



**FINANCIAL SERVICES DEPARTMENT  
KITCHENER UTILITIES**

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**BY E-MAIL & COURIER**

May 21, 2010

Ontario Energy Board  
Attn: Ms. Kirsten Walli, Board Secretary  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

**Re: EB-2010-0039 – Union Gas Limited (“Union”) – 2009 ESM and Deferral Account  
Disposition – Request to Intervene by the City of Kitchener (“Kitchener”)**

Pursuant to the Ontario Energy Board’s (“Board’s”) Notice of Application dated May 14, 2010 (“Notice”), Kitchener wishes to intervene in this proceeding.

Kitchener is an embedded natural gas distributor in the Southern Area of the franchise territory of Union and receives storage and transportation services under Rates T3 and M12. The order or orders and disposition of deferral account balances sought by Union in its Application directly impact Kitchener as an in-franchise customer.

Kitchener was an active participant in the EB-2009-0052 and EB-2009-0101 proceedings dealing with disposition of deferral account balances and earnings sharing for 2008 for Union. Based on our experience in those proceedings and our review to date of the Application in the instant proceeding, we respectfully make the following submissions regarding the choice of a written or oral hearing and thank the Board for the opportunity to do so as granted in the Notice.

We are mindful of the Board’s general desire to seek efficiency in its regulatory proceedings. There are many proceedings, in particular, those of a routine or repetitive nature (for example, QRAM applications), that lend themselves to a written process. Other proceedings, in particular, those of a complex or contentious nature with a material impact on ratepayers and the utility, are better handled with an oral process. We respectfully submit that the instant proceeding is an example of the latter.

May 21, 2010  
*Ms. Kirsten Walli*  
Page 2 of 2

Specifically, it is reasonable to expect there will be some controversy over the appropriate allocation of storage costs in determining the amount and disposition of related deferral account balances. Even if greater transparency and clarity of the methodology used by Union to allocate storage costs and the assumptions underlying the methodology are achieved in these proceedings (which clarity was lacking in the 2008 Union proceedings), in our respectful view, full discovery and resolution of controversy over the allocation methodology would be better served by an oral process.

If this request for intervenor status is granted by the Board, we would ask that, in addition to the undersigned, Kitchener's counsel as noted below is included in all communications:

Ryder Wright Blair & Holmes LLP  
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Kitchener does not expect to seek costs in these proceedings. If there are any questions or concerns with this request for intervention, please contact me at your earliest convenience.

Sincerely,



James A. Gruenbauer, CMA  
Manager, Regulatory Affairs and Supply

Cc: W. Malcolm (Kitchener)  
J. Alick Ryder, Q.C. (RWBH)  
C. Ripley (Union)