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BY E-MAIL

December 5, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Commodity pricing, load balancing and cost allocation methodologies for
natural gas distributors
Board File No.: EB-2008-0106**

Pursuant to Procedural Order No. 2, please find enclosed Board Staff's interrogatories to Union Gas Limited.

Yours truly,

Original signed by

Angela Pachon
Regulatory Policy Advisor

cc: Chris Ripley, Union Gas Limited.
All Registered Intervenors in EB-2008-0106 Proceeding

Attachment

Interrogatories from Board Staff
to Union Gas

INTERROGATORY # 1

Ref: Exhibit E2, page 21, lines 8-9

- a) Please provide an estimate, with supporting explanatory comment, of the regulatory, administrative, IT billing system, and communication costs that would arise as a result of introducing a monthly reference price adjustment based on a 12 month forecast period, and a 12 month deferral disposition period. (Scenario #1).

INTERROGATORY # 2

Ref: Exhibit E2, page 29, lines 15-17

- a) What is the rationale for re-valuating the opening gas in inventory? What would be the implications of no longer re-valuating the opening gas in inventory?
- b) Does all the gas in inventory get re-valued or does it get apportioned between gas in inventory held for system supply and gas held for load balancing purposes? If gas in inventory is apportioned: please provide: (i) the rationale for re-valuating gas in inventory held for load balancing purposes; and (ii) an explanation of how the gas in inventory is apportioned between gas in inventory held for system supply and gas held for load balancing.
- c) Please provide an explanation of the allocation of the inventory re-valuation amounts to the various customer rate classes (including the basis and rationale for the allocation).

INTERROGATORY # 3

Ref: Exhibit E2, page 32, lines 7-22

- a) Please provide the rationale for the proposed exclusion of changes to the gas costs working cash allowance, GST, and tax related effect of changes in gas in storage carrying costs when resetting rates as part of the QRAM process.

INTERROGATORY # 4

Ref: Exhibit E2, page 34, lines 19-22

- a) Would Union be agreeable adopting the format used by Enbridge for the calculation of the reference price found at Exhibit 3, Tab 1, Schedule 1 of their QRAM filing (e.g. disclosing a basket of pricing points and pricing indices that reflects its gas purchase arrangements and transportation portfolio for the North and the South)?
- b) If not, why not?

INTERROGATORY # 5

Ref: Exhibit E2, page 59, lines 11-12

- a) Using the 2007 rebasing year, please provide the system gas fee and DPAC costs on an incremental and fully allocated cost basis.

INTERROGATORY # 6

Ref: Exhibit E2, page 66, lines 28-29

- a) Please provide the allocation basis for base level load balancing costs

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INTERROGATORY # 7

Ref: Exhibit E2, page 69, lines 17-23

- a) For each of the following deferral accounts please indicate the rider that would be used to dispose of amounts approved by the Board.
- i. South PGVA
 - ii. North PGVA
 - iii. TCPL Tolls and Fuel Deferral Account
 - iv. Inventory Revaluation Deferral Account
 - v. Spot Gas Variance Account
 - vi. Intra-Period WACOG