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BY EMAIL and RESS

April 27, 2017
Our File: EB20160137

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2016-0137/138/139 – Southern Bruce Expansion – Phase 1 Submissions

Pursuant to Procedural Order No. 5, these are the submissions of the School Energy Coalition (“SEC”) regarding the draft Issues List and the draft Filing Requirements.

A. Preliminary Comments

SEC wishes to raise a few interrelated issues for consideration by the Board that we believe require clarification before the commencement of Phase 2, regarding the scope of approvals that will be granted in this proceeding. Specifically, is the Board planning on approving rates in this proceeding, and if so, on what basis.

In the Board’s decision in the Generic Proceeding on Community Expansion (“Generic Expansion Decision”)¹, it determined that to enable competition to bring gas to unserved communities, it would create a process to evaluate competing proposals from different potential providers. The Board recognized that to do so, “information regarding proposed rates and resulting rates impacts were critical to evaluate any expansion proposal”.² To enable this, it determined that any expansion proposal would require a Board review of the proposed rates prior to approval of the franchise agreement and certificate of public convenience and necessity (“certificate”).

¹ *Decision with Reasons* (Generic Proceeding on Community Expansion – EB-2016-0004), November 17 2016

² *Ibid*, p.28

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SEC believes it is important that all parties be aware of what specific approvals will be granted as a result of a contested expansion proceeding. Based on the Generic Expansion Decision and the information provided in the Notice and Procedural Orders, it is not clear if the Board plans to only approve a franchise agreement, grant a certificate, and potentially provide leave to construct, or also set the rates and rate plan for the successful proponent.³ SEC's confusion arises since in the Generic Expansion Decision the Board discusses a review of proposed rates in a contested process, but does not indicate if that review will lead to their approval at the same time. It would be useful to all parties if the Board would confirm what legal approvals it expects to provide in its Phase 2 determination.

The Board Should Set Rates in This Proceeding. SEC believes it would make the most sense for the Board to approve the rates for the successful proponent in Phase 2 of this proceeding. The benefit of approving it in this proceeding is that it allows for the selected proponent to provide to potential customers, exact information on what they will pay so they can choose if they seek to convert to natural gas or not.

More importantly, it avoids the situation where a proponent is selected using one set of costs and rate assumptions, and then later when rates are determined the underlying costs and subsequent rates end up being higher. It would also be consistent with the approvals that are being sought in community expansion applications that are not contested.⁴ If the rates are not set in this proceeding, then the proponent's applications are artificial. There becomes the possibility of a bait and switch.

How Should Rates Be Set. If the Board does plan to approve rates in Phase 2, the related issue is on what basis they will be set. The Board can either do so on a cost of service type basis after selecting the proponent based on the cost and rate information they file, or base it purely on the proposed rates, and rate plan, proposed by the successful proponent in their application. The former being the more traditional approach which allows the Board to make reasonable modifications as necessary; the latter being a pure competitive method of rate-setting.

In Union's current community expansion application (EB-2015-0179), the proposed rate structure for which it has sought approval is to include a surcharge over its existing rates for varying lengths of time, until each project reaches a PI of 1.0. While this is a simple method of rate-setting for Union, since EPCOR has no existing rate structure in Ontario⁵, entirely new rates would likely have to be the starting point. This would be the same with any other new entrant in Ontario. If those rates are being set on a cost of service type methodology, the Board would require much more detailed information than is currently set out in the draft filing requirements, which appears to be very high-level.

Using the competitive process to determine the rates may look simpler, but it raises its own concerns. To set rates by simply selecting the proposed rates of the successful proponent will require the Board to satisfy itself that the competitive aspect is sufficient to ensure rates are just and reasonable. Since this is a new process, and the comparisons between the two proponents may be very difficult, it is far from certain that either proposal will actually propose just and reasonable rates.

³ SEC has used the terms 'proponent' and 'applicant' interchangeably throughout these submissions.

