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**BY E-MAIL**

January 20, 2016

**To All Parties in EB-2015-0179 (Union Gas Limited – Community Expansion Application)**

The Ontario Energy Board (OEB) has determined that the issues that have been brought forward in Union Gas Limited's (Union) application would be common to all gas distributors including new entrants that wish to provide gas distribution services in communities that do not have access to natural gas. The OEB has decided to establish a generic hearing on its own motion to deal with these common issues.

In the generic proceeding, the Ontario Energy Board will consider possible alternative ratemaking frameworks to provide natural gas service to Ontario communities that do not currently have access to natural gas. The OEB plans to seek input from intervenors on exactly what the issues should be. However, broadly speaking the OEB intends to review the following issues:

1. Should the OEB implement new ratemaking mechanisms including changes to current economic tests to encourage utilities to expand natural gas distribution service to new communities? If so, what should these new mechanisms be?
2. Should the OEB consider imposing conditions or making other changes to Municipal Franchise Agreements and Certificates of Public Convenience and Necessity to reduce barriers to natural gas expansion?
3. Does the OEB have the authority to require the ratepayers of one utility to subsidize the costs of another utility to expand into new communities? If so, under what circumstances (if any) would this be appropriate?

Union's application will be put on hold until the completion of the generic hearing. The OEB will be issuing a broad notice in relation to the generic hearing in due course. The notice will deem intervenors in Union's community expansion application to be intervenors in the generic hearing, will invite further participation from other interested parties and will provide information regarding the procedural steps to be followed for the generic hearing.

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary