



EB-2016-0186

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

AND IN THE MATTER OF an application by Union
Gas Limited for an order or orders granting leave to
construct natural gas pipeline and ancillary facilities in
the Township of Dawn-Euphemia, the Township of St.
Clair and the Municipality of Chatham-Kent;

AND IN THE MATTER OF an application by Union
Gas Limited for an order or orders for pre-approval of
recovery of the cost consequences of all facilities
associated with the development of natural gas
pipeline and ancillary facilities.

BEFORE: Allison Duff,
Presiding Member

Cathy Spoel
Member

Paul Pastirik
Member

DECISION ON ISSUES LIST

August 24, 2016

Union Gas Limited (Union) filed an application with the Ontario Energy Board (OEB) on
June 10, 2016 for:

1. leave to construct 40 kilometres of 36 inch diameter pipeline from Union's Dawn Compressor Station in the Township of Dawn-Euphemia to its Dover Transmission Station in the Municipality of Chatham-Kent (the Project) pursuant to section 90 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (Act)
2. approval of the recovery of costs associated with the construction of the Project pursuant to section 36 of the Act
3. approval to calculate the Project's revenue requirement and resulting rates based on a 20 year depreciation term
4. approval of an accounting order to establish a Panhandle Reinforcement Deferral Account pursuant to section 36 of the Act

A Notice of Hearing was issued on July 12, 2016 and was served and published as directed. Procedural Order No. 1 was issued on August 11, 2016 which, among other things, included a draft issues list and invited written comments on the draft issues list.

The OEB received comments from two intervenors and reply comments from Union regarding draft Issue # 3:

3. What are the potential short-term and long-term rate impacts to customers? Are these costs and rate impacts to customers appropriate?

The Federation of Rental-housing Providers of Ontario (FRPO) asked for two issues to be added to the draft issues list or specifically delineated as sub-issues to Issue #3.

- Is the proposed Useful Life for the project appropriate?
- Is the proposed Cost Allocation methodology appropriate?

FRPO submitted that Union's application includes significant variations from approved methodologies by reducing the depreciation period from 50 to 20 years and by changing some demand allocators, which would affect customer rates if approved.

The London Property Management Association (LPMA) agreed with FRPO's comments and indicated that if these issues were not already included within draft Issue #3, they should be added.

Union replied that the issues proposed by FRPO and LPMA can be examined within the scope of Issue # 3. Union indicated that its pre-filed evidence addresses these two issues.

Findings

The OEB has reviewed the comments regarding the draft issues list. The OEB finds that Union's useful life and cost allocation proposals are included in Issue #3 as both are included in the calculation of rates and the rate impacts will be reviewed. No changes are required to the wording of Issue #3.

The OEB has modified the wording of draft Issue #9 to reflect recent changes to the OEB's *Environmental Guidelines for Hydrocarbon Pipelines and Facilities in Ontario*. The OEB approves Issue #10 as follows:

10. Has there been adequate consultation with Indigenous communities with respect to any Aboriginal or treaty rights that may be adversely impacted by the proposed facilities?

The revised and final Issues List is attached as Schedule A.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Issues List for this proceeding is attached as Schedule A.

All filings to the OEB must quote the file number EB-2016-0186 and be made electronically through the OEB's web portal at www.pes.ontarioenergyboard.ca/eservice/ in searchable / unrestricted PDF format. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca/OEB/Industry. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

ADDRESS

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary
E-mail: boardsec@ontarioenergyboard.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, August 24, 2016

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Schedule A

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Union Gas Limited

Issues List

Schedule A
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ISSUES LIST

1. Are the proposed facilities needed?
2. Do the proposed facilities meet the OEB's economic tests as outlined in the Filing Guidelines on the Economic Tests for Transmission Pipeline Applications, dated February 21, 2013, as applicable?
3. What are the potential short-term and long-term rate impacts to customers? Are these costs and rate impacts to customers appropriate?
4. What are the facilities and non-facilities alternatives to the proposed facilities? Have these alternatives been adequately assessed and are any preferable to the proposed facilities, in whole or in part?
5. Do the facilities address the OEB Environmental Guidelines for Hydrocarbon Pipelines as applicable?
6. Are there any outstanding landowner matters for the proposed facilities with respect to routing and construction matters? For greater clarity, landowners include parties from whom permits, crossing agreements and other approvals are required.
7. Is the form of easement agreement offered by Union or that will be offered by Union to each owner of land affected by the approved route or location appropriate?
8. Are the proposed facilities designed in accordance with current technical and safety requirements?
9. Has there been adequate consultation with potentially affected parties?
10. Has there been adequate consultation with Indigenous communities with respect to any Aboriginal or treaty rights that may be adversely impacted by the proposed facilities?
11. Does the project meet the capital pass-through mechanism criteria for pre-approval to recover the cost consequences of the proposed facilities?
12. If the OEB approves the proposed facilities, what conditions, if any, are appropriate?