⁴ In Union's updated application in EB-2015-0179, it is seeking the approval of expansion surcharge to be applied on top of its exiting rates. (See EB-2015-0179, Ex.A-1, p.4)

⁵ Currently EPCOR (via its affiliate EPCOR Natural Resources Gas Ltd.) has a MAAD application before the Board to purchase Natural Resources Gas. (EB-2016-0351)

In the East-West Tie designation proceeding (EB-2011-0140), which Board Staff recognizes has similar attributes to this proceeding, the Board allowed the successful proponent to recover their forecasted development budget, without any modifications, on the basis that a competitive process acted as a means to determine an appropriate amount.⁶ Setting rates for contested community expansion projects, with rate stability periods of 10 years, is very different. The successful proponent's revenue requirement and rates will be significant. In the East-West Tie designation proceeding, the Board accepted the competitive nature of the process as a way to determine the appropriate designation costs for recovery, but was clear that this was largely due to their relatively small size as compared to the project construction cost.⁷ Moreover, the Board had the benefit of six proponents, which provides much greater competition.

The issue becomes more complicated when a new entrant like EPCOR requires an entirely new rate structure since it has no existing rates. The Board may determine that the costs (and the resulting revenue requirement) that are the basis of its rates proposals are appropriate, but may easily have issues with its rate design. The Board will need to ensure that the cost allocation methodologies and service offerings (especially with respect to any unbundled and contract rate proposals) are appropriate. This will require significantly more information than what is being requested in the draft filing requirements.

Setting rates goes beyond determining setting the amounts in a gas distributor's tariff. It is also about assigning risk between ratepayers and the utility within a defined period of time. This does not only include the rate stability period that the Board has determined is a central component of community expansion, and based on the Board's preliminary issue No.3, it has not explicitly determined how it wishes to implement it. Furthermore, the other rates issue that will need to be considered is the eligibility for other adjustment mechanisms such as z-factors.

SEC submits the preferable method is to set rates in this proceeding on a cost of service type basis of the successful proponent, after they have been fully scrutinized through a fulsome discovery process as it usually does for gas distribution rate proceedings. This would allow the Board to make reasonable and appropriate changes to the forecasted costs and penetration levels of the successful proponent. Setting rates on this basis is the same way the Board appears to be treating non-contested expansion applications⁸. The Board has a rate-setting mandate. It is not a different mandate because there are two proponents seeking to service a franchise instead of one.

Setting rates on a cost of service type basis instead of a purely competitive one is especially important in this proceeding, since it is the first of its kind. There are simply too many uncertainties on issues such as the rate stability period, potentially a new rate structure for a new entrant, and how the proposals will be compared. The Board must retain flexibility so that it can undertake its most important duty - the protection of ratepayers.

SEC requests that the Board clarify these matters in its Phase 1 determination so all parties understand the scope of Phase 2.

⁶ *Phase 2 Decision and Order* (EB-2011-0140 - East West Tie), August 7, 2013, p.30

⁷ *Ibid.*

⁸ See EB-2015-0179

B. Draft Issues List

1. Keeping in mind the principles set out in the Decision with Reasons for the generic community expansion proceeding (EB-2016-0004), what should the process for selecting a proponent look like when there are competing proposals for serving a community?

While a competitive process to serve a community in many ways may look like a procurement process, it is not. It is being undertaken in the context of a Board proceeding which requires procedural fairness, not just to the applicants, but also intervenors such as ratepayer groups like SEC, who are directly affected by the application. The Board should not twist its usual processes which are based on administrative law principles, to something very different, just because the proceeding has two applicants (as opposed to the usual one) competing for one set of approvals.

Process. SEC agrees with Board Staff's submissions that the common filing requirements, filing dates, and strict deadlines for the proponents are appropriate considering the nature of the proceeding.

With that being said, it must be recognized that common filing requirements does not mean that the application will automatically lead to parties being able to make simple comparisons between them. As the Board is aware from the many rates applications it receives each year, filing requirements are helpful in setting a minimum expectation about what should be contained in an application, but they are almost always interpreted and presented differently. In SEC's experience, filing requirements are just the beginning of the process to understand applications. This will almost certainly be the case here where the process is new and untested. In addition, since the applicants will be one incumbent distributor in Ontario and one new entrant, the process to compare the underlying costs and rates, including the assumptions underlying, will require refinement throughout this process.

