

VIA RESS and EMAIL

December 7, 2015

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

Dear Ms. Walli:

Re: EB-2015-0179 Notice of Intention to File Evidence by Northeast Midstream LP

Northeast Midstream LP (“Northeast”) is an intervenor in the above-noted proceeding. I am writing to advise the Board that Northeast intends to file evidence pursuant to Procedural Order 2, dated November 30, 2015.

According to the Application as presently constituted, the decision by Union Gas Limited (“Union”) whether to provide service to a community is predicated on the project’s profitability index (“PI”). Union proposes that the capital cost of the project be recovered through a combination of current rates approved by the Board, a Temporary Expansion Surcharge, an Incremental Tax Equivalent, a Temporary Connection Surcharge, and an additional amount from all customers that will be required to increase the PI to 1.0.

Northeast has concluded that Union has not recognized the full extent of the costs associated with the proposed projects. Specifically, Union has not accounted for the marginal cost of new upstream pipeline capacity required to serve the communities. These are real costs that are factored into the weighted average cost of gas (WACOG) and passed through to all general service customers.

Northeast intends to file and serve testimony by an independent third-party expert to establish and support the principle that when assessing the costs of providing service to a remotely located community the total project costs should include the marginal cost of new incremental transportation and storage, even if Union has unabsorbed demand charges as part of its portfolio.

The purpose of the evidence is to facilitate a transparent and equitable economic comparison of alternative approaches to introducing gas service to remotely located communities. The two alternative approaches at issue are (1) constructing a pipeline to connect a community to an existing gas network and (2) serving the community with liquefied natural gas (LNG) that is transported from a liquefaction facility and vaporized into the community’s local distribution system.

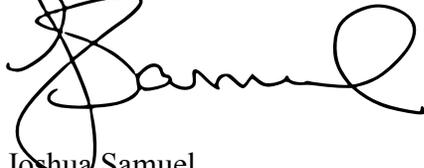
Should the Board direct that Northeast filing of evidence be scheduled for hearing, we propose that a new schedule of next steps be set to ensure that all participants in the Application have an opportunity to address the issues raised by the evidence. In that regard, we will strive to file material by January 15, 2016, and look to the Board for guidance as to the subsequent steps to follow.

In its request for intervention, Northeast did not seek costs. However, Northeast's filing of evidence will address the broader policy and public interest issues, as opposed to only representing its own commercial interests. As such Northeast is seeking the Board's approval to recover costs associated with the filing of evidence based on the Board's tariff in the *Practice Direction on Cost Awards*.

Northeast is eager to proceed with its evidence as soon as possible and will, of course, abide by any further procedural steps scheduled by the Board in this regard.

We thank you and look forward to the Board's further directions in respect of this matter.

Yours truly,



Joshua Samuel
President and CEO of the General Partner

cc Chris Ripley, Union Gas cripley@uniongas.com