



# **ONTARIO ENERGY BOARD**

## **OEB STAFF COMMENTS ON DRAFT RATE ORDER**

**Union Gas Limited  
Community Expansion Proceeding  
EB-2015-0179**

**August 24, 2017**

## 1. Background

Union Gas Limited (Union) filed an application<sup>1</sup> in July 2015 with the OEB seeking approval to provide natural gas service to certain communities that do not have access to natural gas. In that application, Union proposed new approaches to recover revenues for the expansion projects, including a surcharge from new customers and contributions from existing customers.

In order to address certain generic issues on community expansion, the OEB decided to put Union's application on hold until the completion of the generic hearing<sup>2</sup>. On November 17, 2016, the OEB issued its Decision on the Generic Community Expansion Proceeding (Generic Decision). The Generic Decision provided certain direction and guidelines to facilitate the expansion of natural gas service to communities that do not have access to natural gas and are uneconomic to serve under the existing E.B.O. 188 Guidelines.

The OEB resumed the review of Union's Community Expansion Application. Union filed its updated evidence on March 31, 2017. Union's updated application proposed four expansion projects to serve the following communities:

1. Kettle and Stony Point First Nation and Lambton Shores
2. Milverton, Rostock and Warburg;
3. Prince Township ; and
4. the Delaware Nation of Moraviantown First Nation.

The OEB issued its Decision on Union's community expansion proposal on August 10, 2017. In that Decision, the OEB approved the rate surcharge proposal for all the four communities and granted leave to construct approval for two of the three communities that required a leave to construct. The OEB will issue further direction on the Prince Township leave to construct pending further consultations between Union and the Batchewana First Nation of Ojibways.

Union filed a draft Rate Order on August 18, 2017 to reflect the findings of the OEB's Decision. OEB staff has reviewed the draft Rate Order and has no concerns. However, OEB staff notes that Union has included the impact of Union's Deferral and Variance

---

<sup>1</sup> EB-2015--0179

<sup>2</sup> Letter of the OEB dated January 20, 2016

Account and Earnings Sharing Disposition Application<sup>3</sup> (Deferral Account Application) in this draft Rate Order.

Accordingly, OEB staff submits that the panel reviewing Union's Deferral Account Application should approve the rate changes pertaining to the deferral and variance account balances, and issue a Rate Order before the panel in Union's Community Expansion Application can review and approve the draft Rate Order that has been submitted in this Application. This is because the panel in this proceeding is not responsible for the review and approval of rate changes associated with Union's Deferral Account Application. This will ensure that rate changes associated with the Deferral Account Application are approved prior to the review of the community expansion draft Rate Order.

– All of which is respectfully submitted –

---

<sup>3</sup> EB-2017-0091