SEC has major concerns with Board Staff's submissions about how the process after the filing of the proponent's initial evidence should be handled. Board Staff's recommendation of allowing common interrogatories asked by the Board only (with potential input from intervenors), and restricting the hearing to a written process, is not only unfair to directly affected parties, but a breach of procedural fairness. The rules of natural justice apply to the Board in this proceeding, and directly affected parties must have the right to test the evidence before it, at least through the use of posing unfettered relevant interrogatories to both applicants, and way of cross-examination in an oral hearing if required.⁹

The Board should not use the East-West Tie designation proceeding (EB-2011-0140) as the basis for an unduly restricted process, as proposed by Board Staff. The East-West Tie designation proceeding was much narrower in its scope. It was not a facilities granting exercise such as certificate or leave to construct, or a rate-setting exercise of this magnitude.¹⁰

⁹ Unduly limiting interrogatories on relevant issues is a breach of procedural fairness. See *Attorney General of Ontario v. Dominion of Canada General Insurance Company*, 2010 NBCA 82, at para. 26. See also *Monture v. Ontario (Ministry of the Environment)*, [2012] O.E.R.T.D. No. 34, at para 11-12

¹⁰ *Phase 1 Decision and Order* (EB-2011-0140 - East West Tie), July 12, 2012, p.12

The scope of the impact of the Board's decision is significant to the directly affected intervenors in this proceeding, including schools. Procedural fairness requires the Board use its more regular regulatory process opposed to the more restricted one it provided for in the East-West Tie designation proceeding.¹¹ Even in the East-West Tie proceeding, the restriction on intervenor participation from the regular processes was highly contentious, and it was one of the bases of an appeal by one of the intervenors to the Divisional Court.¹² Ultimately, the appeal was abandoned on the basis of a settlement with the successful proponent, so no decision on the legality of the procedural restrictions was ever made.

SEC submits it would appear to be a perverse outcome if the process in a proceeding with multiple proponents led to less procedural rights for ratepayers, than one with only one proponent. With multiple proponents, understanding the specifics of the proponent's proposal to determine which one is superior and would lead to greater public interest and just and reasonable rates, is even more difficult and would require greater probating and testing. If anything, it requires greater procedural opportunities for parties to understand the applications.

Board Staff's view that an oral hearing would be unfair because the proponent that is cross-examined first would be disadvantaged, is grossly overstated. In any event, if the Board believes that this is the case, it can easily create a modified process where the second proponent's witnesses are excluded from the hearing until their turn. The Board should not remove the opportunity from ratepayers and have their procedural rights restricted simply to streamline a process. The Board is an administrative tribunal, not a procurement agency.

Not including an oral hearing would also be contrary to the Board's own comments in Procedural Order No. 2, where it stated that it would "hear the competing proposals to be filed by EPCOR and Union in an oral hearing as part of the second phase".¹³

SEC proposes that the process be undertaken as follows:

- i. Proponents file their applications on the same date.
- ii. All parties (proponents, intervenors and Board Staff) file interrogatories all on the same date.
- iii. Proponents file their responses to interrogatories on the same date.
- iv. The Board holds a technical conference (if required).
- v. The Board conducts an oral hearing.
- vi. Proponents file their Argument-in-Chiefs on the same day.
- vii. Board Staff and intervenors file their arguments.
- viii. Proponents file their reply submissions on the same day.

Decision Criteria. At its most basic level, the Board's decision-making criteria are the statutory requirements for each approval that the Board will grant in this application, those under the *Municipal Franchise Act* (franchise agreement¹⁴ and certificate of public continence and necessity¹⁵)

¹¹ *Baker v. Canada (Minister of Citizenship and Immigration)*, [1999] 2 S.C.R. 817. SEC submits this proceeding falls on the higher end of the spectrum of procedural fairness owned.

