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BY EMAIL and RESS

June 25, 2014
Our File No. 20130365

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2013-0365 – Union Gas 2014 Rates – SEC Final Argument

We are counsel for the School Energy Coalition. This is SEC's Final Argument with respect to the two remaining issues.

Kirkwall Metering

No submissions.

Leamington Contracting Issues

SEC has had an opportunity to review the final argument of the Canadian Manufacturers and Exporters, and in general supports and adopts those submissions on this issue. We also note that we generally support the factual submissions and analysis of the Ontario Greenhouse Vegetable Growers, although except as set forth below we have no position on the relief sought by OGVG.

SEC wishes to make three overall points on this issue:

- In the leave to construct application, Union advised the Board that it did not need any aid to construction payments in order to proceed with the project. Then, it essentially went to the prospective customers and told them that they would either have to pay an aid to

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construction, or make a long term "take or pay" commitment to take gas from Union at minimum annual volumes determined by Union based on their capital needs. The interchangeability of the two forms of risk protection has been clear throughout. In our view, telling the Board that it can do without an aid to construction is not the same as telling the Board that Union wanted to replace the aid to construction with a long term contracting condition that accomplished the same result. It would appear to us that, if Union had made such a disclosure to the Board, the Board would likely have reviewed the new "proposal" to see if it was reasonable. The contracting strategy may well have failed that test, if proposed in the manner it was actually implemented, but in any case the Board should have made that judgment, not Union.

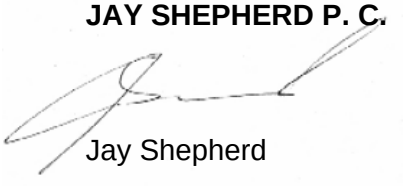
- The underlying paradigm assumed here by Union – essentially, almost unlimited freedom in stipulating contract terms – appears to us to undermine the obligation to serve. Under Union's formulation, if a school board in London expresses concern that Union doesn't have enough capacity serving that city, and should add more, that school board is taking a risk. Union can respond by building more capacity, not just for the school board, but for the whole city. Union can then require the school board, for new schools, and for renewals of contracts relating to existing schools, to agree to ten year (or 20? or 50? – why would there be a limit?) terms with minimum volumes stipulated by Union in their sole discretion. No approval from this Board, or anyone else, would be required.

- Requiring a long term commitment to take a minimum volume (especially volume in excess of expected needs) puts the customer in a position where the value of conservation over that period is reduced or eliminated. Why spend money to make your operation more efficient when you still have a minimum volume you have to take, or pay for, every year? It would appear to us that the policy implications of such a move should be reviewed by the Board before Union could implement such a contracting strategy.

SEC therefore believes that, for fairness and public policy reasons, Union should not be free to contract in the manner they appear to have done in Leamington, without prior approval by the Board. Lacking that approval in this case, Union should be required to treat those contracts as void ab initio, and provide service to the affected customers on normal annual contract terms, based on the customers' actual needs, unless and until Union seeks and obtains Board approval to impose longer term or minimum volume commitments on these customers.

All of which is respectfully submitted.

Yours very truly,
JAY SHEPHERD P. C.



Jay Shepherd

cc: Wayne McNally, SEC (email)
Interested Parties