

April 8, 2013

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

Re: EB-2012-0433/EB-2013-0074 - Union Gas Limited (“Union”) – Procedural Matters

Dear Ms. Walli;

The purpose of this letter is to provide Union’s recommendation on procedural matters relating to the Parkway West Project (EB-2012-0433) and the Brantford-Kirkwall/Parkway D Project (EB-2013-0074), for the Board’s consideration.

On January 29, 2013, Union filed its application and evidence relating to the Parkway West Project (EB-2012-0433). In EB-2012-0433, Union is requesting Ontario Energy Board approval for leave to construct facilities associated with the development of the Parkway West site. Specifically, Union is seeking approval to construct:

- (i) connections to Union’s Dawn-Parkway system to flow gas to the proposed Parkway West site;
- (ii) a measurement and control station which will connect to the Enbridge pipeline system;
- (iii) a loss of critical unit compressor; and
- (iv) general infrastructure and land necessary to construct and operate the Parkway West site.

The total capital cost of the Parkway West Project is \$203 million. Union is also seeking approval to recover the cost consequences of the Parkway West Project. Union has asked that the Board issue its decision on the Parkway West Project by no later than July 25, 2013.

On April 3, 2013, Union filed its application and evidence relating to the Brantford-Kirkwall/Parkway D Project (EB-2013-0074). In EB-2013-0074, Union is requesting Board approval to construct:

- (i) 13.9 kilometres of NPS48 pipeline from the Brantford Valve Site to the Kirkwall Custody Transfer Station; and
- (ii) the Parkway D Compressor, including measurement and associated facilities.

The total capital cost of the Brantford-Kirkwall/Parkway D Project is \$204 million. Union is also seeking approval to recover the cost consequences of the Brantford-Kirkwall/Parkway D Project. Finally, Union is seeking pre-approval to recover the cost consequences associated with two new long term TransCanada Pipelines Limited (“TCPL”) transportation contracts. Union has asked that the Board issue a decision by no later than September 15, 2013.

Enbridge Gas Distribution Inc. (“Enbridge”) filed for leave to construct facilities in the Greater Toronto Area (“GTA”), known as the GTA Project, on December 21, 2012. The capital cost of the GTA Project is approximately \$600 million. Enbridge has requested that the Board issue its decision no later than August 1, 2013.

Together, the Union and Enbridge projects (“the Projects”) represent a significant capital expenditure of almost \$1 billion, where those investments are important to Ontario natural gas consumers. There are a number of inter-related items between the Projects which may warrant consideration of a regulatory process that provides both the Board and stakeholders with the opportunity to understand the implications of the Projects in their entirety.

The Projects are inter-related in the following areas:

1. The underlying need for the Projects is driven by changes in North American supply dynamics, primarily by the decline of the Western Canadian Sedimentary Basin and increasing shale gas supplies in the US northeast;
2. The development of the Parkway West site includes the construction of an additional feed to the Enbridge GTA and a loss of critical unit compressor which enhances supply security and reliability east of Parkway, including Enbridge GTA;
3. The development of the Parkway West site complements and is required for the Brantford-Kirkwall/Parkway D Project;
4. Enbridge, along with Gaz Métro, have contracted for Dawn-Parkway capacity in support of the Brantford-Kirkwall/Parkway D Project; and
5. Both Union and Enbridge ratepayers benefit through gas cost savings as a result of the proposed facilities.

As a result of these inter-relationships, Union suggests that the Board issue procedural orders that allow for **parallel, but separate regulatory, proceedings** for the Projects. Union is not recommending a joint proceeding as there are aspects of the Projects that are unrelated and not dependent on the other. For example, Segment B of the Enbridge GTA Project is not related in any way to the Parkway West or Brantford-Kirkwall/Parkway D Projects. Additionally, issues related to project economics, lands and environmental assessments are unique to each of the Projects. Union also recommends, that the hearing panel be common for all of the Projects in order to provide the Board with a comprehensive view of the investments in and around the Toronto area.

With a parallel process, the timing of issues conferences, interrogatories, technical conferences, intervenor evidence, hearing and argument could be aligned to provide the Board and stakeholders with a full opportunity to consider the inter-relationships between the Projects while allowing those aspects of the Projects that are not connected to be heard on their own. For example, a technical conference could be convened over 3 days, with day one devoted to inter-

related issues, and days two and three devoted to issues unique to the Projects such as company specific rate impacts. As a further example, the dates for submitting and responding to interrogatories could be the same for each of the Projects. Finally, the proposed parallel process will provide sufficient evidentiary record as the Board is permitted by statute to make the evidence in one proceeding part of the record in another. Union expects that this would be required if the Board were to adopt the proposed process. . It is also Union's view that a parallel process can be structured to accommodate decisions for the Projects by early fall of 2013.

The above proposal attempts to make efficient use of regulatory capacity while providing all participants with the information needed to understand the applications.

If you have any questions, please contact me at (519) 436-5275.

Yours truly,

[original signed by]

Mark Kitchen
Director, Regulatory Affairs

cc: Neil McKay, Board Staff
Crawford Smith, Torys
Norm Ryckman, Enbridge
Michèle Thébeau, Union
Karen Hockin, Union