¹² *Ojibway of the Pic River First Nation v. Ontario Energy Board et al.* (Divisional Court File No. 408/13). SEC intervened in support of the Appellant on the sole issue of the breach of procedural fairness.

¹³ Procedural Order No.2, p.2

¹⁴ *Municipal Franchises Act*, s.9(2)

¹⁵ *Municipal Franchises Act*, s.8(3)

and the *Ontario Energy Board Act* (setting of the rate stability period and rates¹⁶, and leave to construct, if required¹⁷). Each of those statutory powers has its own legal test that must be met, for example, the setting of “just and reasonable rates”¹⁸, or granting leave to construct which is “in the public interest”¹⁹.

SEC does agree with Board Staff that the broad categories set out in the draft filing requirements (see further comments in response to issue 5) are good components for the Board to consider in making its determination of which proponent to select to serve a given community, but that should not lead to a rigid decision making process based on them. The criteria set out in the draft filing requirements are helpful guides in gathering information and to help guide consideration of the different proposals.

Correspondingly, the Board should not set specific pre-determining weight to any specific criteria. It should also avoid what it did in the East-West Tie designation proceeding, which was while stating in its Phase 1 decision that it would not set pre-determined weights to the various criteria²⁰, ultimately determining the selected proponent by simply equally weighting the criteria categories.²¹ The Board should not treat its decision like selecting the winning bidder from reviewing RFPs.

2. *Should the funding of this process be treated as a business development cost or a regulatory expense, recoverable from future ratepayers? What other approaches should the OEB consider?*

SEC submits that it may be preferable, for the long-term development of a competitive landscape for gas distribution, to treat the successful proponent’s *reasonable* expenses, as recovered from future ratepayers, as a regulatory expense. New entrants may not be able to simply absorb the costs within their existing regulatory OM&A budgets, and so it is only fair that they can recover their reasonable costs. However, SEC notes this may not apply to EPCOR which, while new to Ontario, is a company of significant financial resources. Communities benefit from competition for natural gas distribution service providers and so in the long-term, it may be beneficial for those ratepayers that the successful proponent be able to recover its costs, if it so chooses. Those costs should be forecasted, and be part of the proposed system costs and res rates.

3. *In its Decision with Reasons for the generic community expansion proceeding (EB-2016-0004), the OEB introduced the idea of a rate stability feature for its framework for natural gas expansion:*

A minimum rate stability period of 10 years (for example) would ensure that rates applied for are representative of the actual underpinning long-term costs. The utility would bear the risk for that 10-year period if the customers they forecast did not attach to the system.

- ***How should a rate stability period be implemented for the South Bruce areas?***
- ***Is a 10-year rate stability period too long or too short?***

¹⁶ *Ontario Energy Board Act, 1998, s.36(2),(3)*

¹⁷ *Ontario Energy Board Act, 1998, s.90, 91*

¹⁸ *Ontario Energy Board Act, 1998, s.36(2),(3)*

¹⁹ *Ontario Energy Board Act, 1998, s.96(1)*

²⁰ *Phase 1 Decision and Order (EB-2011-0140 - East West Tie), July 12, 2012, p.8-9*

²¹ *Phase 2 Decision and Order (EB-2011-0140 - East West Tie), August 7, 2013, p.8*

- ***Should proponents have the opportunity to update costs during the rate stability period? If so, what types of costs?***

The Board should not be too prescriptive with how the rate stability period should be implemented as it is an important competitive element of the proponent's applications. The Board should allow each proponent to propose their own rate stability plan that they believe is consistent with the Generic Expansion Decision. This would include the exact length of the rate stability period, and what the rate stability practically looks like.

The rate stability period is also intrinsically linked to the overall rate proposal that may be proposed. Rate stability may be by way of fixed rates or it may be predictable set increases. Fixed rates for 8 years may be more (or less) beneficial to ratepayers than 12 years of rates increasing at inflation. The proponents should be given flexibility to propose their own plan, with the caveat that what drove the Board's decision to require a rate stability period is to ensure that the forecast customer attachment risk would not be borne by customers during that period.

