

June 24, 2014

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

RE: Union Gas Limited 2014 Rates – EB-2013-0365 – Final Argument of the Consumers Council of Canada

The Consumers Council of Canada (“Council”) is an intervenor in the above-referenced Union Gas Limited (“Union”) proceeding. The Council participated in the Settlement Conference and was a party to the Settlement Agreement filed with the Board on April 24, 2014.

There are two outstanding issues that were unsettled and heard before the Board on June 5, 2014. These are:

1. The Allocation of Kirkwall Metering Costs; and
2. The Leamington Line Project.

The Council has very brief submissions to make regarding the two unsettled issues.

As a matter of principle the Council is of the view that generally, cost allocation changes should only be undertaken in the context of a cost of service proceeding, when the entire cost allocation model is reviewed, and not during an incentive regulation mechanism (“IRM”) rate adjustment proceeding. There may be exceptional circumstances for the Board to depart from this principle. For example, if the impact is significant or a change is required to address serious equity concerns. In this case, there are no exceptional circumstances that support the implementation of one isolated change to the Board approved cost allocation study. Annual IRM rate adjustment proceedings could become particularly cumbersome and contentious if the cost allocation models were regularly reviewed and adjusted.

The other issue relates to the Leamington Line Project. The Ontario Greenhouse Vegetable Growers (“OGVG”) are seeking to be relieved of the contractual commitments made to Union as prospective customers of the Leamington Line (although the specific relief requested will be set out in their final argument). The OGVG is, in effect, challenging Union’s contracting practices.

The Council is not taking a position regarding whether, with respect to the Leamington Line, Union has complied with the Board’s system expansion policies as set out in the E.B.O. 188 Guidelines or whether, from a legal perspective, a financial contribution to fund a proposed new line constitutes a “rate”. It is important however, from our perspective that if the Leamington Line was built for a specific set of customers those customers should fund the line. It is Union’s evidence that the line was built in response to requests from greenhouse growers in the Leamington area (Ex. A, Tab 6, Appendix A).

The E.B.O 188 Guidelines were put into place to ensure that new facilities are in large measure funded by the customers that have created the demand for the new facilities. This is to ensure that existing customers do not subsidize those new facilities. LDCs can either collect a contribution in aid of construction or require that customers sign a contract to ensure a minimum annual volume over a designated period of time. In this case if the greenhouse growers are relieved of their contractual commitments other customers may well be subsidizing the line.

In summary, the Council does not accept that a change to Union's cost allocation methodology is justified at this time, as is being proposed by some intervenors. In addition, with respect to the Leamington Line, whatever relief the OGVG is requesting (which it will set out in its Argument) should only be granted if the Board can be assured that the line is not being subsidized by Union's other customers.

The Council requests that it be awarded 100% of its reasonably incurred costs for participating in this proceeding.

Yours truly,

Julie Girvan

Julie Girvan

Cc: Union Gas - Regulatory Affairs
Crawford Smith, Torys
All Parties