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Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

DELIVERED BY EMAIL

Dear Ms. Walli,

RE: EB-2013-0109 Union Gas Limited

I am writing 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 #4 which directs intervenors to file any submissions they wish to make on or before November 26 2013.

OGVG is aware that several other intervenors of record are planning to file extensive submissions on the issues in this proceeding, and OGVG has been privy to draft copies of multiple submissions in an effort by intervenors to avoid duplicative effort. Accordingly OGVG will limit its submissions to the following comments that should be read as supplementary to the submissions it expects several intervenors to make. These submissions are organized under the same issue headings provided by Union Gas Limited (Union) in its Argument in Chief filed on November 12, 2013.

Treatment of FT-RAM Related Exchange Revenue

OGVG has been made privy to a draft version of the submissions of FRPO with respect to this issue and can advise the Board that it generally supports those submissions, which reject the proposal by Union to change the treatment of FT-RAM Related Exchange Revenue from that set out in EB-2012-0087.

The members of OGVG, generally speaking, fall into the category of customer that as a result of not partaking in the system gas offering would actually benefit from the change in treatment proposed by Union. As was advertised to customers¹, Union's proposal redirects the net revenue generated by FT-RAM related Exchange Revenue from

¹ EB-2013-0109, Exhibit B tab 4 Appendix A pages 6 and 7

consumers that initially paid for the assets underpinning FT-RAM related exchange revenue (subject to a 10% incentive to Union) to Union as a form of utility earning which, through the earnings sharing mechanism, is shared to some degree with all customers assuming utility earnings as a whole are sufficient to trigger the existing earnings sharing mechanism.

Notwithstanding that Union's proposal provides a monetary benefit to many of OGVG's members, OGVG cannot support the proposal. In OGVG's view the activity surrounding FT-RAM related revenue has been appropriately characterized by the Board as a reduction to gas costs, since the ability to generate that revenue is entirely dependant on Union's access to assets obtained in the first instance for the sole purpose of supplying gas to its customers; having recovered the full cost of those assets from gas supply customers it is incumbent on Union, OGVG respectfully submits, to optimize the use of those assets to the benefit of those customers in order to minimize their gas supply costs.

At issue for 2012 is FT-RAM related net revenue of \$37.3M² which Union seeks to claim as utility revenue. Union notes that, unlike in previous years, none of the 2012 FT-RAM related transportation exchange services in 2012 were sold on an annual basis; all such services were sold on a daily, monthly, or seasonal basis.³ Union presumably emphasizes the fact that there are no longer any annual assignments because, in part, annual assignments of contracted transportation capacity were the clearest examples of Union purchasing transportation assets, charging customers for those assets, and then selling those assets in their entirety in order to create FT-RAM related revenue as it appeared Union never had any intention to actually use the assets to serve the customers paying for them.

With respect OGVG fails to see how Union's activity has changed in any material way as to justify a change in how the Board view's the revenue generated from FT-RAM related transactions.

For example, of the \$37.3M in revenue that Union is seeking to re-characterize as utility earnings, \$25.9M of that revenue is generated as a result of seasonal Transportation Assignments for the summer season⁴.

Exhibit D9.3 Attachment 1 provides the details of all the transactions underpinning the \$37.3M at issue. An examination of that exhibit shows how the bulk of the transactions making up the \$25.9M in revenue related to summer season assignments result from the assignment of transportation capacity for a term from April 1, 2012 to October 31, 2012 (214 days), such assignments being arranged in late Q4 2011 or early Q1 2012, several months prior to the effective date of the assignments.

In OGVG's view these assignments can and should be considered a natural extension of the gas supply planning process.

² EB-2013-0109, Exhibit B Tab 2 Page 9 Table 1.

³ EB-2013-0109, Union Argument in Chief filed November 12, 2013.

⁴ EB-2013-0109, Exhibit B Tab 2 Page 9 Table 1.

Presumably if it were prudent for Union to purchase transportation assets on a daily basis it would be possible for Union to more closely match its acquisition of assets to its daily needs over the course of the year. For example, using Exhibit D9.3 Attachment 2 for illustrative purposes, if daily purchases were prudent Union could “bend” its purchase of transportation assets to almost perfectly match the Daily Utility Activity (subject to the need to inject gas into storage).

OGVG accepts for the sake of argument that it is not considered prudent to purchase assets on a daily basis; currently Union acquires firm transportation an annual basis and doing so for 2012 was, as OGVG understands it, considered prudent. However keeping the use of all those assets when Union knows, whether it be months, weeks, or days in advance, that those assets will not be needed would not be prudent when the ability to assign those assets to partially offset their initial costs is available to Union on behalf of the customers for whom the annual contracts were obtained.

Accordingly OGVG supports the submissions of others to the effect that Union’s request to change the treatment of FT-RAM related exchange revenue earned in 2012 should be denied.

Union's response to the gas supply directive

OGVG does not have any submissions to make with respect to the gas supply directive.

Demand Side Management

OGVG is aware that SEC is making extensive submissions with respect to the clearance of 2011 and 2012 DSM related amounts in this proceeding and supports those submissions having received a draft copy from counsel for SEC.

OGVG would note that for the rate classes within which most of its members reside (M4 and M5) DSM related costs constituted between 28% and 34.5% of those classes total 2012 related distribution costs, as compared to most other classes where DSM related costs amounted to 11% or less of total 2012 distribution costs.⁵ OGVG is aware that the drivers of this disparity in the allocation of DSM related costs is outside the scope of this particular proceeding; however the materiality of the impact of those costs on certain rate classes should, in OGVG’s submission, be of concern to the Board and to this Board panel in particular when reviewing the rigour with which those costs are being reviewed.

⁵ Exhibit D9.02 Attachment 1.

New Deferral Clearing Variance Account No. 179-132

OGVG does not have any submissions to make with respect to Union's request for a new deferral account.

Audited Financial Statements for Union's Regulated Business

OGVG does not have any submissions to make with respect to the requirement for separate audited financial statements for Union's regulated business.

All of which is respectfully submitted this 26th day of November, 2013.

Yours very truly,



Michael R. Buonaguro