

April 28, 2017

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2015-0179 Union Gas Limited (“Union”) Community Expansion Proposal
Union’s Objection to Canadian Propane Association (“CPA”) Request for Late
Intervenor Status**

The Canadian Propane Association (“CPA”) submitted a request on April 27, 2017 for late intervention status in the above noted case. Union respectfully objects to this intervention request for the reasons noted below and asks the Board to deny this request.

The main argument and concern of the CPA throughout this case has been there should be a level playing field for all market participants. As stated in CPA’s initial intervention request in EB-2015-0179 (dated September 25, 2015), the “future of the propane industry is closely tied to the future of uneconomic natural gas expansion to remote and rural areas.” Union did not object to CPA’s intervention request and the Board in Procedural Order No.1 (dated October 16, 2015) granted intervenor status to the CPA.

In a letter dated January 20, 2016 the Board notified all parties involved in EB-2015-0179 that it intended to “proceed with a generic hearing on its own motion as the issues raised by all the parties were common to all gas distributors and new entrants seeking to provide gas distribution services in communities that do not have access to natural gas.” The letter went on to say that EB-2015-0179 would be put on hold until the completion of the Generic Community Expansion Proceeding (EB-2016-0004).

The CPA was granted intervenor status in EB-2016-0004. CPA filed evidence in the generic proceeding (dated March 21, 2016). This evidence focused on four major points, i) the Board has no mandate or jurisdiction to order natural gas subsidization; ii) ordering natural gas subsidization would violate sound ratemaking principles; iii) natural gas expansion is already occurring in rural and remote Ontario communities without the need for subsidization; and, iv) should the Board allow natural gas subsidization, it should make utilities and their shareholders (not consumers) responsible for any cost overruns or revenue shortfalls arising from errors in the forecasts upon which the Board relied.

Given that the Board findings in EB-2016-0004 resulted in a ruling there could be no cross subsidization of natural gas expansions by existing customers, Union submits the key areas of

focus of the CPA have been addressed and thus, there is no need for CPA's further participation in EB-2015-0179.

CPA states in their April 27th letter under the sub-section 'Relevance to CPA', that *"If natural gas becomes available in those communities as an alternative to propane, the businesses and customer base of CPA members serving those communities will be directly impacted."* Once again, whether there is any impact on competitive fuel sources is not a consideration for the Board in this proceeding. Rather, as noted above the Board in EB-2016-0004 addressed these matters. The Board specifically stated a subsidy from existing customers is not appropriate.

"This approach would also distort the market to the detriment of existing energy services that compete with gas, such as propane, and new gas distributors who do not have an existing customer base. Under these circumstances, it would not be appropriate to require existing customers to pay for a portion of any expansion. The communities that receive the benefit will be the ones paying the costs."(EB-2016-0004 Decision p.4, November 17, 2016)

CPA further indicated in their April 27th letter of their intention to focus on the "accuracy of Union's forecasts and estimates" as well as the "proposed treatment of various costs and revenues". Union submits that Board Staff and others can adequately address these matters. Furthermore, as stated in its pre-filed evidence (Exhibit A, Tab 1, Addendum, p.3) all risk associated with its Customer Forecast is borne by Union.

Finally, as noted in Procedural Order No. 7 (dated April 26, 2017) the Board denied certain other re-applications for intervenor status in this case. For example, the Board did not consider it necessary to obtain London Property Management Association's ("LPMA") specific views to ensure the EB-2016-0004 findings related to cross subsidization are upheld, as this matter could be adequately covered by Board Staff and others. This same rationale is applicable to the intervention request by the CPA.

For the reasons noted above, Union respectfully requests the late intervention request of the CPA be denied.

If you have any questions with respect to this submission please contact me at 519-436-5473.

Yours truly,

Karen Hockin
Manager, Regulatory Initiatives

cc Mark Kitchen, Union
Charles Keizer, Torys LLP
Mike Richmond, Counsel for CPA
Khalil Viraney, Board Staff
EB-2015-0179 Intervenors