

Aiken & Associates

578 McNaughton Ave. West
Chatham, Ontario, N7L 4J6

Phone: (519) 351-8624
Fax: (519) 351-4331
Cell: (519) 365-1078
E-mail: raiken@xcelco.on.ca

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By Courier

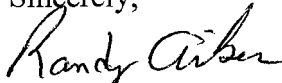
Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli,

RE: EB-2008-0220 – LPMA Interrogatories for Union Gas

Please find attached the interrogatories of the London Property Management Association in the above noted application, as per Procedural Order No. 1 dated November 28, 2008.

Sincerely,



Randy Aiken
Aiken & Associates

Encl.

cc: Chris Ripley, Union Gas Limited (delivered)

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

AND IN THE MATTER OF an Application by Union Gas
Limited, pursuant to section 36(1) of the *Ontario Energy
Board Act, 1998*, for an order or orders approving or fixing
just and reasonable rates and other charges for the sale,
distribution, transmission and storage of gas as of January
1, 2009.

**INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT
ASSOCIATION (“LPMA”)**

Interrogatory # 1

Ref: Exhibit A, Tab 1, pages 4 – 10

- a) Please provide a breakdown of the capital investment figures shown in Table 1 for each year 2008 through 2012 showing the amount and nature of the investment including, but not limited to, the asset category and the CCA class to which the investment will be booked.
- b) Please provide a breakdown of the depreciation expense for each year shown in Table 1 for each of the asset categories requested in part (a) above. Please also provide the Board approved depreciation rate used to calculate each component of the overall depreciation expense, along with all calculations used.
- c) Please provide all the calculations and assumptions used to calculate the interest cost shown in Table 1 for each year shown, including the derivation of the interest rate used. If applicable, please provide the Board approved rates used. Please also show the calculation and assumptions used to determine the rate base amount that needs to be financed for each of the years.
- d) Please provide a detailed breakdown of the O&M costs for each year shown in Table 1.
- e) Please explain why none of the O&M costs shown in Table 1 are capitalized.
- f) What evidence does Union have that “corporations carrying on business internationally likely already comply with the new international standards and will not incur conversion costs.” (page 8)?

- g) Is there any impact on Union related to IFRS reporting related to the EB-2008-0034 application that transfers ownership of Union to a limited partnership?
- h) How are the costs being shared between Union and the other groups within Spectra Energy related to shared resources and information? Are any of these costs included in Table 1? If so, please provide a breakout of these shared costs that are included in Table 1.
- i) Please provide the assumptions and calculations used to calculate the taxes for each year in 2008 through 2012 shown in Table 2.
- j) Please explain why Union is proposing to recover costs in 2011 and 2012 through an adjustment to the Z factor when, according to Table 1, the costs for 2011 and 2012 would not meet the materiality threshold for a Z factor event.
- k) Please provide an update to the first column in Table 1 for 2008, showing the year-to-date costs incurred and the projected year-end costs. Please explain any variances from the 2008 figures provided in Table 1.
- l) Please provide all the assumptions and calculations used to calculate the reduction in the revenue requirement related to taxes, including the calculation of CCA deductions for each year shown in Table 2.
- m) The evidence at page 9 indicates that Union is proposing to make the Z factor adjustments provided in Table 2 annually over the IR term starting in 2009. However, the table only shows Z factor adjustments beginning in 2010. Please reconcile.
- n) Are there any cost reductions or eliminations associated with the systems that are going to be replaced by the new software (O&M and/or capital investments)? Please explain.
- o) Union indicates that it wants to recover the costs shown for 2009, 2010, 2011 and 2012 in Table 2, but not the amount of \$868 shown for 2008. Please explain. Please also explain why the 2011 and 2012 costs would be recoverable when the pre-tax figures shown in Table 1 are below the \$1.5 million materiality threshold.
- p) Union indicates at page 7 that the change in accounting standards is beyond management control. However the criteria for determining whether an event qualifies for a Z factor is that the cost must be beyond the control of the utility's management. Please explain how the costs, and the timing of those costs, are beyond the control of management.
- q) How does Union propose to treat any variance between the actual IFRS conversion revenue requirement in 2009 through 2012 as compared to the forecasted figures shown in Table 2?

Interrogatory # 2

Ref: Exhibit A, Tab 1, page 12

- a) Please provide the 2005 through 2007 data used to calculate the AU adjustments of -0.3% for rates M1 and M2, -0.7% for rate 01 and +1.8% for rate 10.
- b) Are the reductions calculated by Union and noted above in (a) based on a starting point of the 2008 average use estimate from the EB-2007-0606 Settlement Agreement dated January 3, 2008 or from Union's most recent forecast of normalized average use for 2008? Please provide the 2008 base to which the changes are to be applied and specify their source.
- c) Please provide the 2004 through 2006 data used to calculate the AU declines applied in 2008 of 1.7% for Rates M1 and M2, 2.4% for Rate 01 and 1.8% for Rate 10, as specified in Section 4.1 of the EB-2007-0606 Settlement Agreement dated January 3, 2008.
- d) Please confirm that the AU factor is based on normalized actual figures that reflect the 55/45 blended weather method updated annually.

Interrogatory # 3

Ref: EB-2007-0606 Settlement Agreement dated January 3, 2008

In Section 11.1 of the Settlement Agreement, titled "What Information Should the Board Consider and Stakeholders be Provided with During the IR Plan" Union agreed to "prepare the following utility information annually for the most recent historical year". This was followed by a list of exhibit numbers from Union's 2007 rate case (EB-2005-0520). Why has Union not filed this information for 2007, the most recent historical year available as Enbridge Gas Distribution has done?

Interrogatory # 4

Ref: Working Papers, Schedule 15

- a) Please update this schedule to reflect the 2008 and 2009 CCA difference calculated in the Attachment to Exhibit E3.1.1 in EB-2007-0606 dated February 22, 2008 that shows a CCA difference of \$4.74 million in 2008 and \$6.90 million in 2009.
- b) Please provide a revised Schedule 13 reflecting the changes from (a) above.

Interrogatory # 5

Ref: EB-2008-0304 Decision and Order dated November 19, 2008

The Board directed Union to reduce rates effective January 1, 2009 to reflect the cost reduction of \$1.3 million related to tax savings that the reorganization that was the subject of EB-2008-0304.

- a) Please provide revised evidence to reflect this change.
- b) Please confirm that the \$1.3 million reduction will be allocated to rate classes on the basis of rate base. If this cannot be confirmed, please indicate how the allocation will be done.