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September 25, 2013

DELIVERED BY EMAIL, RESS & COURIER TO THE BOARD

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto, ON
M4P 1E4

Dear Ms. Walli,

RE: EB-2013-0202 Union Gas Limited

I am writing to you on behalf of the Ontario Greenhouse Vegetable Growers (OGVG) as their counsel of record in the proceeding. Specifically, I am writing in response to Procedural Order #1, which requires intervenors such as OGVG, who were not parties to the Settlement Agreement, to indicate to the Board their position with respect to the Settlement Agreement, filed by Union in this proceeding.

We have reviewed the proposed Settlement Agreement and can indicate that OGVG supports the proposal as a reasonable framework for the adjustment of rates going forward for the proposed term of 5 years. OGVG provides this support on the understanding, however, that the parties to the settlement have already acknowledged that certain issues that may affect the base rates to which the proposed IRM framework will apply remain open, and will be the subject of review when rates are set for 2014. Of specific interest to OGVG, for example, is the caveat in the Settlement Agreement at page 33 which asserts that:

13.3.4 M5 and T3 Rates

The parties agree that as part of EB-2013-0202 or Union's 2014 rates proceeding parties will have an opportunity to review and, if appropriate, to lead evidence on the M5 and T3 cost allocation and rate design as approved by the Board in EB-2011-0210. Parties, including Union, are free to take such positions as they see appropriate with respect to the appropriateness of the current methodologies and resulting rates. If, as part of EB-2013-0202 or Union's 2014 rates proceeding, the Board finds that changes to the current methodologies and resulting M5 and T3 rates are appropriate, in no event shall the changes result in any change to overall revenue to which the incentive regulation formula will apply for the term of the IRM.

It is OGVG's understanding that this section of the Settlement Agreement is a specific acknowledgement by the parties to the Settlement that the manner in which the revenue requirement that was determined by the Board in EB-2011-0210 is allocated to the rate classes, along with the rate design for the M5 and T3 rates, both remain "live" issues to be determined in either in this proceeding (EB-2013-0202) or the 2014 rate setting application.¹ As the Settlement Agreement provides for the examination of the cost allocation and rate design issues in either of two proceedings, OGVG can advise the Board that it is content with either option, i.e. either proceeding to examine those issue in this proceeding, or in the application by Union Gas Limited to set rates for 2014.

OGVG further understands the Settlement Agreement to indicate that the parties have agreed that the possible result of the review of the allocation and rate design issues associated with the M5 and T3 rate classes is that, while the overall revenue requirement may not be subject to adjustment as a result of this open issue, the allocation of that overall revenue requirement to the rate classes may be adjusted when calculating 2014 rates.

Yours very truly,



Michael R. Buonaguro

¹ To be clear, OGVG is of the understanding that all relevant issues always remain open for examination by the Board in every application to set rates; OGVG is only pointing out that the parties to the Settlement Agreement have pre-identified issues relating to the M5 and T3 rate classes that are likely to be examined and which may affect rates from 2014 forward when agreeing to the proposed Settlement Agreement.