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December 2, 2008

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

Dear Ms. Walli:

Re: EB-2008-0106 – LPMA Interrogatories for Union Gas

Please find attached the interrogatories of the London Property Management Association in the above noted proceeding.

Sincerely,



Randy Aiken
Aiken & Associates

cc: Chris Ripley, Union Gas

IN THE MATTER OF a proceeding initiated by the Ontario Energy Board to determine methodologies for commodity pricing, load balancing and cost allocation for natural gas distributors.

**INTERROGATORIES OF THE LONDON PROPERTY MANAGEMENT
ASSOCIATION FOR UNION GAS LIMITED**

Interrogatory # 1

Ref: Exhibit E2, page 8

If Union were to purchase some of its system gas supply at a fixed price for any of the months included in the next 12 months, would this price and the associated volume be taken into account when setting the gas supply reference price? Please explain.

Interrogatory # 2

Ref: Exhibit E2, page 10

How does Union determine volume for the next 12 months that is used to calculate the rate riders associated with the debits/credits that are to be recovered prospectively? Are these volumes based on the most recent Union Gas forecast or fixed at the levels included in the last Board approved cost of service application? Are there separate rate riders and 12 month volume forecasts by rate class?

Interrogatory # 3

Ref: Exhibit E2, page 12

The evidence states that “reference price changes driven by Union’s QRAM process do not currently cause Union to update its revenue requirement and, as a result, its distribution rates”. However, a review of QRAM applications shows changes in the delivery and storage price adjustment lines for rates M1 and M2. For example, in EB-2008-0371, at Appendix A, page 7 of 12, there is a rate change of 0.0447 for delivery and 0.0098 for storage for M2 customers. Please explain how these price adjustments are determined and confirm that they are not related to changes in the reference price of gas.

Interrogatory # 4

Ref: Exhibit E2, page 12

a) Other than delivery related costs associated with gas in inventory, compressor fuel and unaccounted for gas, are there any other delivery-related cost of gas items that are included in distribution rates?

b) Is the compressor fuel noted here the same compressor fuel noted at line 20 of page 8? If no, please explain the difference in the references to compressor fuel.

c) Do the delivery related costs associated with gas in inventory include tax related impacts?

d) Enbridge appears to include the impact on carrying costs associated with the gas cost working cash allowance in its calculation of changes in the revenue requirement from a change in gas costs (Exhibit E1, page 20). Does Union also include this source of a change in the revenue requirement? If not, please explain why not.

Interrogatory # 5

Ref: Exhibit E2, page 28

The evidence states that the reference prices are calculated by the utilities using publicly available information.

Please provide the source of the information used by Union gas and any links to this publicly available information. Please provide the information used for Union's October 2008 or January 2009 QRAM application.

Interrogatory # 6

Ref: Exhibit E2, page 32

How does Union's WACOG differ from the reference price and/or the gas supply commodity charge?

Interrogatory # 7

Ref: Exhibit E2, page 32 – 33

What information will Union require in order to dispose of the variance in the cost of gas items on a quarterly basis? Will this information be based on Union's last Board approved cost of service application or will it be more recent information during the incentive regulation period?

Interrogatory # 8

Ref: Exhibit E2, page 59 - 60

- a) Are there any other costs other than for the employees actually engaged in the purchase and administration of system supply, the carrying cost on gas purchase working capital and bad debt that are included in the system administration fee?
- b) How does Union determine the portion of the bad debt expense to allocate to the system administration fee?
- c) Does Union allocate any of investment carrying costs associated with customer deposits to the system administration fee? If not, why not?
- d) Does the gas supply administration fee which is currently 0.3138 cents/m³ change during an incentive regulation period or does it only change at a cost of service rebasing application?
- e) Does Union adjust the system administration fee to reflect changes in carrying costs associated with the gas purchase working capital that would result from a change in the cost of gas? If not, why not?
- f) Please confirm that the system administration and DPAC fees do not include any allowance for costs or assets used by the employees directly involved in providing these services, such as computer hardware, software, office equipment and furniture.
- g) Does the system administration fee include any regulatory costs associated with the preparation, filing and implementation of QRAM filings? If not, please explain why not.
- h) Enbridge indicates that their system gas fee includes costs related to demand forecasting and supply planning (Exhibit E1, paragraph 165). Does Union include these costs in the determination of its system administration fee? If not, why not?