

**Ontario Energy
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**Commission de l'énergie
de l'Ontario**

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BY E-MAIL

May 2, 2017

Mike Richmond
McMillan LLP
181 Bay Street, Suite 4400
Toronto ON M5J 2T3

Dear Mr. Richmond:

**Re: Union Gas Limited (Union Gas)
OEB File Number EB-2015-0179 Phase II
Re-Application for Intervenor Status by Canadian Propane Association**

On April 27, 2017 the OEB received the Canadian Propane Association's (CPA) request for intervenor status and cost award eligibility in the second phase of the EB-2015-0179 proceeding. The OEB has also received a submission from Union Gas objecting to the CPA's request, and a reply from the CPA.

The OEB will accept CPA as an intervenor only with respect to the issue of the term of the rate stability period in the second phase of the EB-2015-0179 proceeding. According to the CPA's request, the focus of its intervention would be the accuracy of Union's customer connections forecast and the proposed treatment of various costs and revenues.

The OEB does not consider the issue of forecasted customer connections to be a determinative matter when a utility is permitted to charge standalone rates to new expansion communities. The profitability of a project is only relevant if the avoidance of a cross subsidy from existing to new customers is an issue. The OEB ruled in the EB-2016-0004 Generic Proceeding on Community Expansion Decision with Reasons that no subsidy will be permitted from existing customers to new customers; therefore, evidence related to forecasted customer connections does not need to be tested.

The OEB considers the issue of a rate stability period to be important as it will ensure that rates applied for are representative of the actual underpinning long-term costs, and it will place forecast risk for the rate stability period on utilities. The OEB agrees that this issue is one in which the CPA's members have an interest.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

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