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May 23, 2007

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

Re: EB-2007-0598 – Union Gas Deferral Balances and Earnings Sharing for 2006

Please find attached interrogatories on behalf of the London Property Management Association (“LPMA”) in the above noted proceeding, as directed in Procedural Order #1, dated May 16, 2007.

Procedural Order #1 also indicated that the Board may order costs in this proceeding and required that any party that expects to seek costs in this proceeding to file a letter with the Board and to copy Union no later than June 5, 2007 indicating such. LPMA hereby indicates that it will be seeking costs in this proceeding.

A copy of this letter and the attached interrogatories has been delivered to Union and an electronic copy in searchable Adobe Acrobat has been e-mailed to the Board and to Union.

If the Board requires any further information, please contact me. My contact information is shown at the top of this letter.

Sincerely,

Randy Aiken

Randy Aiken
Aiken & Associates

Attachment

c.c. Mr. Mike Packer, Union Gas Limited.

EB-2007-0598
INTERROGATORIES OF THE
LONDON PROPERTY MANAGEMENT ASSOCIATION

Interrogatory 1

Reference: Ex. A, Tab 1, Page 24

The evidence states that “In January 2007, the OEB provided further clarity to the June 2006 Decision. That Board decided that it does not have the jurisdiction to consider the proceeds of the cushion gas sale in setting rates.” Please provide the relevant passages from the January, 2007 clarification that supports this conclusion.

Interrogatory 2

Reference: Ex. A, Tab 1, Page 29

What is the Board-approved short term rate, starting January 1, 2007 that Union has used to calculate interest on the earnings sharing amount due to ratepayers?

Interrogatory 3

Reference: Ex. A, Tab 1, Page 24

Please provide all the information and the calculation used to determine that the benchmark ROE for 2006 was 8.89%.

Interrogatory 4

Reference: Ex. A, Tab 1, Page 29 & Schedule 4

Please provide the details on the “Other non-utility adjustment” that totals 1,278.

Interrogatory 5

Reference: Ex. A, tab 1, Schedule 4

What is the difference between “Average corporate common equity” and the deemed equity component of rate base?

Interrogatory 6

Reference: Ex. A, Tab 2, Pages 3 & 4

a) Please confirm that the proposed methods for allocating the amounts in deferral accounts 179-69, 179-70, 179-72, 179-73 and 179-74 are consistent with that used by Union and approved by the Board in the past.

b) For any account where the proposed methodology is different, please provide a table showing the allocation by rate class based on the proposed methodology and the

approved methodology used in the past and explain the rationale for the change in the methodology.

Interrogatory 7

Reference: Ex. A, Tab 2, Schedule 3

Given that the volume over which the prospective recovery is to be applied is a forecast, how is the over or under recovery resulting from higher or lower volumes treated? Is the difference captured in a variance account or is the difference to the account of the shareholder?

Interrogatory 8

Reference: Ex. A, Tab 1, Page 29 and Ex. A, Tab 1, Schedule 4

Please reconcile the reduction in the weather normalized amount in Note 3 of 2,145 related to an increase in UFG/Fuel Costs and the statement on page 29 that UFG and compressor fuel cost would have been lower based on normalized volumes.

Interrogatory 9

Reference: Ex. A, Tab 1, Schedule 4

Please confirm that the weather normalization amount of \$33,317 for the general service market in Note 3 has been calculated based on the most recent Board approved normalization methodology.

Interrogatory 10

Reference: Ex. A, Tab 1, pages 9 – 15

- a) Please provide a revised Table 3 assuming the \$10.524 million related to deferred income taxes is removed from the cost to provide storage service for 2006.
- b) Please confirm that the deferred tax liability arose from using the tax allocation methodology related to utility operations prior to 1997. Please provide the deferred tax figure at the end of 1996 that is comparable to the \$10.524 million.
- c) Please provide the annual deferred tax liability remaining in each year 1997 through 2006, including all calculations used.
- d) The Annual Report indicates that the timing differences that gave rise to the deferred income taxes are expected to full reverse by 2018. Please provide a schedule that shows the reduction related to the \$10.524 million if this amount was not recovered as part of this proceeding and was recovered in the same manner as the remaining deferred taxes.
- e) Does the recovery of deferred income taxes impact on the **utility** rate base? Please explain. Will Union be proposing any adjustment to the storage related **utility** rate base

in subsequent years as a result of the proposal to recover these deferred taxes? Please explain.

f) What is the total amount of deferred taxes related to storage that corresponds to the same timeframe as the \$10.524 million? How was the \$10.524 million proportion calculated? Was the proportion related to the NGEIR decision based on utility and non-utility shares? Please show all calculations and provide all assumptions used.

g) When does Union expect the storage related deferred taxes to reverse (i.e. when will the CCA be less than the depreciation expense)?

h) What impact will changes in income tax rates in future years have on the actual taxes paid by Union and on the deferred amount of \$10.524 million? How will any changes to this amount be flowed back to customers assuming declines in tax rates as currently contemplated in the most recent federal budget?

i) If the \$10.524 million in deferred taxes is related to the “non-utility” portion of the deferred tax liability associated with the storage assets, why is Union proposing to recover this amount from in-franchise customers?

Interrogatory 11

Reference: Ex. A, Tab 1, Schedule 1

Please provide a revised Schedule 1 assuming the Board does not allow the recovery of the \$10.524 million associated with deferred taxes at this time.

Interrogatory 12

Reference Ex. A, Tab 2

a) Please provide revised Schedules 1 and 3 assuming the \$10.542 million associated with deferred taxes is not recovered at this time.

b) Please provide revised schedules for Appendix A, B and C assuming the deferred tax amount of \$10.542 is not recovered at this time.