



RP-2003-0063
EB-2004-0480

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

AND IN THE MATTER OF an Application by Union Gas Limited for an Order or Orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas commencing January 1, 2005.

BEFORE: Paul Vlahos
Presiding Member

Jan Carr
Vice Chair and Member

Art Birchenough
Member

DECISION

Union Gas Limited ("Union") filed an application dated October 22, 2004, with the Ontario Energy Board ("the Board") under section 36 of the *Ontario Energy Board Act 1998*, S.O. 1998, c.15, (Schedule B) to implement 2005 rates on January 1, 2005. The Application included a draft Rate Order and supporting Working Papers. Union also provided copies of the Application to all intervenors registered in the Union 2004 rates case (docket number RP-2003-0063). Union has indicated that it does not intend to apply for any other changes to their rates for 2005 other than changes associated with the Quarterly Rate Adjustment Mechanism (QRAM).

The Board assigned file number RP-2003-0063/EB-2004-0480 to the application.

On November 4, 2004, the Board issued its Notice of Written Hearing and Procedural Order No. 1 setting out the dates for objections to proceeding by way of a written hearing (November 12, 2004), interrogatories on the Union's evidence (November 19, 2004), Union's interrogatory replies (November 26, 2004), intervenors' submissions on the application (December 3, 2004), and Union's reply submissions (December 10, 2004).

In response, the Board received letters from Pollution Probe, the Green Energy Coalition, the City of Kitchener, the London Property Management Association/Wholesale Gas Service Purchasers Group, the Vulnerable Energy Consumers Coalition, and the Industrial Gas Users Association. These parties made submissions with respect to the 2005 DSM plan, the amount and treatment of earnings sharing monies from 2003, the clearance of 2004 deferral account balances, Union's sale of base cushion gas in 2004, and the parameters for service under the T3 rate schedule. The Board also received Union's response to parties' submissions.

The Board finds Union's proposal that the Board convene one forum to deal with the matters related to DSM, disposition of 2004 deferral/variance accounts, and the level and allocation of the balance related to the 2003 earnings sharing mechanism to be appropriate and the Board will convene this forum at the an appropriate time. Accrued interest associated with the 2003 earnings sharing amount shall also be an issue.

Union did not specifically respond to IGUA's submissions regarding a \$13 million gain from the sale of cushion gas in 2004. The Board will allow gains from sale of cushion gas in 2004 to be an issue.

With respect to the issue raised by the City of Kitchener, the Board finds that Unions instant application should not affect the availability of the facilitation process referred to in the RP-2003-0063 decision.

In addition to all of the above, an outstanding issue in the Board's view is the potential presence of material excess revenue in fiscal 2005 since the 2005 revenue requirement was not considered when setting the current rates. As part of the submissions stage set out in Procedural Order No.1, the Board wishes to receive input from the parties as to what options, if any, should be considered by the Board in dealing with this issue. The dates set out in Procedural Order No. 1 remain in force.

ISSUED at Toronto, November 19, 2004.

Signed on behalf of the panel

Paul Vlahos
Presiding Member