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ONTARIO ENERGY BOARD

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April 8, 2008

of 2/4/08
Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

RE: EB-2008-0034 – Interrogatories from the London Property Management Association

As per Procedural Order No. 1 dated March 31, 2008, please find enclosed two paper copies the interrogatories of the London Property Management Association to Union Gas. An electronic copy has been filed with the Board through its web portal at www.errr.oeb.gov.on.ca. An electronic and a hard copy have also been sent to Union Gas.

Sincerely,

Randy Aiken
Randy Aiken
Aiken & Associates

cc: Mark Kitchen, Union Gas

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B);

AND IN THE MATTER OF an Application by Union Gas Limited for an order or orders amending or varying the rate or rates charged to customers as of April 1, 2008.

INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT ASSOCIATION

1. Ref: Ex. A, Tab 1, Page 1

- a) Please explain when the Board approved the short term interest rates shown of 4.59% and 5.14% in the RP-2003-0063 proceeding.
- b) Please confirm that the interest rates shown of 4.59% and 5.14% are the prescribed interest rates that are the result of the Board's EB-2006-0117 process.

2. Ref: Ex. A, Tab 1, Page 15

- a) Please explain how the capital tax component of the actual 2007 figure has been calculated. In particular, has Union used a capital tax rate of 0.225%?
- b) Has Union calculated the income tax figure for actual 2007 utilizing the proposed capital cost allowance (CCA) rates from the March, 2007 federal budget related to assets acquired on or after March, 19, 2007 for computer equipment, non-residential buildings and natural gas distribution lines? If not, why not?
- c) Please recalculate, if necessary, the 2007 actual capital costs using a capital tax rate of 0.225% and the CCA rates noted above applicable to assets acquired after March 19, 2007.

3. Ref: Ex. A, Tab 1, Page 16

Line 5 refers to a "credit debit balance". Please confirm that this is actually a debit balance.

4. Ref: Ex. A, Tab 1, Page 19

- a) Please confirm that the Settlement Agreement in EB-2005-0520 dated May 15, 2006 states that "in the event that anticipated tax legislation changes are not implemented or if

different legislated tax changes are implemented, the impact should be subject to deferral account treatment in 2007”.

b) Please indicate where in the settlement agreement or in the Board’s EB-2005-0520 decision, a reference is made to “enacted” tax legislation changes.

c) Assuming that the changes proposed in the March, 2007 federal budget applicable to the capital cost allowance rate increases for computer equipment, non-residential buildings and natural gas distribution pipelines are enacted sometime in 2008, is Union proposing to record an amount for 2007 for refund to customers at some point in the future? If not, why not?

d) Please confirm that the 2007 impact of the CCA changes is \$1,000,436 as filed by Union in EB-2007-0606 at Exhibit C3/C16/C33.28. If this cannot be confirmed, please provide a similar table showing the calculation of the different amount.

e) Union is proposing to recover amounts in some deferral accounts prior to those accounts being finalized (LRAM, SSM) with any variance between the actual amount and the estimated amount being captured in the account in the future. Has Union considered a similar approach to the CCA rate change amount? In other words, Union could provide ratepayers with the \$1 million credit as part of this proceeding and record any variance between this amount and the actual amount assuming the CCA rate changes are not enacted for 2007 or some other rates are applicable to 2007. If not, why not?

5. Ref: Ex. A, Tab 1, Sch. 1, pg. 2

Please confirm that the reference to line 28 in Note 3 should be to line 29.

6. Ref: Ex. A, Tab 2, page 1 - 5

Please confirm that all the proposed allocation factors used for the deferral and variance accounts are based on Board approved methodologies. If this cannot be confirmed, please provide the rationale for and description of any allocators that are not Board approved.

7. Ref: Ex. A, Tab 2, page 6 – 7

Given the current date, it is not likely that Union will be able to dispose of the 2007 deferral account balances over the April 1, 2008 to December 31, 2008 period for the general service M1, M2, Rate 01 and Rate 10 customers. Does Union propose to change the prospective period to July 1, 2008 to December 31, 2008? If so, does this present any problems for Union? If not, please provide a description of the revised disposition plan.