

October 20, 2017

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

COURIER & RESS

Dear Ms. Walli:

Re: South Bruce Expansion – CIP Proposals (Board File Nos. EB-2016-0137/0138/0139) – Union Gas Ltd. Correspondence

Consistent with the direction noted in the Ontario Energy Board’s (the “Board”) Decision on Preliminary Issues and Procedural Order No. 8 (dated August 22, 2017), both Union and EPCOR submitted Common Infrastructure Plan (“CIP”) Proposals to serve the area covered by the above-noted applications. These CIP Proposals were submitted in confidence October 16, 2017 and the following day the Board made them publicly available.

Union has had an opportunity to review the Proposals and notes an apparent inconsistency that it wishes to raise to the Board. In preparing the CIP proposals, a considerable amount of time was spent by both proponents and the Board to not only define but agree upon certain common parameters to be used in the CIP proposals. Despite these efforts, there appears to be different interpretations of how the term “volume” is defined.

Union defined volume as the amount of gas that would flow through the meters. This definition applies to all customers. Conversely, it appears EPCOR has applied this definition only to mass market customers (using the agreed upon NAC). For large agricultural and industrial customers, EPCOR stated that it used “*capacity under contract*”¹ to define volume and under the heading “EPCOR Planned Cumulative Volume” EPCOR stated that “*volumetric customers include forecasted natural gas annual usage whereas capacity contracts would use the full annual capacity*”².

These contrasting definitions create a misalignment for comparison purposes between key comparison metrics noted in the CIP proposals including Cumulative 10 Year Volume and Cumulative 10 Year Revenue Requirement per unit of volume. This results in an ‘apples to oranges’ comparison. In order to ensure an appropriate comparison, Union is of the view this area of confusion requires further investigation. For example, this could be accomplished through a form of interrogatory process.

¹ EPCOR CIP Proposal, p.15, para. 6

² EPCOR CIP Proposal, p.31, para. 3

Union thought it appropriate to highlight this area of confusion in advance of the Board issuing a Procedural Order identifying the next steps in this process.

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

Yours truly,

(Original signed by)

Karen Hockin
Manager, Regulatory Initiatives

Cc: Charles Keizer, Torys
Mark Kitchen, Union
Bruce Brandell, EPCOR Southern Bruce Gas Services
Richard King, Osler
Britt Tan, EPCOR Utilities Inc.
Intervenors