

**Board Staff Interrogatories  
EB-2007-0598**

**Union Gas Limited – Disposition of Deferral Accounts and Earnings Sharing for 2006**

**Question 1**

Reference: Exhibit A, Tab 1, Page 3: *"In response to the warmer than normal weather in 2006, Union reduced a portion of its planned purchases through the spring and summer to balance demand and supply. The resulting unfilled pipe capacity was sold for the then-current market prices which minimized UDC to the extent possible. The favourable cost variance more than offset the unfavourable volume variance which resulted in less UDC overall than had been forecast."*

- (a) Historically, has Union made a similar sale of excess pipe capacity in the past?
- (b) How is this revenue treated? Is this market price sale subject to shared earnings with customers? Please clarify.
- (c) Please confirm how the revenue from the sale of unfilled pipe capacity is categorized and recorded.

**Question 2**

Reference: Exhibit A, Tab 1, Schedule 1: Account No. 179-113:

- Please provide a cost breakdown of the Late Payment Penalty Litigation account (\$303,000).

**Question 3**

Reference: Exhibit A, Tab 1, Schedule 3 (2005 Audited and 2006 Unaudited results):

- When will the audit of 2006 SSM be completed?

**Question 4**

Reference: Exhibit A, Tab 1, Schedule 4 (Earnings Sharing Calculation):

At line 12 Union states that "Benchmark ROE" is 8.89%. In the footnotes Union further states that this is based on "October 2005 consensus forecast."

- (a) Where and how has Union obtained this value for Benchmark ROE?
- (b) Please provide a derivation of how this value was obtained.

**Question 5**

Reference: Exhibit A, Tab 2, Page 7: *"...the charge for the period July 1, 2007 to December 31, 2007 is \$3.06 in the Southern Operations area."*

Union has requested that these amounts be disposed of as part of the July 1, 2007 QRAM application.

- (a) What effect will a decision as part of October 1, 2007 QRAM have on the calculation and amounts for rebates and charges to customers if any?
- (b) Given the October 1, 2007 effective date, please provide the time period in which the disposition of amounts would take place.