

Union Gas Limited

Application for approval of final balances and for clearance of certain Demand Side Management deferral and variance accounts into rates.

**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 2014 Demand Side Management ("DSM") deferral and variance accounts of Union Gas Limited ("Union"). In particular, the accounts that are the subject of this application are the DSM Incentive Deferral Account ("DSMIDA"), the Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA") and the DSM Variance Account ("DSMVA"). The net balance in these accounts total \$111,500,000 to be collected from ratepayers.

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

LPMA members receive service from Union under rates M1, M2 and M4.

II. ARGUMENT

a) Amount and Allocation

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 4, page 1, the allocation of the 2014 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-2014-0273 proceeding for 2013 DSM related balances.

LPMA further notes that there are no volume balances in the LRAMVA account for the general service rate classes (Exhibit A, Tab 3, page 1) because these volume impacts were captured in the normalized average consumption deferral account that has

previously been disposed of in Union's 2014 Disposition of Deferral Account Balances proceeding (EB-2015-0010). This treatment is consistent with the Settlement Agreement in Union's 2014-2018 Incentive Regulation Mechanism Agreement in EB-2013-0202.

b) Recovery Period

LPMA continues to have concerns with the recovery period of the amounts allocated to the general service rate classes and to Rate M2 customers in particular.

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 rate classes prospectively over the April 1, 2016 to September 30, 2016 time period.

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. This is consistent with the methodology used for the disposition of 2013 deferral account balances in EB-2014-0273. 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, 2016 through September, 2016 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, 2016. Union indicated that in this eventuality, it would propose to change the recovery period to July 1, 2016 through December 31, 2106 (Exhibit C.LPMA.2). 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, 2016 through December, 2016 period rather than the April, 2016 through September, 2016 period.

LPMA accepts the disposition period, as proposed by Union, of July 1, 2016 through December 31, 2016, to dispose of the 2014 DSM related balances in this proceeding. This six month recovery period is similar to past recovery periods. It also avoids the recovery of costs in the high billing months of January through March, which would add an undue burden to customer bills in those months.

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 13nd day of May, 2016.

Randall E. Aiken

Randall E. Aiken
Consultant to
London Property Management Association