

VIA E-MAIL

February 23, 2017

Ontario Energy Board  
Attn: Kirsten Walli, Board Secretary  
P.O. Box 2319  
27<sup>th</sup> Floor, 2300 Yonge Street  
Toronto ON M4P 1E4

RE: EB-2016-0296 Union Gas Carbon Cap & Trade Compliance Plan

Please find attached the interrogatories of the Federation of Rental-housing Providers of Ontario ("FRPO") to Union Gas in the Carbon Cap & Trade Compliance Plan proceeding.

We appreciate the efforts of Board staff to provide their interrogatories in advance. This diligence not only aided the applicants, but also, assisted greatly in narrowing the scope of our inquiry to items not covered by staff by relying on responses to their interrogatories.

We respect that confidentiality is being managed in this proceeding for good reasons in the public interest. To the extent that the applicant has any concern with responding to any of our interrogatories, we respectfully request that they provide response and apply what they believe is the appropriate level of confidentiality for further review and consideration by the Board and their staff.

Respectfully Submitted on Behalf of FRPO,



Dwayne R. Quinn  
Principal  
DR QUINN & ASSOCIATES LTD.

- c. A. Stiers, UNIONGASREGULATORYPROCEEDINGS  
J. Wasylyk – OEB Staff  
Interested Parties – EB-2016-0245  
J. Murphy, K. Lauesen - FRPO

**ISSUE 1 – COST CONSEQUENCES****Topic: Administrative Costs****REF:** Exhibit 3, page 32

Preamble: In addition to the responses to Board staff IR-3, we would like to understand how the \$600,000 bad debt expense was estimated.

- 1) Please provide the supporting calculations and an explanation methodology including assumptions made in support of the estimate.

**ISSUE 1.2 –GHG EMISSIONS FORECAST****Topic: Approach to Handling Implications of Unaccounted for Gas (“UFG”)****REF:** Exhibit 7, Page 3 and Schedule 1

Preamble: We would like to understand more about the inclusion of UFG in the facility-related GHG compliance costs.

- 2) Please expand upon the company’s rationale to include UFG “volumes” in the facility-related costs as a “usage”.
- 3) Please provide any analysis or studies that Union has conducted in the last several years (e.g., CGA presentations, internal studies, etc.) which estimates the amount or percentage of total UFG that comes from typical sources of metering differences (e.g., oversized meters, Pressure Factor Measurement, calibration errors) versus gas losses through damage or operational purging.

- 4) Please confirm the analysis estimates that metering differences account for greater than 80% of UFG.
  - a) Please provide Union's best estimate of measurement-induced UFG as a percent of total UFG.
- 5) What adjustments, if any, has Union made to its GHG emissions estimates to account for this difference?
- 6) How does Union propose to handle measurement-induced UFG separately from operational UFG in the estimations of fugitive methane.

#### **ISSUE 1.4 – COMPLIANCE PLAN OVERVIEW**

##### **Topic: Compliance Plan Oversight and Governance**

**REF:** Exhibit 3, Appendix B

Preamble: We would like to understand how Union is proposing to allocate the costs of existing staff resources involved in the Oversight and Governance of the CIPP.

- 7) Please provide the principles and allocation methodologies that will be used to attract the appropriate level of costs of existing staff to the oversight of the CIPP.
  - a) What is the forecasted impact on:
    - i) The administration cost of the gas supply program
    - ii) The profitability of the distribution utility during the IR period

**ISSUE 5 – COST RECOVERY****Topic: Accountability and Responsibility for Risk Management Decisions****REF:** Exhibit 3, Appendix B & EB-2005-0520 Decision with Reasons, Section 2.3, pg. 13-15

Preamble: We would like to understand Union's views on the allocation of risk associated with the use of forward purchases and structured products.

- 8) Given Union's development of parallel risk management procedures to Gas Supply and the Board's Decision and Union's subsequent approach to the forward purchases of the natural gas commodity, please provide Union's views on the allocation of risk between ratepayers and shareholders for:
- a) Errors in volume forecast methodologies.
  - b) Prudence of allowances purchased for offsets in the existing year.
  - c) Prudence of allowances purchased for offsets for the following year.
  - d) Prudence of allowances purchased for the period beyond current and following years.
  - e) Prudence of allowances purchased through the use of Structured products (such as caps, collars, calls, etc.) designed to mitigate cost of forward purchases.
  - f) Costs of the structured products.