 2016 DSM Utility Incentive amount should be recovered in rates, until it has been earned and audited.

Energy Probe IR #3

Ref: Exhibit A, Tab 1, Pages 8-12

Preamble: To date, Union's 2016 DSM budget, 2016 DSM incentive, the Burlington Oakville Pipeline Project and the 2017 Dawn Parkway Project have not been approved by the Board. Union proposes to recover in 2016 rates the 2016 revenue requirement associated with these projects.

- a) In terms of setting rates, please discuss how the Board has previously treated project costs that have not been approved by the Board, but have been proposed by Union for recovery in rates.

- b) Please explain why Union believes it is appropriate to include recovery of these projects in rates in advance of Board approval.

Energy Probe IR #4

Ref: Exhibit A, Tab 1, Page 12: Working Papers Schedule 10

Preamble: Union will allocate the 2017 Dawn Parkway Project net revenue requirement using the 2013 Board-approved cost methodology. Please see Working Papers, Schedule 10, for the 2016 rate adjustments by rate class associated with the 2017 Dawn Parkway Projects; and,

In the 2017 Dawn Parkway Project proceeding, Union is proposing to track any variance between what is approved in rates for the Project and actual revenue requirement in a new deferral account and will dispose of any balances as part of Union's annual non-commodity deferral account disposition proceeding.

In the event that there is a settlement reached in EB-2015-0200, once the agreement is complete please:

- a) Please file a copy of the Settlement Agreement;
- b) Please indicate which elements of the Settlement Agreement are expected to have an impact on the deferral account for 2016 and explain the expected impacts of each such element; and
- c) Provide a copy of the draft accounting order for the proposed 2017 Parkway Projects deferral account.

Energy Probe IR #5

Ref: Exhibit A, Tab 1, Page 13; Working Papers Schedule 12; Rate Order Appendix F, Page 19, Deferral Account No. 179-133

Preamble: Consistent with the 2015 methodology, Union adjusted the general service storage and delivery rates for the 2014 actual NAC, using the Board-approved weather normal methodology blend of 50:50 (30-year average and 20-year declining trend). For 2016, the NAC adjustment is the variance between 2013 Actual NAC and 2014 Actual NAC, as seen in Working Papers, Schedule 12.

- a) Please provide details on the drivers/reasons for the 2015 and 2016 increase in NAC for Rates M1 (3.2%) and R01 (3.9%)

- b) Please provide a discussion/analysis/estimate of the direction of 2015-2019 NAC adjustments assuming approval of Union's DSM plan and achievement of 100% of proposed Residential/Commercial Resource Acquisition DSM targets, other assumptions unchanged.

Energy Probe IR #6

**Ref: Exhibit A, Tab 2, Page 4 and Attachment 1
EB-2015-0200 Exhibit A, Tab 8, Schedule 1: Rate Order Working Papers
Schedule 20 Pages 1&2**

Preamble: Union projects a shortfall at Parkway, as a result of the PDO shift, of 23 TJ/d between November 1, 2015 and October 31, 2016 and 13 TJ/d between November 1, 2016 and October 31, 2017 until sufficient M12 Dawn to Kirkwall capacity has been turned back. Union's foreseeable options to manage the shortfall are:

- Request early ex-franchise turn-back of Dawn-Kirkwall contracts;
 - Purchase a service from a third party; and,
 - Allocate some portion of a future build that may not be completely sold out.
- a) Please provide the actions Union has taken to address the potential shortfall and provide estimates of the related costs.
- b) Please explain/reconcile the remaining PDO data in Attachment 1 lines 7-9 to EB-2015-0200 A, Tab 8, Schedule 1.
- c) What are the actual 2015 (estimate) and basis of the forecast rate year M12 turn-back 2016 estimates generating the \$3.2 million cost to M1 customers?

Energy Probe IR #7

Ref: Exhibit A, Tab 1, page 15

Preamble: Union proposes an increase in its Unauthorized Overrun Non-Compliance rate to \$100/GJ from its current level of \$1.204/GJ.

- a) Please provide detail on the average amount of gas used by each customer when they were charged the Unauthorized Overrun Non-Compliance rate in 2015, 2014, 2013 and 2012.

- b) Please detail the number times individual customers were charged the Unauthorized Overrun Non-Compliance rate in those years.**
- c) Please detail the number of customers from each rate class that were charged the Unauthorized Overrun Non-Compliance rate in those years.**
- d) What does Union propose to do with the revenue from the Unauthorized Overrun Non-Compliance rate, if the new, higher rate is allowed? Will that revenue be placed a deferral account or be dealt with as Utility Earnings and/or shared under the Earnings Sharing Mechanism?**
- e) Please provide more evidence for how Union reached a figure of \$100/GJ for the new Unauthorized Overrun Non-Compliance? The change from \$1.204/GJ to \$100/GJ is significant, to say the least. According to Union's evidence, it is also 150% more than the most commonly used alternative (diesel).**
- f) Please provide evidence for the average monthly cost of diesel (converted to GJs) in Ontario over the last two years?**

Energy Probe IR #8

Ref: Exhibit A, Tab 4, page 24

Preamble: In the Report EnergyTools says that the load characteristics of Union South customers is "exactly the opposite of the pattern exhibited by similar customers" in Union North. Later, In Exhibit A, Tab 4, page 104, the report says that a declining block rate for Union South customers is "not appropriate."

Does Union have any plans to address the difference in consumptions patterns between Union South and Union North customers and the types of rates and rate structures charged to these customers? Please discuss.