

Ontario Energy Board

Application under the Ontario Energy Board's own motion to consider potential alternative approaches to recover costs of expanding natural gas service to communities that are not currently served

**INTERROGATORIES
OF
LONDON PROPERTY MANAGEMENT ASSOCIATION
TO
UNION GAS LIMITED**

April 8, 2016

Interrogatory #1

Ref: Exhibit A, Tab 1, page 4

In point 2, Union states that its customers would be incurring costs without receiving any corresponding benefits if Union's customers were subsidizing another utility's cost of service.

- a) Please explain what benefits Union customers receive if Union serves the new community rather than another distributor in exchange for the subsidy they would be paying.
- b) Please confirm that if the OEB determines that it does not have the legal authority to establish a framework whereby the customers of one utility subsidize the expansion undertaken by another distributor into communities that do not have access to natural gas, that Union's customers would pay less if these new communities were served by another distributor as compared to Union. If this cannot be confirmed, please explain fully.

Interrogatory #2

Ref: Exhibit A, Tab 1, page 8

- a) If there was no minimum project PI but a requirement for a rolling project portfolio of 1.0, and based on the \$14.6 million positive NPV noted for the last several years, how many of the projects that Union is proposing for the next five years in EB-2015-0179 would proceed in the next five years?
- b) If the rolling project portfolio was reduced to a minimum of 0.9, how many of the projects would proceed within the next five years?

Interrogatory #3

Ref: Exhibit A, Tab 1, page 13

Has Union proposed in EB-2015-0179 the ability to have separate rates, or rate zones associated with specific community projects? If not, why not?

Interrogatory #4

Ref: Exhibit A, Tab 1, pages 8 to 14

Please provide a table that shows for each of the 29 eligible projects listed in EB-2015-0179, Exhibit A, Tab 1, Appendix D, Updated the profitability index as filed in that appendix, along with the profitability index that would result if the OEB approved the changes proposed by Union in pages 8 through 14.

Interrogatory #5

Ref: Exhibit A, Tab 1, page 18

a) Has Union considered the suspension of depreciation costs in the economic assessment for a limited number of years, with this expense recovered through rates over the remainder of the life of the assets for assets used to serve a new community? If not, why not?

b) What would be the impact on a typical new community project economic assessment, if the depreciation expense was deferred for the first 5 years that the project is in place, with the depreciation expense included in a deferral account and recovered over the a 35 year period? In particular, please provide a table that shows for the each of the 29 eligible projects shown in Exhibit A, Tab 1, Appendix D, Updated in EB-2015-0179 that shows the profitability index as shown in that appendix, along with the profitability index if the depreciation expense was deferred for the first 5 years of the project, along with the recovery of this expense over the remaining 35 years in the PI calculations.