The Board should recognize that with the advantages of allowing the details of rate stability period to be part of the competitive process, it will make comparing the applications more difficult. For example, measuring the impact of fixed rates versus an IRM type adjustment, for say 10 years, will depend on what scenario one assumes for inflation and cost increases as time goes on. This is yet another reason why the Board must ensure that parties have full procedural rights to test the evidence.

4. In expanding natural gas service to new areas, the OEB expects to approve franchise agreements following the results of a certificate competition. The selection process is primarily about finding the best value for consumers over the long term, after analyzing the supply plans and associated costs.

- ***Is there a need for a common format for applications to be able to appropriately assess and compare the value propositions of different proponents – for example through establishing filing requirements?***
- ***If so, please provide comments on the draft filing requirements attached at Schedule C.***
- ***Should the OEB use a Reference Plan based on a set of working assumptions such as long term system demand? What other parameters should be set in a Reference Plan?***
- ***Should applicants have the opportunity to create their own proposals by applying their own demand forecasts, construction phasing, etc. as opposed to a Reference Plan?***

Filing Requirements: SEC has reviewed the proposed additions that Board Staff has made to the draft filing requirement and generally agrees with them.

SEC would also propose the following additional filing requirements:

- Gas Supply. A description of the applicant's proposed plans for meeting the communities' gas supply requirements.*** One of the major requirements of a gas distributor managing gas supply for its system customers. For Union (or another major incumbent distributor) that will likely be done through its existing gas supply plans. For a

new distributor like EPCOR it could be by procuring and managing its own gas supply needs or by taking service directly from the closest major distributor (in this case Union). Each applicant should describe its plan for gas supply needs in a prudent manner.

- b. Demand-Side Management: A description of any DSM offerings that an applicant plans to offer new customers in the expansion, or if they do not have existing DSM programs, what is their plan to create DSM programs.** DSM is an important component to a gas utility's operations and relationship with their customers. Schools in particular are strong proponents of DSM activities and want information to ensure that the proponents either have already, or have a plan, to provide DSM programs to their customers in an expansion community.
- c. Cap and Trade. A description of the capabilities that the applicant has (or can obtain) to meet their Cap & Trade obligations.** A new and important responsibility of gas distributors is to manage their customers (with the exception of mandatory and capped participants) cap and trade obligations. The Board should require proponents to provide information not on their plan to meet those obligations, but their general technical and operational capabilities to put together a compliance plan and execute it.
- d. Customer Service: A description of the customer service plans and systems that will be in place for customers.** A gas distribution utility must be responsive to their customers. The proponent should provide information regarding its customer service plan. Will it have a call centre, will it have major account representatives located in or near the community to deal with specific issues, etc?
- e. Customer Service and Safety: The location of operation crews and personnel that may be located within the community, and a description of the minimum response time to deal with customer service and safety issues.** For all customers, including schools, ensuring that a gas distribution utility has operational personnel either in the community or nearby is very important to ensuring safety of the local distribution system. The applicant should provide information regarding not just the infrastructure of its distribution pipeline system, but also where operational personnel will be located, and what is their response time to the farthest reaches of each community in cases of emergency.
- f. Plan for encouraging penetration. A description of any plan the applicant has for encouraging customer penetration and to respond to non-gas competitors.** As was evident throughout the generic hearing, the largest impediment to increasing penetration rates is conversion costs. The applicant should provide any plans they have to help encourage potential customers to convert to natural gas. They should also include information regarding how the applicant plans to respond to competition from non-regulated competitors (i.e. propane, geothermal, etc.).

Appendix A to these submissions includes these above additions to the filing requirements, as well as few minor clarifications, which we provide on top of the proposed changes made by Board Staff.

