



BY EMAIL and RESS

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August 4, 2017
Our File: EB20160137

Attn: Kirsten Walli, Board Secretary

Re: EB-2016-0137/138/139 – Southern Bruce Natural Gas Expansion – SEC Letter

Dear Ms. Walli:

We are counsel to the School Energy Coalition (“SEC”). SEC writes in respect to the hearing held on August 2nd 2017, pursuant to Procedural Order No. 7, to hear submissions from EPCOR South Bruce Inc. (“EPCOR”) and Union Gas Ltd. (“Union”) regarding areas of disagreement amongst the two proponents related to the Common Infrastructure Plan (“CIP”).

SEC did not attend the hearing as Procedural Order No. 7 was clear it was only seeking to hear from EPCOR and Union on the narrow issue of the CIP. SEC has now had an opportunity to review the transcript and it is concerned that some of the submissions went beyond the CIP, into areas such as rate-setting and the remaining process in the proceeding. Procedural fairness dictates that all parties should have an equal opportunity to provide comments to the Board on these important areas.

With respect to the procedural process for selecting a proponent, the Board has already requested submissions from parties. In Procedural Order No. 2, the Board sought submissions on the Preliminary Issues from all parties, which included an issue related to the process the Board should use if there were competing proposals to serve a community.¹ The Board has not issued its decision on that issue yet. Allowing the two proponents further opportunity to provide submissions on the process the Board should undertake is unfair to intervenors, who the Board has already recognized represent direct affected parties, and is contrary to procedural fairness.²

¹ Procedural No.2, Schedule 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?

² Procedural Order No. 5, p.2:

The OEB stated that it will be granting intervenor status to parties whose constituencies are directly affected by the outcomes of phase two of the proceeding. Intervenor status is granted to each of Anwaatin, CCC, GreenField, Northeast Midstream, SEC and VECC, as these parties have a direct interest in the outcome of the hearing and the OEB anticipates their contributions to be of assistance in making its determinations. The CCC, Greenfield, SEC and VECC represent the interests of clearly defined consumers which will be served by the successful applicant.

The Board should not accede to the position of EPCOR which suggested that there should be no interrogatories on the proposals.³ SEC reiterates its submissions made earlier in this proceeding on the appropriate process.⁴ As the hearing yesterday demonstrated, the comparison of the two proposals will not ultimately be able to be made by simply looking at who provides the lowest proposed revenue requirement. It will require interrogatories to test the proposals based on the CIP to ensure, for example, that common costs are properly allocated within the utility. This is especially important for Union's proposal since if its costs are not fairly allocated between South Bruce and Union's South rate zone, it will lead to both an unfair advantage over EPCOR in the selection process, and a subsidy from existing ratepayers.

It is not sufficient as EPCOR has suggested that the competition between the two proponents is sufficient to avoid the need for scrutiny by parties.⁵ This is especially true considering the Board has not decided exactly how it plans to link the revenue requirement proposals for the purpose of the selection process to the setting of rates.

All parties, including directly affected ratepayers, should be afforded the opportunity to test the proposals through interrogatories. At the very least, as suggested by the Vice-Chair, the Board should withhold making any decision regarding the future process until the proposals have been filed.⁶

Also discussed at the hearing by both EPCOR and Union was the issue of what permissible rate adjustments should be allowed during the rate stability period.⁷ Directly affected ratepayers such as SEC clearly have an interest in this issue and as a matter of fairness, should be provided the opportunity to provide input on this issue. In Procedural Order No. 6, the Board stated that it will "consider soliciting responding submissions from intervenors" after OEB Staff had provided a CIP and draft permissible rate adjustment criteria to the Board. SEC requests that if the Board is considering determining, in advance of the filing of the various proposals, which rate-adjustments during the stability period will be allowed, all parties be given an opportunity to provide submissions on the issue as contemplated in Procedural Order No. 6.

Yours very truly,
Shepherd Rubenstein P.C.

Original signed by

Mark Rubenstein

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

³ Tr.1, p.66

⁴ SEC Phase 1 Submissions, April 27 2017, p.3-6

⁵ *Ibid*

⁶ Tr.1, p.74

⁷ Tr.1, p.41-42