



**RP-2003-0063**

**EB-2002-0087**

**EB-2003-0097**

**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, storage, and transmission of gas for the period commencing January 1, 2004.

**BEFORE:**

Paul Sommerville  
Presiding Member

Art Birchenough  
Member

**ACCOUNTING ORDERS**

Union Gas Limited ("Union") filed an application dated May 2, 2003, with the Ontario Energy Board under section 36 of the Ontario Energy Board Act, S.O. 1998, c.15, Schedule B. The Board assigned file number RP-2003-0063 to the Application. The Board issued a Notice of Application on May 22, 2003.

Union has applied for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, storage, and transmission storage of gas, effective January 1, 2004. Union has also applied to the Board for such accounting or interim orders as may be appropriate.

In evidence filed on May 23, 2003, Union requested approval of a new quarterly rate adjustment mechanism ("GRAM") for setting commodity and transportation gas supply rates and for restructuring its gas supply deferral accounts.

On June 20, 2003, the Board issued Procedural Order No. 1 which established the schedule for the proceeding.

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On July 16, 2003, the Board issued Procedural Order No. 2 setting out the issues and the intervenor list for the proceeding. The Board assigned issue number D.1.3 to Union's gas costs deferral account proposals and issue number D.1.6 to Union's QRAM proposal.

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The Board heard Union's oral testimony with respect to the proposed restructuring of its gas supply cost deferral accounts on October 17 and 20, 2003. Union requested an expedited decision on its deferral account proposals so that the QRAM application to be filed in November 2003, for rates effective January 1, 2004, could reflect the new deferral account structure.

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By letter to the Board dated October 21, 2003, Union confirmed its request for an expedited decision on the gas supply deferral account restructuring. Union also served notice of its request for an expedited approval of the new gas cost deferral accounts. The latter correspondence invited intervenors who had any comments with respect to Union's request to make representations in writing to the Board. LPMA and CAC filed written comments and Union informed the Board that IGUA had also raised some concerns. By letter dated October 30, 2003, Union informed the Board that the concerns raised by LPMA, VECC, and IGUA had been resolved.

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On November 4, 2003, the Board invited Union to circulate a draft order for comments, indicating that if there were agreement among all parties, the Board would be prepared to issue the order.

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On November 7, 2003, Union circulated a draft accounting order reflecting its gas supply deferral accounts proposal and requested that intervenors wishing to comment do so to the Board by November 10, 2003. The Board received no submissions on Union's deferral account requests from any intervenors.

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The Board finds that the proposed restructuring of the gas supply cost deferral accounts is appropriate.

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**THE BOARD THEREFORE ORDERS THAT:**

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1 Union shall close the following deferral accounts subsequent to the disposition of the December 31, 2003 balances:

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179-67 TCPL Tolls & Fuel - Southern Operations Area

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179-68 Other Purchased Gas Costs

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179-80 Firm Supply Purchase Gas Variance

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2. Effective January 1, 2004, Union shall maintain the following deferral accounts in accordance with Appendix "A": 23
- 179-89 Heating Value 24
  - 179-100 TCPL Tolls and Fuel – Northern and Eastern Operations Area 25
  - 179-105 North Purchase Gas Variance Account 26
  - 179-106 South Purchase Gas Variance Account 27
  - 179-107 Spot Gas Variance Account 28
  - 179-108 Unabsorbed Demand Cost (UDC) Variance Account 29
  - 179-109 Inventory Revaluation Account 30
3. Effective January 1, 2004, Union shall establish Deferral Account No. 179-105 to record the difference between the cost of firm gas purchased for the Northern and Eastern Operations Area and the cost of gas included in the gas sales rates as approved by the Board in accordance with Appendix "A". 31
4. Effective January 1, 2004, Union shall establish Deferral Account No. 179-106 to record the difference between the cost of firm gas (including tolls and fuel) purchased for the Southern Operations Area and the costs included in the gas sales rates as approved by the Board in accordance with Appendix "A". The account shall also capture the difference between the cost of planned spot gas purchases and the cost included in the gas sales rates approved by the Board. The amounts recorded in this account shall be adjusted for the South Portfolio Cost Differential ("SPCD") recovered in the Southern Operations area gas supply transportation rates pursuant to the QRAM process approved for Union. The SPCD is the difference between the Ontario Landed Reference Price and the South Portfolio cost. 32
5. Effective January 1, 2004, Union shall establish Deferral Account No. 179-107 to record the cost of spot purchases in excess of planned spot volumes in accordance with Appendix "A". 33
6. Effective January 1, 2004, Union shall establish Deferral Account No. 179-108 to capture the difference between the actual unabsorbed demand costs incurred by Union and the amount of unabsorbed demand charges included in rates in accordance with Appendix "A". 34
7. Effective January 1, 2004, Union shall establish Deferral Account No. 179-109 to record the change in value of gas inventory for both North and South sales service customers due to changes in the 35

value of gas inventory available for sale to sales service customers due to changes in Union's weighted average cost of gas approved by the Board in accordance with Appendix "A".

**ISSUED** at Toronto, November 19, 2003.

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ONTARIO ENERGY BOARD

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Peter H. O'Dell  
Assistant Secretary

**APPENDIX "A" TO ACCOUNTING ORDER**  
**BOARD FILE NO: RP-2003-0063/EB-2003-0087/EB-2003-0097**  
**DATED NOVEMBER 19, 2003**

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