Reference Plan. SEC is not entirely certain what the Board means by a Reference Plan. Insofar as that is a set of common underlying system demand assumptions, then, while it may be useful as a method of comparing proposals, it is not clear how the Board would be in the best position to determine what they would be. It is the proponents who, in developing their individual proposals, will have done market research in the area, preliminary determination of construction phasing, and using their own specialized knowledge to determine demand forecasts in this area. The use of a Reference Plan would only be beneficial if the successful proponent was required to follow it, otherwise it would not provide any meaningful information in the selection process. It is far from clear that a Board created Reference Plan would be the accurate and cost effective plan.

5. How should the costs of proposals be compared? (e.g. \$/month, \$/system capacity, use of demand day, delivery capacity of the system for comparison)

SEC submits that there is no one cost comparator that is inherently more important than another. Different metrics will measure different components of the plan and the costs in the short-term and long-term, for example: proposed rates incorporating all of the major elements, the proposed costs which would make up the revenue requirement (expected OM&A and all capital costs), as well as the volume and customer forecasts. Moreover rates in year 1 may look very different depending on the cost structure and rate stability period than rates at year 10. A lot of the information on what comparisons will be relevant and useful will depend on what is contained in the applications.

As this is the first proceeding of this kind, the Board should not limit what methods of comparison of costs are going to be helpful.

6. Should measures be put in place to ensure completion of the proposed projects, and if so, what should these measures be?

The Board should require the setting of milestones and reporting obligations to ensure the successful proponent actually delivers the project. If they do not undertake the project within the proposed schedule, then they should be at risk of losing the franchise, certificate, or leave to construct approvals. The Board should include the incorporation of any proposed milestones, and expected reporting obligations, as conditions of any approval granted.

Yours very truly,
Jay Shepherd P.C.

Original signed by

Mark Rubenstein

cc: Wayne McNally, SEC (by email)
Interested parties (by email)

APPENDIX A

SEC Proposed Revisions to the Draft Filing Requirements

SEC's proposed revisions are in red and italicized. Board's Staff's proposed revisions are underlined.

DRAFT FILING REQUIREMENTS

FOR

COMPETITIVE COMMUNITY SERVICE APPLICATIONS

When there are multiple parties interested in being granted the same franchise agreement and Certificate of Public Convenience and Necessity to serve an area, the OEB will apply the following decision criteria:

- Organization
- Technical capability
- Financial capacity
- Proposed community supply
- Schedule
- Costs —~~construction and administration/support costs~~
- *Core Utility Responsibilities & Other factors*

The OEB will require the following information to be filed as part of an applicant's filing. The requirements are separated into three main sections:

- (A) The capability of the applicant to serve the area;
- (B) The applicant's Plan for serving the area; and
- (C) Other factors.

(A) CAPABILITY OF THE APPLICANT

1. Background Information

The applicant must provide the following information:

- 1.1** Contact information for each of the following persons:
 - a) the applicant;
 - b) primary representative for the applicant;
 - c) any legal representative;
 - d) any affiliates of the applicant.

Contact information includes the name, postal address, telephone number, and, where available, the email address and fax number of the persons listed above.

- 1.2** Confirmation that the applicant has not previously had a licence or permit revoked and is not currently under investigation by any regulatory body

1.3 Confirmation that the applicant is committed to the completion of the development work for the expansion, and to the filing of a leave to construct application for the line, to the best of its ability

1.4 *A list of all legal approvals being sought in this proceeding and all legal remaining approvals required*

2. Organization

2.1 An overview of the applicant's relevant utility experience – construction and operations

2.2 A description of the applicant's organizational structure and ownership, and a chart to illustrate the structure

2.3 Identification and description of the role of any third parties to be used in the applicant's ongoing operations

3. Technical Capability

3.1 A description of previous projects of equivalent nature, magnitude and complexity undertaken by the applicant, to demonstrate that it has the technical capability to engineer, plan, construct, operate and maintain the gas distribution system and obtain all necessary environmental and other approvals

3.2 A landowner, municipal and community consultation plan, to demonstrate the applicant's ability to conduct successful consultations with landowners, municipalities and local communities. If community consultation has already begun, a description of consultations conducted to date should be filed

