

VIA E-MAIL COURIER & RESS

November 6, 2013

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

RE: EB-2012-0451, EB-2013-0074, EB-2012-0433 GTA/PARKWAY PROJECTS

The purpose of this letter is to request formally the opportunity to seek further discovery in the public interest on the above projects. These projects represent collectively about \$1 billion dollars of infrastructure investment for Union Gas Ltd. and Enbridge Gas Distribution (collectively "the LDC's"). The Board is well aware of the changes in position by the LDC's and TransCanada Pipelines ("TCPL") through the course of these applications and the resulting challenge in understanding the impact of these projects.

Notwithstanding the level of investment, ratepayer risk and the on-going evolution of the projects in conjunction with TCPL, the hearing proceeded with the knowledge that the ultimate settlement agreement for the disputes of the party was not available. The Board determined that it was important that that Agreement be provided prior to the conclusion of the evidentiary portion of the proceeding. Procedural Order No. 12 stated:

The Board agrees with SEC that the groundwork has been laid to establish the importance of the Settlement Agreement to the projects and the consequential impacts for ratepayers. Clearly the agreement in principle, and the associated Term Sheet, has had an important impact on the applications overall. It is also clear that certain key provisions remain to be resolved through the development of the Settlement Agreement itself.

The Settlement Agreement was filed at the deadline articulated in the procedural order. While communications amongst parties have identified concerns with the content and comprehension of the Agreement, we have not received acknowledgement by the LDC's that further discovery would be made available.

Procedural Order No. 12 further specified:

If the Settlement Agreement is consistent with the Term Sheet and the testimony provided to date, as the Applicants have indicated it will be, then the Board would not expect that any further oral examination would be required. Further testimony would be warranted only if there was a substantial difference between the provisions of the Settlement Agreement (and the resulting tolls) and the related evidence to date.

In our view, that threshold test has been crossed with Settlement Agreement's provision for the disposition of the Long Term Adjustment Account ("LTAA"). Article 12.3 b) of the Agreement stipulates:

The Long Term Adjustment Account shall be allocated 100% to the EOT after December 31, 2020.

In our review of the Settlement Term Sheet, we see no such stipulation of this burden being transferred to Ontario ratepayers. A further comprehensive review of the record in the Oral hearing provides little testimony and even less clarity on this issue. Yet, TCPL's own evidence¹ demonstrated that the impact of deferral accounts on the economics of the projects. Further, the projected amount in the LTAA is in the range of \$400 million during the entire primary term of the Agreement.²

Therefore, we submit that the Settlement Agreement specifies a substantive new item that has not been sufficiently discovered and would encourage the Board to provide a Technical Conference or, at the very least, an expedited round of interrogatories to address this issue and others that parties believe warrant discovery. This important step would result in a deferral of arguments by the intervenors but we submit that it is essential for due process.

Mindful of the timing of the Settlement Agreement, this letter and the scheduled deadline for intervenor argument, we submit a few of the questions that have emanated from the Settlement Agreement for which we argue there is no evidentiary basis to understand the impact.

LDC's Acceptance of this Allocation on behalf of Ratepayers

Q: What principled reason(s) would support 100% allocation of the cost to the EOT?

Q: What is the annual amount that is forecasted to accrue to the LTAA account for each year of the agreement (i.e. 2015-2020)?

LTAA Impact on LH/SH Differential and Resulting Economics

In spite of inquiry, the LDC's were reluctant to provide economic analysis of a different rate level beyond 2020 because of unknowns instead using a baseline of case of constant differential between Long-Haul and Short-Haul rates (Vol.8 of transcript). This Agreement lays out more certainty of a different rate level. In our view, we now have certainty, that under this agreement a constant rate differential between Long-haul and Short-haul is not the base case.

Q: Please quantify the annualized impact for the 2021-2030 of the amortization of the forecasted LTAA balance at the start of 2021 over the 10 year period.

¹ Supplemental Evidence of TransCanada Pipelines Limited, dated August 16, 2013

² Settlement Agreement dated October 31, 2013, Appendix A, page 2, line 15.

Q: Using the 2020 Rates, the forecasts as filed and extending the billing determinants forecast for the 2021-2030, please provide the rates that would result from removing the Bridging Mechanism on LH rates and adding an LTAA allocation to EOT rates equal to the amount calculated by a 10 year amortization of the LTAA to a demand charge based upon the current construct of rate base to total rate base for:

- i. EGD CDA
- ii. EGD EDA
- iii. UNION EDA
- iv. UNION NDA

If the LDC's have expectation of a different disposition methodology for the LTAA, please describe the methodology and resulting rates.

Q: Please use the resulting rates to re-run the economics for the respective projects to establish a new baseline of economic benefit.

Q: What is TCPL's resulting ROE if the 10.1% is used as base for rates and the annual LTAA allocations, deferred to 2021 and beyond, were recovered in rates during the initial six year term instead of by deferral for each year of the Agreement?

We trust our submissions are helpful to the Board in understanding our desire for discovery on the Settlement agreement.

Respectfully Submitted on Behalf of FRPO,



Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

- c. Interested Parties EB-2012-0451, EB-2013-0074, EB-2012-0433