

# *Aiken & Associates*

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April 12, 2017

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli,

## **RE: EB-2015-0179 - London Property Management Association Notice of Intervention and Request for Cost Eligibility Determination – Re-Application**

### **Statement of Interest**

1. The London Property Management Association (“LPMA”) is a non-profit organization whose overall goal is to help property managers and those who own/operate residential income properties in the City of London and surrounding communities. The LPMA offers information and assistance to its members to help them deal with the legislation, rules and regulations that affect their business.
2. LPMA is made up of approximately 400 landlord members ranging from single unit owners to managers and owners of in excess of 2,000 units. The membership consists of a representative cross section of the rental property owners in the London area. In total, the LPMA members own or manage more than 35,000 rental units in the London area.
3. LPMA members receive regulated natural gas service from Union Gas under a number of rates, including M1, M2 and M4. The membership of the LPMA wishes to intervene in this proceeding because it is not clear that the risks and cost consequences associated with the application ensure no impact on Union’s existing customers, as mandated by the EB-2016-0004 Decision. The views of these existing customers/businesses should be considered in this proceeding.
4. In the EB-2016-004 Decision with Reasons dated November 17, 2016, the OEB stated that the utility would bear the risk for the rate stability period if the customers they forecast did not attach to the system. Previous to this decision, the utility bore little long-term risk if its forecasts were overly optimistic or its actual costs higher than expected and the cost was absorbed into rates and paid for by other ratepayers.
5. The OEB also indicated that the utility will be incented to have as low a rate as it can afford to encourage customers to connect and provide the return on the utility’s investment during the rate stability period. The OEB further noted that the utility would also have to obtain approval to adjust rates beyond the rate stability period.

6. The OEB also indicated in the EB-2016-004 Decision with Reasons that it expected to refine the mechanisms and features of the framework described in the decision through the adjudication of the initial applications and would seek submissions from applicants and affected parties on implementation matters within those applications.

7. LPMA submits that it may well be one of few or the only ratepayer intervenor in this proceeding that is entirely focused on the impact to existing Union Gas customers. Unlike other ratepayer groups, LPMA does not have members in the communities that are proposed to be served.

8. LPMA notes that in Procedural Order No. 6 dated April 7, 2017, the OEB states *that* “*The updated application of Union does not propose any cross-subsidies and therefore there is no impact on existing customers of Union.*”

9. LPMA does not understand how the OEB can make such a statement in the absence of testing the evidence of Union. While it appears that Union’s existing customers will be held harmless for the rate stability period, this leaves the question of what happens when the system expansion surcharge expires and if the project has not reached a profitability index of 1.0 due to higher than expected costs, lower than forecast customer additions, lower than forecast average use or any other reason. In short, there should be some mechanism to ensure that existing ratepayers do not automatically bear any risks beyond the rate stability period.

10. LPMA would like to investigate the potential for a system expansion surcharge to remain in place beyond the original term if a project has underperformed as well as other potential mechanisms that would ensure that existing ratepayers are not at risk for unrecovered costs beyond the rate stability period.

11. LPMA intends to actively participate in this proceeding for the purpose of ensuring the record in this process is complete and to make submissions on the issues which are raised in the process.

### **Intervention**

12. LPMA hereby gives notice of its intention to intervene in, and appear at, all phases of the proceeding.

13. LPMA reserves the right to be heard, to appear by or with counsel and/or consultant, to ask questions and to seek clarification on all matters raised during the proceeding that may relate to its interests and to present submissions.

14. LPMA hereby requests that the Board and all other parties provide it with copies of all material and correspondence related to the Application and the Hearing.

### **Cost Eligibility**

15. LPMA intends to seek an award of costs and is requesting that the Board determine that it is eligible for an award of costs.

16. As indicated above, the LPMA is comprised of small and mid sized commercial customers that take regulated services from Union Gas. Its members have a substantial interest in this proceeding, including all issues that affect rates and services available to them.

17. This proceeding is the first application from Union since the EB-2016-0004 Decision and is likely to become the roadmap for future community expansion applications by Union. The interpretation and implementation of the EB-2016-0004 Decision is of key importance to LPMA members.

18. LPMA submits that it is eligible to apply for a cost award based on section 3.03 (a) of the Practice Direction on Cost Awards, revised April 24, 2014. In particular, LPMA “primarily represents the direct interests of consumers (e.g. ratepayers) in relation to regulated services”.

19. The Board has found the LPMA to be eligible for cost awards in numerous natural gas and electricity proceedings before the Board. As indicated above, the LPMA is intervening on behalf of its members which are consumers (i.e. ratepayers) in relation to regulated services provided by Union Gas. As such, the LPMA submits that it is eligible for a cost award under Section 3.03.

20. LPMA has conformed with section 3.03.1 of the Practice Direction, as a party that frequently applies for intervenor status and cost award eligibility in Board proceedings. The information requested in section 3.03.1 was filed with the Board in May, 2015, which can be found on the Board's website, here:

<http://www.ontarioenergyboard.ca/OEB/Industry/Regulatory+Proceedings/Applications+Before+the+Board/Annual+Filings+-+Frequent+Intervenors>

## **Communications**

21. All communications related to this Notice of Intervention and to this proceeding should be directed to:

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Yours very truly,

***Randy Aiken***

Randy Aiken  
Aiken & Associates

cc: Karen Hockin, Union Gas (e-mail only)