3.3 An Indigenous consultation plan, to demonstrate the applicant's ability to conduct successful consultations with affected Indigenous communities, as may be delegated by the Crown. The applicant should have already contacted the Ministry of Energy to inquire as to whether the proposed project triggers a duty to consult with Indigenous communities. If no Indigenous communities have been identified, an Indigenous consultation plan need not be filed. If consultation has already begun, a description of consultations conducted to date should be filed

3.4 Evidence that the applicant's business practices are consistent with good utility practices and that it possesses or can obtain all the required licenses and permits to function as a gas distribution utility

4. Financial Capacity

4.1 Evidence that it has capital resources that are sufficient to develop, finance, construct, operate and maintain safe and reliable service to the proposed area

4.2 Evidence of the current credit rating of the applicant, its parent or associated companies

4.3 Evidence that the financing, construction, operation, and maintenance of safe and reliable service to the proposed area will not have a significant adverse effect on the applicant's creditworthiness or financial condition

- 4.4 Evidence that adhering to the proposed tariffs and proposed rate structure, including the rate stability period proposed, will not have a significant adverse effect on the applicant's creditworthiness or financial condition

(B) PLAN FOR SERVING THE AREA

5. Proposed Community Supply

The applicant must provide an overview of its proposed supply to the area, including:

- 5.1 A description of the specific areas to be served
- 5.2 A description of assumptions regarding preliminary load forecasts, including penetration rates
- 5.3 *A description of any plan the applicant has for encouraging customer penetration and to respond to non-gas competitors*
- 5.4 A description of the infrastructure that will be required to serve the area, including the interconnection of any new infrastructure with the existing gas distribution system
- 5.5 A statement as to whether a leave to construct application will be triggered by the proposed infrastructure, and if yes, when that application is expected to be filed
- 5.6 A description of the lands that will be impacted by infrastructure and plans to obtain control of this land through an easement, lease, planned purchase, or other agreement
- 5.7 A description of any significant issues anticipated in land acquisition or permitting and a plan to mitigate them
- 5.8 A description of all permits and approvals required, including Environmental Assessments, any Duty to Consult, and regulatory approvals
- 5.9 A map illustrating the planned infrastructure and areas to be served
- 5.10 Identification of municipal and/or community support, if any, and provision of any resolutions passed by the relevant municipality
- 5.11 *Identification of any unique terms of any proposed Franchise Agreement and Certificate of Public Convenience and Necessity*
- 5.12 Proposed Terms and Conditions of Service

6. Costs of Supply and Customer Rates

- 6.1 *A description of the applicant's proposed plans for meeting the communities' gas supply requirements.*
- 6.2 Evidence of the underlying ~~cost structure~~ revenue requirement expected for serving the area during the rate stability period, *including all major components (capital, OM&A, cost*

of capital etc) (OM&A per customer and cost per unit of throughput over the same time period must be included)

- 6.3 A description of any major assumptions underlying the expected ~~cost structure~~ revenue requirement over the rate stability period
- 6.4 A description of the tariffs and proposed rate structure and rates including the rate stability period and conditions under which the rates may change during the rate stability period
- 6.5 A description and costing of any upstream reinforcements that will be triggered by the proposed infrastructure
- 6.6 Budget for developing and constructing the line, with transmission and distributions aspects of the expansion costed separately. Cost per kilometer of line constructed must be included

7. Schedule

- 7.1 The applicant must file a schedule that describes milestones and estimated dates
- 7.2 Proposed reporting requirements

(C) **CORE UTILITY RESPONSIBILITIES AND OTHER FACTORS**

8. Conservation and Cap and Trade

- 8.1 *A description of any DSM offerings that an applicant plans to offer new customers in the expansion, or*
- 8.2 *A description of the capabilities that the applicant has (or can obtain) to meet their Cap & Trade obligations*

9. Customer Service and Safety

- 9.1 *A description of the customer service plans and systems that will be in place for customers.*
 - 9.2 *The location of operation crews and personnel that may be located within the community, and a description of the minimum response time to deal with customer service and safety issues.*
10. The applicant should provide any other information that it considers relevant to its application to serve the area.